



# New Exporters' Guide



**2017  
Revised  
Edition**



## About ZimTrade

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ZimTrade, the national trade development and promotion organisation, is a unique joint venture partnership between the Private Sector and the Government of Zimbabwe. It was established in 1991.

### OUR MANDATE

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...to **Energise Zimbabwe's Export Growth.**

### OUR VALUES

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Focused  
Connected

Bold  
Trusted

### HOW WE GROW EXPORTS



Capacity  
Building



Export  
Promotion



Export  
Development



Market  
Intelligence



Advocacy

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# Contents

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INTRODUCTION	5
ORGANISING FOR EXPORTS	6
EXPORT PROCEDURES & DOCUMENTATION	9
EXPORT PRICING & TERMS OF PAYMENT	14
EXPORT FINANCING & CREDIT INSURANCE	18
PACKAGING OF EXPORT GOODS	21
PREFERENTIAL TRADE AGREEMENTS	25
ANNEXES	27

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# Introduction

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ZimTrade is the national trade development & promotion organisation whose mandate is to Energise Zimbabwe's Export Growth (*develop viable and sustainable international trade*).

This guide is aimed at the new exporter. It provides general guidelines to overcome some of the problems and difficulties associated with exporting. It also contains basic ideas to help enterprises in planning and developing their export business on a viable and sustainable basis.

ZimTrade's Services include:

- Market Intelligence
- Trade Information
- Export Development (Capacity Building & Coaching)
- Export Promotion
- Systemic Competitiveness (Advocacy & Trade Facilitation)

# 1 ORGANISING FOR EXPORTS

## 1.1 Export Business

Exporting is a marketing activity that is complicated by factors such as distance, different social and economic conditions and different government regulations. The decision to enter an export market should be taken after a close and careful examination of the opportunities available and the challenges involved. Whilst export markets can be very competitive and challenging, exporting can be highly profitable and could strengthen an organisation's business operations, if executed well.

## 1.2 Why Export?

- To increase sales (turnover). By exporting the company goes beyond the domestic market. More sales lead to faster growth and expansion of the company and can also lead to more profits.
- To maximise under-utilised production capacity and reduce unit product cost. Operating at full capacity helps in achieving a more even production flow.
- To sell surplus production, this occurs when a company has produced more than what the domestic market can absorb.
- To extend the life cycle of products.
- To reduce the business risks of depending on the domestic market only. Diversifying markets helps in reducing seasonal demand variations and can cushion the company when domestic market demand falls due to various reasons.
- To gain new knowledge and experience.
- Exporting can provide opportunities to:
  - develop and improve on product quality;
  - adopt a marketing oriented approach when selling products;
  - develop more efficient production methods;
  - take advantage of greater purchasing power of the export market especially when selling in a more affluent market than the domestic one;
  - strengthen the domestic market position considerably if the company successfully meet competition in export markets.

## 1.3 Key Requirements for Successful Exporting

The decision to export or not rests on an analysis of the company's readiness to export and the product's readiness for the targeted export market. Factors to be considered to achieve this analysis include:

- management should be committed to engage in export and they should have a clearly defined export business plan;
- adequate managerial and staff resources. It is essential to have the requisite skilled manpower to handle export marketing, costing procedures and documentation;
- sufficient production capacity such as machinery, factory space, warehousing and adequate access to raw materials to meet export orders;
- adequate financial resources to meet export production and marketing including foreign exchange for raw materials, machinery spares, etc.;
- ability to produce and adapt products with real export potential using cost-effective methods;
- ability to provide after-sales service, if required;
- smart contracting between the exporter and customer.

## 1.4 Analysing Foreign Markets

Having made an internal company assessment and decision to export, the prospective exporter has to set in motion the process of gathering marketing intelligence information, which will result in an informed decision on what markets to concentrate on (market selection) and what product improvements and adaptations are necessary.

The information is normally gathered through desk and field research. Desk research is undertaken as a first step to ascertain whether a foreign market is promising enough to justify the expense of the field research.



Information must be gathered and analysed on various potential markets regarding the following:

- population size, growth rate;
- macro-economic factors such as exchange rates, taxation policies, political landscape, dominant religions and cultural beliefs;
- availability of infrastructure such as road network and telephone;
- import and export statistics and trends (*of product of interest*);
- traditional (*main*) trading partners (*especially sources of similar product*);
- rules, regulations and restrictions of foreign markets such as import and exchange controls, tariffs and non-tariff barriers, import quotas, import licensing, health controls (*for food stuffs and live animals*);
- distribution channels such as importers, agents, wholesalers, department stores, retailers through which the goods are finally delivered to the customers.
- publicity measures and activities through which the product is made known to the customers e.g. advertising, how competitors promote their products, trade fairs and exhibitions which are held in the foreign market;
- product preference in terms of styling, design, colours, quality, packaging, labelling, marking, etc. This is very important as it determines whether the product will need to be adapted and at what cost;
- availability and cost of transport;
- price levels of competitors and customer mark up;
- trade agreements that govern import and export transactions between Zimbabwe and the foreign market. Find out if preferential access is accorded to Zimbabwean goods and particularly your product;
- preferred payment terms.

## 1.5 Selecting Markets

After studying and analysing data on a number of markets, the prospective exporter must select the ones with the best potential. In doing so, the following points must be kept in mind:

- Concentrate on not more than two different markets at a time;
- Nearer markets are preferable (*to start with*);
- Select markets:
  - with good potential in terms of market size and purchasing power;
  - where the product can be sold without costly adaptations;
  - which offer preferential access to Zimbabwean products;
  - without strict exchange control regulations or import restrictions;
  - that are less obvious to competitors;
  - that do not suffer from political instability.

## 1.6 Establishing and Maintaining Contacts with Foreign Markets

This is usually undertaken after 'market(s) selection'. The need to remain in constant touch with your foreign markets cannot be over emphasised. Activities to achieve this include:

- utilisation of available trade promotion organisations, such as ZimTrade, by generating trade enquiries through letters, brochures, e-mail and websites;
- usage of ZimTrade's newsletter, advertising in export directories and business publications and setting up a website on internet;
- identifying potential buyers through the use of business libraries, trade information centers, banks and by participating in trade missions;
- participating in selected trade promotion activities such as trade fairs, exhibitions and similar events;
- using the internet for searching and gathering data from customer sites;
- personal visits to the target market. Plan to spend time and money visiting the foreign markets to establish, strengthen and renew contacts with buyers.

Personal visits at regular intervals are advisable because they:

- help in establishing contacts with prospective buyers;
- provide opportunities to study the point of sale presentation of goods, styling, packaging and promotion;
- are usually highly informative and educative and they also inspire confidence and goodwill in the minds of the buyers.

When on a personal visit, have representative samples of the product and well-prepared brochure should be in the official language of the target market.

## 1.7 Export Sales Agreement

Before concluding an export sales agreement, it is advisable to get references on your prospective customer and follow them up to ascertain the customer's credit worthiness. (*Carry out due diligence*). Enquiries with the customer's bank can be helpful.

Sales agreements should be committed to in writing. Verbal undertakings often give rise to misunderstandings. The following elements must be clearly spelt out in an export sales agreement:

- Product description;
- Quality;
- Quantity;
- Packaging requirements;
- Price including discounts;
- Terms and conditions of transport and insurance;
- Incoterms – agree on the incoterm to use;
- Delivery schedule (shipping dates);
- Methods and terms of payment; whether by letter of credit or cash with order, etc.;
- Performance clause and termination of agreement;
- Dates of expiry and possible renewal of the agreement;
- Jurisdiction of the law – Zimbabwean or customers' law (Zimbabwean preferable).

## 1.8 Checklist in Organising for Exports

Is the enterprise fully committed to exporting and able to handle business promptly?

Export market study (size, trends, geography, economic and political conditions, etc.) – collect all relevant information

Export product selection and if necessary, develop and adapt it to suit the requirements of target customers

Market access requirements verification (import and exchange controls, quotas and other regulatory measures, standards).

Packaging and presentation of the product to attract buyers

Compliance to domestic export procedures and controls

Check freight costs and the availability of transport

Keep within your capacity when accepting orders

Make sure that the terms and conditions of the contract are complied with.

Know your competitors

Check the credit-worthiness of prospective buyers

Arrange for the necessary financial resources

## 1.9 Sources of Market Information

- ZimTrade - ZimTrade's Trade Information Centre, which houses Zimbabwe-EU Business Information Centre (*Zim-EBIC*), provides a comprehensive resource base of trade information on international markets.
- ZIMSTAT
- Chambers of Commerce and Industry (e.g. *CZI*)
- Commercial Banks and the Reserve Bank of Zimbabwe
- Zimbabwe Revenue Authority (*ZIMRA*)
- Importers
- Shipping and Freight forwarding companies
- Trade Promotion organisations world wide
- Trade representatives (*embassies*) of other countries in Zimbabwe
- Zimbabwe's trade representatives abroad (*embassies*)
- Credit bureaus
- Other exporters
- Internet



The above list is by no means exhaustive, thus prospective exporters are advised to explore every possible means of getting authentic information.

## 2 EXPORT PROCEDURES & DOCUMENTATION

### 2.1 Introduction

The objective of this section is to inform the exporter/potential exporter of the range of procedures and the various types of documentation required to successfully facilitate the export of goods from Zimbabwe. New exporters would particularly find it useful.

Proper paper work and documentation are essential for the efficient execution of an export order. Forms should be completed meticulously and procedures followed correctly to avoid misunderstanding and delays that are costly.

### 2.2 Documentation

Upon receipt and acceptance of a *bona fide* export order it is the duty of the seller (*exporter*) to organise his business so that the goods are ready for dispatch to the customer. At the same time the seller should start arranging the necessary documentation to ensure smooth passage of the goods across the borders.

The exporter should prepare a commercial invoice as well as a packing list and apply for exchange control approval (*CD1 Form*) through his/her commercial/merchant bank.

For a new exporter the following additional documents are required by the bank:

#### Corporate bodies:

- Form CR 14;
- Certificate of Incorporation;
- Physical and postal address.

#### Partnership:

- Partnership Agreement;
- Physical and postal address;
- Personal Identification particulars.

#### Individuals:

- Personal identification particulars;
- Residential/Contact address.

Depending on the export products, the following additional documents may be required by the bank:

- CITES permit for wildlife products
- Export licence/permit (*where relevant*)

The following documents are submitted to ZIMRA by the exporter's shipping agent:

- Copy of CD1 Form
- Certificates of Origin (*if any*)
- Commercial Invoice
- Suppliers invoice
- Original Export Permits/licences (*where relevant*)
- CITES permit where required
- Any other shipping documentation

ZIMRA will then issue the Bill of Entry Form 21, which is the authorisation for the export consignment to leave the country.

Forwarding and Shipping agents are registered with ZIMRA's 'ASYCUDA World' system and the submission is done electronically. Where a company has an in-house clearing system, they must register to be connected to the 'ASYCUDA World' System to enable themselves to submit their documents electronically. However, "Agent's Bond Fees" are paid by such a company.

## 2.3 Export Purchase Order (*from the Buyer*)

The order should generally be on the buyer's company letterhead and should specify the following:

- items required
- quantity
- prices
- shipping dates
- mode of payment
- packaging instructions

## 2.4 Commercial Invoice

This is made out by the exporter and should include:

- country of origin
- name of seller
- name of buyer
- description of the goods
- quantity of goods
- terms of payment
- mode of dispatch
- value of goods (*stating whether for example CIP, CPT, FCA (named place)*).

The value should be quoted in acceptable foreign currencies e.g. US Dollar, Euro, South African Rand, etc.

## 2.5 CD1 Form

This form is for Exchange Control purposes and is required for exportation of goods. Exporters submit an 'Application to Export' to their Commercial/Merchant Bank. The information on the application form is used to electronically apply for the CD 1 Form to the Reserve Bank of Zimbabwe.

Whilst all export consignments from companies require exchange control approval, individual export consignments of value worth USD1 000 and below do not require exchange control approval.

**SPECIMEN COPY- CD 1 Form** (*see appendix 1*)

## 2.6 Exchange Control Requirements

The principal requirement of exchange control is that export proceeds must be realised in the prescribed manner and in any one of the acceptable (*freely convertible*) foreign currencies, which include:

- Australian Dollar
- Botswana Pula
- British Sterling
- Canadian Dollar
- Euro
- Japanese Yen
- Norwegian Kroner
- South African Rand
- Swiss Franc
- United States Dollar

## 2.7 Exports Permits/Licences

The Zimbabwe Government has put in place laws which govern the exportation of goods. These laws are administered by the ZIMRA, which has been empowered to ensure compliance with the regulatory controls before exportation of goods.

Certain goods may not be exported without the approval from Government ministries/departments or statutory bodies. For instance, agricultural and horticultural produce require an export permit from the Secretary for Agriculture.

The exporter, therefore, should approach the relevant ministry or statutory body for the export permit/licence before approaching the bank or submitting any documents to ZIMRA.

Depending on the product, an Export permit/licence can be obtained from the following Ministries or organisations:

- Ministry of Agriculture, Mechanisation and Irrigation Development;
- Ministry of Industry and Commerce;
- Ministry of Energy and Power Development;
- Minerals Marketing Corporation of Zimbabwe;
- Ministry of Environment, Water and Climate;
- Forestry Commission of Zimbabwe;
- Parks and Wildlife Authority;
- Reserve Bank of Zimbabwe;
- Agricultural Marketing Authority;
- Environmental Management Agency.

Generally goods of Zimbabwe origin or manufacture do not require an export license. Usually such goods are exported under the Open General Export Licence (*OGEL*). However, there are some goods, which because of short supply or strategic importance, require an export licence. This list varies from time to time, depending on circumstances. The Ministry of Industry and Commerce issues the export licence. The exporter needs to complete an application form, which can be obtained from that Ministry's offices.

The following are examples of products that require an export permit/licence from the Ministry of Industry and Commerce:

- Timber and Timber products
- Vegetable oils, vegetable fats, vegetable acid oil
- Margarine
- Cooking oil
- Cement
- Raw sugar
- Machinery
- Fertiliser
- Pharmaceutical products

### 2.7.1 Requirements for Application for Export Licence by the Ministry of Industry and Commerce

#### 1. An application letter addressed to the Secretary for industry and Commerce stating the following:

- Brief company profile indicating line of business
- Product description
- Tariff code
- Quantities (*e.g. tonnes, litres, metres, kilogrammes, etc.*)
- Purchase price per unit
- Selling price per unit
- Total value of the consignment
- Country of origin/destination
- Justification for importing/exporting

#### 2. Attach copies of the following documents

- Certificate of Incorporation
- CR14 showing company Directors
- Tax clearance certificate
- Copy of Standard Development Fund levy receipt
- Proforma Invoice (*for imports*)

Applications should be separate for different products.

The export licences/permits should accompany all documents for submission to the ZIMRA.

### 2.7.2 Export of Wildlife and Wildlife Products

The Parks and Wildlife Management Authority requires export permits/licences for the following:

- wildlife made trophies
- specially protected plants (*live*)
- wildlife fertile eggs
- wildlife animals

Applicant to fill an export/re-export application form (*CITES form 3*). Refer to Statutory Instrument (S.I) 76 of 1998 for detailed requirements.

**Parks & Wildlife Management Authority**  
 Corner Sandringham & Borrowdale Roads  
 Botanical Gardens  
 P O Box CY140, Causeway, Harare  
 Telephone: 263 4 707624-8  
 Email: commercial@zimparcs.co.zw

### 2.7.3 Export of Agricultural Products

The following are examples of products that require export permits:

- Animal fats
- Beef, veal, Pork, dressed poultry (*health certificate also required*)
- Cotton
- Cut flowers (*phytosanitary certificate also required*)
- Dairy products
- Fresh vegetables and fruits (*phytosanitary certificate also required*)
- Maize and maize products
- Oil seeds
- Pedigree livestock (*health certificate also required*)
- Seed (*phytosanitary certificate also required*)
- Small grains

Export permits are obtainable from Import/Export Permit Office, Ministry of Agriculture, Mechanisation and Irrigation Development in Harare.

Phytosanitary certificates are obtainable from the Plant Protection Unit, which falls under the Ministry of Agriculture, Mechanisation and Irrigation Development, located in Mazowe.

Health Certificates are obtainable from the Ministry of Health and Child Care.

Export permits for domestic animals are obtainable from the Department of Veterinary Services in Harare.

NB: An Export permit issued by the Ministry of Agriculture, Mechanisation and Irrigation Development must accompany all documents for submission to the ZIMRA.

### 2.7.4 Export of Minerals

The Ministry of Mines and Mining Development issues permits, through the Minerals Marketing Corporation of Zimbabwe (MMCZ), for all mineral products with the exception of gold, silver and platinum, which are handled by the Reserve Bank of Zimbabwe.

## 2.8 Bill of Entry- (Form 21)

This is the customs document, which gives all the particulars about an export shipment.

Exporters are required to register with ZIMRA so that they are allocated their Business Partner Number (*B.P.N.*), which must be quoted on Form 21. Registration is by completing a form and submitting it to ZIMRA for processing.

### 2.8.1 Requirements for Completing a Bill of Entry (Form 21)

- Commercial Invoice
- Consignment Notes
- Export Permits
- CD1 Forms - Individuals are allowed to export goods worth USD5 000 without the CD1 Form
- Certificates of Origin
- Packing List

Individual exporters are not required to complete a 'Bill of Entry' if the value of the consignment is US\$1 000 or less.

**SPECIMEN COPY-Form 21 (see Appendix 2)**

The Bill of Entry (Form 21) together with other relevant documents, as mentioned above, are submitted to ZIMRA, Export Division. After submitting the 'Bill of Entry' ZIMRA will;

- process the submitted documents
- issue a 'Release Order'
- authorise export in the form of a signature and double stamp on the original copy of the 'Consignment Note'.

ZIMRA may conduct a physical examination of the goods. The main reasons why ZIMRA conducts searches are to: -

- effect import, export and exchange controls;
- counteract smuggling;
- confirm quantities and descriptions of goods;
- protect the public.

## 2.9 Certificate of Origin

A certificate of origin is required when demanded by the country of destination or when the export is being conducted under a Scheme of Preferential Tariffs.

For Preferential Tariffs, the following are the Certificate of Origin that are required:

- EUR1 Movement Certificate - for goods being exported to the European Union countries;
- GSP (*Generalised System of Preferences*) Certificate Form A - for export to countries that offer tariff preferences;
- Certificate of origin for export to countries which have ratified the COMESA Free Trade Area;
- Certificate of origin for export to countries which have ratified the SADC Trade Protocol;
- Form 18 for export to Malawi;
- Form CE59 for export to Botswana;
- Form CE59 for export to Namibia;
- Zimbabwe/Mozambique Certificate of Origin for export to Mozambique;
- Form DA 59 for export to South Africa.

COMESA also offers the Simplified Trade Regime (*STR*) to help the small trader to benefit from the preferential rates enjoyed by the commercial trader when importing or exporting goods within COMESA member states. The regime is operational between Zimbabwe and Zambia, and Zimbabwe and Malawi. Goods traded under the regime enjoy duty free status. This certificate is issued at the border by the customs officer and is for consignments of US\$1 000 or less.

The Certificate of Origin, bearing the ZIMRA authority stamp, should be forwarded to the customer/importer to enable clearance of the goods at preferential rates.

Certificates of Origin, other than those for preferential tariffs, are issued by the Zimbabwe National Chamber of Commerce.

## 2.10 Transportation and Shipment of Export Cargo

Export consignments shall only be accepted by a carrier for exportation after such exportation has been authorised by ZIMRA.

The following are the consignment documents:

- Shippers Instructions for Dispatch of Goods for exports by air (Airway Bill);
- Rail Consignment Notes for exports by rail;
- Road Consignment Notes for exports by road.

Once authority to load has been granted by ZIMRA, the goods should be shipped from Zimbabwe within 10 days. The goods loaded for export should not be delivered in Zimbabwe unless such delivery has been authorized by a ZIMRA official.

The delivery terms for road (*i.e. Free Carrier FCA, CPT, CIP*), indicate the extent of the importers' or exporters' responsibility in arranging for the transportation and shipment of the cargo. The steps involved in arranging transportation and shipment require expertise and practical experience and it is normally advisable to use clearing or forwarding agents.

## 2.11 Steps in Shipment

- I. Book shipping space in advance if required by the Incoterm (*normally by contracting shipping agent/company*). In case of export of goods by air, rail and road; advance arrangements should also be made with relevant authorities;
- II. Pack goods in suitable containers enclosing the packing list in the case. The packing list describes the contents of the case together with quantity, brand, weight and all relevant details. It enables the customer to check that all the items dispatched have been received;

- III. Label clearly on, at least two sides of the package (*case*) for easy identification, storage, delivery and shipping marks;
- IV. Issue precise shipping instructions (*as per the contract*) to the clearing/forwarding agent. The shipping instructions contain information that is used to prepare bills of lading and on how the cargo is to be handled through the ports and shipped;
- V. Prepare documentation for customs clearance (*as per above given procedures*);
- VI. Get customs clearance and arrange collection of cargo for dispatch to customer or port of shipment;
- VII. After shipment obtain the Bill/Road consignment note/Rail consignment note of lading/airway Bill from carrier and send it together with other relevant documents (*e.g. Certificates of Origin, packing lists, etc.*) to customer or present to the bank if LC is being used to facilitate smooth clearance of goods at the point of destination.

*NB: The transport document is issued after the dispatch of the goods and it must bear the date of shipment.*

## 2.12 Acquittal of CD1 Forms

It is the responsibility of the exporter to inform the dealer (*bank*) who processed the CD1 Form of the receipt of export proceeds. The bank, on being furnished with satisfactory proof, will then acquit the CD1 Forms. Failure to acquit CD1 Forms may result in an embargo being placed on further exports.

# 3 EXPORT PRICING & TERMS OF PAYMENT

## 3.1 Export Pricing

### 3.1.1 Introduction

Pricing is one of the most important decisions, which is faced by the exporter. Unlike pricing for the domestic market, pricing for the export market involves consideration of a variety of costs and factors.

Prices in the international marketplace are affected by a number of factors, some of which the exporter has little control (*e.g. exchange rates, inflation, tariffs, and other taxes*). Consequently, the exporter has to be acutely aware of how changes in these variables restrict his ability to implement a pricing strategy, how they affect his competitive position, and how they impact consumer demand.

The exporter must endeavour to get the price of the product right. It must neither be too high nor too low. It should enable the importer to make a reasonable profit, as well as giving the product access into the market with good chances of being bought.

Foreign markets are highly competitive and prices for each product should be worked out in relation to conditions prevailing in each market.

### 3.1.2 Factors Influencing Export Pricing Decisions

- Cost (*of manufacturing or obtaining the product*);
- Target market situation (*demand, supply, competition, prevailing prices, brand image*);
- Characteristics of the product;
- Government control over prices (*in target market*);
- Size/volume of the order;
- The need for entry into a new market;
- Export incentives provided in Zimbabwe;
- Global competition;
- Final landed cost (*consider import duties, demurrages, taxes, delays*);
- Cost of transportation to target market.

Exporters from Zimbabwe have little scope in influencing most of the above factors and as such are normally price-takers not price setters. Their pricing strategy normally depends on their ability to manipulate costs. The true cost of the goods should be the yardstick against which pricing decisions are made on an informed basis.



### 3.1.3 Export Costing Sheet/Template

In 'export pricing' it is necessary to calculate all costs minutely in order to ensure that no element of cost is lost sight of, at the same time allowing for a profit. One of the most useful ways to analyse costs is to use an export-costing sheet/template. A model export-costing sheet/template is outlined below, followed by a step-by-step analysis of the elements involved. It is important to point out that costs used in the costing sheet/template must be correct. The exporter should obtain these from well-informed sources such as freight and shipping companies who can give up-to-date transport charges.

Exporters who find it difficult to understand or use the costing sheet/template are advised to approach ZimTrade for practical assistance.

#### EXPORT COSTING SHEET/TEMPLATE FOR PRODUCT XYZ

	US\$
Cost of direct materials	10
Cost of direct labour	12
Cost of manufacturing overheads	8
<b>Total manufacturing cost</b>	<b>30</b>
Cost of packaging, packing labelling and marking	5
Ex-works (EXW) cost	35
Profit	5
Ex-works (EXW) price	40
Cost of transportation to Point of Export	2
Agent's commission, handling charges, documentation cost , customs procedure	4
FCA Point of Export	46
Transport to Agreed Overseas Destination	10
CPT Agreed Overseas Destination	56
Insurance in transit	2
CIP Agreed Overseas Destination	58
Import duties and taxes	7
Handling charges at destination	2
Inland transport to final destination	5
<b>Total delivered cost to importer</b>	<b>72</b>
<b>Mark up (profit of importer)</b>	<b>20</b>
<b>Retail price</b>	<b>92</b>

*NB: The contracting parties may elect to use alternative Incoterms to those shown in this example.*

Exporters are advised to refer to the International Chamber of Commerce (ICC) publication Incoterms 2010.

#### Explanation of Terms Used

- Direct material: Raw material used in producing the product.
- Direct labour: Wages of the employees who actually do the job of converting raw materials into the final product.
- Overheads: Covers the appropriate allocation of items like wages for supervisors, rents, electricity, maintenance, depreciation costs, telephones, etc.
- Total manufacturing cost: Total direct cost incurred in producing the product.
- Packaging, Labelling, marking: The cost of packaging and labelling to ensure safe transport of the goods to point of destination. Note should be made of special packaging required for certain products in certain markets.
- Ex-works cost: The total costs to get the product ready for sale.
- Profit: This is usually a percentage of the factory cost. The level of the percentage depends on various factors and, therefore, varies.
- Factory price: The price one would charge if goods are collected by the buyer from the factory.
- Transport to port/airport: this is mainly the inland transport cost normally by road or rail to the point of dispatch.

- Agent's commission, port handling charges, etc.: the charges by forwarding agents and warehousing pending shipment. Normally there is a minimum port handling charge.
- FCA (*Free-Carrier*) cost: The price quoted includes all charges up to the point where the cargo is handed over to the first carrier, including export customs formalities. Responsibility for insurance and freight rests with the buyer.
- Transport to overseas destination: Freight is charged on the weight or volume of the goods. It is therefore important to determine the correct weight and measurements of the package.
- This item is the transport charge from the port of departure to the port of destination.
- CPT (*Carriage Paid To*) cost: Here the exporter quotes the price that includes the cost of goods and their transportation to a named point of destination but excludes the cost of insurance. Insurance is the responsibility of the buyer in this case.
- Insurance: This is the insurance against the risk of loss or damage to the goods whilst they are in transit.
- CIP (Cost and Insurance Paid To) cost: Under this term, the exporter quotes a price which includes the cost of the goods, the insurance and all freight charges up to the named point of destination. The exporter must arrange and pay for insurance and freight and include the cost of these in the invoice to the buyer.
- DDP (Delivered Duty Paid): The exporter's cost includes import clearance and duties if the terms are 'delivered duty paid'. It is necessary for the exporter to know this charge as it is a component of the final price. *NB: Exporters should be aware that in using this term they accept all the risks until the goods arrive at the agreed overseas destination. As such careful consideration is advised before contracting on this term.*
- Destination handling charges, inland transport cost: Like the import duties it is necessary for the exporter to know these costs, which are part of the final landed cost to the buyer. Knowledge of the price helps to ascertain whether the final users of the product will buy it or not. For the same reason it is also necessary to know the importer's mark-up which is normally a percentage of the total cost of getting the goods to the importers premises.

Exporters need to familiarise themselves with 'Incoterms 2010'.

### 3.1.4 Negotiating Prices

When negotiating prices an important influencing factor is the price quoted by competitors for products of similar quality. It is, therefore, advisable that the exporter negotiates on a well-informed basis. The exporter should arrange to collect price information from target markets on a continuing basis. Price information may be collected through:

- Agents
- Chambers of Commerce and Industry;
- Zimbabwe's Trade Representatives abroad;
- Trade publications and magazines;
- ZimTrade's Trade Information Centre;
- Internet.

In studying the market situation the following must be carefully noted:

- Level of retail and wholesale prices, including profit margins;
- Discounts in relation to size of order;
- The tariff structures;
- Legislation governing price control;
- Any price agreements;
- Pricing policies and structures of main competitors;
- Buyers with significant influence on prices;
- Exchange rate levels and trends;
- Internal taxes (*e.g. value added tax, sales tax*);
- Sensitivity of demand to price.
- Quotations are best supplied in the form of a pro-forma invoice to enable the buyer to organise his documents such as applying for an import license or arranging payment.
- Always have an up-to-date FOB/FOR price lists.
- It is important for the exporter to keep in touch with the foreign market. The primary aim is to offer products at a price level which does not exceed that of competitors. When penetrating a new market, prices should be lower than that of competitors so as to capture market share, however, if the exporter is offering a unique product with obvious customer benefits, the product can be priced at above competitors' prices. (*At present very few products from Zimbabwe fall in this category*).

### 3.1.5 Hints on quoting prices.

- Be sure of the terms of sale (*FCA, CPT, etc.*);
- Re-check your calculations (*costing sheet*), make sure all elements of cost have been included;
- Be sure to take various export incentives into account in order to increase your competitiveness;
- Keep the profit margin at a minimum level, particularly when entering a market for the first time;
- Specify the duration for which the quotation is valid;
- Quote only for those orders which will be economically viable to execute;

Many export transactions, particularly initial export transactions, begin with the receipt of an inquiry from abroad that is followed by a request for a quotation. A quotation describes the product, states a price for it, sets the time of shipment, and specifies the terms of the sale and terms of the payment. Since the foreign buyer may not be familiar with the product, the description of it in an overseas quotation usually must be more detailed than in a domestic quotation. The description should include the following points:

- seller's and buyer's names and addresses;
- buyer's reference number and date of inquiry;
- listing of requested products and brief description;
- price of each item (*it is advisable to indicate whether items are new or used and to quote in U.S. dollars to reduce foreign-exchange risk*);
- appropriate gross and net shipping weight (*in metric units, where appropriate*);
- appropriate total cubic volume and dimensions packed for export (*in metric units, where appropriate*);
- trade discount (*if applicable*);
- delivery point;
- terms of sale;
- terms of payment;
- insurance and shipping costs;
- validity period for quotation;
- total charges to be paid by customer;
- currency of sale.

### 3.1.6 A Note on Value Added Tax and Excise Duty

When costing for the export market, Zimbabwe value added tax and excise duty should not be included. Export sales are exempt from value added tax and excise duty.

Duty paid on imported raw materials and intermediate items used to manufacture export goods can be claimed back from the Zimbabwe Revenue Authority using the 'Duty Draw Back' facility.

## 3.2 Terms of Payment

### 3.2.1 Introduction

It is important that an exporter receives payment for his goods from the importer. There are a number of ways for receiving payment as outlined below. However, when negotiating with the importer, exchange control regulations of the country of origin as well as of destination must be strictly observed.

Many countries have various forms of import and exchange controls. Before exporting goods the seller must ascertain that the importer has the necessary permits to import and that he/she will be able to pay. Exporters are advised to consult with their banks on the best method of handling each transaction.

Factors influencing the method of payment

- Type of transaction
- Nature of merchandise
- Amount involved
- Credit standing of the importer
- Political or economic conditions in the importing country
- Exporter's financial position
- Acceptable trade practices

In selecting which method to use, the exporter must also take into account the wishes of the buyer. During these days of intense competition, it might not be advisable to insist on very strict terms. Negotiate terms with the buyer without compromising on security of payment, product quality and delivery.

### 3.2.2 Cash with order or advance payment

- Payment for the goods is made at the time of placing the order or some time before the goods have been shipped.
- Normally used if selling to an unknown buyer or to a country with foreign exchange problems.
- Also used if goods are being manufactured to importer's specification and, therefore, cannot be resold to anyone else.

Sometimes this method is used when the exporter needs part payment to finance the manufacture/production of goods for the buyer (*e.g. for inputs which need to be purchased prior to the manufacture of the product*).

### 3.2.3 Documentary Sight Bills (Documents against payment)

*Procedure:* After shipping the goods the exporter presents the bill of exchange and shipping documents to his bank in Zimbabwe which in turn mails them to a correspondent bank overseas. The correspondent bank notifies the importer who, on paying against the bill of exchange, takes possession of the shipping documents. The buyer uses the documents to customs clear and take delivery of the goods. The correspondent bank transfers the payments to the Exporters' account.

*Disadvantage:* The buyer may refuse to take up the document or delay in taking up the documents. If payment is delayed or not forthcoming the exporter incurs further costs e.g. storage /insurance of the goods or probably the exporter is forced to find other buyers.

### 3.2.4 Documentary Usance Bills (Documents against acceptance)

The importer gets possession of the goods before paying the bill of exchange. In other words the exporter grants credit to the importer as payment is made at a future date. Exporter relies on the credit worthiness or business integrity of importer. By signing/accepting the Bill of Exchange the importer/buyer legally agrees to make payment on the maturity date.

*Procedure:* Upon shipment the exporter draws a 'usance bill of exchange' on the importer and presents it to his bank. The bank sends the bill of exchange, together with the shipping documents, to the correspondent bank. The correspondent bank obtains acceptance of the bill by the importer and then delivers the shipping documents to importer (*thus giving possession of goods*). On the maturity date of the bill of exchange, the importer pays the correspondent bank which then pays the exporter's bank.

### 3.2.5 Consignment Sale

The exporter sends the goods on a consignment basis to an agent or broker or auction house for sale. The re-seller only pays the seller as and when the goods are sold after deduction of commission. The seller remains the owner (*title holder*) of the goods until they are paid for in full. After an agreed period, the seller might take back the unsold goods.

Shipping documents are forwarded to overseas banks and delivered only against a trust receipt or undertaking by the consignee to pay by a specific date.

- Needs prior approval of the bank.
- Uncertainties regarding the price (*especially for goods to be auctioned*) and date of payment.
- Utmost care must be taken when selecting an agent or broker.
- Goods must be those that are readily marketable.

### 3.2.6 Sales on Open Account

This is the credit relationship in which the buyer pays on the agreed date. It is used in cases where there is an inter-company relationship or a long-standing relationship between buyer and seller and where there are no exchange control restrictions to complicate payment. It should be only be used if the commercial risk and country risk are considered to be low.

This method requires prior approval of the Reserve Bank of Zimbabwe.

*Procedure:* Similar to sales in domestic market; exporter sends goods to buyer abroad, prepares and sends the invoice and awaits payment (*normally made in agreed period of credit*).

*NB: Considerably risky; buyer can delay or withhold payment*

### 3.2.7 Documentary letter of credit (L/C)

The Letter of Credit is a guarantee of payment by the opening/issuing bank (usually in the buyers' country) to pay an amount of money (the contract amount) to the exporter against a presentation of documents which strictly comply to the terms and conditions of the Letter of Credit.

The L/C is the most acceptable instrument in arranging payment for exports and imports. It guarantees the exporter that payment will be received if terms and conditions as stipulated are strictly complied with. The LC also protects the buyer who is assured that they will receive all the documents required for legal importation and also documents to prove that the exporter has complied with the Sales Contract.

All LCs are issued under International Chamber of Commerce (ICC) publication No 600 (Uniform Customs and Practice for Documentary Credits). Under these rules all LCs are issued on an irrevocable basis which means they cannot be altered, amended or cancelled unless all parties agree.

To safeguard your company against political and other non-payment risks it is advisable to have the L/C confirmed by a bank in Zimbabwe or a reputable overseas bank.

An irrevocable and confirmed Letter of Credit is the most attractive form of payment. The bank opening the L/C must be reputable and the exporter should guard against being cheated by fraudulent buyers who open L/Cs through bogus banks.

The exporter is advised to observe strictly the terms and conditions of the letter of credit. If any changes are necessary communicate directly with the importer requesting amendments. The goods should not be dispatched until any amendments requested have been received by the Exporter.

*NB: All exporters who wish to use LCs are strongly advised to access prior training.*

# 4 EXPORT FINANCING & CREDIT INSURANCE

## 4.1 Introduction

One of the most important requirements of successful exporting is the availability of necessary funds. These funds are mostly needed by the exporter as working capital to allow the procurement of production inputs before receipt of export proceeds.

This section introduces the basic aspects of export financing and credit insurance available in Zimbabwe. Being a complex subject, a lot of detail has been deliberately omitted. The relevant financial institutions should be contacted where more details required.

## 4.2. Export Finance

Exporters can finance themselves from their own resources, but this is not always possible especially for relatively new and small exporters.

Alternatively, the funds may come from the importer if he/she pays for the goods at the time of placing the order, or before shipment. However, the amount of business done on this basis is negligible, most transactions are done through letters of credit or open account. Payments may be made on sight of the export documents, or after an agreed period following the sighting of the documents.

It may, therefore, become necessary for the exporter to obtain credit from a bank or some other financial institution. Export financing needed by exporters may be classified as pre-shipment credit and post-shipment credit.

### 4.2.1 Pre-shipment Credit

The exporter needs these funds as working capital to:

- procure raw material for the export goods;
- process or manufacture the export goods;
- pack the goods for export;
- transport the export goods to seaport or airport or railway siding of departure or destination (depending on the terms of delivery);
- pay for other export-related services like insurance, documentation, port handling, warehousing, etc.

### 4.2.2 Post-shipment Credit

These are the funds required as bridging finance for the exporters between the shipment of the goods and receipt of payment from the importer. The funds enable the exporter to continue in business during this period.

### 4.2.3 Sources

Export finance in Zimbabwe is obtainable through merchant and commercial banks. Exporters in need of such finance are advised to contact their bank managers.

Examples of factors taken into account by banks when considering proposals for export credit facilities include:

- capability of the exporter to execute the orders within the stipulated delivery schedules;
- type of goods to be exported;
- method of payment agreed upon with the importer;
- period for which finance is required;
- financial viability of the export contract;
- whether the amount asked for commensurate with the company's export turnover;
- whether appropriate arrangements have been made to import the necessary raw materials or components;
- the spread of risk;
- the economic and political status of the importer's country;
- availability of security;
- whether appropriate export credit insurance cover is available;
- other lending criteria as stipulated by individual banks.

#### 4.2.4 Types

There are four facilities, which can be used to finance exports. They are:

- Acceptance credit facilities;
- Off-shore loan facilities available through merchant and commercial banks;
- Overdraft facilities;
- Reserve Bank of Zimbabwe Export Finance Scheme.

#### 4.2.5 Acceptance Credit Facilities

Acceptance credit facilities are used to finance stocks or imports of raw materials. Under this arrangement the exporter draws a bill on the lending bank, which in turn discounts the bill on the local money market.

The discount (interest) is determined by prevailing conditions on the money market. The lending bank will then advance the net proceeds (i.e. face value of the bill less the discount and commission) to the exporter.

Bills may be drawn for periods of up to 90 days and the bills may be revolved after maturity, depending on circumstances.

#### 4.2.6 Offshore lending Facilities arranged by Commercial and Merchant Banks

The Reserve Bank of Zimbabwe has allowed commercial and merchant banks to arrange offshore loan facilities for the exporting sector. The funds are made available for a short-term period of 180 days. The low interest rates on these funds help exporters to remain competitive in the international markets.

#### 4.2.7 Overdraft Facilities

Overdraft facilities are granted by commercial banks. Drawing under the facility takes the form of overdrawing the current account up to the amount that has been agreed upon with the bank. Interest is charged on the outstanding balance of the overdraft. The borrower has the flexibility of repaying or reducing the loan amount as and when he/she is in a position to do so.

#### 4.2.8 Reserve Bank of Zimbabwe Export Finance Scheme

The Reserve Bank of Zimbabwe has put in place a Pre and Post-Shipment Export Financing Facility (*PPEFF*). Through the facility, Authorised Dealers (*banks*) shall extend credit to eligible exporters. The facility shall be used for financing working capital requirements under the following export activities:

- purchase of raw materials (*both imports and domestic*);
- purchase of finished goods for export;
- purchase of semi-finished goods for re-export;
- freight and insurance costs; and
- other production and export related expenses.

#### Criteria

In order to be eligible for consideration by the bank, the exporter should meet the following criteria in addition to the bank's own credit assessment criteria:

- the borrower should have confirmed orders or letters of credit as evidence of having a confirmed buyer for the export;
- the exporter should not have overdue export receipts and is in the green status as confirmed through Computerised Export Payments Exchange Control System (*CEPECS*) flagging framework;
- the exporter has not accessed the facility through another bank. The exporter shall furnish the bank with written declaration in the Form provided by Exchange Control.



## Terms and Conditions

Tenor: 180 days

Pricing and Costs: All-inclusive charges of 8% (*refinancing interest rate of 7.5% per annum; banks to charge the exporter an additional administration fee of 0.5%*)

## 4.3 Export Credit Insurance

In order to be competitive in international markets, exporters have to offer, among other things, favourable terms of payment to the importers, such as credit terms. Extending credit terms has risks, and this is why exporters are advised to protect themselves by taking out export credit insurance.

### 4.3.1 Risks involved in extending credit terms to foreign customers

#### Commercial Risks

- Insolvency or bankruptcy of customers;
- Protracted default i.e. failure of the customer to pay an undisputed debt within four/six months of the due date;
- Repudiation i.e. failure or refusal by the customer to accept delivery of the goods.

#### Political/Country Risks

Some of the events which can give rise to political risk include:

- Blockage or delay in the transfer of payment to Zimbabwe owing to sudden change in exchange control regulations or cancellation of import licences;
- War or civil strife in importer's country;
- Default of the foreign government, (*i.e. customer's government*).
- Trade embargoes/trade restrictions;
- Natural disasters;
- Failure of Commercial/Central bank .

In order to protect exporters against the above and similar losses, the Government of Zimbabwe introduced the export credit insurance scheme.

### 4.3.2 Benefits of Credit Insurance to Exporters

- Protection against non-payment;
- Ability to take on more business and break into new markets by offering favorable credit terms to potential buyers;
- Enhanced chances of obtaining better credit facilities from bankers by ceding the insurance policy as collateral security;
- The credit insurance companies also (i) assist in following up slow payers; (ii) help with the collection of overdue accounts; (iii) continually monitor buyers' credit worthiness and payment habits.

### 4.3.3 Types of Cover Offered

**Pre-Shipment Cover:** provides protection to exporters who manufacture or procure goods to customer specifications and where substantial loss could result if shipment of the goods is prevented because of the risks already mentioned. It provides protection from the time the order is received by the exporter until the time it is shipped from Zimbabwe.

**Post-Shipment Cover:** protects the exporter against overseas credit risks from the time the shipment is made until receipt of payment from the importer.

**Transit Risks/Consignment Stock Cover:** covers losses arising from war, revolution, and confiscation of goods while in transit or goods held in stock in a foreign country.

**Cover for Banks:** protects lending banks against insolvency or protracted default on the part of an exporter who they have financed.

**Medium and Long Term Insurance:** covers the export of capital goods or services on credit terms of more than two years against both political and commercial risks.

### 4.3.4 How to Insure

It is advisable for exporters and would-be exporters to have a valid export credit insurance policy all the time. This is necessary to avoid costly delays which might arise if application is made when one is already negotiating exporting business.

In order to obtain a policy the exporter is required to complete a proposal form which is available from credit insurance companies in Zimbabwe.

The proposal form requires information, which will be used by the export credit insurance companies to analyse and issue a quotation for the customer's consideration. The quotation will also advise the terms and conditions under which the policy will be issued.

Some of the factors that are taken into consideration are:

- Economic and political conditions in the countries of destination;
- Anticipated export turnover;
- Whether cover is required for all markets or selected markets;
- Terms of payments;
- Credit worthiness of buyers;
- Whether buyers are private companies, associate companies or government bodies;
- Previous loss experience of exporter.

The insurance companies require that clients inform them of their potential customers whenever they are negotiating for specific export orders or contracts. This enables them to conduct investigations on the credit worthiness of the potential customers so as not to delay the transaction.

Whilst it is advisable to take export credit insurance well before the conclusion of export negotiations or shipment of goods, credit insurance companies in Zimbabwe are very flexible in their approach of giving assistance to exporters on matters linked to credit insurance. Each case is treated on its own merit.

#### 4.3.5 Credit Insurance Companies in Zimbabwe

**Credit Insurance Zimbabwe Limited**  
Credsure House  
69 Sam Nujoma Street  
Harare  
Tel: (04) 738944, 706101  
Fax: (04) 706105  
Email: headoffice@credsure.co.zw

**Export Credit Guarantee Corporation**  
6 Earls Road, Alexandra Park  
Harare  
Tel: (04) 744644; 745565; 745452; 745869  
Fax: (04) 744 644  
E-mail: info@ecgc.co.zw

# 5 PACKAGING OF EXPORT GOODS

## 5.1 Introduction

The main concern of this section is to examine the functional and marketing aspects of packaging in terms of the basic criteria a package is expected to fulfill if it is to meet the needs of the exporter.

Packaging can be referred to as the containers or wrappings of goods.

The term packaging refers to "shipment packing". It is obvious that no consumer package can be exported without some sort of outer packing. Further, the exporter is responsible to the importer for the safe arrival of the goods. The importer expects that the goods will arrive complete and in good condition. Moreover, with insufficient packing, the risk of damage to goods is greater. In view of this, the importance of export packing cannot be overemphasized.

One important function of shipment packing is to provide protection against hazards of transportation and handling. However, in an attempt to make packing strong enough to withstand the hazards of transportation, one should bear in mind that one does not add unnecessarily to the forwarding expenses, which are directly proportional to the weight or volume of the export cases.

It should be emphasized that the main purpose of packaging is to provide goods with the attributes necessary to survive a number of different hazards which can be expected during storage, transport and distribution, and to make the product more appealing to the consumer. Therefore, foresight and understanding is required with respect to the distribution channels.

## 5.2 Protection and Preservation

A well-designed package must be well protected and preserved so that the goods reach the customer intact and in factory fresh condition. The pack and its contents must be protected against physical damage, humidity, odor pick-up,

contamination and any other hazards between the point of shipment and delivery. It is essential to preserve the purity and freshness of the product and to prolong its shelf life.

Goods must be protected against breakage, as in the case of biscuits or precision instruments, or against the leakage of liquids or semi-liquids such as oil or paints and margarine. Some of the foam packaging materials offer remarkable protection against vibration and shock.

Packaging must have provision for protection; for example: against entry of bacteria in edible products, or water vapours in medicinal preparations, or oxygen in baby food and dried milk, or insects and rodents in prepared cereals, etc.

The need for protection and preservation brings out the importance of selecting the right type of packaging materials capable of withstanding the hazards the product is prone to. The most reliable wrapping materials are papers, cellophane, aluminum foils and plastic films. Needless to say, the package should not contaminate the product or itself be adversely affected by the product. This is known as 'product- package compatibility'. This is especially true of products with delicate flavors, which have to survive long shelf life, e.g. coffee and canned fish.

There are International regulations for packaging and supporting documentation of cargoes which are deemed to be hazardous for the mode of transport involved. Adherence to the relevant regulations is crucial for safety and environmental reasons. The relevant regulations are:

- Sea Freight – IMDG Rules
- Air Freight – IATA/ICAO Rules
- Road Freight – ADR Rules
- Rail Freight – CIM Rules

### 5.3 Handling and Storage Convenience

Modern marketing methods require that a package should be convenient to store, stock and use. However, standards of convenience vary around the world. For instance, in most African and Asian countries there is a preference for large containers with some domestic after-use whereas they are considered nuisance in many developed countries. These differing standards and varying tastes around the world make it essential to study in great depth the characteristics of each market before deciding on a particular package.

### 5.4 Goods Handling and Transportation Hazards

- Properly cushion the goods to reduce damage caused by rough handling and transportation.
- Avoid direct contact between the pack and the contents.
- The gaps between the pack and the contents should be filled with cushioning materials to absorb the shock thereby preventing the transfer of the impact to the product.
- Cushioning materials (*e.g. corrugated paperboard, foam plastics and rubberized pads*) can be used.

### 5.5 Package Design

Wooden cases: extra strength can be guaranteed by using two crossed layers of planks. Where one side of the case is longer than the other, it can be strengthened by using batons, which are "bands" of timber, at two places to give extra support to the longer side. Apart from their protective role, batons make it possible to lift the case more easily.

Open Crates: can be used to hold fragile goods such as chemicals in big glass jars. The purpose of using open crates is to enable all those who handle them to see the contents and handle them with care.

#### Warehouse Hazards

Though cases can be stacked up to eight feet in the hold of ships, they may be stacked up to twenty feet in the warehouse in some western countries. As a result, the cases at the bottom have to withstand the weight of those above them. This, therefore, is a very important consideration when choosing the packing material and in designing the packing case.

#### Environmental Hazards

An increase in temperature in the ship's hold can decrease the shelf life of the packaged products while high humidity can increase corrosion of metal parts, rust and growth of fungus.

To reduce damage caused by these factors, the goods should be suitably separated from each other by making partitions or nests, anti-rust coating and use of silicon jelly.

Poorly packaged goods are also prone to damage by rain-water, salt-water and dampness. This is particularly common where there are no proper storage facilities.

It should be emphasised that while fulfilling the aforesaid basic requirements with regard to packaging and packing, the exporter should also keep in mind the legal requirements on packaging in the importing country.

## 5.6 Marking and Labelling

Marking and labelling of export packages is designed to facilitate quick identification of the packages in a particular consignment. Inadequate or overcrowded marking makes identification difficult and can cause unnecessary delays at the port and an avoidable expense to the foreign buyer. Strictly speaking, markings refer to the marks and numbers stenciled on export cases for purposes of easy identification, storage, counting, handling, examination and delivery. As a general rule, all external packing should be marked and numbered with symbols agreed by the exporter and the importer. The markings usually consist of figures and letters.

The general practice is that importers give instructions regarding "markings". As a rule, the following information can be given:

- the name of the country of origin should appear above the symbol, which may be any figure;
- the name of the port of destination appears at the bottom of the symbol;
- below the name of the port of destination is the number of each individual package.

NB: The packages in a consignment are numbered consecutively. Thus, for a consignment of 150 packages, the numbering can be 1/150, 2/150, 3/150 and so on until 150/150.

Marking regulations in many countries require that shipping cases or other containers be marked with weights. This means that on the package the gross weight and net weight or cubic measurements should be indicated.

Marking on packages should be made in clear and bold letters. Stenciling is one of the best methods of marking. Marking should at least be on two sides to enable identification in whatever position.

Lettering should be 7.5cm high for essential information and at least 3.5 cm high for subsidiary information. When using stencils, ensure that the following letters and figures are clearly legible:

B-R-P; O-G-C-D; H-N; 6-9-0; 1-7 and 3-8.

It is also important to ensure that the marks and numbers on packages conform in every respect to those written on the bills of lading, invoices and other documents.

### Labelling of Packages

Generally, labelling regulations apply to retail packages. These are intended to provide the consumer with essential information regarding the contents of the package and to assure him that both the package and its contents conform to legislation in force on the market. Labelling also serves to promote the product.

Labels are divided into three groups according to their manufacture: glue-applied labels, self-adhesive labels and heat sealable labels:

#### **Glue-applied Labels**

These are made of paper, metallized paper and aluminum foil laminates. They are typically used for glass bottles and jars and for metal cans.

#### **Self-adhesive Labels**

Self-adhesive labels are mainly used for plastic bottles, as price marking labels and in situations when information has to be added at short notice (*e.g. special offer" labels*).

#### **Heat Sealable Labels**

These labels are used for some special application in the food, pharmaceutical and textile industries, where high speed labelling is required. Heat sealable labels are generally more expensive than glue applied or the self-adhesive labels.

They are very sensitive to humidity, both before and after the labelling operation. Many developed countries have formulated various regulations regarding labelling of consumer packages. Though these regulations differ from country to country, they usually require that at least six essential items of information be indicated on a label.

These are:

- Name and address of the manufacturer or importer;
- Clear description of the product's composition;
- Net weight or volumetric measure;
- Required storage condition, once the package has been opened; • Instructions for opening of package, preparations or use, if needed;
- How long the product will remain usable.

## 5.7 Handling Instructions

It is always necessary to incorporate in the markings specific handling instructions such as "handle with care" or "this way up".

Pictorial markings for handling of goods:



The language used in the markings may be an international language but may not necessarily be understood by the persons handling the goods at the docks. In such cases, pictorial markings offer the only possibility of communication. There are internationally accepted symbols which show how packages should be handled or treated.

# 6 PREFERENTIAL TRADE AGREEMENTS

## 6.1. Introduction

Zimbabwean enterprises are encouraged to make full use of preferential trade agreements/arrangements when exporting various finished products or importing raw/intermediate inputs and capital goods.

The purpose of a Trade Agreement is to stimulate and encourage trade between the countries or group of countries who sign the agreement, by giving one another preferential treatment in the reduction or elimination of customs duties.

The non-payment and/or reduction of duty has the effect of lowering prices and allowing products to become competitive in the importing markets.

Duty and import related taxes could constitute a large percentage of the final price for cross border transactions. A reduction or elimination of the duty can give the exporter a substantial advantage in terms of cost over competitors from countries that do not have similar trade agreements.

Exporters should be able to use this advantage as a marketing strategy to give their products a competitive price incentive to customers in the importing country.

Registered exporters in Zimbabwe are able to offer competitive prices to importers in the countries Zimbabwe has preferential trading agreements with as opposed to competitors from a third country, which does not have a similar trade arrangement, given that all production factors are the same; and, similarly, registered Zimbabwean exporters will also have the same advantage over unregistered Zimbabwean exporters.



For importers, goods originating from a country, which has a preferential trade agreement with Zimbabwe, can enjoy reduced or no customs duties provided the qualifying requirements are fulfilled. The landed cost of those goods will be reduced by the amount of the duty reduction.

## 6.2 Zimbabwe's Preferential Trade Agreements

Zimbabwe has preferential Bilateral Trade Agreements with Botswana, Malawi, Namibia, South Africa and Mozambique. Qualifying products enter the territory of one another without the payment of customs duty.

Zimbabwe is also a member of Regional Trade Agreements. These are; the Southern African Development Community (SADC) Trade Protocol and the Common Market for Eastern and Southern Africa (COMESA) Free Trade Area. Qualifying products enter the territory of signatory Member States without payment of customs duty.

The interim Economic Partnership Agreement confers quota and duty free access of Zimbabwean products exported into the 28 Member States of the European Union (EU).

The Generalised System of Preferences (GSP) offers non-reciprocal preferences (*not necessarily duty free*) to qualifying products exported to developed countries such as the USA, Canada, Japan, Norway, Russian Federation, Switzerland, the EU, New Zealand and Australia.

## 6.3 Rules of Origin/Registration

Every agreement has Rules of Origin (RoO) which indicate how export products can be eligible for preferential treatment in duty payment.

The Rules are a set of criteria that is used to confer qualification status to products that are produced within the territories of the signatory Member States. The basis of these Rules is that the products in question must have a specific local content input from the country which is exporting them.

A product can qualify in one or two ways i.e.

Wholly produced in Zimbabwe. These include, mineral products, vegetable products, crops, live animals born and raised in the country and products obtained from hunting or fishing conducted in the country.

If manufactured, a product must have undergone an acceptable amount of processing/transformation and has a specified percentage of Zimbabwean content. An example of such a product could be a locally assembled radio or plastic injected products.

Under some agreements such as, the interim Economic Partnership Agreement and COMESA Free Trade Area exporters can benefit from Single Transformation which allows importation from third countries of finished inputs such as textiles (fabrics) and finished leather and manufacture of finished products such as garments, shoes, bags etc.

Exporters apply for registration at their nearest Zimbabwe Revenue Authority (ZIMRA) office. If the application is successful (*i.e. the products qualify as originating from Zimbabwe*), the exporter is allocated a reference number which must be quoted on every Certificate of Origin (CoO) when exporting the products to those specified countries.

## 6.4 Certificates of Origin

The Certificate of Origin is a security document that authenticates that the products being traded satisfy the RoO and hence qualify for preferential treatment.

Exporters are required to apply for the appropriate CoO for each export consignment. The CoO is forwarded to the importer/clearing agent so that preferences are accorded by the customs authorities of the importing country.

On the other hand Zimbabwean importers should request for the CoO from their supplier (*exporter*) and submit the certificate to ZIMRA in order to be granted the benefit.

Certificates of origin forms should be correctly completed and submitted to ZIMRA for vetting, stamping and signature. The SADC and COMESA Certificates of Origin as well as the EUR. 1 Forms (*for export to the EU*) are available at ZimTrade (*Harare & Bulawayo Offices*) at cost. GSP Forms are also available at ZimTrade offices at no cost.

Forms for Bilateral Trade Agreements are available at the Zimbabwe National Chamber of Commerce offices.

For more information, contact ZimTrade Head Office on 04369 330-43 or ZimTrade Regional Office 0962378, 66151. You can e-mail us on: [info@zimtrade.co.zw](mailto:info@zimtrade.co.zw)



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# Annexes

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ANNEX I - CD1 Form

FORM C.D.1

EXCHANGE CONTROL ACT (CHAPTER 22:05)  
APPLICATION TO EXPORT GOODS FROM ZIMBABWE

EXPORTERS INVOICE NUMBERS:

CUSTOMS COPY

A  
This number must not be obliterated or altered

COPIES ATTACHED TO CUSTOMS & N.E.C.I COPIES

1. Full Name and Full Address of Consignee	2. Full Name and Full Address of Exporter	
3. Country of Final Destination	4. Name and Branch of Exporter's Bank in Zimbabwe	
5. Are goods being exported in pursuance of a contract of sale? YES/NO.....	PAYMENT ARRANGEMENTS (Para's 8 to 15 need to be completed only if goods are being exported in pursuance of a contract of sale)	
6. If a contract- (i) Is the sale F.O.R., F.O.B., C&F, or C.I.F? ..... (ii) Place (i.e. F.O.B. -Durban) .....		8. Currency in which the goods are invoiced and will be paid for .....
7. If not a sale, state reason for export..... ..... .....		9. Amount and denomination of foreign currency to be received in Zimbabwe in settlement..... Rate of exchange used for the calculation at 9.....
Estimated Acquittance Date.....		11. Credit terms agreed to under the contract..... 12. If credit terms exceed 90days from export, Exchange Control authority number and date for such terms.....

Line Ref.	17. Marks and Numbers	18. No. & Type of packages	19. Description and Particulars of Goods
			13. Final date for the receipt of the sale proceeds in Zimbabwe.....
			15. VALUE TO BE STATED IN UNITED STATES DOLLARS
			(a) Export value as defined overleaf USD\$ _____
			(b) ADD charges payable by exporter for freight, storage, etc. USD\$ _____ USD\$ _____
			c) LESS Commission ( % of 15(a)) USD\$ _____ Discount % USD\$ _____
			d) Amount to be received in settlement USD\$ _____
			16. Where goods are being exported for purpose other than sale, value of goods USD\$ _____
			DATE
			CUSTOMS STAMP
20. 1. I certify that the "Export Value", as defined overleaf, of goods subject of this application is not less, in United States Currency, than the full cost (including, <i>inter alia</i> , the cost of materials capital and labour) to the Exporter of the manufactured goods or product, the selling of such goods, the placing thereof on board, and the means of transport by which they will be removed from Zimbabwe; and I acknowledge that the making of a false statement in connection with this Application, constitutes an offence under the Exchange Control Act.			
2. I declare that the particulars contained in this Application are true and correct.			
3. In consideration of the grant of authority for the export of the goods, or the return of goods specified above, I undertake:-			
(a) to inform the Authorised Dealer to whom I have submitted the application of my receipt in Zimbabwe of payment for the goods, or the return of goods, within ten days of their receipt or return; and			
(b) if any delay occurs in my receipt in Zimbabwe of payments for the goods or their return, as the case may be, or if I have reason to believe that there may be such a delay, promptly to inform the Authorised Dealer to whom I have submitted this application of the reason for the delay and to provide documentary evidence in support thereof; and			
(c) to ensure that the goods are exported, and that payment thereof is received or that they are returned, as the case may be, entirely in accordance with the terms and particulars stated above or, where applicable, in accordance with specific directions of Reserve Bank of Zimbabwe conveyed to me by the aforementioned Authorised Dealer,			
4. I acknowledge that a breach of any of the aforementioned undertakings shall constitute a breach of the authority granted to me in terms of the Exchange Control Act to export the goods subject of this Application thereby rendering liable to a prosecution under the Act.			
Date.....			
Signature of Exporter or of the duly authorised agent of the Exporter			

FIDELITY

ANNEX II - Form 21

8.4.5 Form 21 (Bill Of Entry)

ZIMBABWE Customs and Excise Bill of Entry  
From No. 21

Page 1 of .....  
Total No. of item .....

1. EXPORTER		2. CLEARANCE OFFICE CODE		FOR OFFICIAL USE ONLY			
C.A.N.		3. C.P.C.					
		4. MANIFEST NUMBER		5. AWB No./R.A.N./B/L No.			
6. IMPORTER CONSIGNEE		7. TRANSIT SHED CODE		8. FRONTIER OFFICE CODE			
C.A.N.		9. ACCOUNT HOLDER NO.		10. PREPAYMENT ACCOUNT NO.			
		11. LICENCE		12. VALUE DEDUCTED			
13. DECLARANT/AGENT		15. COUNTRY WHENCE CONSIGNED/ 1st DESTINATION		16. DATE OF ARRIVAL/DEPARTURE			
C.A.N.		17. RATE OF EXCHANGE		18. COUNTRY OF DESTINATION			
		14. DECL. REF.		19. ATTACHED DOCUMENTS			
21. FLIGHT DETAILS/VEHICLE REGISTRATION NO./TRAINNO.		23. EXCH. CONTROL DECL./E.I.S. REF		20. WAREHOUSE CODE/ADDRESS or REMOVAL DESTINATION or PORT OF EXIT			
22. PLACE OF DISCHARGE, LOCATION OF GOODS		27. VALUATION METHOD/RULING					
24. MODE PF TRANSPORT	25. NATIONALITY	26. TOTAL NO. OF PKGS		28. PRECEDING DOC. REF			
ITEM NO. NO. 1	a. MARKS & NOS./CONTAINER IDENTITY		c. C.P.C.		d. COMMODITY CODE		
	b. DESCRIPTION OF GOODS		e. NET WEIGHT		f. 1st SUPPL. QUANTITY		
			h. COUNTRY OF ORIG./DESTION		j. AGREEMENT		
			l. FREIGHT		m. INSURANCE		
			p. CURRENCY CODE		q. 2nd SUPPL. QUALITY		
					n. OTHER COSTS		
					r. NUMBER OF PACKAGES		
	REVENUE INFORMATION						
			TAX TYPE & CODE		DEFINED VALUE	RATE	AMOUNT
			s. DUTY				v. TOTAL
		t. IMPORT TAX 30					
		u. SURTAX 32					
ITEM NO. NO. 2	a. MARKS & NOS./CONTAINER IDENTITY		c. C.P.C.		d. COMMODITY CODE		
	b. DESCRIPTION OF GOODS		e. NET WEIGHT		f. 1st SUPPL. QUANTITY		
			h. COUNTRY OF ORIG./DESTINATION		j. AGREEMENT CODE		
			l. FREIGHT		m. INSURANCE		
			p. CURRENCY CODE		q. 2nd SUPPL. QUANTITY		
					n. OTHER COSTS		
					r. NUMBER OF PACKAGES		
	REVENUE INFORMATION						
			TAX TYPE & CODE		DEFINED VALUE	RATE	AMOUNT
			s. DUTY				v. TOTAL
		t. IMPORT TAX 30					
		u. SURTAX 32					
SUMMARY TOTALS		DUTY		IMPORT TAX	SURTAX	32. TOTAL PAYABLE	
29. THIS PAGE						ZW\$	
30. BFWD EX. CONT. PAGE(S)							
31. TOTALS							
33. DECLARATION						FOR OFFICIAL USE ONLY	
I, _____ the undersigned of _____ being the _____/s agent* do hereby declare that the information and particulars contained herein are true and complete and accept fully the conditions and requirements attaching to the use of the CPC's used herein.							
SIGNATURE _____ DATE _____ TEL NO. _____							

† Insert importer, exporter or producer as appropriate

\*delete inapplicable



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