European Union
European Regional
Development Fund

INTRA
Interreg Europe

Project INTRA:

Regional State of Affairs report

Abruzzo

(Italy)

CAPITANK. Chemical and Pharmaceutical Innovation Tank

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REGIONAL STATE OF AFFAIRS

PP6 - CAPITANK Chemical and Pharmaceutical Innovation Tank

I. EXECUTIVE SUMMARY

INTRA project (PGI01464) is funded within the first call of the INTERREG EUROPE Programme of the European Commission (EC), under the policy topic Competitiveness of SMEs. It focuses on the role of public authorities in creating internationalisation services to support the competitiveness of the regional economies and thus contribute to the Europe 2020 strategy. The project duration is five years (from 01.04.2016 to 31.03.2021) and the total grant is 1.640.062 EUR.

INTRA partners are from six different EU28 member states:

- Maribor Development Agency (Slovenia),
- Regional Agency for Entrepreneurship and Innovations – Varna (Bulgaria),
- Foundation FUNDECYT Scientific and Technological Park of Extremadura (Spain),
- University of Algarve (Portugal),
- Coventry University Enterprises Limited (United Kingdom),
- Capitank - Innovation Pole in Chemical and Pharmaceutical (Italy)

Partners are supported by the Managing Authorities for ERDF in their countries/regions and represent the active stakeholders in internationalisation. The objectives of INTRA are to provide comprehensive mapping, evaluation and benchmarking of various internationalisation services available across the regions, highlight good practices/gaps that promote/impede on SMEs at various stages of the internationalisation process. Upon the selection of GP the viable strategies/instruments to enhance good practices and address gaps within the regional development programmes will be elaborated and described in the Policy recommendations and implemented in the regional Action plans as to contribute to the internationalisation policies aligned to the needs of SMEs and gaps not filled by the existing instruments. This document provides a Regional State of affairs (hereafter SoA) on opportunities and barriers to the internationalisation processes of SMEs in the Abruzzo region. At the basis for the drafting of this SOA, two different surveys addressed to the SMEs which carried out, are interested in undertaking process of internationalisation and addressed to the organization, that carry out support activities.

II. PORTRAIT OF THE REGION

1. General information

Abruzzo is an ordinary region of peninsular Italy, between the Adriatic Sea and the central Apennine, with L'Aquila as capital city. Although geographically Abruzzo is part of Central Italy, it is historically, culturally, economically and linguistically part of Southern Italy. It occupies an area of 10 831 km² and has a population of 1 320 245 inhabitants. The region is divided into four provinces: L'Aquila, Chieti, Pescara and Teramo, and in 305 municipalities Abruzzo borders the region of Marche to the north, Lazio to the west and south-west, Molise to the south-east, and the Adriatic Sea to the east.

Geographically, Abruzzo is located in central Italy and southern Italy, stretching from the heart of the Apennines to theAdriatic Sea, and includes mainly mountainous and wild land. The mountainous inland is occupied by a vast plateau including Gran Sasso, at 2,912 metres (9,554 ft) the highest peak of the Apennines, and Mount Majella 2,793 metres (9,163 ft). The Adriatic coastline is characterized by long sandy beaches to the north and pebbly beaches to the south.

Abruzzo is known as "**the greenest region in Europe**" as one third of its territory, the largest in Europe, is set aside as national parks and protected nature reserves: there are three national parks, (Parco nazionale d'Abruzzo, Lazio e Molise, Parco nazionale della Majella e il Parco nazionale del Gran Sasso e Monti della Laga), one regional park (Sirente – Velino), and 38 protected nature reserves, representing 36.3% of its total area, the highest in Europe. These ensure the survival of 75% of Europe's living species including rare species, such as the small wading dotterel, golden eagle, the Abruzzo (or Abruzzese) chamois, Apennine wolf, and Marsican brown bear. Abruzzo is also home to Calderone, Europe's southernmost glacier.

Abruzzo is well known for its landscapes and natural beauties, parks and nature reserves, characteristic hillside areas rich in vineyards and olive groves, and one of the highest densities of Blue Flag beaches.

Economically, Abruzzo is the richest region in Southern Italy, as its per capita GDP is the highest in all regions of southern Italy and insular; Moreover, after Trentino-Alto Adige, it is the region in Italy with the highest percentage of gross fixed investment in GDP.

According to ISTAT Abruzzo is one of the Italian regions with the lowest mortality rate for cancers, with fewer greenhouse gas emissions per inhabitant, with greater consumption of electricity produced from renewable sources and with less inequality in income distribution.

Notwithstanding the type of soil and climate conditions do not allow a great development of agriculture, the latter has been able still today to have a strong influence on the economy of the region. With industrial and economic development of the region, agriculture has modernized and today offers the highest quality products.

Very important is the vine cultivation with about 5,000,000 quintals of grapes produced, both for fresh grapes and for wine production, with an average quantity of wine between 3 and 4 million hectoliters for the production of wines such as Montepulciano d' Abruzzo, in red and cerasuolo (rosé) varieties, Trebbiano d'Abruzzo, Pecorino and Chardonnay; in the same way it is important the olive oil production, whose overall average annual production of olive oil is equal to 1,350,000 tons and approximately 240,000 tons of olive oil (Aprutino Pescarese, Pretuziano of Teramane Hills and Hills Teatine), numbers which pose Abruzzo in sixth place among the Italian regions. With regard to cereals, durum wheat with more than 1.5 million quintals is the main cereal, followed by soft wheat (one million quintals), then barley (0.5 million quintals); in addition other crops are cultivated such as beet (2,500,000 tons), and tobacco (45,000 tons); typical products of the region are the saffron (Zafferano) of Aquila, Fucino potatos, Sulmona red garlic, Abruzzo spelt, lentils of Santo Stefano di Sessanio, licorice cultivated and realized at Atri and surrounding area, that sees the Abruzzo region at the second place in Italy for production behind only Calabria,the Mortadella di Campotosto, Ventricina of Vasto, pecorino cheese of Farindola and Canestrato di Castel del Monte, dried pasta, honey of Tornareccio, sweet peppers of Altino and finally the little-known and publicized Abruzzo truffles that are often marketed in other regions.

The industry has rapidly been developed, especially in the field of metal mechanics, food, transport and ICT. Other important industries include chemical, furniture, handicrafts and textiles. In Province of Teramo there is a multitude of small and medium-sized enterprises, especially in the textile and footwear sector and in food industry like Gelco Srl (Perfetti Van Melle group), which produces jellies and liquorice. Val di Sangro, in the province of Chieti, is place of industries of important multi-nationals (Honda, Honeywell) and a Fiat Crysler Automobiles plant, Sevel of Atessa, which produces commercial vehicles and is the largest Abruzzo industriry and the largest production plant for light commercial vehicles in Europe.

The area of the Valle Peligna in the province of L'Aquila is also the headquarter of industries, famous are of candies (confetti) ofv Sulmona, whereas other areas such as in Pescara and Chieti are located many industries, including multi-nationals such as De Cecco, Procter & Gamble, Fater, producer of Lines and Pampers products. Developed also is the area of Vasto and San Salvo (Chieti), especially for the presence of the glass industry with the establishment of Pilkington and related industries.

The most important industrial areas in the province of L'Aquila are concentrated in the Marsica territory, in particular in the city of Avezzano, where there are high-tech industries (IFoundry, Telespazio).

Abruzzo has recorded a remarkable growth in the tourist sector, inviting visitors from all over Italy and Europe; over the years, the region has become the fifth among the Italian regions with more percentages of average stay of clients in resorts after Calabria, Marche, Sardinia and Trentino-Alto Adige. There has been a great parallel development of mountain tourism, thanks to the numerous ski resorts, reserves and natural parks, as well as coastal tourism, with numerous tourist villages, hotels, camping and beach stations where the sea are almost clean.

The following data is taken from Cresa – Abruzzo Industries Yearbook - 2016, which considers Abruzzo companies who employing at least six employees, and Cresa - Economy and Society in Abruzzo – 2015.

These companies count overall 71,000 employees, they are 1.911 and represent about 24% of the regional local manufacturing units operating in the sectors abovementioned, including artisan.

37.3% are located in the province of Teramo, 32.7% in Chieti, 17.6% in Pescara and 12.5% in L'Aquila.

From the point of view of distribution, by sector of economic activity, it is relevant the figure of metallurgy and metal products (23%), followed by food (16.8%), Fashion (10.7%) and wood and furniture (7.1%). The marginal figure is the other sectors: exceeding 4% only machinery and equipment not classified in another place, construction materials, electronics and electrical equipment, rubber and plastic, paper and polygraphic paper, means of transport.

By crossing the class of employees and the business sector, it is noted that the most important sector is means of transport (19%).Followed by metallurgy and metal products (14%), food and beverages (14%) and, at a distance, fashion (8%), electronic and electric furniture (8%), plastic and rubber (7%), ceramics and glass (6%), paper and printing (5%). The other sectors/industries represent variable figures between 1 and 4%.

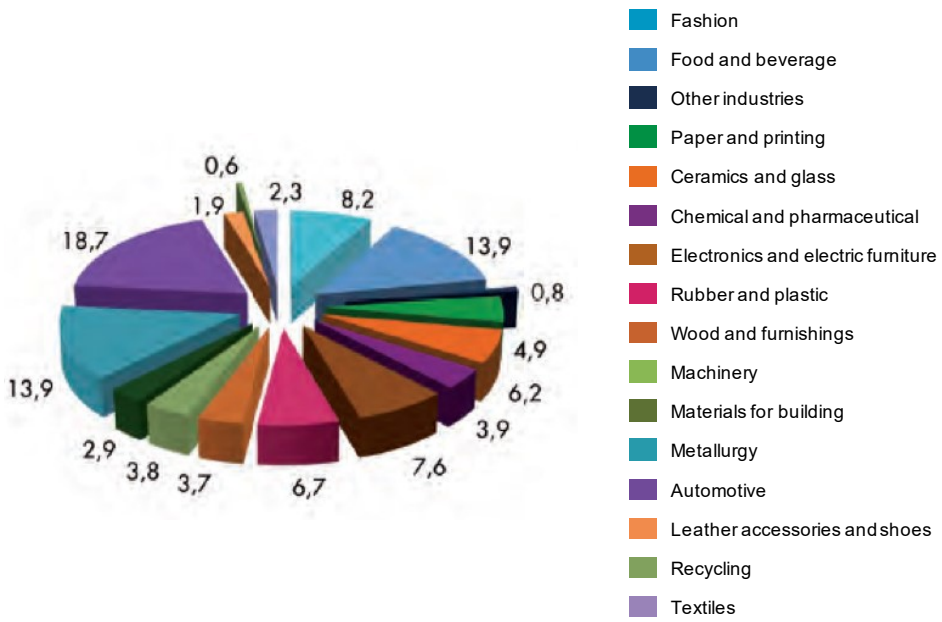

Fig. 1 – Distribution of employees for sector (%)

Capital companies represent approximately 72% of the companies surveyed, in particular Ltd 62.5% and S.p.a. 9.1%.

As far as the turnover, it is noted that 29% of companies belong to class 1 (up to 1.5 million Euro), 14% to class 2 (1.5 to 3 million Euro), 9% to class 3 (from 3 to 6 million Euros), 7% to class 4 (6 to 13 million Euros).The other classes have a residual weight between 2% and 3%. With regard to a share of 28.6%, there is no turnover class, since it is not communicated by the same companies.Almost 80% of companies employ up to 30 employees (34% from 6 to 9, 46% from 10 to 30), only 2% employ more than 250 people.

15.9% of companies carry out export activities. The province with the highest index of exporting companies is Chieti (1.1), followed by Teramo (1.03). The provinces of L'Aquila (0,98) and Pescara (0,77) represent values below the regional average. **The industry that has the largest number of exporting companies on the total is the chemical – pharmaceutical sector.**

Industrial Sector	Companies		Exporters		% Exporters/Companies
	n°	%	n°	%	
Fashion	205	10,7	13	4,3	6,3
Food and beverage	322	16,8	49	16,1	15,2
Other industries	21	1,1	8	2,6	38,1
Paper and printing	85	4,4	14	4,6	16,5
Ceramics and glass	30	1,6	6	2,0	20,0
Chemical and pharmaceutical	57	3,0	18	5,9	31,6
Electronics and electric furniture	86	4,5	23	7,6	26,7
Rubber and plastic	85	4,4	19	6,3	22,4
Wood and furnishings	136	7,1	22	7,2	16,2
Machinery	119	6,2	24	7,9	20,2
Materials for building	103	5,4	4	1,3	3,9
Metallurgy	439	23,0	57	18,8	13,0
Automotive	77	4,0	24	7,9	31,2
Leather accessories and shoes	74	3,9	9	3,0	12,2
Recycling	15	0,8	1	0,3	6,7
Textiles	57	3,0	13	4,3	22,8
Total	**1911**	**100,0**	**304**	**100,0**	**15,9**

Fig. 2 – Number of companies, number of exporters

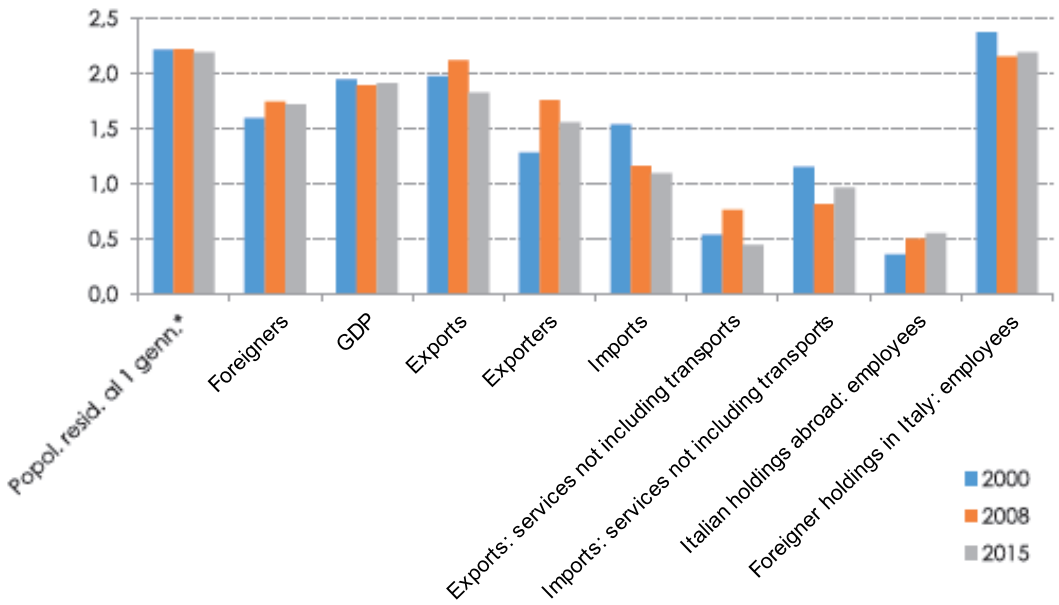

Fig. 3 - Impact of Abruzzo on the Italian economy (%)

The figure above shows the value of the region, on the national total, of a set of relevant variables to evaluate its relative level of development and international opening. The considered years are not perfectly homogeneous, among the considered various dimensions, since of the limitations in the availability of data but allow, however, to distinguish the previous period, at the beginning of the great recession, until 2008, from the years of the crisis.

About 2.2 percent of the Italian population lives in Abruzzo, and this percentage has remained almost unchanged over the period considered. The region's contribution to national GDP has also remained largely unchanged, around 1.9%. The difference between these two quotas, synthetically measures the development gap between Abruzzo and the other regions.

Until 2008 instead, first it is increased, and then declined roughly, the share of Abruzzo on Italian exports of goods, which placed at 1.8 percent in 2015, in a slight recovery, compared to the minimum reached in 2013.

A similar trend was recorded, from the segment of the region on the number of exporters of goods, which is also remained minor than the value of their sales abroad, as evidence of the greater concentration of Abruzzo exports, in a moderately number of operators of big dimensions.

By considering also exports of services, the share of Abruzzo dramatically declined during the years of last crisis, reaching 0.4 percent of the total at national level, after having increased between 2000 and 2008. The very low level of this indicator, much lower than the economic influence of the region, is particularly serious when it is considers that, exports of services, are completed in relevant part, from the expenses of foreign tourists in the region.

It is therefore evident, that the wider untapped potential, of enhancing of the region's natural and cultural heritage, at international markets

The delay of Abruzzo companies, in the field of productive internationalisation, clearly appears in the data on investments in foreign companies, which is low (0.6 percent).

On the other hand, Abruzzo appears instead to be moderately attractive as a setting for foreign multi-nationals. Its share of the total employees, in Italian companies with foreign participation, is by 2.2 percent in 2015, exceeding the economic weight of the region.

The importance of multi-nationals in the Abruzzo economy is crucial, in fact Abruzzo appears as the Italian region with the highest presence of multi-nationals in the manufacturing industry.

In the last decade, the Abruzzo exports started losing share/quota, not only on the world market, where they arrived at a minimum of 5 per 1000 in 2013, but also compared to the total at national level, of which they realized at the same year, less than 1.8 percent. In the last two years, there has been a slight revitalization, but it has not even allowed to return to the point of last 2011.

The loss sustained by Abruzzi exports during the crisis, reflects competitiveness problems, which have resulted in widespread declines in sectoral shares, with particularly strong decline in clothing (from 3 to 0.7 per cent of Italian exports), industry electronics (from 3.3 to 1.5 per cent), in the wood industry and paper (from 2.3 to 0.7 per cent), pharmaceutical (from 2.5 to 1.3 per cent) . It is, therefore, a crisis that has affecting not only traditional products of local small business systems, which already had appeared in difficulty in previous years, but also other sectors characterized by a strong presence of externally controlled companies.

To this, a significant positive and noticeable effect of the sectoral export structure, which alone reduced, by almost a quarter, the dimension of aggregate failure.

The sectors in which Abruzzi's exports were more specialized at the beginning of the period, and in particular automotive, electronics and pharmaceutical industries, have increased their incidence on foreign demand for Italian products, supporting the aggregate share of the region.

2. Internationalisation environment

In 1995 Abruzzo Region established the joint stock company “Abruzzo Sviluppo” in order to:

- promote an entrepreneurial culture in the region,
- sustain territorial development projects,
- favor the internationalisation of the regional economic system,
- ensure a technical-operative support in the framework of economic valorisation and of the development of regional polices.

Furthermore, the Region has made available “Sprint Abruzzo”, regional helpdesk for the internationalisation, which operates in the Economic Development Department of Abruzzo Region. It is addressed to SMEs and economic stakeholders of the Region who want to look at foreign markets.

Sprint Abruzzo facilitates the access to information such as promotional, financial and of insurance ones, as well as tools and other activities to support businesses at International, communitarian, national and regional level.

Among the projects we can find “Abruzzo 2015” – *Call for projects of innovation and internationalisation of network’s contract in Abruzzo*. The call made available 3 millons Euro.

Specifically, in the field of internationalisation 19 projects have been funded.

Initiatives of the Abruzzo Region may be summarised with reference to the institution which made it:

- Regional Adimistration (publich authority);
- Abruzzo Sviluppo;
- Chamber of Commerce – Abruzzo Foreign Department;
- Chamber of Commerce of Chieti - CCIAA di Chieti;
- Chamber of Commerce of L'Aquila - CCIAA di L'Aquila;
- Chamber of Commerce of Pescara - CCIAA di Pescara;
- Innovation Poles.

Regional Admistration:

- "*Tourism 2050. Assessment of ROI, brand positioning and brand reputation to build together the policies for the Abruzzo competitiveness as touristic destination*" – (2014);
- "*Abruzzo Digital Days*" – the web anf its "social" hinges as essential elements of the touristic promotion of the territory - (2014);
- "*Adristorical Lands – Ipa Adriatic, hypotesys and proposal for a sustainable tourism in the Adriatic-Ionian Macro Region in the EU programme 2020*" – (2014);
- *Forumed 2013* – promotion of the commercial relationships among Abruzzo and the Countries of Euro-Mediterranean area and projection on foreign markets of the regional productive system – (2013);
- *"Angola: a growing develp country, full of resources and opportunities"* – (2013);
- *"Worshop on business opportunities in Turkey"* – organised by ICE and Abruzzo Region, in cooperation with the foreign department of the Chamber of Commerce of Pescara – (2012).

Abruzzo Sviluppo:

- *Master in Management and Internationalisation of enterprises aggregate systems* – designed by Abruzzo Sviluppo e implemented by G. D'Annunzio university of Chieti-Pescara in agreement with universities of L'Aquila and Teramo – (2014/2015);

- *Forum Cina, possible end market in Asia for the regional enterprises* – conference organised by UniCredit in cooperation with the Chamber of Commerce of Chieti, the development agency and GWA – (2013);
- Coordination of the project "*Balcans Observatory*", which aims at strengthening and further qualifying the territorial cooperation systems in the balcan area.

Chamber of Commerce – Abruzzo Foreign Department:

The Abruzzo Foreign Department, established in 1968 from the Chambers of Commerce of abruzzo, operates to foster enterprises innovation and the economy of the Abruzzo region, sustaining the competitiveness and the development of the enterprises on foreign markets and offering services and tools for the internationalisation. In particular, the Foreign Department offers the following information:

- *Info point on customs* – help desk, which can be used by the Foreign Office to report, to the officials of the Customs and Monopoly Agency, questions and problems relating to the application of customs duties and excise duties
- *First-orientation service* – it provides knowledge of international trading techniques, foreign-currency, macroeconomic news, statistics on foreign trade and names of importers and distributors
- *Specialist assistance service in foreign trade* - As of October 2012, a specialised consultancy branch is active, which provides companies of the region with the advice of well-known and well-established foreign trade experts. The service is totally free for companies

It has carried out many training activities, in particular:

- *"Curse for operators on wine and customs – Sell wine and alcoholic beverages abroad (fiscal, legal and customs issues relative to wine alcoholic beverages export"* - (2014).
- *"Project on furniture and clothing: from contact to contract"* - (2013).
- *Forumed* – economc forum to train enterprises on internationalisation, innovation and knoeledge topics.
- *Young people Focus* – Event organised in cooperation with Adecco. Promotion and organisation of training courses on internationalisation trategies addressed to young students. Activities realised on behalf of Abruzzo Region.

- *"Fruit and vegetable Project"* - Development Project for the fruit and vegetables Sector in Croatia. Organization of training activities and study tour for the transfer of Italian know how on the distribution of fruit and vegetables. Law 84/2001 (Law on the Balkans). Project in collaboration with Unioncamere Nazionale - (2013)
- *"Course for operators in foreign trade"* – Course for regional operatos.
- *Forumed Accompanying Actions - Focus Countries - Training Courses on Foreign Trade and Focus Countries in the Mediterranean Area*.
- *Youth Forum - Promotion and organisation of training courses on strategies of internationalisation of business addressed to young students*.

<u>Chamber of Commerce of Chieti - CCIAA di Chieti:</u>

The special agency "Development *Agency*" is an organization of the Chieti Chamber of Commerce for the promotion of economic development and for supporting the competitiveness of businesses. The company is the operating point of the Enterprise Europe Network, and it has also conducted several training initiatives:

- *"The protection of trade marks in China"* – (2014).
- *"The protection of trade marks in the USA"* – (2014).
- *"Values in the network of competitiveness"* - (2014).
- *"Labels in agri-food products: main volountary certifications applicable to the sector"* – (2015).
- *"Horizon 2020. Being competitive with the European Union. Tools and methodologies for the correct use of calls, programmes, initiatives and oppourtunities branded EU"* – (2014).
- *"Horizon 2020. Training Workshop EEN"* – (2014).
- *"How to send abroad without risks"* – (2014).
- *"Forum Russia"* – (2014)
- Seminars path – *"About Japan"* organised by EU-Japan Centre and supported by the evelpment Agency – (2014).
- *"Certification Halal: new business opportunities with Islamic Countries"* - (2014).

- *"SIAFT 5 – path of internationalisation organisd by 16 Chamber of Commerce of centre-south, with the contribution of Unioncamere nazionale for agrifood and tourism sector"* – (2014).
- "*Sell wine in Russia*" – (2014)
- *"V.I.S. – win with internationalisation team"* – (2014)
- Togheter to compete: solutions for SMEs export – workshop – January 2014
- *"Build 'export"* – (2014)
- *"From BRIC to next eleven economies" - to provide operational tools to analyse the new prospects for Italian exports and to draw corporate internationalisation processes for a successful presence in the new dynamic international markets* – (2012).
- *"Competitiveness Workshop - Accompanying route of Abruzzo companies to the world of innovation and internationalisation"* – (2012).
- "*Big projects in the Mediterranean*" – (2012).

<u>Chamber of Commerce of L'Aquila - CCIAA di L'Aquila:</u>

The "*Agency for the Development*", has been established by the Chamaber of Commerce Industry, Crafts and Agriculture of L'Aquila and develops activities in the field of internationalisation of company on its behalf, too. In particular, it has taken part to a European project:

- "*ATS BRIDGECONOMIES ABRUZZO*" – EU programming period 2000/2006 and 2007/2013 (Enterprise Europe Network - Eaci).

  Project funded directly by the Enterprise Europe Network – European Commission DG Enterprise and Industry – European Network to sustain SMEs in Europe and all over the world. Service aimed at guarantying the update on EU opportunities; having access on European legislation, policy and EU programmes for SMEs; participating to events and seminars on SMEs matters; benefits from technological audit services; undertaking services of interantionalisation and developing new products; identifying commercial and technological partners; receiving information to acess programs and EU funding opportunities; receiving information to participate to projects and programs of transational technological cooperation; contributing to the development of dedicated European policies for the unique market

<u>Chamber of Commerce of Pescara - CCIAA di Pescara:</u>

It has carried out several training initiatives suc as:

- *"Infoday: doing business in the Balkan area and in Turkey"* – (2013).
- *"SIAFT – internationalisation paths for agrifood and tourism sectors"* – (2014).
- *"CREARETI – the collaborative business for the development of SMEs in the world market"* - (2013).
- Export in the main and "emergent" and "mature" markets, through enterpriseses networks, cases and approaches – October 2013
- *"Strategic Marketing for internationlaisation"* – (2013).
- *"Operative Marketing for internationlaisation"* – (2013).
- *"Calls for internationalisation, the supporting bodies, opportunities of SACE e SIMEST"* – (2013).
- *"Opportunities and approaches in the BRICS - Brasil, Russia, India, China*" – (2013)
- *Opportunities and approaches*: USA, Canada, Australia, key Countries in Europe – November 2013
- *EEN Days: Workshop: "Next Eleven Economies: opportunities, approaches and risk management in emerginf Countries"* - (2013).
- *"Opportunities, approaches and risk management in emerging Countries and patents and intellectual property protection"* – (2013).
- *"The internation contracts"* – (2013).
- *"The international payments and the credit risk management"* – (December 2013).
- *"wirking with foreign markets – tolls and pathways for internaitonaisation"* – (2013).

<u>Innovation Poles</u>

The ROP-ERDF Abruzzo 2007-2013 foresaw the realisation of a new organisational model: the innovaton poles. The latter, consists of permanenet aggregation of companies in specific productive sector. They are material and immaterial technological platform, which operate in particular sector to promote the development of of the innovation and the spread of of technological transfere processes.

Innovation Poleas are groups of enterprises, universities and research centers, which work in particular sectors of geographical location. 14 innovatoin poles have been constituted such as: Agrifood, wood and furniture, artistic and luxury handcraft; automotive; Chemical-

pharmaceutical; social economy, sustainable construction, electronic/ICT; energy; internationalisation; logistic and transport; advanced services; textile/clothing/footwear; tourism.

- With the creation of the Pole for the internationalisation of Abruzzo Companies, it has set up a network of companies that cooperate for the realisation of commercial development initiatives on foreign markets, exploiting synergies and scale economies resulting from collaboration, accessing support that would be inaccessible to the single PMI for their high cost. It was also intended to promote the process of increasing and transferring skills of companies in internationalisation.

This approach to internationalisation has been overtaken by the Smart Specialization Strategy (S3) underlying the regional operational programming for this programming period through two main assumptions:

1) the technology domains for regional development are 5: automotive, agri-food, life sciences, ICT, fashion design; internationalisation is a cross-cutting objective for companies, especially SMEs;
2) the pursuit of the internationalisation of Abruzzo's businesses goes through innovation and aggregation.

These issues were also implemented in the framework of the Development Pact as part of a South Pact strategy for the productive revival of southern Italy. The Abruzzo Region has already set itself the objective of identifying an appropriate strategy for internationalisation and cantierative measures by providing for the preparation of an analysis paper that, starting from a brief excursus on the national and community situation, tracks the first lines to identify concrete supportive measures for the internationalisation of Abruzzo companies.

The Region intends to promote new business internationalisation pathways by modeling the wide range of tools and opportunities available (calls, inter-institutional collaborations, diplomatic relations, counters) based on the needs of focus and social audits that need to be convened cyclically. It will also define, design and coordinate, through its agencies, integrated projects dedicated to businesses and organizations that need greater support for internationalisation and a gradual maturation.

Conclusions: the activities described in the past programming period have not had the desired efficacy. The absence of institutional coordination between regional assessors, local authorities, agencies, instrumental organizations, chamber systems and trade associations, around shared projects and the lack of medium/long-term programming have produced isolated, temporary, fragmented, and progressive. Promotional initiatives have often been characterised by spot, extemporaneous interventions in which the active contacts, built relation-

ships, and potentialities identified have not been the subject of new and subsequent system actions. The division of initiatives has so far not allowed to participate in missions or international initiatives for the joint promotion of the region from an economic, cultural and tourist point of view. The absence of a regional database useful for understanding the needs of businesses has not favored the creation of more targeted services.

The new methodological approach of the S3 and the Development Pact, to date, must still be materialised in concrete and applicable instruments. Lastly, it is important to point out an initiative by the Ministry of Economic Development, issued these days (November 2017), which has made 26 million Euros available to SMEs to develop their own internationalisation strategies. Vouchers may be used by applicant companies as a contribution to cover the costs of internationalisation services provided by companies registered on a specific MISE list. These services are:

1) Analysis and research on potential of specific markets;
2) Business Check-Up made by a Temporary Export Manager for identifying the most interesting foreign markets for the enterprise;
3) Business check-up made by a Temporary Export Manager with the aim of achieving an internationalisation project well-matched with the company's technical and economic potential;
4) Identification of potential industrial and commercial partners, support in the drafting of contracts and/or cooperation agreements and/or the creation of joint ventures.
5) Legal assistance in the provision of contracts and assistance with sanitary and customs regulations.
6) Identification of new potential customers.

The types of available vouchers for companies are the following:

- Voucher early stage: capital contribution of € 10,000.00, recognized under a service contract with a TEM company of at least € 13,000.00 (net of VAT);
- Voucher advanced stage: capital contribution of € 15,000.00, recognized under a service contract with a TEM company of at least € 25,000.00 (net of VAT). An additional contribution to the grant recipients of the advanced stage voucher of € 15,000.00 can be awarded.

3. Main National/regional Stakeholders

- Regional Administration: is responsible for the design and execution of Operational Programs on ERDF and ESF Funds through the activities of the Single Management Authority; in particular the ERDF Operational Program will develop policies on internationalisation of SMEs;
- Abruzzo Sviluppo: is an instrumental organization of the Abruzzo Region; in past programming periods it has been responsible for many activities relative to the internationalisation of regional SMEs;
- Chambers of Commerce of Industry, Crafts and Agriculture: CCIAA provides support to SMEs with regard to multiple aspects; has always been committed, through both the regional structure and the four provincial structures, to provide business support activities also for internationalisation, in particular by providing training activities;
- Confindustria Abruzzo: organization of the Abruzzo industrial enterprises, performs representation activities and is often engaged in missions to develop links and agreements with the targeted foreign countries;
- University of L'Aquila; University of Chieti-Pescara; University of Teramo: Abruzzo universities are increasingly committed to supporting the regional production world and to directly engage in training and technology transfer activities for the competitiveness of spin-offs, start-ups, micro-small businesses in order to address internationalisation processes. The universities carry out directly international business activities for R&D activities.

4. Some Results Drawn from Previous Surveys

III. METHODOLOGY

1. General positions

The surveys carried out have the aim of creating a framework, at regional level, of the main factors affecting the internationalisation processes of SMEs.

They were developed through two questionnaires one addressed to SMEs as an active part of the internationalisation process and regional policy goals; the other addressed to those involved in the preparation of activities to support the internationalisation of SMEs.

The SME questionnaire focuses on the search for the positive and negative elements that SMEs have encountered in their path to access to new markets and, subsequently, the assessment of the regional policy that may be experienced.

The questionnaire addressed to organizations focuses on assessing the measures used in the support activity.

The recipients of the questionnaires were, first of all, SMEs belonging to the Capitank Consortium which have or have been interested in approaching in internationalisation processes, SMEs operating in different and representative sectors of the territory, and the main organizations carrying out supporting activities for the internationalisation.

The main problem encountered in conducting surveys was to involve and motivate recipients.

This is for the accuracy and depth required by the questionnaires.

2. Methods for collection of the data

The surveys were conducted through the provision of two questionnaires: one addressed to SMEs as an active part of the internationalisation process and regional policy goals; the other addressed to those involved in the preparation of activities to support the internationalisation of SMEs.

The drafting of the two questionnaires was one of the project activities, carried out by Rapiv partner (BG) and coordinated through the various project meetings with all partners.

The surveys have been done by translating the templates, already agreed upon with the project partnership, into Italian language, and using the Google's on-line application named Google Forms, by respecting:

- original content,
- scanning of questions and sections,

- the various possibilities of response.

The online form contains the explicit reference to the INTRA project and all the necessary graphic elements of the project and the Interreg Europe program.

The invitation to reply to the questionnaires was sent to recipeints by email.

The invitation email sent contained:

- an exhaustive explanation of the purpose of the survey in relation to the INTRA project and the Interreg Europe Program,
- a brief explanation of the INTRA project and its objectives,
- the direct link to the related questionnaire.

No deadline for compiling the questionnaire has been specified.

The used online application allowed remote data retrieval from questionnaire replies in both single and aggregate form.

Fig. 4 - Landing page of the Online Questionnaire

3. Data processing and analysis

The data processing and analysis activity was also done thanks to the functionality of the online application and they covered:

- Controlling module settings:
    - Allow one or more responses;
    - Allow to change the answers;
    - View a summary of responses;
    - Modify the confirmation message;
- Viewing the data obtained by compiling questionnaires:
    - View responses received in four different ways:
        - Show responses based on the question (summary);
        - View responses based on people (individual);
        - View all responses in a spreadsheet;
        - Download all the answers as a CSV file.
- Management of replies:
    - Stop the collection of responses;
    - Enable or disable notifications for responses.

IV. INTERNATIONALISATION SERVICES DEMAND. BARRIERS AND DRIVERS TO SMES INTERNATIONALISATION.

1. Survey

The questionnaires were sent to **40 companies**, giving priority to the companies associated with the Capitank Innovation Pole and then going to identify those belonging to other key technology domains: companies have been identified among SMEs that have or are intent on undertaking activities aimed at internationalisation. The SMEs responding to the questionnaire are **20**. They are representative of different productive realities of the territory:

- Drug production;
- Pharmaceutical / biotechnology;
- ICT / Software;
- Consulting services;
- Medical care / health;
- Wholesale and retail trade;
- Furniture and equipment;
- Industrial automation.

The typology distribution dominates the Small Businesses which are the absolute majority: this was quite expected because that figure reflects the characteristic composition of Abruzzo companies.

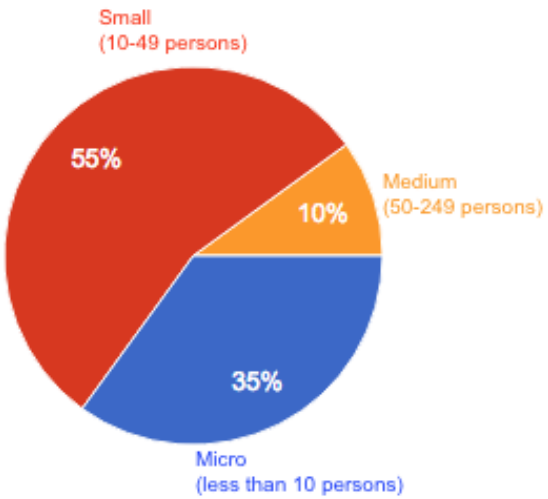

Chart 1 – Type of enterprise

Most of the companies surveyed believe that the company's most important competitive factors are in the sphere of "quality": both in the improvement of the products/services offered and in the introduction of new technologies for the improvement of production. It is considered very important (45%) the expansion of the market to foreign countries, as the "social" aspects of the business are not perceived as decisive. In fact, the percentage (only 5%) of those who feel that improving working conditions can have positive results on improving competitiveness is very low.

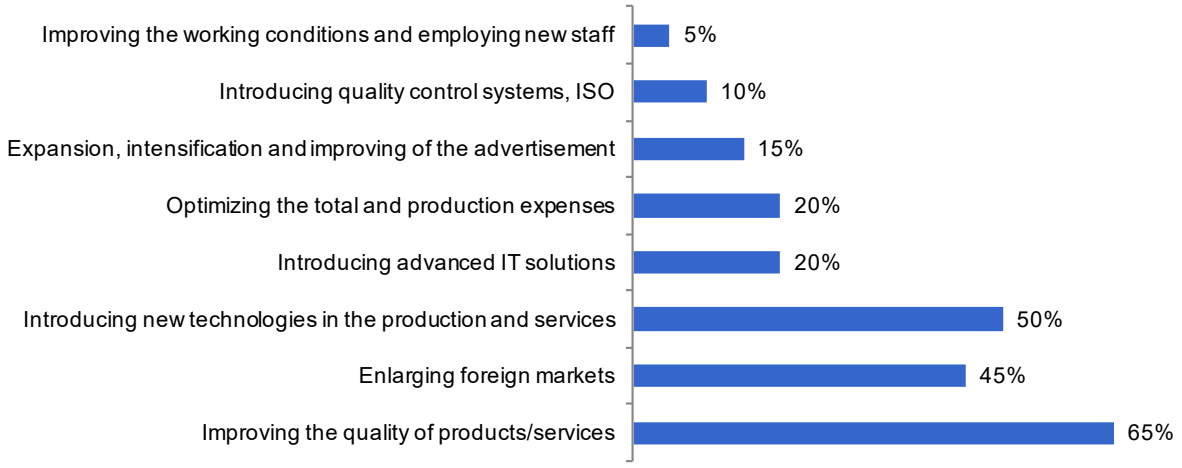

Chart 2 – What are the most important factors, ensuring high competitiveness of your company?

Two elements, moreover, are very important to obtain a more precise profile from the interviewed companies:

1. Half of the surveyed companies do not have any public funds of any nature (Ref. 3): this indicates the perception of an effective distance from policies at any level (European, national, regional, local) with respect to business strategies.

   Development policies are not seen as an effective tool to support the company.

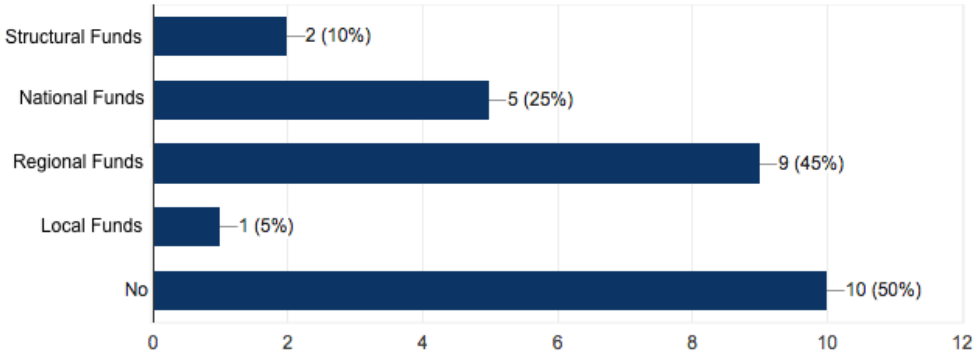

Chart 3 - Does your organization benefit from European, national, regional or local public funds?

2. Although only half of the companies claim to have a strategy for internationalisation *(Rif. Q. 3.1. Does your company have strategy for internationalisation?)*, all believe that the degree of maturity of the internationalisation process is in a growth phase (Ref. Chart 4).

   This means that regardless of the activities already in place, all the companies surveyed want to increase their presence on international markets and in particular with the ambition to reach the fastest growing markets (*70,6% - Rif. 3.2. What are the main reasons for your company to go international?*).

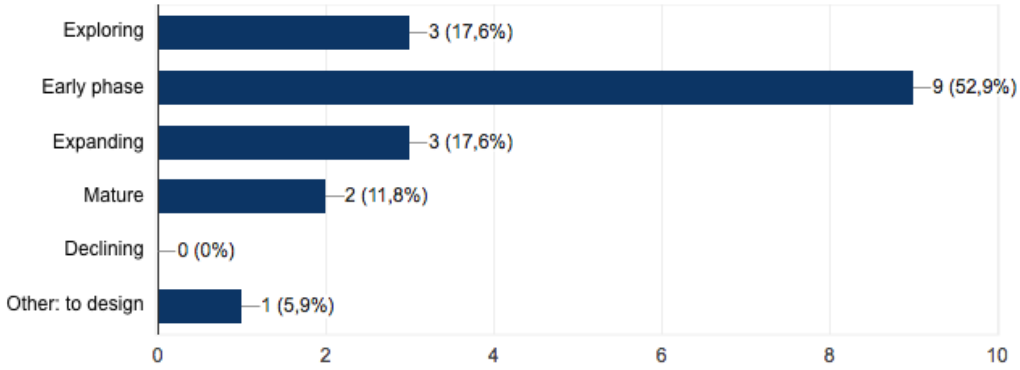

Chart 4 - What is the degree of maturity of your internationalisation?

Companies also have the perception of having an organization able to manage with the internationalisation process, in fact, 65% of companies say management and staff are qualified in this regard (*Rif. Q 3.4. Is the qualification of the management and of the personnel adequate to develop international activities?)* and it is clear that almost all companies are, in various respects, already engaged in foreign market activities.

Indeed, in addition to the classic export activity, it can be pointed out that the technological partnership, which assumes joint activities with foreign countries of a different nature from the one exclusively in the industry and has a greater share (52.9%) value added.

Absolutely residual, instead, are the activities as subcontractors or direct investment.

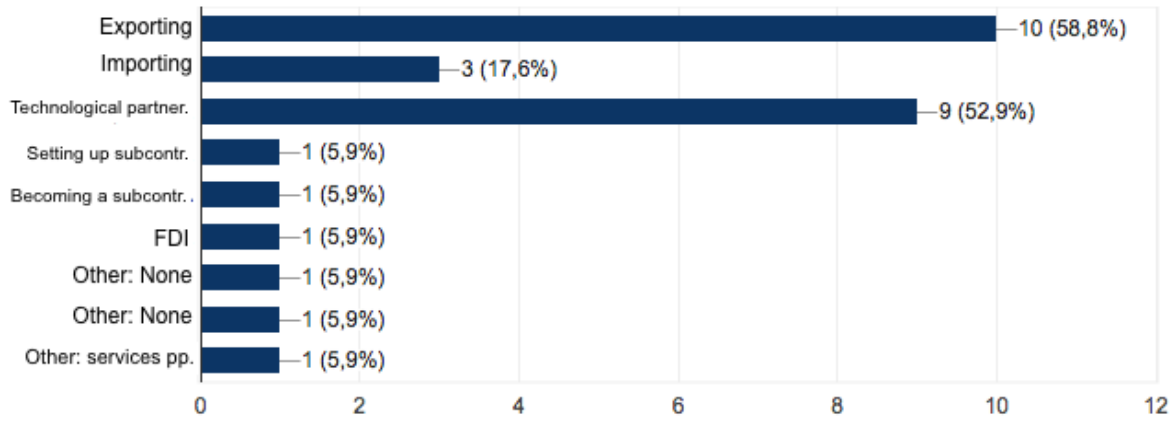

Chart 5 - What kind of activities does your company have on the international market?

Another interesting onset is the fact that companies that have already developed internationalisation activities have collaborated mainly with the universities in this path (*Rif. Q 3.6. Does your company collaborate with any of the following institutions for support internationalisation activities?).*

The questionnaire attempts to investigate are, on the one hand, the opinion of the respondents, the main onsets encountered in the process of internationalisation. Onside are considered as internal and external difficulties:

- Internal difficulties: due to the company's own shortcomings in financial terms, adequacy of human resources or productive capacity;
- External difficulties: due to the external environment both in terms of adequacy of administrative procedures and financial resources as well as organizational and logistical.

As for the internal difficulties, it is remarkable, also through the following chart, that is:

- the main difficulty has been to finance internationalisation: the company's own funds are not currently being used to undertake internationalisation activities;
- human resources are not perceived as a particular problem;

- the price and quality of the products/services are considered adequate to deal with new markets;
- even getting adequate production capacity is not perceived as a crucial difficulty.

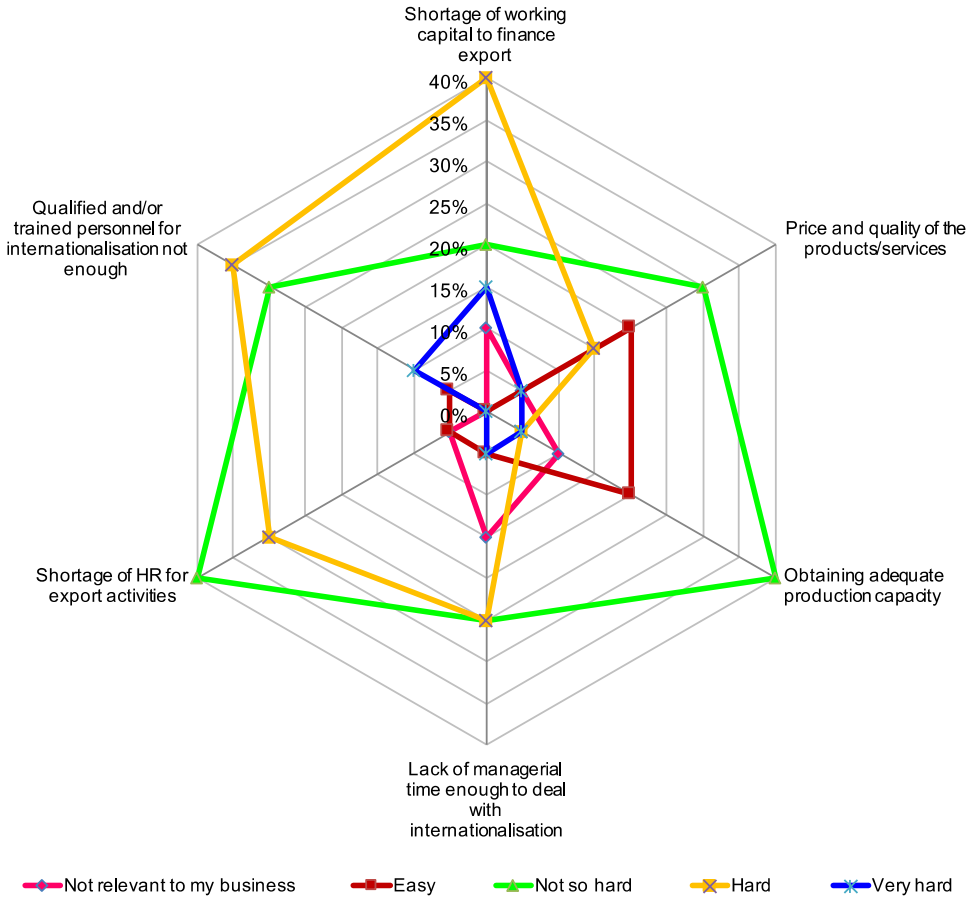

Chart 6 - Choose the degree of difficulty when you encounter the internal obstacles when you develop international activities?

As far as the external difficulties are concerned, the main points to consider are as follows described:

- Main external complexity identified is to be able to obtain a reliable representation abroad; this is important because a very clear indication of a concrete need;
    - With respect to this element, one may hypothesise an interdependence with the lack of financial resources available since direct management of representation offices abroad can be very expensive and, second, this element may indicate that representation activities conducted by institutional entities are not perceived as sufficient;

- Financial difficulties are always relevant: it is perceived as difficult to find sources of funding dedicated to this; even in this case this element can be related to another: the perceived difficulty of finding support in their own government;
- All other barriers, though relevant, are not perceived as unsurpassed.

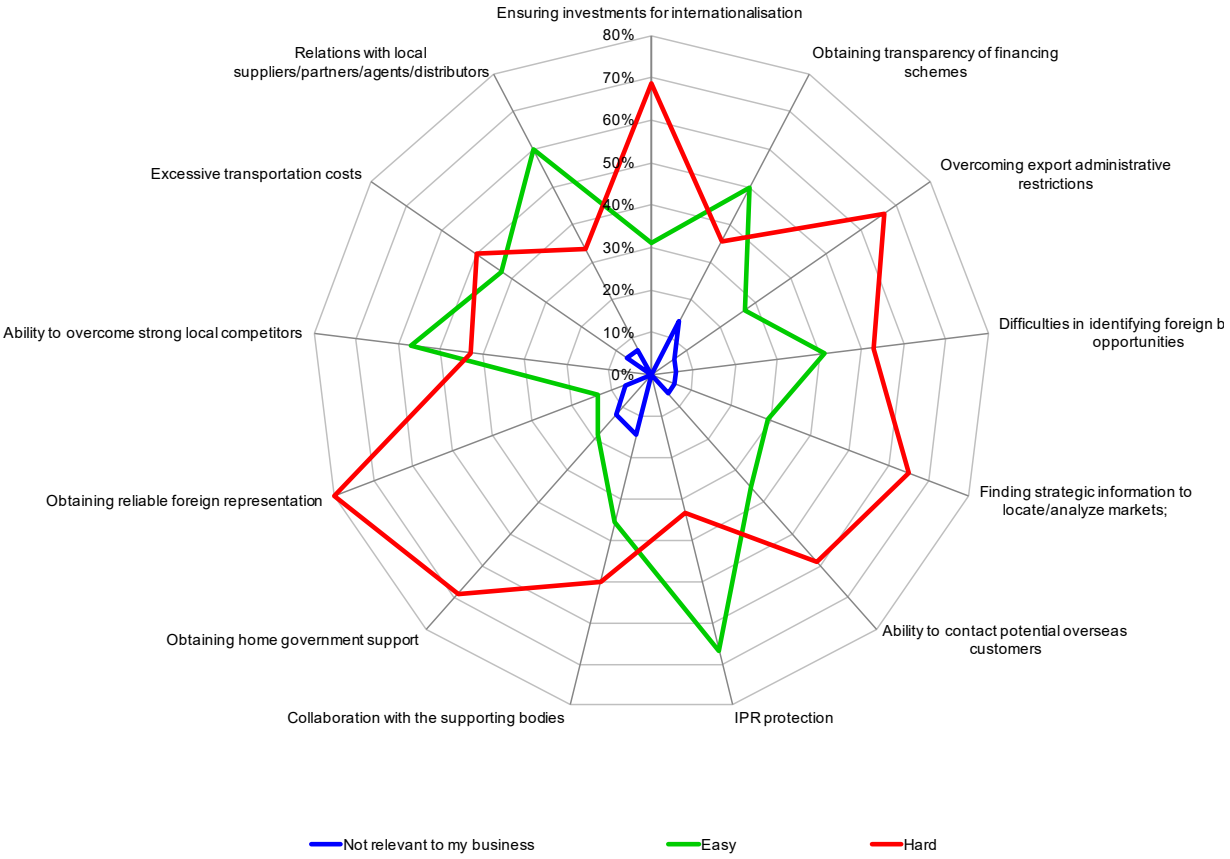

Chart 7 - Choose the degree of difficulty when you encounter the external obstacles when you develop international activities?

In general, the analysis shows that:

- Companies value themselves positively of everything that may be needed to deal with new markets, both from the point of view of the level of readiness of their products/services, both at the level of human resources and the adequacy of productive capacity;
- The elements that are considered more formalised for the internationalisation process concern:

- the financial aspects: find internal sources for the company or external dedicated;
- the ability to have a tight connection with the target foreign market to find out the best information of all the issues to be faced.

This analysis is also confirmed by subsequent sections of the survey, for example: the activity considered to be more important for internationalisation is the search for partners in the foreign country *(Rif. Q.5.1. What kind of services and activities better supported your first steps on new international market?).* In this context, it is important to point out the importance of innovation in R&D collaborations, which in some cases is considered more important than some basic services, such as the website for foreign forms or the search for channels of distribution. With regard to the instruments used in the internationalisation process, the responses to the survey reveal how frequently the various services/tools are not used:

- 62.5% did not use any type of financial instruments *(Rif. Q.5.2. What kind of financial tools supported the internationalisation of your company?)*;
- 68.8% did not use any kind of human resources *(Rif. Q.5.4. Did you use some kind of services supporting human resources/managerial capacity in your way of internationalisation?)*;
- 75% did not use any kind of information services *(Rif. Q.5.5. Did you use some kind of information provision regarding SME Internationalisation?)*.

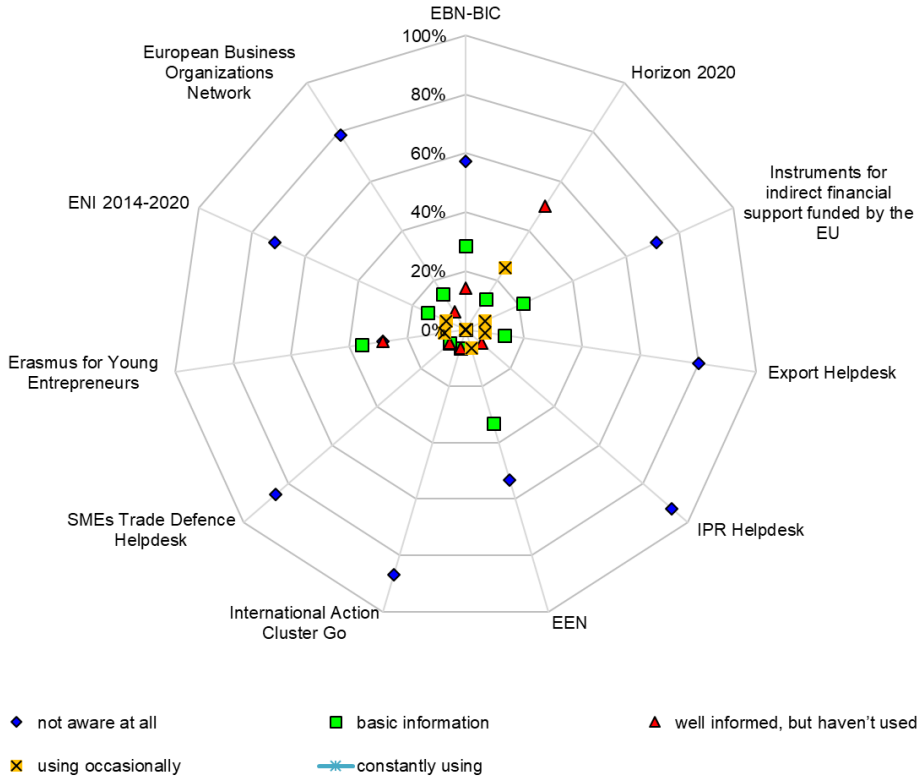

Chart 8 Choose the degree of difficulty, interms of external obstacles, when you develop international activities?

In general, from the analysis of internal and external barriers emerges that:

- Companies evaluate themselves positively comopared to everything may be necessary to face with new markets, both from the point of view of the level of promptness of their products/services, both at the level of human resources and the adequacy of productive capacity;
- The elements that are considered most important for the internationalisation process are:
    - the financial aspects: find internal sources in the company or external dedicated;
    - the opportunity to have a close link with the targeted foreign market in order to learn in as well as possible all the issues to be faced.

This analysis is also confirmed by the next sections of the survey, for example: the activity considered to be significantly more important for internationalisation is the partner search in

the foreign country *(Rif. Q.5.1. What kind of services and activities better supported your first steps on new international market?).*

In this context, it is important to point out, that the innovation activity related to R&D collaboration is considered very importanat, and in some cases it is considered more important than some essential services such as the website for foreign customers or the search for distribution channels.

As regarding the support tools in the process of internationalisation, the responses of survey are emerging, as they do not resort frequently to the various services/tools:

- 62.5% did not use any type of financial instruments *(Rif. Q.5.2. What kind of financial tools supported the internationalization of your company?)*;
- 68.8% did not use any kind of support for human resources *(Rif. Q.5.4. Did you use some kind of services supporting human resources/managerial capacity in your way of internationalization?)*;
- 75% did not use any kind of information services *(Rif. Q.5.5. Did you use some kind of information provision regarding SME Internationalisation?)*.

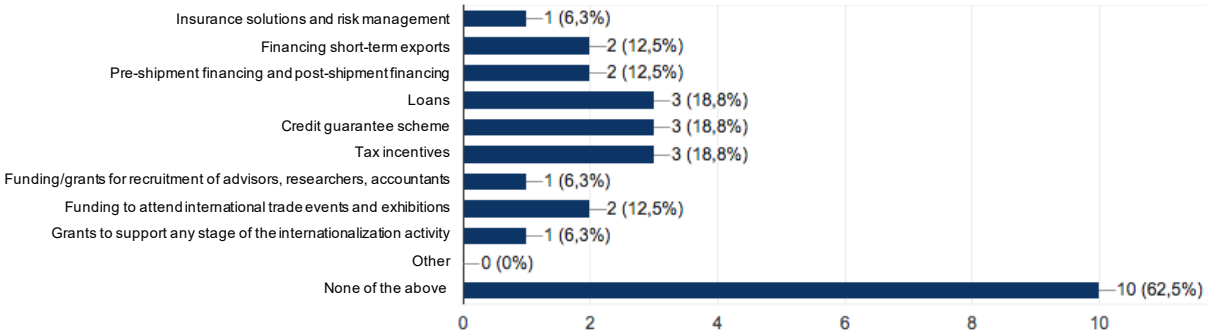

Chart 9 - What kind of financial tools supported the internationalisation of your company?

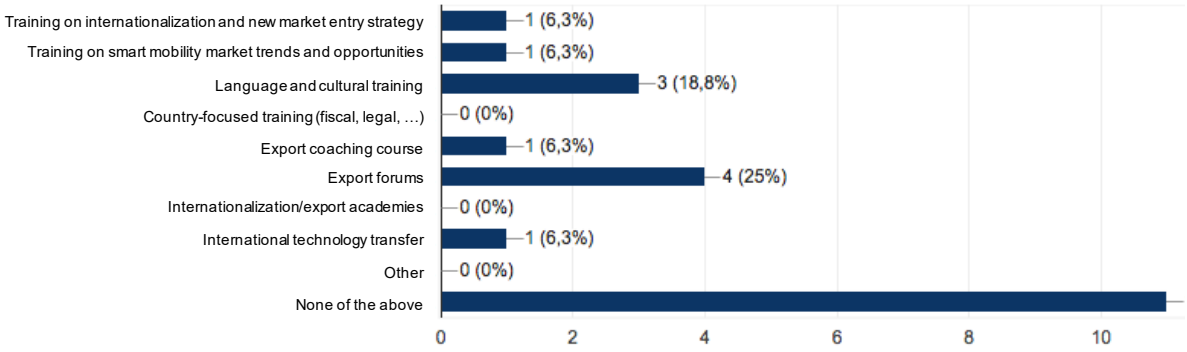

Chart 10 - Did you use some kind of services supporting human resources/managerial capacity in your way of internationalisation?

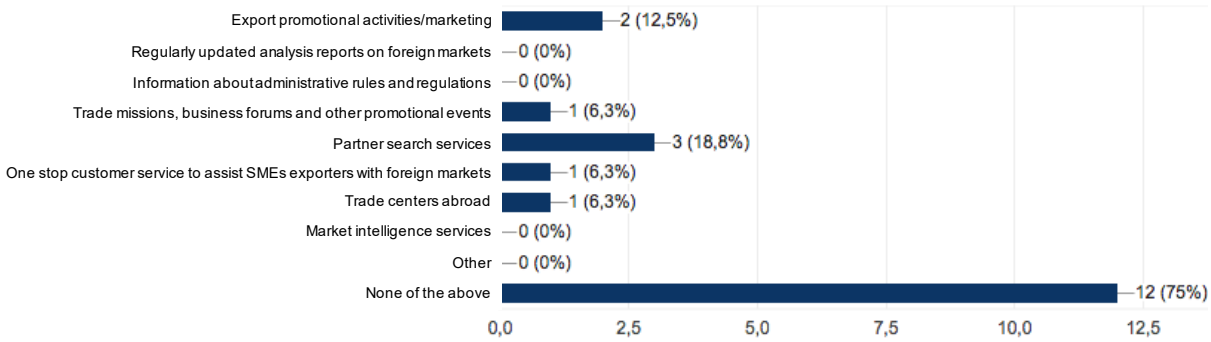

Chart 11 - Did you use some kind of information provision regarding SME Internationalisation?

It emerges clearly, that knowledge is perceived as a primary need for the internationalisation process: in fact the service considered most important is the support for the market research

(*Rif. 5.3. What kind of SME Internaitonalisation support infrastructure and services you consider as appropriate/useful?).*

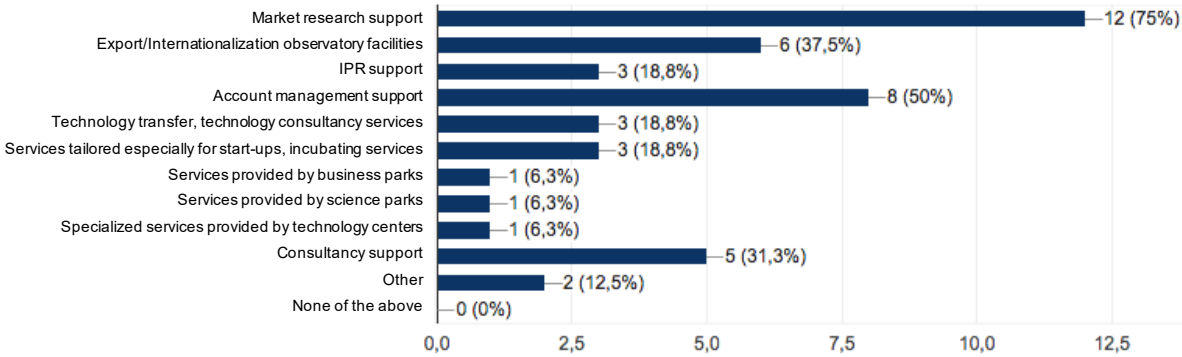

Chart 12 - What kind of SME Internationalization support infrastructure and services you consider as appropriate/useful?

The main element that derives from this section of the questionnaire (*Rif. Q 5.6. - Does your organization participate in public programmes co-funded by the public programmes co-funded by the EU Structural Funds*) is a certain disinterest of the world enterprise towards the initiatives proposed by the EU to support them in the different phases for development.

This is in clear contradiction with the needs of knowledge and dedicated funds, and at a time of particular difficulty, regarding to the possibility of investing in activities with added value.

The companies know little about, often approximately and almost never occur (*Rif. Q 5.8. How do you consider the importance for your company internationalisation by the public funds support provided*) to EU programs and instruments: this, in addition to being a trouble of the business class of the area, can give motivation to a reflection on the ways of communication, dissemination and access to European resources.

As shown in the chart below all EU programs/tools mentioned are practically unknown; only Horizon and Erasmus are known but are unused.

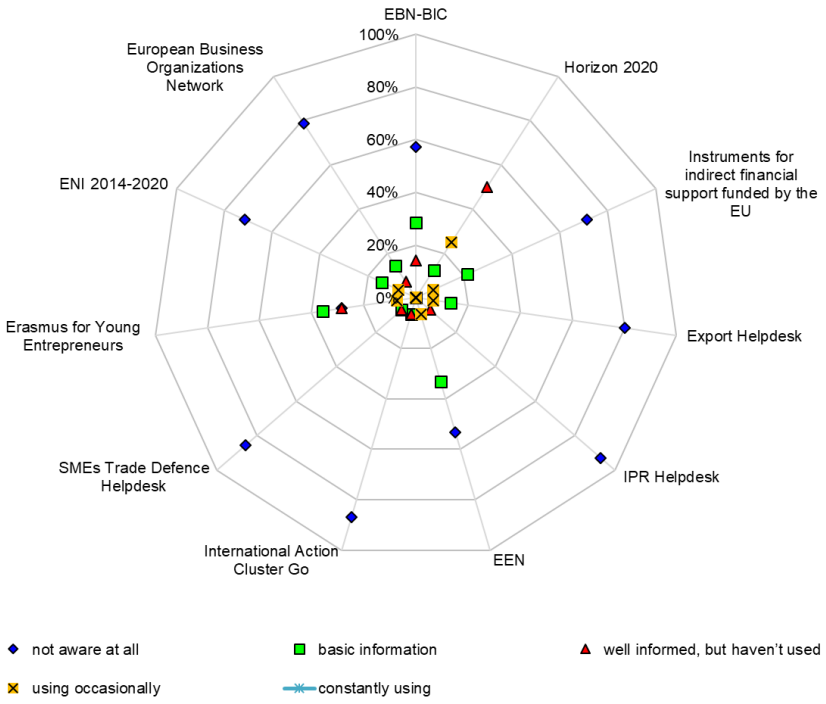

Chart 13 - Are you aware of any of the following EU instruments supporting internationalisation?

A further argument can be derived from the suggestions provided in the conclusion of the questionnaire which are shown below:

- Financing the highest levels of R & D;
- Easy access, even small amounts, that can be used for any tool (catalogs, web, training, rental etc);

- Allocation one-stop-shop, promptness for accounting documents, (flat-rate costs), awards for achievements in ex-post evaluation;
- To support, with ad hoc tools, SMEs, especially those with patented products and high technological capabilities, thinking in particular to the financial support for limited cash capacity;
- On projects funded or partially funded, lacking financial instruments that allow an improvement of cash flow in the short to medium-term;
- Financial Facilities for moving from prototype TRL8 / 9, to industrial production, thought to Micro and SMEs size companies;
- Easy access;
- Public financing. They're just for big companies;
- It would be useful to ensure definite dates (and reduced timelines) in the evaluation of applications submitted to public notices and the stipulation of resources;
- Alternative ways to the Click Day.

2. Results from the survey

From the answers to the questionnaire some elements emerge clearly:

1. Companies show a profound tendency towards internationalisation, which they consider to be decisive so that they want to intensify their activities in the future;
2. The objective is to expand and reach the markets that are considered more interesting or growing ones;
3. The products and services offered by the company are valued in a positive way, so that they can be considered ready for the foreign market;
4. Similarly, the production process is considered capable of dealing with the possibility of a greater absorption given by the achievement of new markets;
5. Training of management and staff is not considered a priority for internationalisation.
6. The main barriers identified for the internationalization process are:
    a. Inadequate financial resources both endogenous and extraneous
    b. The lack of knowledge of the market context in which it is approached: in this regard, it emerges the need to acquire partnerships and detailed information from the foreign reference country.

7. Companies have very low inclination to use European funds, especially in the context of internationalization, and they have a rough knowledge of existing initiatives;
8. This low inclination may also depend on a observation of excessive slowness and difficulty in the access of procedures.

V. MEASURES OFFERED BY NATIONAL/REGIONAL STAKEHOLDERS IN THE SPHERE OF SMES INTERNATIONALISATION SUPPORT

1. Survey

The questionnaires have been sent to 15 organizations, identified among those engaged directly or indirectly for supporting internationalisation activities.

The organizations that answered to the questionnaire have been 5.

It is to consider an important contribution that has made to the survey, the filling of the questionnaire by the Financial Management of European Funds of the Abruzzo region, which has therefore given its perspective on the state-of-the-art of the supporting activities for the internationalisation by regional SMEs.

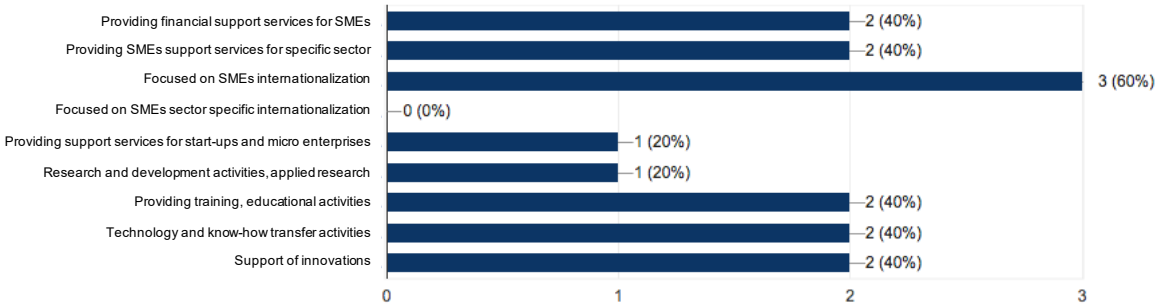

Chart 14 - What is the focus of the SMEs services, provided by your organization?

The surveyed organizations develop internationalisation support services both at financial field both relating to innovation and training *(Rif. Q. 3.2. What kind of SMEs internationalization support services does your organization provide?)*

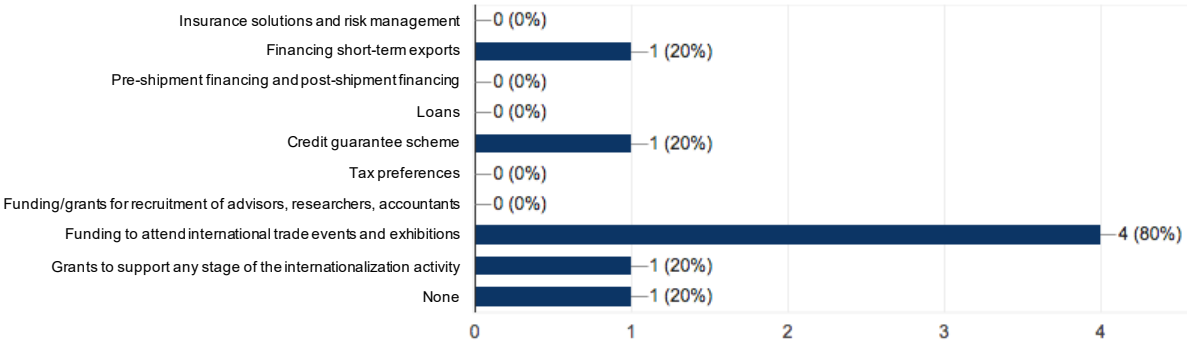

Chart 15 - What kind of SMEs internationalization support services does your organization provide? Financial support services for internationalization

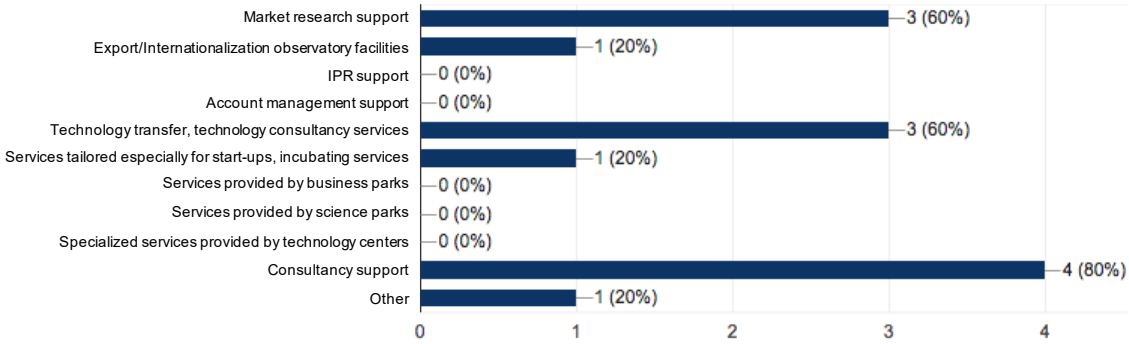

Chart 16 - What kind of SMEs internationalization support services does your organization provide? SMEs support infrastructure and other non-financial services

In particular, the services provided in the field of internationalisation concern:

1) Facilitations of projects for internationalization by contracts network in Abruzzo;
2) Financing advisory services at enterprises for:
    a) drafting of international marketing plans,
    b) searching for commercial or industrial partners,
    c) legal, fiscal and contractual supporting in the internationalisation process;
    d) for the brand realization
3) International Networking,
4) Design and participation in b2b Fairs,
5) International patenting,
6) Technological services,
7) Certification schemes of systems and product

It appears in this case, that the strength of the offered services, is considered as direct collaboration with SMEs.

Given the different types of activities carried out by recipeints to the survey, this issue can be considered as an attention realated to the direct collaboration and listening to the needs expressed by regional SMEs.

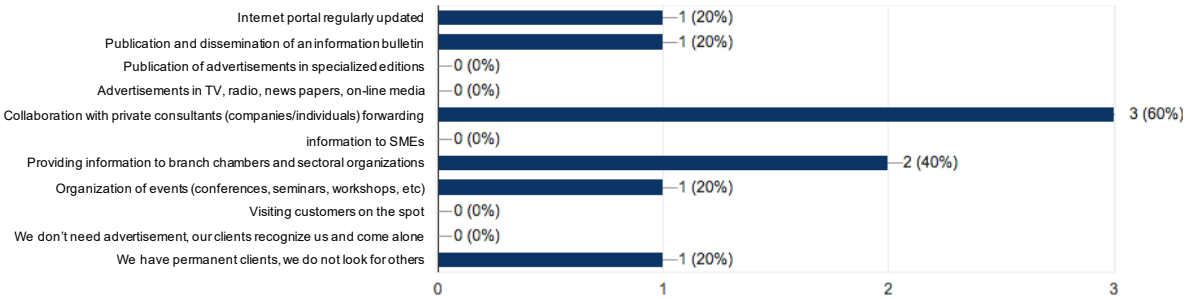

Chart 17 - How do you provide information to your customers /SMEs looking for internationalization support services?

The relationship between organizations with SMEs is not always considered easy, in fact, there are several aspects that are considered, to be improved to make internationalisation services more effective *(Q 4.4 - How can the services for SMEs internationalization support be provided more effectively?),* for example it emerges that it is considered to be improved:

- the support of the Public Administration;
- collaboration between Public Body and institutions

It also seems to be an aspect to be implemented, the one related to the supply of virtual and remote assistance. The expressed suggestions for improving the collaboration between SMEs and organizations that provide internationalisation services are the follows: *(Ref. Q 4.6 - How do you consider the importance of public support for SMEs internationalization?):*

1) Thinking about the market and its changes, and about not public contributions and their support (in particular ICE);
2) Participation at European call for proposals;
3) Establishment of a dedicated ofiice to the internationalization of enterprises, in order to raise awareness of funding opportunities and partnerships for SMEs, which intending to pursue internationalization processes;
4) More information and awareness

In evaluating the SMEs supporting policies, it should be said that, given the low number of everyone who responded to the questionnaires, it is more interesting to evaluate the expressed opinions than the previous experiences that, for this reason, are not exemplary;

for example with regard to funds for internationalization, are considered more important, those coming directly from the EU and the State, that those at the regional and local level

(Q.4.4 - How do you consider the importance for SMEs internationalization by the public funds support provided?).

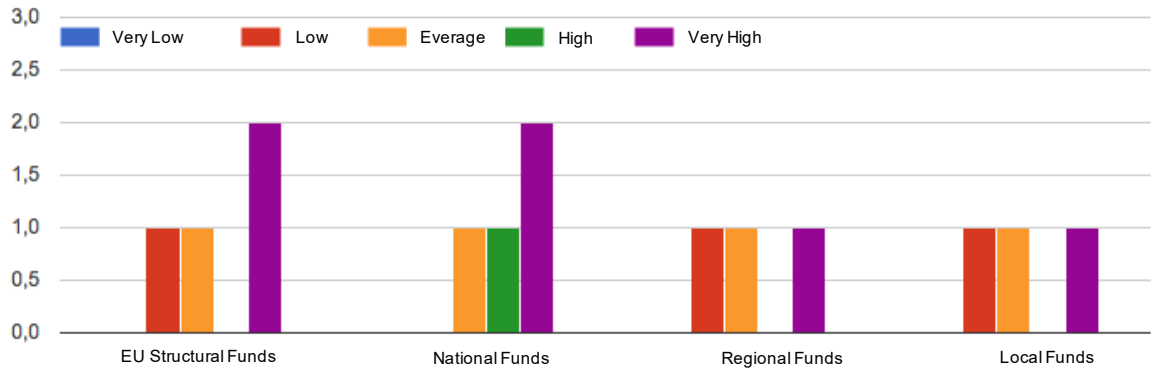

Chart 18 - How do you consider the importance for SMEs internationalization by the public funds support provided?

Regional funds for internationalisation are not considered so important, this is an important indication for consideration, since the Regional Authority has the tools for acting in the field of the competitiveness of SMEs and the regional production system.

Suggestions for improving policy instruments, for supporting SMEs to internationalization has been:

- Improving the action of public authorities in the dissemination of funding opportunities for the benefit of enterprises which intending to pursue the internationalisation process, by illustrating the benefits of this system. The goal is to spread the culture of internationalisation.

Suggestions to improve the efficiency of provided public funding have been:

1) Less bureaucracy.
2) Evaluate the achieved results in detail and take the following steps to improve the future action.
3) Greater closeness to the territory.

2. Results

The results of the questionnaire submitted to the organizations have shown that the activities carried out within the supporting services to the organizations are several and concern the financial, non-financial and training fields.

The main expressed requirements concern:

- Improving the support by Public Administration;
- more proficient collaboration between the Public Body and the involved institutions;
- the improvement of information services using ICT technologies;
- less bureaucracy.

VI. SWOT ANALYSIS

SMEs

STRENGHTS	WEAKNESSES
• Rich business world and consolidated foreign entepreneural relationship • Large presence of multi-nationals in the manufacturing industry • Regional exports are characterized by high sectoral specialization • High quality export products	• Financial shortcomings for supporting investment for internationalization • Lack of adequate knowledge of targeted market scenarios • Poor knowledge and inclination towards the EU's facilitating tools
OPPORTUNITIES	**THREATS**
• Economic recovery can drive the investments for internationalisation • Regional Smart Strategy Specialization focuses its efforts on areas already competitive in the export field that could be improved in the next future. • Multi-national companies established in the regional terrioty can drive the SMEs	• Uncertain and fragmented regional policy for the internationalisation of SMEs • Lateness in the procedures related to regional policies for internationalisation supporting

ORGANIZATIONS

STRENGHTS	WEAKNESSES
• Variety of provided services and existing supporting typology	• Fewer collaboration between the various actors involved in support activities (Institutions, Entities, Service company)
OPPORTUNITIES	**THREATS**
• Some examples of action, launched by the Ministry of Economic Development, such as vouchers for internationalisation, may be an opportunity for the final beneficiary (SME) to have recourse to support services with a minor economic disadvantage	• Lateness in the procedures related to regional policies for internationalisation supporting

VII. MAIN CONCLUSIONS AND RECOMMENDATIONS

The regional environment in the field of internationalisation has been characterized, in the recent years, by a multitude of initiatives “on spot” being put in place by different stakeholders, especially realated to information and training.

The direct action of the Abruzzo region has been limited to a few initiatives: a regional office for internationalisation and a call for proposal for business networks.

From this point of view, Smart Strategy Specialization can be a step forward, since it focuses its efforts, also in the field of internationalisation, in already competitive sectors in exports, that can enhance their activities, by also attracting SMEs to its dependent industries.

However, this still requires a necessary improvement in the rapidity and effectiveness of policy execution procedures.

The most important aspects highlighted by the surveys are:

1. SMEs express a strong awareness of the importance of affirming themselves in international markets; such consciousness, in the economic crisis phase, becomes hardly in concrete and systematic investments and activities;
2. The main needs expressed by SMEs are the achievement of financial instruments and the detailed knowledge of the targeted foreign market; then maybe are considered less important (perhaps underestimated) the needs related to the implementation of suitable products for the new markets or to the improvement of the production process;
3. The facilitating tools provided directly and indirectly by the EU are, in the perception of SMEs, still unsuitable for two orders of reason: small knowledge of existing possibilities and excessive lateness and bureaucracy of procedures.
4. From the point of view of the organizations that develop supporting activities, even though all the different services and know-how are available at the regional level is considered as a primary requirement the one of a further integration of the activities and collaboration of the committed organizations.

Recommendations:

- Minimize the timing for lauching of call for proposlas at regional level, for supporting SMEs in internationalisation processes.
- Reduce the bureaucratic complexity of access to facilitations.
- Operating in continuous manner with actions already put in place such as:
    - involving the different actors, in supporting actions (One-Stop-Shop):
    - stimulating aggregation (partnership, network of enterprises) in internationalisation activities.
- Proceed rapidly in the direction of automating of provided Public Administration's services, to increase the chances of interaction with SMEs.
- Provide further knowledge tools in relation to the initiatives promoted by the EU in every field and for internationalisation actions.