

## Preparing to export

### Consultation and bespoke research

South Africa is a large country. You should carefully research market entry requirements in specific regions, using both desk research and market visits.

You need to determine whether:

- there is a market for your product or service
- your pricing is competitive
- to localise your product
- to adapt your business model

Find out more about marketing your goods and services for South Africa, at: <https://www.great.gov.uk/uk/>.

Visit the Department for International Trade's (DIT) events portal at: <https://events.trade.gov.uk/> to find upcoming events and missions.

Contact the DIT team in South Africa at: <https://www.gov.uk/world/organisations/department-for-international-trade-south-africa#contact-us> for events and company launches at British High Commission locations.

The questions listed below should help you to focus your thoughts. Your answers to them will highlight areas for further research and also suggest a way forward that is right for your company. You may then want to use this as a basis for developing a formal South Africa strategy, although this may not be necessary or appropriate for all companies:

### Your aims:

- Do you wish to buy from South Africa, sell to South Africa or both?
- Do you wish to establish your own company presence in South Africa (for example through a corporate or non-corporate entity, direct sales, appointing a local agent, online selling, licensing or franchising)?
- Do you need to be involved in South Africa at all?

- Do you see South Africa as part of a wider plan including e.g. other African markets?

**Your company:**

- What are the unique selling points for your product or service?
- Do you know if there is a market for your product or service in South Africa?
- Do you know if you can be competitive in South Africa?
- Are your competitors already in South Africa? If so, what are they doing?
- Do you have the time and resources to handle the demands of communication, travel, product delivery and after-sales service?

**Your knowledge:**

- Do you know how to secure payment for your products or service?
- Do you know where in South Africa you should start?
- Do you know how to locate and screen potential partners, agents or distributors?
- Have you carried out any South Africa-specific customer segmentation, and do you know how to best reach potential customers in-market?

It is unlikely that you will have the answers to all these questions at the outset and these 'knowledge gaps' could form the basis for further research and investigation. Some of these questions will require quantitative research in your sector, while others involve more contextual and cultural considerations.

Talking to other people in your industry and regularly visiting South Africa will give you access to the most current advice, and such experience can often lead to new insights and form the basis for further research.

There is also some useful guidance on developing a marketing strategy, customer segmentation, competitor and SWOT analysis etc. on the <https://www.great.gov.uk/uk/> site – and the IOE&IT and British Chamber can help too.

There may be trade shows held in South Africa each year, which could be useful to test product viability in the market. The Department for International Trade (DIT) Tradeshow Access Programme at: <https://www.gov.uk/guidance/tradeshow-access-programme> provides funding in the form of grants for eligible businesses to attend overseas trade shows.

The funding helps your business gain:

- market knowledge
- experience in attending and getting the most from overseas trade shows
- advice and support from trade experts

Visit the DIT events portal at: <https://events.trade.gov.uk/> to find upcoming events and missions.

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## Getting started in South Africa

The business structures available in South Africa changed in 2011 when the New Companies Act was introduced. The structures available now are:

- private company
- sole proprietor
- public company
- partnership
- business trust
- non-profit organisation

The private company and sole proprietor are the most common and useful structures for creating a business. Close Corporations (CC) are no longer being registered, but CCs that existed before 2011 can continue to exist.

The choice between the various types of entity will depend on many factors, including:

- the complexity of the business arrangement
- if capital needs to be raised

- the type of enterprise
- if a joint venture is required with local partners
- the ability to meet the South African record keeping and auditing requirements
- the level of taxation for each type of enterprise

Trading names for companies must be registered with the Companies and Intellectual Property Commission (CIPC) at: <http://www.cipc.co.za/za/>.

You should seek legal advice as the tax and legal obligations of each business structure can differ. Consult legal professionals at: <https://www.gov.uk/government/publications/south-africa-list-of-lawyers>, to avoid costly mistakes and ensure you start out in the way that is best suited to your sector of activity.

Visit [www.great.gov.uk/uk/](http://www.great.gov.uk/uk/) for guidance on how to research overseas markets as well as a range of other important issues for exporters.

### **Direct exports and sales in South Africa**

Direct exports means you supply your products direct to the customer. You handle all the logistics of marketing, selling, sending overseas and getting paid.

You may wish to use an agent or distributor, in which case you should look closely at their:

- local business reputation
- financial resources
- regional coverage
- marketing ability

It may be best to appoint a series of agents or distributors to cover different regions in South Africa.

UK DIT's trade specialists can help you identify local representatives for your products in South Africa. See: <https://www.gov.uk/overseas-customers-export-opportunities>.

### **Setting up a business entity in South Africa**

Foreign companies may establish a local branch office in South Africa by registering the branch as an "external company". Any non-resident or foreign company must register within 21 days of establishing an office in South Africa.

Government approval is not required for registration. However, all companies, whether public or private, are required to be audited. Trading names for companies must be registered with the Companies and Intellectual Property Commission (CIPC) at: <http://www.cipc.co.za/za/>.

Contact the DIT team in South Africa at: <https://www.gov.uk/world/organisations/department-for-international-trade-south-africa#contact-us> for more information and advice on opportunities for doing business in South Africa.

### **Online selling to South Africa**

Find out about DIT's E-Exporting programme at: <https://www.gov.uk/guidance/e-exporting>, which can help you export your products to South Africa.

Check out the online marketplaces in South Africa at: <https://selling-online-overseas.export.great.gov.uk>, where UK DIT has negotiated listings at better-than-commercial rates.

### **Licensing or franchising in South Africa**

Franchising provides a good market entry into the South African marketplace, and is particularly common in Johannesburg and Pretoria.

Several business laws apply to franchising and copyrights – such as the Consumer Protection Act, Copyright Law, Common Law, Contract Law and Intellectual Property Law, which are vigorously adhered to. You should seek legal advice. Consult legal professionals at: <https://www.gov.uk/government/publications/south-africa-list-of-lawyers>. Additional information on franchising in South Africa can also be found at the Franchise Association of Southern Africa (FASA) at: <http://www.fasa.co.za/>.

You can visit the international section of the British Franchise Association at: <http://www.thebfa.org/international> for more information on franchising.

You should conduct due diligence checks once you have chosen your method of entry into the market.

*[Source – DIT/ gov.uk]*

### Getting finance to fulfil an export contract to South Africa

Globally, South Africa ranks 62nd out of 190 economies in the World Bank's "Doing Business – ease of getting credit" report 2017. See: <http://www.doingbusiness.org/data/exploreeconomies/south-africa>.

To make it easier to fulfil an export contract and grow your business, schemes are available to UK companies selling products and services to South Africa. Contact your bank or specialist financial organisations for assistance.

South African capital markets are top-rated in the world, making it easy to raise financing. South Africa has a strong services sector.

There are limits on the amount of currency you can bring into South Africa. For cash in South African Rand (ZAR), the limit is ZAR 25,000. For combinations of cash in other currencies, the limit is US \$10,000 (or equivalent). You should declare any amount higher than this on entry to South Africa.

UK Export Finance (UKEF) has significant risk capacity to support exports to South Africa. See: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#south-africa>. Contact one of UKEF's export finance advisers at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your finance options.

### Getting paid in South Africa

You may wish to talk to a specialist about finance, including how to get paid in South Africa. This could be a bank, an accountant or you can contact the UK DIT team in South Africa at: <https://www.gov.uk/world/organisations/departments-for-international-trade-south-africa#contact-us> to help find a financial adviser in South Africa.

Your contract will specify the terms for payment. If there is any dispute you will need to go through the South African legal system for resolution.

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#### Financial Institution



## Shipping & Logistics



## Law / Legal Services



## Audit Tax & Advisory



## Case Study (from a UK based company with proven success in South Africa)



## Insurance



## Office Solutions / Office Services



## Market Entry / Professional Business Services



## Forex / Money Exchange Services



## ICT / Telecommunications



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Contact IMA  
International Market Advisor  
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