Export Market Entry Playbook

For establishing trade in newer markets

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Foreword

As students of MBA in International Management at ESCP Business School, we got the chance to work with The Good Business Foundation, a COVID-19 response program for impact entrepreneurs based in Ethiopia/Africa. Represented by Mr. Toni Kappesz and Mrs. Katrin Oehlkers, The Good Business aims at minimizing the economic damages of COVID-19 by supporting the reinvention of existing small businesses within the African sub-continent. By offering coaching, knowledge transfer, and funding support, The Good Business enables entrepreneurs to develop and implement new growth strategies that enable effective business scaling. Our tutor Mr. Sebastian Fittko also enabled us to think, plan and execute this better coherently.

For the purpose of this project, we have attempted to explore and develop a concrete market entry playbook for small and medium businesses in Africa who are keen on exporting their goods/services to newer markets.

This playbook will present an overview of trade in Africa, with a special focus on Ethiopia, and then outline guidelines for assessing the export potential for SMEs. Further to that, this market entry playbook will delve deeper into the key functions of modes of entry, managing logistics and legal mandates for international export, and then highlight some best practices for marketing and branding of products in an international context.

To validate our research and findings, we had the opportunity to interview a few successful small businesses in Ethiopia that are already working with The Good Business and taking significant leaps in internationalizing their businesses. Discussions with these businesses helped us better understand the bottlenecks that small businesses face when attempting to export their goods/services to newer markets. Having identified these problem statements, through means of this playbook, we are attempting to provide a toolkit that will enable entrepreneurs in successfully analysing their export potential, developing a concrete market entry strategy, plan the logistics of export, and create a suitable brand positioning to market themselves to their target customers.

We hope this playbook serves as a stepping stone for you to scale your business to newer international markets.

Best,
Diogo Bonifacio, Lara Ghosn, Jonas Lill, Meghna Malik

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Trade In Africa: An Overview

Consisting of 49 countries, the sub-Saharan African region has been facing an exponential growth with respect to trade activities in the recent past. As the world's largest free trade area, the region presents a promising business environment for growing businesses. With a combined market population of over 1 billion, and a GDP of more than 1.5 trillion USD, trade is critically crucial for Ethiopia's economic development. Africa currently only represents 2% of all world trade despite having rich resources like oil, precious metals, nuts, coffee, tea, and cocoa amongst others.

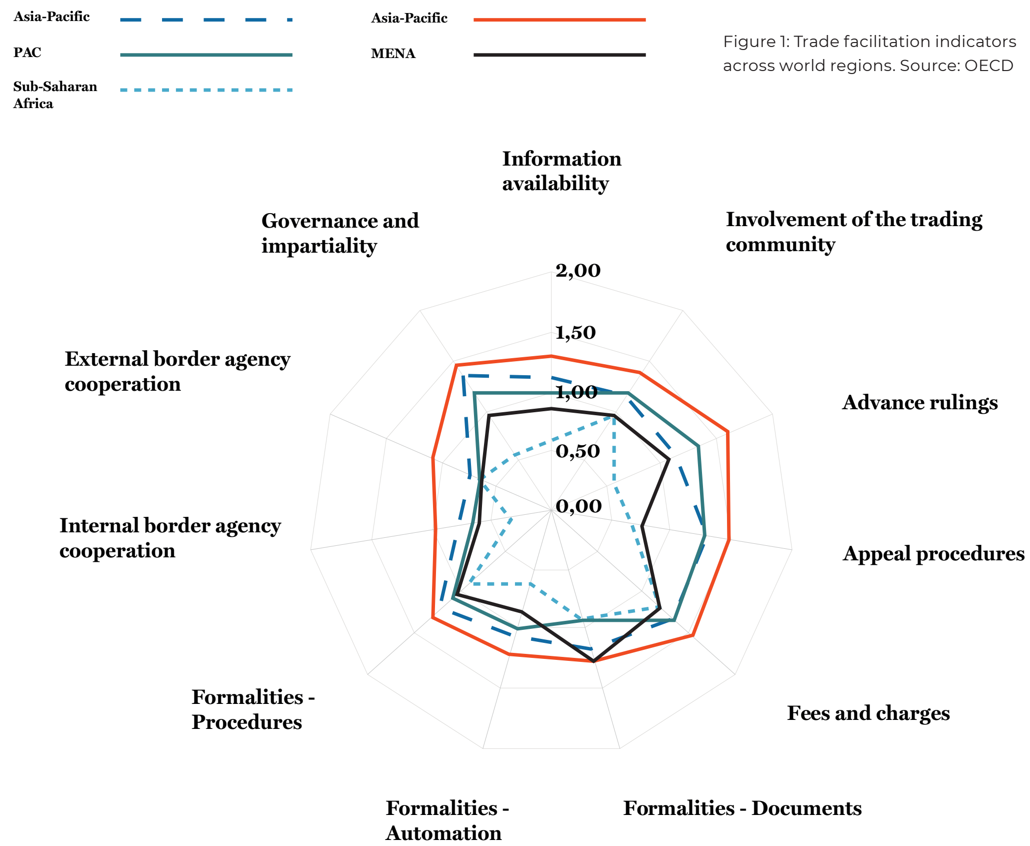

Figure 1: Trade facilitation indicators across world regions. Source: OECD

As of 2020, China and India are Africa's largest and second largest trading partners

In 2020, Africa's total merchandise exports grew by 3.15%, while imports contracted by 3%, narrowing the continent's trade deficit by nearly 50% from 36.93bn USD in 2019 to 16.19bn USD in 2020. Limited access to trade financing options, and constraints in cash liquidity resulted in undermining the merchandise imports whilst also narrowing the trade deficit.

Manufactured goods such as machinery, mechanical appliances, vehicles, electrical equipment and plastics remain the key components of intra-African trade, accounting about 20% of the total internal trade activities. Petroleum and petroleum products, copper, iron ores, coffee, cotton, tea, sugar, precious metals and cocoa are the major commodities that different regions of Africa export to the world.

South Africa continues to be the largest intra-African and cross-border trading nation – it accounted for 23.1% of the overall trade in 2019. The Democratic Republic of Congo accounted for 7.7% of the overall trade in 2019, overtaking Nigeria.

A significant limitation in trade in the sub-Saharan region is the low adaptability and availability of trade facilitation indicators like transport infrastructure, suitable financial systems, less linear shipping connectivity, and internal border agency cooperation.

A Closer Look at Trade in Ethiopia

Ethiopia has a long and colourful history as a trade nation. From ancient Greek writings about the Abyssinian markets, we know that even in the earliest written records Ethiopia had a vibrant and thriving market culture with hundreds of languages and nations participating in trade. These people were also creative and resourceful, as one can see from their gold pearl barter system, which allowed them to overcome language barriers by using a non-verbal system to negotiate prices.

To this day, the enterprising spirit of Ethiopians lives on, with the country having joined several trade agreements and economic communities, such as the COMESA. In 2019, the Ethiopian GDP was about 91 billion USD, which was up about 9% from the previous year. However, Ethiopia is also facing some hurdles with regards to its international trade. Due to an increasing trade deficit, and a need for the government to collect USD for use in international dealings, some protectionist measures were put into place by Abiy Ahmed, the Prime Minister. These focused on shifts primarily from a public-sector focused market to a more private sector focused one. Since these measures are relatively new the effects of these measures are yet inconclusive, however an awareness of these programs will be important for any businesses wishing to engage in international trade. The details of the reform plan can be found here: https://www.pmo.gov.et/initiatives/

Ethiopia qualified for the benefits of the African Growth and Opportunity Act (AGOA) benefits this year, which allows for textile and apparel exporters among others to export to the USA duty free. More information about this program can be found here: https://ustr.gov/issue-areas/trade-development/preference-programs/african-growth-and-opportunity-act-agoa

Finally, a feature of the Ethiopian market that is necessary to mention is the payment system for international transactions. Since VISA/Mastercard is not accepted in Ethiopia, it is required for transactions to be done through means of direct bank transfers only, which often ends up being a hurdle in international trade. While this serves both goals of the government, protecting local businesses and accumulating foreign currency, it can make life difficult for emerging businesses, as it places hurdles in the path of potential customers. Since this is a government-level legislation, there is not much that can be done about it for now. However, in certain cases, working with a third party can potentially reduce the stresses of this complication, as they can take in larger inventory shipments all at once, and then distribute locally in the foreign markets. These will be covered in more detail later in the document.

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Determining The Right Time For Exporting

Are you a new business looking to export your goods/services to a new market, but are unsure where to start? Pro tip: A product's success in the domestic market is a good indicator of its potential success in a new market. While domestic success is a good starting point, there are several other key indicators that you must look at before starting to export to a new market. Planning before exporting is key – you must plan the growth carefully, study all the risks and opportunities before deciding to take the plunge, develop a local-know how of your target market, and probably also foster relationships with people that you are potentially going to be working with.

Key questions to adress before planning to export to a new market:
For your ease, we've put together a simple questionnaire that will enable you in determining the export readiness for your business.

1. Is your product being successfully sold in the domestic market?
2. In now the right time for you to start exporting? Why or why not?
3. Does your company have the financial stability to support an increase of product sales in an overseas market? Would you require financing to support the planned expansion?
4. Do you and your team possess the necessary knowledge to perform overseas shipping? What about production capacity?
5. What are your target markets? Why?
6. How do you plan on shipping your products overseas?
7. Do you have sufficient knowledge about your target market's political, economic, social, technological, environmental, and legal scenarios?
8. Do you possess a sound understanding of the payment methods and regulations in your target market?
9. Are you aware and equipped of the required adaptations in composition, packaging, and labelling of products to meet foreign import regulations?

The elaboration of a good export plan is, without a doubt, among the main determinants of success in an international venture. The plan must be rationally elaborated in addition to being tested and validated under different biases before being put into execution in the real world, since the high export costs can result in losses for the international as well as domestic operations. Before starting to design the export plan, it is important that you as an entrepreneur take into account the following issues:

Product

- What needs does my product meet in the foreign market?
- What modifications should be implemented to adapt my product for export markets?
- Do I, or the product, need special licenses or certificates from the buyer's government to comply with the import regulation?
- Do I need to modify packag-ing or labelling?
- What/how, if necessary, do I need to do to safeguard my intellectual property?

Production Capacity

- How is the present capacity being used?
- Will filling export orders hurt domestic sales?
- What about the cost of additional production?
- Does seasonality impact your sales cycle? (Fluctuations in the annual workload)
- What minimum-order quantity is required to attend both markets?

Pricing

- What are the compulsory costs to get my product to market (freight, duties, taxes and other costs)?
- Given an estimate of the shipping costs, what would be my pricing strategy?

Promotion

- What implementation must be made to my website for marketing purposes?
- Should I sell on third-party eCommerce platforms?
- What's my social media strategy to build awareness?
- Which/Where are relevant trade shows where potential international buyers are present?

Experience

- Your company has done business with, or received inquiries, from other countries?
- Which of the product lines you produce are talked about the most internationally?
- Are domestic buyers purchasing the product for sale locally or overseas? If so, where?
- Who are the domestic and foreign competitors in the target market?

Personnel

- What is the in-house international expertise (language capabilities, international sales experience, etc.)?
- How much management time should/could be allocated to the international market?
- What organizational structure is needed to guarantee export sales are adequately serviced?
- Who will be responsible to follow through after the planning has been done?

Management Issues

- Are the reasons for pursuing global markets consistent and objective or they are frivolous (for example, the owner wants an excuse to travel)?
- Is exporting viewed as a quick fix for low domestic sales?
- If domestic sales pick up will export customers be neglected?
- How fast do you expect export operations to become self-sustaining?
- What level of return on investment is expected?

Financial Capacity

- What level of capital can be committed to export produc-tion and marketing?
- What level of operating costs will be addressed to the export operation?
- What are the initial expenses of export efforts?
- What other development plans might compete with export plans?
- Do you qualify for export financing, reduced taxation agreement, or any type of international trade incentive?

Make Your Export Plan

After having analysed the export potential for your business, follow these five steps to build a well-rounded export plan:

❶ **Identify the product to be exported and evaluate its export potential**

- Product distinctiveness – Does your product provide unique features to overseas customers? Are those features easy to duplicate by competitors?

❷ **Do a market research on the countries of interest**

- Find reliable trade and Tariff data – (WTO – World Trade Organisation, Export Genius, opentoexport etc.)
- Business analytics – Search previous inquiries from your website to identify potential countries to export
- Map potential trade agreements and incentives that you can benefit from
- Identify if the target market is growing or contracting
- Map the regulatory and non-regulatory barriers to entry of foreign products, if any
- Be aware of climate and geography potential impact
- Commercial guides – Once you have narrowed your research to a limited number of countries, check local commercial guides to access

❸ **Decide Your pricing strategy**

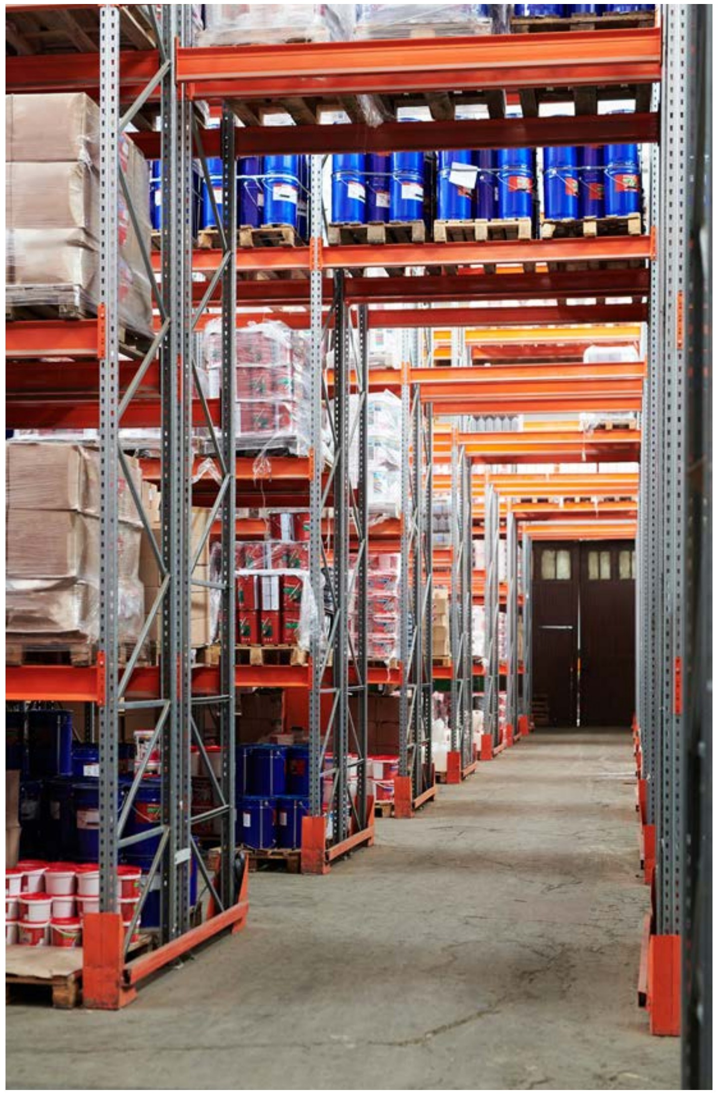
- General Costs – map the costs associated with freight, duties, Federal / State taxes and, other industry specific costs
- Contract appropriate export credit insurance

❹ **Define a strategy to find buyers**

- Identify trade fairs and government agencies promoting entrepreneurship, to find possible partners
- Define your market entry strategy

❺ **Develop a distribution channel strategy**

- Choose the right channel of distribution that meets with your business requirements
- Identify and foster relationships with local agents/ distributors in your target market



Determine the Mode of Entry

So, what is the best way for your business to enter a new market? Should you establish an export base or license your products first to gain experience in the new market? If you seem to have the first-mover advantage, should you attempt to make a bolder move like entering into an alliance, making an acquisition, or perhaps even starting a new subsidiary?

After having successfully analysed the export potential/need for your business, the next step is to think about the most suitable mode of entry in the chosen markets of your choice (again, this choice must be determined based on the export assessment criteria detailed above).

In order to be able to make the right decision, you must acquaint yourselves with the different types of market entry modes. These are as follows:

Modes of entry:

- Direct exporting
- Contract manufacturing
- Licensing/franchising
- Joint ventures
- Piggybacking
- Strategic acquisitions
- FDIs
- Wholly owned subsidiaries

Direct Export

Direct exporting is the simple method of directly exporting your products directly to customers who are interested in buying your products. Direct exporting eliminates the middlemen or any third-party intermediaries. When directly exporting your products, you are responsible for everything from shipping to operations, distribution and invoicing.

Direct exporting definitely does offer you more autonomy over the exporting process, potentially offers higher profits due to elimination of intermediaries, and definitely creates a more ‘human’ relationship with your customers.

Another advantage that this mode of entry offers is that you can avoid the expense of establishing operations in the new country. On the other hand, when choosing to export your products directly to your customers, it is important for you to make internal organizational changes to support more complex functions. Direct exporting requires you to handle all the logistics of the transaction whilst requiring a lot more time, energy and oftentimes capital investment than you might be able to afford. When exporting your products directly, the responsibility of servicing the business and customers lies on your shoulders. While direct exporting might seem like a viable option when you are just starting out, it is not a scalable mode of entry. However, in case direct exporting does seem to be the best option for your business, here are a few corporate changes you could make in order to make it work in the best way possible for your business:

- Establish an export department within your company: Independent of domestic operations, the export department should be responsible for managing all export-related activities ranging from operations, logistics, customer service and support to international marketing, payment laws and other legal compliance in target countries.
- Appoint an export sales manager: When it comes to exporting your goods in newer international markets, it would be helpful for you to hire an export manager tasked with managing all international sales. Serving as the secondary point of contact for all your customers/clients, the export sales manager would be responsible for growing sales volume and monitoring export rates to reduce operating costs whilst increasing profitability. If necessary, it would be helpful to hire an export sales manager proficient in a secondary language.

Licensing And Franchising

Licensing is a mode of business entry into newer markets wherein one company gives another company permission and rights to manufacture its products in a new country, in exchange for a royalty fee. Licensing can be a particularly useful strategy for your company if the purchaser of the license has a significantly large market share in the market that you want to enter.

Here's how it works: Let's assume that you are an Ethiopian company who specializes in making quality leather designs and products. Through market research and trend analysis, you have observed that there is a significant increase in the demand for leather products in South Korea, and you're certain that your products would be a huge hit in South Korea. The problem however is that you don't have the resources to set up a manufacturing facility in South Korea just yet. So, you enter into a licensing agreement with a Korean manufacturer (who possibly has a significant market share in the country) that allows your licensee to manufacture leather products using your special method and sell them under your brand name in South Korea. In exchange, the licensee would regularly pay you a royalty fee.

Since licensing requires little investment from the licensor, it does have potential to generate a significant return on investment, if planned properly. Licensing reduces costs and involves lower risk thus enabling you to expand into newer markets quickly. To better suit your convenience, you can also have control over parameters like geographical locations where your property can be utilized, the time period for which you share rights with the licensee and the nature of exclusivity/non-exclusivity in your licensing agreement.

A great example of licensing generating significant profits for a company is Walt Disney. The company is estimated to make nearly $50 billion just from the licensing of their iconic characters like Mickey Mouse, Queen Elsa, Winnie the Pooh, Aladdin, etc. to toy manufacturers, apparel companies, game creators amongst others. Know more about how Disney licenses its intellectual property here: www.disneystudiolicensing.com

However, when it comes to licensing, the biggest risk that you could potentially face is loss of control eventually resulting in inferior quality which could have negative long-term impacts on your business. You could face the risk of having your brand's reputation being ruined by an incompetent partner. The foreign partner could also cannibalize on your market by becoming your direct competitor, if they see greater potential in the industry. It is thus recommended that you conduct thorough market research and partner with trusted licensees only whilst making sure your licensing agreements best protects mutual interests of you and your licensee. Similarly, franchising is another popular way to expand your business overseas. In franchising, your company as the franchiser can grant a foreign company (franchisee) the right to use your brand name and sell you products.

Joint Ventures

A joint venture is a cooperative business arrangement wherein two or more businesses decide to invest time, equity, and effort for the creation and development of a new business entity. It follows the principle of 1+1=3, and both the parties involved are equally invested in the project in order to build a new concept/business.

A joint venture could be beneficial for your business if you are looking for diversification of a business product line or entering into newer markets by sharing the financial burden (and benefits) with another business. For example, if you are a home furniture manufacturer looking to export to Vietnam. Since directly exporting home furniture is not very viable, you could look at establishing a joint venture with a manufacturer that has spare land, raw materials, and labour supply to manufacture the furniture locally. The manufacturer might have limited expertise in home furniture design but has all the necessary requirements for manufacturing of home goods. Together, the two of you could create a new local business, work together as separate entities, create a limited liability - all of which would make for an ideal joint venture. The joint venture could easily be dissolved as and when the agreed goals have been reached.

Joint ventures can take any legal structure and can be created for any desired duration of time. The idea just is to make the best use of the combined resources of both parties to create value. However, since there is equal financial investment from both the involved parties in a joint venture, it is imperative that you have a strategic plan in place beforehand. Before starting a joint venture, ensure that,

- You have a clear understanding of the number and nature of parties involved
- There is a well-defined structure for the working of the joint venture, and a clear understanding of how each will involve party contribute to the project
- The structure and scope of the joint venture is clearly outlined
- There is a mutual understanding between all the parties involved on what will be the exit strategy

When setting up a joint venture, it is important to make sure that all the work, resources, and control is equally distributed amongst the involved parties. It is also a good idea to establish and understand how partnerships with other vendors will work for both parties.

Did you know? Kellogg's, the multinational food manufacturing company, established a 50-50 joint venture with Wilmar International Limited to manufacture and sell cereals in the Chinese market. The two companies created a new entity based in Shanghai to maximize and utilize their marketing and manufacturing synergies. Read more HERE.

Contract Manufacturing or Outsourcing

As your business expands globally, it might be a good idea for you to consider contract manufacturing and/or outsourcing.

Simply put, contract manufacturing is an operational model wherein a company manufactures its products in a country where labour is cheaper.

Global companies like Apple and Tesla have been known to use contract manufacturers to scale their production levels in some countries. By manufacturing contractually, companies can save on a lot of overhead costs (especially in heavy industrial businesses) by giving away a significant portion of control over the manufacturing process.

Outsourcing manufacturing or logistics to partners in other countries can ease the process of entering new markets by reducing the cost of market entry, overcoming barriers to entry and facilitating an easier understanding of local market requirements. But when it comes to outsourcing/contract manufacturing, finding the right partners is crucial. The most reliable way to find an effective partner is by getting information from the government departments responsible for trade and commerce.

- The Enterprise Europe Network is the largest network in Europe that offers trade expertise for expansion and doing business within the EU
- For expansion of business into the United States of America, the US Department of Commerce provides details of trade events, market information, import/export laws
- For information on exporting to Canada, you can find a network of partners and market intelligence on Global Affairs Canada
- To get a wide range of information on trade promotion services and partnerships with Indian companies who want to trade globally, you can get information on the Indian government's Department of Commerce

In addition to this, you can also access relevant information from chambers of commerce, boards of trade, trade commissioners, expos and trade shows as well. Having a good network of trade in the target country is instrumental in making your export a success.

Foreign Direct Investments

If you see serious potential and are willing to make a serious investment and commitment in an international market, you could consider making a foreign direct investment (FDI). It refers to the formal establishment of a business unit and operations on foreign land - the establishment of offices, factories, and distribution networks in a new country to specifically serve the local market.

FDI is however a rather expensive commitment that your business can make in a foreign market, hence it is advisable to only consider doing an FDI if you are particularly driven by the size and attractiveness of a target market, and are certain of the sustained demand for product in the country.

Every country/region has its own set of norms and regulations for establishing an FDI, hence you must conduct thorough research of the target market. FDIs are commonly established in open economies that have a skilled workforce and above-average growth prospects for investors. FDIs require a higher level of capital investment, hence it is advisable to analyse the internal (environment and capabilities of your company) and external (the political, environmental, social, technological, economic and legal requirements in the new market) factors before investing in an FDI.

For example, as an Ethiopian garment manufacturer, you can open a retail store in a promising country of your choice, and that would be an FDI. As a customized skateboard manufacturer, you could also set up a factory in Egypt or Ireland which are rather promising markets since skateboarding is relatively common in these countries.

If you are looking for a deeper understanding of the European market in context to establishments of FDIs to know the best practices, take a deeper dive into country-specific profiles here.

Wholly Owned Subsidiaries

A wholly owned subsidiary (also called as a greenfield venture) is an independent legal entity that is 100% owned and controlled by an external parent company (i.e., ideally your business) in a new market. The wholly owned subsidiary works under the direct guidance and supervision of the parent company that enables its entry in the new market. As a growing business, you can think of creating a wholly owned subsidiary in a target market if you intend to diversify your business operations whilst creating a separate independent channel to run it.

When a wholly owned subsidiary is established, as the parent company you would assume the entirety of all the risks involved - political, social, financial, technological, environmental, and economic. Often, there are a multitude of high barriers to entry when setting up wholly owned subsidiaries, and they usually come with high fixed costs (since you are essentially setting up a business in a new market from scratch and controlling it entirely). Thus, wholly owned subsidiaries are amongst the riskiest types of FDIs. Several politically sensitive economies do not permit such greenfield ventures at all.

Piggybacking

Piggybacking is a low-cost market entry strategy wherein two or more firms enter into a partnership to supply complementary, non-competing goods in their respective markets.

One firm acts as the carrier of the good, and the other acts as a supplier in a given market.

For example, say you are an organic coffee manufacturer in Ethiopia, and you partner with an organic milk producer in Switzerland - through means of such a partnership, you help increase their sales in Ethiopia, while they help boost your sales in Switzerland. Since coffee and milk are complementary goods, a partnership with one another is most likely to benefit both parties, as your audience are almost the same.

Strategic Acquistions

An acquisition is a business arrangement wherein a company gains control of another company overseas by buying a sizable number of company stocks and rights, or by completely purchasing the company.

Strategic acquisitions have proven to be good entry strategies for companies when scale is needed, especially in industries like telecommunications.

When deciding to establish a strategic acquisition, it is very crucial for you to examine the legal requirements and other governing laws of the target market since countries impose several restrictions to best protect their own economy. For example, China understandably has several restrictions on foreign ownership, but even a fast-moving economy like the United States imposes severe restrictions when it comes to allowing acquisitions. For instance, any foreign company is not allowed to have more than 25% stake in any US airline company.

As a small business with great potential, you should consider the possibility of allowing a bigger company to acquire your company, if you see merit in it. It might just be what your business needs in order to scale across multiple geographies simultaneously.

Modes of entry

Motives

- Increase product availability in a new market
- Leveraging in another company's distributtions channels
- Enhances sales with another complementary good
- New opportunities with limited resources

Advantages

- Relatively lower risk of entering a new market
- Carrier (the partner selling the product in the new market), takes care of the product, price, place and promotion - hence lesser logistical issues
- Capitalizing on an already existing audience base distribution network

Disadvantages

- Lower control over your own product
- Dependance of reputation entirely on partner company
- Difficult to have control over increasing competition in the target market

Logistics

Export logistics cover a range of processes such as:

1. *Selecting a freight forwarder company (to handle pre-shipment)*
2. *Choosing a shipping method*
3. *Deciding on a clearing and forwarding company (to deal with post-shipment)*
4. *Marking, packaging, labelling, etc.*

The supply chain is vast, and can make or break the export procedure. Each step is important and requires a set of legal documents and/or compliance to specific rules and regulations. The below section will cover each of the above-mentioned parts. Then, a section will talk about specific export procedures related to Ethiopia.

1. **Inspection and quality check of goods**
2. **Package, Label & Mark the goods**
3. **Get the delivery order**
4. **Stuffing and Sealing of Containers**
5. **Arrange Inter-Modal Transfer**
6. **Transfer of goods to point of loading**
7. **Goods arrive at the port**
8. **Customs Clearance, Documentation and Physical Verification**
9. **Pay any Port dues**
10. **Handover documents to shipping line and get bill of landing**
11. **Send original bill of landing to the buyer**
12. **Goods depart from the point of origin**

Selecting a Freight Forwarder Company

"In simple terms, a freight forwarder is an agent responsible for the movement of goods on behalf of the cargo owner. This responsibility can start from the time the goods are picked up from the seller until they are delivered at the buyer's specified location." (Source: dripcapital.com)

It is important (but not mandatory) to choose a freight forwarding company because they facilitate the pre-shipment procedure. Indeed, they advise on:

- Logistics-related expenses (freight expenses, port expenses, consular fees, documentation costs, insurance fees, cost of merchandise...)
- The best transportation method considering the nature and safety of the goods, the transit cost and time

They are also responsible for:

- Arranging the booking of cargo space on the mode of transportation chosen
- Insuring the goods as well as handling any accident that happens (whether pre-shipment, during or post-shipment).
- Overseeing the cargo's transportation, its packing and loading into the carrier.

Other duties may involve preparing legal documents such as the bill of lading, the airway bill, liaising with overseas customs agents to make sure that the goods and their documents comply with the local customs regulations, tracking the real-time transit of goods, and advising on legislation affecting international trade, political instabilities or other factors/events that might influence the shipment of goods

Choosing a Shipping Method

The shipping method varies according to the type of goods as well as their destination, transportation costs and how fast the delivery needs to be. Nevertheless, there are four main means for shipping: sea, air, road and rail.

Sea
It is the most economical option for transporting large and bulky items to offshore markets when fast delivery is not required. Exporters can choose:

- FCL (Full Container Load): booking one or more full shipping containers
- LCL (Less Container Load): booking part of a container
- Breakbulk: used for heavy-lift and oversized equipment.

Air
This method of shipment is the most expensive one. However, it has many advantages such as faster delivery time, lower insurance costs, cheaper warehousing fees, better inventory control. It is possible to choose sea/air transportation, combing the beneficial aspects of both.

Road
This method of transportation is practical and cheap for domestic (within the country) collection and delivery of goods. It is also commonly used to get the products to another transportation method (from seaport to airport for example).

Rail
In countries (such as Ethiopia) where railways are present, this is also a commonly used method of shipping to and from seaports.

Shipping Methods in Ethiopia

Currently, the government of Ethiopia owns several industry parks, near major cities, dedicated to specific industrial sectors where labour-intense processing steps are necessary (textiles, apparel, leather, leather products...). More than 10 industrial parts are already up and running, and more than 10 additional ones are in the planning stage.

Since Ethiopia is a landlocked country, its exports mainly depend on foreign seaports.

The main seaport in Ethiopia is the Port of Djibouti; as it handles more than 95% of the exports of Ethiopia.

Currently, the connection between these industrial parks and the port of Djibouti are not optimized and therefore the Ethiopian government is working on investing in infrastructure that allows an intermodal transport system. The plan is as follows: build dry ports near industrial parks, connect all dry ports by a railway system and connect the railway system to the Port of Djibouti. Other ports currently used for exports are Port Sudan (in neighbouring Sudan), Port Berbera (in neighbouring Somalia) and Ports Assab and Massawa in Eritrea.

The road conditions in Ethiopia are currently bad, and it is one of the reasons why logistics performance is low and logistical costs are high. In fact, only 17% of the roads are paved and only about 22% of the rural population are connected to roads in fair condition. Consequently, travel times for trucks are extremely high and thus truck utilization is extremely low. Also, the truck fleet is outdated and doesn't comply with modern standards which makes it unreliable and inefficient in operations. Also, the current overall number of trucks is not enough to meet the demand.

Documents needed for shipping

Comercial Invoice
It is used to clear the shipment at customs in the country of import. andatory for all sea freight and ir freight shipments

Packing/ Marking List
It provides information about the contents of the goods (invoice number, purchase order number, country of origin, pre-carriage mode, etc.)

Certificate of origin
As the name indicates, this document defines the country of origin of the products, and is essential for customs clearance.

Insurance certificate
Used to guarantee that the insurance will cover losses/ damages that might occur during the transit of goods

Bill of lading
Bill of lading (for land or ocean freight) or airway bill (for air freigth): It acknowledges that the goods have been received and are in good.

Since Ethiopia is a landlocked country, its exports mainly depend on foreign seaports.

Nowadays, one of the main ports utilized for imports and exports is the Modjo Dry Port. However, it is one of the main bottlenecks in the domestic transport system for containerized cargo.

Some of the problems at this port are:

- Very long overall transport time because the merchandise gets stuck for an extended time period at the dry port
- Insufficient cargo handling equipment
- Insufficient facilities to store, load and unload export containers
- Inadequate management systems (no proper terminal operation system...)

The railway system is being improved in Ethiopia, but still trucks are dominating the export logistics and ongoing implementation issues with the in-railway system is not making it as efficient as it should be (by reducing freight costs and shortening cargo delivery delays).

Ethiopian airlines handle air shipment. They have the capacity to handle one million tons of goods. They operate direct flights to major designations such as New York, Washington D.C, etc.

Deciding A Clearing & Forwarding Company

As previously mentioned, the export process requires several legal documents and procedures and it can be too much to handle for the exporter. Therefore, a clearing and forwarding (C&F) company can be solicited in order to help. Some of the tasks assigned to the C&F agents are variable but hereafter is a list of the most common tasks they take care of:

- Submission of documents to the exporter: This is done once the goods have been shipped. The documents include a copy of the invoice duty certified by the Customs, the shipping bill, the exporter order...
- Intimation of details to the importer: The C&F indicates the details of the shipment (name of the vessel, date of shipment, bill of shipping...) and sends all these relevant documents to the importer. This enables prompt clearance of the goods in the importer's country.
- Negotiation of documents: The C&F agents send some documents (bill of shipping, bill of lading/ airway bill, customs invoice, packing list, shipping bill...) to the bank in order to obtain the bank certificate as well as attested copies of the commercial invoice.
- Realization of export incentives: In several countries, it is possible to benefit from export incentives such as financial aids, promotion schemes... If the exporter is eligible, the C&F agent presents a claim to the adequate authority along with the required supporting documents.
- Payment of export duty: The C&F agent pays this fee on behalf of the exporter and forwards them the details.

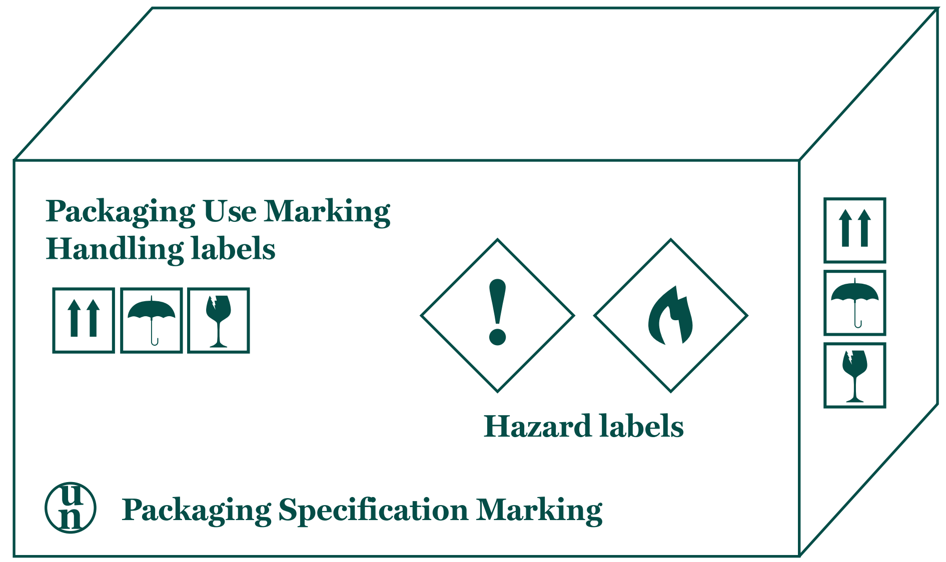
In conclusion, the C&F agents ensure that the products are being transferred through the shipment chosen by the exporter, handle customs formalities and also ensure the completion of the final delivery at the point of destination.

For a smooth and efficient shipment, the goods should be properly labelled and packed.

Labelling And Packing

An important part of the export process is the packing and labelling of products. In fact, the merchandise should be:

- Packed correctly, to ensure that it arrives in good condition.
- Labelled correctly, to ensure that it is handled properly and that it arrives at the right time and at the right place.
- Documented correctly, to ensure that it meets the buyer's and foreign government's requirements as well as the proper collection standards, etc.



Packing
Buyers are usually familiar with the requirements for international shipping of packaged goods. Therefore, they usually specify them to their sellers. However, if not indications are provided, the below guidelines should be followed:

- Goods should be divided and containerized (as much as possible)
- Moisture-resistant material should be used for packages and packing fillers.
- Specific material packing requirements should be used for certain products. Be aware of these specificities and be sure to meet them.
- Strong containers should be used. They should be properly sealed and filled as well.
- Packages' weight should be evenly distributed in the container to ensure proper bracing.

Labelling
Proper marking and labelling for all shipped good is mandatory for several reasons:

- Respect shipping regulations,
- Ensure proper handling,
- Be aware of the contents,
- Ensure proper identification by receivers
- Ensure compliance with the environmental and safety standards.

Thus, exporters need to put the following markings on their shipment:

- Adequate description,
- Shipper’s mark,
- Country of origin,
- Weight (in kilograms),
- Number of packages and size of the container,
- Handling marks,
- Cautionary markings, such as “This Side Up” or “Use No Hooks”. These markings should be written in English and in the language of the country of destination,
- Port of entry
- Labels for hazardous materials (universal symbols adapted by the International Air Transport Association and the International Maritime Organization)

Exporting From Ethiopia

Three main steps are necessary for exporting goods from Ethiopia:

1. **Obtain the export permit from the commercial bank**
2. **Prepare the application for Quality Testing and Certification in order to get the Export Authorization Certificate from the Quality and Standards Authority from Ethiopia**
3. **Fill out the Customs Declaration**

Export permit

The documents needed for the export permit are:
- Seller's invoice
- Tax registration certificate (TIN certificate)
- Export license (It should be valid for the year)
- Signed contract between the seller and the buyer
- Export permit application form (It should be filled, signed and stamped as required)
- Letter of undertaking from the customer

Before proceeding with the payment, the exporter should:
- Carefully look at the foreign buyer's financial soundness, reliability, transaction history, integrity, reputation, address, etc...
- Make sure the contract with the importer is in accordance with the laws
- For the L/C mode of payment: the requirements must be met by the buyer. In case of any doubts, amendments must be made to the document before consignment is shipped.
- For the CAD mode of payment: The payment should be followed up immediately, because a delay in remittance above 90 days will have the exporter put on the delinquent list.

Application for Quality Testing and Certification

- As soon as the products are ready for export, arrangements for adequate packaging should be made.
- Once packaging is done, the exporter can apply to the Quality and Standards Authority of Ethiopia for quality testing.
- If the products pass the tests, the Export Authorization Certificate is issued.

"Note that the National Bank of Ethiopia (NBE) issues a delinquent list of exporters periodically. The customer's name should not appear on this list within the period of transaction. If the client's name is on the delinquent list, he/she must clear it with the NBE, and get his/her name placed on a list of cleared exporters before any business starts" – ethiopiatrade.org

Customs Regulations

In order to avoid costly delays, the exporter should declare all facts about the export consignment and send all the original supporting documents to the Customs Clearing Agents.

The required documents are:
- Ethiopian Customs Declaration Form
- Copy of the Customs Declaration Annex Form
- Export Permit
- Certificate of Origin
- Special Movement Forms and Certificates (GSP Form A and EURI Movement Certificate)

The Customs Clearing Agents will deal with the customs formalities and authorize the dispatch of the export goods.

- **For more details and to download the foreign exchange regulations and directives in Ethiopia, check this link.**
- **To check (and download) the import and export regulations in Ethiopia, follow this link.**
- **For future details on the methods of payment, check this website.**

VAT and VAT Registration for Exporters

There is no VAT for exports of goods and services. Therefore, the exporter can reclaim VAT on all goods and services used to produce the exports.

Since the exporters have zero rates on taxable supplies, the law requires them to register in case the turnover surpasses the registration limits.

Export Marketing

To create the required product awareness and brand credibility, and to build trust amongst your buyers, it is crucial to develop a strategic marketing plan when exporting your goods. A new market presents new opportunities for you to position your brand in the minds of your target customers. And when it comes to marketing, it's not just about marketing, it's about doing the right marketing at the right time.

For example, Rolex is one of the most universally recognized brands in the world, gracing the wrists of presidents and actresses across multiple generations. Referred to on occasion as the king of brands, it was unthinkable that they would be threatened by a newcomer. However, just this happened early in the 2010's. Watches were coming back into trend for a younger generation, one that was unimpressed with traditional methods of watch marketing such as brand ambassadors and spent most of their time online. A couple young entrepreneurs saw an opportunity and launched watch brands such as MVMT and DW. Using new mediums of marketing, they were able to campaign unopposed for the next generation against established names and become the new faces of watch design for a younger audience. Granted, Rolex will survive and continue to play a leading role in the market, but they have now been forced to adapt and modernize their strategy. This is the type of influence that a strategic marketing campaign can have.

When creating a strategic marketing plan, follow these five steps:

- Develop your value proposition
- Define your marketing goals and objectives
- Identify your target audience
- Create a relevant marketing mix
- Set your budget and keep optimizing

A Closer Look at Social Media Marketing

When deciding how and where to do your marketing, it is crucial to know who you want to reach and what platforms they are on. Different platforms also offer different tools and opportunities, so a basic understanding of how the platform works can be beneficial. In this document we will give an overview of three popular options, but there are of course many, many more that exist on the internet. The key to an effective online strategy is to be aware of trends and constantly vigilant for where the new emerging trends are.

5 Steps to Create your Marketing Plan

❶

Develop your value proposition

First things first, determine what sets your product apart from the rest. What is unique to your product? Clearly list the benefits and features of your product. Also determine what emotional need is being met by your product or service. Why do customers want your product? How does it make them feel? Consequently identify aspects of your product that competitors cannot imitate.

❷

Define your marketing goals & objectives

What is the goal of your marketing? Are you seeking to create more brand awareness? Do you want to increase sales? Do you just want to retain existing customers? Are you seeking to create brand loyalty? Are you developing an engaged audience? Do you intend to publicize your new product range? It is very important to clearly define what is the exact goal of your campaign.

❸

Identify your target audience

To create a targeted marketing plan, it is imperative to understand who your niche audience is. Think about their location, age, gender, income level, marital status, values, hobbies, personality, day-to-day behavior, profession, motivation, buying habits, pain points. The deeper you understand your customer, the better results will your campaign produce.

❹

Create a relevant marketing mix

After having identified your objectives and audience, get a clear understanding of what channels are the most relevant for your campaign. Where is your audience most active? Also think about the price, placement, and promotion of your product. Is your audience more active on Facebook or Instagram? Or is your audience more responsive to emails and hoardings?

❺

Set your budget and keep optimizing

Define how much should you spend on what aspect of marketing? Think about your expenses on paid advertising, sponsored web content, new marketing staff, or a marketing automation software. What channels should you spend more on? Keep optimizing your spends basis the performance of your campaigns on different channels.

Facebook

Facebook is by far and away the largest social media platform in existence. With 2.85 billion users in 2021, advertising on Facebook has the potential to reach a lot of eyes. Their user base is also the most diverse between all platforms, with all age groups and countries having at least some representation. However, when it comes to younger people, the site is losing in popularity year over year, and in general the ratio of active users is also declining over time. That is to say, the numbers in Facebook are large, but it is unclear if those people will be your target audience or if they even still regularly check their feeds. However, certain other demographics are still highly active Facebook users. Whether or not it will be a worthwhile investment will depend largely on your target audience, so be sure to do your research before committing to spending the money here, as Facebook also tends to be a more expensive option.

Instagram

Instagram has a user base of 1 billion as of 2021 and is a key player in the social media space. Focusing on just images and shorter videos, it tends to be more agile than Facebook and is especially effective at attracting 25- to 29-year-olds. As a highly visual medium, it is also a great place for those companies confident in the visual appeal or their products, such as those of you working in fashion or arts, to let their products speak for themselves. Instagram tends to be a little cheaper than Facebook to advertise on, so more creative or experimental campaigns are possible. Since Instagram is a subsidiary of Facebook, they have access to a broad range of demographics tools from their parent company, meaning that whichever of these first two you choose, you will have a wide range of targeting options to choose from. Video ads generate about 38% more engagement from users. Interactivity is also showing promise as a new driver for engagement. Rather than asking a user to visit your website directly, sharing a poll in which one asks which of two bags a user likes more can help create an initial interaction. People love to share their opinions, and this step can help mirror the “building rapport” stage on in person sales.

Youtube

YouTube, the video hosting platform, is the most difficult of these three platforms to properly leverage. However, it can also be one of the most influential if done correctly. A popular strategy is to reach out to reviewers, either directly or through agencies, in order to do sponsored reviews of products for their viewers. One of the major hurdles currently is, that for videos to be recommended in the algorithm, it is highly effective to have videos last longer than ten minutes.

Therefore, for certain products, it would be difficult to speak about for that extent of time and would perhaps require a broader review of a range of products. Also, many top youtubers reach their position through gaining the trust of their viewers with honest reviews. That is to say, they will accept a product for review, but will refuse to speak only positively about it in exchange for money if they do not genuinely like it. A positive review from such a figure can bring a lot of attention and credibility to a brand, but it is a high risk, as a negative review is also possible. When venturing into YouTube, it is important to have high confidence in your product as it is a community that places a lot of value on peer-to-peer trust.

Typically, when marketing through social media there are two routes one can go down to in order to launch a campaign:

- Establishing direct contact
- Via thrid-party agents

Typically, when marketing through social media there are two routes one can go down to in order to launch a campaign:

❶

Establishing Direct Contact
The simpler option is to go it alone. On platforms like Facebook or Instagram, this is a fairly simple process. Using the Facebook Ads Manager application, one can create an account and link it into either platform. There are a range of tools at your disposal at this point, ranging from targeted ads, customer engagement analytics, and ad formats. Step by step instructions can be found in this link.

When on YouTube, on the other hand, the process is a little more involved. Typically, it involves searching on the website for creators making content in a field you wish to advertise in, and then emailing them directly. There is no uniform process after this point, as each creator is their own company, and will have their own methods, processes, and prices. While this method works for some, it will require a bit of a feel for the space and vigilance will be required with regards to who one partners with and on what terms. The safest strategy would be to search for creators already doing sponsored reviews, as they will typically be more responsive and professional if collaborations are an established part of their business model.

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Third Party Agents
Another approach would be to get into contact with a third-party agency that will place ads on your behalf as well as help negotiate best prices. Typically, ads launched through these will benefit from the added experience and be more effective, but also more expensive due to the added cost of the middleman. Certain expertise in popular markets can save a lot of pain through trial by error, however, and it might be worth the money to take advantage of it. This is especially true for less structured platforms such as on YouTube. How these companies claim to improve your advertisement campaign varies from company to company, so it is important to shop around and find a partner that is an appropriate fit for your brand and product.

Below is a breakdown of basic pricing information taken from one of these sources as a small overview of costs associated with each platform and returns on said investment. YouTube has not been included in this as costs and outcomes vary dramatically from partner to partner:

Social Network	Cost Per Click (CPC)	Cost Per Impression (CPI)
Instagram	$0.20-$2.00	$6.70
Facebook	$0.97	$7.19

In this table, cost per click refers to a pricing format that charges you a price for each click on an ad the platform is able to generate, whereas cost per impressions charges a flat rate for showing the advertisement 1000 times. These two pricing tables can vary in efficacy depending on if you simply are driving brand awareness to begin with or are attempting to convert a market segment into sales. Furthermore, the cost per click format varies in price depending on how competitive the demand for that target audience is.

In conclusion, social media campaigns can be a highly effective way for small businesses to make a big impact if done correctly. They require an understanding of both the target audience and the platform being used, and an awareness for current trends can also be highly beneficial. However, despite this, if proper research is done and one is willing to put in the extra effort, these platforms can act to level the playing field in a way that previously was unthinkable.

Branding

Above we have covered some of the platforms in which a company can advertise, and how to run an effective digital ads campaign. But, when it comes to public opinion, what people think is just as important as what people see. As they say, one eats with the eye and buys with the heart. Products are often defined by what we believe they are.

Referencing the watch example from before, while MVMT and Rolex are both occupying different sectors of the watch market, what they have in common is an exceptional understanding of brand image and the importance of it. Rolex makes watches of incredibly high calibre, and through reference to their heritage and extreme attention to detail, they are able to sell their watches for many more times again what they are worth in terms of parts and labour. Many Rolex watches only increase in value over time. MVMT, as we said before, bills itself to a younger crowd. They place themselves in a much lower entry point as affordable luxury (a term which in itself is somewhat contradictory and brilliant) and with very attractive photos and influencer endorsements able to dominate the 200-dollar range. This despite the fact that their watches are Chinese-made cost them less than 10 dollars to make. Neither price is strictly rational, yet both brands sell in large quantities. Brand identity is an art unto itself and deserves a document to itself. However, here we will cover just two main pillars of it: knowing who wants to buy your product, and more importantly, what makes them want to buy your product. These will be the most essential when determining how to present yourself in the market.

Know your market segment

Since the beginning of recorded history, knowing who wants to buy what was the key to trade. It seems so obvious, and yet sometimes because of this, we forget to make sure that what is obvious is also true. In recent years, for example, high powered computer processors that were designed and marketed primarily for use when playing video games were bought up primarily by cryptocurrency miners, driving the price up and out of the range of video game enthusiasts. The market that the company thought they were selling to never got to see the technology. Sometimes, who our customer is also changes over time, sometimes so gradually we may not even notice. A very famous example of this would be the Star Wars franchise. Having in the past been a highly successful film series directed at children, the newer movies released recently were expected to make historic profits. However, in targeting their old customer profile, children, they failed to realize that young people today don’t care about the franchise. The competition for their attention was much fiercer than in the past, owing to a shift to using TV and film to drive toy sales in the 80’s. Ironically, this was a strategy first pioneered by the creator of Star Wars. Furthermore, their old customer base had long grown up. They desired more mature films, and when those demands went unmet, they soon lost interest as well. In the end, Disney failed to recognize the customer had changed, and the once world’s biggest film franchise is now having difficulty surviving. Having explained the importance of identifying accurately your customer, now let us examine a few ways of how to do so.

Understanding who exactly wants to buy is key to successful trade - it seems so obvious, and yet sometimes because of this, we forget to make sure that what is obvious is also true.

1. **Get direct customer data**

   The most obvious way to know who is buying your product is to ask them. In online sales nowadays, it is common to collect simple data such as your customer’s location, age, and gender. Tracking these items can give you a rough idea of the customer base, but more detailed information can be achieved by simple surveys at check out or through a mailing list. Asking, for example, if the purchase was for themselves or as a gift, or where they heard about your product can tell you a lot about who is buying from you and why

2. **Conduct a circumstantial analysis**

   Another technique that can be used in analysis is seeing what products are bought together and when. For example, in the United States a company that tracked purchases as a service realized for a certain port town, at certain times there would be dramatic spikes in sales of certain goods. These sales consisted usually of alcohol and flowers. Wishing to know what led to this phenomenon, they investigated further. On a hunch, they looked up when the navy ships were returning home, and a picture quickly formed. The sailors were home to visit their wives and were buying gifts on the way home. The lesson here is to use anything and everything at your disposal. Creativity and information can lead to valuable insights that can be taken advantage of.

3. **Conduct other market research**

   Aside from these, there are many other ways to tap into the mind of a customer. If you have a physical store, for example, and a nice personality, one may simply chat with the customers, and ask them about their lives and how they like the products. People are generally very happy to talk about themselves. Googling your own products can also give some insights into what the conversations around your product look like, or who is buying products like what you are selling. For example, if you wish to sell coffee, it is important to know who else is selling coffee and who they are selling to. Researching brands with similar profiles can give great insights into what they are doing right, and what they could do better.

Know What Makes You Different

Knowing what makes your brand unique and owning a certain segment of the market can be a powerful tool. Even in oversaturated markets, a strong identity can help one stand out. For example, while many car companies exist, people who buy Hondas tend to value different things from people who buy Subaru cars. Both want a relatively cheap and reliable Japanese mid-size car, but Honda has made itself the household name of reliability and security, while Subaru is known to be a brand for hooligans and rally enthusiasts. Subaru knows this, and because of this all the cars in their ranges play with this idea. Even their cheapest models make sure to allude to their rally heritage, because these are the sorts of things that attract their customers. Meanwhile, similar racing aesthetics might fail to impress Honda drivers who simply wish to get to work, or worse, may turn away customers who find them too conspicuous.

As important as it is to know who you are, it is equally as important to know who you are not. No one likes a fake, and it is easy to detect one if it is something, we are familiar with. Just as you might find it unappealing to see foreign imitations of Ethiopian goods, it would be detrimental to try and too closely imitate the styles of another place or company. Furthermore, consistency is valuable as well. Changing your design language too often can lead to a lack of a core identity, and some companies such as Disney devote major resources to making sure internal brand integrity and consistency is maintained, even going so far as to launch lawsuits over art depicting their characters in a way that they believe could damage their image. Authenticity and familiarity are crucial to forming a strong brand identity. Taking inspiration is, of course, a great way to expand one's design language. But care should be taken not to stray too far into copying others. A unique and authentic product will always be more interesting and long-lived than a soulless copy, if one can find the audience that is excited to buy it. Below are included some links for further study:

https://www.businessinsider.com/the-story-of-daniel-wellington-the-180-million-watch-empire-2016-6?r=DE&IR=T

https://www.smartbrief.com/original/2016/11/why-brand-integrity-matters

Knowing what makes your brand unique and owning a certain segment of the market can be a powerful tool.

Leather Industry In Ethiopia

Biggest sectors:

- Footwear (41%)
- Leather Goods (19%)
- Furniture (17%)
- Automotive Industry (13%)

Legal mandatory requirements to enter the market:

- Product Safety (compliance with the EU's General Product Safety Directive - GPSD: 2001/95/EC)
- REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals)
- Restricted Substances Lists (RSLs)
- Product Labelling
- Intellectual Property Rights
- CITES (Convention on International Trade in Endangered Species of Wild Flora and Fauna)

Non legal mandatory requirements to enter the market:

- Quality requirements regarding tanning methods
- Quality requirements regarding finished leather
- Quality requirements regarding ready-made products
- Sustainable production and social compliance
- Packaging requirements
- Payment terms

Selling Channels:

- Online platforms to directly sell to European end consumers (Amazon, Alibaba, Wish...)
- Multi-brands online shops (Zalando, Asos...)
- Large retail chains to directly sell to retailers (Zara, H&M...)
- Agents, traders, importers, private label companies

Biggest Exporters outside the EU:
China (Gionar), India (Crescent Tanners), Pakistan (HUB Leather), Turkey

Biggest Potential in the EU:
France, Italy, Spain, Poland

Textile Industry In Ethiopia

In this section, we will address the non-tariff barriers to entry for products from the textile and clothing industry in general in the EU. The main regulations in the textile and clothing sector in the European Union are related to Safety and Labelling.

Labelling:
Textile products must have a label that clearly identifies the manufacturer (name) , the type and the quantity of the materials (composition), Country of Origin (Made in), Compulsory certifications (Eco-label for example). The textile Directives also require attention to the use of official language and size patterns of each country.

The Directive 2008/121 / EC that replaces Directive 96/74 / EC is the legislation on the labelling of textile products, is valid for all member countries of the European Union and which has already been examined by Organs competent bodies. It also assures the alignment of the names of the products that are included in the textile sector and their composition, with the sole purpose of providing more adequate information to consumers.

General definition of textile products:
A textile product made up of two or more fibres, none of which accounts for 85% of the total weight will be designated by name and by weight percentage of at least two of the main fibres.

Fibres with less than 10% of the total weight must be specified by their name and percentage of the total weight, or simply by the expression "other fibres".
If the name of fibre with less than 10% of the total weight is specified, the total percentage of the product composition must be provided.

Textile products composed of two or more parts that do not have the same fibre in their composition must have a label where reference is made to the fibre content of each part. These labels are not mandatory for parts that have less than 30% of the total weight, except for the main layer whose composition must always be included.

Furniture Industry In Ethiopia

One of the key aspects of the furniture market in the EU is that the low-end segment is already saturated, with both local players that benefit from avoiding paying VAT, as well as foreign players from markets such as China that are very competitive in this range. As such, it is typically advised so aim for the mid- to high-end market segments.

Key barriers to entry will include the General Product Safety Directive, which requires products to follow certain guidelines for product safety, the REACH restrictions, which determine which chemicals can or cannot be used in products being imported into the EU, and crucially for furniture, Timber regulation and the Packaging and Packaging Waste Legislation.

As many furniture products will include wooden elements to some degree, it is crucial to understand the regulations around which types of timbers can be used.

These regulations focus mostly on the illegal harvesting of wood and contain three main responsibilities for exporters: That any wood used in the product must not be illegally sourced, that the exporter exercise due diligence in sourcing, and that exporters maintain a record of all suppliers.

With regards to packaging, this is a critical section for furniture for two reasons: any wooden elements used in packaging are subject to further regulations and restrictions, and because without proper care in packaging, valuable items can easily be damaged during the trip to their destinations. Some of these threats can be hard to predict as well, such as condensation forming within packaging containers during temperature changes at sea. A writeup that goes into exhaustive detail about the export of furniture items, including links to all relevant documentation, is available here.

Where to export?
Once you have done your initial assessment and decided that it is time to start exporting, the beginning exporter needs to be sure to carry out a detailed survey of the markets of interest and carry out a detailed Due Diligence. Good due diligence can be a determining factor for your international operation, providing protection against possible losses and breaches of liability.
Among the many criteria that must be considered, the beginning exporter, regardless of the industry it represents, must conduct a detailed evaluation of the following indicators:

Country Risk
Look carefully at the political, economic and business environment of the target country (Visit https://www.worldbank.org/en/home for information about Foreign Exchange controls imposed by governments and Currency Convertibility barriers).

Partner Risk – Working with trustable partners is another key element of your success in the global markets. When considering doing business with foreign partners, consider doing accurate background, credit and references checks. If possible, purchase a company profile and request access to its financial statements.

Purchasing Risk – New exporters can mitigate their exposure to payment fraud
in a variety of ways but be aware that each method has limitations. A common way to reduce the exposure to risk, in the early export life, is to outsource the risk to a Third-Party Payment Product That Assumes Risk such as PayPal and Alipay. Your local bank can also support you providing access to a variety of security mechanism (For instance, AVS – Address Verification System, CVN – Card Verification Number, IP Geolocation, and many others).

Packaging is a critical for furniture export for two reasons: any wooden elements used in packaging are subject to further regulations and restrictions, and because without proper care in packaging, valuable items can easily be damaged during the trip to their destinations.

Coffee Industry in Ethiopia

Main markets relevant for export: Germany, Italy, France, Netherlands, Poland, Russia, Finland, UK, Belgium, Japan.

Top ten coffee-producing countries: Brazil, Vietnam, Colombia, Indonesia, Mexico, Ethiopia, India, Guatemala, Ivory Coast, Uganda

Trends in consumption

- Consumers are choosing to drink higher-grade coffee, moving away from price-based purchasing to trends that focus on increased quality in a wide variety of products
- Two major categories: Mass-market and specialty (market growing for this)
- Specialty coffee is moving into mass-market channels - coffee is no longer viewed as just a breakfast beverage; it is now a social beverage, and people like to drink premium branded coffee throughout the day

Trade requirements

- If you wish to export your products, you are expected to have the following documents ready: an export license, commercial invoice, certificate of origin, packing list, all required permits, bill of lading and proof of tariff payments.
- International Coffee Organization https://www.ico.org/ has introduced voluntary targets for minimum quality export standards for Arabica and Robusta under resolution 420. This resolution aims to reduce the export of inferior beans worldwide.

Entering the German coffee market:
www.cbi.eu/market-information/coffee/germany/market-entry

Entering the Italian coffee market:
www.cbi.eu/market-information/coffee/italy/market-entry

Entering the British coffee market:
www.cbi.eu/market-information/coffee/united-kingdom/market-entry

Entering the French coffee market:
www.cbi.eu/market-information/coffee/france

Entering the Dutch coffee market:
www.cbi.eu/market-information/coffee/netherlands

Entering the Russian coffee market:
www.cbi.eu/market-information/coffee/russia/m

To read 10 tips for organising your coffer export to Europe, click here.

How to export coffee from Ethiopia:

1. Agree on import delivery terms with your buyer
2. Agree on the terms of payment with your buyer
3. Look into trade financing options
4. Drafting sales contracts
5. Invest in good-quality packaging for storage and transportation
6. Organise transport and logistics efficiently
7. Meet your country's export requirements
8. Make clear agreements on export insurance
9. Be well informed on import customs procedures
10. Contact organisations that offer export assistance services

Sources

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