



Co-funded by the  
COSME programme  
of the European Union



European Lighting Cluster  
Alliance **for Internationalisation**

## Deliverable D1.4

### ELCA4i register of good & bad practices for internationalisation of SMEs

Deliverable Control Page			
<b>Deliverable Title</b>	ELCA4i register of good & bad practices for internationalization of SMEs		
<b>Deliverable Number</b>	D1.4		
<b>WP number</b>	WP1		
<b>Author(s)</b>	Angela Lalatta (CICAT)		
<b>Short Description</b>	<p>The list of individuated good and bad internationalisation practices close to the market sectors addressed by ELCA4i and the register of strategic business partners, intermediary organisations and other strategic players for the consortium internationalization goals individuated in partners' countries and across Europe.</p> <p>The deliverable will be updated during the project course.</p>		
<b>Contributors</b>	Antonella Venza, Alberto Sozza (LIV), Marc Fontoynt, Francois Brunet (CL)		
<b>Type</b> R = Report, DEC=Websites, videos etc. O = Other,	R		
<b>Language</b>	English		
<b>Version</b>	<b>Date</b>	<b>Authors</b>	<b>Description</b>
V1	25.03.2021	AL	Draft version + index
V2	22.04.2021	AL, AV, AS, MF, FB	Advanced version with PPs contribution
V3	30.04.2021	AL	Final version
<b>Dissemination level</b>	<input type="checkbox"/> CO (Confidential, only for members of the consortium and Commission Services) <input checked="" type="checkbox"/> PU (Public)		
<b>Requested deadline</b> (dd/mm/yyyy)	30.04.2021		



Co-funded by the  
COSME programme  
of the European Union



**D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs**

---

**Index**

- 1. Short introduction regarding how our companies understand the internationalization. .... 3
- 2. Barriers to Internationalization detected by the clusters with direct incidence on SMEs..... 3
  - 2.1 Some tips detected by the interview with a sample of CICAT members ..... 4
- 3. GOOD & BAD PRACTICES FOR INTERNALISATION detected by ELCA4i partners: CICAT, LIV, Cluster Lumière  
..... 5
  - 3.1 Good Practices..... 5
  - 3.2 Bad practices ..... 9
  - ..... 10
- 4. List of good and bad practises collected from other clusters experiences ..... 10
  - 4.1 Good & Bad practices detected in the ELCA4i targeted countries ..... 11
    - CANADA ..... 11
    - UNITED STATES ..... 12
    - GULF REGION - SAUDI ARABIA & UAE..... 13
    - JAPAN ..... 15





Co-funded by the  
COSME programme  
of the European Union



## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

### 1. Short introduction regarding how our companies understand the internationalization.

In general, internationalization enhances competitiveness, reinforces growth, and supports the long-term performance and sustainability of firms. For example, in European Union studies, internationally active SMEs report employment growth of 7 percent versus 1 percent for SMEs only active in domestic markets; and 26 percent of internationally active SMEs have introduced new products or services for their sector and in their country, compared with the average for all SMEs which is three times lower.



The ability of SMEs to export is an indication of their competitiveness in global markets. It exposes firms to international best practice and strengthens the possibility of adding value through innovation by improving products, production processes, and business models; can improve productivity through the adoption of new technology and know-how; and supports increasing sales, employment, and growth in revenues and market share.

It is important to note that most SMEs, particularly smaller ones, focus only on local or national markets, and do not consider 'going international', seeing it as unnecessary, costly, and risky.

Internationalization involves increasing direct and/or indirect linkages to international markets and cross-border operations. Policy attention is often focused on exporting in terms of selling goods and services directly to final customers in international markets. However, **internationalization is much wider** and can involve a variety of modes, including direct and indirect exports; **licensing; franchising; joint ventures; strategic alliances; mergers and acquisitions; establishment of wholly owned subsidiaries in foreign markets; and international subcontracting by exporting, or by supplying international firms/buyers in the domestic market, but subject to a variety of international standards and requirements.**

### 2. Barriers to Internationalization detected by the clusters with direct incidence on SMEs

**Internal barriers** are generally seen as the most important, and relate to firm-level capability and resource constraints, such as business culture and skills not well suited to internationalization; financial constraints at various stages of internationalization; difficulties with product standards and certification; constraints on accessing and using information and/or knowledge related to export markets and customers lack of familiarity with cross-border marketing and distribution channels; limited capacity related to undertaking and/or managing logistics requirements; limited capability for effective promotion of the firm and its products; and constraints on product and process innovation, including related technology acquisition and adaptation.





Co-funded by the  
COSME programme  
of the European Union



#### D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

---

**External barriers** relate to the business environment both nationally and in international markets, such as (domestic) government rules, regulations and procedures related to exporting, importing, and procurement; rules, procedures, and requirements of firms providing key cross-border supporting services, e.g., banks, shippers, insurance companies; limited effective (national) initiatives supporting SME internationalization (e.g., export promotion financing); gaps and inefficiencies in national and cross-border infrastructure and logistics systems; inconsistencies among different national customs rules, regulations, and procedures; continuing protection, including non-tariff barriers in key regional markets; and general (national) constraints on SME operations and performance.

### 2.1 Some tips detected by the interview with a sample of CICAT members

#### Bad practice for internationalization

**Managerial mindset and organizational culture:** A key constraint on SME internationalization is managerial mindset and organizational culture. Most SMEs, particularly smaller firms are focused on local or domestic market, so they use to act with local mentality.

**Use of Information:** a bad practise noticed by CICAT is how the SME's get the data and information on the targeted external markets; even in the current era of extensive and easily accessible information. This includes information on market characteristics and potential customers, on existing regional and bilateral trade and investment agreements and their business implications and on regional rules, regulations, and procedures. Furthermore, many SMEs have limited ability to manage (elaborate and understand) existing data and information.

#### Good practice for internationalization.

**Set up an International department.** Arrange an international department with performed skills able to design a proper international strategy in line with the goal of the company.

**Correctly manage the information.** Get the right information on the targeted markets and make an analysis of the data. Understand the potencialof the market, channels, barriers, competition.

**Be aware on cultural differences** It's also crucial for a product to adapt to users' cultural differences, (**tropicalize a product**) which goes much further than just translating your site or app into a different language. For example the Japanese sites are localized haphazardly, this look is actually spot on for Japanese consumers, who prefer to see everything on the first page!" In Canada, *shopify* is able to use less traditional imagery to communicate the topic of diversity, while this approach wouldn't work in Japan, where the culture is still very traditional and sensitive to more liberal images.

**Follow up with the potential client.** To become a regular exporter the company, need to establish a durable relation with the potential client. Overall, in middle east countries where they do business with "friend" people.





Co-funded by the  
COSME programme  
of the European Union



## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

### 3. GOOD & BAD PRACTICES FOR INTERNALISATION detected by ELCA4i partners

#### 3.1 Good Practices



##### 1 – Luce in Veneto collectives



On the occasion of the main international lighting Fairs Luce in Veneto offers its companies the organization of LIV collective areas with the aim of:

- increasing di visibility of the companies, even if they have small boots;
- improving the positioning of the boots within the fair pavilion;
- reducing the costs for the construction of the stands

- developing a common communication with the presentation of the exhibiting companies
- obtaining favourable conditions by the providers: catering, connections...

These initiatives, even if very demanding for LIV, are important for the SMEs belonging to the cluster for the opportunity of fruitful collaboration among them to improve export activities.

##### 2 - UL Certification's Agreement

After a long study process LIV has launched an **innovative service aimed at supporting its members to enter and grow in the USA and Canada markets**, considered strategic internationalisation area for the Italian lighting companies.

The initiative was born from the need expressed by many companies' member of Luce in Veneto to reduce and simplify the procedures to obtain the UL quality label for the USA/Canada market.

This label is very important for them to demonstrate their local customers that they meet not only the UL standards, mandatory to export in these markets, but also a high-quality procedure in terms of electrical safety of the products thanks to continuous on-site checks by UL inspectors.

After many meetings with the UL Italy Srl representatives, LIV has obtained the possibility to consider the entire cluster as a single subject, with Luce in Veneto as "applicant" and the companies as their "trademark". This solution allowed considerable savings in terms of money and times for the companies.

Finally, LIV aimed at supporting the companies to obtain public funds submitting a project in a specific regional call under the ERDF Programme. In this way the companies had the opportunity further to reduce the costs to obtain and maintain the UL Mark.

The solution proposed by LIV offers a clear and tangible (positive) impact to all the members interested in having UL certified products because they can move within the market using a single and the most requested certification mark in the United States/Canada, appearing on 22 mln products annually. This service has importantly reduced the certification costs of a single company.





Co-funded by the  
COSME programme  
of the European Union



#### D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

Furthermore, LIV forced the companies to participate in a common Insurance with adequate ceilings for the reference markets as a further guarantee for the North American consumer, that increases their value proposition.

This initiative has demonstrated that the cluster is able to concretely respond to the needs expressed by some companies and to find new solutions that can be extended to all the other companies of its network.

The long preparatory work led to the creation of an internal regulation for the underwriting companies for quality management of the production chain.

#### 3 – ELIV by Luce in Veneto



Global market trends confirmed increasing adoption of decorative lighting applications in home, hotel, restaurants, and offices are other factors expected to propel growth of the target market over the next 5 years period. On-going trend observed is the increasing consumer preference towards replacing old technology with new technology and this trend is expected to continue during the forecast period.

The residential sub-segment is the largest revenue contributor to the general lighting market and is presumed to witness strong adoption during the next years with the improving standard of living, escalating home values, and growing preference for artistic and stylish fixtures with different designs.

The global lighting fixtures market is highly competitive and fragmented. The large multinational companies are still dominating the market. The leading four manufacturers in the global lighting fixtures market jointly account for less than 45% of the market revenue. Moreover, the European lighting industry is exposed to the aggressive advance of Asian (mainly Chinese) low-cost and often also low-quality products. The competition from China is erasing most of the global market share. The small and medium-sized enterprises struggle to position themselves in the global value chains.

In this context LIV considered it important to invest directly in order to increase the technological level of the products / services offered by the companies in the smart lighting sector member of the cluster and to promote them in foreign markets, with particular reference to the European market.

In recent years Luce in Veneto has faced a path of analysis of various technological solutions offered on the market, identifying a series of partners for the development of a common network electronics for the control of the light point, also through voice control. . The solution will allow the definition of a wide range of dimmers with constant voltage output, phase cut and one or two relays. LIV now intends to offer network companies the development of customized apps that will allow the integration of lighting fixtures produced by network companies. The developed system will be compatible with the most popular Amazon Alexa and Google Assistant voice control systems.

In 2020 Luce in Veneto proceeded with the **registration at European level of the "ELIV" brand dedicated to common electronics for all the companies belonging to the cluster**. Luce in Veneto is currently managing the **creation a dashboard for the data collection from the market** thanks to the use of this electronics, in collaboration with a company member of Luce in Veneto which has allowed the development of this technology. In order to promote this new brand, the Network intends to promote this brand at the main international fairs.





Co-funded by the  
COSME programme  
of the European Union



#### D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

Through the development of the ELIV "dashboard" the companies will have the opportunity to access a rich database capable of providing direct information on the location of the lamps sold by the company and a series of information that can be made available by the buyer.

#### 4 - The Venetian Smart Lighting Award



Since 2016 LIV has been organizing every year, a **competition dedicated to the best product / solutions made by companies belonging to the cluster and in the Veneto Region**. In 2020, in addition to prizes for the best products in classic and modern style, the cluster has proposed a special prize to the best lamp for healthcare, care, hospitalization / permanence environments, in particular for the fight against diffusion of the COVID-19 virus

As element of novelty, however, at the 2021 edition there is a specific category dedicated to the creation of accessories/prototypes with 3D printing as part of the contest promoted in collaboration with HP and Nuovamacut.

The jury is made up of lighting designers and other personalities linked to the world of light, who evaluate not only the aesthetic aspects of the candidate products but also their functionality, innovation as 360 ° lighting fixtures.

The Venetian region is very famous all over the world for its Murano chandeliers and high-quality handcrafting products. The main part of LIV members is, in fact, lighting SMEs that produce decorative indoor lamps with different kind in classical or modern style. In fact, the majority of our companies are traditional SMEs that often struggle to embrace the innovation and new technologies. They are also direct competitors that make joint collaborations very challenging.

The idea to transform their competitiveness into an annual Award has stimulated companies to innovate and to propose always new solutions. The final ceremony of the competition has become for the companies an annual appointment they don't want to miss because it's a great opportunity to meet all the other cluster members, some sponsors, digital media partners and local stakeholders in the context of the wonderful historical Villa Cà Marcello.

In occasion of the Award event the companies are stimulated to deepen the mutual knowledge and often to cooperate for new common solutions. The cluster involves also some selected sponsors that have the opportunity to propose new services - strategic for the companies innovation and business development (e.g. BIM object, financial opportunities, technical solutions etc.)

This initiative is perfectly in line with the main objectives of the Cluster is to create new business opportunities among companies, to strengthen internal awareness and to increase the external visibility.





Co-funded by the  
COSME programme  
of the European Union



## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs



### 1 - CICAT as part of SECARTYS (Spanish Business Association)

CICAT is part of Secartys a large business Spanish association providing a wide range of services targeted to their members.

In line with the strategy of the cluster, Cicat could provide customized services covering all the internalization process through the international department that belong to Secartys.

CICAT is able to support their members during the process of expanding the commercial activity abroad.

Short list of services:

- Agent, specifiers, distributors search
- Market study
- B2B matchmaking event organization
- Visit international trade fair.
- Trade and inspirational trade mission.



Cicat @Silicon Valley

### 2 - Networking breakfast focused on targeted markets



Así fue la jornada sobre certificación para la exportación de luminarias a Arabia Saudí  
in Así fue

El jueves 17 se realizó en las oficinas de Cicat una jornada sobre certificación para la exportación...

[READ MORE](#)

Actualidad y tendencia de mercado en la nueva normalidad. Especial LATAM.

in Así fue

Resumen de la celebración de la mesa redonda sobre los mercados LATAM de iluminación. Descarga o visualiza...

[READ MORE](#)

CICAT offer to their members a space of networking presenting first the key data of the market after that sharing experiences, tips, good bad practices amongst the participants. We used to invite one or two companies/persons with a direct knowledge and experience on the treated market.





Co-funded by the  
COSME programme  
of the European Union



## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

### 3 – Building relationship with foreign delegation



Connecting with the foreign delegation (Embassy, trade office) in our country in order to introduce the sector represented and build up a close and stable relation.

Indian Ambassador in Spain visiting Secartys / Cicat

## 3.2 Bad practices



### Venezia in Luce” network



Luce in Veneto uses to promote the creation of possible networks among companies belonging to the cluster with the aim of increasing their collaboration in internationalization activities.

In 2014, following a meeting with a internationalization consultancy company, a group of 8 companies decided to continue this collaboration focused on the Arabic market.

After a first phases of market analysis, they decided to implement their presence in the Saudi Arabia through the creation of a new consortium, named “Venezia in Luce”. The consultancy company provided to support them in: the definition of a Business plan; the selection of the commercial staff on site; the operational start-up of a show room in Riyadh and the assistance for the start-up of commercial activities in the Saudi market, and possibly in neighbouring ones. The consulting company helped them in developing its relations with the foreign commercial structure, taking care of the internal regulations, the flow of information, the proper functioning of relations between the Italian partners and the commercial structures.

Unfortunately, the collaboration between the companies had a limited duration as the companies did not reach the goal of reaching the correct type of market segment: luxury products for private villas, mosques, Spa etc.. because they underestimated the cultural and relational elements for a profitable commercial development in this market.





Co-funded by the  
COSME programme  
of the European Union



## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

---



### Show room in Barcelona City centre. Wecontract space.



CICAT uses to promote the creation of possible networks among companies belonging to the cluster or other Catalan clusters (habitat sector) that follows the same sales channel.

Further to an agreement with the Habitat cluster, Cicat gave the possibility to their members to join to a “Luxury show room” based in the Barcelona city center (one of the well-known streets of the city) and addressed to the international and local specifiers.

Unfortunately, the showroom was active during a limited time because the volume of the interest of the specifiers was the expected (in the lighting sector). Finally, we decided to do re-design this initiative, analysing the needs of our potential client.

## 4. List of good and bad practises collected from other clusters experiences

### GOOD PRACTISES

- Establishing a partnership with complementary competences along the value chain.
- Implement working methods and tools enabling cluster partners to capitalise previous MoU's, C2C contacts and market studies.
- Construct a European Cluster Partnership image/branding for critical mass and visibility (higher attractiveness to foreign countries and open doors).
- Identify opportunities to organise joint meetings between Partnerships, Business-to-Business, trade shows and missions in order to exploit synergies and economies of scale.
- Analysing country/region market reports to gain a general knowledge of the markets.
- Organisation of B2B o B2S (specifiers) sessions for companies in the target countries
- Considering the value of informal activities amongst clusters
- Monitoring local financial support to SMEs as part of the cluster internationalisation program.
- Cooperate in a competitive environment (Coopetition).
- Provide tailor-made market studies, support for search of R&D or commercial partners.





Co-funded by the COSME programme of the European Union



**D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs**

**BAD PRACTICES**

- Partnerships from the same sector.
- Targeting more than 3-5 countries
- Unregular visits to the target countries.

**4.1 Good & Bad practices detected in the ELCA4i targeted countries**

**CANADA**



	<p>The Lighting Fixtures Manufacturing industry in Canada has captured opportunities abroad and expanded significantly over the five years to 2019. The recent thrive in the domestic residential construction stimulated demand for home lighting fixtures. Revenue in the Lamps &amp; Lighting segment amounts to US\$5,214m in 2019. The market is expected to grow annually by 2.1% (CAGR 2019- 2023). The Lamps and Lighting segment accounts for 15% of the Furniture market’s revenue and is mainly driven by the push for stricter regulations across the globe with regards to more energyefficient light sources. In terms of regional sales, Europe has steadily generated the most revenue in the Lamps and Lighting segment, with revenues predicted to reach approximately US\$66 billion by 2023.</p>
--	--

The Canadian market is appealing to the partner clusters’ companies also thanks to the [EU-Canada Comprehensive Economic and Trade Agreement](#) (CETA) that helps SMEs from both sides to export, import and invest more easily. Almost all tariffs have been eliminated or reduced. Import requirements have been simplified where possible, including customs procedures, rules of origin or technical regulations.

<b>CANADA</b>	
<b>GOOD PRACTISES</b>	<b>BAD PRACTISES</b>
English and French are the official languages, but English is more used	Not speaking English or French fluently
CETA agreement between EU & Canada (free movement of qualified employment and free trade of goods)	Not having a good quality product. They value it a lot.
As a rule, focus first on the cities and metropolitan areas of Toronto, Montreal, Vancouver, Calgary, and Edmonton.	Not considering that Canada is divided into 5 regional markets
Most imports do not require authorization of any kind, but they must meet very strict requirements. However, some goods can only be imported after obtaining a license.	Not complying with the lead times. They are very demanding with the sales and after-sales service
All products entering Canada must be reported to the CBSA and are subject to inspection.	





Co-funded by the  
COSME programme  
of the European Union

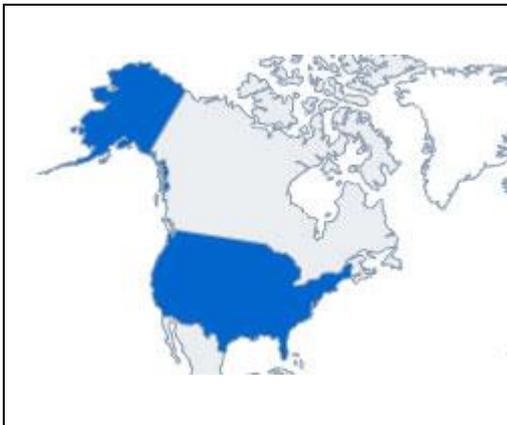


## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

### Useful links:

- ✓ [https://trade.ec.europa.eu/access-to-markets/en/content/eu-canada-comprehensive-and-economic-trade-agreement#toc\\_11](https://trade.ec.europa.eu/access-to-markets/en/content/eu-canada-comprehensive-and-economic-trade-agreement#toc_11)
- ✓ [https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/benefits-enterprises-avantages.aspx?lang=eng&\\_ga=2.227025757.1924910850.1582553754-393611746.1582553754](https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/benefits-enterprises-avantages.aspx?lang=eng&_ga=2.227025757.1924910850.1582553754-393611746.1582553754)
- ✓ <https://ec.europa.eu/trade/policy/in-focus/ceta/smes-and-ceta/>
- ✓ <https://trade.ec.europa.eu/access-to-markets/en/search?product=&origin=IT&destination=CA>

## UNITED STATES



Between 2013 and 2018, consumption of lighting fixtures in the United States has grown at a yearly average rate of 3.1%. Product groups that register a plus include Healthcare, Hospitality, Horticulture and Street lighting. The US LED market was valued at USD 8.82 billion in 2018 and is expected to register a CAGR of 12.6% over the forecast period (2019-2024). The US LED market is highly competitive and consists of several major players. In terms of market share, few of the major players currently dominate the market. These major players with a prominent share in the market are focusing on expanding their customer base across foreign countries. These companies are leveraging on strategic collaborative initiatives to increase their market share and increase their profitability.

The European Union and the United States have the largest bilateral trade and investment relationship and enjoy the most integrated economic relationship in the world. The Transatlantic Economic Council was set up in 2007 to guide the work on transatlantic economic convergence. The TEC is the only EU-US high level forum in which economic issues can be discussed in a coherent and coordinated manner. Inevitably for two economies of such size with such a high volume of trade, the EU and the US encounter a number of trade disputes which are handled through the dispute settlement mechanism of the WTO. Although they tend to grab headlines, these disputes currently only affect some 2% of EU-US trade.

USA	
GOOD PRACTISES	BAD PRACTISES
The American market is very demanding and competitive.	Very high and often aggressive competition.
The United States economy is open and traditionally favourable to foreign direct investment, offering the foreign investor a national treatment.	Small companies, in many cases, do not have a market opportunity compared to large corporations that have a monopoly.
As there is no legal regulation regarding prices, there is full freedom to set prices	Free market and mixed capitalism which means a few limitations to develop no institutions that can defend new companies



Co-funded by the  
COSME programme  
of the European Union



#### D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

To be successful, it is important to identify one to three key market segments, whether in relation to industry, geography, or another demographic as the area in which the company's products and services can contribute more value.	Purely entrepreneurial and unfair country
To win customers, profit and gain market traction, your company or product must have a clear, unique, and compelling value proposition	Punctuality is very important for Americans, in addition to previously establishing the start and end time of the event. Deals and negotiations are generally very fast
To quickly penetrate the US market, it is highly recommended to consider seeking partnerships or alliances with US service providers, sales channels, and niche customer groups.	

#### Useful links:

- ✓ <https://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/>
- ✓ <https://ustr.gov/issue-areas/small-business>
- ✓ <https://eaccny.com/>
- ✓ <https://trade.ec.europa.eu/access-to-markets/en/search?product=&origin=IT&destination=US>

#### GULF REGION - SAUDI ARABIA & UAE



The lighting fixtures market in the Middle East and North Africa (MENA) is currently estimated about US\$ 3.2 billion, with positive expectations for the next 5 years. Despite these positive expectations, the whole area remains challenging with tough competition and focus on price. Political and economic instabilities are among the key challenges the region is currently facing. The Region is a big importer of lighting fixtures (around US\$ 2.2 billion, equal to 71% of the total consumption). Competition is highly fragmented. Local manufacturers or importers compete in the medium price segment. Asian companies have been progressively increasing in the last years and some of the major manufacturers achieved relevant market share in the region. LED lighting market growth will be close to +15% per year. Despite the MENA region is still a project-based market, the retail channel is progressively expanding and it is expected to improve its relevance in the coming years.

The ELCA4i Consortium addresses two (Saudi Arabia and the UAE) of six member countries of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) that represent an important region from a trade point of view and were the EU's fourth largest export market in 2016. The GCC countries have formed their own customs union and are working towards the goal of completing an internal market. There is an ongoing cooperation between the EU and GCC on trade and investment issues, macro-economic matters, climate change, energy and environment as well as research. A more structured informal EU-GCC dialogue on Trade and Investment was launched in May 2017.



Co-funded by the  
COSME programme  
of the European Union



## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

### Saudi Arabia



<b>SAUDI ARABIA</b>	
<b>GOOD PRACTISES</b>	<b>BAD PRACTISES</b>
Acting as an agent or distributor to enter the market	No free trade markets. The arithmetic average of the consolidated tariffs is 11.0%
Very important repeated direct personal contacts and build trust. In the public service use a local intermediary	Direct selling is not common (better postal code)
You (as an agent or distributor) must be registered in the Ministry of Commerce and Industry.	For religious reasons, some products cannot be sold by postal code)
Invest in in legal advice or in health regulations, approvals, labelled= legal difficulties (≠ from European legal system)	Just Saudis agents or distributors can be registered in the Commercial Register
Including in the contract a non-compliance clause	Greater protection and advantages to the national citizen with respect to the foreigner in all areas.
Study in detail an eventual advertising campaign as there are many religious restrictions	Foreign investment in Saudi Arabia is not advised (many foreign investment limitations, defective existing legal security system...)
All companies must be registered in the Commercial Register except those companies with capital less than or equal to 100,000RS (3.75RS = 1 US \$)	Using a commercial Saudi agent when you are not trading agricultural machinery
All Saudi Arabia exports (except those less than 3.000 RS) must be accompanied by the customs declaration form, the commercial invoice, the bill of lading and the certificate of origin)	Not having knowledge about Muslim calendar
"Made in " label must be very visible. An ECC label is not valid	Not having a VISA before entering the country





Co-funded by the  
COSME programme  
of the European Union



## D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

### UAE United Arab Emirates



UAE	
GOOD PRACTISES	BAD PRACTISES
Very important to have local partners and take care of your partners	The period of maturity of the commercial activity, or investment project, is in the medium or long term
It is essential to be fluid in English	You must be very flexible to adapt to price requirements
To sign a contract with an agent or distributor, necessary to have a commercial license	It is better for a man to do business in those countries
A reduced VAT tax rate of 5%	There is no law issued by the Ministry of Human Resources and Emiratization that stipulates a minimum interprofessional wage
AED / USD exchange rate pegged at the rate of 1 USD = 3.6725 AED	Maximum number of hours worked stipulated by law is eight per day, 48 hours per week.
Wide range of international free trade agreements	Religious holidays that can affect business

#### Useful links:

- ✓ <https://ec.europa.eu/trade/policy/countries-and-regions/regions/gulf-region/>
- ✓ [https://eeas.europa.eu/delegations/saudi-arabia\\_en](https://eeas.europa.eu/delegations/saudi-arabia_en)
- ✓ [https://eeas.europa.eu/delegations/united-arab-emirates\\_en](https://eeas.europa.eu/delegations/united-arab-emirates_en)
- ✓ <https://trade.ec.europa.eu/access-to-markets/en/search?product=&origin=IT&destination=AE>
- ✓ <https://trade.ec.europa.eu/access-to-markets/en/search?product=&origin=IT&destination=SA>

### JAPAN



Japan LED market reached a value of US\$ 5.1 Billion in 2018. Japan started promoting its semiconductor lighting technology as early as 1998 with its “21st Century Lighting Project,” and is regarded as one of the earliest nations to initiate LED industry policies. Although till 2010, the Japanese government remained unsuccessful in promoting LED lighting as standard-setting was delayed. To resolve the problem of power shortages, the Japanese government phased-out incandescent light bulbs and started focusing on the implementation of energy efficient LED lighting systems. Japan today has one of the highest penetration rates for LED’s. The LED market in Japan is fairly concentrated with Nichia Corporation representing the biggest player in the country. Looking forward, we expect the Japan LED market to grow at a CAGR of around 10% during 2019-2024 reaching a value of around US\$ 9.2 Billion by 2024.



Co-funded by the  
COSME programme  
of the European Union



#### D.1.4 ELCA4i register of good & bad practices for internationalisation of SMEs

ELCA4i consortium would like to take on the [EU and Japan's Economic Partnership Agreement](#) entered into force on 1 February 2019, that removed tariffs and other trade barriers and created a platform for international cooperation.

<b>JAPAN</b>	
<b>GOOD PRACTISES</b>	<b>BAD PRACTISES</b>
It is highly dependent to exports.	VAT increase.
Highly suggested (mandatory) to have a local partner (JV) to enter the market.	US protectionists turn.
Japan and the EU have a strong and continuous commercial relationship.	Duality of the labour market.
Even if you do not have notions of Japanese, it is advisable to use a word in your language in the greeting.	Japanese people think a lot before taking a final decision, that is why sometimes deadlines can be extended.
Highly educated and dedicated people.	Japan has many very strong local companies
Since Japan is an island nation, there are multiple ports that can manage the import/export business of a new company.	Very bureaucratic country in many ways, with a dense network of regulations, permissions, certifications, procedures, offices, and authorities with approval procedures for many things.
Awareness about Japan's politics, economics and social-cultural environment is a considerable asset	Unique behaviour of Japanese consumers and businessmen – important cultural and business-making differences

#### **Useful links:**

- ✓ <https://www.eubusinessinjapan.eu/>
- ✓ <https://trade.ec.europa.eu/access-to-markets/en/search?product=&origin=IT&destination=JP>
- ✓ [https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_japan\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_japan_en.pdf)
- ✓ <https://ec.europa.eu/trade/policy/countries-and-regions/countries/japan/>

