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How to Export to Africa

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In my interactions with some Australian exporters, I discovered that most do not consider **African market** in their export plans. Their reasons are largely due to lack of credible information, issues relating to **market entry** bottlenecks and non-exposure to African **business successes**. Interestingly, some exporters still view Africa from the prism of NGO appeal-fund television promos, depicting a continent that is dependent on aid from foreign donors, with little or no export value. My observations necessitated the following considerations for new exporters to Africa.

Market entry research

To develop a new and successful export market in Africa involves much more than simply shipping one container-load of goods or initial meeting with potential partners. Market entry research is the key. The research could take sometime but it will definitely illuminate pitfalls and shortcomings of the proposed business venture including capacity of potential partner. The research findings must clearly identify opportunities, market competition and most importantly, the risk factors associated with the proposed business venture. Developing new export market in Africa requires meticulous planning, long-term goals and perseverance to guarantee sustainable success.

Evaluating local partners

Many foreign businesses fail in Africa because they take business partners' words on their face value. I am not suggesting that there are no credible business partners in Africa. There are many ethical businesses, but it takes a stroke of luck to run into one at the onset. There are some dodgy businesses that could promise too much and deliver very little when the chips are down. New exporters are advised to seek the services of a consultant or government agency for independent verification of potential partner's capacities and credit ratings. Another trap to avoid is to ensure that credit facility is not used as a bait to attract a major distributor because it could undermine the initial business confidence building process. New exporters to Africa must ensure that potential partners have the capacity to play their expected role in the local market without much drama.

Communication and cultural barriers

Culturally, Africans are very hospitable to foreigners and they easily interpret business relationships as personal friendship. The key in this regard is to clearly define your business partnership terms and conditions and insist they are respected from beginning. There are about 20 English-speaking countries in Africa. Though their accents might differ, spoken English is better than dealing with a business partner that speaks a different language. A new exporter needs to find out, through market entry research, the communication barriers and key business cultures of the specific market. Africa is multi-ethnic; as such, the cultural and language differences cannot be managed with one-size-fits-all approach.

Industry exhibitions & trade missions

A great way to evaluate a new export market and establish new business partnership in Africa is to participate in key international events in the continent. New exporters in the mining industry can participate in the Mining Indaba in South Africa, while ICT and telecommunications exporters could participate in ComBit that takes place in Nigeria annually. The key advantage of participation in international exhibitions in Africa is the minimal investment and maximum benefits, which includes market intelligence gathering and networking opportunity with both local players and foreign investors in the sector. Trade missions are another means of establishing new business partnerships for new exporters to Africa. A trade mission gives new exporters the opportunity to meet one-on-one with pre-arranged potential business partners and determine the most suitable partner based on personal interaction and proven capacity.

Government and intellectual property

One of the major drawbacks in African markets is the government's slow response to intellectual property infringements. In some countries such as Egypt, the government has stepped up against violators of copyright laws in the country. There is growing awareness in the continent concerning intellectual property and companies such as Microsoft is leading the campaign in some West African countries. Another barrier to starting business in Africa is government intervention in the private sector through inconsistent legislation and multiple tax regimes. Established distributors or agents in Africa can take care of tax-related issues; however, new exporters still need to know how the added costs could affect their competitiveness in the local market.

Africa on the move

From China to Brazil, the BRIC nations are currently investing more in Africa than Western countries. BRIC-Africa trade has increased from \$22.3 billion in 2000 to more than \$160 billion in 2008. The BRICs have each acknowledged the importance of nurturing deep diplomatic and commercial ties with Africa to guarantee long-term economic growth. The new paradigm shift is generating a new wave of confidence in African governments and in the private sector as well. Business opportunities in Africa are growing rapidly. Australian exporters can enter the market now before the rush for Africa gains fierce competitive momentum. *-Frank Aneke is the principal of OctoberFirst Consulting (www.octoberfirst.com.au) an investment communication firm and Africa specialist, particularly forging business and investment relationships between Asia-Pacific nations and emerging African economies. OctoberFirst is a member of the NSW Business Chamber.*

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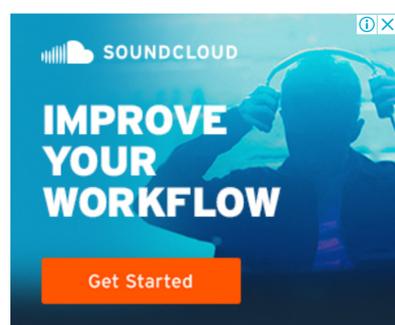


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