



Editorial

Newsletter, June 2014

Small and medium-sized enterprises (SMEs) are essential economic players. Both in the European Union (EU) and the Community of Latin American and Caribbean States (CELAC), SMEs account for 95 to 99% of all businesses and create between 40 and 60% of employment, making them a promoter of social integration. The relevance of SMEs for the economies of both regions has been recognized at the highest level and has been expressed in the declaration of the CELAC-EU Santiago de Chile Summit in 2013 and in the declaration of the 2014 CELAC Summit in Habana. The 2013 CELAC-EU Business Summit has also emphasized the role of the SMEs, recognizing their importance for development and the economic relations between both regions.

Within the framework of global competition, the EU, Latin America and the Caribbean have the opportunity to complement each other through a basis of common values, to gain global competitiveness and to strengthen their economies in a sustainable way. Besides the historical ties between both regions, there is a **dense net** of economical interests. The EU is the main investor in Latin America and the Caribbean and an important trade partner for the region. Moreover, there are trade agreements and/or association agreements between the EU and the majority of countries in Latin America and the Caribbean, as well as development aid programmes and programmes on research, development and innovation. However, it is necessary to add a more sustained dynamic that involves cooperation and promotes associative movements between the territories – regions, counties, districts, governments or departments- that share the same production specialisation and conditions, in order to jointly strengthen their competitiveness. From this perspective, SMEs are an important component of the sociocultural construction that makeup the territory, hence, will be asked to assume a key role in economic development and social cohesion.

For this reason, the EU-LAC Foundation has been developing a series of activities that focus on SMEs and geographic mapping. It started of with the preparation of **Industry Maps of Latin America and the Caribbean (MIALC)** that will illustrate the concentration of industrial sectors in Latin America starting with nine pilot-countries¹. The maps will include geo-reference data and indices of competitiveness, which will serve as an instrument of support for spatial planning, trade missions and/or the development of initiatives, the latter particularly in cross-boarder regions that share the same industry specialisation. With the help of the MIALC these regions could join resources, to gain competitiveness and reinforce the integration of their regional markets.

¹ Argentina, Chile, Uruguay, Brazil, Peru, Colombia, Costa Rica, Mexico

The partners for identifying the Industry Maps of Latin America and the Caribbean are:

- Fundación Observatorio PyMEs, Argentina
- Instituto de Estudos do Trabalho e Sociedade (IETS), Brazil
- Instituto Tecnológico de Monterrey, Mexico
- Pontificia Universidad Católica del Peru
- Universidad Andina Simón Bolívar, Ecuador
- Universidad Andrés Bello, Chile
- Universidad Antonio Nariño, Colombia
- Università di Bologna, Italy
- Universidad de Leuven/Louvain, Belgium
- Universidad Nacional, Costa Rica
- Universidad de la República, Uruguay

The second initiative focuses on **Competitive Clusters**. Their identification will allow finding models of good practices in the area of clusters, which will then be shared with actors in Latin America, the Caribbean and Europe. In addition to that, the initiative aims to create new links of cooperation between regions, and strengthen existing ones, which could lead to the establishment of bi-regional value chains. This project expects to identify Competitive Clusters (CC) in five key sectors² and to establish a bi-regional network that allows industries, governments, knowledge centres as well as centres for Research, Development and Innovation to start or strengthen their cooperation in terms of trade, financing, innovation among other areas.

The project of CC is implemented in association with the Italian region of Lombardy, one of the Foundation's strategic partners. The work is performed in synergy with the Clusters unit of the DG Enterprise and its initiatives in Europe such as the European Cluster Collaboration Platform, the missions of the European Enterprise Network in Latin America (Mexico, Brazil and Chile) and the Caribbean Export Development Agency.

As part of the competitiveness of SMEs and their territories, especially in the aspect of development and social inclusion, the Foundation has started to work in the area of Vocational Training. This topic has been already debated in a series of five workshops, *TransFormation: Skills for productivity*³ organized by the Inter-American Development Bank (IDB) and attended by experts of European Organisations such as the CEDEFOP, the German BIBB, the Austrian IBW and the National Institute of Education, Centre for Further Education of the Czech Republic.

In the second half of this year, the Foundation's VENTURE program will strengthen its activities in the area of Corporate Social Responsibility, whereas the field of Innovation will focus on "intelligent specialisation" of territories.

It is worth mentioning that the Foundation, for the implementation of its activities, counts on a wide and active network of organisations and institutions such as the

² Agroindustry, automotive/aeronautic sector, renewable energies and environmental management, tourism, creative industries

³ Colombia, Brazil, Mexico, Chile and Peru.

DG Enterprise of the European Commission; its strategic partner the Lombardy Region; bi-regional organisations like the Brazil Board or regional ones such as the Caribbean Export Development Agency. We very much appreciate their valuable contributions to this edition of our newsletter.