International networking to improve competitiveness

Territorial marketing Workshop
Amman, 14 January 2010
Content

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1 - Why a regional Mediterranean territorial marketing?
Emmanuel Noutary, Invest in Med
To gain in strength and attractiveness

Med GDP = 
Russia, India, ASEAN

2006 GDP in bn US$ (World Bank)
2 - Future foreseen for Med economies
Still a competitive destination

- The Mediterranean will not become the plant of the world except for...
- Activities with high energy needs...
  - Metallurgy, Chemicals
  - Algeria and Syria
- … and close raw material
  - Chemistry
  - Jordan potash and phosphate
  - Moroccan phosphate
  - Mining in Jordan, Israel, Palestine
- Activities with competitive qualified workforce
  - Some automotive components
  - Electronics, …
  - Fast mid/up market fashion
A number of value chain anchoring in the Med

- **Agribusiness**
  - Large producers: Egypt (World 8th for fruit & vegies), Morocco, Syria
  - Processing industries (Jordan, Tunisia, Morocco, Syria, Egypt)
  - Packaging (Egypt, Morocco, Lebanon)
  - Technologies (irrigation in Israel)

- **Logistics**
  - Existence of raw material (Agriculture, fishing, minerals, hydrocarbons)
  - 30% of the world container traffic travels through the Mediterranean
  - World class ports under development (Tangiers, Malta, Port Saïd… soon Enfidha, Cap Djenet)
  - Industrial zones growing nearby (incl. free zones)
  - Steady local demand
A number of value chain anchoring in the Med

- **Textile**
  - Traditional sector: 6 out of 9 partners countries
  - Major fast fashion brands produce in Med (Zara, Mango, Benetton)
  - Importance of cross sector fertilisation for innovation (medical, logistics, public works)
  - Some designs in the south (Moroccan jeans)

- **ICT**
  - Upgrading is still a huge potential (ERP, web, IP telephony, etc.)
  - Value addition of BPO (from call centers to software development)
  - Main sector for start-ups and engineers
  - Strong mobile penetration

- **Tourism**
  - Valuable niches: medical (Tunisia), business (Jordan), Golf (Morocco), Diving & nature (Egypt)
3 – Building on these clusters to market a global positioning
Using each other strength: e-commerce and global logistics

- Positioning of MED on ICT value chain
  - Neither cheap electronics (Asia for mass production)
  - Nor Indian software workshop
  - But assets in call centres

- E-commerce could use this experience
  - Languages, proximity with EU (Ro-Ro), same time zone
  - Trained staff and good telecom platforms
  - Challenges: secured low-cost shipments, safe card transactions

- Mediterranean logistics
  - A strategic geolocation on major container routes
  - New poles able to produce, assemble, export to EU
  - Competitive resources
Strengthening the Southern partnership, then going global

The Maghreb’s leading flexible packaging company gains a foothold in Europe

In 2005, we decided to position ourselves firmly on the flexible packaging market with a twofold objective: to become the undisputed leader in our sector in North Africa and the Middle East and a credible outsider in Europe, the biggest market on our doorstep. Events have unfolded very quickly.

In 2005, we began to increase our presence on the Tunisian market by taking over the sector’s number two player. In 2007, we stepped up our presence on the North African market with the launch of our project to build a new packaging plant in Algeria, which became operational in mid-2009.

Our South-South strategy was reinforced in 2008 with the takeover of the Tunisian firm Optima, one of Morocco’s five biggest flexible packaging companies. We also completed the acquisition of Porta Egypt for Packaging Materials and its subsidiary Flexopack Misr, two first-rate Egyptian companies specialising in gravure print flexible packaging.

This Euro-Mediterranean positioning has paid off and we hope to double our turnover by 2012.

Slim Zeghal
Chief Executive Officer
Altea Packaging

Extract of the Invest in Med collection of success stories

Amman, Jan. 2010
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Cluster process

To structure and develop a cluster is a long time process … 20 to 30 years

- R&D / Innovation
- Marketing
- Human resources: Training and education
- Production tools
- Marketing study, knowledge management
- Human resources: Time sharing
- Purchase
- Communication tools: internet site, brochures
- Experience sharing

One « CLUSTER » does exist, you can't create it from scratch…
Traditional Marketing

Countries

Businesses

Market A

Market B

Market C

Everyone competes against each other

Source: John Dean
Cluster/ Network Marketing

Collaborative Competition in
- networks
- clusters
- and Alliances

Source: John Dean
Using the network to go abroad

- Targeting the gaps/needs in your cluster, value chain
  - Efficient pre-sales to meet investors/partners expectation
- Associating the network in the targeting
  - Technology needs, subcontractors, suppliers
  - Prospect with other companies/existing investors
- Associating the network in the sales process
  - Joint mission abroad bring credibility to each of you (the business partner, the IPA or CCI)
  - Bring back your prospect home to meet existing established partners
- Mutualising to reach critical mass
  - Marketing tools
  - Production, test facilities, resources
  - Development, strategy
Role of the IPA - *marketing a network*

- Adapt your commitment level according to the cluster growth

**Before starting up**
- Check the willingness to pursue
  - Economic reality?
  - 3 or 4 pioneers?
  - Leaders?

**Creation**
- Start moving
  - Mobilize 3 to 4 pioneers
  - Start with an easy task
  - Build up the momentum
  - Share a common experience

**Grown up**
- Organize government according to the needs
  - Thematic sub committees
  - New comers / departure

**Childhood**
- Succeed to launch a first major project
  - Shared equipment
  - Shared marketing approach
  - Shared innovation project

**PROSPECT**
**ANIMATE**
**AFTER CARE**
**EVALUATE**

4 - Contribution of the Invest in Med programme
Seeds of clusters: our 36 initiatives

- Over 150 members of MedAlliance yet mobilised in the implementation
  - As leader of initiative or associated partner in the consortia
- 36 multi-country projects to develop a niche market or address a specific need and associating the relevant businesses

<table>
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<th>Develop design &amp; innovation</th>
<th>Improve capacities of org. &amp; SMEs</th>
<th>Organise industrial co-development</th>
<th>Support entrepreneurship</th>
<th>Promote sustainable development</th>
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- Develop design & innovation
  - TEXTECH Med
  - Fruits et Legumes
  - Med-Tracking
- Improve capacities of org. & SMEs
  - MOVIMED
  - EUROMED POSTAL
- Organise industrial co-development
  - agroaliméd
  - BAT
  - TRACE
- Support entrepreneurship
  - PaperMed
  - PLATO Egypt
  - e-3M’09
- Promote sustainable development
  - Med-Tracking
  - BEST MED
  - MedEnergy
Example of impact on business & FDI

In total, 4,800 business meetings have been organised by Invest in Med and 500 deals have been identified

722 FDI projects monitored (ANIMA-inMed observatory)

- 3 Euro-Med joint ventures launched within our Med Industrial Partnership initiative (Co-development Awards, Oct. 2008)
  - Cofrapex/Comarpex (Algeria); SMT/Idem (Morocco); Lombard Silvestre / Zina Fresh (Tunisia)

- Sococharbo (Morocco) and Ténésol teamed up with Giordano the French leader of solar panels (BtoB held in October 2008 in the energy sector)

- Tunis Entreprendre, association of businessmen offering free loans and coaching for entrepreneurs to be created in June 2010
Example of networking impacts

750 bilateral or multilateral partnerships between business support organisations

18 training sessions for bus. org. 850 people trained

- Creation of Euromed Postal Corporation in Egypt in October 2009
  - Create seamless postal services to support SME internationalisation
  - Pave the way for e-commerce development

- 4 initiatives found new sponsors to fund their phase II
  - Carrefour Maghreb (CIREM), Young Entrepreneurs Coaching Network (Caisse des Dépôts), MagTrace (REME), Med Tracking

- MedAcademy in Cyprus, Oct. 2009: FDI generating tools
  - 17 webmasters from of business support organisations create a permanent working group to develop joint services for investors

- MedAlliance commits resources to sustain AgendaMed.Biz
  - 200+ events already registered in the Mediterranean business event calendar
**Example of support services to business**

- **32 studies and guidebooks** in the pipeline
- **500+ press clippings** put the Mediterranean on the map

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**Investment Maps**

**Investor & SME guides**

**Matchmaking tools**

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Business moves faster than politics

- Invest in Med created a co-operation momentum!
- Now focus on implementation and sustainability
- New developments are envisaged by the networks
  - Cross sector fertilisation
  - SME coaching and financing
  - Focus on sustainable devlpt. innovation, R&D
  - Capacity building and mutualised tools for intermediaries
  - Think tank and communication
Thank you

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Last advice
www.agendamed.biz
The Mediterranean business event calendar

INVEST in med
Boost investment and business in the Mediterranean