



# APAC NEWSLETTER

August 2016

Dear Grower

## **Do you have a Service Level Agreement with your export agent?**

There is seldom a service level agreement between a grower and his agent, be it an export agent or fresh produce agent. When prices are favourable nobody seems to care about a service level agreement (SLA), but when prices are below expectations, problems arise.

If you do not have a service level agreement, important aspects might not be discussed, such as:

- What steps the export agent should take if the fresh produce is not approved for export by the PPECB;
- Whether the export agent must disclose to the grower particulars of the countries where it is envisaged that marketing will take place;
- What will be the incentive, remuneration, commission, fee, rebate or brokerage which will become payable to the export agent;
- How often will account sales reports be provided to the grower and what information will the account sales report reflect to ensure there is full transparency of the transaction;
- Must the export agent have insurance for losses or damages suffered due to dishonest conduct by the export agent or his staff, insofar as such conduct relates to sales monies received for the fresh produce;
- Will the grower's fresh produce form part of a pooling arrangements and if so, who the other growers will be and how will losses be shared by the pool participants;
- If penalties and/or dead freight costs are incurred, who will be responsible for any such demurrage and/or dead freight costs;
- Will the sales money received be paid in a trust account in order to ensure it does not form part of the export agent's assets and liabilities;
- Etc.

The above highlights some of the aspects that should be discussed in advance and preferable be documented. To assist growers, APAC has a standard SLA template on our website which can be used to guide your discussions with your export agent.

## **Your export agent operating on the local market?**

If your export agent occasionally operates on the local market, he or she must also be registered with APAC under the fresh produce agent category. Visit the APAC website ([www.apacweb.org.za](http://www.apacweb.org.za)) to view the list of registered agencies and agents.

If you need more information, kindly visit our website or contact our office.

