

# TRADE ADVISORY

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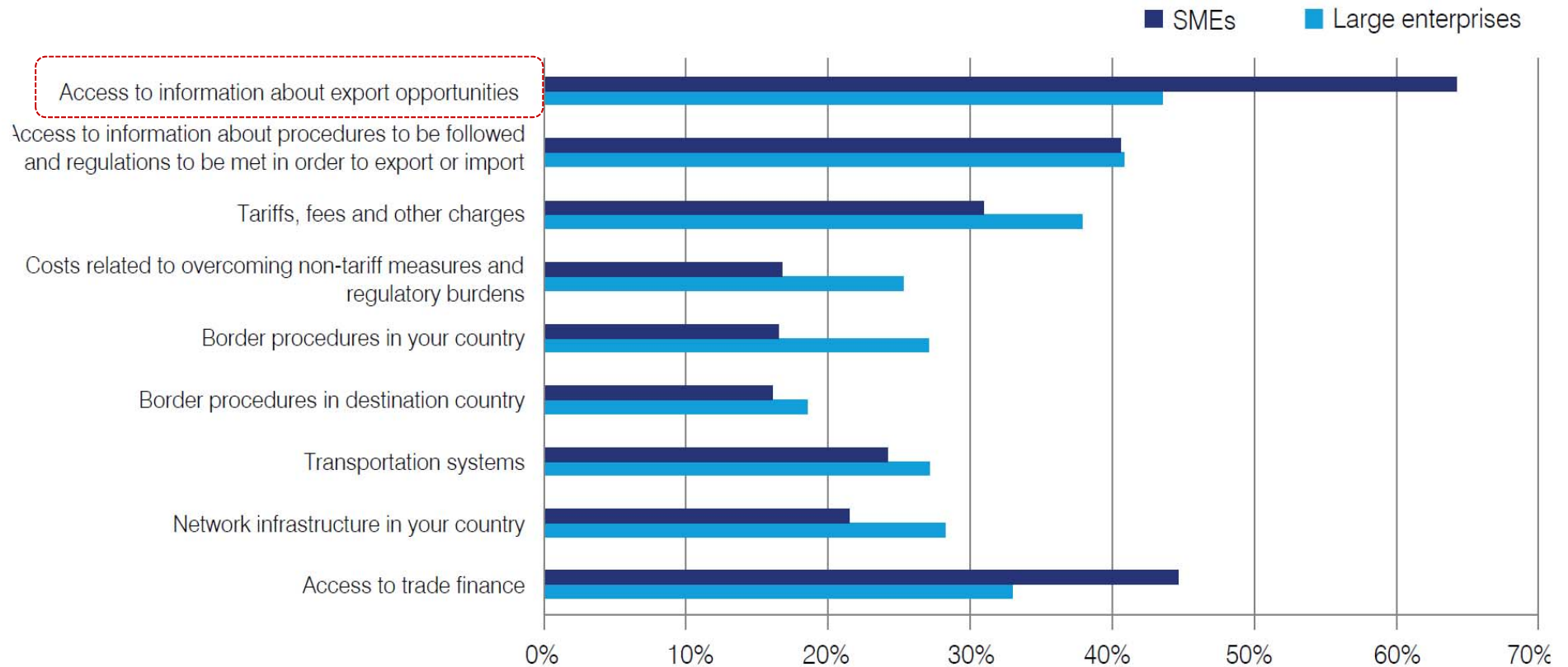
TRADE-DSM®  
Focus on Africa

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Martin Cameron  
2 December 2020

- Context
- Overview of TRADE-DSM approach
- Focus on Africa – some examples
- Q&A

# Introduction: Factors in which firms value improvements most



Note:

SMEs are defined as firms with < 250 employees. Survey responses of 418 SMEs and 103 large firms to the question:  
- What are the 3 factors in which you would most value improvements?

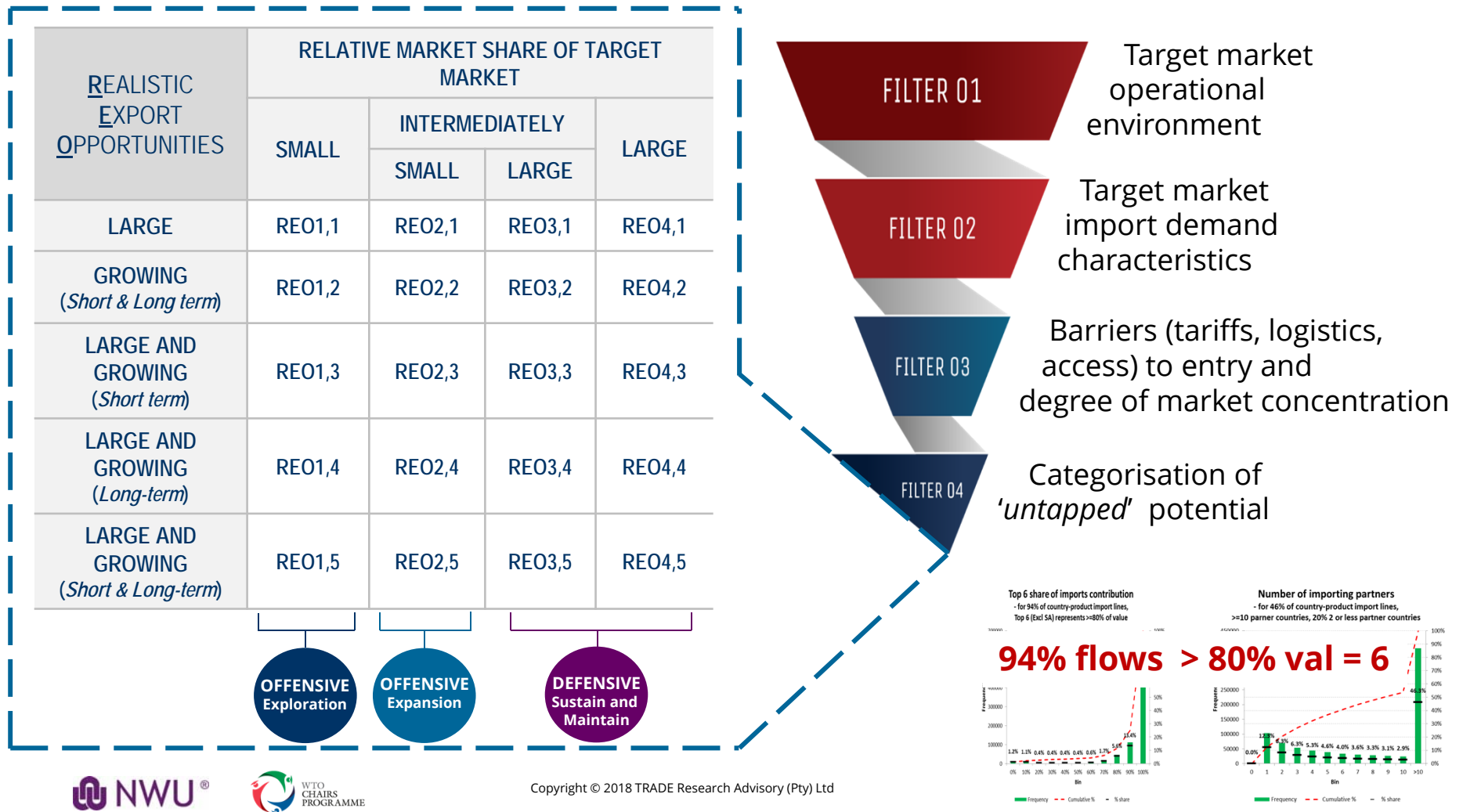
Source:

OECD and WTO (2015) based on ITC Monitoring Survey (2015).

# High level overview of our approach (TRADE-DSM®)

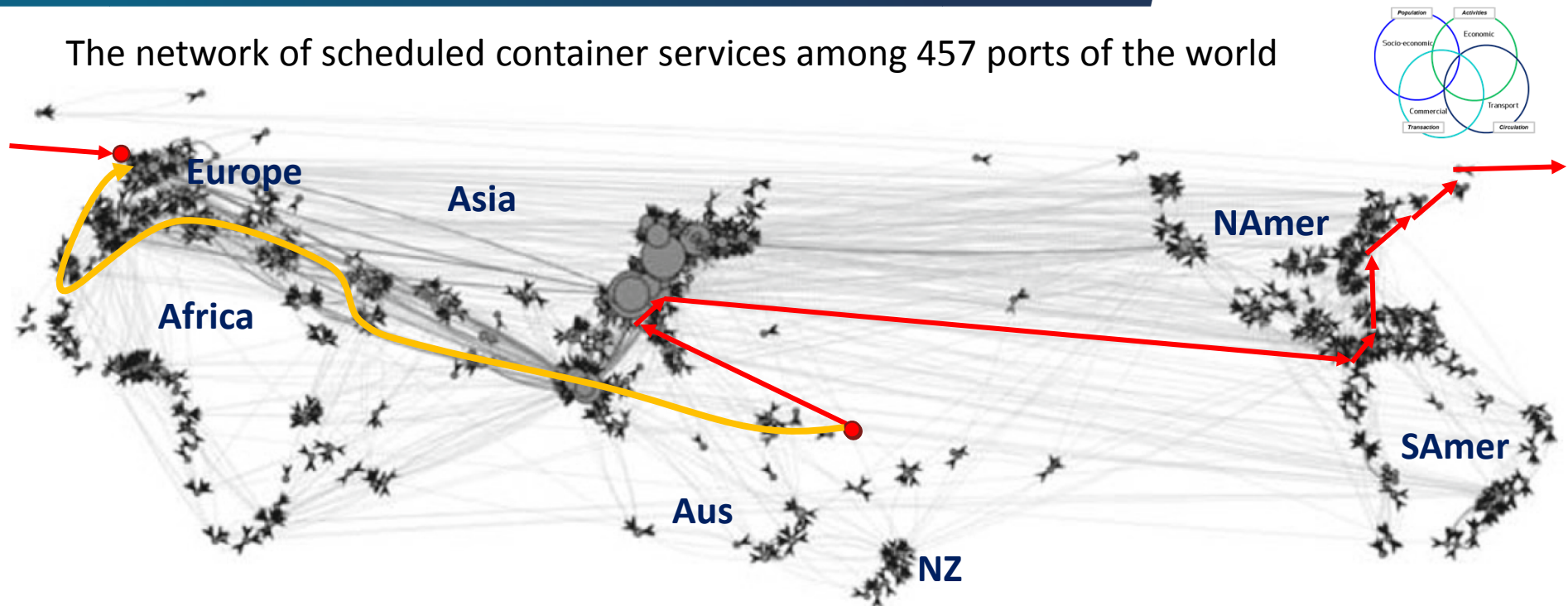


The TRADE-DSM approach in a nutshell ...



# Some examples of technical modelling aspects

The network of scheduled container services among 457 ports of the world



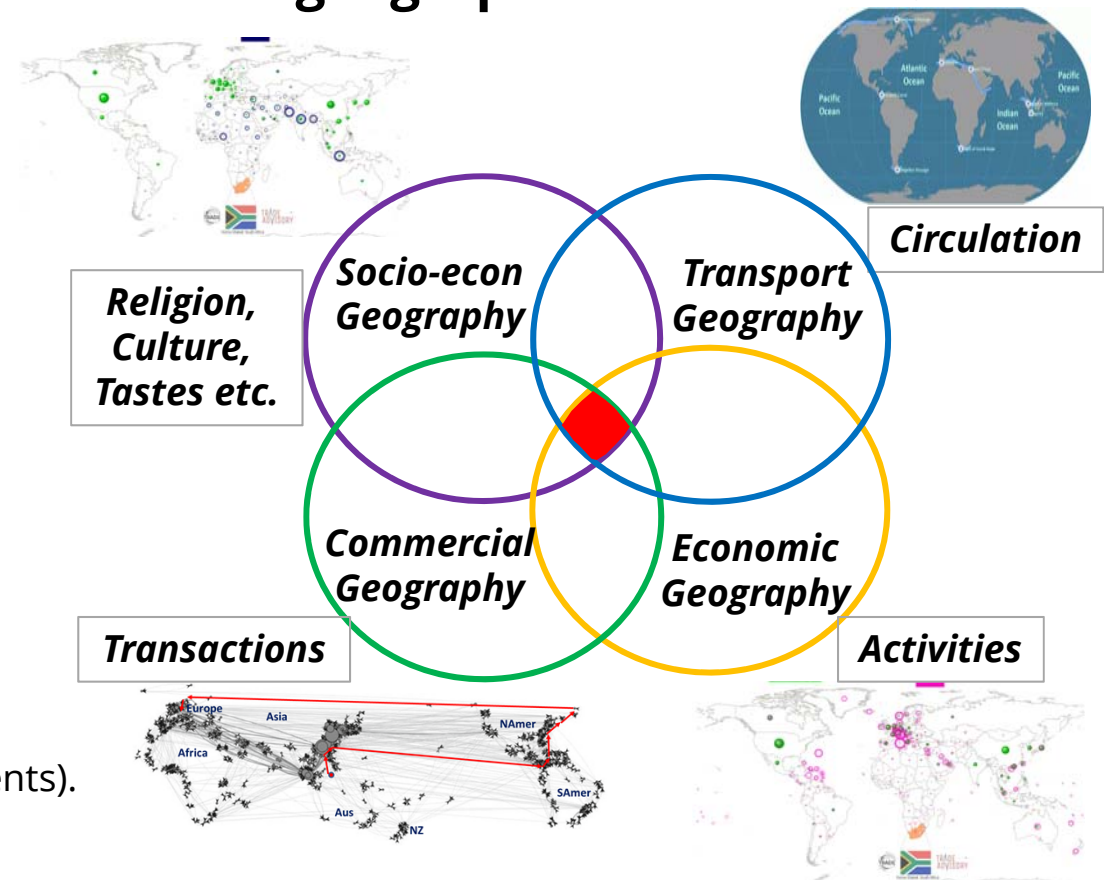
- Travel time diameter of network is 56 days, not counting time in port.
- Honiara (Solomon Islands) to Sortland (Norway) requires 56 days and traverses 9 links. Any container must pass enroute through Shanghai (China), Busan (South Korea), Cristobal (Panama), Manzanillo (Panama), New York (the United States), Halifax (Canada), Argentia (Canada) and Reykjavik (Iceland).
- Each arrow indicates scheduled container service from origin to destination port (but not the actual geography of the shipping route).
- Darker links are of greater trade intensity according to a computation based on the Liner Ship Connectivity Index (LSCI).
- Ports represented by larger disks scored proportionally.

# High level overview of our approach (TRADE-DSM®) – Realistic opportunities

## International trade – need to consider geographic dimensions:

Close relationship between

- the sphere of **activities**  
(the geographical setting of supply and demand);
  - the sphere of **transactions**  
(the geographical setting of exchanges/markets) ;
  - socio-economic characteristics such as religion, political and other ties
- and
- the sphere of **circulation**  
(the geographical setting of movements).



**This implies**  
**location costs;**  
**transaction costs;**  
**processing costs, trade-offs & competition;**  
**and transportation costs ...**

Source: Adapted from Rodrigue, J-P (2017), The Geography of Transport Systems, Fourth Edition, New York: Routledge.

# Examples of factors we cannot model



## Truffles

All our chocolates are Halal certified

G SIGNATURE CHOCOLATE  
D CERTIFIED KOSHER

### Truffe Amande Au Miel

Almond praliné with honey and almond pieces in a milk chocolate shell, rolled in caramelised roasted almond pieces.



### Truffe Framboise

Layers of dark chocolate mousse and raspberry purée; enrobed in dark chocolate and rolled in sugar icing and raspberry powder.



### Truffe Amère

Extra dark chocolate butter cream in a dark chocolate shell and rolled in dark chocolate flakes.



### Truffe Mathilde

To celebrate the wedding of Belgium's Crown Prince Philippe to Princess Mathilde, Godiva created a coffee ganache covered in dark chocolate and hand finished with a regal 'M' - a royal treat.



### Truffe Cappuccino

Cappuccino cream center in a dark chocolate shell, thinly enrobed in small chocolate flakes.



### Truffe Praliné Brésilienne

Our signature hazelnut praliné using perfectly roasted hazelnuts and a touch of vanilla, coated in smooth milk chocolate and rolled in crispy caramelized hazelnuts - a rich taste to remember.











# Examples of factors we cannot model



**Truffles**

All our chocolates are Halal certified

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<p><b>Truffe Amande Au Miel</b></p> <p>Almond praline with honey and almond pieces in a milk chocolate shell, rolled in caramelised roasted almond pieces.</p> 	<p><b>Truffe Framboise</b></p> <p>Layers of dark chocolate mousse and raspberry puree, enrobed in dark chocolate and rolled in sugar icing and raspberry powder.</p> 
<p><b>Truffe Amère</b></p> <p>Extra dark chocolate butter cream in a dark chocolate shell and rolled in dark chocolate flakes.</p> 	<p><b>Truffe Mathilde</b></p> <p>To celebrate the wedding of Belgium's Crown Prince Philippe to Princess Mathilde, Godiva created a coffee ganache covered in dark chocolate and hand finished with a regal 'M' - a royal treat.</p> 
<p><b>Truffe Cappuccino</b></p> <p>Cappuccino cream center in a dark chocolate shell, thinly enrobed in small chocolate flakes.</p> 	<p><b>Truffe Praliné Brésilienne</b></p> <p>Our signature hazelnut praline using perfectly roasted hazelnuts and a touch of vanilla, coated in smooth milk chocolate and rolled in crispy caramelised hazelnuts - a rich taste to remember.</p> 

Naked female riding war horse




**GODIVA**  
Chocolatier

1926 - 2005



# Examples of factors we cannot model

## Non-tariff barriers

E.g. Cultural, tastes, religion, phytosanitary and sanitary requirements, regulations, standards etc.

Had to 'tone down' logo



1926 - 2005



2005 - NOW

# High level overview of our approach (TRADE-DSM®) – some example outcomes

Summarised insights for TIKZN exports - Globally...

190 'mature' products ~ 125 markets combined 6 483 options  
US 33.7 billion

## Current Selection Potential Export Markets for: South Africa (ZAF) - KwaZulu Natal

Markets x Products : 125 x 190    Combinations: 6 483    Total Potential (Mn) [USD]: 33 661.22

Examples of geographic spread of 'untapped' realistic export opportunity potential :

- Western Europe / Germany & France
- Eastern Asia = China & Japan
- South East Asia = India & Indonesia



# High level overview of our approach (TRADE-DSM®) – some example outcomes

Summarised insights for TIKZN exports – **focus on Africa...**

178 'mature' products ~ 20 markets combined 715 options  
US 440 million (1.2% of global)

Examples of geographic spread of 'untapped' realistic export opportunity potential :

Region	No	Value US\$ Mn
Southern Africa	238	685.90
Eastern Africa	181	69.93
Western Africa	181	50.20
Northern Africa	108	19.19
Middle Africa	7	1.01

## Current Selection Potential Export Markets for: South Africa (ZAF) - KwaZulu Natal

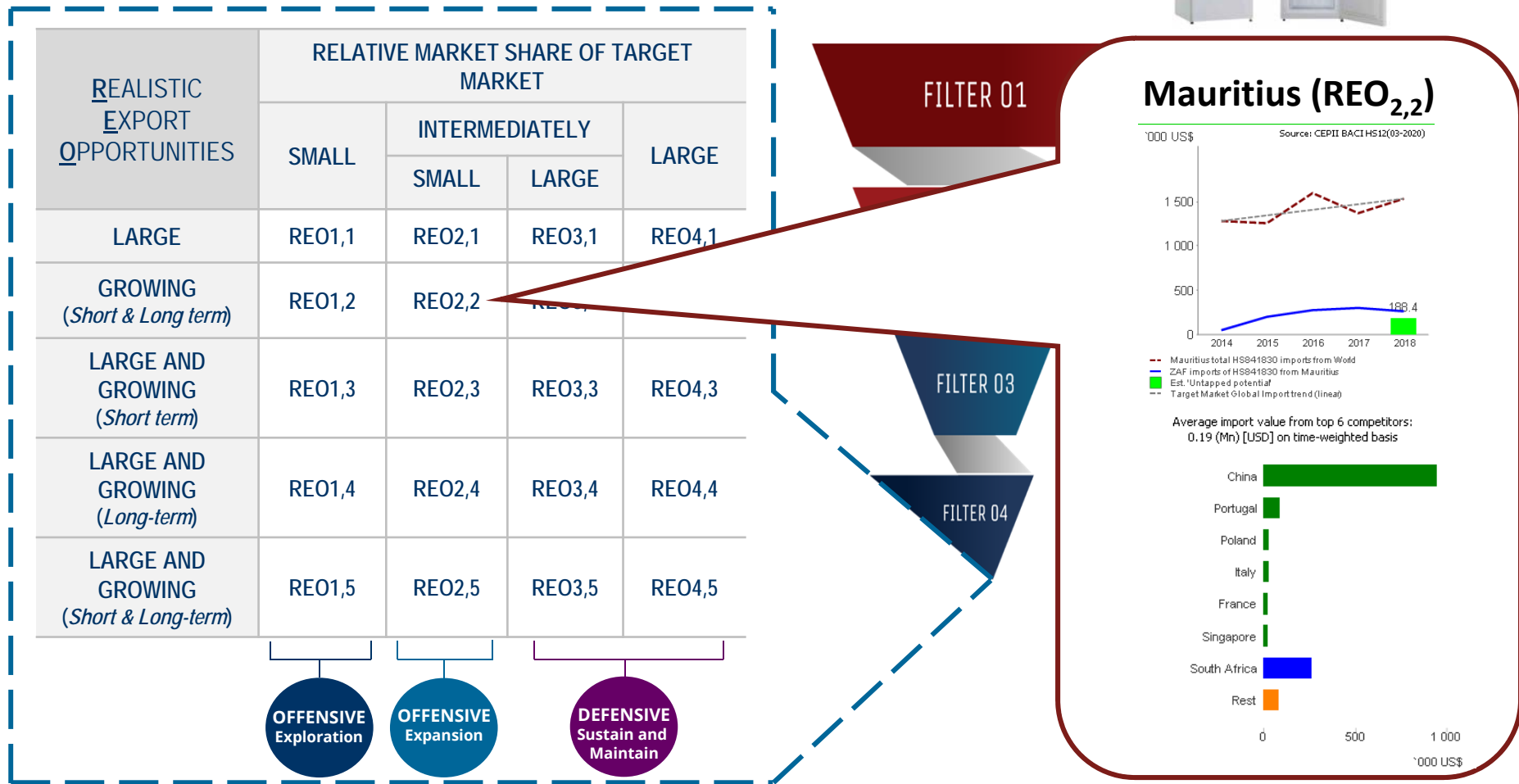
Markets x Products : 20 x 178 Combinations: 715 Total Potential (Mn) [USD]: 440.25



# High level overview of our approach (TRADE-DSM®)



The TRADE-DSM approach in a nutshell ...

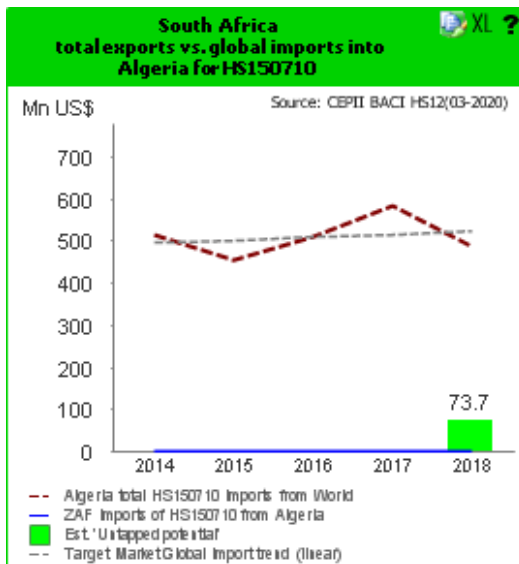


# High level overview of our approach (TRADE-DSM®) – some example outcomes



HS150710:

Vegetable oils: soya-bean oil and its fractions, crude, whether or not degummed, not chemically modified

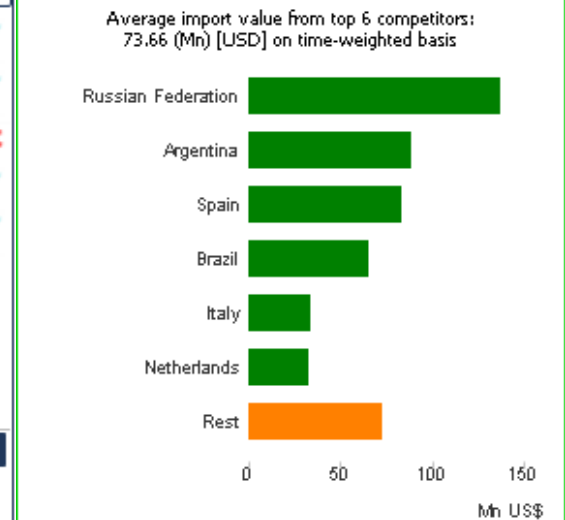


## Characteristics - is a Realistic Export Opportunity?

- Market economy size, wealth, growth trends & risk? ✓
  - Market import demand size and growth patterns? ✓
  - Market historical strong positive import demand growth? ✗
  - Market trading with various alternative supplying countries? ✓
  - Market is relatively accessible in terms of tariffs & logistics? ✓
- Home market import share into target market: rank 0 out of 20
- Home market supply into target market: Target market demand characteristics: REO1,4

Country x Product tariff for model: **10.00% [2018]** [More info](#)

## Top 6 competing supplying markets



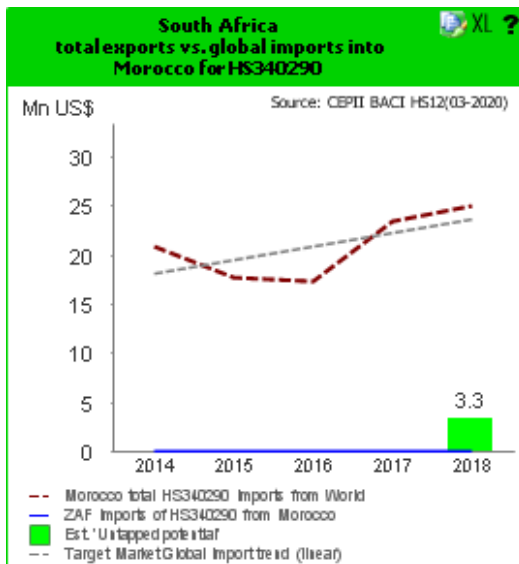
REALISTIC EXPORT OPPORTUNITIES	RELATIVE MARKET SHARE OF TARGET MARKET			
	SMALL	INTERMEDIATELY		LARGE
		SMALL	LARGE	
LARGE	RE01,1	RE02,1	RE03,1	RE04,1
GROWING (Short & Long term)	RE01,2	RE02,2	RE03,2	RE04,2
LARGE AND GROWING (Short term)	RE01,3	RE02,3	RE03,3	RE04,3
LARGE AND GROWING (Long-term)	RE01,4	RE02,4	RE03,4	RE04,4
LARGE AND GROWING (Short & Long-term)	RE01,5	RE02,5	RE03,5	RE04,5

# High level overview of our approach (TRADE-DSM®) – some example outcomes



HS340290:

Washing and cleaning preparations: surface-active, whether or not containing soap (excluding those of heading no. 3401), including auxiliary washing preparations, not for retail sale



**Characteristics - is a Realistic Export Opportunity?** ✓

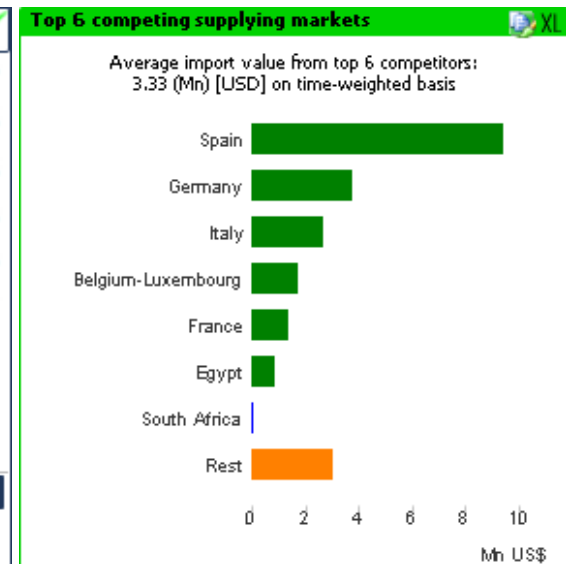
- Market economy size, wealth, growth trends & risk? ✓
- Market import demand size and growth patterns? ✓
- Market historical strong positive import demand growth? ✓
- Market trading with various alternative supplying countries? ✓
- Market is relatively accessible in terms of tariffs & logistics? ✓

Home market import share into target market: rank 38 out of 54

Home market supply into target market: **RE01,2**

Target market demand characteristics: **RE01,2**

Country x Product tariff for model: **16.00% [2017]** [More info](#)

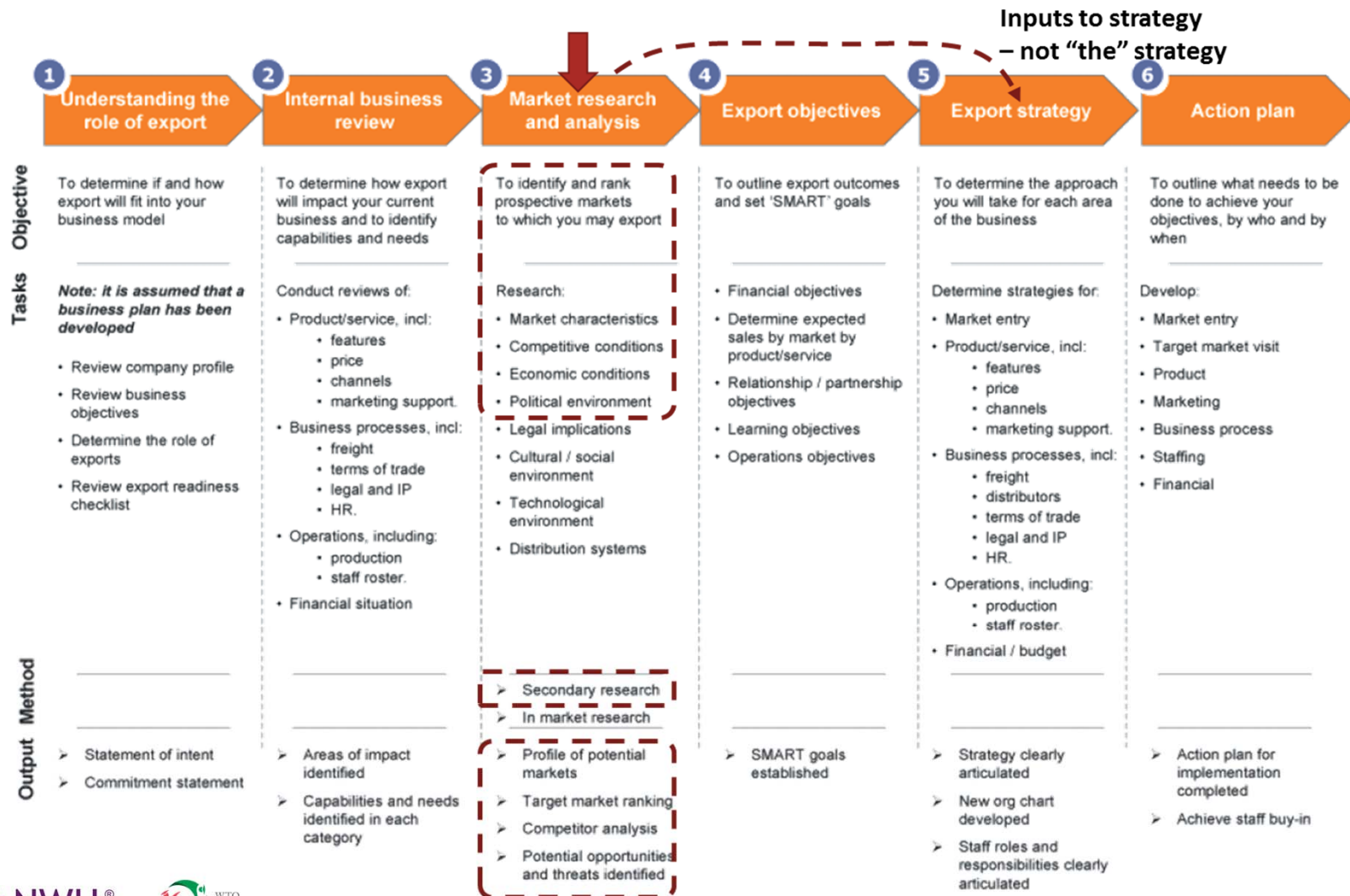


REALISTIC EXPORT OPPORTUNITIES	RELATIVE MARKET SHARE OF TARGET MARKET			
	SMALL	INTERMEDIATELY		LARGE
		SMALL	LARGE	
LARGE	RE01,1	RE02,1	RE03,1	RE04,1
GROWING (Short & Long term)	<b>RE01,2</b>	RE02,2	RE03,2	RE04,2
LARGE AND GROWING (Short term)	RE01,3	RE02,3	RE03,3	RE04,3
LARGE AND GROWING (Long-term)	RE01,4	RE02,4	RE03,4	RE04,4
LARGE AND GROWING (Short & Long-term)	RE01,5	RE02,5	RE03,5	RE04,5



# Export strategy development – process guide

Analysis in itself does not constitute “a strategy”, should be used as input for a strategy.  
A guide for steps if a company wants to follow a “structured” approach



TIKZN team has access to the tool and can assist exporters interested in developing fact-based export strategy formulation

Please contact TIKZN



Questions?



## Contact us



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