



EXPORT ASSIST

Solutions for Export Management

EXPORT NEWS

Issue 3, Summer 2009

WINE EXPORTS

The Australian Wine & Brandy Corporation have released their Wine Export Approval Report for the year ending 31st January 2009.

The volume of Australian Wine exports fell by 9% to 701 million litres. The average price fell by 8% to \$3.50 per litre resulting in a 17% fall in total value to \$2.46 billion.

Source: www.wineaustralia.com

AUSTRALIA'S TRADE SURPLUS

The Minister for Trade has recently announced that Australia recorded a trade surplus of \$589 million in December 2008. For the period July to December 2008, Australia recorded a \$6.2 billion trade surplus.

While Australian exports did fall 3% in value in December to \$26 billion, this was much less than other nations in the region such as Japan and Singapore which recorded falls in value of 35% and 20% respectively.

Australia's fastest growing export regions throughout 2008 were all in Asia, with exports to Japan up 58% to \$50.3 billion, while exports to China grew 39% to \$33 billion.

Source: www.trademinister.gov.au

Welcome to the first edition of Export News for 2009. I hope you all had an enjoyable and safe festive season.

We are now well into 2009, and it is interesting to see the impact of the current financial situation. We have all heard of some of the big companies who have cut staff numbers, but how is it actually affecting small business? Some people have said to me that they are yet to see the effects, however in other businesses confidence does seem to be down.

Regardless, it is now a good time to review your business, look at how to manage risk, reduce costs, and strengthen your business for the potentially tough times ahead. In light of this, we have recently updated our website with some information to assist exporters (and possibly importers) on managing your risk, pricing and getting further financial assistance. We will add to these over time, however for further information go to <http://www.exportassist.com.au/resources.htm>

We will also be running a number of workshops in March and April in conjunction with the Inner Southern and Inner West Business Enterprise Centre's. These workshops, tailored to new or emerging exporters, will cover in more detail many of the same topics, and provide some tools to help manage your exports. Further information is available on page 3 of Export News. Feel free to give me a call at any time to discuss further.

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Darren White

AUSTRALIA - CHILE TRADE

The Australia - Chile Free Trade Agreement, which was originally expected to begin at the start of the year, will now come into force on 6th March 2009. The FTA will initially eliminate tariffs on 97% of all goods traded, with tariffs on all merchandise goods removed by 2015. For further information go to www.dfat.gov.au

The South Australian Government has also recently announced that it will establish a trade office in Chile. The office, which will be operated out of Austrade's office in Santiago will provide assistance to South Australian exporters, particularly helping to capture major opportunities in the mining, wine and agribusiness sectors.

At the same time, the Government has also announced they will be opening an office in Ho Chi Minh City in Vietnam.



www.exportassist.com.au



MANAGING EXPORT FREIGHT

Regardless of Incoterms that you have negotiated with your customer, both the exporter and their customer should take an active interest in getting your products to their export market. Many exporters say, "I sell FOB, that is my customers problem," but ultimately being actively involved will ensure a hassle free relationship with your customer.

Take the example of a wine exporter to Europe. Your customer purchases FOB Adelaide, but wants to ship your wine on a transshipment service via Singapore. Do you really want your product potentially sitting in Singapore for 1 or 2 weeks in humid conditions? Whether you are paying the freight or not, being involved in the process may lead to less problems down the track.

So what options do you have for transporting your goods? There are endless amounts of freight forwarders you can speak to, but where do you start. Speak to your customer, and other people in your industry about who they use and the best methods for transporting your goods.

Sea freight services are available for both full container loads (FCL) or less than container loads (LCL), if you only have small volumes. If your goods are perishable, airfreight may be required. Or you may need to consider a refrigerated shipping container?

When it comes to looking at the shipping or airfreight services, understand exactly how your products will be transported to their export markets. What is the transit time? Are there transshipment or stop over points? How long will they be there for? For perishable products, it is critical to leave no stone unturned to ensure you know how your product is handled. Even for non-perishable products, understanding the best way to get your products to their destination should form part of the value offer you are providing your customers.

Freight rates for both sea and airfreight services can constantly change. Even if your customer is paying the freight, be aware of how it may change, as it will ultimately affect the competitiveness of your products in the export market. So how are freight rates charged?

- ⇒ FCL (Full Container Load) Seafreight: will be charged per 20' or 40' container
- ⇒ LCL (Less than Container Load) Seafreight: is charged per cubic metre (cbm) or 1,000kgs, whichever is greater. A minimum of 1cbm normally applies
- ⇒ Airfreight: is charged per kg or based on the volumetric weight, whichever is greater. A minimum charge will also apply. To obtain the volumetric weight, multiply the cubic measurement by 167. For example a package weight 50kgs, but has a cubic measurement of 0.5cbm. You will be charged on the volumetric weight of 83.5 kgs (167 x 0.5 cbm)

When assessing the charges by a freight forwarder, airline or shipping line, assess all the ancillary costs as well. Commonly there will be other charges such as fuel and security charges, port, handling and documentation fees. Some freight forwarders may offer a low base freight rate, but higher ancillary charges, so assessing all of the costs is very important.

Some freight forwarders and shipping lines are strong to some regions, but not so in others. While it is important to shop around and ensure you are getting value, price isn't the only thing to consider. Develop a long term relationship with freight suppliers who understand your business and your needs. Ensure they have the right resources and network, and can provide value added services to assist in the management of your export business.

By taking a proactive approach to the transport of your products, you will ensure your products remain competitive in their export market, and arrive in the condition in which they left.



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Market Access Program (MAP)

The Market Access Program (MAP) is a grants program administered by the Department of Trade and Economic Development (DTED) to assist small and new exporters from South Australia to develop their export capability.

There are 3 categories for which exporters can apply for funding on a dollar for dollar basis:

- ⇒ Category A: outgoing missions by a company (max grant \$5000)
- ⇒ Category B: hosting of in-coming buyers by a company (max grant \$1000)
- ⇒ Category C: developing export capabilities of a company (max grant \$1000)

The next round of applications close on March 15th 2009, so you will need to be quick.

For further information on MAP go to: <http://www.southaustralia.biz/Exporting-from-SA/Programs-Assistance/Market-Access-Program.aspx>

Events & Workshops

Export Grants Workshop

Wednesday 4th March 2009, 5:30-7:00pm

Business SA, 136 Greenhill Road, Unley

The Export Grants workshop will provide an overview of the improvements to the MAP scheme, Tradestart and changes to the Export Market Development Grant (EMDG).

For further information contact Angie Lewis on 8300 0110 or email angiel@citcsa.org.au

Successful Export Operations

Export Assist, in conjunction with the Inner Southern and Inner West Business Enterprise Centre's are running a series of 3 hour workshops about Successful Export Operations.

The workshops are intended for businesses who are looking to export or have just started exporting. It will provide an overview of the main considerations in establishing a successful export operation, including supply chain and risk management and how these can impact on your export pricing.

The Seminars will be held as follows:

Tuesday 17th March 2009, 9:30am to 12:30pm

Inner Southern BEC

903B South Road, Clarence Gardens

Tuesday 21st April 2009, 9:30am to 12:30pm

Inner West BEC

30-32 Stirling Street, Thebarton

For further information, including copies of the registration forms, please give us a call.

Export Assist is a member of the following organisations:

- ⇒ *Exporters Club*
- ⇒ *South Australian Freight Council*
- ⇒ *Australia India Business Council*
- ⇒ *Australia Indonesia Business Council*
- ⇒ *Business SA*
- ⇒ *Inner Southern BEC*
- ⇒ *Inner West BEC*
- ⇒ *Wine Industry Suppliers Australia*

Export Assist is pleased to sponsor the South Australian Wine Industry Association



Trade Fairs

HOFEX, Hong Kong

6th—9th May 2009

HOFEX is one of the largest food, beverage, and hospitality trade shows in Asia. Opportunities exist for Australian suppliers of food and beverages or hospitality equipment and services, to exhibit in the Australian Pavilion.

For further information go to www.austrade.gov.au/HOFEX09



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No warranty is provided for the information contained within this newsletter. We recommend you contact Export Assist to discuss your individual situation.