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Project

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Training Needs Analysis

**Results of Bulgaria, Greece, Turkey, Italy,
Croatia and the Netherlands**

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Table of contents

1. Introduction	4
2. Methodology	5
3. Analysis of the results from the questionnaire in 6 countries	6
4.1 Italy	7
4.2 Turkey.....	8
4.3 Croatia	9
4.4 Bulgaria.....	10
4.5 Greece	11
4.6 The Netherlands	12
4. Recommendations for development of training materials	13
Annex A: Results from the desk research analysis in Italy.....	15
A.1 Overall structure of Exports in Italy	15
A.2 National export strategies and policies	19
A.3 Major export support and training providers	21
A.4 Available studies on SMEs training needs	22
Annex B: Results from the desk research analysis in Turkey	24
B1. Overall Structure of Exports	24
B2. National export strategies and policies	34
B3. Major export support and training providers	35
Annex C: Results from the desk research analysis in Croatia	39
C.1 Introduction	39
C.2 Overall structure of export in Croatia	40
C.3 National export strategies and policies	42
C.4 Major export support and training providers	43
C.5 Available studies on SMEs training needs.....	44
Annex D: Results from the desk research analysis in Bulgaria.....	46
D.1 Introduction	46
D2. Overall structure of Export in Bulgaria	46
D3. National export strategies and policies	53
D4. Major export support and training providers	54
D5. Available studies on SMEs training needs.....	58
Annex E: Results from the desk research analysis in Greece	60
E.1 Overall structure of Exports	60
E2. National Export strategies and policies	73
E3. Major Export support and training providers	74
E4. Conclusion.....	78
Annex F: Results from the desk research analysis in The Netherlands.....	79
F1. Introduction	79
F2. Overall structure of exports in The Netherlands.....	79
F2. National export strategies and policies.....	86
F3. Major export support and training providers.....	87
F4. Available studies on SMEs training needs	89
Annex G: Outcome of the questionnaire in six countries.....	89

1. Introduction

Along with globalization, markets are becoming more competitive especially in international trade where SMEs are forced to improve their capacity in order to survive in the long run in a highly dynamic environment. International trade support services provided by intermediary business support organizations need to adapt their current range of services to take account of these demands, by training SMEs to fulfil aspects of international trade independently and confidently.

The main objective of Export Expert is to assist companies that don't have enough experience in foreign trade activities to take their first steps in exports and expand their business.

In particular it has been reported that Central and Eastern European countries need to develop an international trading character in order to maintain a healthy and growing economy. In addition, surveys indicate that these countries do not have adequate knowledge on exports and organizational skills.

This project aims to transfer knowledge from countries with developed export activities to those with lack of related skills or experiences. To achieve this goal the project intends to create online learning material, which does not currently exist in European countries. The training material will include practical training documents and visual elements such as interactive games, self assessments, etc.

Export Expert project aims to:

- Increase foreign trade capabilities of SMEs staff to an average level compatible with the established enterprises of EU 15;
- Minimize identified training gaps across countries with lack on expert activities;
- Create a communication network;
- Transfer best practices and expertise between partners.

The outcome of the project is a multi-language e-learning module and supported multimedia elements.

- To enhance the learning experience the training module will be enriched with the latest interactive learning solutions such as simulation tools, interactive games, online quizzes etc. Additional multimedia items will be produced to promote the project to the target groups through various activities.
- All outcomes will be available on the project's web site and translated in the language of each partner, thus fostering the wider dissemination of the products realized.
- The project is designed to transfer knowledge from international business support organizations into SMEs via training the trainers in vocational schools, training the staff in SMEs or training the voluntary potential tutors.

The Project offers an innovative approach to:

- Developing training material which does not currently exist in the lead partner's country;
- Utilising new techniques to reinforce distance learning and adapt standard training methods for different end-users;
- Creating a European training model and an efficient methodology for the transfer of knowledge.

2. Methodology

Export Expert aims to develop the skills and competences necessary to integrate international business through export tools in the process of business management for European SMEs and micro-SMEs. This will be done through the creation of a methodology for continuous learning to improve the performance and international competitiveness of these organizations.

In order to develop the final training material that enables SMEs in Europe to achieve the goals that have been set, a training needs analysis will be executed in the partner countries to research the needs of the target groups.

Export Expert is developed as part of the Lifelong Learning Programme. This is an educational program of the European Union for the period 2007-2013. The goal of this program is to provide a contribution to the knowledge economy through durable economic growth, more and better job opportunities and the increase of social connections within the EU.

The aim of the survey identification phase is to obtain a view of the current status regarding the SMEs and micro-SMEs, the barriers toward export and international business, as well as the needs in relation to information and training in knowledge at this field. To that end, an analysis methodology will be developed to set the guidelines of this analysis and to define a training plan and develop materials and contents.

The Export Expert needs analysis uses two different tools for analysing : desk research and questionnaires.

The methodology of the needs analysis should use a sufficient sample to be able to draw conclusions from this. For this we have chosen to have each participating partner fill in at least 20 questionnaires per country.

3. Analysis of the results from the questionnaire in 6 countries

One of the first steps to be taken in this project is making a training needs analysis. This is a necessary step to take before developing the actual training materials because our training materials need to focus on those subjects that SMEs in Europe have the most need for. To make this analysis a questionnaire was made with 26 questions. A total of 154 questionnaires have been collected from six different countries for this Training needs analysis. The complete overview of answers to the questionnaires has been added to this report as Annex G.

In chapter 4 of this report the results from the survey taken in six countries are published. In this chapter we will focus on the general and important outcomes of the survey.

From the 154 interviewed companies, 30 operate in the manufacturing of food, beverages and tobacco. 20 companies operate in the manufacturing of textiles. Another 20 manufacture machinery and equipment. 9 companies manufacture paper or operate in a relating sector and 8 manufacture wood products. The rest of the remaining companies is somewhat evenly spread in the other sectors.

A substantial part of the companies interviewed was established before 1980 (24%). Most of the other companies were established between 1991-2010. The responses to this question were evenly spread.

26% of the companies only had between 1-9 staff. Most of the other companies have between 20-99 employees.

A majority of the respondents has between 1-5 administrative staff. Only 14% of the companies has more than 11 administrative staff. The average annual turnover of the companies is again much more evenly spread than the number of administrative staff. There are almost equal numbers in the different turn over levels of the companies.

Almost 50% of the companies feel their competitors are large national companies. Large local companies in the region and multinational companies are for most of the other companies the biggest competitors. Almost 8% of the companies has no competitors, quite a high number for such a unique situation.

A very large part of the respondents export their products. 84% of the companies export to the European Union. Around 25% of the companies also export to Asia of the USA. Less companies export to Africa or Latin America. This high percentage of exports also correlates to the high percentage of employees that speak foreign languages. More than 90% of the employees speak at least English. Other spoken languages are in order of responses German, French and Italian.

A little over half of the companies has certified products or services. 28% of the companies export up tot 10% of their products. Furthermore, the rest of the export levels are evenly distributed over the respondents and are around 10%.

51% of the companies use wholesales abroad to export their products. 41% sell directly to end users abroad. 30% sell through an agent abroad and only 14% use a company representative in the target market. Most companies do not have a separate export unit (66%). Even more companies responded that they do not have a separate ICT unit (84%). Most of the employees do use computers for their daily activities.

The outcomes regarding the topics of training will be further discussed in chapter 4.

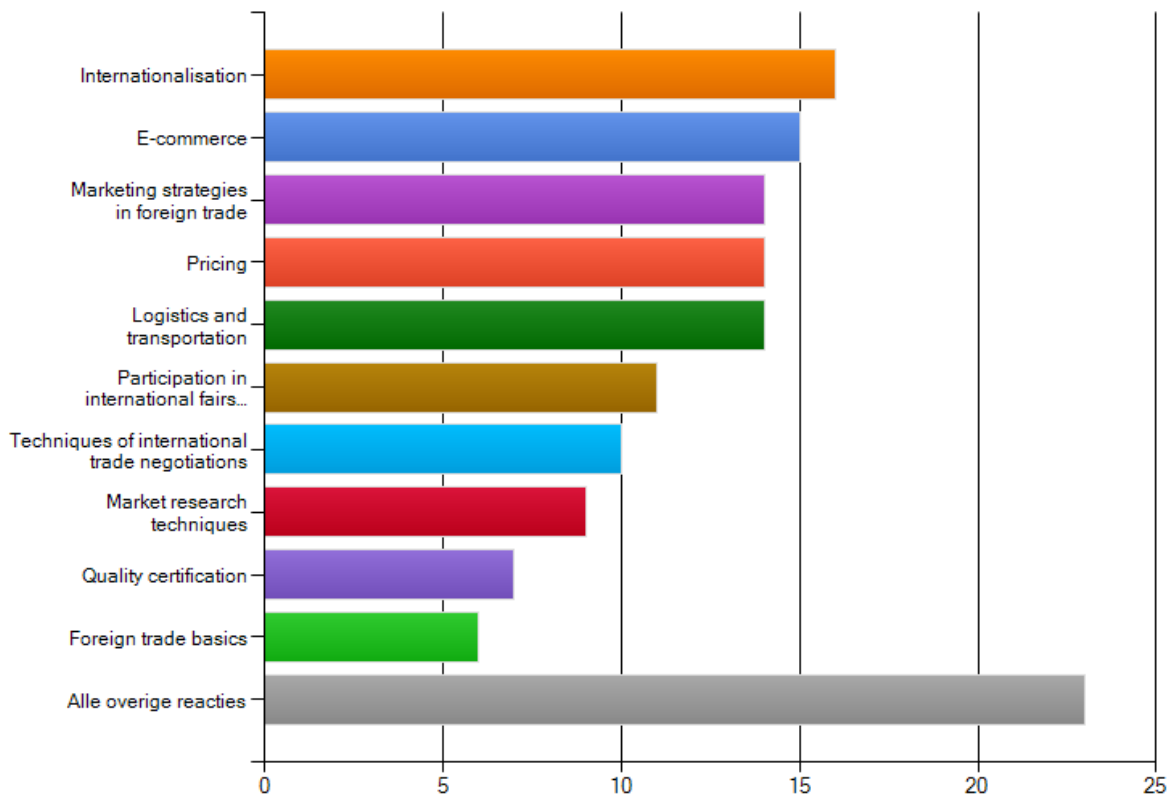
4.1 Italy

Most of the respondent SME's belong to the industrial sector, in particular sub-sectors Textile and textile products and Manufacture of machinery and equipment. This confirms the still strong industrial vocation of the region. 80% of the companies that filled in the questionnaire were founded after 1980 and most companies have between 10-49 employees.

Most of the respondents declared to export already or to be interested to start an export activity; the main territorial targets are the European Union and the USA. Most favourite export channels are: directly to end customers abroad; directly to the wholesalers and through an agent. Despite of their already existing export activities or their intentions to, the most of surveyed SME's do not have a separate export unit.

Regarding the question about training providers, the SME's declared to prefer private vocational training bodies and/or independent consultants/trainers to deliver the training to their staff. That's probably due to a cultural general disaffection or low confidence towards training solutions offered by public institutions. The top thematic areas the SME's consider most important to improve the export performance are Internationalisation and E-commerce. Marketing strategies and Prices are also viewed as important to improve their export performance.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?



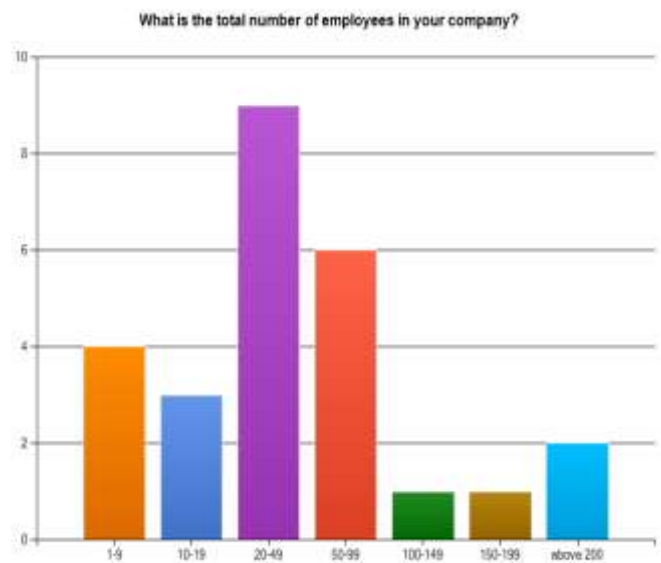
4.2 Turkey

Most of the companies that filled in the questionnaire from Turkey operate in the sectors Manufacture of food products, beverages and tobacco and Manufacture of textiles and textile products.

23% of the companies were founded before 1980 and have between 20-49 employees. They have an average turnover between 501,000-2,500,000 Euro. Over 60% only has 1-5 people administrative staff. The major competitors are found in large national companies.

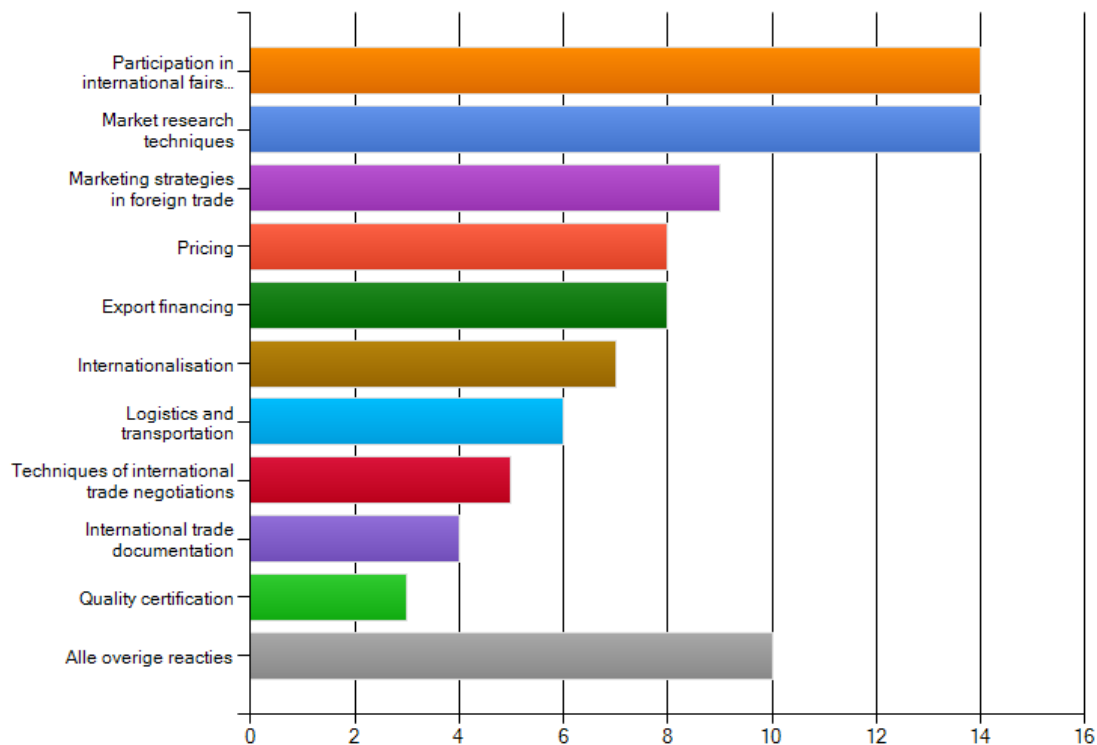
The Turkish companies export mostly to Europe and Asia. For the bulk of the companies, less than 10% of their sales are exports. Almost 50% of the companies have a separate export unit. Most companies sell their products directly to end users or wholesalers abroad.

74% of the employees speak English but only few employees speak another foreign language. Almost no companies provide export training to employees.



The thematic topics on which the Turkish companies would like to become better informed about are listed in the table below. The table shows they are especially interested in Participation in international fairs, Market research techniques and Marketing strategies.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?



4.3 Croatia

There were many Croatian companies in the services sector that filled in the questionnaire. They vary from travel agencies to electronic service companies. 14% of the companies manufacture machinery and other equipment. Most of the respondent companies were founded between 2001-2010. More than 50% of the companies only have a few employees, between 1-9. Their annual turnover is often less than 250,000 euro.

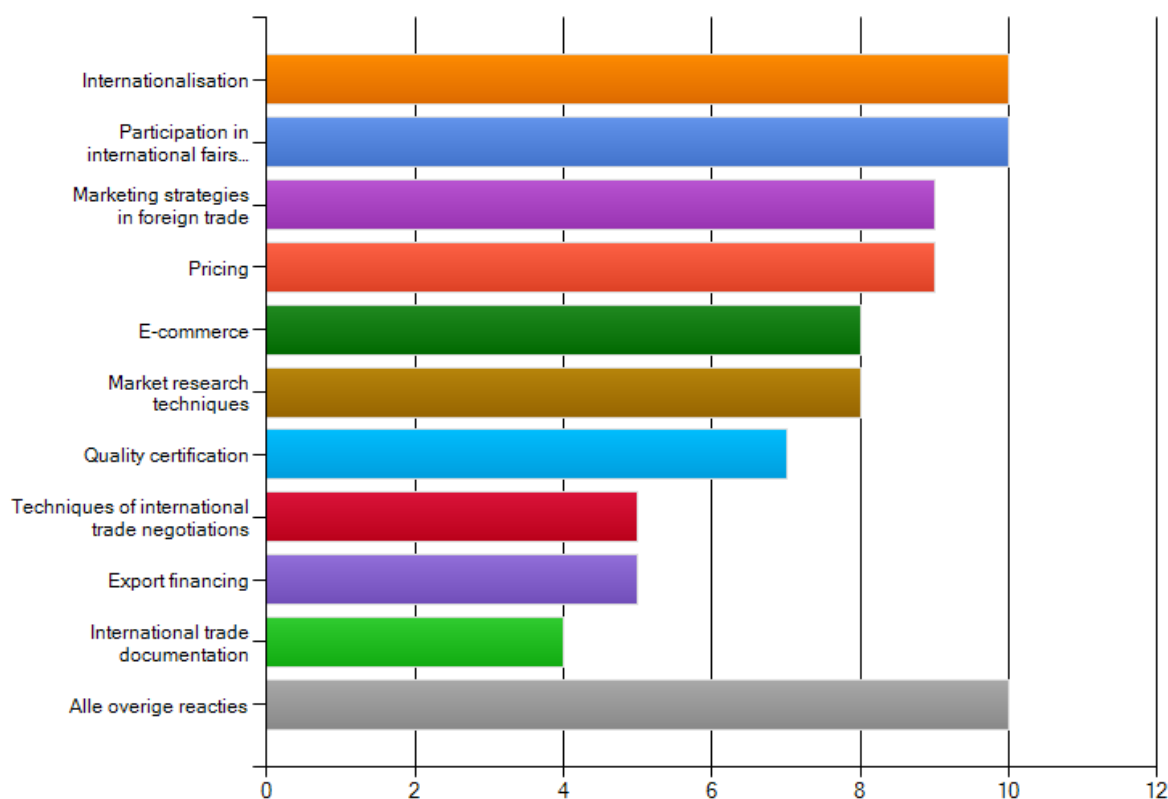
29% of the companies indicate that they have no competitors; another 29% indicates that their competitors are small companies from the region. Most companies export to the EU, 12% also export to Asia. Almost all of the employees of the respondent companies speak English, but no other foreign languages.

Most companies export less than 10% of their production but there also a few companies that export more than 50% and often directly through end customers abroad. Almost no company has a separate export unit. 30% of the companies do have a separate ICT unit. Almost all companies have a reliable internet connection and have a website. 47% perform E-commerce activities. This is a much higher percentage than the companies from the other countries. This can perhaps be explained by the fact that most respondent companies from Croatia are relatively young companies that feel very comfortable with this new way of doing business.

The companies almost never provide training for their employees on exports.

The respondent companies from Croatia vary on the areas which they consider to be important for improving their export performance. Training material on Internationalisation and Participation in international fairs were indicated most often as very valuable. Marketing strategies and Pricing were also mentioned many times.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?



4.4 Bulgaria

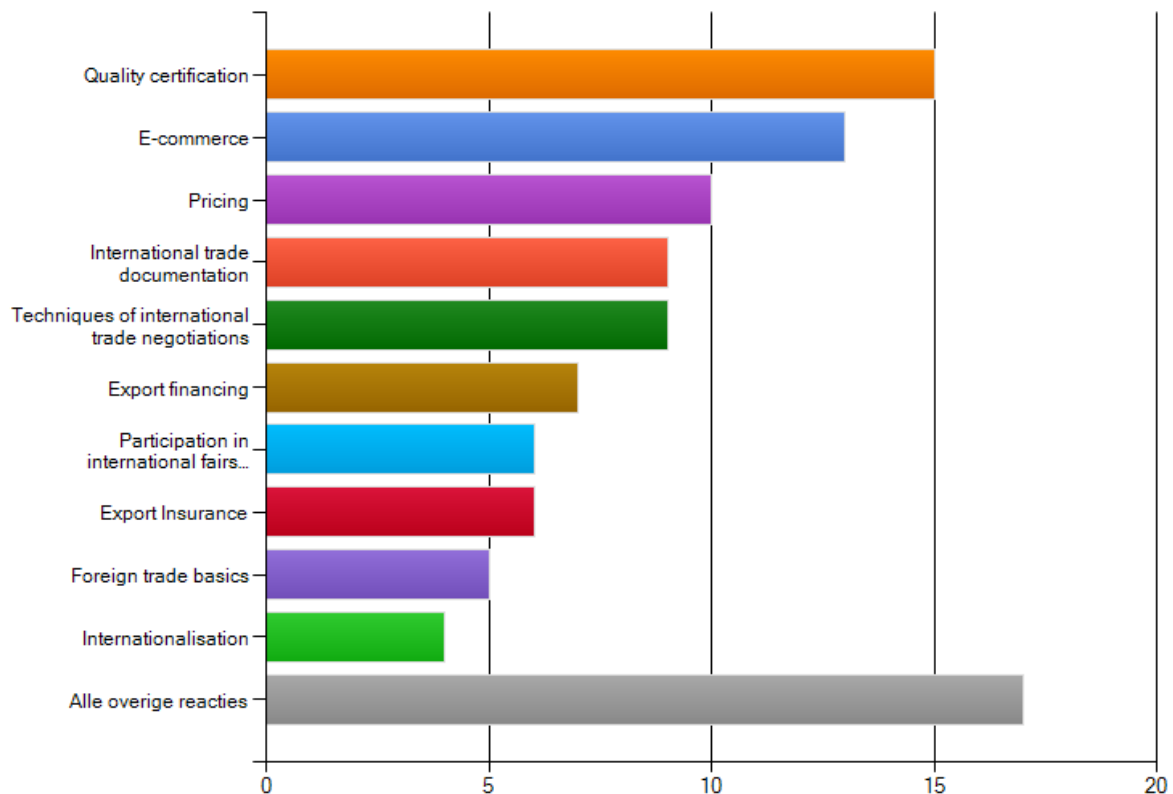
Most of the companies that filled in the questionnaire from Bulgaria operate in the sectors Manufacture of textiles and textile products, Manufacture of wood and wood products and Manufacture of pulp, paper and paper products; publishing and printing. Almost none of their products are certified. Most of the companies interviewed were founded between 1996-2000 and have between 50-99 employees.

Over 60% only have 1-5 administrative employees. Almost all companies had a turnover around 1 million euro and their competitors are often large national companies.

The companies export solely to the countries of the EU but for almost all companies this is less than 10% of their total production. Half of the companies have a separate export unit even though they export only a small percentage of their production. Most companies export through an agent or to wholesalers abroad. They almost never receive training about exports. When they were to receive training in this area, they would like to be trained by independent consultants or Private vocational training companies.

The Bulgarian companies differ somewhat from Italy and Turkey in the areas about which they would like to receive training in order to improve their export performance. They value most training on Quality certification, E-commerce (even though none of the companies that filled in the questionnaire use e-commerce yet) and pricing.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?



4.5 Greece

50% of the respondent companies from Greece operate in the sector Manufacture of food products, beverages and tobacco. Almost half of the companies were founded before 1980. They vary in the numbers of employees but most have between 1-99. 15% of the respondent companies have more than 200 employees. They employ an average of between 1-10 people in the administrative staff.

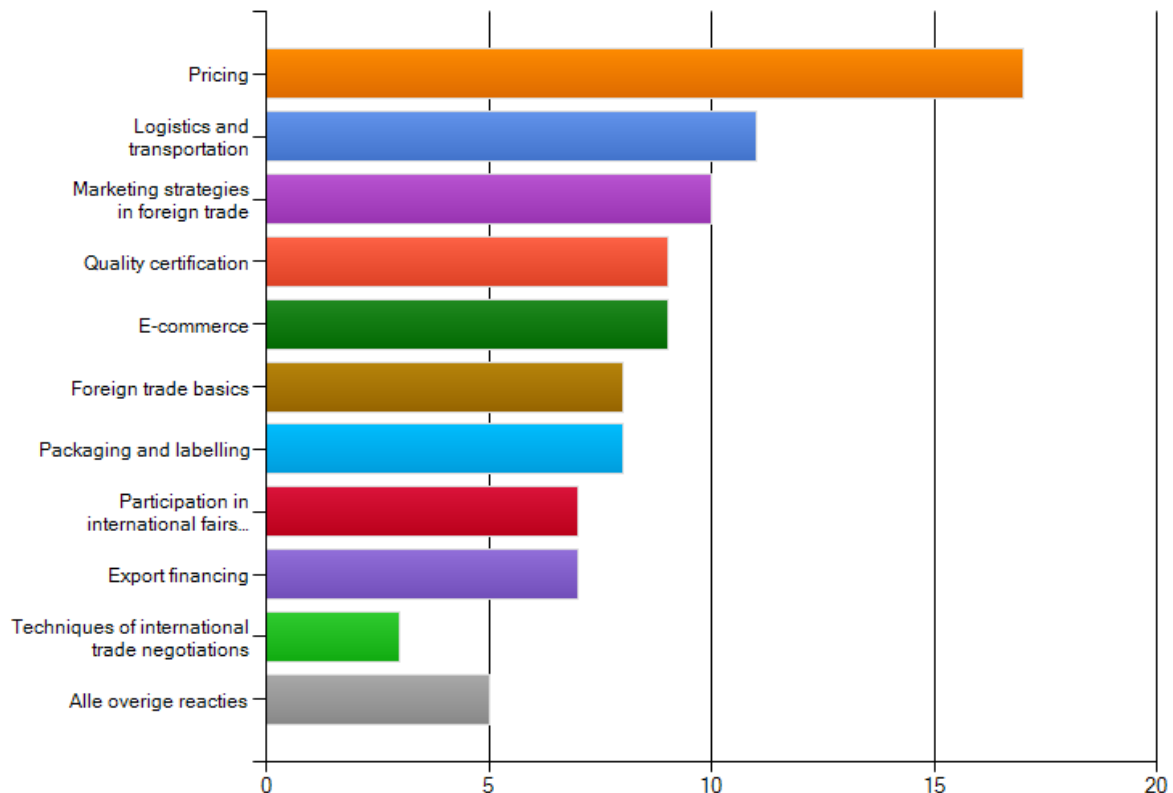
The average turnover of the companies is between 250,00-500,000 euro. They often have competitors in the region, either small or large companies. Almost all the companies export to the EU and also a significant portion exports to the US. All employees speak English and almost half of the companies have employees that speak German. 10% of the respondents export more than 90% of their production. Most export 30% or less though. Most companies export their products directly to wholesalers abroad. More than half the companies has a separate export unit. This is much larger than the number of companies that has a separate ICT unit.

The Greek companies train their employees more often than the companies from the other countries in this survey. Almost 70% of the respondents answered that they offer training on export at least one a year. They also participate in international fairs quite often.

33% of the companies do not have their own website. This figure is much higher than in the other countries in this questionnaire. Almost 60% use E-commerce activities though, a figure much higher than in the other countries.

The Greek companies are very interested in Pricing as a part of their export training. Logistics and transportation are also indicated as very important subjects in this matter. A reason for this probably is that Greece is more remotely located to other countries than the other countries in this questionnaire. Often they will need multi-modal transport to export their products.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?



4.6 The Netherlands

The respondent companies from The Netherlands came from many different sectors. Most were active in the sectors Manufacture of food products, beverages and tobacco, Construction, Manufacture of transport equipment and Manufacture of electrical and optical equipment.

Almost half of the companies were established before 1980. The other half between 1996-2010. Most companies have a maximum of 19 employees but there were also a few companies with employees of 200 or more. Most have a small administrative staff. Most companies had an annual turnover of more than 2,500,000. Most companies export less than 40% of their production. The export usually goes directly to wholesalers abroad.

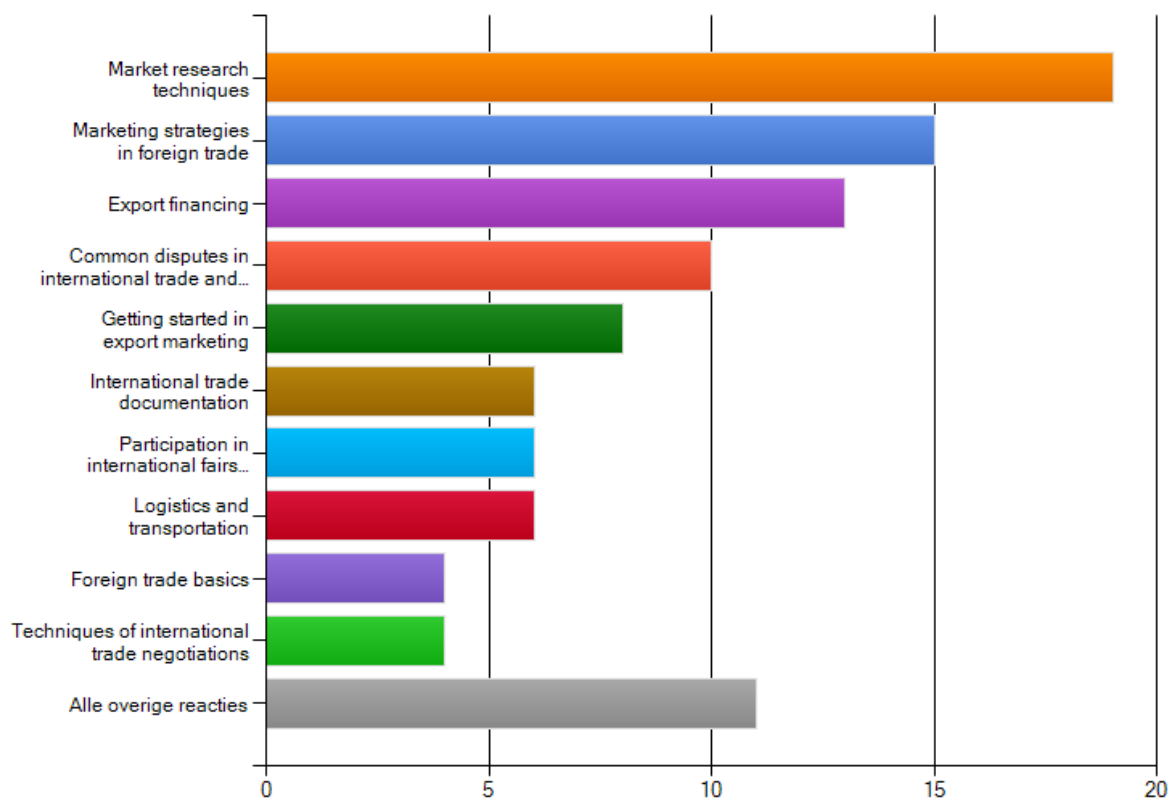
The major competitors are mostly transnational companies operating in The Netherlands. This differs from the respondents from the other countries. All the respondent companies export their products to countries in the EU, 15% also export to the US. The Dutch employees speak many foreign languages, all employees speak English but a many speak also French or German.

Almost none of the companies has a separate export unit nor an ICT unit. All the companies do have a reliable internet connection and a website. Almost none of the companies perform E-commerce activities.

A little over 50% of the companies does not provide training in the field of exports. The companies that do don't do this more than once or twice a year. Most of the companies indicated that they would prefer to be trained by independent consultants or private vocational training companies.

The Dutch companies are mostly interested in Market research techniques and Market strategies in foreign trade. Export financing and common disputes in international trade were also mentioned often.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?

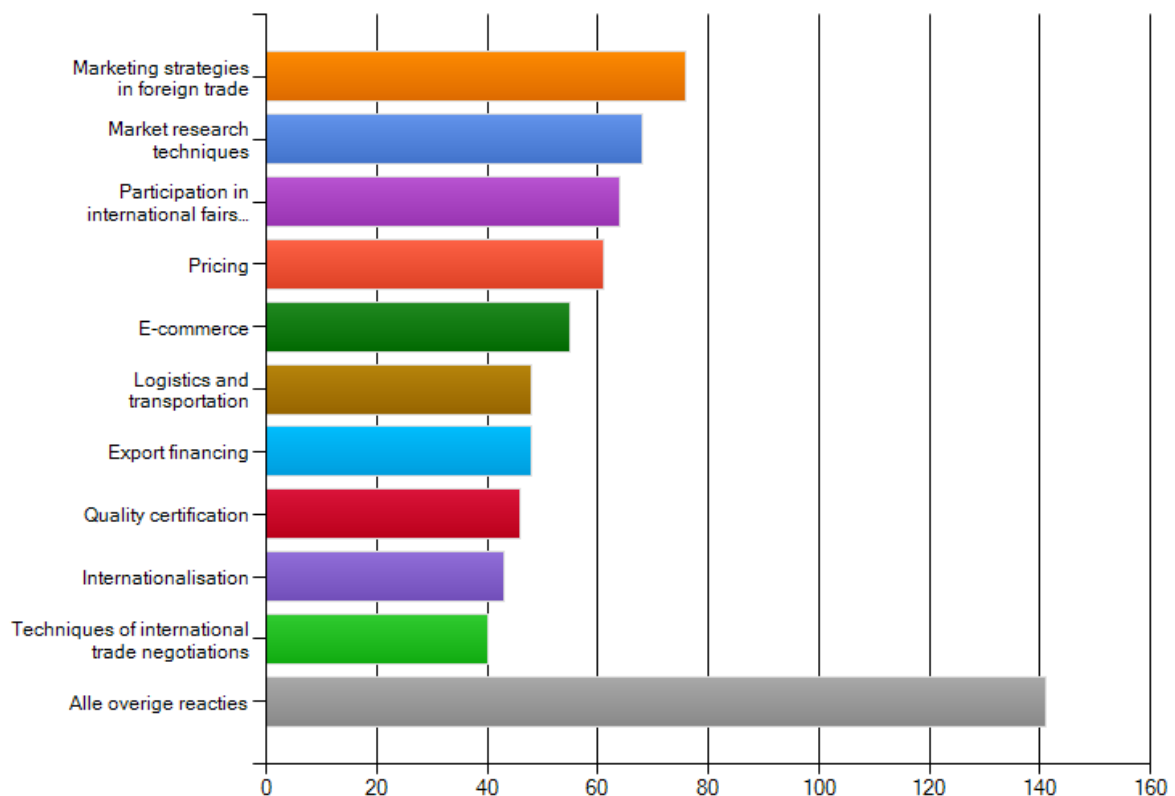


4. Recommendations for development of training materials

In the figure below are the results from the question which areas the companies considered most important to improve their export performance. A very varied picture is given here about what the companies feel is important to improve. The figure shows that almost 80 respondents (more than 50%) feel that marketing strategies in foreign trade is an important area to develop more knowledge about. Market research techniques also score very high. Next to this is Participation in international fairs.

The conclusion can be drawn from this questionnaire that many companies feel the need to receive more training in the field of Marketing, whether this would be strategies or research techniques. They want to gain knowledge about how to market their products in other countries and what they have to take into account when they take the first steps on the international market.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?



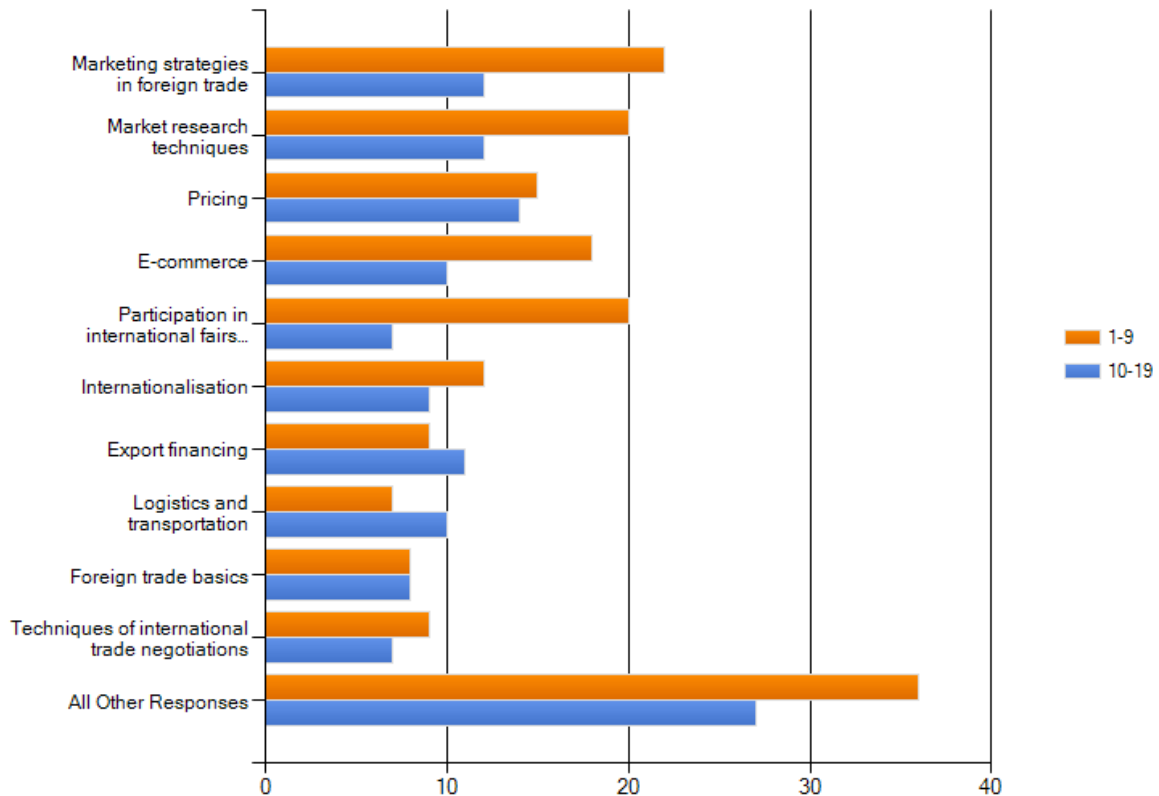
We would suggest developing training materials that focus specifically on improving the knowledge of SMEs in the field of marketing strategies and market research techniques. We feel this can be combined with the third most indicated topic namely Participation in international fairs. The need for training in the field of marketing corresponds with the need for training regarding participation in international fairs. Participating in international fairs is a costly matter for SMEs and it seems that many of the interviewed SMEs do not see the benefits in participating yet when looking at the small percentage that undertakes this activity on a regular basis. This might also be due to the fact that they do not have enough knowledge about marketing and thus how to present themselves at an international fair.

A very varied group of companies has been interviewed to make this needs analysis. Both small (between 1 and 9 employees) and larger SMEs (over 100 employees) have been interviewed with very varied levels of annual turnover. The outcome corresponds with the fact that most interviewed companies (88%) have already made some (small) steps on the export market. It seems logical that they would want to learn more about how to market their products in different countries and how they can represent themselves best in

other countries. The first steps on how to get started with export marketing, prices, logistics etc. have already been taken for some small part.

When looking at the topics of interest for the smallest SMEs that were interviewed it is noticeable that these correspond to the overall group. For the smallest SMEs (between 1-19 employees) it seems to be most interesting to gain knowledge about marketing strategies and techniques. A third place here is also for Participation in international fairs.

What are the top 5 thematic areas you consider most important to improve the export performance of your company?



For the smallest SMEs (between 1-9 employees) it is most likely that the responsibility for marketing lies with the owner/director of the company himself. The larger SMEs (with over 20 employees) will most likely have (a) person(s) in charge of marketing for their company.

Most of the respondents have indicated that they would like to receive training from independent consultants or private vocational training companies.

We feel that the outcome of this needs analysis can be representative for SMEs in Europe and that it would be very useful for European SMEs that want to develop better export strategies.

Annex A: Results from the desk research analysis in Italy

A.1 Overall structure of Exports in Italy

The main highlights in this section are:

- The structure of exports has been relatively stable over time despite recent changes. Machinery remains the most important export product, Europe the main destination market.
- There are signs of potential export competitiveness recovery in some sectors (notably mechanical engineering).
- Exporters in the fastest growing export sectors were able to raise unit values while increasing their volume market share. It is likely that in such sectors product quality

The ratio of Italian exports to GDP is comparable to many developed Countries despite Market shares have declined over time. Much of this decline reflects the changing importance in international trade of emerging market economies, especially China, which have increased their share in world trade. The decline in export shares was however stronger than for the main Eurozone competitors, including Germany and Spain. Export composition is heavily tilted in favour of manufactured goods. Exports of goods have a quite high weight in a few medium-tech sectors, such as mechanical engineering, transportation equipment, metals and chemicals. Exports are also concentrated on more labour-intensive production sectors such as food and beverages, textiles and wearing apparel, leather and footwear, and tiles and ceramics; this is the backbone of the Italian small and medium enterprise (SME) specialization. Machinery is the most important export product, Europe the main destination market. Export concentration by sector is very high. Slightly more than 20% of total exports of goods are generated by the mechanical engineering sector. The five largest exporting sectors – mainly belonging to the investment goods industry – cover about 62% of the total, with four of them having a weight of over 10%. Destination markets are still mostly within Europe:

55% of exports are directed to EU-27 countries and almost 73% to European countries (including Russia). Only about 10% of export demand stems from central and eastern Asian and Latin American countries: the most dynamic markets in the last decade. Mechanical engineering is the only sector with a relatively important share of export directed to the Middle East and Asian markets.

Trade (value in million Euros)

	2004	2005	2006	2007	2008	2009	2010	2011
Export Italy	284.413	299.923	332.013	364.744	369.016	291.733	337.346	375.850
<i>difference % Vs. past year</i>	7,5	5,5	10,7	9,9	1,2	-20,9	15,6	11,4
Import Italy	285.634	309.292	352.465	373.340	382.050	297.609	367.390	400.480
<i>difference % Vs. past year</i>	8,6	8,3	14	5,9	2,3	-22,1	23,4	9
Total trade value Italy	570.048	609.215	684.478	738.084	751.066	589.342	704.736	776.329
<i>difference % Vs. past year</i>	8	6,9	12,4	7,8	1,8	-21,5	19,6	10,2
Balance	-1.221	-9.369	-20.452	-8.596	-13.035	-5.876	-30.044	-24.630
<i>difference % Vs. past year</i>	-2.839	-8.148	-11.083	11.856	-4.439	7.159	-24.168	5.413

(*) data 2011 not definitive

Source: elaborazioni Osservatorio Economico Ministero Sviluppo Economico su dati Istat

Main countries to which Italy exports

Pos.	Country	2007		2008		2009		2010		2011	
		mln euro	peso %	mln euro	peso %	mln euro	peso %	mln euro	peso %	mln euro	peso %
1	Germany	47.254	13	47.110	12,8	36.942	12,7	43.867	13	49.345	13,1
2	France	41.991	11,5	41.459	11,2	33.984	11,6	39.237	11,6	43.707	11,6
3	Usa	24.254	6,6	23.028	6,2	17.099	5,9	20.329	6	22.857	6,1
4	Switzerland	13.297	3,6	14.425	3,9	13.563	4,6	15.823	4,7	20.655	5,5
5	Spain	27.369	7,5	24.123	6,5	16.680	5,7	19.595	5,8	19.885	5,3
6	United Kingdom	21.241	5,8	19.327	5,2	14.953	5,1	17.576	5,2	17.519	4,7
7	China	6.290	1,7	6.432	1,7	6.629	2,3	8.609	2,6	10.000	2,7
8	Belgium	10.751	2,9	9.931	2,7	8.032	2,8	8.678	2,6	9.749	2,6
9	Turkey	7.192	2	7.502	2	5.652	1,9	8.029	2,4	9.628	2,6
10	Poland	8.943	2,5	9.774	2,6	7.922	2,7	8.553	2,5	9.409	2,5
11	Russia	9.560	2,6	10.468	2,8	6.432	2,2	7.906	2,3	9.314	2,5
12	The Netherlands	8.658	2,4	8.678	2,4	7.111	2,4	8.368	2,5	9.117	2,4
13	Austria	8.845	2,4	8.803	2,4	6.961	2,4	8.002	2,4	8.707	2,3
14	Romania	5.990	1,6	6.220	1,7	4.213	1,4	5.191	1,5	6.044	1,6
15	Brasil	2.561	0,7	3.342	0,9	2.693	0,9	3.877	1,1	4.785	1,3
16	Greece	7.767	2,1	7.843	2,1	6.135	2,1	5.473	1,6	4.757	1,3
17	Japan	4.312	1,2	4.251	1,2	3.714	1,3	4.011	1,2	4.738	1,3
18	Saudi Arabia	4.430	1,2	5.286	1,4	3.756	1,3	3.685	1,1	4.736	1,3
19	Hong Kong	3.302	0,9	3.235	0,9	2.702	0,9	3.609	1,1	4.174	1,1
20	Czech Republic	3.922	1,1	4.066	1,1	3.004	1	3.582	1,1	4.164	1,1
21	Slovenia	3.810	1	3.981	1,1	2.861	1	3.590	1,1	3.954	1,1
22	Sweden	4.027	1,1	3.979	1,1	2.735	0,9	3.412	1	3.898	1
23	India	2.995	0,8	3.090	0,8	2.735	0,9	3.387	1	3.740	1
24	Siria	3.030	0,8	3.317	0,9	2.443	0,8	2.672	0,8	3.718	1
25	Hungary	3.725	1	3.639	1	2.478	0,8	3.075	0,9	3.516	0,9
26	Portugal	3.553	1	3.594	1	3.878	1,3	3.474	1	3.307	0,9
27	Mexico	3.423	0,9	2.827	0,8	1.758	0,6	2.559	0,8	3.235	0,9
28	Tunis	2.906	0,8	2.954	0,8	2.543	0,9	3.429	1	3.049	0,8
29	Australia	2.771	0,8	2.873	0,8	2.375	0,8	2.719	0,8	3.020	0,8
30	Algeria	1.848	0,5	3.013	0,8	2.587	0,9	2.871	0,9	3.018	0,8

Main products exported from Italy. Ranking on the basis of the year 2011

	Products	2007		2008		2009		2010		2011	
		mln euro	peso %	mln euro	peso %	mln euro	peso %	mln euro	peso %	mln euro	peso %
1	Machinery for general use	19.904	5,5	21.041	5,7	17.640	6	19.132	5,7	21.081	5,6
2	Other special purpose machinery	20.344	5,6	20.045	5,4	14.587	5	16.442	4,9	18.964	5
3	CK282-Other general purpose machinery	18.986	5,2	19.507	5,3	15.450	5,3	16.586	4,9	18.825	5
4	Products derived from petroleum refining	13.050	3,6	15.305	4,1	9.222	3,2	14.674	4,3	16.605	4,4
5	articles of clothing, excluding the clothing of fur	13.637	3,7	13.863	3,8	11.325	3,9	12.195	3,6	13.600	3,6
6	base chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber products	11.893	3,3	11.889	3,2	9.139	3,1	12.198	3,6	13.442	3,6
7	Drugs and pharmaceutical products	10.429	2,9	10.328	2,8	10.535	3,6	12.180	3,6	13.389	3,6
8	Precious metal products and other non-ferrous products	7.072	1,9	6.694	1,8	6.050	2,1	8.561	2,5	12.678	3,4
9	cars	15.652	4,3	14.725	4	9.787	3,4	11.719	3,5	12.586	3,3
10	Parts and accessories for cars and other motor vehicles	12.011	3,3	11.971	3,2	8.012	2,7	10.375	3,1	11.806	3,1
11	Plastic products	9.660	2,6	9.457	2,6	7.926	2,7	9.187	2,7	9.898	2,6
12	Ferrous products	9.516	2,6	10.238	2,8	5.155	1,8	7.387	2,2	9.360	2,5
13	Other metallic products	9.750	2,7	9.805	2,7	7.236	2,5	8.249	2,4	9.218	2,5
14	Furniture	9.591	2,6	9.320	2,5	7.285	2,5	7.761	2,3	8.061	2,1
15	Footwear	7.482	2,1	7.300	2	6.142	2,1	6.932	2,1	7.814	2,1

The global economic crisis hit the Italian economy more severely than other developed countries, due to long-standing structural problems limiting its efficiency and growth. The fall of gross domestic product (GDP) has been greater than in the rest of the OECD, and its recovery appears slower, even in comparison to the other members of the euro area. The resulting employment loss was initially milder than in the OECD average, but only in terms of number of persons. Total hours worked recorded a sharp decline, reflecting the need of firms to reduce labour input in response to the collapse of demand. Even if the official unemployment rate is still below the OECD average, this is mostly the result of a very large proportion of discouraged workers in the labour force. The employment rate, which had risen substantially before the crisis, remains considerably lower than in other developed countries. The growth of the Italian economy has been lagging behind the rest of the euro area in the last decade, as a result of a marked slowdown of productivity. The current account balance has gradually worsened, revealing problems of export performance more than a surge in imports. Italy's share of world exports has declined from 5% to the less of 3% in the last two decades, responding only marginally to real exchange rate fluctuations.

A substantial part of this fall is a reflection of the great success achieved by China and other emerging countries. However, Italian exports have been growing more slowly even in comparison to the average of the euro area, raising serious concerns about the competitiveness of exporting firms and their ability to adapt to the new features of international competition.

Measured in terms of export propensity and import penetration, the international openness of the Italian economy has fallen drastically in the last few years, and is now the lowest in the European Union, well below openness levels of other countries of similar size, such as France and the United Kingdom.

Yet, exposure to international competition has played a positive role in the Italian economy, promoting a process of restructuring and firm selection. As a result, a large group of medium-sized enterprises, which seem able to successfully compete in foreign markets, has emerged as a dynamic force in the Italian economy. In comparison with their industry average, these firms are more productive, more innovative and employ relatively more skilled labour. In many cases, they have emerged from the population of small enterprises operating in local production systems (*distretti industriali* or industrial districts), which have characterized Italian economic development in the last decades.

At the onset of the global crisis, aggregate data on productivity and exports were starting to show the positive signs of this restructuring process. So far, the available evidence seems to suggest that the crisis has been particularly unfortunate from this perspective, harming more severely the firms that were more dependent on foreign sales.

Around the world, Italy's famous brands such as Armani, Valentino, Versace, Benetton, Prada, FIAT, Lancia, Alfa Romeo, Maserati and Lamborghini have created a niche in the global marketplace where there is a demand for high quality and superior goods.

From the 2008 the recession strongly decreased Italy's global market share. However, the country's economy remained relatively strong and ranked 8th in the world for export volumes.

The main exported commodities include:

- Engineering products
- Textiles and clothing
- Production machinery
- Motor vehicles
- Transport equipment
- Chemicals
- Food
- Beverages and tobacco
- Minerals and non ferrous metals

Italy's main export partners are:

- German
- France
- USA
- Spain
- Switzerland
- UK
- China

A.2 National export strategies and policies

Overview of the Italian context

Italian companies have already embarked on a long path of growth and transformation in their production structure, starting and intensifying processes of internationalization, from the simplest forms to the most challenging.

The decision to undertake these processes, through the expansion of export markets or through direct investments abroad, is suggested by the fact that they help to strengthen production activities in Italy. Firms that internationalize have sales growth rate of 8.8% higher than they would had not investing abroad and obtained a rate of productivity growth by 4.9% higher without this resulting in loss of employment.

At present, there is also another argument that is decisive in order to prompt firms to internationalization. The present economic crisis and the weakness of the domestic market are forcing companies to pay more attention to opportunities given by international growth and its consolidation, by defining the most appropriate forms of direct presence in key markets.

The recovery from the crisis, though widespread in all markets, has been accomplished to varying degrees: the highest growth rates have occurred in more distant markets, achieved more easily by larger firms. In areas of specialization of Italy, such as the EU and the Mediterranean Sea, the recovery is carried out only in part, negatively affecting the performance of SMEs, more focused on these markets.

Internationalization strategies

Different strategies of internationalization are pursued, depending on the firm size. But one can observe increasing complementarities between exports and foreign direct investment in opposition to the traditional view assumes that exports and FDI strategies as substitutes.

Firms in the largest size classes tend to address towards more distant destinations in both logistical and geopolitical terms, then associated with higher risks. This evidence seems to support the argument that their organizational constraints and market knowledge may discourage small and medium enterprises from venturing in distant markets. It therefore seems likely that the decrease of these constraints to market access brought by globalization, understood as trade liberalization and reduction of tariff and non tariff barriers, to encourage small businesses to invest in distant markets.

With reference to target areas, REPRINT data seem to confirm the image of a model of horizontal off-shoring focused on overseeing markets (traditionally EU Member States and USA), even though investment in countries with low labour costs traditionally associated with vertical direct investment related to the reduction of production costs are growing a lot in percentage terms. Micro companies (up to 9 employees) and small ones (10 to 49 employees) must be pointed out that presumably assume greater importance in the international expansion strategies of the so-called "milder forms" of internationalization, such as commercial agreements or production or technical cooperation projects, involving more flexibility and lower fixed costs for the enterprise.

Markets

The EU15 represents the largest market for Italian exports, although in recent years, following the crisis, the geographical composition of exports has changed marginally affected by the driving force on the global economy of the fast-growing emerging economies of the Far East and Latin America.

The market share of Italian exports has returned to erode in the European Union. In this area, the substantial hold in the export to France and the United Kingdom was accompanied by a steady scaling process of the position of Italian goods in Germany and Spain. A negative trend in these markets shared with French exports. In non-EU, there have been widespread setbacks, although of limited extent, in almost all destinations; relatively more significant reductions involved the non-EU European

destinations (especially Russia), the Middle East and Other African countries. In contrast with these trends, the Italian share in Switzerland rose for the third consecutive year.

The trends of the early months of 2011 confirm the most positive developments of the Italian sales in markets outside the EU. There is an ongoing market diversification with particular reference to European countries outside the EU (to detect trends still favourable in Switzerland and Turkey), the United States and all Latin America and China established itself as the land of opportunity.

Trends of internationalization

Companies with fewer than 500 employees are the most involved in internationalization process; they grew from 1996 to 2005 by 160% from approximately 100,000 employees and reaching over 260,000 people in 2005. Large companies have registered a slight decrease (-18%) over the same period.

After 2000 the dynamics of the Italian Foreign investment remained positive, while the profile of investors was changing. According to Reprint database (Politecnico di Milano and ICE) small and medium enterprises are in fact willing to further increasing their relative weight in the scenario of recent Italian multinational. The medium-sized enterprises, in particular, constitute the class that gained more (two percentage points) in terms of relative share of workers employed abroad on Italian companies.

The spread of the international recovery in 2010 has stimulated the rise of Italian exports in all major markets. The increases followed the unprecedented drop experienced in 2009, but were not sufficient, in most destinations, to bring the values of sales back to pre-recession levels. The geographical composition of exports has changed marginally affected by the driving force on the global economy of the fast-growing emerging economies of the Far East and Latin America.

The diversification into an increasing number of markets reveals a degree of dynamism of firms. The presence of different markets, as well as releasing corporate results from the trends of a too limited number of trading partners, is an indicator of competitive success and sometimes allows to achieve advantages of scale related to the production, distribution and marketing of the product.

Support to internationalization by the Regional Institutions

The Lombardy Region is fairly active in the built-in support of the internationalization of enterprises located in its territory, which operate in foreign markets or are interested in issues related to internationalization. This support has led to the creation of The Lombardy POINT, which is the regional network for internationalization in Lombardy, localized in the chambers of commerce in the region and abroad.

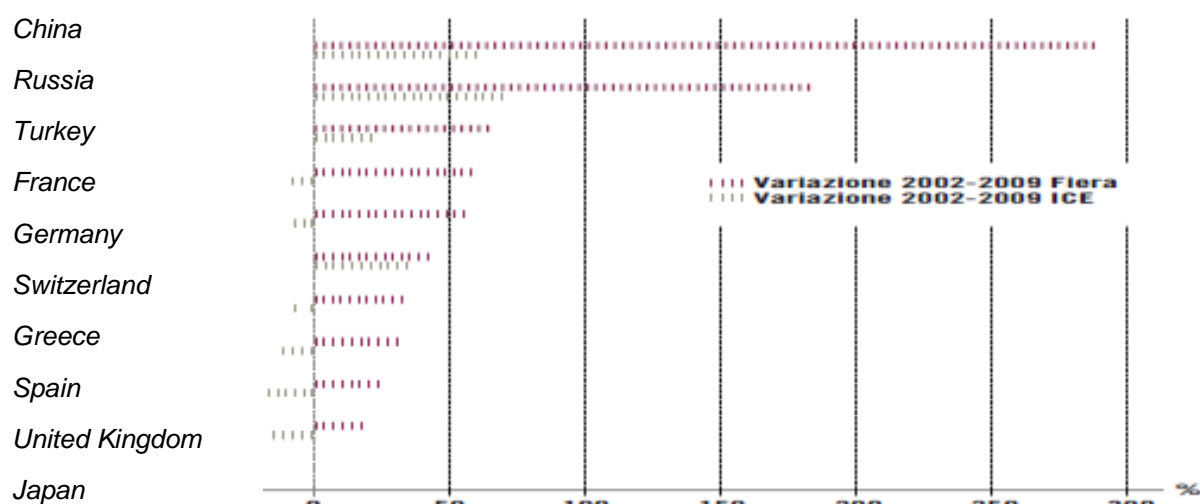
On this platform economic operators can find available the services offered by organizations supporting internationalization: Chambers of Commerce, the Lombardy Region, Ministry of Economic Development, SACE, SIMEST.

Another action fielded by the Lombardy Region to support the internationalization of its business is the Voucher grants for the purchase of consulting services and participation in international fairs and missions abroad.

Trade fairs and exhibitions

Within policies that support internationalization of companies we cannot overlook the importance of the fairs, which are the main instrument for the promotion of national products. The data show unequivocally the link between the export success of the fair countries and their intensity.

Comparison fair and export flows¹



Participation in fairs has a major impact on the creation of business partnerships, and we can observe a close correlation between the countries from which the economic operators come (Fair visitors) and those in which Italian companies export more. Venturing new markets often comes as a result of contacts occurred during trade fairs. In recent years the activities of Fiera Milano abroad has intensified a lot, through the organization of numerous exhibitions abroad, particularly in the BRIC countries, the most promising in domestic demand growth.

A.3 Major Export support and training providers

Lombardy provides important help to small and medium enterprises (SMEs) through financial grants in order to support competitiveness, to increase their investments and to decrease the investment risks to the banks.

The oldest and most used grant is focused on the Law 28 November 1965, number 1329, also known as Sabatini. It has been developed during the decades, but the core continues to be the same. It is based on a grant on the interests in order to decrease the interest rate. In Lombardy the grant is half of the interests amount made by the rate of Community Financing. It can be used only to buy new machineries.

Fondo di Rotazione per l'Imprenditoria (FRIM) is a group of instruments created to induce innovation, development, dimensional growth, enterprise move. It consists of a reduction of interest rate on a part of the financing (35% with a tax rate of 0,5%, 35% with a tax rate of 1,5% and 30% is decided by the bank).

Fondo artigiano is addressed to the handicraft business and it is a group of important and good measures for concessional credit, investments and financial assistance. Other important financial helps are tax breaks for R&D activities on two national taxes: IRES (which is a corporate tax) and IRAP (which is a regional tax on productive activities). There is the possibility to have a tax credit with the IRES, whereas, in the case of IRAP, firms have a tax reduction. Reduction of interests rate for business internationalization is provided by Lombardy and mainly by the state. Taxes in Lombardy are 40% higher than the national average. In the last years taxes were about 1.576€ per inhabitant. The administrative division underlines how the tax burden is focused on the regional (825 €) and municipal level (346 €), whereas provinces have a small role with only 77 €.

¹ Source: Studies and Strategies – Fondazione Fiera Milano elaborations based on ICE data

REGIONAL GROSS PRODUCT AND REGIONAL GROSS PRODUCT PER PERSON 2000/2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Regional gross revenues (Million/euro)	246.700,0	259.431,0	270.653,3	279.450,4	289.334,1	293.905,8	305.550,4	320.620,9	326.130,5
Regional gross revenues/person (Million/euro)	27.452,2	28.765,6	29.836,9	30.448,8	31.044,8	31.153,6	32.126,7	33.419,2	33.647,7

A.4 Available studies on SMEs training needs

The internationalization process represents a difficult challenge that results in a substantial increase in the complexity of the management, to meet which it becomes necessary to strengthen the management structure and to improve the management skills. Not all businesses are therefore able to switch from local to international. The internationalization of trade and production seems to depend first on the ability of companies to adapt to the context in which they operate.

The shortage of qualified human resources to manage the internationalization processes can hamper the successful outcome of internationalization process. It is therefore important to enhance the positive link between the skills of top management and the ability of firms to internationalize, through a proper training of managers. It needs to be stressed that skills required to traditional managers, and therefore the resulting training needs, differ greatly from those required to managers in charge for the process of internationalization. This requires a specific training.

The Italian entrepreneurial system is characterized by a pattern of business run by small family logic and therefore there is reluctance to hire managers from outside the property, feeding the risk of not having access to the skills necessary to support the processes of internationalization.

Not surprisingly, the degree of internationalization tends to decrease up to become marginal decline in micro enterprises. Other obstacles to the internationalization are represented by the limited availability of staff to travel and the lack of knowledge of foreign languages.

Italian SMEs frequently resort to outsourcing of services related to internationalization that, being still low volume, along with a small company structure, does not justify the creation of a dedicated function within the company.

Faced with the choice of the mode best suited to train the personnel involved in processes of internationalization, SMEs Lombard favour the use of coaching. Instead, classroom training assumes a certain importance in larger companies. This choice does not seem to be suggested by the lack of time or of resources. It is rather as a conscious choice linked with the type of company organization, often family-based, where the functions relating to the internationalization of companies are run directly the family management.

The main training need in terms of skills development for Italian managers working abroad is the development of language skills. SMEs need courses to foster knowledge of languages necessary for international development, considering both English and local languages of the country where the company operates or intends to operate. The lack of knowledge of languages is widespread in

Lombardy companies, slowing the process of internationalization, especially where knowledge of local languages is most necessary.

The second training gap relates to the knowledge of foreign markets where the company has underway or will develop internationalization processes. There may be important structural differences among the countries of origin and destination. The knowledge of the target market is a prerequisite for a successful outcome of a process of internationalization, both with the aim to successfully sell products or in order to choose carefully the foreign country in which to place the production relocated.

Therefore, knowledge of foreign markets – in terms of supply chain processes, consumer preferences, key features of competitors and potential entrants in the market – is critical to access in the absence of which the process of internationalization is likely not to take off. The need to learn the characteristics of the market is as a complement to a good degree of knowledge of local culture. Major adherence to the local culture allows exporters to better respond to customer needs break down the cultural barrier and lead the company towards a successful positioning.

Further, it is required to know the laws that govern the international trading activities, even though companies rely on specialized consulting companies, renouncing to develop these skills internally. Finally, good communication skills are required and a spirit of adaptation to a different context from the Italian.

The joint use of two languages during classroom training is preferable, since it allows the achievement of two objectives: first, to limit any obstacles to a full understanding of the linguistic content, and secondly to increase the familiarity with the foreign language, as seen previously, is an educational need of greater consistency.

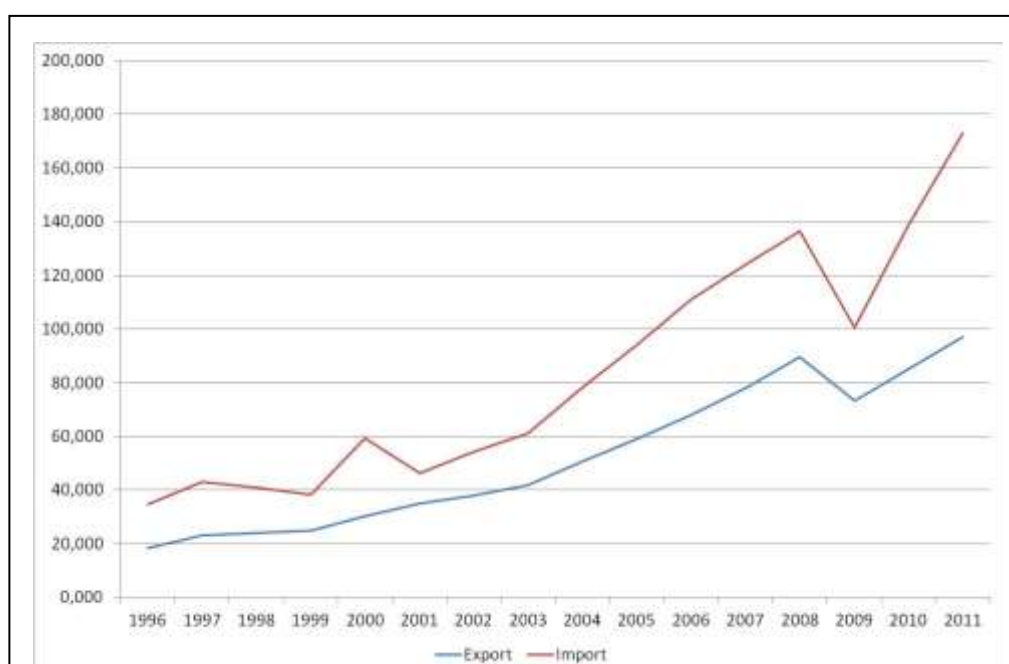
Annex B: Results from the desk research analysis in Turkey

B1. Overall Structure of Exports

Overall Profile

Since the 1980's, Turkish Governments have given priority to implementing export oriented economic policies. Especially after the 2001 economic crisis, with the implementation of the stabilization and structural reform program, the ties between Turkey and the global economy have increased rapidly and the positive trend of the world economy has also contributed to the emergence of this picture as well. As seen in the chart below, after 2001, the export volume followed a trend of rapid growth until 2008. The average annual growth rate of export volume increased from 11% in 1996-2000 to 15% in 2000-2008 period. After an 18% decrease happened in 2009, it recovers itself with a 16% increase in 2010 and 14% increase in 2011. On the other hand, average annual growth rate of imports increased with higher percentages compared to exports in 2010 and 2011 which is 38% and 25% respectively.

Chart 1. Annual Volume of Exports and Imports in Turkey (Billion €)

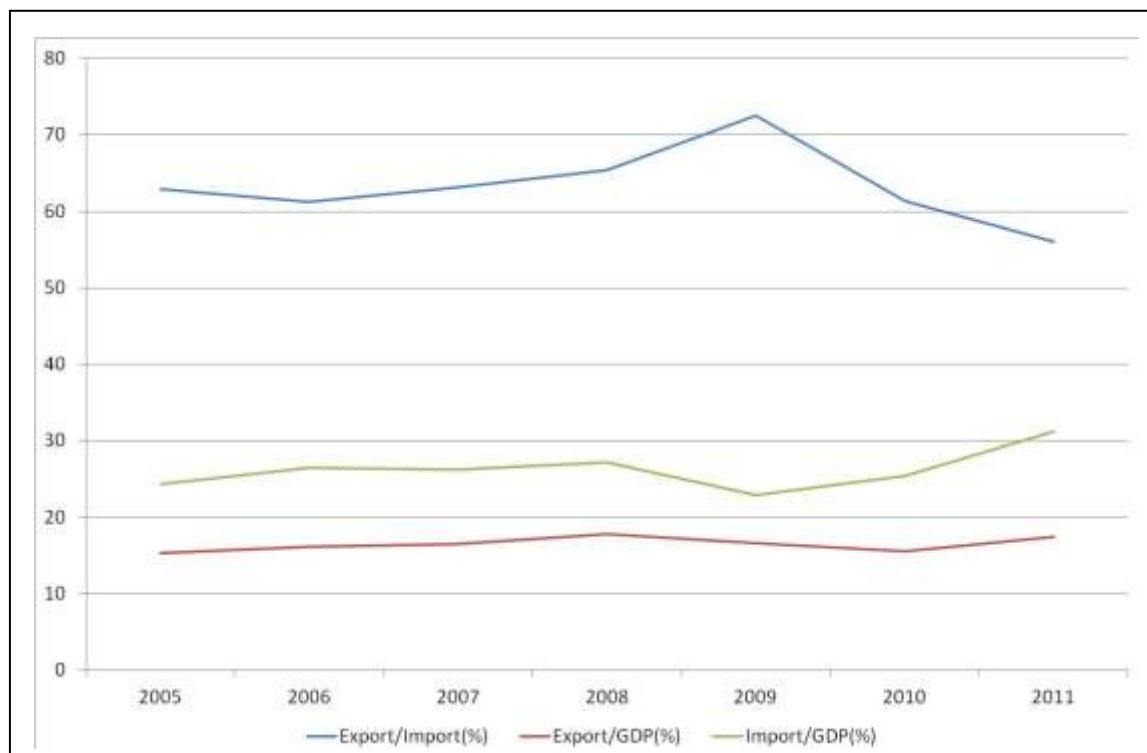


Source: Turkish Statistical Institute (Turkstat)

The recent global financial crisis started to show its effects in mid-2007 and continued to affect the Turkish economy until the end of 2009. The extent of the financial crisis was so severe that, it has spilled from the financial markets to real economy, including international trade. While the export volume was still increasing until mid-2008, it decreased from an average of 30% between 2002 and 2008 to -29% in the period between 2008-2009 and consequently a lower export volume has been observed in 2009 which is the same as the volume achieved 2006. The annual growth rate of exports started to increase again in 2010 and it peaked in 2011 with a volume of € 97 billion. The growth rate of import volume decreased rapidly after mid-2008 as well, with an average of 31% between 2002-2008 to -43% in the period 2008-2009. An increasing trend has been observed in the volume of imports after 2009 and it increased up to € 173 billion in 2011 with an average annual growth rate of 24% in the period 2009-2011.

Even though a period of thirty years has passed since Turkey applied the export-oriented growth model, it could not bring up the export propensity; in other words the share of exports in GDP to the desired level, to the OECD average of 25%. Despite the implementation of various export promotion policies in Turkey, exports/GDP ratio of 15, 3% in 2005 could only be increased to 17,5% by the end 2011.

Chart 2. Compensation Rate of Imports by Exports, Share of Exports and Imports in GDP, and Export/Import Ratio



The share of imports in GDP has shown a stable increase throughout the years, apart from the period of financial crisis in 2008. The Turkish manufacturing industry is highly dependent on imports; and without imported goods, value added goods generated by manufacturing industry would fall short. Therefore it can be concluded that there is a significant correlation between GDP growth and import growth.

Recently, the foreign trade deficit of Turkey has become a serious issue and a risk factor for the Turkish economy. The foreign trade deficit continues to increase since 2009. The compensation rate of imports to exports has decreased from 73% in 2009 to 56% in 2011. The share of imports in GDP has displayed an increasing trend in the same period. As it can be seen from the chart above, while the share of imports in GDP was 24.3% in 2005, it reached to 31.2% in 2011.

Even though Turkey has been ranked as 33rd in the global ranking of total merchandise exports at the year 2010, it is the 93rd country in terms of exports per capita. The high difference between these rankings can be attributed to the high population of Turkey. However, with an annual average growth rate of 13% in export per capita in the 2002-2011 period, if the crisis period is not taken into consideration, Turkey has a potential to advance to higher positions. Highest amount of export per capita has been achieved in 2011 as €1.316 as indicated in the chart below and it is expected to increase further in the upcoming years with a higher annual rate of export growth.

Chart 8. Development of Export Per Capita in Turkey(€)

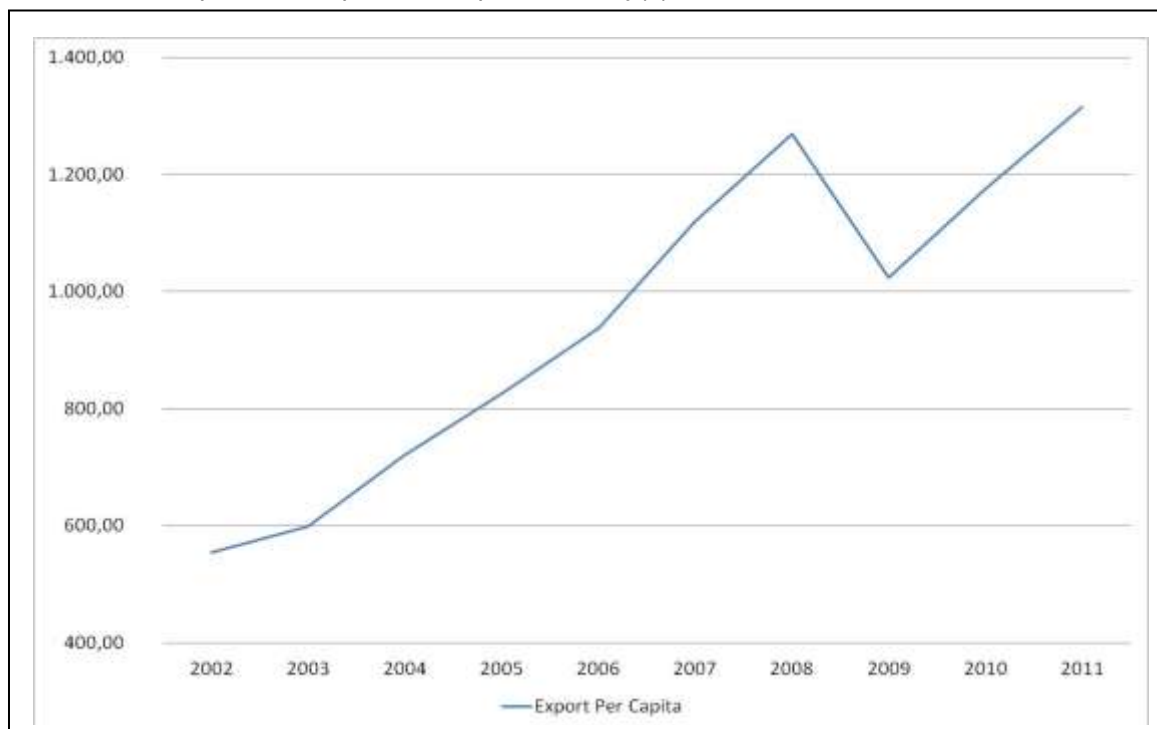
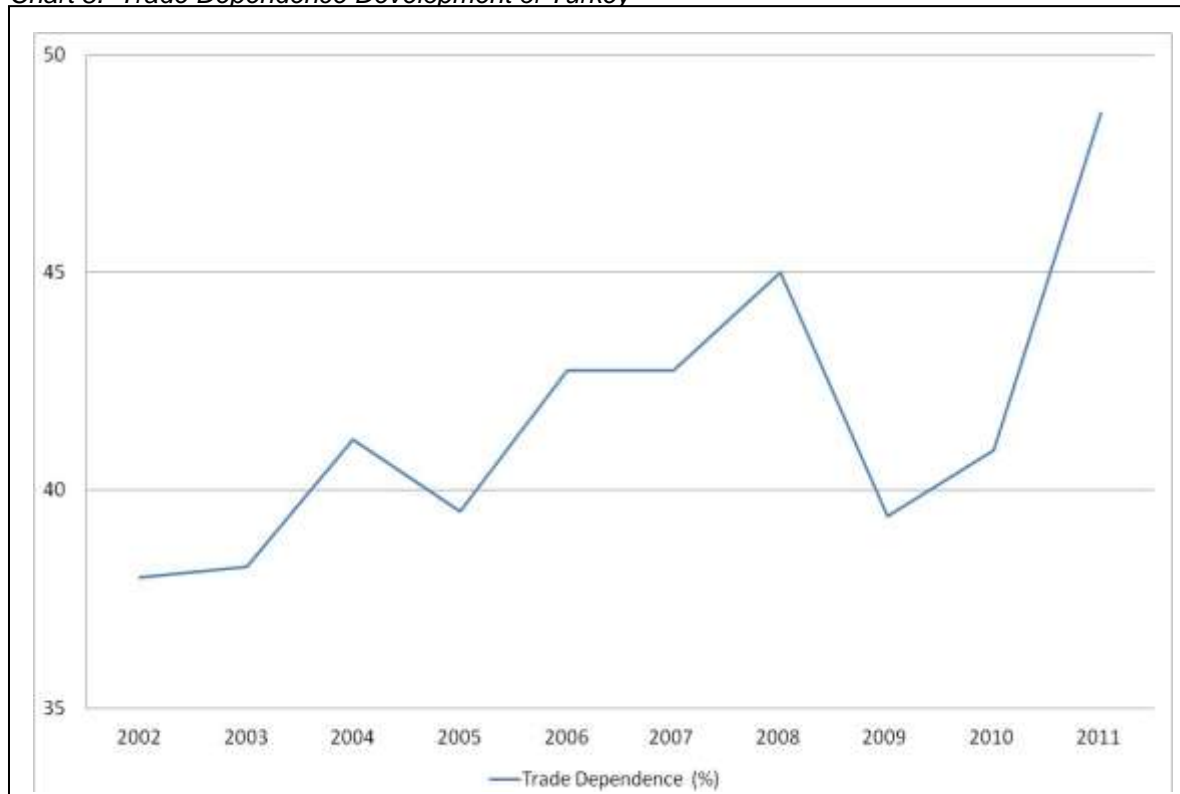


Chart 8. Trade Dependence Development of Turkey



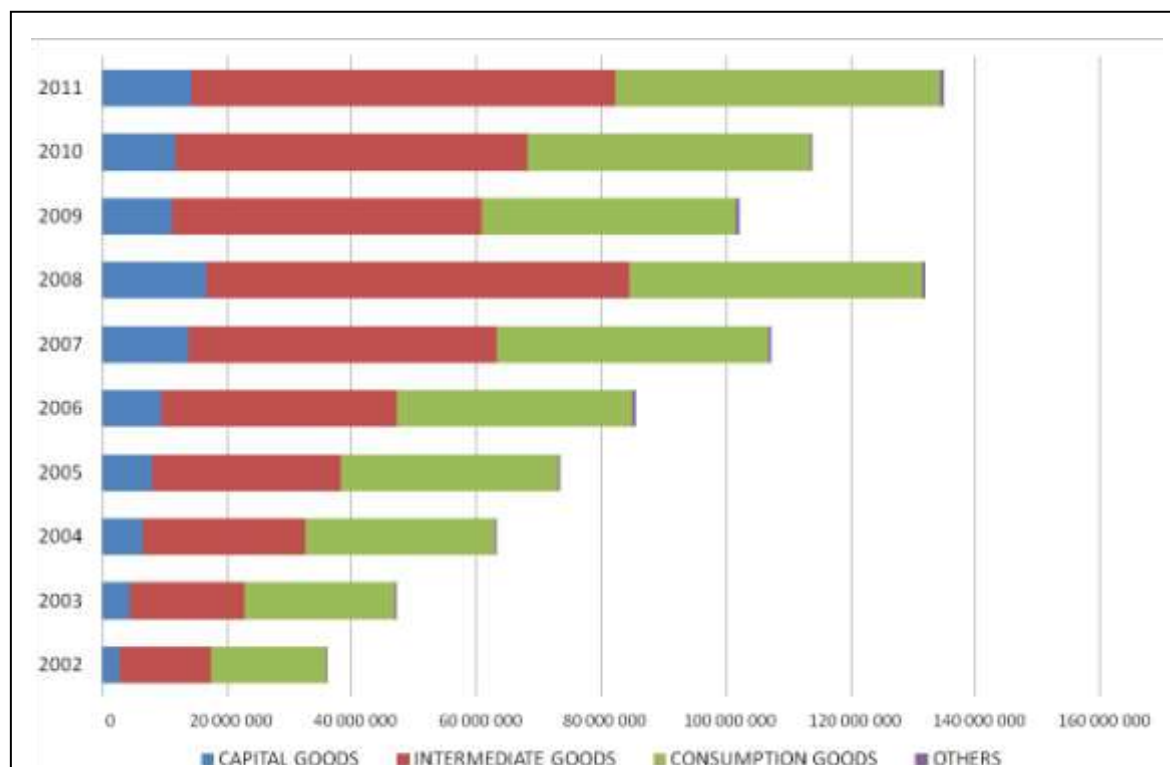
Source: Turkstat

Trade dependency is an important indicator of the openness of an economy and it is calculated as the ratio of total trade (imports plus exports) to the Gross Domestic Production (GDP). According to the recent research about trade dependency of 75 countries with free economies, Turkey has been ranked 51st. This ranking represents that the Turkish economy is still not enough open. However, with the acceleration in the liberalization of Turkey in the recent years, the share of international trade in

the GDP has increased to 49%, in a rate of 16% in 2011; which figure has significantly exceeds the average annual growth rate of 2% between 2002 and 2010.

Exports by Product Groups

Chart 3. Exports Volume According to Broad Economic Categories (BEC) (000\$)



Source: Turkstat

As it can be seen in the above chart, export of intermediate goods has been lower than that of consumer goods until 2006 and the volume of these two groups was equal in 2006. The volume of export of intermediate goods continued with a constant increase in the period between 2006 and 2008; which was about \$14 billion in 2002; and it reached \$67,7 billion in 2008 with an average annual growth rate of 22% in the period between 2002 and 2008. This trend has changed after the 2008 crisis and the annual growth rate decreased to -36% in 2009. The volume of intermediate goods exports has started to increase again in 2010 and has reached its maximum in 2011 with a volume of \$67,9 billion.

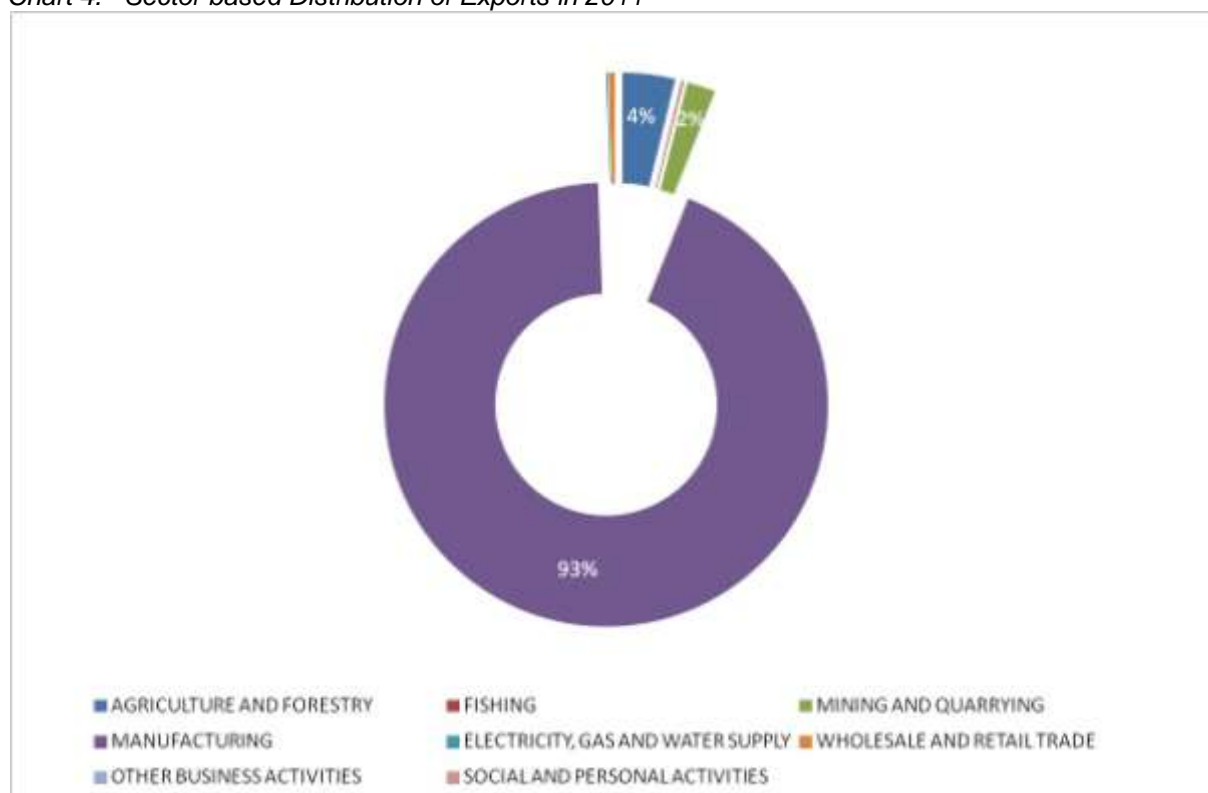
The export of consumer goods followed a relatively lower average annual growth rate which was 14% in the period between 2002 and 2008. With a 15% decrease in the growth rate in 2009, the average annual growth rate in the export of consumer goods regressed to 10%. However, the volume of exports of consumer goods has started to increase in 2010 as well, and has reached its maximum in 2010 with a volume of \$52,3 billion.

The volume of the export of capital goods was very low before 2002. However, this volume displayed an average increase of 25% between 2002 and 2008 and it has reached \$16,7 billion in 2008. This category of exports seems to be highly affected by the 2008 crisis and the annual growth rate of export of capital goods decreased to -50% in 2009. Even though, the annual volume has started to increase after 2008, it could only reach \$14,2 billion in 2011.

The parallel increase in the Turkish foreign trade and global trade after the 2008 crisis has created a considerable impact on the Turkish economy to capture a new fast-paced growth process. The ability of Turkish exporters to continue adapting to the main export markets and product groups during the crisis resulted in a rapid increase in exports in the period shortly after the crisis and the total export volume reached to \$135 billion in 2011.

Sector distribution of Exports

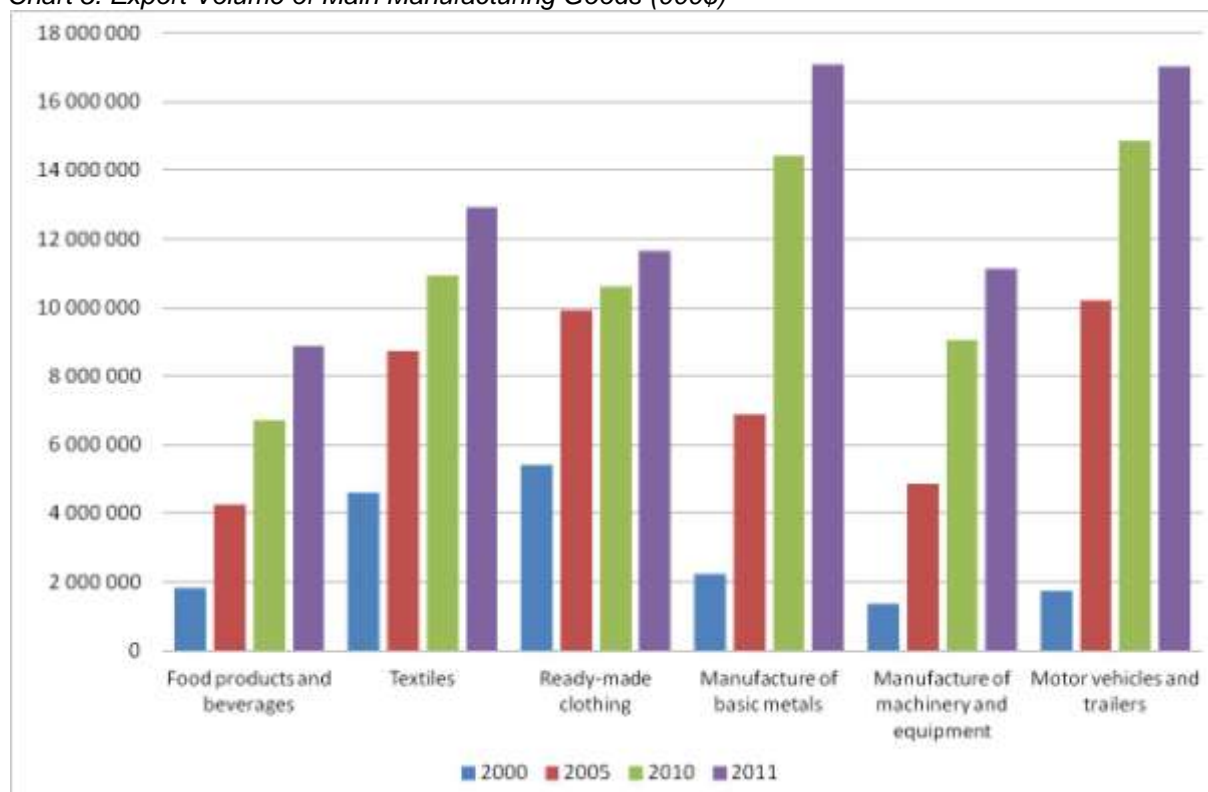
Chart 4. Sector based Distribution of Exports in 2011



Source: Turkstat

The largest part of exports consists of manufacturing goods with a volume of \$126 billion equalling to a share of 93% in total exports in 2011. The highest volume in the export of manufacturing goods was achieved in 2011 proving once again that Turkish exports gained strength right after the crisis. Because the sector was significantly affected by the crisis in 2009, its growth rate decreased by 31% in the period between 2008 and 2009. Exports of other sectors have very low volumes and the shares of these sectors are; agriculture and forestry with 4%; mining and quarrying with 2%; wholesale and retail trade with 1%; and fishing and electricity, gas and water supply with under 1%. The majority of these sectors were not affected by the crisis; the contraction in exports was because of the decrease in the volume of the export of manufacturing goods.

Chart 5. Export Volume of Main Manufacturing Goods (000\$)



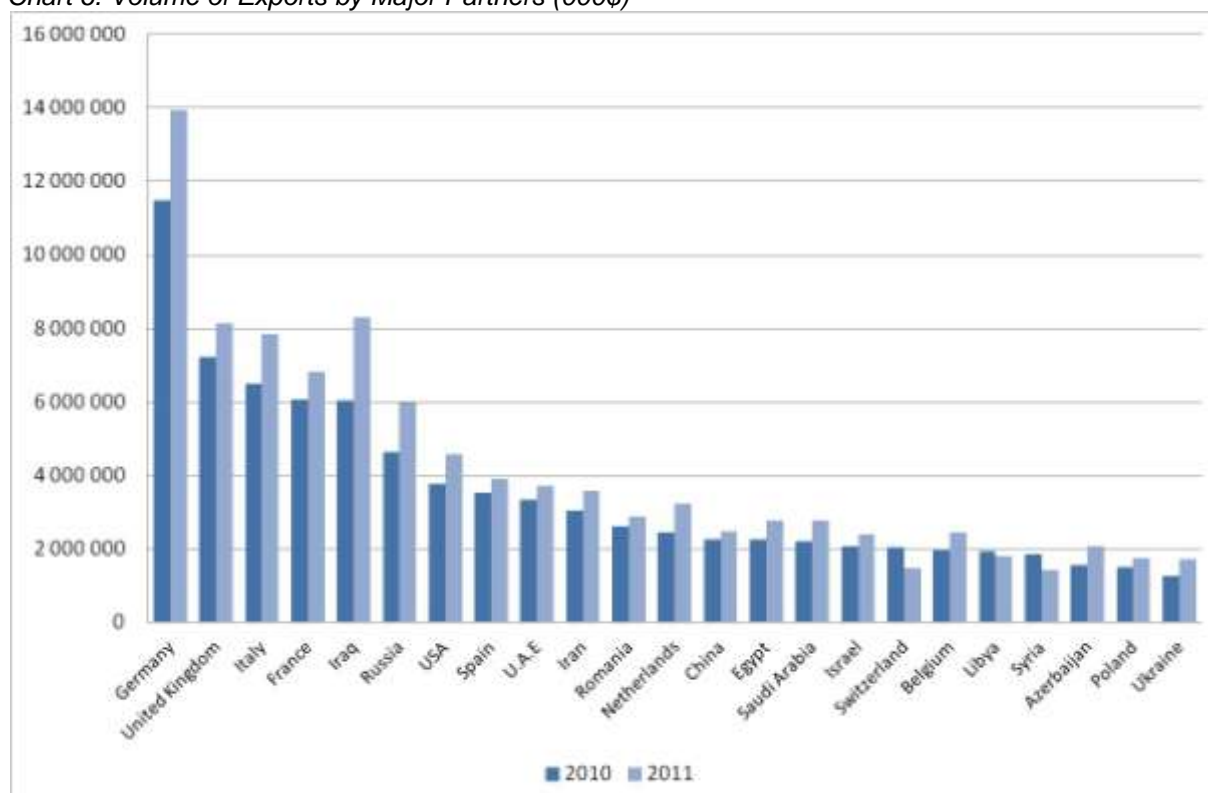
Source: Turkstat

There are six main groups of exported goods within the manufacturing goods. Among these groups, basic metals and automotive have the highest share. As indicated on the chart above, basic metals had the highest share in 2011 with \$17,08 billion and its annual rate of growth was 13% in 2011. The second share was that of the automotive group with a share of \$17,04 billion and an annual growth rate of 16% in 2011. The increase rate in the export of the food, textile and clothing sector has been slower compared to the increase in the volumes of basic metals, machinery, equipment, and motor vehicles. This indicates that the composition of Turkish exports is changing from medium-low technology goods to medium-high technology goods. It is apparent that while the medium-low technology goods such as textile and ready-made clothing has constituted a large portion of the exports in 2000, medium-high technology goods such as machinery and equipment and motor vehicles has constituted the majority of Turkish exports in 2011.

Historically, export of textiles has been the cornerstone of Turkish exports. However, with the recent concentration on medium and high technology goods, the shares of textiles together with ready clothing in export has decreased through the years. The total share of textiles and ready clothing in exports was 39% in 2000 and with a gradual decrease, it has decreased to 19,5% in 2011.

Exports by Countries and Country Groups

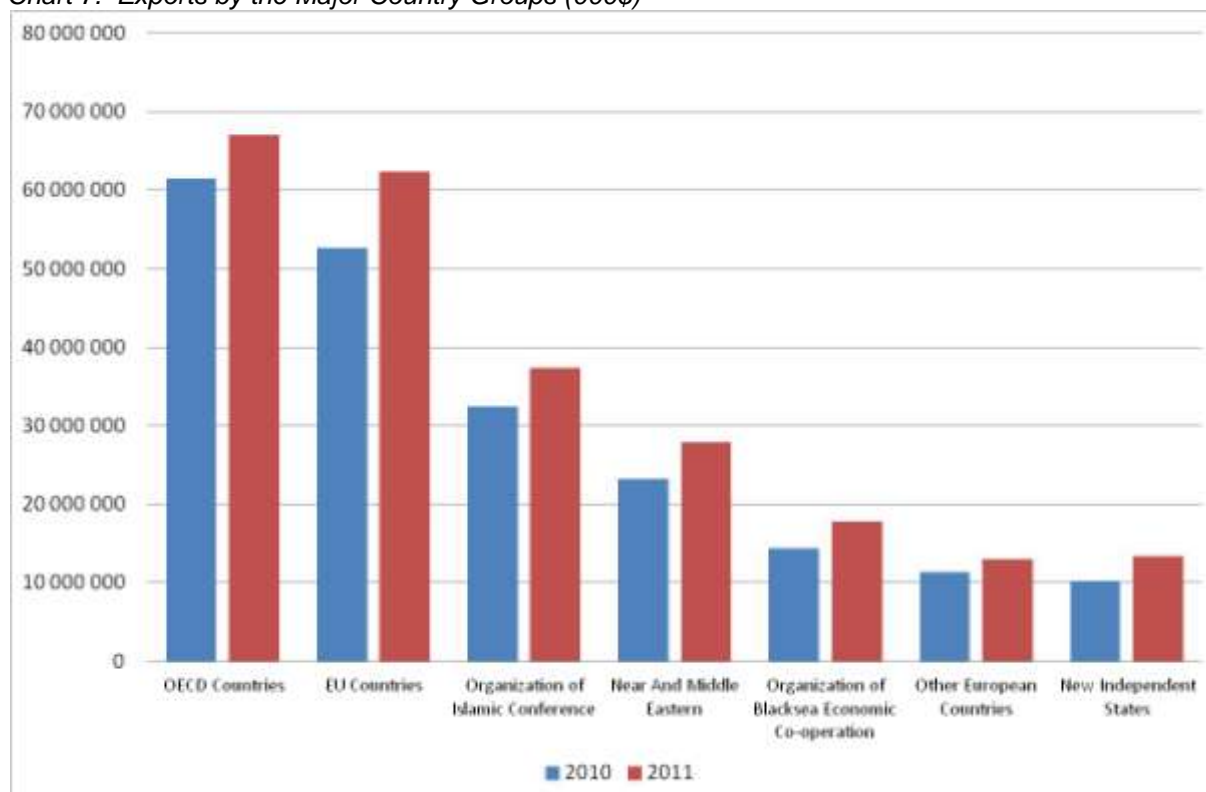
Chart 6. Volume of Exports by Major Partners (000\$)



Source: Turkstat

As Turkey's major export partner, Germany has the highest share in the total export volume of Turkey. Turkish exports to Germany have increased constantly since the unification of East and West Germany and reached to almost \$14 billion in 2011 with a share of 10% in the total exports, as indicated on the chart above. Other important partners and their shares are; United Kingdom with 6%, Italy with 5,8%, France with 5%, Iraq with 6% and Russia with 4,4% in 2011 exports. The most striking increase in volume of exports to these countries has been recognized in Iraq in 2011. The share of Iraq exports has increased to 6% in 2011 which was 5,3% in 2010. Decreasing shares have been observed in three partners which are Switzerland, Libya and Syria.

Chart 7. Exports by the Major Country Groups (000\$)



Source: Turkstat

The geographical region concentration of Turkey's export is one of the major issues in foreign trade, which the Turkish government is trying to overcome. Although Turkey is diversifying its exports steadily after 1980's by the implementation of liberalizing and supporting policies, it is not sufficient and will need time.

OECD is the most important market for Turkish exports. In particular, the European Union (EU-27) members is a country group that has a major share in Turkish exports. As it can be seen from the chart above, the volume of exports to OECD countries was about \$67 billion with a 50% share of the total exports of Turkey in 2011. The volume and share of EU countries is the second largest group with a total export volume of \$62 billion and 46% in 2011. Even though the volume of exports to these groups has increased at an amount of \$6 billion, because of a higher increase of the other exporting partners, its share has decreased by 4% in 2011.

Despite the share of exports to OECD countries constitutes the largest part of Turkish exports, Turkey's share in these countries' imports is very low and this share has only increased to 0.97% in 2010 from 0.59% in 2007.

The shares of other groups in total exports in 2011 are; the Organization of Islamic Conference countries with 27%, Near and Middle Eastern countries with 20%, Organization of Black sea Economic Co-operation countries with 13%, other European countries (excluding EU 27) with 9% and the New Independent States with 9%.

Recent Profile of Exporter Firms in Turkey

Number of exporters has displayed an increasing trend in the recent years. According to the announcements of Ministry of Economy, active exporters of Turkey have been counted as; 44.700 firms in 2007, 46.000 firms in 2008, 48.500 firms in 2009, and 50.350 firms in 2010. When the first 1000 export conductors in 2010 are analysed, the difference between the first 500 and the second 500 firms is striking in terms of share ratio. While 55.4% of the total exports have been conducted by the first 500 firms, the second 500 firms conducted 9.4% of the total exports and the remaining, over 49.000 firms, conducted 35.2% of the total exports.

The largest proportion of exporter firms in 2010 belongs to firms located in Istanbul in terms of the distribution among the provinces of Turkey. 483 out of the first 1000 exporter firms are located in

Istanbul and this majority effects the distribution of exports on the regional basis. The Marmara Region has been ranked as the first, due to the high ratio of Istanbul firms in exports; the Aegean Region is ranked second; Central Anatolia Region is ranked third; the Mediterranean Region is ranked the fourth and Southeast Anatolia Region is ranked the fifth region in terms of the concentration of exporter firms. The ratio of the eastern regions of Turkey is quite low in terms of number of exporter firms. The reasons of this are the low development level of these regions and the distance of these regions to the Europe, the primary export market of Turkey.

In 2010, the manufacturing sector firms were forefront in international trade. 60.4% of the exports were conducted by enterprises which operated in manufacturing sector. Enterprises whose main activity is trade, conducted 34,9% of the exports of Turkey. Manufacturing enterprises exported industrial products with a share of 94,9% and agricultural products with 2,4%.

The export capacities of the Turkish enterprises are much diversified. 1.943 enterprises exported to 20 or more partner countries and conducted more than half (56,2%) of total exports of Turkey. While 21.531 enterprises have exported to 1 partner country, 8.057 enterprises exported to 2 partner countries and 8.968 enterprises exported to 3-5 partner countries in 2010.

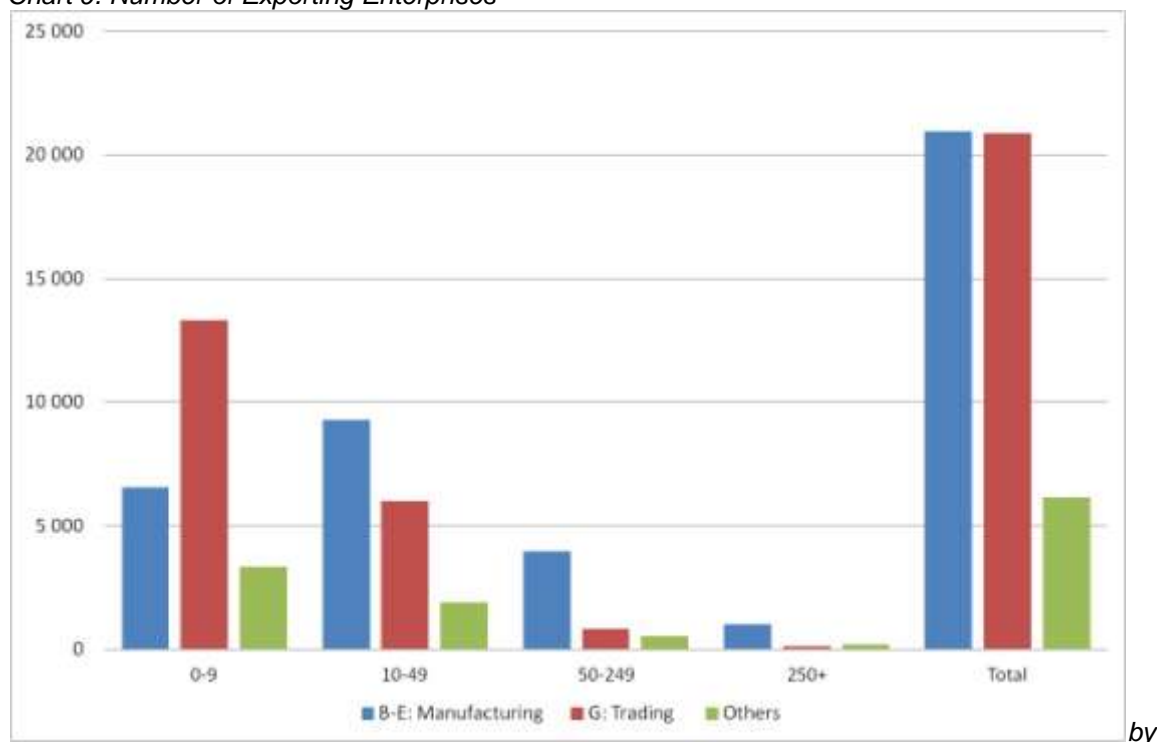
The majority of manufacturing enterprises exported to EU countries. The share of these was 50,1%. The export market of 18,1% enterprises was the near and Middle Eastern countries in 2010.

Share of SMEs in Exports

Turkey's economy relies heavily on its SMEs. Turkish SMEs provide growth and jobs, just like those of the EU countries. Some figures are following:

- There are 2.406.218 SMEs recently and in terms of the size-class breakdown, the Turkish SME sector largely reflects that of the EU average, with micro and small enterprises accounting for more than nine out of every ten enterprises.
- Looking across at employment, it is clear that SMEs are even more important in terms of providing employment. Almost four fifths of the total labour force which accounts for 7.386.510 people working in the non-financial business is employed by SMEs.

Chart 9. Number of Exporting Enterprises



Economic Sector and Employment Size Class, 2010

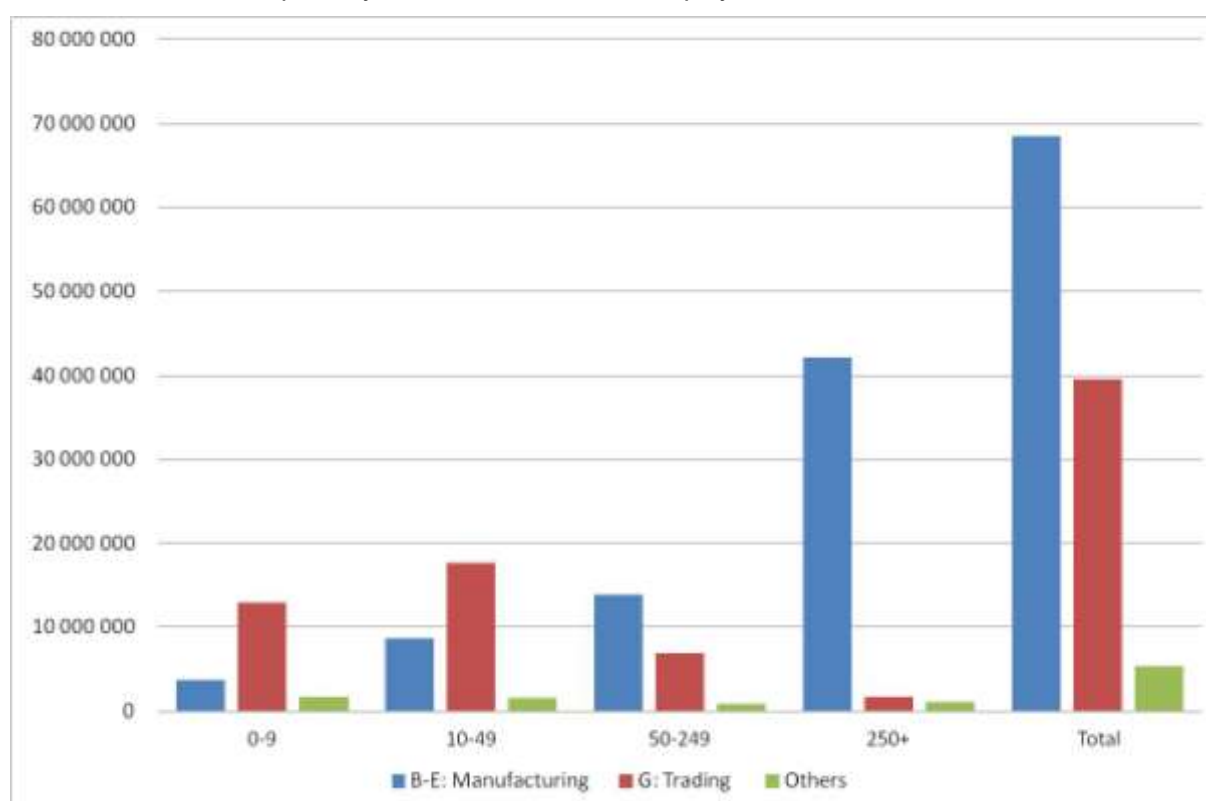
Source: Turkstat

Within 50.350 exporter enterprises, the proportion of exporting SMEs has been 60,1% in quantity in 2010. In detail; the rate of micro enterprises (0-9 employees) was 16,4%, small enterprises (10-49 employees) was 24,6%, medium-sized enterprises (50-249 employees) was 19,2% in exporter SMEs.

Small enterprises are the active players in manufacturing exports. Within the total number of exporter SMEs in the manufacturing sector, the highest quantity has been observed in small enterprises with a number of 9.276 and a share of 45%. The proportion of the remaining enterprises are; micro enterprises with 31%, medium enterprises with 18% and large enterprises with 5%.

The majority of exporting micro-enterprises is operating in trade. Within the total number of exporting SMEs in trade, the highest number has been observed in micro enterprises with a number of 13.322 and a share of 64%. The shares of the remaining enterprises are respectively; small enterprises with 29%, medium enterprises with 4% and large enterprises with 0.7%.

Chart 10. Volume of Exports by Economic Sector and Employment Size Class, 2010



Source: Turkstat

Considering the total export volumes of SMEs and large enterprises, SMEs fall far behind the large enterprises because of their lower financial, organizational and human resource capacity. 61,5% of the total exports in the industry sector are conducted by large enterprises with a volume of \$68.5 billion. The shares of SMEs are medium enterprises with 20%, small enterprises with 12% and micro enterprises with 5,5%. The shares of enterprises in manufacturing sector exports differ in terms of their sizes.

However, among the companies which are operating in trading but not manufacturing, SMEs have the highest share in terms of export volume. Small enterprises performed 45%; micro enterprises performed 33%; medium enterprises performed 17% and lastly large enterprises 4% of total of trade companies' exports.

In total, the highest volume of exports is achieved by large enterprises with a share of 40%; and 93% of these are manufacturing enterprises. The second highest volume of export is achieved by small enterprises with a share of 25%; and 63% of these are operating merely in trading.

B2. National export strategies and policies

The Export Strategy of Turkey for 2023

“Turkish Exports Strategy for 2023” was initiated by the Ministry of Economy with the support of the Turkish Exporters Assembly in 2009. The main purpose of this strategy is to reach \$500 billion of exports volume in 2023, the centenary anniversary of the Turkish Republic, with an average of an annual increase of 12% in exports. Becoming one of the world’s 10 largest economies in 2023 and taking 1,5% share from the world’s trade are also among the targets. Furthermore, it is planned to reach an exports/imports ratio of 80% in 2023.

This strategy has a long term perspective rather than focusing on short term targets. In order to reach the long term targets, the new strategy encompasses both industrial development with production increase and export orientation components. In this respect, the exports strategy of Turkey establishes an industrial development plan with regards to export performance. The basic elements of this strategy are shifting production from low technology sectors to high value added areas and achieving new investments in high-tech sectors. In order to reach these goals of the strategy some fundamental actions being implemented in Turkey are:

- Carrying out projects on R&D and development of international competitiveness in order to increase export capacity.
- Increasing the number of national participations to international fairs, general and sector specific trade delegations and acquisition of missions in target markets.
- Implementing a sectoral and country based diversification strategy in export composition.
- Focusing on trade activities on target markets.
- Enhancing the export capacity of SME’s.
- Increasing the number of global Turkish brands in the world.
- Making Istanbul an international fashion, fair and trade centre.
- Providing crucial inputs for exports.
- Creating sectoral clusters for gaining competitiveness in international markets.
- Improving the logistic facilities of Turkey.
- Developing new export finance tools.

In summary, “Turkey’s Export Strategy for 2023” aims to establish a modern and flexible export structure that is based on advanced technology and R&D (research and development) to respond to the demands of today’s and future’s business environment by modernizing the structure of its exports.

Government Policies Supporting Exports

Although the Turkish government has set the aforementioned ambitious long-term strategy for exports, the incentives implemented do not fully support this strategy. Export-oriented supports are provided for all types of enterprises under various programs, such as; investment, R&D, participation to international fairs, market research, office/store setup abroad, employment, training, branding and temporary imports.

According to the Exporters’ Trend Research which was conducted by the Turkish Exporters Assembly in May 2012, exporter firms which are on the first 1000 rank and received government supports declared that they have got benefit in the first quarter of 2012 and they are planning to apply in the second quarter of 2012. This reveals us that the exporters are happy with the implementation of government supports of all kind and they are willing to receive benefits for their further export related activities.

Turkish Eximbank is supporting the exporters with appropriate credits and insurance premiums to meet their needs and demands. The credits that Eximbank provides for exporters have relatively lower

interest rates compared to the rates in the market. Eximbank dedicates 81% of its overall sources to exporters by means of providing credits.

The TURQUALITY Project of Ministry of Economy is the first government supported branding program in the world which aims to carry Turkish brands to the international platform and lead to their participation in this arena. The project is open to all sectors and there are 44 brands owned by 41 firms as beneficiaries of the TURKQUALITY Support Programme.

Besides these, in order to disseminate designing culture in Turkey, the promotional, commercial, marketing, employment, consulting supports to the activities of organizations such as “Design Houses” and “Design Offices” are currently in process.

B3. Major export support and training providers

Supports by the Ministry of Economy

According to *the Decree on Supporting the Development of International Competitiveness*, the trainings which are provided by the various organizations, such as; Exporters' Associations, Provincial Chambers of Commerce and Industry, Organized Industrial Zones, Industrial Zones, Industrial Producer Associations, Sector Specific Foreign Trade Companies, associations or cooperatives formed by manufacturers are supported. The aim is to initialize a strategy which mobilizes local resources of exporting by supporting individual projects and clustering.

The government supports all types of trainings on business, economics and commercial topics which could be of help for the development of export capacity of enterprises and support them to gain the necessary knowledge, skills and insights by theoretical and practical methods.

Supported training topics provided by the organizations with collaboration;

EU and WTO legislation,

Resolution of Disputes in Foreign Trade and International Arbitration,

Financing and Accounting of Foreign Trade,

Pricing in Foreign Trade,

Foreign Trade, Customs and Exchange legislation,

Documents Used in Foreign Trade and Terms of Payment,

Foreign Trade Contracts and Delivery Methods,

Supply Chain Management and Logistics,

International Marketing and E-Commerce,

Innovativeness and Clustering.

Conditions for getting benefit from this support scheme;

The support provided is an equivalent to 70% of the total expenditures of domestic trainings on relevant topics, with a maximum amount of €14.465.

The training organization should have been an active provider of the training topics in the last 3 years and should have at least 5 trainers in the organization.

Supported training topics for project-based trainings and/or consulting programmes;

Training and/or consulting needs analysis,

Preparation of business plans and export strategies,

Determination of exporting potential and preparations for export,

Process improvement and management,

Consulting of information and communication technologies,

The preparation of roadmaps for international competitiveness for companies which are in the same value chain; in contact with each other and located in geographic proximity.

Conditions for getting benefit from this support scheme:

The expenditures of organizations, in the context of training and consulting programs they provide, are to be covered by %75 of the total amount, with a maximum amount of €309.285.

Supports by the SME Development Organization (KOSGEB)

Within the scope of General Support Program of KOSGEB, training supports have been provided to SMEs and the organization itself also arranges training programs to meet needs and demands of companies. Foreign Trade and International Legislation are among the supported topics of training. The maximum limit of the support is determined as €4.320; and covers %50 of total expenditures in 1st and 2nd Regions²; and %60 of total expenditures in 3rd and 4th Regions³ of Turkey.

The training providers are determined as; universities; the units established in universities and public institutions with the purpose of providing trainings; authorized private training organizations/foundations/associations.

Foreign Trade/Export Trainings

There are several organizations in Turkey which provide trainings on foreign trade and exporting. They could be classified as non-governmental organizations, universities and vocational schools on secondary and tertiary levels, and private adult training providers.

Examples of Leading Non-governmental Organizations and Foundations providing Export Trainings

Enterprise Europe Network (AIA): AIA is a sub-project of Competition and Innovation Programme (CIP). The project has been initiated by the European Commission in 2008; which brought together the Euro Info Centres (EIC) and Innovation Relay Centres (IRC). There are 7 branches of the project in Turkey which are in collaboration with industry and trade chambers, KOSGEB and universities around Turkey. The mission of the project is helping small companies to utilize most of the business opportunities in the EU.

Since 2003, the Euro Info Centres provide information to SMEs about EU legislation, policies, grants, loans; and organize meetings in order to develop trade cooperation between firms and trainings about foreign trade.

European Turkish Business Centres Network (ABIGEM): The pioneering of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) in cooperation with the related Chambers of Trade and/or Industry has established EU Turkish Business Centres (ABIGEM) in three highly industrialized provinces, using the European Union (EU) funds in 2002. The ABIGEM network expanded to 15 offices by establishing a further 12 Business Centres throughout Turkey with EU funds.

ABIGEMs provide professional trainings and consultancy services in order to assist SMEs to improve their competitiveness within the national and international markets and increase the contribution of SMEs to the local and national economy. ABIGEM provides services such as training, consultancy services and sector specific projects design according to regions' properties and needs of SMEs in the region. Moreover, ABIGEMs contribute to develop qualified local consultants and to create a pool of experts in Turkey.

² 1st Region includes some of developed provinces and metropolitans from Marmara, 2nd Region includes some of Aegean and Mediterranean provinces

³ 3rd Region includes some of Central and South-East provinces, 4th Region includes some of East and Blacksea provinces

Istanbul Exporters' Associations (IEA): Exporters' Associations are professional organizations, operating in several regions of Turkey since 1937. Their mission is to contribute to the economic development of Turkey through improving foreign trade.

Istanbul Exporters' Associations (IEA), which began to operate in 1940 with the funds of the Istanbul Cereals Pulses Oil Seeds Exporters' Association, is one of the 13 of Exporters'

Associations in Turkey. There are seven associations under IEA, operating in six different sectors. These associations are:

- Istanbul Wood and Forestry Products Exporters' Association
- Istanbul Cereals Pulses Oil Seeds and Products Exporters' Association
- Istanbul Hazelnut and Hazelnut Products Exporters' Association
- Istanbul Fishery and Animal Products Exporters' Association
- Istanbul Fresh Fruit and Vegetable Exporters' Association
- Istanbul Dried Fruit and Products Exporters' Association
- Ship and Yacht Exporters Association

The IEA are organizing trainings for employees and higher education students to introduce them to the business world and develop their knowledge and skills.

Turkish Foreign Trade Foundation (TDV): The foundation is established by the pioneering of Turkish businessmen abroad who came together for this initiative in 1995. TDV performs "Foreign Trade Specialist Training Programs" especially in Ankara, Istanbul and Izmir with its Continuous Education Centre. It also arranges occupational training programs on an institutional basis in line with the expectations of public institutes and occupational organizations.

Istanbul Chamber of Commerce (ICOC): The ICOC an institution that organizes and records the commercial transactions of individuals and commercial institutions and keeps records for these companies located in Istanbul. Its establishment was long before in 1880, during the Ottoman Empire. Today, with nearly 300,000 active members, ICOC is one of the largest chambers of commerce in the world and an active member of the international business community.

ICOC Training Centre (ITOMEM) is established in 2004 by the chamber and aims at meeting the employers' demand of qualified intermediate labour. The centre is currently organizing occupational courses to help the labour force to acquire professions or develop their skills.

Konya Chamber of Industry (KSO): Along with the Turkish Development Plans and the revival of industry and commerce in Turkey, the Chamber has been established in 1926 by embodying both industry and commerce functions. However, the developments in both sectors necessitated the separation of the chamber and Konya Chamber of Industry in 1974.

KSO's operations are directed to maintain commercial moral and cooperation and development of industry. For these purposes, and for further awareness between members of industry sector, KSO is organizing intensive training programs as a very important activity among its other activities.

Examples of Leading Universities providing Export Trainings

TOBB University of Economics and Technology (TOBB ETÜ): TOBB ETÜ is a foundation university established in 2003 by the Union of Chambers and the Commodity Exchanges of Turkey (TOBB) which is the biggest umbrella organization in the Turkish business world.

TOBB ETÜ Continuous Education Research and Practice Centre (ETU-SEM) organizes various trainings, consulting services, practice and researches directed to the needs and demands of individuals and especially SMEs. TOBB ETU-SEM aims at the collaboration between universities and industry, and the training programs are organized to reach such aim, and target individuals who want to develop themselves after university and employers who want qualified employees.

Bogazici University Lifelong Learning Centre (BULLC): Bogazici University was formally established in 1971 as a state university in Istanbul. The university is known with its distinguished academic tradition in Turkey. Another important area of educational activity at Bogazici University is lifelong learning. Led by the Lifelong Learning Centre, Bogazici University offers courses, seminars

and training programs in a variety of subjects for public and private sector employees and NGO members, teaching them new developments in their fields and new skills.

BULLC is the unit responsible for developing, directing and coordinating the training programs which are open to public apart from the undergraduate and postgraduate degree programs of the university.

Ankara University Continuous Education Centre (ANKU-SEM): Ankara University is one of the earliest state universities of Turkey established in 1925. Continuous Education Centre of the University is established in 2001 with an aim of organizing individual, institutional and in-service training programs, excluding the undergraduate and graduate programs in the university. ANKU-SEM intends to help collaboration between public, private and international institutions and so to serve the overall development of Turkey.

Examples of Private Export Training Providers

Bogazici (Bosphorus) Training and Consulting: Founded in 1995 as a private company, Bogazici Training and Consulting operates in the Turkish training and consulting sector. The company offers training programs which entail target subjects that are of interest to all sectors. Trainings which are open to general participation, comprise issues such as personal growth and development, and several business administration branches.

Yuksekkariyer Foreign Trade Training Centres: The company was founded in 1997 as a private training provider in Istanbul and approved by Ministry of Economy. The training centres are organizing trainings only related to foreign trade. Before participation to the programs, training needs of individuals and institutions are determined.

Common Foreign Trade Training Topics Covered by the Organizations Above

- Introduction to Foreign Trade, Institutions Related to Foreign Trade
- International Business Culture and Examples from the World
- Introduction to Foreign Trade Market and Market Research Techniques
- Practices of e-trade
- Participation to International Fairs, Branding
- Export Stimulus Process and Practices, Government Supports
- Financial Resources in Foreign Trade
- Foreign Trade Documentation
- Delivery Methods in Foreign Trade
- Pricing and Contracting Principles in Foreign Trade
- Turkish Currency Exchange Legislation
- International Payment Methods
- Accounting of Foreign Trade
- Customs Legislation
- Logistics and Transportation

Annex C: Results from the desk research analysis in Croatia

C.1 Introduction

In describing basic macroeconomic indicators, a special emphasis was paid to gross domestic product, balance of payments, inflation, foreign exchange reserves, foreign debt, unemployment, credit rating, and trade with the rest of the world.

In terms of primary goals of economic policy of the Republic of Croatia, a special position is given to foreign investments which are very important for the future development of the country and further restructuring and modernization of the economy. In this context, areas of investment environment, legal framework for investments and investment prospects in Croatia's economy are described.

Croatia is included in the group of countries with small and open economies, which are largely connected to other foreign markets. The priority of Croatia's economic policy is the continuation of making a stabile and strong market-oriented economy which is competitive in the global market, constant reinforcement of macroeconomic stability and the continuation of structural reforms for the purpose of securing stabile and sustainable economic growth, increase in production, especially import and increase in employment. The particular emphasis is on creating a favourable business environment harmonized with the business environment prevalent in the European Union, further development of market economy, stimulation of private investments, promotion of international competitiveness, and entrepreneurial and market freedom.

Basic economic goals include export growth, quality standards introduction, meeting ecology requirements and achieving expenditure efficiency. Climate, relief, and soil diversity enables a wide agricultural range of products, while low level of pollution is good for the development of ecological production. Croatia, as one of the significant tourist destinations in the Mediterranean, has a long tourist tradition and big development prospects. An advantageous geographical position provides opportunities for the development of transport infrastructure and activities as one of the important factors of the entire economic and social development of the country.

One of the primary goals of the economic policy of Croatia's government is to create a stimulating business environment, harmonized with the standards used in the EU and countries with developed market economies. The Government plans to achieve its dedication to reforming national economy, with the goal of attracting foreign investors to Croatia, on domestic, as well as on international level.

Export orientation is necessary for a successful economy, higher GDP growth, higher standard of living, and more jobs. In January 2007 Ministry of Economy, Labour and Entrepreneurship in cooperation with the association called Croatian Exporters, Croatian Chamber of Economy, Croatian Chamber of Trades and Crafts, Croatian Employers' Association and Croatian Bank for Reconstruction and Development presented the "Croatian Export Offensive" (Hrvatska izvozna ofenziva - HIO).

Economy of Croatia is a service-based economy with the tertiary sector accounting for 70% of total gross domestic product (GDP). Croatian GDP in 2010 was 335.5 billion Croatian Kuna and contracted by 1.4% year-on-year. Although Croatian economy had showed signs of recovery in the last quarter of 2010 and officially exited recession in the first quarter of 2011, economic indicators suggest that the recovery may be sluggish with the economy expected to grow by 1.5-1.8% in 2011. In spite of the rather slow post-recession recovery, in terms of income per capita Croatia is still ahead of some European Union member states such as Bulgaria, Romania, Latvia and Lithuania. Estimated GDP per capita in purchasing power parity (PPP) in 2010 was around USD 19,754 or 63.3% of the EU average for the same year.

The basic economic indicators are shown in following table:

CROATIA'S ECONOMIC INDICATORS FOR 2010

Year	2010
GDP, bn EUR	45.9
GDP per capita, EUR	10,380
Population, m	4.4
Industrial output (%)	-1.4
Inflation rate (%)	1.1
Unemployment rate (%)	11.8
Exports, m EUR	8,902.4
Imports, m EUR	15,127.2
Balance of payments - current account, (% of GDP)	-1.4
General government deficit (% of GDP)*	-5.2
Average monthly gross salary, EUR	1,054
Exchange rate HRK: EUR	7.2862
Exchange rate HRK: USD	5.5000
CNB's discount rate (% end of period)	9.0
CNB's foreign exchange reserves (m EUR, end of period)	10,660.0
No. of active companies	117,962
No. of banks	36
Average no. of employed persons	1,418,779

* as estimated by the Ministry of Finance
 Sources: Croatian National Bank (CNB), Central Bureau of Statistics (CBS),
 Ministry of Finance (MF), Financial Agency (FINA)

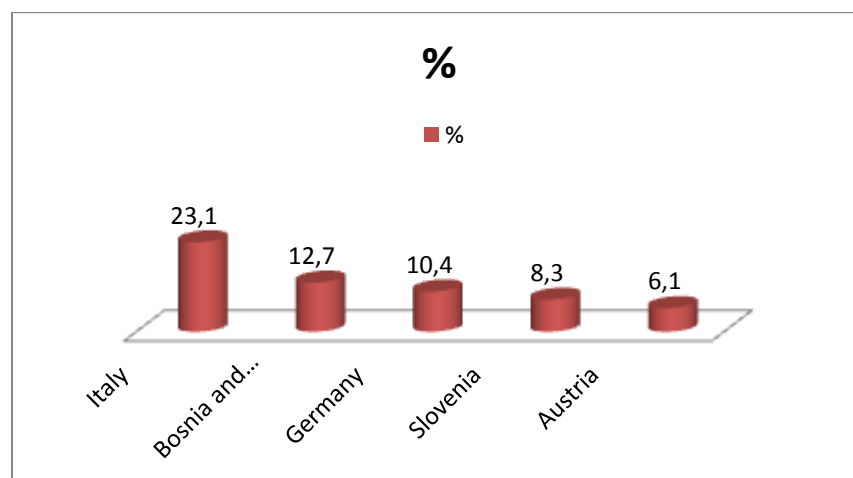
Access to finance continues to be an obstacle to the growth of Croatian businesses, in particular SMEs. Croatia's performance in terms of creating an enabling investment climate has been mixed, and investor protection remains low. While the financial sector remained stable during the financial crisis, net foreign direct investment (FDI) inflows decreased to 1% in 2010, from an average of nearly 6% in 2001-2009. A more investment-friendly climate is required to support dynamic growth of the private sector and to ensure a sustainable recovery from the crisis.

C.2 Overall structure of export in Croatia

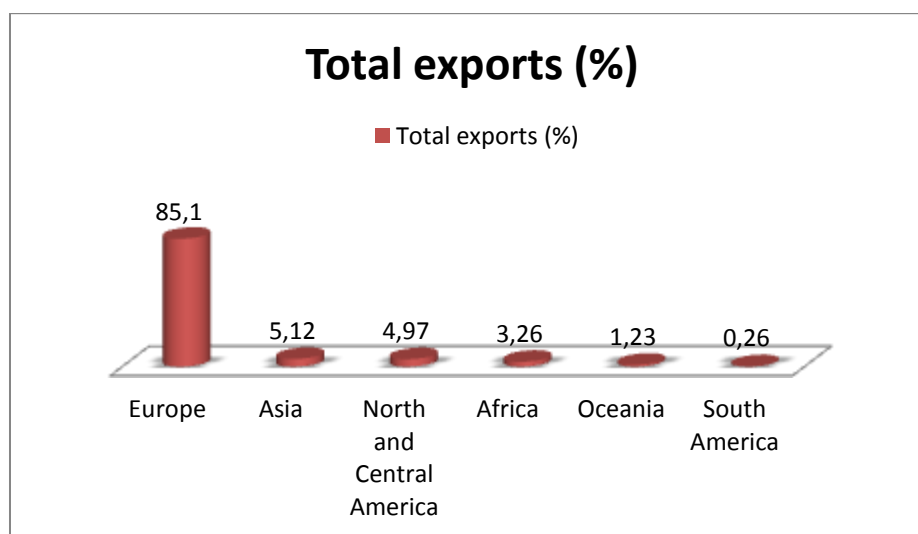
Croatia's export trade amounted to \$10.05 billion in 2010 and the country ranked 80th in the world. However, this figure was down from \$14.36 billion in 2008.

The major export commodities include transport equipment, machinery, textiles, chemicals, foodstuffs and fuels.

Major customers for Croatia's \$12 billion worth of exports in 2007 were primarily European countries led by Italy (23.1% of total exports), Bosnia and Herzegovina (12.7%), Germany (10.4%), Slovenia (8.3%) and Austria (6.1%). The following graph shows how the various countries contributed to the total export volume (in percentages):



Croatian's commodity exchange in 2010 is shown on the following graph:



If we take into account the whole world the situation is following:

Reporter	Flow	Indicator	Partner	2010	2011
Croatia	Export	Total Merchandise	World	11806	12289

The industrial sector with exports of over €1 billion annually is dominated by shipbuilding which accounts for over 10% of exported goods. Food processing and chemical industry also account for significant portions of industrial output and exports. Industrial sector represents 27% of Croatia's total economic output while agriculture represents 6%. Industrial sector is responsible for 25% of Croatia's GDP, with agriculture, forestry and fishing accounting for the remaining 5% of Croatian GDP.

Croatian [agricultural](#) sector subsists from exports of [blue water fish](#), which in recent years experienced a tremendous surge in demand, mainly from [Japan](#) and [South Korea](#). Croatia is a notable producer of [organic foods](#) and much of it is exported to the European Union. [Croatian wines](#), [olive oil](#) and [lavender](#) are particularly sought after.

Export major products (in percentages) are:

Petroleum oils and oils obtained from bituminous minerals **9,39**

Cruise ships, excursion boats and ferries, cargo ships **7,13**

Boats- lighthouses, fireboats **3,63**

Medicaments **3,39**

Electric transformers, static converters **3,25**

Petroleum gases and other gaseous **2,41**

hydrocarbons	
Wood sawn or chipped lengthwise	1,75
Seats	1.74
Ethylene polymers in primary forms	1.61
Nitrogen fertilizers, mineral or artificial	1.38
Total exports shown above	35.69
Total Croatian exports	100.00

ECONOMIC RELATIONS WITH FOREIGN COUNTRIES

EXPORT AND IMPORT, ACCORDING TO SITC¹⁾ SECTIONS

	2008.		2009.		2010. ²⁾	
	Izvoz Export	uvoz Import	Izvoz Export	uvoz Import	Izvoz Export	uvoz Import
<i>Total</i>	9 585	20 817	7 529	15 220	8 902	15 127
<i>Food and live animals</i>	727	1 478	741	1 342	760	1 360
<i>Beverages and tobacco</i>	168	133	164	130	189	138
<i>Crude materials, except fuels</i>	583	428	460	245	598	255
<i>Mineral fuels and lubricants</i>	1 222	3 659	978	2 566	1 110	2 836
<i>Animal and vegetable oils and fats</i>	24	80	18	58	21	57
<i>Chemical products</i>	945	2 203	726	1 885	1 017	2 137
<i>Manufactured goods classified chiefly by material</i>	1 467	3 871	1 133	2 761	1 261	2 725
<i>Machinery and transport equipment</i>	3 212	6 739	2 234	4 337	2 820	3 880
<i>Miscellaneous manufactured articles</i>	1 235	2 219	1 073	1 878	1 120	1 736
<i>Commodities and transactions, n.e.s.</i>	2	7	3	17	7	4

1) Standard International Trade Classification

2) Provisional data

C.3 National export strategies and policies

The legal framework for international transactions has been fully harmonised with WTO rules. Approximation to the *acquis communautaire* is in progress, since Croatia's accession negotiations with the EU started at the end of 2005. A series of laws (in particular the Trade Act, Customs Act, Customs Tariff Act and Foreign Exchange Act) have brought about significant trade liberalisation and facilitated trade in goods and services. As a rule, the import and export of goods are free. Only exceptionally, quantity restrictions (quotas) or protective levies may be introduced in accordance with WTO rules. If the balance of payments experiences disturbances, or if the import of certain goods threatens to damage or damages the domestic industry, import quotas may be introduced. Export quotas may also

be set in order to protect national non-renewable natural resources, accompanied by restrictive measures that limit internal trade in these products.

In the 2007. Croatia launched new export strategy called Croatian Export Offensive. The participants in the project were the Ministry of the Economy, Labour, the Croatian Exporters' Association, the Croatian Chamber of the Economy, the Croatian Chamber of Trades and Crafts, the Croatian Employers' Association, and the Croatian Bank for Reconstruction and Development. As the troubling element of Croatian economy, national export is undergoing strategic changes that should, in the long run, raise the standard of living, lower the unemployment rate and generally improve the economy. The strategy proposed 29 measures to tackle the issues that are preventing export growth. The main objectives of the strategy are directed towards solving crucial issues for export growth, such as small capacities, production fragmentation, and insufficient competitiveness. The strategy gets a special meaning from the founding of six export clusters, namely: water, small shipbuilding, textile and clothing, ICT solutions, wood and furniture, and mariculture and Croatian fish.

C.4 Major export support and training providers

As an development and export bank, HBOR (Croatian Bank for Reconstruction and Development) has developed a number of programs intended for exporters with the objective of enabling their equal competition in the international market. By extending loans, insuring export transactions against political and commercial risks, issuing guarantees and providing business advice, HBOR builds bridges between entrepreneurial ideas and their accomplishment with the objective of enhancing the competitiveness of the Croatian economy.

Through its programs, HBOR provides support to exporters in all stages of an export transaction, starting from negotiations on an export transaction to the final payment of an export transaction

The role of HBOR as export bank is to provide exporters a number of financial products that have at their disposal and their competition international market to compete equally able to obtain job. As part of its mission to encourage exports through HBOR lending, issuing performance guarantees on behalf of exporters and insurance export receivables follows exporters in all stages of export, from negotiating an export deal to the final collection of exports. With programs designed exclusively for export business, exporters, HBOR monitors with short-and long-term credit lines to also favourable interest rates. Thus, exporters are available for investment loans designed for such extension and modernization of production, construction of new drives, and various loans for working capital, which are not necessarily related exclusively for export business, but the use of these funds meant increasing the competitiveness of enterprises as a prerequisite for achieving successful participation in the international market.

HIZ (Croatian exports) is the representative body of companies and organizations whose mission is to promote and represent the interests of Croatian exports. HIZ's basic goals are:.

- Promoting the export of Croatian products, goods and services
- Encouraging Croatian export in any form and to all markets
- Promotion of Croatian exporters' business practices
- Permanent analysis and follow-up of government proposals and measures influencing Croatian export
- Permanent articulation of Croatian exporters interests in dialog with the government, particularly in creating new export regulations
- Building an appropriate legal and public system which enables the members to express their opinions and proposals that can have a direct impact on the strengthening of Croatian export

-
- Promoting the competitiveness of Croatian goods and services with the aim of creating long-term export without increasing foreign debt and with the real increase in personal income
 - Application of European norms and standards to Croatian business practices
 - Raising awareness among Croatian citizens on the necessity of exporting, the role of export in the overall Croatian economy, as well as its contribution to the wellbeing of all Croatian citizens.

HIZ and HGK (Croatian Chamber of Economy) have in 2005. signed an Agreement on business cooperation in the promotion of Croatian exports. With that agreement they will seek the way to create the conditions for export growth.

Ministry of Economy conducts active policy of employment and administrative and other work concerning industry, except food and tobacco industry; shipbuilding; energy; mining; trade; trade politics; national production protection politics; economic cooperation with foreign countries; involvement in European economic integration; coordination of activities concerning Croatia's membership in the World Trade Organization and participation in multilateral trade negotiations within the framework of this organization; export and foreign investment promotion, situation and market appearances; supply and prices; consumer protection; strategic commodity reserves; privatization of shares and stakes in companies owned by the Republic of Croatia; restructuring and recovery of legal entities.

C.5 Available studies on SMEs training needs

Small businesses are extremely important and certainly most dynamic segment of Croatian economy. Its share of the total number of companies in Croatia is 99.4% and they account for 64.3% of the total number of employed persons in Croatia. Small businesses are one of the most important impetuses of the overall economic development which stimulates private ownership and entrepreneurship, employment growth and significantly contributes to increase of production and exports. Enterprises in Croatia are by size divided on small (0-50 employees), medium-sized (50-250 employees) and large (250+ employees) and by the owners' structure on private, mixed and public.

The Preliminary Report of the European Commission, based on the SME Policy Index Benchmarking among Seven Countries in the Region, demonstrates that Croatia is the only country from the group having a clear policy for entrepreneurial education. The Report noted the existence of the Government Programme for Small and Medium Enterprise (SME) Development 2004-2007, with good indicators with regard to education. It also noted that a Strategy for Adult Education was adopted in 2004. In the framework of the Operation Plan of the Government of the Republic of Croatia, the project Education for Entrepreneurship was created and implemented since 2002 by the MELE in partnership with a number of institutions (MoSES, ETTA, CCE, CCTC, CBRD, entrepreneurial centres, entrepreneurial incubators, regional development agencies, open universities, vocational schools, schools of professional education and other education providers). The project is undergoing continuous development and expansion. The project provides educational seminars for start-ups (Essentials of Entrepreneurship), seminars for entrepreneurs in growth and development (Advanced Entrepreneur), Education of Craftsmen seminars, as well as seminars on Cooperative Entrepreneurship. The project also promotes entrepreneurship among the youth, by co-financing entrepreneurial incubators in the context of educational institutions, co-financing training companies and pupils' cooperatives, running the Educational Theatre project for promoting entrepreneurship in primary schools, etc.

Regular and systematic data collection on needed additional education and training or on already existing company trainings does not exist on national level, especially for small and medium enterprises. Hence, the Croatian Chamber of Economy and Ministry of Economy, Labour and Enterprises have signed the Agreement on the Cooperation in the Field of Lifelong Learning. The first research has been conducted in 2009. Training Needs Analysis (TNA) is a more commonly used term for such an analysis, implying the identification of staff training needs in order to ensure such trainings

which would correspond to existing company problems as well as to lacking workforce knowledge and skills, necessary for their solving. The main goal of the project is to establish a complete methodology and permanent monitoring of educational needs for small and medium companies, specifically stressing entrepreneurial knowledge and skills. The cooperation with business entities is of crucial importance for the analysis implementation as investing into learning is the best long-term investment, ensuring the competitiveness on the labour market. It should also be stressed that learning has to be focused on the areas which are to contribute to real life benefits of the company which is possible only after well implemented lifelong learning needs analysis.

Although, there are some studies on SMEs training needs in Croatia, most of them conducted through different projects.

For example:

TNA report Croatia - project HELP

http://www.tempus-help.uns.ac.rs/attachments/047_TNA%20Report%20Croatia.pdf

Annex D: Results from the desk research analysis in Bulgaria

D.1 Introduction



Bulgaria is one of the fastest growing economies in Europe. Since 2007 after Bulgaria's accession to the EU, the annual GDP growth has exceeded 5% while inflation remains under control. Classified as an "upper-middle-income economy" by the World Bank, Bulgaria produces a significant amount of manufactures and raw materials such as iron, copper, gold, bismuth, coal, electronics, refined petroleum fuels, vehicle components, weapons and construction materials.

Economic Indicators for Bulgaria 2010⁴

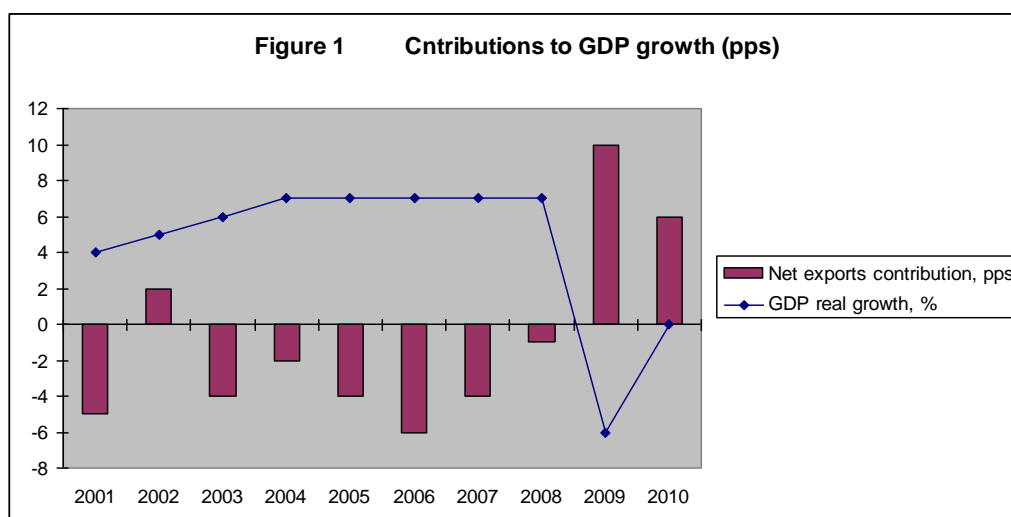
Population	7,534,000
GDP growth	0.2%
Inflation	2.9%
Investment (% of GDP)	24.923 %
Gross National Savings (% of GDP)	24.139 %
Unemployment Rate (% of Labour Force)	10.297 %

D2. Overall structure of Export in Bulgaria

The global financial crisis significantly reduced the flow of new investments, which previously supported strong economic growth. After contracting by 5.5% in 2009, the economic recovery began in the second half of 2010⁵. In late 2008-early 2009, Bulgarian export decreased with rates similar to those of the other EU countries, which was mainly due to contracted world demand. In 2010 the share of Bulgarian exports was restored to its pre-crisis values. (Fig.1).

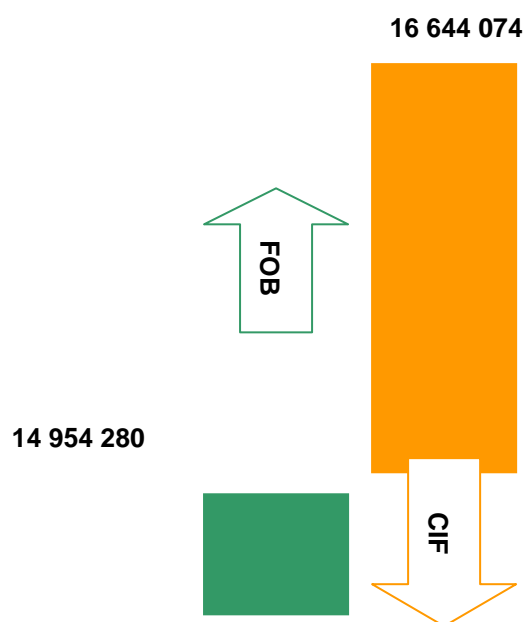
⁴ Source: Economy Watch

⁵ Source: Bulgaria Competitiveness Review, May 2011



The economic growth in 2011 reached 0.2% and was driven mainly by export. Domestic consumption remained weak, and in 2011 export growth recovery slowed, reflecting signs of recession in Bulgaria's major EU trading partners. Faced with tough budget decisions, the government continues to maintain fiscal discipline and a policy of budget deficit reduction by planning a deficit of 1.3% of GDP in 2012. In contrast to some Member States, Bulgaria's public finances are not overwhelmed by huge international debt, and its level of government debt (12% as of November 2011) remains one of the lowest within the EU⁶. (Fig. 2)

Figure 2

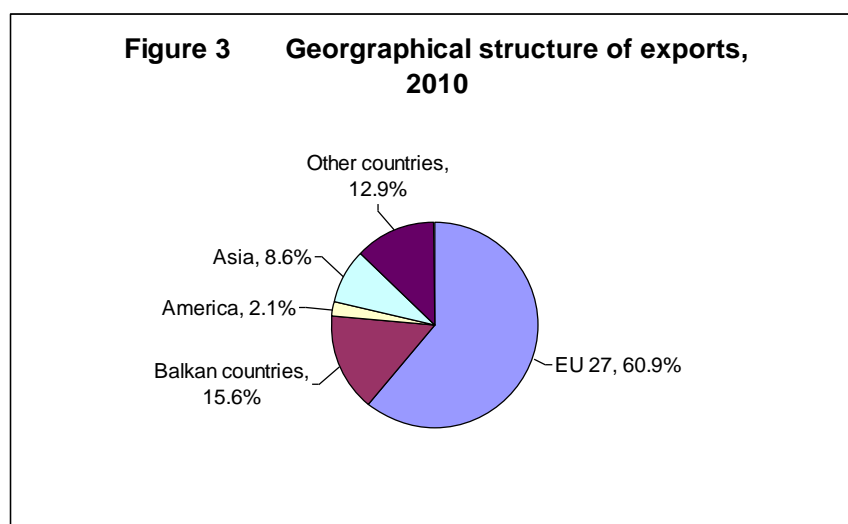


Distribution of exports by country

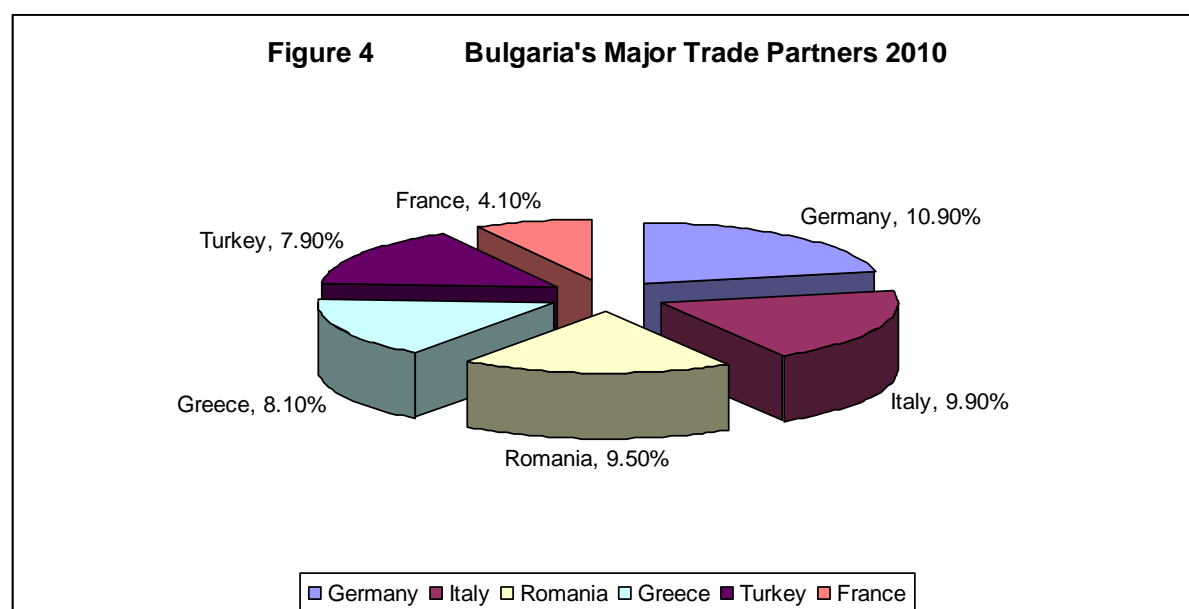
In 2010 there was a shift of the geographical structure of exports towards third markets.

⁶ Source: Bulgarian Small and Medium Enterprises Promotion Agency, National Export Portal

Some new markets, mostly Asian were entered by Bulgarian companies in 2010. For example, exports to China have nearly doubled in 2010 and exports to Turkey increased by 56.6% compared to 2009. In 2010 these countries have been re-emerging from the financial crisis faster compared to EU and therefore, their markets absorption grew faster. Nevertheless, in 2010 EU absorbed about 61% of Bulgarian exports and this share, although declining from nearly 65% in 2009, makes EU the largest and most important trading partner for Bulgaria.(Fig.3⁷)



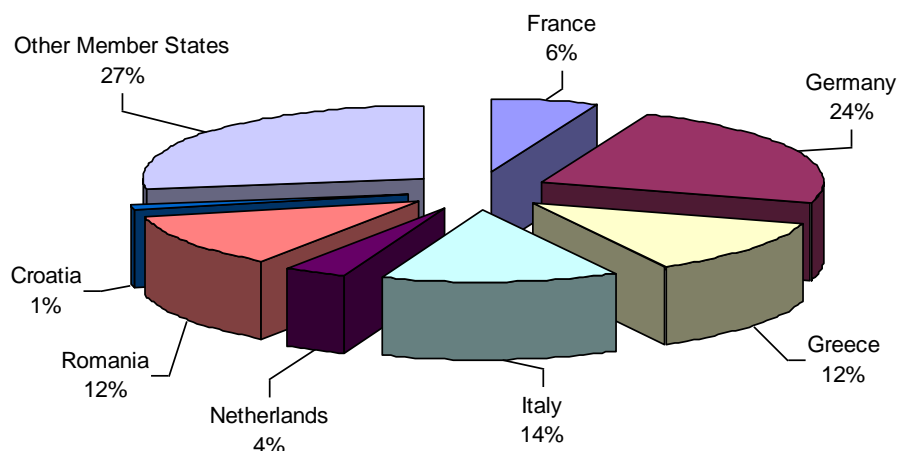
Bulgaria's export to the other EU Member States registered a substantial growth in the first half of 2010. The major EU trade partners in 2010 were Germany, Italy, Greece, Romania, Turkey and France which form over 50% of the country's export. (Fig. 4)



Bulgaria's exports to the EU formed 66.7% of the country's total in 2011. The most significant increase was observed in exports to Malta and Denmark. Decline was registered for goods exported to Slovenia and Luxembourg. (Fig. 5)

⁷ Source: Bulgarian National Bank

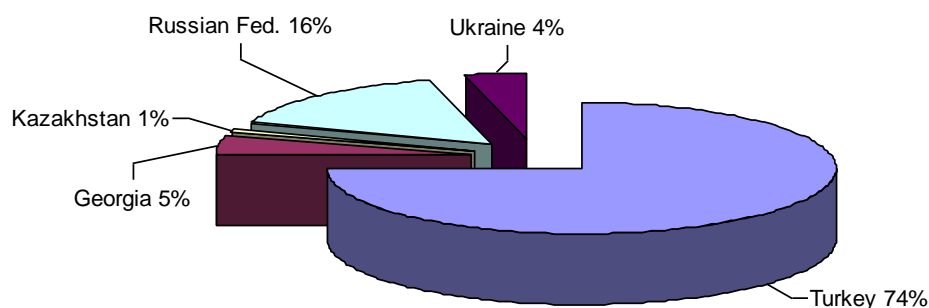
Figure 5 Bulgaria's Exports to EU Trade Partners, 2011



Bulgaria's exports to the EU allocated according to Standard International Trade classification shows growth in all sectors for the first ten months of 2011, compared to the same period of 2010.

Bulgaria's export to the non EU countries in 2011 was led by Turkey where the exports amounted to 342.7 million BGN (approx. 175.2 million EUR). The rest of major export destinations of Bulgaria from the non EU countries are Georgia, Kazhstan, Russian Federation and Ukraine. In 2011 the exports to Georgia and Ukraine doubled, however there was a decline to the rest of them (Fig.6). Comparing the exports to the Member States and non EU countries, Turkey takes second position after Germany.

Figure 6 Bulgaria's Exports to non EU Countries, 2011



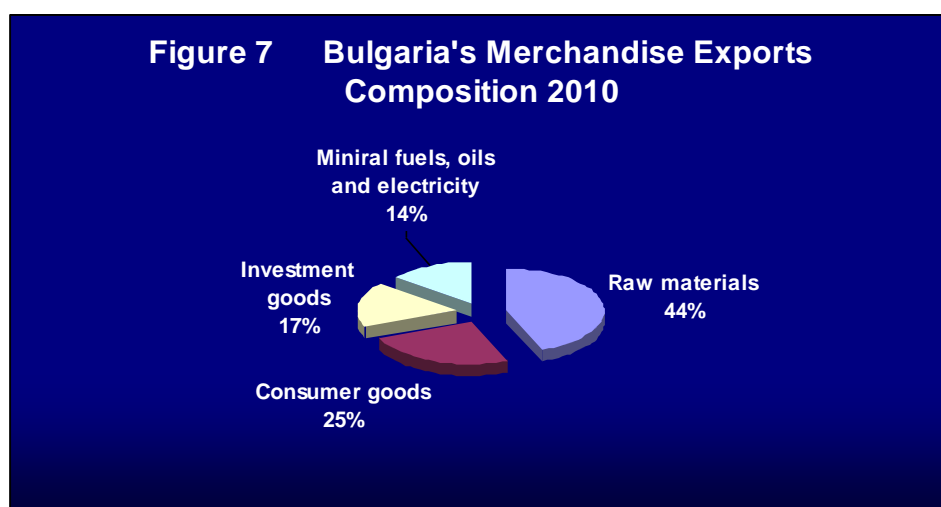
Distribution of exports by sectors and commodities

Bulgaria's exports increased in almost all sectors in the first half of 2010.

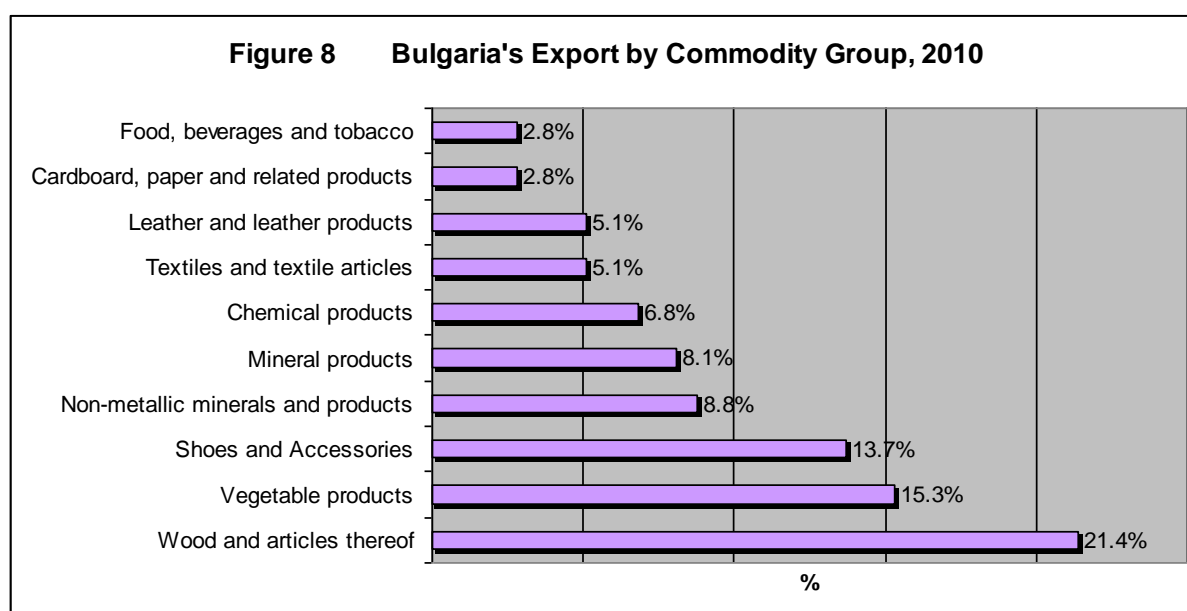
The raw materials sector accounted for the largest positive contribution to the dynamics of exports in 2010, increasing by 37%, where ferrous and non-ferrous metallurgy exports expanded most.

Investment goods were the second best performing sector, increasing by 41% due to the continuing recovery in Bulgaria's main trading partners.

Mineral fuels, oils and electricity also posted a high growth of 41% in 2010 with a major contribution from the petroleum products sub-sector. (Fig.7⁸)



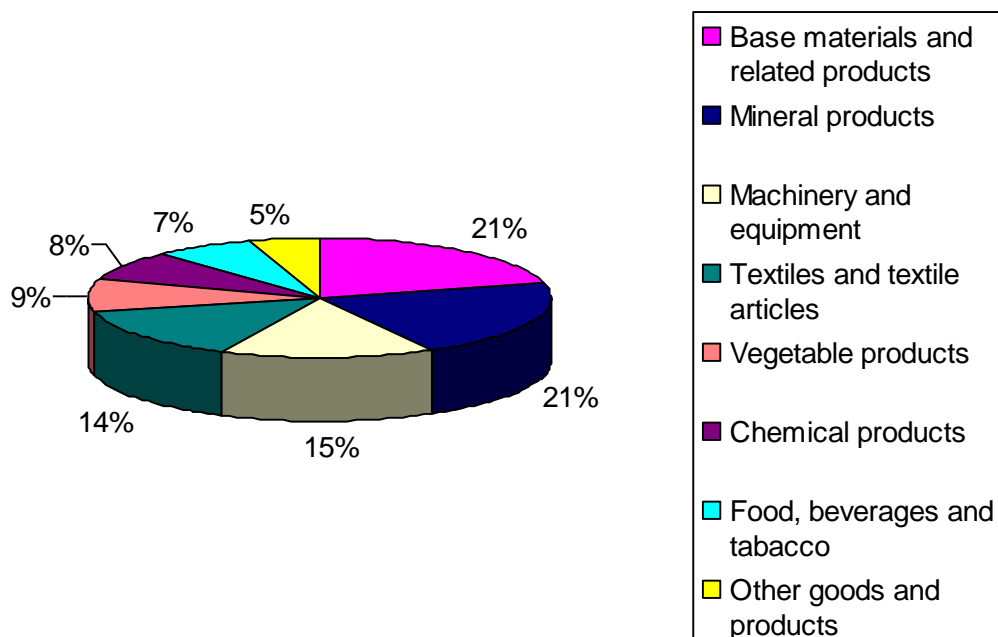
Although export of consumer goods increased less impressively by 20%, it pertained as the best performing grouping of exported goods in the past few years. Consumer goods exports registered the smallest decrease during the crisis. In nominal values in 2010, compared to 2008, exports of this group of goods increased by 15.8%. Bulgaria has traditions in agriculture and food processing and has a still uncovered potential for production and exports of bio food and fuels. (Fig. 8)



In 2011 the top positions of exported goods from Bulgaria are taken by the base materials, mineral products, machinery and equipment followed by the textiles, vegetable products, chemicals and food and beverages. (Fig.9).

⁸ Source: MF staff calculations

Figure 9 Bulgaria's Export by Commodity Group 2011



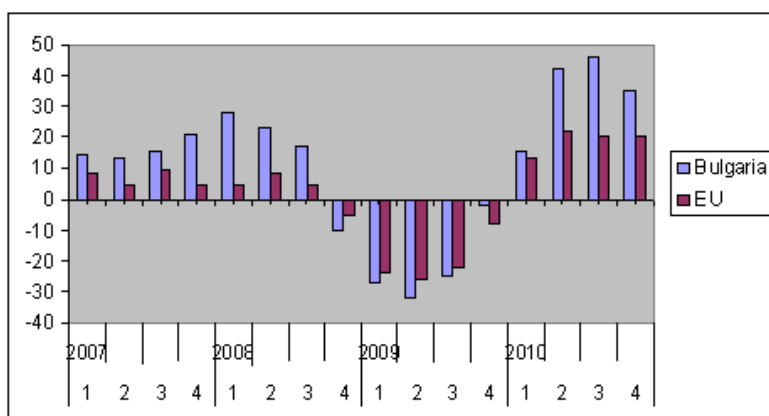
Yearly distribution of exports and imports between Bulgaria and the EU

During the period January—October 2011 Bulgaria's exports to the EU increased by 33.8% over the same period of previous year.

The Bulgaria trade balance (exports FOB - import CIF) with the EU for January—October 2011 was negative and amounted to 524.5 million EUR. The highest growth was recorded in the sectors of raw materials, inedibles (except fuel), chemicals and related products and fats, oils and waxes of animal or vegetable origin.

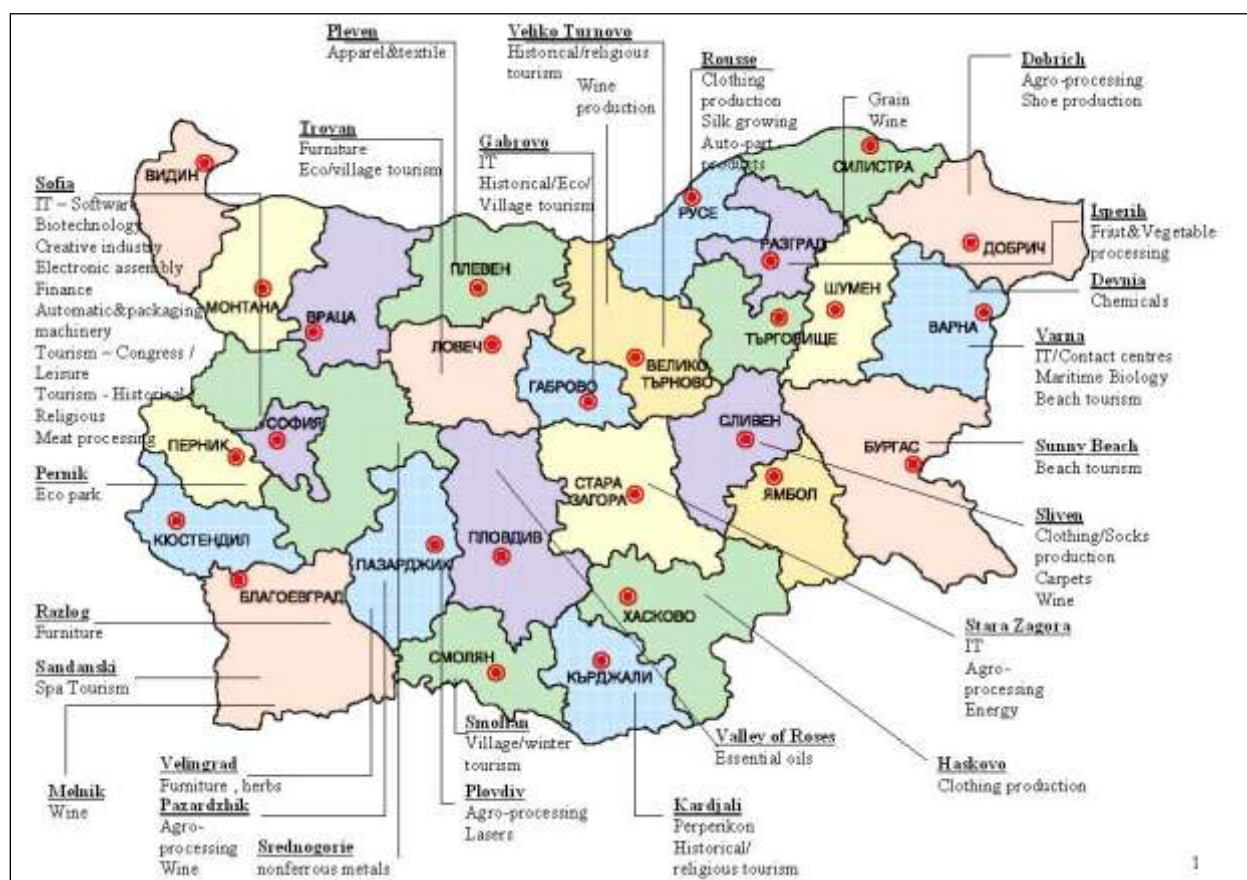
In 2010, the growth rates of Bulgaria's exports were significantly higher than the average for EU countries. Thus, the country gained higher market share compared to most of the other EU countries.(Fig.10⁹)

Figure 10 Exports Quarterly Growth by Year



Distribution of Exports by Region

Figure 11 Distribution of regional sector specializations



Source: Bulgarian Cluster Development Strategy

The map in Figure 11 shows in full detail the industrial sector specializations in view to either existing or potential exports as well as to potential cluster development opportunities. The map has been drawn as part of a profound research conducted for the purposes of developing the Bulgarian Cluster Development Strategy.

Distribution by the size of the companies and SMEs's role in foreign trade

The ability to cope with the competitive pressure lays the basis of the changes in the number of export-oriented companies according to their size.

The number of exporters among the micro businesses decreased in 2010 while at the same time the number of small and medium sized exporters grew up. Furthermore, the medium sized businesses have reached the highest income from exports. In practice, the medium sized enterprises generate 60% of their income from exports, the small companies – 23% and the micro businesses – 16%. The Bulgarian medium sized enterprises have the biggest potential to survive in a highly competitive market environment, as well as to meet requirements for quality certification, product safety, protection of environment, etc.

Targeted national policy towards export promotion needs has been in place as to support the development of Bulgarian SMEs' export potential.

Bulgarian accession to the EU, the harmonization of the national legislation, the identical regulation of the domestic and European markets all have a positive impact on SMEs internationalization. Most of the exporting companies are both producers and traders of exported goods. The reasons that drive the business towards exploring to new markets are related to the difference of the production costs, the limited purchasing power on the home market, the volume savings, the access to new technologies, the services and funding sources, etc.

However, the Bulgarian SMEs have still been passive with regards to entering the international market and resisting to competition. The reasons for this could be found in the lack of experience (a lot of the companies still struggle to position themselves on the home market first, as they need more time to access international markets). On the other hand, most of the SMEs, especially the small and micro enterprises, are oriented towards the domestic market where they operate as traders and service providers.

D3. National export strategies and policies

Export related policies

Bulgaria's foreign trade policy has two dimensions: that of actively pursued regional liberalisation in the context of the EU Eastern Enlargement project and rather passively pursued multilateral liberalisation under the umbrella of WTO agreements. Bulgaria is now part of one of the largest, if not the largest in the world, free trade areas for industrial products. In consequence, Bulgarian producers have duty-free access to most of its markets.

Having signed the European Association Agreement with its interim trade liberalisation component in effect as of 31 December 1993 Bulgaria has become part of the EU Eastern Enlargement Project. This has implied policy commitment to bilateral liberalisation carried out within a larger framework of the EU-driven regional integration. Bulgaria is part of two overlapping circles of special trading arrangements among thirty six European states. It is part of the first circle, that is, a *de facto* single free trade area for industrial products including the EU-25, EFTA, Romania and Turkey. It is also part of the second circle built around the Stability Pact¹⁰.

The major defining feature of Bulgaria's trade policy emerged with the Pan-European Cumulation of Origin Agreement, which went into effect on January 1, 1997. The objective of this agreement – recommended by the EU Council's decision in July 1996 – was to encourage Europe-wide industrial cooperation by diagonal cumulation that would allow treating imports from parties of the agreement as local inputs.

Policy implications

Bulgaria has made large strides in raising the overall quality of governance, reducing corruption and introducing institutions and policies supporting competitive markets. It already has most institutions and policies in place for successful plugging-in and taking advantage of opportunities offered by integration into pan-European and global markets. The EU membership and the necessity of convergence to the *acquis communautaire* provide insurance of significant improvement in overall business/investment climate. This, combined with already observed gains in the quality of governance, seems to explain the recent surge in FDI inflows.

¹⁰ Stability Pact for Southeastern Europe launched by the European Council and formally adopted by western allies, countries bordering on former Yugoslavia (plus Moldova, which became a member of the Stability Pact on 28 June 2001), and international organisations in June 1999 in Cologne.

The Bulgarian National SME Development Strategy 2007—2013 is a long-term political document that implies the vision of the Bulgarian government on the state support to the SMEs in the country. This Strategy succeeds to the National SME Development Strategy 2002—2006 and develops further its priorities in compliance with EU policy on SMEs presented in the European Charter for Small Enterprises.

D4. Major export support and training providers

Government structures

The Bulgarian Ministry of Economy, Energy and Tourism works towards the development of the economic and energy policy of Bulgaria. The policy aims at enhancing national economic competitiveness, encouraging investments, innovations, entrepreneurship, exports, modernization of the industrial base, implementing measures on energy efficiency in industry and the use of renewable energy resources. The ministry also takes part in the implementation of the integration policy and the promotion of foreign economic cooperation.

Furthermore, the Ministry of Economy and Energy develops the objectives and priorities of the national strategies and implements the Bulgarian policy in the field of industry, trade, tourism and privatization.

The Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA) is a government body under the Minister of Economy. BSMEPA has specialised operational Departments:

- Information Services and Regional Coordination
- Technological Development and Innovations
- Competitiveness and Entrepreneurial Skills

Each of these departments has its own area of expertise and set of activities and together they elaborate and implement the major functions of the Agency, namely:

information and consulting services,

support to innovative projects and new technologies,

assistance of Bulgarian companies in growing and entering into the foreign markets,

managers training and transfer of experience through the implementation of international projects.

Bulgarian Export Insurance Agency (BAEZ) is the first Bulgarian insurance company, which offers export credit insurance against commercial and political risks. BAEZ capital amounts to BGN 10 million. It is 100 % held by the Republic of Bulgaria, represented by the Minister of Economy.

BAEZ offer the following:

Export credit insurance:

against short-term commercial risk;

against short-term non-commercial (political) risk;

against medium-term commercial and non-commercial risk.

Domestic credit insurance,
 Insurance of bank credit line for pre-shipment financing,
 Insurance of investments abroad,
 Insurance of letters of credit,
 Insurance of bank guarantees.

Non-governmental export support organizations

Bulgarian Chamber of Commerce and Industry (BCCI) is established in 1895 and operates as an independent, non-governmental organisation for assistance, promotion, representation and protection of the business interests of its members, which contributes to the development of international economic cooperation and provides assistance for the European and international integration of the Republic of Bulgaria. The activity of the Chamber is based on the principles of voluntary membership, autonomy and self-financing.

BCCI provides the following services:

- Trade register services,
- Seminars and training,
- Business delegations,
- Company presentations,
- Consultation services,
- [Translation and legalization services](#),
- Economic analyses,
- Electronic signature,
- [Library](#),
- [Computer Services](#).

Bulgarian Industrial Association (BIA) is the Union of the Bulgarian Business — a non-governmental organisation founded on 25 April 1980.

BIA is a nationally recognised organisation of employers and participates with its representatives in the operation of all national consultative councils, supervisory and managing bodies of state public institutions.

BIA is the only business organisation which is a member of **BUSINESSEUROPE**, thus representing the Bulgarian companies and employers' interests on a European level.

BIA provides the following services:

- Analyses, research and expert reports in the sphere of industry, tax and social policy,
- Mediation between economic entities in settling various disputes,
- Assistance to negotiations between trade unions and employers,
- Re-qualification and qualification training courses under a wide scope of nationally approved programmes,
- Organisation of business forums and visits to Bulgaria and abroad,
- Online training and information systems.

Bulgarian Institute for Foreign Trade (BIFT) was established in 2007 by the Bulgarian Industrial Association supported by internationally recognized experts.

The main aim of BIFT is to develop the competitiveness of the Bulgarian economy through enhancing the export capacity of the Bulgarian companies. This objective is to be reached through continuous training and education aiming to increase the skills and knowledge of Bulgarian managers and entrepreneurs in the field of foreign trade.

The Bulgarian Industrial Capital Association (BICA) was founded in 1996. BICA has been acknowledged to be an employers' organisation on a national level. Originally established as a union of the biggest privatisation funds in Bulgaria, today BICA works actively for sustainable development, high standards of corporate governance and corporate social responsibility, increase of the competitiveness, export and investments orientation of the Bulgarian industry.

Currently, the Association represents more than 50 holding and investment companies, 15 branch chambers, 1200 industrial enterprises, employing altogether more than 170 000 people. BICA has developed widespread network of regional structures, covering more than 60 Bulgarian municipalities.

BICA's efforts are aimed at assisting the successful expansion of the Bulgarian enterprises into the open and competitive European markets, strengthening of their international competitive capacity, providing favourable business climate, promoting the innovation, the research and development activities and technological development.

In 2003, BICA had its Vocational Training Centre licensed by the National Agency for Vocational Education and Training. The Centre's activities are targeted at both raising the qualifications of BICA members staff, as well as providing training for acquiring new skills or improving the existing ones in the area of construction, machine building, administrative services, electrical engineering, tourist services, etc. in accordance with the specific needs of the enterprises for adoption of new skills, required by the modern technologies.

Private training providers

Bulgarian-German Vocational Training Centres (DBBZ)

The DBBZs initiated the founding of Regional Development Centres in the towns of Pleven and Pazardzik. DBBZ's aim is to optimally serve the individual needs of small- and medium-sized enterprises by offering the following services:

- SME training in all areas of management;
- Training for Entrepreneurs (business start-ups);
- Information seminars and workshops for SMEs;
- Establishment of partnerships between national and international companies;
- Consultancy services to SMEs on production management and technical problems;
- Consultancy on quality management issues(e.g. ISO 9000ff);
- Development of business plans;
- Feasibility studies of investment initiatives;
- Market analysis;
- Participation in national and international SME-promotion programmes;
- Provision of information on SME-relevant topics;
- Training of multipliers in the field of employment promotion.

Analysis and Cooperation Association (A&C)

A&C members provide consultancy and training services to government institutions, international agencies and private companies in Bulgaria and throughout the world. The Association offers excellent services and professional advice in Bulgaria and all Balkan countries. Through A&C's network of sector professionals, the best experts and products are combined to enhance services with relevant EU practices.

Training and consultancy services are provided in the following areas:

- Project Management, Monitoring and Evaluation;
- Research and Development;
- Access to expertise and resources;
- Market Information systems;
- Policy analysis.

Knowledge Vocational Education Centre

The Centre is an independent private company that operates in the area of lifelong and adult learning.

The training activities of the Centre are targeted at:

- Company management staff in educational institutions, SMEs and NGOs;
- Under qualified, long-term unemployed, young people with high education but vocational training or professional experience and people returning to work after a long break from work;
- Disabled people and people belonging to different ethnic or minority groups.

The key priorities of the Vocational Training Centre include:

- Training needs analysis;
- Labour market analysis;
- Continuous vocational training provided both in Bulgaria and abroad;
- Training in start-up business.

The Centre applies own innovative training modules in motivation, marketing and finance as well as in foreign language training. The staff develops and publishes their own training programmes, approaches and other training materials on vocational education and training.

Universities

A number of universities in Bulgaria have been providing quality education and training in various business-oriented subject areas. Some of the key ones among them nowadays are the following:

University of National and World Economy (UNWE) offers education in Macroeconomics, Finance, Accounting, Financial Control, Economics and Organization of Labour, Insurance and Social Policy, Marketing, Forecasting and Planning, Statistics and Econometrics, Economics of Industry, Agricultural Economics, Economics of Trade, Economics of Co-operations, Economics of Transport, Economics of Communications, Economics of Social and Cultural Issues, etc.

Varna University of Economics has been successfully adapting to the needs of the country's transition towards market economy and the connection of science to the global economy. The aim of the University is its further development as an educational and research institution. The University has

been working on asserting the achievements that have already been recognised and on gaining new ones in conformity with the European standards and the criteria for higher education in the area of economics; multiplying the achievements in the quality of University activities and maintaining "the brand" of the end-product; keeping its place on the market of educational services; widening the scope of national, regional and international research projects.

St. Kliment Ohridski University, Faculty of Economics and Business Administration (FEBA) - reopened in 1990 after its closure in 1950. One of the most viable and fast expanding faculties of Sofia University. FEBA is one of the leading institutions for teaching and research in economics and business in Bulgaria and the Balkan region. The scope and the structure of the curriculum meet contemporary standards and comply with the curricula in economics and management in other European countries and USA.

Paisii Hilendarski University, Faculty of Economics and Social Sciences. It provides education and training in the following subjects:

- Macroeconomics,
- International Economic Relations,
- Marketing,
- Management,
- Political Science.

Ruse University, Faculty of Business and Management - founded in 1995. It offers high quality training and research in the following areas: Business Planning, Strategy and Control; Economics Infrastructure, Production Management and Organisation; Operations Management; Finances and Financial Management; Marketing and Advertising of Commodities and Services; Management Psychology; Corporate Information Systems; Human Resource Management; Investment and Innovation Policy etc.

New Bulgarian University, Department of Economics and Business Administration - the research activity of the department is oriented towards the field of corporate management, corporate finance, corporate marketing, investment and innovation management, tourism and hotel management, international business, integration processes of the accession to EU, etc.

D5. Available studies on SMEs training needs

Bulgaria Competitiveness Review 2010 - a report that makes an assessment of Bulgaria's competitiveness based on the developments of the following main competitiveness indicators:

- Country's export share in world trade;
- Real effective exchange rate (REER) calculated using different price deflators;
- REER deflated by unit labour costs (ULC);
- Energy prices index adjusted for exchange rate differences.

Report on training and support structures for young SMEs in Bulgaria, issued by the European Management Centre, 2009 within the framework of the network project "SME-TraiNet" which was financially supported by the Leonardo da Vinci programme of the European Commission and targeted at fostering the dialogue between European young businesses/ SMEs and European guidance and training providers so that the current training and support structures for this target group could be further developed and improved.

The report summarises the results of a status-quo analysis which had the purpose to map the existing training and support structures for young SMEs, identify training and support institutions providing good practice in this field and to identify potential gaps or need for further improvement of the existing offer for young enterprises.

TEXT-e: Training of Export Trainers, 2009, a project funded by the Leonardo da Vinci Programme - Transfer of Innovations. The project developed a report based on a survey on Bulgaria's export practice and training needs analysis.

AccountSME – Training SME's in adapting to International Accounting Standards, 2008, funded by Leonardo da Vinci Vocational Training Programme.

The main aim of the project was to offer support through appropriate training to SMEs for the adoption of the International Financial Reporting Standards as these become available and are implemented in the Member States.

The specific objectives include:

Improving the skills and competencies of those working in the SME sectors (both managers within enterprises and their accountants) in areas related to the new Financial Reporting Standards.

Reducing the cost incurred by SMEs in adapting to the new Standards, improve their financial management, and increase the compliance of enterprises with the new regulations.

Developing a training portal for the SMEs with limited resources which would consist of training material (courses and methods of self-assessment) and related resources and links.

The project executed the following key activities:

- Training needs analysis report,
- Development of training modules,
- Development of an e-learning platform.

SMEs support analysis, surveys and economic data which could be classified as follows:

Bulgaria Economy in 2010;

Bulgaria Foreign Trade with the EU – Competitiveness of Exports and the Effect of Trade Liberalisation on Imports;

Economic analysis and publications:

Annual Report on Bulgarian SMEs, 2010;

Business Adviser: Business start-up and development;

The German Market for Bulgarian wines.

Project: Introduction of Cluster Approach and Establishing of a Pilot Cluster Model (EUROPEAID 119884/D/SV/BG, BG2003/004 - 937.02.03) – research and analysis of clustering in Bulgaria, development of Bulgaria National Cluster Policy, Development of Cluster Operation Manual. The research and analysis activities have concentrated in five key sectors, i.e. Apparel & Textiles, Tourism, Energy, General Engineering, Non-ferrous Metals & Ores, Transport and Logistics.

Annex E: Results from the desk research analysis in Greece

E.1 Overall structure of Exports

Economy of Greece

The economy of Greece is the 37th largest in the world at \$319¹¹ billion by nominal gross domestic product or purchasing power parity respectively, according to World Bank statistics for the fiscal year 2009–2010. Additionally, Greece, according to Eurostat (Retrieved 22 February 2012), is the 15th largest economy in the 27-member European Union. In terms of per capita income, Greece is ranked 29th or 33rd in the world at \$27,875 and \$27,624 for nominal GDP and purchasing power parity respectively.

The economy of Greece mainly revolves around the service sector (85.0%) and industry (12.0%), while agriculture makes up 3.0% of the national economic output. Important Greek industries include tourism (with 14.9 million international tourists in 2009, it is ranked as the 7th most visited country in the European Union and 16th in the world by the United Nations World Tourism Organization) and merchant shipping (at 16.2% of the world's total capacity, the Greek merchant marine is the largest in the world¹²), while the country is also a considerable agricultural producer (including fisheries) within the union. As the largest economy in the Balkans, Greece is also an important regional investor.

The Greek economy is classified as an advanced and high-income one¹³, and Greece was a founding member of the Organisation for Economic Co-operation and Development (OECD) and the Organization of the Black Sea Economic Cooperation (BSEC). In 1979 the accession of the country in the European Communities and the single market was signed, and the process was completed in 1982. In January 2001 Greece adopted the Euro as its currency, replacing the Greek drachma at an exchange rate of 340.75 drachma to the Euro. Greece is also a member of the International Monetary Fund and the World Trade Organization, and is ranked 34th on the Globalization Index¹⁴.

The country's economy was devastated by the Second World War, and the high levels of economic growth that followed throughout the 1950s to 1970s are dubbed the Greek economic miracle. Since the turn of the millennium, Greece saw high levels of GDP growth above the Eurozone average¹⁵ peaking at 5.9% in 2003 and 5.5% in 2006. Due to the late-2000s financial crisis and the European sovereign debt crisis, the Greek economy saw growth rates of –6.9% in 2011, –3.4% in 2010, –3.3% in 2009 and –0.2% in 2008. The country's public debt-to-GDP ratio stood at 165.3% of nominal gross domestic product in 2011¹⁶.

Agriculture

Greek agriculture is based on small-sized, family-owned dispersed units, while the extent of cooperative organization stays at low comparative levels, against all efforts that have been taken in the last 30 years, mainly under European Union supervision. Greek agriculture employs 528,000 farmers, 12% of the total labour force. It only produces 3.6% of the national GDP (about \$16 billion annually). A large number of the country's immigrants are employed in the agricultural sector of the economy, as well as construction and public works.

¹¹ <http://bit.ly/XgK6u>

¹² <http://bit.ly/KsOaXF>

¹³ <http://bit.ly/q1ZcGc>

¹⁴ <http://bit.ly/KWvMo0>

¹⁵ <http://bit.ly/4V4RE>

¹⁶ <http://bit.ly/Jzfi6L>

Greece produces a wide variety of crops and livestock products. Fisheries are also playing an important role while forestry plays a secondary role.

In 2010, Greece was the European Union's largest producer of cotton (183,800 tons) and pistachios (8,000 tons) and ranked second in the production of rice (229,500 tons) and olives (147,500 tons), third in the production of figs (11,000 tons) and almonds (44,000 tons), tomatoes (1,400,000 tons) and watermelons (578,400 tons) and fourth in the production of tobacco (22,000 tons). Agriculture contributes 3.3% of the country's GDP and employs 12% of the country's labour force.

Shipping

Greece is a maritime nation by tradition, as shipping is arguably the oldest form of occupation of the Greeks and has been a key element of Greek economic activity since ancient times.

Currently Greece has the largest merchant navy in the world as a percentage of the world's total dwt, at 16,2% according to a United Nations Conference on Trade and Development 2011 report, an increase from 15,98% in 2010.

The Greek merchant navy's total dwt is 202 million. Japan is second with 197 million, but Germany, which is ranked third, stands at 114 million. Greece is also ranked in the top 5 country merchant fleets by number of ships. In terms of ship categories, Greece controls 22.5% of the world's tankers and 16.8% of the world's bulk carriers (in dwt).

Tourism

Tourism in the modern sense has only started to flourish in Greece in the years post-1950, although tourism in ancient times is also documented in relation to religious or sports festivals such as the Olympic Games. Since the 1950s, the tourism sector saw an unprecedented boost as arrivals went from 33,000 in 1950 to 11.4 million in 1994.

Greece attracts more than 16 million tourists each year, thus contributing between 18.2% to the nation's GDP in 2008 according to an OECD report¹⁷. The same survey showed that the average tourist expenditure while in Greece was \$1,073, ranking Greece 10th in the world.

Industry

Between 2005 and 2011, Greece has had the highest percentage increase in industrial output compared to 2005 levels out of all 27 European Union members, with an increase of 6%. Eurostat statistics show that the industrial sector was hit by the Greek financial crisis throughout 2009 and 2010, with domestic output decreasing by 5.8% and industrial production in general by 13.4%. Currently, Greece is ranked third in the European Union in the production of marble (over 920,000 tons) after Italy and Spain.

In 2009, Greece's labour productivity was 98% that of the EU average, but its productivity-per-hour-worked was 74% that the Eurozone average. The largest industrial employer in the country (in 2007) was the manufacturing industry (407,000 people), followed by the construction industry (305,000) and mining (14,000).

Energy

Energy production in Greece is dominated by the Public Power Corporation (known mostly by its acronym DEI). In 2009 DEI supplied for 85.6% of all energy demand in Greece, while the number fell to 77.3% in 2010. Almost half (48%) of DEI's power output is generated using lignite, a drop from the 51.6% in 2009. Another 12% comes from Hydroelectric power plants and another 20% from natural gas. Between 2009 and 2010, independent companies' energy production increased by 56%, from 2,709 Gigawatt hour in 2009 to 4,232 GWh in 2010.

¹⁷ <http://bit.ly/JtxrS8>

In 2008 renewable energy accounted for 8% of the country's total energy consumption, a rise from the 7.2% it accounted for in 2006, but still below the EU average of 10% in 2008. 10% of the country's renewable energy comes from solar power, while most comes from biomass and waste recycling.

Exports

Greek export policy targets the following geographical zones EU countries, North America and Australia, Balkans, Middle East, North Africa, Black Sea (Caucasus), Asia (Far East), Latin America, Sub-Saharan Africa. In overall the trading of Greece (imports and exports) includes 217 countries. The export priorities for each of these areas vary depending on the target.

The ten most important export industries of our country, according to data from the Ministry of Foreign Affairs are: food, energy (renewable energy), green technologies, building materials, construction, tourism, health (pharmaceuticals, medical equipment), appliances (mechanical and industrial equipment), information technologies and communications, drinks (alcoholic, non-alcoholic) and cosmetics.

In 2010, the total value of Greek exports totalled 16,248 million Euros, accounting for 7.1% of Greece's GDP. Despite the financial crisis in Greece in 2011, exports showed a significant increase in volume up, 12.5%. This increase is largely due to the gradual decline of the global financial crisis, especially in traditional markets for Greek products, and to the increase of Greece's competitiveness as a result of the reduction of the prices of goods and the production factors in Greece resulting from the domestic financial crisis.

Exports to the European Union (EU) reached 63% in 2010, highlighting the importance of Greek foreign trade to the EU.

Main Export partners:

- ❖ Germany and Italy (11%)
- ❖ Cyprus (7%)
- ❖ Bulgaria (6%)
- ❖ UK (5%)
- ❖ USA (4%)
- ❖ Russia (2%)
- ❖ Switzerland (1%)

Export profile of basic commodities:

- ❖ Food and beverages
- ❖ Industrial products
- ❖ Petroleum products
- ❖ Chemical products
- ❖ Textiles

Total foreign trade (imports + exports) in Greece amounted to 63,969 million Euros in 2010. Although the export of goods is lower than the import of goods, the trade deficit has dropped to lower levels compared with previous years (31.4 billion Euros in 2010 compared with 33.8 billion Euros in 2009). The trade deficit, for the most part, is balanced by services exports, including shipping, tourism, and financial services.

Yearly distribution of exports

In recent years Greece has entered a period of intense financial crisis. By analysing the causes of this crisis, economists agree that Greece must develop the country's exports and increase the competitiveness against other countries. Compared with other countries, Greece has a very low position in terms of its exports activity, while most of its needs are covered by imports. This situation continued for many years and led to a negative trade balance for several years now.

Figure 1 presents the annual trade balance of Greece the last 10 years. It is clear that the balance is constantly negative. After the significant increase in exports in 2005-2006, in 2007 there is a

significant decrease of the increase rate. The significant slowdown in growth of Greek exports is mainly due to decrease of Greek exports to third countries (20.3%). Compared with the exports of the EU 15 countries, Greece ranks penultimate. On the other hand the imports indicate higher growth rate than exports, resulting their value is three times more than exports. Concerning to its imports, Greece ranks in 11th place.

Figure 2 represents the ratio of the annual value of exports relative to imports. Export growth in 2005-2006 is mainly due to the fact that Greece came after a period of substantial decline in exports in combination with the impact of the Olympic Games in 2004. In addition, an important role towards this goal played the Hellenic Foreign Trade Board (HEPO), who worked on increased the number of exhibitions, business missions and other activities aimed at promoting exports.

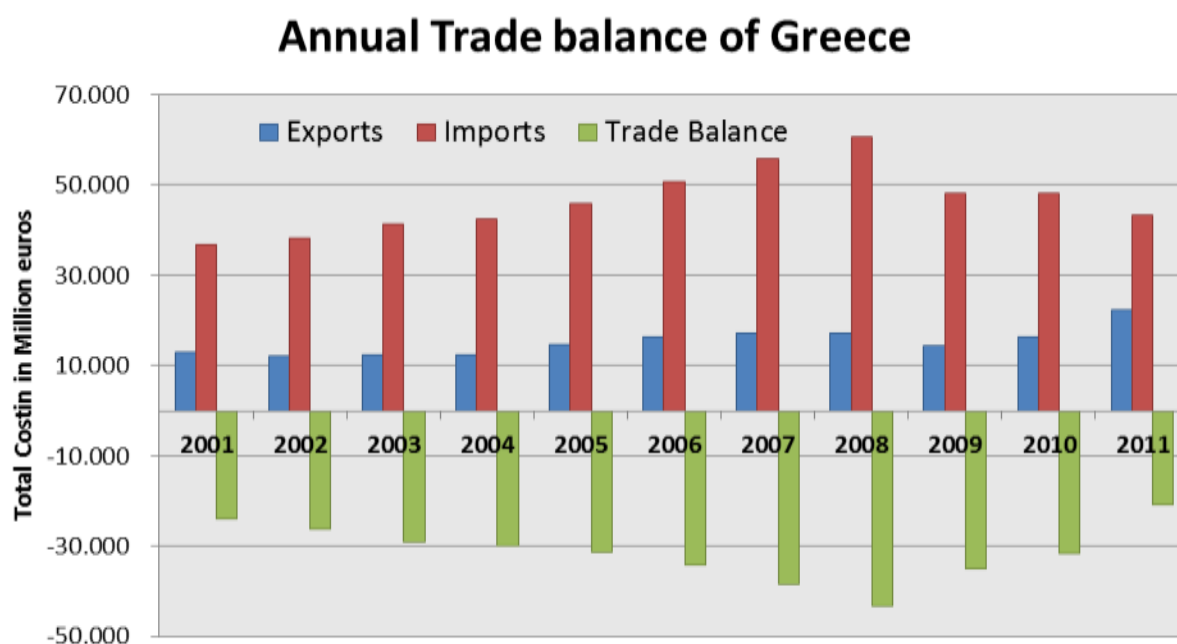


Figure 1: Annual trade balance of Greece from 2001 to 2011. Imports include ship purchases.

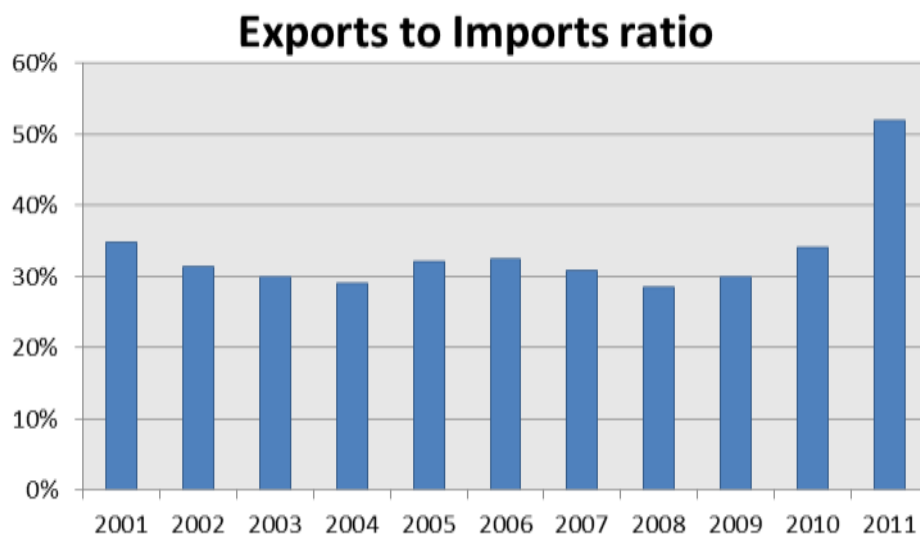


Figure 2: Ratio of the annual value of exports relative to imports for the last decade.

Distribution of Exports by Geographic Areas

According to information from the Observatory of European SMEs, although Greek SMEs intend to increase their exports, the export activity maintain at low levels compared with the EU 27. In particular, while the average export activity EU-27 is 9% of the gross profit, Greece ranks last with 2%. In general, as concluded by a related study of the Observatory of European SMEs, there is a need to enhance the size of the enterprises, the larger the size of a company, the more likely it is to export its products.

Figure 3, 4 shows the exports of Greece in millions of Euros by geographical area. Figure 2 presents the related export data for the years of 2010 and 2011 while figure 3 the data of 2012 in comparison with 2011. For 2012, where data only from January and February are available, the comparison with the 2011 is for the same months. The data are available to the public from the Hellenic Statistical Authority (El.Stat.).

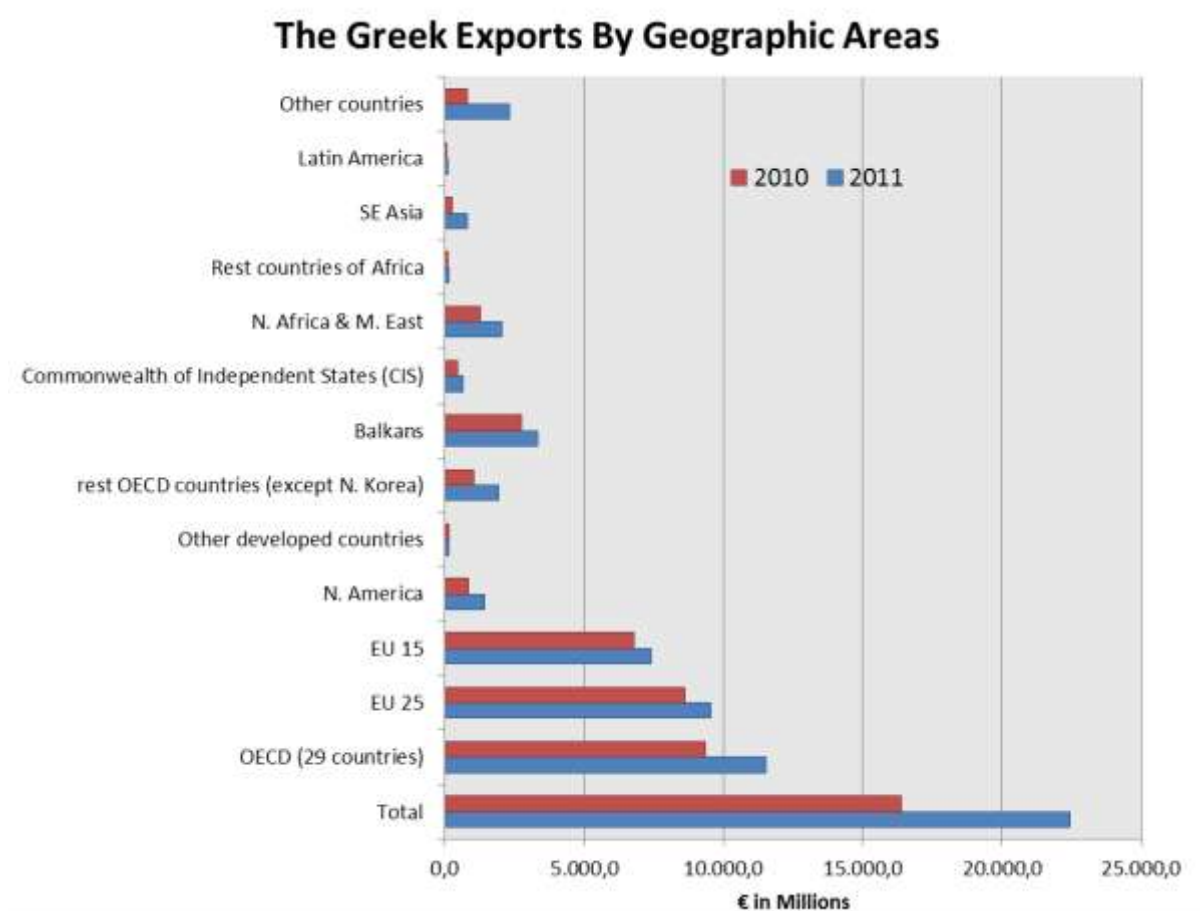


Figure 3: The Exports of Greece by geographical areas for last 2 years.

As the figures 3 indicates there is a significant increase on an annual basis (almost 37%) of Greek exports in 2011 (including oil products) and 9.2% (without oil products). This is a clear indicator that SMEs can push Greek economic and gradually the trading balance becomes positive.

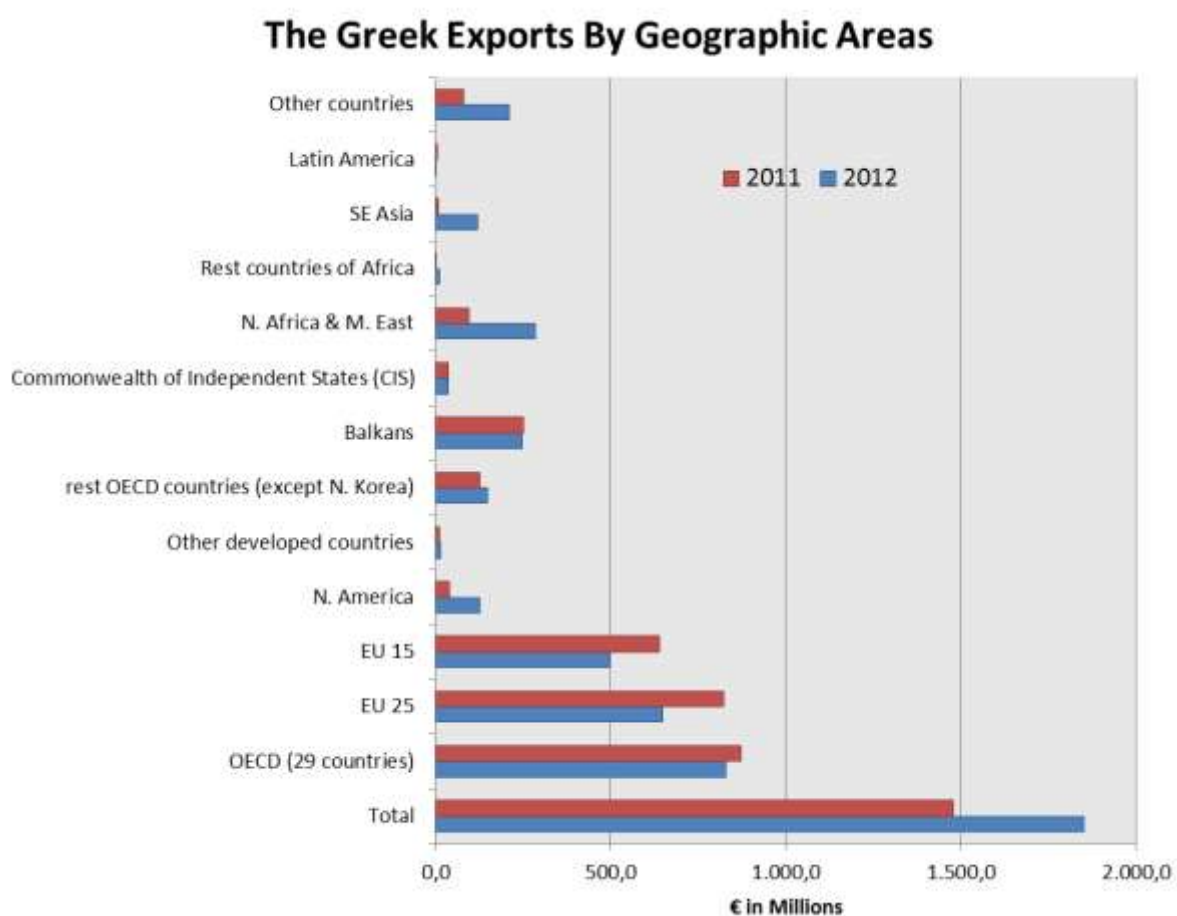


Figure 4: The Exports of Greece by geographical areas for the first two months of 2011 and 2012.

In 2011 there were significant changes in the composition of the export model (both qualitatively and geographically) of Greece, especially in terms of the 100 most exportable products and 100 major markets.

The list of the top 100 most important export markets of Greece is presented in table 1. In particular, Italy in 2011 was the largest customer of Greek products, surpassing for the second time after the last war Germany (the first time was in 2008). In third place is now Turkey, who was sixth in 2010. Cyprus is following in fourth place (third in 2010) and Bulgaria, which is now in sixth position (fourth in 2010). In fifth position is the Ship supplying category to third world Countries (13th place in 2010). The U.S. remained in seventh place, while in the eighth place is the UK (from fifth in 2010). In 9th place is now France (8th in 2010) and the last in the top ten list is Romania, which fell from ninth position in 2010.

Table 1: The 100 most important export markets of Greece in 2011

Ranking 2011	Country	Ranking 2010
1	Italy	2
2	Germany	1

3	Turkey	6
4	Cyprus	3
5	Ship with Other Countries	13
6	Bulgaria	4
7	USA	7
8	United Kingdom	5
9	France	8
10	Romania	9
11	Singapore	33
12	Macedonia	14
13	Spain	11
14	Netherlands	12
15	Albania	10
16	Russia	15
17	United Arab Emirates	20
18	Gibraltar	39
19	Algeria	18
20	Egypt	19
21	China	25
22	Belgium	17
23	Poland	16
24	Saudi Arabia	34
25	Serbia	21
26	Israel	29
27	Austria	22
28	Canada	35
29	Finland	26
30	Lebanon	56
31	Slovenia	37
32	Montenegro	51
33	Switzerland	23
34	Portugal	31
35	Sweden	27
36	Libya	24

37	Denmark	28
38	Ukraine	40
39	Czech Republic	30
40	Hungary	38
41	Australia	36
42	Nigeria	44
43	South Korea	55
44	Georgia	71
45	Tunisia	43
46	Mexico	32
47	Croatia	46
48	Kosovo	41
49	Hong Kong	48
50	Syria	57
51	Slovakia	45
52	Malta	53
53	India	42
54	Bosnia and Herzegovina	50
55	Indonesia	49
56	Morocco	47
57	Moldova	59
58	Brazil	66
59	Japan	54
60	Norway	60
61	Togo	
62	Republic of South Africa	58
63	Argentina	
64	Liberia	63
65	Marshall Islands	68
66	Ireland	61
67	Iran	65
68	Panama	69
69	Jordan	52
70	Lithuania	70

71	Iraq	64
72	Thailand	62
73	Falkland Islands - Dependencies	
74	Benin	
75	New Zealand	75
76	Venezuela	100
77	Luxembourg	74
78	Taiwan	73
79	Pakistan	67
80	Kuwait	81
81	Burkina Faso	84
82	Armenia	80
83	Qatar	76
84	Bangladesh	
85	Guinea	93
86	Yemen	85
87	Latvia	83
88	Azerbaijan	79
89	Uzbekistan	
90	Belarus	82
91	Niger	72
92	Kazakhstan	78
93	Estonia	89
94	Peru	
95	Kenya	98
96	Chile	91
97	Ethiopia	99
98	Saint Helena and Dependencies	
99	Mauritania	92
100	Malaysia	88

In addition to the previous table figure 5 shows the total value of exports (in millions of Euros) of the 20 most important export markets of Greece in 2011, 2010, 2005 and 2001.

The 20 major export markets of Greece during the years 2001, 2005, 2010 & 2011

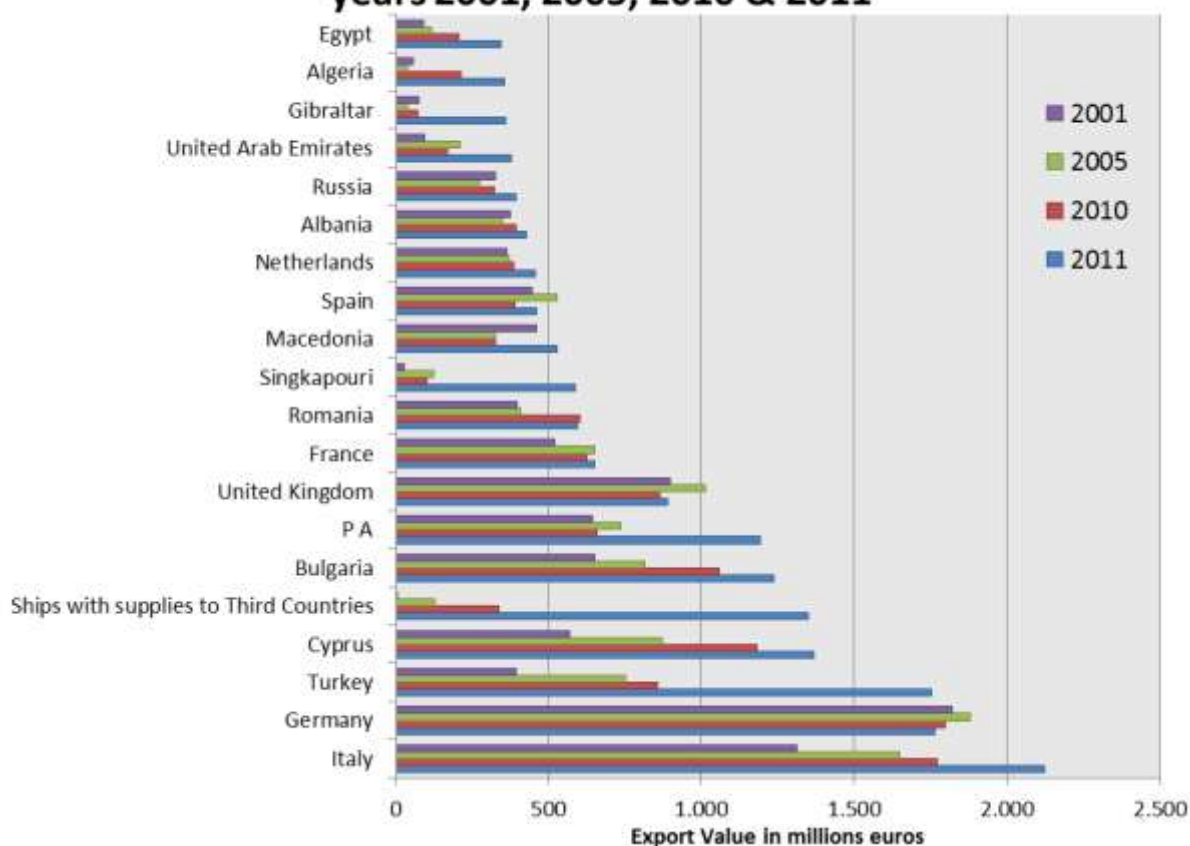


Figure 5: The 20 most important export markets of Greece in 2011, 2010, 2005 and 2001 (values in million €)

The largest annual increases of exports recorded for countries are: Uzbekistan (1044% to just 7.9 million €), Argentina (645%), Singapore (470.6%), Georgia (434.1 %), Saudi Arabia (145%), South Korea (143%), the United Emirates (123.9%), Syria (109.8%), Turkey (104.2%), China (81.9%), USA (81%), Ukraine (75.7%), Brazil (72.4%), Israel (67.1%) and Egypt (65, 9%).

In addition the exports decreased for 23 countries: Jordan (-49.2%), Niger (-48%), Bahrain (-47%), Philippines (-40%), Iceland (-35 , 7%), Mexico (-32%), Bahamas (-31%), Kazakhstan (-28%), Libya (-23%), Azerbaijan (-18.3%), Iraq (-17.2%) , Qatar (-16%), Switzerland (-16%), Morocco (-14.5%), India (-12.9%), Ireland (-11.2%), Belarus (-8.2%) , Sweden (-6.2%), Latvia (-4.6%), south. Africa (-4%), Japan (-3.2%), Germany (-2%) and Romania (-1%).

Distribution of exports by sectors, products

Figure 6 presents the total annual export value of Greek products distributed to basic categories. In specific red shades represents agricultural products, green raw materials, purple fuels, blue shades industrial products and yellow all other.

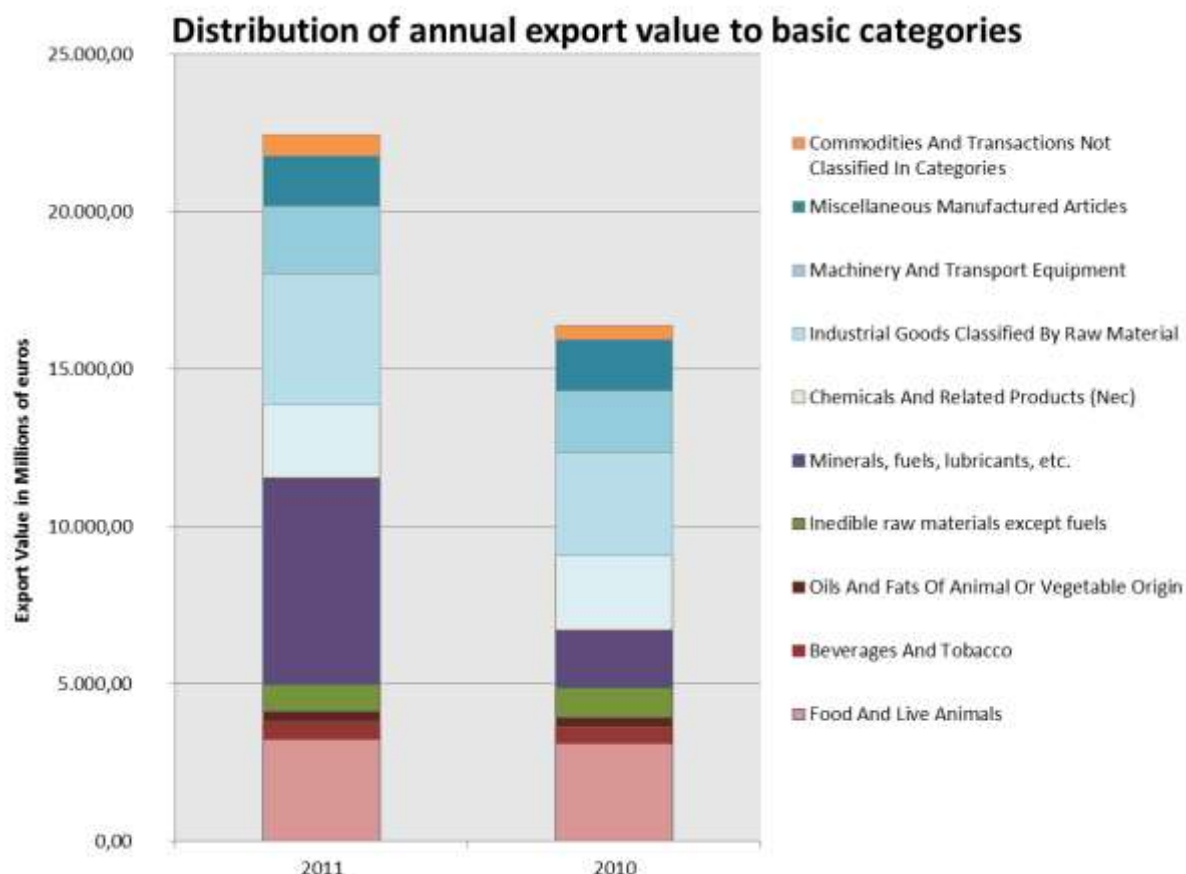


Figure 6: Annual export value distributed in basic export categories for years 2010 and 2011.

In 2001 rearrangements occurred and in 100 most exportable products of Greece, which includes 15 new categories of products, mainly from the fields of building materials, machinery, equipment, fertilizers, and food/beverages. Some examples of products with significant increase in export activity are strawberries, smoked fish, bottled water and toys. On the contrary products such as: bakery and confectionery, tangerines and melons, certain types of colours, hormonal medications, bathroom fixtures and ships are absent from the list. The data also confirms the crisis in textiles and clothing, due to the absence of yarn and non-knitted garments. The situation is balanced by the exports of knitted garments-textiles and fur products.

The list of the most exportable products of Greece in 2011 is presented in figure 6. The figure includes the top 14 products in export value, with total value above 200 million Euros. On the left side the figure shows the value in millions of Euros and in the right side the total weight of the exported products in tonnes.

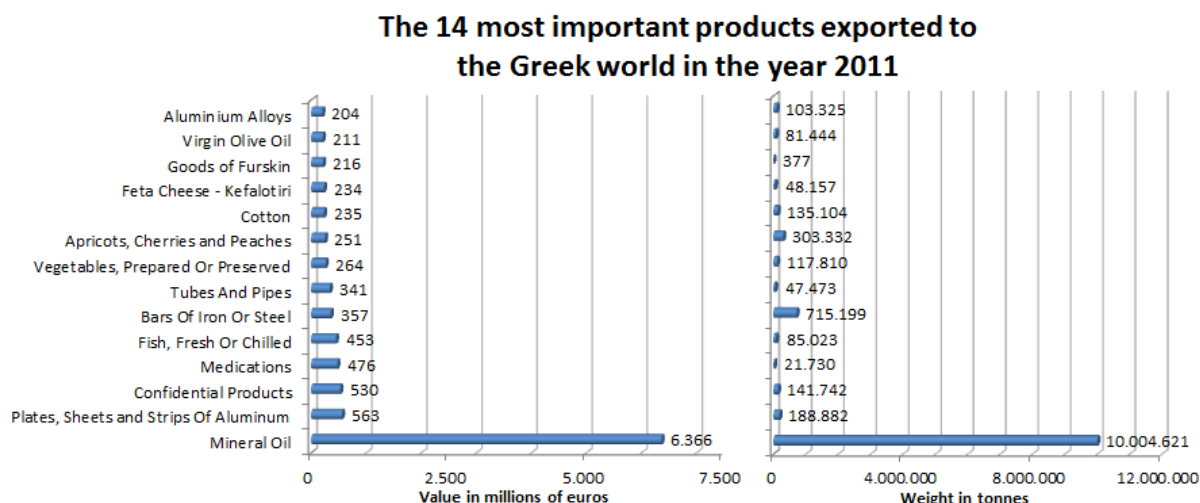


Figure 7: Most exportable products of Greece in 2011

In 2011 the food industry and beverage exports reached 2.587 million Euros, representing 11.52% of total Greek exports. This category includes 23 products, such as smoked fish, strawberries and bottled waters which did not appear in the correspondent list of 2010. In 2010, the exports of this category was 2,603 million accounted for 15.88% of total export value, with the participation of confectionery products, which no longer appear in the list of 2011.

The tobacco industry, with exports amounting to 345 million Euros, corresponding to 1.54% of the total exports, while in 2010, with exports of 327 million, accounted for 2%. In category includes tobacco without removing the stems and cigarettes.

Cotton industry showed a significant reduction in both total value and the percentage share in total exports. From the total export value of 411 million euro in 2010 fell to 279 million Euros in 2011.

The petroleum products, (including asphalt as a new product of 2011) reached the total value of 6,448 million Euros, surpassing the 28.7% of total export value.

Energy products were also increased in 2011, especially butane and electricity, from 0.79% of the total in 2010, increased in 2011 to 1.19%. In terms of the export value these products increased from 128 million to 267 million €.

Significant reduction was observed for colours, which decreased from 0.41% of the total value in 2010 to 0,22% in 2011, with export value 48 million.

Below 1 billion Euros (918 million), fell the category of pharmaceuticals, cosmetics, detergents, resulting in 2011 to 4,09% of total the total export value (from 6,74% in 2010) .

Fertilizers were also recorded in the top list of 2011, with exports worth 73 million, or 0,33% of the total. Plastics industry decreased from 540 million to 464 million, while their percentage increased to 2.07%.

Aluminium products significantly strengthen the industrial sector of construction materials, which ranks second in the list with export value of 2.680 million or 11.94% of the total value. New entries were recorded in the TOP 100 list such as products of iron, rods of copper and pipes of non-circular cross-section.

Significant increase in exports was recorded by the products of machinery equipment. Those products have export value over 1.000 million € and 4.52% of the total. Noteworthy is the new entrance of

Figure 8: The 20 most important export markets of Greece in 2011 (values in million €)

devices for transmitting sound, images and data.

In contrast, significant decrease recorded in the sectors of textiles and clothing products. The knitted fabrics and cotton yarn achieved exports of total value of 119 million Euros, representing the 0,53% of the total, while exports of apparel products 523 million (2.33% of total).

As for the various industrial products, toys increased to 71 million, resulting the 49th place. It is worth mentioned the fact that the participation of the products in the top 100 list of the most exportable Greek products in the total exports of Greece is increased at 76% from 57% in 2010.

E2. National Export strategies and policies

Greece has launched an ambitious and comprehensive new export promotion strategy that coordinates ministries and state bodies in an effort to overhaul Greece's approach to global markets and support an outward looking economy.

Key to the effort is the creation of a new, national brand that will:

- ❖ support exports, through the Greek Export Promotion Council (HEPO);
- ❖ support investment, through Invest in Greece Agency; and
- ❖ support tourism, through the Greek National Tourism Organisation (GNTO).

The key points of the national export strategy:

- The creation of a National Brand, a Greek identity, which will certify the quality and authenticity of products. The National Brand will be built on synergy and coordination with the Ministry of Culture and Tourism. Already action has been taken to create a common logo and a common certification system for high quality products.
 - The National Brand will be based on 3 pillars:
 - Exports (with support of HEPO)
 - Investments (with the support of Invest in Greece)
 - Tourism (with the support of GNTO)
 - Inter-ministerial coordination. The Ministry of Foreign Affairs with Economic Diplomacy and the Commercial Attachés; the Ministry of Finance; the Ministry of Culture and Tourism with GNTO; the Minister of State with responsibility for strategic investments; the Ministry of Rural Development and Food; and the Ministry of Regional Growth and Competitiveness.
 - A radical restructuring of the National Export Council to become more efficient, more effective, and more flexible. It will be absorbed by the National Council for Development and Competitiveness to create a stable structure that will be able to co-shape national policy and to monitor implementation and results.
-
- Creation of a new Outward Orientation Fund, under the umbrella of ETEAN (Hellenic Fund for Entrepreneurship and Development), which will be called Go2Market. It will be capitalised with about 70 million Euro, which will be used to leverage multiple funds from the market.
 - Creation of smart financial products that will meet short-term liquidity needs of businesses, such as the pre-financing of exports and the export VAT refund.
 - ECIO (Export Credit Insurance Organization – OAEP) is being readjusted to provide information, be flexible and be able to cover indirect investments.
 - HEPO will be reorganised along the lines of the Dutch EVD, which is one of the best players of its kind in the world. It will focus on three functions:
 - Reports
 - Reliable online information and analysis of new markets for critical areas of opportunities per country, with potential match-making, and organisation of regular electronic reports
 - Provision of information, expertise and small-scaled financial assistance to small businesses with products seen favourable for export (along the lines of the Dutch Prepare2Start).
 - Creation of a network of information and technology transfer from large and experienced firms with small non-competing companies.
 - The systematic monitoring with statistics of all initiatives, to target policy priorities, in collaboration with the Ministry of Foreign Affairs.

The export priorities for each of these areas vary depending on the target. For example for Europe, North America and Australia the top five products that Greece is targeting to export are in prioritized order: i) food, ii) energy (electricity, green technologies), iii) tourism, iv) health (pharmaceuticals, medical equipment) and v) information and communication technologies. Table 2 presents the top 5 products that the Greece policy targets to export for each different geographical zone:

Table 2: Prioritized policy list for Export Industries by geographical zones

Europe, North America and Australia		Balkans	
1	Food	1	Energy (Electricity, Green Technologies)
2	Energy (Electricity, Green Technologies)	2	Food
3	Tourism	3	Construction
4	Health (Pharmaceuticals, Medical Equipment)	4	Health (Pharmaceuticals, Medical Equipment)
5	Information And Communication Technologies	5	Building Materials

Middle East and North Africa		Black Sea and the Caucasus	
1	Food	1	Food
2	Energy (Electricity, Green Technologies)	2	Construction
3	Construction	3	Energy (Electricity, Green Technologies)
4	Equipment (Mechanical And Industrial)	4	Drinks
5	Building Materials	5	Real Estate

Latin America		Sub-Saharan Africa	
1	Food	1	Health (Pharmaceuticals, Medical Equipment)
2	Energy (Electricity, Green Technologies)	2	Equipment (Mechanical And Industrial)
3	Drinks	3	Building Materials
4	Appliances (Mechanical And Industrial Equipment)	4	Furniture (Housewares)
5	Shipping	5	Food

To further support the Greek effort of economic diplomacy there is already a program to includes in Greek exports Azerbaijan (5-8 April 2011), Canada (10 -14 April 2011), Uzbekistan (May 2011), India (June 2011), South Korea (July 2011), Serbia (September 2011) and Iraq.

E3. Major Export support and training providers

Hellenic Republic Ministry of Foreign Affairs

It is responsible for supporting the Greek enterprises in international markets through various activities:

- ❖ Providing information to Greek enterprises to promote Greek products / services in international markets and help Greek entrepreneurs develop international networks. Moreover

inform Greek entrepreneurs about the important international developments in economy and trade.

- ❖ Monitor business activity, priorities and problems faced in foreign markets. Support related business activity.
- ❖ Organization, coordination of occasional official visits to countries of interest of President, Prime Minister, Minister of Foreign Affairs or other public or private bodies.
- ❖ Promotion of selected products / services by organizing workshops, training sessions etc.
- ❖ Raise awareness on international funding programs.
- ❖ Organizing workshops, conferences, events to promote specific products or sectors. Organize educational seminars for executives related to Finance and Commercial Affairs.
- ❖ Education and training of officials of the Foreign Ministry on applying economic diplomacy to support the needs of Greek enterprises in the internationalization effort.

Hellenic Foreign Trade Board (HEPO)

HEPO is officially responsible for implementing the export policy of Greece.

The organization's main focus is to:

- ❖ Design and coordinate activities for Greek enterprises to expand their business into foreign markets;
- ❖ Promote best-practices in line with the national export policy of Greece;
- ❖ Develop and apply particular know-how in matters of export policy;
- ❖ Evaluate partnerships in foreign markets and pursue matching opportunities between Greek enterprises and those abroad;
- ❖ Encourage and assist SMEs in entering international markets.

HEPO welcomes its role as the leading integrator of foreign trade policy and of the export potential of Greek companies.

There is a significant focus on partnerships between Greek enterprises and foreign markets. HEPO in particular, manages this effort on several fronts, including Business Administration, Enterprise Modernization, International Orientation, Marketing Practices and Customer Service Strategy, Competitive Entrepreneurship and Commercial and Trade Activities.

HEPO employs a number of strategies and engages in a series of activities to reach out to international markets on behalf of Greek exporters.

Foreign enterprises will encounter HEPO delegates at fairs, exhibitions, road shows and tradeshows everywhere - seek out their expertise and a new trade bridge will thus be built between your home market and Greece.

As a strategic partner to Greek exporting enterprises, HEPO aims to:

- ❖ Contribute to the greater actual and perceived value of Greek exports while improving market share around the world;
- ❖ Increase the volume and varieties of exportable products, with emphasis on items of high added-value, as well as on the information technology and services industries;
- ❖ Reinforce the presence of Greek products in foreign markets;
- ❖ Improve the image of Greek products.

HEPO represents Greece and its export potential at the leading international fairs and exhibitions around the world.

Networking opportunities, business conferences, themed product presentations as well as on-going events, all take place to benefit Greek businesses and their foreign trade partners.

HEPO is constantly present and active in world markets with perfectly planned and prepared Business & Trade Missions. This commitment fosters and enables successful partnerships between Greek and foreign companies to flourish in every target-market.

HEPO regularly coordinates road shows, tradeshows and promotional events abroad. Direct communication with business enterprises, Chambers of Commerce and Trade Associations develops

a basis for the exchange of information and cooperation, as well as improves import-export strategies for all parties involved.

HEPO organises important events such as Symposia, International Conferences and Fora focusing on the entrepreneurial extroversion, with particular interest on the combined promotion of products from the sectors of tourism, gastronomy and agriculture.

Pan-Hellenic Exporters Association (PSE)

The Pan-Hellenic Exporters Association (PEA) was established in 1945 and represents the entire body of Greek Exporters. It is the main export organisation in Greece, and its members are enterprises, cooperatives and organisations engaged in exports of various export sectors from all geographical regions of Greece

Members of PEA produce, manufacture and export a large variety of industrial and agricultural products to practically every country in the world.

PEA's scope is:

- ❖ to promote the interests of exporting enterprises;
- ❖ to bolster export activity;
- ❖ to assist all interested parties abroad in familiarising themselves with Greek export production and in finding the products they are looking for and the people or companies who sell them.

PEA is able to raise the problems faced by exporting enterprises:

- ❖ With the government and representatives of public administration;
- ❖ With export support organisations;
- ❖ With European Union authorities;
- ❖ With the competent international bodies and organisations;
- ❖ With representatives of foreign countries.

PEA is also able to intervene in decision-making processes relating to export issues either on its own initiative or following an invitation to express its views, and can contribute to shaping policy either in the exports sector in general or in specific sectors of export activity, or for individual products.

PEA is in a position to inform foreign importers about export opportunities for all products exported by Greece and to provide its supportive services in arranging meetings between interested enterprises and Greek exporters.

In addition to the information it provides, PEA is in a position to develop an importer file for parties interested in purchasing Greek products following a request to this effect.

PEA also issues:

- ❖ Newsletters for the progress and prospects of the Greek exports;
- ❖ Alerts, Key Notes and Circulars on export issues;
- ❖ Researches, Studies, Case Studies for goods and services, key markets, signed by the status of KEEM.

Furthermore, PEA undertakes activities such as:

- ❖ Networking and clustering businesses and promoting cooperation;
- ❖ Special events for the promotion of the Greek exporters;
- ❖ Seminars, conferences and galas;
- ❖ Meetings, consultations and round tables of exporting companies region, by exporting market and by product/service;
- ❖ Vocational training activities;
- ❖ Promotion of goods and services;
- ❖ Joint participation in Exhibitions, Conferences and Seminars;
- ❖ Access and support to UN and EU procurements.

Greek International Business Association (SEVE)

The Greek International Business Association (SEVE) was established in 1975 as a non-profit organisation and is currently the largest association of exporting companies in Greece numbering more than 610 member - companies.

These companies manufacture and trade a plethora of products with almost every country in the world.

SEVE's mission is to consolidate, protect and promote the professional, economic, social and ethical interests of its members, to promote and support Greek products in foreign markets, to promote and support the development of international co-operation between Greek enterprises and those of other countries, to conduct market research in foreign countries, to collect and disseminate information and statistical data in order to inform its members, to cooperate with organisations worldwide and to implement European programmes that sustain the economic interests of its members.

In 1989, SEVE established the Exports' Research and Studies Institute (IEES), which aims to provide customised foreign market research and useful information through on-line connections with international data banks to exporting companies.

The prevailing philosophy in this domain is to provide consistent quality services and creative solutions to export problems that our members face.

Centre of Export Research and Studies (KEEM)

The KEEM is a scientific organization, founded and funded by the PEA since 1980. At first as the Association's scientific arm and now as an independent entity, the KEEM monitors the progress of exports per product and per country.

It also highlights weaknesses, problems and new developments in export activity, contributing to the development of policies to confront such issues.

It carries out research on general and specific export issues, publishing announcements on export performance overall and per product as well as research and studies on important export issues.

The Centre is also in a position to carry out research and studies that have been commissioned by third parties following special arrangements made to this end.

Invest in Greece

Invest in Greece SA is the official Investment Promotion Agency of Greece that promotes and facilitates private investment. Invest in Greece is also responsible for the implementation of "Acceleration and transparency of implementation of Strategic Investments" law.

Invest in Greece identifies market opportunities and provides investors with assistance, analysis, advice, and aftercare support. It identifies potential partners, locates sites, assists in legal and licensing procedures, analyses investment proposals, furnishes pertinent economic information, and fully explains incentives available to investors.

Invest in Greece is committed to helping businesspeople discover the many opportunities in Greece, the gateway to Southeast Europe and the Eastern Mediterranean and to operate as a one-stop-shop for strategic investments.

Invest in Greece SA is ISO 9001:2008 certified and is comprised of 5 Units:

❖ Investment Promotion

The Investment Promotion team at Invest in Greece Agency is responsible for all outreach activities that promote Greece as an investment location and introduce investors to the unique advantages and opportunities that Greece offers.

❖ Investor Services

The Investor Services Team at Invest in Greece Agency provides comprehensive facilitation services to investors. The personal service in guiding investors through every stage of the investment process means that businesspeople are able to maintain as strong focus on their goals and objectives while availing themselves of full support in a new business setting.

❖ Policy and Planning

The Policy and Planning Team at Invest in Greece Agency prepares the comprehensive background material every investor needs to be successful in his or her venture. In addition, the Team formulates and puts forward the optimal policies that respond to investor needs in today's ever-changing environment.

❖ Communication

The Communication Team at Invest in Greece Agency maintains and executes the open communication policies to all investors so that businesspeople the world over are introduced to Greece's many investment advantages and opportunities.

❖ Administration and Finance

The Administration and Finance Team at Invest in Greece Agency handles all day-to-day administrative details to ensure the smooth running of Invest in Greece Agency so that investors always receive efficient, courteous, and professional services.

E4. Conclusion

Greece produces and exports high quality products, expertise and innovation. At the same time, Greece due to the advantage of its geographical location, sea and land trade routes has the potentials to play an important role on world trade. The primary sector and agricultural products as well as the new technologies and services, shows a potential ability to change the country's production model. All that is needed is a more stable business environment and some economic stimulus packages to support Greek market.

The statistics of the Ministry of Foreign Affairs shows that Greek enterprises have great interest to increase their export activity. According to data of 2010 the traffic and the enquires from Greek enterprisers in the portal of the Ministry of Foreign Affairs increased compared to 2009 by 84% and reached 8,307 in number. This is a strong indication that Greek enterprises are looking to expand their business in foreign countries.

PSE has identified the current need of Greek SME to increase their export activity and proposes certain actions. Greek market currently needs more national resources to support exports. The creation of a new organization to manage financial investments to enterprises and develop new co-operations will play an important role in order to expand Greek exports. Another important factor is to support the export activity by organizing various activities such as organize Export Exhibitions in Greece, develop promotion material and promote Greek products, conduct market researches, organize workshops to train business executives in export related subjects ect. At last but not least several activities should focus to attract investors or even support Greek investments abroad.

Annex F: Results from the desk research analysis in The Netherlands

F1. Introduction

The Netherlands has a long tradition as a trading nation. Goods produced or re-exported in the Netherlands find their way to buyers from all over the earth. Reasons for this can be found in the favourable location towards the European hinterland. For example the great opportunities in infrastructure that The Netherlands has to offer, like the port of Rotterdam or Schiphol airport (fourth of Europe). Due to those aspects, the Netherlands was able to develop itself as an important European import and export country.

The overall export, as the percentage of the GDP, has become already more than 70% and is still increasing. With those rates, the Netherlands has a very high export-GDP-ratio, compared to the other OECD (Organization for Economic Cooperation and Development) countries (25%).



Globalization

Globalization has become a well-known and well-discussed topic over the last two decades. Particularly for a small and open economy like the Netherlands, international developments have major implications. Since international trade, but also international investments and other dimensions of globalization hence play a vital role in the Dutch economy, it is not surprising that policy makers and the public-at-large ask questions on the determinants of globalization and its effects in terms of employment, economic growth, sustainability and developments over time.

F2. Overall structure of exports in The Netherlands

The Dutch economy was significantly affected by the global economic downturn of around 2008-2009, as were other EU member states. Following shrinkage of the GNP by 3.9 percent in 2009, the Dutch economy has been improving. As an open economy, the Dutch economy benefits from the recovering world trade. Another influential factor is that the underlying structure of the Dutch economy is strong in comparison to that of many other countries. This is due to the significant restructuring measures implemented for the Dutch economy, such as in the labour market and social security policy as well as in the areas of market regulation and government finance. These were initiated at an early stage in the economic crisis. As a result, the Netherlands is one of the most prosperous countries within the OECD. Since 2009, the Netherlands has been the second-ranking country with the highest per capita income in the EU, following Luxembourg.

The Netherlands has for centuries been known for its spirit of commerce and its track record as a trading nation. The Netherlands was the fifth largest exporter in the world in 2010. The country is home to the largest port in Europe (Rotterdam), and half its population is employed by an enterprise engaged in foreign trade. Accordingly, international trade in goods plays a major role in the Dutch economy. As a result of the upswing in international trade, the Netherlands was able to recover quickly and achieve positive economic growth in 2010. The first quarter of 2011 exhibits similar growth rates, but the prospect of recovery does seem to be changing. Other European countries are growing faster than the Netherlands.

Because of its geographical location, the Netherlands is perfectly positioned as a gateway to Europe for goods arriving from all over the world. As such, re-exporting is an important and valuable activity, amounting to almost 45 percent of total Dutch exports.¹⁸

¹⁸ <http://www.cbs.nl/NR/rdonlyres/CD9715AF-32D2-4102-8057-A72D0D9F0DE9/0/2011m21pub.pdf>

The Dutch economic structure runs on the principles of an open economy. The Netherlands is a prosperous economy that depends on foreign trade. Netherlands' economic structure features a stable industry sector, low inflation and unemployment rate and an impressive current trade surplus. According to the 2009 statistics, the current account balance is \$33.72 billion.¹⁹

Dutch Economic Structure

The service sector is the most dominant and largest contributor to Dutch economy. The service sector contributes as much as 73.7% to the GDP (2009 figures) and generates employment opportunities for 80% of the workforce (8.33 million).

The service sector includes financial services, transportation, goods distribution and tourism. The computer related industry is also a well-developed segment for the sector. The telecommunication industry holds a lot of potential as well. The latest trend in the service sector seems to be mergers to consolidate resources and optimise usage.

Netherlands' industrial sector is a well-diversified segment with a variety of industries, such as petroleum refining, food processing, chemicals and electrical machinery. Other prominent industries in the Netherlands are:

- Agro-industries
- Metal and engineering products
- Construction
- Microelectronics
- Fishing

The industry sector contributes 24.4% to the GDP and employs almost 18% of the workforce. The government is taking steps to encourage the growth of new industries in areas that are economically depressed. Specific measures have been taken to encourage growth in biotechnology, aerospace industry and microelectronics. Being a huge economy, FDI keeps increasing and stood at \$661 billions in 2010.

The agriculture sector remains a well mechanised sector that employs almost 2% of the workforce and contributes to exports as well. The various goods that the sector produces are:

- Grains
- Potatoes
- Sugar beets
- Fruits
- Vegetables
- Livestock.²⁰

Yearly distribution of exports

The Netherlands has traditionally had an open economy and the level of trade with other countries is very significant. According to research carried out by the Netherlands Bureau for Economic Policy Analysis, the Netherlands earns about 33% of its income from the export of goods and services. In 2011, the value of exports was 84.2% of the Netherlands' GDP.²¹

In 2009, the Netherlands experienced a decrease in imports of 18.4 percent and exports dropped by 16.5 percent. As a result, the Dutch economy was pushed into recession as Dutch GDP volume

¹⁹ http://www.economywatch.com/world_economy/netherlands/structure-of-economy.html

²⁰ http://www.economywatch.com/world_economy/netherlands/structure-of-economy.html

²¹ <http://www.hollandtrade.com/business-information/holland-information/economic-development/?gclid=CODCsemD4a8CFeMLtAodv0U1Aw>

contracted by 3.5 percent. When international trade flows picked up again in 2010, growing export levels turned out to be the main driving force behind the Dutch economic recovery.

The economic and financial crisis that led to a worldwide recession in 2009 also resulted in the greatest decline in world trade in over 70 years. While the value of world exports still grew by 15.6 percent in 2008, it contracted rapidly by 23.1 percent in 2009, as shown in the table below. In 2010, world trade bounced back quickly with strong growth rates. In fact, the positive growth rates of 2010 were almost the mirror images of the negative rates of 2009. However, in terms of value, world exports and imports have not yet returned to 2008 levels.

1.2.1 Trade growth in percentages

	The Netherlands	US	EU 27	Germany	China	World
%						
Imports						
2008	9.5	7.4	12.4	12.3	18.5	15.6
2009	-18.4	-26.0	-24.8	-21.9	-11.2	-23.1
2010	21.1	22.7	12.8	15.2	38.8	21.6
2011Q1*	18.4	18.7	19.2	19.8	32.7	n.a.
Exports						
2008	7.6	12.1	10.9	9.6	17.4	15.1
2009	-16.5	-18.0	-22.6	-22.7	-16.0	-22.6
2010	20.1	21.0	12.1	13.2	31.3	23.1
2011Q1*	16.1	18.2	18.9	17.8	26.4	n.a.

Source: Data on the Netherlands: CBS, Statline, International trade statistics, core figures (extracted: 24-8-2011). Data on other countries: WTO, http://www.wto.org/english/res_e/statistics_e/daily_update_e/monthly_trade_e.xls.

As can be seen in the table above, the period from late 2008 to 2010 was fluctuating for the Netherlands in terms of international trade in goods. Both imports and exports contracted strongly in 2009, by 18.4 and 16.5 percent respectively. However, compared with other countries, the decrease in Dutch foreign trade turned out to be less than the average. International trade in services was affected somewhat differently by the economic crisis. Dutch imports of services did not contract at all but continued to grow in 2009, although at a slower pace than in previous years.²²

Distribution of export

As the fifth largest exporter of goods in the world, the Netherlands occupies a prominent position when it comes to world trade. In 2010, the Netherlands exported goods worth a total of more than 574 billion US dollars. The Netherlands is also a significant exporter of commercial services - exports of commercial services amounted to 111.3 billion US dollars (81.9 billion Euro, CBS, 2012) in 2010, which placed the country ninth in the world rankings.²³

Distribution

The Netherlands is considered by many as the logistics gateway to the European market. Many international companies have opened sales and marketing offices, R&D centres, and distribution centres in the Netherlands, to serve their customers in Europe, the Middle East, Africa, and beyond. The features that make the Netherlands ideal for European supply chain activities include: its central location within the European mainland; excellent seaport and airport facilities; extensive infrastructure

²² <http://www.cbs.nl/NR/rdonlyres/CD9715AF-32D2-4102-8057-A72D0D9F0DE9/0/2011m21pub.pdf>

²³ <http://www.hollandtrade.com/business-information/holland-information/economic-development/?gclid=CODCsemD4a8CFeMLtAodv0U1Aw>

with fast connections; advantageous tax and customs legislation; international business community; and a flexible, productive, and highly educated labour force. The logistics services industry is highly developed in the Netherlands, and many international logistics services providers have major distribution facilities in the Netherlands.

The Port of Rotterdam has grown to be one of the ports with the most traffic in the world by offering a broad range of services and by developing value chains. The Port of Amsterdam is the second seaport in the country. Amsterdam Airport Schiphol, is the main international airport for passengers and freight in the Netherlands, due to its advanced distribution and transportation capabilities. As a major global air hub, Schiphol serves international markets.²⁴



The port of Rotterdam

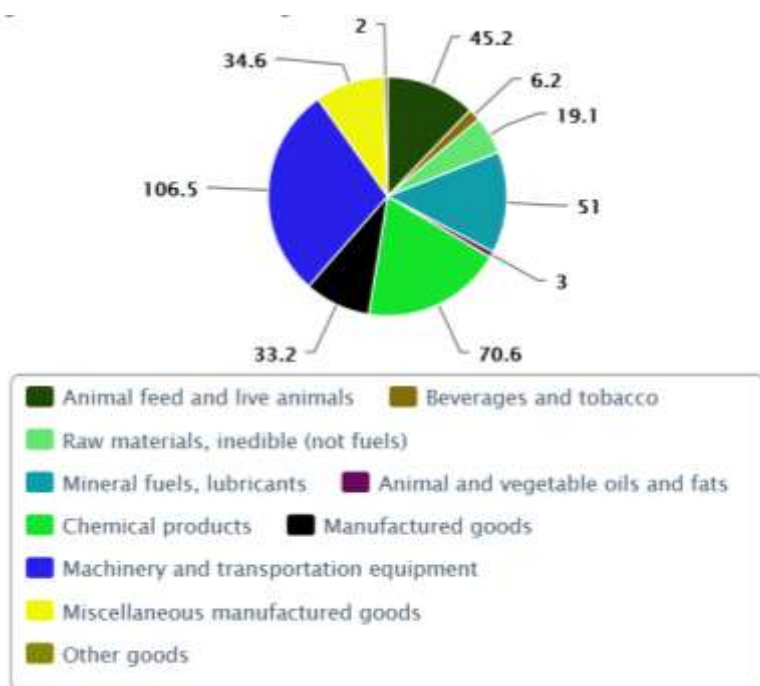


Amsterdam Airport Schiphol

Products

The Netherlands is the second-largest exporter of agricultural products worldwide, after the United States. Horticulture is by far the most important segment in the agricultural sector. Other substantial Dutch export products include chemical goods (e.g. Sikkens paint), machinery (e.g. ASML lithography systems) and vehicles (DAF Trucks and Scania trucks). The Netherlands is also a well-known exporter of high-quality aircraft parts (Fokker Aerospace), ships (IHC Merwede) and yachts (Royal Van Lent Shipyard). The table below specifies which goods were exported most in 2011.

²⁴ <http://www.hollandtrade.com/business-information/market-information/distribution/>



The bulk of Dutch trade takes place with EU countries, with re-exports in particular as an important activity. In terms of imports, BRIC countries (**B**razil **R**ussia **I**ndia **C**hina) are making headway at the expense of European partner countries, China in particular has taken on an important position in Dutch imports, and ranks third on the Dutch international import top 5.

Machinery and transport equipment, chemical products and mineral fuels form the bulk of Dutch trade. Combined, these three commodity categories accounted to 64 percent of Dutch imports and 62 percent of exports in 2010. The share of re-exports is also quite high, particularly for machinery and transport equipment, indicating that the majority of this trade is not produced in the Netherlands.

Trade in crude oil and petroleum products plays the main role in Dutch trade with countries like Germany and Belgium. Around 9 and 15 percent of Dutch exports to Germany and Belgium respectively consisted of these commodities in 2010. About 18 percent of Dutch imports from Belgium also comprised crude oil or petroleum products. Other similarities in trade patterns are the importance of road vehicles, and organic chemicals in imports from Germany and Belgium. The main products traded with Germany are, however, medicinal or pharmaceutical in nature, such as vaccines and blood sera. Natural gas is an important export product for the Netherlands, which was not only destined for Germany and Belgium, but was also exported to the other trading partners.²⁵

Countries

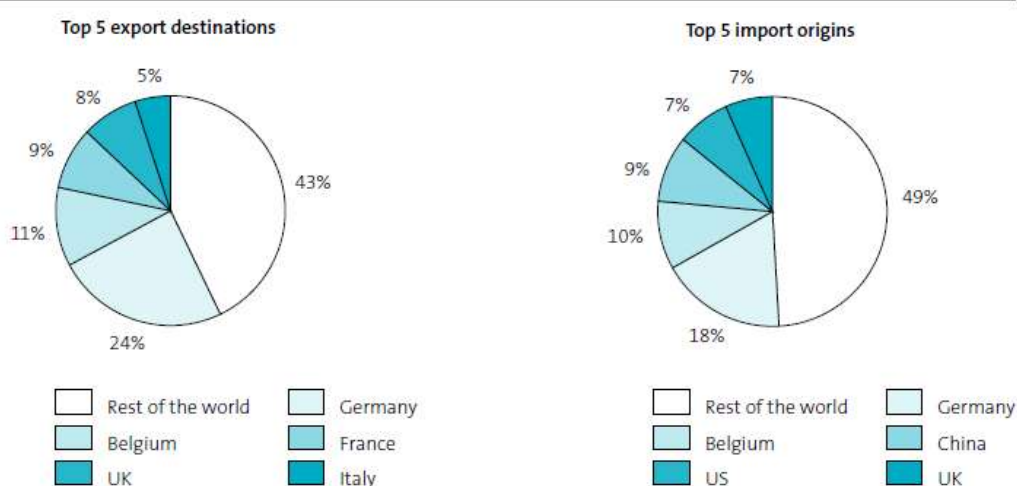
In 2011, the Netherlands' most important export partners were: Germany (24.1%); Belgium (12.1%); France (8.9%); UK (8.0%); Italy (4.8%) and the US (4.1%).²⁶

The graph below shows the Netherlands' five main trading partners in term of imports and exports. For both flows Germany and Belgium are, and have been for a long time, the most important trading partners. In 2010, about one third of Dutch trade was conducted with these two neighbouring countries.

²⁵ <http://www.cbs.nl/NR/rdonlyres/CD9715AF-32D2-4102-8057-A72D0D9F0DE9/0/2011m21pub.pdf>

²⁶ <http://www.hollandtrade.com/business-information/holland-information/export-and-import/>

1.5.1 Netherlands' top trading partners, 2010



Source: CBS, Statline, International trade in goods (extracted: 24-8-2011)

Tables 1.5.4 and 1.5.5 show how important the Netherlands is for its top 5 trading partners in terms of commodities trade. In 2010, Germany was our main trading partner. The Netherlands was also the most important importing country for Germany. Approximately 13 percent of German imports in 2010 came from the Netherlands, of which approximately half comprised re-exports). With 7 percent of German exports going to the Netherlands, we ranked third on the German list of top destination countries in 2010, behind France and the US. The Netherlands plays a similar role in Belgian trade, being its number one country of origin and its third country of destination. Almost one fifth of Belgian imports came from the Netherlands (again, re-exports constituted a significant part; this share was 41 percent in 2009) and 12 percent of Belgian exports went to the Netherlands.

1.5.4 Importance of the Netherlands for the international trade of its top 5 export partners, 2010*

Reporting country	Importing from	million euro	Share in total (%)	Rank
Germany	Netherlands	106,750	13	#1
	World	804,737	100	
Belgium	Netherlands	55,767	19	#1
	World	294,519	100	
UK	Netherlands	30,377	7	#3
	World	422,491	100	
France	Netherlands	33,810	7	#4
	World	456,938	100	
Italy	Netherlands	19,473	5	#4
	World	364,950	100	

Source: Eurostat, Comext database (extracted: 17-6-2011).

UK

The Netherlands is the third largest trading partner for the UK, both in terms of imports and exports. Approximately 7 percent of UK imports comes from the Netherlands and around 8 percent of UK exports is destined for our country. The UK mainly imports from Germany and China, and exports mostly to the US and Germany.

France & Italy

For France and Italy, the Netherlands is only an important partner country in terms of imports. The Netherlands ranked fourth on both countries' lists of top import partners in 2010. In terms of imports,

China and the US were our third and fourth most important partner countries in 2010. However, the Netherlands is not so important for the US: we rank ninth on their list of export destinations and are surpassed by countries such as Canada, Mexico, China and Japan.

China

For China, the Netherlands is a strategic port of access to Europe. As such, we rank sixth on their list of destination countries. However, by no means are all imports from China destined for the Dutch market; a large portion is subsequently distributed to other EU countries. The US is the main export market for China, closely followed by Hong Kong. Hong Kong has a unique position in Chinese trade. Specialised in intermediary and financial services and benefiting from economies of scale and agglomeration, Hong Kong functions as a trade and transportation hub for goods from China's mainland (Sung, 2005).²⁷

Key Sectors in the Dutch economy

Dutch companies and organisations offer a broad range of products, services and technologies. This page contains information of the most important sectors of the Dutch economy.



Agriculture and food

The Netherlands is the world's second largest exporter of agricultural products, second to the USA. Together with the USA and France, the Netherlands is one of the world's three leading producers of vegetables and fruit. It supplies a quarter of the vegetables that are exported from Europe. The agri-business is one of the driving forces behind the Dutch economy even though just a small percentage of the labour force works in this sector (2%).

Creative industries

For centuries, Dutch creativity has inspired and informed. Geniuses, such as Dutch Masters Rembrandt and Van Gogh transformed the world around them. Today's masters include iconic figures such as fashion designers Viktor & Rolf, architect Rem Koolhaas, illustrator Dick Bruna and DJ/producers Armin van Buuren and Tiësto. They exemplify the strengths of Dutch design: pragmatic, open-minded, conceptual, out-of-the-box, and adhering to the principle 'less is more'. Dutch design also embodies innovation, creativity and business acumen.

Horticulture

The Dutch horticulture sector is a global trendsetter and the undisputed international market leader in several areas. It forms the heart of an international network for floriculture, bulbs, decorative trees and fruit and vegetables. Dutch horticulture is concentrated in five clusters, called Greenports, where businesses and research institutes work closely together on production, R&D, logistics, infrastructure, and exports.



Logistics

The Netherlands plays a key role in the globalised economy, by connecting producers and consumers worldwide via sophisticated logistics. Success is based on a combination of cutting-edge infrastructure, world-class service providers, and a coastal location at the heart of Europe. Key factors are the Port of Rotterdam, Europe's largest port and fourth-largest worldwide, and Amsterdam Airport Schiphol, a major European air-freight and passenger hub.

²⁷ <http://www.cbs.nl/NR/rdonlyres/CD9715AF-32D2-4102-8057-A72D0D9F0DE9/0/2011m21pub.pdf>

Water

Climate change, expanding economies, and urbanisation are putting the world's delta populations at risk. Dutch expertise is at hand, however, in the form of hydraulic engineering, flood control, flood protection, foundation technology and infrastructure. The Dutch are renowned for their ability to design and build storm surge barriers and levees, reclaim land through high-tech dredging and engineer entire coastal areas and harbours.



Life sciences

With strong links between industry and academia, focused clusters, and strong chains linking research to product and business creation, the Dutch Life Sciences sector competes on a global scale. The Dutch life sciences industry is strong in the areas of human health (vaccines, therapeutics, medical devices and diagnostics), agriculture, food (dairy, functional foods, nutraceuticals), the environment (water sanitation) and fermentation.



Energy

The Netherlands has embraced a courageous vision: by 2050, the country will have a sustainable, reliable and affordable energy system in which CO₂ emissions have been halved and 40 percent of electricity is derived from sustainable sources. The remaining 60 percent of electricity will come from gas, nuclear fuel and modern coal-powered plants using Carbon Capture and Storage (CCS) technology.

Chemicals industry

The chemicals industry is one of the leading business sectors in the Netherlands, making a significant contribution to the economy. The Netherlands is one of Europe's leading suppliers of chemical products and services. Important raw materials are available or easy to supply while an extensive transportation network provides access to Europe and beyond.

Some of the leading chemical companies in the Netherlands are AkzoNobel, Shell, DSM, Purac, MSD, and ECN.²⁸



F2. National export strategies and policies

One in ten firms in the Netherlands is active in international trade. The top 1 percent of traders generated 74 percent of Dutch imports and 71 percent of exports in 2010. It can be concluded from this that the bulk of international trade in the Netherlands comes from a small number of large companies.

Dutch companies earn a large part of their income in foreign countries. Trade and investments provide growth and employment. Because of this, the Dutch cabinet wants to dedicate itself to Dutch companies that are active in foreign countries. The encourage a focus on countries with fast growing markets like China, Vietnam, India or Brazil.²⁹

²⁸ <http://www.hollandtrade.com/sector-information/>

²⁹ <http://www.rijksoverheid.nl/onderwerpen/internationaal-ondernemen>

In an open world economy, improvement of the competitiveness of the Dutch economy is very important. Development and growth of the economy form the basis of our employment, prosperity and supplies. The Netherlands has a well-supported starting point because of its exporting companies, very well educated working population, favourable location and business climate. The Netherlands wants to secure, expand and boost this position in the times to come. The government encourages this ambition with a facilitating and stimulating policy in the field of infrastructure, education, labour market and taxation.

The Dutch state secretary for economic affairs mr. Bleker wants to even the most pressing distortions of international trade by focusing on trade with the U.S. and Japan. He will strongly advocate the needs of small and medium sized enterprises, with the result that they can become more important actors on the international market. Secondly, the Netherlands wants the government to support companies through export credit assurance. He looks at the need for short-term commercial credit insurance assurance as a safety net.³⁰

The European Union and the World Trade Organisation (WTO) are important organisations when looking at the realization of an equal market for entrepreneurs and consumers. To improve the competitiveness of business, the government pursues a specific policy to improve innovation and entrepreneurship. To achieve this, the Dutch government wants to stimulate close cooperation between business, knowledge institutions and government. Innovation is important for all of the sectors of business in the field of product development and export.

SMEs

The Dutch government tries to support Dutch SMEs. For example when they start to trade with other countries around the Netherlands. On those markets, SMEs can receive support from the government in different forms. With this support they are able to, for example, develop a strategy about how to start with international trade. Also, the government will together with entrepreneurs and researchers work on attracting more foreign investment and headquarters of international companies to the Netherlands. Also, the country information for entrepreneurs and companies is further digitized and remains free accessible on the website of the Ministry of Economic Affairs..

F3. Major export support and training providers

The Netherlands is a trading nation. Dutch SMEs get an average of almost a third of their turnover from exports. Export is becoming easier, especially in the European Union due to the euro and the abolition of import duty and difficult custom procedures. Thanks to the internet, communication with other countries is far more easier and distance is not a problem anymore. Because of all these developments, it becomes more and more attractive to start with export.

There are several strategic reasons for exporting.

- New markets mean more sales
- The revenues increase and costs decrease
- Spread the risks and become less dependent on the domestic market
- Solving overcapacity
- compensation of the reducing demand for products in homeland

The motive to start exporting can be different for every entrepreneur. One considers it behind his desk, the other discovers a gap in the market while he is on a holiday. A coincidental meeting or an unexpected request from abroad can seize new opportunities. Whatever the considerations are, when a company wants to start with export, it needs a lot of preparation time. To draw up a plan for export,

30 http://www.telegraaf.nl/dft/nieuws_dft/12114383/___Kabinet_wil_export_extra_bevorderen___html?cid=rss

finding a trading partner or finalising the judicial part, a lot of businesses would like to be assisted in these activities.³¹

The Netherlands has different kinds of institutes that want to help companies that want to start with export. They cannot only receive help from the government, but also from organisations like the chamber of commerce, Fenedex, organizations of international business and there is also an organization which is specialized in SMEs.

Syntens Innovation Centre contributes to the growth of the Dutch economy by stimulating innovation in SME's. Syntens raises awareness amongst SME's of their options to innovate en assists them to take concrete steps that lead to tangible results. They also guide countries that want to take their first steps on the international markets.

Also, in the Netherlands there are 10 World Trade Centres (WTC). They are affiliated to the World Trade Centres Association established in New York. This organization was incorporated in 1970, with as its main purpose to promote (inter)national trade by bringing together export, import, production and service companies. It is a non-profit organization, and it is politically independent. The global network encompasses more than 300 WTC branches in more than 100 countries, with 750,000 affiliated businesses. The WTC aims to promote prosperity through trade and investment world wide.



Apart from the possibilities within these organisations, many regions in the Netherlands have their own Export Club. They usually have 100-250 members that are SMEs and are interested in export. They come together approximately 6 times a year and share experiences concerning international trade. The Export Clubs offer their members interesting speakers and workshops on this subject.

It is of course also possible to do some research on the internet. A lot of books and articles can be found on the internet. Sometimes for free, sometimes you have to pay for it. For example, the website of the chamber of commerce offers a load of information about export. They give advice about how to start, for example by making an export plan or supplying the companies with information about different kinds of countries. The ministry of economic affairs also offers useful information about starting with export.

In conclusion: There are a lot of possibilities in the Netherlands. The Dutch government provides material that is mostly offered for free. Next to the government, the Netherlands has different kinds of institutes that want to help companies with starting to export. And of course, there is a lot to find on the internet.

³¹ Export book from the Dutch government

F4. Available studies on SMEs training needs

In this last chapter, the available studies on SMEs training needs are being examined. There are a lot of available studies about this subject. For example, there are organisations that examine the training needs of SMEs in one specific sector. No overall studies have been undertaken to examine the training needs for export of SMEs in various fields.

Export SMEs

Although the Dutch business community already is strongly internationalized, international research shows that Dutch SMEs are not in a leading position. Therefore, there is still room for improvement. The subsidy program for starters on foreign markets is a government instrument to promote international business.

Dutch business has internationalized. The part of SMEs that is active in exporting, is not yet very high. Comparative researches with 19 countries, shows that the Netherlands (20%) scores just above the average of 18%. Individual countries like Denmark score higher.

Recent Dutch research shows us that the number of exporters in 2000 – 2006 has increased by nearly 10%, but that the share of exporters in the total population of SMEs has remained constant.

Subsidy scheme

From the story above, we may conclude that there is still room for improvement of the internationalization position of the Dutch SMEs. One of the instruments of the Dutch government is the PSB grant scheme program. In English it would be translated as a grant scheme program for starting companies on the foreign market. This subsidy scheme wants to support SMEs that do not have international experience with entering a new export market. Together with experienced advisors, the company gets all the facilities needed to start with export. The PSB program offers solutions for the difficulties in the internationalization process. When the researchers asked businesses that used the PSB program to start with export, the responses were positive. Most businesses would like to receive more training like this scheme.