

EXPORTING YOUR BUSINESS

South Africa has been successfully competing in the global market for the last decade. The best quality products South Africa has to offer the international markets tend to emanate from its resources and minerals. Other popular products that have entered the export domain include curios, flowers, fruit and cotton. If you want to export, you have the strategic support and possible even assistance with financing from the Department of Trade and Industry (www.dti.gov.za) or the Gauteng Economic Development Agency (www.geda.co.za).

A product may have to be adapted

To examine whether you have a product that is exportable, the inherent quality of the product needs to include elements of adaptability; that is, the design and packaging must suit or fulfil the demands of the global market. Reasons such adaptability are required could include:

- The use or acceptability of a product could be restricted because of multi-cultural differences (especially when you are considering more than one international market);
- A product name could have a totally different and possible derogatory meaning in another language and would have to be changed for that market.
- The export capability may be compromised due to licence and the patent holder rights. Any manufacturing of a product under licence may be compromised by the target markets of those countries' corporate governance issues.

Be prepared to face stiff competition

Be prepared for stiff competition. You will not only be competing with other exporters (especially from Asia), but also with the quality, cost and production of the finished goods themselves. Knowledge about the markets in which you want to operate and knowledge about the competitors' products will assist you in tactically determining your own chances of succeeding.

Pricing and costs

While the destination for exports may be a predominant first world country, it is still a competitive cost structure that determines the success of the product in the new market. The cost and competitive sourcing of raw material, efficient production of finished goods, logistics and availability influence the final delivery price.

Therefore, a specific challenge is the cost competitiveness; one further reason is that South Africa is far from global markets and therefore incurs extra transport costs. In addition to import duties in the destination country, there are additional tax costs. The exchange rate (a strong rand, for example) can also move against the exporter.

Where a product is more complex, it attracts a requirement for high level and expensive support. A strong and well-trained agent network may be required. The investment therefore in setting up a sales and support structure in the importing country could be prohibitive to you, effectively curbing the viable exporting of the product.

Special exporting considerations

There are, of course, numerous important considerations, ranging from documentary requirements to customs and excise and term of delivery. You are cautioned to be sure of the financial standing of

the customer at the destination country and you should get information from banks, credit insurers and the foreign sales agent.

Export restrictions, required packing, marking and labelling, all have specific global market requirements to which you will have to adhere.

Exporting is an added risk but the returns could make it worth your while. The risks can be mitigated by strictly adhering to the rules and regulations of the game and doing your homework!