In Focus: Water and Waste Management

10,000 strong and growing
The ten-thousandth participant comes from Mexico
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Follow-up in Ukraine
Participants from Eastern Europe impress with their results
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Dear Friends of the Manager Training Programme!

Good news: the MP is still on course for growth! We welcome Georgia as the seventeenth partner country (in the pilot phase) with immediate effect and look forward to the first group, who will arrive in spring 2016.

Not only is the circle of our partner countries expanding; the number of participants in the Programme is also growing steadily. The ten-thousandth participant visited Germany in autumn 2015. The Mexican Agustín Vázquez Scala represents a family enterprise that currently only serves the Mexican domestic market with its packaging production and would like to expand abroad. Scala is no exception: many of our participants hope to have noticeable advantages in national and international competition and to gain access to German technologies through their participation in the MP.

In October 2015, the MP also celebrated an anniversary with Ukraine: in the past fifteen years, 1,000 Ukrainian executives from the middle and upper management levels received training in Germany. Despite the currently difficult situation in the country, many of the MP participants have established successful business relationships with German companies during the past two years. Hence, the results at the follow-up in Kiev were also impressive. The article on p. 24 provides further information.

Again in this issue, the focus is on the overall topic of efficiency – this time all around the subject of water and waste management. Sustainable action in production helps to reduce costs – the efficient management of resources plays an increasingly important role, particularly for companies in the manufacturing industries in Germany and our partner countries. On the one hand, the costs for the raw materials used are increasing; on the other hand, the mountains of waste are growing. How can the balancing act between the needs of rising prosperity and the environmentally friendly disposal and recycling of waste be achieved? German environmental technologies, which in recent years have grown into one of the most important sectors of the economy in this country, provide some answers to this question. In the focus section, you will learn how our partner countries and Germany deal with the challenges of a clean economy.

I wish you an interesting read!

Reimut Düring
Looking to the Future

Berlin. It is my great pleasure to introduce myself as the newest member of the ‘MP family’. As Head of Section EB6 in the Federal Ministry for Economic Affairs and Energy (BMWi), I am now responsible for the Manager Training Programme. One of my first official acts in this capacity was to moderate an event to honour the ten-thousandth programme participant in September 2015. The MP participants at this first meeting really impressed me. It was an opportunity to see first-hand how effectively they use their four weeks in Germany to improve their businesses and economic relations between our countries. Initiating direct business-to-business contacts not only provides German firms with access to new foreign markets; it can also bring new, innovative products to Germany.

The MP is an important and successful instrument of German foreign policy. Most of the companies we support in expanding their management in Germany, and Russia has grown into an international programme with 17 partner countries to date. Every year we invite around 900 executives from upper and middle management to Germany. Under the ‘Fit for Business with Russia’ and ‘Fit for Business with China’ mottoes, we also send around 60 German executives to a two-week training seminar in both countries each year. And demand is growing. But rest assured that we are not just looking at our past successes. Our focus is also on the continual improvement and development of the MP:

• I promise that we at the BMWi will use every avenue at our disposal to ensure the necessary funding to keep the programme up and running as usual in the coming years. Working together and with the necessary reserves, we plan to increase the number of group programmes in 2016.

• I am pleased to announce that we have successfully extended the framework agreement with the GIZ for 2016-2018.

• Following a successful fact-finding mission, we will kick off the MP in Georgia in 2016. I am convinced this will enable us to make an important contribution to moving Georgia closer to the EU.

• We are also currently talking to a partner government about bringing an additional country on board for the training programme for German entrepreneurs.

• The GIZ recently signed three-year contracts with selected first-rate and professional training centres to safeguard the exceptional standards and quality of the MP.

• We are also in the process of introducing a competence system to ensure the quality of the programme’s training modules. Greater focus on preparation seminars will serve to better coordinate participants’ expectations and programme content. Consistent follow-up and alumni relations round off the programme in our partner countries and promote greater sustainability.

• Using a range of different evaluation instruments, we are assessing participants’ satisfaction with the programme, the performance of the training centres, and the programme’s effectiveness for the German economy. This year we will commission another external evaluation of the past three years and use the results to further improve the MP.

As a new member of the MP family, I am looking forward to being part of the programme’s continuing success and to many personal interactions and interesting conversations with all of you.

MoU with India Signed

New Delhi. The third Indo-German Governmental Consultations took place at the beginning of October in New Delhi. The German Chancellor Angela Merkel and the Indian Prime Minister Shri Narendra Modi declared their intention to steer the strategic partnership between India and Germany into a new phase. The growing convergence between the two countries in matters regarding foreign policy and security policy as well as the complementary areas of both national economies form the basis. Both sides see the Indo-German Manager Training Programme as an important contribution to the further development of bilateral relations, particularly for small and medium-sized enterprises. To secure the working basis, the Ministry of Commerce and Industry of the Republic of India and the German Federal Ministry for Economic Affairs and Energy (BMWi) signed a joint Memorandum of Understanding during the consultation concerning the continuation of cooperation within the scope of the Manager Training Programme (MP).

Source: German Federal Government

10,000 Participants in MP

Berlin. The ten-thousandth BMWi Manager Training Programme participant, Agustin Vázquez Scala, arrived in Germany in autumn 2015. Uwe Beckmeyster, Parliamentary State Secretary at the BMWi, honoured the Mexican entrepreneur on September 17, 2015 in Berlin.

Agustin Vázquez Scala represents a Mexican family-owned company, Vazquez Plastic Products located in the city of Salamanca. It is a leading producer of plastic foils and supplies a range of industries. The company is currently only active on the Mexican domestic market. Vázquez Scala hopes to parlay the skills and contacts gained through the MP into international cooperation with the automobile industry and other growth industries, securing a foothold for his company along with access to German technologies. He was able to set up a number successful meetings with medium-sized German companies during his time in Germany.

Mexico is home to just under 120 million people and, with an annual gross national product of 1,295.9 billion USD, is a growing market. In addition to Vázquez Scala, the group of participants from Mexico included managers from consumer goods and capital goods industries (such as the automobile industry). Following the ceremony, Mexican executives talked with representatives from the BMWi and GIZ about bilateral trade relations between Germany and Mexico. Participants were particularly interested in the internationalisation of SMEs.

The BMWi Manager Training Programme began in 1998 with Russia as its first partner country. Today the programme addresses a range of industries and has expanded to include 17 partner countries from Asia, Eastern Europe, North Africa and Latin America. To date, 105 Mexican executives have participated in the MP with Mexico.

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Thiblai. A new arrival in the ‘MP Family’: As from 2016, Georgia will also be participating in the Manager Training Programme. A fact-finding mission took place in June 2015, organised by the German Federal Ministry for Economic Affairs and Energy together with GIZ. Representatives from a total of 13 organisations of the government, the business associations and private companies came to the Georgian capital for talks. In the discussions there, they identified local enterprises interested in economic cooperation with Germany. The German Embassy in Tbilisi supported the mission. Now development is underway – a Georgian pilot group of executives will already be visiting Germany at the beginning of 2016. The Georgian Entrepreneurship Development Agency (GEDA) is the Programme partner on the Georgian side.

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The First Steering Committee with Mexico

1,000 MP- alumni in Ukraine

‘Learned a Great Deal’

Alla Struchayeva from Kharkiv, the co-owner and managing director of the IT company MAXNET, is the one thousandth participant in the Manager Training Programme with Ukraine. She came to Germany for training in autumn 2015 together with other Ukrainian managers. The programme with Ukraine has been running successfully for almost 15 years now. In an interview, Struchayeva speaks of her impressions of the training, the outcomes of her meetings with German companies, and her plans for the future.

What are the most important impressions from your visit to Germany?

I liked the interactive training sessions best, in which methodologies, practical examples and teamwork were closely linked. The company visits were also very interesting and informative. And I was particularly impressed by the Q 110 bank (Deutsche Bank of the Future). A unique corporate culture prevails there. It is a fine example of how technical innovations are linked with modern concepts in a bank branch to handle end-customers.

How was the atmosphere within your group that comprised of entrepreneurs from a variety of different sectors?

You will seldom find a team like that in which everything fits and everyone works as a unit. Our group really did gel! We exchanged our experiences with one another in our own companies, successful and failed experiments, and how we master crises. Everyone found new friends and partners. Who knows, perhaps we will open a company together in Germany one day.

Speaking of plans, what are the next steps for you back home?

Firstly, I would like to introduce employee assessments and tests based on the German model. The German approach really opened my eyes, and the new knowledge will help me avoid repeating old mistakes. I also have big plans for the Euro 2020 project for establishing broadband internet access. My company is able to offer this to the German market. Thank you for the interview!

The First Steering Committee with Mexico

I also agreed the conditions with the Berlin Commercial Internet Exchange e.V. (BCIX) for my company to be connected to BCIX internet exchange points, along with joint peering.

The First Steering Committee with Mexico

Together with the Kazakh partner, the Federal Ministry for Economic Affairs and Energy and GIZ celebrated a special event: in June 2015, the 500th participant from Kazakhstan completed the Programme. The MP with Kazakhstan has already been running very successfully for over 10 years.

500 Participants in Kazakhstan

Sholanov was very pleasantly surprised when, during the ceremonial presentation of the certificates, he learnt that he was the 500th participant from Kazakhstan. The young entrepreneur from Astana came to Germany with the aim of finding cooperation partners for setting up a new concrete factory for the production of reinforced concrete poles. With new technologies, he wants to shorten delivery periods in future as well as improve the quality and hence the competitiveness of his company. He plans to offer all construction work from a single source in the long term.

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Sholanov was already in negotiations with the company MBK Keslegg GmbH during preparation for the training in Germany regarding the purchase of cage removal robots and dumper systems. During his visit to MBK, the partners clarified the remaining technical details and the financing. The contract will be signed shortly. A cooperation is also planned with the German companies Ammann Elba Beton GmbH and g.tec z (Thomas Teichmann and Gregor Zimmermann) GbR. Both companies offer services in the field of high-quality concrete production.

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4th German-Vietnamese Steering Committee

Demand Remains High

Satisfied with the MP in Vietnam: the steering committee in Bonn

For the fourth time since the Programme with Vietnam commenced in 2008, the people in charge of the Programme in Germany and Vietnam met to take a look at the development of the Programme, evaluate results and make plans for the future. The delegation also visited a German supplier for the steel industry.

Bonn. The Manager Training Programme with Vietnam has already reached back on eight intensive years. And interest is certainly not waning: Karl Wendling, director at the BMWi and co-chairman of the steering committee on the German side, spoke of unbridled demand for the Programme – on both the Vietnamese and the German side. He said this was particularly true from the constantly high number of applicants, on the one hand, and the positive response from the German business sector, on the other hand.

German companies welcome Vietnamese groups and are glad to invite individual entrepreneurs for talks. The members of the committee were able to convince themselves of this in a personal discussion with Gustav Wiegard, owner and managing partner of Gustav Wiegard Maschinenfabrik.

The company, which was founded in 1902 and today is run by the fourth generation of the owner family, produces roll systems, components for rolling mills and components for complex applications in various branches of industry. The engineering works has been selling its products for decades to the global players in the steel industry all over the world. Wiegard, who was familiar with the MP as a German company to transfer their meter contracts are currently in negotiation.

The only dampener: The long-standing MP partner, Le Thi Lam Vien from the Vietnamese Chamber of Commerce and Industry (VCCI), participated for the last time in the steering committee. At the farewell, the German side acknowledged his achievements at the meeting, impressive proof of the great potential of this bilateral joint venture. Karl Philipenko, chief marketing officer of a very well positioned medium-sized company that manufactures meters for applications such as monitoring energy consumption, reported on his company’s performance. Philipenko was able to convince a German company to transfer their meter production activities to his firm. He also concluded a contract to market German meters in Belarus and two additional contracts are currently in negotiation. Through the MP, Nikolai Ramult, deputy division manager in a large state-owned food company, was able to launch an investment project to produce a line of juices for children. He also succeeded in bringing stalled negotiations for the construction of a yeast production facility to a fruitful conclusion with the support of German investment and equipment. Vitaly Bozhkov encouraged a German producer of luxury modular homes which is only active regionally to market its products worldwide. This decision set the German company on a course of expansion – and Bozhkov is responsible for setting up a global marketing network from Belarus.

Minsk. The German-Belarusian Steering Committee met for the fifth time on June 30, 2015. Both sides expressed great satisfaction with how effective the MP has been. Aligned with their business achievements at the meeting, impressive proof of the great potential of this bilateral joint venture. Karl Philipenko, chief marketing officer of a very well positioned medium-sized company that manufactures meters for applications such as monitoring energy consumption, reported on his company’s performance. Philipenko was able to convince a German company to transfer their meter production activities to his firm. He also concluded a contract to market German meters in Belarus and two additional contracts are currently in negotiation. Through the MP, Nikolai Ramult, deputy division manager in a large state-owned food company, was able to launch an investment project to produce a line of juices for children. He also succeeded in bringing stalled negotiations for the construction of a yeast production facility to a fruitful conclusion with the support of German investment and equipment. Vitaly Bozhkov encouraged a German producer of luxury modular homes which is only active regionally to market its products worldwide. This decision set the German company on a course of expansion – and Bozhkov is responsible for setting up a global marketing network from Belarus.

A company visit to another MP participant was also on the German delegation’s agenda. Elisaveta Samodelkina runs a small family business in the countryside near Minsk. She grows and sells vegetable and flower seeds throughout Belarus via a wholesaler. She also sources some of her products from a well-known German producer; she met during the MP in Germany.

As part of the steering committee meeting, the room was set up with representatives from the German and Belarusian ministries of economic affairs, the GIZ, the Institute for Business and Management Technologies in Belarus, the Representative Office of the German Chamber of Commerce, and the German embassy.
Training Programme focusing on Water and Waste Management

For four weeks, the participants in an industry-specific group from the water and waste management industry in Russia and Azerbaijan visited a variety of — mainly municipal — enterprises in Hamburg and Berlin and learnt about new technologies. At a cooperation exchange in Berlin and business meetings throughout Germany, they established individual contacts to manufacturers of sorting and treatment plants, water pumps, containers for rubbish disposal, pelleting systems, etc. Just as in every MP training programme, they increased their competencies on working with Germany and cast aside a number of stereotypical ideas about the country.

Edgar Fatakhov
head of department of ‘Tamiz Shahar’ in Baku, Azerbaijan

The new waste processing plant of the Azerbaijani state-owned enterprise ‘Tamiz Shahar’ (the construction of which is currently being coordinated by Fatakhov) is being built in a region where the collection of the population’s rubbish is not yet sufficiently organised. Accordingly, Fatakhov set himself two goals for the MP participation: on the one hand, he wanted to get to know new technologies for waste processing and to select equipment that can be flexibly adjusted to changing capacity utilisation. On the other hand, it was important to him to gain a detailed picture of the rubbish separation system in Germany and to become familiar with the methods for motivating the public to separate rubbish in order to increase the scale of rubbish collected and separated in his region.

Fatakhov achieved both of his goals: he received all the important information on technologies and equipment from the companies REMA Anlagentechnik GmbH, Al/Tech Recycling Systems GmbH and HFF-Altrockentechnik, and is now waiting for specific offers from these companies. Once he has received them and they have met with approval in Azerbaijan, up to 60 per cent of the required equipment for the new plant can be purchased in Germany. In addition, Fatakhov is planning a financially supported motivation system for rubbish collection for the population in Azerbaijan.

Also noticed the strong commitment and sense of responsibility of the general public concerning the separation and disposal of rubbish. ‘The Germans are prepared to give away things that are still in good condition, or even to pay something for their disposal, one of them said during the analysis of the visit to the Rondenbarg recycling centre, which belongs to Stadtreamigung Hamburg, the city’s municipal waste and recycling management company. With regard to new technologies, the visit to the innovative Biogas- und Kompostwerke Bürck plant, which also belongs to Stadtreamigung Hamburg, was the highlight of the programme. The plant produces gas and high-quality compost from organic waste and green waste from Hamburg households. As one participant put it: ‘Something that is still a long way off for us is already reality in Germany.’

Water management was also a topic of much discussion. While the technologies applied for waste water disposal in some Russian plants are very similar to those in Germany, the participants were particularly interested to learn that the quality of tap water in Germany is so high that it can be drunk without being boiled or filtered beforehand. It was also new to them that the public in Germany is far better informed about the water quality.

The separation and disposal of rubbish is not only a question of economy but is closely connected to the Germans’ strong environmental awareness, their concern about the proper disposal of hazardous substances and the problem of disposing of the far too many packaging materials for everyday necessities. Many of the participants found it fascinating to see that the rich consumer society develops solutions to counteract the damage caused to the environment as a result of its way of life. At the same time, it became clear to them that

Dr. Julia Moritz has been working at CO2NEO International since 2008, and is head of the Academic International in Hamburg since 2015. Within the framework of the MP, she is responsible for the overall organisation and works as a trainer.

Natalia Galuziy
Manager Controlling at ‘SDS Azot’, Kemerovo, Russia

Galuziy’s company is one of the largest Russian manufacturers of chemical fertilisers and caprolactam, an additive for the production of polyamide. The project task with which Galuziy came to Germany was intended to contribute to solving the problem with waste in the production of sulphuric acid. She wanted to find manufacturers in Germany which are able to supply equipment that can produce sulphur concrete from this waste.

The MP participant discussed the exact requirements of ‘SDS Azot’ at a meeting with the managing director of Altenwerder Gussasphalt Technology (ATG) GmbH and found the right equipment. The qualified chemist was also able to clarify all technical issues and get to know the technology for producing mastic asphalt. The next step is to draw up the specifications and to obtain a technical and financial offer from ATG GmbH.

Company next to Rondenbarg recycling centre in Hamburg.
Meeting Again at the Intersolar Europe 2015

Many alumni are glad to attend follow-up events in their home countries, at which they evaluate the success of the training and their cooperation project. The exchange among themselves often also provides new insights and stimulus for entrepreneurial questions on dealing with foreign business partners. But do the alumni accept an invitation to meet again and exchange ideas if the event takes place in Germany which for some participants is 10,000 kilometres away from home?

Rosenheim. Definitely – at least for the entrepreneurs who completed the training on economic cooperation with an emphasis on renewable energy in 2014. Especially as the event was combined with a visit to Intersolar Europe 2015, a leading trade fair. Half of the 36 participants in training programmes with an emphasis on renewable energy and energy efficiency from the MP partner countries Egypt, Belarus, India, Moldova, Ukraine, Tunisia and Vietnam accepted the invitation. Most of them did so in order to maintain their relationships with German and other international business partners. The executives named an additional reason: the opportunity to see the other former participants again and to exchange information with them.

The alumni discovered that approximately one or two actual business relationships with German companies had resulted from the average three or four business contacts per participant after their stay in Germany. Among the tangible results are more than 50 import and export transactions, which are either still at the negotiation stage or already completed – including five distributor agreements for selling the products of German companies in the respective partner country.

Looking back, the executives also positively evaluated the strengthening of their skills in corporate management as well as innovation and change management. They saw them as the most important elements of the training and the company visits that had led to changes in their home companies. In this way, the MP strengthens foreign companies for business relations with German partners. At the management level, mainly business plans and long-term strategies bring about major changes in entrepreneurial thinking and form the basis for long-term perspectives in cooperation with German companies.

Leading trade fairs like the Intersolar Europe are the ideal means for maintaining established business relations. The dates for the event were therefore chosen to coincide with the days of the trade fair. This made it easy for the participating entrepreneurs to meet each other again in Germany and foster business relations at the same time.

A visit to a trade fair is a good opportunity to establish contact with international business partners and discuss potential business on the spot. From their stay in Germany, the participants know that good preparation for the fair is necessary. In particular, appointments should be made in advance as it is otherwise difficult to find the right contact person at a busy trade fair. However, making appointments is often quite a challenge: Appointments could be made with the help of the Intersolar Europe. This meeting helped to clearly define the strategy is well thought-out and the visit to the fair is properly prepared in advance. The MP serves to open opportunities for successful cooperation with German partners.

The success of the three participants shows that trade fairs are a good platform for implementing business ideas if the strategy is well thought-out and the visit to the fair is properly prepared in advance. The MP serves to open opportunities for successful cooperation with German partners. The response from the German business partners was already very positive at the trade fair. Now the options are being explored as to how both sides can cooperate successfully.

For Manan Aggarwal from India, the trade fair was also a great success: The managing director of HIM Technoforge Limited, a company that supplies the automotive industry, aims to utilise solar energy to considerably reduce the company’s energy costs and make production independent of the public energy supply, which is characterised by frequent outages and power failures. The first offers for solutions that meet the needs and enable the reliable and reasonable supply of electricity from HIM Technoforge Limited will shortly arrive in India. The alumni discovered that approximately one or two actual business relationships with German companies had resulted from the average three or four business contacts per participant after their stay in Germany.
...Educating the North

Kiel. The IHK Wirtschaftsakademie Schleswig-Holstein training centre is a tried-and-true GIZ partner in implementing the BMWi Manager Training Programme. The Akademie offers a comprehensive, diverse spectrum of training and continuing education options with modern, established, and tailored programmes at 17 locations throughout the German state of Schleswig-Holstein between the Baltic and the North Sea. With over 800 training programmes for the private sector in the region, it is one of the largest education facilities in Northern Germany.

The ideal place to acquire a new skill set tailored to opening new doors and improve on-the-job performance, the Wirtschaftsakademie’s diverse range of training courses, programmes and international degrees provide a solid footing on the career ladder.

All our programmes are enriched by our close ties with the business community, allowing us to understand the private sector’s needs.

The Wirtschaftsakademie is a certified educational facility in accordance with DIN EN ISO 9001 and AZAV accredited (Akreditierungs- und Zulassungsverordnung). It is a GPM (German Project Management Association) Center of Excellence.

Diverse portfolio for alumni

As a long-term partner in international training and education with a diverse range of educational programmes across the globe, we engage in sustainable alumni outreach. The WAK alumni community numbers over 20,000 members worldwide. It links graduates from our international study programmes, and brings participants from training and continuing education together nationally and internationally. We offer all our alumni – whether from one of our bachelor’s programmes in China, training programmes in Egypt, Indonesia and Africa, the BMWi Manager Training Programme from different countries, and many more – a diverse portfolio of cutting-edge events.

Through our cooperation with Wirtschaftsförderung und Technologietransfer Schleswig-Holstein, our graduates have access to the Enterprise Europe Network (EEN), where they can network with others around the world and attend events and exhibitions from their field. Alumni can specialise within the framework of the IHK Wirtschaftsakademie corporate association. We offer certified advanced training in the participant’s homelands and practice-oriented visits to German companies. For example, executives from the health sector can attend courses at our Academy for Health and Social Affairs, and the Educational Centre for Tourism and Gastronomy offers advanced training for executives from the tourism and hotel management branch. Whether it is multiplier training, a course to become an international project manager (with a GPM certificate) or a European energy manager, we have something for everyone. Starting in March 2016, we will be offering webinars on how to be effective in business abroad.

Customer satisfaction is our top priority at Wirtschaftsakademie Schleswig-Holstein. Our concepts are designed to meet customer needs, which is the secret to their success. The Akademie maintains close ties with the business community, allowing us to understand the private sector’s needs.

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Diverse portfolio for alumni

As a long-term partner in international training and education with a diverse range of educational programmes across the globe, we engage in sustainable alumni outreach. The WAK alumni community numbers over 20,000 members worldwide. It links graduates from our international study programmes, and brings participants from training and continuing education together nationally and internationally. We offer all our alumni – whether from one of our bachelor’s programmes in China, training programmes in Egypt, Indonesia and Africa, the BMWi Manager Training Programme from different countries, and many more – a diverse portfolio of cutting-edge events.

Through our cooperation with Wirtschaftsförderung und Technologietransfer Schleswig-Holstein, our graduates have access to the Enterprise Europe Network (EEN), where they can network with others around the world and attend events and exhibitions from their field. Alumni can specialise within the framework of the IHK Wirtschaftsakademie corporate association. We offer certified advanced training in the participant’s homelands and practice-oriented visits to German companies. For example, executives from the health sector can attend courses at our Academy for Health and Social Affairs, and the Educational Centre for Tourism and Gastronomy offers advanced training for executives from the tourism and hotel management branch. Whether it is multiplier training, a course to become an international project manager (with a GPM certificate) or a European energy manager, we have something for everyone. Starting in March 2016, we will be offering webinars on how to be effective in business abroad.

More information: www.wak-sh.de

Focusing on HR

Already during the selection process, Uzbek executives from SMEs stressed how important it was to them to learn modern methods of personnel management in Germany. The German Management Academy of Lower Saxony (DMAN) therefore organised the Programme with particular attention to this topic. The 22 Uzbek participants assessed methods for analysing potential, strategies for conducting talks with employees and measures for increasing motivation from a personnel management training programme, and regarded them as having a practical orientation and being very suitable for their companies at home. The knowledge gained was consolidated through visits to German companies.

Celle. After numerous visits to German companies, Uzbek participants summarised that recognition from superiors was the most important motivating factor for German employees — large salaries were rather of secondary importance. Moreover, the employees were proud of the quality of the products and identified with the company’s values. The Uzbek executives also observed that German superiors often ‘rolled up their sleeves’ and had a good knowledge of the technology, too. The managers saw this style of leadership at Nerak GmbH and Schreiber-Weinert GmbH, among others, and described it as ‘democratic.’ In contrast to this, we have a very hierarchical structure, and top executives seldom speak with employees in the production area,’ Anazbek Katinov explained. The response to the question of whether the style of leadership they had seen in Germany could be applied in Uzbekistan varied within the group. Some top executives said that they had already consulted employees when taking decisions and knew the employees in the production area personally. Other group members, again, believed that superiors lost their assertiveness through this ‘democratic’ leadership style.

The Uzbek managers also gained new insights regarding work organisation and logistics. They found information boards at many of the production sites they visited, which informed all employees about the company indicators and the correct operation of machinery, and markings on the floor that prevent accidents. The participants also took a look at the systems for recording working time and at the staff rooms in German companies. ‘These measures don’t cost much and are easy to introduce in our companies; at the same time, they contribute largely to a pleasant working atmosphere,’ Timur Negmatov concluded.

The visit to the fully automatic spare-parts centre at Jungheinrich AG in Kaltenkirchen was definitely a highlight of the programme. Some of the participants were already familiar with the company. ‘It’s like being in a fairy tale or in a futuristic film,’ joked Yulduz Valieva, head of the marketing department at an Uzbek producer of heavy industrial textiles. ‘Even very heavy goods can be stored in Kaltenkirchen. This would be very helpful with our textile roles,’ she said.

Inga Markwart is a programme manager at DMAN in Celle, where she is responsible for planning and coordinating qualified professional programmes for participants from Central and Eastern Europe, the Baltic states, the CIS states, and Asia. She gained marketing and export experience in the industrial sector.

Nerak GmbH, Celle
Ground Work for Future Cooperation

In autumn 2015, managers from Turkmenistan spent a month of intensive training at the Bildungszentrum am Müggelheim in Berlin. Time seemed to fly, and the company visits, individual appointments with prospective business partners, and intense projects left a lasting impression.

Berlin. ‘What changes will you make at your company once you return home?’ At the final event, most participants didn’t have to think about an answer to this question. They all planned to implement the new human resource management skills they had learned about advanced training, taking a differentiated approach, teamwork and employee motivation. The majority of Turkmenian managers returned to their workplaces enthusiastic and ready to tackle these key issues.

‘For me, the most important take-away was how structured human resource management has to be, and the essential role it plays in the overall running of a company’, manager Orasmyrad Orasmyradov agreed. He is a department head at the Ministry of Water Resources of Turkmenistan and visited the Wilo company to negotiate the purchase of pumps to be used in agriculture.

Programme participants had a lot of exciting news about their projects. Some plan to return to Germany in January 2016 to continue negotiations. Their German partners have already officially issued invitations for year-long Schengen visas. All alumni were pleased to have been able to lay the groundwork for future cooperation during their stay in Germany. And they are looking forward to meeting in Ashgabat once a month to exchange ideas and experience concerning management issues and talk about how their companies are coming along.

Strong Response to the German-Russian Business Conference

Together with the German Federal Ministry for Economic Affairs and Energy (BMWi) and GIZ, the Russian Consulate General in Bonn extended an invitation to attend the 7th German-Russian Business Conference. About 120 representatives of German companies – the majority of them alumni of the ‘Fit for Business with Russia’ programme – followed the invitation to Bonn on 4 September 2015 to exchange information on the current status of German-Russian economic relations, maintain contacts or establish new ones in the usual open and friendly atmosphere.

Irina Kusina runs a food company and attended the programme in hopes of finding business partners interested in helping build new production plants in Turkmenistan. The company underwent ISO 22000:2005 certification before Kusina left for Germany. Introducing the management system for food safety to ensure compliance with ISO 22000 has a lot of advantages for my company. But it means producers have to carefully monitor not only their production methods, they also have to apply the same criteria to every single stage of the entire production chain, including their suppliers of raw materials, equipment and auxiliary materials, and all sale structures. Food companies that comply with ISO 22000:2005 have to ensure that only special production technologies, machines and equipment are used,’ she explained. So a company must have up-to-date technology that fulfils these requirements. At the moment, Kusina is focused on modernising the plants that produce baked goods. ‘We are planning a very wide range of products, so we will need different production lines from different manufacturers,’ Kusina said. ‘That is why we have asked the Gesopa Group to help the production lines together.’
Partner Country Mexico

‘Eyes Open to the World’

With its entry in 2013, Mexico is the youngest partner country of the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy (BMWi), and already over 100 participants have successfully completed the training. The National Institute for Entrepreneurship, INADEM, is the implementation partner on the Mexican side. In his interview, INADEM representative Dr Alejandro González described the advantages the MP offers Mexican executives from the middle and upper management levels, the relations between the two countries and the planned dual year of Germany and Mexico in 2016.

What expectations does the Mexican government have of the MP?

The Mexican government is fully aware that the training which the participants receive within the scope of the MP broadens their horizons and gives them an international, strategic business vision. Above all, however, the training strengthens the management and international negotiation skills of the participating companies. In the medium and long term, the related benefits will contribute to increasing the competitiveness of the Mexican industry. If, in addition to these advantages, the MP enables the purchase of German state-of-the-art equipment and the transfer of knowledge to Mexico, this will strengthen its positive effect even more. But if domestic companies could also gain access for their products to the German and European markets, this would be the best possible result for the Mexican government.

How was the training accepted by the Mexican executives? Have you received feedback from participants?

The feedback from participants was positive, without exception. They reported that they had received excellent training as well as establishing a special relationship with Germany and with other Programme participants. This gave them a sense of belonging to a significant, strategic and visionary group. Some of the participants have already applied for funding from the National Entrepreneurs Fund to strengthen their relations with Germany.

Where do you see obstacles in the bilateral economic relations that could hinder a cooperation with German partners?

We don’t see any obstacles. In our opinion, Mexico’s participation in the MP should be taken as a starting point to direct our attention towards gradual expansion of trade and investment between both countries.

Mexico is one of the leading national economies in Latin America and holds eighth place among export nations. Up to now, Germany and the European markets have not been the focus of Mexican exporters. What do you expect for the future?

So far, the Mexican government has undeniably succeeded in winning over domestic companies for the European and Asian markets. We are convinced that, if a few entrepreneurs gain access to these markets, more and more will follow. For the future, we hope to be able to build up an increasingly productive, competitive economy with the focus on strategically important industries that enable stronger participation in global trade.

A Free Trade Agreement between Mexico and the EU has existed since 2000. Does it have a positive effect on trade with Germany?

Among the EU member states, Germany is the most important trade partner for Mexico. Despite the positive trade figures that we have seen since the agreement came into force, we are very interested in strengthening trade relations with Germany even more within the framework of the Global EU Agreement. In 2014, Germany was the fifth most important trade partner for Mexico worldwide (it was in fifth place as a supplier and seventh place as a customer country). According to information issued by the German Federal Statistical Office, Mexico was the third most important trade partner for German goods in 2015 (after the US and Brazil). Worldwide, Mexico ranks 29th among Germany’s trade partners, with a trade volume of 12.75 billion euros.

For which industries is the German market currently particularly attractive?

Electronics, the automotive industry, ship-building, mechanical engineering, electrical engineering, the chemical industry, nanotechnology and biotechnology are very interesting for the Mexican economy.

2016 will be a very special year for the relationship between the two countries. The German and Mexican governments have proclaimed a dual German-Mexican year in order to deepen our knowledge about each other’s economy and culture. What is planned for 2016 in Mexico?

The dual year has an ambitious timetable of events. Artistic activities and events of the creative industry will go hand in hand with events on science and innovation. Economic support, investments and trade will play an important role and, naturally, also tourism and the catering industry. All activities taking place in 2016 are intended to deepen the good relations that already exist between the two countries in different areas. We want to support innovative projects and initiatives and create a solid basis for future cooperation.

What are the objectives of the dual year?

Providing impetus for promising new industries is one of the economic goals with which we want to expand bilateral trade and promote investment between the two countries. In addition, we want to position Mexico as an attractive business location and increase the number of Mexican entrepreneurs who do business in Germany and vice versa. Expanding scientific, technical and educational cooperation is also very important. Last but not least: we want to strengthen Mexico’s image as a country rich in culture with an innovative and creative spirit and extensive prospects for the future.

How is INADEM participating in the dual year?

On a national level, INADEM has proposed the establishment of a new committee for entrepreneurs and SMEs. The Mexican Chancellery will carry out the necessary consultations. Furthermore, we plan to utilise the cooperation within the scope of the MP to introduce and support projects of our alumni. Germany will be the guest of honour at the Week of the Entrepreneur in October 2016, for which INADEM is extending invitations.

Thank you very much for the interview!

Dr. Alejandro González: Germany has been an official member of the MP for two years now. What is your personal opinion on the Programme?

Dr. Alejandro González: Germany is one of the most highly developed countries in the world and is recognised for the high quality of its products and systems as well as its advanced technology. The opportunity to benefit from such a comprehensive and stimulating training programme as the MP is of great value; not only for the young Mexican participants, but also for the companies they represent because they quickly learn to establish contacts with Germany. But, first and foremost, the MP opens their eyes to the world.
AHK Greater China

Utilising Dynamism in China

China and the south and south-west of the Pearl River Delta are the most economically significant provinces in China. The economically most significant provinces are South and Southwest China.

The Changing Pearl River Delta

With almost 110 million inhabitants, Guangdong is the most populous province in China and for decades now has been the one with the strongest economy. The region produces more than one tenth of the national gross domestic product and almost one third of Chinese exports. Were it an independent country, it would be among the 15 leading industrial countries of the world. Guangdong is where China’s opening-up process began. The Pearl River Delta in the southern centre encompasses nine metropolises and is today the largest agglomeration in the world. A good three decades ago, Shenzhen was still a sleepy fisherman’s village and, as China’s first special economic zone, developed into the richest city in the country with far more than 10 million inhabitants. In the 18th and 19th centuries, Guangzhou (Canton), the capital of the province, was for a long time the only permissible centre for foreign trade in China. Up until today, this strong commercial tradition is apparent at events such as the Canton Fair, Asia’s largest import and export fair, which takes place twice a year. It is therefore no coincidence that one of the three new free trade zones announced in China for the turn of the year will be in Guangdong. The province also has two well-known Sino-German industrial zone projects, namely the Sino-German Industrial Services Zone in Foshan and Sino-German Metal Eco City in Jiaying. The bridge from Hong Kong across Zhuhai to Macau, which will be opened in 2016 and is intended to strengthen the connection between mainland China and the two special administrative regions bordering directly on Guangdong, is a lighthouse project.

Gaining and holding onto employees as well as massively increasing personnel costs are the greatest challenges for German companies in the south – and in many other places in China. Here the AHK provides support in many ways and is sought after as a contact for both German companies and local government administrations.

Emerging markets in Southwest China

In addition to the agglomerations around Beijing, Shanghai and the Pearl River Delta, the dual centre of Chongdu-Chongqing in Southwest China, which is a perfect example of Chinese ‘go west’ policy for strengthening the inland provinces, is of increasing economic importance. Due to its population density (with about 32 million inhabitants, Chongqing is considered to be the largest city in the world), the development of infrastructure and the improved transport connections, the region has also become more interesting for export-oriented high-tech companies. It is intended that through lower labour costs and a target-ed promotion policy, the locations there will become attractive alternatives to the coast. For years now, growth rates have been far above the national average.

Silk Road of the 21st Century

Both the Pearl River Delta and the Chongdu-Chongqing metropolitan region are situated at central starting points of the Chinese Silk Road Initiative. The so-called New Maritime Silk Road takes up Guangdong’s trading tradition and that of the neighbouring Fujian Province, which is situated directly opposite Taiwan. This initiative is mainly meant to promote trade with South and Southeast Asia as well as with the Arab world and transport routes to Europe. The New Silk Road, on the other hand, makes use of direct rail connections from Chongdu, Chongqing and further starting points to Duisburg and other locations in Europe. Transport times can be halved in comparison to the sea route.

Dynamism is unabated in China, and the AHK is glad to support you as a strong partner locally! —

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Guangzhou. With five main offices and several branch offices in China and Germany, the AHK has been promoting bilateral economic relations between the two countries since China’s economic opening-up. We support the interests of more than 2,500 members through extensive services and are one of the largest foreign chambers of commerce in China.

Under the ‘DEinternational’ brand, we are also the first point of contact for German companies planning to enter the Chinese market. As an experienced point of contact, we serve Chinese players, too, who are looking for partners and contacts in Germany. Naturally, our services also cover legal advice, the organisation of delegation trips, market studies and customised programmes for vocational training of members by members, such as seminars on legal matters, taxes, finance and wage developments as well as seminars on legal matters, taxes, finance and wage developments.

The focus of these business events is on current topics with which German companies are confronted in the region. Meetings for managing directors and heads of personnel departments, manufacturing working groups and, for example, the training of members by members take place on a regular basis. Special working groups for female entrepreneurs and further training. The broad range of services provided by the AHK network, coupled with a comprehensive geographic presence throughout the world, recently prompted the Wall Street Journal to describe this network as ‘Germany’s secret economic weapon’. 

AHK Greater China

The AHK Greater China Guangzhou deals with the south and south-west of China and has branch offices in Chengdu and Shenzhen. We organise more than 150 events every year with a five-digit participant number, which provide and offer information, exchange and networking.

The AHK also introduces its members and partners to high level politics. For instance, the Chamber organised a business forum and was co-organiser of an urbanisation forum on the occasions of visits by German Chancellor Angela Merkel with business delegations in Guangzhou and Chengdu.

Manager Training Programme

Companies often make use of the opportunities that delegation and training visits offer to establish initial contacts in China and explore the market. The BMWi’s Manager Training Programme with China, which was established in 2007 and is coordinated by GIZ, is a remarkable example. Since then, it has proved its value as an effective tool for decision-makers and business leaders to network and broaden their skills. In one-month programmes in Germany, the Chinese entrepreneurs strengthen specific management skills, gain insights into German corporate practice and systematically establish contact to German companies. Initially, the Programme was only open to Chinese executives, but since 2012, German managers can also familiarise themselves with the business culture in China under the motto ‘Fit for Business with China’. Participants evaluate the training programme as a facilitator for German companies wanting to become involved in the Chinese market and appreciate it as an opportunity to strengthen fair and trusting cooperation between companies in both countries. In autumn 2015, German executives travelled to Sichuan and Guangdong, the economically most significant provinces in South and Southwest China.
German and Russian Experiences in the Disposal Industry

Savings through Waste Management

In October 2015, a mini conference on the topic of waste management and waste technology was held during a follow-up for Russian alumni. Representatives of many diverse industries showed great interest in the subject because we all produce waste every day, whether in our private or work spheres. Rubbish can become a real problem – or a source of income.

Moscow. It seems that very few people are aware of the fact that there is already an entire industry that concerns our daily lives but which we hardly notice. Hundreds of thousands of individuals work in this industry, in which the turnover amounts to billions and fascinating technologies are developed, namely the waste industry.

In Germany and Russia, there are two approaches to dealing with waste. The first is to sort the waste, separate the usable waste and have it recycled by specialist companies. The Russian subsidiary of Globus, a German supermarket chain with its own food production, and the cheese producer Hochland SE show how this is done. With well thought-out organisation, the right technology and trained employees, the companies have managed to reduce their disposal costs by 30-40 per cent just through waste separation. The savings are achieved through the sale of recyclable raw materials, lower waste collection charges and less fines for non-compliance with laws. The use of compactors reduces the volume of waste and thus the collection costs. Once amounts of waste reach a certain level, the cost of purchasing the waste compactors pays off within a few months. The company Sfera Ekologii in Moscow, which provides facility management services for office buildings, shows that clever waste management and the separation of rubbish in properties used for commercial purposes can lead to savings of up to 40 per cent.

Mikhail Fedorov from the small Siberian town of Guryevsk put his experience from the training in Baden-Württemberg into practice and introduced the separation of rubbish in his home town. Training participants from Novosibirsk also decided to propagate the idea of separating rubbish in the Siberian city. They use an interesting and, at the same time, instructive film about waste processing to familiarise school pupils with the topic.

However, the conference participants saw much more potential for development in the second approach, presented by a representative of Tomra Sorting Solutions, an internationally active enterprise. Automatic high-tech sorting systems for waste make the separation of rubbish unnecessary. This saves time, personnel and space that would otherwise have to be reserved for collection containers and creates more hygienic surroundings through the quicker reuse of waste. These technologies are particularly interesting for developing countries and emerging economies in which the separation of rubbish has so far not become established and there is not yet any government commitment in this area. Unfortunately, up to now there are only very few companies in Russia that have equipment for the automatic sorting of rubbish. This makes it of topical interest for all areas of the economy.

The Russian participants went to the trade fair with very similar expectations: not only to obtain information on the more than 280,000 m² exhibition site but more importantly, to sound out international trends to introduce in Russia. What’s more, they naturally wished to take advantage of the synergies that exist when almost fifty executives from the Russian food industry meet. The weak rouble and the associated extremely high costs for machines and products as well as, naturally, the trade sanctions remain an issue for proposed and planned cooperations.

ANUGA 2015 – Innovations in the Food Industry

Cologne. The Russian participants went to the trade fair with very similar expectations: not only to obtain information on the more than 280,000 m² exhibition site but more importantly, to sound out international trends to introduce in Russia. What’s more, they naturally wished to take advantage of the synergies that exist when almost fifty executives from the Russian food industry meet. The weak rouble and the associated extremely high costs for machines and products as well as, naturally, the trade sanctions remain an issue for proposed and planned cooperations.

Aleksy Fornichev reported that the ANUGA fair not only allowed him to sample foods but most importantly also to familiarise himself with food innovations. Similar to many of the other participants, his aim is to further his own business. Heart-shaped doughnuts, mozzarella hearts and microwave cupcakes were among the innovation highlights. A number of managers are already considering these products to complement the upcoming Valentine’s Day range or for a variety of Russian cafeterias.

The exchange between the two groups already ensured synergy effects in the run-up to this year’s programme. For example, Tatiana Khruchkorenko from Sava had her berries certified as organic during last year’s programme. At the ANUGA fair, she shared her experiences with participants currently looking to apply for certification in direct discussions and in the presence of a representative from the certifying company. This will not only save time but also money.

In 2014, the Russian executives planned countless machine purchases, but were unable to make all of these a reality. Despite this, they have visited providers of packaging machines in the machine cluster to maintain contact and clarify that they are still planning a purchase and that it has merely been postponed but not cancelled.

The visit to the ANUGA fair was very worthwhile for all participants. They discovered a great many innovations with which they can strengthen the market position of their home company. Fifty executives from the food industry from all across Russia met and interacted extensively. Thanks to precise planning, countless individual discussions took place among the MP participants as well as with German exhibitors, thus avoiding long and possibly numerous journeys across Germany. With its around 160,000 trade visitors from 192 countries, no other trade fair compares to the ANUGA, said Russian Novaczew from Saint Petersburg, who has already visited countless international trade fairs. ‘All the big players really are represented here, and the trade fair is simply unbeatable as an information platform!’
Most of the seminar participants have benefited considerably from their training in Germany. They have established stable business relationships with German companies, are either planning or already implementing joint projects (for example for the production of medical technology), the organisation of travel abroad for medical treatment, the construction of German plants in Ukraine or also cooperation between German and Ukrainian research institutions. The joint modernisation of sewage treatment plants is planned. A Ukrainian restaurant is planned to be opened in Germany.

Igor Markuts also comes from Ukraine. He owns MAST Ltd., a scientific production company in Lviv. After returning home, he experienced numerous professional and private changes. He bought Tenmark GmbH in Kolomyia, a company with 320 employees that utilises old light bulbs containing mercury. In addition, he produces seat covers for Volvo. He has bought 20 new machines and installed 50 new workstations. In Germany, he has bought ultrasonic welding equipment from Pfaff and new sewing machines from Typical Verton in Kaiserslautern.

Sergei Stratila from Molotov is the Managing Director of Eurosement & Cam SRL, a company that provides consulting services. The Fibrista cement combine has commissioned him with the construction of concrete products. He informed himself in Germany about the certification procedures and the means required for testing the concrete quality in the laboratory. Stratila was successful in concluding a long-term supply contract with a German company concerning a reference substance for the laboratory responsible for the certification of the cement from the production in Fibrista.

Andrei Timchenko from Ukraine is the Deputy Director of KP Water. He travelled to Germany with the aim of finding a trade partner for high-quality water and heat meters, and, possibly, taking on the distribution for Ukraine. His negotiations were successful, and he concluded an agreement covering a seven-digit sum. The first consignment has already arrived in Ukraine. A service centre has been opened; presentations together with German engineers are intended to take place in the capitals of the Ukrainian provinces in 2016, and joint presentations at trade fairs are also planned.

The alumni’s projects were entered into a ‘Champions League’ competition, and the participants themselves nominated the best practices. The candidates presented their projects to a jury comprising representatives from the German Federal Ministry for Economic Affairs and Energy (BMWW), GIZ and the Ukrainian Ministry of Economic Development and Trade, who in turn selected the winners. Four of them are detailed here:

Top Results in Eastern Europe

A follow-up was held in Pushcha-Vodytsia, a suburb of Kiev, in October 2015 for 80 alumni from 11 Ukrainian, Belarusian and Moldovan groups who have been to Germany for training during the past two years. Despite the crisis in the country, the Ukrainian alumni achieved the best results in years. Turnover from import and export business with Germany reached an eight-digit figure.

Kiev. The participants described the lasting experiences, the most effective training, the elimination of prejudices, the business contacts with German companies and, naturally, the cultural specificities of life in Germany as ‘top memories’. These top memories put together by all companies and, naturally, the cultural specificities of life in Germany as ‘top memories’. These top memories put together by all companies and, naturally, the cultural specificities of life in Germany as ‘top memories’.
Resource-Efficient Technology

‘Made in Germany’

Resource efficiency is a win-win situation for industry and the environment. Environmental and climate protection also stand to benefit from an increase in resource efficiency. At the same time, companies’ competitiveness can be reinforced, jobs secured and future markets accessed. The German federal government supports German companies with a variety of measures on the road to efficient resource usage.

Berlin. In recent years, the subject of resource efficiency has increasingly become the focus of political debates both in Germany and the European Union. Indeed, it is also ever more important outside of the EU. The German federal government has accepted its responsibility in this respect. Thus, the G7 member states also addressed this subject in 2015 under the German presidency to deliberate on measures to improve resource efficiency.

In 2013, around 250,000 manufacturing companies generated turnover totalling approximately 1.9 billion euros with a workforce of almost 7.1 million. With a gross domestic product of around 2.8 billion euros and gross value added totalling 561 billion euros from manufacturing (677 billion in industry, excluding construction), these companies make a significant contribution to Germany’s overall economic output.

Resource efficiency policy in Germany

The efficient use of resources is particularly crucial to companies active in the manufacturing industry, as this has a direct impact on the operating results and thus also on a company’s competitiveness. Before the backdrop of growing global competition, this will also continue to increase in importance for companies in the future. Therefore, the aim here is to create the conditions for a level playing field – i.e. competitive equality. Within this, the economic dimension is just as important as the ecological and social ones.

For manufacturing companies, the material costs have always made up a sizeable portion of the overall costs. However, this factor’s significance has grown exponentially in recent decades. While the ratio of labour costs to material costs was almost equal back in the early 1990s, the latter are now more than double the labour costs and so constitute the lion’s share of the costs. In the manufacturing industry, they made up an average of 44.5 per cent of the gross production value in 2012 – with the according impact on the operating results.

Because companies themselves have a vested interest in using resources sparingly, they continue to optimise products and processes through innovations. The achievements of the companies awarded the annual raw material efficiency prize conferred by the Federal Ministry for Economic Affairs and Energy (BMWi) are impressive proof of this. This made it possible to continuously reduce the use of resources in recent years despite the economic growth. Thus German companies’ use of raw materials decreased 11.1 per cent in the first decade of the new millennium.

In recent years, the German federal government also supported this development with measures within the scope of the German ProgRess resource efficiency programme. Instead of introducing more regulations, this programme aims to provide information and expert advice, education and research as well as to support voluntary measures and initiatives by industry and society. This approach has proven highly successful and is therefore also to be continued on the national, European and international levels in the future.

ProgRess II, a further development of ProgRess, strives to link the sustainability goal with other political aims even better in the future as well as to harmonise them. The according areas must be identified and solutions sought to minimise or avoid (as far as possible) conflicts through careful consideration to this end. In this context, particularly economic and social aspects such as availability, price stability and supply security must be taken into account. However, the triad of sustainability is accorded the utmost priority here, whereby the importance of the environmental, economic and social aspects is deemed equal.

Today, the waste disposal industry already provides approximately 16 per cent of the raw materials required in Germany, pre-emp-ting the need for annual raw material imports worth the equivalent of more than 10 billion euros.

In Focus: Water and Waste Management

The waste management industry is booming and has been for years now. The days when rubbish was simply dumped or incinerated are very much a thing of the past. Today, recycling plays an increasingly important role, both in Germany and in the MP partner countries. The concept of recycling, which primarily arose from the concept of environmental protection more than 20 years ago, is now increasingly becoming a sine qua non for cost-saving and resource-efficient production. Germany with its advanced environmental policy and legislation is also leading the way in environmental technologies and has gained itself a top position in this field in the global markets.

The idea of a sustainable, waste-free economy is gradually also gaining ground in the MP partner countries. Legislation is being adopted and companies obliged to dispose properly of their production waste. The awareness among politicians for environmental protection more than 20 years ago, is now increasingly becoming a sine qua non for cost-saving and resource-efficient production. Germany with its advanced environmental policy and legislation is also leading the way in environmental technologies and has gained itself a top position in this field in the global markets.

Combining cost efficiency with environmental consciousness can often only be achieved together. This applies to the case of a Kazakh MP participant from the rubber industry who, together with a German partner, now processes used tyres to make innovative water tubes and thus not only addresses the environmental problem that discarded tyres pose but has also found an efficient solution for the Kazakh agricultural sector where water is scarce. Examples like this are encouraging. When innovative technologies are supported by the will to achieve sustainable management, all parties benefit.
Resource efficiency is an interdisciplinary issue. This is also reflected in the resource efficiency of the affected lead markets. Technologies for material efficiency, waste management and recycling, and sustainable water management play a central role here (see graph of global market volumes).

A significant increase is expected in the global market volume by 2025. Annual growth of 8.1 per cent is forecast for the global leading market of material efficiency, 4.4 per cent for the global leading market of waste management and recycling, and 5.7 per cent for the global leading market of sustainable water management (base year: 2013) (see p. 40). Made in Germany technology has tailored solutions to hand in order to meet the needs of the global market.

The circular economy as a pillar of resource efficiency

On the international level, Germany is assuming a pioneering role in the use of waste as a source of raw materials. The basis for this success is waste collection focusing on the recycling of bulk raw materials and high-quality reuse of production and product waste. The concept of product responsibility was enacted in legislation with the Packaging Regulation of 1991, stipulating the obligation to take back sales packaging. Up until this time, it was essentially up to the municipalities to dispose of household waste. Through the enforcement of the regulation, responsibility for organising and financing packaging disposal was passed to the manufacturers and distributors. At the same time, the government raised the recycling rates for the associated packaging materials. According to statistics from 2012, 94.1 per cent of private end consumers’ packaging waste was recycled or the energy reused. One further waste management milestone in this context is the regulations on the product responsibility of additional material flows, such as batteries, electrical and electronic equipment, and end-of-life vehicles.

The Closed Substance Cycle and Waste Management Act, which came into force in 1996, contains further decisive provisions on the road from waste disposal to waste management. The German Closed Substance Cycle Act was amended in 2012 to include a five-point waste hierarchy in which special priority was accorded to waste avoidance and preparation for reuse (also see p. 40). Not only innovative environmental technology but also an efficient waste disposal industry with a workforce of some 250,000 and annual turnover of almost 50 billion euros has developed in Germany in the past few decades under these framework conditions.

The triad of sustainability is accorded the utmost priority here, whereby the importance of the environmental, economic and social aspects is deemed equal.

In 2013, the recycling rates for the main types of waste totalled around 89 per cent for construction and demolition waste, 87 per cent for municipal waste, 69 per cent for other waste (in particular, from production and manufacturing), and 67 per cent for hazardous waste. For some materials – copper, for instance – Germany has the highest recycling rate in the world, namely 94 per cent. The recycling rates for other major raw materials are 59 per cent for lead, 88 per cent for paper, 87 per cent for glass and 90 per cent for steel. Impressive levels have also been attained in the use of secondary raw materials, with a utilization rate in production of 45 per cent for steel, 68 per cent for paper, and as much as 94 per cent for glass.

Today, the waste disposal industry already provides approximately 16 per cent of the raw materials required in Germany, preempting the need for annual raw material imports worth the equivalent of more than 10 billion euros. However, the recovery of raw materials from waste is not only a key pillar in the German industry’s raw material supply. It also contributes decisively to a sustainable and resource-efficient society.

With a new reusable material law and amendment of the Industrial Waste Regulation, even more waste is to undergo organised recycling in the future.

Resource Efficiency Initiatives in German Industry

German industries are bundling their expertise and advocating the notion of sustainability and thus also an increase in resource efficiency. Groundbreaking initiatives include:

- The CHEMIE sustainability initiative of the German chemical industry
- The German Chemical Industry Association (VCI), the Mining, Chemical and Energy Union (IG BCE), and the German Federation of Chemical Employers’ Association (BÄV) support sustainable development within the Chemie umbrella. The alliance partners promote sustainability within the industry through dialogue with stakeholders. Protecting people and the environment and striving for good and fair working conditions play a fundamental role in this. Please see www.chemiehoch3.de/de/home.html for more information.
- The Blue Competence initiative of the German Engineering Federation (VDMA)
- The Blue Competence partner companies see themselves as a community of values for a sustainable future with the common goal of using technology to shape the world responsibly and in an exemplary manner so as to achieve more with fewer resources. The community members commit to eight sustainability criteria covering all relevant areas – from in-house production to informing customers. Participating mechanical and plant engineers come from the fields of waste and recycling technology, construction and construction machinery, smelting and rolling mills, wood-processing machinery, robotics and automation, packaging machinery, water technology, taxi machinery, etc. Please see www.bluecompetence.net for more information.

Collection of best practices for climate protection, energy and resource efficiency within the Metalle pro Klima initiative

Metalle pro Klima is an initiative comprising of 18 companies from the non-ferrous metals industry. The initiative aims to communicate the diversity of innovative contributions concerning non-ferrous metals and to facilitate a more sparing use of resources on the road to improved recycling technologies and the positive impact of avoiding CO2 emissions on the environment. Please see http://metalleproklima.de for more information.
Internal renewable freshwater resources and withdrawals

Source: Worldbank 2015

Withdrawal by sector
- Domestic
- Agriculture
- Industry

Annual freshwater withdrawals

Germany
Ukraine
Belarus
Kazakhstan
Russia
Azerbaijan
Moldova
Georgia
Uzbekistan
Mongolia
Mexico
Tunisia
Egypt
India
Vietnam
China

IN FOCUS
German Water Industry Requires Further Investment

Demand for Innovative Solutions on the Rise

The German water supply and disposal industry offers extensive business opportunities. The demographic shift, ageing pipeline network and removal of harmful traces of pharmaceuticals and agricultural nutrients pose significant challenges for private and public decision-makers alike. The market developments influence legislation, innovative technology and the exploitation of cost-saving potential.

As the BDEW reports, drinking water suppliers invested around 2.4 billion euros per year in the period from 2009 to 2013, whereby the proportion of costs attributed to the supply networks fluctuated at around 60 per cent. In Baden-Württemberg, Bavaria, Hesse, North Rhine-Westphalia, Rhineland-Palatinate and Saarland, many companies renewed an average of 0.4 to 1.2 per cent of their supply network per year. In 2014, investments in public wastewater disposal lay at an estimated 4.8 billion euros (2013: 4.6 billion; 2012: 3.7 billion).

Chemical residues must be eliminated

In addition to replacing ageing infrastructure, new challenges must also be overcome. In April 2015, for example, it was stated at the 48th Essen Congress for Water and Waste Management that existing treatment plants must continually adjust to changing demands such as those posed by medication, cosmetics and chemical traces. One promising approach for the elimination of pharmaceutical residues lies in the use of biochar as a plant filter. Trials for small treatment plants for up to 20,000 population equivalents were conducted in Sulingen, for example.

Furthermore, it was also discussed in Aachen how the University of Gießen tested the degradation of antibiotics from animal feed by processing manure in biogas plants. In light of the growing antibiotic resistance in the meat industry, the project could emit a clear signal. Capital-intensive large-scale facilities also continue to be built. Generally speaking, Germany is the global leader for treatment plant technology.

Innovative, more flexible facilities in the water infrastructure must in future pick up on fluctuations in the population and longer periods of water stagnation in the supply networks.

In this context, BDEW representatives are calling for further work on the large-scale implementation of technologies to recover nutrients from wastewater, sewage sludge and sewage sludge ash. They refer in the process to the 2013 coalition agreement. The aim is to ensure that phosphorus from sludge utilised for non-agricultural or landscaping purposes is also used in the future.

This wish comes from the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) with the planned reform on sewage sludge usage. Among others, the operators of wastewater treatment plants are to be obliged to recover the phosphorus contained in sewage sludge from 1 January 2025. In parallel, the soil-related sewage sludge recovery currently in practice should fundamentally be stopped.

The European Commission has now classified phosphorus (phosphate rock) as a ‘critical raw material’. This essentially...
means that the majority of production on the global phosphorus market is concentrated in just a few countries. Together with the current import dependence, the conditions exist for a possible supply risk.

Efficient water consumption opens up business opportunities

According to a joint survey by the German expert network for chemical engineering and biotechnology (Dechema) and the German chemical industry association (VCI), the opportunities for marketing and investments include increasing the efficiency of water, raw material and auxiliary material usage, as well as increasing the energy efficiency in production and cleaning procedures. Potential for development moreover exists in the combination of technologies and the variation of process steps, the field of separation techniques, the implementation of production and process-integrated measures, the exploitation of biological possibilities, and the use of new ecologically safe materials.

Construction of a multiplex in the Berlin district of Karlshorst is due to be completed soon, which will be heated, by up to 80 per cent, by wastewater and made available to the buyers of 78 residences. According to Berliner Wasserbetriebe, an estimated 31,400 kWh of heat can be obtained per year by using heat exchangers. Homes in the local area are also to be connected to the network. To date, eight systems of this type are in operation in Berlin; a further six are being built or planned. Berliner Wasserbetriebe estimates that up to ten per cent of all buildings in Berlin could be heated in this way.

Legislation fosters market development

Legal and regulatory measures count among the most important drivers in the water supply and disposal market. At the BDEW’s 15th annual meeting, Vice President Jörg Simon called upon his association’s staff member in gtaí offices in Lima, Los Angeles, Caracas and Santiago de Chile.

The VCI and Dechema moreover recommend investigating the ways in which technological developments can be accelerated and improved within entire value chains. R&D activities and knowledge management in small and medium-sized companies must be taken into account in this process. Constructing demonstration plants in Germany to facilitate the market launch of new technologies is also a promising development.

The government of Azerbaijan has declared sustainable waste management one of its economic priorities. However, the country is still quite a way from providing comprehensive waste management. Current plans are focused on the Baku region and the second-largest metropolitan area, Ganja. The main business opportunities for foreign companies include the decontamination of existing landfills and the building of new sites, as well as recycling projects at Balakhani industrial park.

As a senior manager for the observation of the German market, of Germany Trade and Invest, global. Seppfried Biermann works in Berlin on sectoral and general economic analyses. During previous stints of his career, he was based as an overseas staff member in gtaí offices in Lima, Los Angeles, Caracas and Santiago de Chile.

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German Water Partnership

On 22 September 2015, the German Water Partnership invited Russian executives to an all-day workshop at Berliner Wasserbetriebe water board within the scope of the Manager Training Programme. In addition to a series of short presentations and discussions by the participating GWP member companies, the possibility to hold extensive B2B discussions was one highlight featuring on the event programme. The response was accordingly positive.

Berlin. The German Water Partnership (GWP) brings together the expertise of around 360 companies (approx. 75 per cent SMEs) and research institutes active in the water industry and constitutes a central point of contact for overseas partners. Based in Berlin, the network has been supported by five federal ministries since it was founded, back in 2008 (BMWi, AA, BMUB, BMBF, BMZ).

The network has identified fifteen focus countries and regions, including Central Asia, China, India, Russia, and Ukraine. Water experts from industry and science join forces to contribute their expertise. GWP has thus created a tool to develop individual and targeted water management solutions tailored to the respective target country, initiate community projects, and build long-term contacts. The German water industry has a great deal to offer in the water industry in development cooperation and supported the networking event with MP participants.

Networking with MP participants

Presentations were given on GWP’s tasks and objectives; the GWP regional forums Russia; the current situation regarding drinking water supplies and the general tariff system in Russia and the GWP member companies were also presented. All of these talks were followed with a great deal of interest by the participants.

The afternoon was devoted to B2B discussions between Russian managers and representatives from the nine GWP companies. Intense dialogues developed at this extremely popular event, which were described by both sides as thoroughly satisfactory, highly informative and a resounding success.

Overall, the response from the participants was that the event was a very practice-oriented one that offered networking in a clever format within a very worthwhile cooperation. Follow-up events have been requested.

Astanan. Based on my experience in the industry I know that recycling rubber can produce the highest returns, explains Shynbolat Baikulov. New technologies can be used to produce many products in nearly the same quality as products made from new rubber – for example, flooring surfaces and panels. ‘The best know-how in this area comes from Germany, which is why I chose this programme,’ says the manager.

Baikulov prepared very thoroughly for the training programme in Germany. He made a list of companies in the rubber industry whose business models and production he was especially interested in. This list could then be used to help make decisions about technology systems and the right equipment. In Kleinaischeid he met the production facilities of Centradora-Kaiser GmbH, which was followed by visits to Eldan Recycling A/S in Düsseldorf and the machinery construction company Amandus Kahl GmbH & Co. KG in Reinbek. Together with German executives, Baikulov thought about what a future collaboration might look like.

His cooperation with Water Future Systems GmbH was highly successful, and eventually led to a joint venture. The company based in Weinheim in Baden-Württemberg developed an innovati

Innovative Joint Venture in Kazakhstan

From Automobile Tyres to Water Hoses

Recycling automobile tyres had been the primary business activity of Shynbolat Baikulov and his company KazKauchuk GmbH since 2010. They collected discarded tyres and then had the Kazakhstan Rubber Recycling Plant process them to produce rubber granulate with various degrees of grain size. KazKauchuk sold most of this product to companies that manufacture sport floor surfaces. But he was simultaneously looking for other uses for the granulate – and wound up finding them at the German company Water Future Systems.

Some of the equipment for this project was supplied by the Frankfurt company RP Recyclingtechnik GmbH. Its facilities grind and ‘activate’ the granulate made from old tyres, making it possible for it to bond in new ways so it can be used to produce drip tubing. The first machines were for the drip tubing production line arrived in Kazakhstan as early as the winter of 2013. Initial tests were performed the following summer. The innovative hoses proved effective both in green spaces in the centre of Astana and in agriculture – for vegetable cultivation and apple orchards.

In late January of 2014 KazKauchuk initiated mass production. In Kyzylorda, in southern Kazakhstan, 40 employees work to produce nearly four million metres of drip tubing per year. Baikulov found one of his first customers amongst the MP alumni from Kazakhstan. Altynbek Kekibayev, director of Sultan Ltd., plans to use the innovative irrigation system for cultivating medicinal plants.
From its base in Weinheim in Baden-Württemberg, Water Future Systems supplies innovative irrigation hoses worldwide. Its first international plant has now been built in Kazakhstan. The BMWi Manager Training Programme (MP) helped to introduce the Kazakh partners to the German business community.

Weinheim. The Cologne football club, 1. FC Köln, managed to successfully climb back into the top national football league in the summer of 2014. There were surely many reasons behind the team’s ascent, but it is likely that the immaculately kept lawn at the club’s home, Cologne’s Rheinenergie stadium, was one of them. Buried beneath the lush green surface are 30 kilometres of special irrigation tubing that the groundsman uses not only to water the pitch, but also to ventilate and dry it as needed. He can spread liquid fertilizer to those found in our skin. WFS manufactures three million metres of these ‘drip tubes’ every year. They supply parks, agricultural firms and, of course, football stadium groundsman. The company also builds made-to-order irrigation systems. The pumps, vents and adapters needed for a full system are ordered from other companies. Their first international plant started production in January 2013: In Kyzylorda in Kazakhstan. Friedel founded a joint venture together with a Kazakh partner that now also produces three million metres of hose per year, directly in the arid country itself. Both his Kazakh business partner and the managing directors of the joint venture made use of the Manager Training Programme to get to know more about Germany.

Gerhard Friedel is a car mechanic by trade and had his own garage in Edenkoben. But then 25 years ago he discovered the porous drip tube by chance. He was visiting a French tyre recycling plant in France together with his wife, who is French, when he met a French tinkerer looking for raw materials to use in an invention. An idea had taken root that Friedel couldn’t shake. He secured the patent, sold his garage and then started a new business about 10 years ago – at the age of 51. Friedel is convinced of the importance of water: ‘Water is becoming scarcer all the time – it is the resource of the future.’ This is precisely where the WFS drip hose offers an advantage: because the pores reclose when the pressure inside of the hose drops, it is not possible for roots to grow through the pores and into the tube – a major problem with conventional irrigation systems. Friedel also does not need to use as much pressure in the tubes as pipe systems require and can still manage to evenly water plants over longer distances.

WFS is a family business. Gerhard Friedel runs sales, and his son has also worked there for the past few years. His daughter and son-in-law are responsible for a second company that handles hose production. With a staff of 5 employees, WFS expects revenues of two million euros for 2015. The Friedel family turned the company into a public limited company in 2013 to allow for better growth. Employees and friends of the company entered the business as co-investors. They now want to generate interest for their product by starting pilot projects in low-precipitation countries. They advertise the advantages of subterranean irrigation: Firstly any water is lost to evaporation, and the ground does not harden or become subject to salination. It also leaves no puddles behind where insects can lay eggs.

The Raw Material of the Future

‘We used the Manager Training Programme to show our partners from Kazakhstan the German market.’

A similar pilot project is being run in Paraguay by a company that the Friedels met at the waste management trade fair, ifat, in Munich. ‘And after that it’s on to China,’ says Gerhard Friedel, his zeal for the irrigation hose project readily apparent. The idea behind it is that if the Germans can first demonstrate that a project has worked in a country it is easier to find and licence partners to produce the hoses locally. 90 per cent of revenues are already generated in other countries. Kazakhstan is the first production plant outside of Germany, with more to follow.

Gerhard Friedel met his current business partner Aidar Mahambet in 2009. Mahambet, the proprietor of KAZ Rubber Recycling, had just purchased a company that handles hose production. They bounced ideas back and forth – aside from insulation and antislip mats. They bounced ideas back and forth and in the spring of 2011 Friedel took his first trip to Kazakhstan. The idea for irrigation came just at the right time. The country, which is now producing vegetables and potatoes in large areas and well known for its apple orchards, intends to gain more independence from food imports in the future. For this reason Kazakhstan is expanding its agriculture.

Friedel, who had heard about the MP from acquaintances, persuaded Mahambet to attend the programme to become more familiar with the German market. When the two of them founded their joint venture KazKauchuk in the spring of 2012, the Kazakh general manager of the joint venture, Shynbolat Baikulov, also came to Germany for the programme – and stayed at WFS for one week (see article on p. 37). During this time he observed the hose production process, visited the lab garden that WFS maintains in the greenhouses formerly used by the Weinheim city gardens, and visited customers with Friedel. ‘We were able to use the programme as a sort of career-course internship,’ is how Friedel sums it up. ‘It was very well organised.’ His Kazakh business partners received excellent training.

KazKauchuk now has 18 employees, and hose production is often fully exhausted. Their prospects are fantastic, says Friedel. Rainfall in Kazakhstan totals only about 150 millimetres per square metre each year, on average. Germany, for example, gets 700 millimetres. The Kazakh capital of Astana will also host the International Exposition Exhibition 2017 two years from now. ‘There will definitely be a lot of investment in green areas and public parks there,’ hopes Friedel.

‘The Raw Material of the Future’
Sustainable Waste Management

Today, it is common knowledge that raw materials are limited. Sustainability, sustainable development and a green economy are the major global challenges for industry, politics and society. As long as we can value resources and the environment, the principles of modern, sustainability-focused waste management are required to achieve this. However, the collection, sorting and recycling of valuable material flows not only has an important ecological function but also an economic one, as secondary raw materials meanwhile contribute significantly to the supply of raw materials for German industry.

Bonn. As earth’s natural resources become increasingly scarce, the extraction and use of secondary raw materials grows in importance. Alongside the building of laws and regulations, those laws and regulations have consequently been passed in recent decades to regulate the recovery and recycling of transportation and sales packaging, old electrical appliances and batteries etc.

The trend toward a sustainable economy began in Germany in the late 1980s when the devastating environmental impact of a product’s life cycle. The concept of sustainable management and recycling was introduced to the public. The principle of a circular economy, which the raw materials used are reintroduced to the production process at the end of a product’s life cycle. The concept of product responsibility was also implemented. According to the ‘polluter-pays principle’, producers and distributors are also responsible for a product’s environmentally-friendly disposal following its usage. This principle was initially applied to packaging. In 1991, the German Packaging Regulation was passed; in 1996, the comprehensive Closed Substance Cycle and Waste Management Act followed. Since 1994, the EU has introduced countless regulations to reduce waste and encourage recycling, which member states are required to enforce.

The EU Waste Framework Directive contains a five-stage waste hierarchy, which is also present in the German Closed Substance Cycle and Waste Management Act. The hierarchy essentially sets a priority order for waste management:

- Recycling
- Disposal
- Preparing for re-use
- Other recovery, e.g. energy recovery
- Prevention

The German Closed Substance Cycle and Waste Management Act defines recycling as ‘… any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations.’ This therefore means that one only speaks of ‘recycling’ if the raw material was actually previously deemed ‘waste’. If this is not the case, one instead speaks of ‘re-use’.

The most commonly used packaging materials and items are made from high-quality materials, such as plastic or aluminium, whose manufacture requires a large amount of increasingly scarce natural resources. The fossil fuel oil is, above all, needed to produce new plastic, along with a great deal of water and energy. Paper is made from wood, whereby entire forests must be felled. The manufacture of new products and packaging therefore places an enormous strain on our environment and climate. Valuable materials are being thrown away that should not simply be incinerated, but rather can be usefully recycled.

The consumer goods that most commonly end up being recycled are:

- Paper, cardboard, newspapers, magazines and corrugated cardboard
- Glass bottles and containers
- Polyethylene (PE) packaging and PET bottles
- Aluminium (e.g. drinks cans)
- Steel for tinned foods and aerosol cans
- Used steel furniture
- Copper (e.g. wire and cabling)

Waste separation is key to high-quality recycling. Waste or rubbish separation is understood to be the separate collection of different types of waste. Once waste has been sorted as carefully as possible, it can be re-used as secondary raw materials or disposed of as appropriate. Particularly the separation of organic and household waste (i.e. wet and dry waste) plays an important role. With regard to household waste, waste separation – together with waste avoidance – is the element of efficient waste recycling closest to the waste producers.

The introduction of the first packaging regulations in Germany and the ensuing legislation led to vast technical developments. State-of-the-art processing plants for organic and household waste have since been built. Technical advances in the treatment of household waste include magnets for steel separation, sack openers, drum screens, sieves for non-metallic materials, air separators, cross-flow separation, near-infrared technology (NIR), x-ray technology and colour sorting.

Sustainable waste management through recycling is therefore the order of the day and one of the major global challenges for industry, politics and society, as – to return to the opening statement – only in this way can valuable resources and the environment be protected.

Waste management

Waste management means the generation, avoidance, characterisation, monitoring, treatment, reuse and disposal of solid waste. There are different types of solid waste, including municipal, agricultural and special waste (health sector, hazardous household waste, sewage sludge). The term ‘waste’ generally relates to materials generated by human activities. The process of treating or managing waste must be organised in such a way that the impact on health, the environment and aesthetics is kept to a minimum.

Within the EU, the extent of residential waste recycling varies, though there is clear scope for improvement.
Current status and prospects for alumni cooperation in the Russian Federation

Platform for New Ideas and Networking

Ensuring the sustainability of the results from the Manager Training Programme in the partner countries and Germany is the primary objective of the work done by GIZ alumni. This includes the task of maintaining lasting links and connections between the alumni or their companies and the German industry. This has much greater chances of success when alumni establish associations. For its part, GIZ provides the graduates with conceptual support in founding and developing alumni associations so that it can cooperate with them over the long term.

In their early years, the alumni associations received intensive support from GIZ in developing their organisations in the form of consultation and educational training. Today they serve more as partners in realising joint events focussing on German-Russian economic cooperation. Thanks to the support of the German-Russian Chamber of Commerce, representatives of German companies have participated in nearly every German-Russian alumni event of recent years to share their experiences on a current event or to present their products. Topics such as energy-efficient and low-resource production or possibilities for energy contracting for mining companies have been part of past agendas. Waste management experiences of German companies in the Russian Federation (see p. 22) and the possible use of new energy-efficient solutions from Germany in Siberia have also been topics of discussion.

Cooperation with the German-Russian Management Network (DRMN) is a special feature of the alumni work with the Russian Federation. DRMN is an alumni association of German managers who participated in the MP supplementary programme ‘Fit for Business in Russia’ and successfully completed a training course in Russia. This network of German and Russian executives offers a unique platform for strengthening and expanding economic cooperation, thereby contributing to the sustainability of the Manager Training Programme.

The conference has demonstrated that the work of the alumni is diverse and attractive, and viable as a platform for new ideas and networking. The conference participants still consider GIZ to be a valuable partner. GIZ will also continue to work specifically with the alumni associations from numerous Russian regions to help give additional stimulus to interregional cooperation amongst the alumni associations.

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Mexico City: More than one hundred entrepreneurs have taken advantage of the MP with Mexico and are looking for business opportunities in Germany. The need to offer sustainable support beyond the MP, and to achieve continued results, was the driving factor behind the formation and development of their own alumni network. EMAAC (Empresarios México Alemanes Asociación Civil) has been created by the Alumni that have participated successfully in the ‘Fit for Partnership with Germany’ programme (MP). EMAAC is a completely private initiative, organized as a non-profit association and supported by the GIZ in Germany and INADEM, the Mexican counterpart in this programme. The association aims to provide a platform for cooperation and exchange between the first five generations of Mexican companies that have taken part in the MP so far and for all those that are still to come. One of its goals is to create synergies for companies in the same sector, examples being the automotive, aerospace and food industries and the services and jewellery industries.

The association was created in August 2015 with about 40 founding members in two sessions; the first of which being held at the offices of INADEM, followed by a closing ceremony in the German Embassy in Mexico City. The network came at exactly the right time: 2016/17 will be the ‘Dual-Year Mexico – Germany’, the perfect environment for EMAAC to start operating. The Bilateral Business Summit, organized each year by ProMexico will take place in the western Mexican state of Jalisco (the land of the world famous Tequila) and EMAAC and its members are scheduled to take part in these events. In addition to the events that will be organized in Mexico, EMAAC is planning several presentations and match makings and to participate at trade fairs and in other activities in different German cities.

One of the most important tasks of the association is to build strategic bridges between both countries and to serve as a one-stop-shop for its members. Luis Pedriza, president of EMAAC said: ‘We are happy to open a new chapter in the bilateral economic relations between Germany and Mexico and to especially support small and medium sized enterprises in their privatization process.’
Follow-up conference in Kazakhstan

Kazakh Firms Moving Forward

In September 2015, Manager Training Programme alumni met in Astana to talk about how they had fared since completing their training in Germany. Kazakh companies have profited across the board from the programme, improving human resource management, employing new techniques and technologies, and creating new jobs.

Astana. Despite the country’s difficult economic situation, 92 per cent of programme alumni have succeeded in applying the skills and knowledge learned during the MP in Germany to drive positive change in their companies. This has included involving employees more closely in decision-making, offering more comprehensive training, expanding employee benefits, and improving labour safety. Alumni have reformulated corporate strategies and created new logistical areas. They have introduced novel technologies at their firms, installed state-of-the-art facilities, set up new production lines, completed certification processes, and created new jobs. Working with partners, MP alumni have successfully initiated projects worth a total of more than five million euros.

In 2015, the follow-up conference was expanded to include graduates of the Bolashak Training Programme for the first time. Inspired by the success of the BMWi Manager Training Programme, the Kazakh Ministry for Investment and Development decided to commission the GIZ with a similar project for the Kazakh Ministry for Investment and Development at the Ministry of National Economy of the Republic of Kazakhstan, also emphasised how pleased the ministry is with the successes of MP alumni. She also officially declared that Kazakhstan planned to extend its financial support for the programme as part of the ‘Delovye svyazi’ (corporate relations) funding scheme until 2020.

Kuanysh Schanakov, CEO of the Power Beton reinforced concrete plant, took part in the Bolashak Programme in Germany in March 2015. He visited a number of concrete plants, such as a factory that produces wall panels in Magdeburg, Bergmann Beton in Nuremberg, whose product range includes concrete rings, and Grafe Beton near Zwickau, which makes smaller concrete components like paving slabs. After his return, Schanakov limited the production range and added more specialised products. Productivity in the company’s main segments (concrete paving slabs, utility poles, concrete components like paving slabs). After his return, Schanakov limited the production range and added more specialised products. Productivity in the company’s main segments (concrete paving slabs, utility poles, concrete blocks) is now 1.4 times higher. He introduced a piece wage at his factory, reduced human resource expenses and production costs by 20 per cent. A new cement warehouse was opened labs in Omsk and Cheboksary in Russia near the Kazakh border, and is planning to expand into Uzbekistan and Kyrgyzstan as well, working with partners he met during the MP.

Yerlan Suleyemenov owns Olymp, a company that operates a number of medical laboratories. Since completing the MP, he has finalised contracts with three German laboratories, Synlab GmbH, Limbach in Heidelberg, and Centogene AG. His labs are equipped with state-of-the-art equipment and the latest automatic analysis machines run tests using reagents from international manufacturers (Olymp purchases directly from Siemens, Roche and others). Suleyemenov’s labs were the first in Kazakhstan to receive ISO 15189:2012 certification, so their test results are now also recognised throughout Europe. The firm has been working with German laboratories to expand the range of analyses it offers, and can now run on-site diagnostic testing even for rare diseases. Patients are also no longer forced to go abroad for complex and expensive testing that cannot be done in Kazakhstan. Samples can simply be sent to the Olymp lab, which sends them on to a partner lab in Germany for diagnostic testing. Suleyemenov offers continuing education to ensure his employees are always up-to-date. He also organises information and educational events for physicians in Kazakhstan. His time in Germany was a chance to see entrepreneurship in action, and he is now expanding into international markets and opening labs abroad as well. His company has opened labs in Omsk and Cheboksary in Russia near the Kazakh border, and is planning to expand into Uzbekistan and Kyrgyzstan as well, working with partners he met during the MP.

Yeşimdet Kalabyrov is the Director of Sau- let Studio, an architecture and planning firm that specialises in energy-efficient buildings and energy-saving technologies. He explored every phase in the planning and construction of energy efficient buildings in Germany, touring model houses and model housing estates that employ environmentally friendly and efficient technologies. After returning to Astana, he was inspired to build the first energy efficient model house where customers interested in this type of construction can see the technologies available. These include insulation for the building envelope, hermetic sealing, solar collectors, ventilation systems with heat recovery and smart home technologies. The house is almost complete and monthly tours will start in 2016. The model house is unique due to its use of geothermal energy. Heat pumps are quite common in Kazakhstan and available from Kazakh, Chinese and European (including German) manufacturers. But drilling down to access the geothermal heat requires a special drilling method, which is exactly what Kalabyrov’s German partner, Dipl.-Ing. Lutz Kurth Bohr- und Brunnenaus- richtungen GmbH offers.
Senior Expert Service Strengthens Companies in Ukraine

Passing on Decades of Experience

Bernhard Brink is a busy man. On the surface he is a retired printing technician, but he is also one of several thousand German Senior Experts staying active after leaving their jobs and passing on specialist knowledge. This is provided on a volunteer basis and is individually tailored and offered globally — also in Ukraine. It is also available to help companies that have already benefitted from the BMWi Manager Training Programme to support sustainability.

Bernhard Brink has worked to support the introduction of a quality control system at a printing shop in Kharkiv. That’s where his knowledge lies, and he can look back on decades of experience in this field. And he enjoys sharing it. Twice he has offered support to the company and helped to make the process of handling orders more transparent, from receipt of order to delivery of the final product. A catalogue of different approaches helped the MP alumni to realise the steps they had planned together, even later on.

The Senior Expert Service (SES) has long since realised that experienced specialists are still in demand. Since it was found necessary to provide support to the company and help to maintain valuable economic and societal knowledge and to bridge the gaps between countries and different generations.

All of the SES assignments are based on the principle of ‘helping others to help themselves’ and usually last four to six weeks on average. They help to maintain valuable economic and societal knowledge and to bridge the gaps between countries and different generations.

One of them was Heidi von Lilienfeld, who helped to improve national and international marketing at a children’s book publisher in Kharkiv. Or Otto Dietrich, a retired mechanical engineer. He supported a paper plant with the specialist knowledge he provided as a SES expert. It was possible to optimise production processes there. Senior expert Friedrich Obokovtsev’s skills were needed in an entirely different field: as a head chef he helped to set up the curriculum for a trade school in Lviv and trained students there.

SES is the leading German deployment agency for volunteer expert and executive retirees. SES is sponsored by German industry umbrella organisations: the Federation of German Industries (BDI), the Confederation of German Employers’ Associations (BDA), the Association of German Chambers of Industry and Commerce (DIHK), the German Federation of Crafted Trades (ZDH).

Senior Expert Service (SES)

SES supports small and medium-sized enterprises, public administrations, chambers and economic associations, social and medical institutions, as well as institutions providing basic and occupational education worldwide. Its experts provide assistance in craftsmanship and with the installation, maintenance and operation of production line machines. They also help with specialized training, marketing and sales issues, organisation, human resources and certification, and in many other areas.

Over 400 SES assignments in Ukraine

Senior experts have been active in Ukraine since as early as 1989. In 412 assignments they have offered support to small and medium-sized enterprises, municipal institutions, and educational and health institutions. In 2014 alone 17 specialists travelled to Ukraine — and 48 have already been there in 2015 so far. Many of them had been requested by MP graduates.

Therefore, the SES is responsible for supporting groups from Eastern Europe and Central Asia in addition to international training programmes. Originally delegated to the programme from different firms, they have now worked together in one company for many years.

‘Still next time’ the alumni say in parting. And they are sure of it: at least 15 months will pass before their next meeting.
SUCCESSFUL PARTICIPANTS

A Career Jumpstart from the MP

Two MP participants from Mongolia are one step further up the career ladder following their return from Germany. Dorjdzol Dulambayar and Enkhbayar Boldbaatar from Ulan Bator report on what they got out of their training programmes.

Dorjdzol Dulambayar works at the company Grand Electro Technicum LLC, a small Mongolian business that specializes in drilling for water, for example, for sourcing drinking water in remote regions or acquiring water to be used for industry, for example. She developed a new branch in 2014 as a result of attending the MP. And that helped to get her professional career rolling.

GIZ: Ms. Dulambayar, what exactly does your company do?
Dorjdzol Dulambayar: We are a small company from Ulan Bator founded in 2007. We have a staff of about 40 employees and perform geological exploratory drilling, build deep wells and irrigation systems and offer other related services. We also have recently added geothermal heating systems to our portfolio. We can use that to help more remote areas, e.g. at kindergartens and schools. Almost half of our nearly three million inhabitants live in the capital, although Mongolia is four times as big as Germany. You can imagine how sparsely populated the rest of the country is. It is important to also be able to supply those regions, and with geothermal energy we can help do that.

Geothermal energy is a renewable energy source that is currently the subject of a lot of public interest in Germany. Did your training programme help you with that? Absolutely! I actually developed this branch of our business during the training programme. We use pumps manufactured by a large European company that I got to know in Germany to collect the geothermal energy. In Mongolia there are only two other companies in the geothermal energy field. Unfortunately, we cannot continue with the project at the moment due to the difficult economic situation. But I hope things will change in one or two years.

Did the MP also help you to advance your professional career?
I studied Communications Technology in Russia and Economics in Mongolia. I had been employed as an engineer before my stay in Germany. I now head the financial department. I learned what is important for cooperating with large European companies and about setting up businesses. I acquired this knowledge both on the training programme and from practical business experience on the geothermal energy project. It helps me in my daily work when I am negotiating with international customers.

Thank you very much for the interview!

Enkhbayar Boldbaatar works for the Mongolian trading company Oren Trade LLC. The company has been active in the mining sector since 2010, and sells tools, industrial pumps and mining machinery. The 32-year-old management specialist came to Germany looking to find companies for potential sales partnerships.

GIZ: Mr. Boldbaatar, your German is very good. How did you come to speak the language so well?
Enkhbayar Boldbaatar: I studied in Germany. My father was in Germany in 1988 and liked it very much. He got me thinking about studying here. I completed my bachelor degree in economics at the University of Cologne in 2007.

And now you work for the mining industry in Mongolia. We supply equipment and accessories to the Mongolian mining industry, and primarily to OYU Tolgoi LLC. We have annual revenues of about €2 million. Oyu Tolgoi is a joint mining project initiated by the multinational mining firm Rio Tinto and the Mongolian government for exploitation of copper and gold. At full capacity in 2021 Oyu Tolgoi ought to contribute about a third of Mongolia’s GDP.

You returned to Germany in 2013 – that time as part of the MP, looking for new business partners. Were you able to achieve your goals?
I visited some companies, such as MSA AUER GmbH, that produces safety equipment for mining activities. The meeting went very well and we have now put in orders amounting to about €180,000 for equipment, including safety glasses, ear protection, breathing devices and protective headgear. We are also now MSA’s official dealer in Mongolia.

Congratulations on your success! But it wasn’t just your company that benefited from the training programme in Germany, but also you yourself.
That’s true – I was promoted. Before attending the MP I worked as a sales and marketing manager. Now I am the head of international relations – I am responsible for our business with Asia, North America, Europe and Australia, and have a team of six staff members.

Thank you for taking the time to talk to us!

SUCCESSFUL PARTICIPANTS

Fit for the European Market

Roman Steftira comes from Moldova. The medical doctor gave up his profession in 2004 and entered the pharmaceutical industry, a booming market at the time and still today. Just two years later, he founded his own company. Fitmed Farm Ltd. produces liquid medicines, primarily for treating colds, for the domestic market and for exporting to the post-Soviet region. Inexpensive nasal sprays are the top sellers.

Chisinau. When Roman Steftira decid ed to participate in the MP in 2012, he had an annual turnover of one and a half million euros and 42 employees. Today his turnover is three and a half million euros, and he has not yet completed his journey. Steftira says that he achieved this impressive growth rate partly with the aid of the MP, which he was able to complete in a country that belongs to the top five markets of the global pharmaceutical industry.

In Germany, Steftira wanted to establish contacts to large pharmaceutical companies to exchange ideas with them and to benefit from their know-how and their approach to tapping into markets. In addition, he wanted to offer his company’s services as an outsourcing company. He is currently planning to build two new production facilities, one of which is intended to serve the European market. The other facility is in Belarus and is a joint venture with a Belarusian partner.

The new factory was financed entirely with internal funds. Steftira is currently looking to find foreign investors interested in contributing. Then I could start production sooner and fully utilise the plant’s capacity, he says.

But he is not interested in growth at any cost. It is the quality that counts. ‘We want to produce not the cheapest, but the best products’, he explains. After the MP, he introduced a quality management system that complies with the standards of Good Manufacturing Practice (GMP) in order to ensure the quality of his products. ‘We have already had a department for quality assurance for some years. But it is only through GMP that it now also deserves its title, the businessman says. For exports to Europe, the European Commission’s GMP guidelines are observed in the plant in M oldova. The factory in Belarus, on the other hand, follows the guidelines of the Eur-Asian Economic Union or the individual countries’ regulations. The businessman explained that is the reason why two separate plants were planned.

Steftira has in the meantime also modernised the online business. He had a new, user-friendly website created, on which potential customers can quickly inform themselves about his products. A professional agency was commissioned with the programming. This step was particularly important to him in view of the progressive internationalisation. Under well laid-out tabs, customers can find the products already certified for their country. But a certificate alone doesn’t mean access to a new market. ‘Registration is the first step; after that, you have to also sell your product in each country. Finding the first customer isn’t so easy. You have to open a new branch, find people and fill them with enthusiasm for your products. That takes time.’ Thanks to the favourable price-performance ratio, Steftira is optimistic that he will soon be able to fully utilise the capacity of his plant.
SUCCESSFUL PARTICIPANTS

Kambar Maatkaziev from the Manager Programme he attended in Germany.

Now he is also investing in cultivating his own plants. In our interview he discusses his plans and some of the more important things he learned while in Germany.

What are your current projects?
We have invested €1 million in a new plant to process herbs. It has two lines, the larger of which is from Germany. The head of the company came to personally install it a couple of months ago and production started in October 2015. The greatest challenge we are currently facing is cultivating our own herbs so that we can produce the raw materials we need in future. Up to now we have had to purchase them.

What effect will the investment have on your business?
Herbiotech has mainly produced oil (up to 90 per cent) up to this point. The new acquisition will move production more towards organic herbs. In the area of oil there are many other producers to compete with and there is a lot of competition from Spain and Italy. Dried herbs represent an untapped market compared with oil. And we can point to a high price. In the long run we would like to invert our production, so that oil takes up only ten percent of what we make. When the plants are running at full capacity we can produce ten times as much as before, and then we can process up to 15 tonnes of herbs per day. 90 per cent of our customers are in Germany and they are waiting for us to deliver.

Thank you very much for the interview!
Astrid Vonhoff has really seen a lot of the world in her life. She spent time as a nurse aboard the MS Europa and held staff and executive positions in Saudi Arabia – these are just a few examples of the many places the certified nurse and nursing care manager has been and worked. She went to China in 2012 as part of the Manager Programme. It was not her first time there: she was quite familiar with the country and its people from many stays there training nursing staff and leading ‘Train the Trainer’ seminars. But Astrid Vonhoff put her trust in the MP to help set up an entirely new branch of the many hurdles in her path and take on new business.

She remembers. It took many months to pave the way for things to work. The first group was the most difficult, but that’s not the main thing. The prospects for business with further partners are also good. ‘In Germany I was able to expand my network of contacts,’ he says. Through the MP, he gained connections to both German and Vietnamese potential partners in Germany. Moreover, he established good contacts with the other Vietnamese Programme participants from a variety of industries.

UBG is the sole educational provider offering this service in Germany. It is important to the head of the firm that the young Chinese nurses feel comfortable in Germany and have good working conditions and development opportunities. Supervision and assistance on location is a key concern of Astrid Vonhoff’s and an issue close to her heart. This is not only because bringing the workers into the country is such an involved process: ‘Their work really starts once they have arrived here in Germany. I take the back seat from there,’ she says. The entrepreneur has just started supervising a new group of Chinese caregivers in Brandenburg. The programme also covers the certification of all the Chinese, who also speak German, within the German system. Following an intensive theoretical and practical educational programme, they take the state-certified nursing examinations. ‘Naturally, I don’t yet know what decisions the participants will make at the end of their five-year contracts – this just started in 2014. But I am aiming for sustainable circular migration,’ she says. In other words: the Chinese return to China once the contract expires and support the transfer of knowledge.

The programme has developed rapidly after some initial teething problems. Up to now five groups with a total of 120 participants have arrived. This new business division has enabled Astrid Vonhoff to double her annual revenues, which now make up 80 per cent of her business activities. But that’s not the main thing for this entrepreneur, who really puts her heart into her work. The Berliner-by-choice had just met with a Chinese health sector delegation. They said she was an ambassador between the countries, and that is what this committed head of the firm said pleased her the most.

To ensure these standards she only works with larger companies that are prepared to make a larger initial investment. No additional costs are incurred by the foreign nurses. The programme has developed rapidly since this just started in 2014. But I am aiming for sustainable circular migration,’ she says. Through the MP, he gained connections to both German and Vietnamese potential partners in Germany. Moreover, he established good contacts with the other Vietnamese Programme participants from a variety of industries.

Le Manh Hung is Deputy Chairman of the Executive Board at Pho Noi Textile and Garment Infrastructure Development in the Vietnamese province of Hung Yen, which develops and manages industrial sites for investors – mainly from the textile and clothing industry. He participated in the MP for two reasons: on the one hand, his company was looking for investors for the construction of factories in its new industrial park; on the other hand, already established foreign investors expected modern industrial park management.

Le Manh Hung visited the German catering chain HOT ALO in Germany, in 2012. Its owner is originally from Vietnam and has already been living in Germany for decades. At the time, the chain operated 16 branches and was on course for expansion. In addition to the restaurant operation, the chain wanted to extend its activities to other business areas and, at the same time, benefit from the rapid development in their home country Vietnam.

At first glance, the two sides did not seem to be compatible. However, due to their mutual language and similar way of thinking, Le Manh Hung and the owner of HOT ALO found an opportunity for cooperation after several discussions. The chain wanted to invest in Le Manh Hung’s industrial park and establish a factory for catering industry fittings and furnishings. Le Manh Hung agreed to utilise his business network in Vietnam to find customers for the factory, should the products manufactured there at some stage exceed the chain’s own needs. Pho Noi and HOT ALO signed an agreement in May 2013 covering the implementation of a joint project in Le Manh Hung’s industrial park within two years – with a total contract value of five million euros.

The new industrial park also benefits from modern concepts that Le Manh Hung got to know during his training in the planning and building process as well as in marketing, advertising and later on regarding general management. His park distinguishes itself as an environmentally friendly area with pleasant work surroundings. Its ‘green’ character, which is seldom found in Asian industrial areas, has aroused the interest of European and North American investors. The founder says: ‘The business benefits greatly from the Manager Training Programme.’
Organic farming is increasingly in the focus of the public. The areas used for organic farming have grown considerably in recent years and already amounted to 43.1 million hectares worldwide in 2013. The strongest growth in areas used for organic farming is in the USA and Europe, which are the most important markets for organic products. Since 2008, ABCERT AG as an inspector and auditor for organic farming has been involved in the inspection and certification of enterprises, the company has its headquarters in Esslingen. It also has several regional offices throughout Germany and representative offices in Italy, the Czech Republic and Russia. ABCERT AG has been carrying out certifications in Ukraine, Belarus and Russia since 2008.

What must I do to sell my organic products in the EU? This is a question that many agricultural enterprises, particularly in Eastern Europe, ask themselves. It is not easy; the EU Eco Regulation contains a host of detailed control guidelines for goods imported from third countries. With them, the EU ensures that organic products from non-EU countries fulfill the same requirements and are checked just as strictly as those from member states. ABCERT AG, the leading German organic certification organisation, explains how non-EU enterprises can succeed and what must be observed in the process.

The origins of organic farming
Organic farming has its origins in the 1930s, when the disadvantages of intensive farming were first recognised: declining soil fertility and increasing resistance of animals and plants to pesticides and antibiotics. Diverse groups were formed in Europe, who were committed to organic (or ‘natural’), as it was called at the time) farming. One of the pioneers in this field was the Biont Albert Howard, author of numerous revolutionary papers on organic farming which today are regarded as classics by scientists and farmers. He founded one of the first eco organisations, the Soil Association. Ernst Koenen was his counterpart in Germany. He described the basic principles of creating and maintaining healthy soil and for environmentally compatible livestock farming. At around the same time, another German scientist and philosopher, Rudolf Steiner, developed his version of organic farming, the biological-dynamic method of farming based on anthroposophical principles. This was the beginning of the Demeter Farmers’ Association.

Organic certification: step by step
What is the actual organic certification process? First of all, enterprises must submit an application to the certification body and conclude an inspection contract. Once the documents have been checked, the inspector will set a date for an initial inspection. On this occasion, he gets to know the enterprise, asks to see the production methods, cultivation areas etc. During the inspection, all points that are relevant for the certification are discussed: commencement of the conversion period, documentation, distinctive features regarding the storage and marking of the future organic products.

Following the registration of the enterprise in the organic register, the enterprise’s products are regarded as conversion products for a minimum period of 12 months. The conversion phase for annual crops such as grain and beans is 24 months; for permanent crops such as fruit and wine it is 36 months. After this period, the products can be declared as converted. Then the books are inspected and the flows of goods are evaluated. All data is entered in a special journal in which all areas inspected and the respective results are recorded. The controlling body handles the data confidentially in accordance with the certification contract. Deviations are discussed once again during the final talk, and, where necessary, measures for improvement are agreed. Positive findings concerning compliance with the EU Eco Regulation are also recorded (e.g. well-kept documentation, timely preparation for the inspection etc.). In addition to the annual review, further inspections can take place, for instance for sampling of a farm introduces a new branch of production (livestock, processing).

The decision on the certification of the enterprise is not taken on the spot but in the office, once the inspector has evaluated the records and documents from the inspection, and the results of the sampling are available. The inspector draws up a final report and, if the provisions of the EU Eco Regulation have been complied with, issues a certificate which is valid for one year. The farm receives all the original versions of the inspection documentation.

What advantages does organic certification give the farmer?
The EC Eco Regulation 834/2007 is, of course, not valid outside the EU (i.e. in the so-called ‘third countries’). However, in order to import organic products into the EU a producer needs an organic certificate, which proves that organic controls have been carried out on his farm according to the stipulations of the EU Eco Regulation. ABCERT AG has developed an appropriate procedure, which meets the EU requirements and is EU accredited. At the same time it takes the working conditions in enterprises outside the EU into consideration during the inspections. An organic certificate is absolutely essential for importing organic foodstuffs into the EU.

And the organic label also has several advantages for the producer in his own market. His products have a good reputation and are therefore easier to market. Environmentally aware and committed consumers trust the products, and the enterprise gains access to markets and distribution structures specialised in natural and environmentally friendly products.

An organic label not only has a positive effect on sales; the conversion to organic production also gives the farmer the opportunity to produce in an environmentally friendly way and thus to contribute to environment protection and biological diversity.

ABCERT AG
ABCERT AG was founded by the Bioland association in 1980 and checks over 8,500 producers of agricultural products and 2,500 organic processing enterprises. The company has its headquarters in Esslingen. It also has seven regional offices throughout Germany and representative offices in Italy, the Czech Republic and Russia. ABCERT AG has been carrying out certifications in Ukraine, Belarus and Russia since 2008.

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Alexander Lysenkov has worked for ABCERT AG as an inspector and auditor since 2003. He specialises in organic certification in Eastern Europe and Russia, advising MP participants on how to obtain organic certification for their products for the European market during training sessions.
Voluntary markets pose a high degree of uncertainty. Strongly fluctuating prices and exchange rates are just one example. Depending on the local markets, their severity can vary considerably. Stock markets, whose fluctuations often directly affect the economic performance of a country, have a strong influence. ‘The higher the volatility of a market is, the higher the risk of doing business there. Coupled with the latest financial crisis and the strong fluctuations in exchange rates, it became clear that particularly the emerging markets are very volatile.’ These turbulent markets can be compared to a boxing match: it is the boxer who can cope with unexpected blows from different directions and who manages to avoid possible knockouts that is successful. Now, what factors influence the volatile market India? According to Ajay Bondwal, nobody can say how India will grow in the future. There are very many volatile factors such as policy, trade barriers, corruption and economic and social framework conditions. Gaatam Malhotra explained that in India 60 per cent of the gross domestic product comes from agriculture. This means that the annual economic development depends decisively on the monsoon. If there is sufficient rain, the crops grow well, and the economic development is high, too. If the monsoon is poor, causing problems in the agricultural sector, economic performance is also poor. Or, putting it differently: Good monsoon = good farming = good business. Thus, the weather is another volatile factor for the Indian market. Sarabdeep Singh Sikka remarked that 60 per cent of the population were younger than 35 years old. He said that these young people striving for prosperity, were very flexible and adapted very quickly to changing framework conditions – which he considered to be an important point for dealing successfully with volatile factors.

Competencies in dealing with volatile markets

The aforementioned characteristics of volatile markets pose managers with the challenge of collecting and analysing the various market and country factors and developing suitable strategies for action. Together with partners in industry, Export-Akademie developed the IMLead® Integrated Management & Leadership management concept in order to support executives in the management of complex challenges. The concept (Fig. 1) consists of seven fields, with the manager in the centre (Field 1). To plan the most effective strategies for action in volatile markets, the manager has to steer employees and customers (Field 2: ‘The individual’) and to collect and process company and market information in volatile markets (Field 3: ‘The information’). Based on this information and the strategic alignment of the company, the manager takes decisions regarding the adaptation of products, new products, new services and the entry into new market segments (Field 4: ‘Safeguarding the future’). The optimisation of production and business processes as well as the supply chain takes place in Field 5: ‘Optimum functionality’.

The two aspects ‘Flexibility’ (Field 6) and the ‘Holistic view’ (Field 7) are particularly important for successfully operating in volatile markets. The result of a spot poll among workshop participants, in which these two fields were most often named, confirms this.

Strategies for action when dealing with volatile markets

From the Indian managers’ point of view, ‘Don’t panic – keep calm’ is the most important basis for possible strategies for action in volatile markets. In their opinion, it is necessary to gain a ‘feel’ for developments in the markets in order to be successful in the long term. Moreover, continuous market observation creates the preconditions for developing flexible, individual and ‘effective’ strategies for action.

A holistic view is needed in order to utilise potential that is not recognisable at first sight (see Iceberg principle, Fig. 2). In practice, the reaction to volatile market changes is often to adjust sales prices, which reduces the profit margin. To avoid this, all areas and processes in a company should be examined for cost savings and hidden performance potential (see Fig. 2: ‘Hidden opportunities’). The following strategies for action were drawn up at the workshop:

• Take advantage of potential cost savings. Costs can be reduced through the purchase of parts at lower prices (global sourcing), optimisation in production and in business processes, and changes in the supply chain, without narrowing the profit margin when reducing prices. This is especially possible in the case of long-standing business relationships (key terms: strategic management of supplies).

• Strategic management of supplies: Long-term cooperation with Indian business partners is a good precondition for serving this volatile market successfully. Together, cost savings can be identified and further services positioned in the market. Furthermore, if the degree of innovation is reduced, the products are better suited to the needs of the local market.

• Adapt terms of payment: Terms of payment can be negotiated and adapted accordingly if the economic situation is changeable. Business partners are often willing to prolong payment periods or to extend credit to tide over temporary fluctuations in the markets.

• Invest: It is possible to purchase machinery at reasonable prices in phases of recession or in the case of declining exchange rates. Many manufacturers are then prepared to negotiate price reductions. Amrit Patil, for example, was able to modernise his production by taking advantage of the situation and the poor exchange rate of the Indian rupee in relation to the euro in 2014 by buying machinery at a price reduction of 35 per cent.

• Diversification: Tapping new markets and segments is a further option. At the workshop, the Indian managers pointed out that they were perfectly familiar with the Indian market and the neighbouring volatile markets. They would therefore be able to successfully support German companies in expanding into additional markets and market segments.

Indian business people have gained extensive experience in dealing with the volatile Indian market over the past 50 years. For them, a flexible way of thinking and operating is an important core competency for dealing with volatile factors. In contrast, planning and long-term business is not as pronounced in Indian managers as in German managers. ‘Due to the lack of flexibility, it is difficult for German managers to deal with volatile markets’, Amritkhasi Parthasarathi is convinced. Indian managers, on the other hand, know their market very well and, with their long-standing experience, can support their German colleagues in tapping other volatile markets such as Africa or South America.

Both sides benefit from cooperation between German and Indian companies. The Indian companies contribute their experience in dealing with volatile markets to the partnership, while the German companies are able to sell their innovative and high-quality products and services successfully in India and other volatile markets.
SPECIALISED TOPICS

A Business Model: The Key to Success

Anyone who has at least once drawn up a business plan knows that this ‘exercise’ forces you to formulate your goals clearly, realistically and comprehensively. For MP participants who have specific cooperation projects in mind, it is particularly important to examine their own goals thoroughly in order to operate sustainably and successfully with the best possible project. Experience shows that a business model is best captured if it is visualised graphically, either as a whole or in its individual components. The success and the spread of the innovative Business Model Canvas are based on this insight.

Many enterprises do not have a current business model. A business plan is often only developed when required by a third party – the bank or an investor –, even though it is essential for an enterprise’s success. Alexander Osterwalder created the so-called Business Model Canvas in order to clearly visualise business models and start-up ideas and test them quickly. The Canvas Model comprises nine building blocks. Its greatest advantage is that it helps you understand customers better, to quickly receive feedback from colleagues or specialists or to find suitable partners.

The nine building blocks of the Canvas Model illustrate the structure of business processes. For example, with the aid of key partners and key resources, a company carries out certain key activities that satisfy customer requirements through value propositions, i.e. by promising benefits. The distribution of the value propositions takes place via certain channels. In the process, close customer relationships are established in each customer segment. An interesting and, ideally, successful value proposition generates revenue streams, which cover the costs of the enterprise’s business activities.

It takes at most 20-30 minutes to fill in all the fields of the Canvas Model. If it takes longer, this means that the entire business idea is not sufficiently well thought-out and that the business model will not pass the test of the initial contact with the customer. The individual building blocks are:

1. Customer segments: This building block poses clear questions: Who are our customers? What are their fears and what would they like to receive? What tools exist for influencing the customers? Naturally, the questions all apply to your own business. The individual segments differ in their characteristics, e.g. mass market or niche market.

2. Value propositions: This building block defines the values that the company can offer. Important: it is the problem that the product solves which must be described, not the product itself. For instance, in the case of a motor vehicle, its values could be speed, reliability or the brand. A distinction must be made between quantitative values (e.g. prices, speed of delivery) and qualitative values (e.g. design, customer experience). In a separate step, the questions of what the customer buys and what they would have liked to buy are examined. Perhaps the customer has no alternative, and we need to consider how we can bind him to our company and make the uniqueness of our products and services clear to him.

3. Channels: The distribution channels are of decisive significance for every company. What is important here is: initial contact, engagement, delivery, service, advertising, etc. All points of contact with customers should be thought through in detail. Is the customer absolutely satisfied with the distribution channels? Are the channels suited to the customers’ needs and can they be integrated into his business operations?

4. Customer relationships: Answers to the following questions are defined with the aid of this building block: What relationships exist with each individual customer segment (participation in product development, work with communities, personal consultation)? Do we fulfill the customers’ expectations and are they completely satisfied? With which customers do we have an individual contractual relationship, with which customers do we have general business relations?

5. Revenue streams: All revenue from the various customer segments is recorded in this field. What value are the customers prepared to pay for? What value do they already pay for and how do they pay? How high is the share of each revenue stream in terms of total turnover? This building block includes regular revenue at fixed prices and at variable prices, rental revenues, revenue from user fees, licences, etc.

6. Key resources: Here it is important to determine all resources needed both for production and for customer relationships. The questions in this section are: What key resources do we need to realise our products and services? Do we need resources to set up distribution channels or to maintain customer relationships? Resources can be human, intellectual or financial resources.

7. Key activities / processes: This field includes all steps that are necessary for the success of the business model (production process, supply, advertising, after sales service). What key activities are needed to manufacture the product / offer the service? What key activities are important for the distribution channel to function and for customer relations?

8. Key partners: No business can exist without partners; therefore, this building block deals with the following questions: Who are our key partners or suppliers? Are they reliable and do they provide guarantees? Are there alternatives? Where can savings be achieved? Would barter transactions be possible? What are our business relationships like?

9. Cost structure: This building block comprises a number of questions: Which are the most important costs in the business model? Which key resources are most expensive? Which key activities are most expensive? Fixed costs and variable costs, labour costs, taxes, the price of individual resources, etc. fall into this section. A business model should naturally strive to minimise costs. However, this does not apply to all business models. Therefore, it is interesting to distinguish between two different cost structures i.e. a cost or a value oriented structure. In the first case, products/services are offered at low prices, so to speak, ‘without any luxury’. Maximum automation and intensive outsourcing are in place. In the second case, the concentration is on premium products, e.g. exclusive services, luxury hotels, personal service, etc.

The Canvas model is simple and elegant. Many different variants of a business model can be played with using this tool. It does not take much time and is very suitable for quick and efficient monitoring of the business environment, which is a strong advantage in view of our quickly changing markets and the rapid technological progress.

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The Business Model Canvas

Key partners
Who are our key partners?
What key resources do we obtain from them?

Key activities
What key activities do we perform?
What key activities do we need?

Value propositions
What key resources do we need?
What value do we offer?

Customer relationships
What relationships do we have with our customers?
How are they integrated into our business model?

Customer segments
Who are our customers?

Channels
Through which channels do our value propositions reach the customers?
Are the customers satisfied with the distribution channels?

Cost structure
Which are the most important costs?
Which key resources are most expensive?

Which key activities are most expensive?
Are our activities cost- or value-oriented?

Revenue streams
What value do the customers prepare to pay for?
How do the customers pay now and how would they like to pay?

How high is the share of each revenue stream in relation to total turnover?
Fixed prices or variable prices?
The Manager Training Programme of the German Federal Ministry for Economic Affairs and Energy on the Internet:

Lots of information at a glance for participants or anyone interested in the programme!

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