



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Important Notice for Export Marketing and Investment Assistance (EMIA) Customers

The Department of Trade and Industry (**the dti**) will be introducing new rules in addition to the existing rules of the Export Marketing and Investment Assistance (EMIA) Group schemes. This information leaflet contains a summary of the new rules to be implemented by 1 April 2011.

☎ Enquiries can be directed to:

National Pavilions: Mr Koos Janse van Rensburg	(012) 394 1029
Group Missions: Ms Corné du Plessis	(012) 394 1020
NP and Group Missions Claims: Ms Normelia Mashele	(012) 394 1146

General Rules

- ✿ **Entities that are outsourcing their manufacturing process**
Outsourcing entities will be required to submit specific documentation. Details can be obtained from EMIA.
- ✿ **Qualifying Mission Organisers**
To qualify as a mission organiser, an organising body must be a recognised industry association such as a chamber of commerce, industry association, provincial trade promotion agency, export council, export club or joint action group consisting of at least three or more exporting companies from the same sector, provincial or local government, or **the dti**.
- ✿ **Factory and site visits**
Multi-sectoral site visits should be capped at three factory or site visits per sector. Mission plans or itineraries should be submitted at least one week prior to the commencement date of the mission.
- ✿ **Financial assistance to facilitate business-to-business (B2B) meetings**
Business facilitation fees to facilitate a match-making process involving appropriate B2B meetings for EMIA-approved participants will be considered by EMIA. Full details can be obtained from EMIA.
- ✿ **New entities that qualify for EMIA assistance**
South African-registered co-operatives exporting agricultural, and arts and crafts products, as well as export clubs consisting of at least three or more exporting companies from the same sector qualify for EMIA assistance.
- ✿ **New rules for existing EMIA clients**
There are new rules that apply to South African commission agents and export trading houses that represent at least three manufacturing entities.
- ✿ **Mutual exclusivity**
EMIA schemes are mutually exclusive. Benefits are not available for two different EMIA offerings in relation to the same event, except when a National Pavilion (NP) is oversubscribed and the entity applied under the Sector-Specific Assistance Scheme (SSAS) funding for emerging exporters. Nor will any back-to-back (circuit of events) assistance be made available. Entities can therefore not apply for more than one EMIA offering for events in the same city or country. It should be noted that EMIA funding cannot be used for a trade mission to visit an international exhibition where **the dti** already funds a national pavilion. This rule does not apply to international trade initiatives (ITIs), but ITIs are limited to one per region annually, approved by the Deputy Director-General (DDG): Trade and Investment South Africa (TISA).
- ✿ **Re-evaluation of EMIA participation**
EMIA assistance can be re-evaluated where entities have participated in a specific event, show or mission more than four times in accordance with their export performance. Should an entity's export performance not be satisfactory, EMIA funding can be re-evaluated at the discretion of the EMIA Group Offerings Adjudication Committee, and participants might be required to carry their own costs for group missions.

✚ Exclusion of EMIA participants

- The submission of misleading information or the abuse of any of the EMIA assistance schemes by entities or person(s) representing an entity and found guilty of any criminal offence relating to EMIA will result in such entity or person(s) being excluded from further assistance under the EMIA scheme of **the dti** for a period of five years.
- Entities that fail to submit their six-monthly report-back questionnaires will be excluded from the EMIA scheme.
- Should incidences of misconduct or misbehaviour be reported to or noted by EMIA officials, the relevant entity will receive a letter of warning. Should this occur again thereafter, the entity will be excluded from the EMIA scheme.

✚ Latest audited financial statements

- Should an EMIA applicant be unable to submit its latest audited financial statements with its application for EMIA funding, it will be classified as an “other-sized” entity.
- Entities established as partnerships must submit their latest audited financial statements with their applications for EMIA funding. Should this not be available, a letter from the entity’s external auditors confirming its turnover, fixed assets and number of permanent employees as verified through an agreed-on process must be submitted with the application.

✚ New benefits for emerging exporters

An emerging exporter is a company, close corporation, partnership, sole proprietor or co-operative:

- of which 51% is owned by blacks, women or people with disabilities;
- that was not previously involved in exports;
- that has traded locally for more than 12 months;
- offering a product or service that qualifies for assistance under the EMIA scheme; and
- with an annual turnover of less than R5 million.

Benefits and criteria

Full details on benefits and criteria can be obtained from EMIA.

✚ Reduced supporting documents for state visits (presidential and ministerial missions only)

Critical information and documents that have to be submitted by EMIA stakeholders for state visits are as follows:

- A duly completed application form;
- A valid tax clearance certificate;
- Proof of products;
- Financial statements; and
- Copy of passport.

EMIA Group Missions (Inward- and Outward-Bound Missions)

✚ **Follow-up visits for inward-bound missions**

Follow-up visits will be considered based on previous performance or orders placed and will not be limited, provided that buyers place orders or make purchases from South African exporters during each visit. The local entities must confirm the orders placed with them and the value thereof in writing.

✚ **Inward-bound missions that coincide with a local show or event**

Should an inward-bound mission coincide with a local event or show, the delegation may still visit the local event or show, provided that each delegate attends at least four to five business meetings per day while at the show. A visit to a local event or show will be capped at a maximum of three days. Should the mission commence, or continue before or after the local event, off-site meetings will be limited to two confirmed meetings per day.

✚ **International trade initiative**

- Freight-forwarding will be limited to display materials and/or samples with a maximum weight or size of 2 000kg or 3m³ by sea, or 300kg chargeable weight by air freight and road, to a maximum of 1 000kg or 2m³. The one shall not exceed the other. The appointed freight forwarder must be paid directly for any excess.
- In certain cases, **the dti** may authorise freight costs that exceed the above guideline (for example in the case of capital equipment and other large goods).
- Should the freight returned to South Africa be more than the freight originally forwarded to the exhibition or ITI, the additional freight cost will be deducted from the exhibitor's claim if it is found that the samples returned do not match the samples originally freighted.
- ITIs may also attract venue hire and banquet hall costs in the hotel or exhibition venue for the duration of the ITI, should a mini exhibition form part of the ITI. (This benefit does not include the cost of any additional goods or services, such as the building any stand designs, furniture, security, electricity, Internet etc.)
- Catering will be available for the duration of International Trade Initiatives for approved delegates only.

National Pavilions

✚ **Subsistence allowance**

Exhibitors are allowed to claim a subsistence allowance for one day prior to the official starting date of the exhibition to enable them to ensure that the stand is ready for the opening of the exhibition. They may further claim a subsistence allowance for the duration of the exhibition itself. However, participants leaving early will forfeit their entire subsistence allowance, regardless of the number of days attended. Other-sized companies will be invoiced for the duration of the show, should they leave early. Furthermore, should approved exhibitors drive to exhibitions at, for example, Zimbabwe and Zambia, all entry and exit stamps to and from the national pavilion venue must be submitted with their claims in order for them to qualify for the reimbursement of the daily allowance.

✿ **Cancellation fees**

Should an exporter cancel his or her participation after signing the approval letter, the exporter will be liable to **the dti** for a cancellation fee of R50 000.

✿ **Transport of samples / freight forwarding**

Where sailing boats are used to transport samples or freight to national pavilions, reimbursement of the cost thereof will be considered up to a maximum of 50% of the actual costs, not exceeding R125 000. The number of boats will, however, be limited to three boats per event. The benefit will be forfeited should the vessel be sold or left behind after the event. Proof must be submitted to EMIA that the vessel returned to South Africa before the claim will be considered for reimbursement.

EMIA Claims

✿ **Due date for the submission of EMIA group offerings claims**

Duly completed national pavilion and group missions claims must be submitted within three months of the date of return from the approved business destination.

✿ **Supporting documents – Cancelled cheque**

A copy of a cancelled cheque is no longer required in support of EMIA claims. In the case of a savings account, an original bank statement on the bank's letterhead (stamped) must be submitted with the EMIA claim for reimbursement.

✿ **Supporting documents – Copy of signed approval letter**

A copy of the approval letter is no longer required to be submitted with the EMIA claim.

✿ **Supporting documents – Copy of e-ticket**

Original economy-class air tickets or e-tickets, or certified copies thereof, are no longer required with EMIA claims in cases where **the dti** made direct upfront payments to the service provider.

For more information on these or any of the other EMIA rules,
please call:

National pavilions: Mr Koos Janse van Rensburg	(012) 394 1029
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Definitions and Terminology

Export trading house (representing at least three Small, Medium and Micro-sized Enterprises (SMMEs) or Historically Disadvantaged Individuals (HDIs))

A business which focuses on the promotion of export trade through the marketing of products procured from different manufacturers.

The principal or manufacturer is not allowed to participate simultaneously with the agent.

Commission agent (representing at least three SMMEs or HDIs)

A commission agent must have an agency agreement with a local manufacturer for the promotion of the manufacturer's products in the export market.

The principle or manufacturer is not allowed to participate simultaneously with the agent.

Small, medium and micro-sized exporters (SMMEs)

SMMEs must be privately, independently or co-operatively owned and managed, and must comply with any two of the following quantitative criteria:

- Total annual turnover must be less than R40 million.
- Total assets, excluding fixed property, must be less than R15 million.
- Must employ fewer than 200 full-time employees.

Historically disadvantaged individuals (HDIs)

For a business to qualify as a historically disadvantaged business:

- it must be an SMME; and
- at least 51% of the business must be owned by black persons, women or disabled persons of South African nationality.

Other-sized businesses

Other-sized businesses are those that do not qualify under the definition of an SMME as stipulated by the EMIA scheme.

Harmonised System (HS) code

An international code used to classify products that are imported and exported.

The HS code or tariff heading can be obtained from Customs and Excise at telephone number (012) 422 4000.

Qualifying organisation

Organisations that qualify are trade and industry organisations representing specific sectors of trade and industry recognised by EMIA. These organisations include chambers of commerce, industry associations, provincial investment promotion agencies (PIPAs), export councils, official provincial and local government trade promotion offices (TPOs) and **the dti**.

Value-added product

A value-added product is a product that a South African business has increased the value of and that it has manufactured a minimum of 35% of as measured throughout the production process. This can include production costs, overheads, direct labour and materials. It excludes royalties, licensing fees, packaging, cartage and transport, marketing and selling costs, profit, commissions, taxes and duties. The minimum requirement is that the last process of manufacturing or production should be performed in South Africa and that it should include the addition of value. This excludes South African services.

Subsistence allowance

A daily subsistence allowance is provided in order to cover a portion of hotel accommodation, meals, taxi fares, telephone calls, etc.

Black-owned enterprises

The balanced scorecard approach is followed to determine an entity's affirmative action record and status.

Black-owned enterprise

An enterprise with a 50,1% black ownership and substantial black management control.

Black-empowered entity

An enterprise with a 25,1% black ownership and substantial black management control, or an entity owned by black women.