

SA IMPORTERS MUST GET TO GRIPS WITH EASTERN COMPLEXITIES

28 January 2013: With China becoming an increasingly integral supplier of raw materials, components and products to South African companies, it is critical that local importers get to grips with the complexities involved in transacting with trading partners in the 'Middle Kingdom'.

That is the view of Adam Orlin, CEO at Blue Strata <<http://www.bluestrata.co.za/>> , South Africa's only integrated end-to-end import specialist, who says that 70% of the imports that Blue Strata <<http://www.bluestrata.co.za/>> facilitates on behalf of its clients, now originate from China, up 36.2% over the last five years.

This is consistent with Chinese industry statistics, which reveal that trade between South Africa and China has been growing exponentially in recent years, with the Eastern powerhouse having now become South Africa's single biggest trading partner, with bilateral trade between the two, topping R188-billion in 2011.

"Although the growth in trade between South Africa and China has proven hugely positive for Chinese suppliers and local importers, particularly in light of the contraction in trade with Europe, there are a number of challenges that local companies need to overcome when dealing with Chinese suppliers to mitigate any risk to their business," says Orlin.

"Communication can present a barrier, particularly with trading partners in new territories such as the East, so it is crucial that importers utilise partners who are able to understand different geographical languages and practices. Furthermore, inexperienced importers may also be unaware of minimum order quantities for certain commodities, which can hamper their procurement success."

He says that with many local companies lacking a presence on the ground in China, logistical challenges can also arise, leading to delays and error. "Shipping and transport rates are very sensitive to market changes, so it is imperative that the importer has a thorough understanding of the industry in order to stay up to date. At certain times of the year, space on vessels, as well as storage space, becomes an issue with the result that the company's ability to place cargo at a late stage can prove difficult and costly."

He adds that the devaluation and volatility of the US Dollar is another challenge that has also emerged for importers of Chinese goods. "Whilst previously, the dollar has been used as an international currency, increasingly we are beginning to see Chinese suppliers asking for payment in Yuan, so importers more frequently need to be able to facilitate this."

Orlin says importers can take proactive steps to deal with these challenges, including ensuring that there is complete synchronicity between all service providers in order to maintain constant communication.

"There are many steps involved in the importing of goods, from order and forex management, to payments and logistics to port, incorporating inland transport and product costing. When these elements are not managed on an integrated basis, delays, errors and indirect costs can occur; the effects of which are either not communicated to the CEO and CFO, or effects are not able to be readily quantified."

"A full turnkey importing solution that encompasses all the expertise and services required, and centralises the import to one provider eliminates many of the challenges facing importers, whilst also enabling them to focus on their core business and outsourcing the movement of the cargo and forex and funding to industry experts," concludes Orlin.

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About Blue Strata

Blue Strata is the only true turnkey Import and Working Capital Specialist in South Africa, integrating the many services in the import process by managing not only the physical movement of product, but the forex, finance, and product costing into a simple seamless solution for its clients. By offering its patented 'one point of contact' solution, Blue Strata facilitates everything from order placement, confirmation and tracking through to the hedging of foreign exchange risk, and the management of import logistics until delivery to its client's warehouse. In addition to daily interaction, the client can also opt for full visibility of their entire financial and product supply chain through Blue Strata's online portal BlueLink.

Blue Strata will also finance the entire transaction, including overseas supplier payments where required, providing the client with additional working capital and a localised Rand denominated per unit costing for input into stock records. The company has more than a decade of experience, handles thousands of shipments each year and imports in excess of R4 billion annually, the resultant benefits of better service and cost savings being passed on to the client. Blue Strata is an owner managed business with Investec Bank Limited a major shareholder and is An Authorised Financial Services Provider. For more information visit www.bluestrata.co.za <<http://www.bluestrata.co.za>>