



FOODNET

Food in Eco Network

Food in Eco Network – internationalization
and global competitiveness of European SMEs
in Food and Eco Logistics Sector

Grant Agreement: 783395

D2.1 Internationalisation Strategy Plan

Version number: 1.0

Dissemination Level: Public

Lead Partner: LLA

Type of deliverable: Report

Status: FINAL



This report was funded by the European Union's COSME Programme (2014-2020)

Published in the framework of:

Food in Eco Network – internationalization and competitiveness of European SMEs in Food and Eco Logistics sector.

FoodNet website: www.foodnet-project.eu

Authors:

Jānis Baltačs, Latvian Logistics Association

Andris Spūlis, Latvian Logistics Association

Irīna Kulitāne, Latvian Logistics Association

Revision and history chart:

Version	Date	Editors	Comment
0.1	28.02.2018	Jānis Baltačs, LLA Irīna Kulitāne, LLA	The first draft created
0.2	10.04.2019	All partners	The first draft edition amended by partners
0.3	12.07.2019	Lucia Aballay, COEX Alexandra Oleksik, LODZ Piotr Sosnowski, LODZ Felix Arion, ATC Jānis Baltačs, LLA Irīna Kulitāne, LLA	Integrated suggestions of partners, amended SWOT, specified objectives and actions, added progress measuring indicators
0.4	28.10.2019	Irīna Kulitāne, LLA	Integrated recommendations of the external expert and amended chapter No.5. The document finalised.
1.0	13.12.2019	Aleksandra Oleksik, LODZ	Submitted to EC

Disclaimer:

The content of this report represents the views of the author only and is his/her sole responsibility; it cannot be considered to reflect the views of the European Commission and/or the Executive Agency for Small and Medium-sized Enterprises (EASME) or any other body of the European Union. The European Commission and the Agency does not accept any responsibility for use that may be made of the information it contains.

Table of contents

Explanation of Abbreviations and Terms Used	4
Introduction	5
1. The summary of the FoodNet meta cluster Joint Internationalisation Strategy and justification of the selected markets	6
2. FoodNet meta cluster profile	7
2.1. Funding members	7
2.2. Partners (full members)	10
2.3. Associated members	10
3. FoodNet Meta Cluster Analysis	11
3.1. Assets Map	11
3.2. Funding Members Assets	11
4. SWOT analysis	17
5. Joint Internationalisation Strategy Plan Objectives and the Joint Action Plan	18
6. Indicators for measuring progress of the Joint Internationalisation Strategy and the Joint Action Plan implementation	20

Explanation of Abbreviations and Terms Used

<i>ATC</i>	AgroTransilvania Cluster
<i>COEX</i>	Coexphal - Association of Fruit and Vegetable Producer Organisations of Almeria
<i>EU</i>	European Union
<i>EU COSME Programme</i>	the EU programme for the Competitiveness of Enterprises and SMEs, running from 2014 to 2020
<i>FoodNet</i>	The project “Food in Eco Network – internationalization and global competitiveness of European SMEs in Food and Eco Logistics Sector”, funded by EU COSME Programme
<i>FoodNet Meta-cluster associated members</i>	Organisations and individuals such as R&D organisations, universities, public organisations, policy makers, experts, individual SMEs and large companies which are not members of the particular cluster but clearly support its mission and objectives.
<i>FoodNet Meta-cluster partners (full members)</i>	Clusters represented in the meta cluster through cluster organizations, food, logistics and other industry clusters or similar business network organizations. Partners have an own legal entity or can be represented by authorised cluster member. Full members have similar rights with funding members.
<i>Funding members</i>	Clusters that will have set up the meta-cluster and as the first signed the Food in Eco Network Partnership Agreement
<i>HS code</i>	The Harmonized Commodity Description and Coding System is a multipurpose international product nomenclature developed by the World Customs Organization http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/tools-to-assist-with-the-classification-in-the-hs/hs-online.aspx
<i>JIS</i>	Joint internationalisation strategy
<i>LIW</i>	Association “Logistics in Wallonia”
<i>LLA</i>	Latvian Logistics Association
<i>LODZ</i>	LODZistics Logistics Business Network of Central Poland
<i>Organic products</i>	According to definition used in COUNCIL REGULATION (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 (O.J. L 189, 20.07.2007, p. 1) https://webgate.ec.europa.eu/agriportal/angebleu/pdf.download?docNum=32007r0834&lg=EN
<i>R&D</i>	Research and development
<i>RTD</i>	Research and technological development
<i>RDI</i>	Research, development and innovation
<i>SCN</i>	Supply Chain Network
<i>SMEs</i>	Small and medium enterprises according to the definition stated in the European Union <u>recommendation No. 2003/361</u>
<i>SWOT</i>	Strengths, weaknesses, opportunities and threats

Introduction

The FoodNet Joint Internationalisation Strategy Plan (further named - FoodNet JIS) is developed within the project “Food in Eco Network – internationalization and global competitiveness of European SMEs in Food and Eco Logistics Sector” (further in this document named - FoodNet), funded by EU COSME Programme.

The initial FoodNet network was established by five partners from five EU Member States. They represent food and logistics sectors and are as follows:

1. LODZistics Logistics Business Network of Central Poland (LODZ)
2. LOGISTICS IN WALLONIA, Belgium (LIW)
3. AgroTransilvania Cluster, Romania (ATC)
4. Coexphal - Association of Fruit and Vegetable Producer Organisations of Almeria, Spain (COEX)
5. Latvian Logistics Association, Latvia (LLA)

The partners are implementing the joint project FoodNet and are intended to transform the current network into a *Supply Chain Network (SCN) or FoodNet meta-cluster* that can be defined as a trans-national grouping of cluster initiatives, which focuses on the food (fresh and organic products) and logistics and is open to the participation of *customers, distributors, suppliers, competitors, non-profit organizations, research institutions and public administration*. In autumn 2018 the Partnership Agreement was signed for reinforcement of the collaboration among partners and involvement of new actors.

The FoodNet meta-cluster’s strategic objective is *to support the European food sector companies market development and especially internationalisation*, what includes identification of external markets, creating favourable paths, and provision of knowledge and skills necessary to become globally competitive and perform successfully in the international arena. The FoodNet JIS is elaborated in order to create favourable preconditions and to support food SMEs to enter and be competitive in the markets the network has chosen as the most promising for the export. The strategy is focused on three geographic regions. They are: 1. North America: Canada, USA. 2. China. 3. Middle East: United Arab Emirates, Saudi Arabia, Kuwait, Oman and Iraq.

The FoodNet JIS is addressed to a wide range of stakeholders, primary to companies in the food sector (especially fresh and organic producers), companies of the logistics, non-profit and sectoral organisations (e.g. food producer groups, clusters). Participation of public and private business support institutions is foreseen in a form of development and provision of support measures, necessary to build up capacity of companies for internationalisation. Possible input of other stakeholders, such as research organisations or public administration is indicated.

1. The summary of the FoodNet meta-cluster Joint Internationalisation Strategy and justification of the selected markets

The FoodNet meta-cluster's *Joint Internationalisation Strategy aims to create favourable preconditions and to support food production and processing SMEs to enter and be competitive in the markets the network has chosen as the most promising for the export.*

These markets are:

1. **North America: Canada, United States of America.**
2. **China.**
3. **Middle East countries: United Arab Emirates, Saudi Arabia, Kuwait, Oman, Iraq.**

The above-mentioned markets were selected based on:

- Identification of the meta-cluster's food production and processing SMEs' offer;
- Initial analysis of all potential markets (countries chosen as export destination) food demand and appropriateness of the meta-cluster's food production and processing SMEs production to the demand;
- In-depth analysis of markets interested in the products of the meta-cluster's food production and processing SMEs, using SWOT and PEST methods;
- Analysis of the interest of the involved producers (based on a previously run survey among them);
- Identification of common interests among the clusters' networks, so to increase the impact of the Joint Internationalisation Strategy.

SWOT analysis of the each selected region is provided in the attachment.

The FoodNet task group provided assessment of the involved food producers and processors in 2018. The main groups of products companies are producing and are interested to export outside the EU are provided in the table below. Products are grouped according to the Harmonized Commodity Description and Coding System.

Abbreviations used in the table: Fre - fresh; Fro - frozen; Pro - processed, are used to ease reading.

HS code	Type of products	Poland	Belgium	Romania	Spain	Latvia
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	Fre		Pro	x	x
07	Edible vegetables and certain roots and tubers	Fre, Pro		Fre	Fre	x

08	Edible fruit and nuts; peel of citrus fruit or melons	Fre, Pro		Fre	Fre	x
10	Cereals	x		x	x	Pro
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	x		x	x	Pro
22	Beverages, spirits and vinegar	x		Pro	x	Pro

2. FoodNet meta cluster profile

The FoodNet meta-cluster aims to improve the potential and capacity of European food market clusters by making food business and food logistics processes more sustainable.

There are three types of the organisations forming the FoodNet meta-cluster:

1. **Funding members** - clusters that have set-up the meta-cluster and as the first signed the Food in Eco Network Partnership Agreement.
2. **FoodNet Meta-cluster partners (full members)** - clusters represented through cluster organizations, food, logistics and other industry clusters or similar business network organizations. The partners have an own legal entity or can be represented by authorised cluster member.
3. **FoodNet Meta-cluster associated members** - other organisations and individuals such as R&D organisations, universities, public organisations, policy makers, experts, individual SMEs and large companies which are not members of a particular cluster but clearly support the mission and objectives of the FoodNet Meta-cluster.

The information on the each group is provided below.

2.1. Funding members

There are 5 funding members of the meta-cluster. In the table below number of partners at the each funding member is provided, illustrating representation of business entities, RTDs and other stakeholders.

FUNDING MEMBERS (data on February 1, 2019)	LODZ, Poland	LIW, Belgium	ATC, Romania	COEX, Spain	LLA, Latvia	Total
TOTAL	20	326	83	70	32	531
1. SMEs, inter alia:	14	232	60	45	30	381
<i>Food companies</i>	x	x	47	45	0	92
<i>Logistic companies</i>	14	232	x	x	30	276
2. Large companies, inter alia:	2	36	3	18	x	59

<i>Food companies</i>	x	x	3	18	x	21
<i>Logistic companies</i>	2	36	x	x	x	38
3. Number of members – knowledge institutions: universities, RTD, RDI, technology and innovation centres and other bodies carrying research and innovation	3	37	12	3	2	57
4. Other (e.g. financial bodies, consultancy companies, etc.)	1	21	8	4	0	34

As data shows, the majority of stakeholders are logistics SMEs, followed by food SMEs. There is significant representation of knowledge institutions.

Funding members have large partnerships and networks with other stakeholders, representing private and public sectors.

In Poland: LODZistics cooperates with three regional & local authorities, as well with other clusters such as: NCE Maritime CleanTech (Norway), that focus on establishing sustainable innovation projects with commercial potential, and work together for new clean maritime solutions; Finnhub Ry (Finland) that offer business services and logistics expertise in how to export Russia /CIS, Far East, Africa, USA, Europe or establish operations in Finland , and ICT Polska Centralna (Poland). ICT Polska Centralna serves to foster integration of the industry organizations, build social awareness of education, employment and further development opportunities in the IT industry in the region, and create the conditions for the implementation of new information technologies, including technologies for commercialization of research results. Professional development and training of workforce for the vigorously growing ICT industry in the region is another significant aspect of the Cluster activity. The ICT Central Poland Cluster also cooperates with central and local government agencies on existing and future potential of the ICT industry for the creation of the job market, investment, and economic development of the region.

In Belgium: Logistics in Wallonia has been recognized as an official competitive cluster by the regional government of Wallonia in late 2006. This was part of a larger economic development plan conceived by the authorities in order to reconvert the Walloon economy. In this framework, six competitive clusters have been recognized: life sciences, agri-food industry, space and aeronautics, mechanical engineering, clean technologies and transport and logistics. The key feature is that these six clusters are the result of a real private public partnership. The strategic, legal and financial framework has been designed by the government that launched a tender. The private sector organized itself to propose projects of competitive clusters around the topics selected by the government. The clusters have been designed to set up innovative projects (research, training or investment) that must associate companies and universities. Depending on the type of project and the type of companies, these companies can be financed up to 80% of the costs or the project. The role of the cluster is to identify companies with project and to help them through the whole process of setting-up the project and applying for financing at the regional administration. Logistics in Wallonia closely collaborates with its Walloon partners in order to identify cross-sectorial projects.

In Romania: AgroTransylvania Cluster cooperates with different authorities and institutions (Prefecture Cluj, the Cluj County Office for Agriculture and Rural Development, The Cluj County Office for Sanitary and Veterinary and for Food Security, The Cluj County Office for Rural Investment Financing, The Cluj County Office for Payment and Intervention Agency for Agriculture and Ministry of Agriculture and Rural Development) and with the clusters members of Northern Transylvania Clusters Consortium, which includes, besides AgroTransylvania Cluster another 5 clusters: Transylvania IT Cluster by ARIES T (the largest and most influential organization created for the IT&C industry in Romania, with more than 250 member companies, educational institutions, and support organizations. Also, ARIES through its subsidiaries- Bucharest, Transylvania, Timișoara, Craiova, Brasov and Iasi is considered the largest association of its kind in Southeast Europe); Transylvania Energy Cluster (a platform for R&D driven innovations in energy and environmental technology markets, aiming at building up strong consortia for EU-Horizon 2020 calls basing on interlinking and focusing our profound competencies from the regions); Transylvanian Furniture Cluster (a representative associative structure from Romania, built on the value chain, in order to contribute on increasing the productivity of the furniture production through innovative products and services, aiming to increase the economic competitiveness of the cluster, both on intern and extern market, based on quality, innovation and sustainable development); Transylvania Creative Industries Cluster (aimed at increasing the competitiveness of enterprises in the field of creative industries, based on the intensive use of knowledge, as well as supporting and promoting projects of common interest, including big projects, cross-border, through the creation of collaborative mechanisms), Transylvania LifeStyle (administered by APM - Asociatia Patronilor și Meseriasilor (Employers and Craftsmen Association) from Cluj-Napoca. The founding members of the cluster decided not to create a new juridical entity but to give the administration / accounting activities/responsibilities for a simple reason: not to create a parallel bureaucratic mechanism, but to use the competences, tradition and image of the APM (founded in 1871) in the NV Transylvania region); Transylvanian Tourism Cluster (aiming to promote the development of regional tourism in the region).

In Spain: HORTIESPAÑA, the Spanish Interbranch Organisation of Fruit and Vegetables, and HORTYFRUTA, the Interbranch Organisation of Fruit and Vegetables of Andalucía, represent the greenhouse horticultural sector at a Spanish and regional level, respectively. They aim to articulate the dialogue between all the operators in the fruit and vegetable value supply chain, from the farms to the distribution and final consumer and even governments, providing a collaborative scenario for greenhouse production to stay competitive. These organisations support and promote the improvement and knowledge of production and of the different markets and the extension of more sustainable transport. At the same time, they work to disseminate the healthy properties of fruit and vegetables in order to educate future generations in good eating habits as organic products consumption. APROA is the Association of Fruit and Vegetable Producers Organisations from Andalucía, which is made up of 72 members and represents more than 12,000 farmers. As part of its Operational Programme, it is developing a line of research aimed at increasing the competitiveness of Almeria's fruit and vegetable marketing companies by studying sustainable logistical alternatives and designing a modal shift to reduce the environmental impact of transporting fruit and vegetable products.

In Latvia: Latvian High Added Value and Healthy Food Cluster, having 31 members, inter alia, 22 SMEs and 4 research institutions. The cluster is specialising in food, beverage products, food quality

& safety, public health and security, and advanced packaging. Technology fields of the cluster: drink technology, technologies for the food industry, agro-food production, and processing. The cluster members have experience in export food to the USA and China, and they are experienced in building strategy for entering markets outside the EU.

2.2. Partners (full members)

There are five full members represented in the meta-cluster:

1. **Klaster Logistyczno Transportowy Północ – Południe (North-South Logistic and Transport Cluster)** from Poland. The LTPP Cluster, since 2016 the National Key Cluster, is an innovative partnership of Pomeranian business, science and local government in the logistics, transport and distribution industry. Its mission is the creation and development of the Pomeranian multimodal logistics hub located on the North-South corridor route, including the route of the 6th Pan-European Transport Corridor and supporting the use of environmentally friendly technologies in transport. It focuses also on maritime transport having exceptional significance for the development of the province. The LTPP cluster operates in the form of a consortium, based on a voluntary agreement initiated by the Founding Members on July 16, 2012 at the Marshal's Office in Gdańsk.
2. **Competitiveness pole of Bizerte** from Romania. It is made up of three components: an agrifood technopole, a network of Agro'tech partners and industrial areas. By adopting an approach based on sector analysis, the technopole has started to build collaborative development projects around each targeted sector by bringing together the relevant stakeholders (companies, research institutions and support institutions).
3. **AGRINOVA Cluster** from Morocco. Agrinova is a competitiveness cluster aiming mainly at the enhancement of the attractiveness and competitiveness of the agricultural and Agrifood sectors in the Regions of Fes-Meknes & Daraa-Tafilalet through promotion of innovative projects among members and networking and partnerships development at domestic and international level.
4. **HORTIESPAÑA** from Spain. HORTIESPAÑA aim is to articulate the dialogue between all the operators in the fruit and vegetable value supply chain, from the farms to the distribution and final consumer and even governments, providing a collaborative scenario for greenhouse production to stay competitive. Its scope of activity is Spain and Europe. HORTIESPAÑA supports and promotes the improvement and knowledge of production, different markets and the extension of more sustainable transport.
5. **AgroBioCluster** from Poland. AgroBioCluster is an agrofood & bioeconomy cluster that brings together 46 companies, local government administration, research and scientific institutes from Central Poland, stimulating their holistic development and international cooperation. In 2015 AgroBioCluster have applied the EU benchmarking methodology and acquired the Bronze Label Cluster Excellence – high quality label system that awards cluster management in successful world-class clusters.

2.3. Associated members

Associated members are other organisations and individuals such as clusters, business associations, R&D organisations, universities, public organisations, policy makers, experts, individual SMEs and large companies which are not members of a specific cluster but clearly support the mission and

objectives of the FoodNet Meta-cluster. There are four associated members currently in the FoodNet meta-cluster:

1. **APROA – Association of Fruit and Vegetable Producers Organisations** from Andalusia
2. PerfectPlus
3. Warsaw Chamber of Commerce
4. Polish Economic Society

3. FoodNet Meta-cluster analysis

3.1. Assets Map

By assets are meant intangible resources, such as knowledge, skills, experience, competencies, contacts, formal and informal networks necessary to enter the selected markets and stay competitive in these markets in the long term. These resources can be owned by any of the members of partners. The required condition is will and readiness of involved stakeholders to share, exchange and jointly use the assets for achievement of joint and individual objectives.

3.2. Funding Members Assets

The Funding members represent two industries: food production and logistics. Summary of the sectors, technology fields, smart specialization areas is provided in the table below. More detailed description of each funding member further in this section.

The Funding member	Key industries, technology fields, priority areas			
	Sectoral Industries	Technology fields	S3 EU priority areas	Emerging industries
LODZ, Poland	Transportation and Logistics	Intermodal Transport Logistics	Transport & logistics	Logistical Services
LIW, Belgium	Education and Knowledge Creation Information Technology and Analytical Instruments	Intermodal Transport Logistics	Transport & logistics Smart green & integrated transport systems	Digital Industries Logistical Services
ATC, Romania	Agricultural Inputs and Services Education and Knowledge Creation	Animal Production / Husbandry Crop Production	Crop & animal production, hunting & related activities Sustainable agriculture	Advanced Packaging Environmental Industries Intrapreneurship* and entrepreneurship
COEX, Spain	Agricultural Inputs and Services	Agriculture Machinery / Technology Crop Production	Crop & animal production, hunting & related activities	Digital Industries Logistical Services

		Food products safety and security		Environmental Industries
LLA, Latvia	Distribution and Electronic Commerce Transportation and Logistics	Supply chain	Transport & logistics	Digital Industries

* The system wherein the principles and know-how of entrepreneurship are practiced within the boundaries of the firm - exchange and application of the companies' existing entrepreneurial skills among internal stakeholders.

Food clusters and their companies have accrued knowledge, skills and competencies to produce, process and sell food products. More detailed description of funding members – food clusters assets is provided below.

AgroTransilvania Cluster, Romania (ATC)

The mission of the AgroTransilvania Cluster is to become a facilitator and promoter of research, innovation, technology transfer and sustainable development of the Transylvanian agribusiness sector (supporting sustainable competitiveness of the agribusiness sector). The aim - to support the development of agro-industrial sector. It is planned to achieve the aim through the activities increasing competitiveness of the association and its individual members.

There are six main groups of activities, where the organisation has obtained and accrued significant competencies to be shared with other clusters. These activities and competencies are:

1. Research and development responding to needs and aims of the agro-industrial sector. Development of scientifically justified knowledge makes core of the activity.
2. Activities aiming to increase of agricultural production at the average level of the EU; improvement of technology in agriculture; increase the animal husbandry, processing and manufacturing share in agriculture.
3. Development of Associative Forms (groups, involving individual producers, cooperatives, organisations of producers, and other) in the plant production, animal husbandry, processing and manufacturing, and marketing sector.
4. Integration of producers and/or Associative Forms (groups, involving individual producers, cooperatives, organisations of producers, and other) into the Value Chain: creation of trademark, mediation with public and private stakeholders, organization of trade fairs and exhibitions.
5. Support to the local and regional initiatives - logistics, market identification and entering, consultancy in the field of products certification, quality standards (for production and/or export), financial issues, market research.
6. Supporting industry in the development of production and processing related facilities: storage and selling facilities, irrigation system, slaughterhouse.

ATC is experienced in Food Quality Certification, which is very significant knowledge for the food export.

Strengths:

- GOLD Label certification from The European Secretariat for Cluster Analysis (ESCA);
- Good international experience (organising economic missions, participations to fairs, organising matchmaking events etc.);
- Recognised as being the most competitive cluster in agri-food in Romania;
- Member of Monitoring Committee for National Plan for Rural Development 2014-2020 and member of working group of creating the National Strategic Plan for Rural Development for 2021-2027;
- Close relations with regional and local authorities (which are, in fact, members of the cluster);
- Good integration at regional and national level on the meta-cluster structures (Romanian Association of Clusters - CLUSTERO, The North Transylvanian Cluster Consortium).

Coexphal - Association of Fruit and Vegetable Producer Organisations of Almeria, Spain (COEX)

COEXPHAL is the fruit and vegetables sector institution in Almeria, the South-East of Spain. Formed in 1976 to organize the export activities of farmers upon the opening EU markets, it has transformed nowadays into a central leader in commercial and research activities, as well as developing a broad portfolio of business, legal and training services for its more of 60 producers' organization members. It represents 70% of Almeria exports and 65% of fruit and vegetable production. In the last crop season (2018), COEXPHAL companies traded a total volume of 2.194.268 tons with a turnover of 1,643 million euros.

Since the beginning of activities, COEXPHAL has led the major changes that have occurred in the fruit and vegetables sector in Almería, serving as an example of **innovation management**, especially in improvement in marketing channels, searching for new market opportunities, implementation of biological control, efficient resource use techniques, management education, and so on. It has promoted a continuous and sustainable development of the agricultural sector in the region, relying on seeking competitive advantage by adoption of affordable technologies, sustainable production techniques, improving the quality of the products, being conscious of social conditions and reducing environmental impacts.

Strengths:

- Commitment and involvement of its members (participation, engagement, economic and material resources...);
- Outsourcing source specialized in activities/services which add value to its members, especially business differentiation in a cost-effective way;
- Anticipation of consumer demand in order to adapt the sector's activities and meet the new needs (e. g. organic production, biological pest control);
- Quick reaction to legislative changes, adapting its activities and services;
- Lobbying government administrations (local, national, regional, European) on behalf of the fruit and vegetable sector;
- Fruit and vegetable sector image concentrated in the association;
- Specialisation in specific services not offered by other organisations;
- Press and communication investment to disseminate its work;
- Funding mainly through membership fee, transparently, to ensure economic solvency;
- Governmental aids used to finance specific projects but not needed for the most important services (members funds);

- Large personnel (+190) and high qualification.

Logistics clusters and their companies are experienced in organisation of food deliveries within the EU and outside: LODZ organises logistics to China and India; LIW to China, Malaysia, India and Canada; LLA to Eastern Europe, Central Asia and Russia. LLA has specialised in e-commerce logistics as well in the use of supply chain approach. More detailed description of funding members – logistic clusters assets is provided below.

LODZistics - Logistics Business Network of Central Poland (LODZ)

LODZistics is a bottom-up initiative of employers operating in the logistics industry and other interested entities. LODZ operates in the whole country, with particularly greater interest in the Central Poland. The focus of the Network's activities is on a) promoting closer collaboration between members, b) supporting innovation and technology transfer, c) participation in expert consultations, d) influencing the shape of the labour and education market. University of Lodz as a member of the logistics cluster (Lodzistics) has competence and great experience in supporting enterprises in areas such as market technology assessment by applying the Quick-Look methodology, developing a business strategy, business plan or define the assumptions of business model for companies (SME sector). Our experts are also able to implement management concepts that allow ensuring the quality of products and processes as well as supporting environmental analysis of business operations of enterprises (analysis of the carbon footprint in supply chains).

Professional development and training covers conducting regular and post-graduate studies as well as dedicated training courses allowing to develop competencies of managers and business specialists. There are more than 100 postgraduate study programs increasing skills in such areas: Management Accounting/Controlling, Sales Process Management, Accounting and Financial Management, eCommerce, Human Capital Management.

LODZistics has knowledge and export experience of transportation and logistics to external markets. It has also experience in building a good climate for cooperation among companies of the logistic sector, as well among logistic sector and other business areas, where logistics are necessary. Lodz has become a part of the New Silk Road - a network of Chinese rail connections with Europe promoted by the Chinese government.

Strengths:

- Experience in implementing innovative transport solutions, e.g. intermodal carriage, RFS in airborne transport, eco-driving;
- Coordination of infrastructural projects in the region and co-operation with the government institutions in this field;
- Central Poland - optimal geographical location for the logistics industry and the activity of the Cluster;
- Large potential of the members of the Cluster: the largest academic centres in the region (Technical University of Lodz, University of Lodz); key business environment institutions in the region (Special Economic Zone, Regional Development Agency); key companies in the logistics industry;
- Synergy effect thanks to the combination and use of the potential of all members of the Cluster;
- Communication platform for the exchange of information and integration of activities;

- Support for innovation and technology transfer;
- Support for the implementation of R&D projects (access to a qualified scientific background; presence of companies implementing innovations; activity of business support organizations offering advice on obtaining and accounting for external financing sources for R&D projects);
- Exchange of knowledge and experience between science and business;
- Strengthening cooperation with public administration through participation in expert consultations at the local and, indirectly, national level (representatives of LODZistics members are experts in government centres);
- Support for the location of investments and development of enterprises in the region (study visits and networking meetings for potential investors);
- Promoting the investment attractiveness of the Central Poland region as a key logistics centre in the country and Central and Eastern Europe.

LOGISTICS IN WALLONIA, Belgium (LIW)

Transport and Logistics is a very competitive business and has been seen as a commodity by many industrial companies. Now, in the times of reducing the carbon footprint, logistics becomes a major leverage to improve the competitiveness of companies. These reflections have been present in Wallonia since the last twenty years. Wallonia is extremely well located in the heart of Western Europe with direct access to the ports of Rotterdam and Antwerp and in the heart of a square composed by the airports of Amsterdam, London, Frankfurt and Paris. Wallonia is a full multimodal region with the four transportation modes (road, rail, river, air and even a fifth one with pipelines) and can be considered as a major logistic hub in Europe.

Nevertheless, it was necessary to push the actors further and to bring them in an innovative process; therefore, Logistics in Wallonia was recognized as a competitive cluster. One of the first task at the very beginning was to create a platform where the actors of all transportation modes can meet and discuss and no longer see the other as competitors but as well as partners; this process took some years dating back in 1999 just after the opening of the TNT hub at Liege Airport.

Based on its experience, Logistics in Wallonia applied for official recognition in 2006 and got it. Now its activities are split into 5 major axes :

1. Innovation: the first role is to foster and implement innovation in companies and with the collaboration of universities and research organisations : LiW has the mission to set up project associating these actors,
2. Business Community: LiW is a community of (today) more than 350 members; these members are shippers, transport and logistic companies, infrastructure managers, technological companies and start-ups, training organisations, universities... Our mission is to activate them through around 20 events per year so that they can meet and identify possibilities of setting up collaborative projects,
3. Trainings: LiW does not organize trainings but works closely with training organisations to identify the future needs of companies and adapt training programs accordingly,
4. Internationalisation: LiW builds up links with clusters and organisations abroad through different networks (ALICE, ERCI, OpenENLoCC) but also ensures the promotion of the logistic assets of the region abroad. A special focus has always been made on China and cross-border e-commerce companies wanting to set up an overseas warehouse in Europe,

5. Marketing and promotion: LiW also communicates with its members about the developments in the region with websites, newsletters and social media (namely Linked In and Facebook)

For the coming years, LiW also deploys additional activities on behalf of the regional government to lower the CO2 impact of transport and logistics in the region. These activities are :

1. Strategic works to identify which measures should be taken by public authorities to foster a sustainable development of logistics.
2. Quick scans made during two days in companies to help them to optimize their logistic processes.
3. Deployment of the Lean & Green program where companies are coached to set up an action plan to lower their CO2 emissions by 20% in five years.
4. Setting up of a new program called MultiModalWallonia to foster the use of rail and river transport.

Strengths:

- Strong and diversified network;
- Good expertise in the team;
- Strong recognition in the region;
- Close contacts with authorities and administrations;
- Pragmatic and hands on approach;
- Good knowledge of their network.

Latvian Logistics Association, Latvia (LLA)

The mission of LLA is to unite the transport sectors representatives from micro, small and medium-sized enterprises, thus contributing to their growth, competitiveness and efficiency, running on a single sector -based strategies.

Key activities: 1. Design and presentation for international markets. 2. Sector's human resources competence development. 3. The involvement of the sector into national transport policy planning processes. 4. The transport logistics sector business improvement (legislation, competition, etc).

Support services provided by the cluster: 1. Internationalisation support = access to third countries markets. 2. Access to public support (regional/national programmes, innovation vouchers, etc.. 3. Facilitation of collaboration between members.

The main countries targeted by the cluster organisation: Belarus, Estonia, Lithuania, Russian Federation, Sweden, Kazakhstan, Kyrgyzstan, Uzbekistan.

LLA is experienced in implementation of international projects, aimed to promote transnational commercial activities; to increase and share best practices and experience on green corridors, port hubs and terminals; to develop cross-industry value chains; and to promote BSR maritime clusters' cooperation.

Strengths:

- LLA/ LSCC can be a strategic partner in Latvia for logistics innovation through collaboration for Rail Baltic's new intermodal services and freight terminals (www.railbaltica.org)

In-depth assessment of Funding members competencies was done within the project with the aim to identify what kind of assets (knowledge and skills) the partnership accumulates, and which are missing or are not available at scale ensuring implementation of the joint strategy.

3.3. Main Findings and Conclusions on Assets

Existing and necessary competencies:

Self-assessment of competencies	Average score
1. Technical skills related to food processing, food technology and other disciplines	6,44
2. Practical skills and expertise. Food legal knowledge	5,94
3. Capacity to check compliance with current legislation	5,81
4. Promotion of innovation in working methods and optimisation of production	7,06
5. Management and control of food safety	7,00
6. Product quality, legislation and health	6,63
7. Study competitors	6,46
8. Export management	7,13
9. Do market research	6,42
10. Problem solving capacity	7,44
11. Leadership and people management	7,17
12. Planning skills	5,94
13. Communication skills	6,50
14. Organisational ability	5,92
15. Customer orientation	7,33

4. SWOT analysis

The SWOT analysis is done for the FoodNet meta cluster. The summary is provided below. Full SWOT analysis is available as a separate document.

Strengths	Weaknesses
<ul style="list-style-type: none"> Large number of involved stakeholders experienced in logistic services Food sector companies' joint interests Complementary knowledge and skills Some of the partners have experience in few of the selected markets Some of the partners have experience in value chain development Involvement of RTD stakeholders, being able to develop value chain models, to provide knowledge Experience in web based promotion, communication and collaboration 	<ul style="list-style-type: none"> Insufficient knowledge and experience on the selected markets: legislation, social norms, phytosanitary requirements and procedures, etc. Rather low number of involved food producers and processors Insufficient financial sources for development of value chain collaboration Several members are lacking competences on value chain collaboration Extreme price sensitivity for logistics companies Insufficient SMEs competences and capacity on internationalization Difficulties to identify business partners in the selected markets as customers and in

	EU market as partners for going internationally
Opportunities <ul style="list-style-type: none"> - Internationalization support services at national level and EU market promotion and internationalisation programmes - EU location as quality mark - Selected markets demand for food products 	Threats <ul style="list-style-type: none"> - Competition from non-EU clusters and producers - Cost of meeting regulations and standards - Unknown administrative and legal barriers - Cultural differences of potential partners from targeted markets - Political situation in target market countries

5. Joint Internationalisation Strategy Plan objectives and the Joint Action Plan

The FoodNet meta-cluster aims to improve the potential and capacity of European food market clusters by making food business and food logistics processes more sustainable. Joint Internationalisation Strategy is developed with overarching objective - to create favourable conditions for meta cluster members in their way to the internationalisation. The Joint Action Plan includes objectives and actions for their achievement.

The FoodNet meta-cluster Joint Internationalisation Strategy Plan (further named JIS) **objectives** are:

1. To strengthen the meta cluster.
2. To develop and increase the capacity of the meta cluster's members and stakeholders. By capacity are meant: know-how, skills, experience.
3. To develop eco-system, supporting meta cluster's members and stakeholders in successful EU food exports to the jointly selected third markets.

Actions set for the achievement of each objective:

O1 To strengthen the meta-cluster

- A1.1. To involve full members from the food processing and logistics industries, to increase the role and share of food sector companies and to build trust among the members of the FoodNet meta cluster as well as among the FoodNet meta cluster and the external stakeholders.
- A1.2. To revise, identify and detail more specific product groups (identifying not only groups, but specific products) and their producers, taking into consideration various elements, for example, specific products (organic food, gluten free products, functional food, infants and babies food); availability of certificates required in the selected markets, availability of food safety management systems at companies; export experience of companies.
- A1.3. To find unifying uniqueness that is common to products, involved EU Member states, production methods of the identified products and/or their groups, for example, innovative, organic, high quality, natural, unique etc.
- A1.4. To build the international image of the FoodNet meta cluster and enterprises belonging to the cluster:

- A1.4.1. Marketing activities on the selected key markets for the FoodNet meta cluster;
- A1.4.2. Participation in international events such as fairs, conferences, symposia and other.
- A1.5. To develop value chain collaboration among the members of the FoodNet meta cluster as well as between the FoodNet meta cluster and the external stakeholders.

O2 To develop and increase the capacity of the meta cluster's members and stakeholders

- A2.1. To carry out an in-depth survey of food producers and processors, interested in food exports to the identified markets, assess the production volumes, variety of products, companies' export capacity, innovation and optimisation capacity, thus creating preconditions for taking decision about the available products, about the most proper markets for each group of products, and the most relevant marketing and branding plans.
- A2.2. To increase capacity of food production and processing companies to go internationally by providing knowledge on legal, quality and safety requirements, by increasing capacity to be aware of and to check compliance with the selected markets' legislation.
- A2.3. To encourage measures promoting increase of the food production and processing volumes at companies, thus creating preconditions for availability of products in volumes demanded and set by a target market partner as a condition for starting the export to the selected markets.
- A2.4. To encourage measures promoting ability of food producers and processors to develop and introduce innovations and to optimize production in order to meet the requirements of the target markets.
- A2.5. To use the assets and potential of the FoodNet meta cluster members for the need of international cooperation:
 - A2.5.1. Joint development and implementation of research and development projects;
 - A2.5.2. Mutual study visits to exchange knowledge and experiences;
 - A2.5.3. Mutual learning and training activities;
 - A2.5.4. Participation of the FoodNet meta cluster and enterprises belonging to the meta cluster in international projects of stakeholders outside the network;
- A2.6. To ensure for the members expert services for development of an internationalisation strategy and to provide guidance while its implementation.

O3 To develop eco-system, supporting meta cluster's members and stakeholders in successful EU food exports to the jointly selected third markets

- A3.1. To create an internet platform containing knowledge and information base necessary for internationalisation activities.
- A3.2. To encourage joint business missions to and other internationalisation events in the selected markets.
- A3.3. To develop in the selected markets long-lasting ties and collaboration with local partners, having knowledge and skills to promote products in the export destination countries.
- A3.4. To identify buyers in the selected markets. The result is more probable if it is done through the right/proper local partners, registered in the selected country and/or serving other countries within the region.

6. Indicators for measuring progress of the Joint Internationalisation Strategy and the Joint Action Plan implementation

Objective No.1:

- I1.1. Number of active members.
- I1.2. Recognition and appreciation of the meta cluster in EU and internationally, measured by feedback of external stakeholders.
- I1.3. Number of value chain collaboration initiatives started and actively ongoing.
- I1.4. Awareness of the FoodNet meta cluster among food sector companies in the selected markets.

Objective No.2:

- I2.1. Impact of capacity building actions on ability to go international, especially SMEs, measured by feedback of companies taken part in activities.
- I2.2. Number of joint projects implemented, their impact on performance of the involved members.
- I2.3. Change of production volumes exported by the FoodNet meta cluster members to the selected markets.

Objective No.3:

- I3.1. Availability, functionality and relevance of the platform, measured by feedback of users.
- I3.2. Relevance and impact of joint internationalisation measures on export activities and/or export indicators.
- I3.3. Number of established and long-lasting business relation cases with local partners in the selected markets.

ATTACHMENT: SWOT analysis of the selected markets



Market Analysis

Date: August 6, 2018

Authors: Jakub Brzeziński, Renata Lisowska, Anna Pamuła, Piotr Sosnowski (LODZ)

SWOT + PEST Analysis Framework

Strengths		Weaknesses	
Political factors	Economic factors	Political factors	Economic factors
–	–	–	–
Social factors	Technological factors	Social factors	Technological factors
–	–	–	–
Opportunities		Threats	
Political factors	Economic factors	Political factors	Economic factors
–	–	–	–
Social factors	Technological factors	Social factors	Technological factors
–	–	–	–

Porter's Five Forces Framework

	Threat of New Entry	
Supplier Power	Competitive Rivalry	Buyer Power
	Threat of Substitution	



This report was funded by the European Union's COSME Programme (2014-2020)

COUNTRY: PEOPLE'S REPUBLIC OF CHINA (PRC)

Basic information:

- Population 1.4 billion
- Area 9.6 million sq. km (3.7 million sq. miles)
- Currency Renminbi (yuan), UN, World Bank

Trends:

- Strong urbanization process
- Huge manufacturing scale
- Rising number of Chinese middle class consumers

SWOT + PEST Analysis

Strengths	
Political factors	Economic factors
<ul style="list-style-type: none"> – China is a member of WTO – 5 Special economic zones of China (SEZs) where special economic conditions and investment incentives apply – A multi-layered food regulatory system to ensure the quality and safety of imported food items – is published and accessible via web pages 	<ul style="list-style-type: none"> – China became second richest country in the world – Becomes the biggest food importer - China food imports grew by an estimated 30% each year – EU28 Agro-food trade with China grows(Annual rate of change from 2007 – 2017 import 4.3% export22.3%)[4]; – China is now the EU's second-biggest trading partner behind the United States and the EU is China's biggest trading partner – China is losing arable land, per capita fresh water is only 31% of the world's average – The EU seems appropriate supplier for China because it is producing high quality land-intensive foods – Some tax benefits granted primarily in Special Economic Zones, but also in Economic and Technologically Developed Zones, – In these and other areas, the basic national tax rate is reduced to 24% or 15%. Additionally, in order to support the inflow of funds and technologies, China provides numerous preferences to foreign companies and investors
Social factors	Technological factors
<ul style="list-style-type: none"> – China's population is growing – China is under the process of fast and large scale urbanization – Chinese middle class grows fast. – Food consumption pattern is changing - people in urban area consume more processed food, also better quality foods with more protein. [8] – The brand is of key importance in the case of luxury products, and these include some agri-food products in the eyes of Chinese – Chinese people who want to emphasize their status (in all groups) are ready to spend additional funds for better quality products and satisfy more sophisticated needs - innovative in relation to traditional. 	<ul style="list-style-type: none"> – Number of online supermarkets make it easy to sell the foreign groceries and have them delivered to customer front door, – 80% of consumers treats the Internet as an important source of information about products

Weaknesses	
Political factors	Economic factors
<ul style="list-style-type: none"> – Limited system transparency. – Frequently changing laws - China continued issuing numerous new regulations, rules and measures to reflect the requirements introduced by the 2015 Food Safety Law – Different interpretations, often dependent on local authorities, as well as bureaucracy and corruption – Often, there are difficulties in verification of partners and – A time-consuming process of registering a company in China. – Many certifications, regulations, and procedures required to export food products to China (the food safety law, the import and export commodity inspection law, the imported food importers and exporters filing regulations, and the imports and export animal and plant quarantine law) – Strict and complex documentation requirements for the majority of food products imported into the country. – Procedures that allow the goods to be marketed related to the appropriate labeling (in Chinese) and the packaging of the products- every food product imported in China must be labelled in simplified Chinese characters to complete the Customs clearance. – In order to obtain the certificate, inspections are required at the exporter's premises, which are carried out at his expense. – lack of EU –China FTA 	<ul style="list-style-type: none"> – EU -China trade relations are complicated and protectionism could be seen in both sides.[8] – EU member states have very different positions about trade relations with China. – The lack of cohesive EU position results in China penetrating the EU market through separate market agreements with EU member.[8] – Agricultural sector in the EU and China is very strong protected. – Furthermore, both sides are using also non -tariff barriers, which additionally complicates food trade. [8] – Food sector is a major industry in China – China is long pushing self-sufficiency policy – The Chinese food industry leaders consolidation – Importers are advised to allow for additional time and money to resolve unexpected issues and work closely with reliable partners. – Local food preferences are not yet identified
Social factors	Technological factors
<ul style="list-style-type: none"> – Number of food-related scandals occurred last ten years 	<ul style="list-style-type: none"> – Poorly developed transport and logistic system

Opportunities	
Political factors	Economic factors
<ul style="list-style-type: none"> – China is strengthening its food security program, but is still relying on large scale imports from abroad.[8] – A public information system ex. The Harmonized System (HS) codes - the international system used for categorizing all products traded between countries available on China Customs' website 	<ul style="list-style-type: none"> – Market size - China is huge market -1.4 billion people's dietary needs to be satisfied – China market is growing almost 15 times in the past decade mainly for meat – Younger and middle aged people have started to appreciate foreign food – In the food sector EU experiences overproduction – Shanghai as the main preferable entry point from a fiscal, legal cost perspective and operational side [5] – China established export processing zones and various other special customs supervision areas to promote itself as a world - class manufacturing hub (Bonded Warehouse Bonded Ports (BP), Bonded Logistics Parks, (BLP), Bonded Logistics Centers (BLC), Free Trade Zones (FTZ), Export Processing Zones (EPZ), and Export Supervisory Warehouses (ESW) [5]. – income growth effects play a dominant role in determining China's import demand for agricultural products, both in the short and long term [6].
Social factors	Technological factors
<ul style="list-style-type: none"> – Chinese have become more critical and suspicious with the local food scandals which has resulted in more people looking for products to buy from overseas – Younger and middle aged people have started to appreciate foreign food – Contemporary Chinese consumer increase the value and volume of the purchased basket and reduces the frequency of purchases, which is important for the forms of distribution 	<ul style="list-style-type: none"> – Customers are familiar with the technology – wide social media campaign can offer a great chance to enter the market – Chinese are the masters of using online services when buying different services and consumer goods – Ordering food through sites is common and becomes a habit or even addiction – Web portals and supermarkets devoted to sell foreign products - easiest and quickest way to reach Chinese customers is through online platforms, like Tmall Global or JD (Jingdong) – Trade fairs on-sites helps to learn a lot and build up a great network before entering the market – Made in China 2025 program - concerning advanced production and management systems is a promising direction in the field of scientific and technical cooperation.

Threats	
Political factors	Economic factors
<ul style="list-style-type: none"> – Dissimilarity of the legal system comparing to EU – Dynamic food regulatory environment – Regulations get stricter for imports of food, when higher quality standards are introduced by the Chinese government – Necessity to understand whole the process when exporting your food products to China – Companies must stay abreast of the latest food regulations and ensure the conformity of the products to the necessary import procedures. – Complicated certification procedures ex. While inspections - Chinese authorities might request a lot of information, which sometimes raises the question of compliance versus integrity. – Heightened safety requirements for some food like meat and health products require additional registration. The registration is valid for 4 years and is extendable. – Mandatory registration of each shipment of food products online with the Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) department for tracking purposes – Before the shipment of products, companies are required to submit documents on products' quality, quarantine, origin, and import control, along with a detailed packaging list and a description of the packaging material, among other documents [1]. – Not standardized random inspections at entry and past entry inspections - may differ greatly between different entry points. – Lack of transparency, as the authorities grant only very little insight to results and there is no information on testing methods. [2] 	<ul style="list-style-type: none"> – Established brand and a reputable website, before entering the Chinese market Company is an important success factor – The China's food and beverage import process can be very hard to navigate for first time exporters, due to its fragmented and localized system: because of the country's vast geography, export to different locations within China will require due diligence so as to avoid administrative failure[1] – Large amount of food imported into China is either returned or destroyed due to lack of compliance or irregularity in food quality – In case any documents are missing, the goods can be seized or in worst the case, sent back to its original destination – In times of greater transgression, the import license may be revoked and the companies may be barred from future trade. – Market hurdles for food exports are: tariffs, VAT, import quotas, import bans, antidumping and countervailing duties [2] – Import bans are not always announced on time to the foreign exporters, which can result in losses, as shipments on the way to China suddenly have nowhere to go, because their cargo is not allowed to be imported[2] – Each of processing zones has unique characteristics that afford different sets of advantages and limitations to different types of businesses [5] – The name of the product, the description and the packaging are all important and will determine whether company will succeed in China or not (Chinese often gives food products as gifts, providing a bottle of wine in a tidy box can boost sales) – Setting the right price and product placement – The knowledge plays a fundamental role in the early phase of the internationalization of SMEs into Chinese market [5]. – The freight depend factors : Flow, Lead time, Value density/Perishability/Risk level.[5] – Culture differences - also at the level of business etiquette practiced by Chinese partners (Chinese prefers more direct contacts and relationships). – Small, retail shops are still popular shopping places. It definitely makes the distribution of

<ul style="list-style-type: none"> – Exporters are advised to thoroughly discuss all regulatory and implementation details with their Chinese customers. – Regulations on import vary across types of food, and may not be consistently applied and enforced by different ports, bureaus, and individual officers [1] – – Many regulations are short on specifics, and interpretations can differ from port to port and from ministry to ministry [7]. – The Food Safety Law Imposes more severe punitive measures (including criminal penalties) – The violation of intellectual property rules - European standards do not apply in China – EU political influence is shrinking, with Germany, France and UK more important to China than the EU as a whole. China's strategy of separate trade agreements means weakening of EU position [8] 	<p>exported goods difficult.strong internal and external competition</p> <ul style="list-style-type: none"> – Distribution networks for newly introduced products (distrust of local distributors to foreign partners, well organized local companies, cheaper than big international players)
Social factors	Technological factors
<ul style="list-style-type: none"> – in the Chinese consumer model is above average practicality (pragmatism + modernity) - the Chinese consumer devotes more time than the European customer to the choice of the goods focusing on its utility – the Chinese do their due diligence and deep online research before buying the product 	<ul style="list-style-type: none"> – logistic infrastructure is an inconsistent system, modern and efficient operating in metropolises, but less consistent and limited in other parts of China

Porter's Five Forces Framework

Competitive Rivalry

- Agricultural sector in the EU and China is very strong protected,
- Non -tariff barriers influence food trade in both sides,
- the lack of consistent approach of the EU towards China is based on deep differences between member states economies [8]
- Strong internal and foreign competition
- Factors affecting the trade flows of agricultural products include qualitative characteristics - brand image, brand names and cultural background (marketing), quality, delivery time, reliability of supplies, packaging - and established relationships (e.g. cultural, historical or political ties between trading partners)[6]

Threat of New Entry

- The regulations and process of entering the Chinese market is highly demanded and time consuming. Before exporting goods to China for the first time it has to be clarified that the appropriate FSL security certificates are given.
- Chinese regulations may not be consistently implemented at each individual point.
- New companies have to register with the State Certification and Accreditation Administration (CAA) if the food product being exported is on the 'List of Food Imports Subject to Enterprise Registration'.
- While the inspection conducted on quality and safety applying for certificates the Chinese authorities might request a lot of information, which sometimes raises the question of compliance versus integrity. For example they might not only request necessary documents from the exporter itself, but from all suppliers the exporter uses,
- Given the complexity of the application process certificates (ex. for approval of a new additive, or expansion of use of a listed) additive the support of contracted staff in China may be necessary. Outside of the language barrier, many steps in the process require delivery of materials/documents in person. Foreign governments are not listed as valid entities to apply for new additives [7].
- Under the Food Safety Law, as all imported products must comply with Chinese standards, the NHFPC is currently reviewing the above practice and determining how to best handle traditionally imported food products containing food additives that do not yet have a Chinese food safety standard [7]
- SME entering the Chinese market, should to focus on fine tuning the relationships with LSP, gaining knowledge of the involved actors and bound strong relation-ships with them. Selection of the correct INCOTERM becomes a secondary choice and a trade-off between the pros and cons should be pursued: as long as the selected term of trade does not increase the complexity of the business [5].

Supplier Power

- The significance of the EU as a food supplier to China will grow because demand for more quality processed foods, such foods produced in the EU is growing,
- EU members offers wide branch of brands products highly appreciated in China,

- A lot of experiences and examples of successful business in China among EU member states.

Buyer Power

- China is gradually scaling down its self-sufficiency policy, which is proven by rapid imports growth, and signing of several FTAs[8]
- China probably will sustain self-sufficiency in some product groups like rice and wheat, but in others like meat, dairy products, and some processed foods will continue to be import dependent [8]
- Chinese middle class grows fast and a large amount of people tends to appreciate foreign products over time, at the same time as wealth increases.

Threat of Substitution

- In China's demand for agricultural imports, products are distinguished by their place of production and are not considered perfect substitutes for each other [6].
- Importers may differentiate between commodities by place of production
- The Chinese company does not necessarily purchase all of its agricultural products from the least expensive supplier [6].

Summary

China has the highest growth rate in the world - several times higher than the other countries. China's position on the international arena will strengthen and soon it will become the largest importer of European food. The trend of changes in dietary patterns, including increases in consumption of meat, dairy products and processed food and in the frequency of eating outside the home is predicted to keep growing in the next years [5]. EU has placed a strong emphasis on speeding up Free trade agreements with so dynamic Asian countries, including China, although results are not yet satisfied yet [8].

Potential exporters should, be aware of the specific business culture and cooperation with Chinese partners, the complex regulation of Chinese law, as well as differences in consumer preferences. Companies should pay a special attention on creating distribution networks for new products. In case of SME it must be noticed that the huge size of the market that often require large orders, may exceed their capabilities. One of the most important success factors on Chinese market is creating recognizable brand associated with quality reflecting the contemporary Chinese model consumption.

References

1. Dezan Shira nad Assoctaion, *Exporting Food Products to China: A Step by Step Guide*, China F&V Wath, <http://www.china-briefing.com/news/2017/06/13/exporting-food-products-to-china-regulation-and-procedure.html>
2. Koehler Group International Accountants and Management Consultants Hong Kong, Singapore & China, *China's Import Regulations of Food Products* , http://koehlerservices.com/images/stories/pdf/Legal_Tax_Alerts/Chinas_Import_Regulations_of_Food_Products.pdf
3. <https://www.export2asia.com/blog/export-food-to-china/>
4. EU, *AGRI-FOOD TRADE STATISTICAL FACTSHEET* European Union – China, https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/countries/agrifood-china_en.pdf
5. Simone Gabriele , *Strategies to entry the Chinese Food and Beverage market:evidence from uropean SMEs and development of a model*, https://www.politesi.polimi.it/bitstream/10589/136339/3/2017_10_Gabriele.pdf
6. Ellen Huan-Niemi, Jyrki Niemi, *China's growing food imports from the EU*, <https://ageconsearch.umn.edu/bitstream/51541/2/Reference%20Number%20109.pdf>
7. Clever Jenifer, *China -Peoples Republic of Food and Agricultural Import Regulations and Standards Certification*, FAIRS Export Certificate eport, https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Beijing_China%20-%20Peoples%20Republic%20of_2-3-2017.pdf
8. Kostadinov, Anton, *EU – China food trade perspectives*, <https://www.econstor.eu/bitstream/10419/149572/1/1.NORW.pdf>

COUNTRY: UNITED STATES OF AMERICA - USA

Basic information:

- 300 million citizens and the area comparable to the size of the entire European Union;
- perspective export market for EU countries;
- wealthy society;
- adapting exporters to the requirements of the American market, due to the number of required documents and formal procedures;
- it takes about two years to get the new product released into the market;
- prohibited food products;
- cultural or ideological differences between the United States and the European Union that define consumer choices.

SWOT + PEST Analysis

Strengths	
Political factors	Economic factors
<ul style="list-style-type: none"> – Exports to the US market are approved for fruit and vegetables from FAVIR lists - Fruit and Vegetables Import Requirements, as well as those recorded in the system of the Animal and Plant Health Inspection Service (APHIS) of the US Department of Agriculture; – each country can apply for market access for a specific product, however, in the case of European countries, APHIS cooperates on this issue mainly with the European Commission; – the US legislation requires carrying out the procedure of preliminary assessment of the equivalence of the veterinary control system for the beef production in the country applying for access to the US market. The competent authority in this regard is the FSIS Inspection and Food Safety Service; – export of dairy products, i.e. milk, cream, butter, cheese, etc., is subject to quantitative restrictions, which are administered by the US customs office and the US Department of Agriculture. Imported products are subject to the provisions of the Animal Plant Health Inspection Service of the Department of Agriculture and the Food and Drug Administration (FDA). 	<ul style="list-style-type: none"> – the impressive size of the US market for non-US food producers; – perspective export market for EU countries; – 300 million citizens and the area comparable to the size of the entire European Union; – wealthy society;
Social factors	Technological factors
	<ul style="list-style-type: none"> – existence of meat substitutes on the American market, e.g. frozen meals, ready meals.

Weaknesses	
Political factors	Economic factors
<ul style="list-style-type: none"> – the need to indicate an entity named "FSVP Importer" when submitting an import declaration. This means that every company should have a partner in the US who will be responsible for the quality of imported products and will certify the compliance of the products with US regulations; – not all countries can export meat to the United States so that it is possible the US Department of Agriculture (USDA) must conduct a detailed inspection of establishments that apply for acquiring permission and 	<ul style="list-style-type: none"> – in the case of the meat market: the problem of market entry for small retailers; an opportunity only for organic meat, direct sales of meat by producers, high costs of adjusting the storage and distribution of meat to federal and state requirements, high costs of warehouse equipment, i.e. large

<p>subsequently issue official permission; the inspection concerns as follows: sanitary control, verification of occurrence of animal diseases, verification of the process of slaughter and adherence to the principles of the hazard analysis programme and critical HACCP control points (Hazard Analysis and Critical Control Point), a research programme to exclude the presence of E. coli and Salmonella bacteria</p> <ul style="list-style-type: none"> – adapting exporters to the requirements of the American market, due to the number of required documents and formal procedures consisting of: preparation of labels and packaging products in accordance with US regulations, legal process of product legalisation in the US, obtaining certificates and permits as well as preparing marketing documentation in accordance with American legal requirements, obtaining tax certificates authorising the collection of US sales taxes, insurance of economic activity on the American market by obtaining an American insurance policy; – it takes about two years to get the new product released into the market; – prohibited food products are as follows: unpasteurised dairy products, surprise egg, beluga caviar, sodium cyclamate, cadbury chocolate, huggis, absinthe, casu marzu cheese (Sardinian cheese); – unstable political situation. 	<p>refrigerators, freezers, specialised vans;</p> <ul style="list-style-type: none"> – lack of direct sales of food products; in the case of placing an order, the American contractor expects that within 2-3 business days such products will be delivered to the indicated place, store or warehouse in the USA; – currency fluctuations.
Social factors	Technological factors
<ul style="list-style-type: none"> – in the US, the GMO food is consumed and it does not raise any consumer objections. People who have objections to this type of products usually choose alternative organic food; – the approach of American companies to contacts with international companies is burdened with a large degree of caution and lack of trust. Many of them prefer business contacts with domestic companies due to their cultural closeness, which is connected with many aspects, not only cultural ones. 	<ul style="list-style-type: none"> – in the United States, genetically modified (GMO) products are produced and released on the market provided that the appropriate label is placed on the packaging of the product. In the EU, by contrast, the GMO food is, in principle, prohibited;

Opportunities	
Political factors	Economic factors
<ul style="list-style-type: none"> – additional verification of food products intended for people and animals consumption placed on the market in the United States has been in operation since May 2017; 	<ul style="list-style-type: none"> – the increase in the volume of exports from Poland to the USA of food products such as: sugar and sweets, vegetable and fruit preserves; – Polish beef producers who specialise in the production of high quality, organic, naturally-made beef have and will have a great chance of success on the American market;

	– American market demand for specialised pork products such as sausage and ham;
Social factors	Technological factors
-	-

Threats	
Political factors	Economic factors
<ul style="list-style-type: none"> – the need to comply with FDA requirements in order to identify a food importer when entering the United States in accordance with the FSVP (Foreign Supplier Verification Programs), including the requirement to provide a unique supplier identifier (UFI) found acceptable by the FDA. – the issue of the Transatlantic Partnership in the field of Trade and Investment is currently being discussed. Because of the fact that the US allows GMO food of this kind while the EU does not, this problem causes the greatest controversy when discussing the terms of the treaty. 	<ul style="list-style-type: none"> – decline in the sale of Polish goods on the US market, such as: cereals, animal and vegetable fats, tobacco products and substitutes for tobacco products, ready animal feed;
Social factors	Technological factors
<ul style="list-style-type: none"> – cultural or ideological differences between the United States and the European Union that define consumer choices; 	-

Porter's Five Forces Framework

Competitive Rivalry

- strong global competition,
- large competition within the food sector,
- large number of small food companies.

Threat of New Entry

- the need to comply with FDA requirements in order to identify a food importer when entering the United States in accordance with the FSVP (Foreign Supplier Verification Programs), including the requirement to provide a unique supplier identifier (UFI) found acceptable by the FDA
- the approach of American companies to contacts with international companies is burdened with a large degree of caution and lack of trust
- difficulties in adapting exporters to the requirements of the American market, due to the number of documents required and formal procedures
- cultural or ideological differences between the United States and the European Union that define consumer choices
- a large number of prohibited products.

Supplier Power

- American market demand for specialised pork products such as sausage and ham
- Polish beef producers who specialise in the production of high quality, organic, naturally-made beef have and will have a great chance of success on the American market;
- the increase in the volume of exports from Poland to the USA of food products such as: sugar and sweets, vegetable and fruit preserves

Buyer Power

- the impressive size of the US market for non-US food producers
- 300 million citizens and the area comparable to the size of the entire European Union;
- wealthy society

Threat of Substitution

- the existence of meat substitutes on the American market, e.g. frozen meals, ready meals
- barriers to enter the market.

References

1. https://usa.trade.gov.pl/pl/f/view/fobject_id:448343
2. American food imports from Poland. Trade and investment promotion department.
3. <https://usa.trade.gov.pl/pl/usa/analizy-rynkowe>
4. <https://usa.trade.gov.pl/pl/usa/analizy-rynkowe/274161,bariery-rynkowe-w-usa.html>
5. https://usa.trade.gov.pl/pl/f/view/fobject_id:448569

Country: MIDDLE EAST REGION
(UNITED ARAB EMIRATES, SAUDI ARABIA, KUWAIT, OMAN, IRAK)

Basic information:

Important international organizations in the area

- The Cooperation Council for the Arab States of the Gulf – Gulf Cooperation Council (GCC) associating following countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE);
- Council of Arab Economic Unity: Egypt, Iraq, Jordan, Kuwait, Libya, Mauritania, Palestine, Saudi Arabia, Sudan, Tunisia, Syria, United Arab Emirates and Yemen;
- Arab Fund for Economic and Social Development;
- Arab League;

SWOT + PEST Analysis

Strengths	
Political factors	Economic factors
<ul style="list-style-type: none"> – government programs supporting exports to Arabic countries, e.g. Polish “Go Arabia”; – Qatar’s National Development Strategy provides an integrated framework for policy formulation, as well as regulatory and institutional framework changes and implementable projects linked to overall national and sectoral outcomes. 	<ul style="list-style-type: none"> – Oman is a member of WTO, – Unified GCC Custom Tariff encourages investments in Oman, – Presence of Grand Arab Free Trade Zone – The economy is characterized by stability and clarity of laws and rules which contain the required guarantees. There is stability and flexibility of foreign exchange and its rate (Qatar) – UAE has a strategic location at the heart of the Arabian Gulf, providing optimal access to the other G.C.C. states (UAE)
Social factors	Technological factors
<ul style="list-style-type: none"> – The trend of greater health awareness is spurring stronger demand for certain types of spreads, such as those that contain antioxidants and high protein levels, or spreads that are fortified with vitamins and minerals. 	<ul style="list-style-type: none"> –

Weaknesses	
Political factors	Economic factors
<ul style="list-style-type: none"> – Emiritisation program of increasing the percentage of locals in private companies is also being looked at seriously by the government 	<ul style="list-style-type: none"> – The Supreme Economic Council (SEC) has given a list of economic sectors from which foreign investors will be excluded under the new Foreign Investment Law. Some of these sectors are Oil exploration, drilling and production, Manufacturing of civilian explosives, Real estate investment in Makkah and Madina, Security and detective services, Audiovisual and media services. Fisheries, Land and air transportation etc
Social factors	Technological factors
<ul style="list-style-type: none"> – Cultural restrictions are very strict and religion discrimination is very high 	<ul style="list-style-type: none"> – de facto obligatory introduction of Halal System to food manufacturing;

Opportunities	
Political factors	Economic factors
<ul style="list-style-type: none"> – possibility of promotion: Expo Dubai 2020; – events accompanying Expo Dubai 2020, e.g. “Meet the buyer” sessions, providing 	<ul style="list-style-type: none"> – lower tariffs in force – in UAE, Oman and Qatar – average rate: 4,7%;

<p>exporters with the possibility of meeting potential clients;</p> <ul style="list-style-type: none"> – open exports policy, technical regulations based on international standards (UAE); – negotiations between UE and GCC regarding free trade agreement; – ongoing creation of Euro-Mediterranean Free Trade Area; – A series of economic decisions during the course of the year aimed at spurring the Kingdom's pursuit of accession to the WTO have fostered greater open market private enterprise policies (Saudi Arabia); – Kuwaiti Free Zone Law is in on par with those of the world's major free trade zones. The said law exempted the following from taxes and custom duties - goods imported to the free zones or exported there from; 	<ul style="list-style-type: none"> – free trade zones, not covered by the regulations in force in other areas (UAE); – increasing purchasing power of consumers in Middle East Region; – Saudi Arabia has a sizeable demand for fruit and vegetables. Local production has not been able to keep pace with the demand, and so imports of these products are expected to remain strong (Saudi Arabia); – UAE, a long standing commercial and business hub of the Arabian world, has also emerged as the third major re-export centre in the world after Singapore and Hong Kong. Thus the UAE market is important for the opportunities it provides as a major sourcing centre for important markets such as Iran, Iraq, Africa, CIS countries etc.;
Social factors	Technological factors
–	–

Threats	
Political factors	Economic factors
<ul style="list-style-type: none"> – proximity to the warzone (Syria); – activities carried out by GCC aiming at limiting exports to associated countries; – mandatory cooperation with local agent company (Qatar); – lack of uniform rules that would regulate access to public procurement (Saudi Arabia); – long-lasting and costly qualification procedures regarding the commodification of food products (Saudi Arabia); – ban on the import of pork and alcohol (Saudi Arabia); – complex visa policy and regulations on the employment of foreigners (Saudi Arabia); – limited access to information (Saudi Arabia); – mandatory Halal certificate for imported meat (UAE); – rules of goods origin (UAE) – some countries are preferred as a source of imports; – omanisation – need to employ Omani nationals; – mandatory fulfilling the requirements of the CAP (Conformity Assessment Programme) for food export to Saudi Arabia; – mandatory Certificate of Conformity (CoC) for exports to Qatar; 	<ul style="list-style-type: none"> – tariffs in force, e.g. Common Customs Tariff imposed by GCC – basic rate: 5%; – diversified treatment of foreign enterprises that have to pay 20% income tax, compared with 3.5% religious tax levied on Saudi businesses (Saudi Arabia); – high costs of participation in fairs and exhibitions (Saudi Arabia); – securing a place for traditional exports in the face of increasingly competitive international markets; – offsetting declining prices for primary exports by tapping lucrative new markets for labeled commodities; – preserving foreign exchange by reducing imports of expensive agro-chemicals;

<ul style="list-style-type: none"> – The Government is encouraging Omanisation and setting minimum requirements for it in different establishments. An increasingly high level of omanisation percentages requirements in government and private institutions is a major threat for expatriates and foreign firms (Oman); 	
Social factors	Technological factors
<ul style="list-style-type: none"> – Arabic rules of negotiations – mandatory to conduct business with Arabic partners; – war damage (Iraq); 	–

Porter's Five Forces Framework

Competitive Rivalry

- NAFTC Middle East (Netherlands Agro, Food & Technology Centre) – office in Dubai;
- Dubai Food Park;
- China-UAE Food Industrial cluster (planned) – to be established by Ningxia Forward Fund Management Company;
- Dubai Industrial City's halal cluster.

Threat of New Entry

- Duties range from 5 percent to 20 percent on some imports. All commodities entering the Saudi Arabia as input for industrial production, along with some basic food items, are exempted from customs duties,
- high costs of participation in fairs and exhibitions (Saudi Arabia);
- rules of goods origin (UAE) – some countries are preferred as a source of imports,
- mandatory cooperation with local agent company (Qatar),
- de facto obligatory introduction of Halal System to food manufacturing,

Supplier Power

- The region, which grew 1.1 per cent last year, is forecast to expand further to 3.6 per cent in 2019,
- A series of economic decisions during the course of the year aimed at spurring the Saudi Arabia pursuit of accession to the WTO have fostered greater open market private enterprise policies,
- UAE has a strategic location at the heart of the Arabian Gulf, providing optimal access to the other G.C.C. states

Buyer Power

- sizeable demand for fruits and vegetables. Local production has not been able to keep pace with the demand, and so imports of these products are expected to remain strong
- Arabs are very brand conscious. Many Arab countries have been bombarded with low quality products from China and other countries over the past two decades and brands are a clear and simple way to affirm consumers a product is high quality.
- buying is very social among Arabs

Threat of Substitution

- securing a place for traditional exports in the face of increasingly competitive international markets,
- preserving foreign exchange by reducing imports of expensive agro-chemicals

References

1. L. T. Raynolds, *The Globalization of Organic Agro-Food Networks*, World Development Volume 32, Issue 5, May 2004;
2. M. Mulligan, M. Keulertz, M. McKee, *Environmental factors in the MENA region: a SWOT analysis*, Working Papers, No. 4, November 2017;
3. Pawlikowska, K. (2017). Formalne i nieformalne bariery wejścia na rynki arabskie dla polskich eksporterów. *Przedsiębiorczość Międzynarodowa*, 3(2), 175-189 (in: M. Maciejewski (ed.), *Ekonomia międzynarodowa wobec współczesnych wyzwań*. Cracow: Economical University in Cracow);
4. www.aaronallen.com (08.08.2018);
5. www.digitaljournal.com (08.08.2018);
6. www.eksportuj.gov.pl (02.08.2018);
7. www.gov.uk (03.08.2018);
8. www.hoteliermiddleeast.com (05.08.2018);
9. www.interpower.com (03.08.2018);
10. www.naftc-middle-east.com (06.08.2018);
11. www.shodhganga.inflibnet.ac.in (08.08.2018);
12. www.strategyand.pwc.com (08.08.2018);
13. www.thenational.ae (06.08.2018);
14. www.trade.gov.pl (02.08.2018).