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# AUMENTA

## D5.3 Recommendation booklet for policy makers

Speeding up network internationalization of  
food, ICT Industry 4.0 clusters and their SMEs towards strategic third  
countries beyond Europe in field of emerging industries and Fast Moving  
Consumer Goods (FMCG 4.0)



The project is co-funded by the  
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## Basic information

Project acronym	<b>AUMENTA</b>
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## 1. Executive Summary

The present deliverable D5.3 *Recommendation booklet for policy makers* has been prepared within the Task 5.5 *Elaboration of policy recommendation for European and third countries authorities involved in internationalization and export promotion*. It is related to sharing experiences gained during project implementation with European and non-European policy makers to contribute to project exploitation and further development.

This document is aimed at elaborating a booklet that includes policy recommendations for European and third countries SMEs and other authorities involved in internationalization and export promotion.

The booklet contains the following parts:

1. Project context and proposed methodology;
2. Lessons learned during project execution in Caucasus, North Africa and Latin America;
3. Policy recommendations for European SMEs and other authorities and third countries SMEs and other authorities;
4. Ways of promoting cluster cooperation with national authorities from third countries.

The recommendations are based on the lessons learned from the AUMENTA project - a novel and interdisciplinary project funded by the European Commission under COSME Programme that is aimed at speeding up network internationalization of food, ICT Industry 4.0 clusters and their SMEs towards strategic third countries beyond Europe in field of emerging industries and Fast-Moving Consumer Goods (FMCG 4.0).

Especially, it takes into consideration learnings from the implementation of a pioneering X-Industry Internationalization Programme that supports European SMEs in their fast internationalization to three continents, creating new cooperation and business opportunities to support growth, jobs and wealth.

Additionally, general lessons learned from the implementation of project activities have been included in the booklet, as well as the impact of COVID pandemic on AUMENTA's project, consortium and partners from third countries.

## 2. Project context

AUMENTA is a novel and interdisciplinary project funded directly by the European Innovation Council and SME Executive Agency (EISMEA) under the powers delegated by the European Commission under COSME Programme and is aimed at speeding up network internationalization of food, ICT Industry 4.0 clusters and their SMEs towards strategic third countries beyond Europe in field of emerging industries and Fast Moving Consumer Goods (FMCG 4.0).

It promotes simultaneous international expansion to consciously selected third countries beyond Europe:

- Uruguay - as a strategic gate to Latin American markets.
- Morocco - as a strategic gate to North African/ South-Mediterranean (MEDA) markets;
- Georgia - as a strategic gate to Caucasus, Central Asia.

The novel aspect of the project consists in connecting product-oriented (food products and food equipment) and service-oriented (ICT/Industry 4.0) clusters and its members to jointly explore international opportunities and also potentially offer joint products and services to partners.

AUMENTA is powered by 5 European organizations (innovation networks and clusters) from complementary sectors - food and ICT/Industry 4.0 - that jointly represents 739 companies, including small and medium enterprises. It interconnects partners from four countries: Spain (Mediterranean Europe), Poland (Central Europe), Latvia (Baltic States) and Lithuania (Baltic States)

uniting high-technology clusters and innovation business networks:

- Digital Innovation Hub and ICT/Industry 4.0 cluster (OnGranada Tech City and Latvian IT Cluster)

with traditional sectors:

- Smart Food Cluster (food & beverages) – coordinated by LITMEA
- Food Products Quality Clusters (food & beverages) – coordinated by LFFC/FPQC (food federation)
- AgroBioCluster (agrofood & bioeconomy) – coordinated by UNIMOS (cross- cluster alliance).

AUMENTA is one 24 new cluster Partnerships that supports clusters from Europe to work together and look for trade and investment opportunities and cooperation partners in third markets for the benefit of their members, especially Small and Medium Sized Enterprises (SMEs).

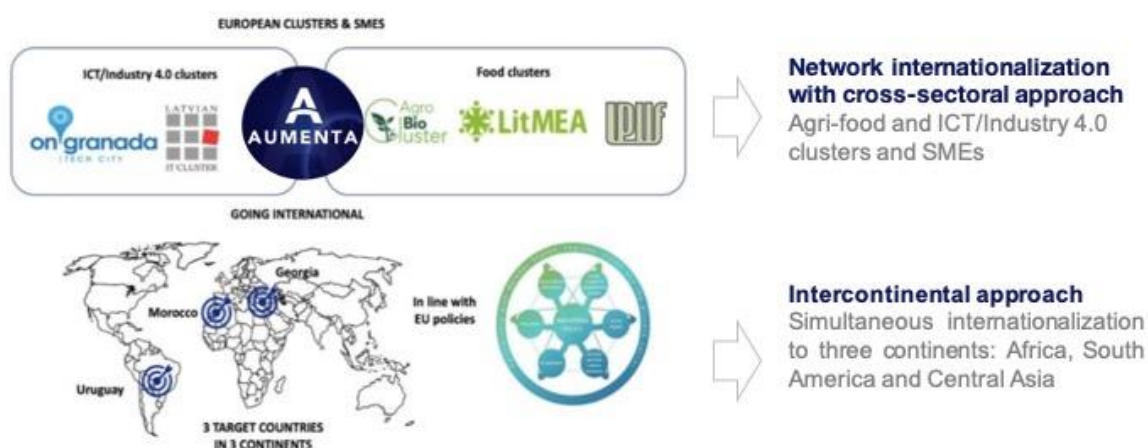
Main objectives of the AUMENTA project are the following:

- to develop a joint 'European' strategic vision with a global perspective and common goals towards specific third markets and support an initial implementation, testing and

further development of European Strategic Cluster Partnership - Going International (ESCP-4i) AUMENTA;

- to intensify cluster and business network collaboration across European countries (LT, LV, ES, PL), across sectorial boundaries (food and ICT/Industry 4.0) to lead international cluster cooperation in fields of FMCG towards third countries beyond Europe: Morocco, Georgia and Uruguay and also in neighbouring countries of selected geographical regions as Uzbekistan in Caucasus and Central Asia (as post-USSR countries), Tunisia in North African/ South-Mediterranean (MEDA) and Argentina and Paraguay in MERCOSUR / Latin America supporting the development of emerging industries related to FMCG 4.0 and specifically, digitalization and Industry 4.0 applied to food sectors and international food value chains;
- to reinforce growth, enhance competitiveness and support the long-term sustainability of companies from food and ICT/Industry 4.0 sectors;
- to unlock business and cooperation opportunities for European SMEs and clusters in third countries;
- to help SMEs find access to global value chains and build new ones based on common competences in emerging industries;
- to support SMEs in the identification of growth opportunities worldwide, raise their excellence, innovation capacity and their overall competitiveness;
- to facilitate interregional cluster collaboration and promote excellence in cluster management to improve the quality of services to SMEs members;
- to boost intercluster, interregional and intersectoral interactions to enable cross-fertilization, exploiting synergies, reinforce international growth and SMEs competitiveness;
- to increase cooperation towards across regions and continents, facilitating synergies between EU policies and instruments and better interconnection between EU trade policies, innovation actors and internationalization facilitators;
- to disseminate project activities through ECCP platform and other channels.

To achieve its objectives, AUMENTA implements a pioneering X-Industry Internationalization Programme that will support European SMEs in their fast internationalization to three continents, creating new cooperation and business opportunities to support growth, jobs and wealth.



The **X-Industry Internationalization Programme** has interdisciplinary components that includes:

- Creation of intercontinental network of Ambassadors as gate openers to selected markets to speed up SMEs;
- Preparation of online interactive catalogue based on common clusters and SMEs competences to showcase European SMEs potential and build international recognition;
- Implementation of pilot X-Industry & blended internationalization activities connecting virtual matchmakings (virtual introduction meetings) and traditional B2B matchmaking events;
- Cluster-facilitated coordination of business preparation with support in the identification of cooperation opportunities, funding sources and providing models of legally binding contracts;
- Hosting incoming visits from third countries at recognized international fairs in Europe;
- Establishment of intercontinental meta-cluster with network of soft-landing facilitates for international partners at project partners headquarters;
- Organization of online peer-reviews between project partners, Ambassadors, other ESCP-4i / INNOSUP and related projects, as well as partners in third countries.

In the process of matchmaking partners from Europe, Caucasus, Latin America and North Africa special emphasis has been put on AUMENTA's proposed methodology regarding establishing network of well-selected Ambassadors as third country local experts with international expertise about selected target markets has been proved as success-leading working model in target markets.



Each Ambassador has been using tailored-made approach for each target market aligned with market specifics (culture, business, mentality) and trust building via Ambassadors contacts' network supported widening opportunities in the target regions for European companies and clusters.

### 3. Lessons learned

AUMENTA is a 21 month pilot project where five partners from four European countries have created an European Strategic Cluster Partnership to jointly explore business and cooperation opportunities simultaneously in three different markets and continents.

As partnership have been approaching three target markets and three continents, there was a need to learn and bear in mind differences in terms of culture, religions, business practices and cross-sectoral approach between target markets – Georgia, Morocco and Uruguay and AUMENTA partnership (EU) countries (Spain, Lithuania, Latvia and Poland). Not always EU business models are right for third countries and openness and will of adaptation is crucial to successfully develop business and cluster refashions.

Trust building between EU partners (clusters and SMEs) is mandatory as well as with third countries to ensure smoother communication and mutual understanding. To do so, it is important to consider the languages spoken in each target country, or even in its regions, as English is not widely used, and native languages are preferred. AUMENTA's partners learned that Spanish speaking EU partners who want to target Uruguay (and Latin America region) and part of Morocco (and North African/ South-Mediterranean (MEDA) markets) can faster establish connections and mutual trust. Also, Baltic/Nordic Europeans is easier to establish communication between people in Georgia, Caucasus & Central Asia because of the common history.

It is important to highlight the fact that the implementation of the project took place during the COVID pandemic (2020-2022) which have impact on international travels on cross-regional cooperation, which has influenced mutual trust building between EU partners and target market organizations. AUMENTA's partners experienced that it took more time and EU partners effort to establish connections and trust via online meetings that it would take by once going to target market and meet persons on-site face-to-face.

There are countries – such as Morocco - where trust building and business development need to be done personally because of the culture and idiosyncrasy, so in those cases COVID pandemic has negatively influenced the development of relations between European and African partners.

Timing for doing business is another aspect to take into consideration. Holiday seasons in the third countries impact on project timeline implementation and should be considered ahead before planning activities and expecting results. For project three different target regions and continents have different timelines for active communication time with third countries parties.

In order create more impact and discover more business opportunities, synergies of on-going different events (organised by ESCP-4i, EEN and other projects) and initiatives can be used to help achieve wider network of contacts in the third markets and can lead to new successful cooperation cases.



### 3.1. Lessons learned from Georgia and Caucasus

Georgia has been selected as a strategic gate to Caucasus and Central Asia markets.

From AUMENTA's partners point of view, the country has been chosen because Baltic states partners from Lithuania and Latvia are geographically close to Eastern markets. Additionally, cluster SMEs already have commercial relations with those countries, including Russia and former USSR in Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan), Transcaucasia (Armenia, Azerbaijan, Georgia) and Eastern Europe (Moldova and Ukraine). From political point of view, Georgia is a H2020 associated country, is forming part of European Neighbourhood Policy (ENP) and there is an EU - Georgia Association Agreement. From international trade point of view, EU is the main trade partner of Georgia.

Within the implementation of the project, AUMENTA's partners learned that:

- It's recommended to have a local representative who understands the specifics of the communication, knows the cultural aspects, and speaks the local language. Local contact person, who has his or hers contact network, as middle-man will improve market entrance and will create trust of third country parties.
- It is important that communication takes place live and directly, and this can only be ensured through the availability of local contact. Online communication makes difficult to agree on business. On-site interactions are preferred to establish greater business opportunities. The communication can be made in English, and it is also possible to communicate in Russian.
- For Baltic/ Nordic Europeans, it is easier to establish communication with people in Georgia, Caucasus & Central Asia because of the common history.
- For food producers, better business opportunities can be found in in capital (Tbilisi) and large cities. Retail is very fragmented. Before entering the third countries market it is advisable to understand that there are significant cultural differences and there are/may be differences in purchasing power.
- For ICT sector, market specifics should be researched before going to the market, are there niches for importing and market regulations (government regulations that ICT solutions for government institutions are done inhouse).

## 3.2. Lessons learned from Morocco and North Africa

Morocco has been selected as a strategic gate to North African and MEDA markets.

From AUMENTA's partners point of view, the country has been chosen because of the participation of Latvian and Lithuanian AUMENTA partners in the EU-South MED Cluster Matchmaking Event & TechDays (Casablanca, 9-11 April 2019), previous implementation of international projects (Innomercamed and Mercamed) financed from European Funds and implemented by OnGranada (Spain) and the importance both for IT clusters – due to the need of digitalization, automatization and robotization of economic sectors, including agrofood; and for food clusters as exporters of processed (packed) food and importers of agri-food products. From political point of view, Morocco is engaged in European Neighbourhood Policy and there is an Association Agreement with EU / Free Trade Area liberalising two-way trade in goods. From international trade point of view, Morocco and North African countries are geographically close to Europe. The EU is Morocco's largest trading partner.

Within the implementation of the project, AUMENTA's partners learned that:

- Building trust relation is crucial to build business relation. Personal contact is crucial to build any relationship. COVID pandemic has negatively influenced the development of relations between European and Moroccan partners because of travel restrictions.
- It is important to know the culture, business culture and lifestyle to assess cooperation opportunities before investing time and resources to enter the market.
- Knowledge of culture and languages is basic to start approaching the local businesses. French and Spanish speaking persons can easier establish contact with partners in third countries such as Morocco, Uruguay, Argentina and Paraguay. Online communication makes difficult to agree on business, as virtual meetings are difficult to settle, and their results are not immediate or are not materializing as they are supposed to come up.
- Physical presence is essential in business relations with local Moroccan companies. Local contact person, who has his or hers contact network, as middle-man will improve market entrance and will create trust of third country parties.
- Control of next steps and the course of time in the business relationship depends on 100% of the Moroccan side. A possible gate to enter the Moroccan market would come from European companies that are already settled in the country.
- Political decisions impacts business and must be carefully assessed before working in the market. There are available resources of funding to be invested in the process digitalization and it is important to find ICT partners and suppliers from EU.
- North African companies and institutions expect concrete actions to be implemented between the European part and the local companies/institutions and tend to have concerns about signing formal agreements.

### 3.3. Lessons learned from Uruguay and Latin America

Uruguay has been selected as a strategic gate to MERCOSUR and Latin American markets.

From AUMENTA's partners point of view, the country has been chosen because of previous experience of Polish partner in working with Uruguay in boosting clusterization, export promotion, intercluster structures and network internationalization. Uruguay has also strategic location between Brasil (the biggest Latin American market) and Argentina (involved in the Low Carbon Action in the Americas – LCBA). From political point of view, it was selected because of EU-Mercosur trade agreement. Montevideo (Uruguay) is the capital of MERCOSUR („Latinamerican Brussels“) and the country is known as The Switzerland of South America. From international trade point of view, EU is Mercosur's number one trade and investment partner and second biggest trade in goods partner.

Within the implementation of the project, AUMENTA's partners learned that:

- Building trust relation is crucial to build business relation.
- Language and culture are basic to start a business relation with the potential Latin American partner. Latin American and European business cultures do not defer so much, but it is required an effort from the European side to understand customs in local markets specially if a local partner is being sought.
- Spanish speaking persons can easier establish contact, build trust and meaningful relationships. In order to speed up the collaboration it is advisable to have all documents, presentations and agreements translated into Spanish or at least in bilingual versions
- European companies (i.e Spanish companies already established in the region) are an asset to complete the internationalization process with more guaranties as they know the local market.
- It is important to know the culture, business culture and lifestyle to assess cooperation opportunities before investing time and resources to enter the market. There is a higher possibility to have better chances to enter market, if the person lived there or if representative is local.
- Local contact person, who has his or hers contact network, as middle-man will improve market entrance and will create trust of third country parties.

## 4. Policy recommendations

Taking into account the lessons learned from the AUMENTA's activities, project partners gathered and elaborated policy recommendations for European and third countries authorities involved in internationalization and export promotion.

The following policy recommendations have been gathered by AUMENTA's partners during the project implementation in exploring and establishing business and cluster cooperation of European clusters and companies in Georgia (as a strategic gate to Caucasus, Central Asia), Morocco (as a strategic gate to North African/ South-Mediterranean (MEDA) markets) and Uruguay (as a strategic gate to Latin American markets):

### 4.1. Policy recommendations for European authorities

- European public authorities at different levels (European, national and/or regional) can bring great value to open the doors in third countries and create cooperation linkages with local authorities and business support organizations.
- Increasing cooperation between EU Delegations and Member and State Diplomatic Missions and creating cooperation linkages with EU Delegations in third countries can be of a great support
- In terms of concrete activities, policy makers and public authorities can support clusters and companies in sharing market information on regular basis, informing about changes of market requests in the third countries and opportunities for EU companies to enter there. Also, information sharing about possible funding for companies to start business in the export markets, donors money for digitalization and automatization available in third countries would be of great value. Also, the role of EU embassies in third countries could be significant for EU companies and clusters in the field of exchanging know-how on how business is done in the specific country.
- Several support tools and financing schemes are needed i.e., COSME Going International, Erasmus+ Ka2 Cooperation among organisations and institutions, Joint Cluster Initiatives (EUROCLUSTERS) for Europe's recovery, national export support programmes and clusters programmes, to support, promote and facilitate contacts of European organizations (producers, service providers, clusters, among others) with local partners. Also logistics is an area where more support is needed.
- When deciding the non-EU target country, existing EU, bilateral and multilateral agreements should be considered, as it is easier to work with countries where agreements between European authorities and third countries authorities have been signed, as it gives access to third markets.

## **4.2. Policy recommendations for third countries authorities**

- Embassies from third countries and public institutions that boost economic and international expansion established in European states can initiate and serve as a bridge for international networking between European clusters and SMEs and third countries organizations;
- Information and promotion package of the country (webpage, other materials, webinars, seminars) would be recommendable to set guidelines for foreigners, who want to cooperate and import products and services, including formal and informal introductory facts about country for business environment.
- Organization and facilitation of trade missions, networking events or B2B meetings between European and third countries business would be advisable
- Participation of third countries public authorities or organizations responsible for internationalization as stakeholder in EU projects implemented in Europe is one of the ways to create linkages, build trust and bridges between third countries and Europe at public and business support level.
- It would be very helpful for foreign authorities in charge of internationalization and export promotion to work with staff that already knows European procedures and business culture.

### 4.3 Ways of promoting cluster cooperation

Several ways of promoting cluster cooperation with national authorities from third countries have been identified during the implementation of AUMENTA's project and they are the following:

- Cooperation with EU Embassies and/or other governmental institutions can support the establishment of trust between third parties' authorities and EU clusters;
- Potential cooperation activities between European cluster organizations and public authorities from third countries include:
  - EU cluster delegation visits on site with matchmaking and exchange of experience in third countries,
  - Designing, executing and monitoring of joint activities related to international matchmaking of business between European and third countries partners (especially business matchmaking activities)
  - Searching of financing opportunities for joint R&D projects where mutual interest have been identified and confirmed;
- Clusters should take initiative and come with offer for cooperation between parties where benefits are clearly identified for third countries. To make it happen it is recommended that European clusters prepare cooperation offer considering specifics of the third country (political issues, business culture and lifestyle).
- It is important to focus on concrete actions programme that brings value to the third country's cluster: classical collaboration based on documents are appreciate as theoretical and far from the real needs.
- Signing a cooperation agreement, memorandum of understanding or any other declaration of collaboration between cluster and public authority that do not have financial obligations, but shared and clear objectives with an action plan for the next 12-24 months can serve as a tool to implement concrete (even small, but tangible) joint activities.

It is important to highlight that often third country's needs are different to the European ones, so that a prior analysis of their situation would be recommended in order to start a reasonable collaboration. AUMENTA's partners experiences demonstrate that in the end of the day everything depends on the people who are working in the organizations – authorities and clusters, and if they will find common language and understanding to help each other no matter aims of authorities are.

## 5. Conclusion

This deliverable gives overview about AUMENTA project lessons learned from the implementation of project activities simultaneously in three different markets and continents and include recommendations for policy makers from Europe and third countries to learn from AUMENTA's experiences.

Although implementation of AUMENTA took place in the middle of the COVID pandemic (2020-2022) and had considerable impact on the execution of project activities, especially related to international travels on cross-regional cooperation that influenced mutual trust building between EU partners and target market organizations, the proposed methodology of X-Industry Internationalization resulted to be resilient to pandemic challenges and generated various benefits at cluster and business level that resulted in the signature of cooperation and business agreements, as well as joint cooperation project between European and third countries organizations.

Those learnings could be used as an inspiration for future public policies, design of support programmes and any other activities that support business and cluster cooperation between EU and non-EU countries.



# AUMENTA



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