



Financed by



Event Report on Non-Oil Exporters Regional Dialogue: 'Improving Trade Competitiveness and Business Environment in the South East'.

Location: Aba, Abia State, Nigeria

Date: May 22 and 23, 2019

Event Overview

Micro, Small and Medium-Scale Enterprises (MSMEs) make a significant portion of the economy and are on the rise daily. This segment accounts for majority of Jobs and are mostly involved in formal and informal cross border trade and non-oil export, yet to date, they have been absent in trade debates (WTO, 2016). MSMEs who potentially have what it takes to be involved in the export value chain are excluded because they cannot compete favourably in the global stage. This is core on tackling challenges related to the ease of doing business within and across borders.

To get MSMEs actively involved on the exporters value chain, 'before the border' and 'beyond the border' issues must be addressed and resolved. Currently there have been threats to reaching inclusive solutions as most MSME voices are either underrepresented or hijacked by a few. In this regard, PDF II steps in with its balanced approach focused on the building blocks of long-term trade policy by strengthening alternative (or under-represented) voices that can feed into the policy process.

Having engaged stakeholders in Lagos since its inception, PDF II held the sixth dialogue on Non-oil Exports in Aba, Abia State, South East of Nigeria. The two-day forum which featured members and representatives of the South East Chamber of Commerce, Industry, Mines and Agriculture was themed: **"Improving Trade Competitiveness and Business Environment in the South East"**. The forum was designed to explore the challenges, needs, aspirations and opportunities of non-oil exporters in the South East region. The forum began with an opening remark, followed by a presentation on the 'Potential for Non-Oil Export Industrial Cities'. The forum continued with panel discussion question/answers & contribution sessions. Day two, which was geared towards capacity development, started with opening remarks, followed by a presentation of the Rudiments of Export and Market Entry Strategies, and three other presentations on Managing Export Contracts, Advocacy and Branding.

Some deliberations and issues raised at the maiden edition of the regional dialogue include:

- Business owners in the region noted existing conditions are not supportive of their ambition as they constantly make use of the Lagos ports, which increases local logistics costs (within and outside the region) and limits their competitiveness. Thus, the need for active dry ports or major seaports in the region.
- Nigeria might need to change its approach in exports in order to make significant gains. Fresh graduates could be recruited and trained to serve as export missionaries. These trained graduates would have adequate knowledge on export procedures, requirements and other necessary information and could bridge the knowledge gap that exists in the exports in Nigeria. This also is believed to open the export chain to more specialisation, division of Labour.

- There were challenges raised on dumping, noting that Nigeria produces the best cables but the market is still infiltrated with inferior imported cables. Stakeholders noted that there is need for the relevant agencies to stop inflow of sub-standard goods.
- Emphasis were made on the importance of taking Nnewi - the south eastern hub for motorcycles and automobiles - more seriously in the planning and development of the region as attention, resources etc. have been focused on Aba and Onitsha.
- SECCIMA was encouraged to improve on their advocacy on issues pertaining to the ease of doing business in the region while increasing their representation in government to facilitate the interest of the chamber in the region.

Day 1

Opening Remarks

Mrs Titi Ojo, Policy Development Facility Phase II (PDF II)

The forum commenced at 9:36am with a remark from Mrs Titilope Ojo. Mrs Ojo noted that this is the first regional dialogue outside Lagos and the sixth in the series of dialogues focused on addressing constraints that limit the growth of non-oil export in Nigeria. Previous dialogues have been held in Lagos due to the concentration of exporters as well as the thriving export economy relative to other states.

The South East is unique and endowed with non-oil exports products. The focus of this dialogue is to enhance competitiveness of the South East region as it relates to exports. The policy brief which was drafted from the “Made in Aba” study will also be disseminated. Deliberations and concerns of stakeholders raised at the forum will be transmitted to relevant government agencies and PDF II will continue to advocate for effective implementation where necessary.

Mrs Ojo expressed gratitude to Engineer Henry Nduka, the DG South East Chambers of Commerce, Industry, Mines & Agriculture (SECCIMA) and other individuals for the logistics support in putting this forum together. She urged the audience to offer their constructive ideas and suggestions in an objective and respectable manner.

Introducing PDF

Mrs Titi Ojo, Policy Development Facility Phase II (PDF II)

PDF II is a program funded by DFID designed as a rapid response facility, set up to facilitate champions of change to make and implement social policies. Champions of change include federal ministers, heads of government agencies, state governors, commissioners etc. PDF II conducts evidence-based policy engagement. Based on the feedback from previous dialogues, PDF II has realised the need to hold these dialogues at the regional level to interact with exporters and other stakeholders in these regions.

PDF II has also worked in the area of providing evidence to support policy advocacy. In this regard, PDF II conducts research which is necessary in engaging the champion(s) of change. The PDF II works with the demand side of trade policy which are the people, the exporter voices, thereby empowering them with evidence to engage with government and policy makers. Through platforms such as this, key issues are discussed using evidence in supporting the need for necessary policy changes.

Towards the end of PDF phase 1, a study was conducted to understand why the people’s voices were grossly underrepresented in policy discourse thereby creating an imbalance. The study showed that people were often not engaged and as such were not part of the policy process. It also showed that the demand side of policy required evidence to engage in policy discourse, hence the need for well researched evidence to be provided. This is to show we are not talking

out of emotions but rather evidence; a well-researched documentation puts us in a position to engage the supply side of policy on what should be done.

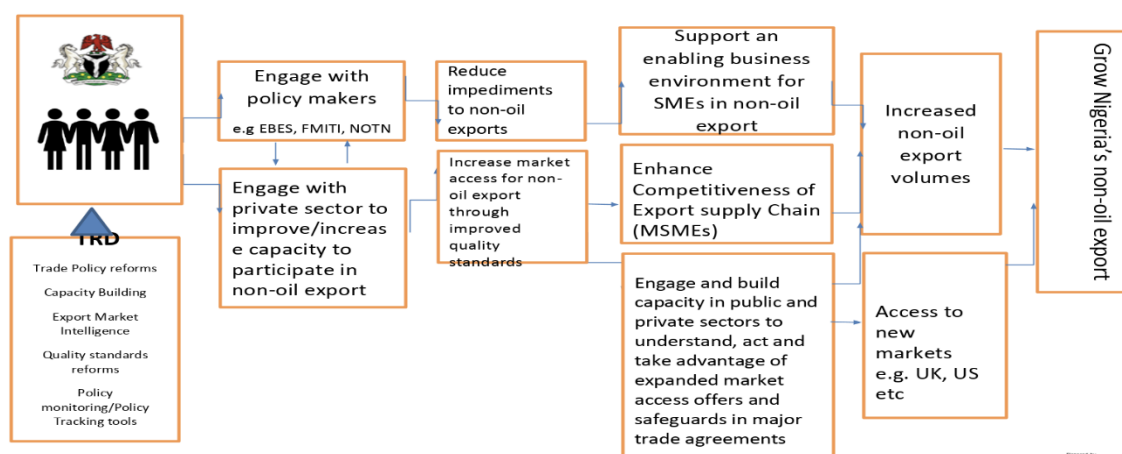
This is the 6th dialogue in the series and the first in the South East region. This PDF II Trade Workstream focuses on achieving the following:

- Enabling Underrepresented Export Oriented Voices in Economic Policy
- Strengthening Exporter Groups' participation in Trade sustainably

Also, PDF II understands the need for capacity building, hence the non-oil export dialogues have been designed to cover both conversations and capacity building.

The PDF II Approach

The PDF II approach involves engaging with major stakeholders such as Policy Makers to reduce impediments to non-oil exports- and the private sector to increase market access for non-oil exports.



Key advocacy areas

Since 2016, PDF II Non-oil Exporters dialogue has focused on three broad advocacy areas:

- **Access to Markets** – Engage on issues such as standards, and certifications, cost of certification etc.
- **Access to Finance** – Finance is a major challenge, at the first level PDF II interacted with government, for example NEXIM etc. On the second level PDF II had discussions with eleven (11) commercial banks to have a two-way balanced conversation on reasons why it may be difficult to access finance such as loan application etc.
- **Trade Policy** – This includes the (trade) policy space of which access to markets and finance are key focus areas. PDF II also established a community of practice (CoP), which includes exporters, researchers, government representatives and other relevant stakeholders. The CoP also serves as a feedback mechanism and is also an advocacy platform.

Our strategy

- Dialogues – National & regional
- Studies – PDF II commissions studies to provide evidence for engagement. For example, PDF II recently conducted a study on MSME recategorisation with the Federal Ministry of Industry Trade & Investment (FMITI) being the beneficiary.
- Policy roundtables – engaging government at the highest levels, with evidence for policy discourse
- Community of Practice (CoP) – A CoP of exporter voices, export-oriented individuals and businesses, service providers, agents etc
- Synergies – collaborations & partnerships
- Print & Electronic Media

Some recent engagements through the electronic media include:

Supported by:

Improving Trade Competitiveness and Business Environment in the South East

#NONOILCHAT

Join us by 3PM. 17th May, 2019 @NonoilexportNG

PDF II

Sam Hart

Sam Hart is the Special Adviser to the Abia State Governor on Public Communications and a Champion of Industrialization in Nigeria particularly in the South East. He is also the Coordinator, Project Made-in-Aba.

KEY FACTS ON TRADE IN THE SOUTHEAST OF NIGERIA

TRADE

The SouthEast is historically renowned for trading. From pre-colonial times till date, trading has been a communal endeavor. The 'SouthEastbusiness ecosystem' is fuelled by the 'apprenticeship' system.

UNIQUE EXPORTABLES

Aba takes the lead in the production of finished leather goods, fabrication of all kinds of tools, equipment & machinery, clothes & garment making. Enugu & Anambra have beautiful cultural festivals as well as talent exports.

UNIQUE EXPORTABLES

Crops like Cassava, Oil Palm, Yam, Cocoa, Cashew and fruits are available in large export quantities across the states. Ebonyi has Rice & Limestone in large quantities.

αβα

ABA INDUSTRIAL HUB

Aba Industrial Hub (AIH) has influenced other states within the region. Ebonyi State requested technical support from the drivers of Project Made In Aba to create a brand for Abakaliki Rice. Oshana & newer markets have also had offshoots of the campaign.

ROLE OF PDF II

Policy Development Facility II produces reliable, evidence-based data that speaks to geographical indicators for unique agro products in the SouthEast region.

PORTS & COMPETITIVENESS

With Apapa port gridlock, the need to operate the Eastern ports have become inevitable for Trade in the region to be competitive however, Port operations are on the exclusive list controlled by the Federal Govt.

DAI

@pdfnigeria

PDF II engages in twitter chat with experts to discuss export opportunities with the social media audience. PDF II also develops fact sheets to educate the audience on issues, utilise print media and develop reports from its engagements. Other media engagement by the PDF II include:



On the Ease of Doing Business, which is spearheaded by the Enabling Business Environment Secretariat, PDF II provides relevant support through studies, dialogues and feedback sessions. EBES is currently implementing the fourth National Action Plans (NAP 4.0) and the Secretariat is active in communicating reforms and project outcomes through their website.

PDF II provides support to EBES on “trading across borders” which is one of the pillars of EBES’s focus areas. Under NAP 4 and pillar 5, two issues sufficed - Addressing Apapa gridlock and digitisation of NXP (Nigerian Export Proceed) form.

EBES also launched a platform (reportgov.ng) for citizens and businesses to provide feedback on the challenges they encounter as they interface with relevant government agencies. reportgov.ng is government’s way of getting feedback from the business community. From these feedbacks, they also award government institutions.

Questions/Comments

Can you cite an area where PDF II’s interventions has worked, an evidence of effective engagement with the demand and supply side?

- It is important to note that policy issues are not quick fixes, it takes a process and requires patience. The Trade Policy work stream is at the point of realising that solutions are coming into place and there is need for more time to get the desired outcome. There are quick solutions that have happened due to the release of an executive order from the Office of the Vice President. The NXP is one quick win, both from the study conducted and the first dialogue with non-oil exporters in Lagos. PDF II has also engaged Nigeria Office of Trade Negotiations (NOTN) on Trade Policy issues. Being consistent in advocacy is key to ensure implementation.

To ensure effective and consistent dialogue in the South East backed by evidence and research, data gathering is extremely important, and organisations must be financially supported to embark on this task.

How can there be an effective dialogue without federal government representation in the south east? Can anything be achieved without the presence of government institutions?

- Government agencies/officials are represented at this forum. They include Corporate Affairs Commission (CAC), Federal Ministry of Industry, Trade and Investment (FMITI), Nigerian Export-Import Bank (NEXIM), Nigerian Export Promotion Council (NEPC), Shippers Council of Nigeria. Commissioners and Special Assistants related to Trade in the five eastern states were sent invitation letters but they could not honour the invitation due to handover exercise in their respective states. The outcome of this forum would be shared with them.

Nigeria might need to change its approach in exports in order to make significant gains. Fresh graduates could be recruited and trained to serve as export missionaries. These trained graduates would have adequate knowledge on export procedures, requirements and other necessary information and could bridge the knowledge gap that exists in export trade in Nigeria.

- PDF II projects have their limitations. Mobilising young people in this space is not part of PDF II's mandate, however, the organisation can work with other sister programs of DFID to deliver such proposition, provided it is within their scope. To address the knowledge gap in exports, PDF II organises capacity building programs for exporters as well as provide platforms for shared growth among exporters. As an example, at the Access to Markets dialogue held in 2018, five attendees pulled their resources together to export a container of processed foods to Canada. To a large extent, success and effectiveness also depends on how participants engage with the platform. PDF II's role is to facilitate.

This forum presents a good opportunity to engage and resolve issues facing exports in Nigeria. This group must work as a collective body and manage its perception and reputation. It must also embrace young individuals.

Does the PDF II CoP include individuals from the South East? The challenges facing exporters in the region are peculiar and needs to be treated in a different way. Recently, the focus has been on resolving the gridlock in Apapa. While this is a good move, there needs to be a similar focus to open ports in other regions of the country, particularly the South East to ease congestion at the Apapa ports. A lot of exports are done at the Ebonyi-Calabar axis. The South East region must focus on covering key markets in East Africa and the conversation must go beyond ECOWAS region. Data collection on export related business or transactions in the South East is key.

- Individuals who are interested in joining the CoP should share their contact with a PDF II representative.

While we talk of competitiveness and access to markets, we should equally be thinking about logistics, pricing of electricity and infrastructure gap within the South East. Before exporters cross the river Niger to Apapa, there are several road blocks that need to be dismantled.

- PDF II has funded and approved a port competitiveness study that covered all the major ports in Nigeria. The study unveiled why the South Eastern ports should be taken seriously in order to decongest Apapa and manage spill over effects as a result.

The Potential for Non-Oil Export Industrial Cities

Presentation by Dr Olumuyiwa Alaba, Trade Expert and PDF II Consultant

PDF II engages in studies to track if government policies are delivering results. PDF II also works with government agencies and other stakeholders to report back the findings to the government. PDF II has conducted a research on industrial cities in Nigeria which covers Aba. The report will be released later in the year.

Industrial cities are key in establishing good policies. The government expresses interest in financial clusters and cities. This is such that:

- Industrial clusters and cities are key components of the National Industrial Revolution Plan (NIRP), now embedded in the Economic Recovery and growth Plan (ERGP).
- A key strategy being pursued in this respect is creation of Special Economic Zones around the country: Free Zones, Staples Processing Zones etc.
- The Government also expressed commitments to re-energise existing production clusters and cities.

Cluster development is strategic to national development because you can bring together people with similar interest, skills and capacities in an incubator. The essence of this agglomeration through Industrial Clusters and Cities is to:

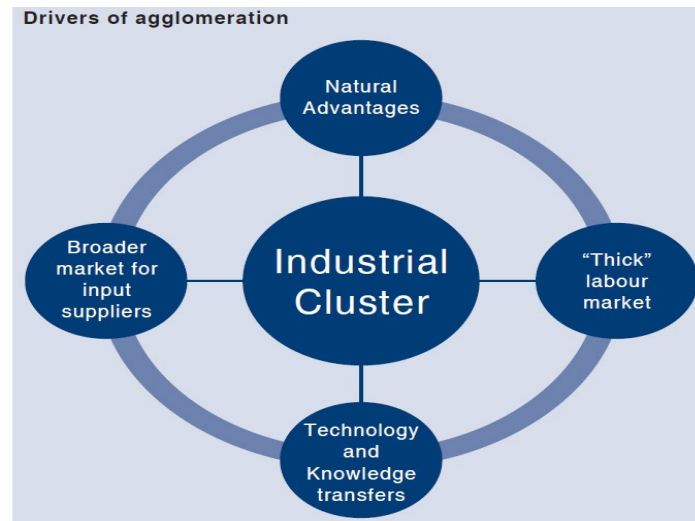
- Act as effective mechanisms that help to concentrate resources and align trade routes, diagnosing ways to generate and accelerate development processes besides being growth poles in economies.
- Enable cluster developments which are very strategic for national competitiveness in the global economy.

Basic motivations for creation of industrial clusters and cities:

- To fulfill Government's industrialization ambition

- Private sector's desire to reduce costs: - transporting inputs/finished goods, access to pool of labour, co-creation of ideas (innovation and knowledge spillover), and general economies of scale
- Natural advantages: proximity to ports (attraction to exporting firms); and presence of some location specific mineral resources

Industrial clusters help the government drive her ambition, whilst some private sector want to improvise and find private sector led solutions to their problem. It also enables ease in transporting input and output. The factors that drive cluster engagement are captured in the diagram below:



Benefits of cluster engagement

Empirical Evidences – Adapted from SGS, 2012

- Productivity:
 - Doubling economic density (industrial concentration) has potential to increase productivity by 6%
 - Doubling employment density has likelihood to increase productivity by 4 to 4.5%
- Input-Process-Market Co-location
 - Doubling travel time to a city centre (market) reduces productivity by 15%
 - Doubling the distance to a regional market lowers profit by 6%

General Evidences

- Shared facilities for production
- Products Aggregation for export
- Attractive pool for formalization that assures access to development assistance
- Creation of structure for uniform standards
- Attraction to standards and conformity assurance institutions
- Attraction to production and trade related services
- Enables ease of planning by different levels of government
- Pooling of ideas for innovation incubation

- Sharing of market intelligence
- Attraction to social investors

Incentives for export-oriented clusters/cities

Experience from Some African Countries:

- Tax Relief including VAT: for firms co-located in a special zone and export cells and clusters
- Customs Duty Relief: reduction or exemption from duty on inputs for production for export
- Employment tax incentives: further tax by volume of employment per firm
- Provision of Infrastructure:
 - Physical infrastructure – dedicated power plant, road and rail links, quality infrastructure and aggregation facility
 - Financial Infrastructure: customise grant and loan facilities with less stringent conditions

The keys to successful industrial clusters/cities include:

The Chinese Experience:

- Gradualism (starting from the most important to the least important) with an experimental approach
- A strong commitment, plus active and pragmatic facilitation of the state
- Preferential policies and broad institutional autonomy
- Staunch support and proactive participation of governments, particularly in the areas of public goods and externalities
- Public-private partnership to create environment that fosters innovation, global standard and export market drive
- Attraction of foreign investment and investment from the Chinese in diaspora
- Continuous technology learning and upgrading

Potentials of industrial clusters/cities

- Crucial contributors to countries economic success around the world
- Internationalization of MSMEs and their products, and models to other MSMEs
- In China it is estimated that as of 2007, SEZs (including all types of industrial parks and zones) accounted for about 22% of national GDP, about 46% of FDI, and about 60% of exports and generated in excess of 30 million jobs.
- In 2007, the 54 Chinese IDZs hosted about half the national high-tech firms and science and technology incubators. They registered some 50,000 invention patents in total, more than 70 percent of which were registered by domestic firms.
- ETDZs are also responsible for another one-third of China's high-tech industrial output and exports.

Questions/comments

Looking at how Tunisia and Egypt have used clusters to increase non-oil exports, what has the Nigerian government done about the Aba cluster on textile and leather?

- There is an Aba cluster on leather and garment. Both the federal and state governments have been handholding these clusters over the years with hope to upscale productivity. The Vice President has been available to hold these conversations. An SME clinic was held in Aba with the heads of government and SME supporting government agencies were in Aba at the Aba sports club. Every agency has been directed to set up offices in Aba. The Bank of Industry (BOI) has introduced more than N500m loans to the shoes/leather cluster at a very low interest rate to upscale their business. Power supply, which is very critical to productivity, has been a challenge. Federal government pioneered independent power production within the Ariaria cluster. They test-ran with 5,000 shops and today, 34,000 shops have been powered by the federal government through the rural electrification agency.

Beyond EBES and the office of the Vice President, how many trade missions has Nigeria embarked upon to promote products from Aba? What are the strategies for business to business engagements as done by other countries like Egypt? What concrete and definite programs does the government have to ensure that clusters do not die?

- On exposure, the Governor Okezie Ikpeazu started the 'Made in Aba' campaign creating the political awareness and exposure. Aba shoe makers gain external exposure, from China to Turkey, Brazil, Egypt, etc African Export Import Bank have once requested two of Aba shoe makers to an exhibition in Egypt. Thus, at most international events, Aba is fully represented.

There are many individuals based in the South East that are willing engage in export business. However, existing conditions are not supportive of their ambition. For instance, there are no active dry ports or major seaports in the region. Businesses in the region constantly make use of the Lagos ports which increases local logistics costs and limits their competitiveness, relative to those in other regions. These are concerns that need to be urgently addressed.

How can ordinary producers key into these existing structures in Aba?

- The government has been working with clusters at this is the best way to reach a large number of producers. The government has invested significant resources to build these clusters and provide some structure to their operation, especially with the creation of the Leather Product Manufacturing Association of Nigeria. Several business owners in the shoe making segment were recommended to travel to China to learn the processes and standards in shoemaking. These businesses owners have imported relevant machinery for shoemaking and an automated shoe factory is about to commence operation in Aba.
- One major challenge is getting business owners to work in clusters as opposed to the current culture of working alone. Clustering means there is an association and

membership, which can be leveraged for international exhibitions, among others, due to the existence of guarantees for businesses within the clusters. Businesses are therefore encouraged to join clusters.

Is there any structure in place for business owners that have been trained to train others?

- The first batch of the program adopted the Train the Trainer approach. Some business owners have expanded their capacity and increased number of individuals employed from 2 (prior to the training) to 26, after the training exercise. The training has also brought new opportunities in terms of increased order and exposure for the participant's businesses. For instance, the Nigerian Army ordered 50,000 shoes from Aba. Likewise, the President of Gambia has ordered for Gambian military boots to be produced in Aba. Other organisation within Nigeria such as the NYSC, the Nigerian Navy, Customs, Immigrations, Civil Defence, obtain their products from Aba.

Transporting a container from China to Aba is N900,000 and from Apapa Wharf to the South East cost N1.2m. How can we make progress when the cost of business is high locally? What efforts are being made to activate the Aba dry port or other ports in the South East?

- Ports cannot be established by state governments because they are on the exclusive list. State governments can therefore create awareness on this issue advocate to the federal government. The first dry port is located at Isiala Ngwa during the Obasanjo Administration. The concept was to ensure containers are moved from Lagos to the dry port and these containers are cleared while all other duties are paid. It was also observed it is cheaper to import from Lagos than to import from Onne, Warri or Calabar. There is a serious systematic problem stiffening the operations of the ports in the East, such that only the ports in Lagos are operational. The issues are political, economic and structural in nature.
- The just concluded report on Port Competitiveness, which would share with NPA and stakeholders, contains key recommendations that if implemented, would result in significant positive changes in the sector.

In the South East, the Onitsha River port should be enlisted in the global maritime map as a global port of final destination. Politically no effort has been done by the federal government. If we really hope to improve trade and commercial relations in the South East, rail lines need to be built for effective regional transportation.

Why are states government not considering building industrial estate like in Lagos and Agbara?

- Some challenges facing the youth include access to land and poor Infrastructure. These need to be addressed to facilitate clustering on a large scale. In Onitsha we tried to supply gas to 'clusters' but it failed because people lived far away from each other. We needed shared access for off take. On June 19th we are bringing stakeholders together to have conversations on the Onitsha Port.

- Presently in Aba, the government through a Public Private Partnership (PPP) has an industrial zone called the Enyimba Economic City which also has a free trade zone license.

As a chamber have you considered feasibility studies to examine the potentials of the port?

- The Shippers Association has conducted a feasibility study that showed the ports are viable. Stakeholders must come on board and work together to develop the region.

What is Nigeria doing to protect the country from being a dumping ground? Nigeria produces the best cables but the market is still infiltrated with inferior cables that are imported. What are the relevant agencies doing to stop inflow of sub-standard goods?

From a historical perspective, there are clusters in the South East planned by the government and located in Aba, Onitsha and Nnewi. Nnewi as a cluster has been quite successful and is a hub for motorcycle and automobile. This cluster is usually forgotten, and the emphasis is always on Aba and Onitsha.

Easing transportation by land within the South East needs to be considered. There are also numerous and unnecessary checkpoints that needs to be removed.

Dumping is a major challenge across many countries, however, the focus in Nigeria should be geared towards developing a system that incentivises local businesses. Nigeria is not ready to integrate into the global economy. Nigeria must leverage on its competitive and comparative advantages to become relevant in the global economy.

How can we bridge the gap on cost and infrastructure to enable SMEs ship at reasonable cost that puts them in a comparative advantage over other countries? Shipping companies should accommodate SMEs to ship their products to other countries in an affordable price.

- Participants were urged to join the non-oil export community to help resolve some of these issues.

Panel Discussion

‘Improving Trade Competitiveness and Business Environment in the South East’

Moderator: Dr Olumuyiwa Alaba

Panellists

- Ijeoma Ezeasor, representative, Manufacturing Association of Nigeria (MAN)
- Chukwuma Ogbonna, Former Senior Special Assistant to Abia Governor on Quality Management and Standards & Secretary Abia State Marketing Agency & Quality Management
- Mr Humphrey Ngonadi, Deputy President SECCIMA
- Pharm. Uche Apakama, National Officer, NACCIMA
- Engr. L.O. Ilozue, past president, NNEWI Chamber of Commerce
- Bar Kevin Mbakwuike, past president, Owerri Chamber of Commerce
- Sam Hart, S.A to Abia Governor on Public Communications

Dr Olumuyiwa Alaba: Starting from the government, can you tell us what the Abia State government is doing to promote competitiveness in the south east and for industrial clusters? Please share what has worked and what is yet to work as it relates to the design and what government is doing about assisting exporters across the value chain from South East.

Sam Hart: For Abia State and in the South East, a technical team – the Abia state economic empowerment and advancement team- was established to develop an agenda and priority areas for the State. The areas identified include:

- Agriculture
- Education
- Trade and commerce
- Industrialisation
- Oil and gas

Under Trade and Commerce, the first assignment was the promotion of locally made goods and industry, because we believed that we could not run a sustainable state by depending on federal allocation only. The next step was to identify areas of comparative advantage on what we could harness to get the funds we needed. Aba has been a major production hub but needed to be supported and showcased. This was the birth of the “Made in Aba” campaign. In doing this, the government mapped what Aba needed to upscale, identifying factors both within and outside the government’s circle of influence. Some factors were identified:

- Power Supply – Addressing this constraint is the responsibility of the federal government. Even when state governments generate electricity, it has to be transferred to the national grid. The government therefore engages the federal government on resolving the power supply challenges.

- Another challenge was financing. Most business men did not have collateral to access funds and could not afford to take a loan at double digits interest rate. Again, the federal government through intervention and agencies, got the bank of industry to do a lot of funding.
- The next major focus was on marketing and rebranding. At some point, “Made in Aba” was synonymous with counterfeit products. We had to define and improve the identity of our products. For instance, the state governor represents the Made in Aba brand, putting on clothes that are made in Aba. The governor led a delegation to the Senate President Bukola Saraki, engaged the former President Olusegun Obasanjo as well as other social media influencers. This provided consumers with confidence on Aba made products. Exports to Europe has also increased.
- So far, what has worked includes engagement with the federal government irrespective of the political differences. Interface with the federal government was paramount as most levers of production are controlled by the federal government. Aba enjoys an independent power project financed by the Federal Government through the rural electrification agency, which is providing power to 35,000 stores in the Ariaria international market on a test basis with capacity to expand to other markets.

On what has not worked

A large percentage of exports from Aba are still informal. The approach by government agencies is geared towards revenue facilitation and not empowering for exports, i.e. a trade facilitation approach. If revenue agencies continue to seek revenue from businesses. Thus, besides the work PDF II has done, we do not have the accurate export information as a bulk are still informal.

While some progress has been made on clustering, a lot more still needs to be done. Traditionally, businesses are used to working in silos. This has slowed progress on clustering.

What is the government of the south east doing about assisting producers to conform to global standards which is required for market access of south east products.

Chukwuma Ogbonna: Speaking from a federal to state level, Abia state in 2015, through MIA needed quality infrastructure for production. The state cannot thrive without the quality component as an enabler. The state had to key into the national quality infrastructure project which started in 2013 as a European Union project. The project also involved the setting up of a National Metrology Institute as metrology is a very critical component of a quality infrastructure program. Given the importance of quality in increasing exports, Abia State has an encompassing quality policy. Nigeria is the only country “industrialising” without a quality policy and without this, businesses cannot expand. Even at subnational level, all the states in the south east have to key in and make sure they have authentic quality policy. The challenges facing exports are the technical barriers to trade.

Nigeria's political economy is such that many countries are only interested in importing raw materials or semi-processed products. These countries do not go through the processes of helping to develop the value chain. There is need for quality assessment and in providing certification services. The private sector can be of help in this regard.

Government has put some policies in place, but the private sector is at the receiving end of these policies, thus can private sector representatives tell us what the challenges have been?

Mr Humphrey Ngonadi: In most cases, policy statements and intents are not the reality. The governors in the South East must unite and engage the federal government, irrespective of their political difference. The issue of high tariff can be addressed if the governors can speak with one voice. Government agencies such as NAFDAC, SON must provide support services to businesses rather than focusing on increasing revenue, thereby adding pressure on businesses.

What is MAN doing to interface with the government agencies to make sure things are better for exporters in the south east?

Ijeoma Ezeasor: As an association, MAN engages both relevant agencies and those who are not relevant to (trade for example the police) because these institutions affect ease of doing business. The engagement is done through forums, discussion sessions etc. MAN is also interested with institutions that work around the region due to the peculiarity of the challenges in the region. The government agencies operating in the South East. Others do not have offices or presence in the region. To reduce export bottlenecks, export relevant agencies such as the NEPC must operate in the region or even in Ariaria market and must be able to provide all relevant documentation without relying on Lagos. Likewise, commercial banks must also be able to provide exporters with NXP forms in the South East.

In South East, there are numerous road blocks and there is a need to review some of the laws that regulate this. In addition, the law also needs to be amended to allow individuals invest in Cannabis oil production, which has huge potential and can create jobs.

The voice of businesses in the South East is not captured at the federal level. Exporters from the South East willing to attend international conferences often face difficulty in obtaining Visas when compared with those in the South West. Furthermore, the focus of the federal government has been on improving trade with ECOWAS, however, due to proximity, the South East can conveniently export to East and Central African markets which have huge potential. The government must begin to explore opportunities in other African regions outside ECOWAS. There is need to facilitate trade along the Cameroun, Zamfara and Calabar borders.

What is NACCIMA doing to address challenges of exporters in the South East?

Pharm. Uche Apakama - NACCIMA is Nigerian Association of Chamber of Commerce Industry Mines and Agriculture. It is a national association that brings all the city chambers together with

trade groups and others interested in commerce. Its main aim is advocacy and to have a business environment that will grow businesses in the country.

In the South East, SECCIMA, there is a challenge with working with the government in the region. South East Governor's Forum is more of a political organisation than an economic development forum. The rudimentary aspects of commerce and industry and growth of the economy are not properly addressed. The forum does not invite the chamber of commerce and industry to its activities, despite several plea from the chamber. When the Chamber is invited, it is usually on an impromptu basis. The key question to consider is how the South East can grow if the real sector is not involved in key conversation and decision making.

Aba has made some progress over the past decades largely because the government became interested in supporting businesses and granting them exposure. Other South East governors must imbibe similar traits and support businesses in their respective states. The Nnewi cluster needs to be supported with machine tooling and other necessary machineries. The youths must also be engaged and provided with technical skills as they are agents of creativity and innovation.

The basic issue in the region is the gap between the political economy and the real sector, which NACCIMA is working hard on. The government and her agencies should have trade desk officers which can facilitate trade documentations like the certificate of origin. NEPC has done several workshops in the South East on export readiness. This workshop happens once in six months but could be done more often in collaboration with trade groups, chambers of commerce etc.

The South East economy is one that exports young businesses to the south west but when these businesses grow, they remain in the South West because of the lack of support structures in the South East. The South East contributes significantly to national employment across Nigeria. The government must provide infrastructure and necessary support that eases business operations in the region. Nnewi has succeeded because of the personal enterprise of the Nnewi man who sees Nnewi as his country home. Issues exist on land and property acquisition. Issues on Nigerian products in Nigerian airspace as airlines would rather distribute items from neighbouring countries like Ghana. We need to create incentives within the value chain to get our products everywhere.

Despite these constraints what should exporters do to survive until things are fixed?

Engr L.O. Ilozue: One of our greatest challenges is that of quality. Ghana has made progress in exports relative to Nigeria due to emphasis on standards and quality. There is need to encourage private certification in Nigeria. Agencies such as MAN and SECCIMA are emerging stronger but not doing enough on advocacy. The government will do its best but the private sector need to lead. The Abia governor, took the issues of Ariaria and garment seriously, organised a trade fair in Abuja, and took business owners to China. All these endeared him to the people.

Governor Willie Obiano of Anambra state ran a parallel 33kv line to Nnewi, which addressed the problem of poor power supply in the city. If advocacy is focused and backed by clear request and evidence, there will be some progress. Constant appearance of television and print media are

also key in presenting the issues. The Chamber of Commerce in the region can advocate for the establishment of functional regional ports. Security of the region also needs to be given prominence. Also, the governors of two states in the region can pool resources to address link roads between both states. Roads such as the Aba to Calabar road and the Owerri to Port-Harcourt road can be fixed using such method.

The Chambers of Commerce are getting stronger in the south east. What are we doing to galvanise the effort of the chambers to collaborate as a stronger force to engage the governors of the South East? What are the Chambers doing to help exporters?

Bar Kevin Mbakwike: The Chamber is an association of professional persons who reside in a particular city, do business, invest and render professional services towards the well-being of that city. Geopolitical zones formed their own Chambers, which narrowed their focus. The South East Chambers have aligned their advocacy and are engaging the South East Governors Forum. In June, the Chambers will meet the police authorities to address issues like check points etc.

Going forward, the Chambers must take advantage of the clustering opportunities. State governments need to establish industrial facilities and provide the lands. Investors would be willing to build corporate facilities, warehouse and create cubicles within those areas. The concept of non-oil needs to go beyond manufacturing and include agriculture. The federal government have designed programs to encourage each state discover their area(s) of comparative advantage. The chamber needs to encourage more South Easterners to get involved and discourage natural resource exploitation by foreigners.

The younger entrepreneurs must be incentivised to create a link between informal manufacturers and the market. Trade support services including marketing, communications, packaging, modern export techniques etc. are important aspects in exports that can be done by the younger exporters.

Questions and comments

Comments

Nigerian goods, especially agricultural produce, are usually rejected in foreign countries due to low quality. Can PDF II and SECCIMA set up an agenda to address these. How many exporters are aware of the SON standard (339) across all industries.

There are many agricultural products accepted in Europe and America that are abundant in the South East. In May 2018, CBN appointed us as the anchor of commercial production and export of Nsukka Yellow pepper. Our Chamber has signed an arrangement with two organisations, one of which is to acquire 100 tons of yellow pepper every month for the next five years. Another would require 200 tons of yellow pepper for processing and turning it into food spices. The Chamber has been working to raise finance. To access this fund was a major challenge. While Diamond Bank was appointed as the participating financial institution, the merger between Access Bank and Diamond Bank led to the suspension of the project.

PDF II has had several sessions in Lagos on “Access to finance”. Can the outputs of these sessions be shared with the audience.

It is difficult to get NAFDAC approval for SME produce in the South East. Why would NAFDAC insist that businesses should come to Lagos to obtain relevant approval.

Question

On the Enugu international cargo airport, there were plans to export the yellow pepper through the Enugu airport. But how many international flights come to Enugu? There are intentions to close down the airport for security reasons. Why should exports from the South East go through Lagos or Abuja? This increases our flight rate. PDF II should help address the cost of cargo of our perishable and harvested fruits, as much as we have the global licence. To make businesses more profitable it is necessary to bring the source of transport closer to south east.

- Representative of the Federal Ministry of Industry, Trade and Investment: The Ministry has been working to ease doing business in Nigeria. On the International flight charges to export agricultural products, two meetings have been held at the ease of doing business committee and several recommendations have been made. Efforts are on-going to reduce this cost, working with stakeholders. The next meeting will look at reviewing all recommendations for transmission to the President for accent.
- Shipper's Council perspective: On the Enugu airport, the stakeholders reported there was a safety or security threat because of a telecoms mast was wrongly positioned on the runway. At the end of the runway also is a free trade zone and an abattoir, which in itself is dangerous for people to do business, all of which are as a result of self-interests. People need to encourage the government to facilitate the need for progress and avoid politicizing.

Question

The discussion has been about production for exports, but little has been said about the export business itself. What plans does NEXIM have and other government agencies to promote and encourage exports?

There will be a capacity building session on Day Two (2).

Comments

When we compare the charges of air freight, Ghana is \$4110 but Nigeria is about \$35,556.

There needs to be a waiver or subsidy for agricultural exports products in Nigeria, as diversification must be accompanied by exports. On the exploitation of resource, foreigners buy raw materials at very low prices, process and export them to Nigeria at very high prices. We have called stakeholder meetings to address these and prevent foreigners from invading farm space. The ministry encourages a value chain-based approach as well as commodity organisations.

Onitsha river port has not been designated as a port of origin and destination. This cannot happen until the Niger River is dredged. It is when the river port becomes operational that Shipper's Council will regulate the economic activities at the port. The state government should provide the access road and other infrastructure. There are many things the concessioners cannot do until the state governments do what they are supposed to do.

For Onne and other eastern port, the major problem is the draft. Modern shipping companies use very large vessels which cannot come to the eastern port. By the time these vessels arrive Lagos, they have to tranship or transload and use black bottom ship vessels to bring the vessel to the port. The security issues in Niger delta has also led to higher cost, as most of the shipping lines make provisions for security risks. This is because they regard the region as a war zone. Militancy activities in the Niger Delta must be addressed to have a functional and safe ports in the region.

I will like to know what is happening in the 24 nautical multiple miles to Atlantic Ocean that is in Abia state. What is Chamber doing to tackle the problem of many check points in the south east?

As an SME, product registration cost with NAFDAC and SON are unbearable. This needs to be addressed.

- Andy Mba and the Aba Chamber of commerce assured to provide support to the participant in registering her products with NAFDAC.

Most SMEs owners do not know what feasibility studies and bankable business plans are. There is need to bring SMEs up to speed and close knowledge gaps. We should build exporters who understand the value addition process of resources.

PDF II needs to invite the youths to ensure they are represented at forums like this. Most Chambers who have youth arms should be also invite youths to be part of such engagement.

Questions

In Anambra, the Chamber has not effectively engaged the government. What lessons can be learnt from Abia State?

What is the place of national ideology in policy formulation? On what national ideology is policy formulation in Nigeria based?

What has NACCIMA done through working with committees in Senate and House of Representatives to improve the state of doing business in the south east?

Comments

Every business should key into Quality Management Systems. A lot of awareness is going on. Aba Chamber of Commerce have enabled and engaged the government in a highly synergetic way. They held the first Aba investment Summit. Other chambers can do a lot. There is need for members of Chambers to be in government to drive and advocate consistently for issues to be resolved.

NACCIMA in the South East have a program for the youths and has not really marginalised the youths.

There is need for young people to take advantage of opportunities as they come in. The chamber has done well but there is still a lot more to be done. There are challenges around engagement, articulating issues and advocacy. Key industries are struggling and the Chambers need to urgently intervene. Industries such as entertainment and sports are crucial in creating jobs and needs to be looked at.

One of the challenges is not only the issue of individualism but also the informal nature of running businesses. To attract attention of big organisation and even banks there needs to be a formal structure. Business owners must learn from best practices and improve their knowledge by acquiring more information. They must identify their markets, local products, invest in packaging and register with the local agencies. This is the time to explore opportunities in the oil and non-oil exports.

There is low education on ways to effectively market businesses in the south east.

The NEPC has made significant progress. In 2005, the agency had only one office in the region. NEPC now has representation in all the states. NEPC Aba is the only office that is not in the state capital- the goal of situating offices outside the capital is to move closer to the people. The agency has sensitized business owners and has facilitated trainings and promotion of local businesses outside the country.

There is an export development incentive in the south east. A company in ABA – stand up Africa is about to benefit from that fund.

NEPC has a department known as women in export. The agency facilitated 33 women to Liverpool to create access to market and one person emerged through. NEPC will soon create an export service in the headquarters in order to capture the service sector. The agency is seeking to capture the informal sector also whilst seeking to understand and develop and establish partnerships with the Chambers on ease of doing businesses.

Closing

Mrs Titi Ojo thanked participants for their attendance. The forum ended at 4:25pm.

Day 2: Training and Capacity Building Session

Opening Remarks

Mrs Titi Ojo, PDF II

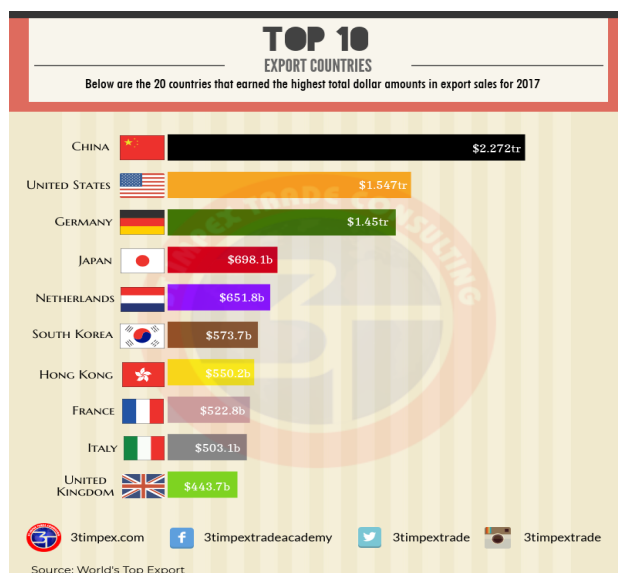
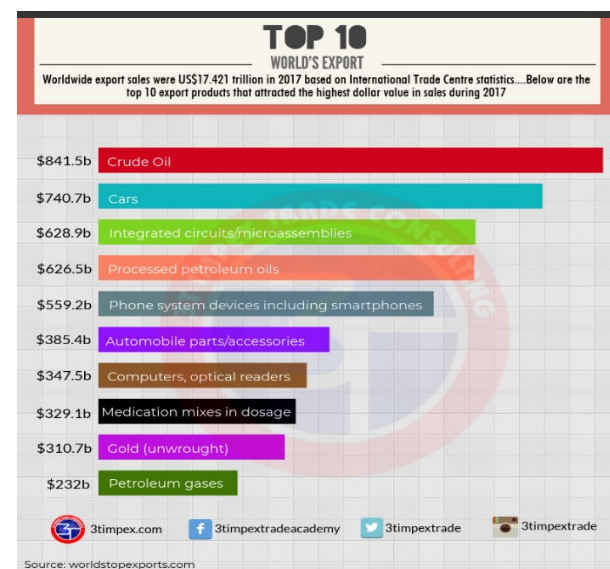
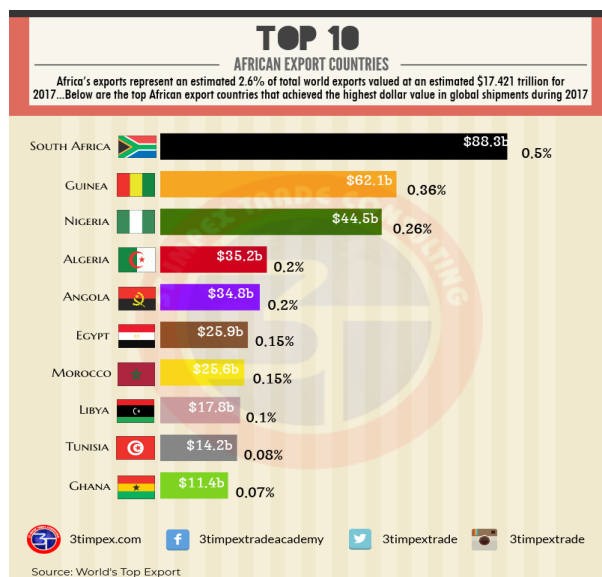
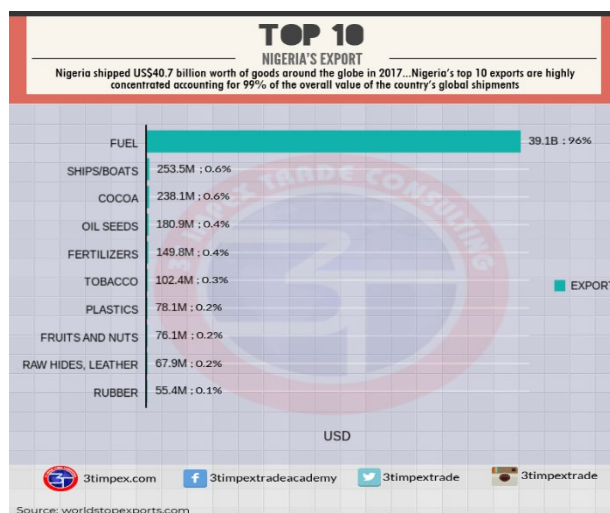
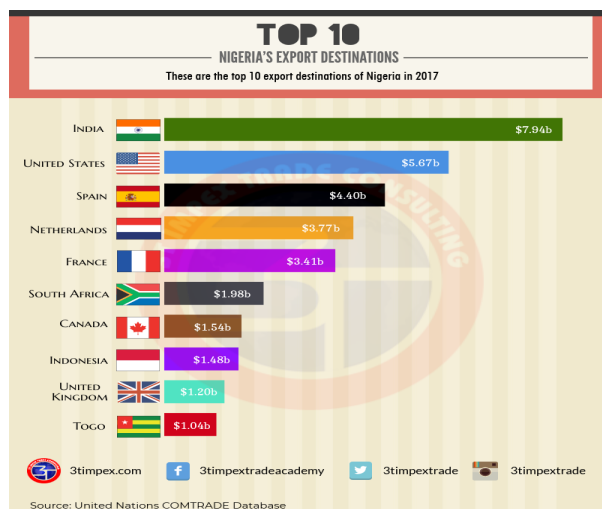
From the discussions held the previous day, capacity building was identified as a major need for non-oil exporters in Nigeria. Today's session focus on imparting knowledge in four major areas critical for export readiness and competitiveness. The areas are: Rudiments of Export and Market Entry Strategies; Managing Export Contracts, Advocacy and Business Branding.

Rudiments of Export and Market Entry Strategies

Presentation by Bamidele Aiyemibo, Lead Consultant, 3T Impex Trade Academy.

Key deliverables of the Session:

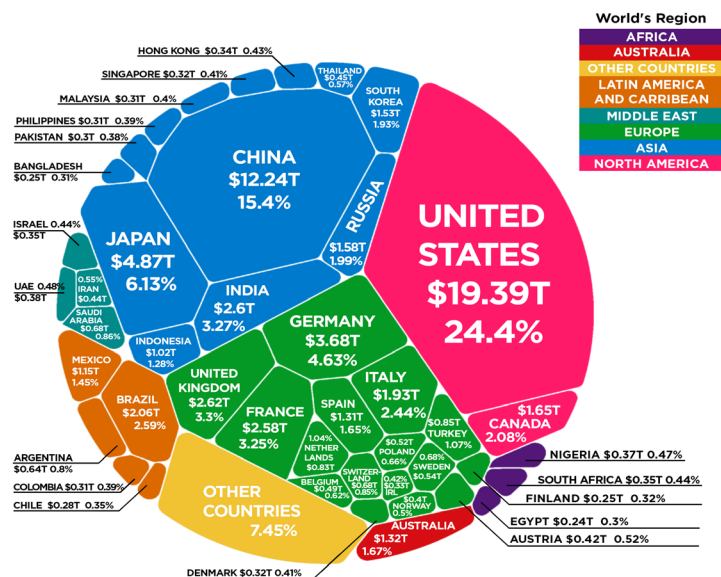
1. Identify various export documentation
2. Create a foundation for further research
3. Share practical experience on document handling by banks
4. Understand export guidelines & regulations in Nigeria
5. Know who, where and how to get the necessary documents
6. Learn export market entry strategies
7. Understanding export market entry option



On export earnings for 2017, Nigeria last year had \$60bn with over 200 million people. UK is \$443bn with over 70million people. Export in the UK consists majorly of value added services.

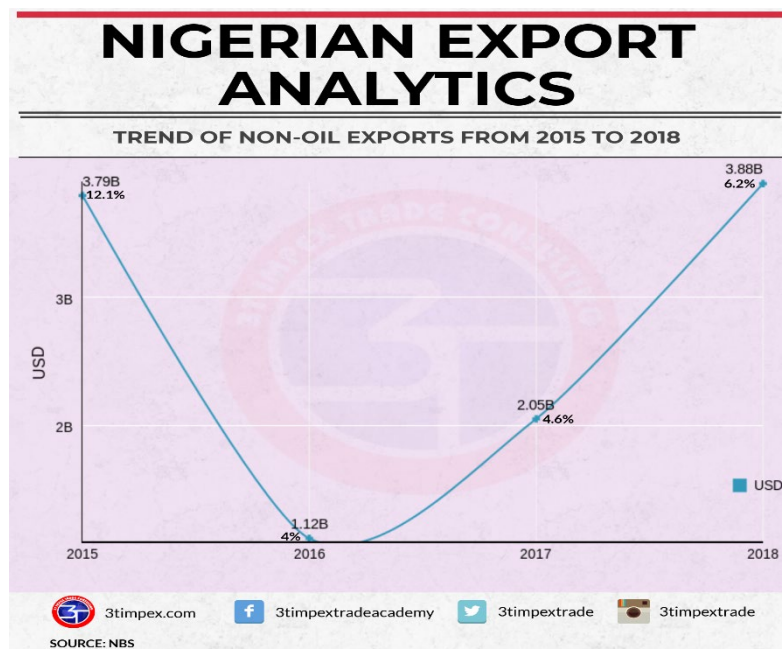
The World Economy

Gross Domestic Product (GDP) by Country 2017





In 2015, total merchandise was about 18.4billion, Agriculture 1.7b, Manufacturing 12.2b. From the figures, the more value added we do, the better we are.

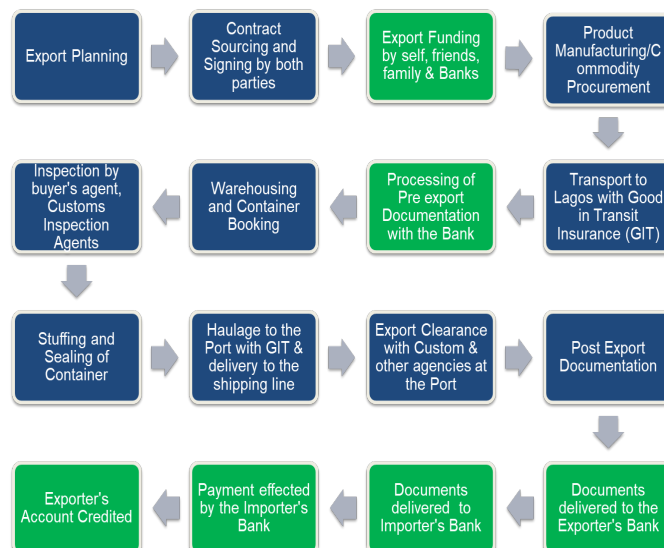


Consistently over the years, non-oil exports have been on the rise, coupled with how value added solutions have impacted global export numbers. The following below are the reasons why we need to export or support exporters.

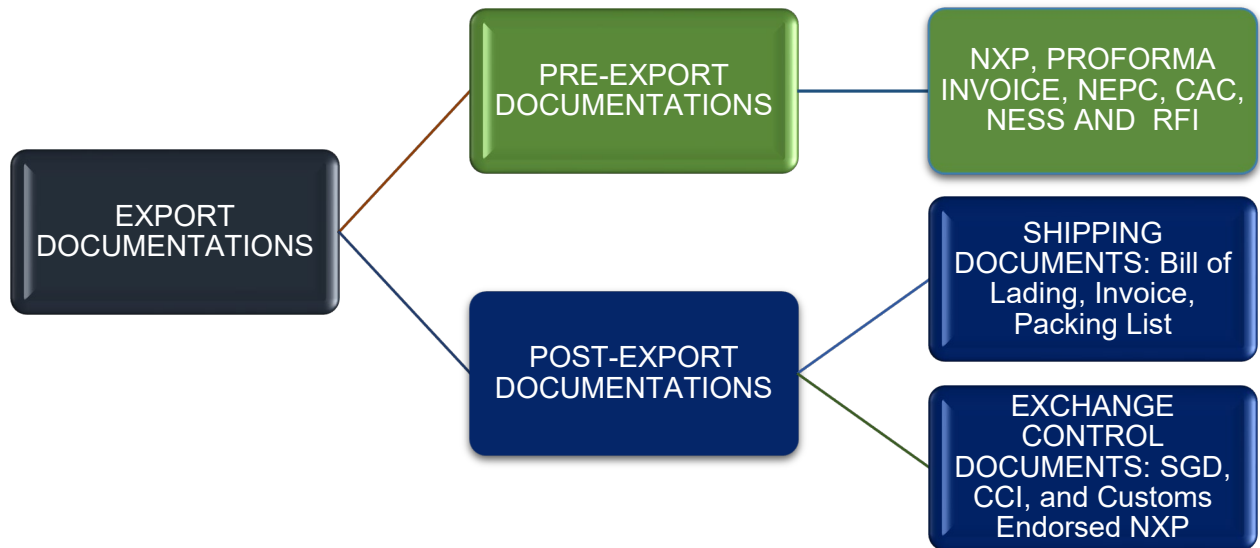
- A- Avoid aids and the manipulations that comes with it, thus the need to be self sufficient
- B- Boost Nigerian's foreign reserves
- C- Creates opportunities for SMEs to grow
- D- Decrease dependence on domestic markets

- E- Enhance production volume & extension of product life cycle
- F- Farming & rural life becomes more lucrative
- G- Gain Global market share and recognition
- H- Home of creativity and innovation
- I- Industrialisation catalysts
- J- Job creation for youths
- K- Know the value of what we have as competitive advantage by creating national boards of public private partnerships, seeking new markets, opportunities and driven win-win trade negotiations
- L- Lead the way for other African Nations
- M- Many opportunities to create youth export merchants – the people produce and a new group of people buy and sell. Empower the youths on the buying and exporting part of the chain
- N- Numerous incentives for export business
- O- Opportunities to maximise the value of Nigerian abroad; they should be an agent through an export company
- P- Poverty eradication
- Q- Quit the league of developing nations
- R- Redemption of Nigeria's Image
- S- Slows down rural urban migration
- T- Tax Free opportunities for exporters through the incentives and miscellaneous provision act. There are numerous tax free incentives for exporters.
- U- Utilisation of Idle capacity of companies
- V- Viability of Nigerian states are boosted
- W- Wealth creation via synergy with export merchant
- X- X-Ray Nigerian products and make adjustments for global competitiveness
- Y- Yearn for more improvement because of competition
- Z- Zygotic multinationals with global potential

The Export process



The Export process continued...



Export Market Entry Strategies

Basics of Marketing

- International marketing is the marketing of goods, services, and information across political boundaries.
- Thus, it includes the same elements as domestic marketing: planning, promoting, distributing, pricing, and support of the goods, services, and information to be provided to intermediate and ultimate consumers.
- International marketing, however, is typically more complex than domestic marketing because of the need to accommodate key differences between the home country's domestic environment and the environment in the foreign market. These may include differences in culture, consumer needs and wants, economic levels and structures, market structures and channels available, ways of doing business, laws and regulations, and many other factors discussed in this book. Any one of these differences can render a company's approach to marketing ineffective, counter-productive, or a violation of local law.
- These differences therefore require a careful and well-planned approach to entering and expanding in the international marketplace.

Adjustment in the Export Market

- The export marketing manager must be ready to make necessary adjustment in the export market in order to be successful. The business activities that must be carried out in marketing, and adjusted to accommodate differences in the international market, include the following:

- the analysis of markets and potential markets;
- the planning and development of products and services that consumers want, clearly identified in a suitable package;
- the distribution of products through channels that provide the services or conveniences demanded by purchasers;
- the promotion of products and services – including advertising and personnel
- Selling – to inform and educate consumers about those products and services, or persuade consumers to try new, improved, or different ways of satisfying their wants and needs.

Adjustment in the Export Market

The business activities that must be carried out in marketing, and adjusted to accommodate differences in the international market, include the following:

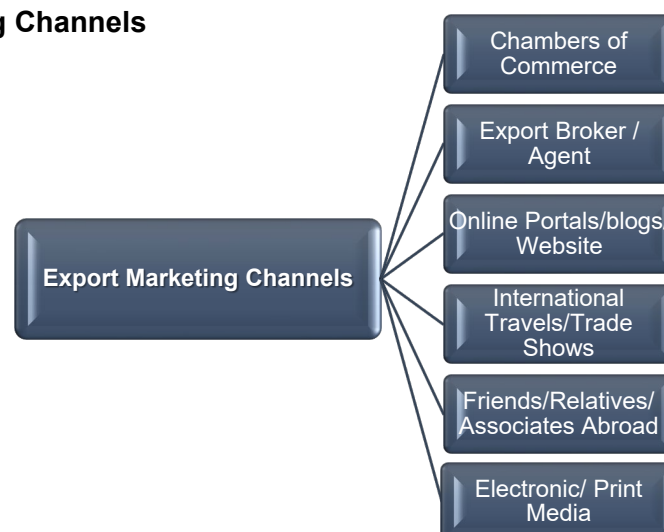
- The setting of prices that reflect both a reasonable value (or utility) of products or services to the consumers, as well as a satisfactory profit or return on investment;
- The technical and non-technical support given to customers – both before and after a sale is made – to ensure their satisfaction, and thus pave the way for possible future sales that are necessary for company survival, growth, and perpetuation;
- The organization structure, management, and remuneration of foreign employees.

Export Marketing Channels

There are numerous channels available to an exporter to market its products and service. The Export market research should be done in such a way that it reveals the best mix of the channels needed to penetrate the export market.

It is very important to note that this mix varies from one export market to the other. If the right sets of export marketing channels are used, it increases the effectiveness of the exporter in its marketing activities. Inadequate knowledge of the right Marketing mix makes many exporters gets frustrated at this point.

Exporting Marketing Channels



The Hurdles to be crossed (Negotiation Tools)



1. Credibility: Show that you have done it well before
2. Companion: Show the people you have supplied or your partners that have done it before
3. Character: Show that you will stand by your words to ship as at when due
4. Competence: Show that you can supply the right quality
5. Cash: Show that you have the financial muscles to deliver the desired quantity

Email Proposal

All exporters sending an email proposal to a potential buyers abroad should ensure that Full Corporate Offer (FCO) is attached and such message should capture the following information:

1. Company profile
2. Product Name
3. Product specifications
4. Email signature showing: designation, phone, website, email address with your domain name, Chat platform(BBM, Skype ID)

Full Corporate Offer (Include but not limited to the following)

1. Seller's Name
2. Seller's Address
3. Product Description
4. Specifications
5. Minimum Order
6. Maximum Order
7. Payment Method
8. Payment Terms
9. Duration For Shipment
10. Unit price (FOB price only)
11. Incoterms
12. Contract period

13. Inspection Agent
14. Country of Origin

Export Market Entry Strategies

There are a number of strategies for market entry and development available to a company that seeks to internationalize. These include exporting, establishing a sales subsidiary abroad, licensing, and establishing a production subsidiary abroad. Joint ventures may be used in establishing sales subsidiaries and production facilities.

An essential first step in planning and strategy development, for entry into the export market, is the company's need to assess its readiness to enter foreign markets. Any firm, regardless of its size and experience, must determine just how ready it is to make the move.

There are different types of software which are decision making tools that can be used to assist in determining or judge a company readiness for the export markets. Although these pieces of software are not exactly the same, the major areas covered are quite similar and these include:

- Competitive capabilities in the domestic market;
- Motivation for going international;
- Commitment of owners and top management;
- Product readiness for foreign markets;
- Skill, knowledge and resources;
- Experience and training.

Barriers to Entering the Export Market

Barrier	Dimension of export barriers			
	Internal controllable I dimension	Foreign non- controllable dimension	Internal controllable II dimension	Local non- controllable dimension
Communication with foreign unit	✓			
Lack of export training (experiences and language skills)	✓			
Lack of market information	✓			
Controlling international activities	✓			
Documentation requirements	✓			
Foreign government attitudes		✓		
Foreign public attitudes		✓		
Trade barriers (tariffs, quotas)		✓		
Arranging transportation, packaging, etc.			✓	
Providing services			✓	
Higher than domestic risk			✓	
Financing sales				✓
No assistance from home government				✓

OVERCOMING EXPORT MARKET BARRIERS

There are many things that a small company can do to overcome any barriers, in addition to applying sound business practices. BusinessWeek presents the following global guidelines for small business (Barrett, 1995, p. 97):

- Look to existing customers. Many companies can penetrate foreign markets by selling products or services to their domestic customers' units overseas.
- Make a commitment. Exporting is not a part-time effort. It requires extensive research. Foreign business should be run by seasoned managers.
- Seek advice. Universities often have MBA students who work as consultants on exporting. Some consulting firms, such as Accenture (formerly Arthur Andersen), provide a free first-time consultation.
- Use trade shows. Trade promotions sponsored by government agencies abroad draw big crowds. Cost-conscious companies can send a product without attending.
- Pick markets carefully. While potentially lucrative, fast-growing markets can tank unexpectedly, consider customer quality, not just nationality.
- Manage growth. It takes time to line up financing and expand an organization to handle exports. Many small exporters are overwhelmed by big orders.
- Use letters of credit. Some first-time exporters ship a product and hope they get paid. A letter of credit protects against default by a weak or shady buyer.
- Be patient. Many foreign customers do business based on relationships. Small companies must spend time cultivating contacts before racking up export orders.
- Choose partners carefully. An experienced freight forwarder at home is crucial for handling Customs paperwork. An inept distributor abroad can ruin a company's reputation.

Examples of International Marketing Questions & Information Requirements

Broad strategic issues

- What objectives should be pursued in the foreign market?
- What are the best product, place-distribution, pricing, and promotional strategies for the foreign market?

Foreign market assessment and selection

- What is the market potential abroad?
- Are there foreign markets that the company can serve?
- Who are the firm's present and potential customers abroad?
- What are their needs and desires?
- Who makes the purchase decisions?
- How are the products used?
- How difficult are certain government regulations for the firm?
- How well developed are foreign mass communication media?
- Does the foreign market offer efficient channels of distribution for the firm's products?

Marketing mix assessment and selection

- Which product should the firm offer abroad?

- At which stage in the life cycle is the product in the foreign market?
- At what price should the firm sell its product in the foreign market?
- What should the firm do about product line pricing?
- What are the characteristics and capabilities of the available intermediaries?
- What are the costs of physical distribution?
- What are the communication needs of the foreign market?
- Are there foreign laws against competitive advertising?
- Is there a need for personal selling to promote the product abroad?
- What should the nature of foreign sales efforts be?

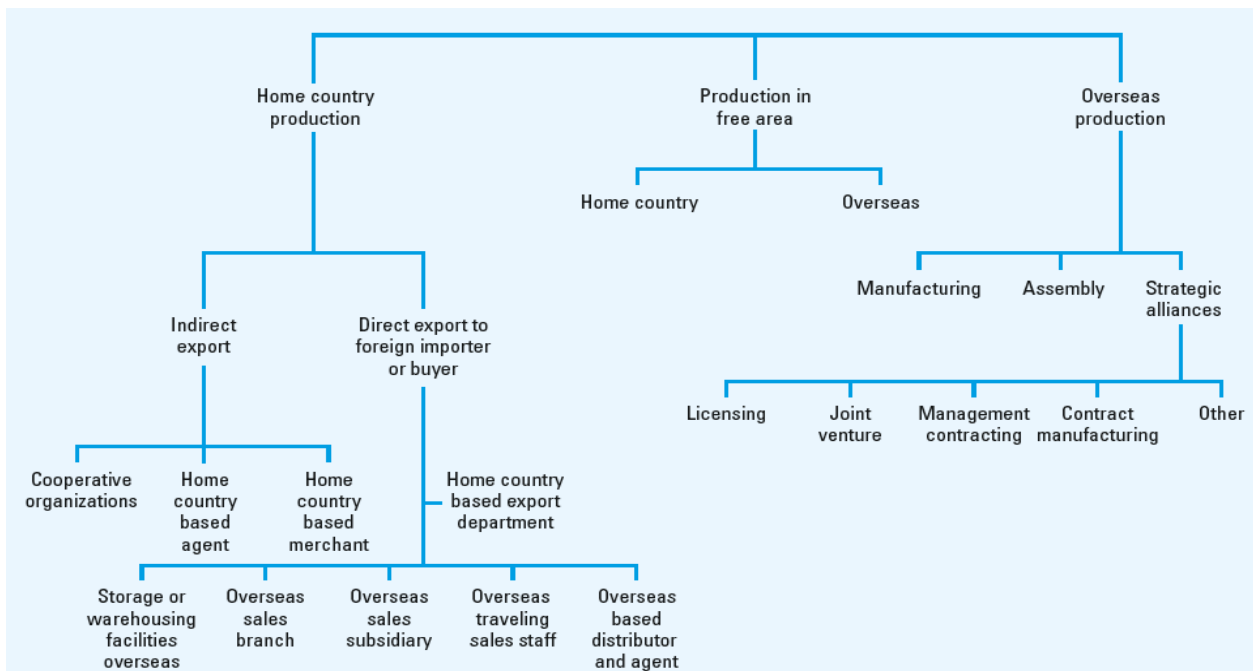
Internet Sources for Export Market Information:

- CIA Factbook- <https://www.cia.gov/library/publications/the-world-factbook/>
- Global Trade- <https://atlas.media.mit.edu/en/>
- Global Buyer Online- www.globalbuyersonline.com
- Alibaba- www.Alibaba.com
- TradeKey- <https://www.tradekey.com/>

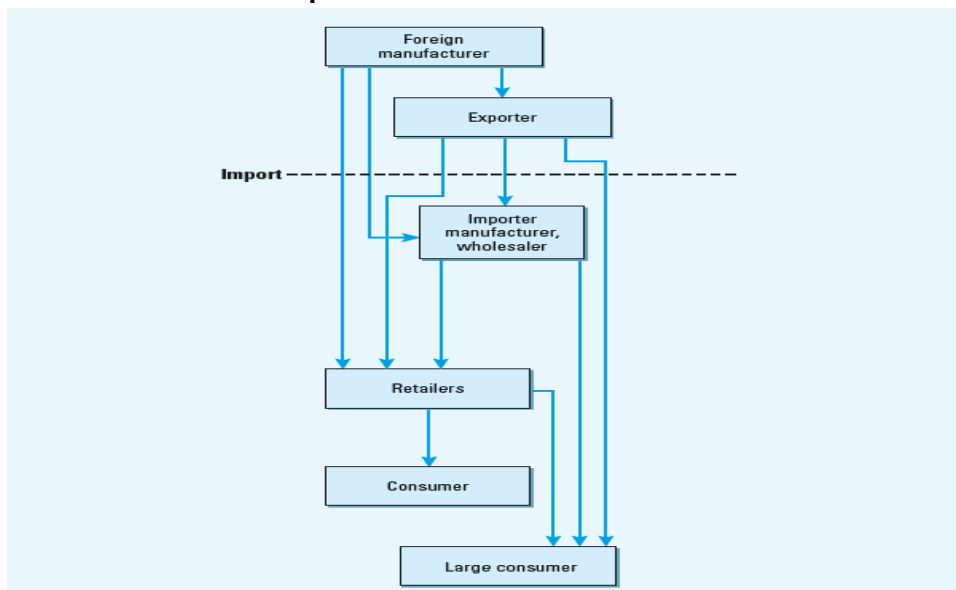
Alternative market entry routes

- An international market entry mode is an institutional arrangement necessary for the entry of a company's products, technology, and human and financial capital into a foreign country/market. To the international marketer, different entry modes represent varying levels of control, commitment, involvement, and risk.
- A study of how the interaction of opportunity for control and firm capability of managing risk moderates the amount of risks that managers perceive to be present with various entry mode strategies was conducted for three modes: export, 50-50 joint venture, and sole ownership (Forlani, Parthasarathy, and Keaveney, 2008). The study was of US firms entering the Japanese market. Managers in the lower capability firms saw the least risk in the export entry mode whereas those in higher capability firms saw the least risk in the joint venture mode.
- Concerning channels between nations, there are major alternative strategies for entering a foreign market. The first decision that must be made concerns where the production base should be located – in the home country, overseas, or in a free area (free port, trade zone, perimeter).
- After this decision has been made, a company must decide whether or not areas are to be served outside of the countries in which production facilities are located, and, if so, what channels between countries are to be used.

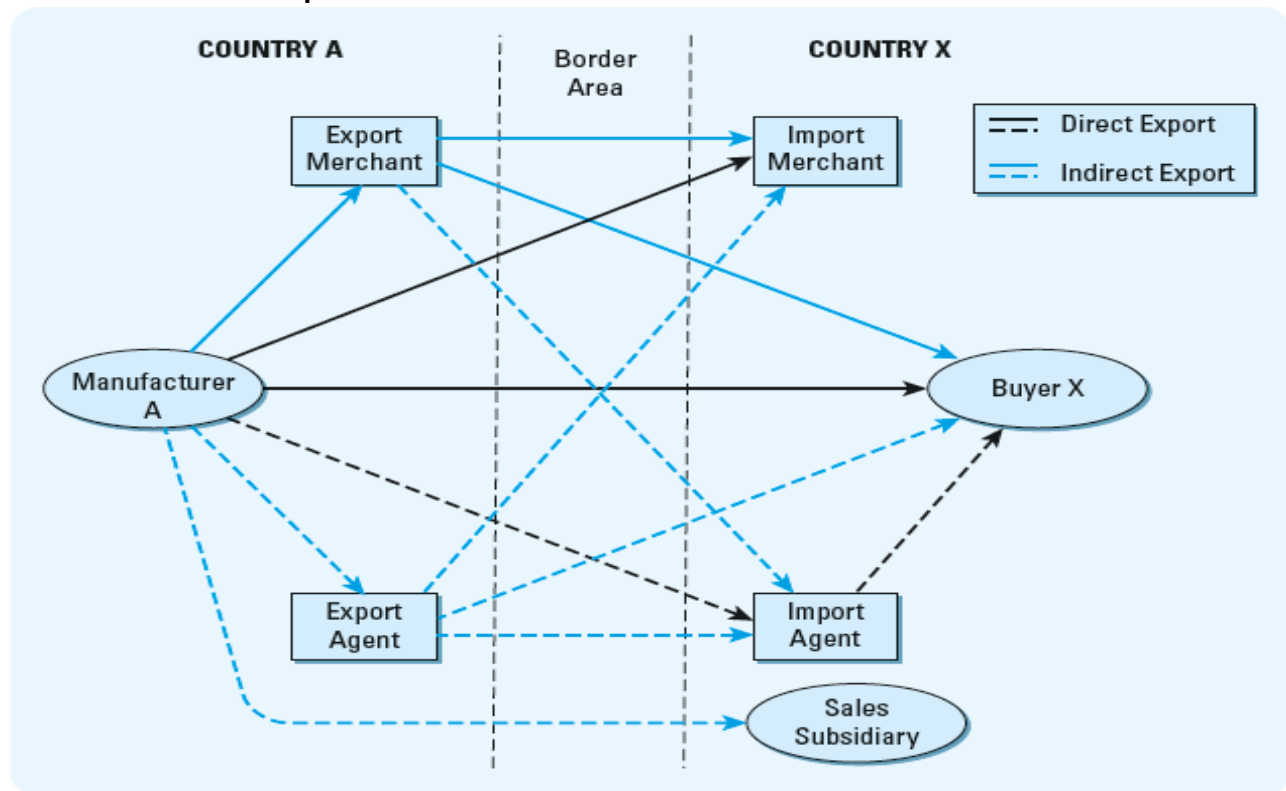
Outline of alternative basic international marketing channels



Direct and Indirect Export



Direct and Indirect Exports



Way Forward

Capacity building for Youths (Alternative to Yahoo Yahoo)

- Sponsoring hundreds of Youths To Use Their Interest in Internet Productively Via Skill Acquisition In Export Market Entry Strategies

In conclusion, as I conclude this presentation, I will like to say that the sustainability of your export business depends largely on your market entry strategy. This is because your entry strategy determines how easily and promptly you can resolve:

- Product quality issues in the export market
- Promotional issues in the export market
- Purchaser issues in the export market
- Policy issues in the export market
- Payment issues in the export market

Questions/comments

What are challenges to achieving value added production for exports?

First is that we have created experiences that influence our belief system, which shaped our value and choices in doing business. For example, in Nigeria exporters cost of exporting cocoa is worth over a billion naira, however, with 100million a cocoa processing factory can be setup for

chocolate, rather than exporting a billion naira worth of cocoa bean. Data shows that the major importers and exporters in Nigeria are foreigners, as the Central Bank of Nigeria notes 60% of importers and exporters are Asian foreigners respectively, trading among themselves and doing what Nigerians have complained about as impossible. Despite the nation's infrastructural challenges, export growth is still possible.

The government should consider exploring full importation of equipment or buy-back agreement as necessary options to go into the processing of cashew and groundnut in the South East. Aba does not have good (raw) leather, they are gotten from Kano, which is usually grade 3. Grade 1 and 2 are sold to foreigners with buy-back arrangements. Also, cooperation is a challenge where there are many groups representing one agenda. If these groups can be merged into very few cooperative groups, better things will come up.

- On the buy-back agreement, Abia state can partner with Kano state to fix these issues. Just like the Kebbi and Lagos partnership. There should be synergy among the government to enable Aba gain access to what is truly needed. On processing, there should not be too many factories, rather very few big factories that encourage people to come and process, especially for cashew nuts. Through Public-Private Partnerships, a big factory can be established for many entrepreneurs. It should be managed by the private sector but government should have a stake to control service charges etc.

At what stage should exporters outsource to manufacturers?

- The value chain consists of Research and Development, Manufacturing, Marketing and Sales. Manufacturers should focus on Research and Development and Manufacturing, while leaving out other aspects requiring a different expertise to enable job creation.

There should be a deliberate policy by government to create that enabling environment of setting national product-specific boards. That is, creating a national Parastatal not just for cashew but for its processing into value adding and creating inclusive economic opportunities.

Managing Export Contracts

Presentation by Bamidele Aiyemibo, Lead Consultant, 3T Impex Trade Academy.

The objectives of this session are to:

- Understand basic content of export contract
- Know the role of export contract in export financing
- Share practical experience on export contract issues
- Understand payment method in international trade
- Understand the difference between agent and distributor
- Know the tested and trusted entry strategies of MNC
- Learn the cost element and pricing of export contract

Export Contract

Export Contract is an international purchase order which should be signed by both the buyer/importer and the seller/exporter before a legally binding International trade can take place between them. Getting export contract therefore is a very critical step in the export value chain. However, many find it difficult to obtain because of knowledge gap in understanding trade terms, export market information and local product information.

This documents highlights the roles and responsibilities of all the parties involved in a typical export transaction. A banker should not just demand for the contract as requisite document but should also be able to review it and identify the loopholes that can jeopardize the finance of the export transactions.

Once a contract is in place, all terms must be complied with or there is a breach of contract, unless there is some event that under the law of the contract brings it to an end, such as force majeure (i.e. an event beyond the control of either party, for example, riot, war, or natural disaster).

Typical breaches would include delivery of sub-standard goods, late shipment, or failure to carry out what was promised. A breach of contract by one party usually entitles the other party to make a legal claim for any losses suffered and, in some cases, to void the contract, i.e. walk away from their obligations.

However, in most commercial arrangements the parties will attempt to resolve their differences themselves and, if they cannot do so, will take the dispute to arbitration or some alternative dispute resolution or mediation. Only in the last resort will the party facing an actual and significant loss go to the court for redress, which is potentially expensive, time-consuming and uncertain of outcome.

Contents of an Export Contract

The basic features of an export contract include-but not limited to-the following:

- Buyer & Seller's Name
- Buyer & Seller's Contact details
- Buyer & Seller's Account Details
- Description of goods
- Quality Specification
- Quantity
- Packaging
- Latest date of shipment
- Pricing
- Incoterms 2010
- Origin
- Port of loading and port of discharge
- Payment terms and Payment methods
- Shipping Documents

- Dispute resolution
- Inspection
- Insurance
- Force Majeure
- Termination
- Special Conditions
- Governing law
- Jurisdiction
- Signature of Buyer & Seller

Contents of an Export Contract

- Buyer & Seller's Name- This contains the company names of the buyer and seller. This should be the name registered with the government authorities and used to do transactions with the banks.
- Buyer & Seller's Contact details- This includes office address, email, phone numbers and other details that can be used to reach the relevant staff that handles import and export transactions in each of the organization.
- Buyer & Seller's Account Details- This includes account details that the seller wants to use to receive the payment. It can also be used by both parties when doing their due diligence with banks.
- Description of goods- This describes the goods being shipped in general terms.
- Quality Specification- This states the individual quality specifications expected to enable the buyer derive the maximum benefit from the products.
- Quantity- This states the units of measurement and quantity to be shipped.
- Packaging- This states the mode of packaging, the type of materials to be used, the weight and labelling of the packaging materials.
- Latest date of shipment- This is the date on or before which shipment must be made. Shipment after this date could make the buyer to reject the goods.
- Pricing- This has to do with the unit price and the total value of shipment.
- Incoterms 2010- This is the commercial terms that states where the risks and costs of the seller ends and where that of the buyer starts.
- Origin- This simply states the place of production of the goods.
- Port of loading and port of discharge- This consist of the port where the goods will be picked up and where it is going to be unloaded and released to the buyer.
- Payment terms and Payment methods- Payment terms states the time of payment and the percentage to be paid while payment methods states how the goods and documents moves relative to the movement of money for payment.
- Shipping Documents- These are the documents to be provided by the seller to enable the buyer clear the goods at the port of discharge.
- Termination- This states the terms and conditions for the expiration of the contract.

- Inspection- This highlights the name of the inspection agent that will check the products for conformity to quality specifications, the location of inspection and who is to pay the charges.
- Insurance- This states the parties that will be responsible for the cost of insurance and the coverage.
- Force Majeure- This addresses the degree extension of the latest day of shipment if there is an incidence like act of God (fire, earthquake etc) that prevented production and shipment as at when due.
- Dispute resolution- This states how any dispute arising from the shipment will be resolved between the buyer and the seller.
- Special Conditions- This state's other terms and condition that are not yet captured like the shipping line to be used, sending of scanned copies of shipping document for vetting before printing the original etc.
- Governing law- This contains the law of the country that should be used to judge any court case that might come up based on this contract.
- Jurisdiction- This has to do with the location for the hearing of any court case that might come up based on this contract.
- Signature of Buyer & Seller- This involves authentication of the terms of the contract as agreed by both parties in order to make it binding on them.

Roles of Sales Contract In Export Transactions

- Premise- It forms the basis for the loan request
- Preparation- It helps the banker to know when the preparation for the production and sourcing of products for shipment should commence
- Planning- It helps the bank to monitor the planning of the shipment with the shipping line
- Payment- it shows the bank what, where, when, who and how the payment on shipment will be made
- Pricing- the contract showed the agreed price of sales for the goods to the financier
- Packaging- it helps the banker to know how best to package the loan facility
- Protection- through the contract, the bank is also able to know the liabilities and responsibilities of the exporters
- Paperwork- the contract itemises the documentations required for payment
- Problem- it helps the banker to envisage the likely challenges of the transaction and put in place the mitigants
- Products- This helps the bank to know the commodity season and hence the feasibility of the shipment within the period of the contract

Contract management

The process – from potential order to a firm contract and finally to delivery – will often be time consuming and may involve several departments from the exporting company. At pre-contract stage, the seller will have to liaise with its sales department and the production or supply

department to be able to quote potential delivery dates and prices. The accounts or export department will have to become familiar with, and prepare, export documentation.

The credit control manager must understand how to manage the risks and consider the most appropriate method of settlement. That could be payment by open account, documentary credit, and payment in advance or by bill for collection, depending on the new customer's credit standing and status report. All of these issues if the contract is to be profitable and viable.

To fulfil the contract, team effort is required and everyone involved must handle their part of the transaction with care, to ensure that the export of goods is made in accordance with the relevant contract.

- Supplies need to be ordered or labour arranged.
- Goods must be manufactured.
- Packaging must be arranged.
- Transport and shipping space must be booked.
- Goods will have to be dispatched to the port, airport or place of destination in time, or services delivered in a timely manner.
- All necessary documentation should be obtained and supplied by the export documentation department.
- The buyer should be advised of shipping details.
- All necessary documents must be submitted for payment directly to the buyer or via the banking system as quickly as possible.

Cost element in export pricing in Nigeria

The Cost Items in any export process varies depending on the nature of the products. However, in general, most export cost items will include the following:

- **Product Cost** – This is the cost of the product or commodity and packaging for shipment.
- **Transport to the warehouse** – This covers the cost of loading at the local buying point transportation to the warehouse.
- **Warehousing** – This is cost of storage at the buyer's warehouse within and outside Lagos.
- **Transport to the port** – This covers the cost of loading at the warehouse and transportation to the port.
- **Freight forwarder** – This covers the cost of export clearance through customs and other government agencies and the port. This also include the freight forwarder's professional fees.
- **Shipping Line local charge** – This cost include the cost of storage of containers and stacking them and loading them on board the vessel.
- **Freight Charge** – This is usually charged in USD (for sea shipments) and it includes the cost of transporting the goods via air, sea or land to the destination port.
- **NXP charge** – This fee is paid to the bank. The NXP (Nigeria Export Proceed) form is the application form for exportation in Nigeria. It is processed by the bank at a cost of N5,000.
- **NESS fee** – This fee is paid to the federal government through the bank. It is Nigerian Export Supervision Scheme fee and is based on the 0.5% of FOB value.

- **Logistics** – This includes miscellaneous expenses during loading at the warehouse and offloading at the terminals

Other costs which largely depends on the nature of the goods, the destination country's regulations and sources of finance include:

- Quarantine, SON and NAFDAC fee
- Marine and GIT Insurance fee
- Inspection fee
- Certificate of origin fee
- Fumigation and Phytosanitary Certificate fee
- Interest Rate
- Bank commission on Export Proceeds

Export pricing and incoterms

- Incoterms 2010 provide a common set of rules to clarify responsibilities of sellers and buyers for the delivery of goods under sales contracts. They apportion transportation costs and responsibilities associated with the delivery of goods between buyers (importers) and sellers (exporters) and reflect modern-day transportation practices. It significantly reduce misunderstandings among traders and thereby minimize trade disputes and litigation.
- The two main categories of Incoterms 2010 are now organized by modes of transport. Used in international as well as in domestic contracts for the first time, the new groups aim to simplify the drafting of contracts and help avoid misunderstandings by clearly stipulating the obligations of buyers and sellers.

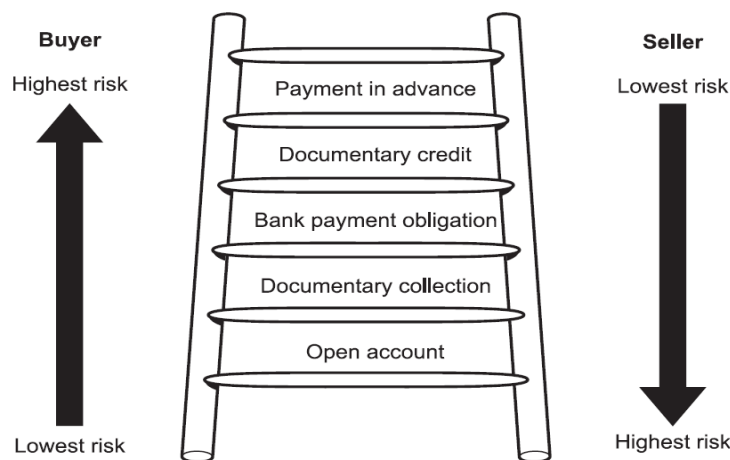
INCOTERMS	CODE	FREIGHT	MODE
ExWorks	EXW	Freight Collect	Multi
Free Carrier	FCA	Freight Collect	Multi
Free Alongside Ship	FAS	Freight Collect	Mono
Free On Board	FOB	Freight Collect	Mono
Cost and Freight	CFR	Freight Prepaid	Mono
Cost Insurance and Freight	CIF	Freight Prepaid	Mono
Carriage Paid To	CPT	Freight Prepaid	Multi
Carriage Insurance Paid to	CIF	Freight Prepaid	Multi
Delivered APort	DAP	Freight Prepaid	Multi
Delivered At Terminal	DAT	Freight Prepaid	Multi

ZINC 35%			
	Qty	Unit price	Rate
Export Proceeds	50.00	380.00	350.00
			6,650,000.00
Items	Qty	Unit price	Total
Products and Transport cost	50.00	100,000.00	5,000,000.00
Inspection	2.00	37,000.00	74,000.00
Freight Forwarding	2.00	160,000.00	320,000.00
NXP Form	1.00	5,000.00	5,000.00
NESS Fee 0.5% FOB	0.01	6,650,000.00	20,000.00
Port Logistics and Sampling	2.00	40,000.00	80,000.00
Terminal Handling Charge	2.00	40,000.00	80,000.00
Project Monitoring	2.00	25,000.00	50,000.00
Total Cost			5,629,000.00
Gross Profit			1,021,000.00
Bank Charges			66,500.00

PAP - 500KG				
	Qty	Price(GBP)	Rate	
Export Proceeds	1,100.00	1.80	450.00	891,000.00
Items	Qty	Unit price	Total	
Products cost	1,100.00	400.00	440,000.00	
Documentation	1.00	50,000.00	50,000.00	
Freight Charge	1.00	280,000.00	280,000.00	
Logistics	1.00	20,000.00	20,000.00	
Total Cost				790,000.00
Gross Profit				101,000.00
Bank Charges				
Transaction Profit				101,000.00
ROI				12.78%

COST AND ROI CALCULATION FOR MULTIPLE PRODUCTS					
FOOD DESCRIPTION	QTY	WEIGHT	PRICE	PROT COST	SELLING
INDOMIE NOODLE	20 CTNS	60	1230/CTN	24,600.00	73,800.00
UKWA	10KG	10	1200/KG	12,000.00	36,000.00
YELLOW GARI	25KG	25	150/KG	3,750.00	11,250.00
WHITE GARI	25KG	25	150/KG	3,750.00	11,250.00
GROUND PEPPER	10KG	10	1500/KG	15,000.00	45,000.00
YELLOW OGI	10KG	10	500/KG	5,000.00	15,000.00
BROWN OGI	10KG	10	500/KG	5,000.00	15,000.00
ABACHA	10KG	10	700/KG	7,000.00	21,000.00
SNAIL	200 PCS	60	400/PC	80,000.00	240,000.00
DRIED PERIWINKLE	10KG	10	4000/KG	40,000.00	120,000.00
OJI IGBO	5KG	5	4200/KG	21,000.00	63,000.00
KWORO HAUSA	5KG	5	1500/KG	7,500.00	22,500.00
BITTER KOLA	10KG	10	1850/KG	18,500.00	55,500.00
OGIRI IGBO	50PCS	1	40/RAP	2,000.00	6,000.00
AZIZA BROOM	20 PCS	2	350/PCS	7,000.00	21,000.00
ONGA STEW		1	2000/CTN	2,000.00	6,000.00
ONGA CLASSIC		1	2000/CTN	2,000.00	6,000.00
ONGA SHRIMP		1	2000/CTN	2,000.00	6,000.00
PALM OIL		75		21,000.00	63,000.00
GROUNDNUT		25		9,500.00	28,500.00
ALIGATOR PEPPER	40PC	1	100	100.00	300.00
EXPORT PROCEEDS					866,100.00
LOGISTICS, FREIGHT AND DOCUMENTAIONS				292,650.00	
PRODUCT PRICE				288,700.00	
TOTAL COST				581,350.00	
PROFIT					284,750.00
ROI					48.98%

Payment methods in international trade



Open Account

An open account transaction means that the goods are shipped and delivered before payment is due, usually in 30 to 90 days. Obviously, this is the most advantageous option to the importer in cash flow and cost terms, but it is consequently the highest risk option for an exporter. Because of the intense competition for export markets, foreign buyers often press exporters for open account terms. In addition, the extension of credit by the seller to the buyer is more common abroad. Therefore, exporters who are reluctant to extend credit may face the possibility of the loss of the sale to their competitors.

However, while this method of payment will definitely enhance export competitiveness, exporters should thoroughly examine the political, economic, and commercial risks, as well as cultural influences to ensure that payment will be received in full and on time. It is possible to substantially mitigate the risk of non-payment associated with open account trade by using such trade finance techniques as export credit Insurance.

Advance Payment

With the cash-in-advance payment method, the exporter can avoid credit risk or the risk of non-payment, since payment is received prior to the transfer of ownership of the goods. Wire transfers and credit cards are the most commonly used cash-in-advance options available to exporters.

However, requiring payment in advance is the least attractive option for the buyer, as this method tends to create cash flow problems, and unless the seller sees no other option or the buyer has other vendors to choose from, it often is not a competitive option.

In addition, foreign buyers are often concerned that the goods may not be sent if payment is made in advance. Exporters that insist on this method of payment as their sole method of doing business may find themselves losing out to competitors who may be willing to offer more attractive payment terms.

Documentary Collection

Documentary Collection (D/C) is a transaction whereby the exporter entrusts the collection of payment to the remitting bank (exporter's bank), which sends documents to a collecting bank (importer's bank), along with instructions for payment.

Funds are received from the importer and remitted to the exporter through the banks involved in the collection in exchange for those documents. Although banks do act as facilitators for their clients under collections, D/C offer no verification process and limited recourse in the event of nonpayment.

Letter of Credit

A letter of credit is an undertaking of the buyer's bank, written to the seller to give an assurance of payment when shipment is made and certain conditions stated on the LC are fulfilled. It is the most widely used trade finance instrument in the world. It has been used for the last several hundred years and is considered a highly effective way for banks to transact and finance export and import trade. It is an instrument through which a bank furnishes its credit in place of its customer's credit. The bank plays an intermediary role to help complete the trade transaction. The bank deals only in documents and does not inspect the goods themselves. Therefore, a letter of credit cannot prevent an importer from being taken in by an unscrupulous exporter.

Types of Letters of Credit (LCs)

LCs can be issued as Confirmed or Unconfirmed LC.

- **Confirmed LC:** An LC is said to be confirmed when another bank adds its additional confirmation (or guarantee) to honor a complying presentation at the request or authorization of the issuing bank. This protects the Exporter against country risk (political and economic risks).
- **Unconfirmed LC:** This type of letter of credit involves only the definite undertaking of the issuing Bank to honor a complying presentation. It does not require the additional undertaking of the confirming Bank.

LCs can be issued as revocable or irrevocable.

- **Irrevocable LC:** means that no party can amend or cancel it unless the buyer, the seller and the issuing Bank (and a confirming Bank if any) agree.
- **Revocable LC:** on the other hand means any of the party can amend or cancel it without the consent of the other parties to the LC. However, since the inception of UCP600, any LC issued is automatically, Irrevocable even if the LC does not clearly state that in its terms.

Usance and Sight LC

- **Usance LC:** It is kind of credit that won't be paid and assigned immediately after checking the valid documents but paying and assigning it requires an indicated duration which is accepted by both the buyer and the seller. In reality, seller will give an opportunity to the buyer to pay the required money after taking the related goods and selling them.
- **Sight LC:** It is a kind of credit whereby the issuing bank pays the money immediately after receiving the shipping documents from the seller and checking all the documents for compliance.

Revolving Letters of Credit

A revolving letter of credit covers multiple or continuous shipments of merchandise. It is a commitment on the part of the issuing bank to make the L/C available in the original amount whenever it has been used or drawn down, usually under the same terms and without the issuance of another L/C. Revolving L/Cs enable sellers to rely on ongoing sources of short-term financing. But while they avoid the fixed costs of entering each time into a new short-term financing transaction, revolving credits cannot replace longer-term financing. The number of times the L/C can be utilized and the period of validity is specified in the L/C. A revolving letter of credit can be either cumulative or noncumulative; cumulative means that the unused sums in the L/C can be added to the next installment, whereas noncumulative means that partial amounts not used in time expire.

Red Clause Letters of Credit

Red-clause letters of credit enable an exporter to obtain pre-shipment finance (which is a percentage of the L/C amount) from the buyer through the opening bank and against the advising bank's guarantee of reimbursement, either:

- (i) Against a simple written statement of purpose (clean red clause)
- (ii) Against his undertaking to provide certain specified documents.

The reason why it so named is that the first time this credit was established by the issuing bank, the terms and conditions were written by RED INK to attract bank's attention.

Green Clause Letters of Credit

Green-clause letters of credit serve the same purpose as red-clause L/Cs but differ in that the exporter can only obtain advance payments against production of warehouse receipts (and/or related documents) evidencing that the goods are held to the order of the buyer/opening bank/advising bank until the required documents are received. In this respect, green-clause letters of credit are very similar to inventory financing, although most of the comments made about red-clause L/Cs also apply here.

Transferable Credit

This is a type of Letter of Credit in which the exporter has the right to make the credit available to one or more subsequent beneficiaries. Credits are made transferable when the original beneficiary is a middleman and does not supply the merchandise himself but procures goods from the suppliers and arrange them to be sent to the buyer and does not want the buyer and the

supplier to know each other. The middleman is entitled to substitute its own invoice for the one of the supplier and acquire the difference as his profit in transferable letter of credit mechanism.

Back to Back Letters of Credit:

This type of LC consist of two different types of LCs. The first LC is issued in favour of an intermediary trader who is not capable of shipping the goods. The intermediary trader then issues another LC called Back-to-back L/C (in favour of the ultimate supplier) based on the strength of the first LC already issued by the buyer. This is often used when the ultimate supplier refuses to accept a transferable LC from the intermediary trader.

Key Letter of Credit Dates

- **LC Opening Date:** Shipping documents generally may predate the opening date of the letter of credit unless specifically prohibited in the letter of credit. In Nigeria, the local regulation demands that e-Form M MUST be approved and LC opened before shipment of the goods.
- **Latest Shipment Date:** Shipping documents must be dated on or before this date. It specifies the latest date by which a seller must ship the goods. If the goods are not shipped before the specified date then a discrepancy will occur and the seller may not get paid from the letter of credit.
- **Latest Date of Presentation:** Shipping documents must arrive at the bank before this date, if stated. If not specifically stated, the documents must arrive at the negotiating bank at most 21 days after the latest shipment date but before the expiration date of the letter of credit.
- **Expiration Date:** Usually the last day to present documents in strict compliance with the terms of the letter of credit. The letter of credit essentially ceases to exist on this date.
- **Maturity Date:** This is the due date of payment on the Letter of Credit

Documentations in Export Contract

Transport documents- Bill of Lading

- Bills of lading are documents issued by a carrier, a master or their respective agent and usually have quasi-negotiable status. As well as evidencing the terms of the contract of carriage and acting as a receipt for the goods, a bill of lading can also provide entitlement to receive the goods.
- Bills of lading with this quasi-negotiable status are also issued in the following forms:
 - Combined transport- involve land2port /or port2port /or port2land shipments
 - Liner bills of lading- involve port2port shipment only
 - Charter party bills of lading- involves chartering of a vessel for bulk shipment

Air waybills and non-negotiable sea waybills

- Air waybills are frequently used today. Non-negotiable sea waybills are used less frequently than air waybills, and only on specific routes where the sailing time is quite short.

- They are documents issued by carriers or their agents that describe the goods and contain a contract of carriage, but do not evidence title to the goods and are not negotiable.
- The goods will be released to the consignee specified on the document against simple identification. For journeys of short duration, non-negotiable sea waybills are essential, since there will not normally be time for a negotiable bill of lading to arrive for prompt clearance of the goods.
- Other transport documents include: Railway bill, Road waybill, Courier Receipt.

The commercial invoice

- A commercial invoice must be produced in accordance with the contract, purchase order or pro forma invoice, incorporating any agreed changes. The invoice will often contain:
 - A unique number and quote the contract, purchase order or pro forma invoice number;
 - The seller, buyer and consignee (if different to the buyer);
 - The merchandise, often itemized by price and quantity;
 - All charges and costs for the buyer's account
 - Terms of payment and agreed Incoterms for the shipment
 - The buyer and seller's VAT numbers (if applicable)
 - For LC, the beneficiary is to issues invoice with currency and goods description being as stated on the letter of credit

The packing / weight list

- A packing list give details relating to the packing of the goods in brief. If requested, it also list the weights of individual items, together with a total weight. For some countries or types of goods there will be specific requirements for the packaging.

The certificate of origin

- The certificate of origin certifies that the goods were produced in the country or countries named therein. Frequently, these are issued by a chamber of commerce in the exporter's country.

Pre-shipment inspection certificates

- Pre-shipment inspection certificates may be required by the rules of the importing country to ensure that goods conform to local regulations and / or to minimise fraud.

Phytosanitary inspection certificates

- This is issued to satisfy the import regulations of some countries. They indicate that a shipment has been inspected and is free from pests and plant diseases.

Export licenses

- Export licenses may be required because a country wishes to impose a general control over exports, or to control export of certain goods or to control all exports to some countries.

Import licenses

- Countries also wish to control what comes in. In most cases, the buyer will be responsible for complying with local regulations regarding import licenses and payment of tariffs.

Insurance documents

- Cargo insurance is vital to protect buyers, sellers and banks who finance trade transactions against risk of loss, eg due to weather, theft, strikes, civil commotion, war and piracy.
- The decision as to who pays for insurance cover for all of (or each stage of) a journey is a commercial decision, is subject to negotiation between the parties and will form an important part of the contract.
- The Incoterm selected clarifies which party or parties are responsible for arranging and paying for insurance

Financing Export Contract

The application for export finance facility should be submitted along with documents that confirm that the claims asserted in the application are verifiable.

These documentations enhance the credibility of the request and thereby increase the chance of getting the much needed financing from the bank. However, all the documents must be made out in the exporter's company name to show credibility.

Some of the documents to be attached with the application to the bank for export finance facility should include but not limited to the following:

- **Purchase Order** - This is a document that shows that the exporter has a firm commitment of a buyer willing to purchase an item from him from abroad. It is a very pivotal document that conveys very essential information about the export transaction. It shows the bank that the exporter has a buyer and it could also serve as the basis for rejection or acceptance of your proposal to the bank.
- **Bill of Lading** - This is the transport document for sea shipment. If the shipment is by air, it is called Airwaybill. This is a document that shows the bank that the exporter has exported before and it gives title or ownership right to the goods. The shipper's name on this document should be the exporter's company name if it is going to be considered by the bank
- **Commercial Invoice** - This is the document that itemises the details of the items that were shipped and the total value of the shipment. It shows the bank the capacity and turnover of the exporter.
- **Quality Inspection Report** - This is the document that shows that the exporter has the competence to deliver the right quality and quantity within the specified period.
- **Account Statement** - This is a domiciliary account statements and it is the documents that shows that payments were received on the previous export projects done by the exporter.
- **Custom Endorsed NXP** - NXP is a document that is peculiar to Nigeria. It means Nigeria Export Proceeds form. It is the application form for exportation in Nigeria. The custom endorsed NXP is an evidence that the exporter's previous transaction was legally done in line with the government regulations.
- **Letter of Credit Draft** - If the payment of the export transaction is letter of credit, it is very necessary for the exporter to attach a copy of the letter of credit draft to the loan request. This will enable the bank to review it and make the request for necessary amendments. This thus aids the speedy processing of the facility.

Documentation, History and Finance

History of previous export transactions done by an exporter is very critical in taking financing decisions for banks. This is because it demonstrates the credibility of the exporter's request, it also shows the competence of the exporter to perform.

These credibility and competence provide the bank with the needed comfort to take an informed financing decision.

Some of the information and documents that need to be provided by the exporter to show a credible history of previous shipment should include but not limited to the following:

- History of previous shipments - from the Bill of lading record
- History of previous volume - from the Commercial Invoice and the Bill of lading records
- Frequency of shipment - from the Bill of lading records
- History of previous Payment Methods - from the previous sales contract and LC sample if any.
- History of previous Payment Terms - from the previous sales contract
- History of previous buyers and destinations – from previous sales contract
- History of previous procurement strategies adopted – from the loan application, proposal or business plan.
- History of previous transaction cycle- from the date of sales contract to the receipt of export proceeds in the exporter's account
- History of previous payments from the buyer- from the statement of Account

An exporter applying for a financing facility with documentary evidence showing his previous history as stated above would inevitably stand a greater chance of being considered by the bank if other terms and conditions required by the bank are met.

Way Forward

Capacity building for Youths (Alternative to Yahoo Yahoo)

- Sponsoring hundreds of Youths To Use Their Interest in Internet Productively Via Skill Acquisition In Export Market Entry Strategies

In conclusion there is the need for reasonable and regular investment in trade education by exporting companies in order to have a:

- Hitch free export documentation process
- Hassle free export clearance process
- Hiccup free export payment process

Advocacy Communications Training

Presentation by Mrs Titilope Ojo

What is advocacy?

- A science = systematic planning, evidence-based research & a consistent message.
- An art = articulated issues to inspire & motivate actions

- The act of influencing or attempting to influence the way someone else thinks about an issue.
- A set of targeted actions directed at decision makers in support of a specific policy issue.
- An action directed at changing the policies, positions or programs of any institution.

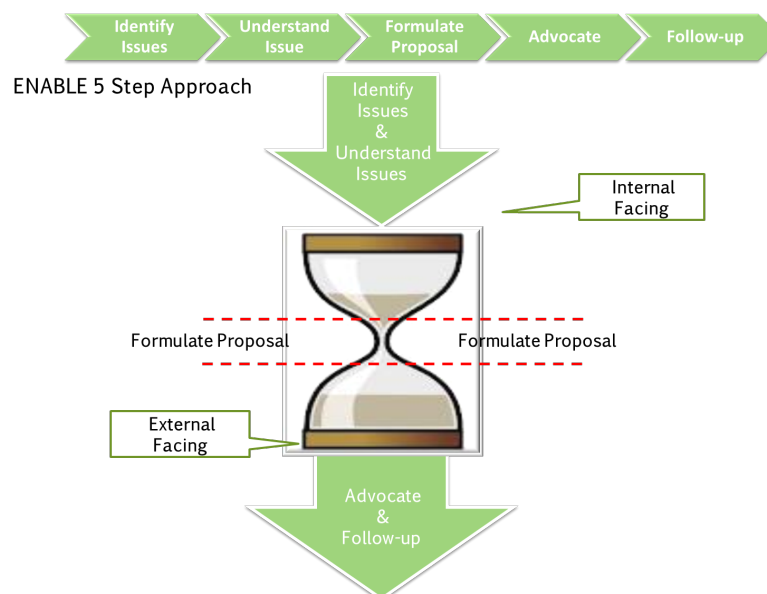
However there have been some identified gaps that have made policy advocacy unfruitful such as:

- Disaggregation between groups and associations (as identified in PDFII study)
- Neglect of the Primary purpose for which associations/organizations exist
- Political Interference and personal ambition
- Leadership

Below is a table of what advocacy is and what it is not.

Advocacy IS ...	Advocacy is NOT ...
• Defending	• Protectionism
• Sensitizing	• Competitive advantage
• Influencing	• Confrontation
• Providing a solution	• Adversarial
• Intervening	• Protests
• Lobbying	• Strikes
• Dialogue	• Petitions
• Persuasion	• Influence Peddling
• Communication	• Special pleading
• Weighing Options	• Courtesy Visits!

The Enable Five (5) step to approach to advocacy



Funding the advocacy campaign cuts across all 5 Steps

Element	Description
<ul style="list-style-type: none">• Identify issues	<ul style="list-style-type: none">• Identify issues• Collate member issues• Prioritise issues• Develop Advocacy Strategy and Workplan• Identify Implementation Team
<ul style="list-style-type: none">• Understand the issue	<ul style="list-style-type: none">• Deepen understanding of each issue through research• Map Stakeholders
<ul style="list-style-type: none">• Formulate proposal	<ul style="list-style-type: none">• Formulate compelling policy reform proposals
<ul style="list-style-type: none">• Advocate	<ul style="list-style-type: none">• Engage policy makers• Engage other stakeholders such as the media• Form and expand coalitions
<ul style="list-style-type: none">• Follow Up	<ul style="list-style-type: none">• BMO follows up with Government to ensure effective implementation

Being the nature of advocacy, the government gave feedback as to reasons for ineffective engagement and unsuccessful advocacy campaigns by organisations. A few are as noted below:

- Lack of Clarity on Advocacy Requests
- Unrealistic Recommendations
- Presentations are not concise – Government officials are not able to keep track and lose interest.
- Presentations contain too much emotion, even anger – instead of a fact-based approach, BMOs can sometimes “shout”.
- BMOs are not consistent in what they are saying – when different representatives of a BMO say different things, Government officials become confused.
-

The following are mediums through which groups can communicate messages

Position Papers

- The purpose of a position paper is to generate support on an issue. It describes a position on an issue and the rationale for that position. The position paper is based on facts that provide a solid foundation for your argument.

Most Common Weaknesses of Policy Position Papers

- They do not adequately or convincingly present the harm being caused.
- There is little or no emphasis on the economic impact of the reform proposal.

- They do not provide a realistic and detailed implementation plan of who should do what to bring about change.

The Fact Sheet

- Fact Sheets introduce you – and your issue – in a format useful to busy people.
- A fact sheet uses examples, statistics, and personal stories in an effort to persuade a policymaker to agree with your viewpoint, support or oppose a policy, or create a new policy.
- A factsheet should inform, persuade and educate (e.g., about a legislative proposal or budget request).

Examples of Factsheet

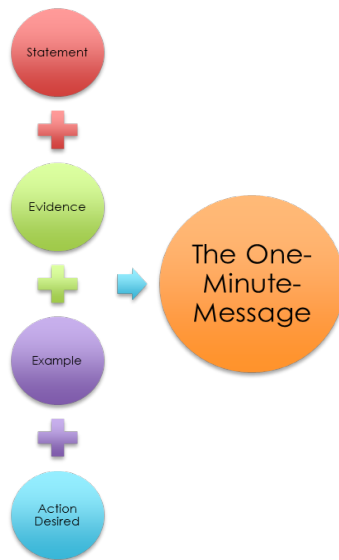


One Minute Messages

- Statement: the central idea of the message. Presents the heart of the message in several strong sentences.
- Evidence: supports the statement or central idea with facts and/or figures. It should include limited data that the audience can understand easily.
- Example: makes evidence relatable, shows how policy affects people, business, and organisations.
- Action desired: Turns your advocacy objective into a clear statement to the target audience, calling for action

Examples of One-Minute Messages

In interactions with the media, it is crucial that the spokesperson communicates both the main idea and the desired action of the advocacy message in 30 to 60 seconds.



Platforms for Advocacy

- Social media
- Print media
- Round tables
- Events/conferences/seminars
- Others

In conclusion:

- How can we empower our Youths to set up viable and sustainable business hubs in the SE using available resources?
- Angel investors, Venture capitalists needed!
- It's time to deliberately consolidate and build the brand of competitive products from the SE

Branding

Presentation by Mrs Titilope Ojo

The objective of this training is to empower on:

- Product Differentiation
- What branding is?
- How do you build a brand?
- Brand marketing strategies

Why the need for differentiation? According to a Nielson survey, 59% of consumers prefer to buy new products from brands familiar to them.

Your brand is defined by a customer's overall perception of your business.

What therefore is a brand?

- Your brand is defined by a customer's overall perception of your business.
- A successful brand has to be **consistent in communication and experience**, across many applications

What is brand building?

- The definition of brand building is to generate awareness about your business using marketing strategies and campaigns with the goal of creating a unique and lasting image in the marketplace.

How to build a brand

- Determine your brand's target audience.
- Establish a brand mission statement.
- Research brands within your industry niche.
- Outline the key qualities & benefits your brand offers.
- Create a brand logo & tagline.
- Form your brand voice
- Build a brand message and elevator pitch

The Brand Personality Spectrum

Brand Personality Spectrum

What is the personality of your brand?

Personable and friendly	Corporate, professional
Spontaneous, high energy	Careful thinking, planning
Modern or high tech	Classic and traditional
Cutting edge	Established
Fun	Serious
Accessible to all	Exclusive

It is important to note that:

- Integrate your brand into every aspect of your business.
- Stay true to your brand building

The Starbucks mission: "To inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time."

Exporters and SMEs must learn to be their brands biggest advocate, no one knows your brand better than you, so it's up to you to spread the word.

Some marketing platforms in the digital age include:

- Website User Experience
- SEO (Search Engine Optimization) and Content Marketing
- Social Media
- Email Marketing
- Paid Advertising
- Analytics & Reporting

Exporters need to gain readiness in the following areas to build brands that can scale in the global community:

Organizational Readiness: Is company hierarchy in agreement on pursuing an aggressive export strategy?

Company Readiness: Does the company have a strong brand; Does the company have competitive advantage it can leverage to support international expansion?

Financial Readiness: Does the company understand that an export strategy may require using short-term profits to achieve long-term gains?

Product Readiness: Does the competitive advantage of the company's product apply to the international market?

Questions/comments

Is packaging the same as branding?

- Packaging is a form of brand identity but it does not make the brand, it only enhances it. There is need to first focus on the functionality of a brand – what need does a product seek to satisfy and has it satisfied this need optimally? The ability to do this consistently over time is what makes a product become a brand, delivering on its expected functional element. After functionality is achieved, which is the core that endears and keeps people affiliated with a brand, then we can talk about the identity – what does a brand stand for, its promise, guiding truths, representational elements etc. This is where packaging comes to play, thus a means of identifying a brand. Exporters should seek to create quality products that functionally meet the needs of their target market, define the identity of their brand (what they want people to know them for) and then improve strategically on how they communicate these functionalities through storytelling.

Closing

Mr John Obeta thanked PDF II for bringing the dialogue to the South East. He also thanked participants for their attendance and contributions. The forum ended at 3:40pm.

Abbreviation

CAC	-	Corporate Affairs Commission
EBES	-	Enabling Business Environment Secretariat
ECOWAS	-	Economic Community of West African States
FMITI	-	Federal Ministry of Industry Trade and Investments
NACCIMA	-	Nigerian Association of Chamber of Commerce Industry Mines and Agriculture
NAFDAC	-	National Agency for Food and Drug Administration and Control
NAQS	-	Nigerian Agricultural Quarantine Service
NEPC	-	Nigerian Exports Promotion Council
NESG	-	Nigerian Economic Summit Group
NEXIM	-	Nigerian Export-Import Bank
NOTN	-	National Office of Trade Negotiation
NXP	-	Net Exporters Proceed
SECCIMA	-	South East Chamber of Commerce, Industry, Mines and Agriculture
SON	-	Standard Organisation of Nigeria