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Get of the Island!

The Journey to New Markets



SOUTH AFRICAN
OIL AND GAS ALLIANCE

UK News – March 2011



8 March 2011 Last updated at 07:18 GMT

UK economy growth forecast for 2011 cut by BCC

The UK economy will grow by less than expected in 2011 but growth in 2012 is better than predicted, the British Chambers of Commerce says.

The group downgraded its growth forecast for 2011 from 2.5% to 2.0%.

The revision was due to a weaker start to the year and a slower start to the 10's fourth quarter.



Blessed are the young for they shall inherit the national debt!.....of £930 billion!



The BCC says a rate rise now would be premature

International News – April 2011



4th April edition

Brazil surpasses France to become the world's 5th largest economy

Investment beyond BRICs for double-digit growth as these markets mature

The new popularity of 'frontier markets' like Africa will be the future

TIME



International News



Arts & Entertainment



Global Business

Where is South Africa?





The Death of the ‘One Country Company’ - Competing Internationally Locally

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The Death of the One Country Company



From isolation and an island existence...

- Political / geographical
- Hated by the neighbours!
- Overly self-sufficient
- 15 years of 'comfy' growth



The Death of the One Country Company



**...to 15 years of consecutive growth
to a place on the world stage!**

- A global showcase
- With amazing infrastructure!
- But the bogeyman cometh?
- No hiding place
- Stop cuddling the cousins!



The Death of the One Country Company



- Corporate's are global forces...
- Smaller business generally not
- Export led growth perhaps?
- Demand driven opportunities – not what we make but what they want





The Death of the One Country Company

Are You Ready to Compete Locally / Internationally?

- SPEED** - Availability and/or delivery time
- IMAGE** - Reputation of brand / Country of origin
- SERVICE** - Perceived level of pre- and after sales activities, as well as production processes
- DESIGN** - Unique shape, color, taste, feel, texture, material, packaging design. In line with consumer preferences
- COMPLIANCE** - Compliance with government or industry imposed process standards and norms in technical, social, environmental aspects

Get Yourself a Health Check!



Global Challenges = Global Opportunities

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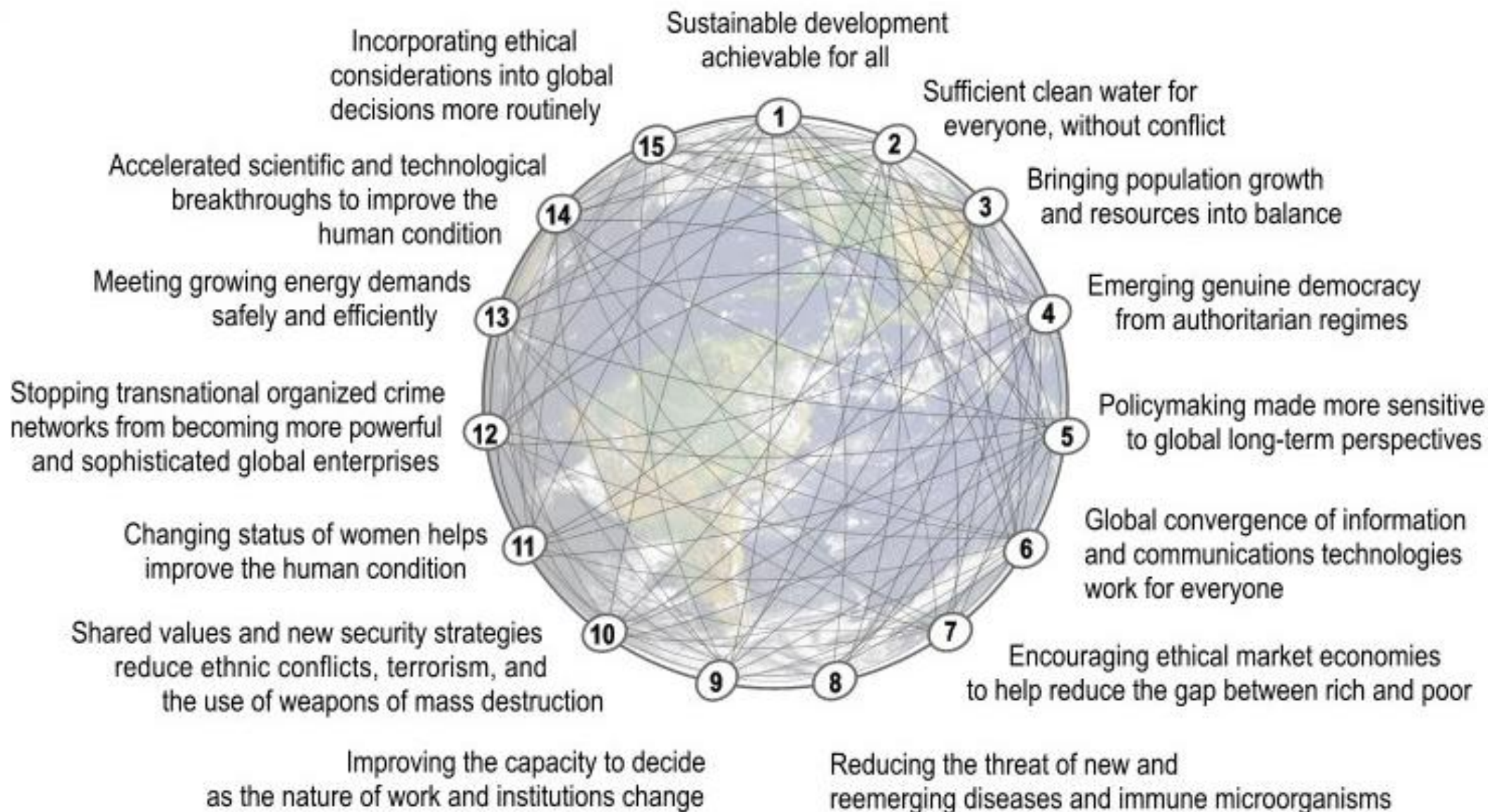
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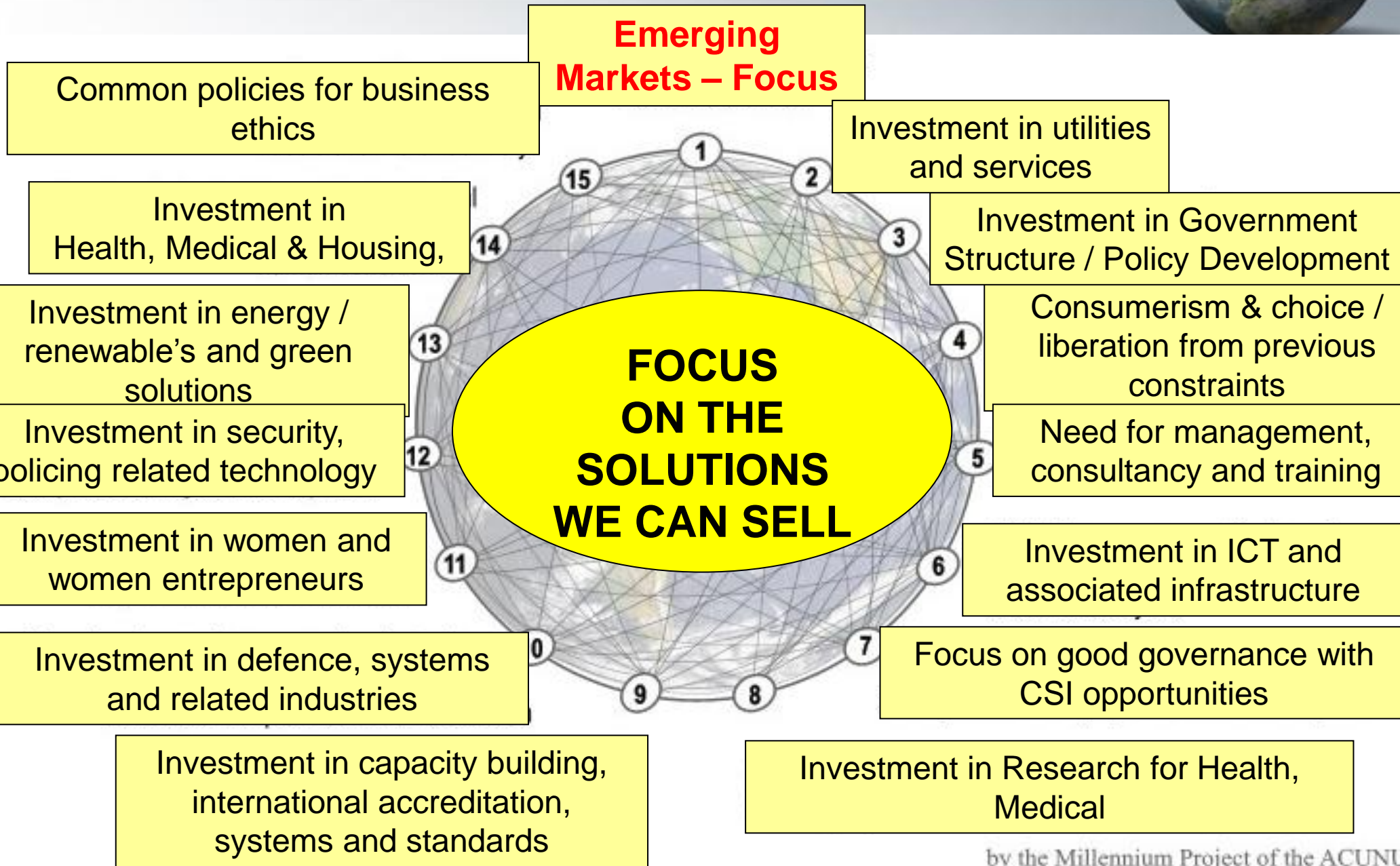
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15 Global Challenges Facing Humanity

The American Council for the United Nations University



15 Global Challenges -15 Opportunities!





‘Syndicating’ for Successful Solutions

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Syndicating for Successful Solutions

More than just 'exports' It's the 'Power of Partnerships' – Invest Heavily

- Joint Ventures
- Technology exchange
- Royalty arrangements

It's about providing blended solutions – not selling stand-alone products or services

● Shared facilities (outsourcing)

● Selling each other's products

● Distributors / Agents



Emerging Markets Overview...

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Emerging Markets Overview



Emerging Markets Overview



- Growth in South / South trade
- Powerhouses - BRICs (Brazil, Russia, India and China, SA?)
- Smaller players - Turkey, Morocco, Israel,
- Eastern Europe - Poland, Hungary, Romania
- Latin American - Chile, Colombia and Mexico
- Asian nations - Philippines, Malaysia and Indonesia

Emerging Markets Overview



- Emerging markets will account for 70% to 75% of global growth every year for the foreseeable future and for...
 - **45% of world total exports**
 - **50% of world energy consumption**
 - **80% of growth in oil demand**
 - **75% of global forex reserves**

Global GDP Growth Prospects – Advanced v's Emerging

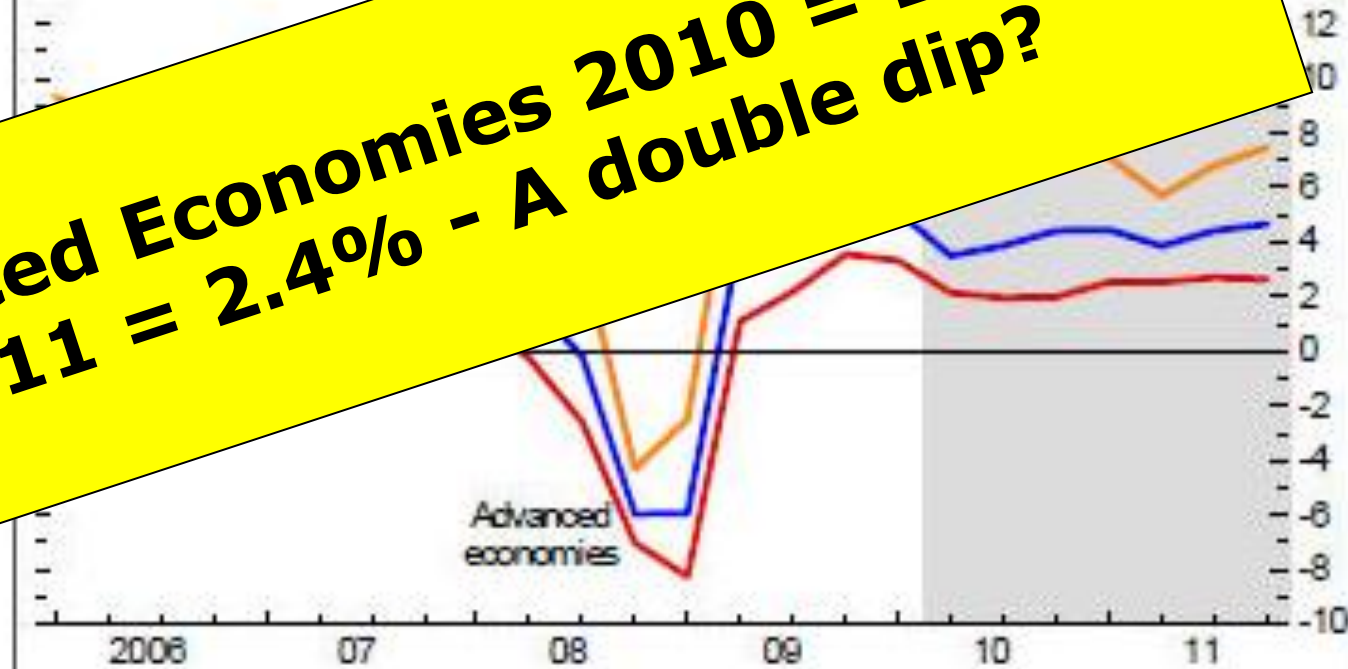
Source: IMF



- World growth 4½% in 2010 - 4¼% in 2011
- Need to rebuild confidence and stability in the euro area
- Emerging economies need to help rebalance demand, through structural reforms and greater exchange rate flexibility

Figure 1. Global GDP Growth

(Percent; quarter-over-quarter, annualized)





Asia Pacific Growth - Still Exciting! Source: IMF

- 2010 sustained by continued buoyancy in exports – strong domestic demand
- Recovery in global and domestic inventory cycles
- Private fixed investment strengthened on the back of higher capacity utilization (still) relatively low cost of capital
- GDP growth more moderate but more sustainable

Asia: Real GDP
(Year-over-year percent change)

	2010	2011	
	test	projection	
Asia	7.5	6.8	
of which			
Japan	4.4	1.8	
Australia	5.5	3.5	
China	6.9	3.2	
India	9.1	6.7	4.7
Indonesia	-2.8	6.0	4.4
Malaysia	0.2	5.7	5.0
Philippines	-1.3	9.9	4.9
Singapore	-1.9	7.7	4.3
South Korea	6.2	5.5	4.5
Taiwan	5.9	5.5	4.5
Thailand	2.2	7.0	4.5
Vietnam	5.3	6.5	6.8
ASEAN-5	1.7	6.4	5.5
Indonesia	4.5	6.0	6.2
Malaysia	-1.7	6.7	5.3
Philippines	1.1	6.0	4.0
Thailand	-2.2	7.0	4.5
Vietnam	5.3	6.5	6.8

Asian Economies 2010 = 6.5%
2011 = 6.8%

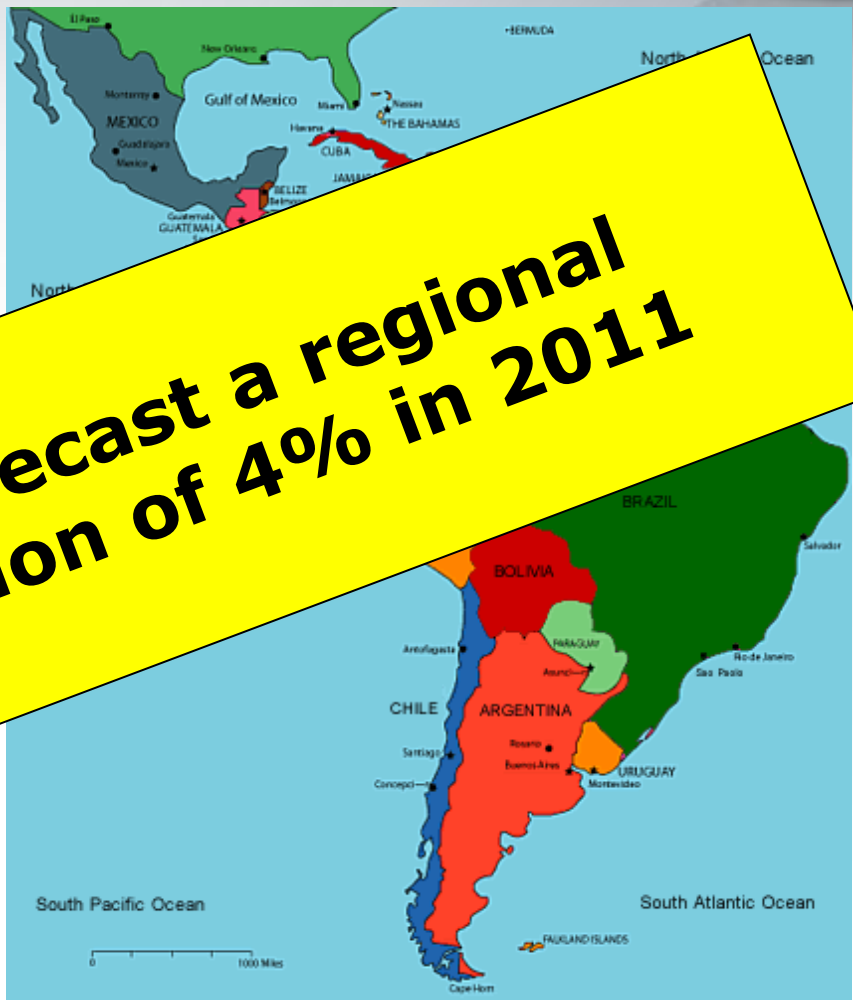
Source: World Economic Outlook database.



Latin America – Recovering Quickly!

- Brazil, Chile, Colombia and Peru should see a 'robust' recovery surpassing regional trends
- Argentina, the region's second-biggest economy should reach 7.5% growth

IMF forecast a regional expansion of 4% in 2011



Emerging markets characterised by...



- Business drivers can vary i.e. erratic growth rates from one year to the next
- 'Non-economic distortion' - cartels, networks, corruption
- Competitive battlefield is not even – product quality and economics often don't count for much
- Government bureaucracy adds costs and constraints
- Unreliable infrastructure - Power, telecoms, transport, supplies, political uncertainty



You Snooze You Lose The Race for Africa is on

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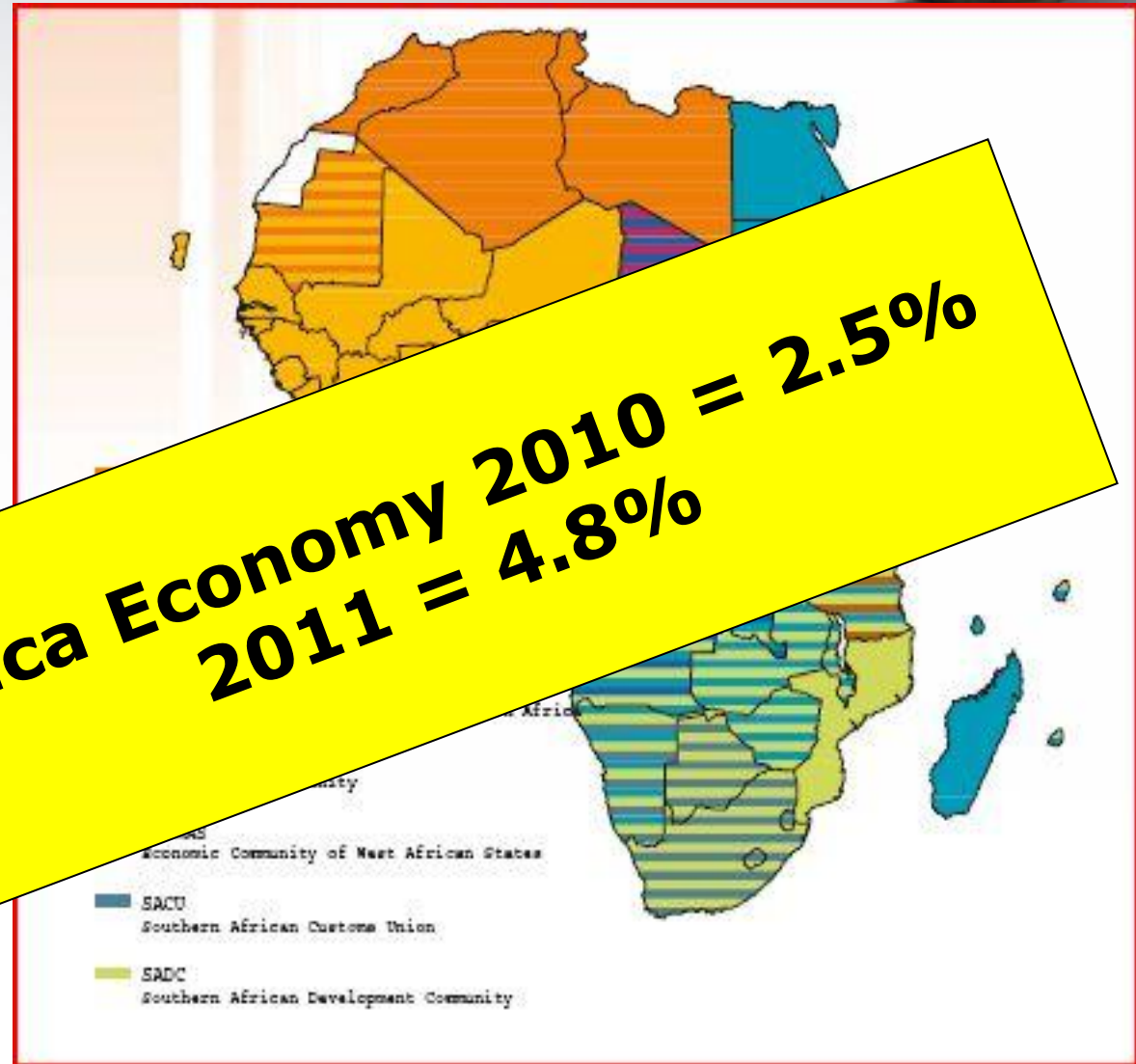
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The Race for Africa is on!



- Trade agreements - access for SA and other partners
- SADC 200m+ consumers
- Resident marketing skills, distribution channels - imperative for access to Africa
- Trans-shipment point between Central / S America, South / Far Asia
- Even Zimbabwe – 5% growth in 2011

Africa Economy 2010 = 2.5%
2011 = 4.8%



The Race for Africa is on!



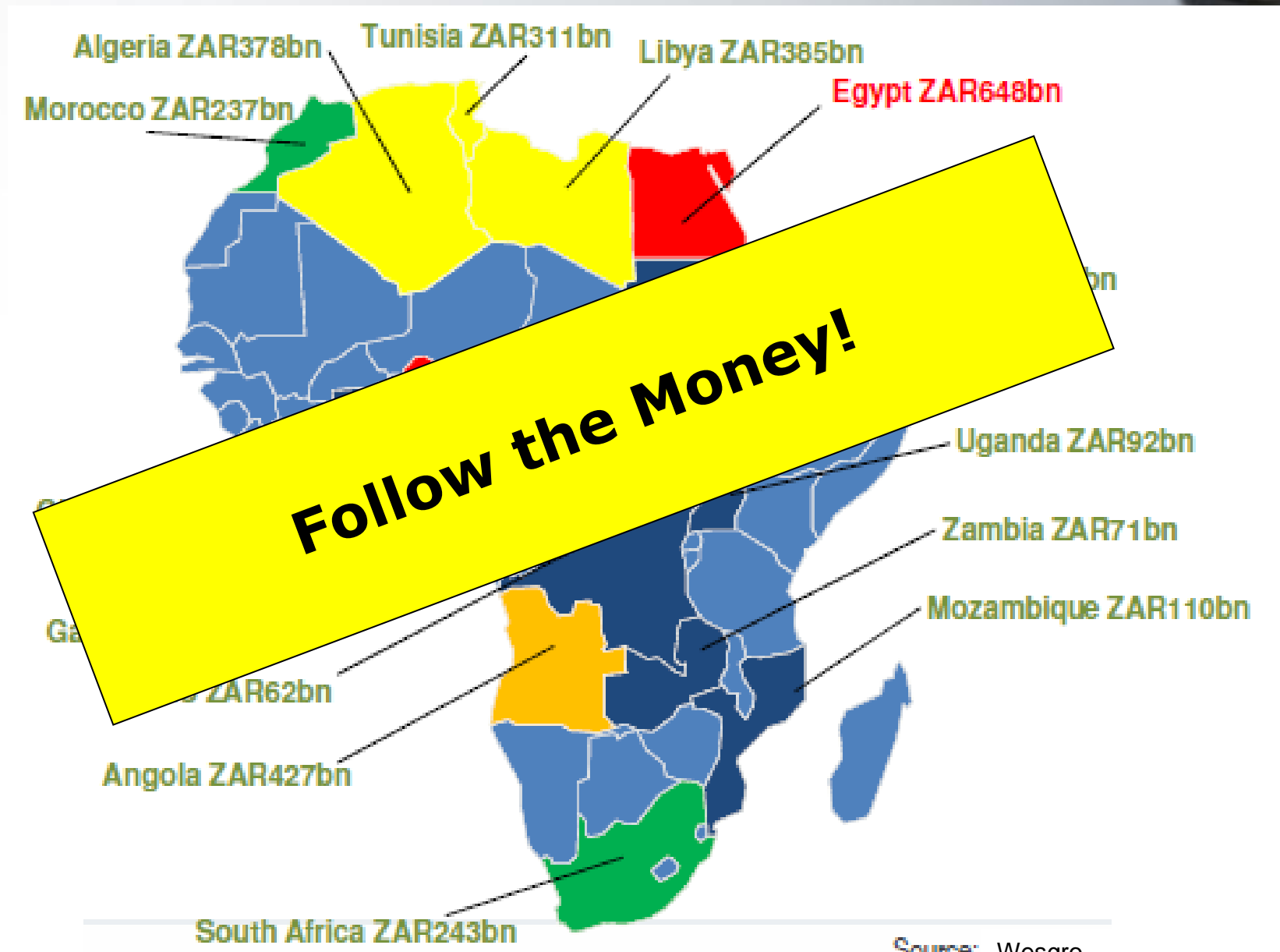
- The impoverished dark continent?..but
- 1 billion waiting consumers!
- Amongst the most resilient continents during the recession
- FDI quadrupled – the world's highest since 2000 (Obama)
- The next growth frontier (IBM)
- 3rd most profitable market (Coca Cola)
- China has been here for decades!



The Race for Africa is on!



Foreign Direct Investment 2010



The Race for Africa is on!



Population and growth rates 2003 – 2013 – Source: Ernst & Young

COUNTRY	POPULATION (MILLION)	GDP GROWTH US\$	GDP GROWTH PER CAPITA
SOUTH AFRICA	49	3.8	13.6
NIGERIA	180	7.0	15.4
ANGOLA	18	11.0	25.7
GHANA	23	7.6	20.4
MOZAMBIQUE	22	7.1	21.1
TANZANIA	42	6.6	10.0
KENYA	39	4.8	12.6
EGYPT	82	5.2???	12.4???





Developed Markets – EU Focus

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The European Union + EFTA Countries



- 27 member states
- 485 million consumers in the EU
 - 380 million in EU-15
 - 105 million in new EU-12
- Euro common currency for 15 member states
- 2nd trading currency after US\$



The European Union + EFTA Countries



- Largest trading bloc in the world
 - 45% of total world imports
 - 46% of total world exports
- Consider 'easy markets' first – Benelux, Scandinavian
- UK, Germany, Italy 'diversity'
- UK as a hub – Lose 'exotic' status



The European Union + EFTA Countries



Developments in 'Brussels'

- Increasing EU legislation (instead of national legislation)
 - agriculture
 - product safety
 - food (pesticides, hormones, additives)
 - non-food (CE mark, plastics)
 - environment (packaging, waste)
 - social issues (child labor, working place)
- Harmonization of rules and regulations
- EU minimum standards

The European Union + EFTA Countries



Differences between countries and regions

- Living standards
- Culture and Language (23 different languages)
- Consumer behaviour
- Business morals and behaviour
- Political systems
- Economic development / activities (agriculture vs. industry)
- The new and old EU members
- Distribution structures / access to markets

The European Union + EFTA Countries



Differences between countries and regions

- An ageing population (2020 – 45% over 50 years)
- Growing 1 and 2 persons households (singles, divorcees, widows)
- Increase of non-European population / large ethnic communities (S African's too!)
- Increase of women (re) entering the workforce
- Increased travel to distant holiday destinations
- Internationalisation of taste and lifestyle



People Still Buy People First!

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People Still Buy People First!



But get the rest right!

- Language & Cultural Sensitivity
- Telephone/s
- Business cards
- Email / Addresses
- Websites – Social Networks
- Other marketing collateral
- Faxes ?
- Receptionist / telephonist
- Image – the tangibles
- Responsiveness

Only for Africa!

notserious@gmail.com

backstreetshop@yahoo.com

stillprimitive@iafrica.com

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In Summarising...

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In Summary...Getting off the Island



- Set sail for exciting market opportunities
- Know before you go! About you / your offer / about the target market / customers
- See for yourself - first hand
- Leverage your networks
- A long-term commitment
- Have fun doing it!





Thank You!



International Business Services

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