

STEP-BY-STEP

Export manual

FOR THE

South African fruit industry

August 2010



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

fpéf SOUTH AFRICA
Fresh Produce Exporters' Forum

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DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES



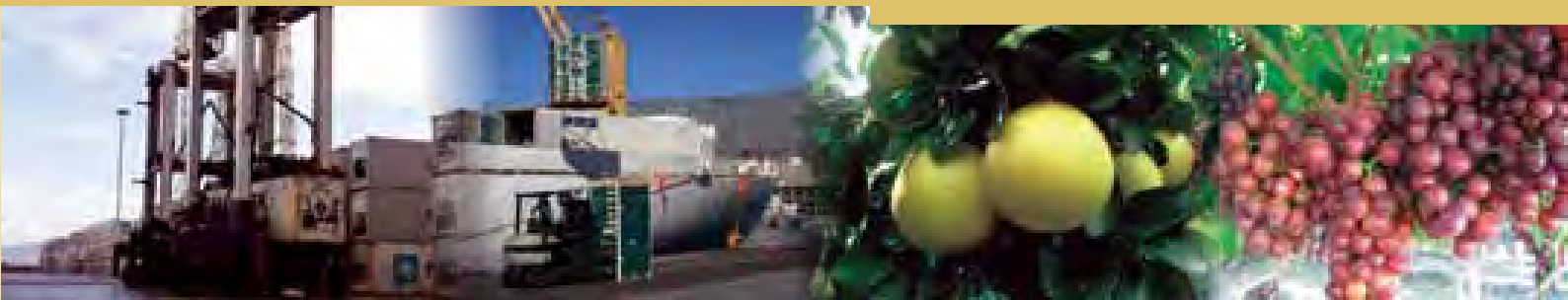
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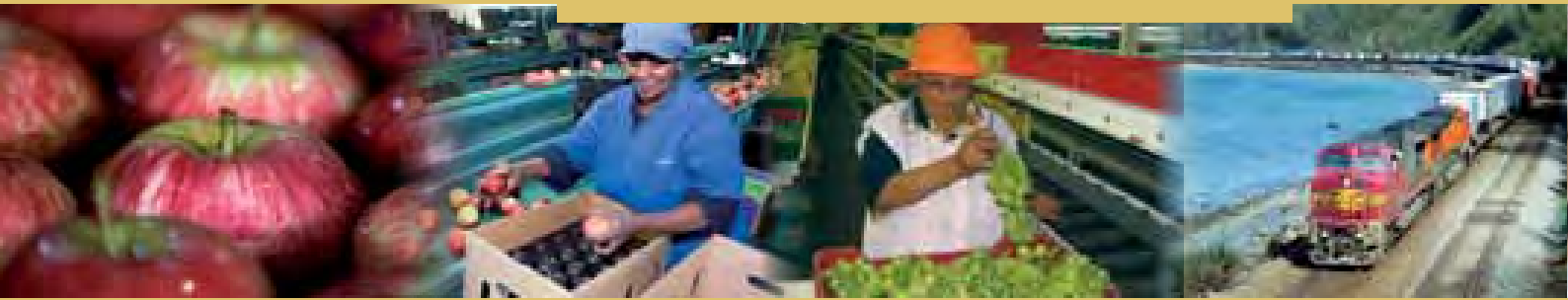
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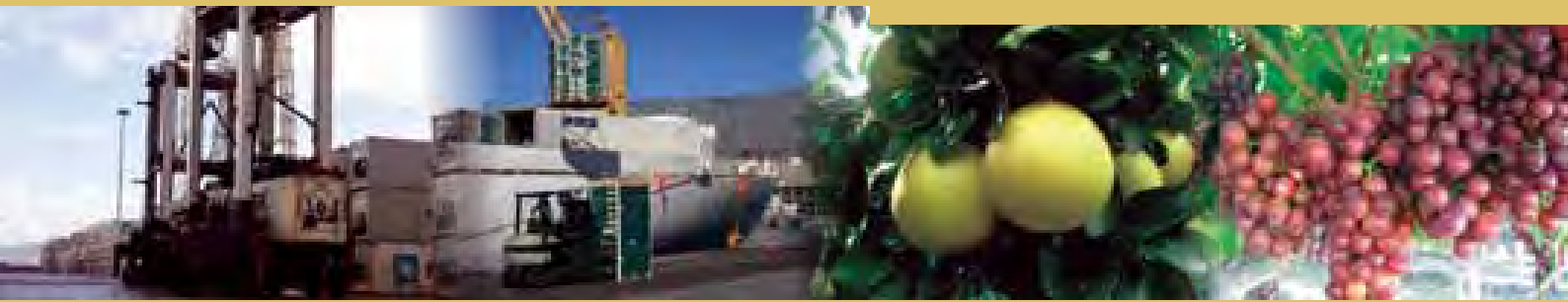
ACRONYMS AND ABBREVIATIONS

AGOA	– African Growth and Opportunity Act
APS	– Agricultural Product Standards (Act)
AQSIQ	– Administration of Quality Supervision, Inspection and Quarantine
CBS	– citrus black spot
CCS	– Commercial Cold Store
CD	– Container Depot
CGA	– Citrus Growers' Association
CIF	– Cost Insurance Freight
Cites	– Convention on International Trade in Endangered Species
CRI	– Citrus Research Institute
CSIR	– Council for Scientific and Industrial Research
DAFF	– Department of Agriculture, Forestry and Fisheries
D: APIS	– Directorate Agricultural Product Inspection Services, DAFF
DFPT	– Deciduous Fruit Producers' Trust
D: FSQA	– Directorate Food Safety and Quality Assurance, DAFF
D: ITR	– Directorate International Trade
DIP	– Delivered in Port
D: PH	– Directorate Plant Health, DAFF
dti	– Department of Trade and Industry
ECIC	– Export Credit Insurance Corporation Ltd
EBTIDA	– Earnings Before Tax, Interest, Dividends and Amortisation
EC	– European Commission
EFTA	– European Free Trade Agreement
EMIA	– Export Marketing and Investment Assistance
EU	– European Union
EUREP	– Euro Retailer Group
FBO	– Food Business Operator
FDI	– Foreign Direct Investment
FFPT	– Fresh Fruit Producers' Trust
FOB	– Free on Board
FPEF	– Fresh Produce Exporters' Forum
GAP	– Good Agricultural Practices
GSP	– General System of Preferences
HD	– Historically Disadvantaged
IPPC	– International Plant Protection Convention (FAO)
IDC	– Industrial Development Corporation
NEF	– National Empowerment Fund (Trust)
NP	– National Pavilions
NPPO	– National Plant Protection Organisation
OIM	– Outward Investment Missions
OSM	– Outward Selling Trade Missions





- PFMA** – Public Finance Management Act
- PHC** – Pack-House Code
- PIPAS** – Provincial Investment Promotion Agencies
- PMR** – Primary Market Research
- PPOCES** – Processing Plant Code
- PPECB** – Perishable Products Export Control Board
- PUC** – Production Unit Code
- QMS** – Quality Management System
- SA** – South Africa
- SAAGA** – SA Avocado Growers’ Association
- SABS** – South African Bureau of Standards
- SACU** – South African Customs Union
- SADC** – Southern African Development Community
- SAECS** – South Africa Europe Container Service
- SAMAF** – South Africa Micro Finance Apex Fund
- SARS** – South African Revenue Service
- SATI** – South African Table Grape Industry
- SEDA** – Small Enterprise Development Agency
- SMME** – Small, Medium and Micro Enterprise
- SPS** – Sanitary and Phytosanitary
- TDCA** – Trade, Development and Cooperation Agreement
- TRANS** – Transport Operator
- US** – United States
- USDA** – United States Department of Agriculture
- UK** – United Kingdom
- WTA** – world trade atlas
- WTO** – World Trade Organization



INTRODUCTION

Why this manual?

Currently the Directorate: International Trade receives many inquiries from potential traders ranging from how to export, where to export, what are the requirements needed to meet the standards of the importing countries and who to contact for such information. This manual aims to provide answers to exporters' questions regarding the requirements for exporting fruit.

For whom is the manual?

Potential fruit exporters who want to know more about what to do and whom to contact about becoming a fruit exporter should find this information useful.

Using the manual

This manual is intended to provide a deeper understanding of processes and requirements applicable to fruit exporters in South Africa. It is structured as follows:

Chapter one provides information on how to register with the South African Revenue Services (SARS) as an exporter or importer.

Chapter two provides guidance on how to register for production and inspection with the Department of Agriculture, Forestry and Fisheries (DAFF). It also gives information on export protocols for markets with specific phytosanitary requirements ('special markets') and registration for phytosanitary certificates.

Chapter three has information on packaging, traceability of the product and labelling. It also has a list of pack houses in South Africa.

Chapter four provides information about quality control and phytosanitary management and control. This includes inspection and phytosanitary requirements for special markets.

Chapter five has a list of documentation for exportation of fresh produce.

Chapter six is about standards that are required by private companies or individual retailers. These standards are not set through bilateral government-to-government agreements.

Chapter seven provides information about modes of transport that can be used when exporting and it has a description of standard commonly used terms that are used in international sales contracts.

Chapter eight has an illustration of a cost breakdown of a shipment, showing percentages of money spent in different stages of a value chain.

Chapter nine provides information on fruit industry associations and export councils that can assist one with more information on how markets operate; various associations can provide some coaching and guidance to prospective exporters.

Chapter ten has a list and contact details of training institutions that can provide training in export readiness and other export-related topics.

Chapter eleven provides information about various sources of financial support available for exporters both in the government and private sector.

Chapter twelve provides a checklist that potential exporters can use to check if they are ready to export their products.

Chapter thirteen provides references to some databases that can be used for market analysis when searching for potential markets and when an exporter wants to investigate its competitors.



1. REGISTRATION WITH SARS AS AN EXPORTER OR IMPORTER

All exporters need to register with SARS, specifically with Customs and Excise, a division of SARS. SARS/Customs and Excise have a multitude of interconnected forms that must be completed for different requirements. Individuals, sole proprietors, companies, close corporations and trusts can all register as exporters. When you register, you will be issued with a customs client number and an exporter registration number.

SARS web address

www.sars.gov.za

Head Office: Pretoria
Building: Lehae la SARS
Telephone number: +27 12 422 4000
Fax number: +27 12 422 6820

Physical address

299 Bronkhorst Street
Nieuw Muckleneuk
Pretoria

Postal address

Private Bag X923
Pretoria
0001

Business hours

Weekdays 07:30 – 16:15

Below is a list of categories for which an exporter can register:

- (a) You want to register as a general exporter and do not plan to take advantage of any of the trade agreements that South Africa has in place.
www.exporthelp.co.za/documentation/exporter_registration.html#general#
- (b) You want to register as an exporter under the AGOA (African Growth and Opportunity Act) trade agreement (to the US).
www.exporthelp.co.za/documentation/exporter_registration.html#agoa#agoa
- (c) You want to register as an exporter of GSP (General System of Preferences) goods to the following countries: the European Union, Norway, Switzerland, Russia and Turkey.
www.exporthelp.co.za/documentation/exporter_registration.html#gsp#gsp
- (d) You want to register as an approved exporter in terms of the TDCA (Trade, Development and Cooperation Agreement) that exists between the European Community (EC) and South Africa.
www.exporthelp.co.za/documentation/exporter_registration.html#tdca#tdca
- (e) You want to register as an approved exporter in terms of the SACU-EFTA (South African Customs Union-European Free Trade Agreement) trade agreement.
www.exporthelp.co.za/documentation/exporter_registration.html#sacu#sacu
- (f) You want to register as an exporter in terms of the SADC (Southern African Development Community) trade agreement.
www.exporthelp.co.za/documentation/exporter_registration.html#sadc#sadc



2. PRODUCTION REGISTRATION

2.1 Registration and inspection services by DAFF

2.1.1 Registration as a Food Business Operator (FBO)

The exporter or value chain operator will need to register the farm's agricultural Production Unit Code (PUC) as a Food Business Operator (FBO) and obtain a PUC to be able to export to other countries including special markets. Those who have food business operations other than for exports must also register their businesses to obtain codes. The various codes are: Pack House (On-farm)/(Off-farm) to get a Pack House Code (PHC), Production Unit Code (PUC), Commercial Cold Store Code (CCS), Processing Plant Code (PPOCES), Container Depot Code (CD), and Transport Operator Code (TRANS).

This is mandatory and it is done at the Department of Agriculture, Forestry and Fisheries, Directorate Food Safety and Quality Assurance (D: FSQA). The FBO registration forms can be accessed on the DAFF website: www.daff.gov.za ← Divisions ← Food Safety and Quality Assurance ← Food Business Operator Codes.

Contact Director: FSQA at +27 12 319 7306 or email DFSQA@daff.gov.za for more information. Alternatively contact +27 12 319 6004/6058/6512 or email bernardma@daff.gov.za or hanliew@daff.gov.za. The department will issue a PUC, which must be marked on every container carton for products destined for sale on the local as well as export market. The container must be marked with the name and address of the producer, exporter or owner of the carton. This is done to facilitate traceability for food safety, quality, sanitary and phytosanitary reasons.

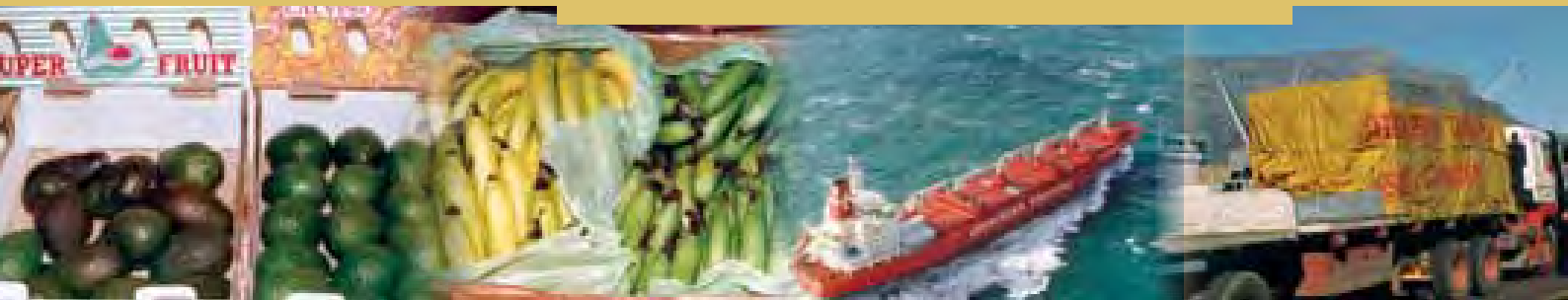
2.1.2 Phytosanitary registration and approval for special markets

The department has negotiated bilateral agreements (protocols) with various countries for different products. These specify the requirements to reduce the risk of quarantine pests and diseases. The information is accessible on the department's website. A producer or pack house manager or inspection point manager who is intending to export fruit to special markets, must apply for phytosanitary approval and registration of their FBO (it applies for PUC and PHC only) at the Directorate Plant Health. Obtain the application forms at: www.daff.gov.za ← Divisions ← Plant Health ← Exporting from SA ← Phytosanitary registrations for special export markets ← Application Forms for PUC Registration 2010. Alternatively, contact the Director: Plant Health at +27 12 319 6529 or email: PA.DPH@daff.gov.za or DPH@daff.gov.za. It is mandatory to apply for approval to export to special markets.

Special markets are listed below or listed on the website link: www.daff.gov.za ← special export protocols ← programmes ← directives. If exporters do not yet meet the requirements for the special markets they can direct their exports to other markets either locally or to countries with less stringent market requirements and not listed as special markets. Producers or exporters must obtain the official phytosanitary import requirements of the country to which they want to export through the relevant client or importer. Contact the department (Directorate: Plant Health) for assistance.

Only production units and pack houses (i.e. PUC and PHC) that are registered with the department (Directorate: Food Safety and Quality Assurance) and have registered FBO codes are allowed to apply for phytosanitary approval and registration for special markets. To verify if your PUC and PHC codes are updated or registered by D: FSQA please go to www.daff.gov.za ← Divisions ← Food Safety and Quality Assurance ← Food Business Operator Codes and FBO codes (PUCs). The closing dates for applications for updating FBO codes or phytosanitary registration for special markets are indicated annually on the departmental website.

By completing the relevant form, the producer confirms that the production unit or pack house complies with the phytosanitary measures of the relevant importing countries. Compliance is the responsibility of the exporters, with the assistance of their representative commodity organisations, e.g. the Citrus Growers' Association (CGA), the Fresh Fruit Producers' Trust (FFPT), the Fresh Produce Exporters' Forum (FPEF), the South African Table Grape Industry (SATI), the Deciduous Fruit Producers' Trust (DFPT) and the Citrus Research Institute (CRI). Completion and submission of the



form do not guarantee automatic approval to participate in the export programme to special markets. All facilities (PUC and PHC) must go through the process of phytosanitary inspection and verification for compliance by the Directorate: Agricultural Products Inspection Services (D: APIS). Depending on the outcomes of the inspection, the units may or may not be approved.

Confirmation of the approved facilities is sent to the relevant importing country for final approval. The DAFF website is regularly updated in respect of PUCs and PHCs currently approved for export. A registration fee revised annually is payable into the department's bank account. Contact the Directorate: Plant Health (D: PH) for the amount and banking details or consult the departmental website.

All registration documents must be accompanied by proof of payment. Failure in this regard will result in the facility not being registered. The application forms must be couriered to the following physical address¹ (use door-to-door courier service only):

Room 459 or 457 or 439 or 440
 Harvest House Building
 Department of Agriculture, Forestry and Fisheries
 30 Hamilton Street
 Arcadia, Pretoria, 0002

Director: Plant Health

Attention to: Ms Juliet Maja (Tel: +27 12 319 6178)
or
 Mr Ndivhuwo Tshisudzungwane (Tel: +27 12 319 6026)
or
 Ms Faith Thobela (Tel: +27 12 319 6151)
or
 Ms Khomotso Mashala (Tel: +27 12 319 6289)

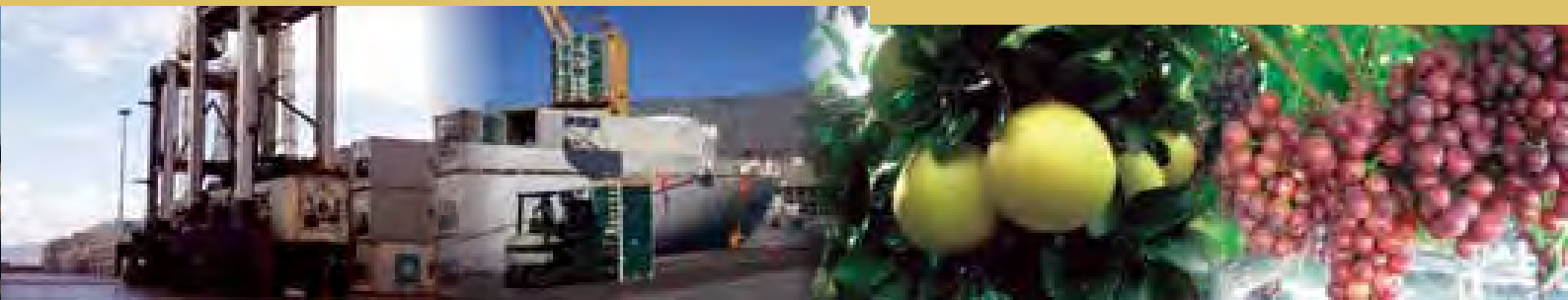
2.1.3 Website links for special market phytosanitary registration

Detailed information regarding the special markets and the requirements of each is accessible on the department's website by following these links: www.daff.gov.za ← Divisions ← Plant Health ← Exporting from SA

The following are countries with which South Africa has bilateral agreements (export protocols) or for which specific phytosanitary requirements are required:

	Country	Fruit type
Citrus fruits	China	All types of citrus (mandarins, sweet oranges, lemons and grapefruit) produced in all provinces.
	EU/Trading partner	All types of citrus (mandarins, sweet oranges, lemons and grapefruit) produced in all provinces.
	Iran	All types of soft citrus, oranges, lemons and grapefruit produced from all provinces.
	Japan	Sweet oranges (Valencia variety, Washington variety, Tomango variety and Protea variety), lemons and grapefruit from SA and Swaziland.

¹ Address may change. Please verify on the website for the latest address information



	Country	Fruit type
Citrus fruits (cont.)	South Korea	Sweet oranges (Valencia and navel varieties) produced from all provinces in SA.
	USA	All types of soft citrus, sweet oranges, lemons and grapefruit exported only from officially approved citrus black spot-free areas, i.e. from 28 magisterial districts in the Western Cape and two magisterial districts in the Northern Cape. Additional areas were approved in 2010. Please contact Mr Ndivhuwo Tshisudzungwane (+27 12 319 6026) or Mr Mashudu Silimela (+27 12 319 6241) to get information on the new CBS-free areas recently approved by the USDA.
Deciduous fruits	China	Table grapes
	Israel	Table grapes (produced from the Hex River Valley and Berg River Valley in the Western Cape and the Orange River Valley in the Northern Cape). Persimmons produced from the Greyton and Swellendam Warrenton districts. Additional areas are still under negotiation.
	Mexico	Apples and pears
	Taiwan	Apples
	USA	Table grapes, apples and pears as well as specific stone fruit types (<i>Prunus</i> spp.) – produced in all provinces.

2.1.4 Application of GAPs for phytosanitary registration

An exporter has to apply Good Agricultural Practices (GAPs) and procedures for specific plant pests in order to be able to export to some countries. These phytosanitary GAP documents relate to the quarantine of pests concerned to the importing country, as listed in the relevant bilateral export protocol. Producers that are approved and registered to participate in the relevant export programme must apply the required GAPs. The Directorate: Plant Health can be contacted for more information on this.

2.2 Inspection of orchards

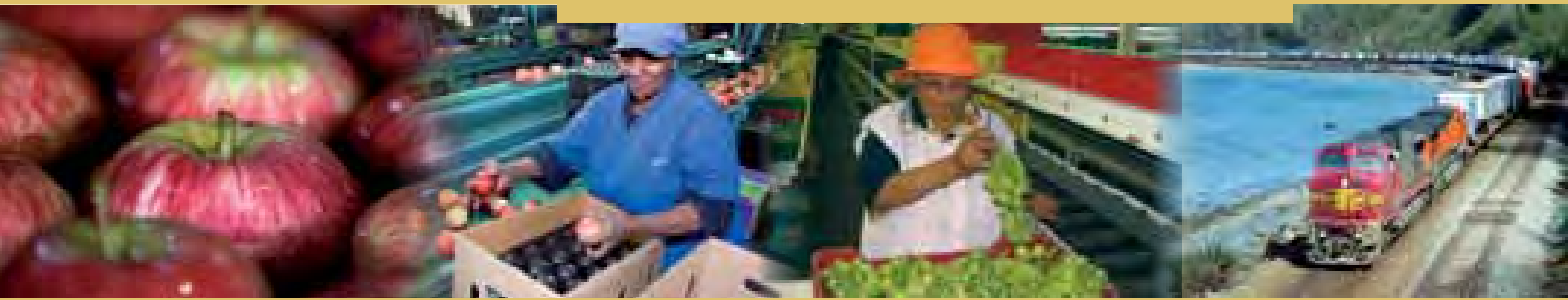
After application for the phytosanitary registration of an orchard or pack house, the relevant unit will be inspected. The inspections are carried out by the DAFF's Directorate: Agriculture Products Inspection Services (D: APIS). The inspections are to ensure that the orchards and pack houses comply with the conditions of the relevant importing countries. For all special markets (including EU countries) the vineyards and orchards must be inspected and verified as being compliant.

For inspections you can contact the Director: APIS at email: DAPIS@daff.gov.za or PA.DAPIS@daff.gov.za, tel: +27 12 319 6535 or Francois Möller at tel: +27 21 809 1634; fax: +27 21 887 9457; FrancoisM@daff.gov.za at Stellenbosch or Kuben Naidoo at tel: +27 31 337 2755; KubenN@daff.gov.za at Durban or Poppie Molebatsi at tel: +27 12 319 6272; PoppieM@daff.gov.za or Wilfred Matshidiso at tel: +27 41 484 2725 in Port Elizabeth. Application forms for the registration of phytosanitary inspection points for special markets may be obtained on the department's website: www.daff.gov.za ← Divisions ← Agricultural Product Inspection Services and Plant Health Inspection.

2.3 Inspection and certification services for special markets including the European Union (EU) and other international markets

2.3.1 Phytosanitary inspections for special markets including the EU

DAFF's D: APIS inspectors are responsible for inspection services for the special markets. For the inspection of orchards and pack houses registered for special markets, the contact details are the same as for the inspection of orchards (please see above).



2.3.2 Inspections for exports to the EU

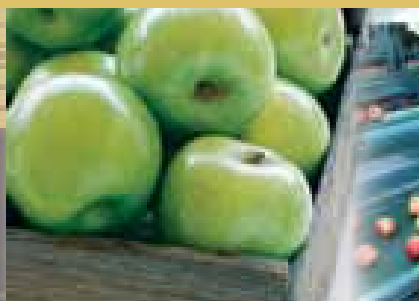
Fresh fruit exported to the European Union (EU) is required to be checked for conformity with the EU marketing standards for quality and labelling before it is allowed to be cleared for free circulation by customs in each EU member state. Certain countries, including South Africa, have been certified by the EU as having an Approved Inspection Service. This means South Africa can produce its own Conformity Certificates that will be accepted as proof of conformity with the marketing standards of the EU.

The European Commission (EC) only gives approval to inspection bodies which are officially recognised and have been given the responsibility to carry out conformity checks. In terms of EC Regulation 1148, the PPECB, as the designated assignee of the DAFF, is authorised to inspect and pass fruit destined for the EU markets on behalf of the EU inspectorate. South African fruit entering the EU markets therefore does not have to undergo quality inspection on arrival at EU ports of destination.

Below is the list of fresh fruit covered by the EU marketing standards:

Apples	Melons
Apricots	Nectarines
Avocados	Oranges
Cherries	Peaches
Clementines	Pears
Grapes	Plums
Kiwi fruit	Satsumas
Lemons	Strawberries
Mandarins	Watermelons





3. PACKAGING, MARKING AND LABELLING

3.1 Packaging and traceability

3.1.1 Traceability

The important issue to focus on is traceability. The FBO codes assist with this to ensure that fresh produce can be traced back to the place where it originated from. A good traceability system links a food safety problem to a specific country, pack house, producer orchard or vineyard. This is important for a number of reasons:

- (a) A problem can be linked to one specific producer rather than a whole group.
- (b) It is a fast and accurate way to get to the source of the problem, which limits risks relating to health and diseases.
- (c) It limits unnecessary costs.
- (d) It limits public concerns and fears.

In South Africa all export cartons must carry certain markings on the packaging of fresh produce which is used to provide the consumer with accurate and relevant information on the product, including information on where it was grown. Markings on the carton must, among others, include the following:

- (a) Produce of South Africa
- (b) Class of the product, for example Class 1
- (c) The name and address of the exporter and/or pack house
- (d) The Producer Unit Code (PUC), now called the Food Business Operator (FBO) code, which is registered with the DAFF
- (e) The product type
- (f) The variety
- (g) The count (or size) of the product

3.1.2 Wood packaging

Wood packaging material is regulated in international trade to reduce the risk of introduction and/or spread of the associated quarantine pests. All regulated wood packaging material (e.g. wooden pallets) must be debarked, treated with methyl bromide or heat treated and bears the relevant IPPC mark to indicate that it complies with ISPM 15. The IPPC mark should be legible, permanent and not transferable, placed in a visible location, preferably on at least two opposite sides of the pallet.

3.1.3 Inspection and auditing

The PPECB inspects all fresh produce at the points of inspection to ensure that it conforms to export quality requirements. Website of PPECB: www.ppecb.com; tel: +27 21 930 1134; fax: +27 21 939 6868; email: ho@ppecb.com

DAFF audits its assignee, the PPECB, at the points of inspection: ports, pack houses and container depots.



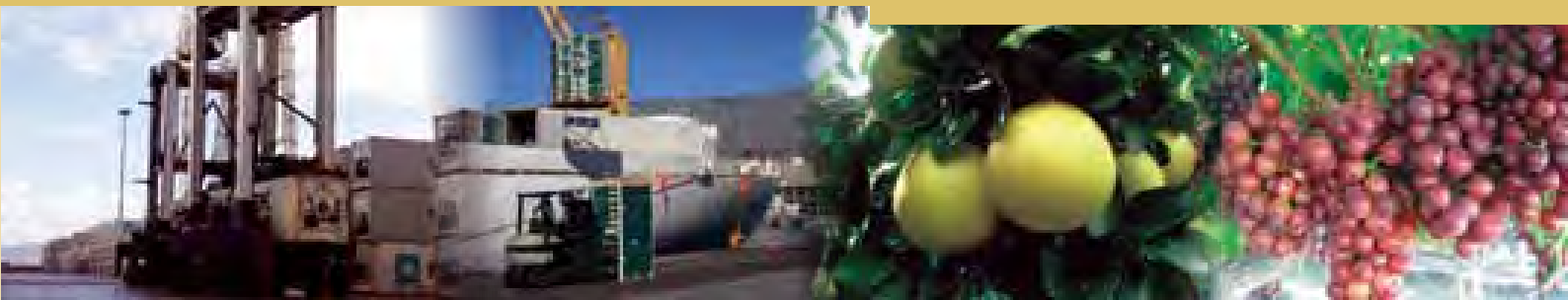


3.2 Marking and labelling

There are certain requirements that producers or exporters have to fulfil on their marking and labelling for the various markets (special markets including the EU). For instance, the following information must be on the business end of each carton: PUC and PHC of the relevant facility approved and registered with DAFF, as well as a date code. Each market has its own different marking and labelling requirements, which may change from time to time. To view the latest information visit the departmental website using the following links: www.daff.gov.za ← Divisions ← Plant health ← Exporting from SA ← Special export protocols/programmes/directives.

Currently, for example, the following information must be on the business end of every carton of fresh fruit destined for China in terms of the relevant protocols 本产品输往中华人民共和国 (for the People's Republic of China) with the following in English: Place of production, the name or registered number of the vineyard, pack house and storage facility.





4. QUALITY CONTROL AND PHYTOSANITARY MEASURES

To have export-ready fruit it is imperative to have quality control and traceability measures in place. Good-quality fruit starts with production. Local and international laws, regulations and protocols require all farms that handle fresh produce to follow certain basic practices in the form of GAP (good agricultural practices). These and other controls help to provide guarantees for overseas markets that the products that they are importing are safe and traceable.

4.1 Management and control through inspection

4.1.1 PPECB inspection contact points in provinces

Since 1991, the PPECB has been mandated by the Department of Agriculture, now the Department of Agriculture, Forestry and Fisheries to deliver food safety audits and end-point quality inspection services on perishable products destined for export. The PPECB is South Africa's official quality certification agency and its impartial and independent services significantly reduce risks for producers and exporters. Assessors are stationed across South Africa and deliver inspection services on 200 product types at more than 1 500 locations across the country.

Approved export products carry the PPECB "passed for export" stamp, which is regarded as a symbol of quality assurance to clients and consumers across the globe.





4.1.2 *Phytosanitary inspections*

Phytosanitary inspections are done by the department's inspectors for all markets, all types of fruit and plant products. The phytosanitary inspections are different from quality inspections because they focus on quarantine pests and diseases, while quality inspection focusses only on the final quality of the fruit. The inspections are mandatory and depend on the nature of the permit conditions. In some cases phytosanitary certificates are issued on the basis of PPECB inspections.

4.2 **Inspection for exports to special markets**

4.2.1 *PPECB*

All consignments must be inspected by the PPECB for quality purposes before DAFF does phytosanitary inspections on products destined for export to special and other international markets.

4.2.2 *SPS inspection points*

The inspection points for special markets are at all ports of exit, as well as inland cold stores at Piketberg, Paarl, Grabouw and Swellendam. Phytosanitary inspections are done by DAFF inspectors from D: APIS.

4.3 **List of fruit types allowed for export to the special markets**

4.3.1 *Citrus fruit from South Africa to the People's Republic of China*

CITRUS TYPES ALLOWED IN CHINA

- Orange (*Citrus sinensis*), lemon (*Citrus limon*), grapefruit (*Citrus paradisi*) and mandarin (*Citrus reticulata*)

EXPORT REGIONS

- From all provinces of South Africa

4.3.2 *Citrus fruit from South Africa and the Kingdom of Swaziland to Japan*

CITRUS TYPES ALLOWED IN JAPAN

- Valencia variety, Washington navel, Tomango variety, Protea variety, lemon, grapefruit, clementine

EXPORT REGIONS

- Sweet orange, clementine and grapefruit: All provinces in South Africa and the Kingdom of Swaziland
- Lemons: All provinces in South Africa; lemons from Swaziland are not allowed.

4.3.3 *Sweet orange from South Africa to South Korea*

CITRUS ALLOWED IN SOUTH KOREA

- Sweet orange (navel and Valencia varieties – Delta Seedless and Midnight)

EXPORT REGIONS

- From all provinces of South Africa



4.3.4 Citrus fruit to Iran

Very important: Exporters must obtain and forward an official import confirmation from Iran, either a permit or an official communication (written in Persian) to a translator. DAFF must receive a translated copy. Permits (both Persian and English copies) will be sent by DAFF to inspectors in the ports for endorsement.

CITRUS TYPES ALLOWED IN IRAN

- All types: Soft citrus, sweet orange, lemon and grapefruit

EXPORT REGIONS

- From all provinces of South Africa

4.3.5 Citrus fruit to the USA

CITRUS TYPES ALLOWED IN THE USA

- All types: Soft citrus, sweet orange (navel and Valencia – Delta Seedless and Midnight), lemon and grapefruit

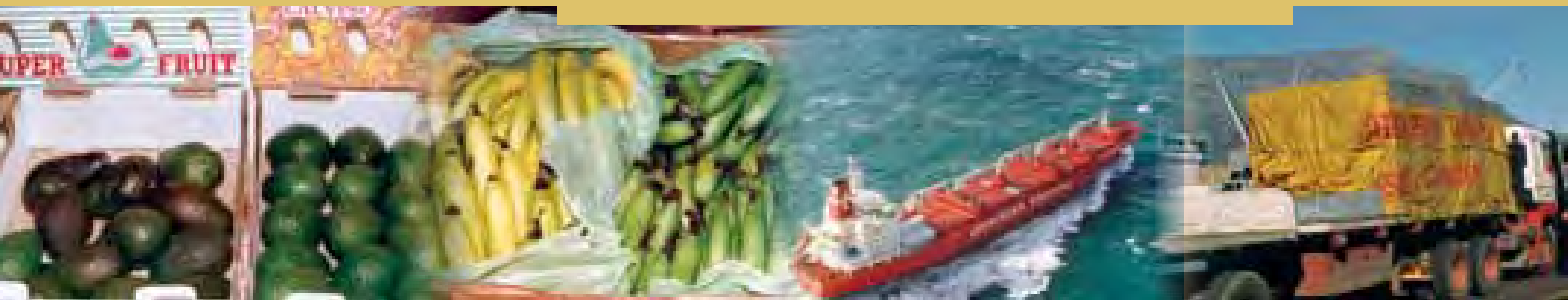
EXPORT REGIONS FROM SOUTH AFRICA

- Only from areas that are officially approved as CBS-free areas.

At present 30 magisterial districts in the Western Cape, namely Bellville, Bredasdorp, Caledon, Cape, Ceres, Clanwilliam, Goodwood, Grabouw, Heidelberg, Hermanus, Hopefield, Kuils River, Ladismith, Malmesbury, Mitchells Plain, Montagu, Moorreesburg, Paarl, Piketberg, Robertson, Somerset West, Stellenbosch, Strand, Swellendam, Tulbagh, Villiersdorp, Vredenburg, Wellington, Worcester and Wynberg, and two magisterial districts in the Northern Cape (Hartswater and Warrenton) are officially approved as CBS-free areas. Additional areas were approved in 2010. Please see the departmental website or contact the Directorate: Plant Health for details.

Newly approved CBS-free areas are: Barkly West, Boshof, Christiana, Fauresmith, Gordonia, Hay, Herbert, Hopetown, Jacobsdal, Kenhardt, Kimberley, Koffiefontein, Namaqualand, Philippolis, Prieska and Taung are officially approved as CBS-free areas.





5. PHYTOSANITARY DOCUMENTATION NEEDED FOR EXPORTS

- 5.1 Certification (Annexure 1)
- 5.2 Guidelines for completion of the application forms for phytosanitary registration and approval (Annexure 2)
- 5.3 Declaration document/form (Annexure 3)
- 5.4 Addendum (Annexure 4)
- 5.5 Cold treatment certificates and other certificates (Annexure 5)

6. PRIVATE STANDARDS

In addition to the statutory (minimum) standards prescribed by the APS Act, the various statutory SPS requirements and SA GAP, there are also commercial or retailer standards. These standards are set by individual retailers. Farmers can subscribe on a voluntary basis to these standards (e.g. GlobalGAP). Thus, growers and packers of fresh produce destined for the discerning, lucrative UK and European retail markets are continually subjected to proliferating and ever changing standards relating to food safety, good agricultural and environmental practices and social accountability. Despite several attempts from retailer groups to standardise one set of requirements, individual retailers continue to demand their own due diligence and ethical trading standards in addition to broader standards. This has a significant impact on small and especially new and developing growers, as they often lack the infrastructure to manage the multitude of requirements and are therefore compelled to limit their trade to less discerning retailers.

To demonstrate proof of compliance with their specific quality standards, the relevant retailers require that their producers or suppliers be audited by third-party certification bodies. These audits are usually paid for by the grower. Therefore, the producer must analyse the costs involved in meeting the quality standards of the different market segments available to him, and determine the benefits of supplying that market segment. Such cost-benefit analyses will help the producer to decide on the overall strategy of his enterprise.

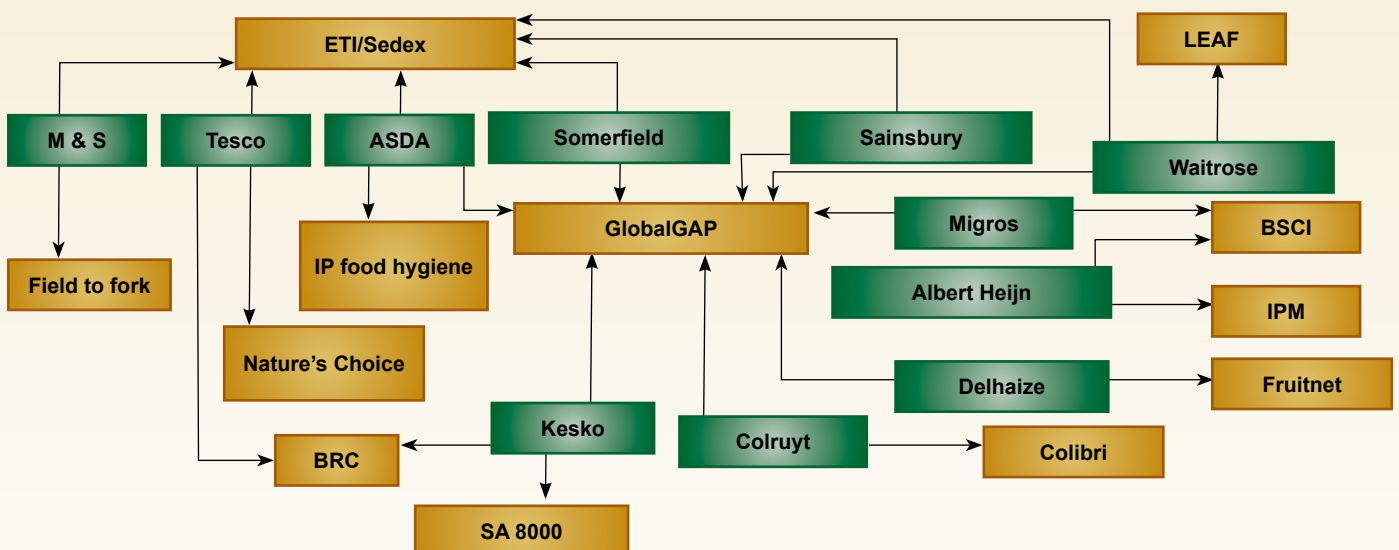
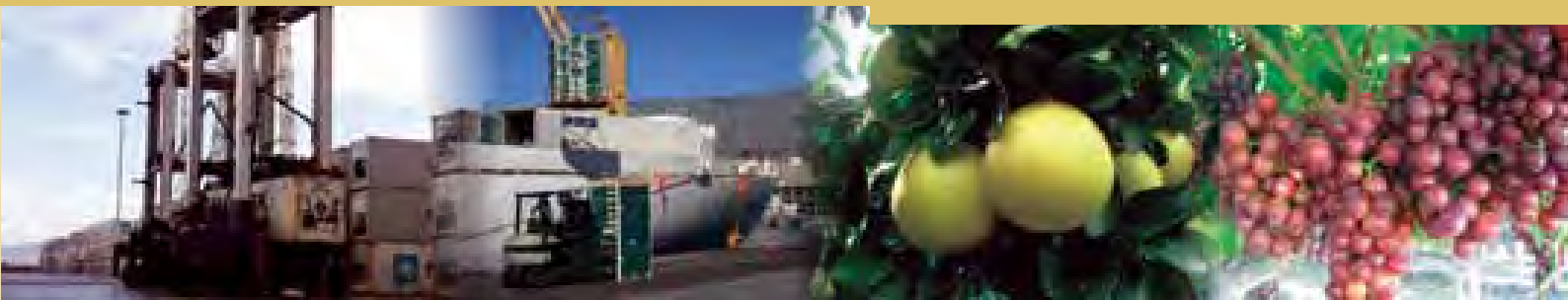


FIG. 1 Retailer demands in Europe created by an array of retailer standards



6.1 GlobalGAP

6.1.1 EurepGap and GlobalGap

In the mid-1990s, the Euro Retailer Group (EUREP), representing the leading European food retailers, agreed to accept and promote a set of good agricultural practices (GAP). This was in response to increasing consumer interest on the impact of agriculture on food safety and the environment. The EUREPGAP Standard was consequently established and run by FoodPlus as a private non-profit organisation with its headquarters in Germany.

EUREPGAP has been superseded by GlobalGAP, whose standard comprises three categories of control points based on different required levels of compliance. These are the Major Musts (100% compliance required), Minor Musts (95% compliance) and Shoulds (recommendation level). The Major and Minor Musts constitute most of the food safety issues at the production sites with strong emphasis on the regulation of GAP in the application of agricultural chemicals. Food producers are required to demonstrate their commitment to:

- Maintaining confidence in food quality and safety
- Minimising any detrimental impact on the environment, while conserving nature and wildlife
- Reducing the use of agrochemicals through the adoption of Integrated Production Systems
- Improving efficiency of use of natural resources such as soil, water, air and energy
- Ensuring a responsible attitude to worker health and safety, welfare and training

To receive and retain a GlobalGAP certificate, third-party verification by a certification body is required every 12 months. Verification is done by on-site audits. These audits usually take four to six hours.



7. TRANSPORT: CONTAINER OR CONVENTIONAL

7.1 Shipping – trends and strategies

Since deregulation in 1997 a number of significant changes have taken place regarding the operation of the supply chain. Today's chain is technically advanced, market-driven, flexible, customer-focused and owner-controlled and provides door-to-door services. With this come advantages such as customisation, competition, choice and accountability. It has also given rise to greater independence, higher risk and certain inefficiencies through poor communication and, as a result, in some instances, higher costs.

The pattern of shipping mode usage has also shifted in keeping with worldwide trends. On a global basis, it is expected that the use of containers will continue to increase. Apples and pears, for instance, are almost exclusively exported from South Africa in containers. One of these exceptions applies to occasional shipments to Middle Eastern markets where buyers' reefer vessels are used.²

7.2 Container liner shipping

The expansion of the global container-shipping industry is a result of intense, inter-container liner competition, with governments subsidising their shipping and ship-building industries, the entrance of new, low-cost Asian shipping lines and the ease with which containers are able to be transhipped from one mode of transport to another.

International shipping is moving away from the traditional port-to-port services towards door-to-door solutions. The severe competition between container shipping lines has forced ship owners to adopt innovative, productivity enhancing and cost-cutting measures which include:

- Using larger vessels
- Participating in strategic alliances and mergers
- Reducing the number of port calls thus increasing the volume of transshipment cargo
- Developing a network of feeder services linking hub and regional ports
- Developing new types of shipping services

An example was the introduction of the six new vessels on the South Africa Europe Container Service (SAECS) during 2004 and 2005. This fleet created extra carrying capacity – up to a 1 000 slots per vessel – for 40-foot integral reefer containers. It also benefitted exporters by reducing the 49-day voyage cycle (from South Africa to Le Havre, Rotterdam and Tilbury and back to South Africa) to 42 days. Other factors that contributed to the efficiency of the service included vessel departures from Cape Town on Mondays (instead of the previous Sunday departure service), giving exporters an extra day in which to schedule their cargo onto the ship. In addition, the arrival days in the market place were also scheduled for earlier in the week than previous services were, giving exporters an extended marketing period in the United Kingdom for the same arrival week.

7.3 Conventional shipping

The fundamental reason for the decline in the conventional shipping sector is the fact that no new conventional vessels have been built in the sector in the last five years. Also, existing fleets are ageing and older reefer vessels are being scrapped.

² Note that the industry uses the informal word "reefer" to denote refrigerated. Confusion arises when, for example, the phrases "reefer container" and "reefer vessel" are used. This is because the former refer to the container shipping industry while the latter refers to the conventional shipping industry – yet both have the word reefer in them. Reefer vessel means conventional vessel, whilst reefer container is a refrigerated container.



Factors that favour conventional shipping include:

- (a) The combined shipping of cargo below deck and containers on deck
- (b) Self-contained vessels which have built-in cranes on the ship's deck, making them independent of shore crane equipment
- (c) Capacity to sail at high speed
- (d) Flexibility in terms of ports of loading and discharge (Transit times to certain markets on a conventional vessel are shorter than with the container lines, and cold sterilisation techniques used in conventional ships are more reliable than in container ships. In addition, break bulk ship loading can continue in high winds while container loading has to stop at a certain wind speed for safety reasons. Currently there is also the question of whether the container industry can manage the entire fruit export crop with the infrastructural limitations being experienced – particularly in the ports and including the shortage of container boxes to meet the rising demand.)
- (e) The general tendency to move smaller volumes of export products in containers, while larger volumes are moved in break bulk fashion (However, the mode of shipping employed also depends on the market being served and the exporter involved.)

7.4 Shipping terms (trading terms or Incoterms)

Incoterms are standard trade definitions most commonly used in international sales contracts.

The Incoterms you are most likely to use:

Ex works	EXW
Free on board	FOB
Cost insurance and freight	CIF
Carriage paid to	CPT
Delivered duty unpaid	DDU

Visit the website of the International Chamber of Commerce and the World Business Organisation for more information on incoterms – www.iccwbo.org (also see Annexure 6 for Incoterms 2000 definitions).



8. EXPORT ACTIVITIES

8.1 Cost breakdown of a specific shipment

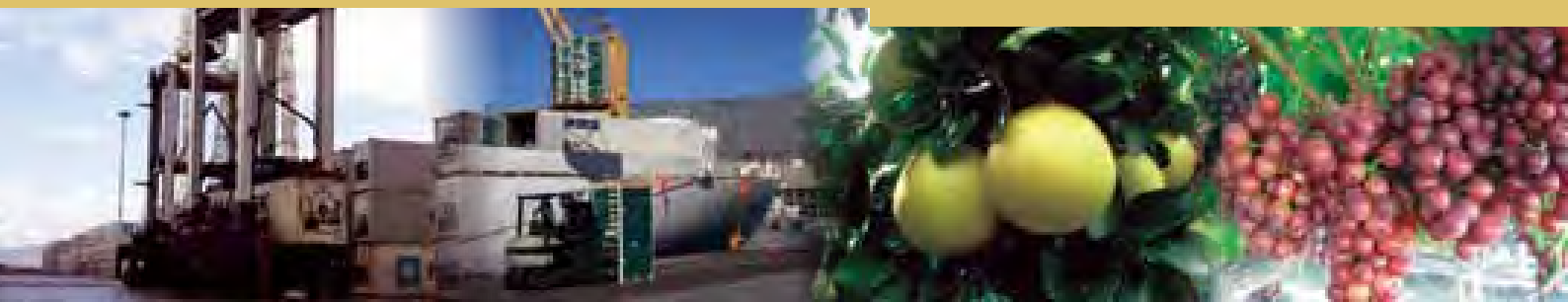
In order to get an idea of what proportion of the money paid by the consumer ends up in the grower's pocket, it is necessary to make certain assumptions about the variables involved in the specific cost chain of a given consignment. A cost chain based on sound assumptions can be used as a basis of comparison or provide a template against which the cost chains of other consignments can be evaluated.

An exercise of this kind was carried out in 2009 and for specific consignments of Golden Delicious apples and Packham pears produced in the Western Cape and sold in Europe. The costs given in the cost chain (see table below) for apples and pears are actual average costs for 12,5 kg cartons of Golden Delicious apples and Packham pears produced and exported by a few selected Western Cape suppliers to Europe. The apple consignment was sold on a European market in week 18 (early May 2009) – when prices were high (retail selling price of € 17 or R200,60 per 12,5 kg carton). The pear consignment was sold in week 19 at a retail selling price of € 13,10. These cost chain figures have been used as the basis for all the information given in the sections which follow.

Terms: Note that the most important factor of a pome fruit farm's performance is the income available to the grower after all costs have been deducted – or profitability. Profitability is sometimes referred to as net on-farm income. A common accounting term to indicate profitability is EBTIDA. This acronym is derived from the following: Earnings Before Tax, Interest, Dividends and Amortisation. So where the term EBTIDA is used hereafter it means the money the grower puts in his pocket after all deductions have been made except tax, interest owed, dividends payable and amortisation costs.

Cost chain summary of a consignment of Golden Delicious apples³

APPLE VALUE CHAIN – EUROPE			
Total costs per 12,5 kg equivalent			
		Foreign value	Europe week 18 Golden
Price in Euros (€ 11,80 = 1 ZAR)	Retail price	€ 17,00	
	Wholesale price (FOT)	€ 11,81	
	Rand % of retail price	Billing currency	Rand value
Retail selling price	100,00		200,60
Retail profit	28,41	Euro	57,00
Europe transport	2,12	Euro	4,25
Gross price (FOT)	69,00		139,35
Less costs	10,84		21,75
Importer's commission (7% FOT)	4,36	Euro	8,75
Europe logistics	6,48	Euro	13,00
Europe duties (after mid-August)	0,00	Euro	
Cost insurance freight (CIF) value	58,62		117,60
Less costs	13,77		27,63
Freight	13,40	USD	26,88
Insurance	0,37	USD	0,75



APPLE VALUE CHAIN – EUROPE (cont.)			
Free on board (FOB) value	44,85		89,97
Less costs	3,88		7,78
Exporters commission	2,54	ZAR	5,10
Port cost	1,13	ZAR	2,26
Wharfage – conventional	0,21	ZAR	0,42
Delivered in port (DIP) value	40,97		82,19
Less costs	1,93		3,87
Transport to port	1,06	ZAR	2,13
Finance charges and interest advances	0,50	ZAR	1,00
SPT levies	0,19	ZAR	0,38
PPECB/INSPECTIONS	0,18	ZAR	0,36
Ex pack house value	39,04		78,32
Less costs	14,49		29,06
Packing materials	8,20	ZAR	16,44
Packing charges (tipping cost)	6,29	ZAR	12,62
Back to farm 40 tons ha	24,56		49,26
Less costs	10,90		21,88
Fertilisers, chemicals and other cost of sales	9,35	ZAR	18,75
On-farm costs excluding capital and finance costs	1,56	ZAR	3,13
Net income %			
Net farming income per 12,5 kg carton	13,65	ZAR	27,39
Back to farm 50 tons ha	24,56		49,26
Less costs	9,28		18,63
Fertilisers, chemicals and other cost of sales	7,73	ZAR	15,50
On-farm costs excluding capital and finance costs	1,56	ZAR	3,13
Net income %			
Net farming income per 12,5 kg carton	15,27	ZAR	30,64
Back to farm 60 tons ha	24,56		49,26
Less costs	8,20		16,46
Fertilisers, chemicals and other cost of sales	6,65	ZAR	13,33
On-farm costs excluding capital and finance costs	1,56	ZAR	3,13
Net income %			
Net farming income per 12,5 kg carton	16,35	ZAR	32,80

³ Produced in the Western Cape and sold by a European retailer during week 18 in 2009. Production costs are applied to three orchard production situations: 40, 50 and 60 tons/ha.



In the above example, the cost of sales (production costs) is expressed on a kilogram per hectare basis. Thus the cost allocation to a carton remains the same regardless of the pack out percentage and destination.

Note that costs of transport from pack house to port and from port of destination to market in Europe vary widely and a specific situation was assumed for the above example. Each producer would have to cost his own value chain in order to determine his specific profitability. Also note that in the example given there are no import tariffs (which are revised on an annual basis).

In the specific example the selling retail price of a 12,5 kg carton of golden delicious apples sold in Europe was R200,60 and the net farm income received by the farmer was R32,80 after costs. Exporters have to take into account all the costs when selling overseas.

9. INDUSTRY ASSOCIATIONS AND EXPORT COUNCILS

Association (Company)	Tel	Fax	Email and Web address
APAC www.apacweb.org.za	+27 11 894 3680	+27 11 894 3761	Lizel Pretorius lizel@apacweb.org.za
Citrus Academy	+27 31 313 3364	+27 31 312 1326	www.citrusacademy.co.za learnmore@citrusacademy.org.za
Citrus Growers' Association of Southern Africa (CGA)	+27 31 765 2514	+27 31 765 8029	justchad@iafrica.com www.cga.co.za
Citrus Research International (CRI)	+27 13 759 8000	+27 21 744 0578	cri@cri.co.za www.cri.co.za or www.citrusres.com
South African Table Grape Industry (SATI)	+27 21 872 1438	+27 21 872 4375	info@satgi.co.za www.satgi.co.za
Deciduous Fruit Producers' Trust (DFPT)	+27 21 870 2900	+27 21 870 2915	info@hortgro.co.za www.hortgro.co.za
Pome Fruit Joint Marketing Forum	+27 21 870 2900	+27 21 870 2915	info@hortgro.co.za www.hortgro.co.za
DFPT Research	+27 21 882 8470/1	+27 21 882 8966	info@dfptresearch.co.za www.dfptresearch.co.za
Fresh Produce Exporters' Forum (FPEF)	+27 21 526 0474	+27 21 526 0479	info@fpef.co.za www.fpef.co.za
Stone Fruit Joint Marketing Forum	+27 21 870 2900	+27 21 870 2915	info@hortgro.co.za www.hortgro.co.za
SA Avocado Growers' Association (SAAGA)	+27 15 307 3676	+27 15 307 6792	info@subtrop.co.za www.subtrop.net
SA Mango Growers' Association	+27 15 307 3676	+27 15 307 6792	info@subtrop.co.za www.subtrop.net
SA Litchi Growers' Association	+27 15 307 3676	+27 15 307 6792	info@subtrop.co.za www.subtrop.net
Perishable Products Export Control Board (PPECB)	+27 21 930 1134	+27 21 939 6868	www.ppecb.com



10. TRAINING

10.1 Fresh Produce Exporters' Forum (FPEF)

The FPEF provides training on the entire value chain of the fresh fruit export industry for previously disadvantaged individuals in the industry, emerging farmers and extension officers.

Contact details: Tel: +27 21 526 0474
 Fax: +27 21 526 0479
 Web: www.fpef.co.za

10.2 Provincial Investment Promotion Agencies (PIPAS)

Eastern Cape Tel: +27 043 704 5600 Fax: +27 043 704 5700 Eastern Cape Development Corporation www.ecdc.co.za	Free State Tel: +27 051 400 0802 Fax: 086 674 6348 Free State Development Corporation www.fdc.co.za	Gauteng Tel: +27 011 883 8750 Fax: +27 011 883 8930 Gauteng Economic Development Agency www.geda.co.za
KwaZulu-Natal Tel: +27 031 368 9600/7050 Fax: +27 031 368 5888 Trade and Investment KwaZulu-Natal www.tikzn.co.za	Limpopo Tel: +27 015 295 5171 Fax: +27 015 295 5179 Trade and Investment Limpopo www.til.co.za	Mpumalanga Tel: +27 013 752 6413 Fax: +27 013 752 6983 Mpumalanga Economic Growth Agency www.mega.gov.za
North West Tel: +27 014 594 2570 Fax: +27 014 594 2575/6 Invest North West www.inw.org.za	Western Cape Tel: +27 021 487 8600 Fax: +27 021 487 8700 Wesgro (Western Cape Investment and Trade Promotion Agency) www.wesgro.org.za	

For more information on private training institutions go to: <http://www.exporthelp.co.za/training/providers.html>





11. FINANCE

11.1 Banks

11.1.1 Obtaining finance or resources for your exports

One of the most common ways of financing exports is by obtaining credit from commercial banks (much like you would finance your domestic activities). This tends to be a traditional source of finance. This credit may be in the form of an overdraft that you negotiate with the bank or it may be a loan for a specific project, although the banks prefer not to finance individual orders as they prefer to establish an ongoing business relationship with customers.

Banks are the key source of export finance around the world. Banks are not reluctant to provide financing. Indeed, providing financing or credit is one of the main ways for them to earn income. At the same time, banks do not want to simply throw their money away and so they take great care in considering and analysing the requests for financing that they receive from prospective exporters. In so doing they take many factors into consideration.

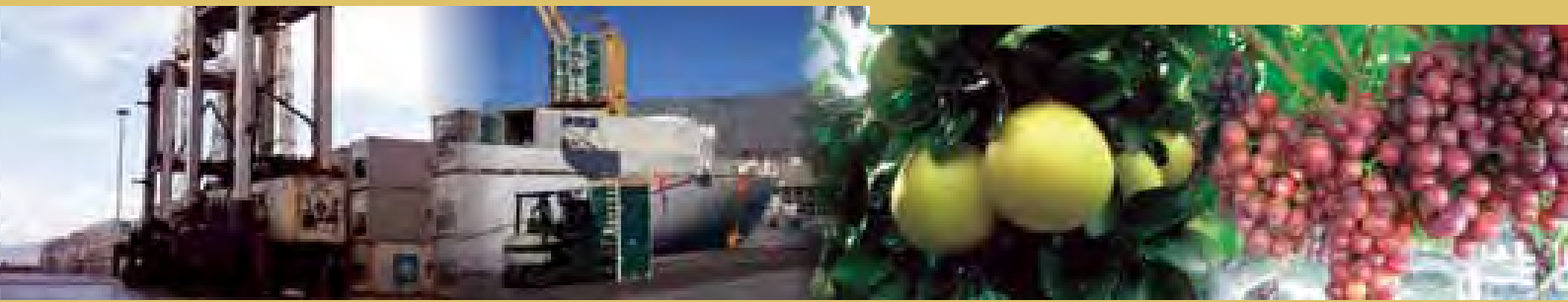
11.1.2 Why do you need finance?

When your export plan is in place and you are ready to start, perhaps the first step on the road of exports is to give consideration to how you will finance your exports. Exporting is a complicated and expensive process. It requires time, considerable planning, extensive research (much of it overseas), highly skilled staff, product adaptations, international travel, expensive international promotions and management involvement. At the same time, your prices (and margins) are often keener in export markets and your payment terms may mean that you only get paid in 30, 60, 90 or 120 days. Together, this translates into high expenses and slow income. Cash-flow is often a major problem facing the smaller exporter.

11.1.3 When do you need finance?

You will need financing almost from the moment you decide to get into exports. These financing requirements can be divided into four parts (the first three are the pre-contract phases, while the last stage is the post-contract phase):

- (a) Financing to do some research on the internet and spend some time with your planning and cost and benefit analysis. Your expenses are related more to the time you need to put into the planning and preparation process than to actual outlays on travel, research and promotion. You should be able to cover these financing outlays yourself.
- (b) Financing to help you with your export marketing research efforts. This is the stage where you may take a lot of time and effort to select your target countries and gain a better understanding of the target market you wish to enter. Your expenses will probably be related to a fairly extensive desk-research effort (which may involve buying various trade magazines, directories, newspapers and other sources of information), as well as at least one visit to the target market where you may spend a week or more researching the market from within, speaking to industry associations, chambers, potential buyers and, more than likely, visiting a trade fair or two. If you plan your research carefully, you may be able to achieve all of your in-market research goals in one visit. A second visit may, however, be desirable, while larger companies may want to acquire the services of professional research agencies which would push up the price considerably. It is very difficult to estimate accurately what a trip like this would cost, but a realistic estimate would be between R25 000 and R50 000 (2009) for ten days to two weeks of in-market research. At this point you may already need to consider finding financing for this research (the dti provides assistance for smaller exporters for their in-market research efforts).
- (c) Financing to help you implement your export plan. Based on the research you have done, you will prepare an export plan. Your next step is to implement this plan – this is where you are now! This is another expensive step in the export process. It will involve promoting your products over the internet, *via* direct mail, through advertisements in trade magazines, taking part in one or more trade fairs and visiting potential buyers. It is highly unlikely that you will be able to achieve your objectives without visiting the market in question. Indeed,



it is suggested that you will need to undertake at least two or three visits to the market before your marketing has any effect. The cost of these trips could easily amount to R25 000 per trip, with three trips costing you R75 000 or more. If you add to this the advertising you have done, then it is not unrealistic to consider spending R100 000 to R120 000 during this phase of the export process.

- (d) Financing to help you achieve your contractual obligations. Assuming that your marketing effort has paid off and you have secured a contract, your next step is to produce the goods, package and label them, ship them off to the customer, provide the agreed-upon service and wait for payment. This is perhaps the costliest part of the whole process and is very difficult to estimate. It may cost you hundreds of thousands to millions of rands. This will be the stage where your financing needs are the most acute. It is also likely that this will only take place about two years or so from starting down the road of exports and you may find that you have already spent R100 000 to R250 000 (and more) to secure the order.

11.2 Insurance risk

11.2.1 Export Credit Insurance Corporation of South Africa (ECIC)

The Export Credit Insurance Corporation Ltd (ECIC) is an independent, limited liability company with the government of South Africa, through the dti, as the sole shareholder. The principal objective of the corporation is to facilitate and encourage South African export trade by underwriting bank loans and investments outside the country, in order to enable foreign buyers to purchase capital goods and services from the Republic. To achieve this objective, the corporation evaluates export credit and foreign investment risks and provides export credit and foreign investment insurance cover on behalf of the government.

In terms of the Export Credit Agreement concluded between the government and the ECIC, the corporation was mandated by government to enter into contracts of insurance with or for the benefit of persons carrying on business in South Africa in the course of trade with countries outside South Africa, primarily for medium-term and long-term export credit and investment insurance.

To meet its obligations in terms of the Export Credit Agreement in a responsible manner, the corporation performs the following functions:

- It formulates an export credit underwriting policy.
- It evaluates potential projects.
- It establishes rationale for support.
- It assesses export credit risk.
- It structures securities to mitigate risk.
- It sets country and sector credit limits.
- It manages and diversifies the export credit risk portfolio.

For more information go to the dti's website: <http://www.thedti.gov.za/thedti/ecic.htm>

Tel: +27 12 394 3510

11.3 Small Enterprise Development Agency (SEDA)

The Small Enterprise Development Agency (SEDA) is the Department of Trade and Industry's agency for supporting small business in South Africa. SEDA offers the following services:

- (a) Business registration (close corporations, cooperatives, patents)
- (b) Business planning and management
- Business plans
 - Feasibility studies



- Costing systems
- Financial management – bookkeeping and accounting
- Human resource management – policies, performance management, employee contracts
- (c) Marketing – research, planning
- (d) Facilitating access to finance
 - Submission to the banks – preparation
- (e) Assistance with access to market
 - Promotional material
 - Export assistance
 - Business-to-business facilitation
- (f) Trade exhibitions
- (g) Technology access
 - Product testing – SABS
 - Product development – CSIR, laboratories and universities
 - QMS – implementation and certification
 - Productivity improvement – layout, process flow, problem-solving techniques
- (h) SMME training
 - Basic business skills
 - Export training
 - Cooperatives training – management of cooperatives

Contact details +27 12 441 1100

See Annexure 7 for a list of provincial contact details.

11.4 Export incentives

11.4.1 Export marketing and investment assistance (EMIA) scheme

The purpose of assistance under the EMIA scheme is to give partial compensation to exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services and to recruit new foreign direct investment into South Africa. For more information you can contact:

Director: EMIA

Tel: +27 12 394 1021/1019

Fax: +27 12 394 0114/7

Email: csaaiman@thedti.gov.za

EMIA is broadly divided into two types – individual participation schemes and group schemes:

<http://www.thedti.gov.za/exporting/exportincentives.htm>

- Individual Participation Incentive Schemes:
 - Individual Exhibitions and In-Store Promotions
 - Primary Market Research (PMR) and Foreign Direct Investment (FDI)
 - Individual Inward-Bound Missions
- Group Participation Incentive Schemes:
 - Group Inward Buying Trade Missions
 - Group Inward Investment Missions



- National Pavilions
- Outward Selling Trade Missions and Outward Investment Missions
- Sector-Specific Assistance

11.4.2 Development finance institutions

11.4.2.1 KHULA ENTERPRISE FINANCE

Khula Enterprise Finance Ltd (Khula) was established in 1996 as an independent agency of the Department of Trade and Industry. As the flagship development finance institution focusing on small businesses, Khula has for more than 10 years operated as a financial facilitator for the development of the rapidly growing Small and Medium Enterprise (SME) sector of the South African economy.

For more information on Khula Enterprise Finance products call their toll free number: 0800 11 88 15.

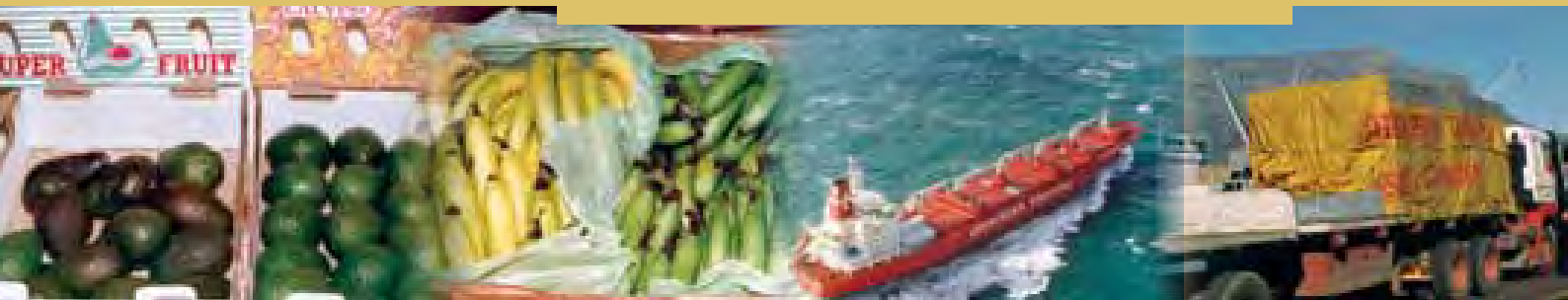
Website: www.khula.org.za

11.4.2.2 SOUTH AFRICA MICRO-FINANCE APEX FUND

The South Africa Micro Finance Apex fund (SAMAF) is a wholesale funding institution formally established in April 2006. Prior to its establishment the wholesale funding concept was incubated at Khula Enterprise Finance Limited. SAMAF as a trading entity is governed by the Public Finance Management Act (PFMA) of 1999 and is accountable to the executive authority of the dti. Its mandate is to facilitate the provision of affordable access to finance by micro, small and survivalist business for the purpose of growing their income and asset base. It also has to act as a catalyst in the development of a vibrant micro-finance industry.

Website: www.samaf.org.za





11.4.2.3 NATIONAL EMPOWERMENT FUND (NEF)

The National Empowerment Fund Trust (NEF) will be a catalyst of Broad-Based Black Economic Empowerment in South Africa. The NEF enables, develops, promotes and implements innovative investment and transformation solutions to advance sustainable black economic participation.

The NEF was established by the National Empowerment Fund Act (Act No. 105 of 1998) for the purpose of promoting and facilitating economic equality and transformation. The NEF operates under the umbrella of the dti. The NEF's objectives are:

- To redress the economic inequalities bequeathed by apartheid by providing historically disadvantaged persons (HDPs) with opportunities to acquire shares in both restructured state-owned assets and private business enterprises, and by encouraging a culture of savings and investment among HDPs and fostering entrepreneurship
- To achieve its goals of sustainable empowerment and transformation by promoting and supporting business ventures pioneered and run by HDPs
- To promote a better universal understanding of equity ownership. Each of its activities is calculated to redress the inequalities of the past, and promote a competitive and efficient economy capable of generating employment opportunities

Tel: +27 11 305 8000, Website: www.nefcorp.co.za

11.4.2.4 INDUSTRIAL DEVELOPMENT CORPORATION (IDC)

The IDC is a self-financing, state-owned development finance institution whose primary objectives are to contribute to the creation of balanced sustainable economic growth in Southern Africa and to further the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens.

Established in 1940, the Industrial Development Corporation of South Africa Limited (IDC) provides financing for entrepreneurs engaged in competitive industries. Even though IDC is state-owned, it functions as a private enterprise, following normal company policy and procedures in its operations, paying income tax at corporate rates and dividends to its shareholder, while reporting on a fully consolidated basis.

Core strategies

- Maintaining financial independence
- Providing risk capital for the widest range of industrial projects
- Identifying and supporting opportunities not yet addressed by the market
- Establishing local and global involvement and partnerships in projects that are rooted in or that benefit South Africa, the Southern African Development Community (SADC) and the rest of Africa
- Investing in human capital in ways that systematically and increasingly reflect the diversity of South Africa's society

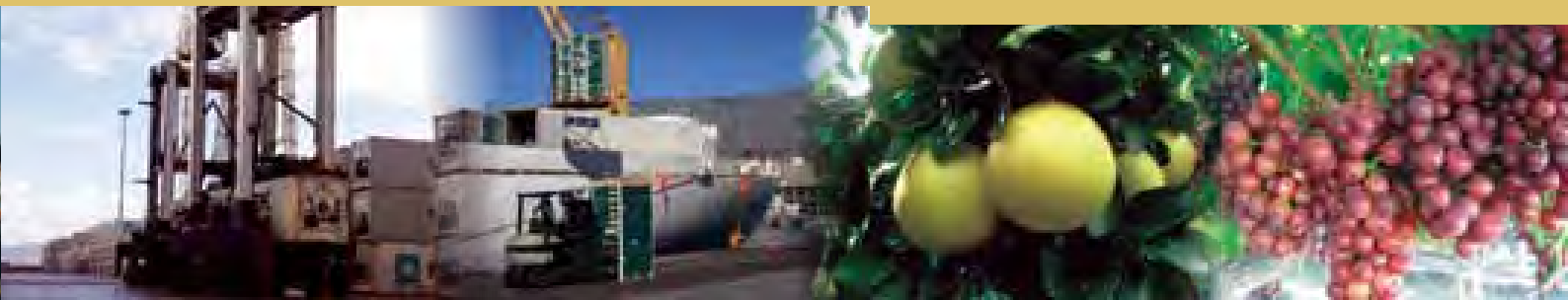
Tel: 0860 693 888 or +27 0 11 269 3581/3501; Email: callcentre@idc.co.za; Website: www.idc.co.za

11.4.2.5 MICRO AGRICULTURAL FINANCIAL INSTITUTIONAL SCHEME OF SOUTH AFRICA (MAFISA)

For more information on this scheme contact Director: Agriculture Development Finance at +27 12 319 7324/7295 or email DADF@daff.gov.za or PA.DADF@daff.co.za

11.4.2.6 ALTERNATIVE SOURCES OF FINANCING

Website: http://www.exporthelp.co.za/modules/9_financing/alternative_financing.html or www.thedti.gov.za



12. EXPORT-READINESS CHECKLIST

12.1 Is your product ready to be exported?

Whether or not your product is export ready is a function of the buyer's needs, your product's ability to meet those needs and how your product will shape up against international competition. Your product's exportability would also be dependent on your business's ability to export.

In order to determine export readiness, you need information on the target market, potential competitors and the buyers themselves. Your product may also raise specific questions relating to that industry. For more information on the export-readiness checklist go to: <http://www.exporthelp.co.za/tools/checker.html>.

13. DATABASES FREQUENTLY USED BY THE DIRECTORATE: INTERNATIONAL TRADE (DAFF)

13.1 Trademap – <http://www.trademap.org/>

Trade Map is an online database provided by the International Trade Centre (ITC) on trade flows of over 170 countries in goods and services and tariff measures. It provides information about export trends, trade values, market share, market access information, international supply and demand, competitor performance and alternative markets. Trade Map is an important tool useful in analysing markets by identifying main competitors and barriers.

13.2 Market Access Map – <http://www.macmap.org/>

Market Access Map helps exporters, importers, trade promoters and policy negotiators to identify customs tariffs and other measures and to compare with their competitors in this regard. Market Access Map can also be useful for the simulation of the trade effects through tariff reductions. Data on import duties cover 178 importing countries and are applied to 239 countries and territories. The database is supplied by the ITC.

13.3 Product Map – <http://www.p-maps.org/>

Product Map consists of 72 market analysis portals covering over 5 000 products classified within 72 product clusters. Each portal offers trade statistics and market analysis tools to identify global market trends and international trade opportunities for any product category. Product Map provides links to potential business contacts, market research publications and numerous sources of market intelligence. The database is supplied by the ITC.

13.4 World trade atlas (WTA) – http://www.gtis.com/english/GTIS_WTA.html

(Not Free – Contact gtis or DAFF for information)

The Directorate: International Trade (D: ITR) subscribes to the WTA database, which is based on SARS customs data. South African trade data are available and are based on the Harmonised System.

For more information on trade-related inquiries and analysis contact D: ITR at +27 12 319 8452/1 or email: info.DITR@daff.gov.za or Trade Information Directory on www.daff.gov.za ↪ InternationalTrade ↪ Trade Facilitation ↪ Trade Information Directory.

ANNEXURE 1



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

PGT 592443

ARG13/007

PHYTOSANITARY CERTIFICATE

PLANT PROTECTION ORGANISATION OF THE REPUBLIC OF SOUTH AFRICA

UNITED STATES OF AMERICA

To: Plant protection organisation(s) of

I. DESCRIPTION OF CONSIGNMENT

Name and address of exporter DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES, PO BOX 5015, STELLENBOSCH
REPUBLIC OF SOUTH AFRICA

Declared name and address of consignee FRANCOIS MÖLLER, ROKEWOOD AVENUE, ARKANSAS ZIP CODE 727120830

Number and description of packages 1440 CARTONS / 20 PALLETS ORANGES

MVCU000001 SEAL: MLZA123456

Distinguishing marks NONE

Place of origin REPUBLIC OF SOUTH AFRICA

Declared means of conveyance SEA MÖLLER ENTERPRIZE Declared point of entry NEWARK

Name of produce, quantity declared and purpose 1440 CARTONS ORANGES GROSS KG 22752/NETT KG 21312

FRUIT FOR HUMAN CONSUMPTION

Botanical name of plants Citrus sinensis

This is to certify that the plants, plant products or other regulated articles, described herein have been inspected and/or tested according to appropriate official procedures and are considered to be free from the quarantine pests specified by the importing contracting party and to conform to the current phytosanitary requirements of the importing contracting party, including those for regulated non-quarantine pests. They are deemed to be practically free from other pests.

II. ADDITIONAL DECLARATION

THE CITRUS FRUIT IN THIS CONSIGNMENT WAS GROWN IN AND PACKED IN SOUTH AFRICA IN THE
WESTERN CAPE PROVINCE AND IN THE NORTHERN CAPE PROVINCE IN THE DISTRICTS OF
HARTSWATER AND WARRENTON AND SHIPPED FROM THE WESTERN CAPE OF SOUTH AFRICA

III. DISINFESTATION AND/OR DISINFECTION TREATMENT

Date 11 JUNE 2009 23H00

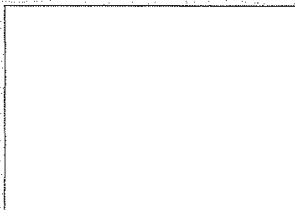
Treatment IN TRANSIT COLD TREATMENT
0.55°C AND COLDER FOR A

Chemical (active ingredient)

Duration and temperature MINIMUM OF 24 CONSECUTIVE DAYS

Concentration

Additional information



STELLENBOSCH

Place of issue Name of authorised officer

Date Signature

No financial liability with respect to this certificate shall attach to the Department of Agriculture, Forestry and Fisheries or to any of its officers or representatives.



PHYTOSANITARY CERTIFICATE

PLANT PROTECTION ORGANISATION OF THE REPUBLIC OF SOUTH AFRICA

FRANCE

To: Plant protection organisation(s) of

I. DESCRIPTION OF CONSIGNMENT

Name and address of exporter DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES, PO BOX 5015, STELLENBOSCH
REPUBLIC OF SOUTH AFRICA

Declared name and address of consignee FRANCOIS MÖLLER, ROKWOOD AVENUE, PEYREHORADE, FRANCE

Number and description of packages 318 BULK BAGS OF MAIZE SEED

Distinguishing marks ADDRESSED

Place of origin REPUBLIC OF SOUTH AFRICA

Declared means of conveyance BY SEA Declared point of entry ANTWERP

Name of produce, quantity declared and purpose COMMERCIAL MAIZE SEED (DKC3512YG) - 398,757KG

Botanical name of plants *Zea mays*

This is to certify that the plants, plant products or other regulated articles, described herein have been inspected and/or tested according to appropriate official procedures and are considered to be free from the quarantine pests specified by the importing contracting party and to conform to the current phytosanitary requirements of the importing contracting party, including those for regulated non quarantine pests. They are deemed to be practically free from other pests.

II. ADDITIONAL DECLARATION

ERWINIA STEWARTII IS NOT KNOWN TO OCCUR IN THE REPUBLIC OF SOUTH AFRICA

III. DISINFESTATION AND/OR DISINFECTION TREATMENT

Date 19..26 JUNE 2009 Treatment FUMIGATION SACHETS

Chemical (active ingredient) ALLUMINIUM PHOSPHIDE Duration and temperature 18°C

Concentration 4G/M³ Additional information



Place of issue STELLENBOSCH Name of authorised officer

Date Signature

No financial liability with respect to this certificate shall attach to the Department of Agriculture, Forestry and Fisheries or to any of its officers or representatives.

ANNEXURE 2

AGRICULTURAL PRODUCT INSPECTION SERVICES

Guidelines for Completion of Phytosanitary Certificates for/by Clients

INTRODUCTION

SCOPE

This guideline describes principles and procedures to ensure that blank phytosanitary certificates are correctly completed by clients according to the relevant international standards.

REQUIREMENTS FOR PHYTOSANITARY CERTIFICATES

1. General considerations

1.1 Purpose of phytosanitary certification

Phytosanitary certificates are issued to indicate that consignments of plants, plant products and/or other regulated articles comply with the specified phytosanitary import requirements of the NPPO of the importing country, and are in conformity with the certifying statement on the phytosanitary certificate.

1.2 Mode of issue

The phytosanitary certificate is an original document that accompanies the consignment and is presented to the relevant officials on arrival in the importing country.

1.3 Attachments

Official attachments to the phytosanitary certificate should be limited to those in respect of which the information required to complete the certificate exceeds the available space on the certificate. Any attachments shall bear the phytosanitary certificate number dated, signed and stamped. The phytosanitary certificate shall indicate in the appropriate section that the information is contained in the attachment (e.g. as per attached list).

In the case of fresh citrus fruit intended for export to the European Union and where a consignment is made up of two or more PUCs, an addendum with the details should be attached to the phytosanitary certificate. The addendum is used to aid with traceability should the consignment be intercepted in the importing country. The attachment should not contain any information that would not be put on the phytosanitary certificate itself.

1.4 Unacceptable phytosanitary certificates

The NPPO of the importing country shall not accept invalid or fraudulent certificates.

Examples of invalid and fraudulent phytosanitary certificates:

- Illegible
- Incomplete
- Expired period of validity
- Alterations/Erasures
- Conflicting/Inconsistent information
- Certification of prohibited products
- Uncertified copies
- Not authorised by RSA NPPO (APIS)
- Containing false or misleading information

2. Specific principles and guidelines for preparation and issue of a phytosanitary certificate

- Phytosanitary certificates should be legible, typed on the dotted line in the space provided, the font size should be 8 in Arial throughout the document and text should be in capital letters except for scientific names.

- All text should be aligned to the left.
- Only phytosanitary information should be stated on the phytosanitary certificate. Other information such as letters of credit is not allowed.
- Relevant supporting documents (e.g. import permit, PPECB export certificate, field inspection report, PPECB cold-treatment certificate, treatment certificate from a registered treatment provider, bill of lading/vessel mates, GMO certificate, addenda and Cites permit) must accompany the phytosanitary certificate when required. The addendum must bear the phytosanitary certificate number to which it will be attached.
- Official attachments to the phytosanitary certificate should only be used if the information exceeds the available space provided for on the phytosanitary certificate.
- For special markets, refer to annexures and examples of phytosanitary certificates.
- Phytosanitary certificates for sea freight must be submitted to the relevant office of the Department of Agriculture, Forestry and Fisheries (DAFF) within five (5) working days after the vessel has sailed. The first day would be the day of departure.
- In the case of fresh fruit exports to Japan and the US in break bulk vessels, the phytosanitary certificate must be on board/vessel.
- In the case of a containerised consignment(s) to Japan, DAFF will courier the phytosanitary certificates to the South African embassy in Japan at the cost of the exporter/agent.

3. Completing the phytosanitary certificate

To: Plant protection organisation(s) of – The correct name of the importing country must be inserted here, e.g. United Kingdom not Great Britain, the Netherlands not Holland. No abbreviations are allowed, e.g. United States of America not USA. In the case of member countries of the European Union (EU), the country of entry into the EU member countries as well as the member country importing the consignment may be inserted. In cases where a consignment is in transit through one country to get to the country of import, both country names may be inserted provided that the phytosanitary requirements of both countries are complied with.

Name and address of the exporter – The name and physical address of the local exporter, agent or shipper should be used so that it will be possible to trace back the consignment if a notification of interception is received.

Name and address of consignee – The name and physical address of the consignee in the country of final destination (importing country) should be used. It should be accurate to enable the NPPO of the importing country to confirm the identity of the consignee. No bank guarantee reference numbers should be sneaked in here.

Number and description of packages – The information in this space should be sufficient to identify the consignment and its components, and to verify the size if required, e.g. 500 x 10 KG CARTONS/BOXES OF APPLES. Container or seal numbers should be inserted.

Distinguishing marks – This refers to the marks on the bags, cartons or boxes. The lot number for seeds for planting can be inserted in this space. The word '**NONE**' must be stated if there are no distinguishing marks.

Place of origin – This refers to the country where the commodity was produced. This will be the REPUBLIC OF SOUTH AFRICA and not RSA. In cases where the regulated article was produced in another country and its phytosanitary status changed while in South Africa, both countries should be indicated with clear reference where the regulated article was produced.

Declared means of conveyance – The applicable term SEA, AIR, ROAD, RAIL or MAIL should be inserted. The ship/vessel name and voyage number or the aircraft flight number should be included if known.

Declared point of entry – This should be the first point of arrival in the country of final destination. If the name of the port of entry is unknown, the name of the country should be inserted. For the EU community, this shall be considered to mean the place where consignments will be cleared when entering the EU. In cases where a consignment is in transit to the country of final destination and where both countries are listed in the To: Plant protection organisation(s)" section, the points of entry in the transit country and the country of final destination should be indicated.

Name of produce, quantity declared and purpose – The common name of the product(s), the quantity/mass of the product(s) and the purpose should clearly be indicated, for example: APPLES, 5 000 kg (net

weight), FOR HUMAN CONSUMPTION. This is to enable the officials in the importing country to adequately verify the contents of the consignment.

For EU and other special markets both gross and net weight should be used. For plants and flowers, numbers should be used.

Botanical name of the plants – The correct botanical name with both genus and species should be inserted. The genus name must start with a capital letter; and the rest must be small letters, and it must all be underlined or in italics, e.g. Malus pumila or *Malus pumila*.

ADDITIONAL DECLARATION

This part refers to the conditions of the importing country as stated on the import permit, bilateral agreements/ protocols or directives if applicable. Start on the first line with the wording: IMPORT PERMIT NUMBER PRESENTED) or THE CONSIGNMENT COMPLIES WITH COUNCIL DIRECTIVE 2000/29/EU AS AMENDED. For pests, the correct scientific name for genus and species must be used, genus must start with a capital letter and the rest must be small letters; it must be underlined or in *italics*.

DISINFESTATION AND/OR DISINFECTION TREATMENT

Date – Date and/or time of treatment

Chemical (active ingredient) – The correct name of the active ingredient must be inserted.

Concentration – Indicate the concentration used, e.g. 5 TAB/20 kg.

Treatment – Indicate the type of treatment done e.g. fumigation, cold treatment, dusting etc.

Duration and temperature – Indicate the duration and temperature (if applicable) e.g. 12 DAYS AT -0,6° C or 5 DAYS AT 20 °C.

Additional information – If there is any information not covered under treatment, it should be inserted.

Stamp of organisation – To be stamped by DAFF (APIS) official

Place of issue – The office from where the phytosanitary certificate was issued

Date – To be completed by DAFF (APIS) official In the case of the five-day grace period the date will be the same as the date that the consignment left the RSA.

Name of the authorised officer – To be completed by DAFF (APIS) official and legible

Signature – To be completed by an authorised DAFF (APIS) official

ANNEXURE/APPENDIX

Examples of phytosanitary certificates for various markets

Examples of additional declarations

REFERENCES

Export certification system, 1997, ISPM Pub No. 7, FAO, Rome

Glossary of phytosanitary terms, 2008, ISPM Pub No. FAO, Rome

Guidelines for phytosanitary certification, 2002, ISPM Pub No. 12 FAO, Rome

International Plant Protection Convention (IPPC), 1997, FAO, Rome

Drafted on 2009-07-13 by TTPH and DD, NPPPIS

ANNEXURE 3

Additional declarations and treatment declarations to be used for citrus export programmes to special markets (2009)

ANNEXURE 1

1. People's Republic of China (container and seal numbers to be indicated only under treatment section as shown below)

Additional declaration

The consignment is in compliance with requirements described in the Protocol of Phytosanitary Requirements for the Export of Citrus Fruit from South Africa to China signed at Cape Town on 22 June 2006 and is free from the quarantine pests of concern to China.

Disinfestations and/or disinfection treatment

Date:	Indicate date and time of start of cold treatment as per PPECB certificate.	Treatment:	In-transit cold treatment
Chemical:	.....	Duration and temperature:	-0,6 °C or below for 24 consecutive days
Concentration:	.....	Additional information:	Container No. and Seal No.

2. Taiwan

Additional declaration

The fruit has been thoroughly inspected and found free from *Ceratitis capitata* (Mediterranean Fruit Fly) and *Frankliniella occidentalis* (Western Flower Thrips).

Disinfestations and/or disinfection treatment

Date:	Indicate date of start of cold treatment as per PPECB certificate.	Treatment:	In-transit cold treatment
Chemical:	.....	Duration and temperature:	Indicate details as per PPECB certificate.
Concentration:	.....	Additional information:	To be cleared by the NPPO of Taiwan

3. South Korea

Additional declaration

The consignment shall be cold treated in $-0,6\text{ }^{\circ}\text{C} \pm 0,6\text{ }^{\circ}\text{C}$ or below for 24 days.

Attached see PPECB in-transit cold treatment certificate no.

Disinfestations and/or disinfection treatment

Date:	Leave blank. To be completed by DAFF inspector	Treatment:	In-transit cold sterilisation
Chemical:	.....	Duration and temperature:	$-0,6\text{ }^{\circ}\text{C} \pm 0,6\text{ }^{\circ}\text{C}$ or below for 24 consecutive days
Concentration:	.....	Additional information:	.....

4. Iran

Additional declaration

The consignment is free from the following pests and blights: *Aleurodicus dispersus*, *Nipaecoccus nipae*, *Dysmicoccus brevipes*, *Parasaissetia nigra*, *Ceratitis capitata*, *Coccus viridis*, *Cacoecimorpha pronubana*, *Cryptophlebia leucotreta*, *Prays citri*, *Frankliniella occidentalis*, *Scirtothrips aurantii*, *Guignardia citricarpa* and *Ceroplastes rubens*.

Parabemisia myricae is not known to occur in the Republic of South Africa.

Disinfestations and/or disinfection treatment

Date:	Indicate date of commencement of cold treatment as per PPECB certificate.	Treatment:	In-transit cold sterilisation
Chemical:	.....	Duration and temperature:	Indicate details as per PPECB certificate.
Concentration:	.....	Additional information:	To be cleared by the NPPO of Iran

5. All eu countries (for citrus produced in CBS areas)

Additional declaration

The consignment complies with EU Council Directive 2000/29/EC of 8 May 2000. Annex I and IV, Part A, Section 1, as detailed in points 16.1, 16.2(a) with regard to *Xanthomonas campestris*, 16.3(a) with regard to *Cercospora angolensis* and 16.4 with regard to *Guignardia citricarpa* (d). Production orchards were subjected to a full cover spray programme from October to January with fungicides which may include Benzimidazoles, Dithiocarbamates, Copper fungicides and Strobilurins, and 16.5 (c) with regard to *Tephritidae*.

6. Japan

Additional declaration

The fresh fruits are not infested with the Mediterranean Fruit Fly.

Disinfestations and/or disinfection treatment

Date:	Leave blank. To be completed by DAFF inspector	Treatment:	In-transit cold sterilisation
Chemical:	.....	Duration and temperature:	-0,6 °C ± 0,6 °C for 12 consecutive days (14 days for clementines)
Concentration:	.....	Additional information:	.....

7. India

Additional declaration

Plant import permit no. dated has been presented.

The consignment was inspected and found free from *Aspidiotus nerii*, *Ceratitis capitata*, *Ceratitis rosa*, *Cryptophlebia leucotreta*, *Guignardia citricarpa* and *Pseudococcus calceolariae*.

Disinfestations and/or disinfection treatment

Date:	Indicate date of commencement of cold treatment as per PPECB certificate.	Treatment:	In-transit cold treatment
Chemical:	.....	Duration and temperature:	Indicate details as per PPECB certificate.
Concentration:	.....	Additional information:	To be cleared by the NPPO of India

COUNTRIES THAT ISSUE PERMITS FOR ALL PRODUCTS

- | | | | |
|---------------|----------------|------------------------|--|
| 1. Angola | 8. Indonesia | 15. Namibia | 22. Tanzania |
| 2. Botswana | 9. Kenya | 16. Reunion | 23. Tristan da Cunha |
| 3. Bangladesh | 10. Madagascar | 17. Republic of Guinea | 24. Uganda |
| 4. Cameroon | 11. Mauritius | 18. St. Helena | 25. Zambia |
| 5. Ethiopia | 12. Mayotte | 19. Seychelles | 26. Zimbabwe |
| 6. Ghana | 13. Malawi | 20. Sri Lanka | 27. Ivory Coast (<i>Côte d'Ivoire</i>) |
| 7. India | 14. Mozambique | 21. Swaziland | 28. Iran |

ANNEXURE 5

ACCOMPANYING DOCUMENT FOR PHYTOSANITARY INSPECTIONS OF SPECIAL MARKET CONSIGNMENTS



APIS

Private Bag X5015, Stellenbosch 7559, 2010

Document no./ Series no.		NDA Seq. No. (for DAFF use only)	
-----------------------------	--	-------------------------------------	--

Export company		Commodity							
		Export country	Israel	USA	China	Mexico	Taiwan	Japan	Korea
		Other	Iran						
Producer's address		FOR PPECB USE ONLY							
		PPECB inspection date							
Magisterial district		PPECB inspector no.							
Place where main consignment is stored		PPECB inspector signature							
Pack house		Intake document no.	List single/ multiple PUCs	Total cartons	Total pallets				
Pack house code									
Phytosanitary inspection depot									
Total cartons									
Total pallets									
Cycle number									
Vessel name									

PHYTOSANITARY INSPECTION (For official use)

PASSED	REJECTED	ON HOLD:	REJECTED OR PASSED
	Reason:	Reason:	Reason:
Signature: DAFF inspector	Signature: DAFF inspector	Signature: DAFF inspector	Signature: DAFF inspector
Signature: Foreign inspector	Signature: Foreign inspector	Signature: Foreign inspector	Signature: Foreign inspector

Pack house contact person:		Tel./Cell no.		Office fax no.	
Exporter contact person:		Tel./Cell no.		Office fax no.	

PPECB contact details:	CAPE TOWN	PE	DURBAN	PAARL
	Robbie Robinson L. Jansen Fax: 021 510 6528	André Odendaal Francois Boshoff Fax: 041 364 3676	Vijan Chetty Zaheer Hooshein Fax: 031 467 4300	Sebasco Heilbron Fax: 021 872 8161

Pallet ID	PUCs	Variety	Carton quantity	Date code	Block no.	Count
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

SPECIMEN

ANNEXURE 6

1.1 TERMS OF DELIVERY (INCOTERMS 2000), DOCUMENTATION, PROCEDURE AND DUTIES AT PORT OF ENTRY

Exporting requires an enormous amount of thought and attention to detail, especially documentation. If documents are missing or wrongly completed, the transaction could be void. Below is a list of documents used in export trading, indicating the step-by-step flow of export documents and necessary export Incoterms. Not all these documents and terms will be relevant for every export transaction.

South African exporters must have a Currency Declaration Form issued by the Reserve Bank to ensure that the accompanying invoice is traceable to the foreign currency and that the money eventually flows to the country of origin.

1.1.1 Step-by-step flow of documents in export of horticultural products

In this section we provide details on the flow of documentation when exporting horticultural products by air.

- Step 1: The producer submits a commercial invoice to plant-health inspectors for inspection of produce.
- Step 2: The plant-health inspectors will vet prices and weights declared and issue an export certificate.
- Step 3: The producer sends the documents to his/her agent (here the responsibility of the producer ends), and the agent prepares other documents, for example, airway bill and customs entry forms.
- Step 4: The produce is weighed at the airway's handling services department and the weight is issued.
- Step 5: All documents are verified for final approval.
- Step 6: The agent sends the documents to the customs officers for verification.
- Step 7: From customs, the agent sends the documents to Air Freight Handling Ltd, which then passes the documents to the airline.
- Step 8: When the consignment arrives at the airport of the destination country, the airline company uses the airway bill to contact the buyer.

1.2 SPECIAL TRADE TERMS IN EXPORT SALES (INCOTERMS)

Incoterms are the terms of sale as agreed upon by the seller and buyer to facilitate the handing over of a consignment and to specify who is responsible for transportation costs up to a designated point. All Incoterms are referred to by the recognised three-letter codes and mention the names and place of delivery. The Incoterms are grouped into four categories:

- The first, E-group, has only one trade term: Ex Works (EXW).
- The second, F-group, indicates the obligation of the seller to hand over the goods to a carrier free of risk and expenses to the buyer.
- The third, C-group, includes terms that indicate the seller's obligation to bear certain costs after main carriage, which is a critical point in the sales contract: the obligation to bear risks and costs change from one party to the other.
- The fourth, D-group, includes terms that prescribe that the goods must have arrived at a specified destination.

Incoterms are critical to exporters since they are a critical tool for managing risk. They also represent a cost to the exporters which may impact the feasibility of export.

1.2.1 Types of Incoterms

Group E

Departure

EXW – Ex Works: When goods are made available to the buyer at the seller's premises for collection with minimum obligation to the seller for transporting the goods to the buyer. At this point, the responsibility of risk is transferred to the buyer, who is obligated to clear the goods for export and pay all costs involved for transportation, including insurance if required.

Group F

Main carriage unpaid

FCA – Free Carrier: The seller arranges delivery of the goods cleared for export to the appointed carrier as nominated by the buyer and is responsible for the risk and costs up to the named point of handover.

FAS – Free Alongside Ship: The seller delivers the goods alongside the vessel at the named port of shipment as nominated by the buyer. The buyer will be responsible for all costs and risk from point onwards.

FOB – Free on Board: The seller is responsible for the clearing and delivering the goods for export on board the vessel to the nominated port of exit. Once the goods have passed over the ship's rail at the port of loading the risk is then transferred to the buyer.

Group C

Main carriage paid

CFR – Cost and Freight: The seller is responsible for the cost and freight charges for delivering the goods to the named port of destination and bears all risks up to this point.

CIF – Cost, Insurance and Freight: The seller is responsible for costs, insurance and freight charges for delivering the goods to the named port of destination and bears all the risks.

CPT – Carriage Paid To: The seller undertakes to deliver the goods to their appointed carrier to the named port of destination at the seller's expense. The responsibility of risk is then passed onto the first carrier up to the named place of delivery and the cost of the goods are borne by the seller until they arrive at the named place up to where carriage has been paid.

CIP – Carriage and Insurance Paid To: The seller undertakes to deliver the goods to their appointed carrier to the named port of destination, including insurance at the seller's expense. The responsibility of risk is then passed onto the first carrier up to the named place of delivery and the cost of the goods is borne by the seller until they arrive at the named place up to where carriage has been paid.

Group D

Arrival

DAF – Delivered at Frontier: The seller clears and places the goods for export at the buyer's disposal, unloaded at the named place of destination and bears all risks for transportation up to this point.

DES – Delivered ex Ship: The seller delivers and places the goods at the buyer's disposal, not cleared for imports at the named place of destination and bears the risk until they arrive at the named place of destination.

DEQ – Delivered ex Quay: The seller delivers and places the goods at the buyer's disposal, not cleared for import on the quay side (wharf) at the named place of destination. At this point the responsibility of risk is on the buyer.

DDU – Delivered Duty Unpaid: The seller undertakes to deliver the goods to the buyer's premises unloaded at the place of final destination, and bears all costs excluding any applicable duty and taxes.

DDP – Delivered Duty Free: The seller undertakes to deliver the goods to the buyer's premises unloaded at the place of final destination, and bears all costs including any applicable duty and taxes.

1.2.2 Basic Export Documents

Below is a list of basic export documents. The documentation is required by the importer either to satisfy the country's trade control authorities or to enable a documentary credit transaction to be implemented. Many exporters find it more convenient to control the volumes and variety of paperwork and related matters by designing a file folder that has printed on the covers the entire control procedure covering documentation, payment, shipping instructions and so on. The checklist provides for road, air and sea freight.

Document	Road freight	Air freight	Sea freight
Invitation to quote	X	X	X
Quote	X	X	X
Pro forma invoice	X	X	X
Order confirmation/acknowledgement	X	X	X
Bill of lading/short-form bill of lading	X	X	X
Airway bill		X	
Insurance policy	X	X	X
Commercial invoice	X	X	X
Consular invoice	X	X	X
Certificate of origin	X	X	X
Packing list/weight note		X	
Specification sheet	X	X	X
Import permit	X	X	X
Phytosanitary certificate	X	X	X
Customs invoice	X	X	X
Documentary credit of payment drafts	X	X	X
CCA1 form	X		
Vessels manifest			X

CHECKLIST OF EXPORT DOCUMENTS

1.2.3 Commercial documents

Packing List: An inventory document showing the net quantity of goods, number of packages, weight and measurement of consignment.

Pro forma Invoice: This is a form of quotation by the seller to a potential buyer. It is the same as the commercial invoice except for the words "Pro forma Invoice".

Certified Invoice: A certified invoice may be an ordinary signed commercial invoice specifically certifying that the goods are in accordance with a specific contract or pro forma, that the goods are, or are not, of a specific country of origin and certifying any statement the buyer requires from the seller.

Commercial Invoice: The following details must appear on a commercial invoice:

- Names and addresses of buyer and seller and date
- Complete description of goods
- Unit prices where applicable and final price against shipping terms
- Terms of settlement
- Transport mark and number
- Weight and quantity of goods, and name of vessel if known and applicable

1.2.4 Official documents

Export Permit: An export document issued by the DAFF for the importation of certain commodities that must be submitted for customs clearance

Phytosanitary Certificate: A document that shows the origin of the shipment and confirms inspection in the source country by the member of the importing country NPPO.

Customs Invoice: A commercial invoice issued by the seller to a buyer declaring such information as:

- Shipper and consignee physical address
- Description of goods
- Quantity and value of consignment
- Shipping/Incoterms

This is absent if the consignment is not for sale.

CCA1 Form: A formal customs document that must be completed for all products that are not documents and that are shipped within the SACU region.

Certificate of Origin: These constitute signed documents evidencing origin of the goods and are normally used by the importer's country to determine the tariff rates. They should contain the description of goods and phytosanitary inspection signature.

1.2.5 Insurance documents

Letter of Insurance: This is usually issued by a broker to provide notice that insurance has been placed pending the production of a policy or a certificate.

Insurance Certificate: These are issued by insurance companies to embrace either open covers or floating policies.

1.2.6 Transport documents

Airway Bill: This is a non-negotiable airline document that covers the transportation of cargo from a designated point of origin to a named final destination, whether it is an international or a domestic consignment. It states all details of cargo loaded on board an aircraft.

Bill of Lading: This is a legal contract between the owner of the consignment and the shipping line or agent to transport consignments. It states all details of cargo loaded onto a vessel.

Vessel Manifest: A list drawn up of all consignment to be shipped and signed for by the captain of the vessel/ aircraft.

1.2.7 Financial and financing documents

Letter of Credit: These are particularly important. A letter-of-credit arrangement will be agreed upon in the contract of sale. The buyer instructs a bank in his own country to open a credit with a bank in the seller's country in favor of the seller, specifying the documents which the seller has to deliver to the bank for him to receive payment.

Delivery Order: This is an order on a warehouse instructing it to deliver goods to the bearer or a party named in the order. Banks issue such orders when goods stored in their name are to be delivered to a buyer or are to be reshipped and have to leave a warehouse.

Warehouse Receipt: This is a receipt for goods issued by a warehouse. It is not negotiable and no rights in the goods can be transferred under it. Delivery orders may be issued against the receipt for the goods which relate to it.

Promissory Notes: While not bills of exchange, these are largely subject to the same rules and are used for a somewhat similar purpose, namely the settlement of indebtedness. Instead of being drawn like a bill of exchange by the person expecting to be paid, they are made by the person who owes the money, in favour of the beneficiary.

ANNEXURE 7

SEDA PROVINCIAL OFFICES CONTACTS

1. *Gauteng Province (Pretoria)*

Manager: Mr Sifiso Kunene

Physical address: The dti Campus, Building G, 77 Meintjes Street, Sunnyside, Pretoria

Tel: 012 441 1100

Fax: 012 441 2212

Cell: 082 8246129

Email: nkunene@seda.org.za

2. *Eastern Province (East London)*

Provincial Manager: Mr Luzuko Dibi

Physical address: 91 Western Avenue, Vincent, East London, 5200

Tel: 043 721 1720/1723/1724

Fax: 043 721 1721

Cell: 084 626 3699

Email: ldibi@sedaec.org.za

3. *Free State Province (Bloemfontein)*

Provincial Manager: Jackie Ntshingila

Physical address: Telkom Building, 1st floor, Phase 2, Mandela Drive, Bloemfontein, 9301

Tel: 051 411 3820

Fax: 086 6220023

Cell: 082 801 0008

Email: jntshingila@seda.org.za

4. *KwaZulu-Natal Province (Durban)*

Provincial Manager: Lindani Dhlomo

Physical address: Ground Floor, Kuehne & Nagel House, 381 King Dinuzulu Rd, Durban, 4001

Tel: 031 277 9500

Fax: 031 277 9510

Email: jmotsoeneng@seda.org.za

5. *Limpopo Province (Polokwane)*

Provincial Manager: Mr Koenie Slabbert

Physical address: Suite 6, 2nd Floor, Maneo Building, 73 Biccard Street, Polokwane

Tel: 015 297 4422

Fax: 015 297 4022

Cell: 083 3786289

Email: kslabbert@seda.org.za

6. *Mpumalanga Province Office (Nelspruit)*

Provincial Manager: Ms Ntokozo Majola

Physical address: Suite 102, Bi-water Building, 16 Brander Street, Nelspruit, 1200

Tel: 013 755 6046/7

Fax: 013 755 6043

Email: nmajola@sedampu.org.za

7. *North West Province Office (Mafikeng)*

Provincial Manager: Mr Neville Maimane

Physical address: 187 Joubert Street, Rustenberg, 0300

Tel: 014 592 9461

Fax: 014 592 9734

Cell: 082 887 1942

Email: nmaimane@sedanw.org.za

8. *Northern Cape Office (Kimberley)*

Provincial Manager: Mr Kagiso Manjinja

Physical address: 6 Long Street, Kraynauw Scholtz, Kimberley, 8301

Tel: 053 807 8060

Fax: 053 807 8069

Cell: 082 569 1494

Email: kmanjinja@seda.org.za

9. *Western Cape Office (Cape Town)*

Acting Provincial Manager: Mr Benney Chabalala

Physical address: 1st Floor Akker Park Building, Neels Bothma Street, Goodwood, 7460

Tel: 021 596 1300

Fax: 021 595 1253

Cell: 082 856 9531

Email: bchabalala@sedawc.org.za

