

Historic ties will help Indian exporters in Africa market

FIEO (Western Region) organized workshop on "Doing Business with African Countries" on January 17, 2012 in Mumbai.

Mr Rajesh Bhatia, Director (Western Region) welcomed Mr Sudhakar Kasture, Director of Exim Institute, and Mr Nayan Thakkar, Sales & Services Manager, Alibaba.Com. He also welcomed the participants and briefed them that India's economic partnership with African countries has been vibrant. He said trade between the two sides dates back many centuries to the time when Indian traders began to engage with countries along the eastern coast of Africa. He also said African countries are currently prominent allies of India and the Indian Government is giving a major thrust to Indo-African economic relation.

Mr Kasture, faculty, covered the following topics in detail:

Potential of African countries

- 1) Africa's trading arrangement are envisaged to foster trade and investment relation amongst member countries by removal of tariffs and other impediments to intra-regional trade flows.
- 2) The arrangement also aims at fostering common economic and monetary union amongst member states, as also a common currency
- 3) The success of these arrangements in fostering intra-regional trade has been diverse, with SADC, ECOWAS, COMESA, Cross border initiative and UEMOA being the more successful ones.

Emerging Markets in the African region

Many of the countries in the



From left, Mr Rajesh Bhatia, Director, FIEO(WR); Mr Sudhakar Kasture, Director, Exim Institute; and Mr Nayan Thakkar, Sales & Services Manager, Alibaba.Com.



A view of the audience.

Africa region are considering tapping international capital markets to fund ambitious public spending programmes.

The emerging African markets are Botswana, Burkina Faso, Cape Verde, Ethiopia, Ghana, Lesotho, Mali, Mauritius, Mozambique, Namibia, Rwanda, Sao Tome and Principe, Seychelles, South Africa, Tanzania, Uganda and Zambia.

Available incentives under Foreign Trade Policy

1) Focus Market Scheme (FMS)

- Export of all products to the notified countries
- Entitlement: a)3% of the FOB value of exports, b)Additional 1% of FOB value of exports
- Validity of FMS duty credit scrip is 24 months; revalidation is now allowed

- Ineligible export categories/sectors for FMS
 - a) Supplies made to SEZ units
 - b) Service exports

2) Focus Product Scheme (FPS)

- Eligibility: Exports of notified products listed in Appendix 37D to all countries (including SSEZ units)
- List of products eligible for benefit under this scheme is given in Appendix 37D of HBP

3) Market Linked Focus products scrip(MLFPS)

- Allows duty credit entitlement if the specified products are exported to specified markets. However, eligible products and specified markets under this scheme, are not covered under FPS & FMS.
- Validity of FPS/MLFPS Duty Credit Scrip is 24 months. Revalidation is now allowed.

Marketing Development & Assistance Scheme

- Export promotion continues to be a major thrust area for the Government
- MDA scheme has been developed in order to stimulate and diversify the country's export trade
- MDA scheme is under operation through the Department of Commerce.

MDA proposes to support the following activities:

- Assist exporters for export promotion activities abroad
- Assist Export Councils (EPSc) to undertake export promotion activities for their product (s) and commodities
- Assist approved organisations trade bodies in undertaking exclusive non recurring innovative activities connected with export promotion efforts for their members
- Assist Focus export promotion programmes in specific regions abroad like Focus (LAC),

Focus(Africa), Focus(CIS) and Focus(ASEAN + 2) programmes

- Residual essential activities connected with marketing promotion efforts abroad.

Essential requirements of marketing to Africa

1) Customer Selection: Every product and company has an objective of brand development, volumes, and selection of customer should be based on these objectives.

2) Personal Communication: During personal meeting with African countries:

a) Exchange pleasantries about self, business and family and closing remarks about conveying regard to family will surely help in developing rapport.

b) One should avoid communicating in any language which the customer does not understand either on phone with your counterpart while meeting a customer or with a colleague sitting in an official meeting with the customer.

4) Marketing communication: Advisable not to use too much selling talks or selling communications and stick to the point as prospective customers/distributors know their products technically unless:

- a) Selling to direct consumer
- b) Marketing a new product or concept

5) Business Model: Most local distributors would like to market products of either established companies which have a brand image in Africa or develop products in their own brand.

a) Distribution only - Where marketing is done by the manufacturer under their own office and team where distributor has no liability of marketing staff. This is usually done in the pharmaceutical companies.

b) Marketing and distribution: Where the distributor usually markets the product at his own price and buyers from the manufacturer at a pre-agreed price with or without promotional campaign materials from the manufacturer.

6) Stock and sale operation:

Most Indian companies have been operating as stock and sale business with their own subsidiaries or JVs in Africa which gives the opportunity of understanding local dynamics and adjusting the products and price accordingly.

Mr Thakkar of Alibaba.com gave a presentation on the Power of eCommerce for SMEs. Ms Shreya Bhattacharya, Asstt Vice President, Commercial Banking, CitiBank, gave a presentation on currency risk management.

Mrs Padma Murthy, Asstt Director, proposed the vote of thanks. As many as 39 exporter members attended the workshop. ■

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