



EXPORT STRATEGY for SMME'S

**Department
of Economic
Development
& Planning**



Mpumalanga Provincial Government



Export strategy for SMMEs

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FOREWORD



There is a growing international trend in support for an approach to development which prioritises the development of trade links in general, and there usually are special donor funds for SMMEs as they are deemed to promote a flexible, innovative and competitive economic structure which is vital for responding to changing global trends and overall competitiveness. Moreover, the small business sector reportedly has, generally, a high labour absorptive capacity and, thus, plays a crucial role in helping the previously disadvantaged and marginalised people to participate in the economy.

South Africa's global trade strategy is in the form of what is called the butterfly approach, with the wings spreading to South America and Southern Asia and the body headed towards Europe through Africa. In pursuit of this strategy there have been bi-lateral and multilateral agreements concluded with other countries, with foreign trade representatives doing the spade work in foreign countries and the Department of Trade and Industry offering export incentives through the Incentive Marketing and Investment Assistance Scheme (EMIA).

Participating in the domestic trade is one thing, but engaging in global trade is another. Engaging in global trade, therefore in export/import markets, requires more knowledge, skills, and strategies. The lack of this knowledge and skills has proved to be a barrier to many who want to engage in trade internationally. This has been felt more so by those who aspire to be part of the export sector as there are huge gains to be made in the markets that are increasingly becoming available to South Africans.

The Mpumalanga Province Small Exporters Strategy, therefore, seeks to remedy the lack of knowledge, skills, information, and the fear of taking risks, through the provision of information, some basic knowledge, and some assistance to both existing and prospective exporters. It also aims to foster an export culture for the benefit of the country as a whole.

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EXECUTIVE SUMMARY

The Mpumalanga Small Exporters Strategy is an adaptation of the National Small Exporters Strategy. The emphasis is on the environmental, strategic and functional levels of export marketing with the focal point being on both the developmental and the marketing aspects.

Basically the strategy comprises the small export programme which seeks to identify SMMEs who are exporters or potential exporters and organise them to form synergy in their export effort- it comprises the institutional framework required to advise the government on how to develop and promote the province's export sector; and finally, it comprises the function of facilitating, co-ordinating, and integrating the various detailed aspects of the strategy.

Target sectors have been categorised and linked to the provincial industrial strategy, namely, tourism, wood, wool, agro-food and non-food, petrochemical and steel.

The envisaged services are training on the management of export businesses, training on product development and quality control access to international market opportunities, access to finance, access to relevant information, and utilisation of exhibitions and trade missions.

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INTRODUCTION

The strategy comprises three elements:

- the Small Exporters Programme,
- the institutional framework, and
- the facilitation, co-ordination, and integration of the programme.

A. THE SMALL EXPORTERS PROGRAMME

This is an adaptation of the programme developed by the DTI together with the industry itself and the nine provinces to:

IDENTIFY:

- (i) Enterprises within the Arts and Crafts Sector
 - that are actively involved in the export business (i.e. active exporters), and
 - those that are export ready (i.e. those with the potential for exporting); and the
- (ii) SMMEs in all sectors
 - that are actively involved in the export business (i.e. active exporters) but are in need of support, and
 - those that are export ready (i.e. those with the potential for exporting);

AND

Jointly, with them, DEVELOP and IMPLEMENT an Export Strategy to enable them to break entry barriers into global markets and to realise their export goals.

The target is assistance, for the next three years, to a minimum of ten new exporters each year to break into export markets.

This new and intensive programme will integrate efforts at both National and Provincial levels. Provincial export businesses will be encouraged to participate in the programme and to influence the strategy - at both individual and sector levels - by participating in the Mpumalanga Small Exporters Forum.

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Elements of the programme include workshops at local level aimed at helping companies to assess their readiness to export (companies that are not export ready will be assisted to develop through other programmes, e.g. the TIDP).

Participants in the programme will be provided with in depth assistance to help them focus on Export Development Areas such as Research, Market selection, Competitive Analysis, Financial Implications and Administrative Procedures involved in Exporting.

Financial assistance in terms of the EMIA scheme will be made available to participants to assist them with the cost of field Research, Sales Visits, Trade Fairs Participation, etc.

The DTI's network of Trade Representatives will play a major role in this programme by helping companies at individual or sector level to research the market, identify and analyse the competition, identify potential importers/buyers, etc.

B. THE DELIBERATIVE INSTITUTIONAL FRAME WORK TO BE KNOWN AS "THE MPUMALANGA SMALL EXPORTERS FORUM".

This Forum is a proposed vehicle which, in partnership with the Small Exporters National Advisory Committee (SENAC), the DTI and the Mpumalanga Province's Department of Economic Development and Planning, will cause support to be brought to SMMEs in their export business endeavours through the supply of quality information and by speaking for them with authority on issues relating to exports.

Its stakeholders are the:

- Provincial government departments affected by the activities of small exporters, e.g. Economic Development and Planning, Agriculture, Conservation and Environment.
- Sports, Recreation, Arts & Culture.
- Other government-supported institutions, e.g. The MII, the VET Desk, the Mpumalanga Economic Empowerment Corporation, and the Khuthala Project.

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- **SMMEs in the target export sectors (See article 4 below).**
- **Service providers in the export sector.**
- **Tertiary institutions.**

This Forum will influence discussions on the development of the National Export Promotion Strategy for SMMEs and will promote and/or work towards:

ADDING VALUE

CREATING EXPORT AWARENESS AND CULTURE

RESPONSIVENESS TO CLIENTS NEEDS

ENSURING DELIVERY IN A CUSTOMER FRIENDLY FASHION

PROMOTING, LINKING AND NETWORKING: SYNERGY

INCREASED FOCUS

CHALLENGES FACED BY SMMEs

THIS STRATEGY IS AIMED AT ADDRESSING ISSUES AND CHALLENGES FACED BY SMALL BUSINESSES IN THEIR EFFORTS TO ACCESS INTERNATIONAL MARKETS

ISSUES

- **Fear of big export volumes.**
- **Fear of local labour laws (e.g. excess personnel employed to execute seasonal export orders are not easily dismissed at the end of the season).**
- **Lack of financial resources.**
- **Access to raw materials.**

CHALLENGES

- **Various issues relating to market access.**
- **Lack of appropriate infrastructure (especially in rural areas) for example: fax, e-mail, etc.**
- **Bad or lack of communication among role players.**
- **Developing the "Hub Concept" or the "Trading House Concept".**
- **Lack of market exposure.**
- **Product development: diversity, meeting world standards, safety and health regulations.**
- **Training and technology development.**
- **Developing the concept of sub-contracting.**

Export strategy for SMMEs

1. VISION

TO CREATE, IN THE MOST COST-EFFECTIVE WAY, A CLIMATE AND AN ENVIRONMENT WHICH WILL SECURE ACCESS TO INTERNATIONAL MARKET OPPORTUNITIES FOR THE SMMEs AND ARTS & CRAFTERS

2. MISSION

TO ASSIST EXPORT-READY (POTENTIAL) SMMEs IN OVERCOMING BARRIERS AND CONSTRAINTS TO GLOBAL MARKET ACCESS

3. OBJECTIVE

TO IDENTIFY AND ASSIST AT LEAST 10 SMMEs PER ANNUM TO ENTER THE INTERNATIONAL MARKET

4. TARGET SECTORS

The Mpumalanga Province's strategy of prioritisation, except in the case for arts & crafts, is closely linked to the provincial strategy of industrial clusters, namely

- **Tourism cluster**
- **Wood cluster**
- **Agro-food and non-food clusters**
- **Wool cluster**
- **Petrochemical cluster**
- **Steel cluster**

Targeting includes all the SMMEs in the following economic sectors:

ARTS AND CRAFTS:

Beadwork/jewellery/embroidery

Textiles/Weaving

Art Paintings/Screen Printing

Ceramics/Pottery

Carving

Handmade toys

Grass work and baskets

Export strategy for SMMEs

5. SERVICES/PRODUCTS/OUTPUTS

- 5.1 The compilation and management of the database of active and export ready SMMEs (existing and potential)
- 5.2 Training on the management of export businesses
- 5.3 Product development and quality control training
- 5.4 Access to international market opportunities
- 5.5 Access to export finance
- 5.6 Utilisation of exhibitions and trade missions as marketing tools
- 5.7 Access to relevant information
- 5.8 Establishment of the institutional framework

6. PROGRAMMES

6.1 COMPILE AND MANAGE THE DATABASE OF SMALL EXPORTERS (Existing and Potential)

To develop the process of compiling and managing the database of export ready and active exporters of goods manufactured in Mpumalanga Province.

6.1.2 List of activities/Products/Services

- 1 Identify all the SMMEs actively involved in the export trade.
- 2 Identify the SMMEs that are export ready.
- 3 Develop a programme to be used to sort the data using variables such as industry, type of products, etc.

6.1.3 Strategies for activities 1, 2 and 3.

- 1 Develop a programme for the management of the database
- 2 Design a standard form requiring basic information on the exporters.
- 3 Distribute forms to and collect completed forms from, all SMME institutions and capture information onto the computer.
- 4 Update database continuously. (Ntsika has been asked and has undertaken to develop a database of SMMEs in the medium to long term.)
- 5 Maintain a database of willing and active participants therefore, a nominal registration fee should be paid.

Export strategy for SMMEs

6.1.4 Timing

Immediate implementation.

6.1.5 Responsibility

DEDP in partnership with the MII and the DTI.

6.2 PROVIDE TRAINING ON THE MANAGEMENT OF EXPORTING BUSINESSES

6.2.5 Vision

To enhance the skills, expertise and know-how of SMMEs and to create an export awareness and a will to grow and prosper.

6.2.2 Mission

To develop a policy and planning framework that will facilitate, co-ordinate and mobilise all stakeholders and service providers involved in training, education and skills improvement in such a way that improved skills, expertise and know-how will lead to efficient, successful SMME export business. This will ultimately lead to employment creation, wealth and a high level of economic development.

6.2.3 Objectives

- 1 To identify the education and training needs of SMMEs— that are actively exporting and those that are export ready,
- 2 To ascertain the existing export education and training programmes available in South Africa on a basis for the SMME exporters training programme.
- 3 To address the education and training needs of the small exporters sector in such a way that at least ten new export businesses will embark on exports each year.
- 4 improve the accessibility of training and education to the sector
- 5 To provide support services to first time exporters.
- 6 To facilitate the most cost effective means of technology transfer and training,
- 7 To improve the export skills, expertise and level of know-how of all people in the sector.
- 8 To develop a training programme specifically for potential exporters.

Export strategy for SMMEs

6.2.4 List of Activities/Products/Services

- 1 Arrange workshops to create awareness of export processes;**
- 2 Build capacity and empower relevant stakeholders to be able to offer continued support to the SMMEs;**
- 3 Determine the export training programmes available and the institutions involved, and facilitate the appropriate technical and skills training at both school and tertiary level.**

6.2.5 Timing

Immediate implementation.

6.2.6 Responsibility

DEDP in partnership with the DTI, and MII.

6.3 ASSIST SMMEs ACCESS THE INTERNATIONAL MARKET OPPORTUNITIES

6.3.1 Vision

To create, in the most effective way, a climate and an environment which will secure access to international market opportunities for the SMMEs.

6.3.2 Mission

To provide a policy/ planning framework that will facilitate, coordinate and mobilise all stakeholders and service providers to improve access to market opportunities and to promote exports of arts and crafts and related industries with the view to creating employment and wealth and to secure economic development and empowerment of people from this sector.

6.3.3 Objectives

- 1 To improve access to markets and market opportunities**
- 2 To create a display window for participants through the MII Export Trade Centre**
- 3 To facilitate the creation of a world wide network and liaison with other trade houses/centres e.g. the World Trade Centres, etc.**

6.3.4 Activities/Products/Services

- 1 Establishment of the MII Export Trade Centre**

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- 2 Liaise with foreign trade offices
- 3 Facilitate the establishment of an organised structure, e.g. a co-operative in the arts and crafts sector (or a section 21 company with a limited life for the purpose of developing and/or harmonising this sector.)
- 4 Study one African country to learn from their experience.
- 5 Create a web-site with pictures of products.

6.3.5 Timing

For immediate implementation

6.3.6 Responsibilities

DEDP in partnership with the DTI, and MII.

6.4 ASSIST SMMEs TO ACCESS THE EXPORT FINANCE

6.4.1 Objective

To look into ways and means of resolving the problem of lack of finance to enable the SMMEs to meaningfully participate in export activities.

6.4.2 Activities/Products/Services

Look into the different ways the small exporters could be assisted financially in order to:

- i) effectively utilise the DTI's Export Financial Assistance Schemes
- ii) honour export orders
- iii) enhance their full participation in global trade.

6.4.3 Strategy

Facilitate the provision of bridging finance to the SMMEs

6.4.4 Timing

Immediate implementation

6.4.5 Responsibilities

DEDP in partnership with the DTI (and MEEC).

6.5 ENSURE EFFECTIVE USE OF EXHIBITIONS AND TRADE MISSIONS

6.5.1 Objective

To expose exporting small businesses to overseas markets through exhibitions and trade missions

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6.5.2 Activities/Products/Services

Prepare a matrix of trade missions for all eight sectors for distribution to stakeholders.

TRADE MISSIONS

- Undertake at least one Trade Mission with the SMMEs into Africa annually.
- Enhance the effective participation of the SMMEs in sectorial Trade Missions abroad.
- Enhance the effective participation by the Arts and Crafts Sector in the trade missions to targeted markets abroad.

INTERNATIONAL EXHIBITIONS

- Enhance the effective participation of SMMEs in sectorial exhibitions abroad
- Enhance the participation of the Arts and Crafts Sector in international exhibitions

6.5.3 Strategy

- Make use of SMME institutions to inform SMMEs about planned trade missions and international exhibitions.
- Maintain close links with the Ntsika EU-funded programmes regarding their business linkages programme.
- Encourage SMMEs to use EMIA schemes.
- Enlist the services of other organisations that are involved in export development of SMMEs, e.g. GTZ, etc.

TRADE MISSIONS

- Organise at least one Trade Mission to targeted markets for the Arts and Crafts sector
- Encourage the sector to participate on these exhibitions and trade missions
- Arrange pro-mission seminars for selected participants in trade missions

INTERNATIONAL EXHIBITIONS

- Enlist the help of trade representatives abroad in identifying viable trade fairs and exhibitions world-wide on which SMMEs and crafters can participate
- Offer on-site training on how to exhibit at fairs like Decorex and SAI-TEX
- Organise Arts and Crafts Sector to participate in the National Exhibitions abroad

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- Ensure that the selected participants have the required funds

6.5.4 Timing

Immediate implementation

6.5.5 Responsibilities

DEDP in partnership the MII and the DTI

6.6 ASSIST SMMEs TO ACCESS INFORMATION

6.6.1 Objective

To package all relevant information and ensure that it is made available or is accessible to all SMMEs in the province

6.6.2 Activities/Products/Services

- Guidelines for export audits to determine export readiness
- Available training and education programmes and how to participate
- Role, function and objectives of the Small Exporters National Committee
- Export opportunities in response to enquiries from abroad
- Organisations offering assistance to get started
- Programmes of activities for the year
- How to access markets and market information
- Access to export finance
- Financial assistance available for training, product development, etc.
- Access to agents and distributors and their role and function
- Exhibitions and trade fairs plus qualifying criteria

6.6.3 Communication Strategy

Through the following means:

(i) STAKEHOLDERS

- The DTI
- (MEEC)
- National and provincial Departments of Arts & Culture
- Chamber's of Commerce
- LBSC's and NGO's
- Service providers
- MII
- Financial institutions
- Ntsika and Khula

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- District Councils
- Municipalities (TLCs)

(ii) MEDIA

- Print and electronic media

(iii) ROADSHOWS

- Co-ordinated, planned and executed to reach remote rural areas through short presentations.

6.6.4 Timing

Immediate implementation

6.6.5 Responsibilities

DEDP in partnership with MII and the DTI

6.7 ESTABLISH THE INSTITUTIONAL FRAMEWORK

The institutional framework for the deliberative body and for the function of co-ordination, and integration of the programme.

6.7.1 Install the Export Programme Co-ordinator

6.7.1.1 Objective

To provide guidance and information to exporters, importers, foreign importers, investors and all external trade stakeholders, and to co-ordinate and integrate prioritised SMME export programmes.

6.7.1.2 Stakeholders

- Business community
- Existing and potential exporters
- NGOs, GOs and parastatals
- Service providers
- Foreign importers and investors
- Government departments
- Sectorial desks
- Foreign Offices

6.7.1.3 Activities/Products/Services

- Participate in maintaining database
- Disseminate to relevant people information impacting their activities
- Identify and log enquirer's needs

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- Respond to enquirer's needs through
 - Own or database information
 - Referrals to relevant people and stakeholders
 - Researching the subject: web, publications, outside sources, etc.
- Advise on export/import paperwork, release of goods, and transport options.

6.7.1.4 Strategy

- Work closely with MII.
- Monitor the progress of businesses that have been assisted and, if necessary, arrange for further/additional assistance.

6.7.1.5 Timing

Immediate implementation.

6.7.1.6 Responsibilities

DEDP

6.7.2 Establish the Mpumalanga Small Exporters Forum

6.7.2.1 Objective

To organise SMME exporters into a structure that will inform and influence policy and strategy towards the success of small exporters in Mpumalanga.

6.7.2.2 Activities

- Workshop the concept of the Forum with provincial departments and parastatals.
- Workshop the concept with all service providers operating in the SMME export sector.
- Workshop the concept in the three regions of Mpumalanga Province with all stakeholders and elect the Forum's Steering Committee.

6.7.2.3 Timing

Immediate Implementation

6.7.2.4 Responsibility

DEDP

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LIST OF ABBREVIATIONS:

DEDP	Department of Economic Development and Planning
DTI	Department of Trade and Industry
GTZ	German Technical Corporation
LBSC	Local Business Service Centre
MEEC	Mpumalanga Economic Empowerment Corporation
MII	Mpumalanga Investment Initiative
NGO	Non Governmental Organisation
SAITEX	South African International Trade Exhibition
SENAC	Small Exporters National Advisory Committee
SMME	Small, Medium and Micro Enterprise
TIDP	Trade and Investment Development Programme
TLC	Transitional Local Council
VET	Vocational Education and Training



**MPUMALANGA PROVINCIAL GOVERNMENT
DEPARTMENT OF ECONOMIC DEVELOPMENT & PLANNING**

MANDATE

To drive all economic development and economic planning initiatives in the province

OBJECTIVES

To identify and assist business particularly SMMEs to access international markets

Provide training on exporting

Assist SMMEs to access trade related information

Assist SMMEs to access international market opportunities

Assist SMMEs to access export finance

Contact us:

Building No 4
No. 7 Government Boulevard
Riverside Park Extension 2
Nelspruit
1200
South Africa

Private Bag X 11215
Nelspruit, 1200
Tel : 013 766 4200/4562
Fax : 013 766 4614/4599
Int : +27 13 766 4200
Int : +27 13 766 4614

Visit us @ www.mpumalanga.gov.za/dedp