



# Export Market Opportunities and Strategies for SMEs

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06 June 2013 – New Ambassador Hotel, Harare

**ZIMRA- Rules of Origin Workshop**

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# Presentation Outline

- The impact of SMEs in Economic Development
- Why SMEs should venture into export markets?
- Markets for first time Exporters
- Export Market Strategies for SMEs
- Lucrative markets identified by ZimTrade
- Opportunities offered by Zimbabwe's membership to COMESA and SADC
- Opportunities through the Trade Map
- ZimTrade Services

# The Impact of SMEs in Economic Development

- The vibrancy of SMEs in many developing and developed countries has led to a shift in attention towards the linkages between Trade, SMEs and Development.
- SMEs increase competition, generate employment and develop entrepreneurship.
- In Zimbabwe, the sector employs more than 60% of the workforce and contributes approximately 50% of the Gross Domestic Product (GDP). [Source: 2013 National Budget]

# Why SMEs should Venture into Exports?

To:

- Spread the Risk (Market Diversification).
- Sell surplus production.
- Take advantage of vast opportunities offered by export markets e.g. SADC and COMESA .
- Contribute to the country's total exports there-by reducing the trade imbalance.
- Increase sales turnover.
- Fully utilise production capacity and reduce unit product cost.

# Preparing for Export Market Penetration

- **Conduct a research on the following:**
  - Market size, Consumption Patterns
  - Export Documentation required for your product e.g. licence, permits, phytosanitary certificates
  - Quality, Packaging and Labelling requirements in the target markets.
  - Who are your competitors and what are their strengths and weaknesses?
  - What are the cultural and language barriers for your product?
  - What are the payment terms and methods in the target market.
  - What are the distribution channels?

# Markets for First Time Exporters

Selecting the right market first time will increase your chances of being successful. Focus on markets with:

- **Ease of entry:** Start with markets with predictable, easy to understand market entry models.
- **Free Trade Agreement (FTA) markets:** Take advantage of preferential treatment of Zimbabwean goods in SADC, COMESA, countries we signed Bilateral Agreements with.
- **Regional Distribution:** Look for a market that can act as your regional distribution hub for the region once your product is ready
- **Work with your National Trade Development Org- ZimTrade**

# Pricing your Product for the Export Market

**Each market has a cost associated with selling your products:**

- Import regulations
- Transportation costs
- Financial transaction costs
- Brokerage fees – if applicable
- Duty/Tax rates
- Distributor contract costs
- Legal protection costs
- Credit Insurance

**Identify your true landed cost before negotiating your per-piece prices with your buyers/distributors. Factor in all potential costs to protect your planned profit margin.**

# Strategies that SMEs can use to Explore Export Markets

- Export consortia
- Trade Fairs (local, regional and international)
- Inward/ Outward Buyer/ Seller Missions organised by ZimTrade
- Cross Border Investments
- Joint Ventures/Partnerships
- Distributorships/Wholesalers/Bonded Warehouses
- Agents (due diligence first embassies can assist)
- E-marketing – websites, bulletins, newsletters (ZimTrade has facility as you set up your own)



# **Lucrative Markets Identified by ZimTrade**

**Tete Province, in Mozambique:**

**This is one of the fastest growing towns in Southern Africa and its only 390 km from Harare. The following opportunities are available:**

Mining and Construction Materials, Industrial Equipment, Industrial Protective Wear, Administrative Supplies, Mobile Mechanic Equipment, Occupational Health and Safety (Human Resources), Electrical Equipment and Services, among others.

# Lucrative Markets Identified by ZimTrade *Cont'*

## South Sudan:

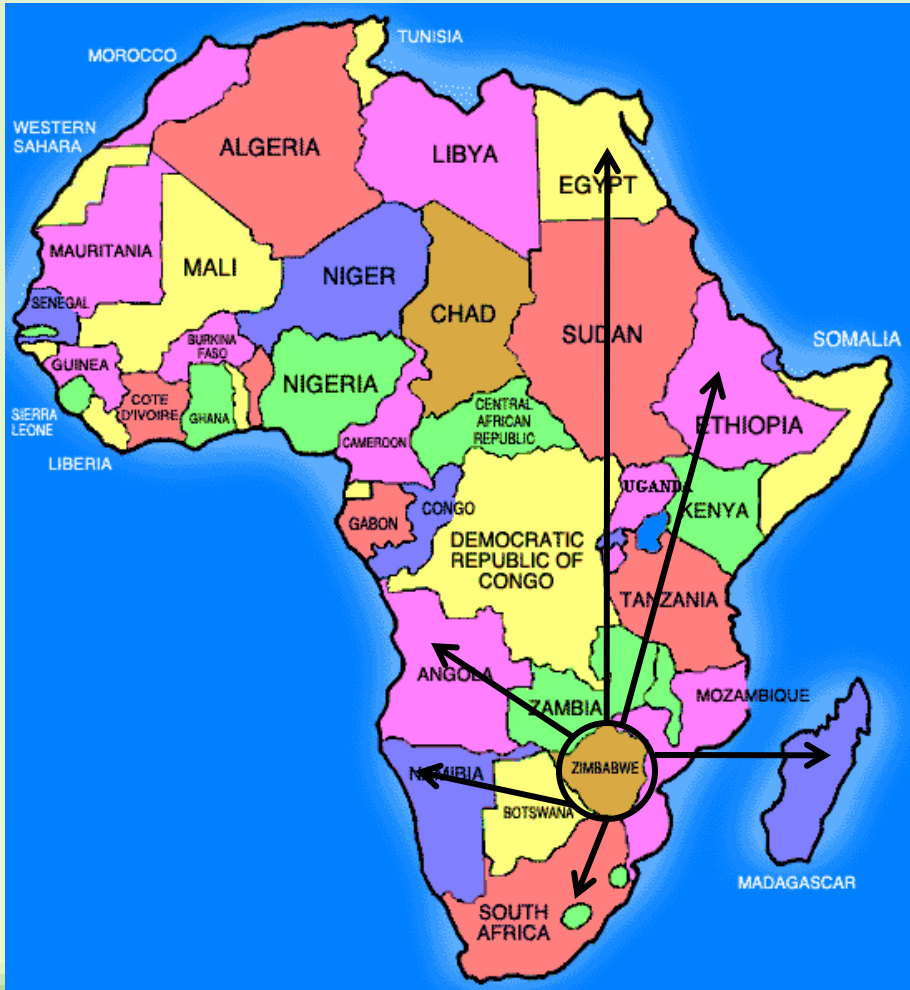
- **Agriculture:** Inputs such as seed, chemicals, pesticides & fertilisers; Hand tools such as (hoes, machetes, etc) and Ox-drawn implements (ploughs, cultivators, planters).
- **Mechanised Agriculture:** Tractors, related equipment, etc).
- **Medical Supplies:** (Pharmaceuticals);
- **Protective Clothing/Wear:** work suits, helmets, safety shoes, etc.
- **Sugar and Veterinary Supplies.**

# Lucrative Markets Identified by ZimTrade *Cont'*

## **Nampula and Niassa Province in Mozambique:**

- Support industries to the Tourism Sector.
- Support Industries to Gas Mining firms.
- Mining and Construction Materials, Industrial Equipment, Industrial Protective Wear, Administrative Supplies, Mobile Mechanic Equipment, Occupational Health and Safety (Human Resources), Electrical Equipment and Services among others.

# Export Market Opportunities Offered by SADC and COMESA



## Common Market for Eastern and Southern Asia (COMESA)

- ❖ Membership: 19 Countries
- ❖ GDP: >US\$ 485 Billion
- ❖ Population: 465 Million

## Southern African Development Community (SADC)

- ❖ Membership: 14 Countries
- ❖ GDP: US\$ 465 Billion
- ❖ Population: >257 Million

# A Sample of Products imported by SADC in 000's

Product label	Imported value in 2008	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012
All products	154,111,105	123,281,128	145,040,400	180,215,923	175,634,009
Meat&edible offal of poltry meat	529,360	541,463	706,411	985,365	1,021,982
Footwear nes, outer soles and uppers of rubber or plastics	366,931	406,832	528,553	622,054	660,838
Cements, portland, aluminous, slag, supersulfate & similar hydraulic c	718,617	701,395	702,540	741,933	626,889
Tubes, pipes and hollow profiles, seamless, or iron or steel	503,175	454,593	457,197	428,654	489,405
Milk and cream, concentrated or sweetened	337,673	271,183	334,848	409,271	387,795
Men's suits, jackets, trousers etc & shorts	192,446	217,530	259,040	292,023	297,069

# Opportunities Offered by the Tripartite: SADC/COMESA/EAC



- **Opportunities**
- Enlarged market and supply of production inputs (26 countries with a population of about 526 million)
- Harmonisation & Simplification of Rules of Origin
- Non Tariff Barriers to trade being eliminated (Online NTBs Monitoring Mechanism being implemented at Tripartite level)

[www.tradebarriers.org](http://www.tradebarriers.org)

# Internet Research- Trade map [www.trademap.org](http://www.trademap.org)

List of importing companies in South Africa for Corporate clothing

Company name	Number of product or service categories traded	Website
Alicewear (Pty) Ltd	2	<a href="http://www.contemporetail.co.za">http://www.contemporetail.co.za</a>
CAM Clothing Company (Pty) Ltd	4	<a href="http://www.camclothing.co.za">http://www.camclothing.co.za</a>
Carter Harris (Pty) Ltd	1	<a href="http://www.lagroup.co.za">http://www.lagroup.co.za</a>
Kadimah Trading Corporation (Pty) Ltd	3	<a href="http://www.kadimah.com">http://www.kadimah.com</a>
Leisure Brands (Pty) Ltd	1	<a href="http://www.leisurebrands.co.za">http://www.leisurebrands.co.za</a>
Overwear & Duchess (Pty) Ltd	3	<a href="http://www.duchess.co.za">http://www.duchess.co.za</a>
Paris Paris Manufacturers cc	1	<a href="http://www.parisparis.co.za">http://www.parisparis.co.za</a>
Penmark Ware Houseing cc	1	<a href="http://www.penmark.co.za">http://www.penmark.co.za</a>
Pro-Am Marketing (Pty) Ltd	3	<a href="http://www.proamclothing.co.za">http://www.proamclothing.co.za</a>
Royal Green (Pty) Ltd	2	<a href="http://www.royalgreen.co.za">http://www.royalgreen.co.za</a>
Sun Moon Star Promotions cc	2	<a href="http://www.sunmoonstar.co.za">http://www.sunmoonstar.co.za</a>
Traclo (Pty) Ltd	1	<a href="http://www.traclo.co.za">http://www.traclo.co.za</a>
Westport Clothing (Pty) Ltd	2	<a href="http://www.westport.co.za">http://www.westport.co.za</a>
Wizard Clothing Company (Pty) Ltd	24	<a href="http://www.wizardc.co.za">http://www.wizardc.co.za</a>

# Internet Research- Trade map

## List of importing companies in South Africa for Footwear

Company name	Number of product or service categories traded	Website
Apeco (Pty) Ltd	2	<a href="http://www.apeco.co.za">http://www.apeco.co.za</a>
Green Cross Manufacturers (Pty) Ltd	4	<a href="http://www.green-cross.com">http://www.green-cross.com</a>
Hopewell Footwear (Pty) Ltd	2	<a href="http://www.hopewellfootwear.com">http://www.hopewellfootwear.com</a>
Jordan & Company Limited	1	<a href="http://www.jordan.co.za">http://www.jordan.co.za</a>
Kap International Holdings Limited	3	<a href="http://www.kapinternational.com">http://www.kapinternational.com</a>
La Bora Shoes cc	5	
Reviva Technology (Pty) Ltd	1	<a href="http://www.reviva.co.za">http://www.reviva.co.za</a>
Teesav cc	5	<a href="http://www.teesav.co.za">http://www.teesav.co.za</a>
The House of Busby (Pty) Ltd	6	<a href="http://www.busbyhouse.com">http://www.busbyhouse.com</a>
United Fram Footwear Manufacturers (Pty) Ltd	2	<a href="http://www.frams.co.za">http://www.frams.co.za</a>
Universal Footwear & Trading Company (Pty) Ltd	1	<a href="http://www.zoomfootwear.com">http://www.zoomfootwear.com</a>



# Importers: Works of art, collectors pieces and antiques

Importers	Imported value in 2008	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012
World	21,110,882	13,738,254	16,905,724	21,578,202	23,111,236
United Kingdom	4,978,740	3,057,455	4,237,591	6,888,283	7,840,652
United States of America	7,498,465	5,062,701	6,264,349	6,905,797	7,807,159
Switzerland	1,741,747	1,280,231	1,662,777	1,732,087	1,743,382
Hong Kong, China	745,484	542,604	782,565	1,401,021	1,243,371
Germany	439,607	423,958	499,650	673,825	788,637
France	726,068	565,775	585,160	731,124	625,961
Italy	161,791	99,942	138,358	154,335	288,439

# List of Importers: Stoneware products, artistic and fancy

Company name	Number of product or service categories traded	Country	Website
AROMARA doo	19	Croatia	<a href="http://www.aromara.com">http://www.aromara.com</a>
CJA i Bredaryd AB	354	Sweden	<a href="http://www.cja.nu">http://www.cja.nu</a>
DECOPLANT A/S	14	Denmark	<a href="http://www.decoplant.dk">http://www.decoplant.dk</a>
Enesco France	28	France	<a href="http://www.enescofrance.com">http://www.enescofrance.com</a>
EUROGRANITI doo	27	Croatia	<a href="http://www.eurograniti.hr">http://www.eurograniti.hr</a>
F.A.I.R.E. Warenhandels eG	25	Germany	<a href="http://www.faire.de">http://www.faire.de</a>
Gmundner Keramik Manufaktur GesmbH	6	Austria	<a href="http://www.gmundner-keramik.at">http://www.gmundner-keramik.at</a>
Hemar Berdowski i Konsik Sp.j.	32	Poland	<a href="http://www.hemar.pl">http://www.hemar.pl</a>
Kujawia-Bem Przedsiębiorstwo	52	Poland	<a href="http://www.kujawia.pl">http://www.kujawia.pl</a>

# The Role of ZimTrade

- As the National Trade Development & Promotion organisation, our mandate is to:
  - Promote existing Zimbabwe trade.
  - Develop new exports, by market and product.
  - Promote export-related investments.
  - Advise Government on matters related to trade, exports and investments.
- We have the following services, which the SMEs can benefit from:

# ZimTrade Services to SMEs

- Export Marketing Training Programme – The training covers the following modules:
  - Export Market Research
  - Export Business Plan
  - Standards and Good Housekeeping
  - Export Costing and Terms of Payment
  - Information Technology and E- Commerce
  - Export Product Development and Packaging
  - Export Documentation, Inco-terms and Trade Agreements
  - Export Promotion Strategies, Negotiation Skills and Closing Sales Techniques
- Match-making buyers and sellers;
- Trade Publications (Directories, User Guides);

# ZimTrade Services to SMEs *Cont'*

- Product Surveys as well as Supply and Demand Market Researches e.g. South Sudan and Tete Market Researches;
- Trade Information Dissemination (Newsletter, Bulletin)
  - Trade Promotion Events e.g. Coordination of Trade Fairs, Solo Exhibitions, Inward/Outward Buyer/Seller Missions, etc.
  - Advisory Services on Trade & Trade related issues;
  - Advocacy

# Activities for 2013

## Market Researches

Tete, Niassa, Nampula Provinces, Mozambique **(Done)**

## Seminars and Workshops

- Breakfast Seminar - Tete, Niassa, Nampula Provinces, Mozambique

## Sales Missions

- Tete, Niassa, Nampula Provinces, Mozambique

# Advice to SMEs/New Exporters

- Be prepared to adapt your product/service to the market conditions/requirements
- Take time to research and analyse the consumer preferences of your target markets
- Adhere to quality standards for your product
- Be certain of your supply base and constantly monitor your supply chain to avoid last minute let downs on sub contracted items e.g. fumigated pallets.
- **Work with your National Trade Development Org- ZimTrade.**



**I THANK YOU!**