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CONTENTS

Special Issue on SMEs and Technological Innovation

Letter from the Editor

Progress in Technological Innovation
in the Framework of
Latin American-EU Relations1

Central America, Mexico and Cuba

Guatemala: Innovation for
SMEs in Exports2

Mexico: Renewable Energies Cluster2

Costa Rica: Innovating Is Competing3

Mercosur, Chile and Venezuela

Argentina: Competitive Clusters
and Entrepreneurs3

Chile: Technological Innovation
in the Tourism and Agro-Food Sector4

Brazil: Modernization of
Packaging Systems4

Activities

Argentina Dives into the Mexican Wine
Market (Argentina)5

'Buy Bolivia', a Showcase for SMEs
(Bolivia)5

The Bits 2011 Fair in Porto Alegre
Was a Success (Brazil)5

The Andean Region Visits the Spanish
Chambers of Commerce (Spain)6

Success Cases

Regalarte, Uruguay6

Tailoring Cluster in Alpaca de Ácora,
Puno, Peru6

Brussels talks about...

The Fifth Round of Negotiations between
the EU and Mercosur Has Ended.....7

Coming up & Contact

.....7

Special Issue on SMEs and Technological Innovation

LETTER FROM THE EDITOR

Progress in Technological Innovation in the Framework of Latin American-EU Relations

The Seminar "Technological Innovation as a factor for SME competitiveness in Latin America" took place in Rio on May 19-20, 2011. It was the perfect setting to reflect upon how to enhance the institutional framework that promotes cooperation between companies and technology centers in Latin America and the EU. The debate focused on innovation as a channel to compete.

The conceptual framework to systematically analyze innovation continues to evolve. Several editions of the Oslo Manual and its adaptations to the Latin American situation (The Bogotá Manual) show a dynamic concept incorporating new aspects. Organizational, marketing and service-related innovations complement technological innovation in products and processes. In 2004, Professor Henry Chesbrough proposed a new paradigm: Open Innovation, an ecosystem where companies go beyond the borders of their organizations and cooperative relations with other agents (companies, technology centers, universities, etc) play a fundamental role. In this new environment, companies use both internal and external channels to market their innovative products and technologies.

Open Innovation is a metaphor of a changing landscape. The new geography of innovation is less centralized, more irregular, less dependent on size and it includes new players. In the past, SMEs played a secondary role in the technology development process. Now, they can make use of the opportunities brought about by a more leveled playing field (leveling), where the value proposal incorporated to the business models weighs more than the technology or its property.

To promote Open Innovation management models, the intermediaries of innovation (agencies, chambers of commerce, busi-

ness associations, etc.) act as the meeting point between the companies and outside knowledge. Besides, public agencies, responsible for designing and managing public policies for innovation and competition are starting to review and adapt promotion tools they have used to date, following some of these principles, among others:

- Articulation: financing common initiatives instead of individual projects.
- Cross-sectionalism: promoting projects involving several sectors and technologies.
- Flexibility, and the feasibility of adjusting aspects of projects key to fulfill their needs.
- Openness, where SMEs can identify their most suitable partners regardless of their geographical position.

Some of these principles are being gradually added to the new innovation support tools, both in Latin America and the EU. Among them, the eighth Framework Program will be the backbone articulating the community policy for R&D and innovation for the 2014-2020 period. Currently it is being reviewed to become a more efficient tool.

The SMEs are the backbone of production industries in Europe and Latin America. Competition and employment depend largely on them. In the world after Lehman Brothers, where a big share of certainties has blown up in the air, policies to support SMEs are the best reaction against crisis and a guarantee to maintain social cohesion.

Joxean Fernández
International Consultant

AL*INVEST



Facilitating the internacionalization
of Latin America SMEs

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Central America, Mexico and Cuba

In Costa Rica, Guatemala and Mexico, SMEs know how important it is to apply innovation processes to improve product quality and cater to the demand of European clients. These companies are already hard at work and participating in projects to increase their efficiency through new technologies

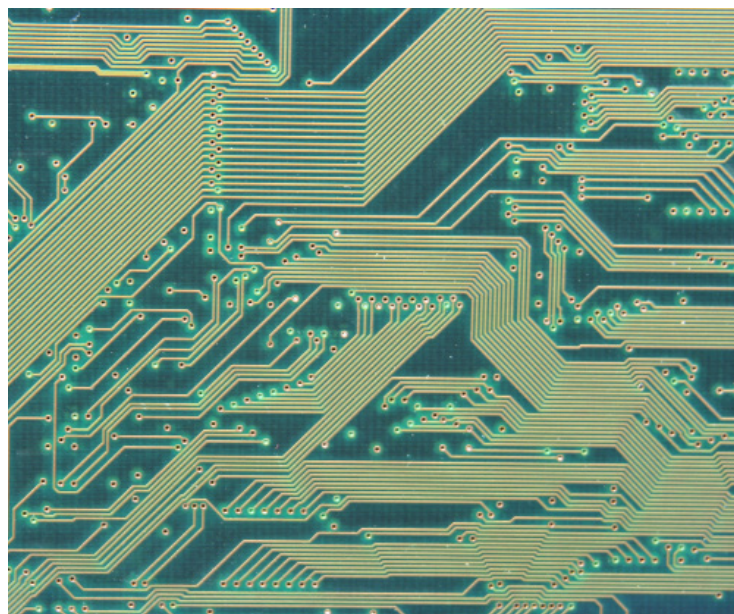
GUATEMALA

Innovation for SMEs in Exports

Guatemalan companies have become involved in innovation to tap into international markets. This is why they participated in an innovation table organized by AGEXPORT.

The event included a wide range of actions such as sessions to raise awareness in universities, public institutions and business people. A plan was drawn to implement a design and innovation system for SMEs in exports.

Most recently, in the framework of the AL-INVEST IV Program, other training events and technical assistance in the field of innovation and creativity have taken place with view to develop and improve products and services. In addition, there were sessions being organized on trends and opportunities in markets worldwide for organic, fair-trade products and sustainable certifications, among others.



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MEXICO

Renewable Energies Cluster

Mexican SMEs in the field of renewable energies have seen their problems solved thanks to the creation of a cluster in this industry.

On their own, SMEs had very little room to maneuver to compete against foreign companies, but thanks to AL-INVEST IV they have grouped together and participated in joint activities to enhance their visibility for financial and political institutions.

The NAFIN Euro-center was in charge of organizing the events to consolidate the business conglomerate, bring in commercial agreements and increase the competitiveness of SMEs.

In April 2010 the final deed of incorporation of the cluster was signed. It included a total of 16 companies ready to boost their sales.

Among others, two activities to be undertaken by these businesspeople must be highlighted: Creating a quality seal to enhance visibility for final users of technologies and developing their own Mexican technology for national and international markets.



Aerodays Congress: Research, Development and Innovation

Last March 30 the congress Aerodays was inaugurated in Madrid. Its goal is to exchange experiences and develop collaboration projects with the aeronautics industry. Companies, research centers, universities, ministries and development agencies from the EU and other countries participated.

Thanks to the financial support provided by the AL-INVEST IV Program and in collaboration with the European Enterprise Network of the European Union, the Eurocenter Tecnológico de Monterrey organized two events as part of this great event. One, a seminar on the subject in which experts, companies, research centers and development agencies participated. They discussed existing collaboration opportunities. Two, business appointments took place between more than 100 companies and research centers.

Besides, Mexican companies had the support of an expert in Research, Development and Innovation issues who assessed them on how to start projects and strengthen their innovation skills.

COSTA RICA Innovating is Competing

Costa Rican SMEs have found the key to competition: Developing market-oriented innovations.

To this end, the Ministry of Science and Technology has implemented the 'Practical Training Program on Market-Oriented Innovation' together with the University of Leipzig (Germany) and the National Technical University (Costa Rica).

In addition, this body seeks to consolidate the Science and Technology System for Innovation (SCTI by its Spanish acronym) so that the academic, government and business sectors are coordinated and create bodies to promote research, entrepreneurship and business incubation. The goal of these synergies is to favor a systematic approach and the implementation of new personal and corporate competences and new institutional capacities.

The Chamber of Exporters of Costa Rica, CADEXCO, has also contributed with businesses in this region through the project 'Central America Innovates'. This program trains and empowers companies to strengthen and develop their innovation skills and provides companies with a digital or software tool to systematize innovation processes.

CADEXCO has also started up other projects, such as 'Exporta 2.0', which uses Information and Communication Technologies or Web 2.0 technologies to support marketing, exports and internationalization of products and services.

This program includes developing a Content Management System and training sessions, visits and individualized technical assistance to companies to promote innovative marketing techniques.



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Mercosur, Chile and Venezuela

The successful and sustainable inclusion of Latin American SMEs in the national, regional and global markets comes along improvements and innovations in their services. Companies from Argentina, Brazil and Chile have learned their lesson and they are starting initiatives to modernize their production process techniques



ARGENTINA Competitive clusters and entrepreneurs

The Argentine Industrial Union (UIA by its Spanish acronym) promotes a program oriented towards strengthening value chains and the creation of clusters in Argentina. The target are sectors and regions with growth potential and clear business opportunities, with local players empowered to be entrepreneurs.

AL-INVEST IV will be working with three business conglomerates in 2011. Among them, the Forestry-Industrial Cluster of Misiones and Norte de Corrientes, representing 70% of the national production of timber and furniture.

This group of companies and institutions has participated in a Competitiveness Enhancement Plan and through AL-INVEST IV it has received assessment on quality, design, technology innovation and competitiveness intelligence as well as technical assistance to participate in fairs.

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CHILE

Technological Innovation in the Tourism and Agro-Food Industries



Chile has been working for several years to establish a framework of incentives and regulation that promotes innovative practices in the tourism and food industries, for example. Hence, SMEs can increase their productivity and efficiency and pave their roads towards international markets.

This is the line of work of Eurochile, which collaborates with different projects and public and private instruments to promote technology innovation in the framework of the AL-INVEST IV Program.

As for the agriculture industry, the Foundation EuroChile promoted innovation for SMEs last year through the seminar 'Innovation in the Food Industry Worldwide' in the framework of the project 'Business Platform for the Food Industry in the European Market', co-funded by Innova Chile of CORFO and the Promotion of Exports Program ProChile.

The seminar was offered to understand the evolution of trends in food products of high consumption, decode the innovative supply, learn the new leverages of innovation and offer benchmarking clues, and inspire product development.

In addition, two international seminars on 'Innovate to Compete: European Experiences in Agro Food and Tourism' were offered last year. Their goal was to share with business people, scholars and Chilean authorities the multiple, successful experiences of European companies seeking to add innovation as a mechanism to enhance competitiveness in a global market, with a focus on the support to SMEs and the regional and local development.

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BRAZIL

Modernization of Packaging Systems



Several furniture companies have introduced an innovation to their packaging thanks to the 'Packaging Clinic' project, developed by the Federation of Industries of the State of Paraná (FIEP by its Spanish acronym) under the framework of AL-INVEST IV.

As many as 31 companies from Paraná received technical assistance and were visited by a specialist who diagnosed the packages used by each company and proposed actions needed to improve them.

The actions were oriented towards modernizing packaging processes, improving design and ensuring sustainability. Through this activity, SMEs enhanced their corporate image, showed responsibility towards the environment and prepared to conquer international markets.

Results from this initiative were presented on April 13 at the meeting of the Network of the International Business Center of Curitiba to spread the word about the project and apply it to other states.

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Argentina Dives into the Mexican Wine Market

April 19, Argentina

Sharing the current situation of the Mexican wine market with business people was the goal of the event held on April 19 at the Chamber of Commerce of Mendoza (Argentina).

A market study on the sector, coordinated by the Argentine Industrial Union (UIA by its Spanish acronym), the Argentine Wine Corporation (COVIAR by its Spanish acronym) and the Export AR Foundation, was presented on that occasion in the framework of the AL-INVEST IV Program.

This action enabled wine producers to learn about the latest trends in the Mexican market, understand the current situation and promote Argentine wines in this country, and discover the keys to develop activities which in turn will promote and increase their sales in Mexico.

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'Buy Bolivia', a Showcase for SMEs

April 28, Bolivia



'Buy Bolivia'

The Chamber of Exporters of Santa Cruz (CADEX) presented on April 28 the Program 'Buy Bolivia' to offer to SMEs the necessary tools to negotiate, promote their business and e-commerce.

These activities are based on opening meeting space for entrepreneurs from SMEs and very demanding buyers, so that they can make contacts.

The meeting took place on April 28 on CADEX facilities. There were 100 producers receiving visits from 20 potential buyers, who could check the high quality of their products.

Business people showed the best of their products in very different fields ranging from leather goods and shoe wear to tailored clothes, cosmetics, food, crafts or jewelry.

For more information:

<http://www.comprebolivia.com>

The Bits 2011 Fair was a success

May 10-12, Porto Alegre, Brazil

The Summit 'Digital Agenda in Brazil' (BITS 2011) took place in Porto Alegre in May. It brought together more than 600 participants, mainly from the EU and Latin America.

The event had exhibitors, visitors, buyers and sellers from Europe, Asia and Latin America. There were a total of 80 regional and 20 European companies.

Promoting business opportunities among Brazilian and foreign companies in the field of Information and Communication Technologies was the goal sought through this event. A Business Meeting organized by the AL-INVEST IV Program empowered regional companies and helped them to stand on secure ground in the European field.

During the two-day fair, a technical meeting was organised at the Parques Científicos in Porto Alegre. Furthermore, participating SMEs took advantage of the opportunity to attend an Open Innovation seminar.



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The Andean Region Visits Spanish Chambers of Commerce

April 6-29, Spain



The Transfer of Know-How to Partners of the Andean Region Visiting the Spanish Chambers Of Commerce

The Andean partners landed in Spain this April to learn how the departments of the Chambers of Commerce of Bilbao, Barcelona and Almería work and exchange experiences and knowledge. The visit included know-how transfer activities so that participants from the Andean Region could learn how to create new services to support companies and enhance their institutions.

Mauricio Vaca, an executive of CAINCO, said that actions undertaken were "interesting and very useful". The attendants learned first-hand about several industries: shipping, aeronautics, cars, biotechnology and logistic services among others.

The visitors also learned about services to support business internationalization in this visit. Mr. Vaca insisted on the importance of the investment on research from European institutions, creating logistical development centers, technology innovation poles and programs to internationalize several industries, since those models could be implemented in the Andean Region.

For more information: <http://www.alinvest4can.org/?p=319>

Success Cases

Regalarte, Uruguay

Thanks to the Development Program for New Exporters (DNE by its Spanish acronym) undertaken by the Chamber of Industries of Uruguay and supported by AL-INVEST IV, Regalarte, an Uruguayan crafts SME, finalized a representation agreement with a well-known Brazilian company.

After several commercial actions, the company showcased its products in the twenty-second edition of the Abub Show Fair in Sao Paulo, in February 2011. It is one of the most important fairs in decoration and accessories in the region.

The event was an excellent opportunity for the Uruguayan company to meet with importers and potential distributors and land a huge order from a Brazilian company. After the success of the first order, the Brazilian company agreed to represent the Uruguayan products of this SME, which is profiting from the Program. Undoubtedly, this fact is a great step for the Uruguayan company towards a presence on the Brazilian market.

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Tailoring Cluster in Alpaca de Ácora, Puno, Perú

The INTERGIFT Fair, 2010

Plácido Oscar Manzaneda, leader of the business cluster in Ácora en Puno, was honored to participate in a renowned event in the gift and household equipment industry worldwide: The INTERGIFT Fair.

Thanks to AL-INVEST IV, business people received Technical Assistance services on production costs, setting prices for its products and corporate image. Their production processes improved through these activities and they produced a collection of alpaca to appeal visitors of the Fair.

"Unlike other programs and organizations, the AL-INVEST IV Program has empowered us to be present for the first time and participate directly, no intermediaries, in a renowned Fair", said the businessman.

The event took place in September in Spain. Businesspeople mingled with European clients interested in purchasing their products.

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Tailoring Cluster in Alpaca de Ácora, Puno

The Fifth Round of Negotiations between the EU and Mercosur Has Ended

The fifth round of negotiations to reach an Association Agreement between the EU and Mercosur ended last May 6, in Asuncion, the capital city of Paraguay. During the meeting, delegates from both sides of the Atlantic re-stated their commitment to progress negotiations

Delegates from the EU and Mercosur expressed their will to reach an ample, balanced and ambitious agreement. During the session, experts reviewed the Agreement's texts on political and cooperation issues, and, as they said, substantial progress was made in this regard.

In this occasion, the commercial chapter was discussed as well. Even though it is one of the thorniest issues of the agreement, since European farmers fear the massive arrival of cheap, high-quality agro food products, this last meeting smoothed some differences.

Both parties agreed to continue to work on their own to present their best offers to access the market and establish the priorities among

pending issues, with view to finalizing the regulatory framework of the Agreement.

The next negotiation rounds will take place in Brussels from July 4 to 8 and in Uruguay from November 7 to 11.



Coming up

Events

Annual Meeting – Coordination and Services Consortium - Cartagena, Colombia July 19, 2011 (SC)

Academia in Latin America - Lima, Peru June 22, 2011 - June 26, 2011 (SC)

Annual AL-INVEST Meeting- Cartagena, Colombia - (tentative dates) July 20, 2011 - July 22, 2011 (SC)

Academy of Europe - Belgium (to be defined) July 30, 2011- August 01, 2011 (SC)

SIAL MERCOSUR September 01, 2011 - September 02, 2011 (SC)

SIMM Madrid September 1, 2011 - September 3, 2011 (SC)

ANUGA 2011 – Cologne October 8, 2011 - October 12, 2011 (SC)

Social Responsibility of SMEs
October 20, 2011 - October 21, 2011 (SC)

FIMMA-Maderalia Valencia 2011
October 25, 2011 - October 28, 2011 (SC)

Publications

Sectorial analysis "Fishing",

<http://www.al-invest4.eu/pesca/>

Sectorial analysis "Aquaculture":

Available on our website at the end of June 2011

Contact

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Share your comments!



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"The AL-INVEST IV Program is one of the most relevant regional economic cooperation programs of the European Commission in Latin America. The main goal of the IVth phase of the Program is to promote social cohesion by supporting Latin American SMEs in their consolidation and internationalization, sharing innovation and knowledge and creating economic relations with their European counterparts".