



Study on **best practices on national export promotion activities**



European Economic and Social Committee



European Economic and Social Committee

Best practices on national export promotion activities

Study

The information and views set out in this study are those of the authors and do not necessarily reflect the official opinion of the European Economic and Social Committee. The European Economic and Social Committee does not guarantee the accuracy of the data included in this study.

Neither the European Economic and Social Committee nor any person acting on the European Economic and Social Committee's behalf may be held responsible for the use which may be made of the information contained therein.

General information

STUDY FOR *The European Economic and Social Committee (EESC)*

REQUESTING SERVICE *The Employers' Group*

STUDY MANAGING SERVICE *Relations with Organized Civil Society and Forward Studies Unit
Information and Studies Centre*

DATE *September 2018*

MAIN CONTRACTOR *Ramboll Management Consulting*



AUTHORS *Henri Lahtinen and Heikki Rannikko*

CONTACTS *Ramboll Group A/S
Hannemanns Allé 53
DK-2300 Copenhagen S
Denmark
Mail: info@ramboll.com*

IDENTIFIERS

		ISBN	doi
print	<i>QE-03-18-141-EN-C</i>	<i>978-92-830-4170-2</i>	<i>10.2864/533816</i>
PDF	<i>QE-03-18-141-EN-N</i>	<i>978-92-830-4171-9</i>	<i>10.2864/959094</i>

List of abbreviations

ACP	African, Caribbean and Pacific countries
AHK	German Chambers of Commerce Abroad
ASEAN	Association of Southeast Asian Nations
BDI	Federation of German Industries
BMWi	Ministry for Economic Affairs and Energy (Germany)
bn	billion
CECO	Centre for Economic and Business Studies (Spain)
CESCE	Spanish Export Credit Insurance Company
COFIDES	Spanish Development Financing Company
DG	Directorate-General
DI	Dansk Industri
DKK	Danish Krone (Danish currency)
EC	European Commission
EESC	European Economic and Social Committee
EKF	Export Credit Agency
EPA	Economic Partnership Agreement
EU	European Union
GDP	Gross domestic product
GTAI	Germany Trade and Invest
ICEX	España Exportación e Inversiones
IHK	German Chambers of Industry and Commerce
m	million
MADB	Market Access Database
MFA	Ministry of Foreign Affairs
MOOC	Massive Online Open Course
OECD	Organisation for Economic Co-operation and Development
SME	Small and medium-sized enterprise
TC	The Trade Council
TPC	Trade Policy Committee
WTO	World Trade Organisation

Contents

ABSTRACT.....	1
EXECUTIVE SUMMARY	2
1. Introduction.....	7
1.1 Turmoil in the world of trade and its impact on export promotion.....	8
2. The organisation of export promotion in benchmarked EU Member States.....	10
2.1 Strategic level.....	10
2.2 Operational level.....	14
2.3 Financing of export promotion	17
3. Export promotion instruments and services at the Member State level.....	21
4. The effectiveness of export promotion	33
5. European cooperation	38
5.1 Role of European Commission and scope for action	40
6. Conclusions.....	41
6.1 Recommendations.....	43

ABSTRACT

The European Economic and Social Committee (EESC) commissioned Ramboll to conduct a study on best practices on national export promotion activities in order to ascertain the EU's best practices. As the name of the study implies, the focus is on export activities at the Member State level. With regard to exporting and its related activities, no distinction was made between exports within the EU (intra-EU) and exports outside the EU (extra-EU). The assignment began in December 2017 with the selection of the countries to be benchmarked. The selected countries are Denmark, Germany and Spain.

The study describes the way export promotion is organised in Denmark, Germany and Spain on the strategic and operational levels. It also contains information regarding effectiveness of export promotion in the respective Member States and looks upon European cooperation.

Denmark is a good example of structured and coordinated approach that began more than 15 years ago. The key actors responsible for the planning and execution of Denmark's export promotion as well as its monitoring are all part of the same organisation under the Ministry of Foreign Affairs. Germany and Spain have also merged the organisations responsible for their export promotion and invest-in activities, but they have not introduced Denmark's co-ordinated structure. However, a range of instruments for export promotion are described in the study and the use of paid consultancy services is noted as being an effective element in all three Member States studied.

EXECUTIVE SUMMARY

The European Economic and Social Committee (EESC) assists the European Parliament, the European Council and the European Commission in an advisory capacity. The EESC has commissioned Ramboll to conduct a study on national export promotion activities. Thus, Ramboll provides information on the roles of the government and other authorities on the national level, on the organisational and financial aspects of export promotion as well as the effectiveness of the export promotion activities.

The study examines three European Member States: Denmark, Germany and Spain. These nations were jointly chosen by the EESC and Ramboll. Denmark was considered an interesting country due to its demonstrated effectiveness in export promotion as a relatively small European nation. In contrast, Germany is the largest exporter in Europe and has a long tradition of trading. Spain was chosen because of its historic and linguistic ties to Latin America.

Although the global environment for export promotion and trade seems to have become more volatile during the past few years, the countries benchmarked in the study have not implemented significant changes to the way export promotion and the internationalisation of business is being conducted. Two possible reasons for the lack of change are: there has been no real need for such action; political turbulence affects trade policy, which is tackled by the EU and not by individual Member States.

Differences in the ways of organising export promotion

Denmark started making changes to its export promotion structure at the turn of the millennium. Through large restructuring process all the key actors involved in Denmark's export promotion – this also includes development cooperation and invest-in activity – are part of the same unified structure organised under the Ministry of Foreign Affairs (MFA).

Germany and Spain have also merged the public organisations responsible for their export promotion into larger entities. In Germany, the GTAI (Germany Trade and Investment) was established in 2009. In Spain a similar merger took place in 2012, leading to the creation of España Exportación e Inversiones (ICEX). In both cases the merger brought together the actors responsible for export promotion and invest-in activities. Compared to Denmark, however, those actors operate under the ministry that is responsible for trade. This means that there are also activities linked to export promotion within the Ministry of Foreign Affairs, i.e. the network of embassies and consulates overseas and also development cooperation.

The **network of foreign offices** is an important part of export promotion. Ambassadors and other high level civil servants can open doors for businesses, the premises of embassies and consulates can host events and negotiations and the staff of these institutions have both contacts within and knowledge about the target markets. Taking full advantage of this network requires close collaboration between the two key ministries. The coordination of export promotion policy at the strategic level and concrete

actions at the operational level is even more important. Thus, the strategies and actions run by the two ministries need to be aligned.

An export strategy – a common factor for the benchmarked countries

Denmark, Germany and Spain have **an export strategy**. On one hand, the increase in international competition is acknowledged in their strategies. On the other hand, it is also clear that the internationalisation of businesses is required. Another common element is digitalisation, which is now recognised as a suitable tool for supporting the growth and internationalisation of companies. Lastly, the strategies call for maintaining transparent rules concerning international competition and trade. This is something the Member States are unable to do on their own. This is an area in which the European Union plays a key role. The EU represents each Member State in negotiations concerning free trade and the removal of barriers to trade. The EU is also expected to continue working to ensure a stable operating environment for businesses in general.

Actors and instruments for supporting export promotion

Conducting export promotion is considered a national and regional activity in which the EU does not have much of a role. Denmark, Germany and Spain have **a broad range of instruments** supporting export promotion activities. The instruments are mainly provided by public actors. In Denmark the Trade Council is the actor businesses turn to when information, advice and/or financial support are required. Businesses can also receive help from business organisations, such as when participating in trade fairs; from regional business development centres (Vaeksthus in Danish) and from seven innovation centres around the world. An eighth innovation centre will open this year in Boston, USA.

The network of foreign offices is used to extract information. Some of this information – very basic – can be obtained free of charge, although the basic information is not enough in most cases. However, it does help to determine the need for further action. A company can, for instance, take an online **test to check its export readiness**. The test provides an assessment of the initiatives that should be implemented. For these actions the Trade Council provides the company with paid consultancy services, which are always based on negotiations between the company and the Trade Council.

Public export promotion actors have several tools for **coaching**, which appear to be an important activity. Companies do not always know their own strengths and weaknesses when it comes to exports, therefore they need sparring and advice. The **VITUS programme** is a Danish best practice identified by this study. Vitus **targets** small and medium-sized (SME) Danish companies with a particularly high international growth potential that already have a product that has been tested on the market. Those applicants fulfilling the set criteria then pitch to an external selection committee which chooses the companies to be brought into the programme. This process ensures that the companies in the programme are motivated and willing to invest in export promotion.

In Germany the key export promotion actors are Germany Trade and Invest (GTAI), German Chambers of Commerce Abroad (AHKs) and foreign missions. GTAI acts as a network hub – the provision of market intelligence being its most important service. Other services include export

promotion, investor consulting, location marketing and the promotion of the new federal states. AHKs are responsible for hands-on export promotion and are present in 90 countries worldwide. They also act as an important link between the local or regional level and the international level through the Chambers of Industry and Commerce (IHKs). Regarding the volume of services AHKs provide, Germany is in a league of its own: half million information requests fulfilled, 400 000 business contacts intermediated, 50 000 German business visitors hosted, 20 000 people trained and over 3 000 business meetings, seminars or congresses organised in 2016.

In Spain the most important export promotion actors are ICEX and the Economic and Commercial Offices abroad. The importance of electronic services is increasing. Therefore, a lot of **information** such as the analysis of export potential as well as commercial documents, customs formalities and certificates are **provided online**. Alongside information, training is also being digitalised. A massive Online Open Course (MOOC) was jointly developed with the Rafael del Pino Foundation, and the course attracted many more participants than anticipated.

More traditional education also has value; one of the best practices includes a **Master's Degree programme in export promotion** that has existed in Spain for decades. The degree programme is currently run by ICEX. In addition to basic studies, the programme contains a year in one of the Economic and Commercial Offices overseas. The final step is a year in a company that exports, enabling students to gain hands-on experience in export promotion. The programme has responded to the need to improve language skills as well as increase skills and competences in export promotion.

There are also **other programmes** helping companies, especially SMEs, to approach new markets, e.g. the IMPACT+ programme, and to internationalise their business and/or consolidate their presence abroad, e.g. the NEXT programme. Furthermore, for a fee, ICEX provides customised advice and support through the Spanish network of Economic and Commercial Offices.

One of the findings of this study is that the **companies should pay at least part of the export promotion services** they use. If public support means that export promotion is fully subsidised, it will attract companies looking for short-term fixes who are not ready or willing to invest their own resources. In other words, those companies will not be committed. When companies have to pay, for instance, for market intelligence, it forces them to assess which countries they are truly interested in. As a result, the company obtains only the information it needs, while the public actors have time to help more companies since companies do not request a wider scope than is necessary.

In addition to the above described support, companies can also rely on the public sector for **export credit guarantees** in Denmark, Germany and Spain. The guarantees as well as other support instruments help Danish, German and Spanish companies start exporting and also assist in increasing the exports of businesses already engaged in international trade. Although there are only a few evaluations available concerning export promotion or its effectiveness, Denmark, Germany and Spain have achieved good results.

Key performance indicators as a way to measure effectiveness

Denmark has a set of **key performance indicators** for Trade Council staff. The most important indicator is the percentage of customers who indicate that the Trade Council has delivered major or decisive value. This refers to the client feedback from the companies that have used the Trade Council's services. The value of the indicator must be at least 72%, in 2016 the result was 82%. Another interesting feature is an indicator used for measuring the effectiveness of export promotion concerning a particular geographical area and everyone working in that area. The indicator applies to all staff, including the ambassadors. There is also an incentive to be active towards the companies. Staff are rewarded if the geographical unit stays on budget and achieves its sales target. If the sales target is exceeded, the surplus is shared among the staff.

In Germany the effectiveness of export promotion is determined on one hand through organisational target setting and organisational ability to achieve targets and, on the other hand, through external impact assessments or evaluations. According to an impact assessment, the AHKs satisfactorily meet the goals set by the Federal Ministry for Economic Affairs and Energy. Due to the general nature of the goals and the lack of indicators for them, it is difficult to precisely determine how well the targets are reached, regarding governmental export promotion expenditure. The evaluation highlights the AHKs' very entrepreneurial operational mode. Additionally, they show distinctive co-operation with domestic network partners as well as with the political, business and societal partners of host countries. According to the econometric analysis, the support provided by AHKs has helped to create or maintain 219 000 work places in private sector companies.

Key findings and recommendations

The study aimed at clarifying the role of the EU in export promotion. Furthermore, the study looked at European collaboration. An outcome of the study is that very little coordination exists at the European level. The European Commission has a mandate to handle trade agreements while export promotion is a national activity. Both parties respect the division of labour. Paradoxically, there is no owner to European exports as a whole and the representation of the EU outside the continent is not being fully utilised.

One of the research questions in the study was if Spain benefits directly from its links to Latin America in terms of exports. There is no concrete evidence of this. Furthermore, internal European market is a more accessible and preferable option for many Spanish companies. However, on a bilateral basis the ICEX has actively pursued increased collaboration with Latin American countries. Examples include collaboration agreements with Costa Rica and Ecuador, a debt conversion programme with Cuba as well as joint seminars with Argentina and Brazil.

Both Germany and Spain need to introduce more specific goals and indicators to assess the effectiveness of their export promotion. The latter has generic targets such as an increase in the number of Spanish companies involved in exporting, market diversification and an increase in the size of exporting companies. Thus, it is difficult to pinpoint how the actions of a single staff member

impact on those objectives; nevertheless, Spain has impressive growth figures for the past few years. Foreign sales increased by 60% between 2009 and 2016 and over 40 000 companies joined the Spanish export base during that period. However, how much of this is because of the actions conducted by actors responsible for export promotion and how much is because of the economic downturn and the subsequent upturn?

Despite the lack of key performance indicators, ICEX monitors client feedback and there is a link between the activities at the operational level and the strategic line of the export strategy. This is something we recommend for all Member States: **have an export strategy with concrete objectives**. All relevant stakeholders, e.g. ministries, other public actors, business organisations, etc., need to be engaged in the strategy process. The implementation phase of the strategy must be aligned with key performance indicators against which the performance and effectiveness of export promoters can be evaluated.

The second recommendation relates to the creation of a **stable operating environment for businesses**. There has been an increase in protectionism and attempts to make trading more difficult. Firstly, the EU needs to maintain the single market. The European market is home for many of Europe's SMEs despite the increase in digitalisation and born global companies. Regarding trade outside Europe, it is the EU's role to represent its members' best interest. It is thus important that the EU continues to close deals such as the recent trade agreement with Canada and the forthcoming one with Japan.

The third and fourth recommendations are linked to the provision of export promotion services. Some information is made available free of charge online or through advisory services. Both Member States and companies in them should **make better use of the Market Access Database** of DG Grow. The tool should also be promoted more to make it better known across Europe. At the Member State level **paid consultancy services** should be limited to information and advice that add value to businesses aiming at starting to export or increasing current level of exports. Asking for a fee encourages the company to focus solely on the kind of information that is needed and how it supports the firm's attempts towards new exports.

Final recommendations acknowledged the importance of networks around the world. The EU has a global reach, and this seems to be an underutilised resource. Thus, the EU and especially the EEAS could take a **more active role in showcasing European solutions and competences outside the continent's borders**.

1. Introduction

This study focuses on export promotion activities conducted in the selected EU Member States. Exports represent a way to generate new jobs and well-being in society. The most important exported items include machinery, electrical machinery and vehicles, pharmaceuticals, mineral fuels, plastics, optical, technical and medical apparatus, organic chemicals as well as iron and steel. In addition to these tangible exports, European companies also sell various business services such as research and development, professional and management consultancy, technical and trade-related services, engineering and financial services to clients outside the continent¹. Europe has succeeded relatively well in global trade, but both competition and the operating environment are changing. Furthermore, although the EU creates a framework for European export policy, the Member States have a range of approaches and tools for export promotion activities at the national level.

The objective of the study, focusing on SMEs, has been to benchmark the best practices of national export promotion activities and organisations. It aims to present information on the roles of governments and state run authorities regarding the organisation and financing of export promotion, the effectiveness and results of export promotion activities and the identification of best practices.

The study was conducted between December 2017 and June 2018. During the first stage Denmark, Germany and Spain were selected as the countries for benchmarking by Ramboll and representatives of the European Economic and Social Committee. Denmark was chosen based on the existing evidence of its successful export promotion. Germany represents both the largest internal market within the EU and the biggest exporter among the Member States. Spain is interesting due to its links to Latin America.

The study began with desktop research on strategic documents and other publicly available information related to export promotion activities at the Member State level. This information was complemented by semi-structured interviews conducted between March and May 2018. The interviewees represented ministries, public agencies and other actors supporting export promotion. The interviews provided the study with in-depth information and provided evidence of successful export promotion. Reporting was continuously updated throughout the assignment, resulting in this report.

The report consists of an abstract, executive summary and introduction (chapter 1) that give the reader an overview of the study, briefly presenting its key findings. The second chapter describes how export promotion is organised in Denmark, Germany and Spain. The organisation is divided into strategic, operational and financial aspects. Chapter three illustrates export promotion instruments and services in more detail and showcases a few of the best practices. Chapter four takes a closer look at the effectiveness of export promotion while the fifth chapter focuses on European cooperation. The report ends with conclusions and recommendations in chapter six.

¹ https://ec.europa.eu/eurostat/statistics-explained/index.php/International_trade_in_services_by_type_of_service

1.1 Turmoil in the world of trade and its impact on export promotion

There is a clear correlation between the world's economy and international trade. Economic growth often indicates an increase in exports. This is highly important for the European Union (EU), which is still the world's largest trading bloc. The Member States of the EU struggled during the last economic downturn in 2008 and although the European economy seems to be back on track, there are other concerns in the world that should not be overlooked.

During the past few years there have been events only a few could foresee: the election of a protectionist US president and Brexit, the United Kingdom's EU referendum result and decision to leave the EU, being prime examples. This decade has also witnessed sanctions being applied to Russia due to its actions in the Ukraine. Positively, there have also been signs of North Korea opening-up to the world. Negatively, the migrant crisis remains. Such unprecedented events can have a major influence on exports.

An increased tendency for protectionism combined with economic nationalism is a threat to European trade policy. Thus far, 2018 has witnessed the most regressive protectionist moves in world trade for many years due to the unilateral decision of the USA to impose tariffs on imports of aluminium and steel on national security grounds. These actions could undermine the whole multilateral rules-based global trading system, including the credibility of the WTO itself, especially if other countries decide to follow suit. Large exporters such as the US and China have been actively pursuing trade tariffs on foreign goods. Such actions make it more difficult for businesses to engage in trade and invest abroad. They are also against the European Union's objective of keeping the global economy open and based on fair rules². Furthermore, it is crucial for the EU to remain united in situations where one of its largest trading partners is trying to enforce rule changes that were previously agreed on, e.g. the steel tariffs being imposed by the USA on the EU.

Currently, it seems Europe needs to make more effort as an organisation promoting free trade. This is also the only way forward for Europe – if the continent is to seek further prosperity and wealth; Europe must continue to pursue openness in the global economy because more and more global growth is occurring outside the EU. Under the Common Commercial Policy, the EU has the sole right to negotiate trade agreements on behalf of itself and its Member States, a policy that it has been pursuing increasingly vigorously and with increasing success, as recent agreements illustrate. For instance, the EC has signed an investment agreement with Singapore³. Also, agreements with Japan as well as Vietnam have been negotiated; the former still needs the approval of the Council and legal issues connected to the later are being checked. In addition, the EU also closed a free trade agreement with Canada in 2017 and there are on-going negotiations with ASEAN countries and also Australia and New Zealand. These deals and negotiations represent Europe's response to protectionism and indicate its desire to play a full role in its exponential growth in international trade.

² <http://ec.europa.eu/trade/policy/>

³ <http://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/>

It may seem that it has been more silent on the African continent due to lack of adequate infrastructure, the paucity of secondary processing facilities and also due to internal borders and barriers, although the WTO Trade Facilitation Agreement should notably help on this latter point. Progress is however made, as illustrated by the fact that majority of the ACP countries are either implementing an economic partnership agreement (EPA) or have concluded negotiations with the EU. The continent still holds significant opportunities for European companies, but the expectations are not that high at the Member State level. It seems European firms are looking for growth from Asia and the US while still keeping an eye on Africa.

2. The organisation of export promotion in benchmarked EU Member States

2.1 Strategic level

Denmark

Foreign trade is seen as a means for creating higher productivity and greater prosperity for Denmark. However, the economic conditions for Danish exports have changed. Growth is no longer expected in the established or traditional markets in Europe and North America. On the contrary, global growth patterns are shifting towards markets outside of Europe. This led to a new export strategy: More Trade. New Jobs, which was released in Denmark in 2014.

The strategy divided markets into three categories: traditional, growth and developing. It is stated in the strategy that the government prioritises the new growth markets, which are expected to account for 60 to 70 percent of global growth. The government also pays attention to the export conditions in the traditional markets, which can serve as a springboard for further exports. Lastly, developing markets mean not only development cooperation but also trade with, investment in and technology transfer to developing countries. The strategy was implemented through nine overall measures containing a total of 40 initiatives.

Since 2014 some events have occurred that few would have been able to predict, adding pressure to economic diplomacy. Thus, a new strategy⁴, was published in March 2018. The strategy contains the following strategic objectives: ensuring favourable international framework conditions; contributing to increased exports and market share for the Danish business sector; the development of more high-growth enterprises through internationalisation; the attraction of more investment into Denmark; and strengthening the Danish position in the fields of innovation and digitalisation.

There are also focus areas with special opportunities for Danish companies. **ICT** is the largest sector and had an export volume of EUR 28 million in 2018. The **agriculture and food sector** remains one of Denmark's largest export businesses with an export volume exceeding EUR 13.4 million. Danish companies also possess competences in **water, environmental and energy technology and green solutions**. This sector employs around 100 000 people and counts for more than 700 companies in Denmark. The importance of the **healthcare industry** is increasing and the export of drugs and medical devices reached EUR 13.4 million in 2015. Future growth is also expected for **urban solutions** – the Trade Council wants to turn urbanisation into tangible export opportunities for Danish companies. Additionally, there are other strong sectors such as machinery, services, the creative industries and finance.

⁴ Government Strategy for Economic Diplomacy. Access to the world – new paths to growth. Ministry of Foreign Affairs of Denmark. March 2018.

Germany

Foreign exports are essential for the German economy: every fourth workplace is directly or indirectly dependent on exports and in industrial sectors this dependency is even higher. According to export statistics, Germany is the world's third largest exporter with an export value of EUR 1.442 billion in 2016 (46% of GDP). As German companies have been successful in the world's market place it is no surprise that export promotion activity is mostly well organised and effective.

Responsibility for export promotion is divided between the public sector and the private sector. In the public sector, although the Federal Government is mainly active in this area, individual states within Germany have, to varying extents, their own export promotion activities. However, it is beyond the scope of this study to go into the details of this activity. The Ministry for Economic Affairs and Energy (BMWi) is responsible for export promotion and emphasises three general principles in its policymaking: assisting in market access, the reduction of risks and the reduction of market entry barriers. The policy is predominantly aimed at small and medium sized companies. Alongside BMWi, other key institutions that participate at the operational level in export promotion are GTAI, AHKs and foreign missions. Sometimes these are called the three pillars of German export promotion. A distinct area of export promotion is export credits and export credit guarantees that are managed on behalf of the Federal Republic of Germany by Euler Hermes Aktiengesellschaft

While the various German export promotion actors have their established roles and instruments, there are continuously attempts by the Ministry for Economic Affairs and Energy to further develop this policy area. In the strategy paper⁵ published at the end of 2016, four strategic focus areas were presented. Strategy starts from the recognition that German companies and the competitiveness of their products in foreign markets must be increasingly taken into consideration in the government's export promotion policy. According to the policy paper, international competition is becoming more intense, especially due to Asian enterprises receiving intensely co-ordinated public funds and help for closing business deals. Consequently, Germany aims to sharpen its export promotion portfolio, in particular for strategically important large-scale projects. Four strategic focus areas from the policy report are: better co-ordination between export promotion actors, the more efficient utilisation of current export promotion instruments, the improvement of export financing instruments and an increased emphasis on working through organisations such as the OECD to maintain transparent rules concerning international competition.

Spain

The economic crisis of 2008, which was further compounded by weak domestic demand, resulted in the call to increase exports to create growth. To support employment as well as the modernisation and internationalisation of the Spanish economy the Ministry of Economy, Industry and Competitiveness published its Strategic Plan for the Internationalisation of the Spanish Economy. The strategy is implemented through biannual action plans. The Ministry has involved the private sector in the design

⁵ "Neue Impulse für den internationalen Wettbewerb um strategische Grossprojekte – Chancen für Deutschland verbessern"

of the strategy. Together the public and private actors have identified six strategic lines to help improve public trade promotion activities and thus increase the internationalisation of Spanish businesses.

The strategic lines are:

1. offering companies a coherent partnership with ICEX to increase their internationalisation and competitiveness;
2. facilitating the generation of ecosystems that favour innovation for internationalisation;
3. promoting digital transformation as a tool for internationalisation;
4. incorporating sustainability as a key factor of competitiveness and innovation in the process of the internationalisation of Spanish companies;
5. the monitoring and continuous evaluation of the trajectory of companies using ICEX and the impact of ICEX on their services throughout the internationalisation process; and
6. reinforcing the multiplier effect of public-private collaboration and improving the effectiveness of public actions by advancing institutional collaboration.

ICEX represents the operational arm of export promotion in Spain. The organisation has created promotion strategies for Spain's sectors of importance: food and gastronomy; fashion, habitat and the cultural industries; industrial technology and professional services as well as infrastructures, health and ICT (ICEX annual report 2016).

Table 1. Strategic and thematic approach on export promotion

Country	Denmark	Germany	Spain
Strategic documents steering export promotion			
Export strategy (yes/no)	Yes	Yes	yes
Responsible for the export strategy	Ministry of Foreign Affairs	Ministry for Economic Affairs and Energy BMWi	Ministry of Economy, Industry and Competitiveness
Contributors to the export strategy	Advisory Board for the Trade Council	Germany Trade and Invest (GTAI), German chambers of commerce abroad (AHKs), chambers of industry and commerce (IHKs), foreign missions	ICEX, private sector
Other strategic documents	Not identified	Not identified	Not identified
Focus of export promotion			
Target markets	Asia and the US	A worldwide focus	Algeria, Australia, Brazil, China, USA, Philippines, India, Indonesia, Japan, Morocco, Mexico, Russia, Singapore, South Africa and

			Turkey
Thematic focus areas / sectors	The environment and water, energy, health, food and agriculture, urban solutions and digitalisation	Currently, large-scale projects. SMEs	food and gastronomy; fashion, habitat and cultural industries; industrial technology and professional services as well as infrastructures, health and ICT

The Export Credit Agency (EKF) provides risk funding for Danish companies to support export activities and the expansion of business. EKF has a long history, it was established in 1922, and has a firm foundation since it is owned and guaranteed by the Danish state. EKF uses its position to help Danish companies – both small and large – raise finance and insurance against financial and/or political risks that may occur when trading with other countries.⁸

In addition to the public actors, there are also other Danish business organisations that represent Danish companies and play an active role in export promotion, such as **Dansk Industri (DI)**. DI is a large organisation that has approximately 10 000 member companies. DI acts on behalf of its members to provide the best conditions for Danish businesses to improve their opportunities for growth and overall competitiveness.⁹

Denmark has demonstrated a willingness to establish a unified export promotion structure; to improve the way Danish business actors cooperate, the 2014 strategy called for the more effective organisation and coordination of existing export promotion efforts – an initiative (one of 40 in the strategy) to establish a Foreign Economic Forum aims to achieve do just that. The FEF will bring together experts from companies, universities, other organisations and ministries so that they can give advice and share information on how Denmark could make the most of the opportunities within international markets. Currently, the forum is called the Advisory Board of the Trade Council.

Germany – key actors and coordination

On an operational level, Germany's key export promotion actors are GTAI, AHKs and **foreign missions**. Additionally, Euler Hermes AG is a key actor for export credit guarantees.

GTAI is the economic development agency of the Federal Republic of Germany. It was established in 2009 as a merger between Invest in Germany GmbH and the German Office for Foreign Trade. It is solely owned by the Federal Republic of Germany and is represented by the Federal Ministry for Economic Affairs and Energy. GTAI is the network centre through which companies interested in export activities receive direct access to all relevant actors, such as AHKs.

AHK is an organisation that represents German business interests in 90 countries and provides advice and consulting to those interested in expanding business activity. According to a recent evaluation study, AHKs (together with IHKs) are the most important actors among the German export promotion actors from the viewpoint of companies (BMW, 2016). AHKs are co-financed by the by the Federal Ministry for Economic Affairs and Energy.

In Germany AHKs are closely connected to and co-operate with the 79 IHKs which represent their members to local government and the German state. Through this connection, AHKs receive valuable information on the specific needs of German businesses. AHKs have around 46 000 member

⁸ <http://www.ekf.dk/en/about-ekf/Pages/EKF-and-export-credits-in-2-minutes.aspx>

⁹ <https://di.dk/English/AboutDI/Pages/confederation.aspx>

organisations. Internationally, they share office facilities and closely co-operate with GTAI in nearly all 130 locations, employing approximately 2 000 people. Shared facilities serve as a central service point for both German exporters (interested in expanding business) and foreign investors (interested in investing in Germany). AHKs participate in implementing the various projects of the German Federal Government. One example in this respect is the Export Energy Initiative, which provides support for energy sector companies in their efforts to enter new markets.

The third pillar of German export promotion, is the network of foreign missions in over 220 countries. Foreign missions are especially important in those countries, that do not have representation from AHKs or GTAI. Regarding export promotion, foreign missions facilitate contacts in host countries, organise events such as embassy conferences and provide information concerning topical events or tendering processes.

Spain – key actors and coordination

The Ministry of Economy, Industry and Competitiveness sets the strategic approach for the Spanish trade policy, whereas planning, directing, implementing and assessing Spain's foreign policy and development cooperation policy falls within the realm of the **Ministry of Foreign Affairs and Cooperation**. Within the Ministry of Economy, Industry and Competitiveness it is the **State Secretariat for Commerce** which defines, develops and executes the trade policy (trade, economic diplomacy and internationalisation) of the State.

ICEX Spain Trade and Investment is a public corporation. ICEX has been tasked with promoting the internationalisation of Spanish companies. Other tasks include supporting the competitiveness of Spanish companies, adding value to the economy as a whole, and attracting foreign investment to Spain. ICEX has a broad network both nationally and internationally: 31 Territorial and Provincial Divisions in Spain along with 98 **Economic and Commercial Offices** around the world. Furthermore, ICEX houses 16 business centres worldwide, which provide Spanish companies with temporary infrastructure and act as incubators for internationalisation.

ICEX has been formed through a series of mergers. In 2012 Invest in Spain became part of ICEX, followed by the integration of the Centre for Economic and Business Studies (CECO) and part of the in-house company España Expansión Exterior (Spain Business Overseas). There has also been a move away from a single-sector focus towards a multi-sector vision. Such a vision allows for the leveraging of synergies between the different sectors as a means of offering end-to-end solutions.

Some of ICEX's activities are still sector-specific. In 2016 the agency's promotional strategy consisted of four main sectors: food and gastronomy; fashion, habitat and cultural industries; industrial technology and professional services; infrastructure; health and ICT. The strategy was implemented through action lines on the macro-sector level, the sector level and the company level.

Six macro-sector plans for the promotion of wines, foodstuff, gastronomy, fashion, habitat, and cultural industries were realised in 2016. The plans aim to promote the global image of Spanish

exports and position them in a premium quality segment. In the same year, there were also 79 sectoral internationalisation plans. These plans are used for introducing, positioning and consolidating Spanish exports in foreign markets. ICEX drafts the plans together with the collaborating entities and the Spanish Economic and Commercial Offices abroad. Fairs and trade shows are a common promotional activity. ICEX works closely with chambers of commerce, regional authorities and business organisations.

Spanish Development Financing Company (COFIDES), founded in 1988, is a joint state and privately owned company. COFIDES provides medium and long-term financial support for private investment projects in foreign countries where there is a Spanish interest. COFIDES’ activities especially target developing countries, but developed countries are not disregarded either. The ultimate aim is to contribute profitability to the host country’s development as well as the internationalisation of Spanish enterprises and the Spanish economy.

Spanish Export Credit Insurance Company (CESCE) manages export credit insurance on behalf of the Spanish State. The agency’s mission is to encourage clients’ growth in the long term. The Spanish State is the main shareholders (50.25%), followed by Santander Group (23.88%), BBVA Group (16.3%), other banks (5.67%) and insurance companies (3.9%).

Table 2. Coordination of export promotion

Country	Denmark	Germany	Spain
Key actors	The Trade Council, Innovation Centres	GTAI, AHKs, Foreign missions,	ICEX, Economic and Commercial Offices
Coordination	MFA / the Trade Council	GTAI, AHKs	Ministry of the Economy, Industry and Competitiveness

2.3 Financing of export promotion

Denmark

As described in the previous chapters, Denmark has centralised official relations with foreign countries and international organisations, the administration of development aid, export promotion, the attraction of foreign investment and businesses to Denmark as well as public diplomacy into one organisation: the Ministry of Foreign Affairs. According to its annual report from 2016, the organisation had 2 542 employees; 759 experts at the Ministry in Copenhagen and 1 783 at the various missions. The majority of the staff outside Denmark (1 371) were locally employed. In 2016 Denmark’s international network consisted of 71 embassies as well as 34 other missions, including 6 multilateral missions, 15 consulates-general, one consulate, five trade offices and seven innovation centres. Denmark also had over 400 honorary missions associated with a primary embassy.

Denmark’s public resources available for export promotion amount to approximately 600 full-time equivalent employees (FTE) on an annual basis. Their activities are strongly focused (85%) on central administration in Copenhagen. The single most important actor is the Trade Council, which has 300

FTE. The Trade Council staff are scattered around the globe, more than 300 work in embassies and consulates in over 60 countries. In addition, approximately 100 experts specialised in internationalisation are stationed in Denmark.

The Trade Council's annual budget is around EUR 54-62 million. It is not easy to give a more accurate figure since part of the budget is derived from the paid consultancy services – of which the volume can only be estimated. Approximately EUR 15 million is expected to be covered by paid consultancy services. The Ministry of Foreign Affairs is responsible for the rest.

Originally the regional business development agencies received funding from the EU, the Danish State and the region. Since 2001 the centres have been owned and funded by local governments and they operate as independent commercial foundations. For instance, the operations of Vaeksthus Greater Copenhagen are funded by the National Agency of Enterprise and Construction and the 29 municipalities in the capital region of Denmark¹⁰.

The staff of Invest-in Denmark are also spread around the world. In 2015 the organisation employed 56 experts of which 20 were stationed in Copenhagen, nine in the regions and 27 in Danish embassies. Invest-in Denmark's annual budget of approximately EUR 5.4 million comes from the Ministry of Foreign Affairs.

The funding of the innovation centres is derived from the Ministry of Foreign Affairs and the Ministry of Higher Education and Science. The combined funding for the seven centres has been around EUR 4 million.

Danish businesses were also given export credit support; the EKF issued new export credits, working capital guarantees and loans worth approximately EUR 1.54 billion in 2017.¹¹

Germany

According to the BMWi budget document, German government spending on export promotion in 2017 was around EUR 180 million of which EUR 84 million was budgeted for various initiatives around export promotion, such as fair participation, manager training and the initiatives. From that amount, EUR 70 million was allocated to GTAI and AHKs. Around EUR 40 million was reserved for miscellaneous costs, such as participation in the World's Fair or the membership fees of the World Trade Organisation (WTO), OECD and the International Telecommunications Union (ITU). Government spending on export credit guarantees is higher; In 2017, the German Federal Government spent EUR 16.9 billion on export credit guarantees, which is less than the 2016 figure of EUR 20.6 billion; in 2015 it was EUR 25.8 billion, in 2014, EUR 24.8 billion.

¹⁰ <https://startvaekst.dk/vhhr.dk/english-vhhr>

¹¹ <http://www.ekf.dk/en/about-ekf/EKF-in-figures/Documents/Annual-Reports/index.html#8606>

The financing of AHKs is partly derived from the government and partly from other sources, such as membership fees and revenue from paid services. During the period from 2006 to 2015 government funding rose by 40% from EUR 29.1 million to EUR 40.3 million, representing about 20% of the annual budget. By accepting the annual financial and operating plans of the AHKs, BMWi ensures that the goals of public policy are included in the operation of AHKs. AHKs also receive funding from membership fees, commercial services, projects carried out for different ministries and from the Association of German Chambers of Commerce and Industry. In 2014 the total budget for the AHKs was EUR 181 million.

According to the GTAI's annual report from 2016, its income for 2015 was more than EUR 36 million. Most of that, EUR 22 million, came from BMWi, EUR 13 million came from the funding of personnel – according to the law on staff of the agency for international trade, smaller amounts came from project work EUR 800 000, from publications EUR 300 000 and from miscellaneous sources EUR 700 000.

Spain

The Ministry of Economy, Industry and Competitiveness is responsible for allocating funds for export promotion and the internationalisation of Spanish business from its headquarters in Madrid. The operational costs from running ICEX and the Economic and Commercial Offices of Spain are included in the ministry's budget. In 2017 this accounted for almost EUR 13 million.

ICEX has more than 600 specialised professionals in 98 Economic and Commercial Offices on five continents. Additionally, ICEX works in close collaboration with 31 territorial and provincial Commercial Offices in Spain. The 2017 budget for the export promotion activities conducted by ICEX staff amounted to EUR 67 million. Together with the operational costs, the 2017 budget is slightly above EUR 80 million.

The administrative and operational costs of Spain's embassies and consulates falls on the Ministry of Foreign Affairs and Cooperation.

Due to the varying organisational structure of export promotion, the sources of funding differ at the national levels. In Denmark public funding for export promotion is mainly derived from the MFA's budget and additional funding of up to 25% is received from the private sector. The Ministry of Higher Education and Science also contributes to the funding of the innovation centres together with the MFA. In Germany the main source of public funding is the Federal Ministry for Economic Affairs and Energy. The majority of public funding in Spain comes from the budget of the Ministry of the Economy, Industry and Competitiveness, which covers the operational and promotional costs of ICEX. The Ministry of Foreign Affairs and Cooperation covers expenses arising from Spain's foreign network.

Table 3. Overview of funding

Country	Denmark	Germany	Spain
Funding of export promotion activity			
Source of national funding	Ministry of Foreign Affairs (75%), companies through revenue from paid services (25%), Ministry of Higher Education and Science and (innovation centres, jointly with MFA)	Federal Ministry for Economic Affairs and Energy, companies through membership fees and revenue from paid services	Ministry of the Economy, Industry and Competitiveness; Ministry of Foreign Affairs and Cooperation, companies through revenue from paid services
Source of regional funding	The EU	The EU	The EU
Is European funding applied? If yes, how?	The regions can apply for funding from the EU to implement measures targeting export promotion	The regions can apply for funding from the EU to implement measures targeting export promotion	The regions can apply for funding from the EU to implement measures targeting export promotion
Funding in figures			
Public funding (€)	<p>€59.5 to €67.4 million (The Trade Council's budget and Invest-in Denmark's budget)</p> <p>2017: €1.54 billion (export credit guarantees)</p> <p>2017: €4 million (innovation centres)</p>	<p>2017: €180 million (GTAI's budget, AHKs' budget and various initiatives)</p> <p>2017: €16.9 billion (export credit guarantees)</p>	<p>2017: €80 million (ICEX annual budget)</p>

3. Export promotion instruments and services at the Member State level

Denmark

The Trade Council provides services¹² (free-of-charge and paid consultancy services) as well as funding for companies. There are also tools that companies can use free of charge. One example is the testing of a company's export readiness online. The service is provided by the Trade Council. The test is based on a number of questions about product, market and strategy and an assessment of the initiatives that should be implemented is produced based on the answers given.

The Trade Council has divided the services into four categories: *from knowledge to growth*, *increase your sales*, *engage diplomacy* and *how we work together*. Many of the services are not solely conducted by the Trade Council. The services included in the first category are conducted together with innovation centres and the majority of services related to increasing sales are produced in cooperation with regional business development centres.

From knowledge to growth

The services of innovation centres are divided into entrepreneurship as well as knowledge and growth. In terms of entrepreneurship the centres help companies to identify new business partners, funding and business opportunities in one or several locations (Munich, New Delhi, Sao Paulo, Silicon Valley, Seoul, Shanghai and Tel Aviv). Concrete actions consist of meetings, seminars and other networking activities. These services are particularly aimed at start-ups. Regarding knowledge, the centres provide companies with access to international ecosystems and connections to key players. The companies can benefit from insights the centres have in research and technological development in their market areas.

Danish companies can also make use of the growth advisors that act as a link between Danish and local authorities in strategically important sectors. In these sectors Denmark has special competencies and experience regarding public-private cooperation, for example, information can be provided about the local water sector in South Africa, China's shipping, or pig production in Colombia. The advisors also gain an understanding of local demand for which Danish companies can maybe offer solutions. Additionally, they build and maintain relationships with relevant local authorities. Currently there are 25 growth advisors stationed in Danish embassies in 14 countries.

Increase your sales

Increasing sales is done with the help of export advisors at embassies, consulates general and trade commissions. The Trade Council also advises companies on customs and export conditions in various export markets. The Trade Council supports those companies that wish to strengthen their position in

¹² <http://um.dk/en/tradecouncil/services/>

the market. A company can be helped by being provided with knowledge on topics such as finding employees, finding customers and establishing contacts with decision makers at a senior level.

The services of Væksthus consist mainly of giving guidance and counselling to start-ups and SMEs with high ambitions for growth in international markets. Væksthus experts help a company to identify the need for development and offer targeted counselling on the next steps for development. These services are free of charge and Væksthus uses the following criteria to evaluate their customers' growth potential: growth ambition (management and a clear goal), funding (ability to raise necessary funding), export (products/services having potential in an international setting), organisation (the variety of skills and competences that complement each other), scalability (scalable products/services that are applicable to different clients and markets) and execution (the ability to implement plans for growth).

The companies can also make use of export promotion programmes run by Væksthus. The aim of the programme is to identify the export readiness of the participating companies as well as the export markets with the most potential. The division of labour between Væksthus and the Trade Council is clear. The former is responsible for making sure that the company has the capabilities needed to start exporting while the latter supports the company on its journey towards exports.

Engage in diplomacy

The companies can also be helped through economic diplomacy. Usually this kind of aid is needed in a standstill situation. Access to decision makers and authorities makes it possible for the Trade Council to identify and influence local decision-making processes.

How we work together

This category contains both subsidised and paid consultancy services. Services such as export sparring, Vitus, strategic business alliances and GROW are fully or partly subsidised.

Companies can make use of the *Export Coaching Programme*¹³ run by Væksthus. Export sparring is aimed at SMEs with no or limited experience in exporting. The programme consists of two tracks. The first track contains 10-30 hours of export sparring sessions with Væksthus. This track prepares the company to take on export markets by reviewing internal and external factors. The company is coached by an experienced internationalization consultant, resulting in a customised export plan. An additional 10 hours of free counselling from a Trade Council adviser is included in the second track. The focus is on basic market information to strengthen the company's ability to choose a market. The eligibility criteria for the programme is as follows: the company must be enrolled in a Væksthus programme; it must have fewer than 250 employees; its turnover must not exceed EUR 50 million and it must comply with international rules for government subsidies.

¹³ Fully subsidised programme: <http://um.dk/en/tradecouncil/services/how-we-work-together/subsidised-programmes/export-coaching/>

Best practice example: VITUS

VITUS is an “elite” programme for SMEs. The programme was established in 2010 to improve results from programmes aimed at exports and internationalisation. In the beginning there was no specific sectoral focus. However, a need for a more targeted programme was identified, and today there are several *VITUS* programmes. Some of them are more traditional while others focus on specific sectors or markets. An example is the retail industry, which has suffered from intense competition from foreign e-commerce companies – e-*VITUS* aims at responding to that challenge.

Every six months 10-15 companies are selected for the programme from approximately 40 applicants. During the first stage of the application process the *VITUS* team checks the applications and ensures the applicants fulfil the criteria: the company must have 5-100 employees, its turnover must be below 20 MEUR, and it must have a product or service that has been tested on the market. During the second stage the company representatives pitch to an external selection committee which selects the companies.

The programme starts with a two-day kick-off event in which the company representatives meet each other and the Trade Council’s advisors make presentations about the target markets. *VITUS* is divided into two stages. During the first stage the advisor spends a day in the company to learn its products, services organisation and ways of working. The next step is to organise a fact-finding trip to a target market or country, followed by a workshop in which the company’s business is scrutinised in detail. The workshop also includes training by the Copenhagen Business School. The workshop results in an export strategy jointly created by the company and the advisor. At the end of the first phase an opportunity to test the export strategy with a panel consisting of seasoned business leaders can be organised. This first phase lasts from three to four months.

The second phase is longer, from eight to nine months. This phase is used for implementing the export strategy together with the advisor. The advisor helps open doors and organise meetings with potential clients in the company’s target market. There is a strong focus on sales activities. The overall aim of the programme is to achieve the first export sale in the target market during the first 12 month period.

To succeed, the company representatives must invest time and financial resources in the programme. The *VITUS* programme contains 265 hours of consulting and it costs approximately EUR 11 700. Additional costs incur from the fact-finding trip and whether a company is being established or not. As a company is likely to not be successful on its own, the activity and involvement of the advisor is highly important. Due to the training included in the programme, potential clients will thus notice that the company is serious about exporting and, more importantly, has the necessary tools and competence to do it.

According to an evaluation in 2015 by *Vitus*, companies that had participated in the *VITUS* programme had better results in terms of turnover, exports and personnel growth than other Danish SMEs. Furthermore, it was concluded that *VITUS* speeded up the pace of the internationalisation process significantly. The majority, albeit not all, of the *VITUS* companies landed their first export sale during the 12-month programme period. The reasons for not succeeding relate to external problems, such as crises in the target market, or internal problems, such as a lack of commitment.

Subsidised support instruments

SMEs that wish to expand their business through exports can reach out to Trade Council representations abroad and receive subsidies for advice and assistance regarding export markets. Support is provided to SMEs that form alliances with other SMEs or larger companies when undertaking large international projects. The alliance enables collective action with a deeper pool of resources and a broader range of solutions for approaching the market, resulting in a strategic business alliance¹⁴. This service costs approximately €130 per hour and an alliance is allowed to buy up to four packages of 100 hours of counselling consisting, for instance, of market analysis and monitoring, mapping and contacting relevant decision makers and collaborators. The majority of the companies in the alliance must be SMEs and they must comply with the following criteria: the company must have fewer than 250 employees; its turnover must not exceed EUR 50 million and it must comply with international rules for government subsidies.

SMEs can also be helped through GROW¹⁵ which is a targeted internationalisation programme consisting of 50-200 hours of counselling. The programme is described as highly flexible with broad opportunities for customisation. The programme grants access to export advice at Danish embassies and trade offices. GROW allows the participating companies to target one or more export markets and share hours with other companies involved in the same activity. According to the Trade Council, the programme activities can consist of market analysis and analyses of competitors, partner search, company establishment or public affairs, not forgetting innovation activities, such as access to funding and international start-up ecosystems or business innovation development. The price and eligibility criteria are the same as described above for the strategic business alliances. Participating companies can receive a 35% discount on the consultancy fee.

It is also possible to obtain a tax deduction from the Trade Council to take part in an information journey, which four to ten companies can join in order to visit a market area that is of mutual interest. The journey can consist of meetings with potential clients in the private or public sector, participation in trade fairs, and site visits related to interesting projects. The visit lasts 25 hours and its fixed price is around EUR 1 570.

Joint export promotion activities

Furthermore, the Trade Council promotes joint export promotion¹⁶. The objective of this activity is to establish contacts with potential cooperation and business partners and increase the participating companies' knowledge about local market and business conditions. The grants awarded by the Trade Council can be awarded, for instance, to industry associations or consultancy companies if at least

¹⁴ Subject to a 35% subsidy: <http://um.dk/en/tradecouncil/services/how-we-work-together/subsidised-programmes/strategic-alliances/>

¹⁵ Subject to a 35% subsidy: <http://um.dk/en/tradecouncil/services/how-we-work-together/subsidised-programmes/regional-key-account/>

¹⁶ Up to 50% of the approved project costs can be co-financed by Trade Council. The subsidy must be matched by a business payment of a minimum of 50% of the approved project costs: <http://um.dk/en/tradecouncil/services/how-we-work-together/joint-export-promotion/export-promotion/>

25% of the participating companies are SMEs. Joint export promotion must take place abroad, and it can be conducted at a trade fair, a conference, etc. It is recommended that individual contact meetings and company visits are also included in the travel programme.

The Confederation of Danish Industry, Dansk Industri, together with other interested business organisations arrange such visits jointly with the Trade Council in Copenhagen and the Danish Embassy in the targeted market. Some visits are headed by the Crown Prince Couple and organised by a private-public team consisting of the above parties and usually take place twice a year. The meetings of the team are organised at the Trade Council and the Danish business organisations deliver part of the manpower.

These visits are called the Danish Royal Visit to a designated country¹⁷. The visits normally have several chosen sectoral focuses, such as health care, energy and food, but all companies can sign up and will be accommodated. The team sets up the programme, makes the necessary arrangements and maintains a website with useful information, such as the programme, sectoral focuses, country information, logistics, etc. The same model is used in connection with State Visits headed by Her Majesty the Queen because Danish business delegation often will travel with her on State Visits. DI can also apply for financial support from the government to reduce the price of a participating company because the embassies and the Trade Council are not allowed to apply for public funding. The price can be a critical factor – especially for small companies. The reduced price helps them explore a market and establish connections with potential clients as well as learn from other participating Danish companies. The visits also help participating companies maintain customer relations with existing clients.

Paid consultancy services

Paid consultancy services are always tailored to the company's needs. The needs are identified in a joint discussion. Based on this discussion the Trade Council will submit a proposal to the company. The cost of the service is €126 per hour. Initially, it took some time for companies to adjust to the use of paid consultancy services organised by the public sector but the level of satisfaction is high and the pricing is not questioned. One of the Trade Council's targets is that at least 72% of customers should be satisfied with the advice of the Trade Council's paid consultancy services. According to the Ministry of Foreign Affairs' annual report (2016) the figure was 84%, which is a little higher than in 2015 (81%).

Germany

At the state level the Federal Republic of Germany participates in selected trade fairs and exhibitions abroad. The selection of the events is made jointly with the Federal Ministry of Economic Affairs and Energy and the Association of the German Trade Fair industry (AUMA). At these events the Federation covers part of the costs of the joint exhibition stand, which are run by several SMEs

¹⁷ See for instance: <https://danishroyalvisit.dk/japan2017/en/program/>

together. This is done to allow the SMEs to participate in trade fairs abroad and gain access to new markets.¹⁸

The Economic Affairs Ministry also runs export initiatives and market development programmes for SMEs. The aim of the programmes is to help SMEs across sectors find and develop new markets abroad. The export initiatives especially target industries such as energy, environmental technology, healthcare and civil security, but are also applicable to more traditional industries. According to the ministry, the services are now better coordinated regarding content and structure, allowing them to have a more targeted impact. In addition to the programmes, the ministry provides advice on the main steps to take before engaging in international business relations and setting up specific contacts with international business partners.

GTAI's export promotion instruments

Germany Trade and Invest offers four kinds of services: export promotion, investor consulting, location marketing and the promotion of the new federal states. The core of GTAI's export promotion service is the **market information database**. GTAI has experts worldwide in more than 50 locations, who gather information on the basic facts of the market on a daily basis and on the latest changes within the local operating environment.

GTAI's investor consulting also targets foreign investors wishing to establish themselves in Germany. Under this category, information services, such as market and industry analyses and legal information, and advisory services, such as site identification and site visit support are offered. The third broad service category of GTAI is location marketing. Activities under this category aim to convince foreign business decision makers of the advantages of Germany's location. Since 2010, GTAI has been running location campaigns under the title "Germany. Smart-up your business". The fourth category in GTAI's service portfolio consists of activities to promote Germany's new federal states to prospective international investors. This activity has been conducted under the umbrella brand: Powerhouse Eastern Germany.

AHKs' export promotion instruments

To gain an understanding of the annual operating volumes of the AHKs, the following figures from 2016 are valuable: half a million information requests were fulfilled, 400 000 business contacts intermediated, 50 000 German business visitors hosted, 20 000 people trained and over 3 000 business meetings, seminars or congresses organised. AHKs services can be divided into five categories: (i) support for exports and investments abroad (outgoing), (ii) support for international business contacts and direct investments in Germany (incoming), (iii) the promotion of Germany's interests in the host country, (iv) location marketing in the host country and (v) public supported projects. The first service area, (i) support for exports and investments abroad, consists of four kinds of activity concerned with market entry advice: the first being pre-market-checks or markets research. The second service area

¹⁸ <https://www.bmwi.de/Redaktion/EN/Dossier/promotion-of-foreign-trade-and-investment.html>

consists of services to help with participation at trade fairs. The third service area involves legal and financial services, such as advising on tax and company establishment. The fourth and final category in the first service category relates to personnel, for example hiring services. The second service category, (ii) support for international business contacts and direct investments in Germany, consists of the same broad categories as the first category, but the viewpoint is towards investment in Germany. Additionally, “investors” is a fifth important service area which consists of services to attract investors to Germany. Within the third broad service category, (iii) the promotion of Germany’s interests in the host country, there are three kinds of services provided. Lobbying activities include establishing press contacts or contacts with politicians. Furthermore, communication and PR include, for example, the publishing of different kinds of topical studies as well as member services related to membership issues. Location marketing activities (iv) consist of organising journalist trips to Germany or marketing activities. Finally, public supported projects, i.e. category (v), include projects that are organised outside central government funding. The financing of these projects generally comes from the federal government or from the states. However, some projects are carried out by the European Union or the the German development aid organisation Die Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The relative importance of the two latter types of projects is small, compared to first two.

Paid consultancy services

The services provided by AHKs have a similar logic to those of the Trade Council in Denmark. The companies can engage in discussions with AHKs and receive initial information for free. However, the companies have to pay for more detailed information or projects. The services are tailored to the need of the company based on negotiations. Thus, the fee also varies depending on the need. The companies can also obtain information on a monthly basis, for instance, on matters related to taxation.

Foreign missions and export guarantees

The third pillar of Germany’s export promotion, i.e. foreign missions, facilitates contacts within host countries, organises events, such as embassy conferences, and provides information concerning topical events or tendering processes.

The Federal Government provides German exporters with export credit guarantees, which can be used to insure export transactions against economic and political risks. The guarantees (called “Hermesbürgschaften” in German) are managed on behalf of the Federal Republic of Germany by Euler Hermes Aktiengesellschaft as a mandatary of the Federal Government. There are also several instruments of AKA Bank, KfW-IPEX and DEG-Deutsche Investitions- und Entwicklungsgesellschaft m.b.H available to finance exports and projects abroad.

Spain

ICEX is the most important actor in Spain in terms of export promotion. ICEX makes use of the network of Economic and Commercial Offices abroad to obtain information and learn about business

opportunities in international markets. The aim of this activity is to enhance the presence and activity of Spanish companies in the countries included in the network by providing different foreign operators with first-hand information about Spanish companies and also their contact information. The successful implementation of this activity requires close collaboration between ICEX and the network of Economic and Commercial Offices of Spain abroad.

Online services

ICEX also provides information “Pasaporte al Exterior,”¹⁹ such as the analysis of export potential as well as commercial documents, customs formalities and certificates online. Another example of e-services is online training. ICEX makes use of digitalisation and organises internationalisation training online. The Massive Online Open Course (MOOC) was developed jointly with the Rafael del Pino Foundation. ICEX calls MOOC a game-changer because there were far more registrations (over 5 500) for the course than anticipated.

NEXT programme

ICEX runs a programme aimed at internationalising Spanish business. The *ICEX NEXT Programme*²⁰ is for Spanish SMEs wishing to internationalise their business and/or consolidate their presence abroad. ICEX’s experts help the company to design a business plan and introduce the company to new markets through personal advice from the experts operating in foreign markets. The programme lasts 18 months and contains 45 hours of specialised advice (30 compulsory hours and 15 optional hours) provided by experts in different areas of internationalisation and external competitiveness. Compulsory hours are used for advice in the design of an internationalisation plan while optional hours can be spent on advice to improve a company’s international competitiveness. The plan can be supplemented in a subsequent phase by the “Destination Advisers” service, which helps the company to access certain markets and to develop their commercial network.

Some of the elements in the programme are fully subsidised and others partly. An analysis of the company’s business model, financial analysis and the analysis of the online business model are fully covered by ICEX. The company has to pay 50% of the expenses related to personalised (both compulsory and voluntary advice) and promotional as well as personal expenses. ICEX’s contribution to these expenses can be up to EUR 12,400. The costs covered can also include personnel costs incurred when hiring new staff. The package also contains an analysis of the potential exporter and digital marketing (€600) covered by ICEX. The latter begins with an analysis of the firm’s website – in terms of usability, positioning and analytics – to make the company aware of its need to align its business strategy with an online presence and digital marketing actions.

The programme’s eligibility criteria are the following: the SME must have a product, service or its own brand, it needs to have export potential and its exports should not exceed 50% of the company’s

¹⁹ www.icex.es/pasaportealexterior

²⁰ <https://icexnext.es/>

turnover, the value of the company's exports should not exceed EUR 250 000, it should export to a maximum number of five geographical markets and/or to a maximum of six clients, and it should have been established within the past two years. Furthermore, the company should have qualified and committed personnel for the programme's implementation, the financial capacity to conduct an internationalisation project and the willingness to share its reflections, insights and experiences gained from international markets with other SMEs. Lastly the company should not have previously participated in ICEX initiation programmes.

For those companies that are already exporting, ICEX can act as the partner in its promotional activities, meaning participating in international trade fairs, trade missions and study trips, bringing in buyers and opinion leaders, arranging technical and commercial meetings and organising promotion campaigns. Furthermore, ICEX supports Spanish companies' participation for international tenders by providing information and advice, searching for local partners and experts, helping to draft bids and organising missions and meetings with institutions.

IMPACT+ programme

Through the IMPACT+ programme²¹ ICEX supports Spanish companies when they diversify in the target markets of their commercial and investment activity. The programme can be used for approaching new markets that serve the needs of the relatively low-income population segments of emerging countries that have high growth potential. Spanish companies have traditionally focused their outreach on markets that serve medium and high socioeconomic segments. Thus, the programme represents a different approach in terms of the export companies' markets.

The programme offers the participating companies tools, for example knowledge gained from the success stories of Spanish companies in sustainable business, the identification of specific business opportunities and workshops in which the companies' understanding of these types of markets is increased and the design of sustainable and inclusive business models is deepened. IMPACT+ also contains a boot camp during which the companies can establish contacts with local organisations and other non-traditional partners in emerging markets where opportunities have been identified. The boot camp also allows the companies to present ideas and business models to potential investors and public financing entities, exchange good practices and communicate successful experiences with other companies and structure business models that make these opportunities economically viable for the company.

To participate in IMPACT+ the companies must fulfil the following criteria: they must have a product, service or own brand. It also needs to have qualified and committed personnel for the internationalisation programme's implementation and the financial capacity to run the project. The companies are furthermore expected to use the advice given to them to develop or promote their strategy for accessing developing markets and participate in a self-diagnostic exercise on their

²¹ <https://www.icex.es/icex/es/navegacion-principal/que-es-icex/sala-de-prensa/videos/videos-mas-vistos/VID2017726639.html>

potential for serving these markets. Based on the result of the exercise ICEX determines the company's participation in the programme.

Best practice example: personalised services

In addition to programmes and information service, for a fee, ICEX also provides customised advice and support²² through the Spanish network of Economic and Commercial Offices. The network extends to over 150 countries. Personalised services are only provided upon request from a company and against a fixed price based on the amount of work involved. The services are always tailored towards the specific need of the company.

The services include customised information on foreign markets, the analysis of competitors, the comparison of prices at point of sale, the organisation of business meetings, the identification of potential trade partners, the design of marketing and promotion action, logistics support and inbound missions.

The demand for personalised services has increased over the years. In 2007 only 34 such services were delivered. The highest demand so far was in 2012 when over 4 700 services were requested. The services are also evaluated by the users. Customer satisfaction is on a good level. On a scale from 1-5 the average rating was 4.19.

The main target market is the USA, followed by the Middle East, continental China and South Korea. The added value of the personalised services is that they are provided by the staff present in the target market. The staff can, for instance, arrange meetings for Spanish export companies with businesses in the target country. These businesses have already been screened and interviewed in advance, thus they are known to have an interest in Spanish products.

Grant programme

Lastly, ICEX is also involved in the provision of training in the form a grant programme which consists of a Master's Degree in International Business Management from Menéndez Pelayo International University, taught by the ICEX-CECO Business School. Students are selected each year and the selection process includes specific knowledge tests and a personal interview. The students no longer need to take a test in English. However, candidates are required to provide an official certificate accrediting their proficiency in English to a minimum of B2 level, in accordance with the Common European Framework of Reference for Languages (CEFR). The actual training commences in the Spanish Economic and Commercial Offices abroad once the degree has been completed. The second internship stage lasts for one year at a Spanish company or public institution with international operations, whether at its central offices in Spain or any of its subsidiaries, or at an international organisation. There is demand for interns from the Grant Programme. For instance, approximately 660 organisations requested interns in 2016 and more than 76% of these were SMEs. Large enterprises bear 70% of the costs of the grant while all others (including SMEs) 50%. The rest comes from ICEX.

As described above, ICEX provides a range of services to companies. Overall, an important improvement has been made in the way services are provided. Since 2016 the approach has focused

22

<https://www.icex.es/icex/es/navegacion-principal/todos-nuestros-servicios/servicios-a-medida/servicios-personalizados/presentacion/index.html>

on all-round support for companies in their internationalisation process, i.e. ICEX aims to cover the every need of a company from the very earliest stages of their internationalisation process through to the more mature stages.

COFIDES can also bring external funding to viable private investment projects such as the creation of new companies or the acquisition or expansion of existing businesses. The requirements for funding are as follows: projects must involve assets that require medium to long-term financing, be undertaken abroad and involve some element of Spanish interest.²³

CESCE helps Spanish companies to cover the risks related to exports. CESCE's product portfolio consists of an exporter's bond insurance, supplier credit insurance, construction and work abroad insurance and investor investment insurance.

Table 4. Overview of public support instruments for export promotion

Country	Denmark	Germany	Spain
Public support instruments for export promotion			
Advice	Free as well as paid consultancy services	Free as well as paid consultancy services	Free as well as paid consultancy services
Information	TC's website	GTAI's information services	Online information on a variety of topics
Programmes	Subsidised VITUS programme	Market development programme	NEXT, IMPACT+
Coaching	Subsidised export coaching programme	-	Online tools (e-learning), seminars and training
Funding	Export credit guarantees	Export credit guarantees	Export credit guarantees
Other	Joint export promotion	Support for making international tenders	Support for making international tenders, the cost simulator for calculating the cost of setting up business abroad
SME focus?	Subsidised activities mainly target SMEs	Market development programme	ICEX NEXT

²³ COFIDES annual report 2016

4. The effectiveness of export promotion

Denmark

Several indicators are used in Denmark to monitor the effectiveness of export promotion. Export promotion often requires joint efforts and input from a number of different employees and these employees may not be stationed in the same unit. Therefore, indicators are used for measuring the effectiveness of export promotion concerning particular geographical areas and everyone working in that area. The indicators are applied to the whole staff, including the ambassadors. The markets are divided into 20 different zones, and each zone has its own sales target and indicators (Table 5). The sales target concerns the revenue acquired from the sale of the paid consultancy services. The staff are also rewarded if the unit stays within budget and achieves its sales target. If the sales target is exceeded, the surplus is shared among the staff. This is considered a good incentive for encouraging high-quality work.

Table 5. The Trade Council's internal success targets, indicators and goals²⁴.

Success target	Indicator	Global goal 2015	Missions' goal 2015
The Trade Council (TC) creates value for customers, partners and organisations	Percentage of customers indicating the Trade Council has delivered major or decisive value	72%	At least 72%
Increase in Global Public Affairs (GPA) assignments	Increase in percentage of GPA assignments across TC organisation	26%	Increase of at least 3%
Implementation of the sales process with a higher value and steady flows	CRM pipeline weighted average over the four phases of the sales process as a percentage of the earnings target	25%	25% quarterly

Customer satisfaction is also monitored each time a company uses the Trade Council's services and the most important question is whether the Trade Council's activity has brought added value to the company. As shown in Table 5, the TC's objective is that at least 72% of its customers experience a high or definitive value from receiving advice on payable services. In 2016 the result was 82%, clearly exceeding the result of the previous year (81%)²⁵.

²⁴ Presentation of Svend Olling, Ambassador, Head of Department for Export Promotion, MFA

²⁵ Annual report 2016, Ministry of Foreign Affairs

Furthermore, the Trade Council also monitors the effectiveness of its advisors by asking, for instance, how many companies the advisors encounter in a year, how many companies receive longer counselling sessions (20-30 hours) and how many of these companies end up buying more consultancy services from the Trade Council.

Also, DI asks for feedback from the companies that have participated in visits or trade shows. The company representatives have the opportunity to speak their mind at the end of the journey. This feedback is used to continuously improve the service.

There is also some quantitative evidence of effectiveness. For instance, with the help of export credit guarantees issued by EKF, Danish export companies managed to secure contracts exceeding approximately EUR 2.3 billion. As displayed in Chapter 2.3, the volume of EKF's support to exporters was EUR 1.54 billion.

Another example comes from the regional level. Vaeksthus Copenhagen provides advice to more than 1000 companies on an annual basis and customer turnover has increased by more than EUR 134 million and exports by more than EUR 25 million over a two-year period.

Germany

The effectiveness of export promotion is determined through organisational target setting and the achievement of those targets as well as through external impact assessments or evaluations. Regarding the three pillars of German export promotion activity, recent impact assessments are only found for the operation of AHKs. This is maybe because embassies and consulates fall under the domain of the foreign office while the GTAI is only a relatively new organisation – established in 2009 through the merger between Invest in Germany GmbH and the German Office for Foreign Trade. However, based on annual reports it is possible to gain an understanding of the performance indicators.

The GTAI annual report from 2016 divides the targets for 2017 into strategic and operative targets. Three different areas are defined for the strategic level. Firstly, there is positioning and customer orientation, in which brand-awareness and the customer-focused service portfolio are of interest. The second strategic area is excellence in product and service delivery and the interest is in the overall coverage (Gesamtreichweite) of all the products and services. The third strategic area is in having a flexible and modern company, in which the interest is on staff and stakeholder opinions of the company. On the operative level, specific indicators are used to describe whether the company has been able to meet its targets.

For AHKs there is a similar structure for measuring targets from the strategic level to the practical level. However, how government policy goals are adopted within the operation of AHKs is different. The basis for the operation of AHKs comes from the political decision making of BMWi in the form of financial budgets and areas of broad political emphasis, which are adopted into the decision-

making process of AHKs in the form of broad targets and broad areas of operation from BMWi to DIHKs and in the form of narrow targets and budgets from DIHKs to AHKs.

To make an external impact assessment, the Federal Ministry for Economic Affairs and Energy commissioned the University of Applied Sciences of Chur (Hochschule für Technik und Wirtschaft HTW Chur) to conduct an evaluation of AHKs in 2014; a comprehensive analysis was conducted and the results were published in 2016.

The evaluation of the AHKs found they satisfactorily meet the goals set by the Federal Ministry for Economic Affairs and Energy. However, it was also found that because of the general nature of the goals and the lack of indicators for them, it was difficult to find out how well the targets were attained regarding expenditure on governmental export promotion.

Nevertheless, the study indicated that AHKs have a very entrepreneurial operational mode and distinctive co-operation with domestic network partners as well as with the political, business and societal partners of the host countries. The synergy effects derived from the co-operation of AHKs are estimated to be substantial as it is estimated that to replace the impact generated through the synergy effects, the government would have to make an additional investment of EUR 17.2 million and that partner organisations would need to hire an additional 734 employees. According to econometric analysis the support provided by AHKs has helped to create or ensure 219 000 jobs in private sector companies. To further improve the operation of AHKs, the study found that besides introducing more specific goals and indicators, there should be a more explicit focus on small and medium sized enterprises and a commitment to increasing the amount of first hand advice provided free of charge. Regarding organisations, it was suggested that competence centres should be established and that co-operation among network partners should be further promoted.

Spain

As a nation Spain has several targets for export promotion. A key objective is to increase the number of Spanish companies involved in exporting. Another goal is to diversify the markets. This can be done, for instance, by opening new markets in which there is currently no or little Spanish presence. Furthermore, it is important to increase the size of the exporting companies as the majority, about 95%, of Spanish companies are very small. Those that employ from one to two people do not have the human resources to conduct day-to-day business and engage in internationalisation and exports.

Spain relies on ICEX to achieve these targets. It seems ICEX has been successful since Spain has presented impressive growth figures for exports; from 2009 to 2016 foreign sales increased by 60% (ICEX annual report 2016). During the same period, over 40 000 companies joined the Spanish export base. According to ICEX, there are around 50 000 regular exporters and altogether 150 000 Spanish companies export.

One factor explaining Spain's success may be a long-lasting tradition in training export-oriented individuals. There is a grant programme that has existed for decades and is currently run by ICEX.

The programme was established in 1975 and was originally created because Spanish people generally lacked language skills and experience in export promotion. The current programme starts with a study period that gives the students the skills required for a Master's Degree. They are then placed for a year in an Economic and Commercial Office overseas. The final step is a year in a company that conducts exports. During this phase, the students conduct hands-on export promotion. The programme is well-known in Spain and 440 university students benefitted from the grant programme in 2016.

In the previous chapter a range of ICEX's services were presented; ICEX provided 3 221 personalised services and 1 787 activities in 2016. There were more than 19 000 company participations in activities linked to internalisation. More specifically, ICEX recorded 4 330 company participations in 166 market analysis workshops and seminars and nearly 400 companies participated in the ICEX Next programme either to launch or support exports. The ICEX Next programme was launched in 2012 and some evidence of its effectiveness is available. For instance, capital goods companies that participated in the programme in 2012 have reported significantly higher figures regarding the regularity of exports compared to the national average. Companies that joined in 2013 saw an increase of 60% in a three-year period. Also, there has been increase in the number of exporting companies; 72 % of the companies that registered in the programme in 2012 – and were then not exporting – began exporting in 2015.²⁶

Also, according to the 2016 annual report, the reach of ICEX's online services was good: over 43 000 company users made use of them. Furthermore, 151 missions were supported, with more than 1 000 business participations, totalling 678 single companies. The main destination countries were the United Arab Emirates, Chile, Mexico, China, Russia and Colombia.

All these activities are also monitored to aid the export strategy as one of the strategic lines refers to the continuous evaluation of the trajectory of ICEX's users and the impact of ICEX's services throughout the internationalisation process. In practice this means that companies that utilise the services of the Economic and Commercial Offices or ICEX give feedback. The companies are asked to rate the service on a scale from one to five. If the result is three or less, the staff in Madrid headquarters request an explanation. By doing this, the feedback is analysed and if needed, corrective action can be taken.

²⁶ ICEX annual report 2016

Table 6. Monitoring of effectiveness and results

Country	Denmark	Germany	Spain
Monitoring of effectiveness			
How is effectiveness monitored	By using a set of key performance indicators	Operational goals, impact	By following the number of exporting companies
By whom?	MFA, the Trade Council	Different organisations, Government	Ministry of Economy, Industry and Competitiveness
Are key performance indicators used?	Yes	Different in different organisations	N/A
Evaluations?	No recent evaluations are available	Ad-hoc evaluations can be found	No recent evaluations are available
Results and effectiveness			
Evidence of results	Client satisfaction is very high.	Different in different organisations	The annual report of ICEX presents figures on exports and the number of exporting companies
Client satisfaction	Client feedback collected upon the use of services	Different in different organisations	Client feedback collected upon the use of services

5. European cooperation

Cooperation between EU Member States has been identified in the study as being weak. Nevertheless, the European Union is recognised as the only body with the legal right and competence to negotiate on behalf of the Member States regarding trade agreements and bilateral free trade agreements.

Denmark

Denmark acknowledges that there is much to be gained for everyone involved in global agreements. These agreements contain common rules and effective enforcement mechanisms as a safeguard against protectionism. The European Union negotiates free trade agreements and also handles the instruments that defend free trade. The most common platforms for international collaboration are the EU, the World Trade Organisation (WTO) and The Organisation for Economic Co-operation and Development (OECD). Through EKF, Denmark is also represented in the Paris Club²⁷ and the Berne Union²⁸.

In terms of regulation, the role of the EU is highly important. For instance, digitalisation and the platform or collaborative economy are phenomena which require common rules. The EU has been active in this area and European companies are becoming more and more familiar with digitalisation. Furthermore, having a stable operating environment is one of the key priorities for companies and the EU influences this.

Denmark constitutes a relatively small market. Therefore, having access to European wide markets is a great opportunity and being part of the European single market is highly appreciated. There is also more informal collaboration that occurs on an ad hoc basis. Such co-operation can for instance be a joint event or promotional campaign organised by the Nordic countries – the Danes support both Nordic and European cooperation. However, it should be kept in mind that export promotion is a hands-on activity and the more actors are involved, the more complex it gets – and this is not always helpful for the companies.

Germany

The export promotion activity of GTAI, the AHKs and the foreign mission has a low-level of co-operation with the EU. However, it seems that co-operation is more intense regarding export credit guarantees. For example, one of the five service categories for AHKs is public sector supported projects. Under this category, there were 25 projects carried out with EU funding from a total of 324 public sector supported projects in 2013 (31/343 in year 2014). As this represents only 8% of the project volume it is a sign of the minor role the EU plays in this activity. In contrast, export credit guarantees are embedded in an international set of rules. Therefore, there is very close cooperation with EU member states. At European level, a working group on export credits meets on a regular

²⁷ International cooperation on agreements with indebted countries

²⁸ International cooperation for public and private credit insurers

basis at the Council of Ministers. According to the interview conducted with a representative of the Federation of German Industries (BDI), the OECD-Consensus is relevant for officially supported export credits with credit periods of more than two years. The BDI promotes the further development of the OECD Consensus (especially on the topic of local costs). Competitors from non-OECD countries have cost advantages, which are further increased by official support that is not bound by OECD arrangements. This leads to unfair competition. The current OECD-ECA approach towards local costs does not reflect these developments and is therefore outdated.

Spain

On the basis of the findings, collaboration with other EU Member States and Spain is uncommon regarding export promotion at the operational level. However, for operations in a third country concerning specific, common challenges, such as barriers to trade, then representatives of the Member States are more likely to discuss and share information on matters that affect European trade in general.

On a more practical level ICEX is determined to strengthen its institutional cooperation with the European Commission and with the main European export promotion organisations. There are two objectives behind this: improved coordination and the prevention of potential overlaps and the duplication of action carried out by the EU in third markets where the framework of its policy supports the internationalisation of European SMEs. ICEX has taken part in the two annual coordination meetings between the European Commission and the trade promotion organisations of member states.²⁹

Table 7. European cooperation

Country	Denmark	Germany	Spain
European cooperation			
Cooperation with other Member States?	Occurs every now and then, more practical than strategic.	On a strategic level	Occurs mostly when dealing with third countries
European cooperation actively pursued?	Not actively, depends on the sector and the opportunity that is being seized.	Especially with export credit guarantees	Not actively at the Member State level. ICEX aims to improve cooperation with the EU
Value of European cooperation?	In trade policy the EU is of notable importance.	Considered valuable because fair rules are needed	Valuable for addressing common challenges
Other observations	Regarding export promotion, it is a national activity that the EU should not be part of.	-	-

²⁹ ICEX annual report 2016

5.1 Role of European Commission and scope for action

In the past significant progress has occurred in the process of economic integration within the EU. Progress means the removal of numerous barriers to trade that existed between individual Member States. Consequently, the exchange of goods and services in the EU is considerably easier and this has facilitated firms' intra-EU exporting activities. As a matter of fact, all Member States apart from the United Kingdom and Cyprus exported more goods to partners within the EU than outside the EU in 2017.

Currently there are two Directorate-Generals (DGs) among the European Commission that relate to trade and the internationalisation of business. The work conducted by DG TRADE aims to create a secure and prosperous Europe. DG TRADE also coordinates trade relations for the EU with the rest of the world. DG GROW handles matters concerning the internal market, industry, entrepreneurship and SMEs. Therefore, the division of labour between DG Trade and DG GROW is clear. Furthermore, neither of the DGs is involved in export promotion, which is not considered an area of expertise for the EU – the EU Member States are responsible for export promotion and investment promotion and how that is achieved is to be decided on within each Member State.

However, there are also other DGs having indirect links to export promotion. For instance, DG DEVCO designs European international cooperation and development policy and works closely with European External Action Service (EEAS) while DG AGRI promotes stronger EU-Africa cooperation. Furthermore, the European Parliament organises missions abroad. For example, in June 2018 the President of the European Parliament, Antonio Tajani, visited Niger accompanied with a delegation of companies and experts³⁰. Promotion of partnerships with European and Nigerian companies as well as investments in selected key sectors were among the aims of the visit.

The activities the EC undertakes are complimentary and do not interfere with those conducted by the Member States. DG GROW maintains the market access database (MADB)³¹. MADB provides information on import conditions to companies exporting from the EU to third country markets. There is data about duties and taxes, procedures and documents, statistics, trade barriers, food safety and animal health, preferential agreements, services for SMEs as well as country trade information. The services for SMEs include connections to other SMEs that have international ambitions through the Enterprise Europe Network (EEN), tools such as the trade defence SME helpdesk and the IPR SME helpdesks, portals like the European Small Business portal and the SME internationalisation portal, as well as EU funded business support projects³². The business support projects funded by the EU are being phased out. The database continuously receives positive feedback from companies and sets the example of not housing all information on the same website. The database is linked to the AUMA trade fair database provided by the Association of the German Trade Fair Industry.

³⁰ <http://www.europarl.europa.eu/the-president/en/newsroom/mission-of-the-president-of-the-european-parliament-antonio-tajani-to-niger-16-to-18-july-2018>

³¹ <http://madb.europa.eu/madb/indexPubli.htm>

³² <http://madb.europa.eu/madb/servicesForSME.htm>

Structural funds could be used to indirectly support the development and internationalisation of European businesses through the projects implemented by the Member States. For example, there are DGs that have export promotion competences. However, these DGs, except for DG Trade and DG Grow, are not tasked with export promotion or even providing support for business as such. Furthermore, EEAS represents the EU's diplomatic service and is thus responsible for the EU and its people having a voice in the world. Thus, the EEAS connects Brussels with the EU's diplomatic network around the world and it is therefore noted as having more potential to provide help in the context of export promotion due to its role and presence.

As mentioned above, the EC's activities are complimentary to those conducted by the Member States but indirectly the EC has a major influence on export promotion. The EU trade policy – a particular competence of the EC – is all about opening up markets for European companies and making space for export opportunities. The EC makes it possible for European businesses to sell their products, services and solutions around the world. Through the market access strategy, the EC resolves worldwide trade barriers and when the barriers are lifted, the individual Member States and businesses can begin to promote their own country's exports. The EC and Member States also exchange information concerning trade barriers and the enforcement of trade agreements through the Trade Policy Committee (TPC) and the Market Access Advisory Committee (MAAC). It is the role of TPC to advise the Commission when it negotiates agreements with third countries or international organisations with respect to common commercial policy³³ while MAAC keeps a close eye on barriers to trade.

6. Conclusions

This study demonstrates how export promotion and the internationalisation of businesses is organised in Denmark, Germany and Spain.

In Denmark all public actors responsible for **export promotion under the Ministry of Foreign Affairs have been centralised**, resulting in the staff of embassies and consulates being seamlessly connected to the same fabric and flow of information from the markets to Copenhagen. To facilitate the knowledge exchange, the staff are also invited to gatherings at the headquarters once a year.

Germany and Spain have also implemented **mergers** but kept a more traditional division of labour. The ministries responsible for trade steer the work of export support, while the ministry of Foreign Affairs handles development cooperation as does the network of foreign offices. When taking the examples of Denmark, Germany and Spain into account, bundling public actors under the same roof constitutes a good European practice as supported by the examples from the successes of the Trade Council (Denmark), Germany Trade and Investment (Germany) and ICEX (Spain). Denmark started rearranging the structure of export promotion more than 15 years ago. Germany embarked on this

³³ <http://www.consilium.europa.eu/en/council-eu/preparatory-bodies/trade-policy-committee/>

journey in 2009³⁴ while Spain implemented its mergers in 2012. Similar arrangements have also occurred, for instance, in Sweden³⁵. In all cases, the invest-in activity is handled by the same organisation, albeit a different unit and it can be argued that having the key actors of export promotion within the same organisation helps accumulate market and sector specific intelligence while increasing the informal flow of information within the organisation.

Although support for export activity is mainly conducted by actors at the national and/or international level, it is important to **maintain connections to the regional and/or local level**. The three countries have organised this as follows: the Trade Council has a staff member in each of the five regions in Denmark. The German Chambers of Commerce Abroad use the 79 IHKs to receive valuable information on the specific needs of German businesses. In Spain the representatives of the Ministry of Economy, Industry and Competitiveness, the Economic and Commercial Offices and the autonomous regions meet regularly to discuss matters related to export promotion and to avoid implementing overlapping activities. Furthermore, having state-of-the-art IT systems allows the processing of information and client data.

The **presence of governmental organisations in foreign markets** is recognised as important and is appreciated. Thus, Denmark has Trade Council and Innovation Centres, Germany has GTAI and the vast network of AHKs while Spain has ICEX and the Economic and Commercial Offices abroad. Furthermore, embassies can be of great help; it is common practice to organise events in an embassy at which companies from both the host country as well as the destination country participate. The staff of the embassy usually have good connections in the country they are located in, which can be put to use when a seminar or other events are being planned. They help to ensure suitable companies from both countries are present. Furthermore, the status of the event is increased if it is held in an embassy, making it easier to attract and invite high-level decision makers and opinion leaders to the event.

The EU is the home to the single market, and intra-EU trade is of vital importance especially for the smaller Member States and European SMEs. The importance is somewhat smaller for large enterprises and born globals that consider the world their market. In terms of export promotion, Denmark, Germany and Spain possess a range of instruments for supporting SMEs; the majority of the programmes, coaching, advice and information is designed for, available and applicable to SMEs.

For all businesses, it is important that the EU provides a framework for trade and acts as a base on which trade policy can be made – the EU can even act as a partner in negotiations. Consequently, the EU needs to act as a strong partner in any trade negotiations as it has the ability and track record to do so. Furthermore, the work done through international organisations to maintain transparent rules concerning international competition by the EU is of high value to Member States and companies, consequently there is little room for the protectionism witnessed elsewhere in the world.

Lastly, export promotion is an activity that usually requires a significant amount of work and time before the effects become visible. The ICEX Next programme is a good example of this. The majority

³⁴ The merger between Invest in Germany GmbH and the German office for foreign trade

³⁵ <https://www.business-sweden.se/en/about-us/About-Business-Sweden/>

of the companies that participated in the programme in 2012 started demonstrating positive results within two to three years. Furthermore, it is challenging to demonstrate the impact public support activities have on companies' exports. However, Europe and its Member States' successes require companies that grow through exports and create jobs and well-being. Hence, if an entrepreneur with the right mindset for exporting needs advice or financial support to create an export strategy, the investment usually pays off.

6.1 Recommendations

Export strategy for each Member State

Each Member State should have an export strategy outlining the key principles and objectives of export promotion. If the responsibility of export promotion is shared among several ministries, the representatives of the ministries must be included in the strategy process alongside other key actors. The strategy should not represent only the views of the public sector, thus the private sector should also be given a voice, for instance, through business organisations or chambers of commerce. By allowing the stakeholders to take a stand, the public sector increases commitment to the strategy.

Stable operating environment and the protection of free trade

Businesses are wary of changes in their operating environment. The more changes there are, the less willing the companies are to take risks and enter foreign markets. Both internal and external to the EU there has been increase in protectionism and attempts to make trading more difficult, which means the EU needs to maintain the single market. The European market is home for many of Europe's SMEs despite digitalisation and born global companies. Where trade outside Europe is concerned, it is the EU's role to represent its members' best interests, therefore the EU should continue on its path to negotiate and close deals like the recent trade agreement with Canada.

Free advice or paid consultancy services

There is value in both: free advice as well as paid consultancy services. Not every service should include a fee. Information can be made available online and for free. This refers to the basic information all export oriented companies require. Business owners should also be allowed to ask questions and receive information from an advisor. There is also in-depth information about target markets and personal connections to decision-makers. This is the kind of knowledge that can have significant added value for a company. And the company should be willing to compensate if it receives this kind of assistance from an export promotion agency or another organisation responsible for export promotion. Asking for a fee reduces the amount of unnecessary requests for information. It also encourages companies to contemplate what kind of information they require and how it will support their export activities.

Making use of the tools provided by DG GROW

The market access database contains a wealth of valuable information for SMEs interested in exports and the internationalisation of their business. Similar information is also provided by the key export promotion actors in the Member States and there is no need for overlapping effort. A market access database could be used as a point of departure and the Member States and business associations should promote the use of the database and take full advantage of the information that is already publicly available. In addition, the EC could do more to raise awareness of the tool at the European level, for instance, through the Enterprise Europe Network.

Leveraging the EU's network in the world

The Member States value their own networks around the world but alongside those networks the EU is a major and significant player in shaping the world and its trade. Furthermore, the institution has global representation through the EEAS. Nevertheless, that network remains an underutilised resource – and although it is not the EU's role to participate in export promotion for individual Member States, the EU and especially the EEAS could take a more active role in showcasing European solutions and competence beyond the continent's borders. Furthermore, taking into account that horizontally several DGs of the EC have links to export promotion, more coordination is needed. Therefore, we suggest that the EEAS should act as a coordinator, making sure the “service offering of Europe” is presented as a combined European service offering instead of that of an individual Member State or EU institution.



European Economic and Social Committee

Rue Belliard/Belliardstraat 99
1040 Bruxelles/Brussel
BELGIQUE/BELGIË

Published by: "Visits and Publications" Unit
EESC-2018-66-EN
www.eesc.europa.eu



© European Union, 2018

Reproduction is authorised provided the source is acknowledged.

For any use or reproduction of the cover page photo permission must be sought directly from the copyright holder.



Print
QE-03-18-141-EN-C
ISBN 978-92-830-4170-2
doi:10.2864/533816

Online
QE-03-18-141-EN-N
ISBN 978-92-830-4171-9
doi:10.2864/959094

EN