Trade Secrets
The Export Answer Book
for small and medium-sized exporters
in South Africa

Answers to the most commonly asked international trade questions

Pretoria, South Africa 2004
Foreword

This publication is the product of a partnership between the Department of Trade and Industry and the International Trade Centre UNCTAD/WTO (ITC) under the broader platform of the Programme for Building African Capacity for Trade (PACT), which is jointly undertaken by the ITC and Trade Facilitation Office Canada (TFOC). PACT is one of the Canadian initiatives announced at the G8 summit in Kananaskis in June 2002 and part of the Canadian Government’s funding commitment under the Canada Fund for Africa. Under this programme, ITC and TFOC have been mandated to provide ‘practical assistance to enhance the capacity of the African private sector to do business internationally, and to promote their exports’.

The Trade Secrets Series of guides, including “Trade Secrets: the Export Answer Book”, constitute the early deliverables in this programme, which will run over a period of three years in South Africa. The publication of this series of guides is part of what the ITC refers to as the “product-network” approach whereby the ITC develops a product and then offers it for national adaptation and dissemination to trade development organisations in developing and transition economies. Thus, these publications have been customised by experienced consultants to reflect the reality of the foreign trade environment in South Africa. The answers to questions identified as frequently asked by exporters, the resources quoted, and the annexes in the Export Answer Book reflect the national context and include, to the largest extent possible, references to national export and trade support agencies.

The PACT Programme in general and the customisation of the Export Answer Book in particular build on the dti’s ongoing initiatives relating to the development of small and medium businesses in South Africa. At all points during the customisation of this publication, the consultants have borne in mind that the target audience for the Export Answer Book is the small and medium-sized enterprise (SME). All the answers to the questions are practically relevant to and the resources quoted are easily accessible to the SME.

Trade and Industry South Africa (TISA), operating under the umbrella of the dti and the main counterpart organization of PACT, will disseminate the publication to the SME community through their network of service providers across the country.

We hope that this series of guides will be beneficial to the export community in South Africa and will contribute meaningfully to the development of an export culture within the SME sector.

Mandisi Mpahlwa
Minister of Trade and Industry
May 2004
Acknowledgements

Trade Secrets – The Export Answer Book for Small- and Medium-Sized Exporters was designed as part of the Programme for Competitiveness Improvement of SME’s (ProCIP) by the International Trade Centre (ITC) UNCTAD/WTO, Geneva. This book is intended to serve as a primary reference tool for small- and medium-sized firms and consultants in need of a practical, results-based guide to exporting. It is a user-friendly, affordable reference book for existing and prospective exporters to understand the terms, processes and resources involved in exporting. It addresses over 100 questions most frequently asked by exporters and answers them in simple language.

This version of Trade Secrets is a joint publication of the Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO. It is based on a generic version prepared by ITC and has been customised under the Programme for building African Capacity for Trade (PACT) with ITC guidance by the Department of Trade and Industry to meet the needs of the South African small exporter. The adaptation of the book for the Department of Trade and Industry was undertaken by Ann Moore with assistance from Liz Whitehouse. It is the result of interaction with a large number of small industries, export houses, institutions, libraries, publishing houses, etc. Trade Secrets provides a comprehensive overview of the export transaction in a logical, step-by-step approach, using a question and answer format. A very important element of the book is that related resources accompany the questions thus enabling the reader to delve deeper into a particular topic.

The title and certain portions of this publication are reprinted or adapted from Trade Secrets – The Export Answer Book by permission from the Michigan Small Business Development Centre at Wayne State University, Detroit, Michigan, USA.

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The publication was edited by David Graham.
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<td>ARC</td>
<td>Agricultural Research Council</td>
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<tr>
<td>AWB</td>
<td>air waybill</td>
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<tr>
<td>BAF</td>
<td>bunker adjustment factor</td>
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<tr>
<td>B/E</td>
<td>bill of entry or bill of exchange</td>
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<tr>
<td>B/L</td>
<td>bill of lading</td>
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<tr>
<td>CAD</td>
<td>cash against documents</td>
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<tr>
<td>CAF</td>
<td>currency adjustment factor</td>
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<tr>
<td>CCT</td>
<td>Common Customs Tariff</td>
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<td>CFR</td>
<td>cost and freight</td>
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<tr>
<td>CGIC</td>
<td>Credit Guarantee Insurance Corporation of Africa Limited</td>
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<td>CIF</td>
<td>cost, insurance and freight</td>
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<td>CIP</td>
<td>carriage and insurance paid to</td>
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<td>CKD</td>
<td>completely knocked down</td>
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<tr>
<td>CMA</td>
<td>Common Monetary Area</td>
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<td>CPT</td>
<td>carriage paid to</td>
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<td>CSIR</td>
<td>Council for Scientific and Industrial Research</td>
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<tr>
<td>CTO</td>
<td>container terminal order or combined transport operator</td>
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<td>CVO</td>
<td>certificate of value and origin</td>
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<td>D/A</td>
<td>documents against acceptance</td>
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<td>DAF</td>
<td>delivered at frontier</td>
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<td>DDP</td>
<td>delivered duty paid</td>
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<td>DDU</td>
<td>delivered duty unpaid</td>
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<td>DEQ</td>
<td>delivered ex-quay</td>
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<tr>
<td>DES</td>
<td>delivered ex-ship</td>
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<td>D/P</td>
<td>documents against payment</td>
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<td>DTI</td>
<td>Department of Trade and Industry</td>
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<td>ECIC</td>
<td>Export Credit Insurance Corporation of South Africa</td>
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<td>EDI</td>
<td>electronic data interchange</td>
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<td>EMIA</td>
<td>Export Marketing and Investment Assistance</td>
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<tr>
<td>ETA</td>
<td>estimated time of arrival</td>
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<td>ETD</td>
<td>estimated time of departure</td>
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<td>ETS</td>
<td>estimated time of sailing</td>
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<td>EU</td>
<td>European Union</td>
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<td>EXW</td>
<td>ex-works</td>
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<tr>
<td>FAK</td>
<td>freight all kinds</td>
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<td>FAO</td>
<td>Food and Agricultural Organisation</td>
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<td>FAS</td>
<td>free alongside ship</td>
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<td>FCA</td>
<td>free carrier</td>
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<td>FCL</td>
<td>full container load</td>
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<td>FDA</td>
<td>Food and Drug Administration (USA)</td>
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<td>FOB</td>
<td>free on board</td>
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<td>FTO</td>
<td>freight transit order</td>
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<td>GATS</td>
<td>General Agreement on Trade in Services</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GMP</td>
<td>good manufacturing practice</td>
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<td>GMT</td>
<td>Greenwich Mean Time</td>
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<td>GSP</td>
<td>Generalised System of Preferences</td>
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<td>HACCP</td>
<td>Hazard Analysis Critical Control Point</td>
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<td>HS</td>
<td>Harmonised System</td>
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<td>IATA</td>
<td>International Air Transport Association</td>
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<td>ICC</td>
<td>International Chamber of Commerce</td>
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<td>IDC</td>
<td>Industrial Development Corporation of South Africa Limited</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<td>ISP</td>
<td>Internet service provider</td>
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<td>International Trade Centre</td>
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L/C letter of credit
LCL less than container load
LDC least developed country
MFA market factor assessment
MFN most favoured nation
MIDI medium-sized industrial development initiative
MINTEK Council for Mineral Technology
NAACAM National Association of Automotive Component and Accessory Manufacturers
NAAMSA National Association of Automobile Manufacturers of South Africa
NAFTA North American Free Trade Agreement
NCV no commercial value
NPI National Productivity Institute
NTDB National Trade Data Bank
NVD no value declared
NVOCC non-vessel owner common carrier
OECD Organisation for Economic Co-operation and Development
OPEC Organisation of Petroleum Exporting Countries
PDB previously disadvantaged business
PDC previously disadvantaged community
POD paid on delivery or place of delivery
PPECB Perishable Products Export Control Board
SABRITA SA-British Trade Association
SABS South African Bureau of Standards
SACD South African Container Depots
SACOB South African Chamber of Business
SACU Southern African Customs Union
SADC Southern African Development Community
SAQI South African Quality Institute
SAWSEA South African Wine and Spirits Export Association
SME small- and medium-sized enterprise
SMME small, medium and micro-enterprise
SPII Support Programme for Industrial Innovation
SPS Agreement on Sanitary and Phytosanitary Regulations
TBT Agreement on Technical Barriers to Trade
TEU twenty-foot equivalent unit
TIDU Trade Information Dissemination Unit
TISA Trade and Investment South Africa
TRIPS Agreement on Trade-Related Aspects of Intellectual Property Rights
TT telegraphic transfer
UN United Nations
UNCTRAL United Nations Commission on International Trade Law
UNCTAD United Nations Conference on Trade and Development
VAT value added tax
WCO World Customs Organisation
WIPO World Intellectual Property Organisation
WTO World Trade Organisation
Making the Decision to Export
1. Why should a small company export?

Exporting offers a number of benefits, but many small companies have not seized the profitable opportunities that exist in foreign markets. Changes in political boundaries, the opening of new consumer markets, historic trade agreements, and the activities of the World Trade Organisation (WTO) have created unprecedented opportunities for businesses to export. Moreover, South Africa is enjoying a new maturity in her international trade relations, following the signing of the Free Trade Agreement between South Africa and the European Union (EU) in October 1999. In addition, many South African products qualify for duty-free entry into major markets through the Generalised System of Preferences (GSP); they also qualify for duty-free entry into the United States under the African Growth and Opportunity Act (AGOA). Further details of the various beneficial trade agreements that the South African Department of Trade and Industry has negotiated are given under Question 17.

Not exporting because of the complexities involved, or the competition that foreign markets may present, is a mistake too many South African companies make. All South African businesses face international competition, not only in export markets, but in their domestic market as well. Becoming internationally competitive is therefore not only an essential requirement for successful exporters, but also the best means of defence that local companies can use to counter foreign imports.

Successful exporting contributes positively to a country’s economy, not only on the macro level, but also on the micro level. The following are the main reasons why companies should export:

**Increase sales and profits.** If a company is performing well domestically, expansion into foreign markets is likely to improve its profitability. If a company has saturated its local market and is showing no growth, exporting may be the only way to ensure its growth and survival.

**Gain a global market share.** By exporting, a company will learn from its competitors – their strategies and what they have done to gain a share in foreign markets – thus enabling it to be a global player.

**Reduce dependence on domestic markets.** By expanding into foreign markets, a company will increase its marketing base and reduce its dependence on local customers, thus spreading its risks.

**Offset market fluctuations.** By tapping global markets, a company is less vulnerable to economic changes, varying consumer demand and seasonal fluctuations within its domestic economy.

**Make use of excess production capacity.** Exporting enables a company to use more of its production capacity and allows it to have longer production runs, thereby reducing its average unit costs and achieving economies of scale.

**Enhance competitiveness.** Exporting enhances the competitive advantage both of the individual business and of the country. The company benefits from exposure to new technologies, methods, processes and ideas for further innovations; the country benefits from an improved balance of trade.

**Improve the status of the company.** Competing in foreign markets improves the status of the company in the eyes of its domestic customers and its staff.

**Extend the product’s life cycle.** If a company exports to new markets when its product’s domestic sales potential declines, the product’s life cycle is extended and unit profit increased.

**Improve overall return on investment.** The improvement in overall performance that exporting can bring will provide a higher return on investment to a company’s shareholders.

**Increase research and development expenditure.** A company can afford to spend more on research and development because these costs can be offset against a higher sales base gained through exports.
Create new jobs and reduce retrenchments. Exporting is often the only way in which a company can grow and expand its operations, thereby enabling it to employ more workers. Exporting can enable a company to maintain its operations and prevent the need to retrench its workers.

Create domestic jobs and contribute to socio-economic stability. Exporting companies usually create more jobs themselves through their expanding business. Often more important is the ripple effect they have, because their increased level of business creates additional jobs in supporting sectors (in raw material and component suppliers, transport operators, packaging companies, cleaning services, and so on). This increase in employment helps to reduce socio-economic instability and can eventually lead to a reduction in poverty-related crime.

As the accompanying table shows, South Africa's exports in 2009 amounted to R556 432 billion and its imports to R554 161 billion. This meant that the trade account had a surplus of R2 271. As could be expected from an economy reviving from recession and lagging the moderate upturn in global economic activity, South Africa's trade balance with the rest of the world improved consistently throughout 2009. With net service, income and current transfer payments to non-residents remaining broadly unchanged in the second half of 2009, the deficit on the current account of the balance of payments narrowed steadily from 6.7 percent of gross domestic product in the first quarter of 2009 to 2.8 percent in the fourth quarter. On the calendar-year basis the deficit on the current account relative to the country’s gross domestic product narrowed from 7.1 percent in 2008 to 4.0 percent to 2009. The narrowing of the current account deficit in 2009 could primarily be attributed to an increase in international trade volumes and a concomitant stronger rise in the value of merchandise goods exported from South Africa. South Africa’s trade surplus with the rest of the world consequently widened from 22.3 billion in the third quarter of 2009 to 24.9 billion in the fourth quarter. For the year as a whole the trade balance changed from a deficit of 35.6 billion recorded in 2008 to a surplus of 2.3 billion in 2009.

<table>
<thead>
<tr>
<th>South Africa’s current account, 2009 (RMillions)</th>
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<tbody>
<tr>
<td>Total exports</td>
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<tr>
<td>Total imports</td>
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<tr>
<td><strong>Trade Account</strong></td>
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<tr>
<td>Total income and services receipt</td>
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<tr>
<td>Total income and services payments</td>
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<tr>
<td><strong>Service Account</strong></td>
</tr>
<tr>
<td>Current Transfers</td>
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<tr>
<td><strong>Balance on the Current Account</strong></td>
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</tbody>
</table>

Find excellent and affordable experts in exporting. For many enterprises, the decision not to export is based on fear of the unknown. Fortunately, there are many institutions and companies in South Africa that can provide the new exporter with assistance at every step of the process.
RESOURCES

Roadmap to Exporting
Publisher: Department of Trade and Industry
Cost: Free
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Comprehensive coverage of all aspects of exporting

Making exports your business
Publishers: Cape Metropolitan Council
Cost: Free to Western Cape companies
Obtainable: Cape Town Regional Chamber of Commerce and Industry, Wesgro and other export service organisations.
Tel: 021 402 4300 (Cape Chamber)
Contents: Deciding to export, getting started, developing an export marketing plan, finding an export market, developing an export market, export logistics, and so forth.

Export Issues for Entrepreneurs
Publisher: Juta Academic
Cost: R189 (recommended retail price)
Obtainable: Juta and other leading bookstores (enquiries: Marie Botha, tel: 011 217 7200, fax: 011 883 8465, e-mail: mbotha@juta.co.za)
Contents: Basic information required by exporters with references to other sources of information. CD accompanying the book provides an export self-assessment tool, BRAIN, advanced marketing handbook, examples of export forms, list of training institutions and a costing spreadsheet.

Small Exporter Development Agency (SEDA)
Location: Pretoria, nationwide coverage
Tel: 0860 103 703 or 012 441 1000
E-mail: Info@seda.org.za
Web site: www.seda.org.za
Activities: SEDA is an agency of the Department of Trade and Industry. Operating as a wholesale agency, SEDA facilitates non-financial support and business development services to small, medium and micro enterprises (SMMEs) through a broad range of intermediary organisations. SEDA also runs an export orientation course for small business and a training programme in international competitiveness.

A Guide to Exporting for Small, Medium and Micro Enterprises
Publishers: Tradepoint Pretoria-Tshwane
Cost: Free
Obtainable: Only available on-line
Web site: www.exportnow.co.za/exportguide/guide.html
Contents: Guides new exporters, especially SMMEs, through the various steps to preparing an export marketing plan. Besides having the normal literature explaining what is required in a normal marketing plan, exporters are directed to various data and other sources on the Internet and the Department of Trade and Industry.
2. **What are the advantages and risks of exporting for the company?**

**Advantages.** The exporting company can gain the following direct advantages:

- Increased sales and expanded global market share, thus laying the foundation for further plant expansion and growth in activities.
- Use of under-utilised capacity and an improved return on investment.
- A more even flow of sales throughout the year, especially for seasonal products and those that appeal to the tourist market.
- Reduced dependence on domestic sales, or compensation for a stagnating domestic market.
- Diffusion of domestic competition by expanding into foreign markets that may be less competitive.
- Spread of research and development costs over a larger production base.
- Improved technological know-how by competing in international markets and adapting products to market needs.
- Improved performance across a wide range (productivity, quality, capacity utilisation, throughput and economies of scale, etc.) thereby giving a higher return on investment.

**Risks.** Many of the risks involved in exporting are similar to those faced in the domestic market (e.g. sales may not meet projections; competition may be greater than anticipated; customers may be slow to pay, or not pay at all; it may be difficult to get supplies on time and at the right quality). These risks are exacerbated if the company does not have a basic business and marketing plan, whether or not it is exporting.

Export activities can, however, create some additional risks and problems:

- Management will need to devote considerable time to start up procedures and decisions.
- Key personnel may have to be diverted from domestic responsibilities to help with the company’s export activities.
- Additional plant facilities may be needed to store inputs, produce goods and accommodate stock prior to export.
- The product probably will not be accepted in foreign markets without some modification.
- Catalogues, brochures and other sales promotion material will almost certainly have to be adapted to foreign market requirements.
- Exporting involves additional costs before foreign sales revenue is received and therefore financial resources must be sufficient to cover the initial developmental phase.
- Export development needs to be properly planned in order to avoid costly errors and waste.
- The company may need to extend credit terms to foreign buyers because of competition, local customs, and transit time.
- Fluctuations in exchange rates may reduce or eliminate profits, or even result in losses.
- In cases of non-payment or other contractual problems, there may be questions of jurisdiction (e.g. South African courts may not be able to enforce contracts with or between parties in other countries).
- If the company establishes a foreign subsidiary there are additional risks in the form of possible instability in the target country leading to losses from war, civil strife, or nationalisation by the foreign government. Repatriation of profits may be constrained or forbidden.
Companies can, however, use various forms of insurance to reduce the potential loss from many of these risks. Risk can also be greatly reduced if market information is comprehensive and is kept up to date.

**RESOURCES**

**Profitable Exporting: A Complete Guide to Marketing Your Products Abroad**
Publisher: Smart Decisions Inc., 2nd edition (February 1993)
Cost: US$55 (second hand available from Amazon.com)
Obtainable: From Amazon.com
Web site: www.amazon.com
Contents: A step-by-step guide to how to enter and succeed in the export market place. This publication gives managers with no export background everything they need to get started in exporting.

**Roadmap to Exporting**
Publisher: Department of Trade and Industry
Cost: Free
Obtainable: Department of Trade and Industry, Pretoria
Tel: 0861 843 384
Web site: www.thedti.gov.za
Contents: Comprehensive coverage of all aspects of exporting

**Making exports your business**
Publisher: Cape Metropolitan Council
Cost: Free to Western Cape companies
Obtainable: Cape Town Regional Chamber of Commerce and Industry, Wesgro and other export service Organisations.
Tel: 021 402 4300 (Cape Chamber)
Contents: Deciding to export, getting started, developing an export marketing plan, finding an export market, developing an export market, export logistics, and so forth.

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Publisher: Tradepoint Pretoria-Tshwane
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Obtainable: Only available on-line
Web site: www.exportnow.co.za/exportguide/guide.html
Contents: Guides new exporters, especially SMMEs, through the various steps to preparing an export marketing plan. Besides having the normal literature explaining what is required in a normal marketing plan, exporters are directed to various data and other sources on the Internet and the Department of Trade and Industry.

**Guide to Exporting from South Africa**
Publisher: Mbendi Information Services
Cost: Free
Obtainable: Only available on-line
Web site: www.mbendi.com/exportsa
Contents: The Guide brings together reference information and interactive tools to assist novice and experienced exporters, importers and service providers to export efficiently from South Africa.
The A-Z of Exporting
Publisher: NafcocJCCI Chamber of Commerce and Industry - Johannesburg
Cost: R280 for NafcocJCCI members and R380 for non-members
Obtainable: JCC House, Owl Street, Milpark, Johannesburg
Tel.: 011 726 5300
Web site: www.nafcocjcci.co.za
E-mail: info@nafcocjcci.co.za
Contents: The JCCI Exporter's Manual covers the complete export cycle from finding your market to getting paid.

Export Issues for Entrepreneurs
Publisher: Juta Academic
Cost: R189 (recommended retail price)
Obtainable: Juta and other leading bookstores (enquiries: Marie Botha, tel: 011 217 7200, fax: 011 883 8465, e-mail: mbotha@juta.co.za
Contents: Basic information required by exporters with references to other sources of information. CD accompanying the book provides an export self-assessment tool, BRAIN, advanced marketing handbook, examples of export forms, list of training institutions and a costing spreadsheet.

Guide to Export Import Basics
Publishers: International Chamber of Commerce (ICC)
Cost: EUR 58
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Covers the entire process of international trade – from how to prepare the sales contact to how to arrange for international transport to questions of agency, distributorship and franchising.

A to Z of International Trade
Publishers: International Chamber of Commerce (ICC)
Cost: EUR 59
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Trade dictionary that doubles as a reference book, with focus sections that provide background information on nine key areas of trade: air transport, bank collections, e-commerce, Incoterms, insurance, letters of credit, sales contracts, liner vessel shipping and vessel chartering.
3. **What are the most common mistakes made by new exporters?**

Mistakes frequently made by companies moving into exports include:

- Insufficient commitment from top management to overcome the initial difficulties and financial requirements of exporting.
- Failure to seek qualified export counselling to develop an international strategy and marketing plan before starting up; small companies, in particular, need to have defined objectives and strategies when moving into the export field.
- Failure to use an export management company if the would-be exporter cannot afford its own export department – there is a mistaken belief that outsourcing expert guidance is expensive whereas, in fact, trying to manage without it is usually far more costly.
- Neglecting export markets when the domestic market booms.
- Failure to modify products and strategies in order to meet regulations or cultural preferences of individual foreign countries.
- Failure to translate service, sales and warranty documentation into the relevant languages.
- Seeking orders from around the world rather than concentrating on one or two geographical areas.
- Inadequate care in selecting overseas sales representatives or distributors.
- Failure to treat international distributors and customers on the same basis as their domestic counterparts.
- Failure to provide an efficient after-sales service for the product.
- Failure to enter into licensing or joint venture agreements when import restrictions in the foreign market, insufficient resources and/or a limited product line make it difficult for the firm to move into a foreign market on its own.
- Failure to consider intellectual property (IP) issues when planning their export strategy and ways in which IP rights could enhance their competitiveness in export markets.

**RESOURCES**

**Key Words in International Trade (4th edition)**

- **Publishers:** International Chamber of Commerce (ICC)
- **Cost:** EUR 55
- **Obtainable:** International Chamber of Commerce, Paris, France
- **Tel:** +33 1 49 53 29 23
- **E-mail:** pub@iccwbo.org
- **Web site:** www.iccbooks.com
- **Contents:** Includes translations of more than 3,000 entries vital to international business. Thoroughly researched and comprehensive, the translated terms and abbreviations are those most commonly used in international law and commerce and are taken from the fields of banking, transport, management, marketing, arbitration, trade, telecommunications and international organisations.
Roadmap to Exporting
Publisher: Department of Trade and Industry
Cost: Free
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Comprehensive coverage of all aspects of exporting

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Contents: Deciding to export, getting started, developing an export marketing plan, finding an export market, developing an export market, export logistics, and so forth.

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Cost: Free
Obtainable: Only available on-line
Web site: www.mbendi.com/exportsa
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Export Issues for Entrepreneurs
Publisher: Juta Academic
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Contents: Basic information required by exporters with references to other sources of information. CD accompanying the book provides an export self-assessment tool, advanced marketing handbook, examples of export forms, list of training institutions and a costing spreadsheet.

The A-Z of Exporting
Publisher: NafcocJCCI Chamber of Commerce and Industry - Johannesburg
Cost: 1-10 members in an organisation R1 390 for NafcocJCCI members
Obtainable: JCC House, Owl Street, Milpark, Johannesburg
Tel.: 011 726 5300
Fax: 011 482 2000
Web site: www.jcci.co.za
E-mail: info@jcci.co.za
Contents: The JCCI Exporter’s Manual covers the complete export cycle from finding your market to getting paid.
4. When is a company ready to export?

Exporting is perhaps one of the most challenging activities a company will ever engage in. Not all companies are immediately ready for export markets, although some have the potential to become successful exporters in the future. Others, however, will never have the ability or resources to enter export markets.

It is important for companies to know how export-ready they are and to be able to identify their shortcomings. Readiness to export can be assessed in two complementary ways. First, the company’s organisational export readiness can be evaluated and, secondly, its product export readiness can be assessed.

The following are the main internal organisational factors which a company needs to consider when determining how export ready it is:

**Management’s goals and priorities.** The company’s current plans for its domestic business (e.g. investments, new product launches, expansion of sales forces) need to be considered.

**Manufacturing capacity.** The company should have sufficient manufacturing capacity and sourcing capabilities to be able to supply export markets without neglecting the home market. Many developed markets absorb larger volumes than a small- or even a medium-sized South African manufacturer can supply.

**Management and administration capabilities.** Management will need to devote time and effort to exports, especially in the early stages. Exporting also places demands on a company’s administrative systems. These must be efficient and able to handle increased volumes of business and additional paperwork not required in domestic transactions.

**Financial resources.** Export development is costly, and the company will need to evaluate its ability to finance these activities, either through its own resources or by access to bridging finance.

**Technical know-how.** If the company does not have technical expertise and export knowledge, it should be prepared to invest in training.

**Marketing know-how.** The company should assess whether it has marketing expertise in the local market that can be successfully used in foreign markets.

**Export experience.** The experience gained from past successes and failures will definitely have a bearing on the company’s export potential.

The company will need to evaluate itself objectively in all these aspects in order to determine whether or not it is ready to move into the international market. In doing so, it should consider the following questions:

**Analysis of domestic performance**
- Why is the company successful in the domestic market?
- What is the product’s share of the domestic market?

**The enterprise’s commitment and desire to export**
- What are the company’s export objectives?
- Does the company have an export department and how important is it?
- Which staff members will be involved in the export process?
- Is there a need to recruit additional personnel?
Making the Decision to Export

> What international experience does the company (or any of its employees) have?
> How involved in the export process is the company willing to be?
> How much risk is it willing or able to take?

**Competitive analysis**
> What would make the company’s products or services competitive in a foreign market?
> What will make the product or service unique in an international market?
> What are the company’s overall competitive advantages (e.g. technological advancements, patents, skills)?

**Finding out about target foreign markets**
> What market segments are being targeted?
> What level of stock needs to be maintained to sell abroad?
> How are the company’s South African competitors performing in international markets?
> Will imports of the product be restricted due to tariffs or quotas and other non-tariff barriers?
> Will South Africa’s international trade agreements give preferential access to certain markets?
> Do some foreign competitors have greater access to certain markets because of trade agreements?
> Does the product conflict with the culture, traditions or beliefs of potential customers abroad?
> Will patent, trademark or industrial design protection abroad be essential for the product?
> What product labelling requirements must be met?
> What sort of environmental or other regulations need to be adhered to?

**Marketing the product**
> Will the company export its product or service direct to the foreign market or through an agent or trader based in South Africa?
> Will the product or service be sold under the same name in the target foreign market? Is the present brand name or trademark acceptable to the culture of the target foreign market or will it have any inappropriate connotation in the language of that market?
> What companies, agents or distributors in the target markets have purchased similar products?
> How will the product or service be promoted and/or advertised? How will the company customise its brand image for its target market?
> If the company intends to export direct, who will represent it when selling abroad?
> Will an agent or distributor be appointed in the foreign market?
> What territory should the agent or distributor cover?
> What non-competitive lines are acceptable for the agent or distributor to carry?
> Can a potential buyer see a functioning model or sample of the product?
> Is there a trade fair where the product or service can be presented?

**Pricing and commercial terms**
> How will the price be calculated?
> What terms of delivery (Incoterm) would the company prefer to offer?
> What method of payment does the company prefer and what credit terms can it offer?
> What are the warranty and guarantee terms?
> What are the discount terms?
RESOURCES

Export Readiness Assessment Kit
Publishers: Department of Trade and Industry South Africa
Cost: Free
Obtainable: The questionnaire needs to be completed and scored on-line
Tel: 0861 843 384
E-mail: enquiries@thedti.org.za
Contents: The dti provides a self-help questionnaire to assist prospective exporters to determine their state of export readiness. The questionnaire is targeted at prospective SME’s, BEE’s and Women exporters, who benefit by being able to evaluate the factors and criteria for export readiness, gain an understanding of shortcomings within their company, understand the remedies to address their shortcomings, upgrade their production processes, and be exposed to new opportunities.

National Productivity Institute (NPI)
Location: Midrand
Tel.: 011 848 5300
Fax: 011 848 5555
Web site: www.npi.co.za
E-mail: info@productivitysa.co.za
Activities: The mandate of Productivity SA is to promote and enhance productivity throughout the South African economy. Productivity SA builds capacity through sound project management skills. Furthermore, Productivity SA has surpassed its mandate by recognising the need to focus on managing large projects, through pursuing partnerships with other suitable government agencies.

Small Enterprise Development Agency (SEDA)
Location: Pretoria, with national coverage
Tel: 0860 103 703 or 012 441 1000
E-mail: info@seda.org.za
Web site: www.seda.org.za
Activities: SEDA is an agency of the Department of Trade and Industry. Operating as a wholesale agency, SEDA facilitates non-financial support and business development services to small, medium and micro enterprises (SMMEs) through a broad range of intermediary organisations. SEDA also runs an export orientation course for small business and a training programme in international competitiveness.
5. **What is involved in a typical export process?**

Where does the company start once the export decision has been made? A typical export process has three stages: the feasibility analysis; planning foreign market entry; and implementation. The steps in these stages are outlined below; at an early stage, however, the company should register as an exporter with its local Controller of Customs (listed under :Finance: in provincial government listings in local telephone directories; see also the SA Revenue Services web site).

**Feasibility analysis**
1. Analyse domestic performance.
2. Assess the firm’s capacities and capabilities.
3. Draw up a profile of a suitable foreign market based on product features, company capabilities and company policy.
4. Confer with international trade experts (e.g. in the fields of marketing, finance, legal matters and logistics).
5. Identify markets matching the profile as closely as possible.
6. Consider the demographics and social, political and economic factors of target markets.
7. Select target markets.
8. Apply for any necessary international patent, trademark and copyright protection.

**Planning foreign market entry**
9. Seek financing.
10. Conduct market research into the target market sector.
11. Evaluate the market research.
12. Identify taxes, tariffs, duties, quotas or other non-tariff trade barriers.
13. Comply with the target country’s licensing, standards and certification requirements.
14. Decide how the product will be promoted.
15. Determine methods of distribution.
16. Identify sales representatives or sales methods.
17. Establish a pricing policy and schedule.
18. Draw up the marketing plan.

**Implementation**
19. Implement the marketing plan.
20. Negotiate a sales contract.
21. Produce a finished product.
22. Package and label the product.
23. Obtain insurance cover.
24. Complete the required paperwork.
25. Ship the product.
26. Check that payment is received and that any agent’s commissions are paid.

Each of these points involves a series of actions and most of them are inter-related. It is usually not possible for a company to complete one point before moving on to the next.

**RESOURCES**

**Department of Trade and Industry / Trade and Investment South Africa**

- **Location:** Pretoria
- **Tel:** 0861 843 384
- **Fax:** 0861 843 888
- **Web site:** www.thedti.gov.za
- **E-mail:** enquiries@thedti.gov.za

**Export Sequence:**
Follow the links to the TradeWorld site for on-line assistance (www.tradeworld.co.za)

**Export Advisory Service**
The dti provides advice on how to export through at least 31 clearly defined FAQ’s (frequently asked questions) with answers on exporting from SA, reasons on why an exporter should export from South Africa, clearly illustrated export
processes and cycles, and additional information such as tariff codes, forms, and documentation that needs to be completed. This service is available on-line.

**DTI Regional Offices**

Location: Port Elizabeth  
Tel: 041 582 1267  
Fax: 041 582 3901  

Location: Durban  
Tel: 031 305 3389  
Fax: 031 305 2804  

Location: Cape Town  
Tel: 021 480 8050  
Fax: 021 422 5104  

**Roadmap to Exporting**

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Cost: Free  
Obtainable: Department of Trade and Industry, Pretoria  
Tel.: 0861 843 384  
Web site: www.thedti.gov.za  
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Web site: www.jcci.co.za  
E-mail: info@jcci.co.za  
Contents: The JCCI Exporter’s Manual covers the complete export cycle from finding your market to getting paid.
6. **What are the various service institutions that can help the exporter?**

There are number of institutions, agencies and service companies that assist exporters and would-be exporters. Some of these are government departments or agencies, others are parastatals, and others are private Organisations and companies. These bodies and agencies are discussed below.

**Department of Trade and Industry.** In order to obtain assistance from the DTI, it is necessary for a company to register as an exporter with its local Customs office and to obtain a Customs code number. Registration is simple and application forms can be downloaded from the web site of SA Revenue Service (www.sars.gov.za), or obtained from TISA’s Trade Information Services Unit, most chambers of commerce and export councils.

**Provincial and metropolitan councils.** These councils may provide assistance and/or information through the relevant department, usually the Department of Economic Affairs.

**Export councils.** Export councils have been established for a number of different industry sectors – see the Resources section at the end of this section. The export councils receive backing and support from the Department of Trade and Industry and will keep companies registered with them informed of their export development programmes. Companies should contact the relevant council for their sector.

**Industry and producer associations.** These associations are sometimes active in developing export programmes for their respective sectors where no export council has yet been formed. Companies should contact the relevant association.

**Chambers of commerce or business.** These chambers provide an important networking facility for their members and often receive foreign business delegations. The larger chambers usually have available a good selection of foreign business information; some of them offer export training courses. Many chambers of commerce are authorised to issue certificates of origin, which may be required by the importing country.

**Exporters’ clubs.** There are several exporters’ clubs in South Africa; they are a useful forum for the exchange of information, as well as for sharing foreign market experiences and problems. They provide a link between exporters, traders and export service companies (banks and freight forwarders).

**Business Partners (formerly Small Business Development Council).** This is a specialist investment group providing debt and equity investment, mentorship and property management services for small and medium enterprises in South Africa. The organisation has more than 200 mentors whose services may be accessed through the organisation’s 22 offices nationwide.

**South African Bureau of Standards.** The SABS should be consulted for information regarding existing specifications for products, the setting of specifications for new products, guidance on quality control in manufacturing processes, and the application of the Standards Act. Complete information on international standards applied by countries to which South Africa exports manufactured goods is also available.

**Council for Scientific and Industrial Research.** The CSIR is a statutory body responsible for research on and development of technology aimed at industrial progress in South Africa. The body manages research support programmes at tertiary institutions, as well as national research programmes and facilities. It provides a link between the South African scientific community and foreign and international research programmes. CSIR also provides companies with training in the implementation of quality management systems, such as HACCP for food products. If research and development form an important part of the company’s activities, it should consider calling on the CSIR.

**Agricultural Research Council (ARC).** ARC offers a comprehensive range of development
programmes in the agricultural and related fields. Among its aims is to sustain a competitive agricultural economy in the country, which has direct implications for producers and exporters of farm produce and downstream products. Its extensive library information services are an excellent source of information on foreign market requirements for fruit and vegetable imports.

**Council for Mineral Technology.** MINTEK is a multidisciplinary mineral research and applied technology organisation that is engaged, at any given time, in some 600 projects involving research and development work on all types of mineral beneficiation. MINTEK’s work is increasingly focusing on the areas of added-value mineral products, such as the development of new alloys and the production of chemical products. Its work is undertaken at the applied-engineering level, as well as through longer-term studies into the chemistry, mineralogy and techno-economics of mineral processes. For those exporters involved in the mining and minerals field, MINTEK can offer useful assistance.

**National Productivity Institute.** The NPI assists exporters by working with them to improve their productivity levels in order to raise their international competitiveness. The Institute also undertakes foreign marketing activities.

**Other sources of assistance.** There are a number of other organisations with specific operations, such as the Credit Guarantee Insurance Corporation of Africa Limited (CGIC), and these are mentioned in the relevant sections of this publication.

In addition, private export consultants and international trading companies are involved in promoting exports either for firms or on their own account. Branches of, for example, Japanese trading houses based in South Africa source South African products for supply to their international network. Trading houses are especially useful for firms wishing to expand their markets without handling the exports themselves.

**RESOURCES**

**Trade Information Services Unit, Trade and Investment South Africa**

<table>
<thead>
<tr>
<th>Location: Pretoria</th>
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<tbody>
<tr>
<td>Tel: 0861 843 384</td>
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<tr>
<td>Fax: 012 394 2343</td>
<td></td>
</tr>
<tr>
<td>Web site: <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
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<tr>
<td>E-mail: <a href="mailto:enquiries@thedti.gov.za">enquiries@thedti.gov.za</a></td>
<td></td>
</tr>
</tbody>
</table>

**DTI Regional Offices**

**Location: Port Elizabeth**

| Tel: 041 582 1267 |
| Fax: 041 582 3901 |

**Location: Durban**

| Tel: 031 305 3389 |
| Fax: 031 305 2804 |

**Location: Cape Town**

| Tel: 021 480 8050 |
| Fax: 021 422 5104 |
Making the Decision to Export

Small Enterprise Development Agency (SEDA)
Location: Pretoria, nationwide coverage
Tel: 0860 103 703 or 072 441 1000
Fax: 012 341 1929
E-mail: info@seda.org.za
Web site: www.seda.org.za
Activities: SEDA is an agency of the Department of Trade and Industry. Operating as a wholesale agency, SEDA facilitates non-financial support and business development services to small, medium and micro enterprises (SMMEs) through a broad range of intermediary organisations. SEDA also runs an export orientation course for small business and a training programme in international competitiveness.

Agricultural Research Council (ARC)
Location: Pretoria
Tel.: 012 427 9700
Fax: 012 342 3948
Web site: www.arc.agric.za
Activities: The ARC aims to promote the agricultural and related sectors through research, technology development and transfer.

Business Partners
Location: 22 offices nationwide; head office Johannesburg, Gauteng
Tel: 011 480-8700
Fax: 011 642 2791
E-mail: enquiries@businesspartners.co.za
Web site: www.businesspartners.co.za
Activities: Invests in small and medium-sized enterprises across all sectors, except farming, on-lending and non-profit organisations. Business Partners also provides mentorship and business consulting services.

South African Chamber of Commerce & Industry (SACCI)
Location: Johannesburg
Tel.: 011 358-9700
Fax: 011 358-9774 / 358-9773
Web site: www.sacob.co.za
Activities: Association of Chambers of Commerce

National African Federated Chamber of Commerce and Industry (NAFCOC)
Location: Johannesburg with provincial representation
Tel: 011 268 2800
Fax: 011 268 2940
Activities: Federation of Chambers of Commerce

Afrikaanse Handels Instituut (AHI)
Location: Pretoria
Tel: 012 348 5440
Fax: 012 348 8771
E-mail: pta@ahi.co.za
Activities: Chamber of Commerce representing Afrikaans business interests.

Foundation for African Business and Consumer Services (Fabcos)
Location: Johannesburg with provincial representation
Tel: 011 333-3701
Fax: 011 333-1234
Activities: Business Chamber representing small black business interests.
Council for Mineral Technology (MINTEK)
Location: Johannesburg
Tel.: 011 709 4111
Fax: 011 793 2413
Email: info@mintek.co.za
Web site: www.mintek.co.za
Activities: Mintek is a technology provider specializing in mineral processing, extractive metallurgy, and related fields. Working closely with industry and other research organizations, Mintek offers R&D expertise, service testwork, equipment, and novel process technologies for the precious metals, base metals, ferro-alloys, and industrial minerals sectors.

Council for Scientific and Industrial Research (CSIR)
Location: Pretoria
Tel: 012 841 2911
Fax: 012 349 1153
Email: callcentre@csir.co.za
Web site: www.csir.co.za
Activities: The CSIR is a technology and research organisation.

Credit Guarantee Corporation of Africa Ltd. (CGIC)
Location: Johannesburg
Tel: 011 889 7000
Fax: 011 886 1027
Website: www.creditguarantee.co.za
Activities: Credit Guarantee Insurance Corporation of Africa is a South African underwriting company operating in the field of credit insurance.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

National Productivity Institute (NPI)
Location: Midrand
Tel.: 011 848 53 00
Fax: 011 848 5555
Web site: www.npi.co.za
E-mail: info@productivitysa.co.za
Activities: Productivity consultancy and development with some export-oriented activities. NPI undertakes in-depth Export Readiness Assessments for companies. The cost of membership varies between R370 and R2 700. The NPI also offers Competitiveness Assessments and runs Export Marketing Workshops.

Provincial Trade and Investment Promotion Agencies

Department of Economic Affairs
Location: Bloemfontein
Tel: 051-400-9459
Fax: 051-400-9461
E-mail: tshangew@dteea.ff.gov.za

Department of Economic Affairs
Location: Kimberley
Tel: 053 839 4057
Fax: 053 831 3668
E-mail: flinks@met.ncape.gov.za
Invest North West
Location: Rustenburg
Tel: 014 594 2570
Fax: 014 594 2575
Web site: www.inw.org.za
E-mail: inw@inw.org.za

Mpumalanga Investment Initiative
Location: Nelspruit
Tel: 013 752 5384
Fax: 013 752 5385
Web site: www.mii.co.za
E-mail: comments@mii.co.za

Gauteng Economic Development Agency (GEDA)
Location: Johannesburg
Tel: 011 833 8750/7
Fax: 011 833 9070
Web site: www.geda.co.za
E-mail: info@geda.co.za

WESGRO
Location: Cape Town
Tel: 021 487 8600
Fax: 021 487 8700
Web site: www.wesgro.org.za
E-mail: info@wesgro.org.za

Eastern Cape Development Corporation (ECDC)
Location: East London
Tel: 043 704 5600
Fax: 043 704 5700
Web site: www.ecdc.co.za
E-mail: exports@ecdc.co.za

Trade & Investment Limpopo
Location: Polokwane
Tel: 015 295 5171
Fax: 015 295 5197
Web site: www.til.co.za
E-mail: agrinette@til.co.za

Trade & Investment Kwa-Zulu Natal
Location: Durban
Tel: 031 368 9600
Fax: 031 368 5888
Web site: www.tikzn.co.za
E-mail: info@tikzn.co.za

Trade Law Centre for Southern Africa (TRALAC)
Location: Cape Town
Tel: 021 883 2208
Fax: 021 883 8292
Web site: www.tralac.org
Activities: Various programmes in the arena of trade law and related issues.
Export Councils

Automotive Industry Export Council (AIEC)
Attention: Norman Lamprecht,
Executive Director
PO Box 40611
Arcadia, 0007
Tel: 012 323-2980
Fax: 012 326-3232 / 325-6603
E-mail: naamsa@iafrica.com
Web site: www.naamsa.co.za

Capital Equipment Export Council
Attention: Sybill Rhomberg
145 Bayley Street
Farrarmere, 1501
Tel/Fax: 011 849-7388
Cell: 082 337-2932
E-mail: osiriscon@icon.co.za
Web site: www.saceec.com

Clothing Export Council
Contact: Jack Kipling
No 6 Hawthorn Den Road
Kenilworth, 7700
Tel: 021 761-6421 - 082 374-8981
Fax: 021 761-6421
E-mail: jack@clothingexports.co.za

Fresh Produce Exporters Forum / Fruit South Africa
Contact: Stuart Symington/Michelle Kruger
PO Box 190
Newlands, 7725
Tel: 021 674-3202
Fax: 021 683-6280
E-mail: symo@fpef.co.za
Web site: www.fpef.co.za

South African Boatbuilders Business Council
Contact: Jason Bell/Ken Bircher
PO Box 444
Greenpoint, 8051
Tel: 021 418 6134
Fax: 021418 6134
Cell: 082 975 1156
Email: info@sabbex.co.za
Web site: www.sabbex.co.za

SA Cosmetics Export Council (SACEC)
Contact: Estelle October/Linda du Preez/Max Wilgen
26 St Andrews Ave
Bordeaux, 2194
Tel & Fax: 011 886-4087
Cell: 082 873-9663
E-mail: Estelle@annique.com
Linda.dupreez@annique.com
max@bluediamondtrading.com

SA Electrotechnical Export Council
Contact: Eileen Leopold
PostNet Suite No. 100
Private Bag X132
Halfway House, 1685
Tel: 011 315-0209
Making the Decision to Export

S A Flower Industry Council (ASSO Flowers)
Contact: Dirk de Bruin/Hentie Boshoff
PO Box 1927
Krugersdorp, 1740
Tel/Fax: 011 692-4237
Cell: 082 852-7258
E-mail: info@saflower.co.za
Web site: www.saflower.co.za

SA Footwear & Leather Export Council
Contact: Dennis Linda/Rodney Reynders
PO Box 5561
Durban, 4000
Tel: 031 566-2352
Fax: 031 566-5130
E-mail: saflec.admin@iafrica.com
rod@angelfootwear.co.za
Web site: www.imani.co.za

SA International Steel Fabricators
Contact: Dr Hennie de Clerk/Neels van Niekerk
PO Box 1338
Johannesburg, 2000
Tel: 011 838-1665
Fax: 011 838-4301
Cell: 084 525-5018
E-mail: director@isf.co.za

SA Textile Industry Export Council (SATIEC)
Contact: Martin Viljoen
PO Box 272
Bellville, 7535
Tel: 021 959-4162
Fax: 021 959-4167
Cell: 082 455-3263
E-mail: satiec.grow.exports@sans.co.za
martinu@sans.co.za
Web site: www.satiec.co.za

South African Wire Business Council
Contact: Dries Olivier
Postnetsuite 67
P/Bag X10020
Edenvale, 1610
Tel: 011 453-0921
Fax: 011 453-9653
E-mail: dries@sawa.co.za
Trac@sawa.co.za
sawa@sawa.co.za
Web site: www.sawa.co.za

Wines of South Africa
Contact: Mrs Su Birch/Dalene Steyn
156 Dorp Street
Stellenbosch, 7600
Tel: 021 883-3860
Fax: 021 883-3861
E-mail: su@wosa.co.za
dalene@wosa.co.za
Web site: www.wosa.co.za
South African Print & Packaging Export Council  
Contact: Robin Cranna  
P O Box 1225  
Ferndale, 2160  
Tel: 011 787-4300  
Fax: 011 787-2407  
Cell: 082 411-7183  
E-mail: robin@sapef.co.za

Steel Tube Export Council  
Contact: Mike Robertson  
P O Box 18587  
Sunward Park , 1470  
Tel & Fax: 011 823-2377  
E-mail: astpm@global.co.za  
Web site: www.astpm.co.za

SA Equine Trade council  
Contact: Peter Gibson  
P.O.Box 40  
Durban  
4000  
Tel: 031 314 1799  
Fax: 031 314 1647  
Email: horsetradesa@mweb.co.za  
shelia@golscircle.co.za

SA African Stainless Steel Development Association (SASSDA)  
Contact: Lesley Mortimer  
P.O Box  
Johannesburg  
Tel: 011 803 5610  
Fax: 011 803 2011  
Email: Lesley@sassda.co.za  
Web site: www.sassda.co.za

SA Fruit & Vegetable Canners Export Council  
Contact: Rudi Richards  
P.O.Box 6175  
Main Street  
Cape Town  
7622  
Tel: 021 871 1308  
Fax: 021 872 5930  
Email: Arlene@safvca.co.za  
Rudi@safvca.co.za  
Web site: www.safvca.co.za

South Africa’s Ostrich Business Chamber  
Contact: Anton Kruger  
P.O.Box 952  
Oudtshoorn  
6620  
Tel: 044 272 3336  
Fax: 044 272 3337  
Email: admin@saobc.co.za  
Web site: www.saobc.co.za

Aluminium Federation of South Africa  
Contact: Dr Tony Paterson  
P.O.Box 423  
Isando  
Johannesburg  
1600  
Tel: 011 453 3339  
Fax: 011 453 3403  
Email: afsa@afsa.org.za
Web site: www.afsa.org.za

Plastics Federation of South Africa
Contact: David Hughes
P.O. Box
Johannesburg
Tel: 011 314 4021
Fax: 086 612 4366
Email: DavidH@plasfed.co.za
Web sites: www.plasfed.co.za

South African Dairy Foundation
Contact: Dr Koos Coetzee
P.O.Box 1284
Pretoria
0001
Tel: 012 348 5345
Fax: 012 348 6284
Email: Koos.Coetzee@mpo.co.za

SA Aerospace Maritime & Defence Industries Association
Contact: Simphiwe Hamilton
P.O. Box 9369
Centurion
0046
Tel: 012 420 1540
Fax: 012 347 6350
Cell: 083 640 8120
Email: info@amd.org.za
magda@amd.org.za

SA Iron & Steel Institute (SAISI)
Contact: Peter Dieterich
P.O.Box 6318
Pretoria
0001
Tel: 012 320 2450
Fax: 012 320 1150
Email: PeterD@saisi.co.za
Website: www.saisi.co.za

South Africa Association of Consulting Engineers
Contact: Roelof van Tonder
P.O.Box
Johannesburg
Tel: 011 463 2022
Fax: 011 466 7383
Cell: 082 573 1639
Email: Roelofv@saace.co.za

South African Federation of Civil Engineering Contractors
Contact: Paul Rogers
P.O.Box 644
Bedfordview
Johannesburg
2008
Tel: 011 455 1700
Fax: 011 450 1715
Email: export@safec.org.za

South African Print & Packaging Federation
Contact: Erich Kuhl
P.O.Box 1225
Ferndale
Making the Decision to Export

Johannesburg
2160
Tel: 011 794 3810
Fax: 011 794 3964
Email: ekuhl@pifsa.org.za

Farmed Abelone Export Council (FAEC)
Contact: Mike Upson
P.O.Box 31208
Tokai, 7966
Tel: 021 701 1820
Fax: 021 402 9259
Mobile: 072 910 9802
Email: upson2iafrica.com

South African Music Exportation (SAMEX)
Contact; David Alexander
P.O.Box 3128
Parklands, 2121
Tel: 011 789 4373
Fax: 011 789 6425
Email: info@samex.org.za
publishing@sheer.co.za
www.samex.co.za

Tradepoint Pretoria-Tshwane
Location: Pretoria
Tel: 012 441 1000
Activities: Trade Point Pretoria Tshwane is a trade facilitator and trade information provider for small and medium-sized enterprises (SMEs) for the greater Tshwane Metropolitan Region and the neighbouring provinces of Limpopo, North West and Mphumulanga. Specific services include:
  • Trade Counselling and Advice
  • Trade Information
  • Trade Promotion
  • Trade Publications
  • Business Opportunities
  • Training
  • Internet Facility
  • Databases
  • Trade Missions and Brochure Exhibitions
7. **What incentives for exporters are available in South Africa?**

**EXPORT MARKETING ASSISTANCE BY THE DEPARTMENT OF TRADE AND INDUSTRY**

The Export Marketing and Investment Assistance (EMIA) schemes of the Department of Trade and Industry provide assistance both for export development and for the promotion of foreign direct investment; only the export marketing schemes are outlined here:

**Components of the schemes**

- Primary export market research, including product registration in foreign markets
- Outward selling missions
- Inward buying missions
- Exhibition assistance
- Assistance to industry sectors through export councils

**General requirements**

- The company must be registered as an exporter with Customs and Excise.
- Trade or industry organisations that submit applications for inward or outward buying missions are subject to DTI approval.
- Assistance is provided only for the development of sales outside the Southern African Customs Union (SACU).
- The company must apply to the DTI before undertaking its marketing activities; there can be no guarantee that assistance will be given if prior approval has not been obtained.
- Applications must be on the prescribed form; regulations and forms are up-to-date regularly and only the forms current at the time of application are acceptable.

**Company criteria**

In evaluating applications for assistance, the DTI will take the following general factors into account:

- The firm's past export and production record.
- Its actual or potential capacity.
- The degree of export planning that has been done – a marketing plan taking export activities into account must accompany all applications.
- The type of activity the firm is engaged in, i.e. whether it is a manufacturer, agent or trader, and the type of product and extent of local content and value added.
- The firm's local marketing record.

**Classification of companies**

For the purposes of the schemes, companies are classified according to different categories:

- Previously disadvantaged businesses – HDIs, which are SMMEs owned at least 51% by black person(s), women or disabled person(s) of South African nationality.
- Small- and medium-sized enterprises (SMEs), which are defined as independently owned and managed, and qualifying on the basis of any two of the following criteria:
  - A total turnover of less than R40 million
  - Total assets of less than R15 million
  - Fewer than 200 full-time employees
- Other companies that do not fall into the above classifications, e.g. larger companies.
Further information

Details of the schemes and application and claim forms are given on DTI’s website and general information may be obtained from DTI’s call centre (see Resources below).

IMPORT DUTY REFUNDS, REBATES AND DRAWBACKS

Import duties imposed by South Africa on goods entering the country can have an impact on the prices of export goods in several ways. Imported goods might be re-exported (e.g. to countries to the north of South Africa) and the import duty would affect the export price. Imported raw materials or components might be used in the manufacture of goods that are subsequently exported; the duty paid on the imported items would increase the cost of producing the export goods and affect the export price. To prevent this from happening, a system of refunds, rebates and drawbacks of import duty is in place. The exporter should obtain information on this from an export or Customs consultant, or from the local Controller of Customs – see resources below (also listed under “Finance” in the provincial government listings in local telephone directories).

EXPORT CREDIT INSURANCE

Export credit insurance covers the risk a company can run of not being paid by a foreign buyer due to the buyer not paying or the foreign country not allowing the transfer of funds to South Africa.

Short-term export credit insurance is provided by Credit Guarantee Insurance Corporation (Credit Guarantee), a private-sector company.

Medium and long-term export credit insurance is provided by Export Credit Insurance Corporation (ECIC) – a DTI-owned company. Credit Guarantee also provides medium to long-term cover under some circumstances.

Foreign investment insurance is provided by both ECIC and Credit Guarantee.

Full details of these schemes can be obtained from the relevant companies.

COMPETITIVENESS FUND

This fund is designed particularly to assist SMEs (and micro enterprises) to improve their competitiveness, both as exporters and in defence of their local market place. Some 60% of the available funds is allocated to these firms. SMEs can also receive limited free consulting services from highly skilled professionals employed at technikons, universities and private consulting firms. Information is available from the DTI.

EXPORT FINANCE FOR CAPITAL GOODS AND PROJECTS

For South African exporters to be competitive on the international market, tenders for capital projects have to incorporate offers of export credit facilities at fixed interest rates over the amortisation period of the contracts. The export finance scheme – with the finance being provided by the Industrial Development Corporation (IDC) and all major banking institutions in South Africa – enables exporters to offer quotations or tenders denominated in US dollars.

Foreign exchange cover is available to exporters of capital goods, insuring the latter against fluctuations in foreign exchange rates over the delivery period of the contract. As capital goods are delivered over periods of six months to three years or longer, guaranteed exchange rates are determined for specific delivery dates in the future. This cover is facilitated through the South African Reserve Bank and produces forward exchange rates reflecting to some extent the interest rate variation between the US dollar and the South African rand. The aim is to enable the exporter to be much more competitive abroad by utilising a more term-related exchange rate in tenders or quotes.

OTHER FINANCIAL ASSISTANCE PROVIDED BY IDC

IDC operates nationally, offering an extensive range of financing facilities for small, medium- and large-scale industries. The objective is to assist entrepreneurs in the establishment and expansion of economically viable manufacturing concerns in South Africa. Although the share capital of the IDC is held
entirely by the South African government, the Corporation operates independently. The most general form of financing is by means of medium- to long-term low interest rate loans but, in certain cases, the IDC may also take equity in industrial companies. Furthermore, general factory-purpose buildings are made available to industrialists for lease.

The IDC facilities relevant specifically to export and international trade are:

- Bridging Finance Scheme
- Capital Goods Export Finance (referred to above)
- Short-term International Trade Finance

However, IDC has a range of financing schemes for different industry sectors and companies should familiarise themselves with these facilities.

REGIONAL INDUSTRIAL DEVELOPMENT INCENTIVES

A number of regional financial assistance programmes are in place to encourage regional industrial and export development. Information may be obtained from the Board for Regional Industrial Development.

RESOURCES

Directorate of Export Marketing and Investment Assistance, Trade and Investment South Africa
Location: Pretoria
Tel: 0861 843 384
Fax: 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za

Provincial Trade and Investment Promotion Agencies

Department of Economic Affairs
Location: Bloemfontein
Tel: 051 400 9459
Fax: 051 400 9461
E-mail: tshangew@dteeaff.gov.za

Department of Economic Affairs
Location: Kimberley
Tel: 053 830 4800
Fax: 053 830 4838
E-mail: flinks@perm.ncape.gov.za

Invest North West
Location: Rustenburg
Tel: 014 594 2570
Fax: 014 594 2575
Web site: www.inw.org.za
E-mail: inw@inw.org.za

Mpumalanga Investment Initiative
Location: Nelspruit
Tel: 013 752 5384
Fax: 013 752 5385
Web site: www.mii.co.za
E-mail: comments@mii.co.za

Gauteng Economic Development Agency (GEDA)
Location: Johannesburg
Tel: 011 833 8750/7
Fax: 011 833 8930
Web site: www.geda.co.za
E-mail: info@geda.co.za

**WESGRO**
Location: Cape Town  
Tel: 021 487 8600  
Fax: 021 487 8700  
Web site: www.wesgro.org.za  
E-mail: info@wesgro.org.za

**Eastern Cape Development Corporation (ECDC)**
Location: East London  
Tel: 043 704 5600  
Fax: 043 704 5700  
Web site: www.ecdc.co.za  
E-mail: exports@ecdc.co.za

**Trade & Investment Limpopo**
Location: Polokwane  
Tel: 015 295 5171  
Fax: 015 295 5197  
Web site: www.til.co.za  
E-mail: agrinette@til.co.za

**Trade & Investment Kwa-Zulu Natal**
Location: Durban  
Tel: 031 368 9600  
Fax: 031 368 5888  
Web site: www.tikzn.co.za  
E-mail: info@tikzn.co.za

**Industrial Development Corporation**
Location: Johannesburg  
Tel: 0860 693 888  
Fax: 011 269 3116  
Web site: www.idc.co.za  
Email: callcentre@idc.co.za  
Activities: The IDC is a self-financing national development finance institution. The organisation provides financing to entrepreneurs engaged in competitive industries.

**Credit Guarantee Corporation of Africa Ltd. (CGIC)**
Location: Johannesburg  
Tel: 011 889 7000  
Fax: 011 886 1027  
Website: www.creditguarantee.co.za  
Activities: Credit Guarantee Insurance Corporation of Africa is a South African underwriting company operating in the field of credit insurance.
First National Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 371 2111
Web site: www.fnb.co.za
Activities: Banking

Absa
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350-4000
Website: www.absa.co.za
Activities: Banking

Nedbank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 115 060
Web site: www.nedbank.co.za
Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Web site: www.standardbank.co.za
Activities: Banking
Preparing To Export
8. **What training does a potential exporter require and where can it be obtained?**

It is advisable for the potential exporter to be trained in the disciplines specific to exporting and in this way avoid many of the pitfalls that could lead to financial loss. The main areas in which training can be given are:

- International marketing management, including market research, development of an export marketing plan and strategy, product and pricing policies, market entry channels, distribution channels, aspects of agency and distributorship agreements, and product promotion
- Export administration and documentation, covering Incoterms and export costing, physical distribution, marine cargo insurance, Customs clearance and forwarding, and all documentation
- Export finance and payments, including methods of payment, credit insurance, foreign exchange and exchange control, and financial assistance available to exporters

In South Africa, export training is available through different types of institutions and in different forms:

- For those wanting to make a career of exporting, diploma-level programmes are provided by specialised educational organisations.
- Many university courses include some aspects of international business in their commerce degrees and postgraduate business studies.
- Several training organisations offer business training courses in export skills, usually on a modular basis.
- Major Chambers of Business offer export training on a regular or ad hoc basis.

Within the framework of the South African Qualifications Authority (SAQA), unit standards are currently being developed for every level and field of export occupation: companies should check the SAQA website from time to time.

**RESOURCES**

**IMM Graduate School of Marketing**

<table>
<thead>
<tr>
<th>Location</th>
<th>Johannesburg, Pretoria, Cape Town, Durban, Port Elizabeth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tel.</td>
<td>011 628 2000</td>
</tr>
<tr>
<td>Fax</td>
<td>011 726 4505</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:imm@imm.co.za">imm@imm.co.za</a></td>
</tr>
<tr>
<td>Web site</td>
<td><a href="http://www.imm.co.za">www.imm.co.za</a></td>
</tr>
<tr>
<td>Activities</td>
<td>Comprehensive international trade training and education programmes, including custom-tailored courses.</td>
</tr>
</tbody>
</table>

**International Trade Institute of Southern Africa (ITRISA)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Gauteng with national coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tel.</td>
<td>011 807 5317</td>
</tr>
<tr>
<td>Fax</td>
<td>011 807 5321</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:itrisa@icon.co.za">itrisa@icon.co.za</a></td>
</tr>
<tr>
<td>Web site</td>
<td><a href="http://www.itrisa.co.za">www.itrisa.co.za</a></td>
</tr>
<tr>
<td>Activities</td>
<td>Comprehensive international trade education programmes.</td>
</tr>
</tbody>
</table>
Freight Training
Location: Gauteng with national coverage
Tel.: 011 450 4140
Fax: 011 450 4153
E-mail: sean@freighttraining.co.za
Web site: www.freighttraining.co.za/
Activities: Comprehensive international trade training and education programmes.

JCCI Chamber of Commerce and Industry - Johannesburg
Location: Gauteng
Tel.: 011 726 5300
Fax: 011 482 2000
E-mail: info@nafojcci.co.za
Web site: www.nafojcci.co.za
Activities: All business chamber activities with an emphasis on international trade; provides public export training.

Cape Town Regional Chamber of Commerce and Industry
Location: Cape Town, with regional coverage in the Western Cape
Tel: 021 402 4300
Fax: 021 402 4302
E-mail: info@capechamber.co.za
Web site: www.capechamber.co.za
Activities: All business chamber activities with heavy emphasis on international trade; provides public export training and implements Integrated Export Programme in the Western Cape.

Durban Chamber of Commerce and Industry
Location: Durban
Tel: 031 335 1000
Fax: 031 332 1288
Web site: www.durbanchamber.co.za
Activities: All business chamber activities with emphasis on international trade; provides public export training.

Small Enterprise Development Agency (SEDA)
Location: Pretoria, nationwide coverage
Tel: 0860 103 703/ 012 441 1000
E-mail: info@seda.org.za
Web site: www.seda.org.za
Activities: Ntsika is an agency of the Department of Trade and Industry. Amongst other services, Ntsika runs an export orientation course for small business and a training programme in international competitiveness.

TIPS South Africa
Location: Pretoria
Fax: 086 6 21 7 089
E-mail: info@tips.co.za
Web site: www.tips.co.za
Activities: TIPS, the Trade Information Promotion Service, is an international network that aims to promote the exchange of technological and trade information between new and established business partners around the globe. Amongst a range of other services, TIPS offer a range of export training courses.
National Productivity Institute (NPI)
Location: Midrand
Tel.: 011 848 5300
Fax: 011 848 5555
Web site: www.npi.co.za
E-mail: info@productivitysa.co.za
Activities: Productivity consultancy and development with some export-oriented activities. The NPI offers Competitiveness Assessments and runs Export Marketing Workshops.
9. **How does the exporter draw up a business and export marketing plan?**

Developing an international business plan requires commitment, objectivity and careful analysis. As with any new business activity, the decision to export should be envisaged as a long-term business investment, rather than a short-term profit objective. The development of an international business plan is an important and key step in determining a product’s readiness for export and should be done before entering into international business agreements.

A well-prepared plan will assist the company to assess its own readiness to export as well as the potential of a product in international markets. It will allow the company to set out the actions it needs to take to become export-ready or to begin to develop its exports, and how much it will cost. A business plan is essential in any application for finance.

The following are the core elements of a business plan in the order in which they are presented in the plan, not necessarily in the order in which they are prepared:

**Executive summary.** This is prepared last, although it appears first. It summarises all the important elements of the plan, and emphasises what makes the firm successful, its advantages over domestic and foreign competitors, and the major strategies for future growth and market development.

**Introduction,** including:

- A brief history of the company, its legal status, date of incorporation and names and addresses of the owners and what percentage of the company they own.
- Land, buildings and equipment owned or leased and utilized.
- Products produced and marketed, including any patents, trademarks or copyrights the company holds and any quality or other specifications that the product and company complies with; any special technology used.
- Company goals, including export goals.
- The major characteristics and the size of the industry sector in which the company operates.
- Industry trends. Where will the industry be, and where will the company be, in 5 to 10 years?

**Situational or background analysis,** setting out

- The company’s mission statement, and its strengths and weaknesses with regard to management, product, operations, personnel, export organisation, resources, industry structure, competition and demand. A SWOT (strengths, weaknesses, opportunities and threats) analysis is one of the most useful tools a company of any size can use in the planning process.
- A market analysis, stating what products the company is selling, to whom and at what price and profit; what product development has been undertaken and is planned; what new markets, including export markets, are targeted or being researched.
- The structure of the market with regard to competitors, their strengths, weaknesses and strategies.
- External influences in the business environment that present threats or opportunities (these are the other two aspects of the SWOT analysis).

**Objectives,** setting out what the company aims to achieve in terms of:

- Improvements to management and operations.
- Increased sales and market share.
- New market development, including export markets.
- New product development.
Strategies for achieving objectives, including

- Expansion of production, if required.
- Acquisition of new technology, if planned.
- The marketing mix, covering product, pricing, distribution and promotion strategies.

Action plan, setting out details of how strategies are to be implemented, and by what dates, and including:

- Production.
- Marketing.
- Human resources.
- Periodic review of results against plans.

Budget, including export budget, with pro forma financial statements.

Appendices, consisting of background data on product technology, target markets and any other detailed information on which decisions have been based.

It is important that, throughout the plan, broad, general statements are avoided. Every statement should be specific and measurable and, where relevant, it should be proven and based on fact.

An effective marketing plan needs to go much further than this broad business plan. Good examples of export marketing plans can be found in most export handbooks, export marketing training courses and on some web sites.

RESOURCES

Business Partners
Location: 22 offices nationwide; head office Johannesburg
Tel: 011 480-8700
Fax: 011 642 2791
E-mail: enquiries@businesspartners.co.za
Web site: www.businesspartners.co.za
Activities: Invests in small and medium-sized enterprises across all sectors, except farming, on-lending and non-profit organisations. Business Partners also provides mentorship and business consulting services.

The Global Entrepreneur: Taking Your Business International
Author: James F. Foley
Publisher: Dearborn Trade Publishing
Price: US$ 30
Obtainable: Available on Amazon.com
Web site: www.amazon.com
Contents: Practical advice on the pitfalls and opportunities faced in the international trading arena.

Small Enterprise Development Agencies (SEDA)
SEDA is a partnership between, the dti, the CSIR and the National Productivity Institute (NPI) to establish regional centres to assist small, medium and micro-enterprise (SMME) manufacturers to improve their competitiveness and growth in the local, national and international market places. Services offered include advisory services designed to improve company growth and performance

Regional SEDA Offices:
Gauteng Province: SEDA
Location: Pretoria
Contact Person: Abbey Booth
Tel: 012 441 1100
Fax: 012 441 2212
E-mail: abooth@seda.org.za

Northern Cape: SEDA
Location: Kimberley
Contact Person: Kedisaletse Williams
Tel: 053 839 5700
Fax: 053 839 5711
E-mail: kwilliams@seda.org.za

Western Cape: SEDA
Location: Cape Town
Contact Person: John Peters
Tel: 021 595 1300
Fax: 021 595 1253
E-mail: jpeters@sedawc.org.za

North West: SEDA
Location: Mmabatho
Contact Person: Neville Maimane
Tel: 014 592 6461
Fax: 014 592 9734
E-mail: nmaimane@sedanw.org.za

Eastern Cape: SEDA
Location: Bisho
Contact Person: Luzuko Dibi
Tel: 040 635 0555
Fax: 040 635 0565
E-mail: ldibi@sedaec.org.za

Northern Province: SEDA
Location: Polokwane
Contact Person: Mr Koe Koeie Slabbert
Tel: 015 297 4422
Fax: 015 297 4022
Email: kslabbert@seda.org.za

Mpumalanga: SEDA
Location: Nelspruit
Contact Person: Ntokozo Majola
Tel: 013 755 6046/7
Fax: 013 755 6043
E-Mail: mmajola@sedampu.org.za

Kwa-Zulu Natal: SEDA
Location: Durban
Contact Person: Lindani Dlomo
Tel: 031 277 9500
Fax: 031 277 9510
E-mail: ldhlomo@sedakzn-prov.org.za
10. How should a company avoid common traps when developing its international business plan?

Seek qualified advice. Companies that are new to exporting or are expanding into an unfamiliar foreign market often do not obtain qualified export counselling before developing their international business plan.

Public and private sector professionals, such as export and management consultants, as well as other organisations and institutions are available throughout South Africa to help potential exporters clearly define their goals, objectives and a foreign marketing and finance strategy.

Obtain management commitment. Before researching and writing the business plan, the person responsible for developing the company's foreign market strategy must make sure that the senior managers are firmly committed to the project. He or she will then be better equipped to negotiate with foreign and financial partners to overcome the initial difficulties and financial requirements of exporting.

All departments of the company, from finance and marketing to production and training, must understand and appreciate the company's export expansion plans. It is a good idea to include CVs of all senior staff in the international business plan.

Avoid general statements and broad assumptions. Companies frequently state broadly that their 'product is of a good quality', or that 'an excellent market opportunity is waiting for them'. Any statement, whether it is a strength, weakness, opportunity or threat (in the context of a SWOT analysis), or an objective, strategy or action, should conform to the SMART principle. It should be:

- Specific.
- Measurable.
- Achievable.
- Relevant.
- Time-related.

Where the managers of a company discipline their thinking and planning along these lines, far fewer costly assumptions are made, market research is focused and analysed carefully, and realistic objectives are set.

Conduct sound market research. Time and some money spent on thorough market research will result in a saving of both during the implementation stages. An important first step is for the company to list in precise terms the information it requires and will use. Many small companies waste time trying to obtain details that they do not need and will not use.

Much information can be obtained from the Internet – see Questions 13 and 14 for more information and Appendix D for useful Internet addresses.

However, not all useful and necessary information is available free of charge. It is a common fault of South African companies that they are unwilling to pay for information that enables them to make informed decisions and avoid costly mistakes.

Analyse market research. Many international business plans are weak in terms of analysis of market research findings. Market research should confirm the exporter's instinct that a product will be acceptable and sell in a particular market.

Confirmation may be sought through research carried out on small focus groups with respect to the design, size, colour and all other characteristics of the product; or by sending product samples to prospective buyers; or by generally understanding the unique preferences of potential foreign customers.
Question 19 outlines the Market Factor Assessment (MFA) that should be included in an international business plan.

**Determine export and import flows (industry analysis).** Many companies have difficulty in finding out where a particular product is being exported to, or imported from. An analysis of a country’s trade statistics may be a guide, although not all products are individually mentioned in national statistics but are grouped together with similar products. In many developing countries, statistics of any kind may be unreliable or out-of-date. South Africa’s foreign trade representatives, stationed in key foreign markets, may be able to assist – see Appendix B for contact details.

Where trade statistics are not helpful, it is important for the potential exporter to have an understanding of the structure of the target market. Do climatic, social or industrial conditions in the market support the use of the product, are there any local manufacturers, what is the level of import duty? Knowing the answer to these questions – and there may be others, depending on the nature of the product – may give the company a better indication of market demand than import statistics.

**Establish the competitiveness of the product.** For the exporter to be successful in a particular market, it is critical to determine whether the product will be competitive. While competitiveness often concerns price, this is not the only factor that has to be taken into account – other marketing factors that affect competitiveness include design, quality, conformity with required speculations, pack sizes, reliability of supply, and after-sales service.

It is seldom possible to determine a product’s competitiveness without visiting the market concerned or exhibiting at an international trade fair that will attract buyers from the target markets.

**Determine the optimum export price.** Accurately costing and pricing a product is the most important factor affecting financial projections in the international business plan. There are two major aspects to export pricing – what price will the company charge the buyer (who possibly will not be the end-user) and how will this affect the price competitiveness of the product for the end-user?

Many first-time or infrequent exporters do not consider the various non-domestic costs that can contribute to the end price per unit. Some of the most common costs are:

- Sales commissions.
- Export packing, labelling and marking.
- Freight forwarder fees.
- Costs for the different transport stages.
- Harbour dues in South Africa.
- Marine and export credit insurance.
- Various costs relating to payment and possibly to extending credit terms.
- Import duty and other levies.
- Mark-ups at successive stages in the distribution channel.
- Possibly after-sales servicing responsibilities and the costs of replacing damaged goods.

To what extent the exporter has to take these into account when quoting the export price depends largely upon the delivery terms negotiated with the buyer – Question 45 deals with terms of delivery, or Incoterms, while an export costing/pricing worksheet can be found under Question 67.

**Highlight the firm’s capabilities.** As stated above, price is not the only factor affecting competitiveness. Other important company capabilities include:

- Experience of the company’s managers.
- Company’s production capacity.
Preparing to Export

> Quality management system.
> Technical co-operation with foreign firms.
> System for handling orders.
> Export experience.
> Financial standing, and links with banks.
> Ownership of intellectual property (IP).

These factors should be included as company strengths in the international business plan.

**Acknowledge how buyers make decisions.** It is important that the international business plan takes into account how foreign buyers make purchasing decisions and the factors that influence them. These factors may include:

> Quality.
> Delivery schedule.
> Price.
> Warranties and liability for claims or damages.
> Patents and infringement protection.
> Technical assistance.
> Confidentiality.
> Customisation.
> Packaging.
> Terms of payment.
> Mode of transportation.
> Ability to provide a progress report on orders.

Certain factors are more important to some buyers than to others, and successful marketing depends on knowing foreign buyers well enough to establish the key determinants in each case. This is the essence of relationship marketing.

**Promotion.** Many first-time exporters are passive rather than active exporters, exporting only because someone from another country contacted them. Companies often do not export because they do not know about the low-cost marketing opportunities available to them. Some valuable marketing opportunities are:

> The Department of Trade and Industry’s (DTI) national pavilions at foreign trade fairs – the annual programme can be obtained from the DTI.
> Outward selling missions organised by the DTI or by other trade promotion organisations such as export councils, industrial organisations and chambers of business.
> Incoming trade missions usually organised by foreign chambers of commerce or industrial associations in conjunction with their national trade representatives in South Africa.
> International trade exhibitions, held in South Africa.
> International conferences held in South Africa.

It is important for the exporter to scan at least one major business paper (such as *Business Day* or *Business Report*, which is the supplement to *The Star*, *The Pretoria News*, *Daily News* and *Cape Argus*, or the business pages of other daily and Sunday newspapers) to pick up information on such events. Some newspapers also run regular export supplements and features. The exporter should also keep in contact
with his or her local chamber of business and exporter's club. Regular contact with the DTI is also advisable.

**Intellectual property (IP).** Part of the plan should cover how the company will protect and commercialise its IP assets (see Questions 32 to 37). It is important that advice is sought from experienced patent and trademark attorneys who are able to inform and guide the company in this complex field.

**Check the buyer's creditworthiness.** Before the exporter agrees to any deal, it is essential that a potential buyer, distributor or partner's credit be checked. The best sources are Credit Guarantee Insurance Corporation, the exporter's bank, and credit information agencies.

**Choose methods of market entry and distribution.** Many companies consider that exporting directly is the only means of entry into foreign markets. However, companies may choose different market entry methods such as:

- Exporting indirectly by selling their products to a local trading house or by using a local export agent to handle the development of their foreign business.
- Entering a foreign market through a license or franchise agreement.
- Setting up production in the foreign market through a joint venture or wholly owned subsidiary.

Exporting directly gives the company a greater degree of control over the marketing, financing and growth of its export business than exporting indirectly or licensing another company to produce and market the product.

Exporting directly also gives the company a fairly wide choice of distribution methods in the foreign market, which may include:

- Appointing a commissioned sales agent or representative.
- Selling to a specialist importer
- Selling to a buying house.
- Negotiating an agreement with a distributor.
- Selling directly to an industrial end-user (in the case of an industrial product).
- Supplying directly to a retail outlet or group (in the case of a consumer product).

Several of these distribution methods allow the company to begin exporting even though it may not have the full capacity to export alone. The company can also benefit from the experience and contacts of a distribution partner.
RESOURCES

Trade Information Services Unit, Trade and Investment South Africa
Location: Pretoria
Tel: 0861 843 384
Fax: 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za

Provincial Trade and Investment Promotion Agencies

Department of Economic Affairs
Location: Bloemfontein
Tel: 051 400 9459
Fax: 051 400 9461
E-mail: tshangew@dteeaff.gov.za

Department of Economic Affairs
Location: Kimberley
Tel: 053 830 4800
Fax: 053 830 4838
E-mail: flinks@perm.ncape.gov.za

Invest North West
Location: Rustenburg
Tel: 014 594 2570
Fax: 014 594 2575
Web site: www.inw.org.za
E-mail: inw@inw.org.za

Mpumalanga Investment Initiative
Location: Nelspruit
Tel: 013 752 5384
Fax: 013 752 5385
Web site: www.mii.co.za
E-mail: comments@mii.co.za

Gauteng Economic Development Agency (GEDA)
Location: Johannesburg
Tel: 011 833 8750/7
Fax: 011 833 8930
Web site: www.geda.co.za
E-mail: info@geda.co.za

WESGRO
Location: Cape Town
Tel: 021 487 8600
Fax: 021 487 8700
Web site: www.wesgro.org.za
E-mail: info@wesgro.org.za

Eastern Cape Development Corporation (ECDC)
Location: East London
Tel: 043 704 5600
Fax: 043 704 5700
Web site: www.ecdc.co.za
E-mail: exports@ecdc.co.za

Trade & Investment Limpopo
Location: Polokwane
Tel: 015 295 5171
Fax: 015 295 5197
Web site: www.til.co.za
E-mail: agrinette@til.co.za
Trade & Investment Kwa-Zulu Natal
Location: Durban
Tel: 031 368 9600
Fax: 031 368 5888
Web site: www.tikzn.co.za
E-mail: info@tikzn.co.za

SEDA
SEDA is a partnership between the dti, the CSIR and the National Productivity Institute (NPI) to establish regional centres to assist small, medium and micro-enterprise (SMME) manufacturers improve their competitiveness and growth in the local, national and international market places.

Regional SEDA:

Gauteng Province: SEDA
Location: Pretoria
Contact Person: Abbey Booth
Tel: 012 441 1100
Fax: 012 441 2212
E-mail: abooth@sedawc.org.za

Northern Cape: SEDA
Location: Kimberley
Contact Person: Kedisaletse Williams
Tel: 053 839 5700
Fax: 053 839 5711
E-mail: kwilliams@sedawc.org.za

Western Cape: SEDA
Location: Cape Town
Contact Person: John Peters
Tel: 021 596 1300
Fax: 021 595 1253
E-mail: jpeters@sedawc.org.za

North West: SEDA
Location: Mmabatho
Contact Person: Neville Maimane
Tel: 014 592 6461
Fax: 014 592 9734
Email: nmaimane@sedanw.org.za

Eastern Cape: SEDA
Location: Bisho
Contact Person: Luzuko Dibi
Tel: 040 635 0555
Fax: 040 635 0565
Email: ldibi@sedawc.org.za

Northern Province: SEDA
Location: Polokwane
Contact Person: Mr Koenie Slabbert
Tel: 015 297 4422
Fax: 015 297 4022
Email: kslabbert@sedawc.org.za

Mpumalanga: SEDA
Location: Nelspruit
Contact Person: Ntokozo Majola
Tel: 013 755 6046/7
Fax: 013 755 6043
E-Mail: mmajola@sedampu.org.za

Kwa-Zulu Natal: SEDA
Location: Durban
Preparing to Export

Contact Person: Lindani Dlomo
Tel: 031 277 9500
Fax: 031 277 9510
E-mail: ldhlomo@sedakzn-prov.org.zal

Guide to Exporting from South Africa
Publishers: Mbendi Information Services
Cost: Free
Obtainable: Only available on-line
Web site: www.mbendi.com/exportsa
Contents: The Guide brings together reference information and interactive tools to assist novice and experienced exporters, importers and service providers to export efficiently from South Africa.

The A-Z of Exporting
Publisher: JCCI Chamber of Commerce and Industry - Johannesburg
Cost: R280 for JCCI members and R380 for non-members
Obtainable: JCC House, Owl Street, Milpark, Johannesburg
Tel.: 011 726 5300
Web site: www.jcci.co.za
E-mail: info@jcci.co.za
Contents: The JCCI Exporter’s Manual covers the complete export cycle from finding your market to getting paid.

Making exports your business
Publishers: Cape Metropolitan Council
Cost: Free to Western Cape companies
Obtainable: Cape Town Regional Chamber of Commerce and Industry, Wesgro and other export service Organisations.
Tel: 021 402 4300 (Cape Chamber)
Contents: Deciding to export, getting started, developing an export marketing plan, finding an export market, developing an export market, export logistics, and so forth.

A Guide to Exporting for Small, Medium and Micro Enterprises
Publishers: Tradepoint Pretoria-Tshwane
Cost: Free
Obtainable: Only available on-line
Contents: Guides new exporters, especially SME’s, through the various steps to preparing an export marketing plan. Besides having the normal literature explaining what is required in a normal marketing plan, exporters are directed to various data and other sources on the Internet and the Department of Trade and Industry.

The Global Entrepreneur: Taking Your Business International
Author: James F. Foley
Publisher: Dearborn Trade Publishing
Price: US$ 30
Obtainable: Available on Amazon.com
Web site: www.amazon.com
Contents: Practical advice on the pitfalls and opportunities faced in the international trading arena.
Credit Guarantee Corporation of Africa Ltd. (CGIC)
Location: Johannesburg
Tel: 011 889 7000
Fax: 011 886 1027
Website: www.creditguarantee.co.za
Activities: Credit Guarantee Insurance Corporation of Africa is a South African underwriting company operating in the field of credit insurance.

Trade Law Centre for Southern Africa (TRALAC)
Location: Cape Town
Tel: 021 883 2208
Fax: 021 883 8292
Website: www.tralac.org
Activities: Various programmes in the arena of trade law and related issues.

Export Councils
Automotive Industry Export Council (AIEC)
Attention: Norman Lamprecht, Executive Director
PO Box 40611, Arcadia, 0007
Tel: 012 323-2980
Fax: 012 326-3232 / 325-6603
E-mail: naamsa@iafrica.com
Web site: www.naamsa.co.za

Capital Equipment Export Council
Attention: Sybill Rhomberg
145 Bayley Street, Farrarmere, 1501
Tel/Fax: 011 849-7388
Cell: 082 337-2932
E-mail: osiriscon@icon.co.za
Web site: www.saceec.com

Clothing Export Council
Contact: Jack Kipling
No 6 Hawthornden Road, Kenilworth, 7700
Tel: 021 761-6421 - 082 374-8981
Fax: 021 761-6421
E-mail: jack@clothingexports.co.za

Fresh Produce Exporters Forum / Fruit South Africa
Contact: Stuart Symington/Michelle Kruger
PO Box 190, Newlands, 7725
Tel: 021 674-3202
Fax: 021 683-6280
E-mail: symo@fpef.co.za
Web site: www.fpef.co.za

South African Boatbuilders Business Council
Contact: Veda Raubenheimer
PO Box 444, Greenpoint, 8051
Tel: 021 425-7837 / (082) 658-3644
Fax: 021 419-0722
E-mail: info@sabbex.co.za
Web site: www.sabbex.co.za

SA Cosmetics Export Council (SACEC)
Contact: Estelle October/Linda du Preez/Max Wilgen
26 St Andrews Ave, Bordeaux, 2194
Tel & Fax: 011 886-4087
Preparing to Export

Cell: 082 873-9663
E-mail: Estelle@annique.com
Linda.dupreez@annique.com
max@bluediamondtrading.com

SA Electrotechnical Export Council
Contact: Eileen Leopold
PostNet Suite No. 100
Private Bag X152
Halfway House, 1685
Tel: 011 315-0209
Cell: 082 903-5638
Fax: 011 315-2276
E-mail: director@saeec.org.za (Eileen)
E-mail: admin@saeec.org.za (Adele)
Web site: www.saeec.org.za

S A Flower Industry Council (ASSO Flowers)
Contact: Dirk de Bruin/Hentie Boshoff
PO Box 1927
Krugersdorp, 1740
Tel/Fax: 011 692-4237
Cell: 082 852-7258
E-mail: info@saflower.co.za
Web site: www.saflower.co.za

SA Footwear & Leather Export Council
Contact: Dennis Linda/Rodney Reynders
PO Box 5561
Durban, 4000
Tel: 031 566-2352
Fax: 031 566-5130
E-mail: saflec.admin@iafrica.com
rod@angelfootwear.co.za
Web site: www.imani.co.za

SA International Steel Fabricators
Contact: Dr Hennie de Clerk/Neels van Niekerk
PO Box 1338
Johannesburg, 2000
Tel: 011 838 1665
Fax: 011 838 4301
Cell: 084 525-5018
E-mail: director@isf.co.za

SA Textile Industry Export Council (SATIEC)
Contact: Martin Viljoen
PO Box 272
Bellville, 7535
Tel: 021 959-4162
Fax: 021 959-4167
Cell: 082 455-3263
E-mail: satiec.grow.exports@sans.co.za
martinv@sans.co.za
Web site: www.satiec.co.za

South African Wire Business Council
Contact: Dries Olivier
Postnetsuite 67
P/Bag X10020
Edenvale, 1610
Tel: 011 453-0921
Fax: 011 453-9653
E-mail: dries@sawa.co.za
Trac@sawa.co.za
sawa@sawa.co.za
Web site: www.sawa.co.za
Wines of South Africa
Contact: Mrs Su Birch/Dalene Steyn
156 Dorp Street
Stellenbosch, 7600
Tel: 021 883-3860
Fax: 021 883-3861
E-mail: su@wosa.co.za
dalene@wosa.co.za
Web site: www.wosa.co.za

South African Print & Packaging Export Council
Contact: Robin Cranna
P O Box 1225
Ferndale, 2160
Tel: 011 787-4300
Fax: 011 787-2407
Cell: 082 411-7183
E-mail: robin@sapef.co.za

Steel Tube Export Council
Contact: Mike Robertson
P O Box 18587
Sunward Park , 1470
Tel & Fax: 011 823-2377
E-mail: astpm@global.co.za
Web site: www.astpm.co.za

SA Equine Trade council
Contact: Peter Gibson
P.O.Box 40
Durban
4000
Tel: 031 314 1799
Fax: 031 314 1647
Email: horsetradesa@mweb.co.za
sheila@golscircle.co.za

SA African Stainless Steel Development Association (SASSDA)
Contact: Lesley Mortimer
P.O Box
Johannesburg
Tel: 011 803 5610
Fax: 011 803 2011
Email: Lesley@sassda.co.za
Web site: www.sassda.co.za

SA Fruit & Vegetable Canners Export Council
Contact: Rudi Richards
P.O.Box 6175
Main Street
Cape Town
7622
Tel: 021 871 1308
Fax: 021 872 5930
Email: Arlene@safvca.co.za
Rudi@safvca.co.za
Web site: www.safvca.co.za

South Africa’s African Ostrich
Contact: Anton Kruger
P.O.Box 952
Oudtshoorn
6620
Tel: 044 272 3336
Fax: 044 272 3337
Email: admin@saobc.co.za
Web site: www.saobc.co.za

Aluminium Federation of South Africa
  Contact: Dr Tony Paterson
  P.O.Box 423
  Isando
  Johannesburg
  1600
  Tel: 011 453 3339
  Fax: 011 453 3403
  Email: afsa@afsa.org.za
  Web site: www.afsa.org.za

Plastics Federation of South Africa
  Contact: David Hughes
  P.O. Box
  Johannesburg
  Tel: 011 314 4021
  Fax: 086 612 4366
  Email: DavidH@plasfed.co.za
  Web sites: www.plasfed.co.za

South African Dairy Foundation
  Contact: Dr Koos Coetzee
  P.O.Box 1284
  Pretoria
  0001
  Tel: 012 348 5345
  Fax: 012 348 6284
  Email: Koos.Coetzee@mpo.co.za

SA Aerospace Maritime & Defence Industries Association
  Contact: Simphiwe Hamilton
  P.O. Box 9369
  Centurion
  Pretoria
  0046
  Tel: 012 420 1540
  Fax: 012 347 6350
  Cell: 083 640 8120
  Email: info@amd.org.za
  magda@amd.org.za

SA Iron & Steel Institute (SAISI)
  Contact: Peter Dieterich
  P.O.Box 6318
  Pretoria
  0001
  Tel: 012 320 2450
  Fax: 012 320 1150
  Email: PeterD@saisi.co.za
  Website: www.saisi.co.za

South Africa Association of Consulting Engineers
  Contact: Roelof van Tonder
  P.O.Box
  Johannesburg
  Tel: 011 463 2022
  Fax: 011 463 7383
  Cell: 082 573 1639
  Email: Roelofvt@saace.co.za

South African Federation of Civil Engineering Contractors
  Contact: Paul Rogers
  P.O.Box 644
Trading Point Pretoria-Tshwane
Location: Pretoria
Tel: 012 441 1000
Web site: tradepoint-preatoria-tshwane.org.za
Activities: Trade Point Pretoria Tshwane is a trade facilitator and trade information provider for small and medium-sized enterprises (SMEs) for the greater Tshwane Metropolitan Region and the neighbouring provinces of Limpopo, North West andMpumulanga. Specific services include trade counselling and advice.

F-Bex Universal CC
Location: Cape Town, with national coverage
Tel: 021 439 6253
Fax: 021 434 3988
E-mail: f-bex@iafrica.com
Activity: Independent export consultant

International Marketing Consultants (Pty) Ltd
Location: Johannesburg
Tel: 011 285 0120
Fax: 011 886 7176
E-mail: export@icon.co.za
Activity: Consulting, Training and Trading Company

Kreditinform (Pty) Ltd
Location: Johannesburg
Tel: 011 777 2700
Fax: 011 886 1519
E-mail: info@kredit.co.za
Web site: www.kredit.co.za/
Activities: Credit information

TransUnion ITC
Location: Johannesburg
Tel: 011 214 6000
E-mail: info@transunionitc.co.za
Web site: www.transunionitc.co.za
Activities: Credit Information

WIPO Intellectual Property Handbook: Policy, Law and Use
Publisher: World Intellectual Property Organisation, 34 Chemin des Colombettes, 1211 Geneva 20, Switzerland
Cost: Free to download from web site
Tel: +41 22 338 9111
Fax: +41 22 338 8810
E-mail: publicinf@wipo.int
Web site: www.wipo.int
Contents: Comprehensive information on all aspects of intellectual property rights
**Intellectual Property: Protection and Enforcement**

**Publisher:** World Trade Organisation, Centre William Rappard, Rue de Lausanne 154, CH-1211, Geneva 21, Switzerland  
**Cost:** Free to download from web site  
**Tel:** +41 22 338 9111  
**Fax:** +41 22) 338 8810  
**E-mail:** publicinf@wipo.int  
**Web site:** [www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm)  
**Contents:** A simple introduction to intellectual property and the TRIPS Agreement.

**Adams and Adams**  
**Location:** Pretoria and major centres  
**Tel.:** 012 481 1500  
**Fax:** 012 362 6440  
**Web site:** [www.adamsadams.co.za](http://www.adamsadams.co.za)  
**Activities:** Diversified legal services, including patent law.

**Webber Wentzel Bowens**  
**Location:** Johannesburg  
**Tel:** 011 530 5000  
**Fax:** 011 530 5111  
**Web site:** [www.wwb.co.za](http://www.wwb.co.za)  
**Activities:** Diversified legal services, including patent law

**Spoor and Fisher**  
**Location:** Johannesburg  
**Tel:** 011 303 1111  
**Fax:** 011 303 1100  
**Web site:** [www.spoor.co.za](http://www.spoor.co.za)  
**Activities:** Trademark and patent attorneys, handling all aspects if intellectual property rights, with a network of international associates.
11. Who can help the exporter answer questions about specific products?

There are a number of resources a firm can turn to for assistance regarding specific products. It should be noted, however, that this assistance is usually provided against a fee, which can be either a membership or a consulting fee.

**Export councils.** These have been established to develop exports in specific industry sectors and the exporter should contact them first after he has registered with Customs and Excise. See resources at the end of this question.

The function of export councils is to develop sector programmes for export promotion. In order to perform this function the councils are building up knowledge of specific foreign market product and production standards, packaging requirements, Customs determinations, duty status under South Africa’s bilateral trade agreements, and of distribution patterns in major markets.

Some level of membership fee is usually required of companies using the services of the export councils.

**DTI industry sector task teams.** The Department has appointed task teams to work with the private sector export councils to assist with the development of sectoral exports. Task teams have been appointed for the following sectors:

- Agro-processing (animal products/vegetables/foodstuffs/beverages/spirits/tobacco)
- Chemicals (pharmaceuticals, chemicals/plastics/ceramics/stone/cement)
- Electrical (household/electrical goods/electronic products)
- Machinery (mining equipment/manufactured articles)
- Metals and allied (non-ferrous metals/stainless steel/carbon steel/aluminium/jewellery)
- Motor assembly and components (vehicles/aircraft/vessels/components)
- Clothing, textiles and footwear

Firms wishing to export products in a sector for which an export council has not yet been established should contact the relevant DTI task team. While the task teams are responsible for the interests of the sectors as a whole, it is likely that they will have valuable information available on a specific sector. The task teams usually do not require payment for consultations, although some printed information may have a cost attached to it.

**Industry associations.** Several industry associations, such as the South African Stainless Steel Development Association and the Aluminium Federation of South Africa, provide export development information to their members. In the absence of an export council, the exporter should therefore consult the appropriate industry association. See resources at the end of this question.

**Other assistance bodies.** The South African Bureau of Standards (SABS) is South Africa’s standards authority and a member of the International Organisation for Standardisation (ISO). SABS is able to provide exporters with specific information on product standards.

Specific divisions within the Council for Scientific and Industrial Research (CSIR) are able to assist with technical problems relating to individual sectors.
RESOURCES

TISA Industry sector desks
Location; Pretoria
Switchboard: 0861 843 384
Fax 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za
Sector Desks for the following sectors agro-processing; automotive; aerospace, rail, road and marine; capital equipment; chemicals; craft and film; business process outsourcing; electrotechnical; metals; textiles, clothing, leather and footwear; tourism.

Export Councils:

Automotive Industry Export Council (AIEC)
Contact: Norman Lamprecht
Executive Director
PO Box 40611
Arcadia, 0007
Tel: 012 323-2980
Fax: 012 326-3232 / 325-6603
E-mail: naamsa@iafrica.com
Web site: www.naamsa.co.za

Capital Equipment Export Council
Contact: Sybill Rhomberg
145 Bayley Street
Farrarmere, 1501
Tel/Fax: 011 849-7388
Cell: 082 337-2932
E-mail: osiriscon@icon.co.za
Web site: www.saceec.com

Clothing Export Council
Contact: Jack Kipling
No 6 Hawthornden Road
Kenilworth, 7700
Tel: 021 761-6421 - 082 374-8981
Fax: 021 761-6421
E-mail: jack@clothingexports.co.za

Fresh Produce Exporters Forum / Fruit South Africa
Contact: Stuart Symington/Michelle kruger
PO Box 190
Newlands, 7725
Tel: 021 674-3202
Fax: 021 683-6280
E-mail: symo@iafrica.com
 michelle@fpef.co.za
Web site: www.fpef.co.za

South African Boatholders Business Council
Contact: Veda Raubenheimer
PO Box 444
Greenpoint, 8051
Tel: 021 425-7837 / (082) 658-3644
Fax: 021 419-0722
E-mail: info@sabbex.co.za
Web site: www.sabbex.co.za

SA Cosmetics Export Council (SACEC)
Contact: Estelle October/Linda du Preez/Max Wilgen
26 St Andrews Ave
Bordeaux, 2194
Tel & Fax: 011 886-4087
Preparing to Export

Cell: 082 873-9663
E-mail: Estelle@annique.com/Linda.dupreez@annique.com/max@bluediamond.com

**SA Electrotechnical Export Council**
Contact: Eileen Leopold
PostNet Suite No. 100
Private Bag X132
Halfway House, 1685
Tel: 011 315-0209
Cell: 082 903-5638
Fax: 011 315-2276
E-mail: director@saeec.org.za (Eileen)
E-mail: admin@saeec.org.za (Adele)
Web site: www.saeec.org.za

**S A Flower Industry Council (ASSO Flowers)**
Contact: Dirk de Bruin/Hentie Boshoff
PO Box 1927
Krugersdorp, 1740
Tel/Fax: 011 692-4237
Cell: 082 852-7258
E-mail: info@saflower.co.za
Web site: www.saflower.co.za

**SA Footwear & Leather Export Council**
Contact: Dennis Linde/Rodney Reynders
PO Box 5561
Durban, 4000
Tel: 031 566-2352
Fax: 031 566-5130
E-mail: saflec.admin@iafrica.com
Rod@angelfootwear.com
Web site: www.imani.co.za

**SA International Steel Fabricators**
Contact: Mr Howard Fox
PO Box 1338
Johannesburg, 2000
Tel: 011 838 1665
Fax: 011 838-4301
Cell: 084 525-5018
E-mail: director@isf.co.za

**SA Textile Industry Export Council (SATIEC)**
Contact: Martin Viljoen
PO Box 272
Bellville, 7535
Tel: 021 959-4162
Fax: 021 959-4167
Cell: 082 455-3263
E-mail: satiec.grow.exports@sans.co.za
Web site: www.satiec.co.za
South African Wire Business Council
Contact: Dries Olivier
Postnetsuite 67
P/Bag X10020
Edenvale, 1610
Tel: 011 453-0921
Fax: 011 453-9653
Cell: 083 264-6230
E-mail: dries@sawa.co.za
Web site: www.sawa.co.za

Wines of South Africa
Contact: Mrs Su Birch
156 Dorp Street
Stellenbosch, 7600
Tel: 021 883-3860
Fax: 021 883-3861
Email: su@wosa.co.za (Su Birch)
Web site: www.wosa.co.za

South African Print & Packaging Export Council
Contact: Robin Cranna
P O Box 1225
Ferndale, 2160
Tel: 011 787-4300
Fax: 011 787-2407
Email: robin@sapef.co.za

Steel Tube Export Council
Contact: Mike Robertson
P O Box 18587
Sunward Park, 1470
Tel & Fax: 011 823 2377
Email: astpm@global.co.za
Web site: www.astpm.co.za

Industry Associations

Aluminum Federation
Location: Johannesburg
Contact: Dr Tony Paterson
P.O.Box 423
Isando, 1600
Tel: 011 453 3339
Fax: 011 453 3403
Web site: www.afsa.org.za
Activities: AFSA offers its members a wide variety of services including technical information and advice, education, training and skills upgrading, a range of publications and market industry and business development support.

National Association of Automobile Manufacturers of South Africa (NAAMSA)
Location: Pretoria
Contact: Norman Lamprecht
P.O.Box 40611
Arcadia, 0007
Tel.: 012 323 2980
Fax: 012 326 3232
Email: naamsa@iafrica.com
Web site: www.naamsa.co.za
Activities: Industry organisation; holding secretariat of the automotive industry export council.
National Association of Automotive Component and Accessory Manufacturers (NAACAM)
Location: Johannesburg
Tel.: 011 454 0250
Fax: 011 454 0321
Web site: www.naacam.co.za
Activities: Industry organisation with export promotion emphasis.

Rail Road Association
Location: Johannesburg
Contact: John Thompson/Jan Labuschagne
Tel: 011761 2434
Fax: 011 474 3582
Email: Jit-rra@mweb.co.za
Web site: www.rra.co.za/index.shtml
Activities: The RailRoad Association creates a forum for the transport industry at large.

SA Aerospace Maritime & Defence Industry Association
Location: Pretoria
Contact: Simphiwe Hamilton
Tel: 012 428 3080
Fax: 012 428 3081
Email: info@amd.org.za
Web site: www.amd.org.za
Activities: The collective interest of the South African Aerospace, Maritime and Defence Industries collectively known as the SA Defence Related Industry (DRI) are represented by the SA Aerospace Maritime & Defence Industry Association.

SA Association of Consulting Engineers
Location: Johannesburg
Contact: Roelof van Tonder
Tel: 011 463 3080
Fax: 011 463 7383
Web site: www.saace.co.za
Activities: SAACE is a voluntary association of independent consulting engineers in private practice.

SA Avocado Growers’ Association
Location: Tzaneen, Mpumalanga
Tel.: 015 307 3676
Fax: 015 307 1564
Activities: Industry research; consignment coordination.

SA Dairy Foundation
Location: Pretoria
Contact: Dr Koos Coetzee
Tel: 012 348 5345
Fax: 012 348 6284
Email: Koos.coetzee@mpo.co.za
Activities: National industrial association.

SA Equine Trade Council
Location: Johannesburg
Contact: Peter Gibson
Tel: 031 314 1799
Fax: 031 314 1647
Email: sheilad@goldcircle.co.za
Activities: Equine industry export development and promotion.

SA Federation of Civil Engineering Contractors
Location: Johannesburg
Contact: Paul Rogers
Tel: 011 455-1700
Fax: 011 450-1715
Email: export@safecce.org.za
Web site: www.safecce.org.za
Activities: Membership organisation representing the interests of the civil engineering sector.
SA Iron & Steel Institute (SAISI)
Location: Pretoria
Contact: Peter Dieterich
Tel: 012 320-2450
Fax: 012 320-1150
Email: PeterD@saisi.co.za
Web site: www.saisi.co.za
Activities: The Institute represents the interests of the South African primary steel industry.

SA Jewellery
Location: Johannesburg
Contact: Lorna Delport/Laurens Mare
Tel: 011 880-1713
Fax: 011 880-1714
Email: lornad@jewellery.org.za
Web site: www.jewellery.org.za
Activities: Jewellery industry export development and promotion.

South African Meat Industry Company (SAMIC)
Location: Pretoria
Contact: Manie Booysens
Tel: 012 361 4545
Fax: 012 361 6004
Email: manieb@samic.co.za
Web site: www.samic.co.za/
Activities: SAMIC is the national representative structure of the South African red meat industry.

Textile Federation
Location: Johannesburg
Tel.: 011 404 2423
Fax: 011 404 2101
Web site: www.texfed.co.za
Activities: National industrial association.

Agricultural Research Council (ARC)
Location: Pretoria
Tel.: 012 427 9700
Fax: 012 342 3948
Web site: www.arc.agric.za
Activities: The ARC aims to promote the agricultural and related sectors through research, technology development and transfer.

Council for Mineral Technology (MINTEK)
Location: Johannesburg
Tel.: 011 709 4111
Fax: 011 793 2413
Web site: www.mintek.co.za
Activities: Mintek is a technology provider specializing in mineral processing, extractive metallurgy, and related fields. Working closely with industry and other research organizations, Mintek offers R&D expertise, service testwork, equipment, and novel process technologies for the precious metals, base metals, ferro-alloys, and industrial minerals sectors.
South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

Capespan (Pty) Ltd
Location: Cape Town
Tel: 021 917 2600
Fax: 021 917 2602
Web site: www.capespan.co.za
Activities: International marketers of a wide range of South African fruit and wine.

Fishing Industry Research Institute
Location: Cape Town
Tel.: 021 689 9341
Fax: 021 686 6116
E-mail: foodtek-firi@csir.co.za
Activities: Industry research and resource management.
12. Who can assist the exporter with research and market planning?

Several public and private organisations offer market and research assistance to small and large companies. In several cases the organisations are based overseas and their services can be accessed via the Internet (see also following questions).

**Department of Trade and Industry**, through Trade and Investment South Africa (TISA), provides exporters with information on export markets and opportunities, answers to frequently asked questions, country reports, market survey reports and booklets on free trade agreements. Exporters can be given information about the requirements for entering foreign markets and can be helped to identify export markets for their products.

**Parastatal organisations**, such as ARC, CSIR and SABS, in addition to the technical assistance and support programmes they offer, also maintain extensive libraries and are very useful for specific types of essential foreign market information.

**Business and industry associations**, such as the export councils, specific industry associations and the chambers of business in the larger centres, will usually offer market information and may even carry out desk research. The export councils especially will undertake in-market research for their members from time to time; this may be partially financed by TISA to make it very cost-effective for participating companies.

**International trading companies/houses** can provide vital information on the status of the overseas market for a product, methods of transport, and marketing information about a particular region. Usually they trade on their own account and handle all aspects of imports or exports. They are therefore ideal partners for companies not wishing to handle their own exports (see Question 24).

**International Trade Centre (ITC)** targets specific industry sectors that are of interest to small and medium-sized companies and provides market surveys on potential markets for these products. Exporters should visit ITC’s web site for information.

**Centre for the Promotion of Imports from Developing Countries (CBI), Netherlands** is an excellent source of information on European Union markets. CBI has provided on its web site a number of product specific EU market surveys that can be easily and freely downloaded. It also provides an export manual to assist small companies in developing their export business in EU countries.

**Private firms and consultants**, both in South Africa and abroad, will provide tailor-made market research and information for potential and established exporters, either through desk or in-market investigations. The local Yellow Pages can provide information on local private companies and consultants under the heading “Export consultants”; some are listed in the previous section. South Africa’s trade representatives abroad and foreign chambers of commerce should be able to provide the names of market research companies in their respective areas.

Such organisations can give exporters first-hand information on exporter-business links, as well as on cultural and social norms for conducting business in the export market. Any exporter utilising the services of an independent research company or consultant should be clear on what he expects to be achieved through the research, and should approve detailed terms of reference and the fee payable prior to the research being started.

Exporters can also outsource many of the functions of an export department to consultants until their export business has grown to the stage where it warrants the employment of their own personnel.

**Other export service companies**, such as banks and freight forwarders, should also be approached for specific items of foreign market information. In some cases the information they provide can be
extensive, especially if they are able to tap the resources of their correspondent banks and forwarding agents in the foreign market.

RESOURCES

**Department of Trade and Industry / Trade and Investment South Africa**
Location: Pretoria
Tel: 0861 843 384
Fax: 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za
Activities: The dti/tisa provides customers with information on export markets and opportunities, answers to frequently asked questions, country reports, market survey reports and booklets on free trade agreements.

**Agricultural Research Council (ARC)**
Location: Pretoria
Tel.: 012 427 9700
Fax: 012 342 3948
Web site: www.arc.agric.za
Activities: The ARC aims to promote the agricultural and related sectors through research, technology development and transfer.

**Council for Scientific and Industrial Research (CSIR)**
Location: Pretoria
Tel: 012 841 2911
Fax: 012 349 1153
Web site: www.csir.co.za
Activities: The CSIR is a technology and research organisation.

**South African Bureau of Standards (SABS)**
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

**Export Councils:**

**Automotive Industry Export Council (AIEC)**
Attention: Norman Lamprecht
Executive Director
PO Box 40611
Arcadia, 0007
Tel: 012 323-2980
Fax: 012 326-3232 / 325-6603
E-mail: naamsa@iafrica.com
Web site: www.naamsa.co.za
Capital Equipment Export Council
Attention: Sybill Rhomberg
145 Bayley Street
Farrarmere, 1501
Tel/Fax: 011 849-7388
Cell: 082 337-2932
E-mail: osiriscon@icon.co.za
Web site: www.saceec.com

Clothing Export Council
Contact: Jack Kipling
No 6 Hawthornden Road
Kenilworth, 7700
Tel: 021 761-6421 - 082 374-8981
Cell: 082 337-2932
Fax: 021 761-6421
E-mail: jack@clothingexports.co.za

Fresh Produce Exporters Forum / Fruit South Africa
Contact: Stuart Symington
PO Box 190
Newlands, 7725
Tel: 021 674-3202
Fax: 021 683-6280
E-mail: stuart@fpef.co.za
Web site: www.fpef.co.za

South African Boatbuilders Business Council
Contact: Ms Veda Raubenheimer
PO Box 444
Greenpoint, 8051
Tel: 021 425-7837 / (082) 658-3644
Fax: 021 419-0722
E-mail: info@sabbex.co.za
Web site: www.sabbex.co.za

SA Cosmetics Export Council (SACEC)
Contact: Estelle October/Max Wilgen
26 St Andrews Ave
Bordeaux, 2194
Tel & Fax: 011 886-4087
Cell: 082 873-9663
E-mail: /max@sacec.co.za

SA Electrotechnical Export Council
Contact: Eileen Leopold
PostNet Suite No. 100
Private Bag X132
Halfway House, 1685
Tel: 011 315-0209
Cell: 082 903-5638
Fax: 011 315-2276
E-mail: director@saeec.org.za (Eileen)
E-mail: admin@saeec.org.za (Adele)
Web site: www.saeec.org.za
S A Flower Industry Council (ASSO Flowers)
Contact: Dirk de Bruin
PO Box 1927
Krugersdorp, 1740
Tel/Fax: 011 692-4237
Cell: 082 852-7258
E-mail: info@saflower.co.za
Web site: www.saflower.co.za

SA Footwear & Leather Export Council
Contact: Dennis Linda/Rodney Reyners
Rolf Oltmanns (Chairman)
PO Box 5561
Durban, 4000
Tel: 031 566-2352
Fax: 031 566-5130
E-mail: saflec.admin@iafrica.com
Web site: www.imani.co.za

SA International Steel Fabricators
Contact: Mr Neels van Niekerk/Dr Hennie de clerk
PO Box 1338
Johannesburg, 2000
Tel: 011 838 1665
Fax: 011 838-4301
Cell: 084 525-5018
E-mail: director@isf.co.za
Web site: www.isf.co.za

SA Textile Industry Export Council (SATIEC)
Contact: Martin Viljoen
PO Box 272
Bellville, 7535
Tel: 021 959-4162
Fax: 021 959-4167
Cell: 082 455-3263
E-mail: satiec.grow.exports@sans.co.za
Web site: www.satiec.co.za

South African Wire Business Council
Contact: Dries Olivier
Postnetsuite 67
P/Bag X10020
Edenvale, 1610
Tel: 011 453-0921
Fax: 011 453-9653
Cell: 083 264-6230
E-mail: dries@sawa.co.za
Web site: www.sawa.co.za

Wines of South Africa
Contact: Mrs Su Birch
156 Dorp Street
Stellenbosch, 7600
Tel: 021 883-3860
Fax: 021 883-3861
Email: su@wosa.co.za (Su Birch)
Web site: www.wosa.co.za
South African Print & Packaging Export Council
Contact: Robin Cranna
P O Box 1225
Ferndale, 2160
Tel: 011 787-4300
Fax: 011 787-2407
Cell: 082 411-7183
Email: robin@sapef.co.za

Steel Tube Export Council
Contact: Mike Robertson
P O Box 18587
Sunward Park, 1470
Tel & Fax: 011 823 2377
Email: astpm@global.co.za
Web site: www.astpm.co.za

Industry Associations

Aluminum Federation
Location: Johannesburg
Tel: 011 453 3339
Fax: 011 453 3403
Web site: www.alsa.org.za
Activities: AFSA offers its members a wide variety of services including technical information and advice, education, training and skills upgrading, a range of publications and market industry and business development support.

National Association of Automobile Manufacturers of South Africa (NAAMSA)
Location: Pretoria
Tel: 012 323 2980
Fax: 012 326 3232
Web site: www.naamsa.co.za
Activities: Industry organisation; holding secretariat of the automotive industry export council.

National Association of Automotive Component and Accessory Manufacturers (NAACAM)
Location: Johannesburg
Tel: 011 454 0250
Fax: 011 454 0321
Web site: www.naacam.co.za
Activities: Industry organisation with export promotion emphasis.

Rail Road Association
Location: Johannesburg
Tel: 011761 2434
Fax: 011 474 3582
Web site: www.rra.co.za/index.shtml
Activities: The RailRoad Association creates a forum for the transport industry at large.

SA Aerospace Maritime & Defence Industry Association
Location: Pretoria
Tel: 012 428 3080
Fax: 012 428 3081
Web site: www.amd.org.za
Activities: The collective interest of the South African Aerospace, Maritime and Defence Industries collectively known as the SA Defence Related Industry (DRI) are represented by the SA Aerospace Maritime & Defence Industry Association.

SA Association of Consulting Engineers
Location: Johannesburg
Tel: 011 463 2022
Fax: 011 463 7383
Web site: www.saace.co.za
Activities: SAACE is a voluntary association of independent consulting engineers in private practice.
SA Avocado Growers’ Association  
Location: Tzaneen, Mpumalanga  
Tel.: 015 307 3676  
Fax: 015 307 1564  
Activities: Industry research; consignment coordination.

SA Dairy Foundation  
Location: Pretoria  
Tel: 012 348 5345  
Fax: 012 348 6284  
Activities: National industrial association.

SA Equine Trade Council  
Location: Johannesburg  
Tel: 011 646-9706  
Fax: 011 646-9706  
E-mail: hmkorle@cybertrade.co.za  
Activities: Equine industry export development and promotion.

SA Federation of Civil Engineering Contractors  
Location: Johannesburg  
Tel: 011 455-1700  
Fax: 011 450-1715  
Web site: www.safec.org.za  
Activities: Membership organisation representing the interests of the civil engineering sector.

SA Iron & Steel Institute (SAISI)  
Location: Pretoria  
Tel: 012 320-2450  
Fax: 012 320-1150  
Web site: www.saisi.co.za  
Activities: The Institute represents the interests of the South African primary steel industry.

SA Jewellery  
Location: Johannesburg  
Tel: 011 880-1713  
Fax: 011 880-1714  
Web site: www.jewellery.org.za  
Activities: Jewellery industry export development and promotion.

South African Meat Industry Company (SAMIC)  
Location: Pretoria  
Tel: 012 361 4545  
Fax: 012 361 604  
Web site: www.samic.co.za/  
Activities: SAMIC is the national representative structure of the South African red meat industry.
**Stainless Steel Business Council**
Location: Johannesburg
Tel: 011 803-5610
Fax: 011 803-2011
Web site: www.sassda.co.za
Activities: SASSDA promotes the use of stainless steel and offers a number of services, including technical information and advice, education, training and skills upgrading, publications and market, industry and business development.

**Textile Federation**
Location: Johannesburg
Tel.: 011 404 2423
Fax: 011 404 2101
Web site: www.texfed.co.za
Activities: National industrial association.

**Tradepoint Pretoria-Tshwane**
Location: Pretoria
Tel: 012 441 1000/ 0860 103 703
Web site: www.tradepoint-pretoria-tshwane.org.za
Activities: Trade Point Pretoria Tshwane is a trade facilitator and trade information provider for small and medium-sized enterprises (SMEs) for the greater Tshwane Metropolitan Region and the neighbouring provinces of Limpopo, North West and Mphumulanga.

**National Productivity Institute (NPI)**
Location: Midrand
Tel.: 011 848 5300
Fax: 011 848 5555
Web site: www.npi.co.za
E-mail: info@productivitysa.co.za
Activities: Productivity consultancy and development with some export-oriented activities. NPI undertakes in-depth Export Readiness Assessments for companies. The cost of this assessment varies between R2,500 and R5,000. The NPI also offers Competitiveness Assessments and runs Export Marketing Workshops.

**South African Chamber of Business**
Location: Johannesburg
Tel.: 011 358-9700
Fax: 011 358-9773 / 358-9774
Web site: www.sacob.co.za
Activities: Association of Chambers of Commerce

**National African Federated Chamber of Commerce and Industry**
Location: Johannesburg
Tel: 011 268 2800
Fax: 011 268 2940
Activities: Federation of Chambers of Commerce

**JCCI Chamber of Commerce and Industry - Johannesburg**
Location: Gauteng
Tel.: 011 726 5300
Fax: 011 482 2000
E-mail: info@jcci.co.za
Web site: www.jcci.co.za
Activities: All business chamber activities with an emphasis on international trade; provides public export training.
Cape Town Regional Chamber of Commerce and Industry
Location: Cape Town, with regional coverage in the Western Cape
Tel: 021 402 4300
Fax: 021 402 4302
E-mail: info@capechamber.co.za
Web site: www.capechamber.co.za
Activities: All business chamber activities with heavy emphasis on international trade; provides public export training and implements Integrated Export Programme in the Western Cape.

Durban Chamber of Commerce and Industry
Location: Durban
Tel: 031 335 1000
Fax: 031 332 1288
Web site: www.durbanchamber.co.za
Activities: All business chamber activities with emphasis on international trade; provides public export training.

Foundation for African Business and Consumer Services (Fabcos)
Location: Johannesburg with provincial representation
Tel: 011 333-3701
Fax: 011 333-1234
Activities: Business Chamber representing small black business interests.

TIPS South Africa
Location: Pretoria
Fax: 0866 217 089
E-mail: info@tips.co.za
Web site: www.africatrade.co.za
Activities: TIPS, the Trade Information Promotion Service, is an international network that aims to promote the exchange of technological and trade information between new and established business partners around the globe.

International Trade Centre UNCTAD/WTO (ITC)
Location: Geneva, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Web site: www.intracen.org
Activities: The International Trade Centre is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organisation (WTO) for operational, enterprise-orientated aspects of trade development. ITC supports developing and transition economies, and particularly their business sectors, in their efforts to realise their full potential for developing exports and improving import operations.

Centre for the Promotion of Imports from Developing Countries (CBI)
Location: Rotterdam, The Netherlands
Tel.: +31 10 201 34 34
Fax: +31 10 411 40 81
Web site: www.cbi.nl/
Activities: CBI provides: market information, export promotion, training, seminars, workshops, matching, advice on import enquiries, and environmental information for exporters from developing countries and importers from Europe.

Whitehouse & Associates
Location: Johannesburg
Tel.: 011 728 5878
Fax: 011 728 7555
Web site: www.mbendi.co.za/whitehouse
Activities: Africa information specialists.

Emerging Market Focus
Location: Pretoria
Tel.: 012 427 2265
Fax: 012 427 2784
Web site: www.emergingmarkets.co.za
Activities: Assists exporters develop business operations in the emerging market economies. Specialist expertise in Asian, African markets.
Markinor
Location: Johannesburg
Tel.: 011 686 8400
Fax: 011 680 9200
Web site: www.markinor.co.za
Activities: Information researchers and information consultants
13. **What is the Internet and how can it be useful to the exporter?**

The Internet is a global network of computers that communicate with each other via telephone lines. It began in 1980 as a means of sharing information within the university-based scientific community. Today, this vast communication network has become so widespread that most governments, major firms, enterprises and establishments have a presence on the Internet, or a “site”. Use of the Internet is still growing rapidly, and increasing numbers of small- and medium-sized firms are taking advantage of it.

The Internet can help the exporter to:

**Communicate with current and potential buyers.** The Internet is a relatively inexpensive way of disseminating in-depth company and product information, receiving direct feedback from clients, and contacting potential trade partners.

**Advertise the product or service.** The exporter can create a location or “site” where information about the product or service can be easily obtained. In some countries, having a “site” on the Internet is an essential part of gaining credibility and maintaining customer relations.

**Research foreign markets.** The Internet may be likened to a vast global library. Amongst the extensive array of data available from the Internet is general information about:

- Different countries - their climate, economies, populations, literacy levels, major cities and ports, industries.
- International markets and trade.
- Product standards and specifications in different countries.
- Products and manufacturing processes and innovations.
- Statistical information of all types.
- Company listings
- Information about government and non-governmental organisations.
- International agreements and conventions.

All of these aspects, and more, are important for the exporter in researching potential export markets.

Appendix D lists useful Internet sites where small- and medium-sized enterprises can obtain market information. Some useful South African sites are:

- [www.mbendi.com](http://www.mbendi.com)
- [www.seda.org.za](http://www.seda.org.za)
- [www.thedti.gov.za](http://www.thedti.gov.za)
- [www.cargoinfo.co.za](http://www.cargoinfo.co.za)
- [www.tradeworld.co.za](http://www.tradeworld.co.za)
RESOURCES

Secrets of Electronic Commerce: A guide for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Question and Answer guide identifying SME issues and constraints in regard to e-commerce. The guide explains how to develop an e-commerce strategy and conduct online market research; outlines marketing and online communications techniques; answers questions on legal and financial issues; highlights characteristics of successful web sites; deals with technical and country specific issues and online procurement.

Cybermarketing: A Guide for Managers in Developing Countries
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free to developing countries
Obtainable: Trade Information Section, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0218
Web site: www.intracen.org
Contents: Guide on how to make use of commercial possibilities of the Internet; focuses on key issues to be considered when defending a commercial strategy for implementation on the Internet.

Trade Information through the Internet, Revision Two
Publisher: International Trade Centre ITC UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0218
Web site: www.intracen.org
Contents: This directory lists web site addresses of trade contacts, market information, numeric information, trade regulations and standards, government procurement, international projects, tenders and trade events.
14. How can the Internet be used to promote exporters’ products?

Companies throughout the world have discovered how effective the Internet can be in developing their businesses and that, properly used, it can be a relatively inexpensive way to promote products and services worldwide. Many large buyers in developed countries first check a potential supplier’s web site before entering into business discussions.

The Internet enables firms in developing countries to market their products throughout the world. While the upfront costs for developing a home page (web site) may be relatively high, the return on this investment can be expected to surpass the initial expense by a long way.

A web site can help a firm market its product effectively. For this to happen, the exporter should do the following:

Decide the purpose of the web site:

➢ To advertise the product or service?
➢ To provide up-to-date product and service information to existing buyers?
➢ To support a network of foreign market agents and distributors?
➢ To actually sell the product or service?

If the site is to be used to sell the product, the exporter needs to realise that this may be the equivalent of direct mail, with all that that entails regarding packing and consigning individual shipments. In addition, the site will have to incorporate appropriate security provisions for on-line payment.

Moreover, the exporter must take into account any distribution agreements for the product and how selling from the web site might affect these.

Decide what information should be included:

➢ The company’s business philosophy or mission statement.
➢ Clear description of the field of business and the product range.
➢ Product applications, if appropriate.
➢ Quality marks or accreditation, patents or licenses owned by the company.
➢ Business partnering opportunities.
➢ Commonly asked questions.
➢ E-mail link (with the promise to answer within three days).
➢ Order form, if the intention is to sell directly from the site.
➢ Employment opportunities.

Seek professional assistance in the design of the web site to ensure that:

➢ It is easy to access: use a minimal number of graphics and photographs.
➢ “Visitors” who wish to continue receiving information can register their names.
➢ It facilitates feedback options.
➢ Logical key words of the business are used as button points.
Compile a management plan for the web site to ensure that:

- The site is up-dated regularly: every two weeks is not too often.
- Up-dated information covers all essential aspects of the business, such as changes in contact details, distributorships or agents, key managers and contact personnel, as well as product and technical information and the commonly asked questions sections.
- E-mails are answered accurately and speedily.
- New product information is sent direct to current buyers by e-mail or some other means as well as being posted on the web site.
- Any “visitors” who provide feedback are acknowledged or followed up.
- “Visitors” who register to receive information are included in the relevant mailing lists.

The Internet is also an excellent venue for locating trade leads. There are many systems that enable companies to list their products for sale, find offers to buy and seek products to purchase. One such system in South Africa is on the Tradeworld web site; another is the United States government’s National Trade Data Bank (NTDB), while yet another is the IMX Exchange; but there are many more. The international Trade Point network is another source of contacts and business leads; Trade Point Pretoria and Trade Point Johannesburg are both members of this system, which may be accessed through them.

RESOURCES

Secrets of Electronic Commerce: A guide for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Question and Answer guide identifying SME issues and constraints in regard to e-commerce. The guide explains how to develop an e-commerce strategy and conduct online market research; outlines marketing and online communications techniques; answers questions on legal and financial issues; highlights characteristics of successful web sites; deals with technical and country specific issues and online procurement.

E-commerce Fitness Checker
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org/ec

Writing for the Web
Publisher: Eldis
Author: Catherine Fisher, GDNet / Eldis
Cost: Free
Obtainable: Online
Web site: www.eldis.org/tales/writing/index.htm
Contents: Provides useful hints on writing material for publication on the Internet.
Preparing to Export

**Uniforum Association**
Location: Johannesburg
Tel: 011 314 0077
Fax: 011 314 0088
Web site: http://co.za/
Activities: Responsible for registration and administration of domain names in South Africa

**Internet Service Providers Association**
Location: Johannesburg
Tel: 011 314 7751
E-mail: info @ ispa.org.za
Web site: www.ispa.org.za/
Activities: The Internet Service Providers’ Association (ISPA) is a non-profit South African Internet industry organisation. It was formed in June 1996 and currently represents about 50 Internet service providers with a diverse range of services and target markets. Members include non-profit providers and educational networks, as well as commercial service providers. Since its launch, ISPA has played an important role in the development of South Africa’s telecommunications and Internet policy.
15. How can an exporter access the Internet?

With its vast and seemingly unlimited possibilities for obtaining information, the Internet can appear overwhelming for small- and medium-sized enterprises (SMEs) who are new to using it. Having acquired some basic knowledge of how the Internet works, and perhaps having attended a basic Internet course, the exporter will soon realise that accessing information on the Internet is relatively easy, although often time-consuming.

Connecting to the Internet. In general, three physical elements are required for Internet access:

- A telephone line or cellphone that provide Internet access.
- A computer (for business purposes this is usually more effective than most Internet-enabled cell phones) loaded with an Internet browser (software to enable you to gain access to and to search the Internet).
- A modem, a piece of hardware that enables information leaving and entering your computer to "travel" via the telephone link. The modem is usually incorporated into modern computers.

In addition, a service link is required to complete the connection. This is provided by the Internet Service Provider (ISP), whose computer network is linked to the Internet. The telephone provides the physical link to the Internet through an Internet Service Provider (ISP). South Africa is well served by ISPs, who are listed in the Yellow Pages under “Internet service providers”. Telkom is also an ISP.

The exporter should contact several of these and find out about the range of services they offer and their fee structure; often there are promotional special offers that include a modem.

Internet charges comprise two elements:

The ISP charge, which is usually a monthly subscription with some free Internet access hours. If the company runs over its ‘free’ hours, it will incur an additional access charge from the ISP.

The cost of the telephone call incurred each time the company dials into the ISP to access the Internet. The charge for the call is at normal local telephone (or cellphone) rates, and depends on the length of time the exporter is on-line (using the Internet). In South Africa, if the connection is made through Telkom’s service, cheaper Callmore rates apply for after-hours access. It is thus more cost-effective for companies to undertake Internet searches during these hours.

Companies that need or wish to have continuous Internet access may make special arrangements with Telkom for a dedicated ISDN or ADSL line. The installation and monthly Telkom subscription for such a service is far higher than the normal connection for ad hoc use. However, the service is faster and cost effective if the usage rate is very high.

Most ISPs host web sites for those clients wanting one and they also provide web page design. In addition, there are a number of Internet consultants who provide web site design and management services; they are listed in the Yellow Pages under “Internet services”.

Searching for information. There are two basic methods of searching for information:

- Using a known web site by typing the web address in the address box of the browser. A number of useful web sites are provided in this publication for exporters to use.
- Using a search engine, which is a software program available on the Internet that searches the databases of the World Wide Web (www) and retrieves information about web sites that fit the keyword query. Your ISP usually provides links to search engines on the home page.

Newcomers to the Internet often find the vast number of options that a search engine may provide very daunting. However, after a period of perseverance a company usually identifies a few web sites that it
finds most useful and will regularly visit these. It is a good thing for exporters to try to identify additional web sites periodically and to seek information about relevant sites.

RESOURCES

Introduction to the Use of Internet Search Tools
Publisher: International Trade Centre ITC UNCTAD/WTO
Authors: Yan Manissadjian & Emmanuel Barreto
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0218
Web site: www.intracen.org
Contents: A guide designed to help exporters facilitate research on the Internet.

Secrets of Electronic Commerce: A guide for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
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Finding the market
What does South Africa export

By examining South Africa’s current export patterns, the exporter can identify what products the country is exporting successfully and in which international markets they are already achieving success.

South Africa has been engaged in foreign trade since the mid-1600s when a provisioning station for passing ships was established at the Cape of Good Hope. For the first few centuries thereafter, South Africa exported agricultural products and imported virtually everything that could not be made from local resources.

The discovery of diamonds and gold in the 1870s and 1880s and the subsequent development of the world’s largest diamond and gold mining industries changed the shape of the South African economy and its international trade patterns. Gold and diamonds became South Africa’s major exports, although agricultural produce still featured. Imports subsequently included mining machinery and related equipment, as well as consumer goods, building materials and all the other items required by the country in general.

Foreign investment in the South African mining industry was followed by similar investment in and licensing of engineering companies. As South Africa’s manufacturing base expanded and diversified, so, too, did its export products. However, the development of manufactured exports was restrained by the relatively insular attitude of many companies, as well as by partial trade sanctions imposed on the country until the 1990s.

South Africa is the 41st largest trading nation in the world and the largest on the African continent. Although the country is situated a long way from the world’s major industrial centres, its foreign trade is heavily orientated towards the developed nations. Imports of capital goods from the developed countries are essential for South Africa’s industrial growth, while exports provide a necessary source of income and foreign exchange to pay for the imports. The broad composition of South Africa’s imports and exports is shown in the charts.

(Source: SA Revenue Services)
The tables below give a more detailed breakdown of South Africa’s foreign trade

**Composition of South Africa’s Top 20 exports products, 2009 (rand Millions)**

<table>
<thead>
<tr>
<th>Product categories</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold (including gold plated with platinum) unwrought in or in semi-manufactured</td>
<td>52,972,</td>
</tr>
<tr>
<td>forms, or in powder form</td>
<td></td>
</tr>
<tr>
<td>Bituminous coal, not agglomerated</td>
<td>34,384,</td>
</tr>
<tr>
<td>Platinum in semi-manufactured forms</td>
<td>26,692,</td>
</tr>
<tr>
<td>Iron ore, concentrate, not iron pyrites, agglomerated</td>
<td>24,417,</td>
</tr>
<tr>
<td>Ferro-chromium, &gt;4% carbon</td>
<td>18,465,</td>
</tr>
<tr>
<td>Automobiles, spark ignition engine of 1500-3000 cc</td>
<td>18,209</td>
</tr>
<tr>
<td>Platinum unwrought or in powder form</td>
<td>17,811</td>
</tr>
<tr>
<td>Filtering or purifying machinery for gases nes</td>
<td>12,313</td>
</tr>
<tr>
<td>Aviation spirit</td>
<td>9,678</td>
</tr>
<tr>
<td>Aluminium unwrought, not alloyed</td>
<td>8,744</td>
</tr>
<tr>
<td>Diamonds (jewellery) unworked or simply sawn, cleaved</td>
<td>7,099</td>
</tr>
<tr>
<td>Chromium ores and concentrates</td>
<td>5,965</td>
</tr>
<tr>
<td>Coin</td>
<td>5,535</td>
</tr>
<tr>
<td>Diesel powered trucks weighing &lt; 5 tonnes</td>
<td>5,495</td>
</tr>
<tr>
<td>Rhodium unwrought or in powder form</td>
<td>4,860</td>
</tr>
<tr>
<td>Automobiles, spark ignition engine of 1000-1500 cc</td>
<td>4,502</td>
</tr>
<tr>
<td>Manganese ores, concentrates, iron ores &gt;20% Manganese</td>
<td>4,501</td>
</tr>
<tr>
<td>Grape wines nes, fortified wine or must, pack &lt; 2l</td>
<td>4,341</td>
</tr>
<tr>
<td>Good</td>
<td>Value (Rands billions)</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Titanium ores and concentrates</td>
<td>3,622</td>
</tr>
<tr>
<td>Maize except seed corn</td>
<td>3,444,</td>
</tr>
</tbody>
</table>

### South Africa Top 20 Import Goods (Rands billions)

<table>
<thead>
<tr>
<th>Good</th>
<th>Value (Rands billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum oils, oils from bituminous minerals, crude</td>
<td>86,983</td>
</tr>
<tr>
<td>Original equipment components</td>
<td>29,984</td>
</tr>
<tr>
<td>Aviation spirit</td>
<td>20,833</td>
</tr>
<tr>
<td>Automobiles, spark ignition engine of 1500-3000 cc</td>
<td>10,553</td>
</tr>
<tr>
<td>Telephones for cellular networks or for other wireless networks</td>
<td>9,302</td>
</tr>
<tr>
<td>Medicaments nes, in dosage</td>
<td>8,257</td>
</tr>
<tr>
<td>Fixed wing aircraft, unladen weight 2,000-15,000 kg</td>
<td>3,881</td>
</tr>
<tr>
<td>Rice, semi-milled or wholly milled</td>
<td>3,704</td>
</tr>
<tr>
<td>Portable digital data</td>
<td>3,689</td>
</tr>
<tr>
<td>Printing machinery including ink-jet printing machines (excluding those of heading no. 84.71) machines for uses ancillary to printing</td>
<td>3,555</td>
</tr>
<tr>
<td>Parts and accessories of data processing equipment nes</td>
<td>3,281</td>
</tr>
<tr>
<td>Aluminium oxide, except artificial corundum</td>
<td>3,190</td>
</tr>
<tr>
<td>Diamonds (jewellery) unworked or simply sawn, cleaved</td>
<td>3,169</td>
</tr>
<tr>
<td>Automobiles, spark ignition engine of &gt;3000 cc</td>
<td>2,998</td>
</tr>
<tr>
<td>Automobiles, spark ignition engine of 1000-1500 cc</td>
<td>2,504</td>
</tr>
<tr>
<td>Soya-bean oil-cake and other solid</td>
<td>2,466</td>
</tr>
</tbody>
</table>
residues

<table>
<thead>
<tr>
<th>Instruments, appliances for medical, etc science, nes</th>
<th>2,408</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat except durum wheat, and meslin</td>
<td>2,337</td>
</tr>
<tr>
<td>Parts of cranes, work-trucks, shovels, constr machine</td>
<td>2,285</td>
</tr>
<tr>
<td>Optical media</td>
<td>2,273</td>
</tr>
</tbody>
</table>

Within the minerals sector, however, there has been some diversification of export earnings over the past 15 to 20 years. Previously, gold accounted for some 40% of export value but now accounts for only 14%, and exports of non-gold minerals and metals, especially platinum, have risen. Meaning that South Africa is no longer dependent on mining industry to export.

South Africa’s exports of many types of manufactured goods have been increasing more rapidly than overall exports for the last few years. Foreign sales of machinery and transport equipment have increased substantially and have more than doubled their share of total exports since 1994. This shows that, despite common sentiment that South African companies cannot compete internationally, many companies can and do compete successfully.

Admittedly, some factors in the South African industrial environment do not favour international competitiveness, but individual companies can achieve a great deal by improving their management and operational efficiency. In some sectors, co-operation between small, potential exporters can help reduce
costs and achieve improved productivity. Companies should approach their export councils or the National Productivity Institute for assistance in these areas. In general, it should be possible to find at least one or two export markets for any product that is successfully marketed in South Africa.

South Africa's import figures reflect the country’s dependence on foreign supplies of industrial goods – industrial imports account for some 80% by value of the total. Thus, when South African industry expands or new infrastructural projects are implemented, the import bill increases.

RESOURCES

Preliminary Statement of Trade Statistics
Publisher: Commissioner for the South African Revenue Service
Cost: Free
Available: SA Revenue Service web site
Web site: www.sars.gov.za and follow links to customs and to trade statistics
Contents: Monthly foreign trade statistics for South Africa and jointly for Botswana, Lesotho, Namibia and Swaziland, showing South Africa’s imports and exports by broad categories of goods and main geographic regions.

International Trade Centre Market Analysis Services
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel: +41 22 739 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org/mas/welcome.htm
Contents: The site offers country and product-specific export information.

Department of Trade and Industry / Trade and Investment South Africa
Location: Pretoria
Tel: 0861 843 384
Fax: 0861 843 888
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za
16. To which countries does South Africa export?

The country's heavy trade orientation towards the industrialised countries is evident from the following tables and charts.

**South Africa's foreign trade by main geographic regions, 2009 (rand million)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIA (includes middle and far east)</td>
<td>158 376</td>
</tr>
<tr>
<td>Europe</td>
<td>147 002</td>
</tr>
<tr>
<td>Africa (excludes trade with other SACU members, Botswana, Lesotho, Namibia, and Swaziland)</td>
<td>85 741</td>
</tr>
<tr>
<td>Americas</td>
<td>50 519</td>
</tr>
<tr>
<td>OCEANA</td>
<td>7 226</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Imports**

<table>
<thead>
<tr>
<th>Region</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIA (includes middle and far east)</td>
<td>229 061</td>
</tr>
<tr>
<td>Europe</td>
<td>183 226</td>
</tr>
<tr>
<td>Americas</td>
<td>68 387</td>
</tr>
<tr>
<td>Africa (excludes trade with other SACU members, Botswana, Lesotho, Namibia, and Swaziland)</td>
<td>43 377</td>
</tr>
<tr>
<td>OCEANA</td>
<td>10 496</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: SA Revenue Service*
Both the charts and the table show the extent to which Asia, dominates South Africa's foreign trade, both as a market and as a source for goods.
### South Africa’s top trading partners ranked by total trade, 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>SA exports to each country (R million)</th>
<th>Rank</th>
<th>Country</th>
<th>SA imports from each country (R million)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>48 686</td>
<td>1</td>
<td>China</td>
<td>69 950</td>
<td>1</td>
</tr>
<tr>
<td>United States</td>
<td>41 027</td>
<td>2</td>
<td>Germany</td>
<td>61 888</td>
<td>2</td>
</tr>
<tr>
<td>Japan</td>
<td>33 937</td>
<td>3</td>
<td>United States</td>
<td>40 691</td>
<td>3</td>
</tr>
<tr>
<td>Germany</td>
<td>32 317</td>
<td>4</td>
<td>Saudi Arabia</td>
<td>26 650</td>
<td>4</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>25 106</td>
<td>5</td>
<td>Japan</td>
<td>26 245</td>
<td>5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>21 272</td>
<td>6</td>
<td>Iran</td>
<td>22 109</td>
<td>6</td>
</tr>
<tr>
<td>Netherlands</td>
<td>18 389</td>
<td>7</td>
<td>United Kingdom</td>
<td>21 393</td>
<td>7</td>
</tr>
<tr>
<td>India</td>
<td>17 873</td>
<td>8</td>
<td>France</td>
<td>16 579</td>
<td>8</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>13 255</td>
<td>9</td>
<td>Nigeria</td>
<td>15 599</td>
<td>9</td>
</tr>
<tr>
<td>Mozambique</td>
<td>12 969</td>
<td>10</td>
<td>India</td>
<td>15 376</td>
<td>10</td>
</tr>
<tr>
<td>Zambia</td>
<td>11 207</td>
<td>11</td>
<td>Italy</td>
<td>13 527</td>
<td>11</td>
</tr>
<tr>
<td>Belgium</td>
<td>10 427</td>
<td>12</td>
<td>Thailand</td>
<td>11 985</td>
<td>12</td>
</tr>
<tr>
<td>Italy</td>
<td>9 040</td>
<td>13</td>
<td>Angola</td>
<td>11 659</td>
<td>13</td>
</tr>
</tbody>
</table>
The United States, Germany, the United Kingdom and Japan have been South Africa's major trading partners for several decades. China is South Africa's largest trading partner and most important supplier, but the China, is South Africa's top export market, followed by the United States, Japan, United Kingdom. Other EU countries, such as Italy, France, The Netherlands and Belgium, feature consistently in South Africa’s foreign trade. The apparent strength of South Africa’s exports to Belgium and the Netherlands is somewhat misleading as shipments of base minerals and metals are consigned to the transhipment centres of Rotterdam (The Netherlands) and Antwerp (Belgium) for subsequent transport to other parts of Europe..

One of the more dramatic developments in South Africa's trade is the growth of People's Republic of China (PRC) as both a supplier and importer from South Africa. From a nil base in the early 1990s, PRC has risen to be South Africa’s first major supplier; imports from PRC and Hong Kong combined have swiftly overtaken the level of South Africa’s imports from Japan.

Only four African countries – Zimbabwe, Zambia, Kenya and Mozambique – are included in South Africa’s top 20 export markets and none features among its top suppliers. (Note that the other members of the Southern African Customs Union (SACU) – Botswana, Lesotho, Namibia and Swaziland – are not taken into account, as there are no accurate figures for South Africa’s foreign trade with these countries.)

South Africa’s trade with the rest of the continent has been expanding rapidly. Countries in the region have long been “first” export markets for South African manufacturers when they first venture outside the Customs Union. The region as a whole buys a wide range of goods from South Africa – far wider than any other region. The following charts show South Africa’s fastest growing trading partners and top trading partners on the continent.

Top 10 South Africa Imports from African Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Value (R)</th>
<th>Rank</th>
<th>Country</th>
<th>Value (R)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>8 753</td>
<td>14</td>
<td>Brazil</td>
<td>10 567</td>
<td>14</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>7 825</td>
<td>15</td>
<td>Netherlands</td>
<td>9 788</td>
<td>15</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>7 665</td>
<td>16</td>
<td>Republic of Korea</td>
<td>9 609</td>
<td>16</td>
</tr>
<tr>
<td>Kenya</td>
<td>7 102</td>
<td>17</td>
<td>Sweden</td>
<td>9 174</td>
<td>17</td>
</tr>
<tr>
<td>Taiwan Province of China</td>
<td>6 911</td>
<td>18</td>
<td>Australia</td>
<td>9 151</td>
<td>18</td>
</tr>
<tr>
<td>France</td>
<td>6 132</td>
<td>19</td>
<td>Belgium</td>
<td>7 862</td>
<td>19</td>
</tr>
<tr>
<td>Australia</td>
<td>6 094</td>
<td>20</td>
<td>Argentina</td>
<td>7 306</td>
<td>20</td>
</tr>
</tbody>
</table>

(Source: SA Revenue Service.)
Top 10 South Africa Exports to African Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>15 599</td>
</tr>
<tr>
<td>Angola</td>
<td>11 659</td>
</tr>
<tr>
<td>Mozambique</td>
<td>3 591</td>
</tr>
<tr>
<td>Zambia</td>
<td>1 659</td>
</tr>
<tr>
<td>Liberia</td>
<td>1 584</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1 573</td>
</tr>
<tr>
<td>Mauritius</td>
<td>855</td>
</tr>
<tr>
<td>Malawi</td>
<td>555</td>
</tr>
<tr>
<td>Gabon</td>
<td>445</td>
</tr>
<tr>
<td>Kenya</td>
<td>272</td>
</tr>
</tbody>
</table>
Zimbabwe 13 255
Mozambique 12 969
Zambia 11 207
Kenya 7 102
Angola 5 555
Nigeria 5 402
Democratic Republic of Congo 4 694
United Republic of Tanzania 3 529
Malawi 3 375
Ghana 2 699

Source: SA Revenue Service.

The growth rates in the chart are extraordinary – all of those shown exceed 1 000 per cent, and South Africa’s trade with Zambia
has grown by an astounding rate since 1993. However, it must be remembered that trade started from a very low base in most cases.

South Africa’s strong trade surplus with the rest of Africa is a contentious issue among many members of the Southern African Development Community (SADC). The South African government is committed to developing its trade links with the rest of the continent and especially to easing access to the South African market by other SADC exporters.

Nigeria, Angola and Liberia feature among the South Africa’s top suppliers because of crude oil imports; while South Africa’s exports to the whole North-West are growing rapidly, they are coming from a low base.

With a more liberal foreign trading climate now prevailing in South Africa and positive action by the government to establish commercial and other relations with non-traditional trading partners, South Africa’s foreign trade has become more geographically diverse. Not only are new markets opening up for South African companies, but new sources of necessary industrial imports are also being developed. These are contributing to the improving competitiveness of South African industry.
RESOURCES

Trade Information Service, Trade and Investment South Africa
Location: Pretoria
Tel: 0861 843 384
Fax: 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za

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E-mail: itcreg@intracen.org
Web site: www.intracen.org/mas/welcome.htm
Contents: The site offers country and product-specific export information.
17. Does South Africa have trade and other agreements with any countries and will such agreements benefit the exporter?

South Africa’s major bilateral trade agreement is with the European Union. In addition, as a member of the Southern African Development Community (SADC), South Africa subscribes to the SADC trade protocol. The Republic is a signatory to the multilateral General Agreement on Tariffs and Trade, which is managed by the World Trade Organisation, of which South Africa is a member. The Republic is also a beneficiary under the United States’ Africa Growth and Opportunity Act and the Generalised System of Preferences extended by 25 countries. These last two arrangements are not strictly trade agreements, because they are extended to South Africa by other countries and could be withdrawn at some stage.

The following are brief details of these trade arrangements:

**Southern African Customs Union (SACU).** South Africa, Botswana, Lesotho, Namibia and Swaziland have been joined in this customs union for many decades, the terms and conditions of which have been modified from time to time. SACU allows for goods to move duty-free between the five countries. A common external tariff is imposed on goods entering any of the countries from outside SACU. South African goods have a tariff advantage in Botswana, Lesotho, Namibia and Swaziland over similar goods entering those countries from outside the union.

**Common Monetary Area (CMA).** Four of the SACU countries – South Africa, Lesotho, Namibia and Swaziland – are further linked by the CMA, which harmonises the exchange control policies and regulations of the members and effectively results in their currencies being at par value with each other. Shipments to Namibia, Swaziland and Lesotho therefore do not require the exporter to complete Form F178/Form NEP. However, Botswana is not part of the CMA and the exporter must complete Form F178/Form NEP for goods shipped to Botswana if the value of the shipment exceeds R50,000 (see Question 48).

**South Africa/European Union (EU) Free Trade Agreement.** This agreement was signed towards the end of 1999 with implementation from 1 January 2000. It provides for a progressive reduction in duties on manufactured goods and some agricultural produce traded between South Africa and the EU member countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom). The reduction in duties is spread over 10 years for the EU and over 12 years for South Africa; there are some exceptions for sensitive products such as agricultural produce and clothing and textiles.

South African exporters of manufactured goods to the EU are experiencing gradually reducing import tariffs into the region, which assists in making their products more competitive in those markets.

**Southern African Development Community (SADC) trade protocol.** The SADC trade protocol came into effect in September 2000 and provides for the phasing down of the import duties of 11 of the SADC members (Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe, as well as South Africa itself). When implemented, this will give improved access for South African exporters to the six non-SACU countries. The three SADC members that have not yet drawn up an import duty phase-down programme are Angola, Democratic Republic of the Congo and Seychelles. The Seychelles recently announced its decision to withdraw from SADC.

**African Growth and Opportunity Act (AGOA).** The United States extends to South Africa and other sub-Saharan African countries a wide range of duty preferences under this Act, which will extend until 30 September 2008. Clothing is included under AGOA, although there are special provisions concerning origin rules. There is no doubt that AGOA is having a highly beneficial effect on South Africa’s clothing exports to the United States. Whereas previously the United States was by no means the major export market for South African clothing manufacturers, in 2002 clothing exports to the US totalled nearly R1.8 billion of total South African clothing exports of R2.5 billion.

**Generalised System of Preferences.** Countries granting GSP status to South Africa are the 25 EU
members, and Canada, the Canary Islands, Czech Republic, Hungary, Japan, Martinique, Norway, Reunion, Switzerland and the United States.

Other trade and development agreements. South Africa has individual agreements with Malawi, Mozambique and Zimbabwe, as well as with India, the Republic of China (Taiwan) and the People’s Republic of China. In some cases, these agreements allow for limited duty preferences on products entering South Africa, but do not confer substantial, if any, duty benefits on South African products into those markets. The agreements are important, however, in setting a favourable environment for the development of two-way trade.

Double taxation agreements. South Africa has comprehensive double taxation agreements with more than 50 countries to prevent companies from being taxed twice on the same income. Agreements have been negotiated and/or signed with all European Union countries, all other SACU members and most SADC members, as well as with major trading partners in other regions. A full list showing current agreements and those under negotiation can be found on South African Revenue Service’s web site.

Documentary requirements to access preferences under trade agreements or preferential systems. In order to take advantage of any preferential duty arrangements, the exporter should first confirm the status of his or her particular product; this can usually be done with the Department of Trade and Industry or, possibly, the local chamber of business. If the product is eligible for preferential duty, the exporter must determine what special documentation is required and ensure that this is prepared prior to the goods being shipped.

RESOURCES

Department of Trade and Industry / Trade and Investment South Africa
Location: Pretoria
Tel: 0861 843 384
Fax: 0861 843 888
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za

Africa Growth and Opportunities Act Web Site
Web site: www.agoa.gov
Content: Detailed information on products eligible under AGOA and conditions applied under the agreement

Southern African Development Community Web Site
Web site: www.sadc.int
Content: Comprehensive information on SADC countries and the SADC FTA

European Union in South Africa
Web site: www.eusa.org.za
Content: Comprehensive information on the European Union’s relations with South Africa
Government Printer
Location: Pretoria
Tel: 012 334 4500
Fax: 012 323 0009
Activities: Prints and sells copies of the government gazette, trade statistics and trade agreements.

South African Revenue Service
Web site: www.sars.gov.za
Content: In addition to all taxation and customs information concerning South Africa, the site also contains details of South Africa’s double taxation agreements and information on South Africa’s international trade agreements.
18. Where can exporters sell their products?

Examine South Africa’s trade flows can give a company an indication of where other South African producers are selling similar products. At best, however, this is merely a starting point. A practical supplementary approach is for the producer to draw up a profile of present or ideal buyers, the market conditions suited to the product and any other relevant details, and then aim to match foreign markets to that profile.

**Possibilities of niche markets.** The company can carry this further by identifying a number of different market segments or niches towards which its marketing activities can be directed.

A processed food product, for example, might be sold into several different market niches:

- **Consumer market**, accessed via retail outlets such as supermarkets, specialised food stores.
- **Hospitality market**, which could be further divided into (at least) the following:
  - Restaurants.
  - Hotels.
- **Institutional market**, which could include:
  - Educational institutions with canteen/residential facilities.
  - Military establishments.
  - Hospitals and nursing homes.
  - Child care centres.
  - Correctional facilities.
  - Retirement homes.

Such an approach not only enables smaller companies to target market sectors that they have the capacity to supply, but also allows their market research to be very focused and specific. Within such a framework, market research allows firms to determine which foreign markets have the best potential for a particular product.

**Research phases.** Foreign market research is best carried out in two phases: desk research and field (or in-market) research. **Desk research** is research undertaken by an exporter about a particular country or group of countries, mainly using secondary sources of information (i.e. published and unpublished documentary sources of information, such as country guides, international trade statistics, etc.). This research, as the name implies, is carried out in the exporter’s own home country. **Field research**, on the other hand, is primary in nature and usually involves undertaking detailed market research – incorporating detailed interviews, surveys and other research techniques – in the target market in question, hence the name “in-market” research.

**The importance of desk research.** Since international research – in-market research, in particular – is costly, it is sensible to do as much research as possible and to lay the groundwork before departing on expensive overseas business trips. Desk research generally makes use of inexpensive secondary sources of information and can cut costs further by eliminating unsuitable export markets from the final choice of target market(s). It can also pinpoint specific factors that should be investigated, as well as additional information that needs to be collected through field research. In addition, a well-informed exporter is likely to have more success in undertaking field research in the market in question, in arranging appointments and in getting the most out of an interview or appointment.

**Steps to follow in desk research.** The following are possible steps that the exporter can take in approaching desk research:

1. Examine South Africa’s export statistics indicating product exports to various countries.
2. Identify five to ten large and fast-growing markets/market niches for the firm’s products. Examine figures over a few years to determine whether or not there has been consistent growth and whether the growth took place even during periods of recession and, if not, whether it resumed when economic recovery began.
3. Try to identify some smaller, but fast-emerging markets that provide ground floor opportunities. A
newly opened market may have fewer competitors than established markets. Growth rates should be substantially higher in these cases to qualify as upcoming markets.

4. Target three to five of the most statistically promising markets for further assessment. Work together with the DTI, business associates, freight forwarders and others to help refine targeted markets.

5. Examine trends for company products, as well as those for related products that could influence demand.

6. Calculate overall consumption of the product and the amount accounted for by imports.

7. Ascertain the sources of competition, including the extent of domestic industry production and the major countries the firm is competing against in each targeted market. Look at the market share South African exports hold in the market(s) concerned.

8. Analyse factors affecting demand for and use of the product in each market, such as end-user sectors, channels of distribution, cultural idiosyncrasies, and business practices.

9. Identify any foreign tariff and non-tariff barriers for the product under consideration. Identify any South African export controls that may affect the exports to the country concerned.

After analysing this information, the company may decide that its marketing resources would be better utilised if applied to specific sectors or niches in a few countries only. Company efforts should not be directed to more than ten markets at a time; usually one or two countries is a good start. The company’s internal resources should help determine its level of effort. At some point the exporter will reach the limitations of what can be learnt by collecting information about overseas markets while still in South Africa. It then becomes necessary to travel to the target markets identified by the desk research and to conduct in-market or field research.

**Field or in-market research** goes much further and deeper than desk research, but it is also much more expensive as it involves collecting information through contact and discussion with people, usually the customers, intermediaries and industry experts.

Field research is used to answer more specific questions, such as the following:

- Exactly what products do customers want?
- What are the customers’ specific needs in respect of the product concerned?
- What features should the product include?
- What packaging will be most suitable for the target market?
- What price range will be acceptable to the customer?
- Where is the customer likely to buy the product?
- What specific distribution channels will be most effective?
- What obstacles are likely to stand in the way of the exporter?
- What support is the exporter likely to get from channel intermediaries, such as import agents, distributors and retailers?

Field research commonly takes place at two levels:

**General field research.** The large majority of companies active in exports undertake broad field research in the sense that they visit a country and speak to a number of industry experts and industry players, such as import agents, distributors, retailers, manufacturers, industry associations, industry consultants, trade representatives, clearing and forwarding agents, chambers of commerce and industry and similar organisations, without necessarily coming into contact with the actual customer. In this way the exporter is able to get a broad idea of the market potential, without having to interview a large number of customers – who are often difficult to identify – and use more sophisticated and expensive market research techniques to determine specific market potential.
Focused field research. Some export companies, usually the bigger companies exporting a large volume of competitive goods, undertake expensive and focused market research. They conduct customer surveys using personal, telephone or postal interviews with randomly selected buyers in the export markets concerned. This form of focused market research is very expensive and these companies will often make use of specialist market research agencies to undertake the research on their behalf. This is usually done in addition to broad industry research. The firms undertaking such research in each country can usually be identified through the local yellow pages telephone directory; the exporter’s freight forwarder, bank or other service organisation with branches in foreign markets will be able to suggest suitable companies. Such research is usually beyond the resources of the small company.

What market research can reveal. Some of the questions that international market research can answer are:

- Is there an overseas market for the firm’s products or services?
- Are there any specific foreign markets that look promising?
- What new markets are likely to open up or expand abroad?
- What is the size of the market and where is it heading?
- What are the major economic, political, legal, social, technological and other environmental factors in the market?
- What are the demographic and cultural characteristics of the market, such as disposable income, age, occupation, gender, opinions, interests, activities, tastes, values, etc.?
- Who are the present and potential customers abroad?
- What are their needs and desires?
- How would the product or services be used?
- What is the nature and extent of the competition in the foreign market?
- Who are the major direct and indirect competitors?
- How are the competitive products distributed, promoted and sold?
- Are there any foreign government barriers or incentives?
- What countries offer the best prospects for the firm’s products?
- What level of sales is the firm likely to achieve in a particular market?
- Will the firm be able to handle the volume of orders?
- What changes should be made to the product to penetrate the market or to increase sales?
- How much can the firm charge for its product and what sales revenue can it expect at different price levels?
- How should the product be advertised or promoted?
- How much will it cost to achieve a specific sales target?

This also gives an indication of the scope of the marketing planning a company needs to carry out. In order to conduct foreign market research in a systematic way it is a good idea to use a Market Factor Assessment, as shown in the next section.
RESOURCES

Trade and Investment South Africa
Location: Pretoria
Tel: 0861 843 384
Fax: 012 394 1343
Web site: www.thediti.gov.za
E-mail: enquiries@thediti.gov.za

Binational Chambers:

American Chamber of Commerce in South Africa
Location: Johannesburg
Tel.: 011 788 0265
Fax: 011 880 1632
Activities: Bi-national chamber supports business linkages with the United States.

Angola-South Africa Chamber of Commerce
Location: Pretoria
Tel.: 012 665 2016
Fax: 012 665 5944
Web site: www.sa-acc.co.za
Activities: Bi-national chamber supports business linkages with Angola.

Austrian Business Circle
Location: Johannesburg
Tel.: 011 782 9050
Fax: 011 782 9076
Activities: Bi-national chamber supports business linkages with Austria.

Belgian Chamber of Commerce in South Africa
Location: Johannesburg
Tel.: 011 880 0559
Fax: 011 880 0560
Activities: Bi-national chamber supports business linkages with Belgium.

French Chamber of Commerce and Industry in South Africa
Location: Johannesburg
Tel.: 011 884 4879
Fax: 011 884 4025
E-mail: fccisa@frenchdoor.co.za
Activities: Bi-national chamber supports business linkages with France.

Greek Chamber of Commerce and Industry in South Africa
Location: Johannesburg
Tel.: 011 484 8331
Fax: 011 484 5850
E-mail: grkchamb@global.co.za
Activities: Bi-national chamber supports business linkages with Greece.

Italian Chamber of Commerce
Location: Johannesburg
Tel.: 011 787 8818
Fax: 011 886 9394
E-mail: italchamb@global.co.za
Activities: Bi-national chamber supports business linkages with Italy.
Polish Chamber of Commerce
Location: Johannesburg
Tel.: 011 646 6862
Fax: 011 869 9779
Activities: Bi-national chamber supports business linkages with Poland.

SA German Chamber of Commerce and Industry
Location: Johannesburg
Tel.: 011 486 2775
Fax: 011 486 3625
E-mail: sagg@jhb.lia.net
Activities: Bi-national chamber supports business linkages with Germany; provides extensive German market information, represents various German trade exhibitions.

SA Israel Chamber of Commerce
Location: Johannesburg
Tel.: 011 486 3577
Fax: 011 486 3577
Activities: Bi-national chamber supports business linkages with Israel.

SA Netherlands Chamber of Commerce
Location: Johannesburg
Tel: 011 884 2065
Fax: 011 883 5573
Activities: Bi-national chamber supports business linkages with the Netherlands.

British Chamber of Business in southern Africa Limited
Location: Johannesburg
Tel.: 011 786 9436
Fax: 011 786 0388
E-mail: info@britishchamber.co.za
Activities: Bi-national chamber supports business linkages with the United Kingdom.

Hong Kong Trade Development Council
Location: Johannesburg
Tel.: 011 322 4898
Fax: 011 322 4899
Activities: Promotes bilateral business links; provides Hong Kong market information.

TIPS South Africa
Location: Pretoria
Fax: 0866 217 089
E-mail: info@tips.co.za
Web site: www.africatrade.co.za
Activities: TIPS, the Trade Information Promotion Service, is an international network that aims to promote the exchange of technological and trade information between new and established business partners around the globe.

International Trade Centre UNCTAD/WTO (ITC)
Location: Geneva, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Activities: The International Trade Centre is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organisation (WTO) for operational, enterprise-orientated aspects of trade development. ITC supports developing and transition economies, and particularly their business sectors, in their efforts to realise their full potential for developing exports and improving import operations.

Centre for the Promotion of Imports from Developing Countries (CBI)
Location: Rotterdam, The Netherlands
Tel.: +31 10 201 34 34
Fax: +31 10 411 40 81
Web site: www.cbi.nl/
Activities: CBI provides: market information, export promotion, training, seminars, workshops, matching, advice on import enquiries, and environmental information for exporters from developing countries and importers from Europe.
Whitehouse & Associates
Location: Johannesburg
Tel.: 011 728 5878
Fax: 011 728 7555
Web site: www.mbendi.co.za/whitehouse
Activities: Africa information specialists

Emerging Market Focus
Location: Pretoria
Tel.: 012 427 2265
Fax: 012 427 2784
Web site: www.emergingmarkets.co.za
Activities: Assists exporters develop business operations in the emerging market economies. Specialist expertise in Asian and African markets.

Markinor
Location: Johannesburg
Tel.: 011 686 8400
Fax: 011 680 9200
Web site: www.markinor.co.za
Activities: Information researchers and information consultants
19. **How is a Market Factor Assessment conducted?**

The Market Factor Assessment (MFA) provides a complete summary of the factors introduced in the previous question. The exporter should rate each prospective country/niche based on a market condition scale of 1 (poor) to 5 (excellent). The exporter should then tally the results of the research data in order to identify the best target markets.

<table>
<thead>
<tr>
<th>Market Factor Assessment</th>
<th>Country</th>
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<tbody>
<tr>
<td><strong>Demographic and physical environment</strong></td>
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<tr>
<td>Population size; growth; density</td>
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<tr>
<td>Population: age distribution</td>
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<tr>
<td>Population: urban and rural distribution</td>
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<tr>
<td>Climate and weather variations</td>
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<tr>
<td>Shipping distance and frequency</td>
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<tr>
<td>Air freight facilities</td>
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<tr>
<td>Physical distribution and communications network</td>
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<tr>
<td>Regional and local transportation facilities</td>
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<tr>
<td><strong>Political environment</strong></td>
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<tr>
<td>9. System of government</td>
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<tr>
<td>10. Government involvement in business</td>
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<tr>
<td>11. Attitudes to foreign trade</td>
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<tr>
<td>12. Political stability and continuity</td>
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<tr>
<td>13. Fair and free trade mindset</td>
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<tr>
<td>14. National trade development priorities</td>
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<tr>
<td><strong>Economic environment</strong></td>
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<tr>
<td>15. Overall level of development</td>
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<tr>
<td>16. Economic growth: gross national product; Industrial sector</td>
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<tr>
<td>17. Percentage share of import and export trade in the total economy</td>
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<tr>
<td>18. Balance of payments</td>
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<tr>
<td>19. Currency: inflation; availability; controls</td>
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<tr>
<td>20. Per capita income and distribution</td>
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<tr>
<td>21. Disposable income and expenditure patterns</td>
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<tr>
<td><strong>Social and cultural environment</strong></td>
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<tr>
<td>22. Literacy rate; education level</td>
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<tr>
<td>23. Existence of middle class</td>
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<tr>
<td>24. Similarities/differences relative to home market</td>
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<tr>
<td>25. Language barriers</td>
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<tr>
<td><strong>Market access</strong></td>
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<tr>
<td>26. Distribution network</td>
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<tr>
<td>27. Documentation and import regulations</td>
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<tr>
<td>28. Local standards; practices; non tariff</td>
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<tr>
<td>Barriers</td>
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<tr>
<td>29. Patents; trade marks; copyright protection</td>
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<tr>
<td>30. Dispute resolution mechanisms</td>
<td></td>
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<tr>
<td>31. Tax laws; rates</td>
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</tbody>
</table>
### Market Factor Assessment

<table>
<thead>
<tr>
<th>Product potential</th>
<th>Country</th>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>1. Customer needs and desires</td>
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<tr>
<td>2. Local production; imports; consumption</td>
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<tr>
<td>3. Exposure to, and acceptance of product</td>
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<tr>
<td>4. Attitude towards products of foreign origin</td>
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<tr>
<td>5. Competition</td>
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</tbody>
</table>

### RESOURCES

**International trade Centre UNCTAD/WTO (ITC)**

- **Location:** Geneva, Switzerland
- **Tel.:** +41 22 730 0111
- **Fax:** +41 22 733 4439
- **Web site:** [www.intracen.org](http://www.intracen.org)
- **Activities:**
  
  The International Trade Centre is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organisation (WTO) for operational, enterprise-orientated aspects of trade development. ITC supports developing and transition economies, and particularly their business sectors, in their efforts to realise their full potential for developing exports and improving import operations.
20. How can the exporter choose the right product to export?

Selecting the right export product is crucial for success in the export business and can be especially difficult for the export trader. The following factors should be considered:

**Export/import trends.** To analyse trends in international trade for a particular product, the exporter should make use of publications and contact organisations. This will provide him or her with the information required to plan the marketing strategy.

**Target markets.** The product should have not only a stable, but also a rising demand in the target market. This can be determined through a study of demographic factors and sound market research, as outlined previously.

**Trade restrictions.** Products selected for export should conform to South Africa’s export regulations. These regulations can be drawn up by a number of government departments (e.g. Mineral and Energy Affairs, Agriculture, Health, Trade and Industry, and Environment Affairs). They are published periodically in the *Government Gazette* (a publication produced by the Government Printer each week and containing all Government notices, draft bills, changes to legislation, and the like). An easier, consolidated reference to these requirements can be found in *Jacobsen's South African Customs & Excise Prohibited & Restricted Goods Index* (see Resources).

In South Africa, goods requiring export permits are items such as

> - Arms and ammunition.
> - Certain chemicals and allied products.
> - Metals, minerals and some of their products.
> - Certain types of fishing vessels.
> - Military equipment.
> - Electrical and electronic equipment.
> - Coffee.
> - Fertilisers.
> - Some kinds of canned fish.
> - Sugars and syrups.
> - Textile products.
> - Waste papers.
> - All second-hand machinery and second-hand motor vehicles.

In some cases, such as arms and ammunition, the export controls are imposed in line with international conventions; in other cases, permits are issued in order to administer import restrictions of the destination country.

In most cases, export permits are issued by one of the following:

> - Director-General: Import and Export Control, Department of Trade and Industry
> - Director-General: Department of Agriculture
> - Director-General: Water Affairs and Forestry
> - Minerals Bureau or Director-General: Mineral and Energy Affairs
> - Director-General: National Health and Population Development
The Jacobsens Index referred to above gives details. A permit is usually valid for six months and may not be transferred from one person to another.

In addition to goods requiring export permits, some goods are subject to special inspection and/or the issue of special certificates by a designated authority before they can be exported. The main products regulated in this way are:

- Live animals.
- Dairy products.
- Protected plants and animals.
- Cereals.
- Certain canned foods.
- Fruit and vegetables.
- Hides and skins.
- Scrap metal.

Fruit and vegetables are usually subject to inspection by the Perishable Products Export Control Board.

Local Controllers of Customs and Excise (listed under “Finance” in the provincial government listings in local telephone directories; contact details are also available on SA Revenue Services web site) may be contacted for clarification regarding the status of any product.

**Product adaptability.** To ensure the success of a product in foreign markets, it may be necessary to adapt the product to satisfy export market needs. The exporting firm should determine if the product requires a change in colour, size, taste, packaging, language, etc.

**Supply base.** It is essential to have a regular and reliable supply base of raw materials to ensure that the product or service can be produced to meet customer needs. The export trader may find that the most difficult task is that of ensuring a reliable supply of the export product – the need to have explicit contracts with the suppliers therefore cannot be stressed too strongly.

**Manufacturing capacity.** The exporter should ensure that his or her manufacturing capacity is sufficient to meet market demand and despatch and freight deadlines. Again, it is essential that the export trader take into account the capacity of his suppliers before obtaining firm export orders.

**Servicing.** If the exported product or service requires an after sales service, the exporter may have to consider opening a servicing centre abroad or find a distributor or agent who can provide servicing facilities. If the exporter does not have the financial or technical ability to provide this service, the product may not be suitable for export.

Agencies in South Africa that maintain statistics on the import and export of products and services include:

- Statistics SA, the central statistical service maintains general statistical data on the country’s foreign trade. These statistics can be used for a very general evaluation of potential markets abroad.
- The Commissioner for Customs and Excise at SA Revenue Service keeps fairly detailed statistics on South Africa’s exports and imports according to specific product categories and trading partners. This information is extremely valuable in that it enables the exporter to determine what values or volumes of a specific product are exported to specific countries. This information may be provided in considerable detail, although a fee is required for very specific data.
RESOURCES

Trade Information Services Unit, Trade and Investment South Africa
Location: Pretoria, nationwide coverage
Tel: 0861 843 384, or
Fax 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.a
Activities: Export incentives, marketing and export process.

Export Product Development
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Web site: www.intracen.org
Contents: Discusses export product strategies, organising for product development, obtaining and screening new product ideas, using market research, designing and testing the product, management aspects, contract manufacturing, licensing and legal protection.

Export Councils

Automotive Industry Export Council (AIEC)
Attention: Norman Lamprecht,
Executive Director
PO Box 40611
Arcadia, 0007
Tel: 012 323-2980
Fax: 012 326-3232 / 325-6603
E-mail: naamsa@iafrica.com
Web site: www.naamsa.co.za

Capital Equipment Export Council
Attention: Sybill Rhomberg
145 Bayley Street
Farrarmere, 1501
Tel/Fax: 011 849-7388
Cell: 082 337-2932
E-mail: osiriscon@icon.co.za
Web site: www.saceec.com

Clothing Export Council
Contact: Jack Kipling
No 6 Hawthornden Road
Kenilworth, 7700
Tel: 021 761-6421 - 082 374-8981
Fax: 021 761-6421
E-mail: jack@clothingexports.co.za
Fresh Produce Exporters Forum / Fruit South Africa  
Contact: Stuart Symington; Miranda Roux/Michelle Kruger  
PO Box 190  
Newlands, 7725  
Tel: 021 914 3018  
Fax: 021 914 8397  
E-mail: stuart@fpef.co.za  
Web site: www.fpef.co.za

South African Boattbuilders Business Council  
Contact: Veda Raubenheimer  
PO Box 444  
Greenpoint, 8051  
Tel: 021 418 6134  
Fax: 021 418 6134  
E-mail: info@sabbex.co.za  
Web site: www.sabbex.co.za

SA Cosmetics Export Council (SACEC)  
Contact: Max Wilgen  
26 St Andrews Ave  
Bordeaux, 2194  
Tel & Fax: 011 886-4087  
Cell: 082 873-9663  
E-mail: max@sacec.co.za  

SA Electrotechnical Export Council  
Contact: Eileen Leopold  
PostNet Suite No. 100  
Private Bag X132  
Halfway House, 1685  
Tel: 011 315-0209  
Cell: 082 903-5638  
Fax: 011 315-2276  
E-mail: director@saeec.org.za (Eileen)  
E-mail: admin@saeec.org.za (Adele)  
Web site: www.saeec.org.za

SA Flower Industry Council (ASSO Flowers)  
Contact: Dirk de Bruin/Hentie Boshoff  
PO Box 1927  
Krugersdorp, 1740  
Tel: 011 692-4237  
Fax: 018 290 6019  
Cell: 082 852-7258  
E-mail: info@saflower.co.za  
Web site: www.saflower.co.za

SA Footwear & Leather Export Council  
Contact: Dennis Linde/Rodney Reynders  
Rolf Oltmanns (Chairman)  
PO Box 5561  
Durban, 4000  
Tel: 031 701 4206  
Fax: 031 701 4208  
E-mail: saflec.admin@iafrica.com  
Web site: www.saflec.co.za
SA International Steel Fabricators
Contact: Mr Neels van Niekerk/ Dr Hennie de Clerk
PO Box 1338
Johannesburg, 2000
Tel: 011 726 6111
Fax: 011 482 9644
E-mail: director@isf.co.za

SA Textile Industry Export Council (SATIEC)
Contact: Martin Viljoen
PO Box 272
Bellville, 7535
Tel: 021 959-4162
Fax: 021 959-4167
Cell: 082 455-3263
E-mail: satiec.grow.exports@sans.co.za/martin@sans.co.za
Web site: www.satiec.co.za

South African Wire Business Council
Contact: Dries Olivier/Amanda Malan
Postnetsuite 67
P/Bag X10020
Edenvale, 1610
Tel: 011 453-0921
Fax: 011 453-9653
Cell: 083 264-6230
E-mail: dries@sawa.co.za/sawa@sawa.co.za
Web site: www.sawa.co.za

Wines of South Africa
Contact: Mrs Su Birch/Dalene Steyn
156 Dorp Street
Stellenbosch, 7600
Tel: 021 883-3860
Fax: 021 883-3861
E-mail: su@wosa.co.za (Su Birch)
Web site: www.wosa.co.za

South African Print & Packaging Export Council
Contact: Robin Cranna
P O Box 1225
Ferndale, 2160
Tel: (011) 787-4300
Fax: (011) 787-2407
Cell: (082) 411-7183
Email: robin@sapef.co.za

Steel Tube Export Council
Contact: Mike Robertson
P O Box 18587
Sunward Park, 1470
Tel & Fax: 011 823-2377
E-mail: astpm@astpm.co.za
Web site: www.astpm.co.za
South African Revenue Service web site
Web Site: www.sars.gov.za
Tel: 012 422 4000
Fax: 012 422 5181
Activities: SARS is responsible for the Department of Customs and Excise. General Trade statistics, customs information and customs forms are available on the SARS site.

Jacobsens Publishers
Location: Johannesburg
Tel: 011 675 1873
Fax: 011 475 2295
Web site: www.jacobsens.co.za
Activities: Jacobsens Publishers publish the South African Tariff Schedule and the Prohibited and Restricted Goods Index.

Perishable Products Export Control Board
Location: Cape Town
Tel: 021 930 1134
Fax: 021 939 6868
Web site: www.ppecb.co.za
Activities: The PPECB controls the export of perishable products from South Africa:

Government Printer (for Government Gazette)
Location: Pretoria
Tel: 012 334 4500
Fax: 012 323 0009
Activities: Prints and sells copies of the government gazette, trade statistics and trade agreements.

Statistics SA
Location: Pretoria
Tel: 012 310 8911
Fax: 012 310 8500
Web site: www.statssa.gov.za
Activities: Statistics South Africa is the collector and publisher of statistical data for the government. Various statistical data is available on the Statistics South Africa web site.

Cargo Info Africa
Location: Web based
Tel.: 011 327-4062
Fax: 011 327-4094
Web site: www.cargoinfo.co.za
Activities: Internet site containing amongst other things, links to the South African customs tariff, ship sailing schedules and a Directory of Freight Service Providers.

International Trade Administration Commission (ITAC)
Location: Pretoria
Tel: 0861 843 384
Fax: 0861 843 888
Web site: www.itac.org.za
Activities: Responsible for import and export control and the issuing of import and export permits. Application forms may be collected from or delivered to the Commission from Monday to Friday between 8:00 and 16:00. Application forms can also be downloaded from the ITAC web site.
21. Where can an exporter find market reports for specific products and specific markets and regions?

The exporter can find information from a range of sources:

**Department of Trade and Industry.** The DTI’s overseas economic representatives can provide reports on their specific markets and may be able to give guidelines on individual products in those markets.

**Banks.** Most major banks in South Africa have international trade divisions that can provide useful economic, banking, trade and risk information on a variety of foreign markets. Standard Corporate and Merchant Bank’s international division provides individual country surveys, as well as other international trade information.

**Bi-national chambers of commerce.** These are particularly useful sources of information on the respective countries they represent, because they have a more specific country focus.

**Export councils and industry associations and federations.** These bodies have a specific product or industry focus and may be able to provide relevant information.

**Foreign trade representatives.** Foreign trade representatives at the many overseas diplomatic missions in South Africa can also represent an alternative source of market information. Some of these missions may even maintain libraries of information. They may, however, be reluctant to help South African exporters, as their responsibility is to bring exporters from their home country and South African importers together.

**Insurance companies.** Insurance companies, including the Credit Guarantee Insurance Corporation, can often provide worthwhile economic information on specific countries, including country risk information.

**Commercial international magazines.** There is a wide range of commercial international magazines that focus on specific industries and products. These magazines are useful sources of foreign market and competitor information. The exporter can identify any covering his particular target export market through the country yellow pages or through his export service companies (banker, freight forwarder, and the like) that have offices and contacts in foreign countries.

**Intergovernmental organisations.** These organisations publish a wealth of market information. Most issue catalogues or lists of their publications, but many of their special reports and other information are not published and never appear in these lists. The exporter should therefore contact the information or library section within such an organisation or visit the web site for specific information and contact persons.

- **United Nations.** The United Nations produces a wide range of reports and reviews on international trade and industry, including special studies on various topics related to specific markets and industries and their development. The United Nations Information Services has an office in Pretoria.

- **Organisation for Economic Co-operation and Development.** The OECD produces studies and a statistical series on foreign trade, industry, science, technology, food, transport, and other similar subjects.

- **International Monetary Fund.** The IMF is a source of reports on national financial figures and national and international foreign exchange regulations, trade barriers, foreign trade, and other financial and economic developments.

- **Food and Agricultural Organisation.** The FAO publishes statistical information on agriculture and related areas, including specific crop and output figures and special market studies.

- **United Nations Conference on Trade and Development.** UNCTAD is a source of
conference papers and special studies related to many aspects of international trade.

➢ **International Trade Centre UNCTAD/WTO (ITC).** The ITC is the technical co-operation agency of UNCTAD and the WTO for operational, enterprise-orientated aspects of trade development. ITC’s technical assistance concentrates on three issues it believes to be critical: helping businesses understand WTO rules, strengthening enterprise competitiveness and developing new trade promotion strategies. More information is given in Question 124.

Through its **Market News Service (MNS)** the ITC provides up-to-the-minute information concerning actual prices paid for specific products, supply and demand, and other economic factors that may have an effect on the market situation. MNS subscribers can receive this information via e-mail, fax or airmail.

➢ **UN Economic Commissions.** The UN maintains Economic Commissions in most of its member states (including in South Africa) and these commissions produce statistics and special studies related to their respective geographic areas. The exporter may approach the local UN Economic Commissioner to establish what information is available on his target markets.

### Local organisations/institutions

➢ The South African Bureau of Standards is a useful source of information on foreign standards and regulations for specific products.

➢ The Council for Scientific and Industrial Research has an extensive information system and can provide scientific information about specific products here and in foreign markets, ranging from food products and textiles to electronic equipment and chemicals.

➢ The Council for Mineral Technology (MINTEK) provides information about mineral technology and beneficiation.

➢ Universities’ research institutions, both in South Africa and abroad, are another possible source of information.

➢ South African companies already exporting to a particular target market in similar or complementary industries are alternative sources of information. The exporter could identify them through an industry association, export council or the local exporters’ club.

### Chamber(s) of commerce and/or industry.

These bodies in the selected market should be approached for information; this is usually best done during a field research trip.

### Foreign market research agencies.

Market research organisations operating internationally frequently produce multi-client reports on specific products in specific markets. These reports are usually expensive, although less expensive than if the exporter commissions a research company to produce a custom-made report. The exporter should approach the libraries of local organisations mentioned above to request any international market research that might be available from private foreign research companies.

### WTO’s Trade Information Dissemination Unit.

The TIDU prepares market briefs that indicate the market potential for products in a specific country (e.g. the market for T-shirts in the EU). These briefs detail import and export levels, consumer preferences, duty rates and other market access information, prices, sales promotions, distribution techniques, commercial practices, market opportunities and useful contacts.

### Internet.

The Internet is a useful source of market information. All the sources of information given above, and many more, can be accessed through the Internet. In addition, businesses can use search engines, on-line directories and portals to widen their information sources. Web sites of national, regional and international product or industry associations and magazines are often a source of useful information. Appendix C provides some useful Internet resources.
RESOURCES

Trade Information Services Unit, Trade and Investment South Africa
Location: Pretoria, nationwide coverage
Tel: 0861 843 384, or
Fax 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za
Activities: Export incentives, marketing and export process.

Bi-national Chambers of Commerce
American Chamber of Commerce in South Africa
Location: Johannesburg
Tel.: 011 788 0265
Fax: 011 880 1632
Activities: Bi-national chamber supports business linkages with the United States.

Angola-South Africa Chamber of Commerce
Location: Pretoria
Tel.: 012 665 2016
Fax: 012 665 5944
Web site: www.sa-acc.co.za
Activities: Bi-national chamber supports business linkages with Angola.

Austrian Business Circle
Location: Johannesburg
Tel.: 011 782 9050
Fax: 011 782 9076
Activities: Bi-national chamber supports business linkages with Austria.

Belgian Chamber of Commerce in South Africa
Location: Johannesburg
Tel.: 011 880 0550
Fax: 011 8800 0560
Activities: Bi-national chamber supports business linkages with Belgium.

French Chamber of Commerce and Industry in South Africa
Location: Johannesburg
Tel.: 011 884 4879
Fax: 011 884 4025
E-mail: fccisa@frenchdoor.co.za
Activities: Bi-national chamber supports business linkages with France.

Greek Chamber of Commerce and Industry in South Africa
Location: Johannesburg
Tel.: 011 484 8331
Fax: 011 484 5850
E-mail: grkchamb@global.co.za
Activities: Bi-national chamber supports business linkages with Greece.
Italian Chamber of Commerce
Location: Johannesburg
Tel.: 011 787 8818
Fax: 011 886 9394
E-mail: italchamb@global.co.za
Activities: Bi-national chamber supports business linkages with Italy.

Polish Chamber of Commerce
Location: Johannesburg
Tel.: 011 646 6862
Fax: 011 869 9779
Activities: Bi-national chamber supports business linkages with Poland.

SA German Chamber of Commerce and Industry
Location: Johannesburg
Tel.: 011 486 2775
Fax: 011 486 3625
E-mail: sagc@jhb lia.net
Activities: Bi-national chamber supports business linkages with Germany; provides extensive German market information; represents various German trade exhibitions in South Africa.

SA Israel Chamber of Commerce
Location: Johannesburg
Tel.: 011 486 3577
Fax: 011 486 3577
Activities: Bi-national chamber supports business linkages with Israel.

SA Netherlands Chamber of Commerce
Location: Johannesburg
Tel: 011 884 2065
Fax: 011 883 5573
Activities: Bi-national chamber supports business linkages with the Netherlands.

British Chamber of Business in southern Africa Limited
Location: Johannesburg
Tel.: 011 786 9436
Fax: 011 786 0388
E-mail: info@britishchamber.co.za
Activities: Bi-national chamber supports business linkages with the United Kingdom.

Hong Kong Trade Development Council
Location: Johannesburg
Tel.: 011 322 4898
Fax: 011 322 4899
Activities: Promotes bilateral business links; provides Hong Kong market information.

Export Councils
Automotive Industry Export Council (AIEC)
Attention: Nico Vermeulen,
Executive Director
PO Box 40611
Arcadia, 0007
Tel: 012 323-2980
Fax: 012 326-3232 / 325-6603
E-mail: naamsa@iafrica.com
Web site: www.naamsa.co.za
Capital Equipment Export Council
Attention: Sybill Rhomberg
145 Bayley Street
Farrarmere, 1501
Tel/Fax: 011 849-7388
Cell: 082 337-2932
E-mail: osiriscon@icon.co.za
Web site: www.saceec.com

Clothing Export Council
Contact: Jack Kipling
No 6 Hawthornden Road
Kenilworth, 7700
Tel: 021 761-6421 - 082 374-8981
Fax: 021 761-6421
E-mail: jack@clothingexports.co.za

Fresh Produce Exporters Forum / Fruit South Africa
Contact: Stuart Symington
PO Box 190
Newlands, 7725
Tel: 021 674-3202
Fax: 021 683-6280
E-mail: stuart@fpef.com
Web site: www.fpef.co.za

South African Boatbuilders Business Council
Contact: Bruce Tedder
PO Box 444
Greenpoint, 8051
Tel: 021 425-7837 / 082 658-3644
Fax: 021 419-0722
E-mail: info@sabbex.co.za
Web site: www.sabbex.co.za

SA Cosmetics Export Council (SACEC)
Contact: Max Wilgen
26 St Andrews Ave
Bordeaux, 2194
Tel & Fax: 011 886-4087
Cell: 082 873-9663
E-mail: max@sacec.co.za

SA Electrotechnical Export Council
Contact: Eileen Leopold
PostNet Suite No. 100
Private Bag X132
Halfway House, 1685
Tel: 011 315-0209
Cell: 082 903-5638
Fax: 011 315-2376
E-mail: director@saeec.org.za (Eileen)
E-mail: Adele admin@saeec.org.za (Adele)
Web site: www.saeec.org.za
SA Flower Industry Council (ASSO Flowers)
Contact: Dirk de Bruin
PO Box 1927
Krugersdorp, 1740
Tel/Fax: 011 692-4237
Cell: 082 852-7258
E-mail: info@saflower.co.za
Web site: www.saflower.co.za

SA Footwear & Leather Export Council
Contact: Dennis Linde/Rodney Reynders
PO Box 5561
Durban, 4000
Tel: 031 566-2352
Fax: 031 566-5130
E-mail: saflec.admin@iafrica.com
Web site: www.saflec.com

SA International Steel Fabricators
Contact: Mr Neels van Niekerk/ Dr Hennie de Clerk
PO Box 1338
Johannesburg, 2000
Tel: 011 726 6111
Fax: 011 482 9644
Cell: 084 525-5018
E-mail: director@isf.co.za

SA Textile Industry Export Council (SATIEC)
Contact: Martin Viljoen
PO Box 272
Bellville, 7535
Tel: 021 959-4162
Fax: 021 959-4167
Cell: 082 455-3263
E-mail: satiec.grow.exports@sans.co.za
Web site: www.satiec.co.za

South African Wire Business Council
Contact: Dries Olivier/ Amanda Malan
Postnetsuite 67
P/Bag X10020
Edenvale, 1610
Tel: 011 453-0921
Fax: 011 453-9653
Cell: 083 264-6230
E-mail: siwa@sawa.co.za
Web site: www.sawa.co.za

Wines of South Africa
Contact: Mrs Su Birch/Dalene Steyn
156 Dorp Street
Stellenbosch, 7600
Tel: 021 883-3860
Fax: 021 883-3861
E-mail: su@wosa.co.za (Su Birch)
Web site: www.wosa.co.za
Industry Associations

South African Meat Industry Company (SAMIC)
Location: Pretoria
Tel: 012 361 4545
Fax: 012 361 6004
Web site: www.samic.co.za
Activities: SAMIC is the national representative structure of the South African red meat industry.

Rail Road Association
Location: Johannesburg
Tel: 011 761 2434
Fax: 011 474 3582
Web site: www.rra.co.za/index.shtml
Activities: The RailRoad Association creates a forum for the transport industry at large.

Aluminum Federation
Location: Johannesburg
Tel: 011 453-3339
Fax: 011 453-3403
Web site: www.afsa.org.za
Activities: AFSA offers its members a wide variety of services including technical information and advice, education, training and skills upgrading, a range of publications and market industry and business development support.

SA Association of Consulting Engineers
Location: Johannesburg
Tel: 011 463-2022
Fax: 011 463-7383
Web site: www.saace.co.za
Activities: SAACE is a voluntary association of independent consulting engineers in private practice.

SA Equine Trade Council
Location: Durban
Tel: 031 314 1799
Fax: 031 314 1647
E-mail: sheilad@goldcircle.co.za
Activities: Equine industry export development and promotion.
SA Federation of Civil Engineering Contractors
Location: Johannesburg
Tel: 011 455-1700
Fax: 011 450-1715
Web site: www.safec.org.za
Activities: Membership organisation representing the interests of the civil engineering sector.

SA Dairy Foundation
Location: Pretoria
Tel: 012 348-5345
Fax: 012 348-6284
Activities: National industrial association.

SA Aerospace Maritime & Defence Industry Association
Location: Pretoria
Tel: 012 428-3080
Fax: 012 428-3081
Web site: www.amd.org.za
Activities: The collective interest of the South African Aerospace, Maritime and Defence Industries collectively known as the SA Defence Related Industry (DRI) are represented by the SA Aerospace Maritime & Defence Industry Association.

SA Iron & Steel Institute (SAISI)
Location: Pretoria
Tel: 012 320-2450
Fax: 012 320-1150
Web site: www.saisi.co.za
Activities: The Institute represents the interests of the South African primary steel industry.

Stainless Steel Business Council
Location: Johannesburg
Tel: 011 803-5610
Fax: 011 803-2011
Web site: www.sassda.co.za
Activities: SASSDA promotes the use of stainless steel and offers a number of services, including technical information and advice, education, training and skills upgrading, publications and market, industry and business development.

SA Jewellery
Location: Johannesburg
Tel: 011 880-1713
Fax: 011 880-1714
Web site: www.jewellery.org.za
Activities: Jewellery industry export development and promotion.

SA Avocado Growers’ Association
Location: Tzaneen, Mpumalanga
Tel.: 015 307 3676
Fax: 015 307 1564
Activities: Industry research; consignment coordination.

Textile Federation
Location: Johannesburg
Tel.: 011 404-2423
Fax: 011 404-2101
Web site: www.texfed.co.za
Activities: National industrial association.
National Association of Automobile Manufacturers of South Africa (NAAMSA)
Location: Pretoria
Tel.: 012 323 2980
Fax: 012 326 3232
Web site: www.naamsa.co.za
Activities: Industry organisation; holding secretariat of the automotive industry export council.

National Association of Automotive Component and Accessory Manufacturers (NAACAM)
Location: Johannesburg
Tel.: 011 454-0250
Fax: 011 454 0321
Web site: www.naacam.co.za
Activities: Industry organisation with export promotion emphasis.

Provincial Trade and Investment Promotion Agencies

Department of Economic Affairs
Location: Bloemfontein
Tel.: 051 400 9459
Fax: 051 400 9461
E-mail: tshangew@dteeaff.gov.za

Department of Economic Affairs
Location: Kimberley
Tel.: 053 830 4800
Fax: 053 830 4838
E-mail: flinks@perm.ncape.gov.za

Invest North West
Location: Rustenburg
Tel.: 014 594 2570
Fax: 014 594 2575
Web site: www.inw.org.za
E-mail: info@inw.org.za

Mpumalanga Investment Initiative
Location: Nelspruit
Tel.: 013 752 5384
Fax: 013 752 5385
Web site: www.mii.co.za
E-mail: comments@mii.co.za

Gauteng Economic Development Agency (GEDA)
Location: Johannesburg
Tel.: 011 833 8750/7
Fax: 011 833 8930
Web site: www.geda.co.za
E-mail: info@geda.co.za

WESGRO
Location: Cape Town
Tel.: 021 487 8600
Fax: 021 487 8700
Web site: www.wesgro.org.za
E-mail: info@wesgro.org.za

Eastern Cape Development Corporation (ECDC)
Location: East London
Tel.: 043 704 5600
Fax: 043 704 5700
Web site: www.ecdc.co.za
E-mail: exports@ecd.co.za

Trade & Investment Limpopo
Location: Polokwane
Tel.: 015 295 5171
Fax: 015 295 5197
Web site: www.til.co.za
E-mail: agrinette@til.co.za

Trade & Investment Kwa-Zulu Natal
Location: Durban
Tel: 031 368 9600
Fax 031 368 5888
Web site: www.tikzn.co.za
E-mail: info@tikzn.co.za
**TIPS South Africa**
Location: Pretoria
Tel: 0866 217 089
E-mail: info@tips.co.za
Web site: www.tips.co.za
Activities: TIPS, the Trade Information Promotion Service, is an international network that aims to promote the exchange of technological and trade information between new and established business partners around the globe.

**International Trade Centre UNCTAD/WTO (ITC)**
Location: Geneva, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Web site: www.intracen.org
Activities: The International Trade Centre is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organisation (WTO) for operational, enterprise-orientated aspects of trade development.

**Centre for the Promotion of Imports from Developing Countries (CBI)**
Location: Rotterdam, The Netherlands
Tel.: +31 10 201 34 34
Fax: +31 10 411 40 81
Web site: www.cbi.nl/
Activities: CBI provides: market information, export promotion, training, seminars, workshops, matching, advice on import enquiries, and environmental information for exporters from developing countries and importers from Europe.

**Tradepoint Pretoria-Tshwane**
Location: Pretoria
Tel: 012 441 1000
Web site: tradepoint-pretoria-tshwane.org.za
Activities: Trade Point Pretoria Tshwane is a trade facilitator and trade information provider for small and medium-sized enterprises (SMEs) for the greater Tshwane Metropolitan Region and the neighbouring provinces of Limpopo, North West and Mpumulanga.
JCCI Chamber of Commerce and Industry - Johannesburg
Location: Gauteng
Tel.: 011 726 5300
Fax: 011 482 2000
E-mail: info@jcci.co.za
Web site: www.cci.co.za
Activities: All business chamber activities with an emphasis on international trade; provides public export training.

Cape Town Regional Chamber of Commerce and Industry
Location: Cape Town, with regional coverage in the Western Cape
Tel: 021 402 4300
Fax: 021 402 4302
E-mail: info@capechamber.co.za
Web site: www.capechamber.co.za
Activities: All business chamber activities with heavy emphasis on international trade; provides public export training and implements Western Cape Integrated Export Development Programme in the Western Cape.

Durban Chamber of Commerce and Industry
Location: Durban
Tel: 031 335 1000
Fax: 031 332 1288
Web site: www.durbanchamber.co.za
Activities: All business chamber activities with emphasis on international trade; provides public export training.

Foreign Trade Representatives
See Appendix A

Council for Mineral Technology (MINTEK)
Location: Johannesburg
Tel.: 011 709 4111
Fax: 011 793 2413
Web site: www.mintek.co.za
Activities: Mintek is a technology provider specializing in mineral processing, extractive metallurgy, and related fields. Working closely with industry and other research organizations, Mintek offers R&D expertise, service testwork, equipment, and novel process technologies for the precious metals, base metals, ferro-alloys, and industrial minerals sectors.

Council for Scientific and Industrial Research (CSIR)
Location: Pretoria
Tel: 012 841 2911
Fax: 012 349 1153
Web site: www.csir.co.za
Activities: The CSIR is a technology and research organisation.

South African Bureau of Standards
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.
Whitehouse & Associates
Location: Johannesburg
Tel.: 011 728 5878
Fax: 011 728 7555
Web site: www.mbendi.co.za/whitehouse
Activities: Africa information specialists.

Emerging Markets
Location: Pretoria
Tel.: 012 427 2265
Fax: 012 427 2784
Web site: www.emergingmarkets.co.za
Activities: Assists exporters develop business operations in the emerging market economies. Specialist expertise in Asian markets.

Markinor
Location: Johannesburg
Tel.: 011 686 8400
Fax: 011 680 9200
Web site: www.markinor.co.za
Activities: Information researchers and information consultants

TradeWorld
Location: Johannesburg
Tel: 011 507-0905
Web site: www.tradeworld.net
Activities: Trade facilitation services online. Products include Mills Daily Tender, Faxit Tender Bulletin, SourceLink International, ERNII, Tirindata and TradeNet.

United Nations Information Services
Location: Pretoria
Tel: 012 354-8500
Fax: 012 354-1122
E-mail: unic@un.org.za
Activities: Provides information on the United Nations System and UN activities around the world.

OECD
Location: Paris, France
Tel: +33 1 45 24 82 00
Web site: www.oecd.org/home/
Activities: The Organisation for Economic Co-operation and Development publishes a range of statistical data for member countries.

International Monetary Fund (IMF)
Location: Washington, United States of America
Tel: +1 202 623-7300
Fax: +1 202 623-6278
Web site: www.imf.org
Activities: The IMF publishes useful country data on their web site.

FAO
Location: Italy
Web site: www.fao.org
Activities: The Food and Agricultural Organisation collates statistics on agricultural trade and production.
Swiss Import Promotion Programme (SIPPO)
Location: Geneva, Switzerland
Tel.: +41 1 365 5151
Fax: +41 1 365 5221
E-mail: mstern@osec.ch
Web site: www.osec.ch
Activities: Information on Swiss market; identification of potential business partners in Switzerland.

CIA World Factbook
Publisher: US Central Intelligence Agency
Obtainable: On line
Cost: Free
Web site: www.cia.gov/cia/publications/factbook/
Contents: Provides brief country profiles on every country in the world.

National Trade Data Bank Market Research Reports
Publisher: Stats USA
Obtainable: On-line
Cost: US$175 per annum
Website: www.stat-usa.gov
Contents: A comprehensive database which selects the most up-to-date international trade and economic information available on: calendars for trade fairs, capital markets and export financing, country commercial guides, country reports on economic and social politics and trade policies, international trade agreements and regulations, as well as other international trade information and contacts.

Country Commercial Guides
Publisher: United States Commercial Service
Obtainable: On-line
Cost: Free
Web site: www.export.gov/comm_svc/
Contents: The U.S. Commercial Service is a Commerce Department agency that helps U.S. companies, particularly small and medium-sized businesses make sales in international markets. The Commercial Services publish various country commercial guides on their web site.

Trade Information through the Internet, Revision Two
Publisher: International Trade Centre ITC UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0218
Web site: www.intracen.org
Contents: This directory lists web site addresses of trade contacts, market information, numeric information, trade regulations and standards, government procurement, international projects, tenders and trade events.
Finding the customer
22. What are the various ways of entering an export market?

One of the exporter’s major concerns is how he will get his product to prospective buyers in the target market(s). His first decision concerns market entry channels, i.e. how his goods reach the foreign market place; his second decision concerns foreign market channels, i.e. how his product is supplied to the end user in the target market (covered in Question 24).

The newcomer to exports should understand that market entry channels and channels of distribution do not refer to methods of physically transporting the goods. These terms describe how the transfer of goods along a chain of intermediaries is arranged to ensure the goods are accessible to the final buyer.

There are four types of market entry channel available to the international marketer:

- Indirect exporting, i.e. selling to a trading house or local agent
- Direct exporting, i.e. selling directly to an overseas customer who may be the end user, or to a middleman based in the foreign market, such as an agent, distributor or subsidiary of the exporting company
- Licensing, franchising and contracting, i.e. the sale of knowledge or skills to overseas buyers
- Manufacturing abroad, e.g. a joint venture arrangement, or the establishment of a wholly-owned offshore manufacturing base

**Indirect exporting.** Indirect exporting may be a desirable market entry channel when a firm wishes to export but does not have the necessary infrastructure and expertise to do so. In such a situation, exports may be arranged through the local buying office of a foreign buyer, an international trading house or a South African export agent.

The advantages of indirect exporting are:

- The company can concentrate on production without having to learn all the technical and legal aspects of exporting.
- It can benefit from the professional expertise of the intermediary.

Disadvantages are:

- The company may lose control over the product to an overly aggressive representative.
- The objectives of some intermediaries may be different to those of the exporter.

**Direct exporting.** If the firm decides to export directly, it has to consider a new set of distribution channels:

- **Selling directly to the customer.** There are a number of customers to whom exporters may sell directly, e.g. import houses, government departments, state trading organisations, wholesalers, retail stores and industrial buyers.

- **Selling through a representative in the market.** It has been estimated that representatives handle more than half the world’s foreign trade. There are three main types:
  - A representative acting for the exporter, who remains the principal.
  - A representative purchasing for himself as the principal.
  - A representative acting for buyers, who are the principals.

  Whichever type of representative is chosen as an intermediary, it is necessary for the exporter and his representative to enter into some sort of legal agreement protecting their rights.

When a firm decides to export directly it undertakes the entire export process, from identifying the customer to collecting payment. The firm may have to establish an independent export department with the necessary funding to do this.
The advantages of direct exports are:

- The firm has complete control over the exporting process.
- The firm may increase its profit margin by saving on payments to an intermediary.
- The firm may be able to offer a more competitive price to its customers in the foreign market by saving on payments to an intermediary.
- The firm develops a closer relationship with the foreign buyer.

The disadvantages are:

- The costs of establishing a foreign market may outweigh the benefits of direct exporting.
- The exporter may be exposed to more direct risk.

One form of direct exporting is for small- and medium-sized enterprises to join together to form export consortia. This type of arrangement can be especially advantageous for inexperienced exporters, but has not yet gained popularity in South Africa. It is possible that some of the export councils will facilitate the formation of such groups.

**Licensing, franchising and contracting.** A licensing agreement is an arrangement wherein the licensor gives something of value to the licensee in exchange for certain performance and payments. Usually, what is transferred from one party to the other is some form of industrial or commercial expertise.

**Franchising** is a form of licensing whereby the franchisor (the exporter) provides a standard package of components or ingredients, together with management and marketing expertise, and the franchisee provides capital, market knowledge and personal involvement.

**Contract manufacture** involves a formal, long-term contract between parties in two different countries for the manufacture or assembly of a product. The exporter, who places the contract, retains full control over distribution and marketing.

**Offshore manufacturing operations.** The exporter, who is considering the establishment of an offshore production unit as a market entry channel, faces a number of key policy decisions:

- How much to invest initially.
- Where to position the production facility.
- Whether to establish a full manufacturing operation, or merely an assembly plant.
- Whether the operation is to be wholly owned, or whether the exporter should enter into a joint venture.
- Whether to acquire an operation already in existence or to establish a new facility.

In practice, the new exporter usually has to decide between indirect and direct exporting, although occasionally the option to license, franchise or contract out arises. The decision whether or not to become involved in offshore manufacturing operations, or even whether to establish an offshore marketing subsidiary to which to export, is taken only when the export business has grown and further expansion is desired.
RESOURCES

Trade Information Services Unit, Trade and Investment South Africa
Location: Pretoria, nationwide coverage
Tel: 0861 843 384, or
Fax 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@isa.org.za
Activities: Export incentives, marketing and export process.

The Cim Handbook of Export Marketing: A Practical Guide to Opening and Expanding Markets Overseas
Publisher: Butterworth-Heinemann; 2nd edition (October 1999)
Author: Chris J. Noonan
Cost: US$55
Obtainable: From Amazon.com
Web site: www.amazon.com
Contents: The book provides a practical insight into international marketing and the problems and opportunities facing exporters.

Profitable Exporting: A Complete Guide to Marketing Your Products Abroad
Publisher: Smart Decisions Inc., 2nd edition (February 1993)
Cost: US$55 (second hand available from Amazon.com)
Obtainable: From Amazon.com
Web site: www.amazon.com
Contents: A step-by-step guide to how to enter and succeed in the export market place. This publication gives managers with no export background everything they need to get started in exporting.

World Directory of Trade Promotion Organisations
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva, Switzerland
Tel.: +41 22 730 0218
Web site: www.intracen.org
Contents: Directory of trade promotion organisations and other national bodies involved in International trade. Covers ministries, trade promotion organisations, import promotion offices, chambers of commerce, trade associations in 187 countries.

Directory of Importer’s Associations
Publisher: International Trade Centre
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva, Switzerland
Tel.: +41 22 730 0218
Web site: www.intracen.org
Contents: Directory listing names and addresses, services and publications; indicates products of interest.

The Trading Space
Publisher: Mbendi Information Services
Cost: Free. Subscription service available whereby an e-mail notification is sent as soon as a trade enquiry for a particular product is posted.
Obtainable: On-line
Web site: www.mbendi.com/trading
Activities: Active trade enquiry site that allows on-line responses to enquiries from around the world.
Traders:

A G Morris International
Location: Cape Town
Tel.: 021 511 4600
Fax: 021 511 4650
Activities: International trader and agent

Agrimax International
Location: Cape Town
Tel.: 021 552 7230
Fax: 021 421 3729
Activities: International trader and agent.

Danimpex (Pty) Ltd
Location: Cape Town
Tel.: 021 425 1020
Fax: 021 419 2681
Activities: International trader and agent.

Exertaw CC
Location: Johannesburg
Tel.: 011 425 6898
Fax: 011 425 6898
Activities: Import/export trader and agent specialising mainly in industrial products in neighbouring countries.

Industrial Commodities Holdings CC
Location: Johannesburg
Tel.: 011 726 7340
Fax: 011 726 3563
Activities: International trader and agent.

Jolando Trading (Pty) Ltd
Location: Johannesburg
Tel.: 011 618 2396
Fax: 011 614 7680
Activities: Import/export trader and agent, especially for Portuguese-speaking Africa.

Kallos Exporters CC
Location: Johannesburg
Tel.: 011 482 3022
Fax: 011 482 3025
Activities: Exporters of perishables.

Marubeni Corporation
Location: Johannesburg
Tel.: 011 390 6000
Fax: 011 784 4847
Activities: International trading house.

Mitsui & Co.
Location: Johannesburg
Tel.: 011 290 2000
Fax: 011 783 8835
Activities: International trading house.

Nissho Iwai Corporation
Location: Johannesburg
Tel.: 011 447 1213
Fax: 011 447 3423
Activities: International trading house.

Sogil (Pty) Ltd
Location: Johannesburg
Tel.: 011 402 4230
Fax: 011 402 0102
Activities: Import/export agent and trader.

**Sumitomo Corporation**
Location: Johannesburg
Tel.: 011 880 4310
Fax: 011 788 1435
Activities: International trading house.

**The Franchise Association of Southern Africa**
Location: Johannesburg
Tel: 011 484 1285
Fax: 011 484 1291
E-mail: fasa@fasa.co.za
Web site: www.fasa.co.za
Activities: FASA promotes ethical franchising in southern Africa. The FASA web site provides detailed guidelines on the principals of franchising.
23. **What sales and distribution channels can be used in different world markets?**

As mentioned previously, in addition to market entry channels, the exporter should consider how his product, once it has reached the foreign market, will reach the end user in that market (i.e. what channels of distribution should be used). Different products in different markets often have very different distribution channels. The channels will also differ according to the different types of end user the exporter is targeting. In some markets, the exporter may use different distribution channels for the same product because he is selling to different customers or end users. It is possible for the exporter to have his own representative in the foreign market or to use an established distributor; or he may sell directly to a wholesaler, a retailer or, in the case of an industrial product, directly to the end user. Some of the channels of distribution an exporter can choose are listed below:

**Sales representative or foreign market agent.** A sales representative or foreign market agent represents a firm in a foreign market, using the firm’s literature and samples, working on a commission basis and assuming no risk or responsibility. The representative’s contract should outline the territory, terms of sale, method of compensation, reasons for termination of services, etc. A representative may not necessarily work for one firm exclusively.

**Distributors.** A distributor purchases merchandise from an exporter, usually at a discount, and resells it in the foreign market, usually to industrial end users (in the case of an industrial product) or to wholesalers and/or retail outlets (in the case of a consumer product). The distributor usually holds stocks of the imported product.

**Buying houses.** Some outlets such as chain stores and supermarkets have their own established channels for buying, which are useful for exporters.

**Mail-order houses.** A great deal of export activity is carried out through mail order. This type of exporting could be a valuable sales outlet for small- and medium-sized enterprises, depending on the nature of the product and the market.

**Wholesalers.** A wholesaler in the foreign market buys in bulk from the exporter and organises the retail distribution.

**Direct sales to the end user.** The firm sells directly to an end user in a foreign country. Buyers are identified through trade fairs, international publications, word of mouth, or government contact programmes. This may often be the case when the exporter produces industrial goods. It is less often a viable distribution method for consumer goods.

For further details on channels of distribution, see Section VI on agents and distributors.

**RESOURCES**

**The SME and the Export Development Company**
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: A practical guide to forging long-term business relationships in the export sector
24. What are international trading houses and how can they help in exporting products?

International trading houses specialise in the long-term development of exporting, importing, counter-trading and third-country trading in goods and services, which are generally supplied by, or sourced from, other parties.

Trading houses assume the risks associated with exporting by taking title to goods domestically and handling subsequent export operations. Export trading houses typically export large volumes of products from many sources at low unit costs, through established networks of overseas offices. They also provide transportation, insurance and warehousing facilities. They offer a range of goods and services to potential buyers, secure more favourable prices and can develop sales channels usually denied to individual exporters.

Trading houses allow the exporter to concentrate on production while offering high-quality professional expertise in all aspects of exporting. International trading houses act as effective business development intermediaries between producers and markets. They specialise not only in procuring domestic merchandise to sell abroad, but also in importing – buying abroad and selling on the domestic market. They therefore provide many services for small exporters.

Trading houses can assist an exporter in the following ways:

- They assist in market selection, market research, customer identification and evaluation, and commercial and technical negotiations.
- They can identify business opportunities both through their connections and through their electronic database and communication systems.
- They usually have a strong domestic and foreign marketing and procurement structure supported by foreign offices, subsidiary marketing companies, warehouses, showrooms, after sales services, and stocking facilities for spare parts.
- They provide trade support services in areas such as finance, documentation, shipping and insurance.

South Africa is fairly well endowed with trading houses, both locally owned and branches of, for example, the major Japanese trading houses; the local Yellow Pages list them under “Import and export agents and traders”. It is estimated that a third of South Africa’s non-gold exports are handled by export trading houses or agents.

In the most successful cases there is a strong partnership between the producer or manufacturer and the trading house – the producer often accompanies the trading house on foreign market visits to major buyers, and both cooperate in developing the product in order to achieve maximum export sales. Often the trading house assists the producer in raising finance for expansion in order to meet foreign market demand.

Trading houses are especially active in South Africa’s trade with the rest of Africa. Channels of distribution in many African countries and the nature of demand often result in general importers and dealers needing to place orders for a wide range of different types of goods, sometimes ranging from agricultural supplies to consumer products. Such mixed consignments can be assembled and shipped by traders in South Africa.
RESOURCES

Traders:

A G Morris International
Location: Cape Town
Tel.: 021 511 4600
Fax: 021 511 4650
Activities: International trader and agent

Agrimax International
Location: Cape Town
Tel.: 021 552 7230
Fax: 021 421 3729
Activities: International trader and agent

Danimpex (Pty) Ltd
Location: Cape Town
Tel.: 021 425 1020
Fax: 021 419 2681
Activities: International trader and agent

Exertaw CC
Location: Johannesburg
Tel.: 011 425 6898
Fax: 011 425 6898
Activities: Import/export trader and agent specialising mainly in industrial products in neighbouring countries

Industrial Commodities Holdings CC
Location: Johannesburg
Tel.: 011 726 7340
Fax: 011 726 3563
Activities: International trader and agent

Jolando Trading (Pty) Ltd
Location: Johannesburg
Tel.: 011 618 2396
Fax: 011 614 7680
Activities: Import/export trader and agent, especially for Portuguese-speaking Africa

Kallos Exporters CC
Location: Johannesburg
Tel.: 011 482 3022
Fax: 011 482 3025
Activities: Exporters of perishables

Marubeni Corporation
Location: Johannesburg
Tel.: 011 290 6000
Fax: 011 784 4847
Activities: International trading house

Mitsui & Co.
Location: Johannesburg
Tel.: 011 290 2000
Fax: 011 783 8835
Activities: International trading house
Nissho Iwai Corporation
Location: Johannesburg
Tel.: 011 447 1213
Fax: 011 447 3423
Activities: International trading house.

Sogil (Pty) Ltd
Location: Johannesburg
Tel.: 011 402 4230
Fax: 011 402 0102
Activities: Import/export agent and trader.

Sumitomo Corporation
Location: Johannesburg
Tel.: 011 880 4310
Fax: 011 788 1435
Activities: International trading house.
25. **How can the exporter promote his or her product in the foreign market and arouse the interest of potential buyers?**

An essential component of any marketing programme is the promotion of the product or service in order to make the potential buyer aware of its benefits and availability. The small exporter usually cannot consider in-depth consumer advertising in the foreign market because of the cost involved. However, export organisations often undertake generic advertising campaigns in target foreign markets, which promote, for example “South African wine ...”, “South African oranges ...” or “South African wool ...”. Such advertising serves to help all South African producers/exporters of the product concerned, especially if it is targeted at the same markets the individual exporter has targeted.

Furthermore, it is usually the responsibility of the intermediaries in the foreign distribution channel to undertake consumer advertising. The exporter needs to promote his product to the buyers (i.e. to the product distributors, wholesalers, retailers and, where appropriate, industrial end users).

The most practical and cost-effective promotional tools the small exporter can use are the following:

- Product leaflets, catalogues, postcards and price lists for distribution by mail and at trade fairs and similar events.
- Listings in business and/or product directories that are distributed internationally.
- Where appropriate, selective advertising in specialised trade publications distributed in target markets.
- Direct mail shots to qualified mailing lists obtained from reputable agencies and/or built up by the firm’s own efforts; a direct mail shot is a promotional letter or leaflet that is sent directly to a potential buyer through the mail or, these days, by fax or e-mail.
- An Internet web site; please refer to Question 14.
- Press releases distributed to general and industry specific publications or through the media office at trade fairs and similar events.
- Participating in suitable trade fairs, in-store promotions and similar events.

**Promotional package.** Leaflets, catalogues, postcards and price lists are usually part of every exporter’s promotional package and speak for the product and the firm. It is vital that these items be professionally designed so that, although they may be produced on a limited budget, money is spent to greatest effect. Illustrations are preferable to the use of too many words, and contact details must always be given. Price lists should not be produced for general distribution.

It is also important for the small exporter to remember that his letterheads, business cards and other stationery are components of his promotional package, and that these can greatly enhance or detract from his firm’s image in the foreign market.

**Export directories.** Professional business directories are produced in South Africa and distributed internationally. The exporter should not expect that listing in such publications will directly achieve export sales, although it will certainly contribute to the firm’s status. As the publications are produced in South Africa, advertising rates are in line with South African norms and are payable in South African rand.

**In-market specialist trade publications.** These are likely to be the same publications that have been used for market research purposes. Advertising in these publications can be arranged through the firm’s South African advertising consultant.

**Direct mailings.** These are popular and relatively inexpensive. Their effectiveness depends entirely on the amount of preparation that has gone into the compilation of the address list and on the professionalism of the mail piece. In any event, a mailing needs to be followed up by a second mailing.
and, in some cases, by a fax or a telephone call.

**Internet web site.** This can be a very effective form of promotion and can enable the exporter to fully illustrate his product, provide full specifications, encourage feedback and information about user preferences, and enable interactive communication between the exporter and potential buyers. It is wrong, however, for the exporter to believe that the Internet replaces the established channels of distribution in a foreign market—it does not, but it does provide a powerful promotional and communication tool. The exporter should take professional advice on the design and positioning of his site, and ensure that it is updated regularly. Refer to Question 14.

**Press releases:** A press release is a short article which introduces a company and features its products. An exporter will generally distribute the press release to selected industry specific publications in the exporter’s target market. Many trade fairs have media offices through which exhibitor’s press releases are distributed to representatives of publications visiting the exhibition. Whereas advertising guarantees that the item will appear in a publication as it is paid for, a press release is most likely to be used if it highlights unique products and new technologies. However if the press release is carried by the publication as an article it is likely to have more credibility than will an advertisement.

**Trade fair participation.** Although relatively expensive, this is still the single most effective promotional tool that the exporter can use. The next questions deal specifically with trade fair participation.

### RESOURCES

#### Exhibition Management Services
Location: Johannesburg  
Tel: 011 783 7250/1/6/9  
Fax: 011 783 7269  
Web site: www.exhibitionsafrica.com  
Activities: Exhibition organiser

#### International Trade Projects
Location: Johannesburg  
Tel.: 011 486 0585  
Fax: 011 486 0530  
E-mail: david@tradeprojects.co.za  
Activities: Specialists in foreign trade fair management for small, medium and large firms; export advertising and public relations and small firm export development.

#### Reed Business Information Systems (Pty) Ltd
Location: Johannesburg  
Tel.: 011 886 2636  
Fax: 011 880 5424  
Web site: www.kompass.co.za  
Activities: Publishes SA Kompass and other business directories for international distribution, including South African Exporters Register and Africa Product Digest.

#### Specialised Exhibitions
Location: Johannesburg  
Tel: 011 835-1565 or toll-free 0800-111-072  
Fax: 011 496-1161  
E-mail: specialised@specialised.com  
Web site: www.specialised.com  
Activities: Exhibition organiser

#### Products of Southern Africa
Publisher: New World International Publishers cc  
Tel: 012 440 9462  
Fax: 012 341 2641  
E-mail: mwprosa@mweb.co.za  
Contents: Globally distributed journal showcasing South African products and companies.
26. What part do trade fairs play in developing exports and where are they held?

One of the great advantages that a major specialised trade fair offers an exhibitor is that a large number of serious foreign buyers, import agents and distributors are present at the fair. In addition, exhibitors represent many of the important (large and small) producers around the world. The specialised trade fair is therefore an excellent place for the exporter to:

- Test how international buyers will receive the product.
- See who potential competitors are and what they are doing.
- Evaluate how the product compares with similar products produced elsewhere.
- Attract potential agents or distributors in different countries.

If the exporter is successful, he or she might receive a trial order at the fair. However, it is usual for a company to exhibit at a major trade fair at least twice before any serious business is concluded. This does not mean that the first participation is a waste of time. In just a few days, the exporter gains an immense amount of information about the international trade in his product and, if properly prepared, he should make excellent contacts to follow up when the fair is over.

There are several categories of international fairs:

- World exhibitions, which expose national and international achievements in diverse fields of economic activity.
- General trade fairs, which are organised with the single aim of furthering international trade (the general public is usually not allowed, since the focus is on buying organisations and traders).
- Specialised fairs, which are focused on individual products or a group of selected commodities.
- Consumer fairs, which are open to the general public and which allow direct sales to the public by exhibitors.

Serious buyers favour the specialised fairs, which they can visit knowing that they will see displayed items relating only to the field that they are interested in. Specialised fairs cover all possible product sectors, ranging from air-conditioners to household fabrics, from food to chemicals, from agriculture to mining.

Certain cities in Europe – and increasingly in the Far East – are known as “show cities”. Examples are Birmingham in England, Frankfurt in Germany, Paris in France, Singapore and Hong Kong, although there are many others. In these cities there is an almost continuous programme of specialised fairs throughout the year. Buyers, import agents and distributors from around the world visit the major fairs for the sectors they represent. This means that an exhibitor displaying his food products at, say, the SIAL fair in Paris, can hope to attract visiting buyers from the United States, Japan, Latin America, South Africa and Europe.

For almost each product or commodity type there are a number of major international trade fairs each year. These fairs have established reputations as the best showcases for new products and technologies, and attract buyers and exhibitors from around the world. Firms participating in such international fairs are therefore not necessarily targeting the countries in which the fairs are located. By noting the nationalities of buyers or distributors showing interest in a product, the exhibitor can gauge which markets might offer the greatest potential for his product.

DTI sets up national pavilions at a number of international trade fairs each year. Most of these are specialised fairs, such as the Sial food fair, the Prowein wine show and Techtextile, the fair for technical textiles. The following are some of the fairs that usually appear on the DTI’s programme:

<table>
<thead>
<tr>
<th>Product type</th>
<th>Name of fair</th>
<th>City and country</th>
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</tbody>
</table>
Although participation in these pavilions is usually on a first-come, first-served basis, the DTI will only support companies who have completed all the necessary documentation, who are export-ready and whose products are suited to the export market and to the exhibition. The exhibitor pays only for his exhibition and promotional material, the cost of transport to a central point in South Africa, insurance and the cost of sending a suitable company representative to be present on the stand during the show. In the case of small- and medium-sized enterprises and other qualifying enterprises, the DTI subsidises travel and accommodation expenses.

For exporters wishing to participate in a specialised fair not included in the DTI's national pavilion programme, there is the possibility of financial support through the Export Marketing and Investment Assistance (EMIA) schemes (see Section I).

Literally thousands of trade shows are held every year and it is therefore important for the exporter to be able to identify the shows that will be the most suitable for his product and target markets. Both the DTI and trade fair consultants in South Africa can provide valuable guidance on this and all other aspects of...
trade fair participation. In addition, there are a number of published guides and directories to trade fairs. It is important to consider the following points when selecting a fair in which to participate:

- Dates and locations of upcoming fairs.
- Track record of the fair’s organisers.
- Industry sectors served by the exhibition and a profile of the typical exhibitor.
- Number, profile and origin of visitors.
- Registration fees and admission charges to exhibits, seminars and social events.
- Frequency of the exhibition.

**RESOURCES**

**Trade Information Services Unit, Trade and Investment South Africa**
Location: Pretoria, nationwide coverage
Tel: 0861 843 384, or
Fax: 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za
Activities: Export incentives, marketing and export process.

**Union des Foires Internationales**
Web site: www.ufinet.org
Activities: An organisation whose members include trade fair and exhibition organisers and managers of exhibition centres from almost 70 countries and a number of trade fair/exhibition associations as associates. The UFI provides an extensive listing of trade fairs categorised by name of fair, countries/continents where the fair is held, and the branch of trade represented at the fair. The Expo Guide Index will help the exporter locate trade fairs throughout the world.

**Exhibition Management Services**
Location: Johannesburg
Tel: 011 783 7250/1/6/9
Fax: 011 783 7269
Web site: www.exhibitionsafrica.com/
Activities: Exhibition organiser

**International Trade Projects**
Location: Johannesburg
Tel: 011 486 0585
Fax: 011 486 0530
E-mail: david@tradeprojects.co.za
Activities: Specialists in foreign trade fair management for small, medium and large firms; export advertising and public relations and small firm export development.
Specialised Exhibitions
Location: Johannesburg
Tel: 011 835-1565 or toll-free 0800-111-072
Fax: 011 496-1161
E-mail: specialised@specialised.com
Web site: www.specialised.com
Activities: Exhibition organiser

Further information on international trade fairs on the following web sites:
www.exsa.co.za: this is the web site for the Exhibition Association of South Africa.

www.exhibitions-world.com: a good selection, with a focus on Asia.

www.exhibitions.co.uk: a web site compiled by the British Department of Trade and Industry.

www.reedexpo.com: this is the web site for Reed Exhibitions, which claims to be the world’s largest trade fair organiser.

www.dmgworldmedia.com: the web site of an important trade fair organiser now in most major world markets.

www.glmshows.com: this is the web site of George Little Management in the USA, which specialises in major consumer products trade fairs.

www.mbendi.com: Mbendi maintain an exhibitions database.
27. **How does an exporter select the best trade fair?**

Trade fairs are an invaluable element of any marketing plan. Given the proliferation of fairs throughout the world, however, it is necessary to be selective when considering when and where to exhibit. This is especially important for firms with small budgets. Before choosing an appropriate trade fair, the market profiles, visitor profiles and cost of participation of several fairs should be carefully scrutinised.

**Market profile.** Identify the trade fair’s target markets and the geographical coverage. “Vertical” trade fairs offer a concentrated focus of interest for buyers and sellers, whereas “horizontal” trade fairs are general in nature and lack a specific theme. As stated previously, serious buyers tend to prefer the special focus fairs where they will find the largest concentration of goods and services in which they have a specific interest. In certain countries (particularly in the developing world) the most important and best-established fairs are still “horizontal” in nature – this is the case in particular in Africa and in some eastern European countries.

**Visitor profile.** The trade fair organiser should provide information on visitor numbers and the origin of those visitors as well as the typical visitor profile including job status, product or service interest, and the type and size of firms represented.

**Cost of participation.** The costs of participation should be viewed as an investment, but should be proportional to the financial capacity of the firm. Although trade fairs are used as a marketing and promotional tool, participation must not be at a cost detrimental to the firm. In this connection, it is important for the firm to determine whether or not it is likely to receive assistance from the Department of Trade and Industry (see Question 7).

The exporter should be wary about being lured into participating in a fair just because it is big. A general trade fair held in southern Africa, e.g. in Bulawayo, Zimbabwe, or in Nairobi, Kenya, may be relatively small. However, it will cost less, may be focused on the exporter’s initial target market (i.e. the southern African region), and may provide a better opportunity for interaction with visiting buyers.

In order to decide whether or not to take part in a particular trade fair, the exporter should ask himself the following questions:

- Is this an important or potentially important market for my products?
- Do my products meet market standards?
- Can I produce enough to meet likely and continuing demand?
- What are my specific objectives in exhibiting?
- Is this particular fair the best one to enter?
- How much will it cost me to exhibit effectively, taking into account the assistance possibly granted to me by the DTI?
RESOURCES

**Trade Fairs and Exhibitions (handbook)**
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Web site: www.intracen.org
Contents: Selecting fairs, fair information and market information to be sought, recruiting the exhibitors, stand design and construction, promoting the stand, Managing the stand, evaluation and reporting, follow up, planning, timelines and budget.

**Export Marketing and Investment Assistance (EMIA) Unit, Trade and Investment South Africa**
Location: Pretoria
Tel: 0861 843 384
Fax 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za
Activities: Administers the EMIA incentive scheme.

**Exhibition Management Services**
Location: Johannesburg
Tel: 011 783 7250/1/6/9
Fax: 011 783 7269
Web site: www.exhibitionsafrica.com/
Activities: Exhibition organiser

**International Trade Projects**
Location: Johannesburg
Tel.: 011 486 0585
Fax: 011 486 0530
E-mail: david@tradeprojects.co.za
Activities: Specialists in foreign trade fair management for small, medium and large firms; export advertising and public relations and small firm export development.

**Specialised Exhibitions**
Location: Johannesburg
Tel: 011 835-1565 or toll-free 0800-111-072
Fax: 011 496-1161
E-mail: specialised@specialised.com
Web site: www.specialised.com
Activities: Exhibition organiser
28. How does an exporter prepare for a trade fair?

It is a common mistake that exporters start with their preparation for a trade fair far too late and, as a result, they often do not gain as much from the fair as they could. Preparation for the fair falls into three distinct stages:

- Arrangements prior to the fair.
- Activities during the fair.
- Follow-up after the fair.

**Arrangements prior to the fair.** Preparation prior to the fair should ideally start some 12–18 months ahead of the opening. It is usually necessary to book at least one year ahead of a fair in order to obtain space at a popular fair. In order to plan for his participation in a particular trade fair the exporter needs to obtain information concerning the following:

- The place and dates of the trade fair
- Name and address of the organiser
- Arrangement of halls and stands; spaces available
- Cost of space
- Availability, description and cost of erected stands (shell stands), taking into account the assistance granted by the DTI
- Furnishing available for rental, and its cost
- Availability and cost of local staff (e.g. receptionists, interpreters)
- Names of designers, constructors, decorators, freight clearing agents, photographers, cleaning services
- Insurance and security arrangements
- Promotional material available from organisers
- Catalogue deadlines and advertising rates
- Availability of poster advertising in fair grounds
- Organisers’ press publicity service, deadlines and requirements
- Organisers’ packing requirements
- Deadline for erection of the stands
- Date of any special features/occasions arranged under South African banners
- Hotel locations and rates
- Reception facilities

To achieve fruitful participation in trade fairs, planning is crucial. The appointment of an exhibition co-ordinator is essential for successful planning and participation. This person is responsible for:

- Applying to DTI for assistance under EMIA.
- Booking space with organisers.
- Making travel arrangements.
- Reading the trade fair set-up manual provided by the organisers.
- Ensuring listing in the trade fair directory.
- Planning the display and the promotional items to be used on the stand.
- Ordering furniture, stand extras, exhibitor badges and fascia panel.
- Arranging for temporary staff, such as receptionists and interpreters if required.
- Investigating special promotional opportunities offered by the trade fair organisers.
- Inviting target customers to visit the stand – this should be done well in advance.
- Preparing price lists and order book.
- Finalising insurance and delivery of freight to the trade fair.
Arranging of payment for stand and services according to the payment schedule set out by the organisers.

Because of the complexity of arranging participation in a foreign trade fair, a new exporter is advised to use a trade fair consultant to handle as much of the organisation and implementation as possible. Even in this situation, the firm will have to undertake a certain amount of preparation itself and will still need to appoint a co-ordinator to work with the consultant.

**Pre-fair promotion** should not be overlooked. Letting potential buyers and distributors, import agents and other intermediaries in the distribution channel know that the company will be participating in a particular trade fair is an important marketing activity to boost positive results. A personal invitation from an exhibitor is the strongest incentive for a potential buyer or representative to visit an exhibit. Personal invitations should not be confused with a postcard merely indicating the stand number: invitations should be personally addressed and should present a compelling reason for visiting the exhibit. Many fair visitors visit only those exhibits to which they have received a personal invitation. Some companies follow up invitations with a telephone call to make sure the invitation was received and to reinforce the need to “stop by and talk with us”.

Some companies send a “teaser” item that requires a visit to the stand to receive the rest of the item, or something of greater value. All items should carry the company name, logo, telephone number, address and stand number. Besides creating interest before and during the fair, these items act as a constant reminder of the firm’s product or service afterwards.

**Activities during the fair** would usually include:

> Ensuring that stocks of promotional material are on hand.
> Implementing systems for capturing leads.
> Adhering to the organisers’ policy regarding sales from the stand (this is usually not permitted).
> Possibly hosting a function for potential buyers and others.
> Arranging for dismantling of the stand and disposal of exhibition and promotional material.

**Activities after the fair** are essential if the full benefit of participation is to be realised. These can be grouped as:

- Post-show review in which the company reviews the lessons learned about the product, the market and the way it was exhibited.

> Building up the post-trade fair database, in which all enquiries are captured into a usable contact list; this is one of the tangible assets resulting from participation.

> Capture all enquiries into a usable contact list.

> Follow-up all enquiries:

  - The company should immediately e-mail all enquirers thanking them for their interest, and reminding them of the product range and referring them to the company web site, if it has one; it is good business to include a timetable for further response they can expect.

  - If any specific problems arose concerning issues such as delivery, pricing, warehousing and packaging, practical solutions should be found and the relevant contacts informed accordingly.

  - If orders were received, they must be despatched on time and invoicing and payment followed up.

> Book for the following year? The post-show review will dictate whether or not trade fair participation fits the company’s export development plan as expected. If it does and the trade show was an appropriate one for the company, an immediate booking may be made for the following year to ensure that the company obtains a good location.

The following timetable indicates the items that need to be planned and the ideal lead time required for each.

**The ideal trade fair project timetable**
<table>
<thead>
<tr>
<th>Activity</th>
<th>Months to fair</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Write to the organisers for information and/or application forms</td>
<td>12–18</td>
</tr>
<tr>
<td>2. Decide to exhibit and set the budget</td>
<td>12–15</td>
</tr>
<tr>
<td>3. Reserve space; contact the DTI to establish EMIA assistance available</td>
<td>12–15</td>
</tr>
<tr>
<td>4. Allocate someone to manage the project and inform all staff</td>
<td>12</td>
</tr>
<tr>
<td>5. Request quotations from stand contractors and stand designers</td>
<td>12</td>
</tr>
<tr>
<td>6. Select products for display and agree on any product adaptation</td>
<td>11</td>
</tr>
<tr>
<td>7. Draw up a detailed timetable and budget, and apply for EMIA</td>
<td>11</td>
</tr>
<tr>
<td>8. Appoint and brief the stand designer</td>
<td>10</td>
</tr>
<tr>
<td>9. Apply for foreign travel and other permits</td>
<td>8</td>
</tr>
<tr>
<td>10. Book the shell stand, furnishings and utilities</td>
<td>6–8</td>
</tr>
<tr>
<td>11. Appoint a freight forwarder and agree on delivery times</td>
<td>8</td>
</tr>
<tr>
<td>12. Approve the stand design and send plans to the trade fair organiser</td>
<td>8</td>
</tr>
<tr>
<td>13. Send catalogue entry data to organisers</td>
<td>7</td>
</tr>
<tr>
<td>14. Decide on the need for brochures, business cards, invitations, etc. and appoint a graphic designer</td>
<td>7</td>
</tr>
<tr>
<td>15. Prepare material and translations for printed matter</td>
<td>6</td>
</tr>
<tr>
<td>16. Decide on stand personnel</td>
<td>6</td>
</tr>
<tr>
<td>17. Book hotel rooms and air tickets</td>
<td>6</td>
</tr>
<tr>
<td>18. Arrange insurance</td>
<td>6</td>
</tr>
<tr>
<td>19. Revise the budget</td>
<td>6</td>
</tr>
<tr>
<td>20. Appoint a contractor to build the stand if not handled by the designer</td>
<td>5</td>
</tr>
<tr>
<td>21. Prepare advertisements for the fair catalogue</td>
<td>5</td>
</tr>
<tr>
<td>22. Make up a mailing list to invite potential foreign buyers to the stand</td>
<td>5</td>
</tr>
<tr>
<td>23. Arrange for hosts and/or interpreters</td>
<td>5</td>
</tr>
<tr>
<td>24. Complete display panels, signboards, etc., if not handled by the contractor</td>
<td>4</td>
</tr>
<tr>
<td>25. Prepare and place an advertisement in a trade journal in the foreign market</td>
<td>4</td>
</tr>
<tr>
<td>26. Obtain quotations from printers for printed material</td>
<td>4</td>
</tr>
<tr>
<td>27. Deliver goods and display material to the freight forwarder</td>
<td>3–4</td>
</tr>
<tr>
<td>28. Appoint a clearing agent in the foreign market</td>
<td>4</td>
</tr>
<tr>
<td>29. Request passes and promotional aids from organisers</td>
<td>4</td>
</tr>
<tr>
<td>30. Agree on prices and quantities offered</td>
<td>3</td>
</tr>
<tr>
<td>31. Send the brochure to the printer</td>
<td>3</td>
</tr>
<tr>
<td>32. Meet the deadline for printing the literature</td>
<td>2</td>
</tr>
<tr>
<td>33. Mail invitations to attend the cocktail reception, or other function, etc.</td>
<td>1</td>
</tr>
<tr>
<td>34. Arrange for the disposal and/or return of the merchandise</td>
<td>0</td>
</tr>
</tbody>
</table>
# RESOURCES

## International Trade Projects
- **Location:** Johannesburg  
- **Tel.:** 011 486 0585  
- **Fax:** 011 486 0530  
- **E-mail:** david@tradeprojects.co.za  
- **Activities:** Specialists in foreign trade fair management for small, medium and large firms; export advertising and public relations and small firm export development.

## How to Get the Most Out of Trade Shows
- **Publisher:** McGraw-Hill Trade; 3rd edition (July 1, 2000)  
- **Author:** Steve Miller  
- **Cost:** US$ 15  
- **Obtainable:** From Amazon.com  
- **Contents:** Provide practical advise on choosing the correct fair, setting show objectives, designing an effective stand, attracting prospects, following up on leads and selling from a stand.

## Guide to Planning Successful Exhibitions
- **Publisher:** Kaos Design Ltd  
- **Cost:** Free  
- **Obtainable:** on-line  
- **Web site:** [www.kdl.to/guides/exhibition_guide.htm](http://www.kdl.to/guides/exhibition_guide.htm)  
- **Contents:** A step-by-step guide to planning a successful exhibition
29. **What are the typical costs of participating in a trade fair?**

Costs can vary greatly, depending on the trade fair. To prevent overspending, it is essential to operate within a detailed budget. Preparing a comprehensive and realistic budget entails the following steps:

- Decide on the objectives to be achieved through participating in the trade fair.
- List the necessary tasks to be undertaken to achieve those objectives.
- Estimate the costs involved.

To ensure that the exporter neither over- nor under-spends on various exhibition-related activities, a detailed list of all possible areas of expenditure should be made and then resources allocated proportionately. The typical areas of costs that are incurred while exhibiting are described below:

- **Expenses incurred in South Africa**
  - Insurance
  - Promotional materials:
    - Business cards.
    - Brochures/leaflets.
    - Postcards.
    - Display samples.
    - Give-aways.
  - Display requirements:
    - Booth design costs.
    - Wall posters.
    - Shelving systems.
    - Company signs and graphics.
    - Draping, carpets and special props.
  - Pre-show marketing:
    - Compiling a pre-show customer database.
    - Invitations to potential buyers and distributors – to be sent out well in advance.
    - Advertising in show directory.
    - News/publicity release.
- **Travel and freight costs**
  - Air fares.
  - Accommodation.
  - Local travel in the foreign market.
  - Telecommunications.
  - Subsistence.
  - Freight to and from the exhibition.
- **Exhibition stand costs**
  - Space cost:
    - Obtain this from the organisers and verify exactly what is included.
    - Some fair organisers quote on raw space only.
    - Others include basic walling, carpeting and furniture.
    - Some offer enhanced packages with lighting and fascia panels.
  - Other items - many necessary items might not included in the standard package:
    - Lighting.
    - Carpeting.
Finding the Customer

- Plug point and electricity.
- Furniture (tables, chairs, shelving, counters, lockable cabinet).
- Audio-visual equipment.
- Telephone/Internet access.
- Refrigerator.
- Cleaning services.
- On-site labour costs.
- Drayage (delivery of goods onto the stand and out again after the exhibition).
- Security.
- Storage.

> Special services
  - Interpreters.
  - Additional sales staff.
  - Credit card facility (on a consumer show).
  - Stand photography.

Financial assistance by the Department of Trade and Industry, if approved, should be taken into account in the budgeting.

RESOURCES

Export Marketing and Investment Assistance (EMIA) Unit, Trade and Investment South Africa
Location: Pretoria
Tel: 0861 843 384
Fax: 012 394 2343
Web site: www.thedti.gov.za
E-mail: enquiries@thedti.gov.za
Activities: Administers the EMIA incentive scheme.

International Trade Projects
Location: Johannesburg
Tel.: 011 486 0585
Fax: 011 486 0530
E-mail: david@tradeprojects.co.za
Activities: Specialists in foreign trade fair management for small, medium and large firms; export advertising and public relations and small firm export development.
30. What are the keys to success while the exporter is at a trade fair?

The majority of buyers use trade fairs as a primary source of information when making annual buying decisions. A company’s stand illustrates its capabilities, efficiency and commitment; it provides an introduction and the means of making a good first impression, which is essential to attracting potential customers. Firms with limited space can compete in the trade fair arena by using good design techniques and well-trained staff.

Create an attractive display. At an international trade fair companies are competing against the best in the world. To attract visitors to its stand, the company’s display must effectively communicate what it has to offer. There are practical and cost-effective ways of achieving this, but the company should always make sure that it complies with the venue regulations stated in the set-up manual that the organisers provide to exhibitors.

➤ Signs and graphics
• Signs and graphics can establish the company identity to support the image conveyed by the company letterhead and promotional material.
• Standard signs are sometimes provided in the booth package, but it would be better to use a graphic designer to incorporate the company symbol or logo.

➤ Show the South African identity
• The South African identity can work to a company’s advantage, especially if the product falls into a sector for which South Africa is particularly well known, such as crafts, food, wine and travel.
• The South African identity immediately sets the company apart from competitors.
• No time is wasted with visitors who are not interested in imported products.

➤ Create an environment
• Setting the tone for the whole exhibit is one of the most important design aspects.
• Colour is an essential element and painted walls, draping, carpeting or other techniques may be used to achieve an inviting environment.
• Joining forces with other South African exhibitors with similar products creates a greater impact e.g. a group of complementary crafts or textile products.

➤ Lighting
• A fully illuminated stand will be welcome, warm and will display products well.
• The trade fair organisers might provide lighting or the company might decide to order a plug point and supply its own. In the latter case it is essential to make sure that the lighting is compatible with the local electrical voltage.
• There should be an even spread of illumination with beams highlighting goods.
• The cost of fixtures and labour for installing them, as well as power, must be included in the budget.

➤ Choose the right merchandise
• The product range should be cohesive and should reflect what the company can offer the market.
• The stand should not be overcrowded, as this is off-putting to the target audience.
• Visitors should be encouraged to handle products if possible. A product that cannot be handled should not be displayed as it makes buyers wary.

Helpful tips. The company’s experience at an exhibition can be more beneficial and enjoyable if certain basic steps are followed:

➤ Those manning the stand should try to get to the city where the fair is being held a few days before it opens and plan on staying a few days after it closes. This allows them to recover from
any jet lag, become acquainted with the city and to evaluate the competitors. After the trade fair there will be an opportunity to immediately follow up some of the leads. However, the EMIA regulations should be taken note of.

- A company should try to have two representatives on the stand. At a busy trade fair, potential buyers/contacts will be lost if they are kept waiting. Company representatives must know the product, pricing structures, lead times for orders, possible modifications to the product if requested, and so forth.

- It is wise to choose accommodation near the trade fair venue to avoid excessive time and money spent on travel – this is why accommodation should be booked early.

- Company representatives should be aware of security. Trade fair security is generally good, but it is unwise to leave personal valuables (wallets, cell phones, laptops) in public view.

- It is essential that the company has an effective system for collecting business cards and taking proper notes of all enquiries.

- The stand should be kept neat and the entrance should not be crowded.

- Companies should observe trade fair times and representatives should be at the stand well before starting time in the morning to tidy up and prepare for the day.

The key to success lies with the professionals who serve on the stand. Staff must be friendly, approachable and well informed about the firm’s products and services.

**RESOURCES**

**Exhibition Stand Design**
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Web site: www.intracen.org
Contents: Handbook on design and construction of stands for trade fairs and exhibitions, with emphasis on national stands. Covers basic factors behind effective stand design; design criteria; site selection; stand layout; product display; lighting; stand furnishings, etc.

**How to Get the Most Out of Trade Shows**
Publisher: McGraw-Hill Trade; 3rd edition (July 1, 2000)
Author: Steve Miller
Cost: US$ 15
Obtainable: From Amazon.com
Contents: Provide practical advise on choosing the correct fair, setting show objectives, designing an effective stand, attracting prospects, following up on leads and selling from a stand.
Intellectual property issues
31. What is intellectual property and why should an exporter be concerned about it?

Intellectual property (IP) refers to the legal rights that an innovator has over the results of his/her intellectual activity in the industrial, scientific, literary and artistic fields. The innovator may be an individual or a company or some other type of organisation.

Most businesspeople in South Africa are aware of brand or trademark piracy: that is, the manufacture and selling of illegal copies of goods, whether they be branded watches, belts or other items of clothing, or CDs and DVDs, or automotive spares. Any company with an innovative product or a unique design is vulnerable to such action by competitors who can undermine their market.

A small company, with less resilience than a large corporation, can be driven out of business if it does not protect itself, especially when it moves into international markets.

**Protecting business assets**

A business has two types of assets:

- Physical assets, which include buildings, machinery, financial assets and infrastructure.
- Intangible assets, which include human capital and know-how, good will, and ideas, strategies, business plans, brands, designs and other intangible results of a company’s creative and innovative talents.

Just as a company protects its physical assets by insuring them against damage and loss, so it should, where it can, protect its intangible assets by establishing its IP rights.

**Types of intellectual property**

IP is divided into two broad categories: industrial property and copyright.

- Industrial property covers inventions, industrial designs, trademarks, service marks and commercial names and designations.
- Copyright covers literary, artistic and scientific works (related rights cover performances by performing artists, phonograms, and broadcasts).
RESOURCES

WIPO Intellectual Property Handbook: Policy, Law and Use
Publisher: World Intellectual Property Organisation
Cost: Free to download from web site
Tel: +41 22 338 9111
Fax: +41 22 338 8810
E-mail: publicinf@wipo.int
Web site: www.wipo.int
Contents: Comprehensive information on all aspects of intellectual property rights

Intellectual Property: Protection and Enforcement
Publisher: World Trade Organisation
Cost: Free to download from web site
Web site: www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm
Contents: A simple introduction to intellectual property and the TRIPS Agreement.

Companies and Intellectual Properties Registration Office (CIPRO)
Location: Pretoria
Tel: 0861 843 384
Fax: 012 325 4007
Web site: www.thedti.gov.za
Activities: The dti, through CIPRO, offers registration of Intellectual Property Rights, namely Patents and Designs
32. **What are the different forms of intellectual property protection?**

IP may be protected by different types of legal instruments, according to the type of intangible asset the company wants to protect.

**Industrial property**

- **Patents** are usually used to protect innovative products and processes. The period of protection is limited, usually to 20 years. In some countries, mechanical inventions may be registered under a slightly simpler mechanism called a *utility model*, which usually affords a shorter period of protection.

- **Trademarks** are defined as “any sign that individualises the goods of a given enterprise and distinguishes them from the goods of its competitors”. Trademark registration is usually subject to a time limit, but the enterprise owning the trademark can renew registration each time the time limit expires.

- **Industrial design** refers to protection of the original ornamental and non-functional features of an industrial article or product. The time limit varies from 10 years to 25 years, with renewal sometimes being required at fixed periods during this time.

- **Integrated circuits**: here, the layout designs of integrated circuits, such as are used in a wide variety of articles, ranging from watches and television sets to sophisticated data processing equipment, are afforded protection. The time limit for protection is at least 10 years and may be 15 years.

- **Geographic indications**: this area of protection refers to names and symbols that indicate a certain geographical origin of a given product. It is under this provision that South African producers have to phase out the use of words such as ‘port’ and ‘sherry’ to describe certain fortified wines.

- **Unfair competition**, which is defined as “any act of competition contrary to honest practices in industrial and commercial matters”. This is quite broad and covers such areas as trade secrets and confidential company information, false or misleading advertising and publicity and discrediting of competitors.

**Copyright and related rights**

- **Copyright** is the branch of legal protection that deals with intellectual creators and with particular forms of creativity. These forms are usually concerned primarily with mass communication, including printed publications, sound and television broadcasting, films for public exhibition and even computerised systems for the storage and retrieval of information. Copyright is protected in most countries for the duration of the life of the creator and not less than 50 years after the person’s death.
RESOURCES

**WIPO Intellectual Property Handbook: Policy, Law and Use**
Publisher: World Intellectual Property Organisation  
Cost: Free to download from web site  
Tel: +41 22 338 9111  
Fax: +41 22 338 8810  
E-mail: publicinf@wipo.int  
Web site: www.wipo.int  
Contents: Comprehensive information on all aspects of intellectual property rights

**Intellectual Property: Protection and Enforcement**
Publisher: World Trade Organisation  
Cost: Free to download from web site  
Web site: www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm  
Contents: A simple introduction to intellectual property and the TRIPS Agreement.
33. **Are intellectual property laws international?**

Most countries have established their own laws covering IP. However, through a number of international agreements, or conventions, the national laws of countries have to a great extent been harmonised.

**World Intellectual Property Organisation**

Most of the international agreements on intellectual property are administered by the World Intellectual Property Organisation (WIPO), a specialised agency of the United Nations group. WIPO does not merely administer agreements, it assists developing countries to introduce and implement effective intellectual property legislation and it is involved in dispute resolution in this field.

The major international conventions and agreements administered by WIPO are:

- The Paris Convention for the Protection of Industrial Property
- The Berne Convention for the Protection of Literary and Artistic Works
- The Patent Co-operation Treaty

**Important provision of the treaties:** Most of the international treaties have a clause that requires each member to extend the same protection to the nationals of other member countries as it extends to its own nationals.

**World Trade Organisation (WTO) and intellectual property rights**

Under the WTO, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was drawn up, laying down minimum standards of protection which countries must provide for IP rights. Countries are also required to ensure effective enforcement of these rights. The rules apply to all the areas of intellectual property referred to under the previous question.

More information on TRIPS is given in Questions 120 to 122.

**South Africa’s status**

South Africa’s IP legislation is well developed and the country is a member not only of the WTO, but also a signatory of several of the international IP agreements:

- **WTO:** Member and signatory to TRIPS agreement
- **WIPO treaties:**
  - Paris Convention
  - Berne Convention
  - Patent Co-operation Treaty
  - International Convention for the Protection of New Varieties of Plants

**Administering body:** In South Africa, the Department of Trade and Industry, through the Companies and Intellectual Properties Registration Office (CIPRO), administers IP legislation and handles applications for registration under the various protection Acts.

**RESOURCES**

*International Treaties on Intellectual Property*

Publisher: World Intellectual Property Organisation
Intellectual Property Issues

Cost: Free to download from web site
Tel: +41 22 338 9111
Fax: +41 22 338 8810
E-mail: publicinf@wipo.int
Web site: www.wipo.int/treaties/index.html
Contents: An overview of the main international IP treaties administered by WIPO with details on which countries are signatories to such treaties.

Intellectual Property: Protection and Enforcement
Publisher: World Trade Organisation
Cost: Free to download from web site
Web site: www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm
Contents: A simple introduction to intellectual property and the TRIPS Agreement.

The Collection of Laws for Electronic Access (CLEA)
Publisher: World Intellectual Property Organisation
Cost: Free to download from web site
Tel: +41 22 338 9111
Fax: +41 22 338 8810
E-mail: publicinf@wipo.int
Web site: http://clea.wipo.int/
Contents: A unique international electronic archive of intellectual property legislation, providing easy access to multilateral treaties and to the intellectual property laws of a wide range of countries.
34. **What benefits do intellectual property rights give an exporter?**

Briefly, protection under IP law provides the innovator (whether it be an individual or a company) with exclusive rights over the use of the innovation or creative work for a period of time, thus limiting the scope for copying and imitation by competitors.

However, there are a number of other benefits that an exporter or potential exporter can derive from IP rights. Reasons why a company should investigate the issue fully are:

> Building a brand name or trademark in a foreign market contributes to buyer loyalty, perceived product value and differentiation from competitors. It can be done only if the brand name or trademark is registered.

> The more exposed a company’s products are to international markets, the more vulnerable the company is to having its products copied or imitated. Patent protection can limit the damage.

> Ownership over registered, patented designs, trademarks or brands is an asset that counts in a company’s favour when:
  - Approaching financial institutions for funding
  - Negotiating with potential associates or partners in foreign markets

> IP protection provides a company with greater flexibility in selecting market entry channels and opens the way for franchising, licensing, joint ventures or other forms of contractual arrangements in foreign markets.

> The company’s business and marketing plan and other strategic information is protected under the protection against unfair competition provisions.

**RESOURCES**

**WIPO Intellectual Property Handbook: Policy, Law and Use**

Publisher: World Intellectual Property Organisation

Cost: Free to download from web site

Tel: +41 22 338 9111

Fax: +41 22 338 8810

E-mail: publicinf@wipo.int

Web site: www.wipo.int

Contents: Comprehensive information on all aspects of intellectual property rights
35. **How does a company obtain intellectual property protection?**

This field of law is complex. This is because it concerns not only South African law, but also the laws of other countries where a company may wish to do business, and international treaties or agreements.

Companies therefore should seek advice from a specialised patent attorney who has experience in the field. However, before doing this, the company should first:

- Analyse its products to determine what should be protected. Complex, sophisticated products may be protected under several different types of IP rights. A CD player, for example may be protected:
  - under copyright for the computer programme controlling the operations
  - by industrial design because of the aesthetic design of the body of the machine
  - by a series of patents for the technical features
  - under trademarks protection for the company or brand name.
- Analyse its packaging, especially if there is any innovative feature.
- Analyse its production processes to determine if there is scope for IP protection.
- Determine which foreign markets it is expecting to develop and what types of distribution arrangements it is likely to make.
- Prepare a written brief, together with technical drawings and specifications where appropriate, on all of these aspects before having the first meeting with the legal advisor.

At the first meeting, the company will need to explain its export objectives and the time-frame for achieving them. It is important at this early stage for the company to ask the attorney for information on the costs involved. As with all forms of protection against risk, there is a cost attached to IP protection, especially where protection is required in a number of countries, some of which may require individual registrations.

With guidance from an experienced patent attorney, the company will be able to determine the extent of protection he needs and any further information he must provide.

**RESOURCES**

**Companies and Intellectual Properties Registration Office (CIPRO)**
Location: Pretoria
Tel: 0861 843 384
Fax: 012 325 4007
Web site: www.thediti.gov.za
Activities: CIPRO assist with the registration of Intellectual Property Rights

**Adams and Adams**
Location: Pretoria and major centres
Tel.: 012 481 1500
Fax: 012 362 6440
Web site: www.adamsadams.co.za
Activities: Diversified legal services, including patent law.
**Webber Wentzel Bowens**  
Location: Johannesburg  
Tel: 011 530 5000  
Fax: 011 530 5111  
Web site: www.wwb.co.za  
Activities: Diversified legal services, including patent law

**Spoor and Fisher**  
Location: Johannesburg  
Tel: 011 303 1111  
Fax: 011 303 1100  
Web site: www.spoor.co.za/  
Activities: Trademark and patent attorneys, handling all aspects of intellectual property rights, with a network of international associates.
36. What are the common mistakes exporters make regarding intellectual property rights?

Some of the most common mistakes exporters make are:

- **Not considering IP rights soon enough:** For some markets, the company needs to apply for patent and industrial design registration within a certain time of having applied for protection in the domestic market, otherwise it may be barred from protection in those markets. Companies need to get clarity on such issues at a very early stage, possibly long before they are ready to begin to develop markets abroad.

- **Assuming that IP protection is universal:** IP protection is granted under national law, even though international treaties harmonise IP law among member countries.

- **Assuming that laws and procedures for the protection of IP rights are the same in all countries:** The international treaties, such as the Paris Convention and the Berne Convention, have led to far more harmonisation in IP law among member countries. However, there can be significant differences, and these have to be taken into account.

- **Not using the regional or international protection systems:** Despite the previous item, there are regional and international protection systems available through which application for IP protection in several countries can be cost-effective. Companies should discuss all possibilities with their patent law advisor.

- **Not checking whether a trademark is already registered or being used by competitors in a target foreign market:** A company seeking IP protection in a target market should not fall into this error, because one of the first steps to applying for protection is searching to ensure that the trademark or brand to be protected is not already in use. Using a trademark registered by another company is an infringement of IP rights and can lead to legal action.

- **Using a trademark that is inappropriate in the market concerned:** The trademark might be inappropriate on legal grounds. More often, inappropriateness arises from cultural differences and highlights the importance of an exporter having cultural awareness of potential foreign markets.

- **Disclosing strategic information without having a confidentiality or non-disclosure agreement:** Openness and transparency are important attributes when negotiating distribution or agency agreements. However, it is not good business practice for a company to disclose strategic information to potential associates or representatives until confidentiality and/or non-disclosure agreements (usually an essential part of an agency or distributorship agreement) have been signed.

**RESOURCES**

*WIPO Intellectual Property Handbook: Policy, Law and Use*

Publisher: World Intellectual Property Organisation  
Cost: Free to download from web site  
Tel: +41 22 338 9111  
Fax: +41 22 338 8810  
E-mail: publicinf@wipo.int  
Web site: www.wipo.int  
Contents: Comprehensive information on all aspects of intellectual property rights
Intellectual Property for Exporters: Avoiding Common Pitfalls
Author: Esteban Burrone
Cost: Free on WIPO web site
Contents: Article discussing IP-related mistakes commonly made by exporters.

International Treaties on Intellectual Property
Publisher: World Intellectual Property Organisation
Cost: Free to download from web site
Tel: +41 22 338 9111
Fax: +41 22 338 8810
E-mail: publicinf@wipo.int
Web site: www.wipo.int/treaties/index.html
Contents: An overview of the main international IP treaties administered by WIPO with details on which countries are signatories to such treaties.

Intellectual Property: Protection and Enforcement
Publisher: World Trade Organisation
Cost: Free to download from web site
Web site: www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm
Contents: A simple introduction to intellectual property and the TRIPS Agreement.

The Collection of Laws for Electronic Access (CLEA)
Publisher: World Intellectual Property Organisation
Cost: Free to download from web site
Tel: +41 22 338 9111
Fax: +41 22 338 8810
E-mail: publicinf@wipo.int
Web site: http://clea.wipo.int/
Contents: A unique international electronic archive of intellectual property legislation, providing easy access to multilateral treaties and to the intellectual property laws of a wide range of countries.

Adams and Adams
Location: Pretoria and major centres
Tel.: 012 481 1500
Fax: 012 362 6440
Web site: www.adamsadams.co.za
Activities: Diversified legal services, including patent law.

Webber Wentzel Bowens
Location: Johannesburg
Tel: 011 530 5000
Fax: 011 530 5111
Web site: www.wwb.co.za
Activities: Diversified legal services, including patent law

Spoor and Fisher
Location: Johannesburg
Tel: 011 303 1100
Fax: 011 303 1100
Web site: www.spoor.co.za
Activities: Trademark and patent attorneys, handling all aspects if intellectual property rights, with a network of international associates.
Cultural issues
37. **What are the rules of business etiquette when doing business in different countries?**

As a general rule, exporters should respect the culture and traditions of the country with which they want to do business. Every society has its own norms for doing business. To be successful in international markets, exporters should be fully aware of customs and practices, especially business practices, in each market. What is considered polite in South Africa may be regarded as rude elsewhere. Some concessions will be made to the exporter because he or she is a foreigner; however, a prospective buyer will be very impressed if the exporter has acquired some prior knowledge of the buyer’s country. Exporters must always remember that the personal image they give will be linked to that of their firm.

Rather than passing judgement on any foreign culture and its ways, a better and more profitable alternative is understanding why that culture is the way it is. The golden rule of business etiquette is to be open-minded, non-judgemental and flexible. While travelling abroad, exporters should keep the following points in mind:

**Punctuality.** Being punctual shows respect for business partners’ time and commitment. Even when it is culturally acceptable to be late, the exporter should always be on time for appointments.

**Addressing individuals.** Different countries have different practices for addressing people. In some countries, using first names is acceptable immediately, in others this would be seen as highly improper, rude or insulting. For this reason, the exporter should never use first names unless invited to do so. The correct pronunciation of the names of each business contact should also be practised beforehand in order to avoid embarrassment for both parties. Special rules about addressing women should always be adhered to.

**Dress codes.** Dress codes vary from country to country – in some the dress code is formal and in others, informal or casual. Special note should be taken of dress conventions for women. Sometimes formal discussions are followed by informal dinners or get-togethers. Here again, customs differ on how to dress for different occasions.

**Greetings.** Different forms of greeting are used in different places. Shaking hands may be acceptable in one country but frowned upon in another, while bowing may be the formal greeting in other countries. Exporters should know what the correct practice is for greeting women.

**Conversation.** Some societies are serious by nature and are not in the habit of cracking jokes or narrating anecdotes during business discussions, while others would consider conversations dry and uninteresting otherwise. It is a good idea to be well informed about sensitive topics that should be avoided (e.g. the political situation, recent scandals, etc.), and about topics to which it would be polite to refer (e.g. a World Cup victory, the health of the President, etc).

**Socialising.** In some cultures, business people will frequently invite clients to their homes and extend hospitality, while others keep the personal side of their lives away from all business transactions. If invited to a social affair, exporters should accept the invitation, as this is a sign of respect. Many countries consider after-hours events a way of getting to know more about the exporter’s background.

**Gift giving.** Many countries practise this custom and the exporter must know whether a gift is expected or not, and to whom the gift should be offered (e.g. the host, the wife of the host, the family, the business contact, or the company head). A gift to a government official may appear to be a bribe; therefore it is important to first make sure that the gift is appropriate and will be well received.

**Negotiating styles.** Business people in some countries habitually enjoy negotiating and like to haggle over the terms of any transaction. Others prefer a firm and precise proposal which they can seriously evaluate and respond to.
**Business cards.** An exporter should always carry business cards with information printed on the reverse side in the business language of his target market. In some countries, business cards are treated quite reverently, as a declaration of the status of that person. It is important not to bend, write on or immediately put away the business card while in the company of the presenter of the card.

An exporter can contact embassies or High Commissions for any country-specific information required on business etiquette.

**RESOURCES**

**Business without Borders: A Strategic Guide to Global Marketing**
Publisher: John Wiley & Sons; 1st edition (May 1, 2002)
Author: Donald A. De Palma
Cost: US$30
Obtainable: From Amazon.com
Web-site: www.amazon.com
Contents: Practical guide on global web marketing

**Cross-Cultural Business Behavior**
Publisher: Copenhagen Business School Press; 3rd edition (December 1, 2002)
Author: Richard R. Gesteland
Cost: US$33
Obtainable: From Amazon.com
Web-site: www.amazon.com

**Going International: How to Make Friends and Deal Effectively in the Global Marketplace**
Author: Lennie Copeland & Lewis Griggs
Cost: US$34.95
Obtainable: From Amazon.com
Web-site: www.amazon.com
Contents: Provides country-specific, demographic and cultural information.

**Multicultural Manners: New Rules of Etiquette for a Changing Society**
Publisher: John Wiley & Sons; (February 1996)
Author: Norine Dresser
Cost: US$15
Obtainable: From Amazon.com
Web-site: www.amazon.com
Contents: Practical guide on the do’s and don’ts of successful business and social interaction with people from different cultures.
38. **Does being a businesswoman affect business success abroad?**

Many foreign businesses have lowered barriers to women who are more and more frequently assuming management positions. Nonetheless, biases, prejudices and traditions continue to deny women true equality in the international business world. It is important to note that the treatment of women residents in a particular country does not necessarily indicate how foreign businesswomen will be treated in that country.

Businesswomen all over the world may face problems and prejudices in a business environment traditionally dominated by men, particularly concerning access to finance. However, business is business, and if a good business plan is prepared, the fact that it is presented by a woman should not in principle raise any problems. Nonetheless, in some countries there has been a resurgence of the traditional male-orientated culture and in such countries a company's interests would be better served by a male negotiator.

When businesswomen travel abroad, they must be able to handle advances from the opposite sex coolly and with composure. If a woman becomes flustered by the situation, she should excuse herself, leave the room, regain her composure and resume negotiations.

Regardless of the country in which a woman may choose to conduct business, she would be advised to:

- Obtain first-hand information on the local dress code for women and dress conservatively.
- Behave in a manner that demands respect.
- Request accommodation on a ‘ladies only’ floor of the hotel, if this service is offered.
- Be cautious when dining alone.
- Not give business gifts unless they are for the family.
- Avoid smoking and drinking alcohol in public in an unfamiliar cultural environment.
- Offer to pay for business lunches or dinners, but not insist on it.

**RESOURCES**

**Do’s and Taboos Around the World for Women in Business**

- **Publisher:** John Wiley & Sons
- **Cost:** US$14.36
- **Obtainable:** From Amazon.com
- **Web-site:** www.amazon.com
- **Contents:** Describes what women need to know to succeed in international business.
39. **What safety precautions should be undertaken before and when travelling abroad?**

Travelling abroad is often a wonderful adventure. Sometimes, however, new experiences may overwhelm the traveller to the extent that he or she becomes unobservant of the surroundings and a possible victim to potential acts of violence. A company sending a representative to foreign countries has a responsibility to warn, train and inform the person how to respond to emergencies there. It is essential to inform the traveller on security problems, political unrest, and what to do should a violent situation occur. Staying safe abroad largely depends on knowing the culture and the environment. With this knowledge, many undesirable experiences can easily be avoided.

Simple precautions should be taken:

- When the traveller collects his or her tickets and reservation confirmations, the travel agent should provide contact telephone numbers in the countries being visited that can be used in the event of any difficulty with travel or accommodation arrangements.

- A copy of the traveller’s itinerary with all contact details should be kept by a suitable person in the company, together with photocopies of essential pages of the passport and any visas and vaccination certificates. A record of travellers’ cheque numbers should also be kept with the travel information.

- The traveller should always carry a second copy of the travel documents (passport, visas and vaccination certificates), full itinerary and travellers’ cheque numbers separately from the originals.

- It is wiser for the traveller not to wear expensive accessories.

- If the traveller carries any prescribed drugs, it is advisable to carry a doctor’s letter of explanation to save long interrogations by zealous Customs or immigration officials.

- Hand luggage or bags, laptops and cell phones should be held firmly.

- The traveller should never agree to carry another person’s bags through Customs or immigration, no matter how churlish this may seem.

- A traveller should also know what to do in a particular country if his passport or airline tickets are misplaced or stolen (having photocopies simplifies the process of replacing them).

- The traveller should also know what to do if he or she is arrested, robbed, etc.

- When in trouble, it is advisable for the traveller to contact the nearest South African high commission, embassy or consulate or if, there is no South African representation, the nearest foreign embassy or consulate. For this reason, it is wise to carry a list of suitable contacts in the countries being visited.

- The traveller should confirm whether there are any special medical precautions that should be taken when visiting a particular country. These may include malaria tablets, vaccinations, use of bottled mineral water only, etc.
RESOURCES

**Personal Safety Guide for International Travellers**
Publisher: Edward Lee  
Cost: US$20  
Obtainable: Lee Group, 2044 Reynolds Street, Free Church, VA 22043  
Contents: This book addresses the wide spectrum of concerns a business traveller may face while travelling abroad.

**South African Representatives stationed abroad**
See Appendix A

**Foreign Embassies in South Africa**
See Appendix B
Agents and distributors
40. **In what ways can an exporter be represented in a foreign market?**

Small firms often start exporting in response to unsolicited orders from abroad. However, as the volume of export orders grows, the firm will have to think about setting up a long-term relationship with the export market by having some kind of representation there. Even where the exporter is selling directly to an end user, as is common in the case of industrial goods or products bought by government departments, it may be convenient for him to have a representative in the foreign market. It also gives the buyer increased confidence. Furthermore, in many developing countries, government departments insist on importing only through a local representative.

There are many options for such representation:

**Commission agent.** The commission agent works on behalf of the exporter and promotes his products or services to potential buyers. The relationship between the exporter and the agent is defined by the agency agreement.

**Distributor.** A distributor usually buys on his own account and sells the goods to another intermediary in the distribution chain, e.g. a wholesaler or retailer, at a price that he controls. Technically, therefore, he is the exporter's customer. The relationship between the distributor and the exporter is defined by the distributorship agreement, which may be supplemented by an individual sales agreement per consignment.

**International trading houses.** The role of the international trading house in representing the exporter in the foreign market is similar to that of the distributor. In fact, many international trading houses have distribution networks in the countries in which they operate in order to service the products they trade in.

**Branch marketing office.** Opening his own marketing office in a foreign market is often the first step an exporter takes to establish a direct presence in the market. It is a step that would not normally be taken unless the exporter has a commitment to the market and expects a significant proportion of business to be derived from it. Usually the branch acts as the importer and stockist of the parent company's products, and is responsible for developing sales.

**Buying houses and import agents.** The exporter may sell his products to buying houses or import agents that source products on behalf of large industrial users, government departments or retail stores. Such organisations often insist on dealing directly with producers or exporters. However, they do not represent the exporter and he may wish to appoint his own representative in the market to handle other business.

**Import promotion offices.** Many countries have special offices to encourage imports from developing countries. These organisations may be useful in providing introductions to potential buyers or representatives, but they do not themselves represent exporters nor do they actually import products themselves.

In different parts of the world the forms of representation for foreign suppliers vary. The following list provides a guide to the most regularly used channels of entry for markets in Asia and Africa, Canada and the United States, and Western Europe:

**Asia and Africa**
- Agents
- Wholesaler distributors
- Trading firms
- Retailers
Canada and the United States
> Commission agents
> Importer wholesalers
> Central buying organisations; department stores
> Large independent retailers

Western Europe
> Importer distributors; manufacturers; wholesalers
> Large retailers and chain organisations
> Central purchasing organisations
> Small retail organisations

RESOURCES

Commercial Representation (pack)
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Web site: www.intracen.org
Content: Among others, includes modules on Role of the Official Commercial Representative, Services to Exporters that commercial representatives abroad can provide to exporters, Commercial Intelligence and Reporting, Commercial Relations, Trade Missions
**41. What role does the exporter’s foreign market representative play?**

The exporter’s representative in a foreign market, whether it be a commission agent or distributor, is to act as his sales ambassador, establish and develop market contacts, build up a client base and maintain healthy customer relations.

**Commission agent**

- A commission agent is essentially a person appointed by the exporter to maintain a direct relationship with the customer.
- The commission agent does not buy and sell the goods, but merely locates business opportunities for the exporter and negotiates and concludes deals on behalf of the exporter within a defined market region.
- Working on a fixed salary or commission (i.e. a percentage on sales concluded and paid for), the commission agent normally carries no credit risk.
- The sales contract is always between the exporter and the buyer, even though the commission agent may sign it on behalf of the exporter.
- The exporter controls the price at which goods are sold and the method and terms of payment.

The commission agent may undertake a number of activities associated with his main function of obtaining orders. For example, it would be normal for the exporter to require his agent to provide regular market and customer reports. The agent may also assist the importer with certain documentary and Customs clearance tasks, if necessary. It is not customary for an agent to provide after-sales service in the technical sense, nor to carry stocks or spares.

The commission agent may act exclusively on behalf of the exporter where the volume of business in a particular market is large enough to provide him with an acceptable income. Normally, however, the agent will handle products from a number of companies.

**Distributor**

- A distributor, who is sometimes a wholesaler or a local importer, buys goods outright from the exporter and then sells them to the customer at a profit.
- The distributor usually represents the interest of the exporter in a specified territory or region for an agreed range of products.
- There are relatively no credit risks for the exporter in such cases.
- The distributor holds stock and looks after local publicity and sales promotion.
- He also provides after-sales service where required.
- With a distributor, a more direct and deeper market penetration can be achieved and, if the distributor is well known, this form of representation can be an effective way of securing a quick entry for the product in the market.
- The distributor usually represents more than one manufacturer, though not necessarily for the same range of products.
- The exporter does not have control over the final pricing of the product, which is fixed by the distributor according to market conditions.
- In some cases, the distributor may agree to the exporter retaining control over the price at which the product is on sold.
RESOURCES

Guide to Export Import Basics

Publishers: International Chamber of Commerce (ICC)
Cost: EUR 58
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Covers the entire process of international trade – from how to prepare the sales contact to how to arrange for international transport to questions of agency, distributorship and franchising.
42. **What criteria should be used in the selection of a commission agent or a distributor?**

Whether an exporter chooses a commission agent or a distributor depends primarily on the product to be exported:

- Commission agents are better suited to handle consumable products (both industrial and consumer products) that do not require after-sales servicing.
- Distributors are more appropriate for selling industrial and consumer durables and other products requiring after-sales servicing.

In the light of these differences, somewhat different criteria should be used when recruiting one or the other.

**Commission agents** may have direct communication with the consumer, in the case of an industrial consumable. They should have:

- A reputable track record or sales history.
- A sound knowledge of the domestic market.
- Proven ability to conduct market research.
- Technical knowledge of the product.
- Easy access to potential buyers of the product.
- Extensive coverage of the target market.
- Communication facilities.

When choosing a commission agent, the exporter should also keep in mind the product lines held, especially competing lines, and the commission demanded and its mode of calculation.

**Distributors** should have similar traits to commission agents, but they should also have:

- Sound financial standing.
- Extensive resources (staff, showrooms, storage facilities, etc.).
- Capability for meeting stringent customer requirements.
- Facility for providing after-sales service.
- A straightforward method for appraising the products.
- Clear reporting and accounting procedures.

The exporter should ensure that both types of representative are well known in the local market and can fully meet his or her requirements.
RESOURCES

Pre-Screening Prospective Agents: Some Guidelines.
Publisher: Manufacturers’ Agents National Association
Cost: US$3.50
Obtainable: P.O. Box 3467, Languna Hills, CA 92654
Web site: www.manaonline.org
Contents: Illustrates effective screening techniques for potential commission agents or distributors for the benefit of both parties involved. Contains a comparative analysis of leading distributors, dealers, commission agents and representatives in more than 90 countries.
43. **How are agency and distributorship contracts drawn up?**

The exporter must be very thorough when drafting a commission agency or distributorship contract to ensure that all possible areas of the relationship are covered. It is essential that professional legal advice is obtained from an experienced international trade attorney, but some of the general contract details that should be included are presented below:

**Parties to the agreement.** The contract should state the names of individuals and firms, and give complete contact information.

**Definition of products.** This is a general statement describing the goods in detail. The exporter may reserve the right to discontinue the manufacture of any goods upon giving reasonable notice to the representative. The representation of competitive goods may be totally excluded or allowed under certain conditions. The situation with regard to non-competitive goods should also be specified.

**Territories covered.** A clear definition of the territory covered by the contract should be given. This may be confined to the area of a single town; be wholly included within, or entirely cover, the boundaries of a single country or state; be defined by latitude and longitude; be coincident with the limits of a mandated territory, etc.

**Exclusivity or non-exclusivity.** This clause is necessary to regulate whether the exporter may send any person into the territory other than the representative, or if the exporter can transact business there directly. An effective, experienced agent or distributor will normally demand exclusivity; however, he may agree to the exporter handling certain customers directly, e.g. government departments or parastatals. An agent will often demand a commission for any incidental sale that takes place in his territory, even if he did not initiate it. The exporter and agent's position on this needs to be clarified in advance.

**Duration of contract.** This clause should determine the duration of the agreement.

**Responsibility for local advertising.** This clause should specify responsibility for expenses incurred for local advertising, the nature of the advertising and the need for the exporter's authorisation; this would be required in respect of costs where the exporter has agreed to pay portion of these, and on design and content to ensure that both the message and image is consistent and complies with the standards set by the exporter.

**Probationary period.** When entering into a contract, parties tend to be optimistic but that optimism is not always justified. A probationary period of, for example, one year is therefore always recommended.

**Performance targets.** The parties should agree what annual targets, and periodic increases, should be achieved in terms of sales and, if appropriate, buyers.

**Periodic reports.** The agent or distributor should submit regular reports on activities in the territory, and the exporter should regularly communicate any changes to and developments in supplies.

**Confidentiality requirement.** A declaration of confidentiality between the exporter and the agent or distributor should be included. This should detail the areas covered, e.g. not pledging the exporter's credit without consent; not commencing legal proceedings in the name of the exporter; and not divulging specific information relating to the exporter’s business without the exporter’s consent.

**Termination requirement.** The circumstances in which the contract may be terminated, either automatically or by giving notice, should be clearly stated. Termination can be linked to the achievement of the performance targets.

**Method of quoting by the exporter.** The Incoterms 2000 used should be stated, as they determine the landed price for the distributor. The agent should be aware of the terms of delivery so that they can be taken into account when negotiating with buyers.
**Force majeure clause.** A carefully drafted clause defining the acts of *force majeure* that apply to the contract may be appropriate, particularly for distributorship agreements. For more information on force majeure clauses see Question 98.

**General conditions.** This clause can address any other conditions not mentioned elsewhere in the contract.

**Choice of law.** It is important to state which law will apply to the contract. It is appropriate to state that the contract shall be governed by the law of the exporter’s country.

**Arbitration provisions.** A well-drafted agreement should also contain an arbitration clause.

Any additional clauses concerning, for example, dispute settlement, delayed payments, etc. should be added, if appropriate.

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**RESOURCES**

**ICC Model Commercial Agency Contract - 2nd edition**

<table>
<thead>
<tr>
<th>Publishers:</th>
<th>International Chamber of Commerce (ICC)</th>
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<tr>
<td>Obtainable:</td>
<td>International Chamber of Commerce, Paris, France</td>
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<tr>
<td>Tel:</td>
<td>+33 1 49 53 29 23</td>
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<tr>
<td>E-mail:</td>
<td><a href="mailto:pub@iccwbo.org">pub@iccwbo.org</a></td>
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<tr>
<td>Web site:</td>
<td><a href="http://www.iccbooks.com">www.iccbooks.com</a></td>
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<tr>
<td>Contents:</td>
<td>Using uniform contractual rules, and not based on any specific national law, the model incorporates prevailing practice in international trade as well as the principles generally recognised by the domestic laws on agency.</td>
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**ICC Model Distributorship Contract (sole importer-distributor)**

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<tr>
<td>Web site:</td>
<td><a href="http://www.iccbooks.com">www.iccbooks.com</a></td>
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<tr>
<td>Contents:</td>
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**Legal Aspects of Foreign Trade**

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<tr>
<td>Cost:</td>
<td>Free (for reference only)</td>
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<tr>
<td>Obtainable:</td>
<td>United Nations Information Centre, Metro Park Building, 351 Schoeman Street, Pretoria</td>
</tr>
<tr>
<td>Tel.:</td>
<td>012 354-8506</td>
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<tr>
<td>Fax:</td>
<td>012 354-1122</td>
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<tr>
<td>E-mail:</td>
<td><a href="mailto:unic@un.org.za">unic@un.org.za</a></td>
</tr>
<tr>
<td>Contents:</td>
<td>Details how governmental trade promotion agencies and business organisations can assist exporters and importers.</td>
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Trade Law Centre for Southern Africa (TRALAC)
Location: Cape Town
Tel: 021 883 2208
Fax: 021 883 8292
Web site: www.tralac.org
Activities: Various programmes in the arena of trade law and related issues.

Fluxmans Inc.
Location: Johannesburg
Tel: 011 328 1700
Fax: 011 880 2261
Web site: www.fluxmans.com
Activities: Diversified legal services

Hofmeyr Herbstein & Ginwala Inc.
Location: Johannesburg
Tel: 011 286 1100
Fax: 011 286 1264
E-mail: info@hofmeyr.com
Web site: www.hofmeyr.com
Activities: Diversified legal services

Webber Wentzel Bowens
Location: Johannesburg
Tel: 011 530 5000
Fax: 011 530 5111
Web site: www.wwb.co.za
Activities: Diversified legal services

Werksmans Attorneys
Location: Johannesburg
Tel: 011 535 8000
Fax: 011 535 8600
Web site: www.werksmans.co.za
Activities: Diversified legal services
44. What are the specific clauses to be included in agency and distributorship contracts?

The clauses mentioned in Question 38 should be included in both types of contract. However, the functions of commission agents and distributors are different and this should be reflected in the contract details. Some of the specific contract details are listed below:

For commission agents:

- Extent of the commission agent’s authority.
- Commission rate and basis of calculation.
- Responsibility for credit checks on potential customers, and for collecting debts.
- Requirement to disclose all relevant facts.
- Exporter’s right to inspect the agent’s accounts.
- Commission agent’s discretion to offer special terms to customers.

For distributors:

- Responsibility for advertising, and organising fairs and exhibitions.
- Conditions of sale – discounts.
- Guaranteed minimum sales targets.
- Minimum stock levels of products and spare parts.
- After-sales services, repairs and warranty.
- Selling prices.
- Supplier’s liability for defective goods.

RESOURCES

**ICC Model Commercial Agency Contract - 2nd edition**

Publishers: International Chamber of Commerce (ICC)
Cost: EUR 55
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Using uniform contractual rules, and not based on any specific national law, the model incorporates prevailing practice in international trade as well as the principles generally recognised by the domestic laws on agency.

**ICC Model Distributorship Contract (sole importer-distributor)**

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Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Provides a detailed guide for the drawing up of an international sole distributorship contract.

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**Werksmans Attorneys**
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Activities: Diversified legal services
45. What can happen legally if the agency or distributorship agreement is terminated?

In general, governments are very protective of agents, representatives and distributors based in their territory. In the event of “unjust” termination, many courts insist on compensation being paid to the commission agent or distributor for loss of income and reimbursement of the costs incurred in establishing the sales territory, even if the termination occurs at the end of the contract period.

Therefore, although the drafting of a legal agreement (i.e. a properly notarised agreement by a professional international trade attorney) can be costly, it may in the end prove to be very beneficial, saving the costs of additional legal expenses for both parties in the event of a contract being terminated.

In the contract, particular attention should be paid to the termination clause. It may be necessary to include a breach of agreement clause, so that if either party breaches the agreement, the non-defaulting party can terminate the contract and seek recourse.

While negotiating a contract, business people are often reluctant to consider which law governs their agreement and how potential disputes will be settled. The choice of law clause and the arbitration clause could save both parties from costly, drawn-out legal procedures.

RESOURCES

**ICC Force Majeure Clause 2003 - ICC Hardship Clause 2003**

Publishers: International Chamber of Commerce (ICC)
Cost: EUR 10
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: In the ICC Force Majeure Clause 2003 and in the ICC Hardship Clause 2003, the ICC seeks to provide international traders with ready-made, off the peg, model clauses which parties to international contracts may incorporate into their contracts. The ICC Force Majeure Clause 2003 combines the predictability of listed force majeure events with a general force majeure formula which is intended to catch circumstances which fall outside the listed events. The ICC Hardship Clause 2003 balances businessmen’s legitimate expectations of performance with the harsh reality that circumstances do change to make performance so hard that the contract simply must change.

**Legal Aspects of Foreign Trade**

Publisher: United Nations
Cost: Free (for reference only)
Obtainable: United Nations Information Centre, Metro Park Building, 351 Schoeman Street, Pretoria
Tel.: 012 354-8506
Fax: 012 354-1122
E-mail: unic@un.org.za
Contents: Details how governmental trade promotion agencies and business organisations can assist exporters and importers.
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Fax: 021 883 8292  
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Tel: 011 328 1700  
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Location: Johannesburg  
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E-mail: info@hofmeyr.com  
Web site: www.hofmeyr.com  
Activities: Diversified legal services

**Webber Wentzel Bowens**

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Web site: www.wwb.co.za  
Activities: Diversified legal services

**Werksmans Attorneys**

Location: Johannesburg  
Tel: 011 535 8000  
Fax: 011 535 8600  
Web site: www.werksmans.co.za  
Activities: Diversified legal services
46. **How does the exporter find information on foreign representatives?**

There are a number of ways of locating qualified, interested representatives, including:

**Word of mouth.** Some of the exporter’s existing contacts (e.g. the purchasing agents of a customer’s firm) may be able to recommend someone suitable for the job, or other manufacturers may provide names of effective agents in a territory (they may be reluctant to do so, however, for the simple reason of competition). Nevertheless, the exporter should choose representatives based on their qualifications, not the opinions of others.

**Trade fairs.** At trade fairs, agents circulate and talk to potential customers about their interest in locating product lines. These conversations often produce potential candidates, although they may have similar conversations with other manufacturers.

**Commercial lists.** Trade associations and commercial organisations publish directories of manufacturers’ representatives. A good source of business and company information on a number of countries is the international Kompass range of directories (see Resources). The easiest way to access this information is through the web site where the exporter will be guided to search for the type of companies he is looking for in his target markets.

Industry and trade organisations also publish lists with brief descriptions of registered agencies, although these lists normally do not contain detailed information about agents. Information on industry and trade organisations in a particular country may often be available at the country’s embassy or trade office in South Africa (see Appendix B).

**Advertising media.** Classified advertisements can be used to find industry-specific representatives. Newspapers or industry trade publications usually contain classified sections that list manufacturers’ representatives. Foreign telephone directories, such as the Yellow Pages, may also be used.

**Search organisations.** Search organisations find agents for their client companies. They usually meet the manufacturing client to discuss his requirements and later pass on the information to agencies that may be appropriate for the client. Search organisations charge for their services, but the time saved and the benefit of having agencies screened and questioned on behalf of the client compensate for the cost incurred.

**RESOURCES**

**World Directory of Trade Promotion Organisations and other Foreign Trade Bodies**

Publisher: International Trade Centre UNCTAD/WTO  
Cost: Free  
Obtainable: Palais des Nations, 1211 Geneva, Switzerland  
Tel.: +41 22 730 0218  
Web site: www.intracen.org  
Contents: Directory of trade promotion organisations and other national bodies involved in International trade. Covers ministries, trade promotion organisations, import promotion offices, chambers of commerce, trade associations in 187 countries.

**Kompass International**

Publisher: Kompass International  
Cost: Varies according to country  
Tel: +33 479 65 25 08  
Fax: +33 479 84 13 95  
E-mail: kompass@kompass-int.com  
Web site: www.kompass.com  
Contents: Trade directories for 70 countries around the world
Contracting
47. What are the legal aspects of exporting?

In the same way that the law impacts on a person’s everyday life, both personal and business, the law impacts on the exporter. However, because the exporter is doing business across national frontiers, he is influenced by the law not only of South Africa but also of the countries he is exporting to.

The main areas in which the exporter should be aware of possible legal aspects are the following:

**Product.** Is it subject to any legal restraints (e.g. an export permit, inspection, certification) regarding its export from South Africa? Is it subject to any legal restraints regarding its import into the target market (e.g. import permit, quality/standards approval by government authority)? Does the exporter, if he is not the producer and patent holder, have the right to export the product?

**Patent/trade mark/brand name protection.** If the exporter is the inventor, developer or designer of the product he should seek to protect his rights internationally – expert advice from a patent attorney should be sought in this respect.

**Indirect exporting.** If the exporter is exporting indirectly through a local agent or trading house, how will the relationship be regulated?

**Using a representative in the foreign market.** If the exporter is represented by a commission agent or a distributor, his relationship with his representative needs to be regulated by an agreement. Section VI covers the basics of such agreements.

**Sales contracts.** Whether selling direct to a foreign customer or through his representative, the exporter should decide whether or not to enter into a formal sales contract. (See Question 43 on this aspect.)

**Terms of trade/delivery.** Use of an appropriate Incoterm may be linked to a sales contract, or may stand in place of a sales contract. (Incoterms are covered in Questions 45 and 46.)

**Product liability.** The exporter should be clear on his legal situation regarding product liability in the foreign market, e.g. is he liable for any damage or injury caused through the use of his product in the foreign market?

**Insurance.** The exporter may take out marine and export credit insurance – he should be aware of the legal aspects of both types of policy.

**Subcontracting to freight forwarders and transport operators.** The exporter is not able to handle every aspect of Customs clearance and delivery himself in an export transaction and will therefore subcontract his freight forwarder and transport operators to handle certain activities on his behalf. He should give clear and concise instructions to any organisations acting on his behalf and should understand the legal implications.

**Investment in marketing and/or manufacturing operations abroad.** Clearly any move in this direction raises new legal issues and needs full investigation and expert legal advice.

**South Africa’s trade and double taxation agreements.** The exporter should examine his position with regard to any trade or double taxation agreements South Africa may have with foreign countries. At the minimum, a trade agreement may give his product a duty advantage when entering certain markets. There may be more complex issues involved if the exporter establishes a marketing or manufacturing branch in a foreign market.

These are some of the main issues that will probably concern the exporter. As mentioned earlier, because the exporter enters into agreements with companies or individuals in another country, the question may arise as to whether the agreement is covered by South African law or the law of the foreign country. Where an agreement is in two languages (e.g. in English for the exporter and another language for the buyer), the
question arises as to which version is the legal text.

The exporter should be aware that, while taking legal advice at the start is an additional expense, it is usually cheaper to prevent problems – especially legal ones – than to solve them once they have happened!

**RESOURCES**

**Legal Aspects of Foreign Trade**
Publisher: United Nations
Cost: Free (for reference only)
Obtainable: United Nations Information Centre, Metro Park Building, 351 Schoeman Street, Pretoria
Tel.: 012 354-8500
Fax: 012 354-1122
E-mail: unic@un.org.za
Contents: Details how governmental trade promotion agencies and business organisations can assist exporters and importers.

**Trade Law Centre for Southern Africa (TRALAC)**
Location: Cape Town
Tel: 021 883 2208
Fax: 021 883 8292
Web site: www.tralac.org
Activities: Various programmes in the arena of trade law and related issues.

**Fluxmans Inc.**
Location: Johannesburg
Tel: 011 328 1700
Fax: 011 880 2261
Web site: www.fluxmans.com
Activities: Diversified legal services

**Webber Wentzel Bowens**
Location: Johannesburg
Tel: 011 530 5000
Fax: 011 530 5111
Web site: www.wwb.co.za
Activities: Diversified legal services

**Werksmans Attorneys**
Location: Johannesburg
Tel: 011 535 8000
Fax: 011 535 8600
Web site: www.werksmans.co.za
Activities: Diversified legal services

**Adams and Adams**
Location: Pretoria and major centres
Tel.: 012 481 1500
Fax: 012 362 6440
Web site: www.adamsadams.co.za
Activities: Diversified legal services, including patent law

**Denys Reitz**
Location: Johannesburg
Tel.: 011 685 8500
Fax: 011 883 4000
Activities: Diversified legal services

**Hofmeyr Herbstein & Ginwala Inc.**
Location: Johannesburg
Tel: 011 286 1100
John & Kernick
Location: Johannesburg
Tel.: 011 315 7400
Fax: 011 315 7444
Web site: www.africaip.com
Activities: Attorneys specialising in patents and trademarks.

Spoor and Fisher
Location: Johannesburg
Tel.: 011 303 1111
Fax: 011 303 1100
Web site: www.spoor.co.za/
Activities: Trademark and patent attorneys, handling all aspects if intellectual property rights, with a network of international associates.

Companies and Intellectual Properties Registration Office (CIPRO)
Location: Pretoria
Tel.: 0861 843 384
Fax: 012 325 4007
Web site: www.thedti.gov.za
Activities: CIPRO assists with registration of Intellectual Property Rights.

Council for Scientific and Industrial Research (CSIR)
Location: Pretoria
Tel.: 012 841 2911
Fax: 012 349 1153
Web site: www.csir.co.za
Activities: The CSIR is a technology and research organisation.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel.: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

New Approach on Standardisation and CE Marking directives in EU
Publishers: The three European Standards Organisations (CEN, CENELEC and ETSI) together with both the European Commission and EFTA
Cost: Free
Web site: www.newapproach.org
Activities: The web site contains detailed information on European directives and standards

European Committee for Standardisation (CEN)
Location: Brussels, Belgium
Tel.: +32 2 550 08 11
Fax: +32 2 550 08 19
Web site: www.cenorm.be
Activities: Provides voluntary technical standards which promote free trade, the safety of workers and consumers, interoperability of networks, environmental protection, exploitation of research and development programmes, and public procurement.

Worlds Standards Service Network
Web site: www.wssn.net
Activities: World Standards Service Network (WSSN) is a network of publicly accessible servers of standards organizations around the world. Through the Web sites of its members, WSSN provides information on international, regional and national standardization and related activities and services.

International Trade Administration Commission (ITAC)
Contracting

**ITAC**
Location: Pretoria
Tel: 0861 843 384
Fax: 0861 843 888
Web site: www.itac.org.za
Activities: Responsible for import and export control and the issuing of import and export permits. Application forms may be collected from or delivered to the Commission from Monday to Friday between 8:00 and 16:00. Application forms can also be downloaded from the ITAC web site.

**Accenture (Pty) Ltd**
Location: Major centres
Tel.: 011 806 5000
Fax: 011 806 5003
Activities: Comprehensive accounting and auditing services.

**Deloitte & Touche**
Location: All major centres
Tel.: 011 806 5400
Fax: 011 806 5444
Web site: www.dtt.co.za
Activities: Management consulting.

**Ernst & Young**
Location: Major centres
Tel.: 011 498 1000
Fax: 011 498 1110
Activities: Comprehensive accounting and auditing services.

**Fisher Hoffman Sithole**
Location: Johannesburg
Tel.: 011 480 2300
Fax: 011 484 1721
Activities: Chartered accountants and auditors.

**Grant Thornton**
Location: Major centres
Tel: 011 322 4500
Fax: 011 322 4545
Activities: Comprehensive accounting and auditing services.
KPMG
Location: Johannesburg
Tel.: 011 647 7111
Fax: 011 647 8000
Activities: Comprehensive accounting and auditing services.
48. Where can the exporter obtain legal advice on exporting?

A great deal of legal information concerning international trade is available in published references, both printed and via the Internet. However, interpreting legal principles in the international context requires specific training and experience. Unless the exporter has a legal background himself, he would do well to seek professional advice in this regard.

The exporter should enquire whether his present legal advisers have experience of international trade matters. If they do not, he can ask to be referred to colleagues of theirs who have such experience.

If the exporter does not have legal advisers whom he can refer to, he could ask his local chamber of commerce or business, his local exporters’ club or the relevant export council for a referral to a suitable legal firm.

**RESOURCES**

**Law Online**
Publisher: B Coutsoudis & Associates Attorneys
Web site: www.law-online.co.za/
Contents: online legal reference centre for International Trade

**Trade Law Centre for Southern Africa (TRALAC)**
Location: Cape Town
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Activities: Various programmes in the arena of trade law and related issues.

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Fax: 012 362 6440
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Activities: Diversified legal services, including patent law

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Activities: Diversified legal services

Hofmeyr Herbstein & Ginwala Inc.
Location: Johannesburg
Tel: 011 286 1100
Fax: 011 286 1264
E-mail: info@hofmeyr.com
Web site: www.hofmeyr.com
Activities: Diversified legal services
49. **Is an export sales contract necessary?**

Whether the exporter and his buyer choose to have a separate export sales agreement drawn up or to rely on, say, the faxed order that has been accepted by the exporter, will depend on the circumstances. If the transaction is a simple one, e.g. concerning one consignment of goods which is not subject to complex standards and inspections, a full sales agreement may not be necessary. However, if the order involves the supply of goods from several sources or in a series of shipments, or if the goods are subject to strict quality controls, it may be wise to have a full contract of sale drawn up.

A written contract helps to solve disputes that may arise during the course of a business transaction, by clarifying the rights and duties of the parties involved in the trade deal. It is important for the exporter to realise that the international sales contract is the principal and central legal arrangement underlying the export transaction. All related contracts, such as contracts of insurance, carriage, agency and credit, play supporting roles to the sales contract. Therefore, to ensure the smooth running of an export transaction, it is necessary to draft the contract carefully and to include comprehensive and precise terms and conditions on all important aspects of the trade deal.

The interpretation of the obligations arising from a sales contract may differ depending on the law applied to it. For this reason, the United Nations and the International Chamber of Commerce (ICC) have formulated some internationally accepted rules and regulations. The use of these rules makes it easier for the exporter to handle the contractual part of exporting, and helps prevent cumbersome legal conflicts.

The ICC has developed a set of standard terms of delivery (Incoterms 2000) that can be incorporated into contracts for the international sale of goods. Each Incoterm clearly sets out the obligations of each party to a trade contract. It must be said, however, that some countries will apply their own law. Also, it is important to note that if there is a conflict between the Incoterm used and other clauses of the sales contract, the sales contract will prevail. This means that the exporter will not enjoy the certainty he anticipated by using a particular Incoterm.

The United Nations Commission on International Trade Law (UNCITRAL) has drawn up a Convention on Contracts for the international sale of goods. Known as the Vienna Sales Convention, it has been ratified by 45 countries and came into force on 1 January 1988. A clear and simple instrument, the Convention will automatically apply if the buyer and the seller are nationals of the ratifying countries. It also applies if so stipulated in the sales contract. South Africa has not ratified the Convention, but the exporter may nonetheless specify it if he wishes to.

**RESOURCES**

**ICC Guide to Incoterms 2000**

- **Publishers:** International Chamber of Commerce (ICC)
- **Cost:** EUR 45
- **Obtainable:** International Chamber of Commerce, Paris, France
- **Tel:** +33 1 49 53 29 23
- **E-mail:** pub@iccwbo.org
- **Web site:** www.iccbooks.com
- **Contents:** ICC Guide to Incoterms 2000 is designed to help exporters understand and implement the 13 international trading terms in everyday transactions.
The ICC Short Form Model Contracts
Publishers: International Chamber of Commerce (ICC)
Cost: EUR 51
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Comes in electronic form and provides model contracts (International Agency Contract and the International Distributorship Contract) in simplified Short Forms. The new Short forms provide a working tool for those parties who are making relatively straightforward transactions, and who have no need for detailed provisions.

United Nations Commission on International Trade Law (UNCITRAL)
Publishers: International Chamber of Commerce (ICC)
Cost: EUR 10
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: In the ICC Force Majeure Clause 2003 and in the ICC Hardship Clause 2003, the ICC seeks to provide international traders with ready-made, off the peg, model clauses which parties to international contracts may incorporate into their contracts. The ICC Force Majeure Clause 2003 combines the predictability of listed force majeure events with a general force majeure formula which is intended to catch circumstances which fall outside the listed events. The ICC Hardship Clause 2003 balances businessmen’s legitimate expectations of performance with the harsh reality that circumstances do change to make performance so hard that the contract simply must change.

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Web site: www.adamsadams.co.za
Activities: Diversified legal services, including patent law

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Activities: Diversified legal services

Hofmeyr Herbstein & Ginwala Inc.
Location: Johannesburg
Tel: 011 286 1100
Fax: 011 286 1264
E-mail: info@hofmeyr.com
Web site: www.hofmeyr.com
Activities: Diversified legal services
50. What are the essential elements of an export sales contract?

It is difficult to draw up a comprehensive contract that can be standardised for all export transactions. However, the exporter and the importer should be aware of certain minimum general requirements when drawing up an export sales contract. The clauses covering these requirements will make up the basic elements of the contract and are outlined below:

**Name and addresses of the parties.** The parties to the contract should be clearly stated in the contract.

**Product, standards and specifications.** The export contract should explicitly state the product name, as well as technical names if there are any; sizes in which the product is to be supplied (if this is required); the applicable national or international standards and specifications; specific buyer requirements; and sample specifications.

**Quantity.** The quantity should be clearly stated in both figures and words; units of measure should be specified.

**Inspection.** Although a number of goods are now subject to pre-shipment inspection by designated agencies, foreign buyers may stipulate their own inspection agencies and conditions for inspection. Therefore, the parties should clearly state the nature, manner and focus of the inspection envisaged, as well as the inspection agency.

**Total value of the contract.** The total value of the contract should be put in both words and figures, and the currency should be specified.

**Terms of delivery.** Terms of delivery (one of the Incoterms 2000) should be stated in the contract.

**Taxes, duties and charges.** The prices quoted by the seller may be inclusive of taxes, duties and charges. Levies, if any, in the country of importation may be the buyer’s responsibility. Responsibility for payment of all such taxes should be clearly specified in the contract.

**Period of delivery, shipment, etc.** The place of dispatch and delivery should be clearly specified, also whether the period of delivery will run from the date of the contract, from the date of notification of the issue of an irrevocable letter of credit, or from the date of receipt of the notice of issuance of the import licence by the seller.

**Part-shipment, trans-shipment, consolidation of cargo.** The contract should explicitly state whether the parties to it have agreed on part-shipment or trans-shipment. The contract should also indicate the port of trans-shipment and the number, if any, of partial shipments agreed. If the goods are likely to be shipped under a consolidation of export cargoes scheme, this should be mentioned in the contract.

**Packaging, labelling and marking.** Packaging, labelling and marking requirements should be clearly stated in the contract.

**Terms of payment, amount, mode and currency.** When quoting different payment terms, the exporter should specify whether the prices are based on the current rate of exchange of the South African rand, or on the basis of another currency (e.g. the US dollar). Fluctuations in the rate of exchange should also be addressed.

**Discounts and commissions.** The contract should specify the amount of discount or commission to be paid and by whom (i.e. by the exporter or by the importer). If required, the basis on which commission is calculated and the rate to be applied should also be clearly stipulated. Discount or commission rates may, or may not, be included in the export price agreed upon by the exporter and importer.
Licences and permits. Import licences may be difficult to obtain in the buyer's country. Parties to the contract should therefore clearly state whether the export transaction will require any export or import licenses, whose responsibility it will be to obtain them, and at whose expense.

Insurance. A contract should provide for the insurance of goods against loss, damage or destruction during transportation. The contract should specify the type of risk covered and the extent of coverage.

Documentary requirements. Documents required by the buyer/importer, and which the exporter agrees to provide, should be stated. Where the exporter is required to take out marine insurance, it is important that he be asked to provide a certificate of insurance, rather than the policy, to enable him to ship consignments under an open policy.

Product guarantee. The length of the period of guarantee should be fixed.

Delay in delivery. The contract should define the damages due to the buyer from the seller in the event of late delivery owing to reasons other than force majeure (see Question 98 for more information on force majeure).

Force majeure or excuse for non-performance of contract. Parties should include certain provisions in the contract defining the unforeseeable circumstances that would relieve them of their liability for non-performance of the contract. Such provisions are intended to identify the relief which may be available to either party to the contract should supervening circumstances occur during the period of validity of the contract.

Remedial action. As defaults in contractual obligations by any of the parties can occur, it is always advisable to include in the sale or purchase contract certain specific remedial actions. These remedial actions should reflect the mandatory provisions of the law applicable to the contract.

Applicable law. The contract should state the law of the country that is to govern the contract.

Arbitration. The contract should include an arbitration clause to facilitate the amicable and quick settlement of disputes or differences that may arise between the parties.

Signature of the parties. The signing of the contract indicates the agreement of both parties to the terms and conditions of the contract.

The passing of ownership is still a matter of uncertainty in international trade. It is not, as many believe, linked to the transfer of the bill of lading when shipment is by sea. In the case of road, rail or air transport, a bill of lading is not provided. It would therefore be prudent to have a reservation of ownership clause in the sales contract, to the effect that the exporter reserves ownership of the goods sold until he has received the purchase price.

RESOURCES

ICC Guide to Incoterms 2000
Publishers: International Chamber of Commerce (ICC)
Cost: EUR 45
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: ICC Guide to Incoterms 2000 is designed to help exporters understand and implement the 13 international trading terms in everyday transactions.

The ICC Short Form Model Contracts
Publishers: International Chamber of Commerce (ICC)
Cost: EUR 51
Obtainable: International Chamber of Commerce, Paris, France
Contents: Comes in electronic form and provides model contracts (International Agency Contract and the International Distributorship Contract) in simplified Short Forms. The new Short forms provide a working tool for those parties who are making relatively straightforward transactions, and who have no need for detailed provisions.

**ICC Force Majeure Clause 2003 - ICC Hardship Clause 2003**

Publishers: International Chamber of Commerce (ICC)  
Cost: EUR 10  
Obtainable: International Chamber of Commerce, Paris, France  
Tel: +33 1 49 53 29 23  
E-mail: pub@iccwbo.org  
Web site: www.iccbooks.com  
Contents: In the ICC Force Majeure Clause 2003 and in the ICC Hardship Clause 2003, the ICC seeks to provide international traders with ready-made, off the peg, model clauses which parties to international contracts may incorporate into their contracts. The ICC Force Majeure Clause 2003 combines the predictability of listed force majeure events with a general force majeure formula which is intended to catch circumstances which fall outside the listed events. The ICC Hardship Clause 2003 balances businessmen’s legitimate expectations of performance with the harsh reality that circumstances do change to make performance so hard that the contract simply must change.

**United Nations Commission on International Trade Law (UNCITRAL)**

Publishers: International Chamber of Commerce (ICC)  
Cost: EUR 10  
Obtainable: International Chamber of Commerce, Paris, France  
Tel: +33 1 49 53 29 23  
E-mail: pub@iccwbo.org  
Web site: www.iccbooks.com  
Contents: In the ICC Force Majeure Clause 2003 and in the ICC Hardship Clause 2003, the ICC seeks to provide international traders with ready-made, off the peg, model clauses which parties to international contracts may incorporate into their contracts. The ICC Force Majeure Clause 2003 combines the predictability of listed force majeure events with a general force majeure formula which is intended to catch circumstances which fall outside the listed events. The ICC Hardship Clause 2003 balances businessmen’s legitimate expectations of performance with the harsh reality that circumstances do change to make performance so hard that the contract simply must change.

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Activities: Diversified legal services
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Activities: Diversified legal services, including patent law

Denys Reitz
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Fax: 011 883 4000
Activities: Diversified legal services

Hofmeyr Herbstein & Ginwala Inc.
Location: Johannesburg
Tel: 011 286 1100
Fax: 011 286 1264
E-mail: info@hofmeyr.com
Web site: www.hofmeyr.com
Activities: Diversified legal services
51. **What are Incoterms?**

Issued by the International Chamber of Commerce (ICC) in Paris, the Incoterms are a set of standard terms of delivery commonly used in foreign trade. They clearly state the responsibilities of the parties concerned, the costs each must bear and the risks they carry. The use of Incoterms helps prevent the legal complications that can arise from misunderstandings on such matters as who is to pay for ancillary freight charges, consular fees, losses during transit, pilferage, etc.

The Incoterms do not, however, define payment methods or credit terms, nor do they define when ownership passes from the seller to the buyer. It should be remembered that, unless the Incoterms have been incorporated into the domestic law of the relevant country, they do not automatically apply unless they are referred to in the sales contract or transport documents.

The ICC published the current valid version of the Incoterms in 2000, replacing the Incoterms 1990. The contract should explicitly refer to them by using the words “Incoterms 2000”. The 2000 version, like the 1990 version before it, has 13 Incoterms.

The Incoterms 2000 are used for the bulk of international trade. However, a parallel system of terms of delivery is used in the United States. While the acronyms of the American system are similar to those of the Incoterms, they carry different meanings. It is for this reason that exporters should specify “Incoterms 2000” when referring to terms of delivery.

The 13 Incoterms currently in use are described below:

### “E” terms
- **EXW – Ex-works ...** (named place). The seller makes the goods available at his or her premises, according to the sales contract.

### “F” terms
- **FCA – Free carrier ...** (named place). The seller hands over the goods, cleared for export, into the custody of the first carrier (named by the buyer) at the named place. This term is suitable for all modes of transport, including carriage by air, rail road, and containerised/multimodal transport.
- **FAS – Free alongside ship ...** (named port). The seller must place the goods alongside the ship at the named port. The buyer must clear the goods for export. This term is suitable for sea transport only.
- **FOB – Free on board ...** (named port). The seller must load the goods on board the ship nominated by the buyer; cost and risk are divided at the ship's rail. In effect, however, risk passes once the goods are on the ship's deck. The seller must clear the goods for export. This term is suitable for sea transport only.

### “C” terms
- **CFR – Cost and freight ...** (named foreign port). The seller must pay the cost and freight of bringing the goods to the port of destination. However, risk is transferred to the buyer once the goods have crossed the ship’s rail. This term is suitable for sea transport only.
- **CIF – Cost, insurance and freight ...** (named foreign port). Exactly the same as CFR, except that the seller must also procure and pay for insurance. This term is suitable for sea transport only.
- **CPT – Carriage paid to ...** (named place). This is the general/containerised/multimodal equivalent of CFR. The seller pays for carriage to the named point of destination, but risk passes when the goods are handed to the first carrier.
- **CIP – Carriage and insurance paid to ...** (named place). This is the containerised transport/multimodal equivalent of CIF. The seller pays for carriage and insurance to the named destination point, but risk passes when the goods are handed to the first carrier.
“D” terms

- **DAF** – Delivered at frontier ... (named place). The seller makes the goods available, cleared for export, at the named place on the frontier. This term is seldom suitable for use for goods sent overland from South Africa to destinations to the north, because neither Spoornet nor road hauliers will split the transport cost between seller and buyer unless the buyer pays in a convertible currency. Experienced exporters recommend the use of the FCA, CPT or CIP terms for such trade.

- **DES** – Delivered ex-ship ... (named port). The seller makes the goods available to the buyer on board the ship at the port of destination, not cleared for import.

- **DEQ** – Delivered ex-quay ... (named port). The goods must be unloaded onto the quay at the port of destination and the seller must obtain import clearance.

- **DDU** – Delivered duty unpaid ... (named place). (This term appeared for the first time in Incoterms 1990.) The seller must deliver the goods all the way to a named place in the country of destination. However, the buyer must clear the goods for import and pay the necessary duties.

- **DDP** – Delivered duty paid ... (named place). This is the maximum obligation for the seller, who pays for all costs, charges and official formalities up to the destination.

Exporters should note the following common problems with Incoterms:

- Because they are terms of delivery, all Incoterms must specify a place (place of delivery in the country of export, port of shipment, port of destination, etc.).

- Some Incoterms (FOB, FAS, CFR, CIF, DES and DEQ) are reserved for sea or inland waterway transport only. They should not be used for air, road or rail transport (the equivalent terms for these modes of transport are FCA, CPT and CIP).

- Even for sea transport, FOB may be inappropriate. If the shipment is containerised, the applicable Incoterm to use is FCA.

- “C” terms specify the place or port of destination. This does not mean that delivery takes place there. Because “C” terms refer to shipment contracts, the seller discharges his or her duty to deliver at the place or port of shipment.

- Where the contract of sale differs from the requirements of the Incoterm applying to the transaction, the contract of sale will take precedence.

- Incoterms are superseded by the custom of the trade, if such exists. They are also superseded by the customary practice of the port.

- The term DDU ... (named place) requires the importer to clear the goods through Customs, although the seller may be responsible for delivering the goods beyond the Customs clearance point. This requires close co-ordination between seller and buyer.

- Incoterms do not define the passing of ownership from seller to buyer. The contract of sale would normally define this point, which may not necessarily be when delivery takes place. In fact, the exporter would be wise to specify that ownership passes when payment has been effected, irrespective of the Incoterm used.

It is important for exporters to realise that the descriptions given above do not contain full details of the provisions of the Incoterms 2000 – reference should be made to the two publications listed under Resources.

**RESOURCES**

**ICC Guide to Incoterms 2000**

Publishers: International Chamber of Commerce (ICC)
Cost: EUR 45
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: ICC Guide to Incoterms 2000 is designed to help exporters understand and implement the 13 international trading terms in everyday transactions.

**Incoterms 2000: ICC official rules for the interpretation of trade terms**
Publisher: International Chamber of Commerce
Cost: R260.00
Obtainable: South African Chamber of Commerce and Industry (SACCI)
Tel.: 011 358-9729
Fax: 011 358-9773/4
E-mail: info@sacci.co.za
Contents: Incoterms.
52. What types of document are required in exporting?

There are several categories of documents in international trade. Exporters should note that Customs documents for clearing goods out of South Africa are not the only documents which need to be stamped by South African Customs authorities, other documents also require this stamp. Companies should seek advice from their freight forwarder.

**Enquiry documents**
- Costing sheet
- Quotation/offer/pro forma invoice

**Instruction documents**
- Forwarder's instruction
- Shipping instruction
- Packing declaration (FCL cargo)
- Bank instruction

**Transport documents**
- Bills of lading (various types) (sea transport)
- Non-negotiable waybill (sea transport)
- Road waybill
- Air waybill
- Freight transit order (FTO) (rail)
- Combined consignment note and truck label (CCT) (rail)

**Customs documents**
- Export permit
- Special export certificates or permits
- Import certificate from country of destination (strategic commodities)
- Bill of entry export (various types)
- Declaration of goods removed within the southern African common Customs area (CCA1)

**Insurance document**
- Insurance certificate

**Exchange control documents**
- Exchange control declaration (F178)
- Form NEP (no exchange proceeds)
- Forms for Inward and Outward Payment Flows

**Harbour documents**
- Port authority’s combined export document
- Container terminal order (CTO)
- Export cargo dues order
Payment documents

- Commercial invoice
- Certificate of origin, if requested
- Relevant transport document
- Draft (bill of exchange)
- Packing list, if requested
- Inspection certificate
- Form A (GSP)
- EUR.1
- SADC Certificate of Origin
- Certificate of Origin - Malawi

Finance documents

- Documentation in respect of credit insurance
- Forward exchange contract
- Loan documentation for financing the transaction

Foreign documentary requirements

For example:

- Phytosanitary certificate
- Certificate of veterinary health
- Inspection certificate
- Certificate of free sale
- Fumigation certificate
- Consular invoice
- Certified invoice or Customs invoice
- Certificate of value and/or origin
- Department of Nature Conservation certificate
- American Food and Drug Administration certificate

Documentary requirements for dangerous goods

A number of special shipping instruction forms and transport documents are required in respect of dangerous goods.

The most important of these documents for the South African exporter are further explained under relevant questions in this section and in Sections IX and X.
RESOURCES

The A-Z of Exporting
Publisher: CCI Chamber of Commerce and Industry - Johannesburg
Cost: R280 for JCCI members and R380 for non-members
Obtainable: JCC House, Owl Street, Milpark, Johannesburg
Tel.: 011 726 5300
Web site: www.jcci.co.za
E-mail: info@jcci.co.za
Contents: The JCCI Exporter’s Manual covers the complete export cycle from finding your market to getting paid.

Guide to Exporting from South Africa
Publishers: Mbendi Information Services
Cost: Free
Obtainable: Only available on-line
Web site: www.mbendi.com/exportsa
Contents: The Guide brings together reference information and interactive tools to assist novice and experienced exporters, importers and service providers to export efficiently from South Africa.

Export Documentation
Publisher: International Trade Institute, Dayton Ohio
Cost: US$67.50
Obtainable: Can be purchased online from the International Trade Institute web site at www.exportingtoday.com/
Contents: Examines the procedures, decision making process and documents to be completed by the customer service, order processing and shipping personnel. Trade terms, liabilities and responsibilities, are discussed in detail.

Absa
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350-4000
Website: www.absa.co.za
Activities: Banking

First National Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 371 2111
Web site: www.fnb.co.za
Activities: Banking

Nedbank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 294 0999
Web site: www.nedcor.co.za
Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Web site: www.standardbank.co.za
Activities: Banking

SA Association of Freight Forwarders
Location: Johannesburg
Tel: 011 463 4131
Fax: 011 463 1367
Activities: Association for the freight forwarding community in South Africa

South African Revenue Service Web site
Web Site: www.sars.gov.za
Tel: 012 422 4000
Fax: 012 422 5181
Activities: SARS is responsible for the Department of Customs and Excise. General Trade statistics, customs information and customs forms are available on the SARS site.
53. **What documents are required for South African exchange control purposes?**

South Africa has a system of exchange control regulations in place that restricts the circumstances under which foreign currency can flow out of and into the country, and who may acquire and hold foreign currency. These regulations place certain requirements on the exporter concerning the foreign exchange he receives as payment for his exported goods.

Exchange control policy is dictated by the Treasury (controlled by the Department of Finance) and executed by the South African Reserve Bank. The Reserve Bank delegates the day-to-day administration of exchange control regulations to “authorised dealers in foreign exchange”, which refers to most of the banks in South Africa. Certain travel agents in South Africa have limited authority in respect of exchange control and may grant overseas travel allowances and issue foreign currency travellers’ cheques. In practical terms, the exporter deals with his bank concerning most foreign exchange matters, including exchange control regulations.

The exchange control regulations of Namibia, Swaziland and Lesotho – but not Botswana – are harmonised with those of South Africa and the whole region is referred to as the Common Monetary Area (CMA). Note that Namibia, Swaziland, Lesotho and Botswana, together with South Africa, form the Southern African Customs Union (SACU).

**Basic foreign exchange regulations.** The basic foreign exchange regulations that affect South African exporters are as follows (note that the actual Rand amounts referred to below may change from time to time and the exporter should confirm the current Rand amount with his bank):

- Exporters may receive payment for exports in certain currencies only; these are the rand and all major currencies, as well as payment in rand from a local non-resident account.
- Payments for exports must be remitted to South Africa within 180 days from the date of shipment; this period may be extended by a further 6 months.
- In the case of capital goods exports, where longer credit periods are normal, the exporter must obtain approval from the SA Reserve Bank for the granting of extended credit to the foreign buyer. The exporter applies through his bank to the Reserve Bank.
- Exporters must sell their foreign currency to their bank within 30 days of receiving it. They may choose to keep it in a Customer Foreign Currency (CFC) account for 180 days from which payment may be made for any imports or foreign agent’s commission that might be due, converting the balance to rand at the end of the 180-day period.
- If the export shipment is worth R50 000 or more the exporter must complete the form F178, obtainable from his bank.
- If goods worth more than R50 000 (e.g. commercial trade samples, promotional items, equipment used for an overseas project, and so forth) are shipped out and no foreign exchange will be received in return, the exporter must complete form NEP (no exchange proceeds), also obtainable from his bank.
- The exporter completes, with his bank, the Inward Payments Flow form when he exchanges the foreign exchange for rand.
- **Form F178**
  - When completing Form F178, the exporter must state his anticipated export earnings as accurately as possible.
  - The form is usually attested by the exporter’s bank, which will reconcile the foreign exchange received into the exporter’s account with the amount stated on the form.
  - Because Form F178 has to be attested, it is one of the documents that the exporter himself must complete. It cannot legally be completed by the freight forwarder, although many
offer assistance in this regard.

While the basics of exchange control and the documentation associated with it are relatively simple, complexities can sometimes occur. The exporter should therefore discuss the foreign exchange control procedure with the international division of his bank to ensure that he understands the process and does not incur any penalty through default.

**Exports to CMA countries**

- Shipments to Namibia, Swaziland and Lesotho do not require the exporter to complete Form F178/Form NEP.
- The exporter must complete Form F178/Form NEP for goods shipped to Botswana if the value of the shipment exceeds R50 000.

**Foreign travel allowances**

- Exchange control provisions limit to R160 000 a year the amount of foreign currency that may be taken out of South Africa to spend abroad, whether in the form of currency, travellers’ cheques or credit card authorisation.
- The traveller applies for the allowance on the Outward Payments Flow form and also completes Form MP928 if he requires credit card authorisation. Normally, the traveller’s bank assists with the completion of these forms.
- The traveller must have a passenger ticket issued in his name in South Africa, and both his ticket and passport must be endorsed with the amount of the travel allowance being utilised.
- Banks may approve omnibus foreign travel allowance facilities of up to R2 million a year to companies for use at their discretion by their staff for bona fide business visits abroad.
- Applications for facilities in excess of R2 million must be referred to the Reserve Bank.

**Foreign marketing and other expenditure**

- Exchange control regulations apply to foreign expenditure the exporter may wish to incur in respect of advertising, participation in trade fairs, bid bonds, performance guarantees, export settlement refunds or foreign legal expenses.
- The exporter should discuss any matters of this nature with his bank.
RESOURCES

Exchange Control Manual
Publisher: South African Reserve Bank
Cost: Free
Obtainable: South African Reserve Bank web site
Web site: www.resbank.co.za
Contents: This manual is issued to assist authorised dealers in foreign exchange, their customers and other interested parties by providing a general understanding of the purpose, scope and operation of the exchange control system in the Republic of South Africa and in the Common Monetary Area. It is not intended to have the force of law or any other legal status.

Absa
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350-4000
Website: www.absa.co.za
Activities: Banking

First National Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 371 2111
Web site: www.fnb.co.za
Activities: Banking

Nedbank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 294 0999
Web site: www.nedcor.co.za
Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Web site: www.standardbank.co.za
Activities: Banking
54. What are the common transport and related documents and who completes them?

The following is a guide for the exporter as documentary requirements relating to transport will differ, depending on the mode of transport, the country of destination whether or not the goods are containerised and whether or not they comprise a full container load (FCL) or less than container load (LCL). The nature of the goods may also influence the documentation required. Note that the following documents relate to transport only; other questions and sections in this book deal with other documentary requirements. A reasonably comprehensive list of export documents is given under Question 53 of this section.

Forwarder’s instruction. Most freight forwarders use a pre-printed form, called a forwarder’s instruction, on which is recorded all the essential details of the consignment. These details must be completed accurately, as the forwarding function – including the preparation and handling of documents – is based on these instructions.

Shipping instruction. Most shipping companies and airlines have computerised bill of lading/airway bill or consignment note systems and therefore provide pre-printed forms for shipping instructions. The freight forwarder will usually complete this form for the exporter, using information contained in the forwarder’s instruction.

Bill of lading. The B/L is not the actual contract between the owner of the goods and the carrier, although it does provide evidence of the contract. It is a receipt for goods shipped on board a vessel (for marine B/Ls), and is a document of title to the goods that are the subject of the contract between the buyer and the seller.

The marine B/L can have different characteristics:

> It may be negotiable or non-negotiable. A negotiable bill of lading allows the right to take possession or delivery of the goods to be transferred from one person to another. The customer usually needs a copy in order to take possession of the goods. Note that taking possession of the goods, or having title to them, is not the same as taking ownership.

> It may be a “shipped” or “received for shipment” bill of lading. A shipped bill of lading is sometimes referred to as an “on-board bill of lading”.

> The B/L may be “clean” or “claused”. A claused bill of lading indicates that some damage or defect was noted when the consignment was loaded on board.

> The B/L may be “freight pre-paid” or “freight collect”. For example, if the contract is a CIF contract (see Question 45), the exporter must pre-pay the freight and would therefore receive a B/L marked “freight pre-paid”.

> The B/L might be “stale”. A stale B/L is one which conforms in every other respect to the requirement of the letter of credit but is presented so late (i.e. after the goods have arrived at the port) that the buyer might become involved in legal or administrative complications or be liable for additional costs as a result of the delay.

In addition to the above characteristics, there are different categories of B/Ls:

> Charter party or ocean/marine bills of lading.
> Through or trans-shipment bills of lading.
> Combined transport or multimodal document (CT document).
> Container bills of lading.
> Groupage/house bill of lading.
In the case of sea transport, the B/L is a central document in the delivery of the goods from the seller to the buyer. The letter of credit therefore usually specifies the acceptable characteristics and/or category of the B/L that must be presented in order for payment to be effected. It is therefore essential that these details be included on the forwarder’s instructions, so that he or she can ensure that an acceptable B/L will be issued.

**Mate’s receipt.** The ship’s officer in charge of loading the vessel issues this document after the cargo has been loaded. It carries the name of the shipper, place of receipt and other related details. Sea freight is calculated by weight or volume. This receipt will also record whether or not there is visible damage or injury to the consignment and will therefore be termed “clean” (i.e. no visible defect), or “claused” in the case of visible defect. The qualifications on the mate’s receipt are later embodied in the bill of lading, which will either be “clean” or “claused”, as explained above. A signed copy of the mate’s receipt is given to the exporter or his freight forwarder, who then exchanges it for the original bills of lading.

**Airway bill or air consignment note.** This document is a receipt issued by an airline or its agent for the carriage of goods. It serves as:

- Documentary evidence of the conclusion of a contract of carriage.
- Proof of receipt of the goods for shipment.
- An invoice for the freight.
- A certificate of insurance (if carrier’s insurance is requested by the exporter).
- A guide to the airline staff for the handling, dispatch and delivery of the consignment.

The air waybill is issued only in non-negotiable form and is therefore not a document of title. Goods are delivered to the consignee when he has identified himself as the party named in the airway bill. The exporter seldom completes the air waybill – this is usually done by his freight forwarder.

**Rail transport documents.**

- The Spoornet freight transit order (FTO) is the official transport document for the carriage of containers by rail to neighbouring countries. It may be completed by the freight forwarder on behalf of the exporter.
- The container terminal order (CTO) is the official transport document for the transport of containers from an inland container terminal to a Portnet container terminal. The container operator usually completes the CTO.
- The combined consignment note and truck label (CCT) is the official transport document for carriage of bulk and break bulk cargo by rail (full wagon loads) within the borders of South Africa and to neighbouring countries.

**Road transport documents.** There is no standard transport document for road haulage. Road hauliers usually design their own consignment notes, which both form a contract of carriage and serve as receipts for the goods for consignment.

**Insurance documents.** Where the exporter is required to take out and pay for marine insurance he may do so under an open policy, in which he has an umbrella policy that can cover a number of different shipments. This means that for each shipment he will receive a certificate of insurance and not an insurance policy. It is important that his letter of credit, if this is the payment method, allows for a certificate of insurance to be presented.

**Hazardous goods.** Additional transport documentation will be required if the export goods are classified as hazardous. The exporter may obtain advice from his freight forwarder in this regard.

**RESOURCES**
SA Association of Freight Forwarders
Location: Johannesburg
Tel: 011 463 4131
Fax: 011 463 1367
Activities: Association for the freight forwarding community in South Africa

Cargo Info Africa
Location: Web based
Tel.: 011 327 4062
Fax: 011 327 4094
Web site: www.cargoinfo.co.za
Activities: Internet site containing, amongst other things, links to the South African customs tariff, ship sailing schedules and a Directory of Freight Service Providers.
55. **What documents are required to allow export goods to be cleared through South African Customs?**

Exporting involves the transfer of goods out of South Africa and into another country. The export goods therefore first have to be cleared through South African Customs and Excise before they can leave the country. The following documentation is required for this purpose:

**Export permit for restricted/controlled goods.** Question 21 in Section III deals with the issue of export permits. Note that where the goods are restricted because they are regarded internationally as strategic items (usually arms and armaments), the application for the export permit must be accompanied by the import permit issued by the country of destination.

**Bill of entry export.** The term “bill of entry” in this context means “document of record” and does not refer to goods entering the country. Similarly, therefore, there is the bill of entry import, which is used for goods entering South Africa.

- Goods may not leave this country unless a bill of entry export has been completed and submitted to the Customs authorities and accepted by them.
- The bill of entry export contains all relevant details of the exported goods.
- There are different types of bill of entry export, but the DA550 is the most commonly used document and covers goods that are exported not ex-warehouse.
- It is usual for the freight forwarder to complete the bill of entry export on behalf of the exporter and to obtain Customs clearance of the goods.

**Relevant exchange control form.** The relevant exchange control form (Form F178 or Form NEP) must be presented with the bill of entry export.

**Refunds, rebates and drawbacks of import duty.** In order to obtain these concessions (see Question 7 in Section I), the bill of entry export must state that a refund or drawback will be applied for, or that a rebate of duty applies. Application for these concessions is a separate procedure.

**Special certificates of origin.** These relate to duty preferences into foreign markets and must be stamped and certified by the South African Customs authorities prior to departure:

- EUR.1 for goods covered by the SA-EU trade agreement. The freight forwarder usually prepares this.
- Form A for goods qualifying for Generalised System of Preferences (GSP) granted by several countries (see Question 18). This form also applies to non-textile products qualifying for preferential duty entry into the United States under the Africa Growth and Opportunity Act (AGOA). The freight forwarder usually prepares this.
- Special textile certificate of origin for textile products exported to the United States to benefit under AGOA.

**Exports to Botswana, Lesotho, Namibia and Swaziland.** Because these countries, together with South Africa, form the Southern African Customs Union (SACU), the South African Customs authorities do not require a bill of entry export for shipments to the region. However, Form CCA1 (“Declaration of goods removed within the southern African Customs area”) is required.
RESOURCES

**South African Revenue Service Web site**
Web Site: www.sars.gov.za
Tel: 012 422 4000
Fax: 012 422 5181
Activities: SARS is responsible for the Department of Customs and Excise. General Trade statistics, customs information and customs forms are available on the SARS site.

**Cargo Info Africa**
Location: Web based
Tel.: 011 327 4062
Fax: 011 327 4094
Web site: www.cargoinfo.co.za
Activities: Internet site containing amongst other things, links to the South African customs tariff, ship sailing schedules and a Directory of Freight Service Providers.

**International Trade Administration Commission (ITAC)**
Location: Pretoria
Tel: 0861 843 384
Fax: 0861 843 888
Web site: www.itac.org.za
Activities: Responsible for import and export control and the issuing of import and export permits. Application forms may be collected from or delivered to the Commission from Monday to Friday between 8:00 and 16:00. Application forms can also be downloaded from the ITAC web site.

**Absa**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350-4000
Website: www.absa.co.za
Activities: Banking

**First National Bank**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 371 2111
Web site: www.fnb.co.za
Activities: Banking

**Nedbank**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 294 0999
Web site: www.nedcor.co.za
Activities: Banking

**Standard Bank**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Web site: www.standardbank.co.za
Activities: Banking

**NafcocJCCI Chamber of Commerce and Industry - Johannesburg**
Location: Gauteng
Tel.: 011 726 5300
Fax: 011 482 2000
E-mail: info@nafcocjcci.co.za
Web site: www.nafcocjcci.co.za
Activities: Certificate of origin and GSP Certificate

**Cape Town Regional Chamber of Commerce and Industry**
Location: Cape Town, with regional coverage in the Western Cape
Tel: 021 402 4300
Fax: 021 402 4302
E-mail: info@capechamber.co.za
Web site: www.capechamber.co.za
Activities: Certificate of origin and GSP Certificate
Durban Chamber of Commerce and Industry
Location: Durban
Tel: 031 335 1000
Fax: 031 332 1288
Web site: www.durbanchamber.co.za
Activities: Certificate of origin and GSP Certificate
56. What documents are required to allow the goods into the country of destination?

Documents required by the country of destination and the importer can vary greatly according to the country, the buyer’s needs and concerns, the type of goods, and any trade agreements between the country of destination and South Africa. The following is a guide to the most common requirements, but the exporter should check carefully with his foreign market representative, his buyer and/or with the Department of Trade and Industry (DTI) and the local trade office of the relevant country.

Export packing list. The importing country may require a packing list. The export packing list is considerably more detailed and informative than a standard domestic packing list.

- An export packing list itemises the material in each individual package and shows the individual net, legal, tare and gross weights.
- Package markings should be shown along with the shipper’s and buyer’s references.
- The packing list is attached to the outside of the package in a clearly marked waterproof envelope.
- The list can be used to determine the total shipment weight and whether the correct cargo is being shipped.
- Customs officials may use it to check the cargo at inspection points.

Phytosanitary certificate

- Many countries require such certificates when plants and plant products (e.g. seeds, bulbs, cut flowers, etc.) are imported.
- Phytosanitary certificates are issued by the Directorate: Plant and Quality Control at the Department of Agriculture in Pretoria.
- Certain conditions have to be met before such a certificate will be issued and the exporter should make arrangements well in advance of the date of shipment.

Veterinary and health certificates

- These certificates are usually required by importing countries when the goods are live animals, fresh, chilled or frozen meat and, sometimes, canned products.
- A private veterinarian can issue the veterinary certificate, although it also has to be signed by the state veterinarian.
- The certificate for meat is issued by the Perishable Products Export Control Board (PPECB).
- South Africa has agreements with many countries regarding trade in food products and the exporter of any food item should seek information from the DTI and/or the trade representative of the country concerned on the requirements for his specific product.
- This information should be provided by the buyer, but the exporter should check for himself if he has any doubt.

Fumigation certificate

- This may be required by the importing country if the product packing contains vegetable matter (e.g. wooden crates, sawdust).
- Fumigation must be done prior to shipment.
- The freight forwarder can arrange this on behalf of the exporter.

Inspection certificate
- Some purchasers and countries may require a certificate of inspection to authenticate the specifications of the goods shipped.
- Inspection is usually performed by a third party from an independent testing company.
- Certificates of quality (e.g. for fruit, vegetables, canned fruit juice) may be required by the importer and are issued by the Directorate: Plant and Quality Control of the Department of Agriculture.
- There may be other inspection requirements, and usually bodies such as the South African Bureau of Standards (SABS) and independent inspection organisations can provide the necessary service.

**Special certificates of origin**
- These are the EUR.1, Form A and similar certificates listed under Question 50 that entitle eligible South African products preferential duty access into a number of foreign markets.
- As explained, the documents have to be presented to the South African Customs authority when the goods are cleared for export from South Africa but also have to be presented to the Customs authority of the import country when the goods are cleared into the foreign country.

**Certificate of value and/or origin**
- Certain countries require a signed statement to verify the value and/or origin of the export item in order to administer import tariffs and quotas.
- Such certificates are usually obtained through a local chamber of commerce and must be certified by the chamber.
- A certificate may be required even though the invoice contains all the necessary information.
- Documentation that requires a notary stamp or chamber of commerce stamp can be completed by a freight forwarder.

**Consular and certified invoices**
- Consular invoices are issued by the embassy of the importer's country.
- A consular invoice allows the importer’s country to collect information on the value, volume, quality and source of the goods.
- The invoice is purchased or obtained from the consulate of the country to which the goods are being shipped and must be prepared in the language of that country.
- Sometimes the importing country requires a certified invoice, in which case the commercial invoice has to be authenticated by the importing country’s consulate in South Africa.
- In many of these cases, the commercial invoice also has to be completed in the language of the importing country. The exporter can obtain the necessary translation from sworn translators in South Africa. These are usually listed in the local Yellow Pages under “Translation services” or referrals may be provided by local chambers of commerce or business. Freight forwarders may offer the service (at a fee).
RESOURCES

Cargo Info Africa
Location: Web based
Tel.: 011 327-4062
Fax: 011 327-4094
Web site: www.cargoinfo.co.za
Activities: Internet site containing amongst other things, links to the South African customs tariff, ship sailing schedules and a Directory of Freight Service Providers.

National Department of Agriculture
Location: Pretoria
Tel: 012 319 6000
Web site: www.nda.agric.za
Activities: The National Department of Agriculture is responsible for issuing phytosanitary and other health certificates on various products of plant and animal origin.

Perishable Products Export Control Board (PPECB)
Tel: 021 930 1134
Fax: 021 939 6868
Web site: www.ppecb.co.za
Activities: The PPECB controls shipments of perishable products from South Africa

Bureau Veritas
Location: Head office in Johannesburg
Tel.: 011 660 0500
Fax: 011 660 0510
Activities: Multifaceted pre-shipment inspection and certification.

COTECNA Inspection S.A
Location: Head office in Durban
Tel.: 031 566 3231
Fax: 031 566 3263
Activities: Multifaceted pre-shipment inspection and certification.

Intertek Testing Services SA (Pty) Ltd
Location: Head office in Johannesburg
Tel.: 011 455 2568
Fax: 011 455 4017
Activities: Multifaceted pre-shipment inspection and certification.

Société Générale de Surveillance S.A (SGS)
Location: Head office in Johannesburg
Tel.: 011 652 1400
Fax: 011 652 1525
Activities: Multifaceted pre-shipment inspection and certification.

JCCI Chamber of Commerce and Industry - Johannesburg
Location: Gauteng
Tel.: 011 726 5300
Fax: 011 482 2000
E-mail: info@jcci.co.za
Web site: www.jcci.co.za
Activities: Certificate of origin and GSP Certificate
Cape Town Regional Chamber of Commerce and Industry
Location: Cape Town, with regional coverage in the Western Cape
Tel: 021 402 4300
Fax: 021 402 4302
E-mail: info@capechamber.co.za
Web site: www.capechamber.co.za
Activities: Certificate of origin and GSP Certificate

Durban Chamber of Commerce and Industry
Location: Durban
Tel: 031 335 1000
Fax: 031 332 1288
Web site: www.durbanchamber.co.za
Activities: Certificate of origin and GSP Certificate

Department of Trade and Industry
Location: Pretoria
Tel: 0861 843 384
Fax: 0861 843 888
Web site: www.thedti.gov.za
E-mail: enquiries@isa.org.za
Activities: Issues the EUR 1 Certificate
57. **How does the exporter assess whether the export documentation is correct?**

Verifying that the export documentation required has been correctly completed is an essential part of the export transaction process. The slightest discrepancy between documents can result in goods being refused entry or permission to depart, delays in transit, or the customer refusing to pay. Although each document requires specific information, there are some simple guidelines to follow in order to prevent mistakes being made.

- The exporter should always check every document involved in the transaction to ensure that the information provided is consistent in terms of the:
  - Product description, weight, quantity, packaging, etc.
  - Incoterm used
  - Price and currency details
  - Modes of transport, carriers, dates, etc.
- All documentation should be completed as stipulated; all required signatures should be attached and copies of the documentation sent to the right organisation or person for authentication or authorisation.
- If the exporter is using a reputable freight forwarder he will receive most of the assistance and guidance he needs in ensuring that the export documentation is correct.
- Nonetheless, the freight forwarder requires accurate information from the exporter – this is why the forwarder’s instruction (see Question 49) is so important.
- When completing the forwarder’s instruction, it is advisable that the exporter also provides the freight forwarder with a copy of the letter of credit, where applicable, and any other documentation requests from the buyer.

It is nonetheless advisable for the exporter to attend a training course in export administration and documentation so that, even if most of the documentation is handled by the freight forwarder, the exporter is in a position to manage the whole procedure.

### RESOURCES

**Freight Training**
Location: Johannesburg, national coverage
Tel.: 011 450 4140
Fax: 011 450 4153
E-mail: sean@freighttraining.co.za
Web site: www.freighttraining.co.za
Activities: Comprehensive international trade training and education programmes.

**Institute of Export, Division of Graduate School of Marketing**
Location: Johannesburg, Pretoria, Cape Town, Durban, Port Elizabeth
Tel.: 011 482 1419
Fax: 011 726 3679
E-mail: info@imm.co.za
Web site: www.imm.co.za
Activities: Comprehensive international trade training and education programmes, including custom-tailored courses.
International Trade Institute of Southern Africa (ITRISA)
Location: Johannesburg, national coverage
Tel.: 011 807 5317
Fax: 011 807 5321
E-mail: itrisa@icon.co.za
Web site: www.itrisa.co.za
Activities: Comprehensive international trade education programmes.

Rainbow Software International
Location: Cape Town and Johannesburg
Tel.: 021 447 3030
Fax: 021 447 3074
E-mail: info@rsi.co.za
Web site: www.rsi.co.za
Activities: Developers of international trade software for marketing and administration.

JCCI Chamber of Commerce and Industry - Johannesburg
Location: Gauteng
Tel.: 011 726 5300
Fax: 011 482 2000
E-mail: info@jcci.co.za
Web site: www.jcci.co.za
Activities: All business chamber activities with an emphasis on international trade; provides public export training.

Cape Town Regional Chamber of Commerce and Industry
Location: Cape Town, with regional coverage in the Western Cape
Tel.: 021 402 4300
Fax: 021 402 4302
E-mail: info@capechamber.co.za
Web site: www.capechamber.co.za
Activities: All business chamber activities with an emphasis on international trade; provides public export training.

Durban Chamber of Commerce and Industry
Location: Durban
Tel.: 031 335 1000
Fax: 031 332 1288
Web site: www.durbanchamber.co.za
Activities: All business chamber activities with an emphasis on international trade; provides public export training.
58. What happens if the buyer finds delivery unacceptable?

Generally, the exporter is likely to face two types of dispute with the buyer:

- The buyer refuses to pay – to prevent this, a letter of credit should always be used.
- The buyer complains about the quality of the goods – to avoid this, a certificate of quality should be obtained before shipping the goods. Although this does not totally eliminate quality disputes between the buyer and the seller, it does serve as a preliminary quality check.

It must be emphasised that, once the goods have been shipped and the appropriate documents have been given to the bank under a letter of credit (L/C) arrangement, payment will be made. In any international sale, the exporter should make sure that the proper documentation is complete and correctly made out to ensure problem-free payment by the bank.

In most cases of disagreement, it is left to the buyer to sue for reimbursement. For this reason, it is recommended that the sales contract provides for either a jurisdiction clause or an arbitration clause.

Where a dispute is referred to jurisdiction by a national court, the contract can stipulate that in the event of a dispute, the case will be brought to a court in the country of either the buyer or the exporter.

If the parties agree that a dispute will be dealt with by an arbitration procedure, there are international systems of arbitration recognised in most countries. As opposed to court proceedings, arbitration provides an economical and expedient settlement of commercial disputes with the added benefit of privacy. The arbitrator is usually an expert in the subject matter of the dispute.

The international Court of Arbitration of the International Chamber of Commerce (ICC) issues rules that ensure the smooth conduct of arbitration hearings and the validity of the arbitral awards rendered. Its most recent rules came into effect on 1 January 1998. Other international rules can be adopted, such as those of the United Nations Commission on International Trade Law (UNCITRAL), which have been widely used since their adoption in 1976.

Once an arbitration award has been made, the decision must be enforced in the country where the responsible party has assets.
RESOURCES

**ICC International Court of Arbitration Rules of Arbitration**

Publishers: International Chamber of Commerce (ICC)  
Cost: Free  
Obtainable: ICC Court of Arbitration Website  
Web site: www.iccwbo.org/index_court.asp  
Contents: Complete documentation on the ICC rules of arbitration

**A Guide to the New ICC Rules of Arbitration**

Publishers: International Chamber of Commerce (ICC)  
Cost: EUR 133  
Obtainable: International Chamber of Commerce, Paris, France  
Tel: +33 1 49 53 29 23  
E-mail: pub@iccwbo.org  
Web site: www.icebooks.com  
Contents: Written by two former Secretary Generals of the ICC Court, this guide provides a unique insider's view into the ICC arbitration process. The guide explains each Article of the rules, indicates how the rules have been applied by the ICC arbitrators and construed by the courts.

**United Nations Commission on International Trade Law (UNCITRAL)**

Location: Vienna, Austria  
Tel: +43 1 26060-4061  
Fax: +43 1 26060-5813  
E-mail: uncitral@uncitral.org  
Web site: www.uncitral.org  
Activities: UNICITRAL have drawn up the United Nations Convention on Contracts for the International Sale of Goods. This document is available on the web site.

**Trade Law Centre for Southern Africa (TRALAC)**

Location: Cape Town  
Tel: 021 883 2208  
Fax: 021 883 8292  
Web site: www.tralac.org  
Activities: Various programmes in the arena of trade law and related issues.
Quality and environmental issues
59. **What is a quality standard?**

A “standard” is:

- a set of requirements to be fulfilled by a product, process or service,
- established by a consensus process,
- approved by a recognised body and
- available as a printed or electronic document.

The purpose of standardisation is:

- At the enterprise level – to promote profitability.
- At the international level – to promote trade and improve worldwide health, safety, and environmental levels.

There are three types of quality standard:

- A **service standard** specifies the requirements to establish the product’s fitness for purpose.
- A **product standard** specifies the requirements to establish the product’s fitness for use. It details the various characteristics or parameters that a product should meet if it is to conform to a specified standard or to customer requirements. This conformity is ascertained by a recognised certification body through periodic surveillance of the enterprise's output. (The terms “product standard” and “quality standard” should not be confused.)
- A **quality system standard** defines the method of managing quality in an organisation. It therefore helps an organisation to consistently achieve quality levels. The quality system of an organisation comprises the organisational structure, procedures, processes and resources.

A firm can set any quality level for its products on the basis of marketing considerations and customer requirements.

In a contractual situation, implementation of a system such as ISO 9000 will help the firm to understand customer requirements. The operation of various functional departments will be managed to ensure that the final product or service fully meets contractual requirements.
RESOURCES

**Export Quality Management: An answer book for small and medium-sized exporters**

**Publisher:** Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO  
**Cost:** Free to South African citizens and registered companies  
**Obtainable:** Department of Trade and Industry, Pretoria  
**Tel.:** 0861 843 384  
**Web site:** www.thedti.gov.za  
**Contents:** Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

**South African Bureau of Standards (SABS)**  
**Location:** Pretoria and other centres  
**Tel:** 012 428 7911  
**Fax:** 012 344 1568  
**Email:** info.sabs.co.za  
**Web site:** www.sabs.co.za  
**Activities:** Quality testing and inspection, comprehensive information on international and foreign national standards.

**FAO/WHO Codex Alimentarius**  
**Location:** Via delle Terme di Caracalla, 00100, Rome, Italy  
**Tel:** +39 6 5705.1  
**Fax:** +39 6 5705.4593  
**E-mail:** Codex@fao.org  
**Web site:** www.codexalimentarius.net  
**Activities:** The Codex Alimentarius Commission was created in 1963 by FAO and WHO to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Programme. The main purposes of this Programme are protecting health of the consumers and ensuring fair trade practices in the food trade, and promoting coordination of all food standards work undertaken by international governmental and non-governmental organisations.
60. What is quality?

The quality of a product can be defined as its “fitness for use”. This implies that all its characteristics must satisfy the customer’s stated and implied needs. As a result, “managing for quality” has become the management function that ensures that customer requirements are identified and satisfied. Companies everywhere are conscious that quality in management, products and services gives a competitive edge. Regardless of their size or activity, companies are becoming increasingly customer driven, and therefore the quality of a product depends on its ability to fulfil the customer’s expectations. To ensure that it continues to do so, a company needs to review quality requirements periodically because of changes in customer needs over time.

The quality of a product is a major factor in any purchasing decision. Before placing an order, the purchasing organisation may:

- Evaluate the supplier’s capability to manufacture and supply a product that will meet all its requirements.
- Ask for samples from potential suppliers to carry out inspections and perform tests to determine whether the samples conform to specifications.
- Send technical experts to assess the quality management systems in order to assure themselves that these suppliers will be able to supply products of consistent quality.

To minimise problems arising from the subjective nature of assessments and the high costs involved in assessing suppliers’ quality systems, a universally accepted standard quality assurance system has been adopted to serve as a reference or benchmark for the assessment of any supplier’s quality system (see Questions 57 and 59).

As defined by the International Organisation for Standardisation (ISO):

- **Quality** pertains to all the characteristics of an entity that bear on its ability to satisfy stated and implied needs, and the overall intentions and direction of an organisation with regard to quality.
- **Quality management** comprises the activities of management that determine quality policy, objectives and responsibilities, and implement them by means such as quality planning, quality control, quality assurance and quality improvement within the quality system.
- **Quality control** refers to the operational techniques and activities that are used to fulfil requirements for quality.
- **Quality assurance** entails all the planned and systematic activities implemented within the quality system, and demonstrated as needed, to provide adequate confidence that an entity will fulfil the requirements for quality.
- The **quality loop** relates to functions that affect product quality, e.g. inspection, marketing, service, market studies, product development, manufacturing, engineering, purchasing and production.
RESOURCES

Export Quality Management: An answer book for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel: 0861 843 384
Web site: www.thedti.gov.za
Contents: Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

South African Quality Institute (SAQI)
Location: Pretoria
Tel: 012 394 0437
Email: Vanessa@saqi.co.za
Web site: www.saqi.co.za
Activities: The South African Quality Institute is the national umbrella body co-ordinating the Quality effort in South Africa. It was registered in 1993 as a Section 21 company, not for gain, and is acknowledged and used by Government as the unifying national institution for Quality in South Africa; accepted and utilised by commerce and industry as the national Quality co-ordinating and promotional body; recognised by teaching institutions as the authority on identifying and meeting/facilitating Quality educational needs.

National Metrology Laboratory (NML)
Location: Pretoria
Tel: 012 841 4152
Fax: 012 841 2131
Website: www.nml.csir.co.za
Activities: NML is the key provider of internationally traceable measurement standards and measurements.

SABS Standards Information Centre
Location: Pretoria
Tel: 012 428 6666
Fax: 012 428 6928
Website: www.stansa.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards. SABS also functions as the WTO/TBT enquiry point and is a member of ISO, OIML and IEC.

South African National Accreditation System (SANAS)
Location: Pretoria
Tel: 012 394 3760
Fax: 012 394 0526
Email: yolandav@sanas.co.za
Website: www.sanas.co.za
Activities: SANAS provides accreditation services in respect of:
- Certification Bodies to ISO/IEC Guide 62, 65 and 66 (including the IAF interpretation thereof);
- Laboratories (testing and calibration) to the ISO/IEC 17025 standard;
- Inspection Bodies to the ISO/IEC 17020 standard;
- Good Laboratory Practice (GLP) facilities are inspected for compliance to OECD GLP principles; and
- Training establishments (related to laboratory and system auditing).
SANAS is a full member of ILAC and IAF.
61. **What is the ISO 9000?**

The ISO 9000 series provides a harmonised set of generic quality assurance standards applicable to any organisation, regardless of its size, activity or status. It helps the organisation to reduce its internal costs, as well as improving quality, efficiency and productivity. It is a stepping stone towards total quality and continuous quality improvement. The ISO 9000 series is not a set of product standards, nor does it cover industry-specific standards. Each document describes a quality model for use in different applications.

- **ISO 9000** is issued in four parts: ISO 9000-1, ISO 9000-2, ISO 9000-3 and ISO 9000-4. It presents guidelines for quality management and quality assurance, and serves as an identifying and defining source for the rest of the series.

- **ISO 9001** is the most comprehensive document in the series. It applies to firms engaged in design, development, manufacture, installation and servicing. It specifies the quality system to use when contracts require demonstration of a supplier’s capability to design, manufacture, install and service a product. It also addresses aspects such as detection and correction of errors during production, employee training, and documentation and data control.

- **ISO 9002** applies to firms with no design and development activity. It defines quality assurance in production, installation and servicing.

- **ISO 9003** applies to firms whose business processes do not include design control, process control, purchasing or servicing. It basically uses inspection and testing to ensure that final products and services meet requirements.

- **ISO 9004-1**, in its four parts, defines in greater detail the quality elements referred to in the above documents. It provides guidelines on the elements of quality management and a quality system.

Information on the ISO 9000 can be obtained from the South African Bureau of Standards (SABS). ISO 9000 certification is received from an approved certification body after a rigorous audit that verifies compliance with the relevant ISO 9000 series standard. In South Africa, there are several companies that assist other companies on a consulting basis to achieve an ISO 9000 accreditation.

In recent years exporters have discovered that compliance with the ISO standards, although not mandatory, is important for success in foreign markets. Customers worldwide are becoming more quality conscious and demand that these standards are met as a minimum requirement.

Judging from current international market trends, the ISO 9000 series will soon become the internationally recognised standard for quality.

The implementation of an ISO 9000 quality standard, and certification to that standard, can be expensive and time-consuming for a firm, with the process taking 6–12 months. However, the expense of becoming certified can be justified by the enhanced image and competitive advantage gained by the firm in the international market place.

To compete internationally, a firm must not only have products or services of high quality, but also provide an assurance of consistency of quality. Furthermore, small firms acting as subcontractors to large companies, e.g. in the automotive industry, are usually now required by their local customers to achieve ISO 9000 accreditation.
RESOURCES

Export Quality Management: An answer book for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel.: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

Council for Scientific and Industrial Research (CSIR)
Location: Pretoria
Tel.: 012 841 2911
Fax: 012 349 1153
Web site: www.csir.co.za
Activities: The CSIR is a technology and research organisation.

ISO 9000 for Small Business: What to do, Advice from ISO/TC 176
Publishers: ISO and International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Guide on the basics of ISO 9000 as it applies to small business.

ISO 9001 Fitness Checker
Publisher: International Trade Centre UNCTAD/WTO
Cost: US$ 20
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Guide to assess readiness for ISO 9001
**ISO 9001: 2000 for Small Businesses**

Author: Ray Tricker  
Publisher: Butterworth-Heinemann; 2nd edition (March 2001)  
Cost: US$40  
Obtainable: From Amazon.com  
Web-site: www.amazon.com  

**ISO 9001, The Standard Interpretation**

Author: Leland R Beaumont  
Publisher: Iso Easy; 3rd edition (February 1, 2002)  
Cost: US$30  
Obtainable: From Amazon.com  
Web-site: www.amazon.com  
62. What is the ISO 14000?

The ISO 14000 is the first series of international standards on environmental management systems issued by the ISO. The main purpose of the ISO 14000 series is to promote more effective and efficient environmental management in organisations (i.e. management that is systems based, flexible and cost-effective).

- The ISO 14001 provides the elements for an effective environment management system that can be integrated with other management requirements.
- The system enables an organisation to establish and assess the effectiveness of its procedures for setting environmental policies and objectives that conform to these objectives and demonstrate such conformance.
- The ISO 14001 specifies the requirements for certification and for self-declaration of a firm’s environmental management system.
- Compliance with these standards gives exporting companies a competitive edge. In some sectors, for example, in the minerals, base metals, pulp and paper, and chemicals sectors, it is required by major foreign buyers.

For firms in developing countries, the ISO 14000 series of standards represents an opportunity for technology transfer and a source of guidance for introducing and adopting an environmental management system based on universal best practices. The standards in the ISO 14000 are listed below:

**Environmental management systems**

- ISO 14001:1996 Specification with guidance for use
- ISO 14004:1996 General guidelines on principles, systems and supporting techniques

**Guidelines for environmental auditing**

- ISO 14010:1996 General principles
- ISO 14011:1996 Audit procedures – auditing of environmental management systems
- ISO 14012:1996 Qualification criteria for environmental auditors

**Environmental labels and declaration**

- ISO/DIS 14020 General principles
- ISO/DIS 14021 Self declared, environmental claims
- ISODIS 14024 Type/environmental labelling – guiding principles and procedures

**Life cycle assessment**

- ISO 14040:1997 Principles and framework
- ISO/DIS 1404 Goal and scope definitions and inventory analysis
- ISO 14050:1998 Environment management – vocabulary
RESOURCES

Export Quality Management: An answer book for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thediti.gov.za
Contents: Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

ISO 14000 Information Centre
Location: Web based
Web site: www.iso14000.com
Activities: ISO 14000 support. The web site provides a selection of articles and links relevant to implementation of ISO14000.

Publisher: McGraw-Hill Professional; (May 1, 1996)
Cost: US$ 50
Obtainable: From Amazon.com
Web site: www.amazon.com
Contents: A reference book on ISO14000, auditing, performance evaluation, labelling, life-cycle assessment, and other environmental areas. Explains the history of ISO 14000, details of each key standard, conformance requirements and participants' roles, and implementation tips. Also provides a gap analysis tool and a sample environmental management system manual.
**63. What is ISO 9000 certification?**

The expression “ISO 9000 certification” means certification against ISO 9001, ISO 9002 or ISO 9003 by a recognised body or third party. The ISO itself does not give certification. An ISO 9000 certificate is a written assurance by the certification body or third party that the quality management system covering a specified range of activities has been assessed and found to conform to a specific ISO 9000 standard.

An assessment or audit may be carried out in three ways:

- By the firm itself, to verify that it is managing its processes effectively.
- By the firm’s customers, to give them confidence that the firm is capable of delivering products or services that will meet their needs.
- By engaging the services of an independent quality system certification body to obtain an ISO 9000 certificate of conformity. This option has proved extremely popular in the market place because of the perceived credibility of an independent assessment. The firm may thus avoid multiple audits by its customers, or reduce the frequency or duration of customer audits. The certificate can also serve as a business reference for the firm and potential customers, especially when it is a new relationship or far removed geographically.

Certification is not a one-off event: regular audits are undertaken to show that the company is maintaining the standard that is certified.

Accreditation refers to the procedure by which an authoritative body gives formal recognition that a body or person is competent to carry out specific tasks. In the ISO 9000 context, an accreditation body will accredit or approve a certification body as competent to carry out ISO 9000 certification of quality management systems.

Accreditation enhances mutual recognition of certification bodies operating with uniform principles and methodologies. A group of certification bodies may enter into mutual agreements giving their certificates better recognition and an equal value.

Firms are often required to implement a quality management system that meets international standards. In order to evaluate the need for a better quality management system, the exporting firm should consider whether it suffers from poor yields, a high incidence of non-conformities, repeated customer complaints, high warranty returns, delayed deliveries and high inventories.

**RESOURCES**

**Applying ISO 9000 Quality Management Systems**

Publisher: International Trade Centre UNCTAD/WTO  
Cost: Free  
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org  
Contents: Handbook dealing with basic concepts of quality control and quality management. Explains structure and content of the ISO 9000 standards; discusses establishment, implementation, auditing and third party certification of quality management systems.
Export Quality Management: An answer book for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

ISO 9000 for Small Business: What to do, Advice from ISO/TC 176
Publishers: ISO and International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

ISO 9001: 2000 for Small Businesses
Author: Ray Tricker
Publisher: Butterworth-Heinemann; 2nd edition (March 2001)
Cost: US$40
Obtainable: From Amazon.com
Web-site: www.amazon.com

ISO 9001, The Standard Interpretation
Author: Leland R Beaumont
Publisher: Iso Easy; 3rd edition (February 1, 2002)
Cost: US$30
Obtainable: From Amazon.com
Web-site: www.amazon.com
64. How is ISO certification awarded?

Certification is a process by which a certification body or third-party gives a written assurance that a product, process or service conforms to the specified requirements. Certification is awarded on the successful completion of an assessment by an independent third-party certification body against the ISO 9001/9002.

Certification is now a contractual situation. It enables organisations to demonstrate their commitment to quality and to encourage employees to develop a quality culture. Today, more and more firms engaged in exporting to the international market are preparing themselves for certification, or are demonstrating that their quality management system conforms to the ISO 9000 by using third-party certification as a marketing tool.

Obtaining ISO 9000 certification is not a short process, but a step-by-step development, as the following shows.

**Steps for certification:**

1. Form a core quality group.
2. Determine quality policy goals and objectives; these are usually determined by customer requirements or industry standards.
3. Communicate quality policy within the organisation.
4. Determine departmental quality goals and objectives.
5. Appoint a management representative for managing the process.
6. Conduct a quality awareness programme for all employees.
7. Prepare a matrix that details the procedures to be included in the quality system.
8. Write procedures that form the core of the quality system.
9. Compare these procedures with the ISO 9000 series.
10. Write additional procedures where necessary.
11. Establish common procedures for document control, record control, quality audits, training, etc.
12. Conduct staff training programmes to enable internal audits to be carried out.
13. Compile a quality manual that establishes links between the various procedures.
14. Conduct an adequacy audit and documentation review.
15. Conduct internal audits.
16. Conduct management reviews.
17. Undergo a pre-assessment audit.
18. Undergo a compliance audit by the certification body.
19. Obtain certification.
RESOURCES

Applying ISO 9000 Quality Management Systems
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Handbook dealing with basic concepts of quality control and quality management. Explains structure and content of the ISO 9000 standards; discusses establishment, implementation, auditing and third party certification of quality management systems.

Export Quality Management: An answer book for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

ISO 9001: 2000 for Small Businesses
Author: Ray Tricker
Publisher: Butterworth-Heinemann; 2nd edition (March 2001)
Cost: US$40
Obtainable: From Amazon.com
Web-site: www.amazon.com
ISO 9001, The Standard Interpretation
Author: Leland R Beaumont
Publisher: Iso Easy; 3rd edition (February 1, 2002)
Cost: US$30
Obtainable: From Amazon.com
Web-site: www.amazon.com

ISO 9001 Fitness Checker for SMES
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org/ec/isochecker/gapanaly.pdf
Content: Provides a gap analysis for self evaluation by small and medium-sized enterprises.
65. **What are Hazard Analysis Critical Control Points?**

The Hazard Analysis Critical Control Point (HACCP) system is a food safety management system using the approach of controlling critical points in food handling to prevent food safety problems. It is a system that can be used to assure food safety at all levels of food handling and is an important element in the overall management of food quality and safety, more commonly referred to as good manufacturing practice (GMP). The HACCP concept was developed in the late 1960s as a quality assurance system to enhance food safety. Although the basic principles underlying the concept were not new, the introduction of the HACCP system signalled a shift in emphasis from resource-intensive end-product inspection and testing, to preventive control of hazards at all stages of food production.

**Constraints and difficulties.** The constraints and difficulties in applying HACCP systems are similar for both developing and developed countries. They generally relate to the attitude of management in processing firms and their level of technical expertise. Large processors of foods find it easier to accept the HACCP approach and have the necessary funds to invest in its introduction. Small food processors are more constrained by lack of funds and the necessary skills among their employees. However, small exporters around the world are successfully implementing the HACCP system, especially where they have received financial assistance with the initial costs.

**Impact of implementation.** Importing countries that require the mandatory application of HACCP systems for importers, unilaterally impose the HACCP system on exporters from developing countries. Exporters may find such requirements difficult to meet if support systems are not available from the government or other competent bodies to allow the transfer of experience and knowledge from HACCP experts.

**Integrated quality assurance: HACCP system and the ISO 9000 series.** There is an ever-increasing emphasis on quality assurance within the food industry, which can be divided into advocacy for ISO 9000 standards and advocacy for HACCP systems. The industry has generally focused on ISO standards to provide a framework for the establishment and audit of quality management systems, whereas regulatory authorities have focused on HACCP systems as tools for improving the safety and wholesomeness of food. Regardless of the initiator, there needs to be an alignment of quality assurance systems in order to meet all quality requirements in the broad sense (i.e. including food safety) efficiently and cost-effectively.

The ISO 9000 Quality Management and Quality Assurance Standards are a series of international standards that establish the generic requirements for quality systems. In meeting quality system requirements, the ISO specifies the need to clarify standards of acceptability for all features and requirements, including those that contain a subjective element, and the need to provide all resources and skills essential to achieving the required quality. It is important to note, however, that the ISO 9000 standards in themselves do not provide technical specifications for products; they rely on an alternative source of specialised knowledge (and the relevant legislation) to prepare the quality manual. The HACCP system can either deliver this specialised knowledge or be implemented as a quality assurance system in its own right.
RESOURCES

Export Quality Management: An answer book for small and medium-sized exporters
Publisher: Department of Trade and Industry South Africa and the International Trade Centre
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
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Contents: Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

Council for Scientific and Industrial Research (CSIR)
Location: Pretoria
Tel: 012 841 2911
Fax: 012 349 1153
Web site: www.csir.co.za
Activities: The CSIR is a technology and research organisation.

Perishable Products Export Control Board
Location: Cape Town
Tel: 021 930 1134
Fax: 021 939 6868
Web site: www.ppecb.co.za
Activities: The PPECB controls exports of perishable products from South Africa.

Agri Academy
Location: Cape Town
Web site: www.agriacademy.co.za
Activities: The SA Agri Academy is a section 21 company focusing on exporters and emerging exporters in the fresh, canned and dried fruit, vegetable and wine industries.

The HACCP Food Safety Manual
Author: Joan K Loken
Publisher: John Wiley & Sons; (January 1995)
Cost: US$80
Obtainable: From Amazon.com
Web site: www.amazon.com
Contents: Comprehensive guide organized according to the logical Hazard Analysis Critical Control Points steps. Each step includes a short description, practical applications, supporting narratives, posters, charts and workbook projects to facilitate understanding. Features a section on food-borne illness containing training aids, food microbiology, preparing for and handling complaints.
66. What is eco-labelling?

Environmental labelling or eco-labelling is an important part of ensuring quality standards, especially with the increased awareness of the need to protect the environment. Consumers, industrialists, technologists and society as a whole are no longer making purchasing decisions based solely on key aspects of the product itself. Now, they also take into consideration environmental effects before, during and after manufacturing.

Eco-labelling is the judgement of a product’s relative environmental qualities compared with those of another functionally and competitively equivalent product. It also states that a product is environmentally friendly at all stages of its life cycle and that it satisfies both voluntary and regulatory requirements. Environmental labelling makes a positive statement that identifies products and services as less harmful to the environment than similar products or services. Eco-labelling programmes may be industry driven, or mandated by the government.

Participation in eco-labelling programmes is voluntary. If a firm decides not to participate, it will not be able to display an eco-label on its products, but it will still enjoy the same access to the market as those firms that do participate in such programmes.

Currently, 26 eco-labelling programmes are listed on the Global Ecolabelling Network, which is a central information network on eco-labelling:

- The EU programmes include the 15 member countries of the Union as well as Norway, Liechtenstein and Iceland.
- Brazil’s Department de Certificaçao Gerente.
- Canada’s Environmental Choice programme.
- Germany’s Blue Angel programme.
- France’s NF Environment programme.
- Israel’s Green Label programme.
- Japan’s Ecomark programme.
- Norway, Denmark, Iceland, Finland and Sweden’s Nordic Swan programme.
- Thailand’s Green Label.
- United States’ Green Seal programme.

Some of the product and service categories currently covered by eco-label programmes are:

- Batteries.
- Burners and boilers.
- Clothing and textiles.
- Construction and building materials.
- Home appliances and home care products.
- Lights.
- Office equipment and furniture.
- Office supplies that are not paper-specific
- Packaging and containers that are not paper-specific.
- Paper products.
- Personal care products.
Vehicles and fuels.

**RESOURCES**

**Eco-labelling and Other Environmental Quality Requirements in Textiles and Clothing: Implications for Developing Countries**

Publisher: International Trade Centre UNCTAD/WTO  
Cost: Free  
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org  
Contents: Selection of papers presented at a workshop on eco-labelling. Discusses selected eco-labelling schemes and implications for developing country exporters in quality control and packaging to meet environmental quality requirements.

**Global Ecolabelling Network**

Location: Secretariat is in Ottawa, Canada  
Tel: +1 613 247 1900  
Fax: +1 613 247 2228  
Web site: www.gen.gr.jp  
Activities: The Global Ecolabelling Network (GEN) is a non-profit association of third-party, environmental performance labelling organizations founded in 1994 to improve, promote, and develop the "ecolabelling" of products and services.
67. **What is an organic product and how is certification acquired?**

An organic product is one that is certified as having been produced by means of an organic farming process. Organic farming is environmentally friendly and protects soil health by using a blend of old and new technologies and scientific research to balance the earth’s natural ecosystems. Examples of organic farming techniques include:

- Avoiding the use of chemicals in the soil and on plants.
- Avoiding the use of genetically modified organisms.
- Rotating crops between fields, to prevent pests from building up, and to improve soil fertility.
- Planting selected bushes and flowers to attract beneficial insects that ward off unwanted pests.
- Using biological insecticides, which make use of pests’ natural predators to control pest populations.
- Practising good animal welfare by strictly regulating breeding, rearing, handling and feeding of animals and implementing a free-range lifestyle.
- Maintaining detailed records on methods used and results achieved.

A product that carries organic certification means that:

- No harmful chemicals have been applied for at least three years.
- The farmer and processor have annual certification inspections.
- They have kept detailed records of their practices.
- They use ecologically friendly methods and substances to improve the soil and control pests.

**Certification process**

A certified organic product means that the produce and the farming process have been inspected over a period by an independent, specialist certification agency to verify organic authenticity to the consumer. This process normally takes place over a timeframe of about three years. Conversion to organic farming is therefore challenging and requires patience and commitment.

The inspection process verifies that the product has been grown/processed according to worldwide standards based on the principles and practices of organic food and fibre production.

- Generally the certification process begins when the grower or processor completes an application describing the farm history or plant operation and giving details of management practices and the use of materials.
- The certifying body assigns an inspector who visits the farm or production plant and visually validates that the application information is correct.
- If the farm or plant is approved, it is certified for one year; annual inspections are required for certification to continue.
- A clear audit trail is an essential element of the certification process. Documentation must track the product by lot numbers, certificates or other identification codes, so that at any point in the sale and distribution of the organic product it can be traced back to its origin.

Certification agencies in South Africa include Société Générale de Surveillance S.A. (SGS) and Afrisco.
RESOURCES

Organic farming and certification
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Available: www.intracen.org
Contents: Information on organic farming and certification processes, standards and international organisations active in the field.

Codex Alimentaris – Organically Produced Foods
Publisher: Codex Alimentaris Commission, Food and Agricultural Organisation
Cost: Available free of charge online
Obtainable:: www.codexalimentarius.net
Contents: The publication gives details on production and certification principles for organic food products.

Organic Agricultural Association of South Africa
Location: Represented countrywide.
Tel.: 012 650 0284
Fax: 012 650 0207
E-mail: oaasa@ananzi.co.za
Web site: www.oasaa.co.za
Activities: An association not for gain which promotes organic agricultural practices in South Africa and increases awareness of sustainable farming methods.

Société Générale de Surveillance S.A. (SGS)
Location: Head office in Johannesburg
Tel.: 011 652 1400
Fax: 011 652 1525
Activities: Multifaceted pre-shipment inspection and certification.

AFRISCO: Africa’s Farms Certified Organic
Location: Pretoria
Tel. / Fax: 012 349 1070
E-mail: afrisco@global.co.za
Web site: www.afrisco.net
Activities: Organic certification body
Environment impact assessment (EIA) is a procedure that ensures that the environmental implications of decisions are taken into account before the decisions are made. The process involves:

- Analysing the likely effects of a proposed project or policy on the environment.
- Recording those effects in a clear and understandable way.
- Engaging in public consultation on the findings.
- Taking into account the comments of key stakeholders when making the decision.
- Informing the public of the decision.

In the context of EIA, the environment is regarded as the surroundings within which humans exist and that consist of:

- The land, water and atmosphere of the earth.
- Micro-organisms, plant and animal life.
- Any part or combination of the first two components and the interrelationships among and between them.
- The physical, chemical, aesthetic and cultural properties and conditions of the foregoing that influence human health and well-being; this includes the economic, cultural, historical and political circumstances, conditions and objects that affect the existence and development of an individual, organism or group.

Generally, the following information is required for an EIA to be carried out:

- A detailed description of the project, including land use requirements during the construction and operational phases, the nature and quantity of materials to be used, and estimates of the type and quantity of expected residues and emissions.
- An outline of the main alternatives studied by the developer and an indication for the particular choice made, taking into account environmental factors.
- Details of the environmental aspects likely to be significantly affected by the project, taking into account the broadest definition of the term 'environment'.
- Description of the likely effects of the project on the aspects of the environment identified.
- What measures will be taken to prevent, reduce and offset significant adverse effects.
- A non-technical summary of the information to enable public consultation and debate.

It is usual that before the full EIA is undertaken a screening process is carried out to determine whether and to what depth an EIA is required. A critical aspect of environmental impact assessment is that it is transparent and involves public consultation at every step.

While EIA refers to research into the impact of individual projects (dams, roads, port development, and so forth), a more recent development has been strategic environmental analysis (SEA), which refers to plans, policies and programmes.

The European Community has drawn up directives on EIA of projects, while the South African Council for Scientific and Industrial Research (CSIR) has produced a guidance manual for consultants and practitioners in the EIA field. The Department of Environmental Affairs and Tourism is concerned with EIA activities in South Africa.
The CSIR Practical Guide to EIA Project Management
Publisher: Council for Scientific and Industrial Research
Cost: R400
Obtainable: CSIR, Pretoria,
Tel: 012 841 2911
Fax: 012 349 1153
Contents: The guide explains each part of managing an EIA process including project administration and initiation, the scoping phase, specialist study phase through to the decision phase and project closure.

Guidance on EIA – EIS Review, June 2001
Publisher: Office of Official Publications of the European Communities
Author: Environmental Resources Management
Cost: Free on line.
Contents: Detailed information with comprehensive checklists on EIA, especially in terms of EU requirements.

Department of Environmental Affairs and Tourism, South Africa
Location: Pretoria
Tel.: 012 310 3911
Fax: 012 322 2682
Web site: www.environment.gov.za

Department of Water Affairs and Forestry, South Africa
Location: Pretoria
Tel.: 012 336 7500
Fax: 012 336 8850
Web site: www.dwaf.gov.za
69. Where can information be obtained on standards, inspection bodies and quality associations?

The following key organisations provide information on standards, technical regulations, certification, eco-labelling, and quality management schemes:

- South African Bureau of Standards (SABS) (Standards Information Centre), telephone: (012) 428 6925, fax (012) 344 1568, e-mail: info@sabs.co.za, web site: www.sabs.co.za SABS is the WTO TBT enquiry point.
- Council for Scientific and Industrial Research (CSIR), telephone: (012) 841 2911, fax (012) 349 1153, e-mail: info@csir.co.za, web site: www.csir.co.za
- Perishable Products Export Control Board (PPECB), telephone: (021) 930 1134, fax (021) 939 6868, e-mail: info@ppecb.co.za, web site: www.ppecb.co.za
- Codes Alimentarius Commission, Joint FAO/WHO Food Standards Programme, Via delle Terme di Caracalla, 00100 Rome, Italy, telephone: (0939) 6 579 4476
- Department of Agriculture, Food Safety and Inspection Services, Accredited Laboratory Program, Washington, DC 20250 USA, telephone: (091) 202 447 5850
- Global Environmental Management Initiative, 2000 L Street, NW Suite 710, Washington, DC 20037-1101 USA, telephone (091) 202 296 7449.
- International Commission on Microbiological Specifications for Foods, ICMSF Secretary, 2022 La Vista Circle, Tucker, Georgia, USA, telephone (091) 404 938 8094.
- International Electrical Commission, 3 Rue de Varembe, P.O. Box 131, 1211 Geneva 20, Switzerland, telephone: (0941) 22 919 0211
- International Office of Epizootics (Animal Health), 12 Rue de Prony, 75017 Paris, France, telephone: (0933) 1 227 4574
- International Organisation of Legal Metrology, 11 Rue Turgot, 75009 Paris, France, telephone: 0933 1 48 78 1282
- International Organisation of Standardisation, (ISO), 1 Rue de Varembe, 1211 Geneva 20, Switzerland, telephone (0941) 22 749 011.
- International Telecommunications Union, Place des Nations, 1211 Geneva 20, Switzerland, telephone: (0941) 22 799 5111
- International Trade Centre UNCTAD/WTO, Palais des Nations, 1211 Geneva 10, Switzerland, telephone (0941) 22 730 0111, web site: www.intracen.org.eqm
- WTO-TBT & SPS Enquiry Point, Standards Code and Information Program, Office of Standards Services, National Institute of Standards and Technology, TRF Building, Room A-163, Gaithersburg, Maryland 20899 USA, telephone: (091) 301 975 4040
**RESOURCES**

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Publisher: Department of Trade and Industry South Africa and the International Trade Centre UNCTAD/WTO
Cost: Free to South African citizens and registered companies
Obtainable: Department of Trade and Industry, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Question and Answer guide on all aspects of quality control and management directed at exporters. The guide covers technical regulations and standards, product certification, testing, metrology, quality management, ISO 9000, ISO 14000 and the Hazard Analysis Critical Control Point (HACCP). It also examines the value of accreditation, WTO agreements and technical barriers to trade.

**World Directory of International Sources on Standards, Technical Regulations, Certification, Eco-Labelling and Quality Management Schemes**
Publisher: International Trade Centre UNCTAD/WTO
Cost: US$19 (estimated)
Obtainable: 54-56 Rue de Montbrillant, CH 1202, Geneva, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

**Bureau Veritas**
Location: Head office in Johannesburg
Tel.: 011 660 0500
Fax: 011 660 0510
Activities: Multifaceted pre-shipment inspection and certification.

**COTECNA Inspection S.A**
Location: Head office in Durban
Tel.: 031 566 3231
Fax: 031 566 3263
Activities: Multifaceted pre-shipment inspection and certification.

**Echalaz and Osborne**
Location: Durban and Richards Bay
Tel.: 031 205 5271
Fax: 031 205 7968
Activities: Pre-shipment inspection and analysis of bulk commodities.

**Gerotek Test Facilities**
Location: Pretoria
Tel: 012 371 2000
Fax: 012 371 2001
E-mail: info@gerotek.co.za
Web site: www.gerotek.co.za
Activities: Gerotek has two main test facilities: environmental testing and motor vehicle testing.

**Inspectorate - M&L**
Location: Johannesburg
Tel: 011 496 2228
Fax: 011 496 2239
Activities: M&L is part of the worldwide Inspectorate group, and its services include supervising, packing, loading, shipping, discharging, determining quality, and laboratory tests and analysis.

**Intertek Testing Services SA (Pty) Ltd**
Location: Head office in Johannesburg
Tel: 011 455 2568
Fax: 011 455 4017
Activities: Multifaceted pre-shipment inspection and certification.

**Société Générale de Surveillance S.A (SGS)**
Quality and Environmental Issues

Location: Head office in Johannesburg
Tel.: 011 652 1400
Fax: 011 652 1525
Activities: Multifaceted pre-shipment inspection and certification.

Transea Agencies CC
Location: All major centres
Tel.: 011 804 2546
Fax: 011 804 1451
E-mail: transea@yebo.co.za
Activities: Marine surveyors and cargo superintendents.

TÜV Rheinland Quality Services
Location: Johannesburg
Tel: 011 452 7837
Fax: 011 452 7812
Activities: Provide a comprehensive Quality Assurance/Quality Control Service
70. Are there technical, user group or loan programmes that assist exporters with the establishment of quality management programmes?

Companies wishing to introduce quality management systems could approach the following bodies:

- The South African Bureau of Standards (SABS), for information on international quality standards
- The Industrial Development Corporation (IDC), for possible financial assistance in implementing a system
- The Council for Scientific and Industrial Research (CSIR), for technical assistance in implementing a system
- The Quality Institute of South Africa, for information about the implementation of quality systems in South Africa and referrals to private companies consulting in this field
- Local Manufacturing Advisory Centres (MACs) for assistance, including funding, with introduction and implementation of a quality management system in an SME.
- Export councils.
- Private management or quality management consultants

The International Trade Centre (ITC) UNCTAD/WTO provides technical assistance to developing countries in the areas of standardisation and quality management. It advises management on setting overall quality policies and objectives in line with target market requirements, such as standards, specifications, technical regulations and other market requirements, including health, safety and environmental aspects. Finally, it advises trade support institutions on trends and new systems to assist in the improvement of the necessary infrastructure for standards, testing, inspection, certification, accreditation, and quality management at the national level.

The ITC provides export quality management services such as:

- Fact-finding activities to identify quality development needs
- Training missions
- Research and development to gather and review information on key trends in quality disciplines
- Publication of bulletins, technical notes, handbooks and guidelines on quality management
- The operation of specialised computer databases

For more information, contact the International Trade Centre, Export Quality Management, International Trade Centre UNCTAD/WTO, Palais des Nations, 1211 Geneva 20, Switzerland, telephone: (4122) 730 0396; fax: (4122) 733 4439; e-mail: gujadhur@intracen.org.
RESOURCES

Council for Scientific and Industrial Research (CSIR)
Location: Pretoria
Tel: 012 841 2911
Fax: 012 349 1153
Web site: www.csir.co.za
Activities: The CSIR is a technology and research organisation.

The Industrial Development Corporation (IDC)
Location: Johannesburg
Tel: 011 269-3000
Fax: 011 269-3116
Web site: www.idc.co.za
Activities: The IDC is a self-financing national development finance institution. The organisation provides financing to entrepreneurs engaged in competitive industries.

South African Bureau of Standards (SABS)
Location: Pretoria and other centres
Tel: 012 428 7911
Fax: 012 344 1568
Email: info.sabs.co.za
Web site: www.sabs.co.za
Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

South African Quality Institute (SAQI)
Location: Pretoria
Tel: 012 394 0437
Email: Vanessa@saqi.co.za
Web site: www.saqi.co.za
Activities: The South African Quality Institute is the national umbrella body co-ordinating the Quality effort in South Africa. It was registered in 1993 as a Section 21 company, not for gain, and is acknowledged and used by Government as the unifying national institution for Quality in South Africa; accepted and utilised by commerce and industry as the national Quality co-ordinating and promotional body; recognised by teaching institutions as the authority on identifying and meeting/facilitating Quality educational needs.
Pricing
71. What do buyers look for when deciding to purchase a product?

It is important to remember the four “P’s” of marketing that influence the buying decision: product, price, place (distribution) and promotion. Normally, customers have in mind a combination of the following factors when making any buying decision:

**Product-related factors**
- Quality and guarantees
- Technical specifications
- Design and drawings
- Patent and proprietary considerations
- Environmental aspects
- Packaging, labelling and marking
- Spares and after-sales service
- Warranties

**Price-related factors**
- Price
- Escalation clause, if any
- Terms of payment
- Quantity related discounts
- Minimum order requirements

**Distribution-related factors**
- Accessibility of product
- Delivery schedules
- Continuity of supplies
- Transportation arrangements
- Confidentiality

The guaranteed quality of a product, its conformity with specified or international standards, and proper packaging, labelling and markings can all be important selling factors. High quality can also offset after-sales service considerations.

Product differentiation is also important, whether it is in the form of unique concept and design, or adaptation to meet the requirements of a specific market segment.

Price is a critical factor, but does not by itself tilt the buying decision. Some customers may make a trade-off between quality or differentiation and price.

Once the product and price are right, the customer looks at the exporter’s ability to perform well. Realistic delivery schedules, and gaining the customer’s confidence that these schedules will be met, will go a long way towards securing export orders.

If the customer immediately accepts the price quoted, the exporter should find out why. It may suggest
that the price is too low, and a recalculation for the next customer or contract may be necessary.

RESOURCES

**Performance Appraisal of Exporting Enterprises**  
Publisher: International Trade Centre UNCTAD/WTO  
Cost: Free  
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org  
Contents: Study examining required conditions for the profitable management of exporting enterprises. Examines various techniques and methods for evaluating exporting enterprises; discusses corporate planning for exporting enterprises; looks into the evaluation of operating, export market, financial performance, etc.

**Costing and Pricing for Export (handbook), (1989)**  
Publisher: International Trade Centre UNCTAD/WTO  
Cost: Free  
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org  
Contents: Compilation of lecture notes, articles and papers on costing and pricing, particularly in the context of export marketing, covers role of cost management accounting within enterprises, costs unique to the export situation, estimation of cost behaviour, break-even analysis, the annual budget, pricing strategies, distribution channel costs, Incoterms, export pricing procedures.
72. How does an exporter calculate the export costs?

In calculating the cost of a product for a foreign market, the exporter should include only the costs that relate to the exported goods; costs that relate to selling the goods in the domestic market should not be included. Starting with the basic cost of the product – usually the ex-works cost – the exporter then adds his desired profit margin and all the costs involved in delivering the goods to the buyer at the agreed point, i.e. according to the Incoterm used.

Not all of the listed items will apply to every consignment: much depends on:

- Where the producer is located.
- The size of the consignment.
- Whether it will be shipped break bulk or as a full container load (FCL) or less than container load (LCL).
- The mode of transport (sea, air, road or rail).

However, all the possible costs have been included so that none will be overlooked; the exporter can formulate a checklist to suit the circumstances of a specific enquiry. The exporter should check with his freight forwarder whether or not his products require special handling or special facilities that would result in costs additional to those listed.

**Basic cost.** This figure is the “ex-factory” cost and should take into account:

- Duty rebates, drawbacks or refunds that will be claimed (see Section I, Question 7)
- Special packaging and labelling – this may be required to meet legal requirements in certain countries and/or user preferences (see Section XII on packaging and labelling)

**Basic price.** To the ex-factory cost, the exporter should add his profit margin to reach a basic price.

**Inspection costs.** Where the importing country (not the buyer) imposes a pre-shipment inspection requirement, that government usually bears the inspection cost. In other cases of pre-shipment inspection, the cost becomes a point of negotiation between buyer and seller.

**Packing.** Packing is the outer protection for goods in transit. Whereas packaging often forms an essential part of the product and is usually seen by the end user, packing may be discarded before the goods reach their final destination. Packing goods for export can be a substantial cost item. These costs will differ according to the mode of transport, e.g. packing for airfreight would probably be lighter than for overland road haulage or seafreight.

**Marking.** This covers the consignee’s marks and numbers, so that the shipment is clearly identifiable. Marking is a relatively low cost item.

**Strapping, bundling or shrink-wrapping.** This may be necessary to prevent contents from spilling out of cartons; or if no further protective packaging is used to protect against theft; or to strengthen the cartons themselves. Shrink-wrapping cartons on a pallet is common practice.

**Ex-works price.** This is the sum of all of the above.

**Marine/transit insurance.** The exporter should consider taking out marine insurance cover in respect of the journey from his premises to the point at which risk passes to the buyer, e.g. at free carrier (FCA), free alongside ship (FAS), free on board (FOB), cost and freight (CFR), cost, insurance and freight (CIF), etc. Premium rates can be obtained from a forwarding agent, marine insurance broker or direct from the underwriter.

**Delivery to rail and loading onto a railway truck.** Costs here will depend on whether or not the
exporter has his own siding; on the distance from rail point; and whether the shipment is bulk or break bulk cargo.

**Delivery and collection charge for containers (FCL).** There is a charge for the empty container to be delivered to the exporter’s premises or place where it will be packed and the subsequent collection of the full container for transportation to the nearest container terminal. It is also called ‘cartage’ or ‘cross haulage’.

**Railage or road haulage to port.** If the exporter is shipping regular, fairly large break bulk consignments, he should investigate the possibility of obtaining a special contract rate from Spoornet or the road haulier. There is also a special container (box) rate for the railage of full container loads, irrespective of their contents.

**Cross haulage/cartage.** This is a charge for transporting the export consignment from the company’s premises to the port terminal (where railage to the port does not apply) or to the first carrier’s premises.

**Delivery to airfreight.** This covers the cost of transporting the export consignment from the company’s premises to the nearest airport. Transport is usually by road and is called ‘cartage’.

**Railage ledger fee.** This is the charge levied by Spoornet where railage costs are charged to an account – either the exporter’s or his forwarding agent’s. If the exporter uses the forwarding agent’s account, the ledger fee will be passed on to him.

**Export cargo dues.** These are dues charged by the national ports authority/operator for the general use of the infrastructure of South African ports.

**Shipping fee.** The shipping fee is charged by the national ports authority/operator for handling break bulk goods and loading them on board. It is based on a rate per cubic metre or per harbour ton, whichever yields the greater amount.

**Terminal handling charges (FCL and LCL consignments).** This is levied by the national ports authority/operator for handling and loading containers on board.

**Consular fees.** This applies to some Middle East, Latin American and other countries, and is a charge for legalising shipping documents or those specifically required by the importing country. Information on the specific fees can be obtained from the consulates concerned.

**Forwarding agent’s fees.** The forwarding agent’s fees will vary according to the value of the shipment and the amount of work he undertakes on the exporter’s behalf. They can comprise:

- Documentation fees.
- The forwarder’s agency fee.
- Disbursement fee charged when the forwarding agent pays various charges (railage, railage ledger fee, consolidation, etc.) on behalf of the exporter and charges him later.
- Freight fee, incurred when the freight forwarder – as is usual – pays the freight on behalf of the exporter and charges him later.
- The exporter should discuss the question of fees and charges with his freight forwarder at an early stage.

**Export credit insurance.** This is discussed in Section X. The premium and further details can be obtained from an insurance broker, from the CGIC or from ECIC.

**Bank charges.** Banks charge fees for services such as advising the exporter of a letter of credit, converting foreign currency payment into rand, etc.

**Financing charges.** If the exporter is providing credit terms to the buyer, there is an interest factor to
take into account. The exporter may, in fact, need a loan to finance this credit period or he may pay a factoring house to take over the debt; both cases involve an additional cost.

**Forward cover.** The exporter is advised to lessen the risk of loss through adverse exchange rate fluctuations by taking out forward cover, or by some other means – see Section X on financing and getting paid. The exporter should discuss the effective cost with his bank.

**Agent’s commission.** If the exporter is working through an overseas agent, the agent’s commission is normally calculated on the FOB or FCA price.

**Ocean freight.** The exporter should ensure that his freight forwarder checks all routes and methods of shipping to find the one that gives the best service at the lowest cost. Ocean freight rates are often negotiable. The criteria used to establish a freight rate include the:

- Type of goods (often a more specific but nevertheless valid classification may give the exporter a lower rate)
- Weight or volume of the goods
- Country/port of destination
- Total number of containers
- Regularity of business from that particular exporter
- Compatibility of consignment with other cargo.

Rates can be obtained from the forwarding agent, the ship’s agent or the shipping line. Ocean freight rates are payable in US dollars, but a freight forwarder charges the equivalent amount in rand according to a set exchange rate. Freight rates are often adjusted – usually upwards – by bunker and/or currency adjustment factors (BAF and CAF) to compensate shipping lines for fluctuations in oil prices and exchange rates.

**Port congestion surcharge.** Shipping lines impose this levy from time to time when excessive congestion in ports causes loading and offloading delays; South African ports have periodically been subject to this. The levy is in US dollars and the freight forwarder charges the rand equivalent.

**Bill of Lading issue fee.** The shipping line charges this in US dollars and the freight forwarder charges the exporter the rand equivalent.

**Carrier release fee.** This is a flat fee charged by the shipping line to stamp and release the Bill of Lading after the ship has sailed. The freight forwarder settles this and passes the charge on to the exporter.

**Airfreight.** Rates are based on actual weight or volumetric weight, and the type of commodity. They may be quoted in rand or in US dollars; if they are quoted in dollars the freight forwarder will charge the exporter the equivalent in rand. Fuel and security surcharges are added to the rate.

**Road haulage and railage to neighbouring countries.** Rates can be obtained from the relevant transport operators.

**Marine insurance.** This is quoted as a percentage of the insured value of the consignment as is usually taken as CIF/CIP ... (named place) plus 10%. However, the 10% margin may be adjusted, depending on the buyer’s requirements and the nature of the risk. The exporter must ensure that he acquires the type of policy most suitable for the goods and for the journey to be undertaken.

**Offloading costs.** If these are not already included in the freight, they must be taken into account here. These and all the following costs can be obtained from the importer or the forwarding agent:

- Import duties and other taxes in the country of destination.
➤ Costs of Customs clearance.
➤ Inland transport to final destination.
➤ Sundry costs, such as the cost of sending documents by courier.

**Marginal costing** is a frequently used pricing method under which costs are categorised by fixed and variable costs – fixed costs being those that the company incurs irrespective of the quantity of goods produced and sold (e.g. overheads). Under marginal costing, only variable costs relating to export production are taken into account, with some suitable margin added.

Care must be exercised with this method. It is mainly suitable in the following situations:

➤ The firm has surplus production capacity.
➤ Exporting is only incidental to producing for the home market and does not account for a significant part of the output.
➤ There are unplanned special orders.
➤ The home market is sufficiently large to absorb fixed costs.

Marginal costing includes only costs up to the finished product, plus a marginal profit; other expenses relating to exporting must be included in the quotation. It is important that the exporter does not apply marginal costing in a way that may make him vulnerable to antidumping action in his export market. In practice, however, it is unlikely that this would happen to a small exporter.
RESOURCES

The A-Z of Exporting
Publisher: JCCI Chamber of Commerce and Industry - Johannesburg
Cost: R280 for JCCI members and R380 for non-members
Obtainable: JCC House, Owl Street, Milpark, Johannesburg
Tel.: 011 726 5300
Web site: www.jcci.co.za
E-mail: info@jcci.co.za
Contents: The JCCI Exporter's Manual covers the complete export cycle from finding your market to getting paid.

Guide to Exporting from South Africa
Publishers: Mbendi Information Services
Cost: Free
Obtainable: Only available on-line
Web site: www.mbendi.com/exportsa
Contents: The Guide brings together reference information and interactive tools to assist novice and experienced exporters, importers and service providers to export efficiently from South Africa.

Rainbow Software International
Location: Cape Town and Johannesburg
Tel.: 021 447 3030
Fax: 021 447 3074
E-mail: info@rsi.co.za
Web site: www.rsi.co.za
Activities: Developers of international trade software for marketing and administration.
73. What elements should an export costing worksheet contain?

The following is a sample export costing worksheet used to establish a series of pricing points that could be used to give a quotation. In this example, it is planned to move the goods by sea as the principal mode of transport, and the shipment is not containerised. The worksheet is used to establish prices at a number of Incoterm 2000 points of delivery. (The exporter should refer to Question 45 for a brief description of these terms of delivery.)

It is suggested that the exporter complete the worksheet in South African rand, as most of his costs will be available in the local currency. He can then convert any of the rand prices into a suitable foreign currency price, using the bank’s buying rate for that currency.

<table>
<thead>
<tr>
<th>SPECIMEN COSTING SHEET (FULL CONTAINER LOAD, CIP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date:______________________________</td>
</tr>
<tr>
<td>Address:______________________________</td>
</tr>
<tr>
<td>Commodity/product:____________________</td>
</tr>
<tr>
<td>Exchange rate:_______________________</td>
</tr>
<tr>
<td>Unit mass/measure:___________________</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Ex factory price, including special packing and labeling and profit</td>
</tr>
<tr>
<td>Inspection cost</td>
</tr>
<tr>
<td>Delivery/Collection of container</td>
</tr>
<tr>
<td>Railage to port</td>
</tr>
<tr>
<td>Railage ledger fee</td>
</tr>
<tr>
<td>Terminal handling charge (THC)</td>
</tr>
<tr>
<td>Export cargo dues</td>
</tr>
<tr>
<td>CTO fee</td>
</tr>
<tr>
<td>B/L issue fee</td>
</tr>
<tr>
<td>Carrier release fee</td>
</tr>
<tr>
<td>Forwarder’s agency fee @ ....% of disbursement costs</td>
</tr>
<tr>
<td>EUR.1/Form A certificate</td>
</tr>
<tr>
<td>Documentation</td>
</tr>
<tr>
<td>Sundries</td>
</tr>
<tr>
<td>Credit insurance premium (@ ....% of CIP)</td>
</tr>
<tr>
<td>Finance charge (… days @…% of CIP, based on exporter’s overdraft rate)</td>
</tr>
<tr>
<td>Bank charges (including forward cover, commissions, LC costs and etc.)</td>
</tr>
<tr>
<td>Agent’s commission (@....% of FCA)</td>
</tr>
<tr>
<td><strong>TOTAL FCA VALUE</strong></td>
</tr>
<tr>
<td>Ocean freight (@ US$..../container @ exchange rate)</td>
</tr>
<tr>
<td>BAF and/or other surcharge</td>
</tr>
<tr>
<td><strong>TOTAL CPT VALUE</strong></td>
</tr>
<tr>
<td>Marine insurance premium (@....% on CIP + 10%, or as agreed with buyer)</td>
</tr>
<tr>
<td><strong>TOTAL CIP VALUE</strong></td>
</tr>
</tbody>
</table>

It is usual for the CIF named foreign port price to be about double the EXW named place price, which is why it is so important for the exporter to calculate all his export costs accurately.
RESOURCES

**SA Association of Freight Forwarders**
Location: Johannesburg  
Tel: 011 463 4131  
Fax: 011 463 1367  
Activities: Association for the freight forwarding community in South Africa

**Cargoinfo Africa**
Location: Web based  
Tel.: 011 327-4062  
Fax: 011 327-4094  
Web site: www.cargoinfo.co.za  
Activities: Internet site containing amongst other things, links to the South African customs tariff, ships sailing schedules and a Directory of Freight Service Providers.

**F-Bex Universal CC**
Location: Cape Town, with national coverage  
Tel: 021 439 6253  
Fax: 021 434 3988  
E-mail: f-bex@iafrica.com  
Activity: Independent export consultant
74. How can Customs classification in the target market affect export pricing?

For international trade to flow smoothly and for the import policies of countries to be implemented and trade agreements between trading partners to be effective, it is essential that goods entering countries are treated consistently in respect of duties, taxes, etc.

To enable this to happen, international classification systems have been established over the years so that products can be consistently categorised for duty purposes when entering a country. The organisation mainly responsible for co-ordinating work in this area is the World Customs Organisation (WCO; formerly the Customs Co-operation Council, or CCC). The WCO is an intergovernmental organisation with its headquarters in Brussels. More than 100 countries are members of the WCO.

**Harmonised System.** The classification system used today by virtually all international trading nations is the Harmonised System (HS). The HS forms the basis on which goods are encoded, trade statistics are developed, and from which the Customs departments of countries can compile their statistics. Under the HS, goods are classified into 22 sections; South Africa has added a 23rd classification to record exports and imports of automotive parts under the Motor Industry Development Programme. Sections are, in turn, divided into a varying number of chapters, which are broken down into headings and subheadings:

### 22 sections

Standard international system, common to all countries

### 98 chapters

Form first two digits of HS number, e.g. 12

### 1241 headings

Form second two digits of HS number, e.g. 1244

### 5019 subheadings

Form third two digits of HS number, e.g. 1244.20

(Countries may add further subheadings)

The detail that countries use at the fourth level usually reflects their tariff policies and the industries they wish to protect. The WCO provides a systematic and logical set of rules and notes for the classification of all goods entering international trade. It also ensures that each product is suitably and uniformly classified in the tariffs of contracting parties.

**Rules of origin.** The trade agreements which South Africa has with trading blocs (such as the European Union) or individual countries, and the GSP benefits which many products are eligible for, make the question of rules of origin important for the exporter, especially when duty preferences may affect the price of the product.
Usually agreements between trading partners incorporate detailed rules of origin whereby products will qualify as being produced or manufactured in a country to which the other partner grants duty preferences. There are two major criteria commonly applied to determine the country of origin of a product:

- The percentage of added value accounted for by processing in a country; 25% added value is commonly taken as being the norm, but many agreements set higher percentages for certain goods (e.g. textiles and clothing). It may be required that this value added is comprised largely of labour costs.

- The country where the last true manufacturing process has taken place or where substantial transformation has been achieved. Repackaging of goods, e.g. from bulk pack into consumer packs, is usually not regarded as a manufacturing process. In the clothing industry, some CMT operations may not be regarded as true manufacturing operations. A rule of thumb, which is often translated into applied regulation, is that if the process has resulted in the product moving from one tariff subheading to a higher one, then true manufacturing has taken place.

Difficulties may arise where partial processing takes place in a third country; in such cases, the regulations for determining the country of origin may be very complex.

**Determining the HS classification in the foreign market.** The broad classification of the product, i.e. the classification up to subheading stage, will usually be the same in a country that applies the HS in the same way as South Africa. However, a developing country may well classify products further in order to protect domestic industry. It could be important, therefore, for the exporter to examine the foreign tariff schedule to see whether exporting his product in a slightly different form might make it eligible for a lower rate of import duty.

Regarding South Africa’s trade agreements and General System of Preferences (GSP) entitlements, it is important to ensure that the product is correctly classified as this may make the difference between enjoying a duty preference or not.

The rules of classification are strict, however, and the exporter is not able to dictate the classification of his product.

**Determining the HS classification for export from South Africa.** South Africa generally follows international thinking on product classification. South African Customs officials require the product to be accurately classified on the bill of entry export in order that record-keeping can be as precise as possible and that an export permit is produced for those goods needing it. There are no export incentives that rely specifically on HS classification, although the DTI prefers companies exporting processed or manufactured goods to receive the benefit of the export marketing allowances.

The exporter can ask his freight forwarder to assist in classifying his product.
RESOURCES

**Cargoinfo Africa**
Location: Web based
Tel.: 011 327-4062
Fax: 011 327-4094
Web site: www.cargoinfo.co.za
Activities: Internet site containing amongst other things, links to the South African customs tariff, ship sailing schedules and a Directory of Freight Service Providers.

**Jacobsens Publishers**
Location: Johannesburg
Tel: 011 675 1873
Fax: 011 475 2295
Web site: www.jacobsens.co.za
Activities: Jacobsens Publishers publish the South African Tariff Schedule and the Prohibited and Restricted Goods Index.

**SA Association of Freight Forwarders**
Location: Johannesburg
Tel: 011 463 4131
Fax: 011 463 1367
Activities: Association for the freight forwarding community in South Africa

**South African Revenue Service Web site**
Web site: www.sars.gov.za
Tel: 012 422 4000
Fax: 012 422 5181
Activities: SARS is responsible for the Department of Customs and Excise. General Trade statistics, customs information and customs forms are available on the SARS site.
75. How does the exporter negotiate his export price?

During negotiations, exporters too often limit discussions to pricing issues. Although pricing is a key factor in any business transaction, a number of other questions also need to be clarified before any business proposal can be considered. Yet, very often, new exporters compromise on price at the beginning of discussions, thereby sidelining other negotiating strengths that they may have. Negotiations on price should be postponed whenever possible until other aspects of the transaction have been agreed upon.

In addition to understanding the customer's preferences, an exporter should assess the competition from both domestic and foreign suppliers and be familiar with the prices they quote. The distribution channels used, the promotional tools and the message to be sent should also be examined. To enable the exporter to make effective counter-proposals, detailed information on the costs of production operations, freight insurance, packing and other related expenses is also needed.

In order to sell himself as a partner committed to a long-term business relationship, the exporter can stress the following aspects of his or her operations:

- Management capabilities.
- Production capacity and processes.
- Quality control systems.
- Technical co-operation, if any, with foreign firms.
- Structures for handling orders.
- Export experience, including types of customer dealt with.
- Financial standing and links with banks.

After dealing with these issues, the exporter can then steer the discussion towards price quotations. It is in this phase that the exporter must clarify all matters pertaining to:

- Credit terms.
- Payment schedules.
- Currencies of payment.
- Insurance.
- Commission rates.
- Warehousing charges.
- After-sales servicing responsibilities.
- Costs of replacing damaged goods.

Agreement on these points constitutes the “price package”. Above all, the price package negotiated should be profitable for the exporter.

**Price negotiation tips.** If the customer indicates that the initial price quoted is too high and a substantial drop is required, the exporter should take the following approach:

- He should not hesitate to ask on what basis the drop is called for.
- He should emphasise product quality and benefits before starting any discussions on price.
- If the customer indicates that better offers have been received from other exporters, more details on such offers should be requested.
- If the customer makes a counter-offer or requests a price discount, the exporter should avoid making a better offer without simultaneously asking for something in return. For example, the
exporter could make a specific suggestion, such as “If I give you a 5% price discount, would you arrange for surface transport including storage costs?”

> Last offers presented by the customer should also be avoided to prevent agreeing to terms in haste.

If the customer accepts the price quoted, the exporter should:

> Recalculate the costing and check competitors’ prices, to ensure profitability.

> Agree to the order as a trial order only, to make sure production and delivery can be made for the price.

**RESOURCES**

**XE.COM**
Web site: currency.xe.net
Activities: Currency Conversion web site

**Costing and Pricing for Export (handbook), (1989)**
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Compilation of lecture notes, articles and papers on costing and pricing, particularly in the context of export marketing, covers role of cost management accounting within enterprises, costs unique to the export situation, estimation of cost behaviour, break-even analysis, the annual budget, pricing strategies, distribution channel costs, Incoterms, export pricing procedures.
76. **How should an exporter respond to an unsolicited enquiry from overseas and what details must a good price quotation contain?**

All enquiries from abroad should be answered promptly and precisely, as any of them might develop into an actual export order. The exporter should realise, however, that many enquiries circulate and only a few of them have serious business potential. Some enquiries come from companies merely trying to obtain a comparative price to use in negotiations with an existing supplier; even more come from inexperienced individuals trying to establish themselves as import agents in a foreign country.

The exporter may, therefore, before disclosing information, wish to run a background check on the foreign firm to assess the authenticity of its enquiry. Alternatively, if the enquiry is vague, the exporter should courteously ask for more information concerning the size of order the enquirer is likely to place, any product specifications that are important, the expected delivery or shipment date and the preferred terms of delivery (Incoterms). By asking for this specific information, the exporter is likely to eliminate those enquiries that do not have serious business potential.

In answering the enquiry, the exporter should use clear and simple language. English may not be easily understood in the country from which the enquiry originates and it is helpful if the reply is drafted in a language understood in that country. A translator might be required for this purpose.

Where appropriate, response letters should be signed by the person to whom the initial enquiry was addressed. If faxes are sent, which is widely accepted, the original letter should follow by post.

The response should include information on product specifications, price, shipping schedules, terms of payment and the price quotation.

Price quotations can vary greatly, but the exporter should bear in mind certain minimum requirements:

**Customer details.** The customer’s name, address and references should be clearly specified. It may be necessary to refer to previous correspondence and negotiations.

**Product details.** The product characteristics and details should be stated concisely and clearly (e.g. sizes, quality, etc.).

**Packaging arrangements.** Clear details should be given.

**Price and delivery.** The price (and currency) should be clearly stated, as should the Incoterm and the delivery point.

**Terms of payment.** This will often be a confirmed, irrevocable letter of credit.

**Conditions of sale.** This should clearly specify the delivery time (e.g. 45 days from the notification of the issue of the letter of credit).

**Validity time.** This should state the period for which the quotation is valid.

**Seller’s details.** This should clearly identify the person making the quotation by name and title, and give his or her full address.
RESOURCES

The A-Z of Exporting
Publisher: JCCI Chamber of Commerce and Industry - Johannesburg
Cost: R280 for JCCI members and R380 for non-members
Obtainable: JCC House, Owl Street, Milpark, Johannesburg
Tel.: 011 726 5300
Web site: www.jcci.co.za
E-mail: info@jcci.co.za
Contents: The JCCI Exporter’s Manual covers the complete export cycle from finding your market to getting paid.

Guide to Exporting from South Africa
Publishers: Mbendi Information Services
Cost: Free
Obtainable: Only available on-line
Web site: www.mbendi.com/exportsa
Contents: The Guide brings together reference information and interactive tools to assist novice and experienced exporters, importers and service providers to export efficiently from South Africa.
77. How can an exporter determine whether the price quoted is competitive?

An exporter can determine whether the price offered is competitive simply by looking at the prices quoted by other exporters and foreign producers of the same or similar products. Good sources of information are trade associations and export promotion councils dealing with the product line. Understanding the competition in the international market will establish some guidelines for an effective pricing policy.

It is important to survey the prices of competitors. Are these prices higher or lower? What is the image of the exporter’s product in the market place? Are the products considered “top of the line” or “deep discount”?

- A high-price strategy should be utilised if the firm is selling a unique or new product, or if the firm wishes to establish a high-quality image for the product. This approach has the advantage of wide profit margins (assuming that the exporter is not a high-cost producer). Selecting a high-price strategy can also limit the product’s marketability and will probably attract competition to that market.

- A low-price strategy is ideal for the disposal of excess or an obsolete inventory. However, it should only be used as a short-term strategy. In some cases, low prices can attract antidumping charges by foreign competitors.

- A moderate-price strategy is a safe alternative to the above-mentioned strategies. It enables a firm to meet the competition and, at the same time, retain an adequate margin and increase its market share. Moderate pricing can lead to a long-term position in the market. The disadvantage is that it may encourage existing suppliers to toughen their price competition. For this reason, prior knowledge of the competitor’s market entry prices is advisable.

RESOURCES

Costing and Pricing for Export (handbook), (1989)
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Compilation of lecture notes, articles and papers on costing and pricing, particularly in the context of export marketing, covers role of cost management accounting within enterprises, costs unique to the export situation, estimation of cost behaviour, break-even analysis, the annual budget, pricing strategies, distribution channel costs, Incoterms, export pricing procedures.
78. Where can an exporter obtain a listing of product prices in different countries?

Obtaining price indications is one of the most difficult pieces of essential information in export development. If the product is a commodity quoted on international commodity markets, such as metals or grains, it is easier to determine what a competitive price might be. Even here, there may be special pricing arrangements for certain types of buyer. If the product is a manufactured item for which there is no ready international price reference, the problem is far more difficult.

Any number of sources can provide retail prices of consumer products and some indication even of prices of industrial goods. However, what the exporter also needs to know is the system of mark-ups, quantity discounts and special deals, so that he can determine what his landed price should be in order to compete.

Just as a costing to cost, insurance, freight (CIF) named port is likely to yield a price double that of ex-works (EXW) exporter's premises, so the price to the final buyer could be from 100% to 200% of CIF named port. If the exporter is dealing directly with the end user (e.g. he is selling an industrial product), it is much easier for him to assess what his price might be.

This is one of the reasons why exporters often choose to operate through a commission agent in the foreign market. Because the agent works on a commission basis, he has a vested interest in obtaining the best possible price for the exporter. At the same time, he will not want to price the product too high because then a satisfactory volume of sales will not be achieved.

It is certainly not naïve to seek pricing information from a foreign market, but it may not be helpful if the exporter is totally distrusting of potential buyers. It is likely that, if the product appeals to a foreign buyer and holds a potential profit for him, he will see the long-term benefit in allowing the exporter to make a profit. On the other hand, if the buyer can obtain the same product benefits from a cheaper source, there is no reason why he should pay more to the South African exporter.

A source of foreign market price information in the case of commodities is the quoted world prices published in major business newspapers and magazines. For processed and manufactured products, specialist trade publications, such as those suggested for other types of foreign market information, may be useful. The Department of Trade and Industry's foreign representatives may be of some assistance in this regard.

RESOURCES

South Africa’s Representatives in the Foreign Market
See Appendix A

International Trade Centre UNCTAD/WTO
Location: Geneva, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
Web site: www.intracen.org
Activities: The International Trade Centre is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organisation (WTO) for operational, enterprise-orientated aspects of trade development. ITC publishes a Market News Service that provides pricing on various commodities.
Financing and getting paid
79. How are export financing needs assessed?

In order to establish the amount of financing needed for an export transaction, it is important for the company to identify the financial needs specific to that transaction. This can be done by separating the financial needs of a specific transaction from the needs of permanent activities.

First, the exporter should prepare a monthly cash flow statement based on expected cash inflows and requirements. Then, a line should be drawn to show the weekly balance (positive or negative). After this, the company should determine its short-, medium- and long-term needs.

If the exporter does not have sufficient experience to undertake this type of analysis himself, he could seek assistance from his bank, his auditor or some independent financial adviser.

**Short-term financing.** If the funds are to be used for current operating activities, such as the purchase of goods or services, the payment of wages and interests on debt, or the extension of trade credit, short-term financing will be required. An analysis of the production cycle, from the purchase of raw materials to the delivery of finished goods, will determine the amount of finance the exporter needs to borrow and for how long. As a general rule, short-term financing needs should be met by short-term sources of financing, such as overdraft and short-term loans.

**Medium- or long-term financing.** Investments on such items as new machinery, modernising existing equipment or acquiring a new building may require medium-term financing. The exporter might obtain this by:

- Welcoming new shareholders to increase the equity of the firm.
- Finding investors willing to buy preference shares or debentures.
- Borrowing from banks or other financial institutions.

Medium- or long-term financial needs should be covered either by equity, term loans, or a combination of both. The more equity an exporter has invested in a project, the greater the level of financial protection against external events.

In order to avoid weakening the firm’s financial structure, it is critically important to maintain the overall credit exposure under a certain limit.
RESOURCES

Financial Appraisal of Export Projects
Publisher: International Trade Centre UNCTAD/WTO/ISO
Cost: Free
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Textbook aims at development finance institutions and the banking sector, consulting firms, public sector institutions and investors in developing countries envisaging investment in export-oriented projects; tools for financial and investment analysis; financial evaluation of export projects, as well as means and sources of funding export projects.

Industrial Development Corporation (IDC)
Location: Johannesburg
Tel: 011 269-3000
Fax: 011 269-3116
Web site: www.idc.co.za
Activities: The IDC is a self-financing national development finance institution. The organisation provides financing to entrepreneurs engaged in competitive industries.

Business Partners
Location: 22 offices nationwide; head office Johannesburg, Gauteng
Tel: 011 480-8700
Fax: 011 642 2791
E-mail: enquiries@businesspartners.co.za
Web site: www.businesspartners.co.za
Activities: Invests in small and medium-sized enterprises across all sectors, except farming, on-lending and non-profit organisations. Business Partners also provides mentorship and business consulting services.

Khula Enterprise Finance Limited
Location: Johannesburg
Tel: 0800 11 88 15
E-mail: fredahk@khula.org.za
Web site: www.khula.org.za
Activities: Khula Enterprise Finance Limited is an agency of the Department of Trade and Industry established in 1996 to facilitate access to credit for SMMEs through various delivery mechanisms. These include commercial banks, retail financial intermediaries (RFIs) and micro credit outlets (MCOs).
80. How can exporters make the best use of their financial resources and how can their financial costs be reduced?

**Short term requirements.** If exporters have short-term financial needs that do not normally involve large amounts of capital, they can start improving their liquidity in the following ways:

- **Reducing current assets.** Exporters can reduce their stock of raw materials, consumables or commodities by increasing the frequency of deliveries and dealing with reliable suppliers. They must watch that this does not result in a higher price for inputs. Stocks of finished goods or inventories can be cut, work in progress can be speeded up and receivables can be reduced.

- **Reducing fixed assets.** Exporters should consider the possibility of selling unproductive assets or assets that need not be owned but can be leased (e.g. unused buildings, land or equipment).

- **Increasing current liabilities.** Other options are to attempt to obtain longer payment terms from suppliers (i.e. extending payment dates for raw materials), to seek a change in due date for paying taxes, or to obtain postponements of loan repayment dates.

**Medium- and long-term requirements.** For medium- or long-term financing needs, exporters should approach banks or other financial institutions, or modify the firm’s financial structure by:

- **Optimising equity structure.** The equity structure can be optimised by slowing down or reducing the distribution of profits, or by increasing share capital, or by the release of bonds and preference shares.

- **Changing the ratio between liabilities and equity.** Exporters should obtain proper advice from their bank in this matter.

Finding finance at reasonable cost (i.e. reasonable interest rates) is a recognised difficulty for small companies in South Africa. Although there is money available – from the Department of Trade and Industry’s allocation to Khula, from foreign aid funds, from special allocations made by financial institutions – it appears that small enterprises are not able to access these funds. In many cases this may be because such companies do not present their applications for financial assistance in a competent way that inspires confidence in the institution they are approaching – this is dealt with in a later question.

**RESOURCES**

**Accenture (Pty) Ltd**
Location: Major centres
Tel.: 011 806 5000
Fax: 011 806 5003
Activities: Comprehensive accounting and auditing services.

**Business Partners**
Location: 22 offices nationwide; head office Johannesburg
Tel: 011 480 8700
Fax: 011 642 2791
E-mail: enquiries@businesspartners.co.za
Web site: www.businesspartners.co.za
Activities: Invests in small and medium-sized enterprises across all sectors, except farming, on-lending and non-profit organisations. Business Partners also provides mentorship and business consulting services.

**Deloitte & Touche**
Location: All major centres
Tel.: 011 806 5400
Fax: 011 806 5444
Web site: www.dtt.co.za
Activities: Management consulting.
**Ernst & Young**
Location: Major centres
Tel.: 011 498 1000
Fax: 011 498 1110
Activities: Comprehensive accounting and auditing services.

**Fisher Hoffman Sithole**
Location: Johannesburg
Tel.: 011 480 2300
Fax: 011 484 1721
Activities: Chartered accountants and auditors.

**Grant Thornton**
Location: Major centres
Tel.: 011 322 4500
Fax: 011 322 4545
Activities: Comprehensive accounting and auditing services.

**KPMG**
Location: Johannesburg
Tel.: 011 647 7111
Fax: 011 647 8000
Activities: Comprehensive accounting and auditing services.

**Khula Enterprise Finance Limited**
Location: Johannesburg
Tel: 0800 11 8815
E-mail: fredahk@khula.org.za
Web site: www.khula.org.za
Activities: Khula Enterprise Finance Limited is an agency of the Department of Trade and Industry established in 1996 to facilitate access to credit for SMMEs through various delivery mechanisms. These include commercial banks, retail financial intermediaries (RFIs) and micro credit outlets (MCOs).
81. How can the exporter finance the purchase of raw materials?

When an exporter has orders from customers, but is short of cash to buy the goods and services required to produce and deliver the orders, it may be easier for him to obtain finance in order to fulfil the contract. If the exporter needs to secure raw materials to fulfil the order, he should discuss possibilities with his financial adviser or auditor to determine the best course of action under his specific circumstances.

If the exporter needs a more permanent external source of financing to pay for goods and services, he can apply to financial institutions for short-term capital in the form of an overdraft or advance against a letter of credit:

- **Overdraft.** The bank opens a current account in the exporter’s name and allows the account to be overdrawn up to an agreed maximum level, over an agreed period of time. The exporter has to pay interest on the overdraft—and many small firms find these interest rates extremely high.

- **Letter of credit.** A letter of credit opened by the bank of the foreign buyer may enable the exporter to obtain an advance of up to 80% of the sales contract. With a letter of credit, it is possible that the exporter could raise a foreign loan, the advantage being that interest rates in developed countries are far lower than they are in South Africa. A number of foreign financial institutions are anxious to develop a market for their services in South Africa and are therefore looking for export or import transactions to finance.

With all forms of financing, exporters typically provide security in the form of assets to be pledged to a bank, together with legal documents, in order to obtain a revolving credit. At the end of the loan period, if both parties are satisfied, the facility can be renewed without major changes to the security or contracts.

**RESOURCES**

**The Financing of Exports**
- **Publisher:** International Trade Centre UNCTAD/WTO
- **Cost:** Free
- **Obtainable:** International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
- **Tel.:** +41 22 730 0111
- **Fax:** +41 22 733 4439
- **E-mail:** itcreg@intracen.org
- **Web site:** www.intracen.org
- **Contents:** Reviews financial measures to promote exports; deals with role of commercial banks and export credit agencies, private-sector credit insurance, finance targeted at the informal sector; explains the Grameen Banking Approach.

**Financing Means and Sources: A Guide to Financing Export Projects**
- **Publisher:** International Trade Centre UNCTAD/WTO
- **Cost:** On application
- **Obtainable:** International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
- **Tel.:** +41 22 730 0111
- **Fax:** +41 22 733 4439
- **E-mail:** itcreg@intracen.org
- **Web site:** www.intracen.org
- **Contents:** Explains all the aspects of financing exports – how and from where.
Industrial Development Corporation (IDC)
Location: Johannesburg
Tel: 011 269 3000
Fax: 011 269 3116
Web site: www.idc.co.za
Activities: The IDC is a self-financing national development finance institution. The organisation provides financing to entrepreneurs engaged in competitive industries.

Absa
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350 4000
Website: www.absa.co.za
Activities: Banking

First National Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 371 2111
Web site: www.fnb.co.za
Activities: Banking

Nedbank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 294 0999
Web site: www.nedcor.co.za
Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Web site: www.standardbank.co.za
Activities: Banking

Albaraka Bank Limited
Location: Durban
Tel: 031 307 2972
Fax: 031 307 3037
Activities: Banking

Banco BPI
Location: Johannesburg
Tel: 011 622 4376/86
Fax: 011 622 4341
Activities: Banking

Barclays Private Bank Limited
Location: Head office in Johannesburg, branches throughout the country
Tel: 011 772 7000
Fax: 011 772 7010
Activities: Banking

Belgolaise Bank
Location: Johannesburg
Tel: 011 883 9125
Fax: 011 883 9011
Activities: Banking
BNP Paribas
Location: Johannesburg
Tel: 011 440 3941
Fax: 011 440 9427
Web site: www.bnpparibas.com
Activities: Banking

Crédit Lyonnais
Location: Johannesburg
Tel: 011 463 0992
Fax: 011 463 0995
Activities: Banking

Habib Overseas Bank Limited
Location: Johannesburg
Tel: 011 834 7441
Fax: 011 834 7446
Web site: www.habibbank.com
Activities: Banking

HBZ Bank Limited
Location: Johannesburg
Tel: 011 836 5190
Fax: 011 836 4775
Web site: www.hbzbank.co.za
Activities: Banking

HSBC Equator Bank Plc
Location: Johannesburg
Tel: 011 481 4200
Fax: 011 646 8383
Activities: Banking

Mercantile Bank Limited
Location: Johannesburg
Tel: 011 302 0300
Fax: 011 302 0700
Web site: www.mercantile.co.za
Activities: Banking

The South African Bank of Athens Limited
Location: Johannesburg
Tel: 011 832 1211
Fax: 011 838 1001
Web site: www.bankofathens.co.za
Activities: Banking

Société Générale Representative Office for Southern Africa
Location: Johannesburg
Tel: 011 488 1400
Fax: 011 488 1401
Web site: www.socgen.com
Activities: Banking
**Mbendi Information Services – Finance Request**

Location: Web based  
Web site: www.mbendi.co.za/indy/fsrv/p0005.htm  
Service: Amongst other trade services, MBendi works with a number of financial institutions able to provide finance. To assist organisations seeking project or trade finance MBendi provides a confidential service where a request for finance can be made by filling in a simple form on-line.

**Export Capital**

Location: Johannesburg  
Tel: 011 214 2700  
Fax: 011 214 2714  
Email: info@exportcapital.co.za  
Web site: www.exportcapital.co.za  
Activities: Export Capital is a fund management firm dedicated to helping entrepreneurs build category-defining export projects. The company is mandated by the South African Export Development Fund to invest approximately R220 million in projects that will enhance South African exports.

**Decillion**

Location: Johannesburg  
Tel: 011 217 9000  
Fax: 011 883 0165  
Web site: www.decillion.net  
Activities: Provide trade and project finance
82. How do exporters choose a bank best suited for their export financing needs?

Which bank to approach depends on the exporter’s specific needs, the size of the business and the collateral that can be offered. The exporter can choose between financial institutions and specialised institutions. In general, there is no reason why the exporter should not use the same bank for both his domestic and his export business. There would be an advantage to doing this, as the volume of business for the bank would be larger and the exporter would have a higher rating with the bank.

**Commercial banks.** The four major banking groups in South Africa – Absa, First National, Nedcor and Standard – have worldwide networks and extensive experience in international transactions. Absa has been reported by small enterprises as being very helpful, while Standard Bank has developed a wide range of information material to assist new exporters. In addition, there are a number of foreign banking institutions established in South Africa and the exporter may consider using these.

**Investment and merchant banks.** Investment and merchant banks seldom lend finance to small exporters. They normally deal with large transactions only.

**Industrial Development Corporation.** The IDC will not act in the place of the exporter’s commercial bank, but could work with the bank to meet long-term financing needs, especially where a promising small company is undercapitalised. The loan facilities available from the IDC should be investigated.

**Export-import banks.** Export-import banks specialise in financing foreign trade, and often operate in conjunction with other institutions such as export credit guarantee and insurance agencies. No specific export-import bank has as yet been established in South Africa, but if the country with whom the exporter is dealing, or planning to deal, has an established export-import bank it may be possible for the buyer to approach the institution for financing for the exporter.

**Export credit guarantee and insurance agencies.** For a premium, these institutions will cover the risk faced by exporters or their banks in getting paid by the importer. Exporters can normally use this guarantee or insurance cover as collateral for short-term credit from their banks. South African facilities have been mentioned in Section 1, Question 7.

**Specialised agencies.** In South Africa, the DTI channels funding for small business through Khula Enterprise Finance Limited (Khula), which is a wholesale financing institution making funds available to “retail” financial outlets. In some cases, donor countries or multilateral organisations such as the World Bank may provide the funds at low interest rates.

**RESOURCES**

**Credit Guarantee Insurance Corporation (CGIC)**
Location: Johannesburg  
Tel: 011 889 7000  
Fax: 011 886 1027  
Website: www.creditguarantee.co.za  
Activities: Credit Guarantee Insurance Corporation of Africa is a South African underwriting company operating in the field of credit insurance.
Khula Enterprise Finance Limited
Location: Johannesburg  
Tel: 0800 11 8815  
Fax: 011 807 9023  
E-mail: fredahk@khula.org.za  
Web site: www.khula.org.za  
Activities: Khula Enterprise Finance Limited is an agency of the Department of Trade and Industry established in 1996 to facilitate access to credit for SMMEs through various delivery mechanisms. These include commercial banks, retail financial intermediaries (RFIs) and micro credit outlets (MCOs).

Export Credit Insurance Corporation (ECIC)
Location: Pretoria  
Tel: 012 394 3510  
Fax: 012 394 3396  
Email cthirion@ecic.co.za  
Web: www.ecic.co.za  
Activities: The Export Credit Insurance Corporation Ltd (ECIC) is an independent, limited liability company with the Government of South Africa, through the dti, as the sole shareholder. The ECIC focuses on the underwriting of medium and long-term loans and equity investments for the export of capital goods and services from South Africa.

Industrial Development Corporation (IDC)
Location: Johannesburg  
Tel: 011 269-3000  
Fax: 011 269-3116  
Web site: www.idc.co.za  
Activities: The IDC is a self-financing national development finance institution. The organisation provides financing to entrepreneurs engaged in competitive industries.

Absa
Location: Head office in Johannesburg, branches throughout the country.  
Tel: 011 350-4000  
Website: www.absa.co.za  
Activities: Banking

First National Bank
Location: Head office in Johannesburg, branches throughout the country.  
Tel: 011 371 2111  
Web site: www.fnb.co.za  
Activities: Banking

Nedbank
Location: Head office in Johannesburg, branches throughout the country.  
Tel: 011 294 0999  
Web site: www.nedcor.co.za  
Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.  
Tel: 0860 123 000 or 011 299 4701  
Web site: www.standardbank.co.za  
Activities: Banking
83. What documents should the exporter prepare for a bank when seeking financing?

Before evaluating a request for finance, banks and financial institutions must have basic information about the exporter, the business and the proposed transaction. If the exporter does not have a well-established relationship with his bank, he will need to present the following background information:

- A brief profile of the exporter, which includes a curriculum vitae and possibly a letter of introduction or reference by a person of integrity and reputation.
- A brochure or letter describing the exporter's company, the last audited accounts (balance sheet, profit and loss account) and, if available, the latest annual report.
- The firm's registration and articles/agreement of association, if applicable.
- A description of the proposed transaction, including the research undertaken by the exporter to identify the buyer and the buyer's background and standing – the bank would be interested to evaluate the soundness of the transaction and whether it is likely to lead to ongoing business for the exporter.
- The annual cash flow, with and without the proposed transaction.
- A forecast profit-and-loss account.

If the exporter needs to borrow large amounts, the bank is likely to require a feasibility study or business plan related to the export transaction. Both documents should show capital expenditure, current expenditures, and forecast revenues covering the full transaction cycle as well as the next three years.

The company's auditor, the bank itself, independent financial consultants, Chamber of Commerce or the local Manufacturing Advisory Centre (MAC) could be approached for assistance in drawing up suitable documents.

RESOURCES

**Business Plans**  
Publisher: IFC and the World Bank  
Cost: Free  
Obtainable: On-line  
Web site: www.smetoolkit.org/  
Contents: Links to articles on how to draw up a business plan

**The Importance of the Business Plan**  
Publisher: Angelweb, a division of Moneyweb  
Cost: Free  
Obtainable: On-line  
Web site: www.angelweb.co.za/  
Content: Examines the what, why and how of the Business Plan

**Bizplans.com**  
Location: Web based  
Cost: Free  
Obtainable: On-line  
Web site: www.bizplans.com  
Contents: Practical advice and examples on how to draw up a business plan
**Business Partners**

Location: 22 offices nationwide; head office Johannesburg  
Tel: 011 480-8700  
Fax: 011 642 2791  
E-mail: enquiries@businesspartners.co.za  
Web site: www.businesspartners.co.za  
Activities: Invests in small and medium-sized enterprises across all sectors, except farming, on-lending and non-profit organisations. Business Partners also provides mentorship and business consulting services.

**Cape Town Regional Chamber of Commerce and Industry**

Location: Cape Town, with regional coverage in the Western Cape  
Tel: 021 402 4300  
Fax: 021 402 4302  
E-mail: info@capechamber.co.za  
Web site: www.capechamber.co.za  
Activities: All business chamber activities with heavy emphasis on international trade; provides public export training and implements Western Cape Integrated Export Development Programme in the Western Cape.

**Durban Chamber of Commerce and Industry**

Location: Durban  
Tel: 031 335 1000  
Fax: 031 332 1288  
Web site: www.durbanchamber.co.za  
Activities: All business chamber activities with emphasis on international trade; provides public export training.

**JCCI Chamber of Commerce and Industry - Johannesburg**

Location: Gauteng  
Tel.: 011 726 5300  
Fax: 011 482 2000  
E-mail: info@jcci.co.za  
Web site: www.jcci.co.za  
Activities: All business chamber activities with an emphasis on international trade; provides public export training.

**SEDA Advisory Centres**

The SEDA Advisory Centre is a partnership between the CSIR and the National Productivity Institute (NPI) to establish regional centres to assist small, medium and micro-enterprise (SMME) manufacturers improve their competitiveness and growth in the local, national and international market places. Services offered include finance management and access.

Regional SEDA Offices:

**Gauteng SEDA**

Location: Pretoria  
Tel: 012 441 1000  
Fax: 012 441 2212  
E-mail: abooth@seda.org.za

**Northern Cape SEDA**

Location: Kimberley  
Tel: 053 839 5700  
Fax: 053 839 5711  
E-mail: kwilliams@seda.org.za
Western Cape SEDA
Location: Cape Town
Tel: 021 5961300
Fax: 021 5951253
Email: jpeters@sedawc.org.za

North West SEDA
Location: Mafikeng
Tel: 014 592 3696
Fax: 014 592 3421
Email: nmaimane@sedanw.org.za

Eastern Cape, SEDA
Location: Bisho
Tel: 040 635 0555
Fax: 040 635 0565
Email: ldlbi@sedaec.org.za

Northern Province SEDA
Location: Polokwane
Tel: 015 297 4422
Fax: 015 297 4022
Email: kslabbert@seda.org.za

Mpumalanga SEDA
Location: Nelspruit
Tel: 013 755 6046/7
Fax: 013 755 6043
E-Mail: nmajola@sedampu.org.za

KZN SEDA
Location: Durban
Tel: 031 277 9500
Fax: 031 277 9510
E-mail: ldhlomo@sedakzn-prov.org.za

Free State SEDA
Location: Bloemfontein
Tel: 051 441 3820
Fax: 051 444 4235
Email: jntshingila@seda.org.za

National African Federated Chamber of Commerce and Industry
Location: Johannesburg
Tel: 011 268 2800
Fax: 011 268 2940
Activities: Federation of Chambers of Commerce

Small Enterprise Development Agency (SEDA)
Location: Pretoria, nationwide coverage
Tel: 012 441 1000
E-mail: info@seda.org.za
Web site: www.seda.org.za
Activities: SEDA is an agency of the Department of Trade and Industry. Operating as a wholesale agency, SEDA facilitates non-financial support and business development services to small, medium and micro enterprises (SMMEs) through a broad range of intermediary organisations. Ntsika also runs an export orientation course for small business and a training programme in international competitiveness.

Accenture (Pty) Ltd
Location: Major centres
Tel.: 011 806 5000
Fax: 011 806 5003
Activities: Comprehensive accounting and auditing services.
Business Partners
Location: 22 offices nationwide; head office Johannesburg
Tel: 011 480-8700
Fax: 011 642 2791
E-mail: enquiries@businesspartners.co.za
Web site: www.businesspartners.co.za
Activities: Invests in small and medium-sized enterprises across all sectors, except farming, on-lending and non-profit organisations. Business Partners also provides mentorship and business consulting services.

Deloitte & Touche
Location: All major centres
Tel.: 011 806 5400
Fax: 011 806 5444
Web site: www.dtt.co.za
Activities: Management consulting.

Ernst & Young
Location: Major centres
Tel.: 011 498 1000
Fax: 011 498 1110
Activities: Comprehensive accounting and auditing services.

Fisher Hoffman Sithole
Location: Johannesburg
Tel.: 011 480 2300
Fax: 011 484 1721
Activities: Chartered accountants and auditors.

Grant Thornton
Location: Major centres
Tel: 011 322 4500
Fax: 011 322 4545
Activities: Comprehensive accounting and auditing services.

KPMG
Location: Johannesburg
Tel.: 011 647 7111
Fax: 011 647 8000
Activities: Comprehensive accounting and auditing services.
84. What can the exporter provide as a security or collateral?

Banks and lenders will not provide the exporter with credit without adequate guarantees in the form of security or collateral. Normally, banks and financial institutions require the exporter to pledge assets worth significantly more than the amount of the loan. If the exporter defaults on the loan, and the bank or institution has to sell the security, the price obtained may be less than the value of the security because of the lack of a ready market. This is particularly true if the exporter pledges fixed assets or goods. Lenders therefore prefer security or collateral that can be quickly and easily liquidated.

If the exporter needs short-term credit, lenders typically require that the exporter pledge current assets. They need to be sure that the security can be easily sold in case of default. Current assets such as the following can be pledged:

- Stock of raw materials.
- Finished goods.
- Commodities for export.
- Receivables.
- Cash, in case of excess liquidity.
- Treasury bonds or other fixed term placements.

If the exporter approaches a bank for medium- or long-term credit, the most common form of security is a charge on fixed assets, especially land and property. Machinery, equipment and vehicles are also acceptable, but could be less practical since their commercial value in the case of liquidation is quite uncertain. Security in the form of bonds, treasury bills and share certificates of listed companies is also acceptable.

RESOURCES

**Financial Rehabilitation of Export Enterprises**

Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Describes the legal practices and procedures available for the rehabilitation of export-oriented enterprises. Discusses basic legal issues, various rehabilitation schemes and measures, as well as methods of liquidation.
85. What are the methods of payment available to exporters?

The choice of method of payment is influenced by the exporter's knowledge of the foreign buyer, and the size and frequency of the transactions. As the exporter and importer get to know one another, payment methods can be altered to reflect the exporter's greater confidence, and to reduce costs. The most common methods of payment are:

- Payment in advance.
- Documentary credit (letter of credit).
- Bank collection.
- Open account.

**Advance payment.** Advance payment is the safest method of payment for the exporter but is not common in international trade, as buyers will usually turn to suppliers who extend credit. If, however, the exporter is producing goods to meet the buyer's unique specifications, he should certainly ask for at least part of the payment in advance.

When an exporter receives the advance payment, he has to comply with South African exchange control regulations. He is required to complete Form E, informing the bank that the payment is in respect of an export shipment to take place in the future and that Form F178 will therefore be submitted at a later date (see Question 48).

**Documentary credits.** These are usually referred to as letters of credit. A letter of credit (L/C) is a form of documentary credit whereby a bank guarantees payment on behalf of a buyer, subject to the condition that the beneficiary (exporter) submits documents giving evidence that he has performed in terms of the letter of credit.

There is often resistance by buyers to establish L/Cs, not because they do not intend to pay for the goods, but because there are charges attached to L/Cs – in some countries, these are substantial. These charges may consist of:

- Establishment and amendment costs to be paid by the buyer.
- Advising and negotiating fees paid by the exporter.
- Acceptance commission and discount charges, payment of which is negotiated between buyer and seller.

The most commonly used letters of credit are:

- **Revocable credit.** This form of credit can be amended or cancelled at any moment without prior notice to the beneficiary (exporter). It therefore merely provides a channel through which payment can be effected and offers the seller no security.

- **Irrevocable and unconfirmed credit.** When this form of credit is issued, the issuing bank (usually the buyer's bank) cannot revoke its undertaking to the exporter. However, the undertaking to pay is given in a foreign country and the exporter's bank may refuse to pay if the foreign bank does not honour its commitment. Where the issuing bank is well established and reputable, the degree of risk is not high. This type of L/C is commonly used for trade between South Africa and developed countries.

- **Irrevocable and confirmed credit.** This is the most favourable L/C for an exporter, as payment is confirmed by another bank – possibly the exporter's bank in South Africa – on condition that the exporter meets the terms of the L/C. The credit risk to the seller is greatly reduced. Confirmed letters of credit are usually required when the buyer is located in a developing country. The confirming bank will charge for the service according to the perceived risk of non-payment by the issuing bank. This cost is usually borne by the exporter, who will
need to take it into account in his price.

> **Transferable and divisible credit.** The beneficiary (exporter) has the right to give instructions to the bank called upon to effect payment or acceptance, or to any bank entitled to enter into negotiations, to make credit available in whole, or in part, to one or more third parties (the second beneficiary). The exporter could use this type of L/C as security if he is taking out a loan to finance production of the export goods. An export trader can make use of this facility to finance his purchase of export goods from the producer.

> **Back-to-back credit.** This can fulfil a similar need to the transferable credit – on the strength of an L/C issued in his favour, the exporter asks his bank to issue an L/C in favour of his supplier, for example. The two L/Cs are then said to be back-to-back. Banks in South Africa generally do not favour back-to-back L/Cs and usually, the bank will issue the second L/C only if the first L/C is confirmed and if both L/Cs relate to the same goods. The exporter is responsible for payment under the second L/C, even if he does not receive payment under the first – this would normally happen only if he did not fulfil the terms and conditions of the L/C.

> **Revolving credit.** An L/C of this type can be automatically renewed or reinstated without any specific amendment. It is commonly used where the exporter does regular business with a specific buyer. There is usually an overall validity period for this type of credit.

> **Standby credit.** This type of credit is used to support payment by, for example, an open account and is issued by the buyer’s bank. If the buyer does not meet his obligation, the exporter is entitled to make a claim against the L/C. The buyer’s bank then has to pay on the buyer’s behalf. Standby letters of credit are not a means of payment, but rather a guarantee that the buyer’s bank will ensure payment should the buyer default on his payment.

Virtually all banks involved in international trade subscribe to the Uniform Customs and Practice drawn up by the International Chamber of Commerce (ICC). This sets out terms and conditions of, and the responsibilities of banks regarding L/Cs used in international trade, and thus avoids a great deal of misunderstanding and consequent difficulties.

**Documentary collection.** This is also known as bank collection. Under documentary collection, the exporter ships the goods to the buyer and simultaneously sends the documents giving title to the goods to the buyer’s bank, stating how the collection documents are to be dealt with. The collecting bank presents the documents to the buyer, who either pays immediately (i.e. sight payment) or signs an undertaking to pay at some future agreed date (i.e. usance payment) and obtains the documents to take delivery of the goods. Under this method, the exporter indirectly retains control of the documents until payment has been made or agreed to by the foreign buyer. However, the exporter should note that goods sent airfreight will be released to the consignee, whether or not he has paid or agreed to pay for them.

**Bill of Exchange.** The Bill of Exchange is not a method of payment but an undertaking to pay signed by the buyer under both L/C and documentary collection methods of payment. The exporter draws up the bill – also often referred to as a draft – which states that the buyer agrees to pay the seller the agreed amount either at sight (i.e. no credit provided) or within a certain period (i.e. the exporter provides credit). By signing the bill, the buyer accepts legal liability for the debt.

**Open account.** This is a surprisingly common form of payment in international trade although it affords the exporter no security. However, it is an inexpensive and simple payment method for trade conducted between affiliated companies, or companies that have built up complete trust in each other. The exporter simply dispatches the goods, sends the documents to the buyer and then invoices the buyer; the buyer pays within the agreed period by arranging for the transfer of funds to the exporter.

**RESOURCES**

**Credit Guarantee Insurance Company Africa Limited (CGIC)**
Location: Johannesburg
Tel: 011 889 7000
Fax: 011 886 1027
Website: www.creditguarantee.co.za
Activities: Credit Guarantee Insurance Corporation of Africa is a South African underwriting company operating in the field of credit insurance.

**ICC Uniform Rules for Collection (URC) (No. 522)**

**Publishers:** International Chamber of Commerce (ICC)

**Cost:** US$40

**Obtainable:** International Chamber of Commerce, Paris, France

**Tel:** +33 1 49 53 29 23

**E-mail:** pub@iccwbo.org

**Web site:** www.iccbooks.com

**Contents:** The internationally agreed duties and responsibilities of banks in collecting foreign payments on behalf of exporters

**Absa**

**Location:** Head office in Johannesburg, branches throughout the country.

**Tel:** 011 350-4000

**Website:** www.absa.co.za

**Activities:** Banking

**First National Bank**

**Location:** Head office in Johannesburg, branches throughout the country.

**Tel:** 011 371 2111

**Website:** www.fnb.co.za

**Activities:** Banking

**Nedbank**

**Location:** Head office in Johannesburg, branches throughout the country.

**Tel:** 011 294 0999

**Website:** www.nedcor.co.za

**Activities:** Banking

**Standard Bank**

**Location:** Head office in Johannesburg, branches throughout the country.

**Tel:** 0860 123 000 or 011 299 4701

**Website:** www.standardbank.co.za

**Activities:** Banking
86. **What is a letter of credit and how can an exporter use it when exporting?**

A letter of credit (L/C) is an arrangement whereby:

- a bank (the issuing or opening bank, usually the buyer’s bank) guarantees on behalf of its customer (the applicant or importer) to make payment to the exporter (the beneficiary) upon presentation of the documents specified in the credit, under specified terms and conditions.

The financial transaction can be secured by the intervention of another bank (the correspondent bank), which informs the exporter of the issue of the L/C. If the correspondent bank, the exporter’s bank or another bank confirms the credit, the payment is guaranteed against the risk of default by the issuing bank.

The L/C is a precise document, usually created using an international standard form. It contains:

- A brief description of the goods.
- A listing of documents required to obtain payment.
- The shipping date.
- The expiration date, after which payment will no longer be made.

The L/C guarantees that the exporter will be paid only after fulfilling certain terms and conditions. Upon fulfilment of all the conditions set out in the L/C, the exporter can submit appropriate shipping documents to his or her bank to collect payment. The following documents are usually required in order to obtain payment according to the L/C:

- Commercial invoice.
- Bill of lading or another transport document proving that the goods have been embarked for transport; evidence that the freight has been pre-paid will be required if the sale has taken place under certain Incoterms.
- Insurance document, depending on the Incoterm used.
- Certificate of origin – sometimes this is a requirement of the country, sometimes of the buyer, especially if a duty preference applies.
- Inspection certificate showing conformity to quality, quantity and packaging requirements, if required by the buyer, or sometimes the importing country.
- A packing list, which is usually required by the buyer in the case of a multi-package consignment

Unless the exporter has a long-standing relationship with the foreign buyer, the L/C is the easiest way of arranging payment. The most commonly used forms of L/C are discussed in Question 84.
RESOURCES

Standby and Commercial Letters of Credit (No. 923)
Publisher: International Chamber of Commerce (ICC)
Cost: US$17
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: In addition to presenting the numerous current uses of standby letters of credit and international guarantee, this book provides step-by-step procedures for issuing and reviewing standbys, and for proceeding with presentation when collection is necessary.

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Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350-4000
Website: www.absa.co.za
Activities: Banking

First National Bank
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Tel: 011 371 2111
Website: www.fnb.co.za
Activities: Banking

Nedbank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 294 0999
Website: www.nedcor.co.za
Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Website: www.standardbank.co.za
Activities: Banking
87. What problems most commonly arise with a letter of credit process?

Problems with the letter of credit

➢ Documents required by the letter of credit (L/C) are missing or inaccurate (e.g. names are spelt incorrectly or goods are not accurately described).
➢ Documents that require signatures, authorisation or official stamps are not signed, authorised or stamped.
➢ The credit amount is exceeded.
➢ The L/C has expired or the documents are presented late.
➢ Shipment was short (i.e. amount is less than ordered) or late.

Problems with the bill of lading

➢ The bill of lading is clauded (e.g. it includes comments relating to damage or other deficiencies in the goods).
➢ A marine bill of lading is required, but the bill does not state that the goods were shipped on board a named vessel.
➢ The bill of lading shows shipment between ports other than those specified in the L/C.
➢ The bill of lading shows that the goods were shipped on deck. This is normally forbidden unless the L/C explicitly allows it.
➢ The bill of lading offers no evidence that freight was paid by the exporter (if this was required).
➢ There is no endorsement (if endorsement is necessary).

Problems with insurance

➢ The insurance document is different from that specified in the L/C (e.g. a certificate of insurance is produced while the L/C calls for a policy).
➢ The insurance risks are not those specified in the L/C.
➢ Insurance cover is expressed in a currency other than that of the L/C. This is forbidden, unless the L/C explicitly allows it.
➢ The sum insured is below the figure required.
➢ Insurance cover does not begin on, or before, the date of the transport document.
➢ Inconsistencies among documents
➢ The description of the goods on the invoice and/or other documents differs from that in the L/C.
➢ Weights indicated differ between documents.
➢ Marks and numbers differ between documents.

The exporter should always check the letter of credit when he receives it to confirm that the terms stated and documents required are those that he agrees to. If there is any doubt, the exporter should ask the buyer to amend the L/C. If the L/C is confirmed, the amendment must also be confirmed.
RESOURCES

Absa
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350-4000
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Activities: Banking

First National Bank
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Activities: Banking

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Tel: 011 294 0999
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Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Website: www.standardbank.co.za
Activities: Banking
88. How can the exporter ensure that he receives payment against a letter of credit?

The letter of credit (L/C), and particularly the documentary irrevocable letter of credit, is considered one of the safest methods of international trade payment. However, the exporter should be aware that foreign buyers could refuse to honour their obligations if they find, or claim to find, discrepancies between the documents submitted.

To prevent this from occurring, the exporter should:

- Cross-check all terms with the foreign buyer, in order to define clearly and completely which documents should be presented before the L/C is used.
- Ensure that every word in the documentary credit is related to and checked against the documents.
- Check whether the documents are consistent with each other and that they have been drawn up in compliance with the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (ICC).
- Present documents within the time limits.
- Make sure that any corrections are authenticated by the issuer.

If the buyer’s claims are in bad faith, the exporter can initiate legal proceedings and demonstrate that he or she has met all the terms of the credit. However, the exporter should be aware that legal actions against a buyer in a foreign country are onerous, take a long time to process and are costly. In addition, the exporter’s bank could ask for reimbursement of the funds extended as an advance of a discounted L/C.

In order to avoid such problems, the exporter must carefully evaluate the creditworthiness of the foreign buyer.

The exporter can protect himself against the risk of default by the bank issuing the L/C by asking another bank in South Africa to add its confirmation to the L/C. (Confirmation can be done by any reputable bank in any country, but it is simpler if the confirmation is done in South Africa.) Once this confirmation is added, the confirming bank will give an assurance similar to that of the issuing bank. The exporter then has a double assurance of payment. He should bear in mind, however, that this bank will be willing to add its confirmation only if the L/C is irrevocable and freely negotiable.
RESOURCES

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Location: Head office in Johannesburg, branches throughout the country.
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Activities: Banking

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Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Website: www.standardbank.co.za
Activities: Banking
89. For what other purposes can a letter of credit be used?

Letters of credit and, in particular, irrevocable documentary letters of credit, are often used as a basis for obtaining trade finance support.

Pre-shipment finance. There are normally two methods by which an exporter can obtain financing at the pre-shipment stages. These are the anticipatory letter of credit or red clause credit, and the packaging credit or green clause credit.

- **Anticipatory letter of credit.** Also known as the “red clause credit”, the anticipatory letter of credit is credit granted against L/Cs that contain a red clause. A red clause L/C is a normal L/C that contains a special clause authorising the negotiating, advising or confirming bank to make immediate payment to the exporter in full or in part of the amount of the L/C, or to make payment to the exporter from time to time as per L/C terms, and against specified documents and/or fulfilment of any special conditions mentioned in the contract. The red clause L/C must be irrevocable.

- **Packaging letter of credit.** Also known as the “green clause credit”, the packaging letter of credit covers an advance granted by a bank against an L/C not containing a red clause. These advances are made in different forms such as loans, overdrafts or cash credit.

Post-shipment financing. According to typical export contracts, if payment is not due on presentation of the document, but 60 or 90 days later, the exporter can discount the L/C at his or her bank. Since irrevocable documentary letters of credit are considered secure, banks and other specialised financial institutions are usually willing to discount them on favourable conditions.
RESOURCES

Standby and Commercial Letters of Credit (No. 923)
Publisher: International Chamber of Commerce (ICC)
Cost: US$17
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: In addition to presenting the numerous current uses of standby letters of credit and international guarantee, this book provides step-by-step procedures for issuing and reviewing standbys, and for proceeding with presentation when collection is necessary.

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Web site: www.standardbank.co.za
Activities: Banking
90. How do changing foreign exchange rates affect the exporter?

In the short term, it depends on the currency in which the exporter is quoting and whether or not this is the same as the currency of the market in which the product is being sold to the end user. In the medium term, the exporter will also be influenced by the extent to which he incorporates imported inputs into his product and in which currency he pays for these inputs.

In many instances, the exporter will quote in US dollars, as this is a major international trading currency. If the US dollar appreciates against the South African rand between the time that the exporter quotes for the order and when he receives payment, the dollars he receives will convert into more rand than he had anticipated. Therefore he will benefit.

If the dollar depreciates against the rand during this time, the reverse will happen and the exporter will be worse off. The same principle applies if the exporter is quoting in UK pounds to sell to the United Kingdom, in euro to sell to Germany, or in yen to sell to Japan. The ways in which the exporter can reduce this risk are explained in Question 91.

The exporter faces another possible risk owing to exchange rate movements. For example, the exporter may quote his export price in US dollars for an order to, say, Singapore. The Singaporean buyer will convert Singaporean dollars to US dollars in order to pay the South African exporter. If the Singaporean dollar depreciates against the US dollar the product will become more expensive to the buyer, who might then reduce his future orders. This could happen even though the exchange rate between the Singaporean dollar and the SA rand remains more or less the same.

Over and above the trading situations described above, there is an economic currency risk that can occur as a result of global changes in real exchange rates. Although these risks are not directly accounted for in the exporter's financial statements, they have financial effects as they could prevent sales from taking place. They have an impact across the board, irrespective of the currencies in which the quotations or the sales are made. Exporters in South Africa and around the world experienced the result of this type of effect in 1998 during the so-called “Asian flu” when the currencies of Far Eastern and other emerging markets (including South Africa) depreciated sharply and those countries could not afford to import at their previous levels.

**Product marketing mix.** This determines the sensitivity of the product to price changes and therefore to exchange rate changes. A product that is not differentiated faces more foreign currency risks than a differentiated product.

**Local content/imported content ratio.** The ability of the exporter to adjust his price in the face of an adverse exchange rate movement will be strongly affected by the ratio of local to domestic costs in his product and by the currencies in which he has to pay for his imported components. (This is further discussed later.)

**Product age.** As a product moves along its normal life cycle, a larger number of imitations will appear on the market, making it more price sensitive and more vulnerable to exchange rate fluctuations. This can adversely affect sales both at home and abroad.

**Currency mix.** If the exporter exports to more than one country, there is a risk due to using a number of currencies. A balance of outflows and inflows of different currencies has to be achieved, in order to minimise risk.

**Competitive structure.** The particular industry in which the exporter is operating may also be prone to currency risks. The more competitive the industry, the more likely the product will face currency risks as a result of increasing price sensitivity.

**RESOURCES**
Absa
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350 4000
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Activities: Banking

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Website: www.fnb.co.za
Activities: Banking

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Tel: 011 294 0999
Website: www.nedcor.co.za
Activities: Banking

Standard Bank
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Website: www.standardbank.co.za
Activities: Banking

Accenture (Pty) Ltd
Location: Major centres
Tel.: 011 806 5000
Fax: 011 806 5003
Activities: Comprehensive accounting and auditing services.

Deloitte & Touche
Location: All major centres
Tel.: 011 806 5400
Fax: 011 806 5444
Website: www.dtt.co.za
Activities: Management consulting.

Ernst & Young
Location: Major centres
Tel.: 011 498 1000
Fax: 011 498 1110
Activities: Comprehensive accounting and auditing services.

Fisher Hoffman Sithole
Location: Johannesburg
Tel.: 011 480 2300
Fax: 011 484 1721
Activities: Chartered accountants and auditors.

Grant Thornton
Location: Major centres
Tel: 011 322 4500
Fax: 011 322 4545
Activities: Comprehensive accounting and auditing services.
KPMG
Location: Johannesburg
Tel.: 011 647 7111
Fax: 011 647 8000
Activities: Comprehensive accounting and auditing services.
91. **What is the effect on the South African exporter’s price when the value of the rand changes against other currencies?**

When the South African currency depreciated so sharply against the US dollar towards the end of 2001, many South African exporters reduced their export prices and achieved greatly increased foreign market sales. The basic concept is true that the weaker a country’s currency is compared with the currencies of its major export markets, the more competitively priced that country’s exports can be. However, the situation is a little more complex than this.

**When the rand depreciates.** A weakening of the rand against, say, the US dollar, means that costs incurred in rand become cheaper in dollar terms. Where the confusion comes in is when costs, such as international transport and imported inputs, are incurred in a foreign currency, especially the US dollar.

In this situation, the US dollar-based costs only minimally affect the international competitiveness of the South African product. The fact that they cost more in rand is largely irrelevant, because the price in US dollars has not changed and the South African company, in dollar terms, is no worse off than it was previously.

Take the following example:

<table>
<thead>
<tr>
<th>SA product A made in Durban, exported to UK on FCA (named place Durban) terms USD1 = R7.50</th>
<th>SA product A made in Durban, exported to UK on FCA (named place Durban) terms USD1 = R8.50</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of local (SA) materials, incl. packaging/packing</strong></td>
<td>R15.00</td>
</tr>
<tr>
<td>Labour costs</td>
<td>R25.00</td>
</tr>
<tr>
<td>Machine time</td>
<td>R5.00</td>
</tr>
<tr>
<td>Overheads</td>
<td>R12.00</td>
</tr>
<tr>
<td>Transport and other costs to FCA</td>
<td>R3.43</td>
</tr>
<tr>
<td>Total SA costs in rand</td>
<td>R60.43</td>
</tr>
<tr>
<td><strong>Total SA costs in USD @ USD 1 = R7.50</strong></td>
<td>$8.06</td>
</tr>
<tr>
<td>Imported inputs</td>
<td>$2.16</td>
</tr>
<tr>
<td>Profit</td>
<td>$1.02</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td><strong>$11.24</strong></td>
</tr>
</tbody>
</table>

* Slight increase due to higher interest cost on bridging financing for imported inputs at increased rand cost.
** Slight increase due to fuel-related transport cost increase through rand/dollar rate change.

**Note:** If product is sold CPT or CIP, the additional costs will not change in dollar terms and therefore the dollar price differential between the goods at R7.50 = USD1 and R8.50 = USD 1 remains the same.

This example shows that, for a product with a little more than 19% imported inputs, a 11.8% decline in the exchange of the rand against the US dollar can yield a price improvement of 8% at the FCA (named place Durban) level.

As all international freight rates are quoted in dollars, a change in the rand/dollar exchange rate has only a minimal effect on the freight component of the US dollar price of the South African product when quoted in ‘C’ or ‘D’ Incoterms. (The minimal effect may be created by a slight increase in the financing costs of freight and other foreign costs if SA finance, rather than offshore finance, is used.)

It is important for exporters to be aware of the relative movements of currencies other than the rand against the major trading currencies – the US dollar, the British pound, the Euro and the yen. This is especially the case if a major competitor in a foreign market is a producer in another developing country whose currency is also subject to downward movements against the so-called ‘strong’ currencies.
When the rand appreciates. When the rand increases in value against, say, the US dollar the reverse happens, as the following table shows.

<table>
<thead>
<tr>
<th>Cost of local (SA) materials, incl. packaging/packing</th>
<th>SA product A made in Durban, exported to UK on FCA (named place Durban) terms USD1 = R12.50</th>
<th>Cost of local (SA) materials, incl. packaging/packing</th>
<th>SA product A made in Durban, exported to UK on FCA (named place Durban) terms USD1 = R7.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>R15.00</td>
<td>USD1 = R12.50</td>
<td>R15.00</td>
<td>USD1 = R7.50</td>
</tr>
<tr>
<td>R25.00</td>
<td>Labour costs</td>
<td>R25.00</td>
<td>Labour costs</td>
</tr>
<tr>
<td>R12.30</td>
<td>Machine time</td>
<td>R12.00</td>
<td>Machine time</td>
</tr>
<tr>
<td>R3.75</td>
<td>Transport and other costs to FCA</td>
<td>R3.43</td>
<td>Transport and other costs to FCA</td>
</tr>
<tr>
<td>R61.05</td>
<td>Total SA costs in rand</td>
<td>R60.43</td>
<td>Total SA costs in rand</td>
</tr>
<tr>
<td>Total SA costs in USD @ USD 1 = R12.50 = $4.88</td>
<td></td>
<td>Total SA costs in USD @ USD 1 = R7.50 = $8.06</td>
<td></td>
</tr>
<tr>
<td>Imported inputs</td>
<td>USD1 = $2.16</td>
<td>Imported inputs</td>
<td>USD1 = $2.16</td>
</tr>
<tr>
<td>Profit</td>
<td>$1.02</td>
<td>Profit</td>
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</tr>
<tr>
<td>Price</td>
<td>$8.06</td>
<td>Price</td>
<td>$11.24</td>
</tr>
</tbody>
</table>

* Slight drop due to lower interest cost on bridging financing for imported inputs at lower rand cost.
** Slight drop due to fuel-related transport cost reduction through rand/dollar rate change.

**Note:** If product is sold CPT or CIP, the additional costs will not change in dollar terms and therefore the dollar price differential between the goods at R7.50 = USD1 and R12.50 = USD1 remains the same.

This example well demonstrates the difficulty faced by South African exporters who dropped their export prices when the rand fell dramatically against major currencies towards the end of 2001 only to find the rand steadily rising during 2002 and 2003.

In these examples, local input costs, labour costs, and so forth have been kept the same in order to illustrate the effects of changes in currency exchange rates. In practice, these other costs are also subject to change, and interest rates also change. A detailed costing system is required if exporters are to benefit at all from any currency movements, and especially if they want to minimise adverse effects.

**RESOURCES**

**Absa**
- Location: Head office in Johannesburg, branches throughout the country.
- Tel: 011 350 4000
- Website: www.absa.co.za
- Activities: Banking

**First National Bank**
- Location: Head office in Johannesburg, branches throughout the country.
- Tel: 011 371 2111
- Web site: www.fnb.co.za
- Activities: Banking

**Nedbank**
- Location: Head office in Johannesburg, branches throughout the country.
- Tel: 011 294 0999
- Web site: www.nedcor.co.za
- Activities: Banking

**Standard Bank**
- Location: Head office in Johannesburg, branches throughout the country.
- Tel: 0860 123 000 or 011 299 4701
- Web site: www.standardbank.co.za
- Activities: Banking

**Accenture (Pty) Ltd**
<table>
<thead>
<tr>
<th>Firm</th>
<th>Location</th>
<th>Tel.:</th>
<th>Fax.:</th>
<th>Web site</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte &amp; Touche</td>
<td>All major centres</td>
<td>011 806 5400</td>
<td>011 806 5444</td>
<td><a href="http://www.dtt.co.za">www.dtt.co.za</a></td>
<td>Management consulting.</td>
</tr>
<tr>
<td>Ernst &amp; Young</td>
<td>Major centres</td>
<td>011 498 1000</td>
<td>011 498 1110</td>
<td></td>
<td>Comprehensive accounting and auditing services.</td>
</tr>
<tr>
<td>Fisher Hoffman Sithole</td>
<td>Johannesburg</td>
<td>011 480 2300</td>
<td>011 484 1721</td>
<td></td>
<td>Chartered accountants and auditors.</td>
</tr>
<tr>
<td>Grant Thornton</td>
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<td>011 322 4500</td>
<td>011 322 4545</td>
<td></td>
<td>Comprehensive accounting and auditing services.</td>
</tr>
<tr>
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<td>Johannesburg</td>
<td>011 647 7111</td>
<td>011 647 8000</td>
<td></td>
<td>Comprehensive accounting and auditing services.</td>
</tr>
</tbody>
</table>
92. How are foreign exchange risks best covered?

Planning for, or covering, foreign exchange risk is termed “hedging” the risk. Hedging techniques seek to reduce the currency risk by taking some form of compensatory action. Some of these techniques are described below:

**Forward cover.** Forward cover is an agreement to exchange two currencies on a stipulated future date, at a rate that is determined when entering into the cover. Forward contracts are known as “outright contracts”. They are time-bound for six months and do not have an exit option.

**Option forward.** The option forward contract is a little more flexible than a forward cover contract, since it gives the holder the right to carry out a particular exchange rate transaction at any time during a fixed period. The exporter is protected if the rate changes unfavourably, and can benefit from any gain if the rate changes favourably. In South Africa, option forward contracts may not be available during periods of exchange rate volatility.

**Borrowing the exposed currency.** Currency borrowings are more flexible than forward contracts, especially for small contracts. Borrowing can be arranged for more flexible periods, with variable interest rates rather than fixed ones. The conditions for rolling over also tend to be more flexible than for forward contracts. A foreign loan taken out to avoid exchange risk can also provide useful working capital at lower interest rates than are currently charged in South Africa.

**Creating additional assets in the exposed currency.** One way of creating additional assets is to trade in financial future or currency future contracts. A currency future contract is an obligation to sell or purchase a currency at a fixed price at a pre-determined rate. This is not a viable option for a small South African exporter who will be unlikely to obtain exchange control approval for this activity.

**Swaps.** In a swap transaction of the simplest type, a currency is purchased in the spot market and simultaneously sold in the forward market. Conversely, the currency can be sold in the spot market and purchased in the forward market. Swap transactions are often a sophisticated and necessary complication of the straightforward forward cover contract; they are permissible under South African exchange control regulations only if the company faces a definite foreign exchange risk.

**Matching liability.** Matching liability seeks to make inflows of currency equal to outflows in order to reduce translation risks by borrowing in the same currency and in the same amount as the exporter’s assets. Thus, if the US dollar value of an asset declines, the exporter’s US dollar liability declines as well, thereby maintaining balance sheet values at existing levels. This technique is used by companies that both import and export.

**Discounting and forfeiting.** As a hedging technique, discounting is similar to a forward contract or to borrowing in foreign currency. Forfeiting is similar to discounting and factoring, except that it involves medium- and long-term bills of exchange, and not short-term ones. Forfeiting is used more as a means of avoiding credit risk than as a hedging tool.
RESOURCES

**Absa**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 350-4000
Website: www.absa.co.za
Activities: Banking

**First National Bank**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 371 2111
Web site: www.fnb.co.za
Activities: Banking

**Nedbank**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 011 294 0999
Web site: www.nedcor.co.za
Activities: Banking

**Standard Bank**
Location: Head office in Johannesburg, branches throughout the country.
Tel: 0860 123 000 or 011 299 4701
Web site: www.standardbank.co.za
Activities: Banking
93. How is the creditworthiness of a foreign buyer evaluated?

Before executing an export order for a new customer on credit terms, or on any method of payment other than an irrevocable letter of credit (L/C), the exporter must thoroughly verify the credibility and reputation of the potential buyer. In essence, the buyer must have a satisfactory track record and be able to demonstrate his or her ability to pay.

If the value of the order is significant, the buyer should be asked to provide a recent audited set of financial statements and accounts, including profit and loss accounts, balance sheets and cash flow statements for the previous three years, and a financial forecast for the coming six months. If the buyer were to approach his bank for an overdraft or loan in order to settle payment immediately, he would have to provide similar information. It is important to verify the authenticity of the statements, as well as the liability of the auditors, as forged documents have sometimes been submitted.

It is unlikely that an importer would be willing to submit confidential financial information to an unknown supplier where the value of the transaction is relatively low. In such a case, the exporter can also ask his bank to contact the foreign buyer’s bank, or another corresponding local bank, to obtain relevant financial and market information about the buyer. Several banks subscribe to independent research companies that provide financial and market information about companies from all over the world (e.g. Dun & Bradstreet or Reuters).

Such information and opinions may help to reassure the exporter about the creditworthiness of a foreign buyer, but they do not guarantee that the buyer will meet his or her obligations. As a further precaution, the exporter may try to involve the buyer’s bank, by asking for the provision of a payment guarantee. Such a guarantee extended by the buyers’ bank would be conditional upon the fulfilment of the exporter’s obligation (i.e. the delivery of the goods as agreed between the two parties). Therefore, the exporter will only be certain of payment by the buyer’s bank when all the terms of the contract have been satisfied.

Unless the method of payment is secure — as it would be by an irrevocable, confirmed L/C — the exporter should consider taking out export credit insurance (see Question 94).
RESOURCES

Credit Guarantee Insurance Corporation of Africa Limited (CGIC)
Location: Johannesburg
Tel: 011 889 7000
Fax: 011 886 1027
Website: www.creditguarantee.co.za
Activities: Credit Guarantee Insurance Corporation of Africa is a South African underwriting company operating in the field of credit insurance.

Credit Underwriting Agency Limited
Location: Johannesburg
Tel: 011 208 2500
Fax: 011 208 2600
Web site: www.cual.com
Activities: CUAL provides credit insurance products, which cater for the event of non-payment or liquidation of debtors, as well as political cover for across-the-border transactions.

Kreditinform (Pty) Ltd
Location: Johannesburg
Tel: 011 777 2700
Fax: 011 886 1519
E-mail: info@kredit.co.za
Web site: www.kredit.co.za
Activities: Credit Information

TransUnion ITC
Location: Johannesburg
Tel: 011 214 6000
E-mail: info@transunionite.co.za
Web site: www.transunionite.co.za
Activities: Credit Information
94. How can an exporter be paid immediately after extending credit to the foreign buyer?

Extending credit to foreign buyers enhances the exporter’s competitiveness in the foreign market, but reduces his or her liquidity. Unless the exporter is able to arrange for an immediate inflow of working capital, he or she may be unable to continue production. Some of the methods whereby an exporter can extend credit and yet not face severe cash-flow problems are described below.

**Discounting of receivables.** An exporter's receivables (e.g. bills of exchange, promissory notes, letters of credit and invoices) can be discounted, i.e. the bank immediately pays the exporter an amount equal to the value of the receivable, less interest and fees. This form of discounting can be with or without recourse. It is advantageous as it is quick and gives exporters flexibility in that they can propose the receivables to be discounted and when to discount them. Moreover, procedures are simple and the exporter does not have to provide the bank with special legal documents or security.

**Debtor financing.** In South Africa, the term ‘debtor financing’ covers two types of financing: factoring and invoice discounting. Both involve the sale, at a discount, of accounts receivable on a daily, weekly or monthly basis to a financing house (usually a bank). In the case of factoring, the factor (i.e. the bank) purchases the trade debts of its clients and collects these debts on its own behalf. In South Africa, factoring is always ‘with recourse’, meaning that the supplier (exporter) carries the credit risk in respect of receivables sold to the factor. The factor will have recourse in the event of non-payment for whatever reason, including financial inability of the customer to pay. In the case of invoice discounting, the supplier (exporter) is responsible for collecting the outstanding money on behalf of the bank. Invoice discounting has rarely been used in South Africa in connection with export transactions. Factoring, however, is sometimes used to improve the exporter’s cash flow position.

**Forfeiting.** Forfeiting can help the exporter maintain his or her cash flow when credit is extended to importers. Forfeiting is the non-recourse discounting of export receivables. In a forfeiting transaction, the exporter surrenders, without recourse, the right to claim payment on goods delivered to an importer, in return for immediate cash payment from a forfeiter. Receivables can be in the form of bills of exchange issued by the exporter and promissory notes issued by the importer. Once the goods have been delivered and the contract has been fulfilled, the exporter can sell receivables to a forfeiter who will assume all risks without recourse and give the exporter cash after deducting fees. All exports of capital goods and other goods made on medium- to long-term credit can be financed through forfeiting.

**RESOURCES**

**ICC Uniform Rules for Demand Guarantees (No. 458)**
Publisher: International Chamber of Commerce (ICC)
Cost: US$39.95
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Responsibilities and obligations of banks concerning international guarantees of payment

**Cutfin (Absa Group)**
Location: Johannesburg
Tel: 011 221 6444
Fax: 011 221 7569
Activities: Debtor Financing

**Debtor Financing Committee**
Location: Johannesburg
Tel: 011 370 3500
Fax: 011 836 5509
Web site: www.banking.org.za/debtorfinancing
Activities: Committee of the Banking Council dealing with debtor financing.
**Debtor Management Services (Nedcor Group)**
Location: Johannesburg
Tel: 011 630 6224 / 6226
Fax: 011 630 6282
Activities: Debtor Financing

**FNB Corporate Debtor Finance**
Location: Johannesburg
Tel: 011 352 9650
Fax: 011 352 9010
Activities: Debtor Financing

**Merchant Factors**
Location: Cape Town
Tel: 021 419 5244
Fax: 021 418 2151
Activities: Debtor Financing

**Reichmans Capital**
Location: Johannesburg
Tel: 011 286 7904
Fax: 011 286 7880
Activities: Debtor Financing

**Sasfin Debtor Finance**
Location: Johannesburg
Tel: 011 809 7500
Fax: 011 440 6225
Activities: Debtor Financing

**Standard Bank Debtor Finance**
Location: Johannesburg
Tel: 011 636 3223
Fax: 011 636 7155
Activities: Debtor Financing
95. **What is export credit insurance and how is it useful?**

Besides the basic risks of fire, theft and so on, exporters face commercial as well as political risks. Insolvency of the buyer, an outbreak of war, restrictions on remittances, and a moratorium on payments to foreign firms can block or delay payments of exported goods. To protect the exporter from such risks, the insurance of shipments is an absolute necessity.

Insurance coverage is normally provided by specialised export credit agencies, which insure up to 90% of the full value of the export contract. In South Africa, the major export credit insurance institutions are the private-sector Credit Guarantee Insurance Corporation (Credit Guarantee) and the state-owned Export Credit Insurance Corporation (ECIC).

The main services available to exporters are:

**Short-term export credit insurance.** Credit is provided for pre- and post-shipment stages, for credits not exceeding 180 days. This is available from Credit Guarantee.

**Medium-/long-term export credit insurance.** This type of insurance is issued to cover exports of capital goods and services, with cover for associated foreign exchange risk and unfair calling of performance bonds. Credits can extend for long periods (up to ten years). Foreign investment guarantees are also provided. These services are available from ECIC and may be provided also by Credit Guarantee.

Export credit can be beneficial to exporters as cover against the risk of non-payment, and it may also facilitate and stimulate the extension of export credit by financial institutions. An insurance policy can be pledged as collateral when applying for credit. A bank may be amenable to provide credit at a reasonable cost, as the risks involved in the export transaction have been reduced.

Export credit insurance is frequently mentioned in connection with export credit guarantees issued by specialised financial institutions to facilitate access to credit. Such guarantees do not involve the actual provision of funds, but rather provide safeguard to the bank against losses from the export transaction it is asked to finance.
RESOURCES

Credit Guarantee Insurance Corporation of Africa Limited (CGIC)
Location: Johannesburg
Tel: 011 889 7000
Fax: 011 886 1027
Website: www.creditguarantee.co.za
Activities: Credit Guarantee Insurance Corporation of Africa is a South African underwriting company operating in the field of credit insurance.

Credit Underwriting Agency Limited
Location: Johannesburg
Tel: 011 208 2500
Fax: 011 208 2600
Web site: www.cual.com
Activities: CUAL provides credit insurance products, which cater for the event of non-payment or liquidation of debtors, as well as political cover for across-the-border transactions.

Export Credit Insurance Corporation (ECIC)
Location: Pretoria
Tel: 012 394 3510
Fax: 012 394 3396
Email ctirion@ecic.co.za
Web: www.ecic.co.za
Activities: The Export Credit Insurance Corporation Ltd (ECIC) is an independent, limited liability company with the Government of South Africa, through the dti, as the sole shareholder. The ECIC focus on the underwriting of medium and long-term loans and equity investments for the export of capital goods and services from South Africa.
Transportation and documentation
96. **What is a freight forwarder and how should the exporter select one?**

Freight forwarders are agents who arrange land, sea and air transportation of goods. They complete all procedural and documentation formalities involved in Customs and port clearance on behalf of the shipper, and arrange for the warehousing of cargo before shipment. Some freight forwarders also consolidate shipments, which enables them to obtain preferential freight rates from the shipping line or airline.

Freight forwarders assist the exporter in:

- Selecting economical transport routes.
- Arranging packing and marking of shipments.
- Preparing transport and regulatory documents.
- Delivering goods to carriers.
- Collecting transport documents.
- Arranging insurance and processing claims.
- Booking cargo space.
- Providing advice on the comparative costs of sending goods by sea or by air.

Because of the variety of factors involved in the physical export process, both new and experienced exporters rely on an international freight forwarder to perform these services. Essentially, the freight forwarder acts as an agent for the exporter in moving cargo to the overseas destination. These agents are familiar with the import rules and regulations of foreign countries, methods of shipping, government export regulations, and foreign trade documentation.

Freight forwarders can provide assistance with an order from the outset by advising the exporter of freight costs, port charges, consular fees, cost of special documentation, insurance costs, and their own handling fees — all of which help the exporter prepare a price quotation. Freight forwarders may also recommend the packing offering the best protection for the merchandise in transit, and they can arrange to have the merchandise packed at the port or containerised. The cost of their services is a legitimate export cost that should be taken into account in the price charged to the customer.

When the order is ready to be shipped, freight forwarders should be able to review the letter of credit, commercial invoices, packing list, etc., to ensure that all is in order. They also reserve the necessary cargo space with the shipping line, airline or road haulier, and can have the goods delivered in time for loading. If the cargo arrives at the port of export and the exporter has not completed the necessary documentation to comply with Customs requirements, freight forwarders may, in consultation with Customs brokers, make the necessary changes to overcome this. They may also prepare the bill of lading and any specifically required documentation. After shipment, they may, if requested, forward all documents directly to the customer or to the paying bank.

Before selecting a freight forwarder, the following general issues should be kept in mind:

- Is it possible to build a relationship with the forwarder?
- Does the freight forwarder’s size, system and specialisation match the firm’s needs?
- Is the freight forwarder reliable?
- To find a freight forwarder to suit his business, the exporter should consult his chamber of commerce, his local exporter’s club and other exporters and importers (freight forwarders handle imports as well as exports). These sources should be able to provide the necessary information on several agencies. The exporter should evaluate the services offered by various
freight forwarders (e.g. experience in a particular product, country, warehousing facilities abroad, and rates).

> When selecting a freight forwarder to transport freight to an overseas trade exhibition where the exporter is being supported under the DTI’s EMIA scheme it will be necessary to use one of the preferred service providers which have been approved by the DTI.

**RESOURCES**

**South African Association of Freight Forwarders**

<table>
<thead>
<tr>
<th>Location</th>
<th>Johannesburg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tel:</td>
<td>011 463 4131</td>
</tr>
<tr>
<td>Fax:</td>
<td>011 463 1367</td>
</tr>
<tr>
<td>Activities:</td>
<td>Association for the freight forwarding community in South Africa</td>
</tr>
</tbody>
</table>
97. What is the best way to transport products?

All transportation methods have advantages and disadvantages. The method chosen will depend on the product, the exporter’s needs and the preferences of the importer. Price, delivery deadlines and the special needs of the product are factors to bear in mind. The main methods of transportation are listed below:

**Air transportation.** Transportation by air is by far the fastest method of transporting goods; it is also secure. It lends itself to low-volume, high-value cargoes and is very convenient for perishable products or urgent orders. It also tends to be the most expensive method on a simple freight cost basis. However, for fairly high-value products a total cost comparison should always be carried out and should take into account:

- Savings implicit in shorter delivery times.
- Savings on packing materials.
- Reduced marine insurance.
- Faster payment and reduced finance costs, etc.

For consignments to some countries in Africa, airfreight may be used when poor weather affects ground conditions, making road transport unreliable.

**Sea transportation.** Although slower than air transport, this is a good way of transporting a large-volume cargo. Even small volumes of cargoes can be shipped cost-effectively by sea if they are containerised – as they would form a less-than-container load (LCL) they would be consolidated and shipped with goods from other exporters going to the same destination.

**Road transportation.** This is a major transport method for goods exported from South Africa to other southern African countries. Road transport enables the supplier to deliver directly to the buyer or buyer’s outlets, making it a very flexible means of transport. It can be used for both large- and small-volume cargoes. However, the cost and reliability of the service can vary greatly depending on the haulier and the packing or protection needs of the product. Road haulage is usually the first leg of an airfreight consignment from South Africa and may be used to transport goods to a port for sea shipment.

**Inland water transportation.** Transporting by river or canal is a relatively slow method of transportation. The existence of, and access to, waterways also limit its flexibility. It may be economical for large-volume cargoes. While it is not a form of transport that can be used on the South African leg of the export journey, inland water transport may form a stage of the journey in the foreign market.

**Rail transportation.** Goods exported from South Africa’s inland production centres are often railed in bulk, break bulk or container to a South African port for the main leg of the journey. South Africa is fortunate in having effective rail links between production centres and ports and airports. Rail transport is also a method frequently used for high-volume cargoes to neighbouring countries, with which South Africa has extensive rail linkages.

**Multimodal transportation.** Multimodal transportation is the term used to describe the transportation of a cargo using one, or a combination, of the methods described above. It is based on a single contract, and a multimodal operator assumes and acts as the principal (i.e. not as the agent) of the consignor or of the carriers involved in the multimodal operations. Most exporters need to use more than one method of transport to move the cargo from their premises to an international dispatch point and then to the premises of the buyer.

The exporter should discuss the best transport method with his freight forwarder, taking all factors into account.

**RESOURCES**
UNCTAD/ICC Rules for Multimodal Transport Documents (No. 481)
Publisher: International Chamber of Commerce (ICC)
Cost: US$30
Obtainable: International Chamber of Commerce, Paris, France
Tel: +33 1 49 53 29 23
E-mail: pub@iccwbo.org
Web site: www.iccbooks.com
Contents: Helps the user avoid a multiplicity of different regimes governing multimodal transport.

South African Association of Freight Forwarders
Location: Johannesburg
Tel: 011 463 4131
Fax: 011 463 1367
Activities: Association for the freight forwarding community in South Africa

South African Airways
Tel: Offices countrywide, consult your telephone directory
Web site: www.saa.co.za
Activities: Airline services

Spoornet
Location: Countrywide
Tel: 011 773 4437 (head office)
Web site: www.spoornet.co.za
Activities: Spoornet provide rail services throughout Southern Africa.

Rail Road Association
Location: Johannesburg
Tel: 011 761 2434
Fax: 011 474 3582
Web site: www.rra.co.za/index.shtml
Activities: The RailRoad Association creates a forum for the transport industry at large.

Road Freight Association
Location: Pretoria
Tel: 012 349 1256
Fax: 012 349 1822
Activities: RFA represents the interests of road transport companies.

Cargo Info Africa
Location: Web based
Tel.: 011 327-4062
Fax: 011 327-4094
Web site: www.cargoinfo.co.za
Activities: Internet site containing amongst other things, links to the South African customs tariff, shipsailing schedules and a Directory of Freight Service Providers.
98. **Is it necessary to insure goods for shipment?**

An international sale requires insurance covering goods during carriage. Depending on the terms of delivery used in the contract, the importer/buyer or the exporter/seller arranges for insurance. It is essential to remember that the risk for loss or damage to the goods passes from the seller to the buyer when the seller has met his or her obligations regarding the delivery of the goods. Consequently, insurance coverage is linked to the other contractual terms.

There are only two Incoterms 2000 under which the seller has an obligation to obtain insurance, namely cost, insurance and freight (CIF) and carriage and insurance paid to (CIP). For the other eleven terms, it is left to the discretion of the seller and buyer to decide who is to be responsible for the insurance cover. However, the seller is not bound to obtain insurance cover. This is why it can be said that under a cost and freight (CFR) contract, for instance, the responsibility for arranging insurance rests with the buyer.

Under an free alongside ship (FAS) contract, the seller is obliged to bring the goods to the side of the ship, whereupon the risk shifts to the buyer, who normally arranges for the shipment and insurance of the goods.

It is important for the exporter to determine what risks he faces during transport and to decide whether or not to insure against them.

The standard marine insurance policy represents only the bare outline of the full contract. Incorporated into it are a number of clauses as laid down by the Institute of London Marine Underwriters. They are known as “Institute clauses” and are widely used in South Africa. The policy may also make provision for extended cover, as agreed between the exporter and the buyer, if the products are of a high value or if certain circumstances apply. The exporter should discuss with his insurance broker the cover his policy provides so that he understands its full implications.

The marine insurance policy is a contract of indemnity. A corollary of the principle of indemnity is that of subrogation, by which the insurance underwriters acquire any rights the assured (either the exporter or the importer) may have against third parties, such as carriers. The assured may recover from only one source, e.g. the insurer, in respect of loss or damage.

**RESOURCES**

**South African Insurance Association (SAIA)**
- Location: Johannesburg
- Tel: 011 726 5381
- Fax: 011 726 5352
- Web site: www.saainsurance.co.za
- Activities: Promotes the short-term insurance industry. SAIA represents almost all of the short-term insurance companies in South Africa

**Insurance Brokers Council of South Africa (IBC)**
- Location: Pretoria
- Tel: 012 665 0085
- E-mail: info@ibesa.org.za
- Web site: www.ibesa.org.za
- Activities: National umbrella organization for independent brokers
99. What is force majeure and who is responsible for damage or loss arising from this and other causes?

Despite the best of intentions, certain supervening circumstances may make it impossible for the exporter or importer to fulfil the obligations of the contract. Force majeure clauses are contractual provisions that address the relief that may be available to either party to a contract in the event of supervening circumstances taking place after the conclusion of a contract. The types of event and circumstance can be agreed upon between the parties, and must be listed in the contract.

Typical force majeure events cited in many international contracts include:

- War (whether war is declared or not).
- Riots, insurrections or acts of sabotage.
- Strikes or other forms of labour unrest.
- Fire, explosions or other unavoidable accidents.
- Floods, storms, earthquakes or other abnormal natural events.

As far as marine insurance is concerned, certain Institute clauses (see Question 97) to a marine insurance policy cover some of these events, and political risk of non-payment included in the export credit insurance policy may cover others. Nonetheless, there are certain risks that are not covered at all.

The use of particular Incoterms (see Question 52) will determine where the seller should deliver to the buyer, as well as where risks are transferred from the seller to the buyer. At various stages of transit, goods pass through the custody of several different intermediaries, including freight forwarders, carriers, ports, and Customs authorities. The intermediary holding possession of the goods when loss or damage occurs, may be found liable for the damages but, as explained under Question 97, the exporter/importer will abrogate his claim to the marine insurer from whom he will receive compensation due under the marine policy.
RESOURCES

**ICC Force Majeure Clause 2003 - ICC Hardship Clause 2003**

- **Publishers:** International Chamber of Commerce (ICC)
- **Cost:** EUR 10
- **Obtainable:** International Chamber of Commerce, Paris, France
- **Tel.:** +33 1 49 53 29 23
- **E-mail:** pub@iccwbo.org
- **Web site:** www.iccbooks.com
- **Contents:** In the ICC Force Majeure Clause 2003 and in the ICC Hardship Clause 2003, the ICC seeks to provide international traders with ready-made, off the peg, model clauses which parties to international contracts may incorporate into their contracts. The ICC Force Majeure Clause 2003 combines the predictability of listed force majeure events with a general force majeure formula which is intended to catch circumstances which fall outside the listed events. The ICC Hardship Clause 2003 balances businessmen’s legitimate expectations of performance with the harsh reality that circumstances do change to make performance so hard that the contract simply must change.

**Recommendations on the Transport of Dangerous Goods**

- **Publisher:** International Trade Centre UNCTAD/WTO
- **Cost:** Free
- **Obtainable:** International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
- **Tel.:** +41 22 730 0111
- **Fax:** +41 22 733 4439
- **E-mail:** itcreg@intracen.org
- **Web site:** www.intracen.org
- **Contents:** Provides advice on the transport of dangerous goods.

**South African Insurance Association (SAIA)**

- **Location:** Johannesburg
- **Tel:** 011 726 5381
- **Fax:** 011 726 5352
- **Web site:** www.sainsurance.co.za
- **Activities:** Promotes the short-term insurance industry. SAIA represents almost all of the short-term insurance companies in South Africa

**Insurance Brokers Council of South Africa (IBC)**

- **Location:** Pretoria
- **Tel:** 012 665 0085
- **E-mail:** info@ibcsa.org.za
- **Web site:** www.ibcsa.org.za
- **Activities:** National umbrella organization for independent brokers
100. What does the exporter have to check before delivering the goods to the carrier?

Before shipping any export goods, the exporter should ensure that:

➢ An export licence has been obtained if it is required.

➢ A contract has been made with a certifying company such as Veritas or SGS, if the buyer requires quality control inspection of the goods by an independent firm. These companies will test and check the goods and deliver a certificate of quality.

➢ Appropriate commercial invoices and other export documents required have been prepared. Clear and simple invoices should be used, in a language that is understood by authorities in the importing country.

➢ All documents carry identical signatures and state the same terms, quantities and prices. Discrepancies may lead to problems with domestic and foreign authorities, as well as with banks.

RESOURCES

South African Association of Freight Forwarders
Location: Johannesburg
Tel: 011 463 4131
Fax: 011 463 1367
Activities: Association for the freight forwarding community in South Africa

South African Airways
Tel: Offices countrywide, consult your telephone directory
Web site: www.saa.co.za
Activities: Airline services

Spoornet
Location: Countrywide
Tel: 011 773 4437 (head office)
Web site: www.spoornet.co.za
Activities: Spoornet provide rail services throughout Southern Africa.

Rail Road Association
Location: Johannesburg
Tel: 011 761 2434
Fax: 011 474 3582
Web site: www.rra.co.za/index.shtml
Activities: The RailRoad Association creates a forum for the transport industry at large.

Road Freight Association
Location: Pretoria
Tel: 012 349 1256
Fax: 012 349 1822
Activities: RFA represents the interests of road transport companies.

Cargo Info Africa
Location: Web based
Tel.: 011 327 4062
Web site: www.cargoinfo.co.za
Activities: Internet site containing amongst other things, links to the South African customs tariff, ships sailing schedules and a Directory of Freight Service Providers.
Packaging and labelling
101. What is the difference between packaging and packing?

**Packaging** is the box, bottle or wrapping that immediately encloses the product and essentially forms part of the product’s image and presentation. In the same way, labelling is the label that appears on the packaging or is attached to the product. Most countries have legislation covering the information that must appear on the label of a product.

The packaging of competing products will have a bearing on the packaging the exporter or the importer will choose. While importers tend to prefer packaging that is standardised and hence easier to handle, consumer packaging is often part of the marketing strategy for the product and may need to be customised to the requirements of specific markets.

Packaging is an important marketing tool as it remains with the product at the point of purchase until the product is used. Packaging gives the product its visual image and, through display techniques, distinguishes it from competing products.

Particular care must be taken when packaging products for export to developed countries. Some countries have strict regulations on packaging and labelling, particularly for nutritional, perishable or dangerous goods. In Europe, consumers are environmentally conscious, hence exporters exporting to these markets should use eco-friendly packaging.

Culture also has a strong impact on packaging: it affects the language that should be used, and the colours and design elements that people of a particular culture find acceptable.

**Packing**, on the other hand, is the outer protective layer that protects the product from damage during transit. It may be a carton or a crate, or it may be a unitised form of packing, such as a container or a number of cartons shrink-wrapped onto a pallet.

**Marking** is the term used to describe the information about the consignee, the consignor and the product that must appear on the outside of the packing or packs in order to identify the consignment during its journey. Some countries have specific requirements for these marks, while dangerous goods must be marked according to international regulations.
RESOURCES

The A-Z of Exporting
Publisher: JCCI Chamber of Commerce and Industry - Johannesburg
Cost: R280 for JCCI members and R380 for non-members
Obtainable: JCC House, Owl Street, Milpark, Johannesburg
Tel.: 011 726 5300
Web site: www.jcci.co.za
E-mail: info@jcci.co.za
Contents: The JCCI Exporter’s Manual covers the complete export cycle from finding your market to getting paid.

Roadmap to Exporting
Publisher: Department of Trade and Industry
Cost: Free
Obtainable: the dti campus, cnr Meintjies & Esselen street, Sunnyside, Pretoria
Tel.: 0861 843 384
Web site: www.thedti.gov.za
Contents: Comprehensive coverage of all aspects of exporting

Making exports your business
Publishers: Cape Metropolitan Council
Cost: Free to Western Cape companies
Obtainable: Cape Town Regional Chamber of Commerce and Industry, Wesgro and other export service Organisations.
Tel: 021 402 4300 (Cape Chamber)
Contents: Deciding to export, getting started, developing an export marketing plan, finding an export market, developing an export market, export logistics, and so forth.
102. What type of packing does the product require?

Packing protects and stores goods before, during and after shipment. The type of packing and packing materials used depends, therefore, on the peculiar characteristics of the product. Product factors to consider when deciding upon the best type of packaging include:

- Fragility.
- Durability.
- Resistance to abrasion.
- Value.
- Susceptibility to moisture.
- Chemical reactions, such as oxidation and corrosion.
- Chemical stability.
- Deterioration or shelf life.

The mode of shipment will also determine what type of packing to use. For example, goods transported by air require lighter packing than if transported by sea or by rail, while packing for road transport depends on the ground conditions and distance to the destination. Freight forwarders provide the best information on packing or may refer the exporter to specialist packing companies – this may be necessary in the case of oversize and/or delicate machinery, for example.

To avoid pilferage on the route, it is best to use plain packing devoid of logos and brand names that advertise what is inside the package. Unitisation of cargo is also a deterrent to pilferage and tampering. Unitisation means consolidating several cartons or packs, either by placing them in a container or by shrink-wrapping them onto a pallet.

An exporter should take various precautions when packing his products. He must conform to the customer’s requirements, international packing standards, and specific standards and regulations applicable in the market concerned. Different types of international standard include ISO, AFNOR (France), DIN (Germany), BS (United Kingdom), ASTM and ANSI (United States). Information on these different standards for packing, as for different product standards, can be obtained from the South African Bureau of Standards, and specifically on packaging, from the Institute of Packaging.

To avoid a misunderstanding with the customer, the contract should specify the type of packing to be used to protect the goods during handling, transport and storage.

For exceptional export shipments, approval of the packing and loading by an expert may be advisable. A fully documented dossier is needed, with particulars of the insurer, commercial description of the goods packed, premises where packed, details of products and packaging, modes of transport, handling and storage facilities.
RESOURCES

**Fundamentals of Packaging Technology- 3rd Edition**
Publisher: Institute of Packaging Professional
Cost: US $215.00
Obtainable: Online at www.iopp.org/
Contents: Comprehensive guide on the technology that shapes packaging.

**Manual on the Packaging of Cut Flowers and Plants**
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

**Manual on the Packaging of Food Products**
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

**Manual on the Packaging of Fresh Fruits and Vegetables**
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

**Packaging Fitness Checker for SMEs**
Publisher: International Trade Centre UNCTAD/WTO
Cost: US$20
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

**Packaging International**
Cost: Free
Obtainable: On-line
Web site: www.packaging-int.com/
Contents: On-line international packaging journal containing useful articles on issues pertaining to packaging of product.

**Packaging Review**
Publisher: National Publishing
Tel: 011 835 2221
Fax: 011 835 2631
Web site: www.natpub.co.za
Contents: Official journal of the Institute of Packaging (SA), the Packaging Council of South Africa and the Flexographic Technical Association of Southern Africa. It gives readers reports on all aspects of the South African packaging industry.
103. What are the technical aspects of packing?

Materials used for packing

<table>
<thead>
<tr>
<th>Material</th>
<th>Type</th>
<th>Example of packs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>Sheet metal; tinplate; steel</td>
<td>Drums; cans; containers; pressurised containers; metal boxes</td>
</tr>
<tr>
<td>Wood</td>
<td>Rough sawn timber; planed timber; plywood; fibreboard; particle board</td>
<td>Cases; pallets; crates, etc.</td>
</tr>
<tr>
<td>Cardboard</td>
<td>Flat; corrugated; double-sided; double-double; triple corrugated</td>
<td>Boxes</td>
</tr>
<tr>
<td>Plastics</td>
<td>Polyethylene; polystyrene; PET; PVC</td>
<td>Bags; drums and bottles; bottle crates; rigid and semi-rigid containers</td>
</tr>
</tbody>
</table>

The various technical aspects include:

**Physical and chemical protection.** Permanent protection can be provided by treating surfaces with protective substances such as anti-rust zinc or zinc-phosphate-based paint. Products such as waxes and resins, which will be removed when the goods are unpacked, can provide temporary protection. Anti-corrosive papers, thin film protection, protective oils and greases, silica gels and volatile corrosion inhibitors are effective means of controlling corrosion. Waterproof barriers can be supplemented with polyethylene or heat-welded fabrics, with or without sachets of dehydrants inside the waterproofed space. Proper ventilation can also control condensation.

**Mechanical protection.** Mechanical protection, provided to control strains (i.e. compression, bending, torsion, shearing, jolting and vibration) during shipment can be supplemented by space fillers inside the package to prevent the merchandise from moving within the package. Fragile items must be treated differently and isolated from the container walls by means of suspension devices (shock absorbers and damping devices to minimise vibration).

**Protection against theft.** Effective protection against theft demands a series of precautions. Hooping with a metal or even plastic strap prevents entry, and also strengthens packs and improves closure. The contents of the packs should not be indicated on the outermost package. Goods should be shipped by the most direct route possible.

**Marking.** Marking, like packing, is the responsibility of the exporter and is carried out at his expense. The cost of marking should therefore be included in the price quoted. It is important to note that carriers and insurers are relieved of liability if marking is defective. The exporter should make use of the recommendations on marking of the International Organisation for Standardisation (ISO).

**Packing list.** On completion of packing and marking, a packing list is prepared with the following particulars for each pack:

- Marks and numbers.
- Gross mass in kg.
- Net mass in kg.
- Dimensions in cm (length, breadth, height).
- Volume in cubic metres.
Details of contents.

This list also gives the total number of packages and their total gross mass and volume. It is an essential document, since it is needed in particular for Customs purposes when goods are exported or imported. It will be used by carriers, cargo handlers, warehouses and customers.

**Pallets.** Pallets are used to assemble packages in a single unit load, thus speeding up handling and simplifying counting. Plastic stretch or shrink-wraps can be used to keep together goods loaded on a pallet. Made of wood and easily manufactured, pallets are inexpensive and supplied free with the goods. However, the exporter should remember that use of a wooden pallet may require a fumigation certificate.

**Containers.** Freight containers used in international transport are boxes made of steel, or a combination of steel, aluminium and fibreglass. Containers of different sizes and shapes are used for seafreight and airfreight, the latter being specially designed to fit the configuration of an aircraft's hold. Seafreight containers are usually ISO-approved and are suitable for multimodal transport. The most commonly used container is the general purpose container, which may be either 6 or 12 metres in length. There are different types of container to suit different types of cargo, e.g. refrigerated containers provide a controlled temperature environment for frozen or chilled products. Containers are usually owned or leased by container operators.

The market to which a product is being exported will determine the type of packing to use. Importers in different countries have varying requirements for transportation packing. The exporter should contact the importer/buyer in order to obtain information and guidance on these requirements.

### RESOURCES

**Institute of Packaging**
- Location: Johannesburg
- Tel: 011 782 0233
- Fax: 011 782 4926
- E-mail: ipsanat@iafrica.com
- Web site: www.ipsaeducation.org.za
- Activities: Organisation that promotes the art and science of packaging in South Africa.

**South African Bureau of Standards**
- Location: Pretoria and other centres
- Tel: 012 428 7911
- Fax: 012 344 1568
- Email: info.sabs.co.za
- Web site: www.sabs.co.za
- Activities: Quality testing and inspection, comprehensive information on international and foreign national standards.

**Fundamentals of Packaging Technology- 3rd Edition**
- Publisher: Institute of Packaging Professional
- Cost: US $215.00
- Obtainable: Online at www.iopp.org/
- Contents: Comprehensive guide on the technology that shapes packaging.
104. How does the distribution chain affect packing requirements?

One of the primary functions of packing is to protect the product during transportation. Therefore, the distribution chain (i.e. the path the product will follow during transportation), helps determine the product’s packing requirements. The longer the distribution chain, the higher the risk of damage during transportation, hence it is essential that the exporter should determine packing requirements with the distribution chain in mind.

Researchers should investigate possible transportation hazards that may arise along the distribution chain. They should gather information about the quality of chosen shipment methods and their implications for packing requirements. They should also have detailed knowledge of the handling and storage facilities available at each storage location in the proposed distribution chain. They must know about international distribution, and coding or marking regulations applicable to their products.

During transportation, goods are exposed to a dangerous accumulation of hazards that need to be carefully assessed to determine the appropriate type of packing. Hazards may include breakage and crushing during handling, contamination by other goods, climatic hazards (such as damp, heat and freezing), and theft.

RESOURCES

The Wiley Encyclopedia of Packaging Technology
Publisher: Wiley-Interscience; 2nd edition
Cost: US$350
Obtainable: From amazon.com
Web-site: www.amazon.com
Contents: Comprehensive and authoritative coverage of all stages of the packaging process, from raw materials through distribution

Institute of Packaging
Location: Johannesburg
Tel: 011 782 0233
Fax: 011 782 4926
E-mail: ipsanat@iafrica.com
Web site: www.ipsaeducation.org.za
Activities: Organisation that promotes the art and science of packaging in South Africa.
105. What kind of marking does the consignment need?

Marking is used on export shipping containers to meet shipping regulations, ensure proper handling and help receivers identify shipments. As the rules and regulations vary widely between countries as well as between importers and distributors, appropriate marking necessitates consultation with the parties involved in a shipment.

All information should appear clearly on the package with waterproof ink and in the language of the port of destination. There are many internationally recognised symbols that can be utilised (see below). Freight forwarders can provide guidance on the appropriate symbols for the shipments.

Marking the packed consignment is essential for proper identification, and involves the following information:

- Shipper’s mark
- Importer’s mark, as mentioned in the letter of credit
- Destination and port of entry
- Order number
- Country of origin
- Port of shipment and places of dispatch
- Gross and net weight, cubic measurement
- Number of packages, and size of cases
- Handling instructions conveying special precautions, including the appropriate symbols.

ISO Cargo-handling marks

<table>
<thead>
<tr>
<th>ISO 7000/No. 0621</th>
<th>ISO 7000/No. 0622</th>
<th>ISO 7000/No. 0623</th>
<th>ISO 7000/No. 0624</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fragile, handle with care</td>
<td>Do not use hooks</td>
<td>This way up</td>
<td>Keep away from heat</td>
</tr>
<tr>
<td>Centre of gravity</td>
<td>Do not roll</td>
<td>No hand truck here</td>
<td>Stacking limitation</td>
</tr>
<tr>
<td>ISO 7000/No. 0625</td>
<td>ISO 7000/No. 0631</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sling here</td>
<td>Clamp here</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ISO 7000/No. 0626</th>
<th>ISO 7000/No. 0632</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep dry</td>
<td>Temperature limitations</td>
</tr>
</tbody>
</table>

**RESOURCES**

**International Cargo Handling Co-ordination Association**
Publisher: International Trade Centre  
Cost: Free  
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org

**Export Packing Notes**
Publisher: International Trade Centre UNCTAD/WTO  
Cost: Free  
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org
106. Where can information be obtained about packing and marking requirements of a particular market?

Normally, freight forwarders, importers and customers are good sources of information on labelling regulations for a particular country. Other sources include:

- International organisations.
- Associations of packers.
- Technical institutes.
- Forwarding agents.
- Packers.
- Carriers.
- Competitors.
- Customers.
- Export consultants.

RESOURCES

**Institute of Packaging**
Location: Johannesburg
Tel: 011 782 0233
Fax: 011 782 4926
E-mail: ipsanat@iafrica.com
Web site: www.ipsaeducation.org.za
Activities: Organisation that promotes the art and science of packaging in South Africa.
107. What factors should be kept in mind for the most effective packaging and packing?

Environmental concerns and changing consumer behaviour dictate packaging trends. Both importers and consumers increasingly insist on eco-friendly packaging. Consumers prefer packages that are easy to carry and store, and that do not require cumbersome disposal procedures. To obtain information on these trends, the exporter should consult technical journals and visit appropriate packaging exhibitions; suppliers of packaging equipment and materials can also provide useful information.

The marketing and technical requirements for good packaging cover the following aspects:

**Physical protection.** The ability to withstand mechanical stresses such as shock, puncture, drop, compression and vibration.

**Quality protection.** The protection given to the product (e.g. protection from physical and chemical stresses arising from heat, cold, humidity, dampness, dryness, light, oxidation, bacterial contamination) to protect its shelf-life, colour, flavour and safety.

**Product promotion aspects.** For example, the ability to project a quality image for the product; display value; visibility; and quality of design, printing and varnishing.

**Product information.** The package should facilitate product recognition and should provide readable product information on such matters as weight, contents, shelf life, name of manufacturer, seller, importer, country of origin, and instructions for use. It should also carry safety warnings, if necessary.

**Efficiency in use.** The package should facilitate handling, emptying, opening and dispensing. It should be environmentally acceptable, easily disposable, and childproof.

**Physical attributes.** These refer to the temperature resistance, stress and crack stability, and performance attributes of the package.

**Machinability.** Machine-stop sensitivity; stability of shape before, during and after use; ease of capping, labelling and printing; filling speed; surface smoothness; abrasion properties; glue compatibility.

**Storage.** The fitness of the package for palletisation; stacking weight and strength; and fitness for internal transport.

**Transport aspects.** Mass and volume ratio, maximum mass, and dimensions of the product.

**Appeal to the trade.** Mass, stacking performance, stability; identification of product, brand, marking and code; shelf-space efficiency, display visibility; disposability, etc.

**Recyclability.** Use of natural materials; returnability (glass, pallets).
RESOURCES

**Manual on the Packaging of Furniture**
Publisher: International Trade Centre UNCTAD/WTO  
Cost: US$17.00 (estimated)  
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org  
Contents: Guide explaining how furniture should be packed for safe transit. Examines damage to which various forms of furniture are susceptible and how it is caused. Discusses implementation of required packaging standards to avoid damage.

**Pharmaceutical Packaging Technology**
Publisher: Taylor & Francis; (March 2001)  
Cost: US$315  
Obtainable: From amazon.com  
Web-site: www.amazon.com  
Contents: Comprehensive guide covering all aspects of pharmaceutical packaging.

**Food Packaging Technology**
Publisher: CRC Press; 1st edition (June 15, 2002)  
Cost: US$140  
Obtainable: From amazon.com  
Web-site: www.amazon.com  
Contents: Overview of food processing and packaging technologies. Covers package design, package labelling, shelf life, logistical considerations, packaging materials, machines, and processes necessary for a wide range of packaging presentations.

**Packaging Fitness Checker for SMEs**
Publisher: International Trade Centre UNCTAD/WTO  
Cost: US$20  
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland  
Tel.: +41 22 730 0111  
Fax: +41 22 733 4439  
E-mail: itcreg@intracen.org  
Web site: www.intracen.org
108. What proportion of the product’s total cost should be represented by packaging and packing?

Good packaging and packing not only affect the cost of transport and handling, and the scale and cost of insurance, but also create a favourable product image, differentiate the product among competitors, and aid retailers in making their shelf and window dressing more attractive. Simply stated, the cost of packaging and packing must be low enough to permit the competitive pricing of the goods, while at the same time protecting the product and projecting its image.

Packaging and packing costs can vary enormously in relation to the total costs. The proportion is primarily influenced by the nature of the product, the method of shipment used, the distribution chain, product value, and consumer preferences in the market concerned, and by the total volume of product produced. For heavy engineering products, for example, the share of packaging costs should be 1% or lower, although packing costs could be considerably higher. The cost of packaging in the processed food sector can amount to 12–15% of the total, and for cosmetic and personal care products it can be in the region of 25% or more. A small-scale producer of food products could find packaging and packing costs running to more than 30% of total direct product costs.

The main objective of transport packing is to get the goods safely to the buyer or importer and eventually to the final consumer, at the least possible cost. It is almost impossible to deliver all the goods to their destination in perfect condition at a reasonable packaging price, as there will always be some damage or loss. Bear in mind that excessive packing can be a waste of money and may mean extra environmental costs, while inappropriate packing may result in expensive losses.

The exporter should always obtain and compare quotations from more than one supplier of packaging, packing materials and equipment, where possible.

RESOURCES

Packaging Fitness Checker for SMEs
Publisher: International Trade Centre UNCTAD/WTO
Cost: US$ 20
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
World Trade Organisation
109. What is the WTO and what does it do?

Objectives

The World Trade Organisation (WTO) is an international body dealing with international trade rules. It aims to facilitate trade among countries by creating conditions of competition that are fair and equitable. Towards this end, it encourages countries to enter into negotiations for the reduction of tariffs and for the removal of other barriers to trade, and requires them to apply a common set of rules for trade in imported and exported goods and services.

These rules are contained in the following legal instruments:

- General Agreement on Tariffs and Trade (GATT), whose rules apply to trade in goods
- Other Agreements on goods
- General Agreement on Trade in Services (GATS), whose rules apply to trade in services
- Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

Member countries are under an obligation to ensure that their national legislation, regulations and procedures fully conform to the provisions of these agreements. Trade is facilitated by the resulting harmonisation of rules and regulations for trade in goods and services. The harmonised rules also help to ensure that national regulations do not create unnecessary barriers to trade, and that the country’s exports are not disrupted by the sudden imposition of higher tariffs or other barriers to trade.

Functions

The WTO performs three important functions:

- Firstly, it exercises continuous surveillance of trade measures taken by countries, with a view to ensuring that these measures fully conform to the rules prescribed by the Agreements.
- Secondly, it provides a forum for negotiations on the removal of barriers applicable to trade in both goods and services, and for the development of rules in new subject areas.
- Thirdly, it provides a forum for the settlement of differences and disputes among countries in the area of trade. For instance, a member country may consider that another member country has failed to abide by the rules, or has taken measures that are not consistent with its obligations under the WTO Agreements. If efforts to reach a solution through bilateral consultations prove unsuccessful, the member country may bring the matter for settlement to the Dispute Settlement Body.

It should be noted, however, that it is not open to an individual firm to bring a dispute directly to the WTO. The right to invoke dispute settlement procedures rests solely with the governments that are parties to the WTO Agreements. A firm facing restrictive measures imposed by another country must therefore take up the matter with its own government. On receipt of such a complaint the government can, if it is satisfied that there was a breach of obligations under WTO law, invoke the dispute settlement procedures.

Membership

At present, the WTO has 146 member countries and 25 countries are negotiating for accession.
RESOURCES

About the WTO — Understanding the WTO
Publisher: World Trade Organisation
Cost: Free
Available: WTO web site
Web site: www.wto.org/english/thewto_e/whatis_e/whatis_e.htm
Contents: Explanation of the basics of the WTO system, main agreements, dispute settlement.

10 Common Misunderstandings about the WTO
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: How the WTO works.
110. What is the importance of the Uruguay Round?

The Uruguay Round and GATT

In the past, negotiations for trade liberalisation took place in periodic rounds held under the auspices of the General Agreement on Tariffs and Trade (GATT). The Uruguay Round was the most comprehensive and the most ambitious of the eight rounds of negotiations held. It was called the Uruguay Round as the decision to launch the negotiations was taken at the Ministerial meeting which took place in Punta del Este, Uruguay. The Round commenced in 1986 and ended in 1992.

GATS and TRIPS

The rules of GATT and its associate Agreements apply to trade in goods. In the Uruguay Round, these rules were further strengthened and improved, and their coverage was extended to include trade in services. The General Agreement on Trade in Services (GATS) now applies the same basic principles and rules applicable to trade in goods, to trade in services, with such modifications as are necessary to take into account the different nature of the trade and the four modes in which it takes place. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was also negotiated in the Round.

WTO

One of the other important achievements of the Uruguay Round was the establishment of the World Trade Organisation (WTO). With this establishment, GATT as an institution ceased to exist; GATT as a legal text, however, remains and the revised text is known as GATT 1994. The WTO is now responsible for administering GATT 1994, other Agreements on goods, GATS and the Agreement on TRIPS. The organisation also provides a forum for continuous negotiations on further trade liberalisation and for the settlement of disputes.

Removal of trade barriers

The WTO Agreement calls for the reduction of tariffs on industrial products by both developed and developing countries, by agreed percentages over a period of five years from 1 January 1995. As a result, tariffs on industrial products in developed countries had fallen from 6.3% to 3.8% by 1 January 2000.

The Agreement on Textiles and Clothing further requires countries applying quantitative restrictions on imports of textile products to eliminate these in stages over a period of ten years, ending on 1 January 2005. In agriculture, a reform programme has been adopted to improve market access, requiring countries to reduce trade-distorting domestic and export subsidies.

RESOURCES

Business Guide to the World Trading System
Publisher: International Trade Centre UNCTAD/WTO and Commonwealth Secretariat
Cost: US$15.00
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org
Contents: Explains the rules of the Uruguay Round Trade Agreement and their implications.
111. What is the General Agreement on Tariffs and Trade (GATT) 1994?

GATT 1994, along with twelve other Agreements, lays down rules for trade in goods. GATT 1994 itself consists of:

- The original GATT (1947)
- Amendments made to it up to 1 January 1995
- The decisions taken under GATT (1947)
- The understandings reached in six other areas in the Uruguay Round
- The tariff schedules and the manner of their implementation, as agreed in the Uruguay Round

The basic aim of GATT is to create conditions of competition that are fair and equitable by encouraging countries to reduce tariffs and remove other barriers to trade, and by requiring them to apply a harmonised set of rules to goods imported and exported.

Even though the prescriptions of GATT and its associate Agreements are complex, they are based on a few simple rules. These rules can be divided into three categories:

- Basic rules
- Rules applicable at the border
- Rules governing contingency protection measures

RESOURCES

Publisher: World Trade Organisation
Cost: CHF 150
Obtainable: Order online at the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: The GATT’s own article-by-article handbook on the General Agreement, describing the draft history, interpretation and application of the rules, based on official documentary records
112. What are the main features of the basic GATT rules and those applicable at the border?

The four basic rules on which the legal framework of the General Agreement on Tariffs and Trade (GATT) is based are described below:

**Protection through tariffs.** This rule permits countries to protect domestic production from foreign competition, provided that such protection is only extended through tariffs and is kept at low levels. To this end, the rule prohibits countries from using quantitative restrictions, except in specified cases.

**Reduction of tariffs.** This rule provides for the reduction and elimination of tariffs and other barriers to trade through multilateral negotiations. The tariffs reduced in this way are listed on a tariff-line basis in each country’s schedule of concessions. The rates given in these schedules are known as “bound rates”. Countries are under obligation not to increase tariffs above the bound rates shown in their schedules.

**Most Favoured Nation (MFN) treatment.** This rule requires countries to conduct their trade without discriminating between countries from which goods are imported or to which goods are exported. An important exception to this rule is permitted in the case of regional preferential arrangements. The other exception is the Generalised System of Preferences (GSP). Under this system, developed countries allow imports from developing countries on a preferential and, in most cases, on a duty-free basis.

**National treatment.** This rule requires countries to refrain from imposing internal taxes (such as excise duty or value-added taxes) on imported products at rates that are higher than those levied on similar domestic products, after the imports have entered the country and paid Customs duties.

The above four basic rules are complemented by rules covering the application of regulations and procedures to imported and exported goods at the border. They include rules relating to:

- Procedures for import licensing
- The determination of the value of imported goods for the levy of custom duties collected on an ad valorem basis
- The application of mandatory standards (technical regulations) to imported goods, in order to ensure that they meet the prescribed safety, health and quality standards
- The application of sanitary and phytosanitary measures to imported agricultural products, in order to ensure that pests and diseases that do not exist in the country are not brought in by such imported products

The rules that apply in these areas are contained in GATT 1994 and the twelve other Agreements covering goods.
RESOURCES

Business Guide to the World Trading System
Publisher: International Trade Centre UNCTAD/WTO and Commonwealth Secretariat
Cost: US$15.00
Obtainable: International Trade Centre, Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
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Web site: www.intracen.org
Contents: Explains the rules of the Uruguay Round Trade Agreement and their implications.

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Fax: +41 22 739 5792
Web site: www.wto.org
Contents: The GATT’s own article-by-article handbook on the General Agreement, describing the draft history, interpretation and application of the rules, based on official documentary records

WorldTradeLaw.net
Web site: www.worldtradelaw.net
Contents: Comprehensive trade law site. There are two sides to the site. There is the free portion containing well-organized and easy-to-access primary source documents related to international trade law; a full-text search engine for GATT/WTO decisions; a large collection of links to other sources of information on the web; and a discussion forum. The second side is a subscription based analysis of certain trade law issues.
113. What are the GATT rules relating to contingency protection?

The rules of the General Agreement on Tariffs and Trade (GATT) permit countries to take contingency protection measures in two situations:

> First, the rules recognise that certain industries accustomed to high levels of protection may find it difficult to withstand import competition when barriers are removed as a result of trade negotiations. In such situations, they permit countries to extend temporary protection to the affected industries, giving them breathing space in which to take steps to improve their competitive position by, for example, upgrading their technology or rationalising production. Such temporary protection measures taken by governments are called safeguard actions.

> Secondly, the rules permit governments to come to the rescue of industries when foreign suppliers engage in unfair competition. Such unfair competition can occur when foreign suppliers are able to charge lower prices because of subsidies received from their own governments or because they are dumping goods.

**Anti-dumping and countervailing rules**

Under the rules, goods are treated as being dumped only if the price charged by foreign suppliers for the product in the export market is lower than the price they sell for in their domestic market. It is open to a country to levy anti-dumping duties on goods that are being so dumped to offset the element of dumping. Likewise, countervailing duties can be levied on goods that are receiving subsidies. Such duties should not, however, exceed the margin of dumping or the amount of subsidy by which the product has benefited.

The rules lay down two conditions that have to be satisfied before a country may take safeguard actions, or levy anti-dumping or countervailing duties:

> First, before taking such measures, the importing country must establish, through investigations carried out at national level, that increased imports are causing injury to the domestic industry.

> Secondly, governments can only initiate such investigations if a petition is submitted by, or on behalf of, the domestic industry requesting contingency protection measures.
RESOURCES

Publisher: World Trade Organisation  
Cost: CHF 150  
Obtainable: Order online at the WTO web site  
Tel.: +41 22 739 5208  
Fax: +41 22 739 5792  
Web site: www.wto.org  
Contents: The GATT's own article-by-article handbook on the General Agreement, describing the draft history, interpretation and application of the rules, based on official documentary records

**WorldTradeLaw.net**
Web site: www.worldtradelaw.net  
Contents: Comprehensive trade law site. There are two sides to the site. There is the free portion containing well-organized and easy-to-access primary source documents related to international trade law; a full-text search engine for GATT/WTO decisions; a large collection of links to other sources of information on the web; and a discussion forum. The second side is a subscription based analysis of certain trade law issues.
114. What are the main objectives of the Agreements on Agriculture and on Textiles and Clothing?

In the past, rules of the General Agreement on Tariffs and Trade (GATT), particularly those prohibiting the use of quantitative restrictions, were not followed in the agriculture and textile sectors.

The reform programme, adopted under the Agreement on Agriculture, requires countries to eliminate any quantitative restrictions, and other restrictive measures, to imports in this sector. However, countries that applied such restrictions were permitted to add to existing import tariffs, the incidence of quantitative restrictions on the prices of imported products. This process has come to be known as tarification. As a result, imports of agricultural products in most countries are subject only to tariffs. Under the reform programme, the countries that granted subsidies have undertaken to reduce, by agreed percentages, domestic subsidies which distort trade and export subsidies.

In the area of textiles, a number of developed countries currently apply quantitative restrictions on certain categories of textile products to imports from selected developing countries. The Agreement on Textiles and Clothing provides for these restrictions to be removed in stages over a period of ten years, ending on 1 January 2005.

RESOURCES

WTO - Agreement Establishing the WTO
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO website
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: The WTO's agreements are the legal foundation for the international trading system that is used by the bulk of the world's trading nations. This series offers a set of handy reference booklets on selected agreements. Each volume contains the text of one agreement, an explanation designed to help the user understand the text, and in some cases supplementary material.

WTO - Agriculture
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO website
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: Text of the agreement on agriculture.
115. What is the purpose of the Agreement on Technical Barriers to Trade (TBT)?

Countries often require imported products to conform to the mandatory standards they have adopted. The mandatory standards, and the administrative procedures used for their enforcement, are known as “technical regulations”. Such regulations are adopted by countries to protect the health and safety of the people using such products, to prevent deceptive practices and to preserve the environment. The products to which such regulations apply vary widely. They include machinery and equipment used in manufacture such as boilers, medical and food processing equipment, as well as consumer articles like cosmetics, household electric appliances, and toys.

Though technical regulations are adopted by governments to attain the legitimate objectives mentioned above, they may in practice constitute barriers to international trade. Such barriers are known as Technical Barriers to Trade (TBT).

The basic aim of the Agreement on TBT is to ensure that technical regulations are not formulated and applied so as to create barriers to trade. The Agreement therefore requires countries to base their technical regulations on international standards. It does not, however, recognise that the use of internationally developed standards or guidelines may sometimes be considered inappropriate to, or ineffective in, achieving national objectives.

Countries are free to develop their own national standards where the use of international standards may be regarded as inappropriate for developing a national technical regulation. This may be due to climatic and geographical reasons, or fundamental technological factors, or because international standards do not exist. Likewise, a country may adopt a conformity assessment system to determine whether a product conforms to a technical standard. However, where the proposed technical regulation or conformity system is expected to have a significant effect on trade, the Agreement obliges countries, among other things, to:

- Publish in draft form the proposed technical regulations, standards and conformity assessment systems
- Give interested parties a reasonable opportunity to comment on these drafts
- Take these comments into account in finalising the drafts

A big problem faced by firms developing their export trade is the lack of information on the health and sanitary regulation standards applicable to their products in target markets. To help these firms, the Agreement requires each member country to establish inquiry points from which information on technical regulations and voluntary standards can be obtained, and on conformity assessment procedures adopted or proposed to be adopted.
RESOURCES

About the WTO — Understanding the WTO
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: An introduction to the WTO and its agreements.

WTO - Agreement Establishing the WTO
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: The WTO's agreements are the legal foundation for the international trading system that is used by the bulk of the world’s trading nations. This series offers a set of handy reference booklets on selected agreements. Each volume contains the text of one agreement, an explanation designed to help the user understand the text, and in some cases supplementary material.

WorldTradeLaw.net
Web site: www.worldtradelaw.net
Contents: Comprehensive trade law site. There are two sides to the site. There is the free portion containing well-organised and easy-to-access primary source documents related to international trade law; a full-text search engine for GATT/WTO decisions; a large collection of links to other sources of information on the web; and a discussion forum. The second side is a subscription based analysis of certain trade law issues.

International Centre for Trade and Sustainable Development (ICTSD)
Location: Geneva, Switzerland
Tel: +41 22 917 9492
Fax: +41 22 917 8093
E-mail: ictsd@ictsd.ch
Web site: www.ictsd.org
Activities: ICTSD is an independent non-profit and non-governmental organisation engaged in ongoing dialogue about trade and sustainable development with a broad range of players. The ICTSD web site contains useful information about WTO negotiations and focuses on Africa, Agriculture, Services, Environment and Intellectual Property Rights.

South African Bureau of Standards
Location: Pretoria
Tel: 012 428 6835
Fax: 012 428 6928
Website: www.sabs.co.za
Activities: SABS is the official WTO/TBT enquiry point in South Africa
116. What are the main provisions of the Agreement on Sanitary and Phytosanitary Regulations (SPS)?

Imported agricultural products such as meat and meat products, dairy products, fruits, vegetables, and processed fruits and vegetables have to meet the sanitary and phytosanitary regulations applicable in the importing country. Such regulations are adopted by countries to protect:

- Human or animal life from food-borne risks that arise from the use of additives, contaminants, toxins or disease-causing organisms (and thus to ensure food safety)
- Human health from animal- or plant-borne diseases
- Animals and plants from pests and diseases

Where the objective of the regulations is to ensure that imported plant varieties do not bring plant-borne diseases into the country, they are called phytosanitary regulations. The term “sanitary regulations” is used to cover other types of regulation whose basic objective is to ensure food safety or to prevent animal-borne disease from entering the country.

While these regulations are applied by countries ostensibly to attain the above objectives, in practice they may be formulated and applied for protectionist purposes. The Agreement on SPS lays down international rules for the formulation and adoption of such regulations.

In order to ensure that sanitary and phytosanitary regulations do not cause unnecessary barriers to trade, the Agreement requires countries to base them on “scientific principles”. It further states that it shall be presumed that regulations are based on scientific principles if, in formulating its national regulations, a country bases them on international standards and guidelines developed by the following:

- The Codex Alimentarius Commission, on food
- International Office of Epizootics, on animal health
- International Plant Protection Commission, on plant health

The Agreement provides that a country may, in adopting sanitary and phytosanitary measures, deviate from international standards or guidelines if it considers a “higher level of protection” to be necessary. Such a higher level of protection can only be extended if there is scientific justification, or where a country determines on the basis of its assessment of risks, that a higher level of sanitary and phytosanitary protection would be appropriate.

In order to ensure that all decisions are taken objectively, the Agreement lays down certain guidelines for assessing risks to human, animal or plant life, or health. Further it urges countries to apply the risk assessment techniques that are being developed by international organisations.

Countries adopting sanitary and phytosanitary regulations that are not based on international standards are required, amongst other things, to:

- Publish in draft form their technical regulations, standards and conformity assessment systems
- Give reasonable opportunity to other interested parties to comment on them
- Take into account these comments in finalising the drafts

The Agreement requires each member country to establish inquiry points from which firms can obtain information on:

- Sanitary and phytosanitary regulations adopted, or proposed to be adopted
- Procedures for control and inspection, production and quarantine treatment, pesticide tolerance treatment, and approval procedures for food additives
RESOURCES

**WTO Sanitary & Phytosanitary Measures**
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: Copy of the agreement on sanitary and phytosanitary requirements

**WorldTradeLaw.net**
Web site: www.worldtradelaw.net
Contents: Comprehensive trade law site. There are two sides to the site. There is the free portion containing well-organized and easy-to-access primary source documents related to international trade law; a full-text search engine for GATT/WTO decisions; a large collection of links to other sources of information on the web; and a discussion forum. The second side is a subscription based analysis of certain trade law issues.

**National Department of Agriculture**
Location: Pretoria
Tel: 012 319 6120
Fax: 012 326 6541
Website: www.nda.agric.za
Activities: The Department of Agriculture is the WTO/SPS enquiry point in South Africa and the OIE contact point

**Department of Health**
Location: Pretoria
Tel: 012 312 0167
Fax: 012 326 4374
Website: www.doh.gov.za
Activities: The Department of Health is the CODEX contact point in South Africa.

**Directorate Plant and Quality Control**
Location: Pretoria
Tel: 012 319 6100
Fax: 012 319 6101
Activities: The Directorate is the IPPC Contact point in South Africa.
117. What is the General Agreement on Trade in Services (GATS)?

Services cover a wide range of economic activities, from banking, insurance and telecommunications to recreation and cultural and sporting services. One of the main characteristics of services is that they are intangible and invisible; goods, by contrast, are tangible and visible. These characteristics influence the modes in which international trade transactions in goods and services take place. While international trade in goods involves the physical movement of goods from one country to another, relatively few service transactions involve cross-border movements. For most service transactions, proximity between the service provider and the consumer is necessary. Such proximity can be achieved either by establishing a “commercial presence” in the importing country (e.g. opening a branch office), or by the movement of a “natural person” for a temporary period (e.g. a lawyer or architect moving to another country). For a few service activities, consumers may have to move to the country of importation (e.g. tourism, where tourists travel to another country).

Trade in services is growing and currently accounts for over 20% of international trade. GATS has created a framework for bringing this trade under international discipline. Its provisions apply to all the modes in which international trade in services takes place:

- Cross-border movement of service products
- The establishment of a commercial presence in the country where the service is provided
- Temporary movement of natural persons to another country to provide services there
- The movement of consumers to the country of importation

The Agreement consists of:

- A framework text which lays down a set of general principles for measures affecting trade in services (the appendices applicable in specific sectors complement the text)
- Specific liberalisation commitments listed in each country’s schedule that apply to service industries and sub-industries

**RESOURCES**

**GATS - Fact and fiction**
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: This booklet debunks some of the myths and falsehoods about the GATS and the new negotiations.

**WorldTradeLaw.net**
Web site: www.worldtradelaw.net
Contents: Comprehensive trade law site. There are two sides to the site. There is the free portion containing well-organized and easy-to-access primary source documents related to international trade law; a full-text search engine for GATT/WTO decisions; a large collection of links to other sources of information on the web; and a discussion forum. The second side is a subscription based analysis of certain trade law issues.
118. What are the main provisions of GATS?

**Most Favoured Nation (MFN) and National Treatment**

These two basic principles, which apply to trade in goods, now also apply to trade in services. However, they have been modified to take into account the special characteristics of trade in services.

The Agreement requires countries to apply most favoured nation (MFN) treatment by not discriminating between service products and service providers of different countries. However, it may be possible for a country to maintain, for a transitional period of ten years, measures that are not consistent with the MFN principle.

The national treatment principle visualises that countries should not treat foreign service products and service providers less favourably than their own service products and service providers. The Agreement, however, does not impose this as a binding obligation, but requires countries to indicate in their schedules of concessions the sectors in which, and the conditions subject to which, such treatment would be extended.

**Transparency requirements**

Foreign service providers need to be fully aware of the regulations that apply to trade in services. Countries are therefore required to publish all relevant laws and regulations in the service sector, and to establish inquiry points from which other member countries could obtain such information.

In addition, developed countries are required to establish contact points from which the service providers in developing countries could obtain information, amongst other things, on the availability of service technology, and commercial and technical aspects of the supply of services.

**Increasing participation of developing countries**

The Agreement recognises that, as service industries in developing countries are not fully developed, they may need to maintain higher levels of protection. It therefore provides that developing countries should have some flexibility when making liberalisation commitments. They can open fewer sectors to import competition, or impose conditions on foreign suppliers wishing to invest in a service industry or establish a local branch from which to offer their services. This will enable the transfer of technology, or the achievement of other developmental objectives within the developing country.

**Liberalisation commitments**

Specific commitments for liberalisation that have been accepted by countries in the Uruguay Round are contained in each country’s schedule of concessions. They indicate on a sector-by-sector basis (and for each of the four modes described above) the conditions subject to which countries have agreed to improve market access and to extend national treatment by eliminating or reducing discriminatory treatment of foreign suppliers as compared with domestic suppliers. Since the conclusion of the Uruguay Round, negotiations for the further liberalisation of trade have been held in the telecommunication and financial services sectors.

The Agreement further imposes on countries an obligation not to apply restrictions on international transfers and payments (except when they experience difficulty with regard to balance of payments) in sectors where they have given specific liberalisation commitments.
RESOURCES

Second GATS Protocol: Revised Schedules of Commitments on Financial Services
Publisher: World Trade Organisation
Cost: CHF 120
Obtainable: Order online at the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: This publication presents about 30 countries’ (the European Community and its member states count as one) improvements or changes to their original commitments for opening up markets to trade in financial services.

Third GATS Protocol: Schedules of Specific Commitments relating to Movement of Natural Persons
Publisher: World Trade Organisation
Cost: CHF 30
Obtainable: Order online at the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: The Decision on the Movement of Natural Persons was adopted by the Council for Trade in Services on 30 June 1995. The third protocol contains the specific commitments of six countries (the European Community and its member states counting as one).

Fourth GATS Protocol: Schedules of Specific Commitments concerning Basic Telecommunications
Publisher: World Trade Organisation
Cost: CHF 120
Obtainable: Order online at the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: The latest of the multilateral deals negotiated in the WTO, the Agreement on Basic Telecommunications of 15 February 1997 is hailed as a landmark in the liberalization of the communications sector. The schedules of commitments of 69 countries make this an important publication for business and organizations worldwide.

Fifth GATS Protocol: Schedules of Specific Commitments and Lists of Exemptions from Article II
Publisher: World Trade Organisation
Cost: CHF 120
Obtainable: Order online at the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: The results of the negotiations on financial services concluded on 12 December 1997 under the WTO, consisting of 56 schedules of specific commitments undertaken by 70 WTO member governments and 16 lists of Article II (MFN) exemptions (or amendments of exemptions) submitted by 16 members.

International Centre for Trade and Sustainable Development (ICTSD)
Location: Geneva, Switzerland
Tel: +41 22 917 9492
Fax: +41 22 917 8093
E-mail: ichtsd@ictsd.ch
Web site: www.ictsd.org
Activities: ICTSD is an independent non-profit and non-governmental organisation engaged in ongoing dialogue about trade and sustainable development with a broad range of players. The ICTSD web site contains useful information about WTO negotiations and focuses on Africa, Agriculture, Services, Environment and Intellectual Property Rights.
119. What is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)?

The inadequate protection of intellectual property rights, or their ineffective enforcement, could lead to increased trade in counterfeit and pirated goods. Manufacturers are also reluctant to market products produced with patented technology in countries that do not enforce patent rights.

The Agreement on TRIPS lays down minimum standards of protection which countries must provide for intellectual property rights. Countries are also required to ensure effective enforcement of these rights. The rules apply to the following:

- Patents
- Trade marks
- Copyright and related rights
- Geographical indications
- Industrial designs
- Layout designs of integrated circuits
- Undisclosed information

In structure, the Agreement is built upon the main existing international conventions of the World Intellectual Property Organisation (WIPO).

- The Agreement reaffirms the national treatment rule by requiring that nationals of other member states shall be accorded no less favourable treatment than the country accords to its own nationals, with regard to intellectual property. In addition, it requires nationals of all member countries, to be accorded most favoured nation (MFN) treatment, i.e. not to be discriminated against vis-à-vis other foreign nationals in securing protection of intellectual property rights.

- The Agreement provides for consultations between governments, where there is reason to believe that licensing practices or conditions constitute an abuse, and have an adverse effect on competition in the relevant market.

- The Agreement places detailed obligations on governments to provide effective means of action by any right holder, foreign or domestic, to secure the enforcement of his or her rights. The procedures and remedies must be available both internally and at the border, and include both preliminary and final measures, as well as civil and criminal remedies.

- Criminal penalties must be available for wilful acts of counterfeiting and piracy on a commercial scale.

When the WTO agreements took effect on 1 January 1995, developed countries were given one year to ensure that their laws and practices conform to the TRIPS agreement. Developing countries and (under certain conditions) transition economies were given five years, until 1 January, 2000. Least-developed countries have 11 years, until 2006 — now extended to 2016 for pharmaceutical patents.

Developing countries which at present provide patent protection only to processes and not to products in certain areas of technology, have up to ten years to introduce product patent protection in these areas. However, in respect of pharmaceutical and agricultural chemical products, they must also be ready to make patents available at the end of this period, not only for new inventions, but also for inventions made during the transition period.

RESOURCES
Agreement on Trade-Related Aspects of Intellectual Property Rights
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: Text of the agreement.

TRIPS material on the WTO website
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO web site
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org/english/tratop_e/trips_e/trips_e.htm
Content: Information on intellectual property in the WTO, news and official records of the activities of the TRIPS Council, and details of the WTO’s work with other international organizations in the field.

International Centre for Trade and Sustainable Development (ICTSD)
Location: Geneva, Switzerland
Tel: +41 22 917 9492
Fax: +41 22 917 8093
E-mail: ictsd@ictsd.ch
Web site: www.ictsd.org
Activities: ICTSD is an independent non-profit and non-governmental organisation engaged in ongoing dialogue about trade and sustainable development with a broad range of players. The ICTSD web site contains useful information about WTO negotiations and focuses on Africa, Agriculture, Services, Environment and Intellectual Property Rights.
120. What minimum standards of protection does the Agreement on TRIPS lay down for different rights?

The minimum standards which the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) lays down for different intellectual property rights are described below:

**Patents.** Patents provide property rights to inventions. The Agreement stipulates that, for an invention to be registered as a patent, it must be new, involve an inventive step and be capable of industrial application. It further provides that countries shall grant patents for inventions in all fields of technology, and for both products and processes, including those used in manufacturing the products.

Furthermore, patents are to be granted without discrimination as to place of invention, and whether products are imported or locally produced.

The only products or processes which countries are permitted to exclude from patentability are diagnostic, therapeutic and surgical methods for the treatment of:

- Humans, or animals
- Plants and animals other than micro-organisms
- Essentially biological processes for the production of plants and animals other than non-biological
- Microbiological processes

However, where a country excludes plant varieties from patentability, it is obliged to provide protection under a *sui generis* system.

**Copyright.** Copyright protects works in the literary, scientific and artistic domain, whatever their mode or form of expression. For a work to enjoy copyright protection, it must be an original creation.

Owners of copyright in a protected work have a right to exclude others from using it without their authorisation. The acts usually requiring the authorisation of copyright owners are as follows:

- Reproduction (copying and reproducing the work)
- Performing the work in public (e.g. in a play or concert)
- Making a sound recording of the work (e.g. in gramophone records, or “phonogram” in the technical language of copyright law)
- Making a motion picture (often called “cinematographic work” in technical language)
- Broadcasting the work by radio or television
- Translating and adapting the work

The Agreement further provides that computer programmes should be considered literary works and be protected under national copyright laws.

**Industrial designs.** The Agreement imposes an obligation on its member countries to protect industrial designs that are new or original. The owner of the protected design has an exclusive right to its use and can prevent third parties who have not obtained his or her consent, from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design.

**Layout designs of integrated circuits.** Except when it provides otherwise, the Agreement requires countries to protect the layout design of integrated circuits in accordance with the Washington Treaty on Intellectual Property in Respect of Integrated Circuits, which was negotiated in 1989.
**Trade marks.** The Agreement specifies that signs, or combinations of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, can be registered as trade marks. These include names, letters, numbers, figurative elements or combinations of colours.

The owners of registered trade marks have exclusive rights to prevent third parties from using identical or similar goods, or signs that are similar to those in respect of which the trade mark is registered where such use would cause confusion. A country may also demand that a mark that has been in use for a certain period of time be eligible for registration.

**Geographical indications.** Such indications aim to inform the consumer that a product has the quality, reputation or other characteristic which is essentially attributable to its geographical origin. The Agreement stipulates that countries should not permit registration of trade marks containing a misleading indication of the geographical origin of goods.

The most common example of this is “champagne”, a term associated with a white sparkling wine produced in the former province of Champagne in Eastern France. In principle, it is not permissible to call a similar wine produced elsewhere (e.g. in Argentina or the United States) “champagne”, even though the wine may be regarded by the producing country as comparable to French champagne.

**Undisclosed information.** The Agreement carries provisions which, for the first time in public international law, explicitly require the protection of undisclosed information that is secret, that has commercial value because it is secret, and that has been subject to reasonable steps to keep it secret. The Agreement does not demand that undisclosed information should be treated as a form of property, but it does stipulate that a person lawfully in control of such information must have the possibility of preventing it from being disclosed to, acquired or used by others without his or her consent in a manner contrary to honest commercial practices.

**RESOURCES**

**Agreement on Trade-Related Aspects of Intellectual Property Rights**
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO website
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: Text of the agreement.

**TRIPS material on the WTO website**
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO website
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org/english/tratop_e/trips_e/trips_e.htm
Content: Information on intellectual property in the WTO, news and official records of the activities of the TRIPS Council, and details of the WTO’s work with other international organizations in the field.
Publisher: International Trade Centre UNCTAD/WTO
Cost: Free
Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

International Centre for Trade and Sustainable Development (ICTSD)
Location: Geneva, Switzerland
Tel: +41 22 917 9492
Fax: +41 22 917 8093
E-mail: ictsd@ictsd.ch
Web site: www.ictsd.org
Activities: ICTSD is an independent non-profit and non-governmental organisation engaged in ongoing dialogue about trade and sustainable development with a broad range of players. The ICTSD web site contains useful information about WTO negotiations and focuses on Africa, Agriculture, Services, Environment and Intellectual Property Rights.
121. What minimum periods of protection does the Agreement on TRIPS provide for different intellectual property rights?

The intellectual property rights described above (other than geographical indications, and undisclosed information) are limited in duration. The Agreement establishes minimum periods for which different property rights must be protected. These are indicated below:

<table>
<thead>
<tr>
<th>Intellectual Property Right</th>
<th>Minimum Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patents</td>
<td>20 years from the date of the filing of the application for a patent.</td>
</tr>
<tr>
<td>Copyright</td>
<td>Work other than cinematographic, or photographic: 50 years from the date of authorised publication; or life of the author plus 50 years. Cinematographic work: 50 years after the work has been made available to the public or, if not made available, after the making of such work. Photographic work: 25 years after the making of the work.</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>20 years from the end of the calendar year in which the broadcast took place.</td>
</tr>
<tr>
<td>Industrial designs</td>
<td>At least ten years.</td>
</tr>
<tr>
<td>Layout designs of integrated circuits</td>
<td>Ten years from the date of registration or, where registration is not required, ten years from the date of first exploitation.</td>
</tr>
</tbody>
</table>

**RESOURCES**

**TRIPS material on the WTO website**
- Publisher: World Trade Organisation
- Cost: Free
- Obtainable: Download from the WTO website
- Tel.: +41 22 739 5208
- Fax: +41 22 739 5792
- Web site: [www.wto.org/english/tratop_e/trips_e/trips_e.htm](http://www.wto.org/english/tratop_e/trips_e/trips_e.htm)
- Content: Information on intellectual property in the WTO, news and official records of the activities of the TRIPS Council, and details of the WTO's work with other international organizations in the field.

- Publisher: International Trade Centre UNCTAD/WTO
- Cost: Free
- Obtainable: Palais des Nations, 1211 Geneva 10, Switzerland
- Tel.: +41 22 730 0111
- Fax: +41 22 733 4439
- E-mail: itcreg@intracen.org
- Web site: [www.intracen.org](http://www.intracen.org)
International Centre for Trade and Sustainable Development (ICTSD)
Location: Geneva, Switzerland
Tel: +41 22 917 9492
Fax: +41 22 917 8093
E-mail: ictsd@ictsd.ch
Web site: www.ictsd.org
Activities: ICTSD is an independent non-profit and non-governmental organisation engaged in ongoing dialogue about trade and sustainable development with a broad range of players. The ICTSD web site contains useful information about WTO negotiations and focuses on Africa, Agriculture, Services, Environment and Intellectual Property Rights.
122. What benefits can SMEs derive from the WTO system?

With the increasing globalisation of the world economy small- and medium-sized enterprises (SMEs) are becoming increasingly dependent on international trade. The legal system of the World Trade Organisation (WTO) benefits them both as exporters and as importers.

As exporters, the major advantage which the system provides is security of access. For trade in goods, the Uruguay Round binds developed countries, and a high proportion of the developing and transitional economies, against further increases in almost all tariffs. Binding ensures that the improved market access resulting from the tariff reductions agreed in the Round will not be disrupted by sudden increases in rates of duties, or the imposition of other restrictions by importing countries. In trade in services, countries have made binding commitments not to restrict access to service products and foreign service suppliers beyond the conditions and limitations specified in their national schedules.

The system also provides stability of access to export markets by requiring all countries to apply, at the border, the uniform set of rules affirmed by the various agreements. Thus countries are obliged to ensure that their rules for determining dutiable value for Customs purposes; for inspecting products to ascertain conformity to mandatory standards; or for the issue of import licences, conform to the provisions of the relevant agreements. The adoption of such uniform rules helps exporting firms by eliminating dissimilarities in the requirements of different markets.

As importers of raw materials, intermediate products and services used in production, SMEs benefit from the rules of the system in the following ways:

- Upon payment of duties, imports are allowed into a country without further restrictions.
- Countries are obliged to ensure that any other national regulations applied at the border conform to the Agreements and facilitate importing.
- Exporting industries have some assurance that they can obtain their requirements without delay and at competitive costs.
- The tariff bindings assure importers that their importing costs will not be inflated by the imposition of higher Customs duties.

In addition to these benefits, the legal system has created certain rights in favour of SMEs:

- They have the right to ask their governments to take action to restrict imports, if they find that they cannot withstand increased competition from imports resulting from the government’s liberalisation measures.
- They can request the imposition of an anti-dumping levy on imports that are being dumped.
- They can request the imposition of countervailing duties on products entering the country at extremely low prices (because of the subsidies the products are receiving).

The invocation of these rights is subject to certain conditions. Such actions can be requested by enterprises which account for a substantial proportion of domestic production and which can demonstrate that the increased imports are injuring the domestic industry by bringing about a decline in production, profits or employment.

Enterprises and their governments also have the right to give evidence and defend their interests in investigations undertaken by countries to which they export, for the imposition of safeguard, anti-dumping or countervailing measures.

When the authorities in importing countries fail to honour their rights, exporting enterprises cannot make a direct approach for redress but must raise the matter with their own governments. The government will then decide whether it wishes to pursue the complaint on a bilateral basis with the government of the importing country concerned and, if necessary, raise it under WTO procedures for the settlement of differences and disputes.
RESOURCES

10 benefits of the WTO trading system
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO website
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org/english/thewto_e/whatis_e/10ben_e/10ben_e.htm
Contents: Provides an overview of how the WTO system helps to promote peace by handling trade disputes constructively, establishing common rules for freer trade and encouraging good government.

Doha Declarations
Publisher: World Trade Organisation
Cost: Free
Obtainable: Download from the WTO website
Tel.: +41 22 739 5208
Fax: +41 22 739 5792
Web site: www.wto.org
Contents: This booklet contains the full texts of the Declarations and Decisions adopted by WTO Members at the Doha Ministerial. Also included are relevant documents of the WTO General Council dealing with implementation of the Doha Development Agenda.
123. How does the International Trade Centre UNCTAD/WTO help exporters?

ITC’s activities help exporting firms to realise their full trade potential by helping them to compete in the international marketplace. ITC’s activities help exporters to:

• understand the multilateral trading system and the WTO agreements
• improve export performance in sectors of critical importance and opportunity
• improve international competitiveness

Through its support to national trade support agencies ITC assists to

• formulate and implement trade development strategies
• strengthen key trade support services, both public, and private,

Enterprise and sector-specific competitiveness

Through its enterprise management development services, ITC strengthens the trade training capabilities of national foreign trade training organizations and also provides direct training for enterprises on management, export, and in the undertaking of electronic commerce. See webpage www.intracen.org/etradebridge

Through its business advisory services, ITC assists businesses to prepare for the major changes brought about by the multilateral trading system, by providing managers and entrepreneurs with practical information and support on issues of direct relevance to their business operations, and by providing the business community with timely information on new and emerging issues being proposed for discussion in the trade negotiations. See webpage www.intracen.org/worldtradenet. Its business advisory service helps exporters on issues related to Standards and quality management, trade finance, legal aspects of international trade, export packaging. See web page www.intracen.org/menus/busserv.htm

Through its market development services, ITC provides direct marketing support to the business community through advice on product development, product adaptation and international marketing for commodities, manufactured products and services. The aim is to develop and market internationally competitive products and services to expand and diversify exports. See web page www.intracen.org/menus/products.htm.

Trade and market information

Through its trade information services, ITC helps to establish sustainable national trade information services and dissemination of information on products, services, markets and functions to enterprises and trade organizations. Exporters therefore have access to international business decisions and for appropriate trade promotion programmes. www.intracen.org/tis

Through its market analysis services, ITC provides market analysis tools to assess the monitor trade flows and sector-specific export performance of countries (Country Market Analysis Portal-Country MAPs), helping to identify new markets and monitor competing countries; presents market positioning tools, product-based international trade statistics on market size, trade flows, regional trends, market studies, and links to intelligence sources. It prepares concise market briefs, market news reports covering selected markets and products. See web pages www.intracen.org/mas

Buyers-sellers meetings

Through its south-south trade development services, ITC organises regional buyers-sellers meets to assist enterprises to take advantage of intra-regional and inter-regional trade opportunities. See website www.intracen.org/sstp

ITC undertakes the above through its range of programmes through which it provides advisory and training services, offers information through workshops, networks, tools and guides. See www.intracen.org/eshop
www.intracen.org/aboutitc/compendium/compendium.htm
RESOURCES

International Trade Centre UNCTAD/WTO
Address: Palais des Nations, 1211 Geneva 10, Switzerland
Tel.: +41 22 730 0111
Fax: +41 22 733 4439
E-mail: itcreg@intracen.org
Web site: www.intracen.org

Appendices
## APPENDIX A

### South Africa’s foreign market representatives

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<tr>
<td><strong>Addis Ababa</strong> +1 HOUR</td>
<td><strong>Abuja</strong> - 1 HOURS</td>
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<tr>
<td>S A Embassy, Higher 23, Kebele 10, House No 1885, Addis Ababa, ETHIOPIA</td>
<td>South African High Commission, 71 Usuma Street, Maitama, Abuja, Nigeria</td>
</tr>
<tr>
<td>T 02251 11 371 3034 / 3683</td>
<td>T 00234 9 413 3862 / 3574</td>
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<tr>
<td>F 02251 11 371 3682/1330</td>
<td>F 00234 9 413 3629</td>
</tr>
<tr>
<td>E <a href="mailto:econ.saemb@ethionet.et">econ.saemb@ethionet.et</a></td>
<td>E <a href="mailto:buthelezi@yahoo.com">buthelezi@yahoo.com</a></td>
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<tr>
<td><strong>Luanda</strong> -1 HOURS</td>
<td><strong>Accra</strong> -2 HOURS</td>
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<tr>
<td>SA Embassy, Rua Manuel Fernandes Caldeira 6B, Luanda, ANGOLA</td>
<td>SA High Commission, 10 Kiotey Crescent, North Labone, Accra, GHANA</td>
</tr>
<tr>
<td>T 00244 222 33 0593/334189</td>
<td>T 0023 321 76 2380</td>
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<tr>
<td>F 00244 222 33 3830</td>
<td>F 0023 321 764484</td>
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<tr>
<td>E <a href="mailto:satrade_ang@ebonet.net">satrade_ang@ebonet.net</a></td>
<td>E <a href="mailto:satohchi@africainline.com.gh">satohchi@africainline.com.gh</a></td>
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<td>19 <a href="mailto:satrade@tropical.co.mz">satrade@tropical.co.mz</a></td>
<td><a href="mailto:trade@infinet.com.gh">trade@infinet.com.gh</a></td>
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<td><strong>Maputo</strong> 0 HOURS</td>
<td><strong>Cairo</strong> 0 HOURS</td>
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<tr>
<td>SA High Commission</td>
<td>S A Embassy, 6th Floor, No. 55, Road 18, Maadi, Cairo, EGYPT</td>
</tr>
<tr>
<td>Avenida Eduardo Mondlane 41</td>
<td>T 00 202 359 4940/52 X220/ X221</td>
</tr>
<tr>
<td>Calixa Postal 1120</td>
<td>F 00 202 359 5094 / 5015</td>
</tr>
<tr>
<td>Maputo, MOZAMBIQUE</td>
<td>E <a href="mailto:essaemb@idsc.net.ep">essaemb@idsc.net.ep</a></td>
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<tr>
<td>T 00258 21 490547 x 264</td>
<td>E <a href="mailto:southafr@idsc.net.ep">southafr@idsc.net.ep</a></td>
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<tr>
<td>F 00258 21 488896</td>
<td>W <a href="http://www.saesenegal.info">www.saesenegal.info</a></td>
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<td>19 <a href="mailto:satrade@tropical.co.mz">satrade@tropical.co.mz</a></td>
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<td><strong>Nairobi</strong> +1 HOUR</td>
<td><strong>Dakar</strong> -2 HOURS</td>
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<tr>
<td>SA High Commission</td>
<td>SA Embassy, Mermoz Sud, Lotissement Ecole de Police. Lot no. 5 Dakar, Senegal</td>
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<tr>
<td>Building, Lenana Road, Klimani, Nairobi, KENYA</td>
<td>T 00221 33 864 6055 (direct)</td>
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<td>T 00254 20 282 7000/7218 Direct</td>
<td>F 00221 33 824 2125</td>
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<td>F 00254 20 282 7219/7236</td>
<td>E <a href="mailto:tradetsud@sentoo.sn">tradetsud@sentoo.sn</a></td>
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<td>E <a href="mailto:gockotch@thedti.gov.za">gockotch@thedti.gov.za</a></td>
<td>W <a href="http://www.saesenegal.info">www.saesenegal.info</a></td>
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</table>
Dubai + 2 HOURS
South African Consulate, Khalid Bin Waleed Street, Al Karama, Bur Dubai, UNITED ARAB EMIRATES
T 00971 4 397 5222 x118
F 00971 4 397 9602
E satrade@thedti.ae
tradeinvest@southafrica.ae

Jeddah +1 HOURS
South African Consulate-General, Khaldia District, Abdallah Aba Al Khail Road, Jeddah, SAUDI ARABIA
T 00 966 2 606 5967/606 0299
F 00 966 2 692 7712
E agrimsel@thedti.gov.za

Tel Aviv 0 HOURS
SA Embassy, Top Tower, 50 Dizengoff Street, 16th Floor, 64332 Tel Aviv, ISRAEL
T 00972 3 525 2566
F 00972 3 525 3236
E saemtr@netvision.net.i

ASIA EAST REGION
Mission

Beijing +6 HOURS
South African Embassy, 5 Dongzhimenwai Dajie, Sanlitun, Chaoyang District, Beijing, PEOPLE’S REPUBLIC OF CHINA
T 0086 10 6532 0171 – 5
0086 10 6532 7320/1/3
F 0086 10 6532 0182
E satradecn@cip.163.com

Bangkok +5 HOURS
(also: Vietnam, Cambodia, Myanmar and Laos)
SA Embassy, 12 A Floor Thai Tower, All Seasons Place, 87 Wireless Road, Pathumwan, Bangkok 10330, THAILAND
T 0066 2 250 9012/4
F 0066 2 250 1065
E

Hong Kong +6 HOURS
(Also Macau)
SA Consulate – General, 2706-2710 Great Eagle Centre, 23 Harbour Road, Wanchai, HONG KONG
T 00 852 2577 3279
F 00 852 2577 4532
E satrade@dtihk.org.hk

Canberra +8 HOURS
(also: New Zealand)
SA High Commission, Rhodes Place, State Circle, Yarralumla, Canberra, A.C.T 2600, AUSTRALIA
T 0061 2 6273 2424/7
F 0061 2 6272 7367
E samarket@optusnet.com.au

Seoul +7 HOURS
SA Embassy, 1-37 Hannam-dong, Yongsan – ku, Seoul, SOUTH KOREA
T 0082 2 795 0948/792 4855
F 0082 2 795 0949
E satrade@korea.com

Jakarta +5 HOURS
SA Embassy, 7th floor, Wisma GKBI, Site 705, JL Jend. Sudirman No 28 Jakarta 10210, INDONESIA
T 0062 21 574 0660
F 0062 21 572 2206
E satrade2@indo.net.id
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<td><strong>Shanghai +6 HOURS</strong></td>
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<td>South African Consulate-General 222 Yan An Road East 27th Floor, Room 2705/6 Shanghai, PEOPLES REPUBLIC OF CHINA</td>
<td>T 0086 21 5359 4977  F 0086 21 6335 2820  E <a href="mailto:sacgmkt@yahoo.com">sacgmkt@yahoo.com</a> <a href="mailto:sacgsh@yahoo.com">sacgsh@yahoo.com</a></td>
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<td><strong>Kuala Lumpur +6 HOURS</strong></td>
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<td>Suite 22-01, Level 22, Menara HLA, No 3 Jalan Kia Peng, 50450 Kuala Lumpur, MALAYSIA</td>
<td>T 0060 3 2170 2422/3/4  F 0060 3 2162 7787  E <a href="mailto:satrade@streamyx.com">satrade@streamyx.com</a> counsellor <a href="mailto:saecor3@tm.net.my">saecor3@tm.net.my</a> marketing officer <a href="mailto:saecor5@tm.net.my">saecor5@tm.net.my</a> trade secretary</td>
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<td><strong>New Delhi +3½ HOURS</strong></td>
<td>(also: Sri-Lanka, Maldives, Nepal and Bangladesh)</td>
<td>South African High Commission, E –74 Paschimi Marg, Vasant Vihar, New Delhi - 110057, INDIA</td>
<td>T 0091 11 2614 8607 – 10  F 0091 11 2614 8605  E <a href="mailto:didelhi@thedti.gov.za">didelhi@thedti.gov.za</a> <a href="mailto:spradhank@thedti.gov.za">spradhank@thedti.gov.za</a> <a href="mailto:rissar@thedti.gov.za">rissar@thedti.gov.za</a></td>
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<td><strong>Singapore +6 HOURS</strong></td>
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<td>SA High Commission, 15 Floor, Odeon Towers, 331 North Bridge Road, SINGAPORE 188720</td>
<td>T 0065 6 339 3319  F 0065 6 337 0196  E <a href="mailto:satrade2@singnet.com.sg">satrade2@singnet.com.sg</a></td>
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<td>SA Embassy to Belgium and Luxembourg and the SA Mission to the EU, Rue Montoyer 17-19 (B-1000), 1040 Brussels, BELGIUM</td>
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<td>T 0032 2 285 4439</td>
<td>T 0049 30 22073150/12</td>
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<td>F 0032 2 285 4442</td>
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<td>E <a href="mailto:rmassart@thedti.be">rmassart@thedti.be</a></td>
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<td>SA Embassy, 2nd Floor, Alexandra House, Earlsfort Centre, Earlsfort Terrace, Dublin 2</td>
<td>South African Embassy, Alpenstrasse 29, 3006 Berne, SWITZERLAND</td>
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<td>T 00353 1 661 5553</td>
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<td>E <a href="mailto:thomas.seghezzi@southafrica.ch">thomas.seghezzi@southafrica.ch</a></td>
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<tr>
<td>SA High Commission, South Africa House, Trafalgar Square, London WC2N 5DP, UNITED KINGDOM</td>
<td>SA Embassy, Calle Claudio Coello 91, 6th Floor, Madrid, 28006, SPAIN</td>
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<td>T 0044 207 451 7237/36</td>
<td>T 0034 91 436 3780 / 3783</td>
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<td><a href="mailto:Alicia_segura@sudafrica.com">Alicia_segura@sudafrica.com</a></td>
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<tr>
<td>Milan</td>
<td>-1 HOUR</td>
<td>South African Consulate-General, Vicolo San Giovanni, Sul Muro 4, 20121, Milano, ITALY</td>
<td>T 0039 02 885 8581 F 0039 02 7200 2834</td>
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<tr>
<td>Munich</td>
<td>-1 HOUR</td>
<td>SA Consulate-General, Sendlinger-Tor-Platz 5, 80336 Munich, GERMANY</td>
<td>T 0049 89 231 183514 F 0049 89 231 18350</td>
</tr>
<tr>
<td>Moscow</td>
<td>+1 HOUR</td>
<td>South African Embassy, Granatny Per1, Building 9, Moscow 123001, RUSSIA</td>
<td>T 007 49 5 789 9960 (direct) 007 495 540 1177 ext 111 F 007 495 789 9957</td>
</tr>
<tr>
<td>Paris</td>
<td>-1 HOUR</td>
<td>SA Embassy, 59 Quai d'Orsay, 75343 Paris, FRANCE</td>
<td>T 0033 1 53 959 2323 F 0033 1 4555 4867</td>
</tr>
<tr>
<td>Vienna</td>
<td>-1 HOUR</td>
<td>SA Embassy, Sandgasse 33, A-1190 Vienna, AUSTRIA</td>
<td>T 0043 1 320 6493 F 0043 132 0649 351</td>
</tr>
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</table>
### Stockholm -1 HOURS

(Also: Denmark, Norway, Finland, Iceland and Baltic States)

SA Embassy, Flemmeggatan 20, 11226 Stockholm, SWEDEN

| T       | 0046 8 783 7743 (Trade)  
|         | 0046 8 243950 (Switchboard) |
| F       | 0046 8 660 2837 |
| E       | satrade@telia.com  
|         | walter.delcastillo@telia.com |

### The Hague -1 HOURS

SA Embassy, Wassenaarseweg 40, 2596 CJ The Hague, THE NETHERLANDS

| T       | 0031 70 392 4501  
|         | 0031 70 750 7644 Frans  
|         | 0031 70 750 7643 Herman |
| F       | 0031 70 361 7862 |
| E       | hvdkroef@thedti.nl  
|         | fkarreman@thedti.nl  
|         | satrade@thedti.nl  
|         | secretary@thedti.nl |

### Berlin -1 HOUR

SA Embassy, Economic Section, Friedrichstrasse 60, 10117 Berlin, GERMANY

| T       | 0049 30 22073150/1/2 |
| F       | 0049 30 22073207 |
| E       | hfschmeding@suedafrika.org |

### AMERICAS REGION
### Mission

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| **Buenos Aires** -5 HOURS | (Also: other Latin American Countries except Brazil)                 | SA Embassy, Marcelo T de Alvear 590, 8th Floor, Capital Federal, 1058 Buenos Aires, ARGENTINA | T 0054 11 43172900  
F 0054 11 3172 962  
E comercio@sudafrica.org.ar  
acharf@foreign.gov.za |
| **Geneva** -1 HOUR        |                  | SA Permanent Mission, 65 rue du Rhone, 1204 Geneva, SWITZERLAND          | T 0041 22 849 5401/2  
0041 22 849 5406 (Thembi)  
0041 22 849 5404 (Sudhir)  
F 0041 22 849 5400  
E faizel.ismail@ties.itu.int  
Thembi@bluewin.ch  
Sudhirs@bluewin.ch |
| **Chicago** -7/8 HOURS    |                  | SA Consulate-General, 200 South Michigan Ave, 6th Floor, Chicago, Illinois 60604, USA | T 001 312 939 7929 ext 228  
F 001 312 939 2588  
E mwhitemarsh@thedti.gov.za |
| **New York** - 6/7 HOURS |                  | SA Consulate-General, 333 East 38th Street, 9th Floor, New York, N.Y. 10016, U.S.A | T 001 212 692 2426/28  
F 001 212 856 1576  
E govanj@southafrica-newyork.net  
villareab@southafrica-newyork.net |
| **Sao Paulo** -5 HOURS   |                  | SA Consulate-General, Avenida Paulista 1754, 17th Floor, 01310-920, São Paulo, SP, BRAZIL | T 0055 11 3265 0441/23  
F 0055 11 3288 3742  
E safrica@terra.com.br |
| **Toronto** -6/7 HOURS   |                  | South African Consulate General Toronto, 110 Sheppard Avenue East, Suite 600, Toronto, Ontario, CANADA M2N 6Y6 | T 001 416 944 8825/23  
F 001 416 944 2761  
E satrade@thedti.org  
cgermin@thedti.org  
smillers@thedti.org |
| **Washington** -6/7 HOURS |                  | SA Embassy, 3051 Massachusetts Avenue, NW, Washington, DC 20008, U.S.A | T 001 202 232 4400  
001 202 274 9797 (Cheong)  
F 001 202 966 5919  
E dj@saeambassy.org  
cheong@thedti.org |
APPENDIX B

Foreign trade representatives stationed in South Africa

ALGERIA, (DEMOCRATIC PEOPLE'S REPUBLIC OF)
(Embassy)
Tel: 012 342 5074/75
Fax: 012 342 5078 / 342 6479
E-mail: sefa@mweb.co.za

ANGOLA (REPUBLIC OF)
(Embassy)
Tel: 012 342 4404
Fax: 012 342 7039
E-mail: embaixada@angola.org.za

ARGENTINE REPUBLIC
(Embassy)
Tel: 012 430 3513/6
Fax: 012 342 8969
E-mail: argembas@global.co.za

AUSTRALIA
(High Commission)
Tel: 012 342 3740
E-mail: Ian.wilcock@dfat.gov.au

AUSTRIA (REPUBLIC OF)
(Embassy)
Tel: 012 452 9155/9121
Fax: 012 452 9121
E-mail: pretoria-ob@bmaa.gv.at

BANGLADESH (PEOPLE’S REPUBLIC OF)
(High Commission)
Tel: 012 343 2105-7
Fax: 012 343 5222
E-mail: banglacom@global.co.za

BELARUS, (REPUBLIC OF)
(Embassy)
Tel: 012 430 7664
Fax: 012 342 6280
E-mail: sa@belembassy.org
BELGIUM (KINGDOM OF)  
(Embassy)  
Tel: 012 44 3201/2  
Fax: 012 44 3216  
E-mail: pretoria@diplomel.org

BÉNIN (REPUBLIC OF)  
(Embassy)  
Tel: 012 342 6978  
Fax: 012 342 1823  
E-mail: embbenin@yebo.co.za

BOSNIA AND HERZEGOVINA  
(Embassy)  
Tel: 012 346 5547/7366  
Fax: 012 346 2295/2762  
E-mail: bih@mweb.co.za

BOTSWANA (REPUBLIC OF)  
(High Commission)  
Tel: 012 430 9640  
Fax: 012 342 4783

BRAZIL (FEDERATIVE REPUBLIC OF)  
(Embassy)  
Tel: 012 426 9400  
Fax: 012 426 9494  
Web site: www.brazil.co.za

BULGARIA (REPUBLIC OF)  
(Embassy)  
Tel: 012 342 3720/1  
Fax: 012 342 3721  
E-mail: embulgsa@iafrica.com

BURUNDI (REPUBLIC OF)  
(Embassy)  
Tel: 012 342 4881/4883  
Fax: 012 342 4885

CAMEROON (REPUBLIC OF)  
(High Commission)  
Tel: 012 342 2477  
Fax: 012 342 2478  
E-mail: hicocam@cameroon.co.za

CANADA  
(High Commission)  
Tel: 012 422 3000  
Fax: 012 422 3052
CHILE (REPUBLIC OF)
(Embassy)
Tel: 012 460 8090
Fax: 012 460 8093
E-mail: chile@iafrica.com

CHINA (PEOPLE’S REPUBLIC OF)
(Embassy)
Tel: 012 342 4194
Fax: 012 342 4244

COLOMBIA (REPUBLIC OF)
(Embassy)
Tel: 012 342 0211-4
Fax: 012 342 0216

COMORES (FEDERAL ISLAMIC REPUBLIC OF THE)
(Embassy)
Tel: 012 344 5429
Fax: 012 321 2032

CONGO (REPUBLIC OF)
(Embassy)
Tel: 012 342 5508
Fax: 012 342 5510

CONGO (DEMOCRATIC REPUBLIC OF)
(Embassy)
Tel: 012 343 2455
Fax: 012 344 4054

CÔTE D’IVOIRE (REPUBLIC OF)
(Embassy)
Tel: 012 342 6913/14
Fax: 012 342 6713

CROATIA (REPUBLIC OF)
(Embassy)
Tel: 012 342 1206
Fax: 012 342 1819

CUBA (REPUBLIC OF)
(Embassy)
Tel: 012 346 2215
Fax: 012 346 2216

CYPRUS (REPUBLIC OF)
(High Commission)
Tel: 012 342 5258
Fax: 012 342 5596
E-mail: cyprusjb@mweb.co.za
THE CZECH REPUBLIC  
(Embassy)  
Tel: 012 342 3477  
Fax: 012 430 2033  
E-mail: capetown@embassy.mzv.ca

DENMARK (KINGDOM OF)  
(Embassy)  
Tel: 012 430 9340  
Fax: 012 342 7620  
E-mail: pryamb@um.dk  
Web site: www.denmark.co.za

EGYPT (ARAB REPUBLIC OF)  
(Embassy)  
Tel: 012 343 1590/1  
Fax: 012 343 1082

ERITREA (STATE OF)  
(Embassy)  
Tel: 012 333 1302  
Fax: 012 333 2330

ETHIOPIA (THE FEDERAL REPUBLIC OF)  
(Embassy)  
Tel: 012 346 3542  
Fax: 012 346 3867

FINLAND (REPUBLIC OF)  
(Embassy)  
Tel: 012 343 0275  
Fax: 012 343 3095

FRANCE (REPUBLIC OF)  
(Embassy)  
Tel: 012 429 7000  
E-mail: france@embafrance.za.org

GABON (REPUBLIC OF)  
(Embassy)  
Tel: 012 342 4376-7  
Fax: 012 342 4375

GERMANY (FEDERAL REPUBLIC OF)  
(Embassy)  
Tel: 012 427 8977  
Fax: 012 427 8982  
E-mail: GermanEmbassyPretoria@gonet.co.za

GHANA (REPUBLIC OF)  
(High Commission)  
Tel: 012 342 5847-9  
Fax: 012 342 5863

GREECE (HELLENIC REPUBLIC)  
(Embassy)  
Tel: 012 430 7351/2/3  
Fax: 012 430 4313

Guinea (Republic of)
(Embassy)
Tel: 012 342 7348
Fax: 012 342 8467

HUNGARY (REPUBLIC OF)
(Embassy)
Tel: 012 430 3020/30
Fax: 012 430 3029
E-mail: HUNEM@CIS.CO.ZA

INDIA (REPUBLIC OF)
(High Commission)
Tel: 012 342 5392
Fax: 012 430 8326
E-mail: hcipta@iafrica.com

INDONESIA (REPUBLIC OF)
(Embassy)
Tel: 012 342 3350-4
Fax: 012 342 3369
E-mail: indonemb@lantic.co.za

IRAN (ISLAMIC REPUBLIC OF)
(Embassy)
Tel: 012 342 5880/1
Fax: 012 342 1878
E-mail: office@iranembassy.org.za
Web site: www.iranembassy.org.za

IRAQ (REPUBLIC OF)
(Embassy)
Tel: 012 362 2012
Fax: 012 362 2027

IRELAND
(Embassy)
Tel: 012 342 5062
Fax: 012 342 4752

ISRAEL (STATE OF)
(Embassy)
Tel: 012 342 2693-7
Fax: 012 342 1442
E-mail: Embofisr@iafrica.com
JAPAN
(Embassy)
Tel: 012 452 1500
Fax: 012 460 3800/1

JORDAN (HASHEMITE KINGDOM OF)
(Embassy)
Tel: 012 342 8026/7
Fax: 012 342 7847

KENYA (REPUBLIC OF)
(High Commission)
Tel: 012 362 2249/50/51
Fax: 012 362 2252

KOREA (DEMOCRATIC PEOPLE’S REPUBLIC OF)
(Embassy)
Tel: 012 343 4384

KOREA (REPUBLIC OF)
(Embassy)
Tel: 012 460 2508/9
Fax: 012 460 1158
E-mail: KORRSA@smartnet.co.za

KUWAIT (STATE OF)
(Embassy)
Tel: 012 342 0877
Fax: 012 342 0876

LEBANON (LEBANESE REPUBLIC)
(Embassy)
Tel: 012 346 7020
Fax: 012 346 7022
E-mail: stelebsa@iafrica.com

LESOTHO (KINGDOM OF)
(High Commission)
Tel: 012 460 7648
Fax: 012 460 7649

LIBERIA (REPUBLIC OF)
(Embassy)
Tel: 012 342 2242
Fax: 012 342 2306
E-mail: Libempta@pta.lia.net

LIBYA (THE GREAT SOCIALIST PEOPLE’S LIBYAN ARAB JAMAHIRIYA)
(Libyan People’s Bureau)
Tel: 012 342 3902
Fax: 012 342 3904
E-mail: libyansaf@yebo.co.za
MALAWI (REPUBLIC OF)
(Embassy)
Tel: 012 342 7464/6
Fax: 012 342 0670

MALAYSIA
(Embassy)
Tel: 012 342 7464/7
Fax: 012 342 0670

MALI (REPUBLIC OF)
(Embassy)
Tel: 012 342 7464/0676
Fax: 012 342 0670

MAURITIUS (REPUBLIC OF)
(Embassy)
Tel: 012 342 1283/4
Fax: 012 342 1286
E-mail: mhcpta@smartnet.co.za

MEXICO (UNITED MEXICAN STATES)
(Embassy)
Tel: 012 362 2822-29
Fax: 012 362 1380

MOROCCO (KINGDOM OF)
(Embassy)
Tel: 012 343 0230/49
Fax: 012 343 0613

MOZAMBIQUE (REPUBLIC OF)
(Embassy)
Tel: 012 401 0300
Fax: 012 326 6388

MYANMAR (THE UNION OF)
(Embassy)
Tel: 012 341 5207/3985
Fax: 012 341 3867

NAMIBIA (REPUBLIC OF)
(Embassy)
Tel: 012 481 9100
Fax: 012 343 7294

THE ROYAL NETHERLANDS (KINGDOM OF)
(The Royal Netherlands Embassy)
Tel: 012 344 3910/5
Fax: 012 343 9950
E-mail: Nlgovpre@cis.co.za
Web site: www.dutchembassy.co.za

NEW ZEALAND
(Embassy)
Tel: 012 342 8656
Fax: 012 342 8640

NIGERIA (FEDERAL REPUBLIC OF)
(Embassy)
Tel: 012 342 0146/ 342 1759
Fax: 012 342 0147

MALAYSIA
(Embassy)
Tel: 012 342 5900-3
Fax: 012 430 7773
Tel: 012 342 0805/0663/8
Fax: 012 342 0718
E-mail: nhep@iafrica.com

NORWAY (KINGDOM OF)
(Royal Norwegian Embassy)
Tel: 012 342 6100
Fax: 012 342 6099
E-mail: embpta@noramb.co.za
Web site: www.pretoria.mfa.no

PAKISTAN (ISLAMIC REPUBLIC OF)
(High Commission)
Tel: 012 362 4072
Fax: 012 362 3967

PALESTINE (THE STATE OF)
(Embassy)
Tel: 012 342 6411
Fax: 012 342 6412

PARAGUAY (REPUBLIC OF)
(Embassy)
Tel: 012 347 1047/8
Fax: 012 347 0403
E-mail: embapar@iafrica.com

PERU (REPUBLIC OF)
(Embassy)
Tel: 012 342 2390/1
Fax: 012 342 4944

PHILIPPINES (REPUBLIC OF THE)
(Embassy)
Tel: 012 346 0451/2
Fax: 012 346 0454
E-mail: pretoriape@mweb.co.za

POLAND (REPUBLIC OF)
(Embassy)
Tel: 012 430 2631/2
Fax: 012 430 2608
E-mail: amb.pol@pixie.co.za
PORTUGAL (REPUBLIC OF)
(Embassy)
Tel: 012 341 3340/1/2
Fax: 012 341 3975
Email: portemb@satis.co.za

QATAR (STATE OF)
(Embassy)
Tel: 012 346 4329

ROMANIA (REPUBLIC OF)
(Embassy)
Tel: 012 460 6940/1
Fax: 012 460 6947

THE RUSSIAN FEDERATION
(Embassy)
Tel: 012 362 1338/1337
Fax: 012 362 0116

RWANDA (REPUBLIC OF)
(Embassy)
Tel: 012 460 0709/361/403
Fax: 012 460 0708

SENEGAL (REPUBLIC OF)
(Embassy)
Tel: 012 460 5263
Fax: 012 346 5550

SERBIA AND MONTENEGRO (FEDERAL REPUBLIC OF)
(Embassy)
Tel: 012 460 5626/ 460 6103
Fax: 012 460 6003

SEYCHELLES (REPUBLIC OF)
(High Commission)
Tel: 012 342 0534
Fax: 012 342 0362
E-mail: mwhicom@africa.com

SINGAPORE (REPUBLIC OF)
(High Commission)
Tel: 012 430 6035
Fax: 012 342 4425

SLOVAKIA (SLOVAK REPUBLIC)
(Embassy)
Tel: 012 342 2051/2
Fax: 012 342 3688
SPAIN (KINGDOM OF)
(Embassy)
Tel: 012 344 3875-7
Fax: 012 343 4891
E-mail: embespza@mail.mae.es

SRI LANKA (DEMOCRATIC SOCIALIST REPUBLIC OF)
(High Commission)
Tel: 012 460 7690/ 460 7679
Fax: 012 460 7702
E-mail: srilanka@global.co.za

SUDAN (REPUBLIC OF)
(Embassy)
Tel: 012 342 4538
Fax: 012 342 4539

SWAZILAND (KINGDOM OF)
(High Commission)
Tel: 012 344 1910
Fax: 012 343 0455

SWEDEN (KINGDOM OF)
(Embassy)
Tel: 012 426 6400
Fax: 012 426 6464

SWITZERLAND (SWISS CONFEDERATION)
(Embassy)
Tel: 012 430 6707
Fax: 012 430 6771
E-mail: Vertretung@pre.rep.admin.ch

SYRIAN ARAB REPUBLIC
(Embassy)
Tel: 012 342 4701/ 4566
Fax: 012 342 4702

TANZANIA (UNITED REPUBLIC OF)
(High Commission)
Tel: 012 342 4393
Fax: 012 430 4383
E-mail: tanzania@cis.co.za

THAILAND (KINGDOM OF)
(Embassy)
Tel: 012 342 0835
Fax: 012 342 0855
E-mail: royltha@global.co.za

TUNISIA (REPUBLIC OF)
(Embassy)
Tel: 012 342 6282/83
Fax: 012 342 6284

TURKEY (REPUBLIC OF)
(Embassy)
Tel: 012 342 6053-7
Fax: 012 342 6052
UGANDA (REPUBLIC OF)
(High Commission)
Tel: 012 342 6031/3
Fax: 012 342 6206

UKRAINE
(Embassy)
Tel: 012 460 1946
Fax: 012 460 1944

UNITED ARAB EMIRATES
(Embassy)
Tel: 012 342 7736
Fax: 012 342 7738

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
(Her Britannic Majesty's High Commission)
Tel: 012 483 1200
Fax: 012 483 1302

UNITED STATES OF AMERICA
(Embassy)
Tel: 012 342 1048
Fax: 012 342 2244

URUGUAY (ORIENTAL REPUBLIC OF)
(Embassy)
Tel: 012 362 6521/22
Fax: 012 362 6523

VENEZUELA (REPUBLIC OF)
(Embassy)
Tel: 012 362 6593
Fax: 012 362 6591

VIETNAM (SOCIALIST REPUBLIC OF)
(Embassy)
Tel: 012 362 8119
Fax: 012 362 8115
E-mail: embassy@vietnam.co.za
Web site: www.vietnam.co.za

YEMEN (REPUBLIC OF)
(Embassy)
Tel: 012 430 9044
Fax: 012 430 9100
E-mail: ghamdan@tta.lia.net

ZAMBIA (REPUBLIC OF)
(High Commission)
Tel: 012 326 1854
Fax: 012 326 2140

ZIMBABWE (REPUBLIC OF)
(High Commission)
Tel: 012 342 5125
Fax: 012 342 5126
# APPENDIX C

## Useful Internet resources

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Web site</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa Growth and Opportunity Act (AGOA)</td>
<td><a href="http://www.agoa.gov/">http://www.agoa.gov/</a></td>
<td>Comprehensive information on AGOA and the benefits offered to exporters under AGOA.</td>
</tr>
<tr>
<td>Cargo Info</td>
<td><a href="http://www.cargoinfo.co.za">http://www.cargoinfo.co.za</a></td>
<td>Good site for transport and related information; will provide on line quotations for transport costs to major international centres; provides import duties into major countries (check SA’s preference status, however); companies can register for their Customs Code number online.</td>
</tr>
<tr>
<td>CBI (Centre for the Promotion of Imports from Developing Countries), The Netherlands</td>
<td><a href="http://www.cbi.nl">http://www.cbi.nl</a></td>
<td>Has valuable market information and guidelines for exporters wishing to enter the EU markets; see list below; information is free and may be downloaded.</td>
</tr>
<tr>
<td>European Committee for Standardisation (CEN)</td>
<td><a href="http://www.cenorm.be">http://www.cenorm.be</a></td>
<td>Information on standards in EU countries.</td>
</tr>
<tr>
<td>Organisation</td>
<td>Web site</td>
<td>Comment</td>
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<tr>
<td>Food and Agriculture Organisation</td>
<td><a href="http://www.fao.org">http://www.fao.org</a></td>
<td>Excellent information on crop production and international trade; also on world demographics.</td>
</tr>
<tr>
<td>International Monetary Fund</td>
<td><a href="http://www.imf.org">http://www.imf.org</a></td>
<td>Economic information on all IMF member countries.</td>
</tr>
<tr>
<td>International Trade Administration</td>
<td><a href="http://www.ita.doc.gov/">http://www.ita.doc.gov/</a></td>
<td>Site developed to assist US business access international markets. Contains relevant information for exporters from all countries wanting to access the US market.</td>
</tr>
<tr>
<td>Kitco Inc.</td>
<td><a href="http://www.kitco.com">http://www.kitco.com</a></td>
<td>Comprehensive information on current and historical international metals and minerals prices.</td>
</tr>
<tr>
<td>OECD</td>
<td><a href="http://www.oecd.org/home/">http://www.oecd.org/home/</a></td>
<td>Provides links to useful country information</td>
</tr>
<tr>
<td>SADC</td>
<td><a href="http://www.sadc.int/">http://www.sadc.int/</a></td>
<td>Information on SADC countries</td>
</tr>
<tr>
<td>SA Department of Trade and Industry</td>
<td><a href="http://www.thedti.gov.za">http://www.thedti.gov.za</a></td>
<td>Extensive site which should be visited regularly for the latest information.</td>
</tr>
<tr>
<td>South African portal</td>
<td><a href="http://www.southafrica.info">http://www.southafrica.info</a></td>
<td>Official gateway to information and resources in South Africa.</td>
</tr>
<tr>
<td>SA Reserve Bank</td>
<td><a href="http://www.resbank.co.za">http://www.resbank.co.za</a></td>
<td>Follow links to Quarterly Review for detailed information about SA’s national and international accounts.</td>
</tr>
<tr>
<td>SA Revenue Services</td>
<td><a href="http://www.sars.gov.za">http://www.sars.gov.za</a></td>
<td>Follow links to Customs &amp; Excise and to SA’s international trade statistics. Download exporter registration forms. Lists all Controller of Customs offices.</td>
</tr>
<tr>
<td>Statistics SA</td>
<td><a href="http://www.statssa.gov.za">http://www.statssa.gov.za</a></td>
<td>As the name suggests, contains national statistics.</td>
</tr>
<tr>
<td>STAT USA</td>
<td><a href="http://www.stat-usa.gov/">http://www.stat-usa.gov/</a></td>
<td>Economic and trade statistics for the USA.</td>
</tr>
<tr>
<td>Thomas Register</td>
<td><a href="http://www.thomasregister.com/">http://www.thomasregister.com/</a></td>
<td>Comprehensive online resource for finding companies and products manufactured in North America</td>
</tr>
<tr>
<td>Tradeport</td>
<td><a href="http://www.tradeport.org/">http://www.tradeport.org/</a></td>
<td>TradePort is a repository of free information and resources for businesses that seek to conduct international trade to and from California.</td>
</tr>
<tr>
<td>UK Statistical Office</td>
<td><a href="http://www.statistics.gov.uk">http://www.statistics.gov.uk</a></td>
<td>UK statistics of all types, including population, industry, and so forth.</td>
</tr>
<tr>
<td>Organisation</td>
<td>Web site</td>
<td>Comment</td>
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<tr>
<td>US Geological Survey</td>
<td><a href="http://www.usgs.gov">http://www.usgs.gov</a></td>
<td>Information on minerals and mining, not limited to US.</td>
</tr>
<tr>
<td>World Standards Service</td>
<td><a href="http://www.wssn.net">http://www.wssn.net</a></td>
<td>A network of national standard organisations</td>
</tr>
<tr>
<td>World Trade Organisation</td>
<td><a href="http://www.wto.org">http://www.wto.org</a></td>
<td>International trade statistics, agreements, disputes, etc.</td>
</tr>
</tbody>
</table>