



CONTENT

Editorial:

pgs. 1 & 2

Closing the circle

*José Frederico Álvares,
Foreign Trade Executive
Manager of CNI*

pgs. 2, 3 & 4

Congress on Cooperation

LA-EU

Survey Eurochile

Trade On-Line Meeting

FIHAV 2009

Solutions for crisis

Spanish American

Silversmiths Meeting

Craft Innovation in Mexico

pg. 6

Consortia Meetings:

MCV Consortium Meeting

CAMC Consortium Meeting

RA Consortium Meeting

pg. 7

Interview:

*Jorge Paolino, Chamber of
Industry & Uruguay*

pgs. 8 & 9

In Brussels they talk about...:

Workers education in LA

Bilateral Relations Peru – UE

EU and Mercosur,

agreement still pending

CLOSING THE CIRCLE

And to finish our 'pilgrimage' by the Latin American lands, this time the farewell will be held by Mercosur, Chile and Venezuela Consortium (MCV). This consortium brings together a group of countries, characterized by its variety, its size and diversity. From the region of Patagonia in Argentina, through the Brazilian Amazon to Isla Margarita in Venezuela. In Mercosur, we count with Brazil and Argentina as our big brothers and Uruguay and Paraguay in their way to development and economic progress. Chile, with its particular international relations and Venezuela, as an inexhaustible source of resources. Great mix to close our 'compass' Latin America.

MCV Consortium in AL-INVEST IV, by José Frederico Álvares, Foreign Trade Executive Manager of CNI

Since the creation of the first Business Cooperation Eurocentres in Latin America, with the implementation of AL-INVEST Programme, and in later stages to its existence, the MCV Consortium partner institutions have been part of their activities. This historical participation of our institutions justifies the importance we are giving to cooperation in this new phase of implementation, the fourth one.

This consortium brings together 16 organizations representing industrial, trade and services sectors as well as other institutions that contribute to the development of small and medium enterprises. We also have partners in Germany, Spain, France and Italy.

In the National Industry Confederation (CNI), together with our members, we aim to achieve the implementation of AL-INVEST IV Programme in the region, so we held a strategy that aims at the development of competitive SMEs focused on the promotion of innovation and integration of companies in international markets, especially in Europe.



Photo: MCV Consortium

This strategy is based on an analysis of sectors, conducted by the institutions of the Consortium, and with reference to the identification of challenges to international integration.

In this exercise three groups of problems that we'll try to overcome with the implementation of the AL-INVEST IV Programme have been identified.

Continue on page 2

This publication has been made with the assistance of the European Union. The sole responsibility for its content lies with AL-INVEST IV and in no case shall it be deemed to reflect the EU point of view.



The European Union is composed of 27 Member States that have decided to share their knowledge, resources and destiny. Together, during an enlargement period of 50 years, they have built a zone of stability, democracy and sustainable development maintaining, at the same time, the cultural diversity, the tolerance and individual liberties.



Editorial...

The first one is Competition as the chosen sectors revealed the need for specialized technical assistance aimed at developing products and the adequacy of production processes to comply with international demands of consumption and production.

Another one is Internationalization since, in general, all sectors have the need to improve their skills in international integration, seeking support in business intelligence, place the product, brand and promotion.

And finally, the intermediary institutions, which are institutions that operate in standardization, certification of product quality and business development need support to refine tools to assist SMEs.

The challenge now is related to the development of a Programme that promotes the improvement of the competence of those companies and their industries, so you can combine, virtuously, support to economic growth with a production model that achieves positive results on social inclusion and cohesion.

The incorporation of small and medium enterprises in internationalization processes requires that they need to increase their abilities and competences. It is imperative to improve corporate performance and align their products. This is a task that sometimes goes beyond the support of knowledge of markets and export practices.

By solving the problems that prevent SMEs integrate into the world, favorable conditions for sustainable growth of these companies and positive impacts on local development are created.

When getting out the proposed activities by our institutions will have a set of results that will consolidate our performance and will create more capacity to develop better economic relations between Latin America and Europe.

Activities...

Trade relations between Latin America and Europe to debate



Photo: Centro Internacional de Negocios, Brasil

The past 12th, 13th and 14th of November was held in Brazil the Congress on International Cooperation European Union-Latin America, organized by the Federation of Industries of Rio Grande del Sur (FIERGS) through the International Business Center (CIB-RS) and the National Confederation of Industry (CNI) leader of MCV Consortium.

The purpose of the meeting was to discuss economic and trade relations between Europe and Latin America. For that purpose, experts in bilateral relations between the two territories attended the event.

Director of International Relations of the Ministry of Foreign Affairs of Brazil (MRE), Evandro Didonet, stressed in his speech the favorable position of his country and other members of Mercosur, "compared with developed countries", in relation to the credibility which they have in trade negotiations. Didonet emphasized that the system that provides grants to countries has favored Brazil by establishing stable and resistant standards.

In addition, the Representative of the Brazilian government stressed the importance of the Doha and Sao Paulo Rounds, agreements that will provide a tariff reduction in member countries, and noted that they are of critical importance for the textile and footwear industries. "For the first time, the United States will lose their

position as the leading importer of Brazilian products," he said.

Moreover, Mario Benavente, head of the Foreign Investment Department under the Ministry of Foreign Affairs of Chile, stressed the importance of integration referring to the relationship between Chile and Mercosur.

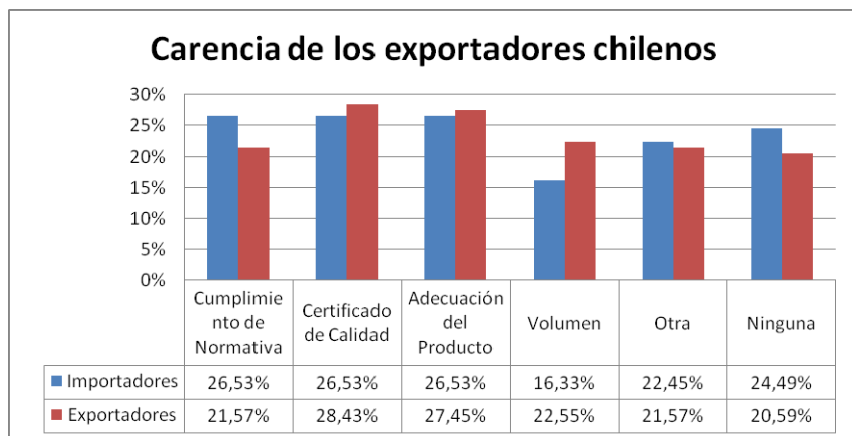
On the other hand, Mauro Laviola, director of the Association of Foreign Trade of Brazil, noted that the non-entry of Chile in Mercosur "has provided an intensive policy of bilateral agreements that has helped to diversify markets and business."

In the context of the Programs and Tools aimed to internationalization of companies, Vittorio Tonutti, Head of Unit of Europe-Aid, European Commission, said: "Help to small businesses is available at business bodies of the industry, such as Industries Federation. Operators should try to inform about the possibilities that exist". The European representative also recalled that AL-INVEST IV Programme has allocated 50 million euros to internationalization of small and medium enterprises in Latin America.

The Workshops were attended by more than a thousand people and for some speakers was common position that there is optimism for the coming years. "We are more important in the world now than we were before the crisis," they claimed.

Activities...

The quality certification, one of the main weaknesses of the Chilean exporting SMEs



A survey by the Business Foundation EuroChile reveals that the main weak areas for Chilean exporters are the certification of quality and appropriateness of products to demand.

The results are derived from questions posed to national and European businessmen who participated in the third Macro Business Round Table organized by EuroChile and ProChile, with the support of AL-INVEST IV Programme, last September in Viña del Mar (Chile).

In addition, the study reveals that a large percentage of Chilean exporters are not associated with any group (44.3%) and from the rest, 48.3% are member of professional unions.

"This shows that there still exists a problem of setting associative actions among Chilean SMEs", assured José Aravena, EuroChile's executive director and this, has added, "affects their ability to internationalization because to working together with other employers and promotion bodies is a key factor to increase competitiveness, to fulfill market demands, and meet the demands in terms of variety and volume of products".

This information guides the support that EuroChile offers to domestic SMEs, through AL-



INVEST IV Programme, in order to overcome these gaps and meet the requirements of target markets, which is a key element to their internationalization.

AL-INVEST IV brings Mexican SMEs closer to Europe



Photo: CAMC Consortium

Spanish and Mexican companies have been able to contact the Virtual Trade Meeting on Information Technology, organized by Nacional Financiera (NAFIN), leader of the CAMC Consortium, on the past 23rd, 24th and 25th of November in Mexico, within the activities of AL-INVEST IV Programme. This innovative action has been done through a virtual platform on the website: www.eurocentro.mx/feriavirtual, and with the support of instant messaging programs.

The platform has allowed that 15 Mexican businessmen choose from a list of 65 Spanish companies from their own sectors to hold business meetings. Thus, the virtual meeting participants have saved travel time and expenses, by being able to conduct international business without leaving their country. They have also had the opportunity to get to know a new way to promote themselves and attract customers.

The event has enabled Mexican SMEs to be closer to Europe and meet new markets through the proposed products and services from exhibiting companies. The result of the event has been a positive one because 123 business meetings were arranged between Mexican and Spanish entrepreneurs. That's the reason why we want to transfer this model also to the Central American partners.

Cuban and European markets meet in FIHAV 2009

The International Fair of Havana (FIHAV), in its 27th edition, has been held from 2nd to 7th of November in Cuba and has enjoyed the presence and participation of the three Latin American Consortia of AL-INVEST IV Programme.

In the event, Nacional Financiera (NAFIN) as leader of the Consortium of Central America, Mexico and Cuba (CAMC) has organized a Business Round from 3rd to 5th of November. Among the objectives of it was to create contacts, develop trade arrangements and promote the exchange of know-how. To this end, there was a "stand" where Cuban companies have participated, together with Nicaraguan and Mexican as well as European ones.

The National Confederation of Industries (CNI), as leader of Mercosur, Chile and Venezuela Consortium (MCV), meanwhile, has conducted a trade mission with 57 Brazilian companies.

The group of those belonging to the biotechnology industry, consisting of 23 businessmen and teachers, has participated in the International Congress on Biotechnology and also visited the Center for Genetic Engineering and the Institute of Vaccines Finlay of Cuba.

Regarding the Andean Region Consortium (RA), it was present with Ecuadorian companies that have attended the educational sessions.

The largest exhibition of

Cuba has also included other activities such as a technical workshop, where companies from different Latin American countries have been able to obtain information on the Cuban market. Similarly, both the MCV and CAMC Consortia presented the tools that they have to collaborate in the process of internationalization of Latin American SMEs towards the European market.

There has also been a technical visit to a factory of Cuban cigars to know the process of producing them in Cuba.

Both activities have had the participation of members of the three Consortia, RA, CAMC and MCV, which served as preparation for future joint development between them.



Photo: CAMC Consortium

Besides, contacts for potential business and the educational services provided, have enabled Latin American companies to make an approach to the Cuban market and get to know the requirements and demands of the European market.

Solutions to the crisis for SMEs, in Bogota



Photo: AILA

The city of Bogota (Colombia) welcomed the passing 27th and 28th of October the first Thematic Forum in the context of

AL-INVEST IV Programme, entitled "Role and strategies of the intermediate bodies to support Latin American SMEs in ti-

mes of crisis". The event served to explain the crisis that the SMEs have faced and how they are beginning to feel their recovery.

In addition, the tools that have been developed in response to this were analyzed.

To that end, it was attended by experts as Victor Traverso, Director and Representative in Colombia of the Corporación Andina de Fomento (CAF), who offered the information available on the issue presented as "The Impact of Internati-

onal Crisis in Latin American SMEs and Trade Relations with the EU".

Furthermore, the Executive President of the Chamber of Commerce of Bogotá, María Fernanda Campo explained the Support Program to SMEs in Colombia and Latin America, and noted that Colombia has been one of the countries that have better faced the crisis. To learn more about this seminar please visit our website: www.al-invest4.eu, where there are the presentations are made available.

Activities...

Mexico leads the silver sector

Under the Third Meeting Hispanoamerican Silversmiths, organized by the Patronato Plata del Peru and closed on 14th November, was held in Zacatecas (Mexico) the seminar "Innovation in silver work and design", within the activities organized by the CAMC Consortium, led by Nacional Financiera (NAFIN), and AL-INVEST IV Programme.

The event was attended by over 400 professionals, including goldsmiths, silversmiths, craftsmen and designers from across Latin America, of which 246 were from the region CAMC and 166 from other Latin American



Photo: CAMC Consortium

countries.

Furthermore, it had the presence of RA and MCV consortia which promoted the seminar among its partners and encouraged

the participation of Latin American companies. Among the events held, we can highlight the conferences and workshops for veteran professionals of the Silver industry,

such as Ricardo Domingo, Spanish jewelry designer, and Emilio Jorge Patarca, Argentinian silversmith declared living heritage of the city of Buenos Aires for his works.

Innovation in the European craft lands in Mexico



Photo: CAMC Consortium

CAMC Consortium, led by Nacional Financiera (NAFIN) organized on the 26th of October, in Jalisco (Mexico), an awareness seminar under the name "Innovations in the handicrafts sector: a glance towards Europe", within the framework of the planned activities in AL-INVEST IV Programme.

In the event there were presented the trends that set the standard in European craft techniques in design and innovation with the goal that the Mexican SMEs in this sector could become familiar with the European market. The event offered the artisans the opportunity to see the creation and production methods used in Europe.

"I must say it was a fascinating experience, very enriching and very interesting. To me, as a craftsman, it has shown a variety of ideas, concepts and tools to improve our daily work," said Rigoberto Mateos, owner of the business of decorative accessories Mateos Black Clay.

Approximately 50 companies attended the seminar and all showed their enthusiasm and desire to continue participating in such events within the AL-INVEST IV Programme. "This course exceeded my expectations in comparison to what they were doing at the Jalisciense Crafts Institute, what really pleases me," expressed satisfied Karla Aparicio, CEO of the company Lunatika Interior.

Consortia Meetings...

Annual Balance of MCV Consortium



Photo: MCV Consortium

MCV Consortium at its annual meeting, held last 19th and 20th November, dealt with the main conclusions of their participation in AL-INVEST IV Programme throughout this year and his intentions for the following one.

First, they discussed the Consortium's annual plan relying on the different proposals for each country and coordinated the activities to be performed at regional level.

Moreover, it was decided that the MCV Consortium will prepare a joint document that includes the vision of the institutions on social responsibility. Thus, each partner will organize local seminars to insist on the importance of this issue.

As for the European partners, it was concluded that their participation was productive and proposals for action that may be implemented at regional or national level were submitted.

Regarding the participation of the Consortium of Services (CS), they highlighted the positive work in supporting the partners. Therefore, the MCV Consortium will try to maximize the services available from the CS. In addition, they requested the CS to develop information on services and make it visible on line.

The CS, in turn, will evaluate the possibility of developing an intelligence tool aimed at the most important of the three Consortia Funded: RA, CAMC and MCV.

CAMC Consortium holds its annual meeting



Photo: CAMC Consortium

As part of its Institutional Strengthening Activities within the framework of the AL-INVEST IV Programme, from 16th to 18th of November took place in Guatemala a meeting with all members of the CAMC Consortium, led by Nacional Financiera (NAFIN). Throughout the conference there were carried out several activities to assess the actions taken, and to encourage collaboration and future best practices.

Besides, the partners have announced their plans of action for 2010 and have received several recommendations from the attendees, recommendations that managed to expand knowledge and foster continuous improvement in the operability of AL-INVEST IV Programme.

Following the meeting, arrangements have been established that will streamline the processes already established and the implementation of regional actions that will make a more efficient use of resources and comprehensive attention to SMEs in the region.

Bolivia hosts the RA Consortium meeting



Photo: RA Consortium

The Planning Meeting for AL-INVEST IV Programme 2010, held from 9th to 13th of November in Bolivia, gathered the Consortium partners in the Andean Region (RA), led by CAINCO.

The meeting discussed the current state of the European Programme from the budgetary point of view both individually by countries and partners and the consortium as a whole, taking into account updated figures up to the 31st of October 2009.

On the other hand, the Consortium of Services, led by Eurochambres, presented the proposed calendar of activities to provide guidance to members in planning the implementation of Agenda 2010.

As for the European partners, they presented their strengths to carry out joint activities between them and their counterparts in the Andean Region and working groups were created to shape the Programme as a whole, always oriented to the needs of SMEs.

Jorge Paolino:

"The main benefit obtained by Uruguayan companies is competitiveness increase generated by participation in AL-INVEST IV Programme"

Jorge Paolino is Executive Coordinator of the International Business Centre of the Chamber of Industry of Uruguay, MCV Consortium partner. This time, explains the experience of the Uruguayan companies involved in the phase IV of AL-INVEST Programme, after having already done so in the previous ones.

Q: In which way is the Chamber of Industries of Uruguay (CIU) involved in AL-INVEST IV Programme?

A: CIU is member of the Mercosur, Chile and Venezuela Consortium, led by the National Confederation of Industries (CNI) of Brazil. Similarly, our institution is the coordinating partner in Uruguay and within AL-INVEST Programme we are one of the Institutions with more seniority since we've participated in the same since 1994.

Q: CIU had already participated in the Third Phase of AL-INVEST Programme, how would you describe the experience? What changes have you noticed now in Phase IV?

A: Phase III allowed us to carry out various talks and participate in many activities organized by Coopecos and Eurocentros, however this new phase has some advantages over previous ones.

One is that by having in this Fase IV a budget for 4 years, we can make a more

personalized and longer accompaniment to business. This is essential, especially when they are small ones since, in many cases, the companies that are interested in penetrating foreign trade have yet to improve their competitiveness and value chain. This work involves changes in the organization and often in the way of managing the company, which usually takes time.

Q: What kind of activities are planned, with Uruguayan SMEs at short and medium term? What are the objectives that have been marked for this Phase IV?

A: One of the activities we have planned is the creation of groups of companies for training and consulting purposes so that they can improve their competitiveness and eventually enter the international market.

Moreover, since the level of development of the recipient companies is diverse, we have developed various programs ranging from consulting in "Management, Marketing and Sales" to "Development of New Exporters," to "Profitable Management of Operations" and "Development of Exportable Offer" among others.

In addition to this set of associative consulting, we offer companies individual advice and coaching business.

The aim is to support more

than 160 companies and companies and that 20% of them achieve to become international.

Q: In which activities have you recently participated, within the framework of the European initiative?

A: In October we participated in the ANUGA Fair with 12 companies. This is the most important fair of the food industry worldwide, thanks to AL-INVEST Programme, and other institutions, we could arrange the participation of "our" companies, which were able to visit the fair, see the international trends in their industry, expose their products and meet potential suppliers and customers.

Q: How do you think Uruguayan SMEs are benefited from the Programme?

A: The main benefit to companies is the increase in competitiveness generated by participation in the Programme. This affects the cost reductions and / or increased business efficiency, improving their status in the local market allowing them to enter the international market with greater success.

Q: What industry do you think is more pleased with this European initiative?

A: In Uruguay, those which made better use



Photo: Chamber of Commerce of Uruguay

of the Programme were medium-sized companies that were sporadic or indirect exporters which now, thanks to the support provided are consolidating their positions in the international market.

Q: From the Chamber of Industries of Uruguay you are trying to strengthen the management of SMEs, to what extent is AL-INVEST IV Programme helping to that?

A: AL-INVEST IV Programme, through the co-financing it provides, allows us to offer services to Latin American SMEs that without financial support would be very expensive and that will limit their access to international market.

Latin American companies demand participation in the "education" of their workers

A report made by the Economist Intelligence Unit and sponsored by Dell and FedEx Express Latin America & Caribbean Division, said that the competitiveness of Latin American companies is decreasing because of the lack of cooperation between companies and educational institutions to train workers.



Photo: European Commission.

The study, titled "Skills to compete: internal training and business sustainability in Latin America," reflect the views of 192 senior executives and business leaders from the region, obtained through in-depth interviews. In addition, it compares the importance of the skills considered "strong", such as languages, technology and mathematics skills, with those they describe as "soft", including negotiation skills and the ability to work with cultural diversity.

The report notes that the latter are more needed by professionals because they must be able to interact with experts from around the world, although they also need to improve other abilities and skills to enhance competitiveness.

Moreover, the text also reflects the need for the private sector to collaborate with educational institutions and government agencies to remedy the shortcomings of those being trained to take a job. "Throughout Latin America the private sector is involved with the education business, often with unsatisfactory results. Instead, educational institutions should collaborate with companies to bring the real world into the classroom", said Katherine Dorr Abreu, editor of the Economist Intelligence Unit.

Latin American companies are demanding flexible and efficient workers and, as revealed by the study, graduates are often not prepared for the demands of a globalized workplace.

According to respondents, it is important to emphasize educational areas related to innovation (58%), identification of new opportunities (48%) and improve efficiency (43%).

Peru and EU strengthen their bilateral relations



Photo: Ministry of Perú.

Benita Ferrero-Waldner, European Commissioner for External Relations, signed in Brussels with Jose Antonio Garcia Belaunde, Peruvian Minister of Foreign Affairs, a Memorandum of Understanding establishing a mechanism of bilateral consultations between the EU and the Andean country. This tool will be used to create a space where senior officials will meet and discuss issues of the common agenda and follow up the programmes and commitments between Peru and the European Commission.

They have also agreed to promote a high level meeting that will benefit from this new mechanism in the Sixth Summit of Latin American, Caribbean and European Union (EU-LAC), to be held in Spain in May 2010.

In a joint press release they have jointly highlighted the importance of the Free Trade Agreement (FTA), whose main characteristic is the elimination of protectionism "in difficult times." They have also stressed that the agreement remains "open to all the Andean countries".

Both leaders rely on the prompt completion of negotiations for a trade agreement between the Andean countries participating therein -Peru and Colombia- and the EU, which will improve the flow of bilateral trade, stability and security for investors.

"This is a sign of the powerful relationship we have with the EU, which began when we started to receive technical assistance, and last until today, when we expect to sign a free trade agreement next year," said the Peruvian minister.

EU and Mercosur, still to reach agreement



Photo: RECYD

Spain and Argentina want to make a "move" on the complicated board of the agreement between the EU and Mercosur, taking advantage of holding the presidencies of both institutions respectively, since January 2010.

The issue is red hot and all parties involved want to find one voice, as we could observe in the "Meeting EU-Mercosur: Towards a Political and Economic Partnership" organized by the Foundation European Network of Cooperation and Development (RECYD) the past 23rd and 24th of November at the Ritz hotel in Madrid.

On the Spanish side, Juan Pablo de Laiglesia, Secretary of State for Latin America, highlighted the political will of his country to make progress in the agreement and set the next European Union-Latin America Summit, to be held in May 2010 in Madrid, as meeting point.

Angel Carro, acting director for Latin America at the European Commission, meanwhile, talked about increasing economic flows between the two regions and reiterated the commitment of the EU to reach a consensus. However, he added, "before making the decision to re-launch the process, we must determine whether the two regions share the same level of ambition because EU wants an ambitious agreement but yet balanced and that will respect the asymmetries".

Also present in the meeting the Uruguayan Foreign Affairs Minister and president pro tempore of Mercosur, Pedro Paz, who highlighted the great opportunities that a political and economic partnership between both institutions would open to the Mercosur countries. "The reciprocal trade liberalization would generate a secure and stable framework for expanding trade and investment opportunities," said the minister, adding: "We are confident that the forthcoming Spanish presidency of the EU Council will be an excellent opportunity to do so, to that end Uruguay as well as the Mercosur countries will be up to the challenges we have set ourselves".

These and other aspects will be discussed at the Ibero-American Summit to be held from November 29th to December 1st in Estoril (Portugal), in which Brazil and Spain together with the host country will lead the support to the project "Iberoamérica Innova", which aims to enhance the progress of Latin American SMEs in innovation. As Maria Teresa Fernandez de la Vega, Spanish Deputy Prime Minister, said during his recent visit to Buenos Aires (Argentina), during which she held a meeting with Cristina Fernandez de Kirchner, president of Argentina, Spain wants to take advantage of the "confluence" of both presidencies to "seek solutions to help on the promotion of economic and trade relations for both Latin America and Europe". Thus, they expect to re-launch talks between EU and Mercosur, paralyzed five years ago.

TECHNICAL ASSISTANCE

Technical Assistance in Business Innovation for fruit market penetration is currently taking place, with great success in El Salvador. The objective of this mission is to identify new international market trends and developments in technology in the area of fruit orchards and agribusiness. Also, on this occasion, examples of good innovative practices in the sector will be shown.

CEBIT 2010

From 2nd to 6th of March 2010, the Business Mission to Latin American SMEs in the ITCs sector will take place in Hannover (Germany). The AL-INVEST IV Programme organizes the participation of a delegation of SMEs from Latin America to the CEBIT Fair 2010. The Mission shall include technical seminars, business rounds, guided tours, ...

TO LEARN MORE VISIT: www.al-invest4.com