

SIPPO Newsletter.

Edition 2/11

Editorial.



For many of us, Latin America feels even further away than other distant continents. Europe is not the number one export destination

for the countries there either. For them, the regional markets and the USA are much more important. Despite the perceived geographical distance, Swiss and European importers often find working relationships with suppliers from Latin America simpler and «closer» than is the case with other distant markets. SIPPO is active in Colombia and Peru, dealing mainly with niche sectors. Many SMEs operate there, often including family businesses, which do indeed produce high-quality, sought-after products, but which find it virtually impossible to break into Europe on their own. This is where SIPPO can help: putting producers in contact with importers in Europe at trade fairs, on procurement trips and selling missions. The bilateral chambers of commerce in Peru and Colombia as well as the export promotion agencies Promperu and ProExport are important partners of SIPPO.

Rita Stupf
Head of Development Services

New free trade agreement between Switzerland and Colombia.

The free trade agreement with Colombia comes into force in the autumn. It will provide Swiss SMEs with market advantages in a country which was denounced as a region of drugs and desperados as recently as 2002 and which has now transformed itself into a stable democracy with extremely good general conditions for businesses and a high economic potential. The World Bank's Ease of Doing Business Index ranked Colombia third among the Latin American countries and the «Economist» is forecasting that the country's economy will grow by 4.7 per cent in the coming years. Similarly to the «economic tigers» (South Korea, Taiwan, Singapore and Hong Kong), Colombia is one of the economically emerging CIVETS (this abbreviation stands for Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa).

What is involved? Three months following the entry into force of the free trade agreement, the customs duties will be completely removed on 86 per cent of industrial products. This will result in advantageous margins for Swiss products, since the customs duties currently levied for chemical products amount to 7.2 per cent and for machinery and vehicles 10 per cent. Agricultural products will also benefit as a result of the agreement. The application of the GATS, the WTO regulations on public procurement and sound regulations for industrial property rights will also result in further benefits. Particularly important is the fact that the tariff reductions will benefit Switzerland, but not the EU or the USA.



Martin von Walterskirchen,
Regional Director Americas



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Colombia is a growing market

Next to Brazil, Colombia is the most densely populated country in South America. Around 32 million of the total population of 42 million live in the conurbations. One-sixth of the population lives in the capital of Bogotá. Next to Chile, Colombia is the largest growth market in Latin America and is the largest producer of numerous species of cut flowers. Colombia is also the leading producer of emeralds and guadua wood.



Colombia is also known as a banana and coffee producer. During the past 20 years, the consumer goods and raw materials industries have been further developed. The food and textile industries are now playing a major role in the Colombian economy.



Colombia's IT on the rise.

Swiss financial services provider partnering SAFYR in Medellín! Colombia: the highest investor protection of Latin America (Doing Business 2010)! Swiss telecom giant working with Colombian company! In future, we will increasingly see such positive headlines. Colombia has stabilized in recent years - not only with respect to the political system and security issues, but also in its business affairs. The objective of one of the state initiatives launched is to win global recognition for Colombia as a provider of high-quality ICT.



The ICT sector in Colombia is currently experiencing strong growth of around 11 per cent per year. As a result, the volume of ICT exports is increasing each year. These efforts are certainly being assisted by the free trade agreement between Colombia and the EFTA States. Within Colombia, the ICT sector is forging networks in the national Software Association and in local clusters. These are also helping companies to find international customers and achieve product certifications or CMMI certification. Thanks to its geographical location, Colombia can also be used as a hub for your business with Latin America. Any Swiss companies interested in a partnership in the ICT sector in the Latin American markets should contact Christian Bernet (cbernet@osec.ch).

SECO Info.

Since 2007, SECO has been supporting the «PerúBiodiverso» project in Peru. Thanks to compliance with clearly defined sustainability criteria, the commercial use of biodiversity products (such as ingredients for cosmetics and foods, natural medicinal herbs and eco-tourism) should help to conserve biodiversity and, at the same time, safeguard and improve the livelihoods of the poor living in rural areas in the long term. To this end, potentially marketable products must be identified, the necessary entrepreneurial knowledge (sustainable management of biological resources, marketing and product development, etc.) must be acquired and contacts arranged with importers in the industrialized countries. In addition, the project is supporting the creation of appropriate legal frameworks. PerúBiodiverso is being implemented by the German Company for International Cooperation and SIPPO. In particular, SIPPO is responsible for improving access to the European market. Sponsored by PerúBiodiverso, the socially fair and environmentally responsible production and marketing of the Inca nut «Sacha Inchi», which is enjoying increasing demand due to its high omega-3 content, is already being considered an international flagship project.

Greater sustainability in the fishery and aquaculture sector in Colombia.

While production from aquaculture is enjoying steadily growing demand, fishing catches have not increased in recent years. This is the result not only of reduced fish stocks, but also strict controls on the fishing boats operating in the territorial waters. At the same time, a certain renovation trend is becoming apparent in the sector. Many companies are implementing their first activities involving the application of sustainability criteria. Prior to the European Seafood Exposition, ESE, SIPPO published the manual «EU Market Access & Eco-Labeling for Fishery and Aquaculture Products». It was presented to interested parties in mid-June in two seminars in Colombia.

The WWF and a representative from the eco-label for fisheries, MSC, also participated in this event. It was clear to see from the interest shown by individual company managers as well as those present from various institutions that a new beginning is also to be accompanied by a repositioning of products from fisheries and aquaculture. One Colombian company, a participant in a study tour organized by SIPPO, has already been able to confirm that this will also result in some interesting new trading opportunities.

French touch for trendy alpaca knitwear from Peru.

Last April, the association of Peruvian knit designers' initiative presented itself with a remarkably elegant booth at the international fashion fair «Peru Moda» which takes place every year in Lima. SIPPO supported this initiative by the designers as part of an ambitious project that has three simultaneous goals, namely firstly: to promote the designers' association as a reliable and professional service provider for local SMEs exporting knitted apparel. In order to attract European buyers, these SMEs always need to offer top fashion; secondly: to use this platform to launch and advertise our latest book of trends «Knits of Peru – Winter 2012» which has been produced by the association with the support of «bureau de style» in Paris. The book is a powerful tool for SMEs to develop garments which will meet the expectations of European buyers in advance. During this trade fair, 66 companies expressed an interest in this book; thirdly: to secure a position for alpaca knitted products on the high-end market, so that this economic activity can guarantee a substantial net income for hundreds of knitters in Peru. Any interested companies should contact Eve Baechtold (ebaechtold@osec.ch).

Peru is diverse

Peru is a country whose millenary civilizations have given the world the splendid heritage of Caral, the Royal Tombs of Sipan, South America's most sumptuous burial, the Lines of Nazca, the Kuelap Fortress and the Sanctuary of Machu Picchu, one of the seven wonders of the modern world. With 84 of the world's 117 life zones, Peru is one of the most biologically diverse countries on earth. Visitors can travel from one of the driest deserts in the world across the Andes to the lush Amazon rainforest. Therefore,



the promotion of sustainable tourism is key to the conservation of the country's rich cultural heritage, its abundant biodiversity and world-class gastronomy. The «Branch Overview on Sustainable Tourism in Peru» is a useful milestone in these efforts, providing tourism business partners and consumers with suitable products in Peru.

Trade fair calendar.

- **Spoga, 4.–6.9.2011**
Garden furniture trade fair, Cologne, Germany
- **TTW-Travel Trade World, 19.–20.10.2011**
Tourism trade fair, Zurich, Switzerland
- **WTM-World Travel Market, 7.–10.11.2011**
International tourism trade fair, London, England
- **MIDEST, 15.–18.11.2011**
International industrial subcontracting exhibition, Paris, France
- **Food & Natural Ingredients, 29.11.–01.12.2011**
International exhibition for food ingredients and additives, Paris, France

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Industry studies reveal new market opportunities for Colombian exporters.

Did you know that the Colombian textile industry's value chain is equipped so that it is capable of exporting? That universities in Colombia offer IT training at the highest level? That Colombia's food processing industry has highly experienced export firms and the huge biodiversity offers an almost unlimited variety of natural and cosmetic ingredients? This and other market information can be found in the five industry studies, which were funded by SECO and implemented by Osec as part of the EFTA FTA in April 2010. The studies focus on the textile industry, the organic market, natural ingredients, processed foods and software & IT. In addition to market analyses on Europe and Colombia, the studies report on product and market access provisions and include GAP analyses as well as fact sheets on promising commercial products. In addition, they discuss the background to Colombia's inability to date to position itself on the European market as a promising export country. This background information includes, for example, the lack of competition-enhancing associations, lack of marketing know-how and the ignorance of European tastes and preferences. The studies have been available at www.osec.ch/studiescolombia since May 2011.

Outlook.

Buying Mission (natural ingredients procurement trip)

26 to 30 September 2011, Peru

Importers from Switzerland and the EU will have an opportunity to make contacts and establish business relationships in the natural ingredients sector in Peru. Participants will attend the international food trade fair, Expoalimentaria Peru 2011 (www.expoalimentariaperu.com), and the additional exhibition Peru Natura (www.biocomercioperu.org). The objectives of the procurement trip are to find new products in the natural ingredients sector and to talk in person with potential suppliers.

Visits to companies in Lima and the surrounding area are planned. Visits to companies in the north of the country can be arranged upon request. It is possible to extend the stay, in order to visit other companies or the sights of Peru.

Information and registration: Fabienne-Alexia Müller, fmueller@osec.ch

Trip to the future procurement market of Asia: Indonesia, October 2011

SVME, SWISSMEM and SIPPO are organizing a buying mission (information and contact trip) to Indonesia from 3 to 7 October 2011. The aim of the trip is to provide participants with first-hand information and contacts with regard to the potential of the Indonesian subcontracting industry in industrial zones in the metropolitan area of Jakarta in accordance with the participants' technical requirements.