



The export promotion of South African craft products


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Points of discussion

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4. South African craft exports
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5. Conclusion
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1. Introduction


- The importance of trade
- Trade must be promoted
- Limited funds forces governments to identify specific sectors for export promotion
- SA priority sectors contribute to:
 - over 22% of GDP,
 - employ 23% of SA's workforce
 - over 47% to foreign exchange earnings

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1. Introduction (continue)


The priority sectors include:

• chemicals	• metals
• agro-processing	• aerospace
• rail and marine	• automotives
• arts and crafts	• clothing and textiles
• capital equipment	• leather and footwear
• tourism	• electro-technical and
• television and film	

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2. Aim of the study

1. To identify the most significant **export barriers of craft SMEs** in South Africa
2. To identify the craft products with the highest export potential for SA
3. To provide solutions to the DTI on how to be more effective in their trade promotion of craft

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3. Overview of the SA craft sector

- **The vision of the craft sector is to have an:**
 - efficient, formalized SA craft sector by 2014
 - integrated across the value chain
 - significant part of the economy, and
 - globally competitive
- **Importance of the craft sector:**
 - could contribute R3.6 billion to GDP in 2015
 - 7 000 enterprises - 38 000 job opportunities

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3. Overview of the SA craft sector

- Government aims to establish **3 urban** craft hubs
- **These aim of the craft hubs are to:**
 - promote and facilitate craft trade
 - ensure that products reach markets and
 - market information reaches producers
- **The craft hubs will provide the following functions:**
 - Admin support
 - Design and product development
 - Quality control
 - Training and skills development
 - Information access
 - Product management
 - Sales and marketing



4. South African craft exports

- **Export support** provided by DTI is **insufficient:**
 - industry is lagging behind government initiatives
 - most crafters are unaware of the services and assistance provided by the DTI
- If the DTI want to be more effective in the trade promotion of craft, **more needs to be done**
- **Export barriers need to be eliminated**



4. South African craft exports

- The **1st export barrier:**
SME exports are hampered by a lack of accurate market information
- The **2nd export barrier:**
Craft SMEs face different developmental challenges in their export stages



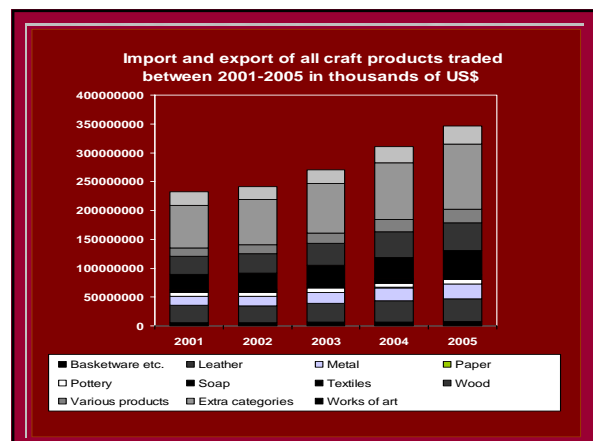
4.1 The 1st export barrier

- The craft sector lack accurate market information
- Market information is important for export performance
- Why is there a lack of market information ?
Difficult to calculate and analyze craft data because craft is not being exclusively identified in the international HS classification system
- The lack of accurate data limits governments



4.1 The 1st export barrier

- The study found a way to measure craft trade
- This was done by collecting, calculating and analysing trade data of 129 of the “ most traded” craft products
- Trade data was obtained from TradeMap
- TradeMap is an online database for global trade flows of over 5 300 products in 200 countries
- Data showed interesting results



4.1 International data results

- Size of the global craft market amounted to \$346 billion (\$ 178 billion imports + \$167 billion exports)
- Imports (demand) exceeded exports (supply)
- Demand continued to grow
- Most traded craft products:
 - arms
 - decorations
 - jewelry
 - musical instruments
 - toys
- Least traded craft products - paper

4.1 South African data results

- SA's contribution to the world share of craft was only 0.19%
- Compared to the world, SA obtained the 47th overall export position for all craft products traded
- SA only exported 60 of the 129 craft products traded between 2001 and 2005
- If SA want to become globally competitive SA needs to increase its contribution to craft significantly

4.1 How can SA ↑ craft exports?

- **SA needs to identify and promote the craft products with the highest export potential**
- The DTI needs to establish a **market research panel** that would be responsible for craft data collection, calculation, analysis, interpretation and distribution on a regular and timely basis.

Craft products with the highest export potential

1. Jewellery of precious metal
2. Wooden furniture
3. Paintings, drawings and pastels
4. Metal furniture
5. Handbags (plastic / textile)
6. Imitation jewellery
7. Leather footwear
8. Leather apparel
9. Stuffed animal toys
10. Festive, carnival or other entertainment articles

4.2 The 2nd export barrier

- Craft SMEs face different needs in their export stages
- For the DTI to be more effective in the promotion of craft exports they have to provide different export promotion programmes for the different type of SME
- Once the craft hubs are operating successfully the DTI can provide certain export promotion activities in coordination with the craft hubs

Specific Needs	Type of exporter		
	Non exporting craft exporter	New exporter	Expanding exporter
Community Development Orientated	Physically isolated Vulnerability to exploitation No idea of where to get assistance	Access to list of support structures Local market penetration Platform to display and exhibit their work	Quality issues Logistics Technology Fair trade
Development with a business blend approach	Lack of business and communication skills Trade formalities such as business registration Financial provision	Access to export market information and resources Administrative equipment such as telephones, fax machines and computers Awareness of export regulations and trade agreements	Inadequate market research Technology to enhance output capacity Production management and quality maintenance Pricing for export market e.g. currency conversion
Business Orientated		Finding a niche market Expensive packaging Winter stock build-up Positioning and market penetration	Product development time Inconsistent supply of quality raw material Seasonal forecasting Irregularity of orders

5. Conclusion


- Global demand for craft keeps growing
- For the SA craft sector to become globally competitive, SA needs to ↑ craft exports
- SA need to identify and promote the exports of the craft products with the highest export potential
- This study showed that there exists a way to measure craft trade
- Craft market information (products and markets) can be provided



6. Recommendations


For the DTI to be more effective in their export promotion of craft the DTI needs to:

- **Establish a market research panel** that would be responsible for craft data collection, calculation, analysis, interpretation and distribution on a regular and timely basis
- **Identify and implement different export promotion programmes** tailored to meet the needs that different type of **craft SMEs** face in their export stages



**Thank You
Questions?**

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