When it comes to imports, timing is everything

By Dr Greg Cline

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Even though demand in South Africa for imported goods (think oil, vehicles, and equipment) are high regardless of price, common sense indicates that when the currency is stronger, it becomes cheaper to do so. But is there really a right time to import?

Even before one should consider the best-suited market conditions for importing, attention needs to be paid to the complex process involved. SARS defines approximately 90,000 product tariff codes that are strictly enforced on all imports. There is also a plethora of requirements for all shipments to the country. This means any organisation irrespective of its size needs to ensure that every single detail on imported goods are accurate and as detailed as possible.

A classic example of this used by many is when importing a suit, the company needs to indicate the exact materials it is made of as different materials are charged at different duty rates. Getting such a basic step right is critical, and now even more so with the new Reporting and Conveyances of Goods (RCG) Act to ensure that there are no delays in the process and that more effective planning can be done around currency fluctuations, market trends, and consumer demand.

Regional considerations

Additionally, there is also South Africa's biggest trading partners to consider. These include China, the United States, Germany, Japan, and France. Closer to home there is Botswana and Namibia. Seasonal impacts around the availability of certain products and services (clothing, food, and even medicine) should be considered for companies specialising in any of these fields.

But beyond the goods being imported, the company should work with a specialist partner capable of providing it with the working capital required to facilitate a smoother process – season availability or not. This enables the financing of not only the goods but also the import forwarding and clearing costs, so the company can remain focused on its core business.

One of the pitfalls working with such a partner will avoid is when those inexperienced in the market wait for a better freight rate quote only to see existing ones expiring due to fluctuating market conditions. A general issue around imports is getting the value of the insurance for the cargo shipment wrong. From piracy to weather conditions, companies should remain cognisant of the extraneous conditions around shipping lanes during certain times of year. Often determining the best month for importing goods might be better governed by these elements than currency forecasting.

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VAT exercise

Another challenge around timing is ensuring that the import documentation, invoice, and payment of Customs VAT fall within the same VAT period in which the business wants to claim the necessary deductions. There is nothing so frustrating (and costly) as factoring all the timing elements around importing goods only to get unstuck by something as rudimentary as this.

While it is difficult to accurately predict when the ideal time for imports are, working with a specialist import partner greatly enhances the process thereby providing the business with the best possible chance to get it right and maximise its return on investment.

ABOUT DR GREG CLINE

Greg Cline joined Investec Import Solutions is 2012 and is currently head of corporate accounts. His responsibilities include managing business operations and CRM for Investec Import Solutions' client base. Prior, Cline was business development director at Intel Corporation where he was responsible for regional enterprise sales, strategy and marketing operations. Cline graduated as a medical doctor and holds an MBA cum laude (University of Witwatersrand and University of Chicago).

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