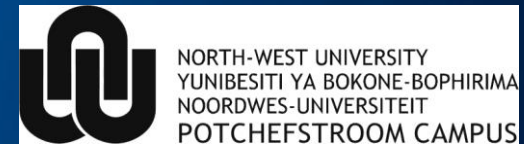


# Trading.... to compete and win

Prof Wilma Viviers  
Mr Martin Cameron  
Mr Tinashe Kapuya  
Ms Lindie Stroebe

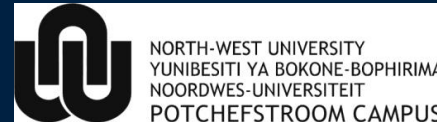


# What it all comes down to:

- Trade, Do business, Serve, etc....

## 3 steps

1. Trade opportunities – a pragmatic approach
2. Enabling trade environment
3. Enabling business environment



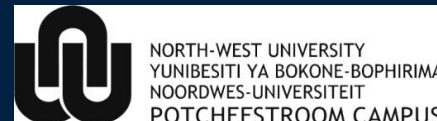
# What it all comes down to:

- Trade, Do business, Serve, etc....

3 steps

## 1. Trade opportunities: a pragmatic approach

1. Enabling trade environment
2. Enabling business environment





# TRADE DSM Navigator™

*– Expanding South Africa's export horizons*



Prof Wilma Viviers and Mr Martin Cameron  
TRADE research entity,  
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[Wilma.Viviers@nwu.ac.za](mailto:Wilma.Viviers@nwu.ac.za)



NORTH-WEST UNIVERSITY  
YUNIBESITI YA BOKONE-BOPHIRIMA  
NOORDWES-UNIVERSITEIT  
POTCHEFSTROOM CAMPUS



# Outline of presentation

- 1. Context
- 2. TRADE-DSM methodology
- 3. Some practical examples
- 4. Summary and benefits



# 1. Context (1)

## The challenge...



**Rising competition and sluggish growth at home are forcing more and more businesses to consider exporting or, if already active at an international level, to diversify into new products and/or markets.**

**Most export strategies revolve around the issues of:**

- Which regions/countries are worth pursuing and spending money on?
- How should the available product range be tailored so as to take advantage of the opportunities present in the market(s)?
- Which export opportunities should we focus our attention on, given the constraints of time, money, manpower and/or expertise?



# 1. Context (2)

## From data to intelligence...



**Nature of international trade information and analysis easily leads to an “overload” of information..**

- International country risk: commercial and political
- Market potential size and growth trends
- Market concentration
- Market access barriers:
  - Tariffs and non-tariff barriers
  - Transport logistics costs and time, etc.



**Need to distil data to intelligence...**

# 1. Context (3)

From data to intelligence...



- Example 1: Company based
  - in which countries is there a realistic demand for my company's products e.g. fresh apricots ?
- Example 2: Sector based
  - What are the export opportunities in the various agricultural subsectors, e.g. primary, per sub sector, e.g. deciduous fruit, in the world, in a country and who are my competitors, etc.
- Example 3: Government - national/provincial/Export council/association
  - There is a agricultural trade show in Zambia – for which agricultural products from SA does Zambia have a realistic demand?





# 1. Context (4)

## The Harmonized System (HS)



- Is a numerical classification system of products used as a basis for international trade statistics by almost all countries.
- Is harmonized up to six digits (**HS-6**) – this means you can compare HS data between countries.
- Is broken down into 3 clusters:

-> **HS-2 digit: the chapter of the good (sector)**

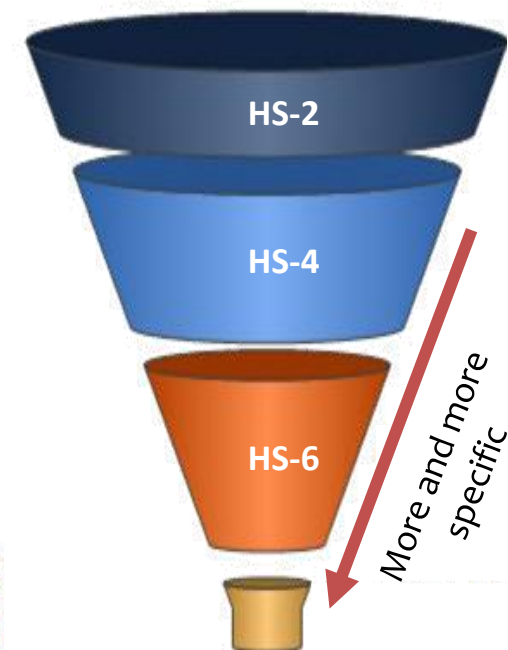
**E.g. 80 = Edible fruit and nuts; peel of citrus fruit or melons**

-> **HS-4 digit: groupings within the chapter (sub-sector)**

**E.g. 0809 = Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.**

-> **HS-6 digit : product(s) within the grouping**

**E.g. 080910 = Apricots, fresh**



Source: ITC

## 2. Focus on the TRADE-DSM

DSM methodology in a nutshell



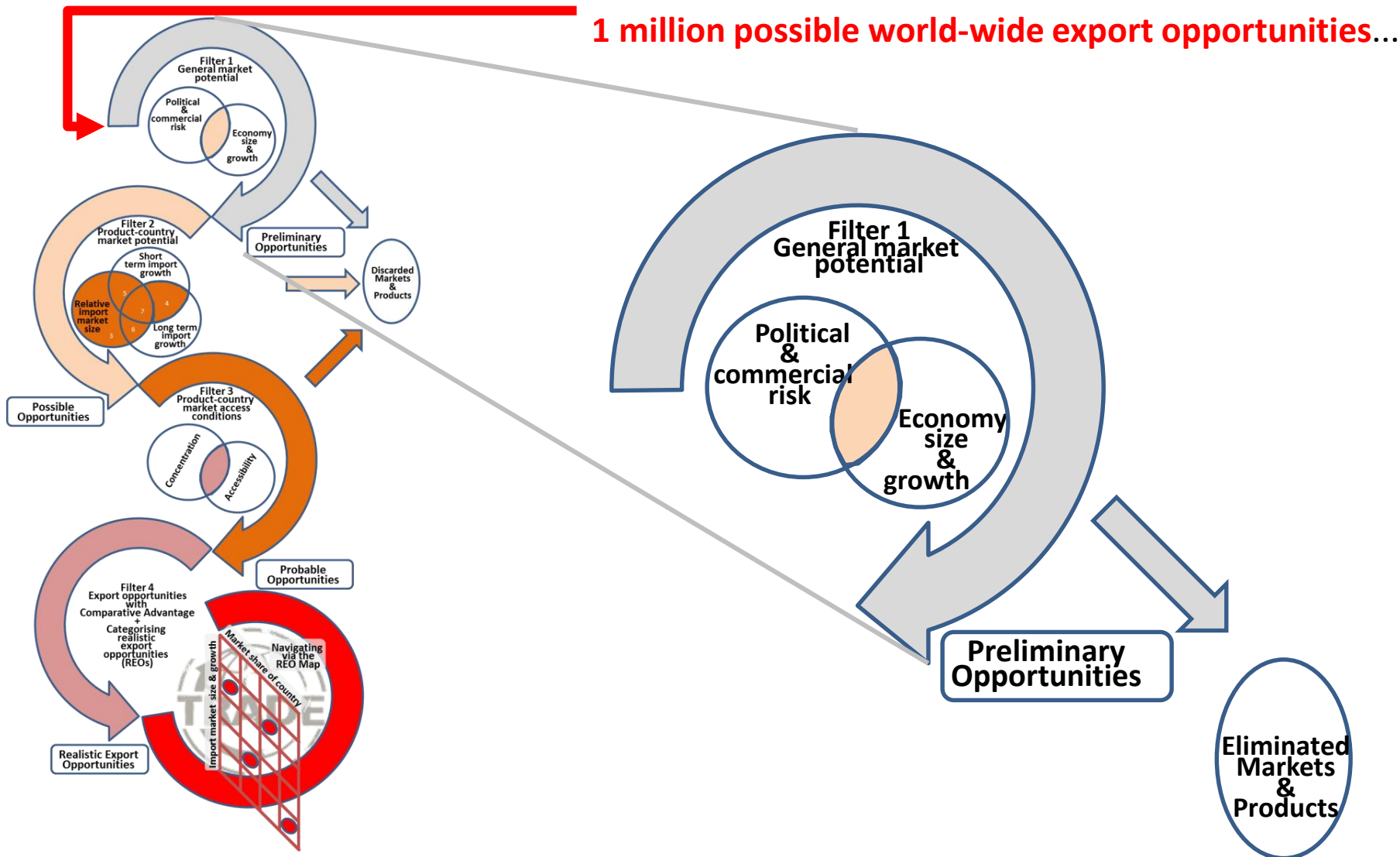
**The DSM uses a sequential filtering process (4 filters) that eliminates less promising export opportunities, and focuses on those country-product combinations that show the most potential**



## 2. DSM methodology- the filtering process

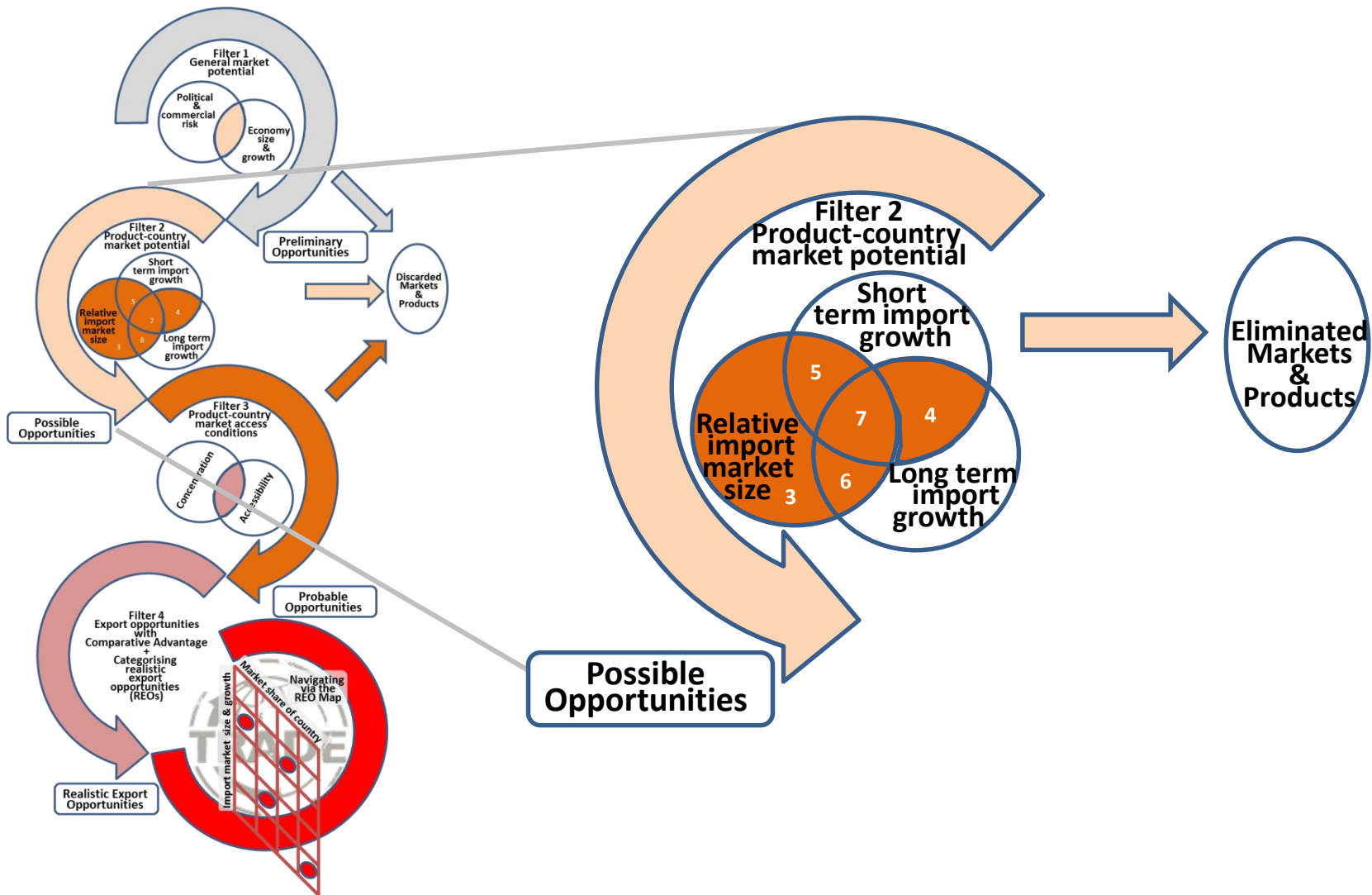
Filter 1.1: Political and commercial risk ratings

Filter 1.2: Macro-economic size and growth



## 2. DSM methodology- the filtering process

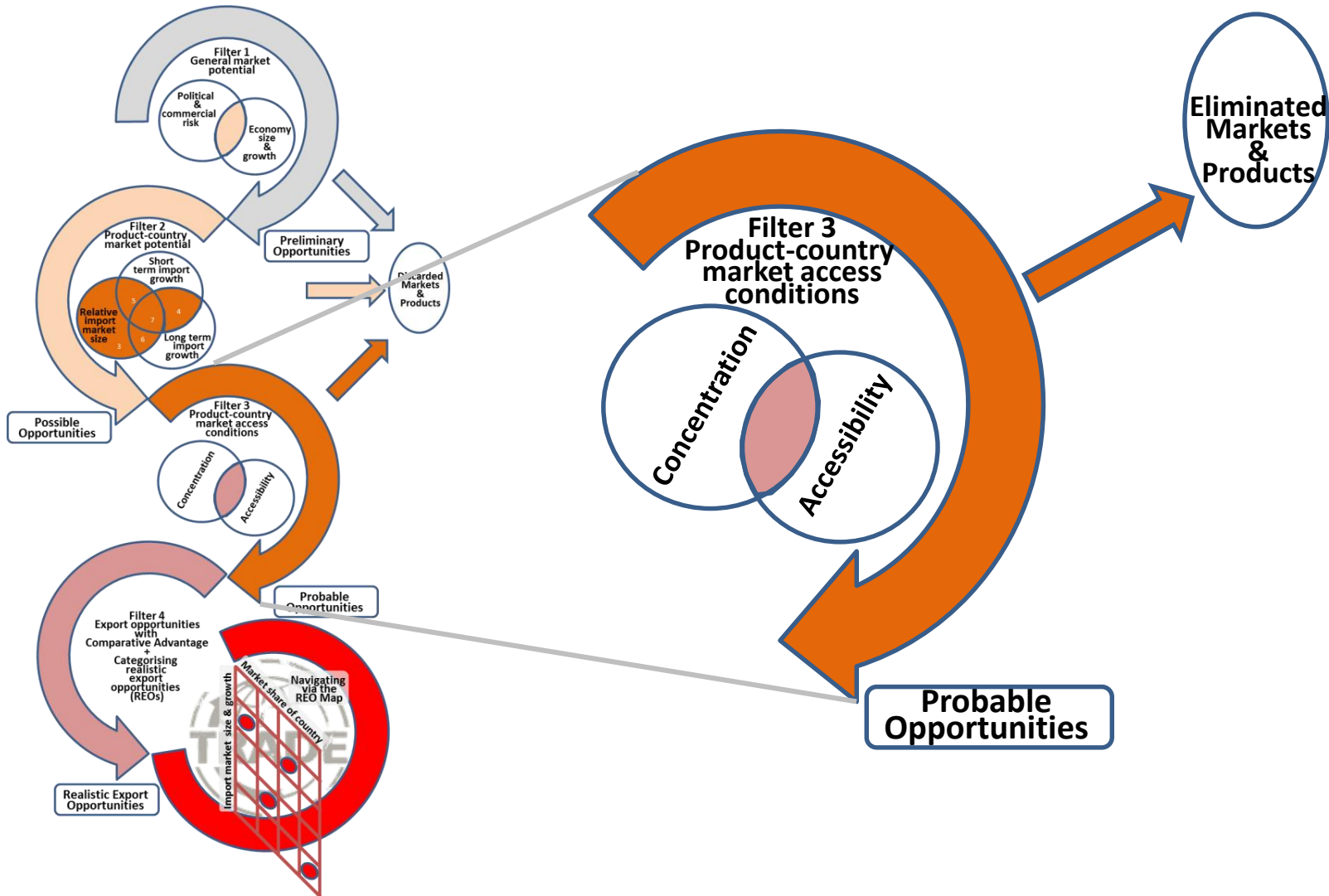
### Filter 2: Import size and growth



# 2. DSM methodology- the filtering process

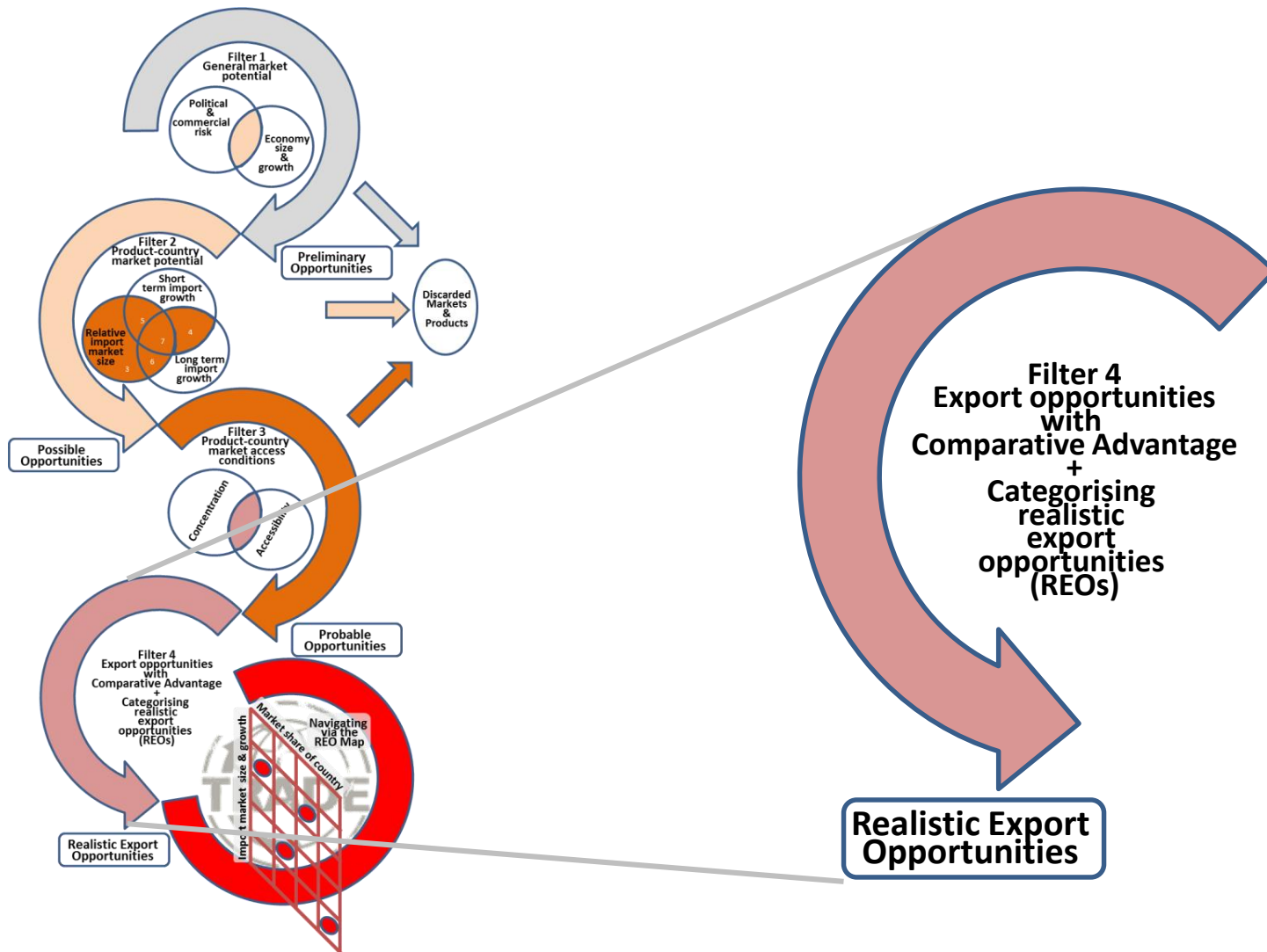
Filter 3.1: Import market concentration

Filter 3.2: Import market accessibility



# 2. DSM methodology- the filtering process

Filter 4: Export opportunities with  
Comparative Advantage ( $RCA > 1$ )

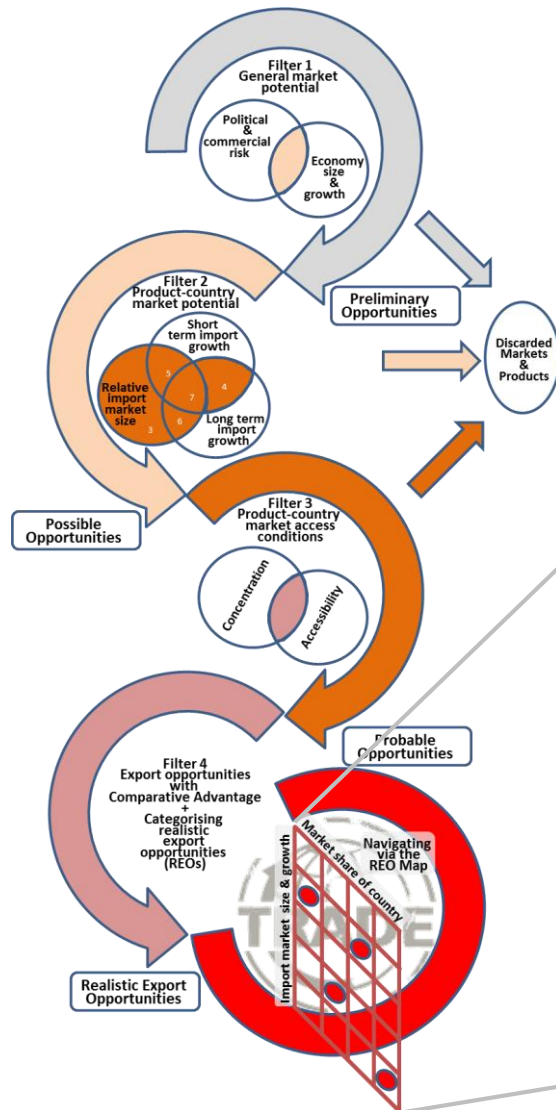




# 2. DSM methodology

Navigating to your objective

– the REO map (realistic export opportunities)...



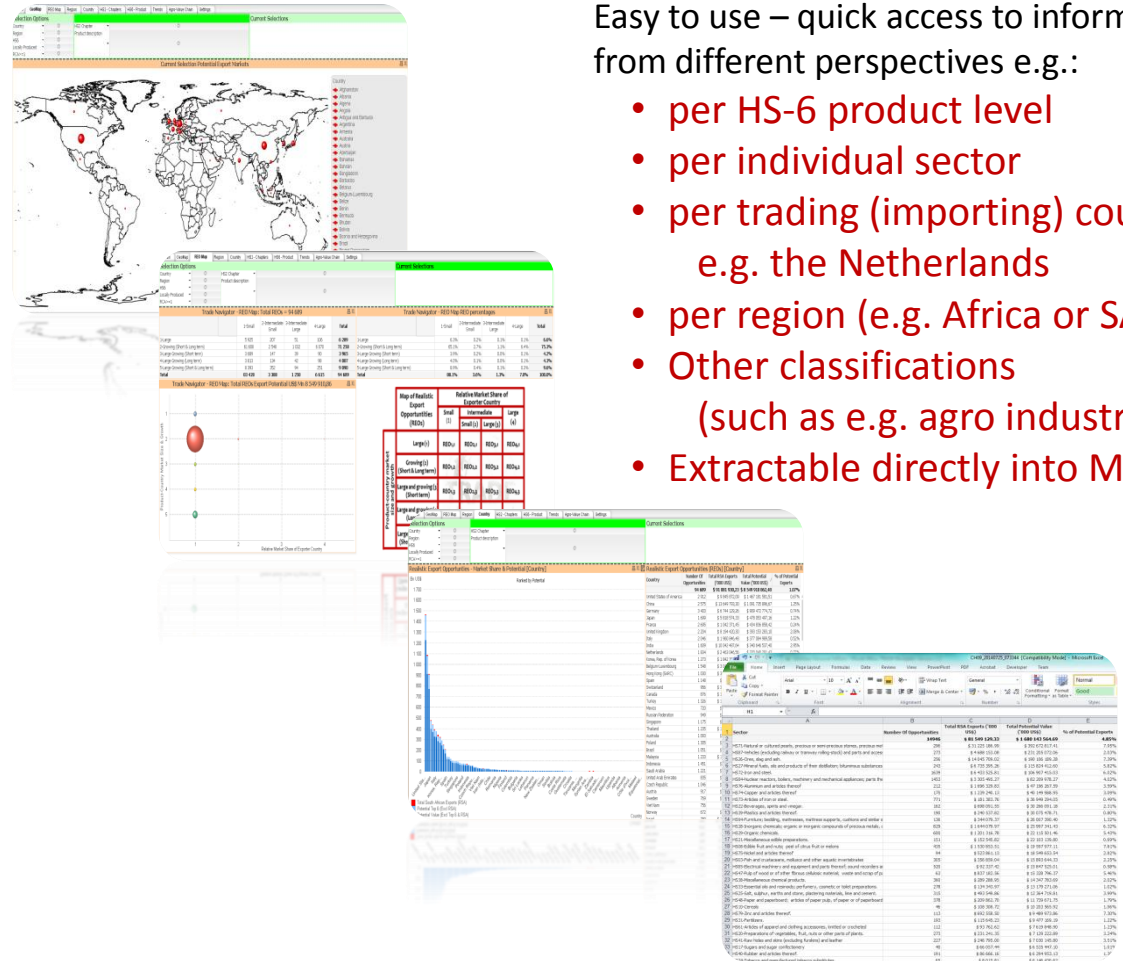
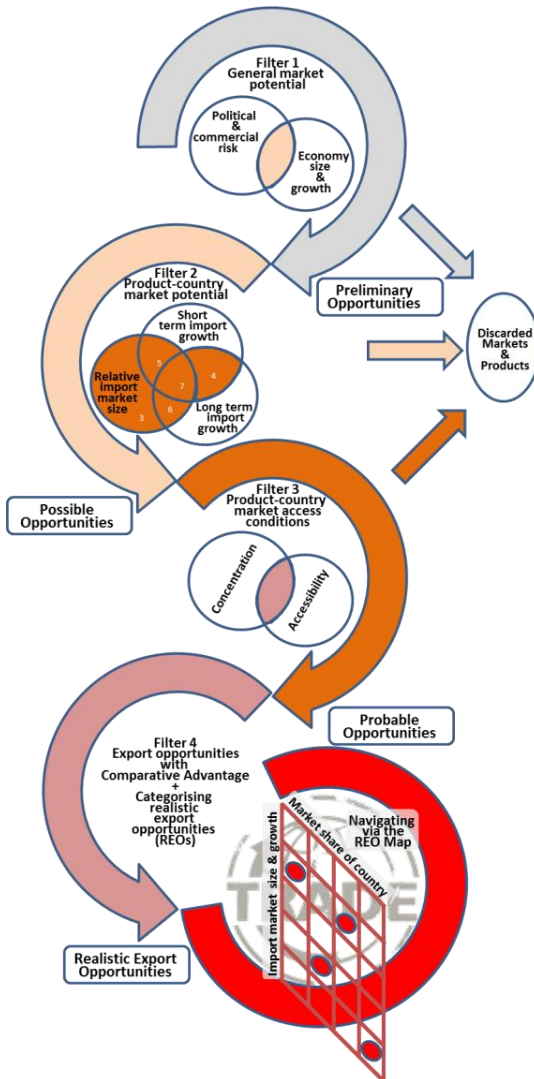
	Realistic Export Opportunities	Relative Market Share of Country			
		Small	Intermediate		Large
			Small	Large	
Product Market	Large	REO1,1	REO2,1	REO3,1	REO4,1
	Growing (Short & Long term)	REO1,2	REO2,2	REO3,2	REO4,2
	Large and growing (Short term)	REO1,3	REO2,3	REO3,3	REO4,3
	Large and growing (Long term)	REO1,4	REO2,4	REO3,4	REO4,4
	Large and growing (Short & Long term)	REO1,5	REO2,5	REO3,5	REO4,5
		Offensive Exploration		Offensive Expansion	
				Defensive Sustain & Maintain	

# 2. DSM methodology- the filtering process

- Accessible via User-friendly interface



## TRADE DSM Navigator™



Easy to use – quick access to information from different perspectives e.g.:

- per HS-6 product level
- per individual sector
- per trading (importing) country, e.g. the Netherlands
- per region (e.g. Africa or SADC)
- Other classifications (such as e.g. agro industry, SIC)
- Extractable directly into MS Excel

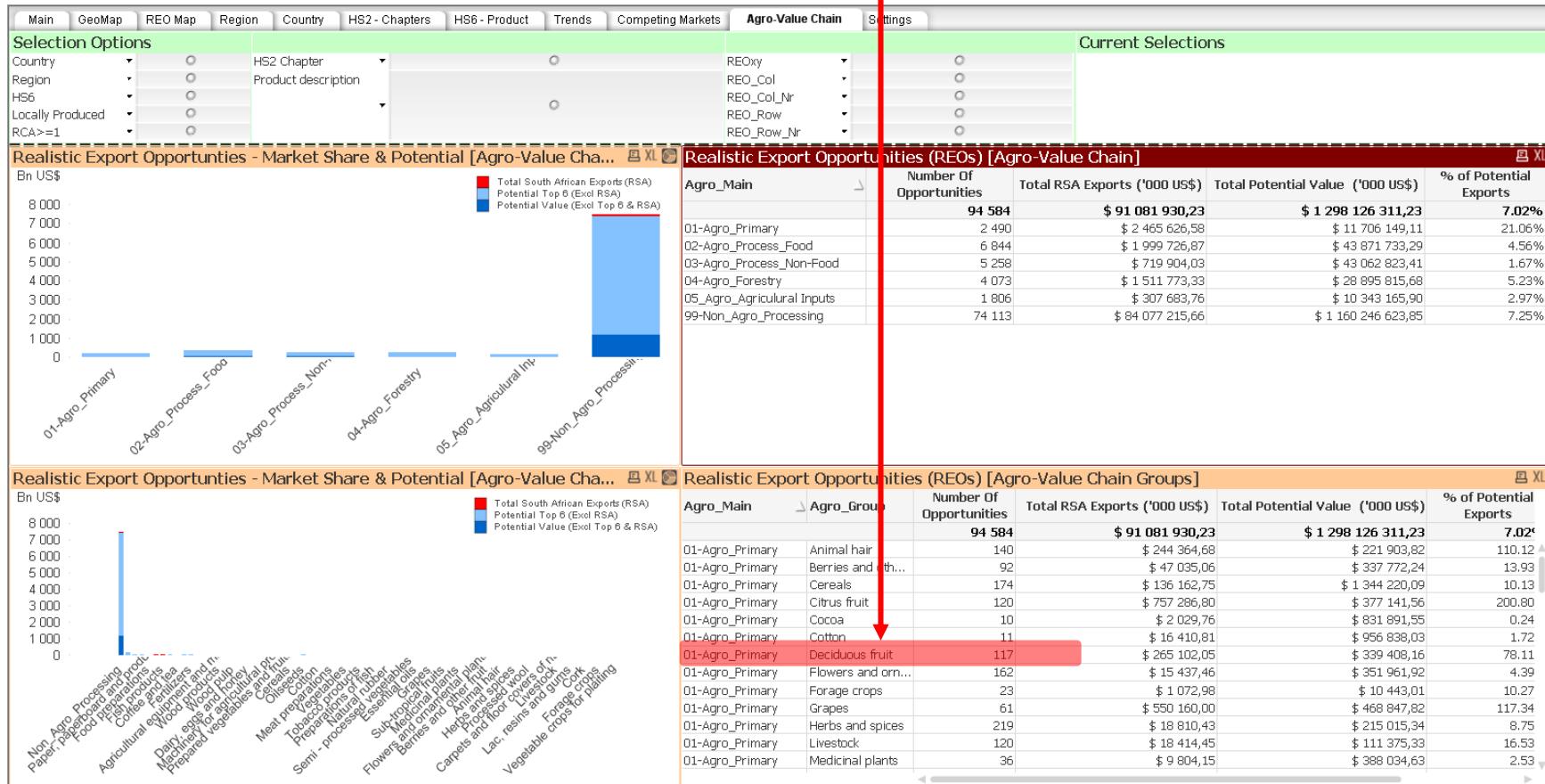


# 4. Some practical examples



## – e.g. Agricultural Value Chain

- 01-Agro\_Primary
- 02-Agro\_Process\_Food
- 03-Agro\_Process\_Non-Food
- 04-Agro\_Forestry
- 05\_Agro\_Agricultural Inputs
- 99-Non\_Agro\_Processing



# 4. Some practical examples

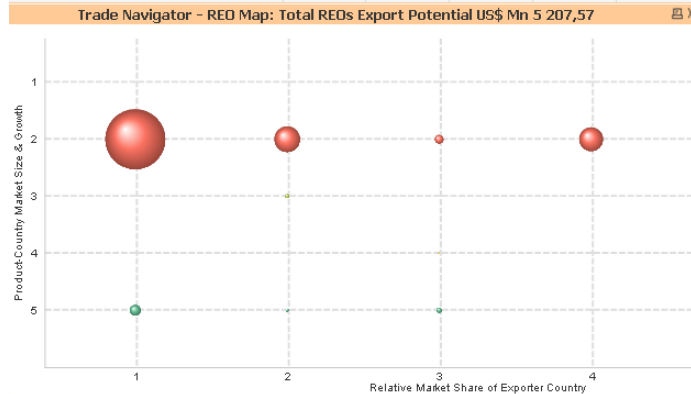
– e.g. Agricultural Value Chain



- Deciduous fruit = 114 realistic export opportunities

Agro_Main	Agro_Group	Number Of Opportunities	Total RSA Exports ('000 US\$)	Total Potential Value ('000 US\$)	% of Potential Exports
01-Agro_Primary	Deciduous fruit	114	\$ 265 096.19	\$ 5 207 571.44	5.09%

Main	GeoMap	REO Map	Region	Country	HS2 - Chapters	HS6 - Product	Trends	Competing Markets	Agro-Value Chain	Settings
<b>Selection Options</b> Country: <input type="radio"/> HS2 Chapter: <input type="radio"/> HS08-Edible fruit and nuts; peel of citrus fruit or melons Region: <input type="radio"/> Product description: <input type="radio"/> HS6: <input type="radio"/> Locally Produced: <input checked="" type="checkbox"/> RCA>=1: <input checked="" type="checkbox"/>										
<b>Current Selections</b> RCA>=1: <input checked="" type="checkbox"/> Yes Locally Produced: <input checked="" type="checkbox"/> Yes Agro_Group: <input checked="" type="checkbox"/> Deciduous fruit										
<b>Trade Navigator - REO Map: Total REOs = 114</b>										
	1-Small	2-Intermediate Small	3-Intermediate Large	4-Large	Total					
1-Large	1	2	0	1	4					
2-Growing (Short & Long term)	40	11	4	40	95					
3-Large Growing (Short term)	0	2	0	1	3					
4-Large Growing (Long term)	0	1	1	1	3					
5-Large Growing (Short & Long term)	6	1	2	0	9					
<b>Total</b>	<b>47</b>	<b>17</b>	<b>7</b>	<b>43</b>	<b>114</b>					
<b>Trade Navigator - REO Map: Total REOs Export Potential US\$ Mn 5 207,57</b>										
	1-Small	2-Intermediate Small	3-Intermediate Large	4-Large	Total					
1-Large	0.9%	1.8%	0.0%	0.9%	3.5%					
2-Growing (Short & Long term)	35.1%	9.6%	3.5%	35.1%	83.3%					
3-Large Growing (Short term)	0.0%	1.8%	0.0%	0.9%	2.6%					
4-Large Growing (Long term)	0.0%	0.9%	0.9%	0.9%	2.6%					
5-Large Growing (Short & Long term)	5.3%	0.9%	1.8%	0.0%	7.9%					
<b>Total</b>	<b>41.2%</b>	<b>14.9%</b>	<b>6.1%</b>	<b>37.7%</b>	<b>100.0%</b>					



	Map of Realistic Export Opportunities (REOs)	Relative Market Share of Exporter Country			
		Small (1)	Intermediate		Large (4)
			Small (2)	Large (3)	
Product-country market size and growth	Large (1)	REO <sub>1,1</sub>	REO <sub>2,1</sub>	REO <sub>3,1</sub>	REO <sub>4,1</sub>
	Growing (2) (Short & Long term)	REO <sub>1,2</sub>	REO <sub>2,2</sub>	REO <sub>3,2</sub>	REO <sub>4,2</sub>
	Large and growing (3) (Short term)	REO <sub>1,3</sub>	REO <sub>2,3</sub>	REO <sub>3,3</sub>	REO <sub>4,3</sub>
	Large and growing (4) (Long term)	REO <sub>1,4</sub>	REO <sub>2,4</sub>	REO <sub>3,4</sub>	REO <sub>4,4</sub>
	Large and growing (5) (Short & Long term)	REO <sub>1,5</sub>	REO <sub>2,5</sub>	REO <sub>3,5</sub>	REO <sub>4,5</sub>

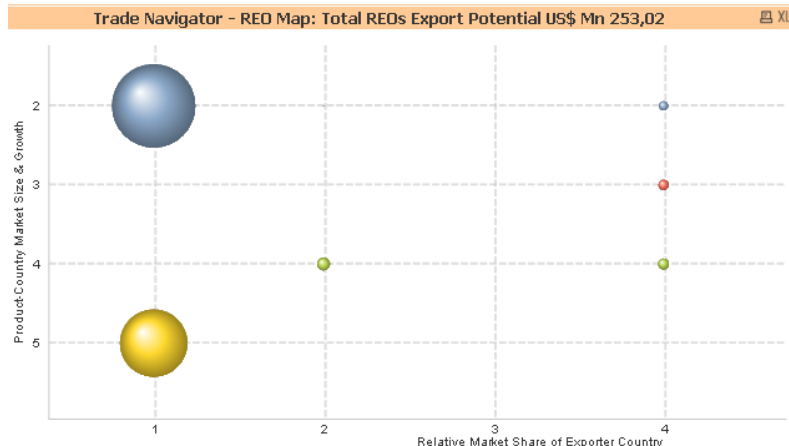
# 4. Some practical examples

– e.g. Agricultural Value Chain



- Deciduous fruit
- HS08 – Edible fruit and nuts; peel of citrus fruit or melons
- HS080910 – Apricots, fresh = 23 Realistic Export Opportunities

Main		GeoMap	REO Map	Region	Country	HS2 - Chapter	HS6 - Product	Trends	Competing Markets	Agro-Value Chain	Settings
Selection Options											
Country			HS2 Chapter		HS08-Edible fruit and nuts; peel of citrus fruit or melons						
Region			Product description		Apricots, fresh						
HS6	HS080910										
Locally Produced	Yes										
RCA>=1	Yes										
Current Selections											
HS6		H5080910									
RCA>=1		Yes									
Locally Produced		Yes									
Agro_Group		Deciduous fruit									
Trade Navigator - REO Map: Total REOs = 23											
	1-Small Market Share	2-Intermediate Small Market Share	3-Intermediate Large Market Share	4-Large Market Share	total		1-Small Market Share	2-Intermediate Small Market Share	3-Intermediate Large Market Share	4-Large Market Share	Total
2-Growing Market (Short & Long term)	7	3	1	7	18	2-Growing Market (Short & Long term)	30.4%	13.0%	4.3%	30.4%	78.3%
3-Large Growing Market (Short term)	0	0	0	1	1	3-Large Growing Market (Short term)	0.0%	0.0%	0.0%	4.3%	4.3%
4-Large Growing Market (Long term)	0	1	0	1	2	4-Large Growing Market (Long term)	0.0%	4.3%	0.0%	4.3%	8.7%
5-Large Growing Market (Short & Long...	2	0	0	0	2	5-Large Growing Market (Short & Long...	8.7%	0.0%	0.0%	0.0%	8.7%
Total	9	4	1	9	23	Total	39.1%	17.4%	4.3%	39.1%	100.0%



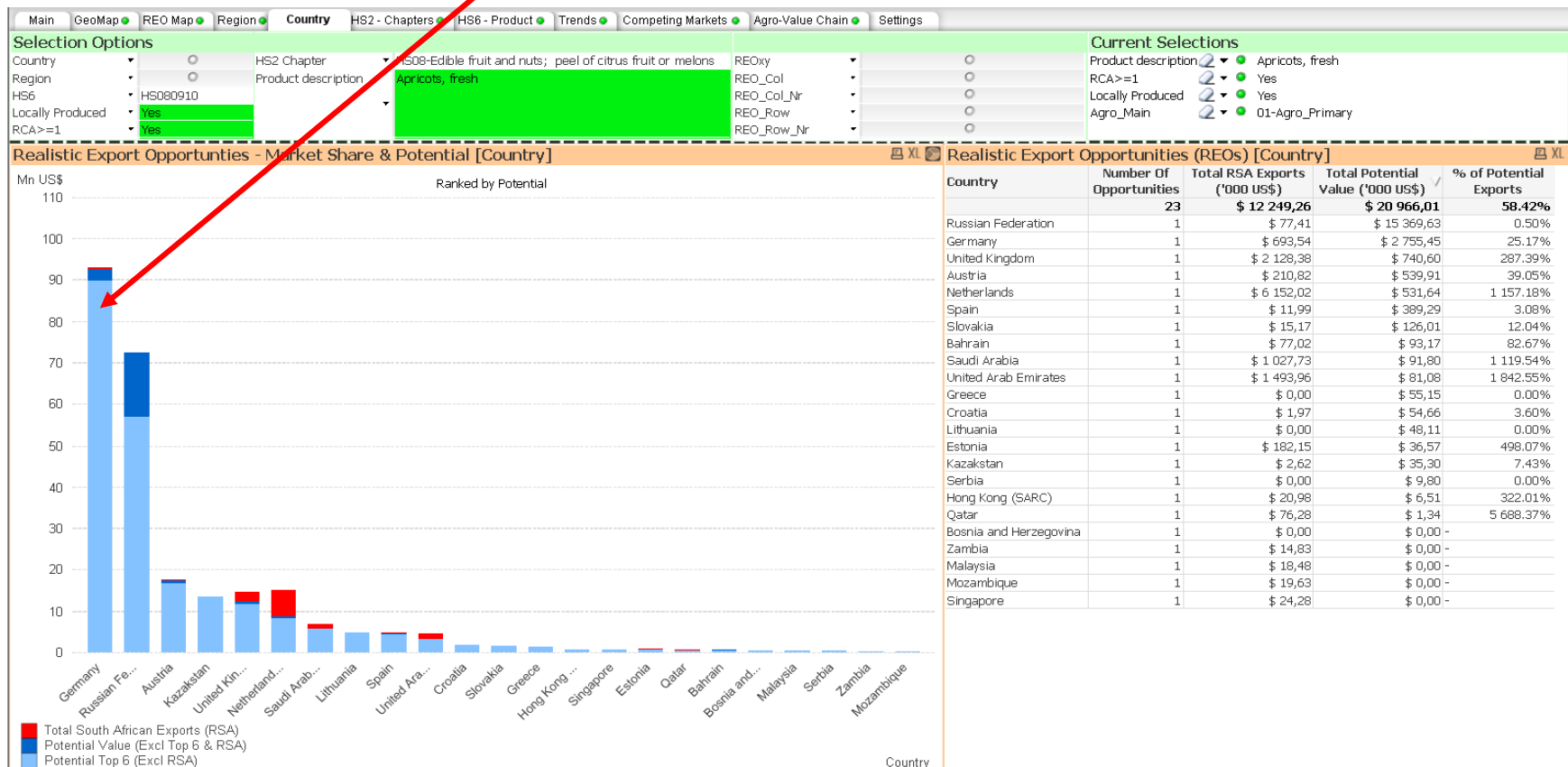
		Relative Market Share of Exporter Country			
		Small (1)	Intermediate		Large (4)
			Small (2)	Large (3)	
Product-country market size and growth	Large (1)	REO <sub>1,1</sub>	REO <sub>2,1</sub>	REO <sub>3,1</sub>	REO <sub>4,1</sub>
	Growing (2) (Short & Long term)	REO <sub>1,2</sub>	REO <sub>2,2</sub>	REO <sub>3,2</sub>	REO <sub>4,2</sub>
	Large and growing (3) (Short term)	REO <sub>1,3</sub>	REO <sub>2,3</sub>	REO <sub>3,3</sub>	REO <sub>4,3</sub>
	Large and growing (4) (Long term)	REO <sub>1,4</sub>	REO <sub>2,4</sub>	REO <sub>3,4</sub>	REO <sub>4,4</sub>
	Large and growing (5) (Short & Long term)	REO <sub>1,5</sub>	REO <sub>2,5</sub>	REO <sub>3,5</sub>	REO <sub>4,5</sub>

# 4. Some practical examples

## – e.g. Agricultural Value Chain



- Deciduous fruit
- HS08 – Edible fruit and nuts; peel of citrus fruit or melons
- HS080910 – Apricots, fresh = 23 Realistic Export Opportunities
- Which markets ... ? Germany as an example...

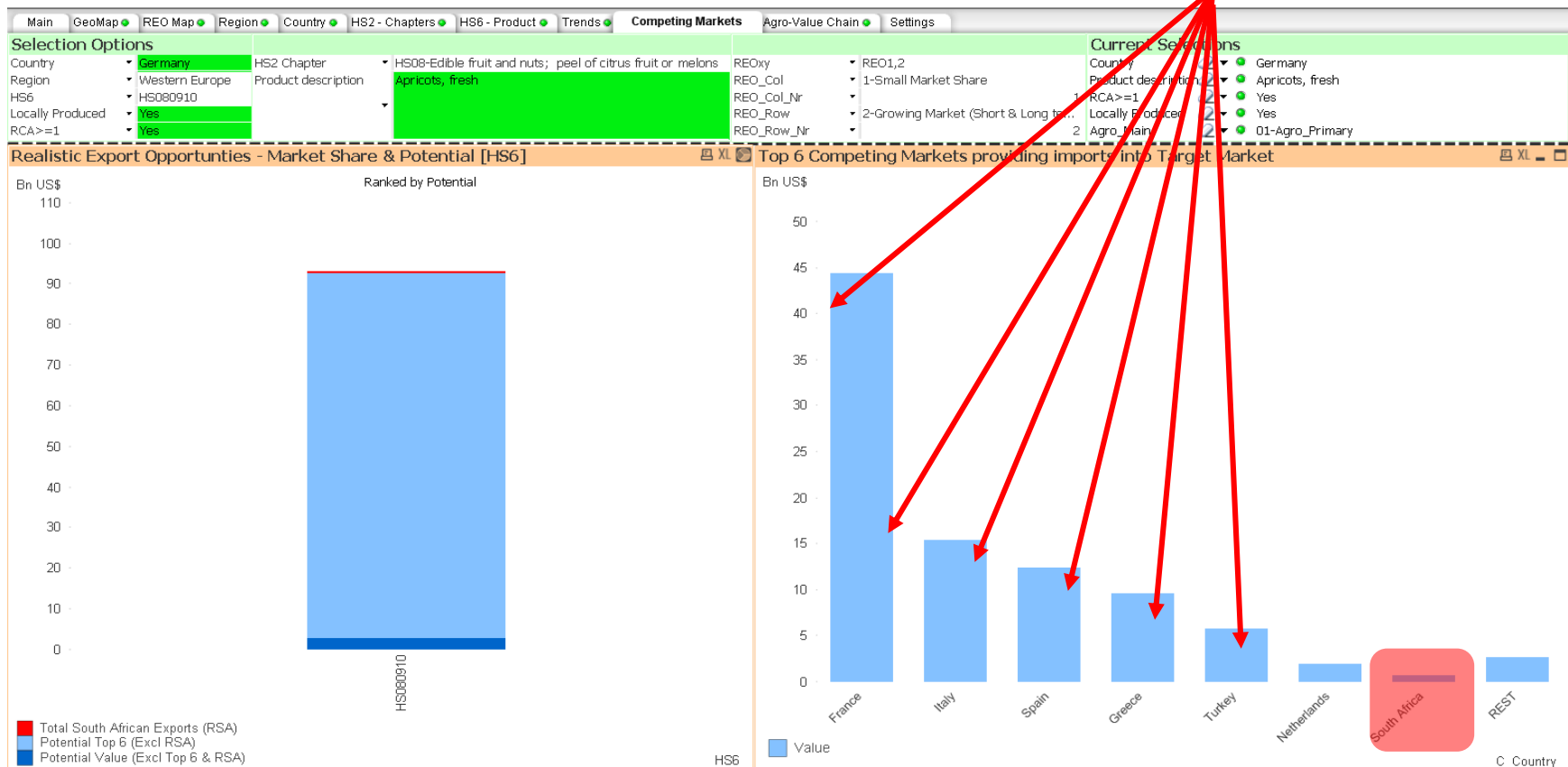


# 4. Some practical examples

## – e.g. Agricultural Value Chain



- Deciduous fruit
- HS08 – Edible fruit and nuts; peel of citrus fruit or melons
- HS080910 – Apricots, fresh = 23 Realistic Export Opportunities
- Which Markets ... ? Germany as an example... Who are the major competitors ... ?



# 4. Some practical examples

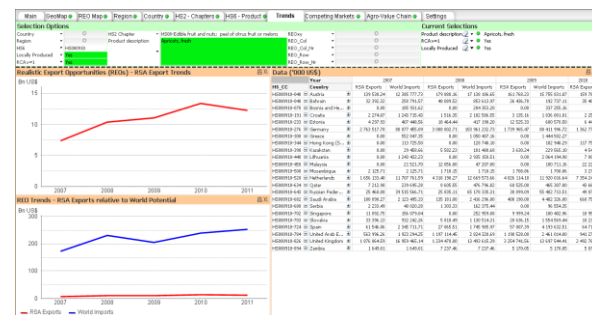
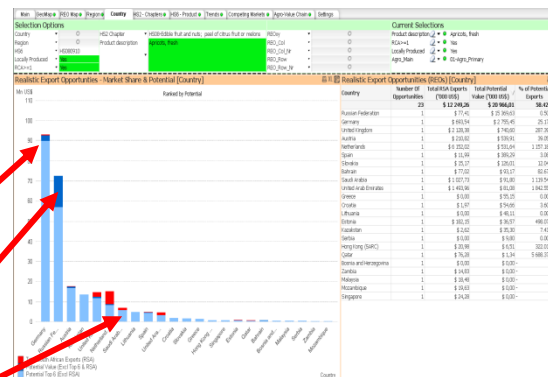
## – e.g. Agricultural Value Chain

My client wants to know which markets in Europe have the most realistic opportunity for fresh apricots ?



Select  
-> Apricots, fresh (HS08.09.10)

	Product Market	Relative Market Share of Country			
		Small	Intermediate		Large
			Small	Large	
Realistic Export Opportunities					
Large		REO1,1	REO2,1	REO3,1	REO4,1
Growing (Short & Long term)		REO1,2	REO2,2	REO3,2	REO4,2
Large and growing (Short term)		REO1,3	REO2,3	REO3,3	REO4,3
Large and growing (Long term)		REO1,4	REO2,4	REO3,4	REO4,4
Large and growing (Short & Long term)		REO1,5	REO2,5	REO3,5	REO4,5
Offensive Market Exploration		Offensive Market Expansion		Defensive Market Maintenance	



Realistic Export Opportunities (REOs) [Country]			
Country	Number Of Opportunities	Total RSA Exports ('000 US\$)	Total Potential Value ('000 US\$)
Germany	23	\$ 12 249,26	\$ 253 015,70
Russian Federation	1	\$ 693,54	\$ 92 918,10
Austria	1	\$ 77,41	\$ 72 280,65
Netherlands	1	\$ 210,82	\$ 17 246,11
United Kingdom	1	\$ 6 152,02	\$ 14 772,08
Kazakhstan	1	\$ 2 128,38	\$ 14 289,14
Saudi Arabia	1	\$ 2,62	\$ 13 262,92
Lithuania	1	\$ 1 027,73	\$ 6 526,37
Spain	1	\$ 0,00	\$ 4 741,75
United Arab Emirates	1	\$ 11,99	\$ 4 529,57
United Arab Emirates	1	\$ 1 493,96	\$ 4 477,94

## 5. Summary and benefits of the **TRADE DSM Navigator™**



- **TRADE DSM Navigator™** - is extremely rigorous and thorough in its approach. It is the only market selection methodology that includes all possible product-country combinations in the world at an HS-6 product level.
- It is much more time-efficient than traditional approaches to market and product selection.
- It can be loaded onto individual computers and accessed via an easy-to-use interface, making it portable and convenient.
- It helps to inform export growth strategies in existing and/or new markets.
- It encourages the efficient allocation of resources, thereby helping organisations to advance their export initiatives in a timely and cost-effective manner.



A faint world map in the background with several large, curved arrows indicating global trade flows. The arrows are in shades of blue and white, connecting different continents.

# Thank you

Contact details:

[Wilma.Viviers@nwu.ac.za](mailto:Wilma.Viviers@nwu.ac.za)





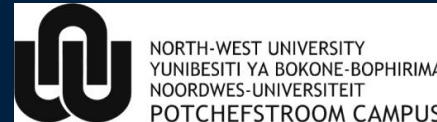
# What it all comes down to:

25

□ Trade, Do business, Serve, etc....

3 steps

1. Trade opportunities – a pragmatic approach
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3. Enabling business environment



# What happened thus far?

- ❑ The SADC – Economic Partnership Agreement initialled
- ❑ The lobby for SA's continued inclusion in AGOA intensified
- ❑ The TFTA negotiations picking up momentum
- ❑ The debate around the Promotion and Protection of Investment Bill
- ❑ A re-newed and continued desire between government and business for deeper engagement

# Strategic positioning...

- A focused but multi-pronged approach in lobbying and getting out the messages
  - ▣ NEDLAC – TESELICO, TIC, ATF, Task Teams etc
  - ▣ Dedicated strategic use of the media
  - ▣ The use of scientific research to inform positions and arguments
  - ▣ The creation of a virtual network within and outside SA
  - ▣ Spearheading the formulation of sectoral export strategic plans focused on expanding SA's markets

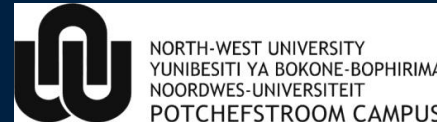
# What it all comes down to:

28

□ Trade, Do business, Serve, etc....

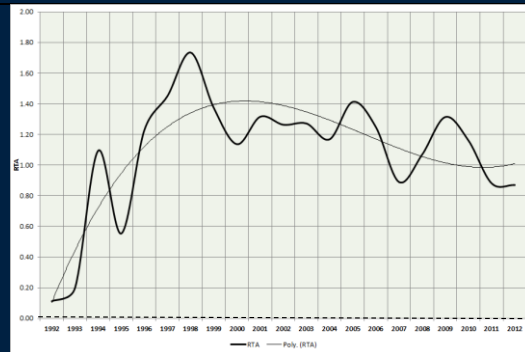
3 steps

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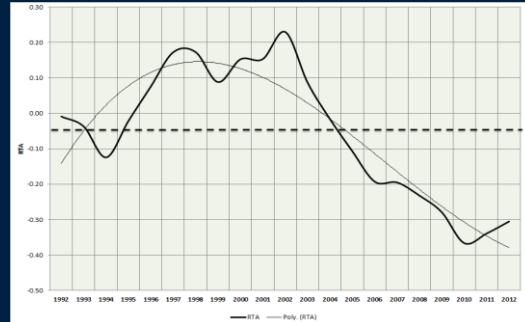


# Trade Competitiveness

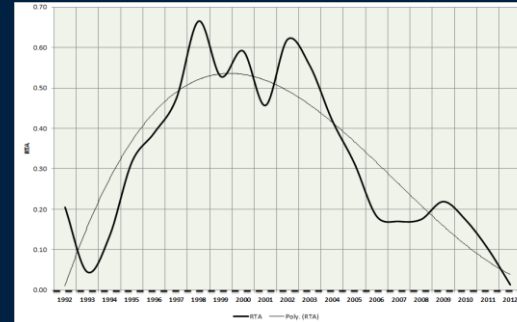
29



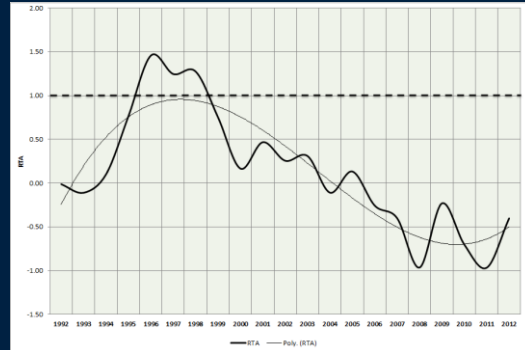
Primary agriculture



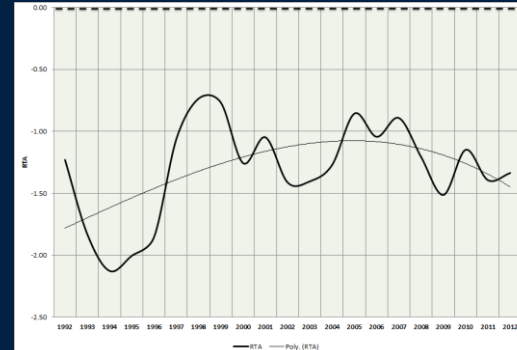
Agro-processing food



Agro-processing non-food



Forestry

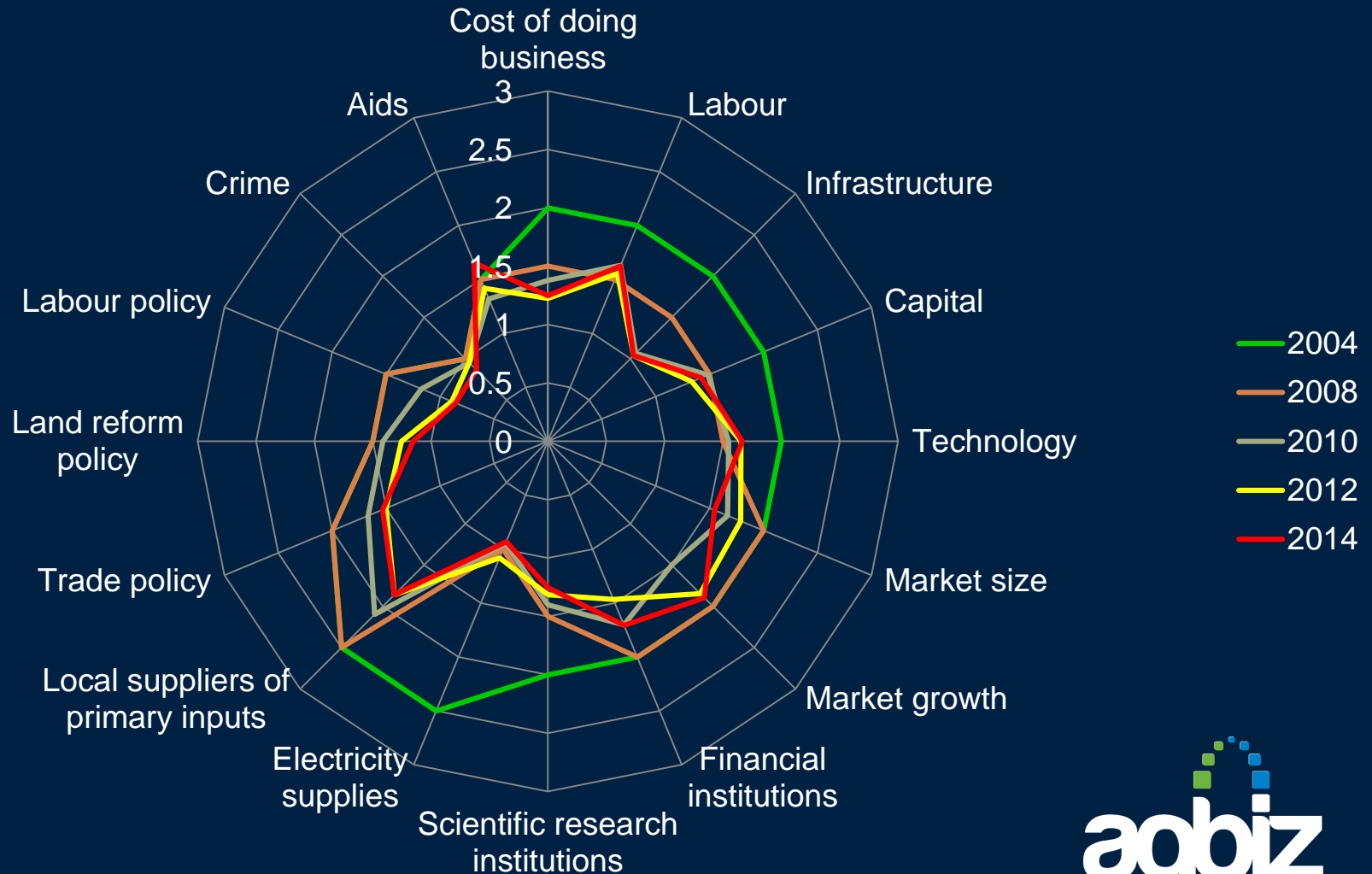


Production inputs

Capital inputs

# Agbiz Executive Survey

30



# Top 10 Constraints

31

	Top 10 Constraints
1	Trust in the honesty of politicians/government officials
2	Competence of personnel in the public sector at national level
3	Effectiveness of personnel in the public sector at local level (provincial/municipal)
4	Government bureaucracy in South Africa
5	Cost of transport
6	Corruption in South Africa
7	South Africa's labour policy
8	Administrative regulations in South Africa
9	Crime in South Africa
10	Cost and accessibility of the courts for dispute resolution

# Top 10 Enhancers

32

Top 10 enhancers	
1	Competitive advantage in selling affordable high quality products
2	Invest in human resources to attract, train and retain staff
3	Abundance of competition in the local market
4	Technologically advancement of production processes in your business
5	Strategic intention to produce or sell environmentally friendly products
6	Availability of unskilled/semi-skilled labour (drivers, floor operators, manual labour, etc.)
7	Unique products and services as the competitive advantage of your business
8	Changing consumer trends in South Africa
9	Relationships and networks in the industry
10	Sophistication of local buyers of your products and/or services



# Watch the space for more...

33

- Prof Wilma Viviers

[Wilma.Viviers@nwu.ac.za](mailto:Wilma.Viviers@nwu.ac.za)

- Mr Martin Cameron

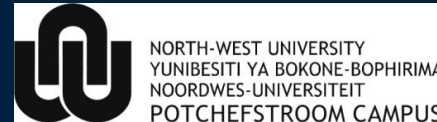
[Martin.Marcam@gmail.com](mailto:Martin.Marcam@gmail.com)

- Mr Tinashe Kapuya

[Tinashe@agbiz.co.za](mailto:Tinashe@agbiz.co.za)

- Ms Lindie Stroebel

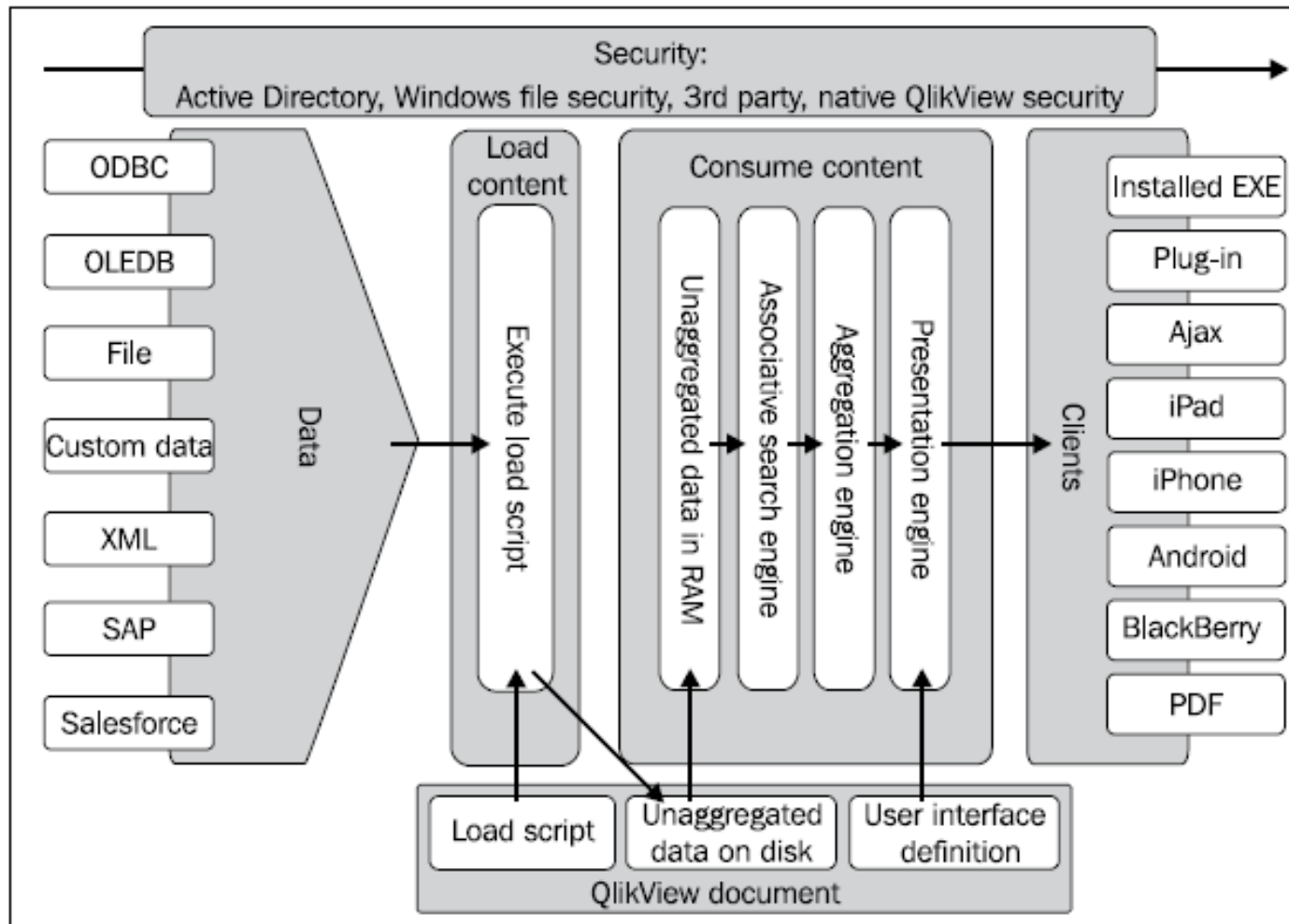
[Lindie@agbiz.co.za](mailto:Lindie@agbiz.co.za)



# A. TRADE DSM Navigator™: Technical Aspects



## QlikView: a functional overview



## B. TRADE DSM Navigator™:



### - Linking with Company Information\*

- Unlocking further value by linking potential / actual exporters contact information to products = directly facilitates relevant matchmaking

#### **Example:**

**HS6 digit code: 300490**

#### **Description**

Medicaments (excl. of 30.02/30.05/30.06) consisting of mixed/unmixed prods. for therapeutic/prophylactic uses..., put up in measured doses/forms/packings for RS [see complete text #28]



**Link = HS 6 code**



#### **Example:**

**Company XYZ**

#### **Company Details**

Contact No  
Contact Person  
Website  
Geolocation (if available)  
Etc..

\* Not currently available in TRADE DSM Navigator – but can be developed provided client provides client / HS 6 link