



KWAZULU-NATAL EXPORT WEEK

17 – 21 NOVEMBER 2014

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A Brief Report Compiled by Student Rapporteurs from REGENT Business School

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Introduction

Export week KZN is an annual programme of Trade and Investment KwaZulu–Natal that was developed to recognise, promote and assist with growing KwaZulu–Natal's export businesses and industries. Through the comprehensive programme of activities, it provides professional development and information on growth sectors and market opportunities to KwaZulu–Natal's new and existing exporters and internationally focused businesses. The essence of this week was to establish an understanding and awareness of exporting and why it is important and how KwaZulu-Natal in particular can bridge the gap, which a trade deficit between imports and exports. We need to improve on South Africa's Trade deficit and one sure way to do this is through exports.

The motive behind the export week was also to encourage more companies' especially small companies to export more and diminish the trade deficit. Exporting creates many opportunities for the company and the economy, other benefits include; it offers the advantages of a larger market with greater economies of scale, it provides an opportunity to grow and sustain business operations; it enables the Province of KwaZulu-Natal to attract investments and new business, thereby creating employment opportunities. Export-driven growth for the Province and the South African economy is important as it allows the country to balance finances and surpass debt, thereby providing the facilities and materials for the export to exist in the first place; and increased export growth can trigger greater productivity, creating more exports in an upward spiral cycle.

Export activity through constant and sustained support for our exporters with the province whilst the same time identifies new and additional export opportunities. Providing appropriate information, financial support and practical assistance to sustain organic growth in traditional markets and penetrate new high growth

markets. The essence of exporting is to create awareness, focus on strategies to expand export-trade.

In the sections to follow, we report on the ***Africa Exports Rising*** discussions by keynote speakers at the iconic International Convention Centre, Durban, KwaZulu-Natal, commencing on the 2nd day of the conference.

Day 2: 18th November 2014

The Conference commenced with the master of ceremonies, Mr. Neville Matjie, introducing the panel to the audience. The panel was composed of the CEO of TIKZN, Mr. Zamo Gwala, the MEC for Economic Affairs and Tourism, the Honourable Mr Michael Mabuyakhulu, the Consul General of the USA, Ms Frances Chisholm and Ms Ina Cronje, Chairperson of the Board of TIKZN. Mr. Zamo Gwala was the first of the speakers.



Mr. Zamo Gwala, CEO of TIKZN did an introductory presentation about his organisation and how it promotes Exports from South Africa, generally, and KwaZulu-Natal, specifically.

In his address Mr Gwala spoke about the importance of Exports to the South African economy and the need to be competitive in world markets. He specifically referred to the South African Trade Balance and felt it was a worrying factor for the country.

In terms of South Africa's Export Performance, he showed how the value of the country's exports declined between 2008 and 2009, especially during the world financial crisis. He then went on to show the country's 15 leading exports. A detailed presentation of his delivery is available at:

<http://www.tikzn.co.za/exportweekdocuments.aspx>



Mr. Matjie then introduced the Keynote Speaker, the Honourable Mr. Michael Mabuyakhulu.

Mr. Michael Mabuyakhulu, MEC for Economic Affairs and Tourism, KwaZulu-Natal was the Keynote Speaker and panellist at the Master Class. He is a key member of the KwaZulu-Natal Legislature and is proudly known for getting his job done. During his tenure he has overseen many important projects in KwaZulu-Natal, including the new International Airport and Dube Trade Port.



In his presentation the MEC outlined the importance of the Export Week and how TIKZN has been assisting local firms to export their goods and services. He then went on to deal with the problems and challenges of exporting. Towards this end, he highlighted the problem of the Trade Deficit, which he felt was a worrying problem for South Africa. In terms of the opportunities in exporting, he made reference to the BRICS bloc and indicated the potential this offered to South Africa. With reference to the Africa Rising issue, he was positive that the new developments in Africa, affirmed the truth of the narrative. He, however, stressed that as much as Africa was rising, there are major challenges. He was at pains to point out that if the trade deficit was not dealt with positively, it could affect the overall development agenda of South Africa and contribute negatively in terms of employment.

He finally made an appeal to all, and especially the private sector to assist in increasing our trade revenues through exports. He believed that this was a collective responsibility of all stakeholders in the South African development trajectory.



The Launch of Export Portal and Directory was introduced by **Mr Desmond Golding**, Head of Department for Economic Development, Tourism and Environmental Affairs and Launched by the Honourable MEC Mr Michael Mabuyakhulu, MEC for Economic Development, Tourism and Environmental Affairs.

The purpose of this portal is to appoint a suitable service provider who will develop a KZN Export Information Portal of exported products and services from KZN as well as display information related to export. The KZN Export Information Portal will assist in the promotion of export products and services from the KZN region and thus increase the generation of foreign revenue for the province and for South Africa.

Head of Department for Economic Development, Tourism and Environmental Affairs whilst introducing the portal, emphasised on the statement “Information is Power, Power is Access and Access is Success”. That is exactly what the portal’s purpose and motive is, it empowers exporters by provide them extensive information that they require to do exporting efficiently. This portal has a data base that exporters can utilise to gain knowledge and understanding to better enhance their trading abilities and what to look out for when playing the game of exporting, it is a portal that can be used as a tool to give the exporter a competitive advantage in exporting in foreign or various markets. The focus of the portal is to use the information provided in a productive way to have an advantage and to utilise the information to make decisions, how to approach barriers and how to trade in other markets.

There are many features of the portal include to develop a KZN Export Informational Portal to include the following: Current trade agreements, Export incentives,

Export 101, Trade tariffs and duties, Information on exporting (List of freight forwarders, shipping agents, container depots, bonded warehouses), Top 20 trading country profiles, Information on trade blocks, DTI trade bulletin hyper link, TIKZN calendar of events, TIKZN and DEDT branding of the KZN Export Information Portal, Mobile access to the KZN Export Information Portal, Provision for on-line visitor registration and login to access KZN Export Information Portal for enquires, Exporter registration and login, Companies profiled on KZN Export Information Portal.

From all the documents that's provided on the portal, the one highlighted the most and is highly recommended to us was the *Export 101* which is a practical guide to exporting will assist those KwaZulu- Natal businesses which are thinking about exporting and also established exporters which are seeking to diversify products and services into new markets. This guide contains adequate information for KwaZulu- Natal businesses to effectively and efficiently delivers products for international destinations, however, the guide is not intended to answer every possible question about exporting. The step-by-step approach assists in achieving the basis in successfully exporting.

Export 101 provides a positive attitude and adopting the bases of globally and locally. The guide gives exporters excess to information such as, advantages of exporting, barriers to export, feasibility study, export environment, etc. Therefore this portal, if used accurately and properly gives the user an advantage and enhances their skills and knowledge to engage in exports more efficiently.



Emerging African Export markets discussion was facilitated by **Mr Paul Runge** MD of Africa Project Access, along with him where two panellists **Ms Rose Masita** from Kenya and **Mr Kausane** from Zambia.



The panellist from Kenya also said that most of their trade flows is from South Africa, S.A is their major partner and Kenya is a major recipient to imports but rarely export. The Kenya panellist stated that Kenya wish to create a partnership with private sectors and put in place infrastructure, for new oil, water and wind power projects and opportunities.

The panellist from Zambia noted that they main source of imports from South Africa is agriculture. The panellist stated that they import more from South Africa and their exports are minimal, about 4%, they mainly get mining, agriculture, hydro-electricity and infrastructure. The Zambia panellist also encouraged exporters to export to Zambia and said they have very good investment incentives. Both panellists

encourage exporters to trade with them because there are a lot of opportunities which they can utilise, however they both stated that it is important for exporters to realise the barriers to trade to strengthen the relationship.

Globalisation has alerted us to the diverse consumer needs of societies beyond our boundaries. Culture has now become a new possibility for trade. WE need to be acutely aware of the cultural needs of people's consumer needs. African Exporters focused on the challenges, successes and methods to find solutions.



Women in exports are faced with various challenges in the economy. “Women are not alone”, this was a statement made by the women panellists in a discussion about women in exports facilitated by CEO of the Pietermaritzburg Chamber **Ms Melanie Veness**.

Women are more established now in exporting and have succeeded thus far, some of the challenges which were highlighted and mentioned by the women during the discussion were, that women need to eliminate fear, they need to know how to approach different barriers which are much more of a challenge to them as compared to men, such as negotiation, balancing personal life and business life, and attempt to do business without too much of emotion or vulnerability. Women also need to acknowledge that they can be independent and do not need a man to export, just because women are new to exporting they are unsure of themselves, they need to be more confident, and all women need to come together to inspire and know that they are not alone.



Essentials of Exports facilitated by **Mr Richard Cookson**, the discussion with the panellists brought to attention the factors or essentials that exports need to account for whilst exporting. The exporters must be fully aware of the environment they going to export to, the South African exporters need to understand, identify and recognise the rules and processes of exporting, and need to be transparent and compliant to work and export to countries.



Some of the panellists also offered advice to upcoming or potential exporters, such as being close to the logistics company and to develop a strong structure need to engage in partnerships, make sure basics are in place, understand legislation and be sure before taking risks.

Throughout the day the same message was reinforced that small businesses need to be established more to export, and that they do not have the resources to expose themselves and engage in exporting, therefore the portal with its database assists in that manner, also the MEC reinforced the idea of regional integration and the emphasis to strengthen small businesses and encourage exporter in order to reduce the trade deficit.

Day 3: 19th November 2014

In day three, the discussion and finding solutions to problems in exporting took off from where it concluded on day two, the main focus being Growth and Emerging Markets.



Integrated National Export Strategy (INES) presented by **Mr Luke Govender** spoke of the trade growth being fragile and the South African companies need to diversify their products, as well as increase agricultural products. He also stated that they have established an industrial policy plan, which looks at the development of industries in the country.

Their strategy is a national effort, which is fully inclusive involving all stakeholders in the export chain, it is comprehensive in scope and reaffirms needs-based and market based strategies. Information support links between the exporter and international buyer. The INES framework is based on the Four Gear Approach which contains strategic action plan.

The purpose of the INES strategy; is to align the relevant divisions of the department of trade and investment around key objectives and strategic interventions, to ensure policy coherence, to build a consensus amongst external stakeholders within government, to increase the number of exports and exporters with specific focus on BEE enterprises and to improve the participation of geographically marginalised and economically depressed areas within South Africa. The INES has a National Corridor Performance Measurement Model which delivers, performance based management and intelligence, continuous improvement, collaboration through a “common view”. The outcomes of utilising the model is, it enhances competitiveness, improve efficiency and reliability, reduce costs and coaster collaboration. Some of the features of the strategy are, it creates market access programme, export mechanisms and provides financial instruments for exporters.



SWOT Analysis of growth and emerging markets. It's key that we know the myths, threats and opportunities of the market. We need to increase the exporting in USA and Africa. The rand is probably to improve in the future. The rand plays an important role world-wide and acts as a support for liquidity currency around the world liquidity point of view. As stated by **Mr Rakesh Maharaj** we need to keep with our blue print.

Mr. Maharaj believed that we needed to concentrate on Emerging Markets, especially in South East Asia. The size of the economy is smaller than Singapore, Thailand and Indonesia in forms of the GDP.



Dr Chakarín Komolsiri, Trade Commissioner of the Royal Thai Embassy states that Thailand is a gateway to other countries and would like to invest in the Durban area, to create job opportunities. International Enterprise Singapore has requested more fruits and vegetables to be exported.



Successes and Challenges in the ICT and E sector facilitated by **Mr Jonathan Naidoo**- CEO of SmartXchange. In order for the ICT and E sector to lead to success they need to have the right infrastructure and right innovation to create export opportunities how to co-ordinated these activities.

In the discussion all the panellists stated that the African Union realises that ICT environment needs to go beyond peace keeping and security and begin working on development program through the I.T companies that are going to integrated population actively involved in the e-sector. There's always an issue of innovation fund, and a large amount of education is required. The panellists pointed out that the government can do more to introduce e-commerce, by providing more education and knowledge.

The Society for Marketing Professional Services (SMPS) is a community of marketing and business development professionals working to secure profitable business relationships for their A/E/C companies. Through networking, business intelligence, and research, SMPS members gain a competitive advantage in positioning their firms successfully in the marketplace.



Mr. Akash Singh spoke about SMPS Partnering Up Mentorship Program (PUM) PUM-Valuable source of expertise for KZN-based companies to utilise with TIKZN as facilitator. PUM Netherlands is a Netherlands Government Programme that provides global mentorship.



The PUM program was developed to bring about an integration of well experienced employees to assist/ mentor entrepreneurs to grow and benchmark themselves in different markets and in exporting especially. The aim of PUM is to attract people with the skills to teach, or people who have gaps in their knowledge, the program provides growth opportunities for everyone and anyone. PUM is set to assist A/E/C marketers in their personal growth and professional development. Professionals at all stages of their career should consider participating – either as mentees or mentors. No matter where a person is in their career, this program offers invaluable insights from fellow professionals as well as development of important leadership, problem-solving, and communication skills. Relationship with PUM supports business and facilitate in the future especially with various operational fields which marketing strategy, sales leads, introductions, foreign suppliers and business expansion.

Day 4: 20th November 2014

THE MASTER CLASS: Africa Export Rising – Myth or Reality? REGENT Business School

Day Four provided us with great insights into the Africa Export Rising market. Export week highlights and supports the efforts of KwaZulu-Natal exporters as well as the many service providers (supporting exports) who make it possible for KZN companies to compete on the world stage. Regent Business School partnered up with Trade and Investment KwaZulu-Natal (TIKZN) in hosting the Master Class at their Campus. The Master Class was couched within a title “Africa Rising”. The world has suddenly realised that Africa is the last frontier and ideal environment for new business opportunity in the context of a transformed brand of global capitalism.

Africa is definitely “rising” and the private sector is the key to the new advance. Conflicts and wars through prevalent have diminished in terms of occurrence. New democratic dispensations have added to governance. Innovative financial markets are opening up and trade is improving. Most importantly, though economic growth is surging. Africa is of increasing strategic significance to the global economy. Despite the global recession, many Africa nations emerged as key markets for global investors.

As discussed by the panellists, the issues they faced with trading with Africa is a strong manufacturing base, not understanding that Africa is a large continent and need to clustered. Build and develop a manufacturing facility. The BRICS countries are rapidly increasing their business dealing with Africa, whilst the USA and the European Union consolidate their old trading partnership. Africa can achieve sustainability in export revenues by integrating deeper into sector value- chains and thereby increasing the share of value-added products with it’s exporters. African countries need to maximize their trade-related economic growth through 2025 by tapping into growth markets in Asia, Latin America and their own continent and invest in trade-related infrastructure and trade facilitation.

The reality is the GDP says nothing concrete about the health of an economy, let alone its sustainability and the overall impact on people's welfare. To bring about change, African countries must diversify away from agriculture and natural resources into manufacturing and industries that are more technologically advanced. Boosting competition and promoting deeper regional trade integration are critical for restarting South Africa's export engine to bolster growth which would help create jobs and reduce poverty, according to recently released World Bank Report.

This experience has not only broadened our knowledge but has solidified our interests in the trading markets.

A Report of the Master Class is available at the following url:

<http://regent.ac.za/wp-content/uploads/2014/12/master-class-stand-alone.pdf>

More details regarding the TIKZN Export Week is available at the following url:

<http://www.tikzn.co.za/Home.aspx>

We would like to express our sincere gratitude to TIKZN and REGENT Business School for having given us the opportunity to be rapporteurs at such a prestigious event.

Sincerely



from the desk of...

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