

A guide to Growing your business through export.

Brought to you by The Auckland Business Chamber International department.

Strategic Planning

Plan with care and resist the temptation to take shortcuts. Develop your export strategy planning to:

- Spread your risk
- Enable a controlled expansion of your production capacity
- Operate within a financial framework your business can fund sustainably
- Be strategic in seeking and responding to opportunities

Research

Understand where your product fits in the market. Identify:

- Product currently available, quality, price, origin
- How/where a similar product is sold
- Applicable local labour rates, subsidies
- Population, potential volumes required
- Currency stability, the usual currency for trade
- Political stability, government intervention levels
- Applicable duty on New Zealand imports and whether any import quotas
- Cultural considerations
- Online marketplaces available
- Consumer expectations with regards to waste stream for the product, including packaging and working conditions.

Travel

Personal contacts are the foundation of success in trade, even if you only plan to sell online. Ensure you have the budget to visit the market. Attend a relevant trade fair or conference to assess the suitability of your goods or services, identify any applicable cultural factors, and regulatory requirements. Many exhibitions are available virtually during the COVID pandemic. Trust is fundamental to the success of any relationship. You may need to visit the market several times before securing valuable contracts. Continue to factor in regular travel to your established export markets. Maintaining a frequent presence is essential to continued success. While international travel is restricted, the importance of maintaining personal contacts remains essential.

Branding and Advertising

- Research the words and images of your branding/advertising.
- Check no undesired implications are in a local language, both official and colloquial
- Will advertising need to be changed to be sensitive to local custom/religion?
- Check for existing brands with the same or similar names

Market Representation

Your local representative will be the face of your brand and your eyes and ears in the market. Choose representation with values aligned to your business and sound local knowledge.

- Evaluate options before basing your own staff in the market or appointing a local agent
- Understand the implications of choosing to service the market from New Zealand and the need for more frequent visits. Also whether you or your team have the language skills and local knowledge to successfully grow your share of the market
- Determine in advance how a representative's performance will be measured and remunerated

Distribution

Decide on the preferred distribution channel to the end-user, whether this will be direct or via an existing distributor with a compatible product range.

- Determine freight options identifying available routes, associated costs and delivery times
- Investigate warehousing options
- Identify a Freight Forwarder with experience for your product type and intended market

Price Setting

It is important to determine your price position before initiating conversations with potential clients or agents – an inaccurate informal price indication, especially if too low, can be difficult to increase.

- Consider all associated costs including the impact of [Incoterms®](#), payment terms, promotional cost, representation cost, insurance, after-sales service, packaging cost/disposal obligations, duties & taxes
- Determine the competitiveness of pricing based on costs against the pricing of competitor products
- Clearly explain the [Incoterms®](#), payment terms and what is included in a price offer

Compliance

Things to consider:

- Is the export of your product controlled or prohibited? Check [here](#).
- Does the importer require an import licence or permit?
- Is the sale of the product regulated?
- What product regulations, standards apply?
- What are the labelling requirements?
- Are there waste regulations for your product and/or packaging?

IP Protection

Before promoting your innovative product in a foreign market, even online, protect your IP where possible and understand:

- The options available to effectively protect your brand and IP in the market
- Risks associated with exporting to markets with ineffective IP enforcement
- Common time lag in a market before a product may be replicated and a cheap copy available

Contracts

Clear terms and conditions in writing at the outset of a sale, representation arrangement or access to IP, minimise the risk of costly misunderstandings which can escalate quickly due to distance and language differences.

The International Chambers of Commerce's (ICC) comprehensive range of model contracts cover most areas of international trade. These are all available from the Auckland Business Chamber. Using these templates to draft contracts for your specific circumstances enables a contract to underpin all arrangements early with the nominal expense and legal assistance. [Full details of which contracts are available, here.](#)

Terms of trade - Incoterms®

Codified by ICC, Incoterms are internationally recognised rules which clearly define when the costs and risks involved in the delivery of goods transfer from seller to buyer. Have your own reference copy of [Incoterms® 2020](#).

- Determine and understand the implications of the agreed Terms of Trade
- Establish the impact of different Terms of Trade options on pricing
- Only [Incoterms® 2020](#) provides assurance of international recognition of interpretation

Getting paid

Getting paid is essential and managing the time frame between production and payment will be critical to sustainable trade.

- Meet with the international advisor at your bank to evaluate the risks, costs and advantages associated with available payment terms and mechanisms before exporting
- Consider different pricing offers based on different payment terms
- Understand the impact of exporting on your cash flow
- Determine how best to manage your foreign exchange requirements

Tax implications

There will be additional tax implications when trading internationally in place to cover any earnings you may have in a foreign market. Consult your tax advisor and Inland Revenue to ensure you take applicable tax requirements into consideration in your export plan.

- [IRD – GST](#)
- [IRD – Double Taxation Agreements](#)

Risk Assessment

There is a wide range of risks associated with export and these need to be identified, understood and mitigated where possible.

- Risk factors to examine, include; political & economic climate; creditworthiness & trustworthiness of importer; IP integrity; currency exchange fluctuations; transportation; border delays; payment default.
- Identify best Terms of Trade and Payment Terms for the applicable risk factors
- Speak with an Insurer or Broker experienced in providing insurance for international trade. Policy types to investigate include Marine Cargo Insurance; Product Liability Insurance; Trade Credit Insurance & Business Travel Insurance
- Learn about [New Zealand Export Credit](#) and Financial guarantee and insurance solutions

Dispute resolution

Identify mechanisms available to resolve any disputes and ensure that the process and mechanisms for dispute resolution are clearly stated from the outset in contracts and offer statements.

- Conduct communications in writing and keep the “paper trail”.
- Follow up verbal conversations, however informal, with a written summary of the points discussed and decided
- Obtain a written acknowledgement from the other party
- Use [ICC Contract templates](#) to draft contracts and seek legal advice from advisors experienced in international trade to review, before signing any contract.

For additional help and support, please contact our International Trade team.

Phone: 0800 543 543

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Business hours: Monday to Friday, from 9 am to 5 pm