



EUROPEAN  
CLUSTER COLLABORATION  
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# EU-IRAN matchmaking event

## Tehran, Iran

17 – 18 October 2016



**Three-month follow up survey  
Report, enriched with feedback  
after one year**

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## Contents

1. Introduction .....	3
2. Overview of the 14 EU clusters Delegation .....	5
3. Cooperation activities initiated or established at the matchmaking event.....	6
3.1 Cooperation objectives, activities undertaken and next steps.....	7
3.2 Involvement of EU SMEs in the cooperation activities.....	10
4. Formal agreements achieved at the matchmaking event .....	12
4.1 Focus of the formal agreements.....	12
4.2 Expected results of the formal agreements.....	12
5. Benefits for SMEs .....	13
6. Conclusions .....	14



## 1. Introduction

**Brief outline of the mission:** The EU-IRAN matchmaking event took place on 17-18 October 2016 in Teheran, Iran. The event was organised in the framework of a European economic mission led by the Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, Elżbieta Bieńkowska with representatives of DG Internal Market, Industry, Entrepreneurship and SMEs, European clusters and of some industrial sectors. The organisation of the mission was supported by the European Embassies in Tehran and notably that of the Netherlands and the European External Action Service (EEAS). The event was facilitated by the European Cluster Collaboration Platform and supported by Jean-Noël Durvy, external cluster advisor, who was responsible for the preparation of the mission in close co-operation with the European Union External Action service.

The event gathered participants representing a delegation of 14 EU clusters, 10 European industrial federations covering several key sectors of common interest (including biotech, automotive, raw materials, tourism, textile, construction and greentech) and a sizeable Iranian delegation.

The EU-IRAN matchmaking event gave the opportunity to participants to enhance relations between EU organisations and third-country parties, with an average of 2 cooperation activities initiated or established by participants and a strong interest in the scope for technology transfer, research & development, exports /imports, knowledge sharing & information exchange and joint ventures.

**In order to measure the on-going impact and the relevance of the event for the participants and to investigate the nature of the relationships that were established and developed with Iranian participants, EECP sent a follow up online survey three months after the event to the 14 EU clusters Delegation.**

The overall comments received from survey participants indicated that the event allowed for fruitful exchanges between the EU clusters delegation and Iranian clusters and firms. They declared their intention to pursue increased cooperation activities but reported some difficulties to develop partnerships with Iranian third-parties, therefore slowing down the process.

This three months follow up online survey comprised 3 major topics to cover all the outcomes of this event:

- Cooperation initiated towards European and non-European clusters or firms
- Formal agreements achieved
- Involvement of SMEs in the event



Out of the 14 EU clusters delegation, only 5 participants were able to complete the survey despite several reminders. The following sections provide more information about the responses received, combined to some comments received by email and details received through three phone interviews with the Catalan Water Partnership, INDESCAT and ARIA Normandie in order to obtain the maximum of information and especially qualitative feedback on the mission.



## 2. Overview of the 14 EU clusters Delegation

N°	CLUSTER	Field(s) of activity	Country
1	AgroTransilvania Cluster	Agro food	Romania
2	AMEC	Industrial sectors Innovation Networking	Spain
3	ARIA Normandy	Automotive industries	France
4	BIOENERGY FOR THE REGION	Clean energy, environmental technologies, eco-innovation	Poland
5	CASTRA	Aerospace technology	Bulgaria
6	Catalan Water Partnership	Sustainable use of water. Water Treatment.	Spain
7	CLUSTER MONTAGNE	French know-how for sustainable mountain tourism development.	France
8	CONSTRUCT CLUSTER OLTENIA ASSOCIATION	Construction	Romania
9	Federation of the European Sporting Goods Industry	Education and Knowledge Creation, Textile Manufacturing	Belgium
10	Images & Reseaux	Wireless networks, internet of things, multimedia	France
11	INDESCAT	Sport industry	Spain
12	Silesian Aviation Cluster	Aeronautical technology	Poland
13	South-West Oltenia Automotive Competitiveness Pole	Automotive Field	Romania
14	South-West Oltenia Automotive Competitiveness Pole	Automobile	Romania



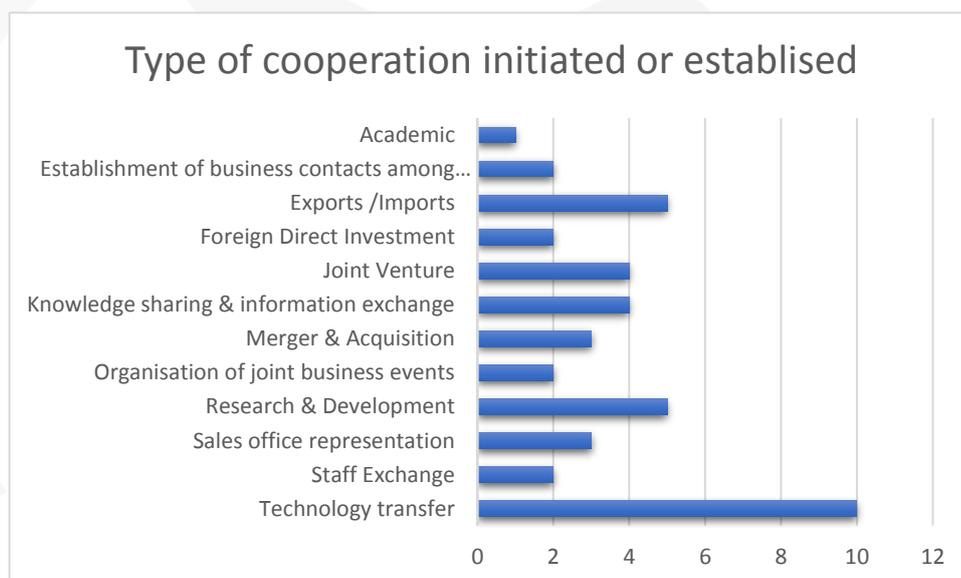
### 3. Cooperation activities initiated or established at the matchmaking event

The EU-IRAN matchmaking event allowed the EU clusters delegation to initiate cooperation activities with both European and non-European clusters/firms. On average, 5 cooperation activities have been initiated or established at the matchmaking event, with a maximum of 12 for the Silesian Aviation Cluster operating in the field of the aviation industry, and a minimum of 1 for AMEC, operating in the field of Construction, electrical, packaging and textile. In total, 19 cooperation activities have been led by the 5 EU clusters delegates who responded to the survey.

Most of the cooperation activities have been initiated by the EU clusters Delegation, established with firms, with a share of 2/3 with European firms and 1/3 with non-European firms. The cooperation activities were also initiated with clusters, with a share of 2/3 with non-European clusters and 1/3 with European clusters.

The cooperation activities initiated or established by the EU clusters Delegation are mostly concentrated in the five following fields (by order of importance):

1. Technology transfer
2. Research & Development
3. Exports /Imports
4. Knowledge sharing & information exchange
5. Joint Ventures





Out of the 11 cooperation activities detailed by the EU clusters delegation, 9 have a strong industrial focus. The graph below presents the sectors represented in the cooperation activities as reported by the respondents.

### Sectors represented in the cooperation activities



- Electrical engineering
- Mining, Manufacturing and Construction
- Lighting and Solar Energy
- Consultancy
- Tourism
- Plastics processing
- Precision engineering
- Automotive industry
- Tooling industry

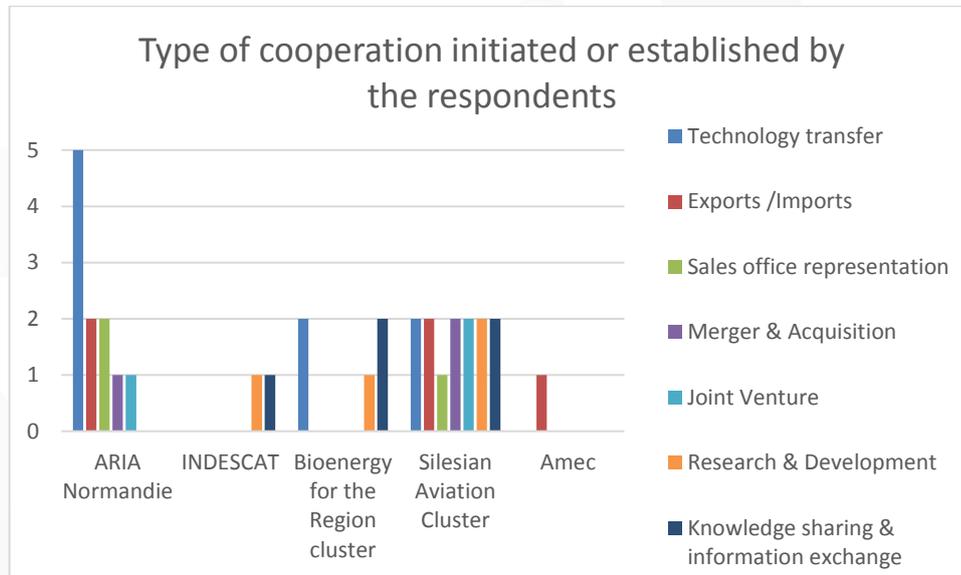
INDESCAT met 5 Iranian companies at the networking session Moein Tourism Mellat (travel agency), Amir Kooshadi, Healthy Investment, Rasser Zakeri and Sports infrastructures. Only the latter was related to the sport sector, but the rest of the companies offered useful information for business development in the Islamic Republic of Iran including: translations, networking and investment management. The exchanges with the Iranian counterparts were very fruitful and allow a better comprehension of the Iranian market and its development perspectives, notably in terms of openness. INDESCAT will pursue cooperation activities with the Islamic Republic of Iran through the organisation of a trade mission in 2018 (more details in the section below).

### 3.1 Cooperation objectives, activities undertaken and next steps

The cooperation activities between the European Union and the Islamic Republic of Iran in the field of clusters are at an early stage. The European clusters are looking forward to intensifying the relationships with this country given the market development opportunities. During this mission, they have begun to gather contacts that could help their SMEs to start business in the Islamic Republic of Iran. They have



identified it as a potential market for specific collaboration activities presented in the chart below for each cluster participant who responded to the follow-up survey:



A number of cluster organisations have reported on ongoing exchange and future activities with Iran (see below).

However, the EU clusters Delegation acknowledges that they are facing the following barriers to develop new partnerships:

- Difficulties for European SMEs to interact with the Iranian banking system. According to the interviews led with ARIA Normandie, INDESCAT and the Catalan Water Partnership, this issue seems to be the most challenging one with regards to establishing and engaging in concrete cooperation activities with the Islamic Republic of Iran. A solution is to rely on intermediaries located in the United Arab Emirates. Clusters are starting to exchange with one another to find the most appropriated system.
- Little knowledge and understanding of the specificities of the Iranian market (both general and in the areas of activities of the clusters)
- Administrative issues to obtain a visa
- Communication difficulties due to the use of different languages (in the case of Iran, Persian)

To deepen their cooperation activities with the Islamic Republic of Iran, the European Clusters started to provide some information to their SMEs, on the Iranian market and contacts to support them in the development of business activities. The contacts of Iranian companies that are used to working with foreign companies were



communicated to some SMEs to provide services such as translation, transportation, and support in the application for a visa. Some clusters have already implemented or planned some concrete follow up actions, such as:

- The Catalan Water Partnership organised a meeting for its SMEs directly after the matchmaking event to inform them about the market opportunities in the sector of water and more particularly water salination. Relevant contacts of Iranian counterparts have also been transferred to SMEs to facilitate their interactions with the Iranian market. There is a real potential for SMEs to develop business in the Islamic Republic of Iran in the water sector, but this market is not developed enough for the moment to engage cooperation activities. Investments and market developments in the water sector in the Islamic Republic of Iran would therefore be a pre-condition to further cooperation activities.
- INDESCAT organised a seminar for 12 companies interested in the Iranian market to provide them with more detailed information on the opportunities to start business in the Islamic Republic of Iran as well as contacts to guide them. Participants learned about peculiarities and opportunities that this emerging market offers for sport as a result of its recent opening. (See News item [here](#)).
- INDESCAT, thanks to the ECCP matchmaking event, helped one of its SMEs, BUFF operating in the sportswear industry, to travel to the Islamic Republic of Iran. INDESCAT facilitated this business trip by supporting BUFF in the collection of travel documents and providing recommendations on translators. The Islamic Republic of Iran represents a strong market potential for the sportswear industry.
- INDESCAT wrote a dedicated market study on “how to develop business opportunities in the Islamic Republic of Iran” for its SMEs and organised a presentation for its SMEs to share the outcomes of the study (not available online).
- INDESCAT will organise a trade mission to the Islamic Republic of Iran in 2018. This trade mission was initially planned for 2017 but had to be postponed due to difficulties to conduct financial transaction with Iranian banks. A solution has been found by relying on intermediaries located in Turkey or the United Arab Emirates, therefore allowing the mission to take place next year.
- Following the ECCP mission, ARIA Normandie organised a mission for its SMEs in Teheran in February 2017 in partnership with FIEV ( French Federation of Automotive Parts provider) for the cluster automotive SMEs (See ECCP News item [here](#)). After this successful mission, a second has taken place in mid-November 2017, again in partnership with FIEV. This mission included a visit of the [IAPEX 2017 Tehran International Autoparts Exhibition](#) as well as meetings with Peugeot, IKCO, Citroën, Renault, ZF, Bosch and Iranian

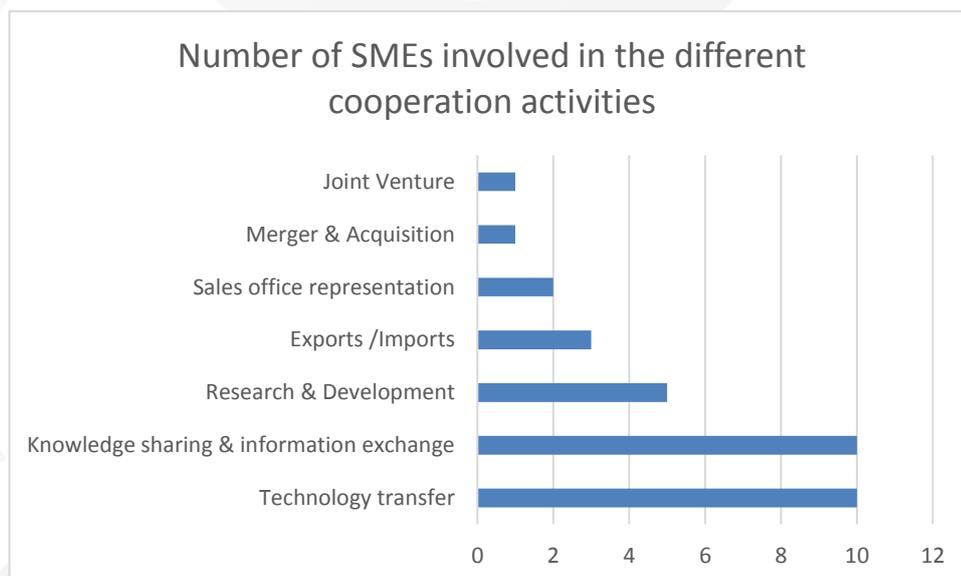


automotive suppliers (see News item [here](#)) This mission gathered 20 SMEs and allowed networking activities with Iranian companies to support their internationalisation. One of the main challenges faced by those SMEs is the delivery of material, therefore SMEs were among others looking for delivery services offered by Iranian companies to find contacts and establish partnerships.

- In December 2017, ARIA Normandie will take part in a mission to Iran organised by Business France and four French automotive clusters (LUTB, MOV'EO, Pôle Véhicule du Futur and ID4CAR). This mission will include meetings with Iranian R&D and innovation stakeholders as well as B2B sessions to develop technologic and industrial partnerships within the smart transportation sector.

### 3.2 Involvement of EU SMEs in the cooperation activities

Among the 5 European clusters that responded to the survey, ARIA Normandie, Silesian Aviation Cluster and Bioenergy for the Region Cluster indicated having developed a specific SMEs agenda to pursue international cooperation with the third country clusters in their respective sectors: Automotive Industry, Aviation industry and renewable Energy In average, 12 SMEs per cluster were involved in a dedicated SME agenda. The SMEs could benefit from the cluster cooperation activities mostly to develop new business activities and collaborative initiatives. In total, among the respondents, the EU clusters delegation indicated that 20 SMEs benefited from the cooperation activities established with Islamic Republic of Iran as specified below. An overview is provided in the diagram.





The 20 SMEs having benefitted from the different cooperation activities as reported by the cluster organisation participants are mostly involved in knowledge sharing activities and technology transfer. In some cases, SMEs are simultaneously involved in different types of cooperation activities:

- 5 SMEs are simultaneously involved in a cooperation activity including Research & Development, technology transfer and Knowledge sharing & information exchange
- 1 SME is involved in a cooperation activity including both technology transfer and sales office representation
- 1 SME is involved in a cooperation activity including both technology transfer and Exports /Imports
- 1 SME is involved in a cooperation activity including both sales office representation and joint Venture

However, as the EU clusters intend to continue to foster cooperation with third-countries and especially the Islamic Republic of Iran, a greater number of SMEs could benefit from the strengthening of the EU-IRAN relationship. The respondents declared to expect that over 25 SMEs in total could benefit directly from the cooperation they established. These cooperation activities could take various forms, and the EU clusters delegation identified different opportunities, such as:

- Sectoral cooperation (tourism, wastewater treatment, water salination, automotive industry)
- Cooperation in investment (solar power plants)
- cooperation in the preparation of common offers (for example, offer for the modernisation of the wastewater treatment plant in Teheran)
- Prepare follow up visits for SME delegations



#### 4. Formal agreements achieved at the matchmaking event

The EU clusters that participated to the EU-IRAN Matchmaking mission have not formalised yet any cooperation activities, and have therefore not achieved any formal agreements to date. Although the EU clusters seek to develop and intensify the relationships they initiated at the matchmaking event with Iranian third-parties, the cooperation activities are still at an early-stage of development. Moreover, administrative procedures in the Islamic Republic of Iran are complex and take time, meaning that establishing formal agreements is a long process. Furthermore, as presented in section 3.1, the respondents are simultaneously improving their knowledge of the Iranian market to facilitate cooperation. Actions have also been implemented to address comprehension difficulties to the use of a foreign language such as the use of translators to simplify communication and exchanges. Despite the barriers identified to develop further cooperation with the Islamic Republic of Iran, some members of the EU clusters delegation indicated that they are still in contact with the Iranian clusters or firms met at the matchmaking event and hoping for increased cooperation in the near future. Two clusters, ARIA Normandie and INDESCAT are planning to organise new missions to the Islamic Republic of Iran to reinforce the links with their Iranian counterparts in the automotive industry and the sportswear sector.

##### 4.1 Focus of the formal agreements

No formal agreements have been signed by the European clusters delegation yet with their Iranian third-parties due to the barriers described in section 3.1 and 4.

Whilst the European clusters delegation are still implementing actions to face these barriers, some members have started to develop a sectoral approach towards cooperation activities with Iranian firms or clusters, such as tourism and wastewater treatment. Therefore, future cooperation agreements might be based on such an approach.

##### 4.2 Expected results of the formal agreements

No formal agreement has been signed by the European clusters delegation yet.



## 5. Benefits for SMEs

The participation of the European clusters delegation to the EU-IRAN matchmaking event created benefits for their SMEs, by creating the potential for further cooperation activities. The survey identified several types of benefits targeting SMEs:

- To get some Iranian contacts (clusters and other intermediaries) to initiate further cooperation activities
- Identification of market/sector trends, for instance in the fields of automotive industry, sportswear industry and water treatment
- Better understanding of export/import framework conditions, including how to conduct financial transactions with the Islamic Republic of Iran
- Prepare follow up visits for SME delegations by providing information to facilitate their travel and exchanges with their Iranian counterparts
- More generally, SMEs benefited from a privileged access to information and direct feedback from the clusters participating to the mission on the conditions to travel to the Islamic republic of Iran and existing market opportunities in their respective sectors

Additionally, and as part of this follow up mission one SME from ARIA Normandie has succeeded in signing a contract but could not go further due to difficulties with the payment process. This barrier has also been mentioned by the Catalan Water Partnership and INDESCAT. The Iranian banking system has a low payment guarantee, making financial transactions between European SMEs and Iranian banks difficult. Aria Normandie has therefore approached other members of the cluster delegation to exchange on that issue and find a solution to allow financial transactions. The idea, presented during the Iran Mission, of working through an intermediary bank has been explored (see above). INDESCAT confirmed that relying intermediaries allow them to facilitate financial transactions between European SMEs and Iranian banks. This is also a good example of showing how a first visit by a cluster can prepare the ground for subsequent SME missions.



## 6. Conclusions

Generally, participants report that it is difficult to have concrete results in terms of cooperation agreements a year after the event, especially for this mission in Iran with all the associated and challenging framework conditions. As already described in the 1<sup>st</sup> report (Mission proceedings report), the socio-economic situation in Iran and the conditions for the perspectives of eventual cooperation with partners from Iran are the two main challenges to be faced by clusters.

Nevertheless, two positive outcomes resulting from this mission can be identified:

- The first concerns the interest of the Iranian delegation in dealing with clusters as intermediaries for engaging with European SMEs. This encouragement could be built upon and pursued as part of a policy dialogue process.
- The second concerns the work and the concrete results achieved for example by ARIA Normandie who organised a follow up visit for regional SMEs that subsequently resulted in the SME negotiating a contract with an Iranian SME. Also, INDECAT, who wrote a dedicated market study on Iran for its SMEs and that is organising a trade mission in 2018 could report on concrete benefits of the mission.

Despite the difficulties faced by clusters to initiate cooperation with Iranian companies or clusters, the European clusters showed a strong interest to establish deeper partnerships and cooperation activities by improving their knowledge of the Iranian market. For instance, Bioenergy for the Region Cluster is interested to participate to Iranian tenders in wastewater treatment plant but is facing very long administrative procedures. In the meantime, the cluster is still in touch with Iranian companies. Those examples illustrate that the Iranian market remains highly relevant for European clusters.

Regarding the online survey that is underlying this analysis, the feedback that we received from cluster participants indicated that it took too much time for the clusters to answer and the result is that most of them did not reply at all or very succinctly. Phone interviews have been conducted with the Catalan Water Partnership, INDESCAT and ARIA Normandie to complete the survey in order to obtain the maximum of information and especially qualitative feedback on the mission. The clusters explained that the Islamic Republic of Iran represented a huge market potential for their SMEs and cooperation activities should go on to complete their knowledge of the market and identify the right opportunities for future exchanges.