MALAWI INVESTMENT AND TRADE CENTRE

EXPORTER'S HAND BOOK

CONTENTS


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1 INTRODUCTION

This handbook is a practical resource for our companies to help them develop and implement successful international growth strategies. High growth firms deliver a greater number of jobs than moderate growth firms. To maximize the export and employment gains for our economy, we must build more companies of international scale.

This handbook is designed as a resource for companies located in Malawi, interested in starting to export or improving their export operations.

2 WHY EXPORT?

Benefits of selling internationally

2.1 INCREASING SALES

Exporting is one way of increasing your sales. The time may come when you have maximized the sales potential of your domestic market and will need to consider exporting to generate more revenue from an existing product or service. Alternatively, an export opportunity may arise due to international market factors which could generate a demand for your product that did not previously exist.

2.2 FASTER GROWTH

Selling in an overseas market can help your business grow at a faster rate than if you were confined to your domestic market.

2.3 INCREASING PROFITS

Exports can contribute to increased profits, although this depends on the export market and the unique attributes of each market. Some products – especially those that are unique or very innovative in nature – may command greater profit margins abroad than in your local market. However, it is also not uncommon that you may receive smaller profit margins from your export sales compared with the local market, due to the highly competitive nature of global markets that force exporters to lower prices and squeeze profits.

2.4 REDUCING RISK AND BALANCING GROWTH

Another key benefit of exporting is that it allows you to spread risk. By selling in other countries, you are less vulnerable to changes in the domestic economy and less dependent on the buying decisions or demand patterns of a small number of local customers. At any one time, different markets will experience different growth rates. Selling in multiple countries may minimize the risk of low growth in one or more of these countries and result in a balanced portfolio of overall growth.

2.5 ECONOMIES OF SCALE

Exporting is an excellent way to drive production to a level that delivers economies of scale, particularly if your product or service is standard across export markets with little or no need for adaptation. Achieving greater economies of scale will allow your business to become more cost-competitive.

2.6 EXTENDING THE PRODUCT/SERVICE LIFECYCLE

As a product or service reaches the mature or declining stages of its lifecycle in the domestic market, there may be an export opportunity that provides a new lease of life elsewhere in the world. By targeting a market where this product or service could be introduced, you are essentially extending its lifecycle – generating turnover and profit which would have otherwise declined.

2.7 IMPROVED INNOVATION

By exposing businesses to new markets, competitors, processes and technology, exporting can spark ideas for new products, services and processes. Very often, this would not be attained with a narrow focus on the domestic market. Exposure to new customers abroad enhances the skill set of all parts of your organization, from learning about how business is conducted, to how logistics function and how different cultures assess your company and its products or services.

2.8 GREATER COMPETITIVENESS

Trading in the global marketplace increases your exposure to international best practice, ideas and alternative ways of doing business – improving your chances of competing at home and overseas. By entering new markets, you will gain insight into the trends that are driving developments in your sector, such as new ideas for products or services. It will give you contacts with the key players, decision-makers and influencers; and it will give you insights into how selling, marketing and communications are developing in key markets.

2.9 ENHANCED CREDIBILITY

Through selling for the first time in an export market, you will earn greater credibility when looking to open other accounts in that country and in developing business in other nearby markets. Having a reference customer is a key stepping stone to building more business in that market. It might seem counter-intuitive, but winning a prestigious contract overseas can in many cases make doing business in your domestic market easier

3 EXPORTING: IS IT RIGHT FOR YOU?

IS YOUR PRODUCT/SERVICE FIT FOR MARKET?

One of the critical issues for would-be exporters is whether or not your products or services are suited to a new market. In fact, it goes wider than this: can you replicate the business model you use at home in other markets? Do the factors that allow you to be successful at home exist in other countries, and if so, which ones? If you provide multiple products, are there particular ones more suited to a particular market? Take the time to decide which products or services suit which countries.

HAVE YOU THE REQUIRED AMBITION AND COMMITMENT?

Developing a new business in another market requires great commitment from everyone in your company. In many ways, moving overseas is like starting in business all over again - but with added considerations such as new business cultures, languages and different legal and regulatory systems. Do you have the backing of senior management and the support of your board? Have you told all of your staff about the potential impact to their roles and discussed new working arrangements?

CAN YOU MAINTAIN YOUR EXISTING BUSINESS?

You still need to maintain and develop your existing business while making the move overseas. This fact needs to be included in planning; distracting attention from your hard-won domestic customers could be costly and dangerous.

HAVE YOU THE RESOURCES TO SUCCEED?

Building a sustainable export business is costly, requiring considerable management of time and resources because the lead time between initial contact and agreeing a sale can take years. You need to gauge what will be the financial impact of the move to exporting and the implications of staff travelling abroad frequently – especially the CEO or the senior management team.

HAVE YOU THE CAPABILITY AND CAPACITY TO DEAL WITH LARGER ORGANIZATIONS?

Many of your target customers in export markets will be significantly larger than your own organization, or your current local customers. You need to be sure your business can scale up meet the demands of overseas customers. Keep in mind, this could also include having sufficient staff to cope with the demands of serving clients in other countries where there could be different time zones and languages involved or different service levels expected.

4 KEY REQUIREMENTS FOR SUCCESSFUL EXPORTING

To be export ready and the products must be ready for targeted markets. The export process has three stages: feasibility analysis, planning foreign market entry, and implementation. The steps in these stages are outlined below:

A. FEASIBILITY ANALYSIS

- Analysis of domestic performance
- Assess the firm's capacities
- Consider the demographics, social, political, and economic factors of target markets
- Confer with international trade experts (e.g. in the field of marketing, finance, legal, and logistics).
- Select target markets
- Identification of products with export potential.

B. PLANNING FOREIGN MARKET ENTRY

- Conduct market research into the industry sector
- Evaluate market research findings
- Decide how the product will be marketed
- Comply with target country licensing, standards and certification requirements
- Apply for the necessary patent, and copyright protection
- Identify taxes, tariffs, duties, quotas or other non-tariff trade measures.
- Establish pricing schedule
- Seek financing

C. IMPLEMENTATION

- Determine mode of entry into the market
- Implementation marketing plan
- Choose sales representatives, or sales methods
- Negotiate sales contract
- Produce finished product
- Obtain insurance cover
- Complete the required paperwork
- Package and label the product
- Ship the product

YOU CAN DO IT

Exporting is hard work and there are risks involved, but the potential payoffs are many. If at first it seems daunting, then remember:

- The most successful exporters have built their success on strong international sales and were once where you are now
- In today's global marketplace, if you have been able to survive in your home market then you are already competing successfully with international companies
- There is a wide range of skilled, export-focused sales and marketing people who can guide you and help you to succeed
- There is a wide variety of resources available to you, including dedicated staff at the Malawi Investment and Trade Centre Before any organization engages in export business, they need t

5 COMMON MISTAKES MADE BY EXPORTERS

Success in the exporting business can be compromised by the following common mistakes:

- Failure to seek qualified export counseling to develop an international strategy and marketing plan before starting up
- Insufficient commitment from top management to overcome the initial difficulties and financial requirements of exporting
- Inadequate care in selecting overseas sales representatives or distributors
- Seeking orders from around the world rather than concentrating on one or two strategic geographical areas
- Neglecting export markets when the domestic market booms
- Failure to treat international distributors and customers on the same basis, as their domestic counterparts
- Assuming that a particular market technique and product will automatically be successful in all countries.
- Failure to modify products in order to meet regulations or cultural preferences of foreign countries
- Failure to translate services, sales, and warranty documentation into the relevant language
- Failure to use an export management company if the firm cannot afford its own export department
- Failure to enter into licensing or joint venture agreements when the firm is reluctant to enter into foreign markets on its own, due import restrictions, insufficient resources, or a limited product line.
- Failure to provide an efficient after-sale services for the product

EXPORT CHECKLIST

Questions you need to answer

1) Can You Export Your Product Or Service?
2) Is There Enough Demand For Your Product Or Service?
3) Do You Have A Compelling Value Proposition?
4) Do You Understand Your Target Market?
5) Can You Meet the Market's Price Expectations?
6) Do You Have A Distribution And Marketing Plan?
7) Do You Have The Capacity And Capability To Export?
8) Have You Investigated Payment Issues?
9) Can You Fund Your Export Drive?
10) Have You Completed An Export Plan?

6 GETTING READY TO EXPORT

What does it take to be ready for international business?
To have a successful international business, you need a product or service which is in demand in overseas markets, as well as the necessary commitment, resources, skills and information to support sustained exporting activities over the longer term.

The following are key signs your business is well on its way to being export ready:

- SIGNIFICANT MANAGEMENT TIME AND STRONG MANAGEMENT COMMITMENT
  Developing an international business is no different to starting and building your domestic business; in fact, you can expect it to consume more management time than developing business at home. Exporting requires substantial commitment from management across the business, not just from the CEO or sales manager.

- STRENGTH IN THE DOMESTIC MARKET
  In most cases, solid domestic sales form the basis of a good exporting business.

  A successful domestic business gives overseas buyers confidence in you as a supplier and will ensure that your business processes are in place and well tested.

  Importantly, strength in the domestic market will also provide you with cash flow and the working capital you need to invest in developing your export markets.

- THE RESOURCES TO SUCCEED
  Exporters find they need strong financial resources to expand overseas to cover the costs of product modifications, travel and international marketing, to name just a few of the additional costs you might face. You also need to have the right people in place to run the export side of your business, and that may mean additional staff.

- BUSINESS AND EXPORT PLANNING
  Many smaller companies don't get around to formal business planning, but once you start exporting you are moving your business to a different level, so it is wise to consider putting these plans in place.

- EXPORT KNOWLEDGE AND SKILLS
  To export successfully you will need to learn about a wide range of issues such as how foreign markets operate, export documentation and foreign currency management.

7 ESSENTIAL STEPS TO GETTING STARTED WITH EXPORTING.

A. IS YOUR COMPANY/BUSINESS REGISTERED?

B. DO YOU HAVE A BUSINESS PLAN?

A business plan is a formal statement of business goals, reasons they are attainable, and plans for reaching them. Investors and banks use business plans to assess the viability and risks of your enterprise.

Finding a fit between your business activities and export intentions is very important. Exporting is an attractive strategy to gain market share, new skills and greater revenues, however it is also a challenging task. You should therefore first determine why you are considering exporting. In order to develop a successful and sustainable export strategy, you need to ensure that it fits with your overall business plan.

C. HAVE YOU FOUND CUSTOMERS YET THAT EXPRESSED THEIR INTEREST?

Before you enter a new market it is important to conduct research to establish the customer interests and understand the operating environment for that particular market. It might seem obvious to say it, but this requires adequate preparation if you hope to succeed in exporting.

Experienced exporters say success in an international market is directly linked to how well-prepared the company is. The more knowledge you have in advance about the market, and the more due diligence you have carried out on your target customers and the competitive landscape, the less time you will need to spend in the field testing your thesis. Strong planning leads to better execution. Otherwise, the extent to which you fail to prepare is the extent to which your efforts will fail.

D. HAVE YOU DEVELOPED A VALUE PROPOSITION?

When you are making a decision to enter a new market think of what makes your company's offer unique in that market. How does your product/service offer solve the problems in your prospect's business? Your value proposition is the compelling reason that makes current customers buy from your company. In order to develop a compelling value proposition you need to know the following:

Understanding your customer

Your early research into a new market should focus heavily on identifying your most valuable potential customers, with the aim of analyzing their businesses. This way, you can gain a better insight into those customers because you will understand how they interpret value. Clearly understand the needs, requirements and pain points of potential customers. Decision makers want to hear how your company can solve a problem, save money, or deliver greater efficiencies rather than hearing about the technical merits of your product or service. The more you can show how your product or service enhances their business, the more effective and convincing your sales pitch will be.

Continuous process

As a statement, your value proposition is at the very heart of your sales campaigns and should be at the forefront of your company's blueprint for growth. It needs to be well-defined, concise and it should be continuously refined through ongoing research and regular contact with customers. Where appropriate, it should also be translated into the language of your target market.

Communicating your value proposition

Once you have defined what you offer your customers, it should inform all of your marketing efforts. You may have to alter your marketing materials to reflect this; for example, after initial contact with customers or partners at a trade fair, they are likely to look at your company's website. Does the messaging accurately reflect what your company provides and how it's different to competitors' offerings?

E. HAVE YOU RESEARCHED ABOUT YOUR TARGET MARKET

When making a decision to export you need to answer the following questions regarding your chosen market:

- What market segments are being targeted?
- What level of stock needs to be maintained to sell abroad?
- How are the firm's competitors performing in the international markets?
- Will the product be restricted due to tariffs, quotas, or other non-tariff measures?
- Does the product conflict with the culture, traditions, or beliefs of customers in target markets?
- Will patent/trademark protection abroad be essential for the product?
- What product labelling requirements must be met?
- What sort of environmental or other regulations need to be adhered to?
- Have the traceability techniques of certain markets and products been considered?

F. DO YOU HAVE A MARKETING STRATEGY/PLAN FOR YOUR NEW MARKET?

In order to sell any product you need to have a well-planned marketing strategy detailing how you want your products to reach your customers. So exporters need to understand the following marketing questions:

- How will the product or service be advertised?
- What companies, agents, or distributors have purchased similar products?
- Who will represent the firm when selling abroad?
- Will an agent or distributor be appointed to handle the export market?
- What territory should the agent or distributor cover?
- What non-competitive lines are acceptable for the agent or distributor to carry?
- Can a potential buyer see a functioning model or sample of the product?
- Is there a trade fair where the product or service can be presented?
- Will the product or service be sold under the same name in the target foreign market?
- How will the price be calculated?
- What are the service terms?
- What are the payment and credit terms?
- What are the warranty and guarantee terms?
- What are the discount terms?

G. DO YOU HAVE THE NECESSARY CASH FLOW OR CAPACITY TO MAKE THE PRODUCTS?

Once you have obtained necessary information about the market and you have understood the customer needs and requirements you need to ask yourself: Do I have the necessary capital to finance my export production? The export process? The lead time between production and receipt of payment?

Being able to finance your exports and mitigate the risks of exporting is crucial to your success.

To export you might need to secure finance for preparing your export products (pre-shipment finance) or for transactions and processes taking place after the actual trade (post-shipment finance).

I. Pre-shipment finance

Before starting to export there might be several financial challenges to overcome. For instance, exporting might require expanding production, improving the quality of your product, acquiring new packaging materials and so on. Depending on the business profile and the amount required, banks offer a range of financial products such as overdrafts, loan or guarantees to help you realize your export goals.

II. Post-shipment finance

After the shipment you might need funds to finance the next project or post shipment expenses such as;

- paying for freight services
- (if specified in the contract) paying for eventual import duties at the border of the destination country and the foreign clearing agent
- advertising of goods in the export destination
- (if applicable) payment of representatives or distributors
- after sale services such as customer care
- participation in trade shows

H. HAVE YOU CONSIDERED ALL POTENTIAL EXPORT RISKS AND INSURANCE?

When you start to export you will face risks additional to those you were facing domestically. First of all, you will face country

risks – hazards that are specific to the country you are exporting to. This might have to do with political stability (will you be able to operate freely? is there a risk of expropriation?), economic development (is the country's economy expanding or contracting?), the legal regime (are property laws strong and enforced? do commercial laws and courts exist and operate effectively?) or geographic location (does the country regularly fall victim to natural disasters? Can conflict from another country easily spill over?). Apart from these country-specific factors, there are a few general types of risks you must consider when exporting.

a) Credit Risk/Financial Risk

In some cases, clients may request a credit line from you, meaning that they can order and receive goods from you before they pay. In such a situation, you will need to ask yourself:

- Does my cash flow allow me to offer credit terms?
- What do I know about my client's ability to pay? Has my client been reliable and paid other suppliers on time before (credit history)?
- Can my clients and my bank act as intermediaries for transactions?
- How difficult or easy will it be to resolve potential trade disputes with this client? What rights do I have? Will I be able to claim them?
- How difficult or easy will it be to recover unpaid debts?

b) Foreign currency and exchange risks

If you receive your payment in foreign currency, the figure agreed in the contract might not translate to the same amount in MWK on the day of payment.

- Mitigating currency risks

There are several measures you can take, in order to mitigate risks posed by dealing in different currencies. They include arrangements involving only you and the buyer, or third parties such as insurance companies and banks.

- Opening an account in foreign currency: in order to minimize exchange rate risks, you can open an account denominated in US dollar (USD), British pound sterling (GBP) or euros (EUR). This option is offered by most banks in Malawi.

- Off-setting export receivables against import payables: if you buy goods from the same firm you are selling products to, you can arrange that instead of being paid in cash, you will receive a credit line for importing products worth the amount of your export products;

c) Transport and logistics risks

There are different degrees of risks related to transport of goods and other matters depending on the export contractual agreement. Two of them include:

DAMAGE: especially if you are exporting goods that can be affected by changes in temperature, you should ensure that the appropriate infrastructure – such as cold chains – are in place and intact; correct packaging will also be crucial;

LOSS OR THEFT: it is advisable to use logistic providers who you trust, have a good reputation in the industry and an appropriate insurance cover.

Moreover, having a good relationship with your clearing agent might further help you to assess how your product will be handled and where risks might lie. Depending on your contract and the risks you face, it might be worth taking out transport insurance logistical.

d) Legal Risks: intellectual property, trademarks and damage claims

Depending on the country you are exporting to and the nature of your export good, you might need to consider risks of your product being copied, your brand or logo being stolen or abused, and consumers filing for damages because they have been disappointed, harmed financially, physically or mentally by your product, a business process or service you provide.

This is especially relevant if you choose to license your product, work through representatives or distributors. In such cases, your partner has greater access to trade secrets, technical knowledge and trademarks such as logos.

It is advisable to contact a commercial attaché, country representative, specialized consultant or experienced exporters who are knowledgeable about your destination market's legal landscape to assess relevant legal risks.

TIP FOR EXPORT SUCCESS

- Combine desk research, attending relevant industry trade fairs, and spend time in your prospect market in person for deeper research.

8 EXPORT PROCEDURES AND DOCUMENTATION

Malawi now has one of the most liberalized and simplified export procedures. Rules and regulations pertaining to the export of non-traditional exports are non-restrictive. Exports of grain are however sometimes subject to seasonal regulation to forestall shortages.

8.1 EXPORT PROCEDURES

Procedures and the documentation required when exporting depend on the type of export that has been declared i.e. exports from open stock, temporary exports and re-exports.

i. Direct Export

This refers to procedures where goods which are destined for final export from Malawi, e.g. goods from open stock, direct exports of goods after bonded warehousing and exportation after free zone or bonded factory procedures.

ii. Temporary Exports

This refers to procedures where goods being exported will be returned to Malawi, and included:

- Temporary exportation for outward processing manufacturing/ processing: Goods exported under this procedure must be produced to Customs prior to exportation.
- Temporary exportation for repair: The goods may be exported for repair in another country and then returned to Malawi. The goods on their return may be subject to import charges on the value of the repair.
- Temporary exportation for return in an unaltered state: Refers to goods being exported and then returned to Malawi without any change or processing having taken place on the goods. e.g. goods exported for trade fairs and vehicles exported for return

iii. Re-exports

This refers to procedure where goods are being exported after temporary admission, and is of different types:

- Re-exportation after temporary admission for inward processing (suspension system)
- Re-exportation after temporary admission for inward processing (drawback system)
- Re-exportation after temporary Admission for return in unaltered state
- Re-exportation after free zone or bonded factory procedure

8.2 EXPORT DOCUMENTATION

Documentation in export trade is vital in that documents have to be completed before the consignment leaves the country of origin and at the destination to enable the consignee in the importing country to clear the goods through local authorities. It must be noted that if the documents are not properly completed they may be rejected on presentation to customs authorities and this may interfere with the free movement of goods resulting in delays and missing delivery dates.

The following are the major effects of a poorly completed /missing documentation:

- The cost of interest charges incurred by the exporters as a result of delays in receiving payment.
- The costs of putting the problem right, such as telephone bills, courier charges for sending replacement documents, bank charges for amending documents such as letters of credit and, possibly, loss of credit insurance cover.
- Perhaps the most serious, but also most difficult to quantify, is the cost to the relationship between the exporter and the customer. A new customer will be upset by poor documentation and the result will be he/she will be reluctant to do further business with the exporter concerned.

The documents most frequently required for an export shipment are the following but the exporter should remember that they vary depending on the export procedure used, the type of goods and market requirements:

DOCUMENT NAME	ISSUING/CONTROLLING AUTHORITY	STATUTORY REQUIREMENT	GOODS
Customs Bill of Entry F12	Malawi Revenue Authority- MRA	Single administrative document for customs declaration	All goods more than MK100, 000 in value
Form 38	Malawi Revenue Authority- MRA	manual declaration form for minor exports	Baggage exports
Form 44	Malawi Revenue Authority- MRA	Proof of export under duty drawback	All goods for which duty drawback/refund is claimed
Form C300-			
Temporary Export Permits (TEP)	Malawi Revenue Authority- MRA	Manual Temporary Export declaration for Malawian registered vehicle	Temporarily exported Malawian registered motor vehicles
General Registration Certificate (Form 48)	Malawi Revenue Authority- MRA	Export declaration for minor exports for repair and return	Goods for repair of minor value
CD1 Form	Reserve Bank Of Malawi- RBM	Foreign Exchange Control	Exports of more than US$5000.00
The Commercial Invoice	Exporter	Declaration of value	All commercial goods

Certificate of Origin	Malawi Revenue Authority- MRA		
Malawi Confederation of Chambers of Commerce and Industry- MCCCI	Proof of origin of goods	Depends on the preference regime being sought	
Bill of Lading			
	Shipper/transporter	Defines contract between exporter and shipper	Goods transported through sea
The Consignment Note or Airway Bill	Transporter	Transporters' declaration of goods carried in the conveyance	Goods transported by road and air respectively
Sanitary Certificate	Department of Animal Health	Certification of health of animal and animal products	Live animals
Animal products			
Phyto-Sanitary Certificate	Ministry of Agriculture and Irrigation	Certification of health of plant and plant products	Scheduled plant and plant products
Import Permit	Relevant authority in destination country	Certification of conformity to health and security measures in importing country	Scheduled products
Export License	Ministry of Industry, Trade and Tourism	Implementation of National Trade Policy	
Implementation of Controls of Goods Act	Scheduled products		
Export Quality Certificate	Malawi Bureau of Standards- MBS	Certification of product conformity to national and international standards	Scheduled products
Police Clearance Report	Malawi Police	Anti-theft clearance report for motor vehicles and engines exported from Malawi	Motor vehicles and engines

9 DOCUMENTS REQUIRED FOR CUSTOMS CLEARANCE

The following are usually required although not all of them are required by some countries.

9.1 CUSTOMS AND EXCISE DECLARATION FORM

This provides details on the value of goods, designation and origin. It is on such a document that the exporter declares the value of goods for customs clearance.

9.2 CERTIFICATE OF ORIGIN

This is a document attesting to the country of origin of goods where the goods are privy to preferential market access. A certificate of origin is required by the customs authorities of an importing country as part of the entry process to provide evidence of eligibility for preferential tariff rates. In Malawi, you can obtain such a document from the Malawi Revenue Authority.

9.3 DESTINATION CONTROL STATEMENT

This statement appears on the commercial invoice, ocean or airway bill of lading, and shipper's export declaration (SED) to notify the carrier and al foreign parties that the item may be exported only to certain destinations.

9.4 EXPORT PACKING LIST

The export-packing list is considerably more detailed and informative than a standard domestic packing list. An export packing list itemizes the material in each individual package, and shows the individual net, legal, tare, and gross weights. Packaging markings should be shown along with the shipper's and buyer's references. The packing list is attached to the outside of the package in a clearly marked waterproof envelope. The list can be used to determine the total shipment weight and whether the correct cargo is being shipped. Customs officials may use it to check the cargo at inspection points.

9.5 INSPECTION CERTIFICATE

Some purchases and countries may require a certificate of inspection which authenticates the specifications of the goods shipped, this is usually performed by a third party and obtained from independent testing companies. Phytosanitary certificates and veterinary certificates are examples of such.

9.6 INSURANCE CERTIFICATE

If the seller provides insurance, the insurance certificate states the type and amount of coverage.

9.7 SHIPPER'S EXPORT DECLARATION (SED)

This is a form required by the export authorities of many countries to document export of goods. It is used to control exports and compile trade statistics, and must be prepared and submitted to the customs agent for shipments.

9.8 COMMERCIAL INVOICE

As in a domestic transaction, the commercial invoice is a bill for the goods from the Seller to the Buyer. A commercial invoice should include a description of the goods, address of the shipper and seller, and the delivery and payment terms. The buyer needs the invoice to prove ownership and arrange payment. Some government agencies use the invoice to access customs duties.

10 EXPORT PRICING

Export pricing and domestic pricing are different: different overseas market conditions, different costs, different quoting formats and different currencies all affect what you charge your customers for your products or services.

So pricing is one of the most vital decisions for an exporter. During negotiations, exporters too often limit discussions to pricing issues. Although pricing is a key factor in any business transaction, a number of other questions also need to be clarified before any business proposal can be considered.

Very often, new exporters compromise on price at the beginning of discussions, therefore side-lining other negotiating strengths that they might possess. Negotiations on price should be postponed whenever possible until other aspects of the transaction have been agreed upon.

Pricing for any market requires an understanding of the relative costs, demand and competition of that market.

In addition to understanding customer's preferences, an exporter should assess the competition from both domestic and foreign suppliers, and be familiar with the prices they quote. The distribution channels used, the promotional tools, and the message to be sent, should also be examined. To enable the exporter to make effective counter-proposals, detailed information on the costs of production operations, freight insurance, packing and other related expenses is also needed.

To sell themselves as partners committed to long-term business relationships, the exporter can stress the following aspects of his or her operations:

- management capabilities
- production capacity and processes
- quality control systems
- technical co-operation, if any, with foreign firms
- structures for handling order
- export experience, including types of companies dealt with
- Financial standing and links with banks.

After dealing with these issues, the exporter can then steer the discussion towards price quotations. It is in this phase that the exporter must clarify all matters pertaining to credit terms, payment schedules, currencies of payment, insurance, commission rates, warehousing charges, after-sales servicing responsibilities, and costs of replacing damaged goods. Agreement on these points constitutes the "price package". Above all, the "price package" negotiated should be profitable for the exporter.

10.1 THE TOTAL COST OF EXPORTING

Before you can determine the prices you should be charging for your goods or services, you must first be clear about the total cost to your business of exporting that product or service.

Developing your export markets can involve a range of costs that do not apply to domestic sales. These are general costs for exporting that are not specific to an individual contract or shipment. They could be considered your 'fixed costs' of exporting.

How much you recover of these costs per unit or per order or contract is up to you, but these costs should be factored in before you start adding shipping costs, duties, etc.

Costs may include:
• Research into international markets
• Travel to overseas markets
• International communications
• Production of export literature (including translations)
• Modifications to your product or service
• Packaging and labelling (products)
• Product liability insurance or other insurances
• Compliance with foreign standards
• Credit checking
• Export financing charges
• Promotional costs

10.2 DIFFERENT PRICES FOR DIFFERENT MARKETS

Calculating a separate price for each of your export markets is important because:

- For products, distributor, wholesale and retail mark-ups are often different in each market and industry, which will affect the final price of your products. Remember to include questions about these mark-up costs when you are doing your initial market research.

- Your competitors and the way they price their products or services will probably be different in different markets, and you have to take this into account when setting your prices.

- The price that end users are willing to pay for your products or services will not be the same in all markets around the world.

10.3 PRICE NEGOTIATION TIPS

If the customer indicates that the initial price is too high, and a substantial drop is required, the exporter should not hesitate to ask on what basis the drop is called for. Stress must be laid on product quality and benefits before any discussion on price. If the customer indicates that better offers have been received from other exporters, more details should be requested on such offers. If the customer makes a counter-offer or requests a price discount, the exporter should avoid making a better offer without simultaneously asking for something in return. For example, the customer could make a specific suggestion, such as "If I give a 5% discount, would you arrange for surface transport including storage costs?" "Last offers" presented by the customer should also be avoided to prevent agreeing to terms in haste.

If the customer accepts the price quoted, the exporter should:
• Recalculate the costing and check competitor's price to ensure profitability.
• Agree to the order as a trial order only, to make sure production and delivery can be made for the price.

10.4 FACTORS TO CONSIDER IN EXPORT PRICING

Regardless of who arranges and pays for freight and costs such as import duties, you should know the costs your product attracts through the supply chain. Without knowing these costs, you can't fully understand where your product fits into the market and therefore compare your price against those of your competitors.

Some examples of costs in the supply chain include:
• Transportation costs -Shipping ex-factory to port of departure
• Air or sea freight and insurance
• Import duty and taxes
• Customs clearance/broker fee
• Ground transportation from port of entry to the warehouse or the customer
• Warehouse fees
• Break-bulk fees, if third party warehouse applies
• Agent's commission or importer's mark-up
• Cost (of manufacturing or obtaining the product);
• Target market situation (demand, supply, competition, prevailing prices, brand images);
• Characteristics of the product;
• Volume of the order;
• The need for entry into a new market;
• Potential for long term business;
• Incoterms as they affect the export contract.

10.4.1 INCOTERMS

The Incoterms rules or International Commercial Terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC). These terms are widely used in International commercial transactions or procurement processes.

A series of three-letter trade terms related to common contractual sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods and they are accepted by governments, legal authorities and practitioners worldwide for the interpretation of most commonly used terms in international trade. Incoterms are intended to reduce or remove altogether uncertainties arising from different interpretations of the rules in different countries. As such they are regularly incorporated into sales contracts worldwide.

10.4.2 EXW (EX-WORKS)

In an Ex-works transaction, goods are essentially made available for pickup at the shipper/seller's factory or warehouse and "delivery" is accomplished when the merchandise is released to the consignee's freight forwarder. The buyer is responsible for making arrangements for their forwarder for insurance, export clearance and handling all other paperwork.

10.4.3 FOB (FREE ON BOARD)

This is one of the most commonly used and sometimes misused terms. FOB means that the shipper/seller uses his freight forwarder to move the merchandise to the port or designated point of origin. Though frequently used to describe inland movement of cargo. FOB specifically refers to ocean or inland waterway transportation of goods. "Delivery" is accomplished when the shipper/seller releases the goods to the buyer's forwarder. The buyer's responsibility for insurance and transportation begins at the same moment.

10.4.4 FCA (FREE CARRIER)

In this type of transaction, the seller is responsible for arranging transportation, but he is acting at the risk and expense of the buyer. Where in FOB the freight forwarder or carrier is the choice of the buyer, in FCA the seller chooses and works with the freight forwarder or the carrier. "Delivery" is accomplished at a predetermined port or destination point and the buyer is responsible for Insurance.

10.4.5 FAS (FREE ALONGSIDE SHIP)

In these transactions, the buyer bears all the transportation costs and the risk of loss of goods. FAS requires the shipper/seller to clear goods for export, which is a reversal from past practices. Companies selling on these terms will ordinarily use their freight forwarder to clear the goods for export. "Delivery" is accomplished when the goods are turned over to the Buyers forwarder for insurance and transportation.

10.4.6 CFR (COST AND FREIGHT)

This term formerly known as CNF (C&F) defines two distinct and separate responsibilities one is dealing with the actual cost of merchandise "C" and the other "F" refers to the freight charges to a predetermined destination point. It is the shipper/seller's responsibility to get goods from their door to the port of destination. "Delivery" is accomplished at this time. It is the buyer's responsibility to cover insurance from the port of origin or port of shipment to buyer's door. Given that the shipper is responsible for transportation, the shipper also chooses the forwarder.

10.4.7 CIF (COST, INSURANCE AND FREIGHT)

This is similar to CFR, but instead of the buyer insuring the goods for the maritime phase of the voyage, the shipper/seller will insure the merchandise. In this arrangement, the seller usually chooses the forwarder. "Delivery" as above, is accomplished at the port of destination.

10.4.8 CPT (CARRIAGE PAID TO)

In CPT transactions the shipper/seller has the same obligation found with the CIF, with the addition that the seller has to buy cargo insurance, naming the buyer as the insured while the goods are in transit.

10.4.9 CIP (CARRIAGE AND INSURANCE PAID TO)

This term is primarily used for multimodal transport. Since it relies on the carriers insurance, the shipper/seller is only required to purchase minimum coverage. When this particular agreement is in force, Freight Forwarders often act in effect, as carriers. The buyers insurance is effective when the goods are turned over to the forwarder.

10.4.10 DAT (DELIVERED AT TERMINAL)

This term is used for any type of shipments. The shipper/seller pays for carriage to the terminal, except for costs related to import clearance, and assumes all risks prior to the point that the goods are unloaded at the terminal.

10.4.11 DAP (DELIVERED AT PLACE)

DAP term is used for any type of shipments. The shipper/seller pays for carriage to the named place, except for costs related to import clearance, and assumes all risks prior to the point that the goods are ready for unloading by the buyer.

10.4.12 DDP (DELIVERED DUTY PAID)

DDP term tend to be used in intermodal or courier-type shipments. Whereby, the shipper/seller is responsible for dealing with all the tasks involved in moving goods from the manufacturing plant to the buyer/consignee's door. It is the shipper/seller's responsibility to insure the goods and absorb all costs and risks including the payment of duty and fees.

Top tips about export pricing for products

- Set a price that reflects your brand and promotion, but bear in mind that an unknown brand from Australia may not be able to charge the same prices as well-known competitors, particularly those in-market.

- Before you start quoting prices to your customers, be sure to factor in the promotional costs associated with supporting your products in-market.

- You could create a problem for yourself if you quote a low price initially in order to get business, and assume that your prices will naturally increase over time. Buyers tend to expect the exact opposite: that is, they expect to get a price reduction to reward them for ongoing business, particularly if their orders increase in size and volume.

- It is important that you know your profit margins and break even points; if you don't have this information readily to hand you will not be able to make an informed decision if a customer asks you for a discount.

- Discounts are a cost; before you offer a discount to a customer reflect on the effect it will have on your bottom-line.

- The wise exporter learns about INCOTERMS so that they can quote using the correct international trade language. Both you and your customers should know who pays for what, and be absolutely clear at what precise point in the transaction ownership of the goods transfers from you to your customer.

- If you have a website and successfully sell on-line you need to be careful that you don't undercut either your in-market suppliers or in-market retailers.

- And a final tip? We know that shipping costs can change quickly and exchange rates can fluctuate alarmingly. Both of these will affect your end costs, so be sure to regularly review your prices.

11 PACKAGING AND LABELING

11.1 WHAT TYPE OF PACKAGING MATERIAL WOULD THE EXPORTER DETERMINE TO USE FOR EXPORT.

Packaging protects the goods from the outside environment and from hazards of the journey between the manufacturer and the ultimate user. Factors to consider when deciding the type of packaging material for export include the following:

- Durability of the packaging
- Fragility of the packaging
- Resistance to abrasion of the packaging material
- Value of the contents and the packaging itself
- Susceptibility to moisture, heat and other weather conditions
- Chemical reactions, such as oxidation and corrosion
- Chemical stability
- Shelf life of the product

The method of transport will also determine what type of packaging to use. For example, lighter packaging would be used for air shipment while heavier ones for road or ocean shipment.
In some cases e.g. during the shipment of precious and semi-precious stones it is better to use plain packaging which is less susceptible to tampering.

The importer will in some cases stipulate in the contract the type of packaging to be used during the shipment of the consignment. The exporter will have to comply to avoid breach of contract of instructions or mishaps.

There are times when export shipments would require approval of the packaging and loading by an expert. A fully documented dossier is needed with particulars of the insurer, commercial description of the goods packed, premises where packed details of the product are found, modes of transport, handling and storage facilities.

11.2 ARE THERE STANDARDS FOR EXPORT PACKAGING?

The basic purpose of export packaging is to protect the product from damage during transport, storage and distribution so that it arrives in the hands of the customer 'fit for use'. A product can be well designed and manufactured but if the customers do not receive it in perfect condition, they will not be happy and the product may not be suitable for its end use.

There are therefore standards for export packaging designed to ensure that the packaging does play the role it is designed for.
ISO 9001: 1994, Quality Systems clause 4. 15 deals with handling, storage, packaging, preservation and delivery.
Its objectives is to ensure that the customer obtains his or her requirements in terms of receiving the right goods in the right packages at the right place with the right qualities. It is important that the complete distribution chain integrating these main elements handling, storage, packaging, preservation and delivery not only meets customer expectations but also operates efficiently.

The details of the packaging and the materials for it must be specified in drawings, specifications and assembly procedures. Its performance requirements such as strength, water/air tightness etc. should be subjected to the same design verification, validation and process control procedures as are applicable to product.

At the marking and labeling of packages identify the product and facilitate traceability, these should also be specified and controlled. Special handling instructions should be clearly indicated on labels and marks.

With regard to environmental requirements an exporter must ensure that the packaging is compatible with the waste management policies in their target markets.

11.3 DOES THE TARGET MARKET INFLUENCE THE PACKAGING OF THE PRODUCT?

Packaging is part of a promotional tool. It enhances product image through various ways e.g. displays. It gives the product features which contrast with other competing products.
A target market can dictate the type of packaging due to the following factors:

• Existing rules and regulations in the target market such as buying behavior of customers, packaging of competing products, importer's demands for transportation, packaging and buyers insistency or quest for product information.

• International guidelines such as Codex Alimentarius, ISO standards, national health, safety, environmental, consumer protection measures and regulations all affect the product and packaging concerned.

Some countries have stringent regulations on packaging and labelling for such products as perishable goods. With the assistance and co-operation of the buyer, an exporter can obtain information on particular markets and preferences of consumers in order to determine the type of packaging to use.

11.4 WHAT ARE THE ENVIRONMENTAL REQUIREMENTS FOR EXPORT PACKAGING?

Environmental concerns and changing consumer behavior dictate packaging trends. Both importers and consumers increasingly insist on biodegradable packaging. Consumers prefer packages that are informative, do not require cumbersome disposal procedures, are easy to carry and store, etc. To obtain information of these trends the exporter can seek information in technical journals and exhibitions. Suppliers of packaging equipment and materials can also provide useful information. The marketing and technical requirements for good packaging cover the following aspects:

i. Physical protection: Ability to withstand mechanical stresses such as shock, puncture, drop or crush, vibration and weather (heat, cold, rain, snow etc).

ii. Quality Protection: Protecting the product's shelf-life (e.g. color, flavor, safety, etc.) by safeguarding the product from physical and chemical stresses arising from heat, cold, humidity, dampness, light, oxidation, bacterial contamination etc.

iii. Product information: Facilitate product recognition by providing readable product information on such matters as weight, contents, shelf-life, name of manufacturer, seller, and importer, country of origin instructions for use and safety warnings if necessary.

iv. Efficiency in use: Easy to handle, to empty, to open, to dispense, pack stability, firmness, environmental acceptability, disposability, child-proof.

v. Physical attributes: Temperature resistance, stress and crack stability, performance and attributes.

vi. Machinability: Machine-stop sensitivity; shape stability before, during and after use; ease of capping, labelling and printing, filling speed; surface smoothness; abrasion properties; glue compatibility.

vii. Storage: Fitness for palletization; stacking weight and strength, fitness for internal transport.

viii. Transport: Weight and volume ratio, maximum weight, dimensions.

ix. Trade aspects: Weight, stacking performance, stability, identification of product and brand, marking and code, shelf-space efficiency, display visibility, disposability.

x. Recyclability: Weight minimization and reduction; metals, glass, carton, paper, wood, returnability, glass, pallets etc.

11.5 WHAT IS ECO LABELLING?

In addition to price, delivery and quality, consumers are now interested in the environmental impact of the products they buy. Eco labelling is a description that depicts the environment nature of the product.

Eco-Labelling therefore provides accurate information, allowing consumers to make informed choices with respect to the environmental impact. For exporters faced with the challenge of complying with the standards set by eco-labelling bodies, eco-labelling may seem to act as a Technical Barrier (TB). The opposite is true. Firstly, the use of an eco-label is intended to act as a kind of advertisement and compliant for goods to enjoy better sales. Secondly, it can be used as a benchmark.

An exporter from Malawi faces marketing related problems when entering a foreign market. One of the problems is that the exporter must find out the existing mandatory regulations in the foreign market. But what may legally be allowed may not necessarily appeal to consumers. Eco-labelling plays a facilitating role in informing the exporter about products consumers want.

12 MARKET ACCESS FOR MALAWI'S EXPORTS

Malawi is party to a number of regional and international trade agreements that have provided enormous benefits to new and existing exporters. The major trade arrangements are with the World Trade Organization (WTO), European Union under Everything but Arms (EBA), Southern Africa (COMESA AND SADC).

Apart from the WTO, these trade arrangements offer preferential treatment on goods originating from Malawi. In addition, Malawi is also a beneficiary of the Africa Growth and Opportunity Act (AGOA) under which exports to the US enjoy duty and quota free status. Malawi also has functional trade agreements with other countries such as China, Zimbabwe, Japan, South Africa and Malaysia.

12.1 DUTY FREE QUOTA FREE MARKET ACCESS

The Hong Kong Ministerial Declaration provides a commitment on developed countries and developing countries in a position to do so grant Least Developed Countries (LDC's) duty free and quota free (DFQF) market access for products originating from all LDC's. Based on this, a number of developing countries announced preferential market access treatment for products originating from LDC's. These include India, Brazil, South Africa and China. Developed countries offering DFQF include Canada, Australia and Japan. The United States has crafted the African Growth Opportunities Act for selected African countries and the EU crafted the Everything-But-Arms Initiative.

12.2 SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

Background

The Southern African Development Community (SADC) was originally formed in 1980, as an alliance of nine majority-ruled States in Southern African known called the Southern African Development Coordination Conference (SADCC). The aim of its formation was that of coordination development in order to ensure economic diversification. Currently SADC has 15-member states, Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Tanzania, Zambia and Zimbabwe.

SADC Rules of Origin

The SADC rules of origin state that a product can be deemed to be of SADC origin if it meets one of the three criteria's:

(i) It is wholly obtained/produced in a SADC Member state;

(ii) If it has been produced in a member state using non-originating materials, provided that such material has undergone sufficient working or process in one or more Member States; or

(iii) There has been change in the tariff heading of a product arising from processing carried out on the non-origination materials.

12.3 COMMON MARKET FOR EAST & SOUTHERN AFRICA (COMESA)

Background

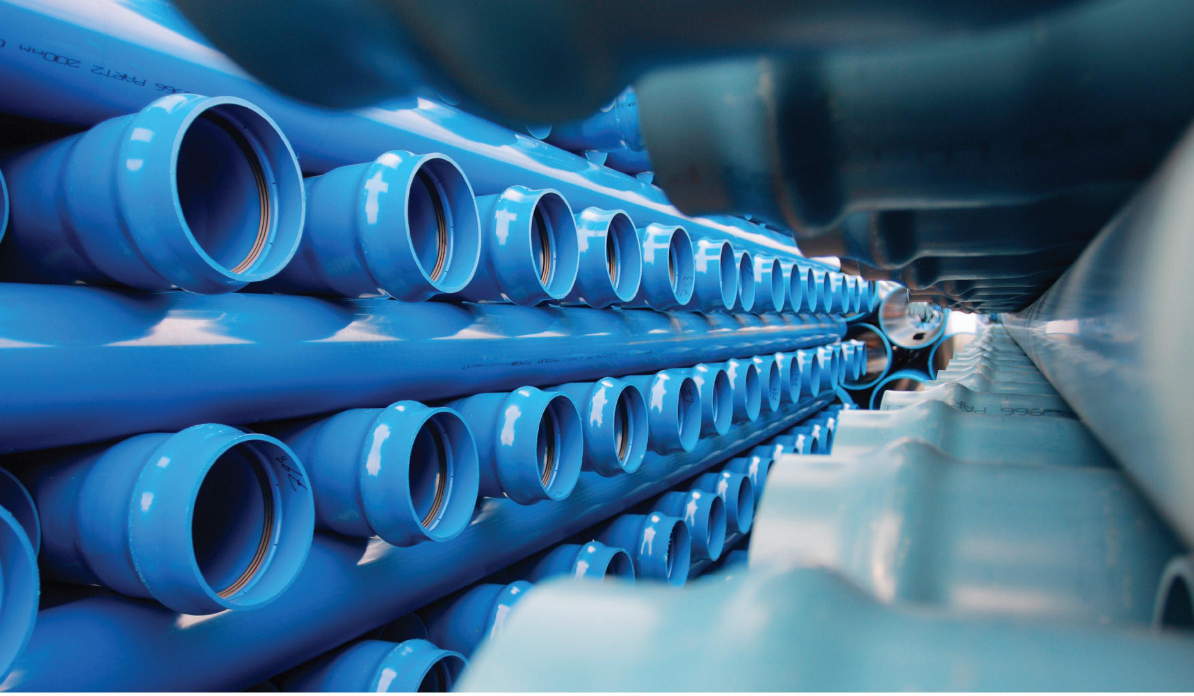
The Common Market for Eastern and Southern Africa (COMESA) is a regional economic grouping made up of 19 Member States, with an estimated population of over 400 million and a combined GDP of over USD 345 billion. COMESA was established in 1994 to succeed the Preferential Trade Area (PTA) for Eastern and Southern Africa that had been in existence since 1981.

i. COMESA FTA

In October 2000, COMESA member states launched the Free Trade Area (FTA) in Lusaka, Zambia. COMESA has 19-member states, of which 13 are implementing the COMESA Free Trade Area (FTA). Countries in the COMESA FTA include Malawi, Zambia, Mauritius, Egypt, Zimbabwe, Djibouti, Sudan, Kenya, Sudan, Kenya, Libya, Madagascar, Rwanda, Seychelles and Comoros.

ii. COMESA Customs Union

The COMESA Customs union was launched in June 2009. The Common External Tariff comprises 0% for both capital goods and raw materials, 10% for intermediate goods, and 25% for final goods. Member states apply this tariff in trade relations with a third country although member states have not yet started implementing the common external tariff.



iii. COMESA Simplified Trade Regime

The COMESA Simplified Trade Regime (STR) has been put in place to ensure that small traders, particularly Cross Boarder Traders are able to take full advantage of the benefits of integration within the COMESA region. Its aim is to formalize informal cross-border trade by putting in place instruments and mechanisms tailored to the trading requirements of small-scale traders that are decentralized to border areas where informal trade is prominent with the view to facilitate ease of market access by small traders.

Malawi is implementing the STR with both Zimbabwe and Zambia. Furthermore, the traders stand to claim back the import VAT from customs should they get registered. The STR Trade regime is applicable when:

- The consignment is US$500 or less in value. Then trader has to use the simplified customs document and does not need to employ an agent.

- These goods will be duty free if the goods appear on the common list of products agreed between the countries and displayed at the border post. The trader may obtain a simplified certificate of origin at the border or Cross Border Traders Association (CBTAs) office and get it signed by the customs officer at the border.

- If the goods do not appear on the common list then a normal certificate of origin must be obtained and certified (if they are locally produced) or if, the goods originate outside the FTA, they will be subject to the prevailing duty.

COMESA Rules of Origin

COMESA rules of origin have five independent principles under which goods can be accepted in the importing country as having been produced/manufactured in another COMESA country. These principles are:

1. Those goods should be produced in the exporting member state such that there are foreign materials added to the manufacturing process. Such goods are live animals, agricultural produce e.g. maize, cotton, etc., this is called, wholly produced rule.

2. Those goods when they are being made and there are some foreign materials added to the manufacturing process, those foreign materials should not be over 60% of the C.I.F (Cost Insurance and Freight) value; this is called Material content rule.

3. Those goods when they are being made and the raw materials are foreign, then, in the course of the manufacturing process, there should t least be 35% value addition; this is called Value addition rule.

4. Those goods when the companies make them and the raw materials are foreign, during the manufacturing process, the Tariff heading of the final product should be different from the tariff heading of the foreign raw materials; this is called Change in Tariff Heading Rule (CTH).

5. Those goods are in the list that was approved by the Ministers in charge of Trade in COMESA Member states (also called the Council of Ministers) and are regarded as very important in the economic development of either the exporting member or the region and that, in the process of manufacturing, there should be at least 25% value addition; goods such as mini buses that are assembled in some member states fall into this category. This rule is called 'Goods of particular economic importance' rule.

12.4 AFRICAN GROWTH AND OPPORTUNITY ACT

Background

The Africa Growth and Opportunity Act (AGOA) is a unilateral initiative of the United States Government to grant Sub-Saharan African countries duty-free and quota-free market access on select products. The Act offers tangible incentives for African countries to continue their efforts to open their economies and build free markets. In total, 37 African countries have access to the US market under the AGOA. Malawi being one of the beneficiaries.

A. AGOA ELIGIBLE PRODUCTS

Virtually all products (over 6,500) are eligible to enter the USA market under AGOA. Africa's exports under AGOA have mainly been textiles and garments, agricultural products, automobiles, oil and handicrafts,

AGOA Rules of Origin

In order to qualify for duty-free access to the US under AGOA, the Rules of Origin underlying this trade Act require that a product be the "growth, product or manufacture" of an AGOA - beneficiary Sub-Saharan African (SSA) country. The salient features of AGOA's general (i.e. non-textiles and apparel) Rules of Origin are as follows:

1. The product must be imported directly from the AGOA-beneficiary country into the United States.

2. Items must be "growth, product or manufacture" of one or more AGOA-beneficiary countries.

3. Products must incorporate materials sourced from outside countries (i.e. non AGOA-beneficiaries) provided that the sum of the direct cost or value (i.e. the transaction value) of the materials produced in the (AGOA-beneficiary countries'), plus the "direct costs of processing" undertaken in the AGOA-beneficiary countries, equal at least 35% of the U.S. port of entry (see Note below)

4. In addition, up to a total of 15% of the 35% value (as appraised at the U.S. port of entry)) may consist of U.S. parts and materials

Note: The U.S. Customs will generally appraise the merchandise at the full value of the transaction, which includes the following:

- Packaging costs;
- Selling commission;
- Royalty and licensing fees incurred by a buyer; and
- The value of free assistance that may have been provided to the buyer conditional upon the sale,

Included under the "direct costs of processing" are the cost of labor, engineering or supervisory quality control, machinery costs (and depreciation of machinery and equipment), as well as Research and Development costs.

12.5 EU EVERYTHING BUT ARMS (EBA) INITIATIVE

Background

The Everything-But-Arms (EBA) initiative is a preferential market access arrangement offered to LDCs by the EU. The initiative provides for duty and quota free market entry for essentially all products exported to the European market from Least Developed Countries with the Exception of Arms and Ammunition. The EBA is part of the EU GSP Scheme, specifically for LDCs.

EU GSP Rules of Origin

In order for Malawian exporters to qualify for the EU GSP the following conditions need to be met.

1. Goods must originate in Malawi that is they must be wholly obtained or sufficiently worked or processed in Malawi. Wholly obtained refers to goods made entirely from naturally occurring raw materials such as plants and vegetables and their products, minerals and mineral products and animals and animal products. While goods are considered sufficiently worked or processed if they meet the following criteria:

- The Change of heading criteria, this is when the product obtained is classified in a 4-digit heading of the harmonized system Nomenclature which is different from those in which all the non-originating materials used in its manufacture are classified
- The Value or ad Valorem Criteria this is where the value of non-originating material may not exceed 70% of the ex-works price of product.
- The specific process criteria, this involves carrying out certain operations or stages in a manufacturing process on any non-originating materials.

2. A valid proof of origin, which may be a certificate of origin Form A from the Malawi Revenue Authority or an invoice declaration.

3. The goods must be transported directly from Malawi to the EU.

13 MULTILATERAL AND BILATERAL TRADE AGREEMENTS

A multilateral trade agreement is an agreement which involves three or more countries to regulate trade among themselves. A bilateral trade agreement involves two countries. Fundamentally, these agreements are established to encourage countries to indulge in open and liberal trade policies. The trade agreements also offer an opportunity for qualifying goods to be expected duty free and quota free. Malawi is a signatory to a number of multilateral and bilateral trade agreements some of which include the following:

	TRADE AGREEMENT	PREFERENCE	SIGNATORY COUNTRIES	ORIGIN CRITERIA	PROOF OF ORIGIN OR ORIGIN CERTIFICATE
A	MULTILATERAL AGREEMENTS				
	WTO	Most favored Nation treatment in members states territories	159 countries	• Wholly produced/grown • Substantial transformation	WTO Certificate of Origin
	AGOA	Duty free entry of goods into USA, non-reciprocal	United States of America, sub-Saharan Africa	• Wholly produced/grown • Substantial transformation	AGOA documentation
	GSP	Duty free entry of goods into EU, non-reciprocal	ACP countries, EU	• Wholly produced/grown • Substantial transformation	GSP Form A
B	REGIONAL AGREEMENTS				
	COMESA	Duty free entry of goods of Malawi origin in members states	19 member countries	• Wholly produced/grown • Substantial transformation	COMESA Certificate of Origin

	SADC	Differentiated offers by different countries	14 members	• Wholly produced/grown • Substantial transformation • Product specific rules	SADC Certificate of origin
C	BILATERAL AGREEMENTS				
	China	Duty free entry of goods into China of Malawi origin	Malawi and China	• Wholly produced/grown • Substantial transformation	Malawi-China Certificate of Origin
	Mozambique	Duty free entry of goods in member territory	Malawi and Mozambique	• Wholly produced/grown • Substantial transformation • Excluded goods include: beer, soft drinks of Coca-Cola and Schweppes brand marks, tobacco, sugar vegetable oil, chickens and eggs, office equipment, petroleum products, weapon, ammunition and explosives	Malawi-Mozambique Certificate of Origin
	South Africa	Duty free entry of goods into South Africa of Mala-wi origin	Malawi and South Africa	• Wholly produced/grown • Substantial transformation • Quotas apply to some products • Non-reciprocal	SADC Certificate of Origin/DA59
	Zimbabwe	Duty free entry of goods in member territory	Malawi and Zimbabwe	• Wholly produced/grown • Substantial transformation equal to 25% minimum domestic content	Form 60
	Portugal	Duty free entry of goods in member territory	Malawi and Portugal	• Wholly produced/grown • Substantial transformation	
	Botswana	Duty free entry of goods in member territory	Malawi and Botswana	• Wholly produced/grown • Substantial transformation • The preferences exclude spirits	Wholly produced/grown

MALAWI REVENUE AUTHORITY
CUSTOMS AND EXCISE DIVISION

EXPORTS: MINOR FORM NO.________

Exporter (Sender): (Name & Address) Declare the details hereon are correct Signature	No.. Place... Exporter's Ref. Date... Agent's Ref.
GOODS DECLARATION (OUTWARDS) Minor Consignments (1) 3. GENERAL CERTIFICATE Required in duplicate but see No. (2) as to use as a G.R.C. NOT TO BE USED for exports under bond or drawback. SEE NOTES OVELEAF	Exports of Malawi produce Exports of Malawi Manufacture Re-Exports of Imported Goods Temporary exports for subsequent re-importation (2) (3)
CAUTION: Misdeclarations may result in seizure of the goods before exportation and any other penalties provided for by law	Export Licence (1) C.D.I. Form No. (4) .... No. (4) ....Country of growth or manufacture
MEANS OF TRANSPORT Air Postal Rail Road Other (3)	Marks, numbers and kind of packages (Include here the name and adress of the addressee)
FOR OFFICIAL USE ONLY	

Description and details of goods	Tariff No.	Stat No.	Country of Desitination	Quantity of Weight	Export Value

MALAWI REVENUE AUTHORITY
CUSTOMS AND EXCISE DIVISION

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