Trade finance simplified with Merchant West working capital solutions

By Linda Da Costa , issued by Merchant West Group

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Companies constantly seek ways to enhance efficiency, ensuring their productive assets deliver the required quantity and quality output, managing cash flow effectively, and addressing economic challenges like energy crises, labour costs, and rising interest rates. Staying competitive in the face of local and international demands requires a strategic approach.

Expanding or upgrading a company's productive asset base is a proven method to improve efficiency. While this can be costly in the short term due to financing and implementation, the long-term benefits include savings and new revenue streams.

Productive assets, including capital equipment, can be sourced locally or internationally, with the latter introducing a set of complexities:

- Identifying and negotiating with foreign suppliers can be challenging due to language barriers and differing business practices.
- Managing the logistics of importing equipment, understanding shipping terms, and determining roles and responsibilities between buyer and seller can be daunting for first-time or ad hoc importers.
- Pricing considerations extend beyond the equipment cost, encompassing logistics, insurance, customs, and duties from both countries.
- Hedging foreign currency exposure is crucial to mitigate the impact of volatile exchange rates during the import process.

The entire import process can be stressful, time-consuming, and confusing. However, partnering with Merchant West can alleviate many of these challenges. As the largest independently owned asset finance provider with a 25-year track record, Merchant West offers tailored trade finance and asset-based finance solutions to meet diverse requirements.

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The trade finance solution involves financing capital equipment before it arrives in South Africa. Merchant West settles the supplier in full based on agreed milestone payments, offering facilities on an open account or documentary basis. Foreign currency exposure is hedged by Merchant West Treasury Solutions at competitive rates. Merchant West also finances the costs related to equipment movement, including export, local clearing, customs, duties, and third-party charges.

Merchant West has a network of approved international logistics partners to facilitate the movement of capital equipment. Once the equipment arrives and the supplier is settled, the asset-based finance solution provides further financing for up to 60 months on an amortised basis linked to prime.

Partnering with Merchant West in financing imported capital equipment ensures peace of mind. Knowing that the supplier will be paid promptly, currency risks hedged, and logistics costs effectively managed creates a sense of comfort and confidence.

For personalised assistance and guidance throughout the financing process, you can reach out to our team of specialists at Merchant West. Contact Ricco Strydom, Linda Da Costa, or Willie van Niekerk, who bring a wealth of experience and expertise to ensure your specific needs are met with precision and care.

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