



Technical Assistance of the Greek Export Promotion Action Plan

Grant Agreement SRSS/S2016/029

Deliverable Report 3.1.1 and 3.1.2

Methodology to identify export opportunities and suggestions on additional/best export promotion instruments

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List of Abbreviations

ASEAN	Association of Southeast Asian Nations
B2B	Business-to-Business
BMWi	Federal Ministry for Economy Affairs and Energy (Germany)
CA	Comparative Advantage
CD	Comparative Disadvantage
CEPII	Centre d'Etudes Prospectives et d'Informations Internationales
COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises program (EU)
DSM	Decision Support Model
EaSI	Employment and Social Innovation programme
EBRD	European Bank for Reconstruction & Development
ECA	Economic & Commercial Attachés
EG	Enterprise Greece
EIB	European Investment Bank
EIF	European Investment Fund
EPANEK	Operational Programme Competitiveness, Entrepreneurship and Innovation 2014-2020
EPI	Export Potential Indicator
EPP	Export Promotion Programme
ERM	European Restructuring Monitor
ESCAP	Economic & Social Commission for Asia & Pacific
EU	European Union
FEM	Fixed-Effect Model
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit GmbH
GM	Gravity Model
GNP	Gross National Product
GTAI	Germany Trade and Invest



HS	Harmonized System (Harmonized Commodity Description and Coding System)
ICRG	International Country Risk Guide
I(C)T	Information (& Communication) Technologies
IEC	Inter-ministerial Extroversion Committee
IEES	Institute for Export Studies
IFC	International Finance Corporation
IGC	International Growth Council
IMF	International Monetary Fund
IOBE	Foundation for Economic & Industrial Research
ITC	International Trade Center
IXPOS	German Business Portal (GTAI service)
KEEM	Research Center for Export Studies
KEPE	Centre of Planning and Economic Research
MATLAB	Matrix Laboratory
MENA	Middle-East and North Africa
MoE	Ministry of Economy and Development Greece
NWU	North West University (Netherlands)
OAEP	Greek Exports Credit Insurance Organization
OECD	Organisation for Economic Co-operation and Development
OeKB	Oesterreichische Kontrollbank AG
ONDD	Office National du Ducreire
PDI	Product Diversification Indicator
PSE	Panhellenic Exporters' Association
RCA	Revealed Comparative Advantage
REM	Random-Effect Model
RMS	Relative Market Share
RSCA	Revealed Symmetric Comparative Advantage
SBA	Small Business Act



SEV	Greek Federation of Enterprises
SEVE	Exporters' Association of Northern Greece
SITC	Standard International Trade Classification
SME	Small & Medium size Enterprise
SRSS	Structural Reform Support Service
STATA	Statistics & Data (statistical software package)
TA	Technical Assistance
TBI	Trade Balance Index
ToR	Terms of Reference
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USAid	United States Agency for International Development
VET	Vocational Education & Training
WG	Working Group
WTO	World Trade Organization



1. Executive summary

Aiming to formulate a coherent export strategy, Greek authorities have committed – according to the Export Promotion Action Plan - to develop a methodology able to identify potential export opportunities and prospects. Currently, the identification of export potential is done in a fragmental manner, by multiple actors serving individual strategies and plans (in each Ministry involved). In terms of supporting decision making, various state agencies and research units conduct analyses, focusing more on measuring past export performance, rather on applying methodological tools to assess and predict future potential.

The report acknowledges existing capacity, familiarity and know-how to perform statistical analysis within Greek public agencies, but highlights the need for a coherent and uniformed approach surrounding the efficient and effective use of methodological instruments, as a necessary step before drafting a National Export (Promotion) Strategy.

For such an objective to be achieved, the methodology should:

- a) be scientifically acknowledged and validated,
- b) be based on credible (statistical) data,
- c) have capacity to predict future trends,
- d) allow specific characteristics of the Greek economy and the composition of the Greek exports to be taken into account, including the comparative competitiveness of Greek goods (and services).

GIZ, supported by the - MoE supervised - KEPE (Centre of Planning and Economic Research), has reviewed the international empirical literature that addresses the question of how to identify potential export markets, focusing in the following four methodologies widely used by governments and international organizations worldwide:

- Decision Support Models (DSM), which provide a framework for multiple variables and indexes to be introduced as part of a sequential filtering process, leading to the identification and prioritization of country-product pairs with high export potential opportunities.
- Gravity Models for identifying and validating export markets opportunities, by using econometric modelling to estimate trade flows through gravity equation.
- Mapping of export sectors to identify export opportunities and comparative advantages, based on the export specialization of the examined country.
- International Trade Center's (ITC) export potential assessments, based on a decomposition of a country's potential exports of a product to a given target market into three factors: supply, demand and easiness to trade.



In that context, we recommend a two-phase solution that includes:

1. Phase A: the sequential use of DSM and Gravity model, integrating Mapping Export Sector indexes, as proposed by KEPE and analysed in detail in Annex I; thus leading to the preliminary benchmarking of prioritized target-markets and export sectors. We suggest the assignment of a pilot application to KEPE in order to ensure buy-in, raised awareness and higher degree of ownership among stakeholders regarding the need for the introduction of a comprehensive and predictive methodology to prioritize export prospects, as a necessary step before drafting a National Export Strategy.
2. Phase B: the customization of the ITC export prospects map, integrating KEPE methodology suggestions, so that specific characteristics of the Greek economy and the composition of the Greek exports¹ will be taken into account. The major advantages of the user-friendly platform of the ITC are its easiness of use, as well as a continuous update of the underlying (statistical) data and thus the resulting figures, on demand, without the need for a separate assignment of a study periodically.

As prerequisite, the dialogue on the methodology or/and the customization process should involve also public and private sector experts. Moreover, we recommend that the use of a methodology and in consequence also the results of its application should be communicated to all members of the Extroversion committees, as a common basis/starting point for the formulation of an export (promotion) strategy, in order to ensure the relevance of the future strategy and its coherent application with relevant activities of all involved public (and private) sector.

As an accompanying step, GIZ – having mapped trade impediments² - cross-referenced challenges and support needs of Greek (potential) exporters with international practices for export promotion, categorizing promising respective instruments of the macro-, meso- and micro-level.

As promising we envisaged additional, new instruments to the ones already in use, on all levels, identified as follows:

➤ **Macro-level**

- The creation of new funding and financing options targeting (potential) exporting companies
- The creation of a coordinated National Branding concept
- The strengthening of economic diplomacy in target countries
- The consideration of establishing “Hellenic Trade Centers” in “hub-countries”

¹ The financial resources for the customization process are foreseen in the help-desk funding proposal, see GIZ deliverable reports 2.2 and 2.3.

² See GIZ deliverable report 2.1.



➤ **Meso-level**

- The involvement of business and exporter associations in raising export awareness, building export-readiness and selection of target markets activities
- The involvement and incentivize the business associations in company pool programs and support these by cluster support measures
- The utilization of the chambers of commerce for educational and counseling/coaching measures, in cooperation with EG (and possibly the business associations), targeting on the individual export maturity level of the companies in their regions, and their encouragement to them to invite to regional export awards

➤ **Micro-level**

- The utilization of EG (chambers of commerce and business associations) for implementing capacity building measures to companies (workshops, seminars on target countries, export procedures, etc.

In every case, the application of selected export promotion instruments needs to take into account and thus be correlated to the export maturity of (potential) beneficiaries, as well as to the level of prioritization of target-markets. We introduce the results in two matrixes of available options to policy makers.

Finally, to further facilitate the Greek authorities, GIZ has identified existing financing and funding instruments, aiming to directly and indirectly support export promotion, as well as gaps in financing – repeating at the same time the recommendation made in Deliverable 3.2 concerning the monitoring and alignment of the state funding with the priorities to be set by a strategic export promotion plan. Thus a more efficient allocation of existing resources can be achieved.

Nevertheless, the identification of new sources and financial instruments needs to take place, and in this connection we repeat our recommendation of the a.m. Deliverable 3.2 to create an Export Promotion Basket Fund³, which will support the alignment of public sector export promotion activities.

³ The purpose of the Fund should be to finance export promotion showcases in sectors or/and geographic regions suggested by the methodology to identify export opportunities, as well as (bottom up) suggestions by public and private sector stakeholders. Along with existing EG's annual budget for export promotion, Fund could imprint (potential) new sources or/and financial instruments (Public Investments Program, OAEP's funds and products, revenue from the levy of Law 128/75, Regional Operational Programs etc.).



2. Introduction

The Greek economy is characterized as a closed one and trade deficit has been a permanent headache for Greek policymakers for many decades. In the previous years, the striking slowdown of economic activity in Greece was accompanied by a continuous fall in the trade deficit. Albeit, the reduction of the deficit is mainly attributed to the decrease in imports as a result of the decline in domestic demand and to a lesser extent, to the increase of the Greek exports.

Moreover, the specialization of Greek exports covers a significant number of low or medium complexity products, detected mainly in mineral fuels and raw materials sectors, in agricultural sectors and in some manufactured goods. Strongly EU-oriented, as per countries of destination, Greek exports are considered as geographically concentrated.

Many studies have established the positive effect of exports on economic growth. Exporting can help firms to expand potential markets, explore economies of scale, create greater capacity utilization, generate efficient resource allocation, improve productivity, increase turnover, and avoid overdependence on domestic sales. In this context, economic policy makers and firms are interested in finding new opportunities in foreign export markets. A large number of country-product combinations are considered as foreign export market opportunities. The main issue is to identify, to assess, and to select among those alternatives the most profitable and sustainable export markets (country-product combinations).

The next chapter (chapter 3) of this report reviews the methods used in academia as well as by governments and international organizations for identifying potential export markets, and proposes the appropriate methodology for the Greek economy.

In Chapter 4, we identify and review best practices concerning the use of export promotion instruments, and recommend additional/best, thus new - to the ones already in use - and promising instruments.

Useful lessons from the identified best practices can be derived and provide guidance in export promotion policy design for the Greek case, including actions to address gaps in funding the use of promising export promotion instruments. A mapping of the available funding and the existing gaps is carried out in chapter 5.

The analysis of the current status of export promotion activities in Greece was the basis for the report, starting with a review and update of the Dutch report, continuing with interviews with the relevant private and public stakeholders, and mapping the most relevant service providers and their promotion activities in this field. These ground-laying activities were reported – upon the request of the Steering Committee of this project – in an interim report to activity 3.1.1, and its results have found way into the Annexes IV. and V. of this report again.



3. Identifying export opportunities

The empirical literature on the question of how to identify potential export markets is extensive. The empirical literature for selection of potential foreign markets at the firm-level includes several studies such as Ozturk et al. 2015⁴, Papadopoulos and Martin 2011, Sheng and Mullen 2011, Cavusgil et al. 2004. Government (country-level method) and firms (firm-level method) use similar methodologies to identify export market opportunities. Papadopoulos and Denis (1988), and Steenkamp et al. (2012) have classified the literature on the identification of export markets opportunities. They distinguish the methods of selecting export markets opportunities into two main categories: a) qualitative methods, and b) quantitative methods.

Several studies have found that the qualitative methods for exports identification are biased. In particular, the sources of information input into qualitative processes have been characterized as "professional bias" (Piper, 1971). This information is inherently subjective, as it stems from consultants, such as government agencies, and chambers of commerce. Consequently, the analysis involves an element of subjectivity.

Papadopoulos and Denis (1998) have noted that the qualitative approach is still open to the potentially biased opinions of those who provide information and advice and the subjective judgment of the decision-maker. Finally, it is difficult to apply qualitative methods in a large number of country-product combinations due to the limited nature⁵ of these methods.

On the other hand, the quantitative methods are based on data, thus allowing the comparison of a significantly larger number of countries. The quantitative methods are divided into (Papadopoulos and Denis 2002, and Steenkamp and Hofstede 2002, Sakarya et al. 2007) the Market Grouping Methods and the Market Estimation Methods.

➤ Market Grouping methods

Market Grouping Methods (Mullen and Sheng, 2006, Cavusgil et al., 2004, Cavusgil, 1997, and Sethi, 1971) base their analysis on the assumption that businesses should be oriented towards export markets that share similar characteristics with those they have already successfully penetrated (Papadopoulos and Denis, 1988)

⁴ Ozturk et al. 2015 have made a detailed and extensive literature review on the international market selection methods at firm-level.

⁵ Papadopoulos and Denis (1988) have noted that "Qualitative approaches are limited by their very nature to considering a limited number of countries." Furthermore, Douglas and Craig 1982, have stressed that "the major problem is the bewildering array of countries and markets throughout the world. The solution lies in the adoption of a screening procedure of secondary data to determine which countries to investigate in depth".



using economic, social and political indicators, while the demand side of an economy is not taken into account (Sakarya, et al. 2007). This approach uses cluster analysis that clusters potential target markets based on common features.

The main disadvantage of these methods is that they focus on general macroeconomic indicators and omit specific characteristics of product markets. Finally, as Market Grouping methods focus only on export markets that have already been successfully penetrated, they do not take all potential export markets into account.

➤ **Market estimation methods**

The most academically popular methods for identifying export markets opportunities are the market estimation methods. Several works have evaluated the potential export markets opportunities using the market estimation methods (Kumar, et al., 1993, Tatoglu and Glaister, 1998, Sharma, 2000, Sakarya, et al., 2007, and Ozturk, et al., 2015). This methodology uses a filtering process that includes various criteria to evaluate the potential export markets. The criteria used in the methodology⁶ are: growth rate, market size, market consumption capacity, market receptivity, market concentration, economic environments, and trade barriers.

The market estimation approach can be classified into two categories: a) firm-level, and b) country-level. Firm-level methods are applied by firms to detect export markets for a specific number of their products. Firms adopting this methodology for the detection of export opportunities use variables such as the firm's profitability, managerial knowledge, customer behaviors and product adaptation requirements. On the other hand, country-level methods are designed to identify export markets for a wide range of products and not specific products, i.e. country-product combinations (Steenkamp et al., 2012).

Focusing on methodologies with predictability characteristics⁷ that refer to macro- or country-level (versus those used at micro-level, by individual companies when drafting export plans), the following four were chosen to be analyzed in this report:

- (i) The Decision Support Model (DSM) methodology consist of consecutive steps aimed at selecting markets and products in such a way that it eventually produces a list of country-product combinations with realistic export opportunities.
- (ii) Gravity models; identification of export potentials based on econometric estimations of gravity models.

⁶ The shortcoming of these methods lies in the fact that they fail to capture the export specialization.

⁷ GIZ: DSM and Gravity models, used by governments and international organizations, are the ones proposed by scientific (literature) approaches, whereas all others theoretically available are rather heuristic.



- (iii) Mapping of export sectors to identify export opportunities and comparative advantages, based on the export specialization of the examined country.
- (iv) ITC methodology⁸; assessment of applicability and feasibility of the methodology for the Greek economy.

3.1 Decision Support Model (DSM)

A growing body of literature has investigated the potential export opportunities using DSM methodology. The DSM methodology has applied in Cuyvers et al. (1995), Cuyvers (2004), Pearson et al. (2010), Steenkamp et al. (2012), Viviers et al. (2014), Unban and Mejsstrik (2014), Kanellopoulos and Skintzi (2016), and Cuyvers et al. (2017).

The DSM procedure is based on a sequential filtering process to identify country-product pairs with high export potential opportunities. This process leads to a limited list or “choice set” of export opportunities, to derive export promotion priorities, and the promotion activities that government will implement (Cuyvers et al. 1995). This means that those dealing with export promotion plans will allocate the limited resources that are oriented to export activities to a limited number of markets, in which export promotion effects are likely to be most effective. The main idea is that by sequentially applying filters potential export opportunities are excluded and therefore not considered further.

This approach uses four consecutive filters that progressively evaluate the attractiveness and the accessibility of potential export opportunities for the examined country. The filters of the DSM method are structured on the basis of several criteria. These criteria include macroeconomic indicators (GDP, GNP, GDP per capita, GNP per capita, GDP growth rates), political, economic and financial risk indicators, the degree of market concentration, market receptivity (imports per capita, average annual growth rate of imports, relative imports market size), market accessibility (trade restrictions/barriers), market intensity, the degree of market importance, and competitiveness indicators.

The filtering procedure is summarized briefly as follows: The first filter investigates the macroeconomic features, and the political, financial, and commercial risk of the economies that are export targets of a specific economy. The second filter assesses the export markets opportunities examining the size of importing market, and growth of imports. The third filter examines the degree of accessibility (trade barriers) of the potential export markets as well as the degree of market concentration. The fourth filter assesses the ability for a country to penetrate in export markets.

➤ Assessment

⁸ The generic ITC methodology also makes use of DSM and Gravity, but it can be customized to address more specific challenges of the Greek exports.



The key advantages of the DSM method are that it takes into account all possible product-country combinations for selecting potential export opportunities, and that it can obtain unbiased results using measurable macroeconomics variables. The DSM methodology is a tool that helps policy makers design export promotion activities, taking into account the limited list of options resulting from the implementation results of the DSM. The limited list reached by the DSM is not a panacea, as it may ignore other export opportunities that it is not capable of capturing. Cuyvers et al. (1995) has warned that it would be unwise to rest all export promotion decisions on the results of the model.

Since the DSM is based mainly on short run variables, some of the current export market opportunities might be labeled as suboptimal, although in the long-run view, they could offer potential export market opportunities.

➤ **Examples of DSM use**

Cuyvers et al. (1995) first underlined the importance of the DSM methodology for selection and assessment of the export opportunities using data from the Belgian economy. Cuyvers (2004) investigated the market export opportunities in the case of Thailand using a revised version of DSM that was suggested by Cuyvers et al. (1995).

Pearson et al. (2010) applied a DSM to detect potential export opportunities for South African entrepreneurs versus China, Brazil and India. Steenkamp et al. (2012) selected the DSM as the most appropriate export market identification approach and applied it to South Africa in order to provide the Department of Trade and Industry a tool to justify export promotion activities more scientifically.

Viviers et al. (2014) used a filtering process as the DSM to detect combinations of the products that the Netherlands is already specialized in producing and exporting, and the countries that have the highest potential for export growth and diversification.

Unban and Mejstrik (2014) applied a modified DSM to assess the priority countries of the Czech Republic Export Strategy and, it enables to specify priority export markets for various industries.

Kanellopoulos and Skintzi (2016) detected export opportunities for the Greek economy using a DSM. Cuyvers et al. (2017) used a DMS to identify Thailand's realistic export opportunities in the ASEAN⁹ +3 countries (China, Japan, and South Korea).

⁹ Association of Southeast Asian Nations.



Enterprise Lithuania, the country's Export Promotion Agency, frequently uses DSM models to identify export opportunities in both bilateral and multilateral trade relations¹⁰.

Countries that recently have commissioned studies using DSM to identify export prospects are:

- Czech Republic, for the export promotion policy, conducted by the University of Economics of Prague¹¹
- South Africa, supporting Development and Growth Plans, conducted by the Dutch North-West University (NWU)¹²
- Rwanda, for the national export strategy, conducted by the International Growth Center (IGC)¹³

3.2 Gravity model

The gravity model has been widely used in empirical models in economics and has been the focus of a very extensive literature in international trade. The traditional gravity model has based on Newton's physical law of gravitation. Tinbergen (1962) first has used the gravity equation for bilateral trade flows.

The idea was that economic flows could vary plausibly with the masses of economic activity at origin and destination and inversely with the distance between origin and destination (Anderson, 2016). Gravity models have been used to identify potential export markets based on econometric estimations. They have been empirically applied to estimate trade flows between countries¹⁴, and both the border effect¹⁵ on trade flows¹⁶, and the trade potential¹⁷ can be evaluated. The Gravity model makes predictions on the bilateral trade flows, and these predictions are based on several economic dimensions (trade costs, and productivity, etc.). Thus, the main determinants of trade flows are national incomes of two countries, transport costs (transaction costs), and regional agreements. Empirical studies of gravity models are based on an augmented gravity model, panel data, and either a fixed-effect model (FEM) or a random-effect model (REM)¹⁸.

¹⁰ https://www.verslilietuva.lt/uploads/media/58b7f11074033/2017.02.20_Airija_EN.pdf.

¹¹ <https://ideas.repec.org/a/prg/jnlaop/v2014y2014i2id430p33-47.html>.

¹² <http://commerce.nwu.ac.za/sites/commerce.nwu.ac.za/files/files/TRADE/busa-dsm-2012-presentation.pdf>.

¹³ <https://www.theigc.org/project/using-decision-support-model-identify-export-opportunities-rwanda/>.

¹⁴ Anderson (1979), Anderson and Van Wincoop (2003), Eaton and Kortum (2002), Dekle et al. (2008), Anderson (2011), Head et al. (2010), and Arkolakis et al. (2012) Head and Mayer (2014), Anderson and Yotov (2016).

¹⁵ Obstfeld and Rogoff (2001), and McCallum (1995).

¹⁶ Anderson & Van Wincoop (2003).

¹⁷ Baldwin (1994), Péridy (2005), Papazoglou (2007), Stankovsky and Wolfmayr (2013), Green (2013), Kong and Kneller (2016).

¹⁸ See: Baltagi (2013), and Wooldridge (2007).



➤ **Assessment**

Gravity models have two main advantages: First, they avoid biases due to omitted variables. These biases are commonly found in gravity equations, which generally include bilateral distance or remoteness only as a trade barrier. A second advantage is to provide a better understanding of trade barriers, and thus trade policies, since the model explicitly includes them through the border effect and multilateral resistance variables (Peridy 2005).

➤ **Examples of Gravity Models use**

The gravity model is a popular academic tool in empirical international economics, used by economists, governments and government agencies to analyze the determinants of bilateral trade flows such as common borders, common languages, common legal systems, common currencies and common colonial legacies. Gravity models have also been used to test the effectiveness of trade agreements and organizations such as the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO) and in international relations to evaluate the impact of treaties and alliances on trade¹⁹.

Both the World Trade Organization (WTO)²⁰ and United Nations (ESCAP - Economic and Social Commission for Asia and Pacific)²¹ have edited guides on gravity models for researchers and policy makers, while a recent example for the official use of gravity models to identify export potential is that of South Africa (Department of Trade & Industry)²².

In EU, the European Commission and Eurostat often use gravity model to identify trade flows (i.e. RHOMOLO²³ and FIGARO²⁴ projects) and to access export potential for EU countries, including Greece²⁵.

3.3 ITC methodology

The International Trade Centre (ITC) has developed an export potential assessment methodology, to support decision making on country-level in all UN and WTO members. It is based on a decomposition of a country's potential exports of a

¹⁹ Gravity Equations: Workhorse, Toolkit, Cookbook" (Keith Head and Thierry Mayer), Elsevier's Handbook of International Economics Vol. 4.

²⁰ http://unctad.org/en/PublicationsLibrary/gds2016d3_en.pdf.

²¹ <http://www.unescap.org/sites/default/files/tipub2645.pdf>.

²² <https://www.thedti.gov.za/stats/Gravity.pdf>.

²³ http://ec.europa.eu/regional_policy/sources/docgener/work/2014_02_rhomolo.pdf.

²⁴ http://ec.europa.eu/eurostat/documents/7828051/8076585/FIGARO_Experimental_stats_NAWG_Nov-2017.pdf.

²⁵ http://ec.europa.eu/economy_finance/publications/economic_paper/2014/pdf/ecp518_en.pdf.



product to a given target market into three factors: supply, demand and easiness to trade.

Depending on the country's particular needs, two approaches are available:

- (i) The Export Potential Indicator (EPI) serves countries that aim to support established export sectors in increasing their exports to existing and new markets. Inspired by a gravity-type framework, the EPI identifies products in which the exporting country has already proven to be internationally competitive and which have good prospects of export success in a given target market.
- (ii) The Product Diversification Indicator (PDI) serves countries that aim to diversify and develop new export sectors. Based on the notion of the product space, the PDI identifies products which the exporting country does not yet competitively export but which seem feasible given the country's current export basket and the export baskets of similar countries.

Additional indicators that reflect policy objectives allow refining the selection of promising products.

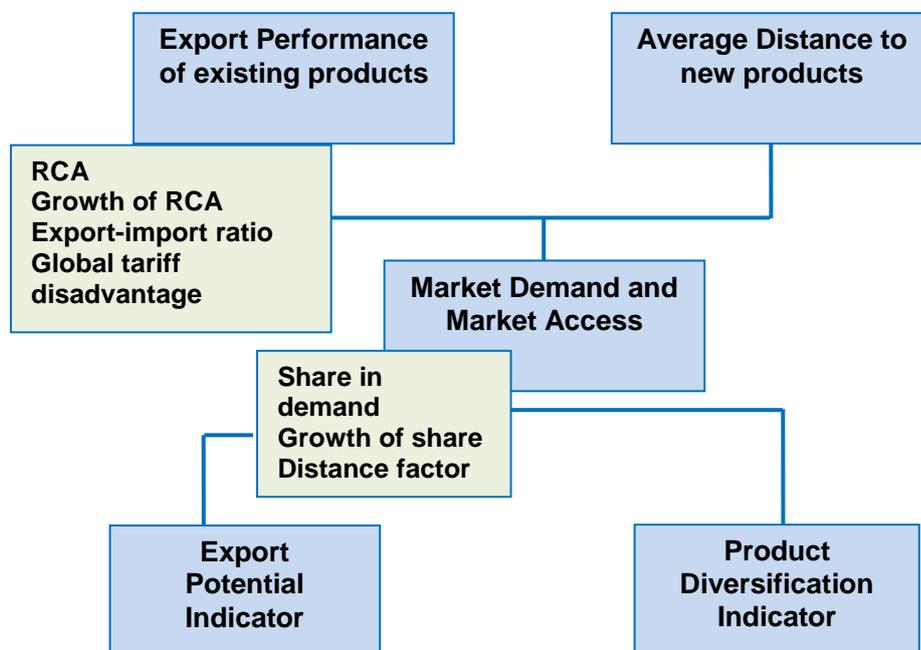
The second approach – the PDI – is based on the concept of the product space.²⁶ The export potential assessment methodology improves the purely outcome-based measure of linkages to new products by accounting for natural endowments that are pivotal for the capacity of a country to produce certain products. It also responds to recent criticisms of the product space of being entirely supply-side driven (see e.g. Harrison and Rodriguez-Clare, 2011 or Lederman and Maloney, 2012) by combining it with demand and market access information.

The figure below depicts the two indicators of ITC's methodology.

²⁶ In the framework of the product space the assumption is that countries will find it easier to venture into new products if they are frequently exported together with products that the country already exports. The underlying idea is that these products require a set of capabilities similar to those that the country already possesses. The product space is a network that formalizes the idea of relatedness between products traded in the global economy. The network idea was first introduced in the July 2007 issue of *Science* in the article "The Product Space Conditions the Development of Nations", written by Cesar A. Hidalgo, Bailey Klinger, Ricardo Hausmann, and Albert-László Barabási.



The framework of ITC's export potential assessment methodology



Source: KEPE

➤ Assessment

ITC has developed the export potential assessment methodology in response to the need of countries to learn about export opportunities. According to ITC *“it enables the identification of opportunities for export diversification for 222 countries and territories and 4,064 products. It translates rigorous trade analysis into practical information about export opportunities.”*

Based on supply conditions at home and demand and market access conditions in target market(s), it brings transparency into and supports the selection of projects for export promotion activities. The methodology allows to either focus on products which the country already competitively exports (EPI) or on products which the country does not yet competitively export but which are likely candidates for diversification (PDI).

Conceptually, export potential assessments are based on a decomposition of potential export values into exporter × product, product × market and exporter ×



market factors. By this, they resemble a gravity equation specified at the product level while bypassing the latter's computational problems. All analyses are based on data that has undergone a thorough treatment to ensure that results are not driven by misreported trade flows, measurement errors or wrong attribution. Elasticities establish the impact of each sub-indicator on potential export values. They are either taken from the literature or have been estimated exclusively for the purpose of the export potential assessment methodology. Robustness checks have shown that product rankings remain largely stable over time.

For each product listed in export potential assessments, additional indicators inform about the likelihood that it will help the country meet certain policy objectives, such as moving towards the exports of more technology-incorporating goods, stabilizing export revenues or increasing the presence of SMEs or of women in the economy.

In sum, backed up with sound scientific underpinnings, export potential assessments are a hands-on approach that provides guidance to governments and trade advisors to:

- identify existing or new export opportunities,
- that are likely to generate high export revenues or offer untapped potentials
- vis-à-vis a specific target market, a region or the entire world.

Results prove to be stable over time, turning them into a suitable information base for a country's medium-term export strategies or development programs.

With the recent advances of the product space concept a number of institutions (including UNCTAD²⁷ and the World Bank²⁸) have started advising on diversification opportunities based on supply-side linkages between products, disregarding demand and market access factors that impact a country's export decisions.

➤ **Examples of ITC methodology use**

The Export Potential Map, realized with funding from EU and the Dutch Ministry of Foreign Affairs (CBI), is an open, free tool that turns economic analysis into practical trade information using the ITC export potential and diversification assessment methodology. Moreover, countries may also develop – in cooperation with ITC – a customized analysis or country-specific version of Export Potential Map, exploring for instance:

- employment impacts associated with export potential
- opportunities for building (regional) value chains
- export potential for services
- the selection of strategic products and partners for trade policy negotiations

Recent examples²⁹ of the customization of ITC export potential map include:

²⁷ http://unctad.org/en/PublicationsLibrary/osgdp20151_en.pdf.

²⁸ <https://openknowledge.worldbank.org/handle/10986/22860>.

²⁹ <http://exportpotential.intracen.org/#/home>.



- Identifying Morocco's products with highest export potential
- Mapping best markets for Guatemala's coffee exports?
- Analyzing which products could Nepal diversify to examine good chances of export success in the United States of America
- Exploring Malawi's export potential

3.4 Mapping export sectors

A further method to identify export opportunities is the screening of potential export products according to the methodology suggested by Widodo (2008, and 2009), and Oelgemöller (2012). Based on the mapping of the industry sectors of an economy, the sectors with export opportunities or dynamic exports can be identified. This methodology is based on the export specialization of the examined country and does not take into account the other countries.

The method uses two indicators³⁰, the Revealed Symmetric Comparative Advantage Index (RSCA), and the Trade Balance Index (TBI). Computing them, sectors can be classified into four groups: Groups 1 and 2 include sectors with CA (Comparative Advantage) and net-importer (net-exporter) sectors; Group 3 and 4 includes sectors with comparative disadvantage (CD) and net-importer (net-exporter) sectors.

The following Table contains the classification in the above-mentioned groups.

Group 1	RSCA>0	TBI<0
Group 2	RSCA>0	TBI>0
Group 3	RSCA<0	TBI<0
Group 4	RSCA<0	TBI>0

Source: KEPE

According to the theory of international trade, sectors that have CA should be net-exporters. In addition, sectors with CA but that are net-importers as in Group 1 could improve their export performance by appropriate export promotion policies. The sectors that belong to Group 2 are considered as *potential dynamic export sectors* in a country.

³⁰ See Annex II.



3.5 Recommendations on Methodology

Regarding the development and application of a methodology to identify export prospects and opportunities, the key observations³¹ for Greek exports are:

- a) The diversification of export products can increase its total export value by “climbing up the value chain”. The structure of Greek production can be sustained and strengthened only through a structural change to products that incorporate high technology content and innovation. At the same time, the government should support the diversification of products, through the implementation of an efficient research and technology policy in the potential product spaces of the products Greece produces.
- b) The existence of comparative advantages in specific production can boost exports. It is therefore of interest to policy-maker to follow policies that promote and enhance sectors with comparative advantages. Furthermore, export promotion programs should focus on export opportunities where Greek exports have proven capabilities and a high degree of competitiveness.
- c) The diversification of Greece’s export markets should be realized by identifying potential export opportunities. The methodology should provide guidelines for an appropriate promotion strategy according to the specific features of the export market opportunities.

Therefore, Greek exports should be diversified with regard to their products specialization, focused on sectors with comparative advantages and furthermore broadened as per the destination countries for their exports.

In addition, GIZ acknowledges the need for the development of a methodology providing support to policy makers that is based on the following parameters:

- Predictability capacity
- Data credibility
- Involvement of competent staff of key stakeholders and public agencies, with know-how in applying such methodological tools,
- Stakeholders’ consensus on prioritizing elimination filters and market accessibility variables (i.e. institutional frameworks in target markets, cultural barriers, diaspora composition, market trends),
- Flexibility on the (potential) application of methodology, in terms of target-markets analyzed (i.e. world, developing countries, traditional markets for Greek products etc.),
- User friendliness and easiness

³¹ KEPE, 2018, report commissioned by GIZ.



3.5.1 Suggested methodology

GIZ, with the support of KEPE, proposes to apply a methodology, which is a sequential use of the DSM methodology and gravity models, integrating as well comparative advantage parameters³². This methodology can be applied in the 1019 4-digit SITC³³ sectors/products in 218 countries. Thus, 222.142 pairs of products-countries can be found for implementation in the first part of the proposed method. The initial sample of selected countries could include 218 'countries'.

More specifically, the first set of export market opportunities that will result from the application of the DSM methodology (step-by-step filtering process) is will then be evaluated based on gravity models, resulting in a country/product prioritization and ranking.

We then recommend a two-phase implementation:

Phase A: a pilot application of this methodology, to be used as an inception - first step for policy makers to identify potential export markets on the basis of the structure of the Greek economy.

Phase B: instead of assigning (for example annually) a separate application based upon the methodology each time, we recommend the employment of an open-end methodological tool generating automated results, whenever needed for policy making or information purposes. This consists of integrating the proposed methodology suggestions into a user-friendly IT interface, with automated reporting capacity.

In order to achieve this, we recommend that relevant Greek authorities (i.e. MoE/EG) should gain access to a customized ITC export prospects map service³⁴, integrating suggested DSM filters and gravity model parameters, as well as characteristics of the Greek economy and exports into the existing ITC methodology (i.e. non-tariff trade barriers with neighboring countries, language/cultural barriers, diaspora composition etc.).

3.5.2 Suggested application of the methodology

In the current state of play, multiple stakeholders are involved and undertake export promotion activities in Greece, in absence of a unified or commonly acknowledged

³² See chapter 3.4, and details of the methodology in Annex I.

³³ For the analysis by sector, data of export, imports flows (in value) can be used in 4-digit classification level according to the SITC (Rev. 3) from Comtrade.

³⁴ In October 2017, the ITC Export Potential Map website has been announced as one of the winners of the prestigious German Design Award 2018, as "a rigorous, data-driven tool developed to identify untapped export potential and opportunities for export diversification". The German Design Award is one of the world's most renowned design competitions and is organized by the German Design Council.



methodology to identify export potential. Although empirical studies are often conducted (by public and private sector bodies, as well as academia in Greece) and state agencies are familiar with the use of economic indicators to assess past export performance, the aspect of predictive capacity is elusive; thus limiting the efficiency of decision making and long-term planning.

Following the two-phase implementation approach described above, and as a first step to ensure buy-in and to raise awareness among stakeholders on the need for the introduction of a comprehensive and predictive methodology to prioritize export prospects, GIZ envisages the familiarization of competent authorities with such methodological tools and instruments, benefiting from expertise already present in existing public agencies.

Thus we propose to assign a pilot application of the methodology to KEPE, which serves the following purposes:

- a) buy-in of key stakeholders (if endorsed by the IEC)
- b) active involvement of competent public agencies, with accumulative expertise in statistical analysis (MoE/KEPE, EG, MFA/B01 Directorate for Strategic Planning)
- c) customization of the methodology to fit the needs and characteristics of Greek exports
- d) continuity in future applications of the methodology endorsed.

The pilot application should be supported by economists (within public agencies and academic institutions) with some experience in applied research and analysis. The prerequisites is a basic knowledge of international trade theory and policy, while on the empirical part, the use of MATLAB and STATA software and the familiarity with databases are required.

Although currently not compiled, the underlying and necessary statistical data could be taken from Comtrade (United Nations Commodity Trade Statistics Database), IMF (International Monetary Fund, database), CEPII (Centre d'Etudes Prospectives et d'Informations Internationales, CEPII database), and the World Development Indicators (World Bank).

Focusing more on stakeholder ownership and continuity of the use of the methodological instruments GIZ envisages a dedicated Working Group formed by the Inter-ministerial Extroversion Committee (IEC) and staffed with experts from key stakeholders (mainly MoE/EG and MFA), appointed with the duty of assessing and converting the methodology output to policy proposals towards decision makers.

Valuable input to this process can also be gained from Exporters' and Business Associations (PSE, SEVE, SEV) and their subordinate research centers and institutes (KEEM, IEES, IOBE), which generate periodically similar export prospects studies, by sector or/and by country.



As per Phase B, in order to further ensure efficiency, effectiveness and sustainability of the application of methodology, GIZ suggests that Greek authorities should examine the integration of KEPE model features into the ITC export prospects map, creating the customized version of a Greek exports prospects map, benefiting from ITC's user-friendly IT interface and automated reporting capacity.

The process of customizing the ITC service to fit Greek characteristics and needs, has already been foreseen within the proposal for funding the Exporters' Help-Desk to be developed in EG. MoE is strongly advised to include in this customization process experts from the newly established Directorate of Export Policy (in MoE), as well as KEPE researchers.

Process progress and results of the application and customization are encouraged to be communicated to all members of the IEC, as benchmarking for the formulation of an export promotion strategy plan, with specific objectives, to be operationalized with a mid-term Action Plan and road-maps.

Recommendation 1 – Methodology to identify export opportunities

- Make use of the proposed methodology of KEPE, based on the sequential use of DSM and Gravity Model
- Assign a pilot application of the KEPE model, monitored by a dedicated Working Group, operating under the IEC.
- Foresee the customization of the ITC export prospects map, by integrating KEPE suggestions and feedback from public and private sector experts and researchers; thus resulting to a “Greek export prospects map”.
- The results of the applied methodology to be communicated to all members of the IEC, as benchmarking for the formulation of an export promotion strategy plan, with specific objectives, to be operationalized with a mid-term Action Plan and road-maps



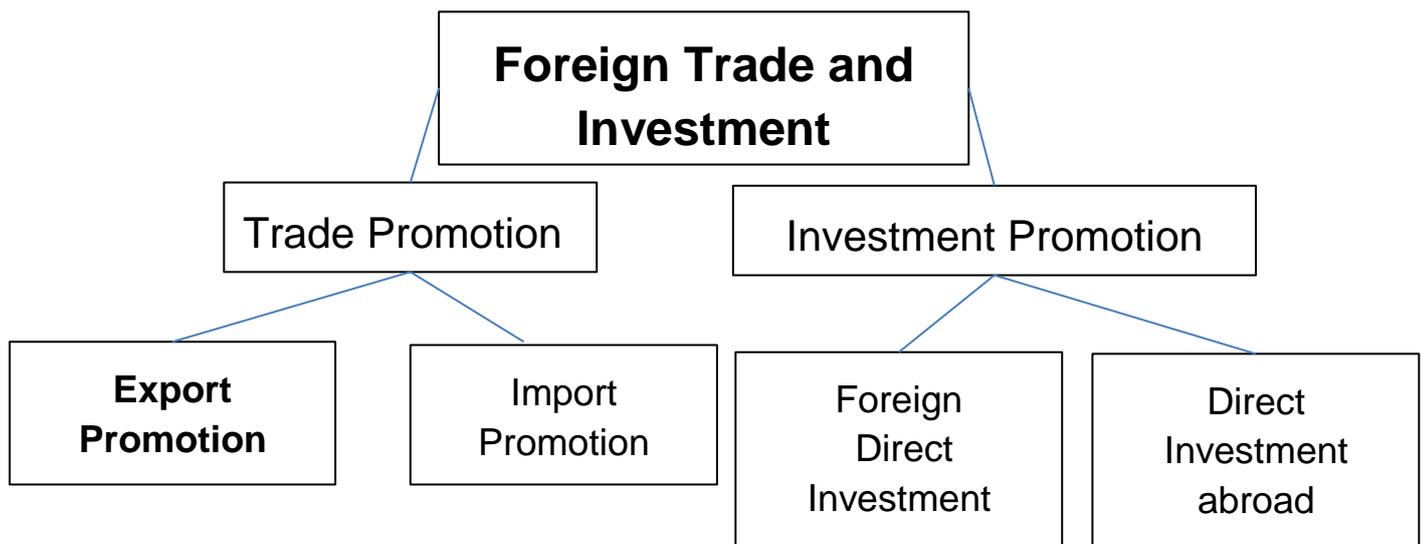
4. Export promotion instruments

4.1 Disambiguation

Export Promotion is a component of Foreign Trade and Investment Promotion and thus an integral part of the extroversion activities of a country. Export Promotion can be defined as those measures which actually or potentially enhance exporting activity at the company, industry sector or national level. In a wider sense, it comprises all economic policies, development interventions and private initiatives aimed at improving the export performance in an economic trade area.

Although many forces determine the international flow of goods and services, export promotion is one of the principal opportunities that governments have to influence the volume and types of goods and services exported from their areas of jurisdiction.

Increasingly since the creation of the World Trade Organization (WTO) in 1995, export promotion activities have been regulated, since various activities (such as subsidies, tax exceptions, special credit lines) have been identified as trade-distorting practices³⁵.



Source: GIZ

The **Instruments** available for export promotion can be divided into direct and indirect ones. Direct export promotion instruments intend to directly influence the

³⁵ See „Export Promotion and the WTO“, 2011, a study focusing on export promotion schemes which may be used without violating international trade rules. Moreover, the OECD demands to abolish “artificial” export support such as premiums, direct subsidies, excessive tax refunds, or others. The IMF prohibits manipulations of exchange rates. Finally, the EU forbids all state subsidies in intracommunity trade (Art. 107 of the EU treaty).



flow of goods and services, i.e. by measures regarding customs duties, exchange rate adjustments or direct subsidies of exports.

Indirect export promotion instruments intend to create favorable conditions for exports, such as infrastructure, legal system, or an educational system. This implies that the state facilitates services to support exports, in order to increase export volumes or export revenues, or transform non-exporting into exporting companies.

On the macro-level, this can be achieved by:

- creating or maintaining a favorable business environment, incl. swift procedures in the public sector, infrastructure (logistics), legal system
- employing economic diplomacy (bilateral/multilateral trade agreements)
- supporting a National Branding and other measures (raising awareness, media campaigns, conferences, awards etc.) to promote the Country and/or Industry Sector Image, guided by the identification of export opportunities (based on a methodology)
- creating Funding and Financing options for exporters within the allowed regulatory framework (EU, OECD, WTO)
- supporting educational measures specifically related to exporting (i.e. dual education)

On the meso-level, encouragement and (financial) support to sectoral (industry) associations and exporter associations for their efforts to promote exports of their members is a suitable means. Moreover, the role of chambers of commerce in their activities towards promoting exports can be facilitated.

On the micro-level, the main task is to reduce specific barriers for companies, which lead to higher transaction cost in foreign markets – such as:

- Geographical distance
- Language and cultural barriers
- Missing market information
- Specific business practices
- Local protectionism
- Access to qualified personnel
- Access to financing sources

Available indirect export promotion instruments can be grouped as follows:

- *Market information*
 - Providing information via digital means, printed media, personalized services (phone, personal meetings)
 - Informative travels abroad (trade missions, facilitating networking)
 - Workshops and seminars on export subjects or target countries



- *Consulting & Advocacy*
 - Consulting services for export (coaching)
 - Company pool programs (creating an environment and business mentality that steers towards stronger co-operation and partnership of several companies to get export-ready and then enter a target market)
 - Export initiatives for strategic sectors (information, consulting, trade fairs, public relations)
 - Contact and Match-Making
 - Advocacy and troubleshooting support
 - Lobbying through embassies, ministries etc.
 - Office sharing and representations abroad
- *Trade Events and Marketing*
 - Support for international trade fairs (participation, consulting)
 - Organizing trade delegations abroad
 - Incoming trade missions (also visitors to Greek trade fairs)
 - Export competitions and awards
 - Advertising campaigns (branding)
- *Education and training*
 - Educational support (consulting, educational programs for management and staff on export-oriented knowledge and/or market knowledge)
 - Publications encouraging companies to export
 - Capacity building for export-readiness of companies
 - Capacity building (seminars etc.) for export procedures (payment terms, delivery terms, pricing, packaging, logistics, barcodes etc.)
- *Export Financing & Incentives*
 - credit programs, guarantees, insurances
 - Public-Private-Partnership programs (mainly for investment abroad)
 - Cluster support (for identified industries of strategic importance)³⁶

4.2 Best practices in the EU

The mandate of the state along with various public organizations is to enhance firms' awareness of the potential benefits from exporting, mitigate or remove common export barriers that firms face and to provide incentives and diversified forms of assistance to potential and existing exporters (Diamantopoulos et al., 1993). Several classifications and groupings have been used for the so-called (government) export promotion programmes (EPPs) depending on the scope of analysis and the export assistance dimensions examined.

³⁶ Incentivize company pool programs to create production critical mass of exported goods and joint expansion or first entering into new markets (funding/financing instruments, for example an "agricultural investment fund", or an "export loan program", coaching etc.).



For example, Durmuşoğlu et al. (2012) distinguish between EPPs which provide objective knowledge³⁷ through mainly informational materials, workshops and seminars, consultation and advice on export-related issues, and EPPs which offer experiential knowledge³⁸ based on experience building via tradeshows, trade and sales lead development, trade missions, overseas promotion of firms' products etc.

There is a rather limited empirical research on European EPPs, which mostly provides evidence from United Kingdom (UK). In specific, early studies on the effectiveness of state export promotion in UK (Pointon, 1978; Welch and Wiedersheim-Paul, 1979) argue in favor of specific forms of governmental export assistance. For example, the study of Welch and Wiedersheim-Paul (1979) emphasizes EPPs that provide information-based services in the pre-export and early exporting stages.

Spence (2003) focuses on UK trade missions as a specific type of export assistance related to the provision of knowledge on foreign markets. He undertakes a two-stage survey based on a sample of 190 companies which participated in 12 overseas trade missions organized by the UK's Department of Trade and Industry (DTI). In the first stage, a questionnaire was answered by participating companies on their return of the trade mission, while a follow-up questionnaire at a second stage was completed six months after the respective trade mission. Results from regression analysis in a longitudinal context highlight the positive effects of trade mission participation on several impact/performance dimensions related to knowledge acquisition, relationship building with overseas agents/customers as well as export sales.

Providing also evidence from UK, Leonidou et al. (2011) assess the role of four types of national EPPs related to information, education and training, trade mobility and financial aid. Using data derived from a survey on a sample of UK manufacturing SMEs they employ a structural equation model to test a large set of hypotheses referring to direct and indirect effects of the examined EPPs on firms' export market performance and export financial performance. The empirical analysis shows that the adoption of national EPPs improves the firm's performance in export markets. However, the relevant positive effects are indirect, being realized through the enhancement of the firm's export-related resources and capabilities.

In a quite similar framework, Haddoud et al. (2017) based on a sample of UK manufacturing SMEs as well, employ a structural equation model to examine the effects of informational and experiential EPPs on SMEs' relationships with local businesses and foreign buyers and the way these relationships are related to SMEs' export performance. Their results highlight the superiority of experiential EPPs (trade fairs and missions) over the informational programs for the promotion of

³⁷ Objective knowledge refers to the knowledge provided through informational materials, workshops, seminars etc.

³⁸ Experiential knowledge is the knowledge based on experience building via participation in tradeshows, trade missions etc.



SMEs' export performance. In specific, experiential EPPs were found to have an indirect impact on UK firms' export performance via the enhancement of SMEs' networking activities with overseas buyers and distributors.

Some relevant lessons can be additionally obtained from studies dealing with the Spanish experience. Freixanet (2012) assesses the effectiveness of a variety of EPPs in terms of economic performance, export diversification and competitiveness, the latter being captured by a set of intermediate results. He undertakes a survey based on a sample of 272 exporting companies in Catalonia (Spain) being at different stages of the internationalization process. Interestingly, the impact analysis showed that overall, program use is positively related to export diversification, as well as to several intermediate results but no relationship was dictated between program use and economic performance indicators.

He also found that direct promotion programs mainly referring to trade missions and sponsored trade shows positively affect export diversification, a result that appears to hold irrespective of the internationalization stage. Finally, the role of programs intended to provide information on foreign markets was found significant for exporters in early internationalization stages. In a quite different context, Gill et al. (2008) provide evidence on the positive role of Spanish regional trade agencies in exports. What is more, results from a gravity model show that the impact of regional agencies on exports is even higher in magnitude comparing to the corresponding effect of national embassies and consulates in the target country. However, region-by-region analysis suggests that the impact of regional agencies is not uniformly distributed across Spanish regions.

Regarding EPPs' effectiveness in other European countries, the rather limited existing research appears to provide less clear-cut results. Kanda et al (2015) conducted an internet-based survey to assess the awareness, participation, and perceived effectiveness of a range of governmental export promotion initiatives targeting Swedish environmental technology firms. Although most of the respondents appeared to be export-oriented, the great majority reported ignorance of governmental EPPs that could meet their needs. Focusing on participating firms, the analysis indicates that companies that took part in two or more EPPs experienced improvement in export performance (according to their perceptions), especially if a related program dealt with the provision of financial support. In any case, the authors argue in favor of designing and implementing programs that take into account the particular characteristics of the environmental technology sector and the specific needs of individual companies.

On the other hand, survey-based evidence from Portugal presented by Lages and Montgomery (2005) suggests that while there is a positive direct effect of export assistance on Portuguese firms' export performance, the total effect is insignificant due to the highly negative indirect impact generated by the export pricing strategy adaptation.



In general, existing empirical studies on export promotion in Europe appear to recognize the usefulness and effectiveness of experiential knowledge-based programs as well as standardized information-based programs. At the same time, measures tailored to the specific financial and other export support needs taking also into consideration companies' exporting stage seem to positively impact on export engagement and performance.

These types of support are particularly relevant for the Greek case as well, since according to existing empirical studies Greek exporting firms appear to encounter various export barriers with lack of information on foreign markets and distribution channels, lack of human resources (skilled and trained personnel and managers) and financial constraints identified as highly significant (Jalali, 2012; Mavrogiannis et al., 2008; Vetas et al., 2016).

What is more, being severely affected by the sharp drop in domestic demand as a result of the economic crisis and the subsequent recession, pursuing cross-border strategies appears to be a way out for many Greek entrepreneurs and SMEs in order to survive and achieve sustainability. From this perspective, governmental support to export-oriented new business ventures and SMEs may play a highly significant role in helping firms to overcome information-related and other export barriers (Mavrogiannis et al. 2008).

Governmental EPPs are particularly important for small and medium-sized enterprises (SMEs) which even though they appear to fundamentally drive the European economy (European Commission, 2014), they encounter increased internal and external export barriers as compared to larger firms referring to limitations and difficulties related to information, internal organization, finance, marketing techniques, procedures, government and environment. For this reason the need for EPPs to address SMEs' specific needs in their exporting attempts is highly acknowledged and valued. To this end, an increasing number of measures and tools are designed and introduced targeting SMEs in the majority of European countries.

A number of specific European programs and tools are described as being related to highly valued types of support (i.e. provision of information and advice, individualized and financial support).

In terms of providing information, advice and support, best practices include iXPOS and AHK Network (Germany), BusinessInfo (Czech Republic), SME & cross-border (Netherlands), Export Window (Slovenia), INOV (Portugal), Passport to Export (UK), Pipe Network (Spain).

Focusing more on the financial support instruments, lack of financial resources and absence of governmental financial assistance are often reported as a significant export barrier for SMEs in many European countries including Greece (Görg and Spaliara, 2014; Bellone et al., 2010). Export transactions involve a series of payment terms which may be difficult to understand and manage, while financial



risks associated with exporting make SMEs even more reluctant to engage in cross-border activities.

The list of best practices identified in the field of financial support of business and SMEs' internationalization includes a financial support scheme for enterprises that expand to emerging markets (Sweden), a tradeshow access program (UK), an export financing and insurance bank (Slovenia), a special purpose bank that provides credit lines to export companies (Austria), a credit and an export guarantee fund (Estonia), a 'Regional programme to promote the SMEs' exports and internationalization' in Norway and managing trading risks products and solutions provided by Euler Hermes (Germany).³⁹

An example of a cross-cutting EPP is that of the "Market Development Program" by the German Federal Office of Economics Affairs and Export Control (BAFA) aiming to support mainly SMEs in positioning themselves in global markets⁴⁰.

The selected EPPs have been assessed and recognized as best practices based on related evaluation results. Notably, most of the measures mentioned in this report, are included in the database of good practices in the context of the Small Business Act (SBA) provided by European Commission⁴¹ and/or the European Restructuring Monitor (ERM) database on support instruments for restructuring provided by Eurofound⁴².

The following table summarizes selected best practices for export promotion instruments that have been applied in European countries. Even though this list cannot be considered exhaustible⁴³, the included practices represent successful policy examples which evidently contribute to export promotion in the countries they have been adopted; by addressing the main needs of export-oriented firms in basic and high-value information, training, financial and individualized support.

³⁹ See also Annex III.c).

⁴⁰ See also Annex III.c).

⁴¹ For further information see:

<http://ec.europa.eu/growth/tools-databases/sme-best-practices/SBA/index.cfm?fuseaction=welcome.detail>.

⁴² For further information see:

<https://www.eurofound.europa.eu/observatories/emcc/erm/support-instrument>.

⁴³ Indicatively, it is noted that the European Commission's database of good practices records 107 measures in the SBA policy area of internationalization.



Table: Best practices in European countries for export promotion instruments

Type of support	Best Practice	Country	Main objective	Main services
Information and advice	BusinessInfo.cz	Czech Republic	Web portal intended to provide comprehensive information to exporters from governmental and non- governmental organizations.	<ul style="list-style-type: none"> Information on export promotion activities offered by the state agencies as well as non-governmental organizations Information on the business environment, contacts and specific export opportunities in countries and industries worldwide Overview of export business opportunities in foreign markets by region and business sector Access to the 'Client Center for Exports' Overview of important events, exhibitions and fairs that may offer new business opportunities and help entrepreneurs succeed in export markets 'CzechTrade Daily' service which provides customized information by regular e-mails
	iXPOS	Germany	Web portal intended to serve as a central hub for information on diverse aspects of exporting	<ul style="list-style-type: none"> Information and advice on the first steps in exporting and developing an export plan Information on foreign countries' economic and trade situation and on specific industries Information on trade shows, contact and matchmaking events Market entry information and advice on organizing export and distribution logistics and links to information on customs and taxes in foreign markets Information and advice on accessing export finance, hedging risks and processing payments. Access to the 'iXPOS Export Community' which enables the direct communication among exporters
	SME and cross-border finance	The Netherlands	Web file intended to provide SMEs with information for financial products in order to help them in accessing finance to internationalize their businesses	<ul style="list-style-type: none"> Information on a variety of products and services for cross-border financing including export credit insurance and international credit ratings, factoring, venture capital, payment habits, leasing and roadmaps. User-friendly presentation and comparisons of the available financial products by various criteria such as terms and pricing. Information offered via short but detailed pages and links to specific pages on the providers' websites.
	Export Window	Slovenia	To provide diversified information and consultancy to exporters according to their exporting stage	<ul style="list-style-type: none"> Basic and up to date information via a web portal especially useful for beginners in international trade Consultancy and assistance to existing exporters in organizing participation in international trade fairs and trade missions Education on doing international business through seminars, lectures etc. Customized information and assistance provided by Slovenian business centers



Type of support	Best Practice	Country	Main objective	Main services
				abroad to experienced exporters in establishing contacts and partnerships with foreign companies
				<ul style="list-style-type: none"> ▪ Professional language services
<i>Training and individualized support</i>	INOV Contacto	Portugal	Internship program intended to increase companies' competitiveness by providing them with qualified human resources	<ul style="list-style-type: none"> ▪ Course in international practices including a set of theoretical and practical sessions ▪ Short-term training in Portuguese companies ▪ Training up to nine months in companies operating abroad ▪ Access of participating Portuguese companies to an increasing international contact network (Network Contacto) ▪ Access to exclusive, reliable and up-to-date information about foreign markets, sectors and products by request of any of the participating companies.
	Passport to export	UK	To provide support to new and inexperienced exporters	<ul style="list-style-type: none"> ▪ Assessment of readiness to export ▪ Action plan for export activity ▪ Advice and assistance with market research ▪ Advice from up to three UKTI offices overseas ▪ Workshops on stages of exporting ▪ Face to face contact with ITAs ▪ Export vouchers ▪ Event networking and tradeshow opportunities
	PIPEnet-Network	Spain	To strengthen the international business strategies of companies through the use of the most suitable ICTs	<ul style="list-style-type: none"> ▪ Personalized information on foreign markets ▪ Assessment of the needs of the company concerning technologies, budget and staff ▪ Consultancy services on how to design an Internet-based business strategy ▪ Identification of business partners ▪ Agenda for business meetings with experts ▪ Technical assistance
	AHK Network	Germany	To advise, support and represent companies that wish to develop or expand their business activities worldwide	<ul style="list-style-type: none"> ▪ Market entry ▪ Legal & tax support ▪ Trade fair services ▪ Communication ▪ Staff ▪ Bookkeeping



Type of support	Best Practice	Country	Main objective	Main services
<i>Financial support</i>	Swedfund	Sweden	To finance and support the expansion of the Swedish SMEs to emerging markets	Financial support intended primarily for transfer of know-how and investment in machinery and equipment. The support is a loan that can be written off after the project is completed and approved. All activities and resources financed through the support are targeted at the staff or operations of local enterprises.
	UK Trade & Investment	UK	To help high technology businesses and firms that are new to emerging markets learn how to use overseas trade fairs	The grants concerning TAP Group varies from £ 1.000-£1.800 and the grant concerning TAP SOLO is fixed (£ 1.000).
	Slovene Export and Development Bank	Slovenia	To provide export financing, export credit insurance and guarantees	<ul style="list-style-type: none"> ▪ Financing of growth and development of SMEs. ▪ Financing of projects in all stages of development of large companies in the following areas: research, development and innovation; environmental protection; concurrent regional development; employment and qualification. ▪ Financing of internationalization of business transactions of companies of all sizes, especially SMEs: exports of goods and services, investments abroad.
	Österreichischer Exportfonds GmbH	Austria	To provide export financing to SMEs	Exportfonds provides funding for export transactions. In 2012, the Federal Ministry of Finance increased the underlying guarantee facility by EUR 200 million to a total of EUR 1.2 billion
	Estonian Credit and Export Guarantee Fund	Estonia	To support finance for export-oriented enterprises	<p>The financial services from Kredex include:</p> <p>(a) business loan guarantee that is designed for a company requiring financing of its operations by a bank or leasing, and</p> <p>(b) export loan that is meant for companies wishing to finance large-scale export transactions of goods manufactured in Estonia.</p> <p>In parallel, Kredex offers credit insurance for trade-oriented business.</p>
	Regional programme to promote the SMEs' exports and internationalization	Norway	To help SMEs to build a competitive advantage by means of innovation and exporting activities	<ul style="list-style-type: none"> ▪ Identification and assessment of the company's needs and readiness ▪ Analysis of the company's ability in innovation and technology development ▪ Advice and assistance with planning a market and/or technology project ▪ Tailor-made support for implementing the project ▪ Networking opportunities ▪ Financial support



Type of support	Best Practice	Country	Main objective	Main services
	"Hermes-cover"	Germany	To cover non-payment risks of export credit contracts	Federal Government scheme providing export credit guarantees for German exporters, protecting from non-payment (for commercial or political reasons) e.g. for <ul style="list-style-type: none"> ▪ Short-term receivables arising from several export transactions (several buyers, different countries): Whole Turnover Cover ▪ Receivables arising from several export transactions (one buyer, one country): Revolving Supplier Credit Cover ▪ Receivables arising from a single export transaction: Supplier Credit Cover, optionally supplemented by Contract Bond Cover and Counter Guarantee ▪ Pre-shipment Risks: Manufacturing Risk Cover
Cross-cutting	Market Entry Programme (Markterschließungsprogramm)	Germany	To support SMEs entering new markets and positioning themselves in global markets	De minimis aid (Commission Regulation (EC) No 1998/2006) for: <ul style="list-style-type: none"> ▪ First-hand market information ▪ Market research ▪ Networking and business contacts ▪ Business delegations/hosting buyers

Source: KEPE, GIZ



4.3 Recommendations: Export promotion instruments

Export promotion activities and the use of appropriate instruments by the state, and thus the formulation of a coherent export promotion strategy with the goal of realizing Greece's full export capacity, will *de facto* have to rely on analyzing the following questions:

Strategic Dimension

- Which sectors have a strategic importance for the country?
- Which sectors that are presently underdeveloped have high potential/chances in the global competition?
- Which national and international trends/market developments can be expected?
- Which consequences will result from regional integration and globalization?
- Which target countries can be identified to have good opportunities for the strategic industry sectors?

Operative Dimension

- What is the structural position of our companies?
- Which is the present, practical export performance of our companies?
- Which are the main problems of the companies?

In both dimensions of analysis, important steps are being prepared to build up a clear picture for the Greek authorities, as follows:

- The answers to the questions in the strategic dimension will rely on the findings of the implementation of the proposed methodology in the present report, to be enriched by a continuous dialogue with the private sector in order to ensure early notifications of chances and risks.
- The answers to the questions in the operative dimension are available and known through various reports as per the structural position of companies⁴⁴, and under surveillance with the help of statistical data and dialogues with the exporters'/business associations as per the present, practical export performance of Greek companies. The main problems of the companies have been looked at again within this project.⁴⁵

These main problems, or trade impediments, hindering better export performance need to be addressed by measures on the macro-, meso- and micro-level, in order to create more favorable conditions.

⁴⁴ See GIZ Deliverable Report 2.1, overview on studies in Annex.

⁴⁵ See GIZ Deliverable Report 2.1.



➤ **Macro-level**

On the macro-level, issues of general, structural nature – not only effecting export-oriented enterprises – need the attention of the state within the framework of general reforms. Their improvement, however, will also support the country's export performance, and therefore some of the measures are addressed here as export promotion instruments as well.

Illustrating the above, the improvement of issues subsumed in „Business Environment“, such as a high tax burden on companies, delaying of VAT refunds, or the regulation of markets will contribute to a better export performance.

More important even, issues of productivity and competitiveness are structural on the one side, but production inefficiencies (connected also with company size and market shares) will profit from an improved openness of the economy for foreign investments, and from the exposure of the products to foreign markets and their demands, on the other side.

A non-negligible detail identified as important trade impediment in Greece is the transportation infrastructure. Public investment in infrastructure, deregulation of the transport market, but possibly also public-private partnerships or financial incentives for logistic centers within the regions will help improving delivery times and cost.

Swift export procedures in the public sector are partially addressed through the trade facilitation project, and will be monitored and potentially undergo a steady improvement by deploying the EG help-desk, especially its coordination and whistleblowing functions.

The human resources skill-set regarding exporting needs to be addressed by supporting educational measures specifically related to exporting. Measures are proposed within the current project,⁴⁶ with programs for training, coaching and mentoring for (potential) exporting companies as well as in a broader approach (VET for export, dual education apprenticeship program).

Suggested additional macro-level instruments

Employing economic diplomacy has various aspects of promoting exports. Favorable bilateral or multilateral trade agreements, the inclusion of GI-protected products, but also the support of Greek embassies in target countries by lobbying, advocacy and facilitation for strategic exporters are necessary preconditions. We propose to strengthen the support of Greek companies abroad, by incorporating the specific tasks into the job descriptions of the suitable embassy personnel, in combination with targets and their ex-post evaluation.

⁴⁶ See GIZ deliverable report 3.1.3.



Quite a few countries – mainly the bigger economies within the EU – have established bilateral chambers of commerce in many target countries, which are considered one of the important instruments of export promotion. With similar goals but on a smaller scale –due to the high cost incurred- we suggest the establishment of “Hellenic Trade Centers” to be examined for “hub-countries”^{47,48}.

They should facilitate office sharing and representation abroad to be used by Greek companies, providing exporters with working spaces, meeting room infrastructure and administrative support (incl. follow up services) for individual or small group B2B meetings abroad, in the premises of Embassies, ECA Bureaux, or at specially rented spaces in combination with the exhibition of products, etc.

National Branding and other measures to promote the country and/or industry sector image⁴⁹ (raising awareness, media campaigns, conferences, awards, etc.) is a macro-level export promotion support by the state, which needs to be employed in a coordinated way⁵⁰. Several actors (public and private) undertake such activities in Greece presently, with tourism playing a very important role. As far as products are concerned, there is room for improvement. A unified branding concept needs to be developed, and eligibility criteria for prioritizing and financing such activities need to be defined.

Moreover, insufficient funding for companies is a predominant problem in Greece since the beginning of the economic crisis. The challenge thus is to create funding and financing options targeted at exporters, within the allowed regulatory framework (EU, OECD, WTO).

Being aware of exporting firms’ financing needs as well as the financial risks they commonly face, many European countries – as described in paragraph 4.2 above - have included in their export promotion strategies, a range of financial support programs for exporters, various exporting funds, export credits insurance schemes and special purpose banks providing credit services to exporting companies.

Within this context, Greek authorities should:

- Review the structure and objectives of the EPANEK program;
- Examine best practices and lessons learned from EU member States to create synergies in connection with the existing and to-be established credit

⁴⁷ See GIZ deliverable report 3.2. Possibly, this could be combined with the EG antennas, see GIZ deliverable 2.2.

⁴⁸ The realization is also possible as a public-private partnership, in combination with business associations, as suggested by exporters’ associations (PSE) and business associations (SEV).

⁴⁹ Empirical studies (Kilduff and Tabales, 2016; Cage and Rouzet, 2014; H. Kim, 2012) show that country image indirectly affects export performance.

⁵⁰ In 2015, according to Futurebrand’s Country Brand Index, the top 5 nations brands were: Japan, Switzerland, Germany, Sweden and Canada, reflecting also high export performance as measured by World Bank.



and guarantee mechanisms (i.e. Development Bank, EX-IM Banks, Development Funds etc.);

- Investigate the role of the Greek Export Credit Insurance Organization, in terms of its capacity to offer collateral financing and guarantees.

Recommendation 2 – Macro-level additional export promotion instruments

- Strengthen economic diplomacy in target countries
- Examine the establishment of “Hellenic Trade Centers” in “hub-countries”
- Employ a coordinated National Branding concept
- Create new funding and financing options targeting (potential) exporting companies

➤ **Meso-level**

The meso-level describes activities of sectoral (industry) associations and exporter associations and their efforts to promote exports of their members, as well as the chambers of commerce in their activities towards promoting exports.

The coordination of export-oriented activities with the private sector, their participation in the relevant public coordinating bodies, the incorporation of their bottom-up feedback into concrete measures to be taken, leaving room for their active involvement, will strengthen and encourage their cooperation towards the common goals.⁵¹ Moreover, by being assigned to carry out and implement certain export promotional activities⁵², financial support could also be provided.

Having in mind a help desk for exporters within EG as well as a sophisticated IT system with relevant information for Greek exporters to be available in the near future, the tasks of the business and exporter associations can possibly be more aligned to other priorities.

Suggested additional meso-level instruments

Together with EG, its possible future regional network in Greece, and in cooperation with the chambers of commerce and exporters’ / business associations, a set of initiatives is proposed to be developed in correlation with the levels of export capability, i.e. as follows:

⁵¹ See GIZ deliverable report 3.2, chapter 4.5.

⁵² See GIZ deliverable report 3.2 on the proposed role of EG as implementing agency.



Capability Level	Initiatives
Raising awareness	Initiatives are intended to raise awareness of the benefits of exporting and to provide a general understanding of exporting as a means of promoting <i>non-intenders</i> into <i>intenders</i> .
Building export-readiness	Initiatives provide learning opportunities for <i>intenders</i> to acquire the knowledge and skills necessary to become <i>new exporters</i> .
Selecting target markets	Initiatives mainly help <i>intenders</i> identify and understand specific foreign markets/ sectors where their products or services have good prospects so they can become <i>new exporters</i> . They also help <i>experienced exporters</i> move into new markets.

Furthermore, the business associations can play an important role in common initiatives towards company pool programs, aiming to create production critical mass of exported goods and the joint expansion or first entering into new markets. These initiatives need to be incentivized by public cluster support measures, such as funding/financing instruments, for example an “agricultural investment fund”, or an “export loan program”, coaching etc., for identified industries of strategic importance.

The Greek chambers of commerce, nowadays involved by law in export documentation and formalities, are suggested to cooperate with EG and their possible future regional advisors, in regards of the levels of export capability (see above) and the export maturity of their regional companies as well:

Category	Characteristics
Non-Intender	Not interested in exporting, usually because risks and costs are perceived as too high.
Intender	Not exporting but interested.
New Exporter	Have completed at least one export sale, but have not yet consolidated a regular export market. Include successful intenders, accidental exporters, and born global exporters.
Experienced Exporter	Enterprises with established export markets (includes former new exporters).

The identification of companies within the categories, and the implementation of targeted instruments (capacity building) according to the maturity phase could be carried out in cooperation (seminars, company visits on site, coaching, etc.) between EG, business associations, and chambers.⁵³ In this way, the state facilitates to increase export volumes or export revenues, or transform non-exporting into exporting companies.

⁵³ The table on page 46 below shows the possible correlation of export maturity and suitable export promotion instruments.



In this connection, the chambers could also be encouraged to organize export competitions and awards in their regions, as an instrument to raise awareness of regional companies to the benefits of exporting.

Recommendation 3 – Meso-level additional export promotion instruments

- Involve the business and exporter associations in raising export awareness, building export-readiness and selection of target markets activities
- Involve and incentivize the business associations in company pool programs and support these by cluster support measures
- Utilize the chambers of commerce for educational and counseling-coaching measures, in cooperation with EG (and possibly the business associations), targeting on the individual export maturity level of the companies in their regions, and encourage them to invite to regional export awards

➤ **Micro-level**

A huge step forward will be taken in respect of utilizing export promotion instruments of the micro-level by deploying both the IT system for exporters and the help-desk of EG. Business sophistication (access to data, identifying markets and buyers, networking) and regulatory compliance (information on procedures and formalities, compliance with standards, tariffs, taxes, controls etc.) will then be covered to a much greater extent than in the current state-of-play.

Networking, support of international trade fairs, organizing trade delegations abroad and incoming missions (also visitors to Greek trade fairs) are instruments used already by EG and the Commercial Attachés' offices of Greek embassies abroad, and both have established a good level of expertise in organizing and supporting them.

Suggested additional micro-level instruments

Apart from the instruments already proposed within this project (IT system and its content, help desk, vocational education & training measures), some more are worth taking a closer look at, mainly concerning capacity building on the companies' side.

Workshops and seminars on export subjects or target countries, publications encouraging companies to export, capacity building for export-readiness, export procedures (payment terms, delivery terms, pricing, packaging, logistics, barcodes



etc.) are suggested to be deployed from the public sector⁵⁴, and EG – possibly in cooperation with or carried out exclusively by the chambers of commerce or/and exporters' and business associations – should be the suitable body to implement such activities.

Recommendation 4 – Micro-level additional export promotion instruments

- Utilize EG (chambers of commerce and business associations) for implementing capacity building measures to companies (workshops, seminars on target countries, export procedures, etc.)

➤ **Cross-cutting use and application of instruments**

Export promotion instruments already currently in use (and possibly to be intensified), and new additional instruments proposed above, need to be selected and applied

- following strategic guidelines and
- correlating them to chosen sector priorities,
- having in mind the export maturity of the recipients

Thus, a key policy formulation and coordination instrument is the identification of sectoral and regional priorities for export promotion actions, and the operationalization and elaboration of detailed measures and actions addressed to (potential) exporting firms, in combination with KPIs, measuring the results, has to follow. In this context, the alignment of different priorities, views and practices of export promotion between the public and private stakeholders involved in export promotion requires a (common) benchmarking methodology in order to identify and agree upon the targets, and the deployment of appropriate export promotion instruments.

Neither available literature nor “one-size-fits-all” best practices are existing, in correlating export promotion instruments with export opportunities by sector/industry or/and country.

In reality, many variables need to be taken into consideration, such as major trade impediments to be addressed, export capability and maturity of enterprises, sector/country specialization, or easiness of trade/market accessibility.

⁵⁴ Which does not exclude the possibility of state-funding of such counseling and coaching to private sector actors, see GIZ deliverable 3.1.3.



The application of the proposed methodology can provide specific sector/target-country selections, meaning the identification and ranking of exports prospects of each sector in each potential target country. Then a set of instruments needs to be defined in consequence, and elaborated in detail.

Since this is not feasible to be done before deploying the methodology and having its results (i.e. cross-reference sectors and countries by ranking of prospects), we propose the following, more general overview, trying to correlate sector priorities with export promotion instruments, assuming that in targeted countries export prospects by sector of Greek products will be ranked as either high, medium or low.

Whereas sectors can be examined under 2-digit (10 sectors) to 4-digit (more than 1.000 products) SITC classification, GIZ proposes the correlation procedure to be based on the assumption that there are five scenarios to be examined:

1. High priority/prospect target-market for most (i.e. more than 50% of sectors identified) of Greek export sectors
2. High priority/prospect target-market for some (i.e. less than 50% of sectors identified) of Greek export sectors
3. Medium priority/prospect target-market for most of Greek export sectors
4. Medium priority/prospect target-market for some of Greek export sectors
5. Low priority/prospect target-market.

The proposed correlation is depicted in the table below:



Correlating sector export promotion instruments with sector priority

PROSPECTS / PRIORITY	HIGH (most sectors)	HIGH (some sectors)	MEDIUM (most sectors)	MEDIUM (some sectors)	LOW
INSTRUMENTS	Country Image building/ National Branding: <ul style="list-style-type: none"> • Advertising (in market) • Promotional Events • Economic Diplomacy Raising Export Awareness (Regional approach / By Regional Advisors): <ul style="list-style-type: none"> • Consultation / Counselling Guidance: <ul style="list-style-type: none"> • Education • VET programs • Consultation / Counselling • Guidance Empowering: <ul style="list-style-type: none"> • Funding / Financing • Capacity building • Networking • Match-Making • Troubleshooting Marketing: <ul style="list-style-type: none"> • Trade Fairs 	Country Image building/ National Branding: <ul style="list-style-type: none"> • Advertising (in market) • Promotional Events • Economic Diplomacy Raising Export Awareness (Sectoral approach / By Regional Advisors): <ul style="list-style-type: none"> • Consultation / Counselling Guidance: <ul style="list-style-type: none"> • Consultation / Counselling Programs • Guidance Empowering: <ul style="list-style-type: none"> • Funding / Financing • Capacity building • Networking • Match-Making • Troubleshooting Marketing: <ul style="list-style-type: none"> • Trade Fairs • Business Delegations 	Country Image building/ National Branding: <ul style="list-style-type: none"> • Promotional Events • Economic Diplomacy Raising Export Awareness (Regional approach / By Regional Advisors): <ul style="list-style-type: none"> • Consultation / Counselling Guidance: <ul style="list-style-type: none"> • Consultation / Counselling • Guidance Empowering: <ul style="list-style-type: none"> • Funding / Financing • Capacity building • Networking • Match-Making • Troubleshooting Marketing: <ul style="list-style-type: none"> • Trade Fairs • Business Delegations • Hosting foreign buyers • Follow-up services 	Country Image building/ National Branding: <ul style="list-style-type: none"> • Promotional Events • Economic Diplomacy Raising Export Awareness (Sectoral / By Regional Advisors): <ul style="list-style-type: none"> • Consultation / Counselling Guidance: <ul style="list-style-type: none"> • Consultation / Counselling • Guidance Empowering: <ul style="list-style-type: none"> • Funding / Financing • Capacity building • Networking • Match-Making • Troubleshooting Marketing: <ul style="list-style-type: none"> • Trade Fairs • Business Delegations • Hosting foreign buyers • Follow-up services 	Country Image building/ National Branding: <ul style="list-style-type: none"> • Promotional Events (ad hoc) • Economic Diplomacy Empowering: <ul style="list-style-type: none"> • Networking • Match-Making • Troubleshooting Marketing: <ul style="list-style-type: none"> • Business Delegations • Hosting foreign buyers • Follow-up services Advocacy: <ul style="list-style-type: none"> • Political support to strategic exporters (lobbying, advocacy and facilitation, i.e.



	<ul style="list-style-type: none"> • Business Delegations • Hosting foreign buyers • Follow-up services <p>Advocacy:</p> <ul style="list-style-type: none"> • Political support to strategic exporters (lobbying, advocacy and facilitation, i.e. Public Tenders information) • Infrastructure abroad (i.e. Hellenic Trade Centers) • Power mapping abroad⁵⁵ • Clustering support 	<ul style="list-style-type: none"> • Hosting foreign buyers • Follow-up services <p>Advocacy:</p> <ul style="list-style-type: none"> • Political support to strategic exporters (lobbying, advocacy and facilitation, i.e. Public Tenders information) • Infrastructure abroad (i.e. Hellenic Trade Centers) • Power mapping abroad • Clustering support 	<p>Advocacy:</p> <ul style="list-style-type: none"> • Political support to strategic exporters (lobbying, advocacy and facilitation, i.e. Public Tenders information) • Infrastructure abroad (i.e. Hellenic Trade Centers) • Power mapping abroad • Clustering support 	<p>Advocacy:</p> <ul style="list-style-type: none"> • Political support to strategic exporters (lobbying, advocacy and facilitation, i.e. Public Tenders information) • Infrastructure abroad (i.e. Hellenic Trade Centers) • Power mapping abroad • Clustering support 	<p>Public Tenders information)</p> <ul style="list-style-type: none"> • Power mapping abroad • Clustering support
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Source: GIZ

⁵⁵ Power mapping is a tool to not only identify who holds authority or jurisdiction (i.e. in matters of trade), but also who to target with direct actions and campaign activities.



In connection with the export maturity of companies to benefit from export promotion instruments, we propose the following correlations to take into consideration:

Correlating export maturity with export promotion instruments				
CATEGORY	Non-Intender =>	Intender =>	New Exporter =>	Experienced Exporter
INSTRUMENTS	Raising Export Awareness : <ul style="list-style-type: none"> • Consultation / Counselling • Guidance • Advertising • Awards (Regional approach / By region): <ul style="list-style-type: none"> • Regional Advisors 	Guidance: <ul style="list-style-type: none"> • Education • VET programs • Consultation / Counselling • Guidance • Advertising • Awards Empowering: <ul style="list-style-type: none"> • Funding / Financing • Capacity building • Networking • Match-Making • Troubleshooting 	Export support services (supporting export readiness): <ul style="list-style-type: none"> • Funding / Financing • Capacity building • Training / Counselling / Guidance • Market Info (market research) • Networking • Match-Making • Troubleshooting Marketing: <ul style="list-style-type: none"> • Trade Fairs • Business Delegations • Hosting foreign buyers • Follow-up services Advocacy: <ul style="list-style-type: none"> • Infrastructure abroad (i.e. Hellenic Trade Centers) • Clustering support 	Export support services: <ul style="list-style-type: none"> • Funding / Financing • Market Info • Networking • Match-Making • Troubleshooting Marketing: <ul style="list-style-type: none"> • Trade Fairs • Business Delegations • Hosting foreign buyers • Follow-up services Advocacy: <ul style="list-style-type: none"> • Political support to strategic exporters (lobbying, advocacy and facilitation, i.e. Public Tenders information) • Infrastructure abroad (i.e. Hellenic Trade Centers) • Power mapping abroad • Clustering support

Source: GIZ



5. Funding for promising export promotion instruments

As already described, states and public institutions all over the world undertake the mandate to raise awareness of the potential benefits from exporting, to mitigate or remove common export barriers that enterprises face and to provide incentives and diversified forms of assistance to aspiring and current exporters. A key and critical element is to identify and effectively address (potential) gaps in its funding.

By definition, funding gaps are identified as shortfalls in capital or resources to finance future operations or projects. These shortfalls consist of actually limited available capital or funds, as well as of inefficient procedures of funding (operations and projects). Within this context, i.e. lack of funds, inefficient allocation, unaligned prioritization (to export strategy objectives), low performance or inconsistent use of funds are considered as gaps for the purposes of this report.

The identification of gaps in funding for promising export promotion instruments presupposes the knowledge of the presently existing funding possibilities. GIZ therefore reviewed existing funding/financing schemes in correlation with instruments on the macro-, meso- and micro-level.

5.1 Mapping of current status

Having identified actors in export promotion services and export promotion instrument providers, GIZ Team through desk study and interviews with stakeholders validated the findings of the Working Group appointed by the MoE on funding/financing export tools, having in mind that export promotion activities in Greece are executed by both public and by private sector stakeholders⁵⁶, as well as by individual companies.

Currently, the funding of these activities is based on various sources: state budget, EU funds and private sector financing, including the private banking system.

For grouping reasons, the available financial resources listed below are correlated with the export promotion instrument level they focus on, as well as by funding scheme and by type of end beneficiaries, as follows:

⁵⁶ See Annex V.



Financing / Funding macro-level instruments			
Instruments	Resources	Scheme / Program	Beneficiaries
Improving business environment & procedures in the public sector	EU funds National funds	<ul style="list-style-type: none"> National Strategic Reference Framework (Operational Program for Public Sector Reform) EPANEK Upgrading Public Sector services to support exports (including export information IT System and exporters' Help-desk) 	<ul style="list-style-type: none"> Public Sector All enterprises (indirectly)
Creating infrastructure	EU funds National funds	<ul style="list-style-type: none"> National Strategic Reference Framework (Operational Program for Transport Infrastructure, Environment and Sustainable Development) 	<ul style="list-style-type: none"> Public sector All enterprises (indirectly) Individual enterprises in some cases (i.e. logistics)
Economic diplomacy	National funds	<ul style="list-style-type: none"> MFA budget for economic diplomacy and ECA Bureaux 	<ul style="list-style-type: none"> Public sector All enterprises (indirectly)
National branding	National funds	<ul style="list-style-type: none"> Enterprise Greece budget National Tourism Organization budget TIF-HELEXPO budget 	<ul style="list-style-type: none"> Public sector All enterprises (indirectly)
Supporting education	EU funds National funds	<ul style="list-style-type: none"> National Strategic Reference Framework (Operational Program for Human Resources Development, Education and Lifelong Learning) EPANEK VET in International Trade 	<ul style="list-style-type: none"> Public sector All citizens & enterprises (indirectly)



Financing / Funding meso-level instruments			
Instruments	Resources	Scheme / Program	Beneficiaries
Marketing, Trade events	National funds (50%) Own funds (50%)	<ul style="list-style-type: none"> Enterprise Greece annual Action Plan 	<ul style="list-style-type: none"> Interbranch organizations business (sectoral) associations
Marketing & (generic, EU) branding	EU funds (50-80%) National funds (20-30%) Own funds (20%)	<ul style="list-style-type: none"> Promotion of agricultural products to EU and Third countries Promotion of wines to Third countries 	<ul style="list-style-type: none"> Interbranch organizations, business (sectoral) associations, cooperatives, producers' clusters
Market information, Consulting & Advocacy, Marketing, Trade events, Education & training	Own funds	<ul style="list-style-type: none"> Chambers of Commerce Exporters' Associations Business Associations 	<ul style="list-style-type: none"> Member companies (generic & customized services)
Financing / Funding micro-level instruments			
Instruments	Resources	Scheme / Program	Beneficiaries
Marketing, Trade events	National funds (50%) Own funds (50%)	<ul style="list-style-type: none"> Enterprise Greece annual Action Plan 	<ul style="list-style-type: none"> Individual companies
Marketing & branding	EU funds National funds	<ul style="list-style-type: none"> EPANEK "Venture Abroad" (Επιχειρώ Έξω) 	<ul style="list-style-type: none"> Individual companies Synergetic schemes



Collateral finance & export credit insurance	National Export Credit Insurance Organization (OAEP) & Greek Banks	<ul style="list-style-type: none"> • OAEP Extroversion program 	- Individual companies
Cross-border guarantees	EU (institutions) funds & Greek Banks	<ul style="list-style-type: none"> • EBRD Trade facilitation Program • EIB International Trade Program • IFC Cross-border Program 	- Individual companies
Financing & guarantees for SMEs and Midcaps	EU (institutions) funds & Greek Banks	<ul style="list-style-type: none"> • European Investment Fund (EIF) INNOVFIN Program • International Finance Corporation (IFC) International Trade Program • EC-EIF EaSI Program 	- Individual companies
Loans for small size and medium capitalization enterprises (midcaps)	European Investment (EIB) & Greek Banks	<ul style="list-style-type: none"> • EIB loans for SMEs and Midcaps Program 	- Individual companies
Working capital	EU funds & Greek Banks	<ul style="list-style-type: none"> • EU COSME Program 	- Individual companies
Financing for supplies	National Bank of Greece (ETE)	<ul style="list-style-type: none"> • ETHNIKI Value Chain Program 	- Individual companies

Source: IEC Financial Instruments WG, MoE, GIZ

5.2 Gaps in funding for promising export promotion instruments

While addressing some of the challenges faced by exporters and potential exporters in Greece, not all of the above financial resources can be perceived by companies as directly linked with the intangible expenses of export promotion activities and instruments, such as (company-individual) branding, participation in fairs/business missions, business sophistication (market surveys, business intelligence), networking and human resources (staff with expertise, vocational trading etc.), or the financing of the export transactions.



Despite some financial instruments being available to Greek exporters, financing remains the major trade impediment in Greece, as validated in previous GIZ reports⁵⁷. Trying to address this challenge, Greek commercial banks have announced the intention to develop new products focused to exporting enterprises including forfaiting, approved invoice discounting, advanced payment Letters of Credit, value chain financing etc.⁵⁸

Beyond those private banking sector activities, other promising export promotion instruments are currently only partially covered by respective financial/funding sources in Greece.

On the macro-level, gaps are identified as follows:

- limited resources for more pro-active economic diplomacy⁵⁹,
- provided that a coherent National Branding Strategy⁶⁰ will be formulated, funds for measures to promote the country and/or sector image and market visibility (raising awareness, media campaigns, conferences, awards etc.) need to be efficiently allocated and monitored,
- narrow funding and financing options for exporters,
- fragmental allocation of funds for export related educational measures⁶¹

On the meso-level, there is little financial incentive and support to sectoral (industry) associations and exporter associations for their efforts to promote exports of their members. Cluster support programs are missing, and their future funding sources need to be examined. Moreover, the role of chambers of commerce in their activities towards promoting exports can be further supported by a more pro-active and export-oriented allocation and prioritization of budget.

On the micro-level, gaps in funding are identified for the more intensified use of existing instruments on the one hand, and for the recommended implementation of capacity building measures to companies on the other hand (i.e. assignment of funds to support the operations of EG regional advisors, in cooperation with chambers of commerce and business associations):

- *Consulting & Advocacy*: Consulting services for exporters (i.e. coaching programs) are not provided and funded in consistent and coordinated manner (i.e. lack of continuity in funded programs by multiple actors, insufficiently targeted programs to export promotion), while available resources for advocacy within the target country should be foreseen.

⁵⁷ See GIZ 2.1 Deliverable report.

⁵⁸ See MoE trade finance mapping report.

⁵⁹ As acknowledged by MFA, when presenting annual action plan in stakeholders (May-June 2018).

⁶⁰ A coherent National Branding Strategy is currently missing.

⁶¹ See GIZ 3.1.3 Deliverable report.



- *Trade Events and Marketing*: Only limited options are offered for the majority of sectors (besides those of agricultural products & foodstuff and construction materials), thus additional funding will be necessary to cover other important sectors/target-country combinations.
- *Education and training*: Export-oriented knowledge is missing, so allocation of funds for capacity building measures (generic and customized), should be ensured.

Once additional funding is difficult to allocate in times of fiscal restrictions, GIZ has recommended to the Greek authorities the introduction of a new monitoring mechanism for the more efficient allocation of the existing resources, correlated to a national export promotion strategy⁶².

As described in Deliverable Report 3.2, “additionally to the monitoring of export related funds, by identifying - along with existing EG’s annual budget for export promotion - (potential) new sources or/and financial instruments (Public Investments Program, OAEP’s funds and products, revenue from the levy of Law 128/75, Regional Operational Programs etc.), the Monitoring Authority should also have the competent jurisdiction to create an Export Promotion “Basket” Fund. The purpose of the Fund should be to finance export promotion showcases in sectors or/and geographic regions suggested by the methodology to identify export opportunities (see below), as well as (bottom up) suggestions by public and private sector stakeholders. The financing scheme should follow program agreement rules and provisions, such as specific targets, goals and key performance indicators”.

Recommendation 5 – Addressing gaps in financing/funding

- Monitor and align state funding with the priorities set by a strategic export promotion plan
- Identify new sources or/and financial instruments and create an Export Promotion Basket Fund

⁶² See GIZ Deliverable Report 3.2 “Coordination instruments”.



Annex

I. Proposed Methodology on identifying export prospects

I.a) The DSM model – part 1 of the proposed methodology

The main assumption of the DSM approach is that all global markets are considered as potential export market opportunities for Greece.

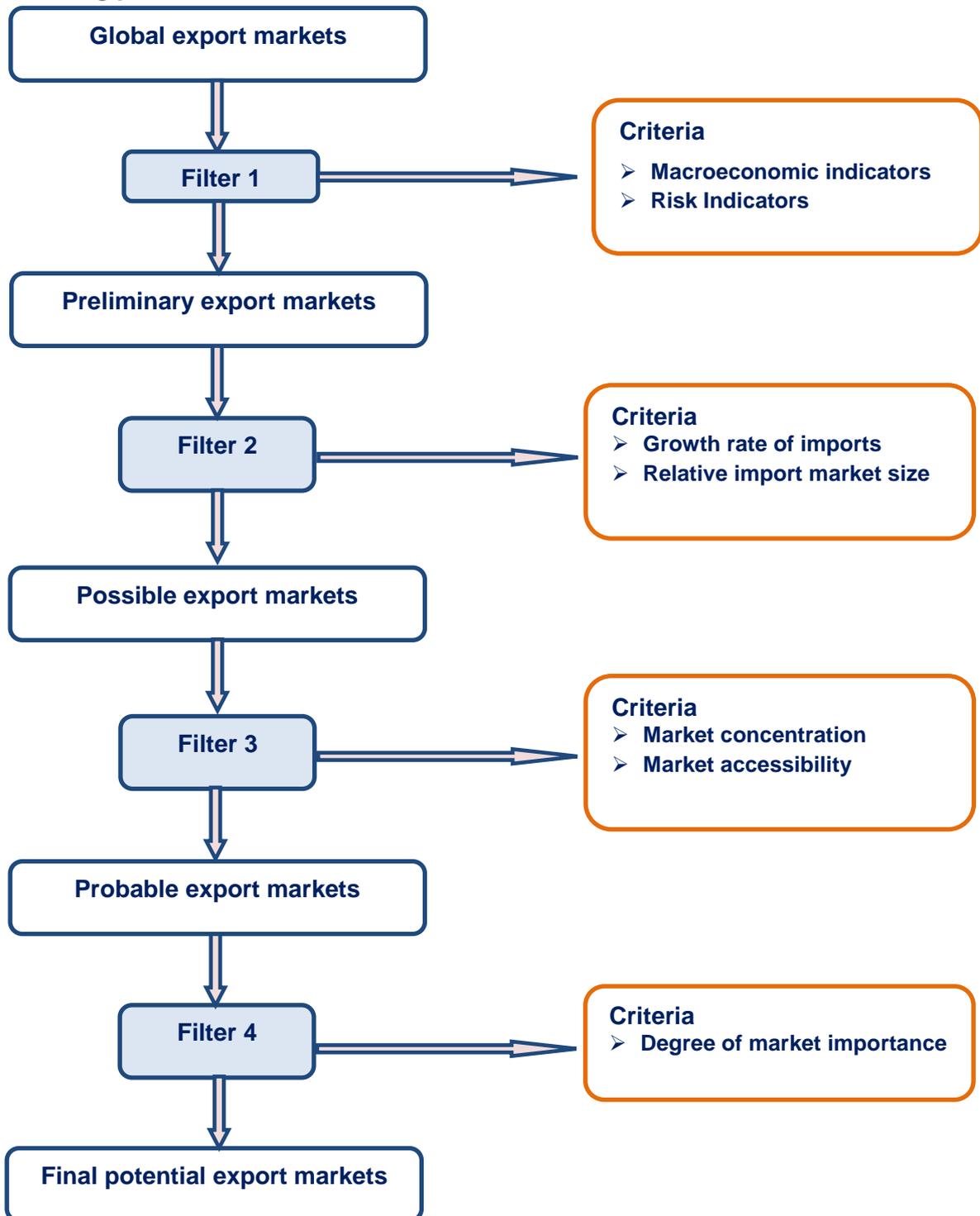
The filtering procedure under the DSM model is summarized briefly as follows:

1. The first filter investigates the macroeconomic features, and the political, financial, and commercial risk of the economies that are export targets of a specific economy.
2. The second filter assesses the export markets opportunities examining the size of importing market, and growth of imports.
3. The third filter examines the degree of accessibility (trade barriers) of the potential export markets as well as the degree of market concentration.
4. The fourth filter assesses the ability for a country to penetrate in export markets.

This procedure is also depicted in the graph below:



The filtering procedure



Source: Construction based on Cuyvers et al., 1995.



The filtering procedure of DMS (Part 1)

Filter 1: Preliminary export markets

The idea is to eliminate potential export countries/markets that do not present a large market size, high per capita income, high economic growth rates, and a stable economic environment. In particular, we evaluate the countries using their macroeconomic variables (country's size and growth) and risk features (economic, political, financial, and commercial). The rationale behind this principle is to quickly eliminate uninteresting markets on the basis of general macro-indicators, to be able to concentrate in detail on a more limited set of *preliminary opportunities* (Cuyvers et al. 1995).

This filter comprises two steps:

In the first step, we use several macroeconomics variables such as GNP (GDP), GNP (GDP) per capita, and GNP (GDP) growth, in a specific time horizon of the last 3 continuous years of the sample. We calculate a cut-off point for the selected macroeconomic variables. For this reason, we compute the average and standard deviation of the two selected macroeconomic variables. We should select the two variables selected from the following variables: GNP (GDP), GNP (GDP) per capita, and GNP per capita growth rates. For our analysis, we propose to select the variables GNP and GNP per capita. Furthermore, we compute the critical value (CV) according to the following Equation:

$$CV = \bar{x}_t - \alpha \sigma_{x,t}$$

where \bar{x}_t is the average value of GNP (GNP per capita) and $\sigma_{x,t}$ the standard deviation of the indicator under investigation GNP (GNP per capita). The selection of α was based on a simulation process where the α value is varied between 0 and 1 by increments of 0.001 (Pearson et al. 2010). Using visual inspection (using the critical value as a function of the simulated alpha values), we should detect the threshold value of alpha, α for which the Critical Value has a significant change (the slope in the CV curve becomes much steeper).

- It is obvious that If $\alpha = 0$, then the cut-off point would be the average. In this case the half of countries would be eliminated in the Filter 1, subject to the assumption that data following normal distribution.
- If the α -value increase then the number of countries eliminated will decrease gradually and the α -value that is selected would be the last one before there is a clear break in the number of countries eliminated (Cuyvers, 2004).

The critical value is calculated for each of the years. Following Pearson et al (2010), we exclude the **countries whose GNP or GNP per capita is less than the respective critical value, for at least two years during the most recent three-year period**. Thus, countries are selected if:



$$X_j \geq CV$$

A country would be selected in terms of its GNP or GNP per capita if the country's GNP or GNP per capita is greater than the critical value for at least 2 of the 3 years under investigation. To be selected on the basis of both GNP and GNP per capita, the country should at least be selected in terms of **one of these two indicators** (Pearson et al. 2010). **Otherwise, it could apply to both variables i.e. GNP and GNP per capita are greater than or equal to the respective critical value, for at least two years during the most recent three-year period.** Based on this requirement of the two variables (GNP and GNP per capita), it is easy to see that more countries are excluded for the next filter.

Therefore, there are two options either the two variables are greater than the critical value for two consecutive years, or one of the two variables is greater than the critical value for two consecutive years.

- It is suggested that the second option be followed. That is, we calculate every critical value for GNP and GNP per capita, and we accept countries that fulfill even one of the two criteria.

Therefore, several countries are rejected based on this filter.

In the second step, the countries are rated based on the political and commercial risk classification of Office National du Dueroire (ONDD) or the International Country Risk Guide (ICRG)⁶³. The ONDD rating list have used in several studies (Cuyvers et al., 1995, Cuyvers 2004, Pearson et al., 2010, Kanellopoulos and Skintzi 2016, and Cuyvers et al., 2017). Alternatively, the database of ICRG could be used for rated of risk. The proposed methodology proposes and analyses ONDD, but we can also use ICRG in a similar way.

- Political risk: The ONDD's rating methodology measures political risk on a scale of 1 to 7. If the rating value is 7 then the political risk is high, while if the rating value is 1 then the political risk is low. The ONDD rating list provides the political risk at short, medium, and long run. We transformed political risk rating from 1-7 scale to 1-10 scale. This modification should be applied to the three measures of political risk (short, medium, and long term).
- Commercial risk rating is measured as "A", "B" or "C", where a "C" indicated high commercial risk. A country has high commercial risk if its rating is "C", and low risk if its rating is "A". The commercial risk rating transformed from an A-C scale to 1-10 scale. Thus, an "A" rating corresponds to a score of 3.33, a "B" rating corresponds to a score of 6.67, and a "C" corresponds to a score of 10.
- Following this procedure, an average political risk index is calculated for each of the exports market/country examined, and then the average political risk score

⁶³ The ICRG provides political, financial, and economic risk ratings of the countries.



and the commercial risk score are weighted equally to calculate an overall index. This “new” index measures the overall country risk for each country.

- Finally, the 80th percentile of this country risk score is used as a critical value to reject less interesting countries from this filter. We reject countries that have risk rating higher to the cut-off point.

Filter 2: Possible export markets

In Filter 2, the main idea is to assess the potential export markets using product-related criteria of market potential. The unit of analysis is the product/country combination “markets” (Cuyvers et al. 1995). In this stage of the assessment of Greece’s export opportunities, data on imports, and imports market size are examined for each country selected in the previous filter. Thus, we use as criteria the «growth of imports» and the «import market size», with the purpose of eliminating non-interesting **product/market combinations**. Import data (i.e. the short and long run growth rate of imports and the size of imports) by country and product at 4-digit SITC product classification are taken from the Comtrade.

We calculated the short and long run growth rate of imports and the size of imports for each market. The short run growth rate of import is calculated for the two most recent years for which data were available, and the long run growth rate of imports for at least 5 continuous years.

Criteria: Short-term and long-term import growth rates

The cut-points are calculated for all products at 4-digit SITC taking into account and the degree of specialization of Greece relative to other countries. In particular, we continue our selection process for the remaining countries focuses on the comparative advantage or export specialization, and the growth of imports. We firstly compute the RCA (non-symmetric) index for the last year of our sample. The RCA index is as follows:

$$RCA_j^i = \frac{X_j^i / \sum_j X_j^i}{\sum_i X_j^i / \sum_i \sum_j X_j^i}$$

RCA_j^i is the revealed CA of country i in sector j , X_j^i is country i ' export value of sector j , $\sum_j X_j^i$ is the total exports of country i , $\sum_i X_j^i$ is the total exports of the selected countries in sector j , $\sum_i \sum_j X_j^i$ is the total exports of the selected countries. The interpretation of the RSCA index is similar with that of conventional indexes, where $RCA_k^i > 1$ implies that country i has a comparative advantage for sector j or is specialized in the production of product j . While, where $RCA_k^i < 1$ implies that country i has not specialized in the production of product j .



We then compute the simple growth rate of imports $g_{i,j}$ for all our selected countries. To determine whether a country i for product j shows a potential in terms of the growth rate of imports we apply the following criterion:

$$g_{i,j} \geq G_j$$

The critical value G_j for the Greek economy is computed in Equations (1.1) and (1.2) as follows:

$$G_j = g_{w,j} s_j \quad \text{if } g_{w,j} \geq 0 \quad (1.1)$$

$$G_j = \frac{g_{w,j}}{s_j} \quad \text{if } g_{w,j} < 0 \quad (1.2)$$

In the equations (1.2) and (1.3) below, the variable $g_{w,j}$ denotes the growth rates of world exports for the product j , while the variable s_j is a scaling factor⁶⁴ for the RCA index for each product and it is given in Equation (1.3) below:

$$s_j = 0.8 + \frac{1}{(RCA_j + 0.85)e^{(RCA_j - 0.01)}} \quad (1.3)$$

The critical value is calculated for both short and long run imports growth rates. A country/product combination) may be considered as a possible export opportunity and proceed to filter 3 if the short or the long term growth rate is greater than a critical value and if this does not apply then the relative import market size should be greater than a critical value. Each country-product combination is assigned a "1" or a "0" if the criteria for short- and long-term import growth rates are met or not (see table I.1 below).

Criterion: Import market size

We examine the relative import market size criterion by computing the relative import market size of each country i for product j . The relative import market size $RM_{i,j}$ is computed as the ratio of imports of country i for product j to the total world imports of product j , and it is form as following: $RM_{i,j} = \frac{M_{i,j}}{M_{w,j}}$, where $M_{w,j}$ denotes the total world imports for the product j , and $M_{i,j}$ is the imports of country i for product j . The relative import market size criterion is the following (i.e. the relative import market size of country i for product j was considered sufficiently large if):

⁶⁴ The scaling factor is used to determine the specialization in exports for Greece for each product j .



$$M_{i,j} > C_j$$

The critical value (C_j) is again a function of the RCA index and its computation is given below:

$$C_j = 0.02M_{w,j} \quad \text{if} \quad RCA_j > 1$$

$$C_j = \left[\frac{3 - RCA_j}{100} \right] M_{w,j} \quad \text{if} \quad RCA_j \leq 1$$

A product-country pair is accepted to enter Filter 3:

- a) if the short or the long run growth of import is greater than the critical value
- b) if the relative import market size is greater than the critical value

Using the short-term import market growth, the long-term import market growth and the size of import market, as criteria, we can categorize each country-product combination. Each product-country combination is assigned a “1” or a “0” in the relevant column of Table 5.2, depending on whether the criteria are fulfilled or not. In particular, category 0 indicates product-country combinations that do not present growth in the short or long run and do not have a relatively large import size. **Product-country combinations are selected to entry Filter 3, if it detect in category 3, 4, 5, 6 or 7.**

Table I.1: Categorization of product-country combinations in

Category	Short-term imports growth	Long-term imports growth	Relative import market size
0	0	0	0
1	1	0	0
2	0	1	0
3	0	0	1
4	1	1	0
5	1	0	1
6	0	1	1
7	1	1	1

Source: Cuyvers et al., 1995, and 2004.

Filter 3: Market concentration and market accessibility

The third filter evaluates the “candidate” foreign export markets, taking into account two criteria: a) the degree of (import) market concentration, and b) market import



accessibility. Several studies on this stage of the filtering process have assessed the ability of a country to succeed in importing markets.

Criterion: Market concentration

Market concentration measures the extent to which exporting sales in an import market are dominated by one or more countries. High degree of market concentration on the import markets cause difficulties in entry of exporting country. Cuyvers et al. (1995) have found an important negative correlation between export performance and market concentration. They have argued that imports markets, which are high concentrated in the sense that only a few exporting countries have large market shares, are expected to have an advantage compared to other countries that attempt to “invade” the market.

The countries with a large market share are expected to have a thorough knowledge of these markets and the local customers. This helps them maintain their position and, at the same time, prevent new/other exporting countries from succeeding in these markets. We use the Herfindahl-Hirschmann Index (HH) suggested by Hirschmann (1964). The HH index measures the degree of market concentration, as follow:

$$HHI_{i,j} = \sum_k \left(\frac{X_{k,i,j}}{M_{i,j}} \right)^2$$

where $HHI_{i,j}$ is the Herfindahl-Hirschmann-index of product j in country i from country k , $X_{k,i,j}$ is country k 's export of product j to country i , and $M_{i,j}$ is country i 's total imports of product j .

- If $HHI_{i,j}=1$, then there is a monopolistic market structure, i.e. there is only one exporting country in the importing market. Thus, it would be more difficult for a country to entry in an importing country if the HHI is close to 1.
- If $HHI_{i,j}=0$, then there is a competitive market structure, i.e. there are many exporting countries in the importing market.

A cut-off point (h_k) or critical values for market concentration are defined as follows:

- $h_k = \overline{x_h} - 0.1\alpha\sigma_h$ for category 3, i.e. import market size is above the critical value, while the short and long-term import growth are below their critical value
- $h_k = \overline{x_h} + 0.1\alpha\sigma_h$ for category 4, 5 and 6, i.e. if two of the three variables, import market size, short, and long-term import growth are above to their critical value



- $h_k = \overline{x_h} + 0.3\alpha\sigma_h$ for category 7, i.e. if all of the three variables, import market size, short, and long-term import growth are above to their critical value

where $\overline{x_h}$ is the average value of the HHI and σ_h is the standard deviation, α is similar to filter 1.

Criterion: Market accessibility

The market accessibility is associated with trade barriers to entry or distance. We can capture market accessibility using two alternative sub-criteria a) Revealed absence of barriers to trade, and b) distance to market.

An index of “Revealed absence of barriers to trade” is calculated as a proxy to capture the trade barriers. The concept of “revealed absence of trade barriers” is used as an indicator of the ability for a country to export to another market. The assumption underlying this approach is that if Greece’s neighbours (or countries with similar Greek characteristics) were able to establish a relatively strong market position, this would apparently mean that trade barriers, if any, are surmountable (Cuyvers et al. 1995, 2004, and 2017, and Pearson et al. 2010). The revealed absence of barriers to trade is calculated as follows:

$$M_{i,j} = \frac{(X_{n1,i,j}/X_{n1,j}) + (X_{n2,i,j}/X_{n2,j}) + (X_{n3,i,j}/X_{n3,j}) + \dots}{(X_{w,i,j}/X_{w,j})}$$

Where $M_{i,j}$ is corrected market share of Greek’s neighbors in the imports of country i for product j , $X_{n1\dots m,i,j}$ is the exports of each of the neighboring countries n_n for $n=1,2,\dots,m$ of Greek economy of product j to country i , $X_{n1\dots m,i,j}$ is the total exports of each neighboring countries to country i , $X_{w,i,j}$ is the total/world exports of product j to country i . According to other empirical studies that have applied similar models, the cut-point of this criterion is determined make the assumption that a higher relative share of $M_{i,j}$ reflect to a relative lack or a revealed absence of barriers to trade. Thus, a high value of $M_{i,j}$ means that a country could enter more easily into the importing country due to “absence of barriers”. The rule of thumb used by Cuyvers et al. 1995, 2004, and 2017, and Pearson et al. 2010, to determine the critical value was:

$$M_{i,j} \geq 0.95$$

This criterion presents several difficulties in its implementation and is not appropriate in the case of Greece, due to the similarities that the country presents with many other countries.



For this reason, trade barriers should be measured as "distance to market". This alternative criterion was estimated in a proportionate manner to the filter 1. Thus a critical value (CV) is calculated as follows:

$$CV = \bar{x}_t - \alpha\sigma_{x,t}$$

where \bar{x}_t the average value and subcriteria $\sigma_{x,t}$ the standard deviation of distance between the capital city Athens, and the capital cities of each of the others countries. The two subcriteria (degree of concentration and distance) determine the entry of a product-country combination, in the next filter.

Thus, if a market is not heavily concentrated and appearing no trade barriers are considered to be a potential export opportunities.

Filter 4: Potential export markets

In the last filter of the DSM methodology, we prioritized the potential export markets opportunities. For each exporting country n , we define the degree of market importance of country n 's exports of product j to country i as:

$$RMS_n = \frac{X_{n,i,j} / X_{w,i,j}}{X_{n,j} / X_{w,j}}$$

$X_{n,i,j}$ is country n 's exports of product j to country i , $X_{w,i,j}$ is the world's exports of product j to country i , $X_{n,j}$ is county n 's total exports of product j , and $X_{w,j}$ is the world's total exports of product j . A comparison is made using the relative market share (RMS_{GR}) with the corresponding market share of the six largest competitors to country i of product j . Thus, the following categories of market importance are identified by Cuyvers et al. 1995, 2004, and 2017, and Pearson et al. 2010:

- i. $RMS_{six\ i\ j} - RMS_{GR\ i\ j} > 3$: the relative market share of Greece is relatively small
- ii. $1.5 < RMS_{six\ i\ j} - RMS_{GR\ i\ j} \leq 3$: the relative market share of Greece is intermediately small
- iii. $0 < RMS_{six\ i\ j} - RMS_{GR\ i\ j} \leq 1.5$: the relative market share of Greece is relatively is intermediately high, and
- iv. $RMS_{six\ i\ j} - RMS_{GR\ i\ j} \leq 0$: the relative market share of Greece is relatively high.



I.b) The gravity model – part 2 of the proposed methodology

The gravity model makes predictions on the bilateral trade flows, and these predictions are based on several economic dimensions (trade costs, and productivity, etc.). The basic gravity equation predicts that the total trade flow X_{ij} from origin i to destination j is as following:

$$X_{ij} = G \frac{Y_i E_j}{D_{ij}^2}$$

where G is the gravity constant, Y_i is the relevant economic activity mass at origin i , E_j is the relevant economic activity mass at destination j and D_{ij} is the distance between i and j . Trade flows from country i to country j are modelled as a function of the supply of the exporter country, the demand of the importer country and trade barriers.

The gravity model is the second part of the proposed methodology, after having applied the filtering procedure of the DSM. This gravity model takes advantage of the study of Caporale et al. (2015) and Peridy (2005). Caporale et al. (2015) examine trade flows between China and its main trade partners. Peridy (2005) detect the US export potential with regards to MENA countries. Furthermore, Stankovsky and Wolfmayr (2013) use gravity model to investigate the export potential of Austrian economy at 81 countries outside Western Europe. Papazoglou (2007) estimates potential trade flows for Greece through a gravity model using a panel of cross-country data, which cover bilateral trade flows concerning the EU member states.

The aim is to identify the Greek export potential markets from the “choice list”. For example, we use the “limited” list in the gravity models, which means that, if we choose Germany and the chemicals sector from part 1, this specific combination should be estimated through the gravity model in relation to Greece. We propose to model bilateral exports as a function of GDP, the difference in per capita income, geographical distance, FDI inflows and the dummy variables defined below. The proposed gravity equation is the following:

$$T_{ijt} = e^{\gamma_0} GDP_{it}^{\gamma_1} GDP_{jt}^{\gamma_2} DGDPT_{ijt}^{\gamma_3} DIST_{ij}^{\gamma_4} LLK_{ij}^{\gamma_5} FDI_{it}^{\gamma_6} INST_{jt}^{\gamma_7} DU_t^{\gamma_8} e^{u_{ij}} e^{\eta_t} e^{\varepsilon_{ijt}} \tag{1.4}$$

where T_{ijt} denotes the total trade flows (imports and exports, in value) between country i and country j , γ_0 denotes the intercept, denotes the Gross Domestic



Product of country i , denotes the Gross Domestic Product of country j , denotes the difference in GDP per capita between country i and country j , and is a proxy for economic distance or comparative advantage intensity, $DIST_{ij}$ is the geographic distance between country i and country j , and is a proxy for transport costs, is a dummy variable for the economic crises equal to 1 for 2008-2009 and zero otherwise, is a dummy variable that is equal to 1 if countries i and j are landlocked, and zero otherwise; denotes the FDI inflows into Greece in year t , is institutional quality–political risk index in the recipient country j , u_{ij} is country-pair fixed effects, η_t is time effects⁶⁵, ε_{ijt} .

The log-linearization of the gravity model (1.4) is as the follows:

$$\log(T_{ijt}) = \gamma_0 + \gamma_1 \log(GDP_{it}) + \gamma_2 \log(GDP_{jt}) + \gamma_3 \log(DGDPT_{ijt}) + \gamma_4 \log(DIST_{ij}) + \gamma_5 LLK_{ij} + \gamma_6 \log(FDI_{jt}) + \gamma_7 \log(INST_{jt}) + \gamma_8 DU_t + u_{ij} + \eta_t + \varepsilon_{ijt} \tag{1.5}$$

We estimate the gravity equation (1.5) using the Fixed Effect Vector Decomposition (FEVD). The FEVD method has been proposed by Plumper and Troeger (2007), and that takes into account unobserved heterogeneity. Thus, gravity equation will estimate explaining trade flows between Greece and the selected countries.

The statistical data used for our analysis come from the Comtrade (United Nations Commodity Trade Statistics Database), UNCTAD (United Nations Conference on Trade and Development), Eurostat, and the World Bank for the period 2006-2016. Finally, for the institutional quality-political risk index, we use the composite indicator constructed by Political Risk Services (PRS), namely the "Political Risk" International Country Risk Guide (ICRG).

⁶⁵ See: Baltagi (2013), and Wooldridge (2007).



II. Mapping export sectors indicators

The mapping export sectors method uses two indicators, the Revealed Symmetric Comparative Advantage Index (RSCA), and the Trade Balance Index (TBI).

The RSCA index, is a transformation of the RCA index that has the following form:

$$RSCA_k^i = (RCA_k^i - 1) / (RCA_k^i + 1)$$

(3.3.1)

The TBI is described with the following equation:

$$TBI_k^i = (X_k^i - M_k^i) / (X_k^i + M_k^i)$$

(3.3.2)

where M_k^i are the imports of country i for sector k , X_k^i are the exports of country i for sector k .



III. Summary of best practices in export promotion instruments

Practices were reviewed concerning the use of export promotion instruments that have been applied in various European countries, primarily addressing SMEs' needs in basic and high-value information and advice, training, financial and individualized support.

III.a) Information and advice

Limited or lack of information and knowledge on how to identify and analyse export opportunities, find overseas partners or trade agents, prepare export documentation and perform export transactions is identified as a prominent obstacle to export activities in related empirical literature (Leonidou, 2000). From an economic perspective, information asymmetries as a significant market failure usually provide the justification base for government involvement in export promotion (Gil et al., 2007). What is more, firms and more particularly SMEs appear to exhibit high rates of unawareness about public initiatives related to export promotion in European countries (European Commission, 2014).

Given the above, the selected best practices that follow are intended to provide SMEs with basic and highly significant information⁶⁶ about a broad spectrum of international trade issues coupled with advice on how to 'go international' and who one can ask for assistance mainly at the pre-export or early exporting stages.

iXPOS (Germany)

'iXPOS' (www.ixpos.de) is the German foreign trade portal commissioned by the Federal Ministry of Economic Affairs and Energy and managed by Germany Trade and Invest (GTAI), the economic development agency of the Federal Republic of Germany. It is an online information platform designed for German firms which are interested in engaging in international activities as well as foreign companies which are interested in the German market for setting up their business. A large number (more than 70) of partners and members are involved in providing information and services including both governmental and non-governmental organizations and agencies. The website is intended to help German companies to find "the right person and the right information" offering a broad spectrum of information in different forms (databases, reports, contact details, newsletters etc.) on trade matters. Information and practical advice provided is organized in five main areas, i.e. starting abroad, market entry, finance and insurance, country and industry profiles and finding customers and partners. It also administers the 'iXPOS Export Community' to enable partnerships and business collaborations in exporting activities. 'iXPOS' portal, initiated in 2006, counts thousands of visitors and users, thus being considered a particularly successful informational instrument for exporting German companies (Strazdins et al., 2015).

⁶⁶ High-value information refers to highly significant information intended to help firms to identify foreign business opportunities, find potential partners overseas, learn about export procedures, standards and product specifications, laws and regulations etc.



Objective(s)

- To serve as a central hub for information on diverse aspects of exporting.

Main services

- Information and advice on the first steps in exporting and developing an export plan
- Information on foreign countries' economic and trade situation and on specific industries where German firms may enjoy a competitive advantage in the international arena.
- Information on trade shows, contact and matchmaking events to facilitate German businesses in finding customers and partners abroad.
- Market entry information and advice on organizing export and distribution logistics and links to information on customs and taxes in foreign markets
- Information and advice on accessing export finance, hedging risks and processing payments.
- Access to the 'iXPOS Export Community' which enables the direct communication among exporters, knowledge and expertise sharing, establishing partnerships and contacts, and posting inquiries.

It is addressed to Exporting firms with a special focus on SMEs.

BusinessInfo.cz – A portal for business and export (Czech Republic)

'BusinessInfo.cz' (www.businessinfo.cz) is the official Czech portal for business and exports, commissioned by the Ministry of Industry and Trade and managed by CzechTrade, the export promotion agency in the Czech Republic. It is an internet one-stop shop for businesses and export assembling information from a large number of partners including state administrative bodies, agencies and non-governmental associations and chambers. It addresses local businesses but also foreign companies which are interested in doing business and invest in the Czech Republic. Information is presented in six languages (Czech, English, German, Spanish, French and Russian). Via the portal, enterprises have online access to a broad range of information comprising databases, government documents, e-forms, and newsletters. 'BusinessInfo.cz' portal since its launch in 2002 has exhibited significant numbers of visitors on an annual basis accompanied by high levels of user satisfaction, thus being selected as a best practice which mainly addresses the informational needs of potential or early-stage exporters (European Commission, 2008a; European Commission, 2008b; OECD, 2011).

Objective(s)

- To bring together and provide comprehensive information coming from different state agencies and non-governmental organizations.
- To inform about and provide access to export-related databases and financial support programmes.



Main services

- Information on export promotion activities offered by the state agencies as well as non-governmental organizations and summary of national export policies and strategies.
- Information on the business environment, contacts and specific export opportunities in countries and industries around the world.
- Overview of export business opportunities in foreign markets by region and business sector provided in the 'Map of Global Business Opportunities' which is a regularly published database book.
- Access to the 'Client Center for Exports' intended to provide Czech entrepreneurs with fast and practical assistance with their expansion into foreign markets.
- Overview of important events, exhibitions and fairs that may offer new business opportunities and help entrepreneurs succeed in export markets.
- 'CzechTrade Daily' service which provides information by e-mail on a regular basis about export opportunities in foreign markets that correspond to the production or business profile of the registered company.

It is addressed to Entrepreneurs and SMEs with a special focus on those intending to export.

SME and cross-border finance (The Netherlands)

'SME and cross-border finance' is an informational instrument established by the Dutch Agency for International Business and Cooperation (EVD), that is the Netherland's Foreign Trade Agency, which is part of the Ministry of Economic Affairs. The measure focuses on the management and provision of information about the financial products and services intended to meet SMEs' financial needs in their internationalization process. All information on financing available from the private financial sector, the State, the EU and multilateral institutions is brought together and provided through a web file (www.internationaalondernemen.nl/mkb-financiering). The web file is organized in a user-friendly way so as interested companies can quickly and easily access all required information and opt for the most suitable products on cross-border financing.

Being in operation since 2006, the response from the involved parties (financial sector, chambers of commerce, the SME confederation etc.) has been very positive and the measure seems to be particularly successful based on the large number of visitors of the web site and the high page rank in Google (European Commission, 2008a, 2014).

Objective(s)

- To help SMEs in accessing finance to internationalize their businesses by providing available information for financial products and services through a web file.



Main services

- Information on a variety of products and services for cross-border financing including export credit insurance and international credit ratings, factoring, venture capital, payment habits, leasing and roadmaps.
- User-friendly presentation and comparisons of the available financial products by various criteria such as terms and pricing.
- Information offered via short but detailed pages and links to specific pages on the providers' websites.

It is addressed to SMEs which are engaged in international activities (exports, investment and cross-border partnerships).

Export Window (Slovenia)

'Export Window' is a support programme run by the Slovenian Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology (SPIRIT Slovenia) intended to offer information and consultancy to SMEs being engaged in any phase of the internationalization process. The services provided vary from standardized information for potential exporters to customized information on establishing business contacts in foreign markets for experienced exporters. The target markets of 'Export Window' are in 53 countries. The instrument was initiated in 2002 and is funded by national resources. Given the limited budget of this measure (about EUR 150.000), 'Export Window' is considered a rather efficient and successful policy instrument being selected as a best practice for supporting SMEs' exports (Pietrasieński, 2011).

Objective(s)

- To provide diversified information and consultancy to existing and potential exporters
- To address various informational needs of SMEs being at different stages of the internationalization process

Main services

- Basic and up to date information via a web portal especially useful for beginners in international trade
- Consultancy and assistance to existing exporters in organizing participation in international trade fairs and trade missions
- Education on doing international business through seminars, lectures, working sessions, etc.
- Customized information and assistance provided by Slovenian business centers abroad to experienced exporters in establishing contacts and partnerships with foreign companies
- Professional language services

It is addressed to Export-oriented SMEs



III.b) Training and individualized support

Successful exporting requires a variety of competencies, skills and knowledge being encompassed in firms' human capital. However, SMEs usually appear to experience considerable shortages in qualified human resources and trained export staff imposing additional obstacles to a firm's exporting activities (Carrier, 1999; Leonidou, 2000). For this reason training, coaching as well as customized counseling and assistance may be of particular value for SMEs pursuing or planning to engage in exporting. The programmes described below represent best practices in these significant areas of support, i.e. human resources development and individualized assistance on how to identify, analyse and exploit export opportunities through a wide range of services tailored to each firm's specific needs.

AHK Network (Germany)

The network of German Chambers of Commerce Abroad (AHKs), which consists of bilateral chambers of commerce abroad, delegations and representatives of German business, advises, consults and represents German companies worldwide that wish to develop or expand their business activities abroad. The AHKs are institutions of German foreign trade promotion. The Association of German Chambers of Commerce e.V. (DIHK) continuously coordinates and develops the network of German Chambers of Commerce Abroad. They are co-funded by the Federal Ministry for Economic Affairs and Energy (BMWi).

The AHKs represent German business interests in 140 locations in 92 countries. They are membership organisations with approximately 45,000 membership companies worldwide.

The partnership of the AHKs with the 79 chambers of industry and commerce (IHKs) in Germany facilitates an understanding of the needs of the economy. The cooperation of both structures, in Germany and abroad, ensures that business enquiries are channeled to experts on location directly and are answered providing solutions fit the market. Special events at the IHKs concerning a specific country or region are prepared and conducted in conjunction with the respective AHKs. The IHKs are institutions of economic self-administration, they represent the interests of all businesses in their region towards the municipal administration, federal state government as well as politicians in general and the public. This is how a direct connection is forged between the economy in Germany and abroad.

The Association of German Chambers of Commerce e.V. (DIHK) is the umbrella organisation for both the IHKs as well as the AHKs.

Main objectives

- To support companies to develop or expand their business activities abroad.

Main services

- Representation of German Industry abroad
- Market entry for helping companies getting started in a new market



- Legal & Tax support on a wide range of issues
- Trade fair services and representation of companies
- Communication support
- Staff support and empowering
- Bookkeeping support for the subsidiaries, outlets, production sites or branch offices of German companies. The financial bookkeeping service includes the preparation of monthly accounts, monthly reports, activities surrounding the annual accounts as well as invoicing.

It is addressed to:

- German and multinational companies
- Foreign companies

INOV Contacto (Portugal)

'INOV Contacto' is a transnational traineeship programme managed by AICEP Portugal Global, the Portugal's Trade and Investment Agency aimed at providing quality training to human resources to help the Portuguese companies compete in an international context. The programme involves the selection and placement of young graduates in key management positions and strategic markets providing them with opportunities for international careers. Qualified high-potential human resources, in turn contribute to the development of internationalization competences in Portuguese companies increasing their competitiveness in the global economy. In addition, the programme allows the exchange and dissemination of information among trainees and also encourages partnerships among companies through the Network Contacto, that is an online informal networking platform. INOV contacto is supported by EU funds and since its introduction in 1997 it has been frequently recognized as a best practice for human resources development linked to the internationalization of companies (European Commission, 2008a; OECD, 2009).

Main objectives

- To increase the competitiveness of national companies by providing them with qualified human resources
- To offer quality training to young graduates in an international context
- To encourage information sharing among trainees and partnership building among companies

Main services

- Course in international practices including a set of theoretical and practical sessions presented by leading individuals in both the national and international business worlds intended to provide training in the areas of international management and culture management.
- Short-term training (one to four weeks) in Portuguese companies in order to acquire knowledge on the operation and organisation of the business and to prepare for the international internship.



- Training up to nine months in companies operating abroad in order to acquire knowledge on international management and international economic activity.
- Access of participating Portuguese companies to an increasing international contact network (Network Contacto) enabling the interaction with economic agents from 78 foreign markets.
- Access to exclusive, reliable and up-to-date information about foreign markets, sectors and products by request of any of the participating companies.

It is addressed to:

- Portuguese and multinational companies with a significant presence in Portugal
- Foreign companies of a highly strategic importance for the Portuguese economy
- Multilateral organisations like the World Bank, European Commission, European Investment Bank, etc.

Passport to export (UK)

'Passport to Export' is an assessment and support programme established by the UK Trade and Investment (UKTI) organization to provide support and assistance to UK businesses which are in the early stage of their preparation for development of exporting. It is delivered by UKTI's regional teams involving International Trade Advisors (ITAs) with private sector experience. The service lasts twelve months and provides a flexible programme of support which although being structured to some extent can be tailored to meet the particular needs of each business. 'Passport to Export' is in effect since November 2001 and it is regularly evaluated by the performance impact management system (PIMS). Overall, it has been positively assessed and recognized as a best practice in supporting the internationalization of businesses and more particularly SMEs (European Commission, 2008a, 2011; Strazdins et al., 2015).

Objective(s)

- To provide support to new and inexperienced exporters
- To meet the particular needs of SMEs which are in the early stages of exporting

Main services

- Assessment of readiness to export
- Action plan for export activity
- Advice and assistance with market research
- Advice from up to three UKTI offices overseas
- Workshops on stages of exporting
- Face to face contact with ITAs
- Export vouchers issued to interested SMEs to spend on advice, export training or trade missions to help their business expand overseas
- Event networking and tradeshow opportunities

It is addressed to:

- SMEs (EU definition) that are R&D intensive.



- New to export companies, i.e. those whose proactive exports do not exceed 10% of turnover and whose combined proactive and reactive exports do not exceed 25% of its turnover.

PIPEnet-Network (Spain)

'PIPEnet-Network' is a support programme run by ICEX, the Spanish Institute for Foreign Trade to help companies to internationalise their operations by using the most appropriate technologies. Companies receive individualized advice through consultancy meetings with experts to examine their needs in terms of technology, budget and personnel and resolve technology-related issues. A strategic plan is then developed including an analysis of the status of new technologies in the target countries and the identification of potential partners or internet-based channels. The consultancy service offers technical assistance during the first year after the plan development. Participating companies pay 20% of the customized consultancy service with ICEX covering the rest 80% of the total cost (EUR 6000). The programme initiated at the end of 2004 is co-financed by European Commission and ICEX and has been selected as a best practice for promoting international business strategies (European Commission, 2008a, 2008b, 2014).

Objective(s)

- To strengthen the international business strategies of companies through the use of the most suitable Information and Communication Technologies (ICTs).
- To help businesses to utilize internet tools to boost their competitiveness and technological positioning in international markets.

Main services

- Personalized information on foreign markets
- Assessment of the needs of the company concerning technologies, budget and staff
- Consultancy services on how to design an Internet-based business strategy
- Identification of business partners
- Agenda for business meetings with experts
- Technical assistance

It is addressed to SMEs that export less than 30% of their turnover.



III.c) Funding / financing export promotion instruments

In the field of financial support, it can be acknowledged that there is a range of policies, products and tools identified as best practices, including a financial support scheme for enterprises that expand to emerging markets (Sweden), a tradeshow access program (UK), a credit and export guarantee fund (Estonia), banks offering specialized services to exporting firms (Austria and Slovenia) and a 'Regional programme to promote the SMEs' exports and internationalization' in Norway.

Swedfund (Sweden)

Swedpartnership (a program started in 2010 from Swedfund)⁶⁷, through its financial support, gives Swedish SMEs an opportunity to start sustainable collaborations with companies in developing and growth markets in which Swedfund operates. In particular, according to European Commission (2014), (a) Swedfund is Sweden's risk capital company specialised in investments in developing countries, and (b) Swedpartnership targets Swedish SMEs with intentions to do business with countries in developing countries (i.e. India, China, Ukraine, Armenia, Azerbaijan, Belarus, Georgia and Moldova).

Main objectives

To finance and support the expansion of the Swedish SMEs to emerging markets, contributing to the creation of sustainable and financially viable local companies in the countries where Swedfund is active.

Main services

According to Swedpartnership, the financial support is intended primarily for transfer of know-how and investment in machinery and equipment. The support is a loan that can be written off after the project is completed and approved. All activities and resources financed through the support are targeted at the staff or operations of local enterprises. Through this, the Swedish companies' technology, know-how, culture, willingness to invest and risk-taking help fulfil the purpose of Swedpartnership.

It is addressed to: Swedish SMEs with intentions to do business in developing countries.

Results

Following a telephonic survey amongst the participating enterprises (European Commission, 2014), the majority were satisfied with their contacts with the relevant agencies.

UK Trade & Investment (UK)

The Tradeshow Access Programme is a program from the UK Trade & Investment (replaced by the Department for International Trade in July 2016⁶⁸), according to European Commission (2014), provides grant support for trade shows overseas and

⁶⁷ See more: <https://www.swedfund.se/en/the-offer/#>.

⁶⁸ See more: <https://www.gov.uk/government/organisations/uk-trade-investment>.



the participation is available in two forms – the TAP Group or TAP SOLO. The TAP Group offered businesses the option of participating as part of a group of UK businesses led by an accredited trade organisation (ATO) and the grants concerning TAP Group vary from £ 1.000-£ 1.800. TAP SOLO support a smaller number of companies on an independent or ‘solo’ basis who wish to exhibit at trade shows where there is no ATO-led group and the grant concerning TAP SOLO is fixed (£ 1.000). The program (started in 2006) included specific events in China, India, Russia, Ukraine, Japan and Brazil.

Main objectives

- To help new exporters overcome initial barriers to export.
- To help high technology businesses and firms that are new to emerging markets learn how to use overseas trade fairs as part of their trade development plans.
- To help UK firms maximise the benefits from exhibiting at overseas trade fairs.

Main services

According to European Commission (2014), the grants concerning TAP Group varies from £ 1.000-£ 1.800 and the grant concerning TAP SOLO is fixed (£ 1.000).

It is addressed to:

According to European Commission (2014), the program targets to SMEs or UK publicly funded centres of higher learning or UK publicly funded research organizations that are new-to-export (based on a percentage of turnover resulting from exports) and have had less than three TAP grants (involving more than one market) — in 2009 this was increased to six.

Results

According to European Commission (2014), the enterprises receiving services were in general satisfied with them.

Slovene Export and Development Bank

The Slovene Export and Development Bank (SID Bank) provide export financing, including working capital support, export credit insurance and guarantees (OECD, 2009; Pietrasinski, 2011). In particular, SID Bank (established in 1992)⁶⁹ is a promotional development and export bank 100% owned by the Republic of Slovenia. SID Bank’s banking and insurance services aim to promote sustainable development and improve the competitiveness of the Slovene economy. So, SID Bank offers financial services, insurance and investment support to Slovenian SMEs in order to enhance competitiveness and internationalization. According to SID Bank, the financial services rendered support the four main purposes of development: (a) the development of a competitive economy and internationalization, (b) the development of a knowledge society and innovative entrepreneurship, (c) the development of an environmentally friendly society and production, and (d) regional and social development. In parallel, SID Bank provides, as an authorized export-credit agency, insurance for international commercial transactions against non-marketable risks on behalf of the Republic of Slovenia and for its account as its agent.

Main objectives: To provide export financing, export credit insurance and guarantees.

⁶⁹ See more: <https://www.sid.si/en>.



Main services

The financial services that focus on the development of a competitive economy and internationalization include:

- Financing of growth and development of SMEs.
- Financing of projects in all stages of development of large companies in the following areas: research, development and innovation; environmental protection; concurrent regional development; employment and qualification.
- Financing of internationalization of business transactions of companies of all sizes, especially SMEs: exports of goods and services, investments abroad.

Concerning the export insurance scheme, the funds required for the effective provision of insurance operations are provided to SID Bank by the Republic of Slovenia in the form of contingency reserves that are used to settle liabilities to the insured entities (claims payout) and to cover losses deriving from such transactions. Contingency reserves are created primarily from premiums, fees and commissions, recourse from paid claims and other revenues generated by SID Bank from insurance and reinsurance against non-marketable risks. If the claims incurred cannot be settled from the reserves indicated, funds for the payout are provided by the Republic of Slovenia. In particular, the export insurance scheme includes:

- Export credit insurance (i.e. supplier credit, foreign buyer credit insurance, foreign bank credit insurance, purchase of receivables insurance, post-financing of L/C Insurance).
- Pre-export credit insurance (i.e. designated credit insurance, credit line insurance).
- Investment Insurance (i.e. equity insurance, insurance of shareholders' loans, insurance of non-shareholders' loans).
- Insurance of bank service guarantees.

It is addressed to:

- Companies of all sizes, private entrepreneurs and other private individuals, who are pursuing a professional or trade activity, as well as research and educational institutions, municipalities and other legal persons governed by public or private law and established in the Republic of Slovenia.
- Companies and other legal entities established outside of the Republic of Slovenia, who are buyers of Slovene goods or services, or hold a majority ownership in a company from the Republic of Slovenia.

Österreichischer Exportfonds GmbH (Austria)

The Österreichischer Exportfonds GmbH⁷⁰ is a special purpose bank that provides credit lines to Austrian export companies and facilities for financing short-term exports of smaller firms (OECD, 2009). In particular, Österreichischer Exportfonds GmbH – which is owned by the OeKB (70%)– provides export financing via commercial banks to SMEs which covers up to 30% of the export turnover and is

⁷⁰ See more: <http://www.exportfonds.at>.



guaranteed through guarantee instruments by the Austrian Federal Ministry of Finance (against adequate premia which is included in the interest rate of the Exportfonds) (OECD, 2015).

Objective(s): To provide export financing to SMEs.

Main services

Exportfonds provides funding for export transactions. In 2012, the Federal Ministry of Finance increased the underlying guarantee facility by EUR 200 million to a total of EUR 1.2 billion (OECD, 2015).

It is addressed to: Austrian export SMEs.

Estonian Credit and Export Guarantee Fund (Estonia)

The Estonian Credit and Export Guarantee Fund (Kredex) was established (in 2001) and is a credit guarantee agency with main objectives to develop SMEs, to encourage export growth and to support housing for young families (OECD, 2006). According to Kredex, the fund supports enterprises to develop quicker and expand more safely to foreign markets, offering loans, venture capital, credit insurance and guarantees with state guarantee. In particular, the finance is provided by the commercial banks, and applications to Kredex are channelled through the banks rather than directly from the SME's themselves except for very small guarantees, while applications are assessed against a business plan, and visits are made to most applicants for further investigation (OECD, 2006). The terms of the guarantee vary by the type of loan, but Kredex charges an arrangement fee and an annual guarantee fee. These charges have enabled Kredex to become self-financing and indeed profitable in a very short period of time (OECD, 2006).

Main objectives: To support finance for export-oriented enterprises.

Main services

The financial services from Kredex include (a) business loan guarantee that is designed for a company requiring financing of its operations by a bank or leasing, and (b) export loan that is meant for companies wishing to finance large-scale export transactions of goods manufactured in Estonia.

In parallel, Kredex offers credit insurance for trade-oriented business that include short-term trade credit insurance, supplier credit insurance, buyer's credit insurance, investment insurance, and production risk insurance.

It is addressed to: Estonian enterprises.

Results

According to OECD (2006), "[...] *the provision of credit guarantees is a well-established means of intervening to support SME's. A number of factors make Kredex worthy of attention however (a) it has successfully achieved financial viability in a relatively short period of time, with no drain on public funds, (b) it has also won credibility with the commercial banking sector in a short period, becoming an established player in the local financial market, (c) it is relatively unbureaucratic, making for easier and quicker access to capital for local SME's, and (d) it has developed and refined its product range to match the development of its client base,*



for example in introducing equity loans for businesses entering into second stage growth phase [...]”.

Regional programme to promote the SMEs’ exports and internationalization (Norway)

This regional support programme is funded and managed by Innovation Norway, the key organization for innovation and development of enterprises and industries in Norway to improve SMEs’ competitiveness by promoting innovation and internationalization activities. Companies are provided with customized services and grants in order to undertake a business development plan or project within a 12 to 14 month period. The programme is structured around four distinct phases referring to the assessment of the company’s readiness in participating in the programme, the analysis of the company’s ability to engage in innovation and internationalization activities, the preparation of a project plan and the project’s implementation. The involvement and close cooperation of various organizations and experts at a regional level (regional chambers of commerce, export associations, private consultants, research and education institutions, communities and county councils) result in the provision of high-quality support for SMEs’ innovation and cross-border activities. Participating companies experienced quite significant increases in their export sales, a result that contributed to the overall positive evaluation and selection of the programme as a best practice for SMEs’ internationalization (European Commission, 2008a, 2014).

Objective(s)

- To help SMEs to build a competitive advantage by means of innovation and exporting activities.

Main services

- Identification and assessment of the company’s needs and readiness for participating in the programme
- Analysis of the company’s ability in innovation and technology development as the basis of the related project to run
- Advice and assistance with planning a market and/or technology project
- Tailor-made support for implementing the project
- Networking opportunities
- Financial support



Hermes cover: Export Credit Guarantees of the Federal Republic of Germany

Hermes cover is a short form for the state export guarantee scheme and relates to Euler Hermes Aktiengesellschaft, operating the scheme on behalf of and for account of the German government.

As a national export promotion scheme Hermes Cover is available to all German exporting companies, complementing private insurance market. Export transactions of small and medium-sized enterprises are considered to be particularly deserving of support.

Hermes cover offers protection against non-payment for political and commercial reasons.

The statutory maximum exposure limit is authorized within the annual Federal Budget.

In general, decisions on issuing export credit guarantees are taken by an inter-ministerial committee led by the Federal Ministry for Economic Affairs and Energy, including members of the Federal Ministry of Finance, the Federal Foreign Office and the Federal Ministry for Economic Cooperation and Development.

Hermes cover is bound to international regulation of official export credit support.

Objective(s)

- Protection against non-payment from trade and export contracts, thereby enabling exporters to access difficult markets and secure market positions as well as to ease access to export financing
- Preserve jobs in Germany

Main services

- Export credit guarantees for short term trade receivables and medium-long-term export credits extended by suppliers or export financing banks
- Manufacturing risk cover for prime costs arising in case a planned export is cancelled for political or commercial reasons



IV. “A Trade Promotion Strategy for Greece”

IV.a) Review of the study

In 2011/12, the Greek authorities have signaled their interest to receive technical assistance, at the State level, for designing and implementing a trade (promotion) strategy and have identified the Netherlands as “best practice” which they would like to emulate. The Dutch Ministry of Economic Affairs responded favorably to this request and took on a leading role for providing assistance to the Greek authorities as the domain leader for the development of Greece's Export Promotion Strategy.

The Netherlands' assistance to the Greek authorities coordinated by the Task Force for Greece led to a report titled “A Trade Promotion Strategy for Greece”.

While mapping trade impediments, Greek economy was characterized as an economy of:

- structural rigidities, with very high administrative burden (red tape),
- very small sized enterprises that lack the necessary skills and resources needed to prepare a proper export strategy and business plan and make the initial investment,
- overall low productivity levels in the manufacturing and agricultural sectors which are not coupled with low wage levels
- relative low-value products
- overall low value added margin for the export sector in general
- trade deficit in Greek tradable merchandise sectors
- narrow export base
- very low workforce participation rates (i.e. “*relatively small labour force, supporting a generally unproductive economic system*”)

In the report it was stated that “*while the various state actors mention the importance of trade promotion, expanding the export base and moving into higher value products and services, and recognizing the potential of the rising emerging economies, there is an absence of a coherent and integral approach*”.⁷¹

Furthermore the authors found lack of vision and strategy for trade and investment promotion in Greek authorities, as well as overlaps within the public sector, in trade and foreign direct investments (FDI) promotion.

These overlaps were depicted in the following table:

⁷¹ “A Trade Promotion Strategy for Greece” Report, pg. 4.



Greek stakeholders involved in trade promotion & attracting foreign direct investments
Who does what?

Promotional activities: HEPO (exports), HELEXPO and TIF (various fairs), Invest in Greece (FDI), GNTO (tourism), HRDAF (privatizations), SG Communication

- Branding: HEPO, Invest in Greece, GNTO, TIF, SG Com/Info
- Information: HEPO, OAEP, Invest in Greece, GNTO, SG Com/Info
- Fairs: HEPO, HELEXPO, TIF, GNTO, Invest in Greece
- Business missions: HEPO, TIF, GNTO, Invest in Greece
- Conferences: HEPO, HELEXPO, TIF
- Networking (domestic): HEPO, Invest in Greece, HRDAF
- Analysis/studies: OAEP, Invest in Greece, HRDAF, KEPE
- Networking (abroad): HEPO, Invest in Greece, GNTO, HRDAF
- Financial support: HEPO
- Resources (structural funds & state budget): HEPO, Invest in Greece, GNTO

Source: "A Trade Promotion Strategy for Greece" Report, Netherlands Domain Leader, Netherlands Ministry of Economic Affairs

The above shown mapping of stakeholders is rather incomplete, focusing on and partly overstating the role of authorities directly linked to the Ministry of Economy, excluding other key Ministries (such as Ministry of Foreign Affairs or the Ministry of Rural Development), Regional/Local Government authorities, other Public Legal Entities (such as Chambers of Commerce) and private sector bodies.

Elaborating on the above, from the authors' point of view "promotional activities do not target the high potential markets, strategic issues are not being addressed. The fundamental relationship between trade promotion, attracting FDI, stimulating innovation and an accommodating economic diplomacy is not being recognized. There is (therefore) no collaboration between trade promotion and attracting FDI - the implementing agencies do not seek collaboration.

There is currently no clear division between the design of trade promotion policies and the implementation of those policies. A policy unit dedicated to the Greek investment climate and attracting FDI seems to be absent. There is no culture of making the public sector or public authorities 'accountable' for the effectiveness of their policies. Neither are the implementing agencies being held accountable for their results - this is currently not possible as there are no mutually agreed upon targets and results".

Moreover, the Dutch Ministry delegation came to the conclusion that "current trade promotional activities are not addressing some of the structural problems faced by Greek businesses today. There seems to be a general lack of knowledge about the opportunities in foreign markets. More generally, Greek business lacks an outward-looking vision. The relatively large share of small-scale businesses in Greece poses a problem in reaching the critical mass needed to enter foreign markets. Last, but not least, the Greek economy is characterized by structural rigidities, including a



*host of red tape issues, but it can unlock enormous benefits by adapting to international trade*⁷².

The report also emphasized in the “*urgent need to engaging Economic Diplomacy*” in trade promotion and attracting FDI.

To address these challenges and tackle trade impediments, the Dutch Ministry submitted a proposal consisted of work streams in 8 fields, as follows:

1. Building a vision & strategy for trade and investment promotion
 - a. Economic Diplomacy as point of departure
 - b. Establish relationship between trade, FDI, export base, etc.
 - c. Establish synergies with private sector
2. Establishing an effective public infrastructure for Trade Promotion in Greece
 - a. Creation new policy unit Min Dev & MFA
 - b. Capacity building for policy analysis & evaluation
 - c. Justifying role of government - allocating scarce public resources
 - d. Connecting relevant actors using MoU's and SLA's
3. Establishing an effective public infrastructure for Trade Promotion abroad
 - a. Reallocation from staff MFA - from A to B
 - b. Develop Training
4. Creating a state Agency for implementation of trade and investment promotion
 - a. Merger of HePo and Invest in Greece (promotional functions)
 - b. Describing relations with other ministries with Service Level Agreement / Joint Venture
 - c. Implementation of promotional activities, outsourcing promotional activities to third parties (including private sector)
 - d. Capacity building, Monitor & Evaluation systems, customer's information system
 - e. Business and Market Intelligence (how to gather relevant information)
5. Developing Promotional instruments
 - a. Information & advice, Website, Prepare2Start for SME's, Collective Promotional Activities, Studies, Complex Foreign Markets, etc.
6. Stimulating Public Private Partnerships
 - a. Collaboration with private sector, synergies, overlap
7. Branding (nation and product)
 - a. Developing a brand strategy for trade and investment promotion
 - b. Establishing consistency with nation branding strategy.
8. Governance Roadmap
 - a. Design a Monitor Group to oversee implementation of the export

⁷² See “A Trade Promotion Strategy for Greece”, pg. 5.



promotion roadmap, the establishment of a working group tasked with implementation of roadmap (operational level)

- b. Define relations with other projects (pillars) of export promotion - export facilitation and broadening of the export base; development of options ensuring sufficient coordination between these three pillars.

Some of those proposals were partially adopted by previous Governments (leading to the merger of Hellenic Foreign Trade Board (HEPO) and Invest in Greece), while others found way into the present Action Plan for Export Promotion and Trade Facilitation, in the form of projects and deliverables⁷³ – among others - such as:

- developing support mechanisms for Greek exporters (see Work Packages 1 & 2 for Export Promotion IT System and Helpdesk)
- upgrading Commercial Attachés Bureaux (ongoing Action of MFA)
- implementing an Administrative System for the improvement of interministerial coordination (creation of Interministerial and Operations Steering Committees)
- programming, monitoring and evaluating export promotion activities, while adopting a methodology to do so and launching a Common Agenda for Export Promotion Activities (Work Package 3)

In relation and relevance to the development of a Helpdesk for Export Promotion the Dutch report having looked at best practices⁷⁴ proposes a national vision and a strategy on international trade and investment which includes a) Clear and shared Ambitions, b) Clear Strategies, c) Clear Roles, d) Clear Rules of the Game and e) Empowering for Exports.

According to the authors of the report, the clear and shared ambitions, the vision and strategy include a clear statement on what ambitions the country has and where it wants to go.

These goals and ambitions need to be endorsed by the relevant stakeholders, both from the public as well as the private sector.

- The goals and ambitions need to articulate a coherent set of promotional programs and initiatives which cater to the clients' needs. The client is the Greek entrepreneur, Greek businesses and knowledge institutes.

On the matter of Clear Strategies, it is stated that there is need to integrate them to Greece's Economic Diplomacy policy in a way which addresses the fundamental relationship between:

- attracting foreign direct investment
- promoting foreign trade
- stimulating innovation

⁷³ See also Annex IV.b) "A Trade Promotion Strategy for Greece" update.

⁷⁴ "A Trade Promotion Strategy for Greece", pg.8 & 16.



- and an accommodating economic diplomacy.

and thus aligning them to Greece's broader economic development policies.

In terms of Clear Roles, the emphasis is put on:

- the distinction and demarcation between the role of the public sector and private sector.
- the principle of efficiency, both in terms of efficient government (operational) as well as in terms of efficient allocation of scarce public resources.
- a clear division/separation between those responsible for policy making and those implementing those policies (i.e. implementation of promotional programs and activities).

At a fourth level, the Clear Rules of the Game include:

- ways of securing cooperation between the various stakeholders
- the structure for the inter-ministerial cooperation,
- the structure for the cooperation between the ministries, state agencies, private sector and the embassies abroad.
- a system of monitoring and evaluation to ensure that policies are effective and can be adapted if needed.

Finally, for Empowering Exports the report suggests that “promoting exports should go in tandem with empowering exporting businesses or those looking for export opportunities by:

- providing training to those who lack the proper skills to export,
- by facilitating small businesses to organize themselves to reach critical mass needed to enter foreign markets and by
- reinforcing and collaborating with private sector initiatives aimed at trade and investment promotion”.

The suggestions made by the Dutch Ministry served as input for the Interministerial Trade Facilitation Committee (formed in November 2012, by prime-ministerial decree⁷⁵) and the relevant Operational Steering Committee⁷⁶, with the participation of private sector experts and business/exporters associations' representatives.

The Interministerial Trade Facilitation Committee agreed and officially presented (1/11/2012) a 25-step Road Map covering 3 Major Axes of Actions and Reforms:

- Trade Facilitation
- Expanding country's export base
- Export Promotion

⁷⁵ GG 3190B/30-11-2012.

⁷⁶ Ministerial Cabinet Act, No 2/ 25-1-2013.



The emphasis was put in the Trade Facilitation Actions, aiming mainly to reduce time and cost for exports procedures (at pre-customs and customs level), while introducing a Single Window for Exports (perceived mainly as multifunctional IT portal for the interaction of exporting companies with public authorities and the source of information for Exporters).

In terms of Export Promotion and Empowering Exports the Dutch report served as a base for merging HEPO with Invest in Greece, creating Enterprise Greece organization.

IV.b) Update of the study

GIZ Team conducted interviews with relevant public and private sector bodies to validate and update findings, while mapping the most relevant service providers and the promotion activities in their fields.

It is obvious that even after the merger of HEPO and Invest in Greece, to create Enterprise Greece, and the merger of TIF and Helexpo to a new national carrier of trade fairs (TIF-Helexpo), Greece still witnesses export promotion activities done in parallel. Despite introducing an Inter-ministerial and an Operational Extroversion Committee for coordinating the Export Promotion Action Plan, the overlaps identified in the 2012 study still apply to a great extent, while the Dutch Ministry had not calculated a number of other public (or semi-public) stakeholders involved in export promotion (i.e. Ministry of Rural Development, Regional Authorities and Chambers of Commerce).

Following the study's format for comparison reasons a map of relevant public sector stakeholders was drafted:



Greek public sector stakeholders involved in export promotion Who does what?
<ul style="list-style-type: none"> • Branding: MoE/Enterprise Greece, MFA, Ministry of Tourism (MinTour)/ GNTO, Ministry of Rural Development (MinAgric), Local Self-Government Authorities (LS-GA/ Regions), Development Agencies (semi-public bodies) • Information (on export promotion): Enterprise Greece, MFA, MinAgric, GNTO, Chambers of Commerce, Development Agencies • Fairs: Enterprise Greece , TIF HELEXPO (domestic), GNTO, MinAgric, Regions, Chambers of Commerce, Development Agencies • Business missions: Presidency of the Hellenic Republic, MoE, Ministry of State, MFA, Enterprise Greece, GNTO, Regions, Chambers of Commerce • Conferences: MoE/Enterprise Greece, MFA, Ministry of Tourism (MinTour)/ GNTO, Ministry of Rural Development (MinAgric), Local Self-Government Authorities (LS-GA/ Regions), Development Agencies, Chambers of Commerce • Networking (domestic): Enterprise Greece , TIF HELEXPO (domestic), GNTO, MinAgric, Regions, Chambers of Commerce, Development Agencies • Analysis/studies: MoE, KEPE, Enterprise Greece, MFA, GNTO, MinAgric, Regions, Development Agencies, Chambers of Commerce • Networking (abroad): MFA, Enterprise Greece, GNTO, Regions, Chambers of Commerce • Financial support: OAEP (Export Credit Insurance Organization), indirectly/collaterally • Resources (structural funds & state budget): MoE, MinAgric, MinTour, Enterprise Greece, OAEP (Export Credit Insurance Organization), Regions

The overlaps and deficiencies of public sector authorities involved in export promotion left room for private sector initiatives, attracting again a rather large number of stakeholders and involved “players”, as seen in the table below:

Greek private sector stakeholders involved in export promotion Who does what?
<ul style="list-style-type: none"> • Branding: Inter-branch Organizations, Sectoral Business Associations • Information (on export promotion): PSE, SEVE, SEK, SEV, Inter-branch Organizations, Sectoral Business Associations, Private Banks (Eurobank, Alpha Bank), Bilateral Chambers of Commerce, Media companies • Fairs: PSE, SEVE, SEK, SEV, Inter-branch Organizations, Sectoral Business Associations , Bilateral Chambers of Commerce, Independent operators, representatives of international fairs in Greece • Business missions: PSE, SEVE, SEK, SEV, Inter-branch Organizations, Sectoral Business Associations, Eurobank, Bilateral Chambers of Commerce • Conferences: PSE, SEVE, SEK, SEV, Inter-branch Organizations, Sectoral Business Associations, Private Banks (Eurobank, Alpha Bank), Bilateral Chambers of Commerce, Media companies, Independent operators, consulting companies • Networking (hosting buyers): PSE, SEVE, SEK, SEV, Inter-branch Organizations, Sectoral Business Associations, Private Banks (Eurobank), Bilateral Chambers of Commerce, Independent operators, consulting companies • Analysis/studies: PSE, SEVE, SEV, Sectoral Business Associations, Private Banks, Bilateral Chambers of Commerce, consulting companies • Networking (abroad): PSE, SEVE, SEK, SEV, Inter-branch Organizations, Sectoral Business Associations, Private Banks (Eurobank), Bilateral Chambers of Commerce, Independent operators, consulting companies • Financial support: Private Banks



As validated in interviews with relevant public and private sector institutions/organizations there is still the necessity for "a clear understanding of how the different stakeholder will cooperate, trying to avoid unnecessary overlap and duplicating efforts, and ensuring all stakeholders subscribe to the same vision and contribute to the same goal"⁷⁷.

Other suggestions made in the Dutch report also found way in publically announced Action Plans in the years that followed 2012, but have not reached maturity or implementation phase yet, such as a single National Export/Branding Strategy, common "public infrastructure" for export promotion (coordination mechanisms/instruments) and sharing of information between stakeholders.

To identify such gaps GIZ Team compiled a comparison table consisting of the 8 major work streams proposed in the report, in an attempt to update the findings in the current state of play, as follows:

⁷⁷ "A Trade Promotion Strategy for Greece", pg. 21.



Proposed Work streams for Export Promotion	Implemented	On-going	Comments
1. Building a vision & strategy for trade and investment promotion			Even though inter-ministerial committees have been formed with the participation of private sector representatives and the National Strategy for Exports has been included in the Adjustment Programs of Greece, there is seems to be a lack of consensus and a clear scope of the Strategy's aims, even amongst public sector authorities, mainly due to poor coordination
a) Economic Diplomacy as point of departure			The Economic/Commercial Attachés do not have political mandate and resources to fulfil such a task to an effective extent
b) Establish relationship between trade, FDI, export base		<input checked="" type="checkbox"/>	Enterprise Greece as the relevant Public Authority for trade and investment promotion lacks the resources and funds for effectively support the expansion of export base (incomplete staffing, limited budget etc.)
c) Establish synergies with private sector			Private sector representation to policy making bodies is limited, while outsourcing activities remain scarce and inconsistent
2. Establishing an effective public infrastructure for Trade promotion			
a) Creation of new policy unit between MoE and MFA		<input checked="" type="checkbox"/>	Partly on-going in terms of the single IT system implementation with the cooperation of MFA and Enterprise Greece. No official policy unit formation scheduled, possibly due to resistance within stakeholders
b) Capacity building for policy analysis & evaluation		<input checked="" type="checkbox"/>	A methodology for analyzing and evaluating export prospects/opportunities is included in Work Package 3 of the on-going Export Promotion Project
c) Justifying role of Government – allocating public resources		<input checked="" type="checkbox"/>	On-going procedure of job description within the central Government agencies, due for the end of 2017, early 2018. Identifying gaps to funding export promotion activities also part of the TA's role in the Export Promotion Project
d) Connecting relevant actors using MoUs & SLAs		<input checked="" type="checkbox"/>	Introducing MoUs and SLAs is part of the TA's role in the Export Promotion Project, in all 3 Work Packages (IT System, Help desk,



		Training Programs/Coordination of export promotion activities)
3. Establishing an effective public infrastructure for Trade promotion abroad	<input checked="" type="checkbox"/>	Commercial Attachés' Bureaux set to obtain ISO certification
a) Reallocation of MFA staff		A large part of Commercial Attachés still remain allocated to central agency based in Athens, rather than staffing Bureaux abroad
b) Develop training		Vocational training for public employees remains a rigid procedure. Training seminars is included in the suggestions proposed for the users of the IT System and the Help desk for Export Promotion (Work Packages 1 and 2)
4. Creating a state agency for implementation of trade and investment promotion		
a) Merger of HEPO & Invest in Greece	<input checked="" type="checkbox"/>	Some inefficiencies still remain, in terms of staffing and cooperation issues within the agency itself (no consistent communication between trade and investment units)
b) Describe relations with other Ministries (MoUs, SLAs)	<input checked="" type="checkbox"/>	No MoUs or SLAs at the moment. Proposed in Deliverables of Work Packages 1,2 &3
c) Capacity building, Monitor & Evaluation systems, CRM	<input checked="" type="checkbox"/>	Actions described in Work Packages 1,2 &3
e) Business and Market Intelligence	<input checked="" type="checkbox"/>	Key deliverable in Work Package 1 & 2, Export Promotion IT system and Help desk. Main challenge is to build synergies with other Ministries and private sector bodies and service providers.
5. Developing promotional instruments		
a) Information & advice, website, Prepare2start for SMEs, Collective Promotional Activities, Complex Foreign Markets etc.	<input checked="" type="checkbox"/>	Key deliverable in Work Package 1 & 2, Export Promotion IT system and Help desk. Supporting Start Ups part of another TA project, supported by SRSP (Call 1, July 2017)
6. Stimulating Public-Private Partnerships		
a) Collaboration with private sector, synergies	<input checked="" type="checkbox"/>	Proposed in Deliverables of Work Packages 1,2 &3
7. Branding (nation and product)		Government currently examines the possibility for mobilizing TA. Developing a National Branding Strategy is included in the current Adjustment Program.



a) Developing a brand strategy for trade and investment promotion

Government requested TA for investment promotion under SRSP Call 1 (July 2017), TA project ongoing by World Bank.

c) Establishing consistency with nation branding strategy



Coordination for export activities, including branding, is part of the Work Package 3 deliverables

8. Governance Roadmap

a) Design a Monitor Group



Several Monitor Groups are active surrounding export promotion (Inter-ministerial Committee, Export Promotion Operational Committee, Trade Facilitation Operational Committee, MFA Operational Committee etc.), while not always in a coordinated way. The coordination of such Groups is also part of the Work Package 3 deliverables

b) Define relations with other projects of export promotion



(resp.)



V. Mapping of service providers and their promotion activities

Public Sector Stakeholders

1. Branding

In branding activities the current state of play is as follows:

- **Ministry of Economy/Enterprise Greece:** The Ministry of Economy initiated the awarding of the National Trademark, while Enterprise Greece is the relevant authority for promoting the National Branding through fairs, exhibitions and delegations abroad. The National Trademark is still at an infancy state and Enterprise Greece has still to launch a more generic National Branding Campaign abroad.
- **Ministry of Tourism/GNTO:** The Ministry of Tourism with its operational branch the Greek National Tourism Organization annually deploy a Branding campaign towards tour operators, agents, tourists, media and policy makers to attract tourist flows to Greece. The last few years there is an on-going attempt to couple this campaign with the promotion of Greek products in the form of the Greek Breakfast (Elliniko Proino).
- **Ministry of Rural Development and Food:** MinAgric is the relevant authority for the EU funded programs for Promotion in the EU market and Third countries (EU branded), focusing a lot on GI products.
- **Local Self-Government Authorities:** Regional Authorities are – most of the times inconsistently – trying to launch regional branding campaigns (media, fairs, delegation, hosting buyers), capitalizing on regional funds and through semi-public bodies such as Development Agencies (Anaptyxiakes Etairies). These campaigns are often not planned in ahead, but are organized in rather short notice, with no actual follow up activities.

2. Information (on export promotion)

As providers of information on export promotion GIZ Team has identified the following:

- **Enterprise Greece:** Via corporate website, direct contact and seminars EG staff provides more generic information on Export Promotion and the organization annual Action Plan (fair, delegations etc.)
- **Ministry of Foreign Affairs:** Via Agora portal, direct contact with Commercial Attachees abroad and seminars, the MFA provides



information on export promotion activities (major fairs, delegations, conferences etc.) in the countries of Commercial Attachees' Bureaux.

- **Ministry of Rural Development:** Via website, direct contact and seminars/workshops provides information on activities linked with EU Funded Export Promotion programs and practices of other EU members.
- **Greek National Tourism Organization:** Provides information on activities linked with the Tourism Branding Campaign, indirectly promoting Greek products, mostly foodstuff.
- **Chambers of Commerce:** Provide information (website, mailing, seminars) on own activities, while disseminating relevant information of other government agencies or foreign counterparts.
- **Development Agencies:** Provide information (website, mailing, seminars) on own activities (Leader program actions⁷⁸, local synergy agreements, seminars, conferences etc.) while disseminating relevant information of other government agencies or foreign counterparts.

3. Fairs

Grouping fairs' organizers, hosts and collective participants, the AS-IS situation can be described as follows:

- **Enterprise Greece:** Is the major authority for organizing and providing participation support services to Greek Exporters for international fairs abroad.
- **TIF HELEXPO:** Is organizing international fairs in Greece, mainly the Thessaloniki International Fair, also hosting foreign buyers.
- **GNTO:** Participates in international fairs, indirectly promoting Greek products.
- **Ministry of Rural Development, Regions, Chambers of Commerce, Development Agencies:** Participating or supporting participation of individual companies in international fairs (grouped/collective participation in regional or sectoral level).

⁷⁸ The LEADER program (*Links between actions for the development of the rural economy*) is a European Union initiative to support rural development projects initiated at the local level in order to revitalise rural areas and create jobs. In the current programming period (2014-2020), the LEADER method has been extended to cover not only rural but also coastal (FARNET) and urban areas under the banner of Community-led Local Development (CLLD).



4. Business missions

While Official Missions/delegations differ from business missions, all in all the main stakeholders are presented below:

- **At the Presidential Level:** The Presidency of the Hellenic Republic has the coordinating role for organizing (with relevant Ministries and Enterprise Greece) Official Missions headed by the President of the Hellenic Republic, with the participation of business associations' officials and strategically (by case/by country) selected enterprises.
- **At a Prime-Ministerial/Ministerial Level:** Respective head (Prime-Minister's/Minister's Office) coordinates ad hoc relevant actors (MFA, MoE, Ministry of State, MinAgric, Enterprise Greece).
- **GNTO:** Coordinates delegations for promoting Greek touristic product.
- **Regions, Chambers of Commerce:** Organize bilateral or multilateral business missions, often with relevant counterparts in target markets.

5. Conferences

In most cases, public authorities are not organizers of conferences, but provide auspices to and cooperate with private sector bodies and organizations for hosting Export Promotion Conferences in Greece or abroad. In this format all of the abovementioned stakeholders are involved: **MoE/Enterprise Greece, MFA, Ministry of Tourism/ GNTO, Ministry of Rural Development, Local Authorities (LS-GA/ Regions), Development Agencies, Chambers of Commerce.**

6. Networking

The Dutch report used a distinction between domestic networking and networking abroad. While domestic networking is mostly done indirectly by public authorities (clustering incentives, annexing of suppliers/providers etc.) the current report identifies as actors: **Enterprise Greece** (investment branch), **TIF HELEXPO** (by organizing fairs), **GNTO** (via Greek Breakfast initiative), **MinAgric** (by annexing producers and traders of agricultural products), **Regions** (by incentivizing clusters and synergies), **Chambers of Commerce** (General Company Registry and networking activities), **Development Agencies** (local Synergy Agreements).

For networking with potential partners abroad the main actor is the MFA (with the Commercial Attachees' Bureaux), and a second level **Enterprise Greece** (for trade and investment partnerships), **GNTO** (indirectly), **Regions, Chambers of Commerce** (via business delegations and contacts with counterparts abroad), **HRDAF** (for larger and big enterprises seeking investors).



7. Analysis/studies

As per export promotion studies, most of the public stakeholders already identified are involved, either directly (with relevant departments/agencies) or indirectly (outsourcing analysis and studies to other public or private sector actors). More specifically:

- **KEPE:** Is the main research branch of the Ministry of Economy, conducting surveys for export promotion
- **MoE:** Also has a relevant unit for studies for export data, but the methodology to link data with export promotion activities is part of the current project.
- **Enterprise Greece:** Has internal units for conducting desk studies and analysis, while using –to some extent- external databases.
- **MFA:** Commercial Attachees draft reports and map export promotion activities by target market, providing information to interested parties.
- **GNT0:** Outsources market researches and studies for tourism promotion
- **MinAgric:** Evaluates proposals for Export Promotion actions in EU market and Third Countries, and has an internal unit for analysis and research (Rural Policy, International Relations and Product Promotion).
- **Regions, Development Agencies, Chambers of Commerce:** Outsource market researches and studies for export promotion.

8. Funding / Financial support

In terms of financial support, **Enterprise Greece** covers up to 50% of the participation of companies to international fairs (in Greek stand), while **OAEP (Export Credit Insurance Organization)** is managing the Extroversion OAEP Program, providing access (collaterally) to loans to Greek commercial banks.

Part of the companies' costs for the participation in fairs, delegations/missions and other export promotion activities are also covered in some cases of initiatives from **Regions and Chambers of Commerce**.

In terms of structural funds and state budget resources, between the public stakeholders identified here, **Enterprise Greece, OAEP, KEPE, TIF-Helexpo and GNT0** are State funded (and supervised), while **Ministries, Regions and Chambers of Commerce** are putting structural funds in to use for export promotion activities.



Private Sector Stakeholders

1. Branding

Trying to fill in gaps in National Branding, **Inter-branch Organizations** (mainly in the agricultural sector) and **Sectoral Business Associations** undertake branding activities abroad in the form of collective participations in fairs, media campaigns, in-store promotion etc., but not always in a consistent way. The cost of these activities are either incorporated in yearly subscriptions or distributed between participants/beneficiaries.

2. Information (on export promotion)

A variety of actors have been identified as involved in providing information on export promotion.

Exporters Associations: PSE, SEVE and SEK provide generic and customized information, via internet site and portals, seminars and publications, focusing on ways for export promotion, planned promotional activities (in Greece and abroad) and international best practices. Most of the generic information is provided free of charge, while participation in seminars or response to specific inquiries may come at a cost (often at a discount for Associations' members).

Business Associations: Major organizations such as SEV and numerous Sectoral Business Associations (from agriculture and industry to services) also provide generic and customized information, via their internet sites and portals, by organizing seminars on target-markets and by publishing relevant reports (prior and after promotional activities). As above, most of the generic information is provided free of charge, while participation in seminars or response to specific inquiries may come at a cost (often at a discount for Associations' members).

Private Banks: Are recently active in providing such information, either by specialized web portals (Eurobank, Alpha Bank), or through other initiatives, such as conferences, workshops and publications. This information is usually provided for free, as a service for the Banks' clients.

Bilateral Chambers of Commerce: Focusing in two-way export promotion, Bilateral Chambers of Commerce operate in Greece providing relevant information to interested parties, for activities in Greece and abroad. The cost of these activities are either incorporated in yearly subscriptions or distributed between participants/beneficiaries.

Media/Consulting companies: Private entities in the media and consulting sector are also considered as providers of information to Greek exporters. Usually this kind



of information comes at a fee (depending on the extent and the depth of the analysis).

3. Fairs

Most of the above mentioned actors are involved in Fairs, as well, either directly or indirectly.

Exporters Associations: PSE, SEVE and SEK often participate in fairs abroad, either through Enterprise Greece or independently, in a scheme of “umbrella” participations for the SMEs members. The Associations assume a large portion of the participation (and support) costs, offering discounts for their members, including their products in a collective stand.

Business Associations: Like the Exporters Associations, large and sectoral Business Associations also participate in Fairs giving the chance especially to smaller companies to promote their products (or services) abroad. As above, the participation fee is significantly lower than the one of individual participation.

Bilateral Chambers of Commerce: BCCs are supporting Greek enterprises in participating in fairs in target-markets, often at a discount charge, while promoting international fairs in Greece.

Private operators: Independent operators and representatives of international fairs in Greece have been increasingly active in the past few years. While competing (in pricing and after sale services) with Enterprise Greece in major shows and fairs, they also provide solutions in new markets or events not offered by the national carrier.

4. Business missions

Like in the case of participation in fairs, private sector stakeholders are also involved in business missions.

Exporters Associations: PSE, SEVE and SEK usually support official business delegations of the Greek State, but also organize such missions for their members. Not in a unified format or in periodically consistent way (with the exception of the Go International Program/ See Private Banks below), business missions follow an invitation of foreign counterparts (sometimes in the occasion of funded promotional programs). As in fairs, the Associations assume a large portion of the participation (and support) costs, offering discounts for their members.

Business Associations: Amongst Business Associations, SEV has the most consistent planning for business delegations abroad, while being a major supporter for official missions. Capitalizing on a large network of partners and counterparts in



EU member states and Third countries, SEV organizes business missions, coupled with preparatory workshops and follow up services. At a smaller scale and less frequently sectoral associations are also organizing business missions abroad, often at the occasion of participating in international fairs. In both cases, part of the cost is included in yearly subscriptions, while travel and accommodation are covered by the participants.

Bilateral Chambers of Commerce: The same format is used also by Bilateral Chambers of Commerce.

Private Banks: Eurobank is directly involved in business missions (and networking) having launched, with the support of Export Associations and SEV, the Go International Program, aiming to support B2B meetings of Greek exporters in foreign countries. Since 2016 the Go International Program changed format and has become a platform for hosting foreign buyers in Greece, instead of organizing Greek business missions abroad. For participating in Go International, exporters paid a symbolic participation fee, while covering their own travel and accommodation costs.

Private operators: Consulting companies are organizing (smaller size) business missions as well, focusing more on “exotic” markets, such as African, Asian and Latin American countries.

5. Conferences

Organizing conferences (seminars, workshops etc.) is a field of actions for most of the private sector stakeholders identified in the present report. Under the auspices of public sector bodies (Ministries, Agencies etc.) or independently, **Export Associations, Business Association, Private Banks, Bilateral Chambers of Commerce, Media companies and consulting companies** are all organizing events with Exports as a topic, almost at yearly basis, even introducing (separate) Export Awards. While in most cases participation is free of charge (and the organizational costs are covered by sponsors), some of the events (or parts of them) may come at a fee.

6. Networking

The Dutch report analysis treats domestic networking and networking abroad as distinct, both being export promotion instruments. A further distinction among the first category can be made: networking with Greek partners and networking with foreign partners while in Greece (by acquiring contacts/distance matching or by B2B meetings while hosting foreign buyers). At the other hand, networking abroad also can be accomplished by distance matching or by B2B meetings (while participating in business missions or fairs).



As per “**domestic**” **networking**:

Exporters Associations: PSE, SEVE and SEK, serve as networking platforms among Greek exporters and between exporters and enterprises supporting exporters (shipping, forwarders, logistics, brokers, consultants etc.), while also provide information for potential foreign clients using own and international databases, information from Commercial Attachees, Foreign Embassies in Greece and more. The Associations also organize or support hosting foreign buyers’ events in Greece to accommodate direct B2B meeting and contacts. The provision of such services come at a fee.

Business Associations: Similar to the services provided by the Exporters Associations other organizations of the private sector are also very active in networking support. SEV has launched the Export Ready initiative, including customized networking services, while Sectoral Associations link their members with those of counterparts abroad, also hosting foreign buyers in Greece.

Private Banks: Mainly Eurobank, via ExportGate platform, but also other commercial banks (such as Alpha Bank via international trade platform), are providing networking services (mostly between their clients in Greece and abroad or through networks of partner banks in target markets). As mentioned before, Eurobank has recently changed the format of its Go International Program from a business delegation platform to a foreign buyers hosting event, in order to better facilitate B2B meetings between Greek exporters and potential foreign clients. Today, these services are provided free of charge, but this practice is under revision.

Bilateral Chambers of Commerce: BCCs de facto are official channels for the networking of companies between (at least) two countries. In this context, Bilateral Chambers in Greece are offering information for potential partners abroad, while hosting (or supporting hosting) buyers in Greece.

Private consulting companies: Greek exporters also turn to private consulting companies for networking services, either as part of a market research or by participating in targeted (small groups) B2B meetings arranged with the intermediation of consultants. Larger exporters use (costly) business intelligence services for networking purposes.

Regarding **networking “abroad”**:

Exporters Associations: As already mentioned PSE, SEVE and SEK use various databases for distance matchmaking and networking support, coupled with participation and support to business missions abroad. The degree of customization of these services is reflected in the fees charged, ad hoc.



Business Associations: Customized searches and matchmaking tools are also used by Business Associations, often supported by MFA data and contact lists. The networking is done in parallel with organizing a business mission abroad or at the request of a company.

Private Banks: Eurobank has announced that its ExportGate portal will be upgraded as a networking platform (rather than an information portal only) introducing contact details of foreign companies-clients of other large international commercial banks.

Bilateral Chambers of Commerce: As explained, BCCs are offering information for potential partners abroad, while supporting business networking meeting abroad.

Private consulting companies: Some consulting companies provide networking services, as part of market researches or by organizing B2B meetings abroad.

7. Analysis/studies

Market research, analysis and studies are also a multi-actor field when it comes to export promotion. For own purposes (generic information as service to members/clients, policy making of founding reasons), at a company's request or supporting public sector authorities **Exporters Associations, Business Association, Private Banks, Bilateral Chambers of Commerce, Media companies and consulting companies** are all conducting separate analysis and studies on Exports (some more periodically than others). Most generic of them are available to the public (via websites, press releases, paper copies etc), with the exception of customized market researches done at the request of companies, which are charged with relevant fees.

8. Funding / Financial support

While Exporters/Business Associations or Bilateral Chambers of Commerce often assume part of the costs for export promotion activities on behalf of the their members, no private stakeholder provides financial support, except the **commercial Banks**. With access to finance remaining the no 1 challenge for Greek exporters⁷⁹, existing financing products/tools are not aligned with export promotion needs, but are more generic to trade related procedures (guarantees, Letters of Credit, factoring etc.)⁸⁰.

⁷⁹ See GIZ 2.1 Deliverable report.

⁸⁰ See Chapter 5, Funding of export promotion instruments.



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