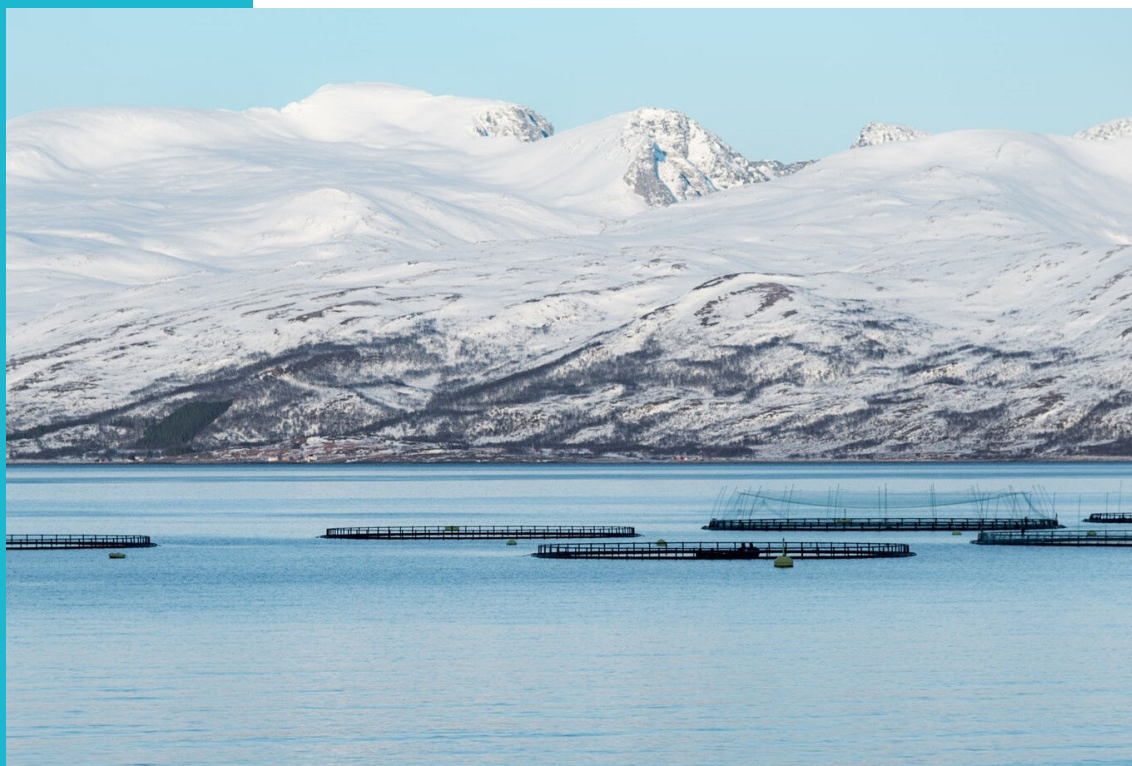


POLICY BRIEF 3

EXTRA-SMEs
Interreg Europe



European Union
European Regional
Development Fund

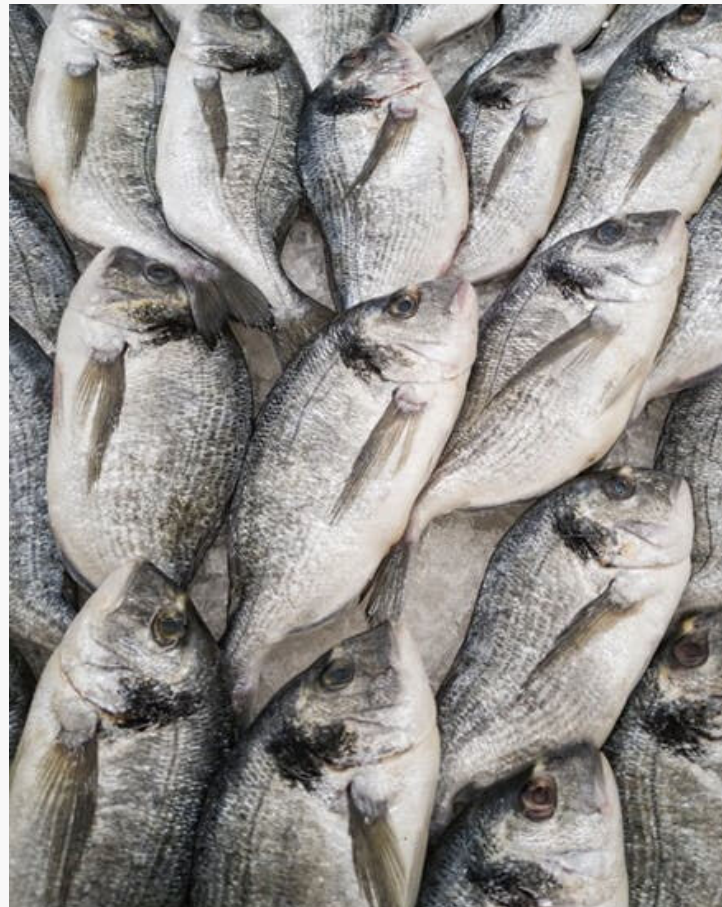


EXTRA-SMEs PROJECT

EXTRA-SMEs is an Interreg Europe project that aims to foster the competitiveness, extraversion, and internationalisation of rural and coastal SMEs participating in aquaculture value chains.

The EXTRA-SMEs project brings together 8 regions from 7 countries and aims to support public authorities and agencies to join forces and exchange experiences in:

- Administrative simplification
- Expansion in new markets
- Innovative value-added product solutions
- Personnel up-skilling
- Resolution of stakeholders' conflicts of interests



THE PROJECT

POLICY BRIEF OVERVIEW

This policy brief provides an overview of the “Report on the factors hindering EXTRA-SMEs’ internationalization and extraversion” developed by the EXTRA-SMEs project.

The report aims at **identifying the barriers and bottlenecks that businesses in the aquaculture value chain face in expanding their activities in new markets and internationalizing their outlook.**

This report focuses on businesses that are subject to aquaculture regulations. Thus, the focus of the report is on companies in the fields of **seed production, farming, harvesting** as well as **primary processing.**

The findings of the report can be taken into account by relevant public authorities and actors, in order to review and revise their existing policy frameworks and boost regional competitiveness and extraversion.

RESEARCH APPROACH

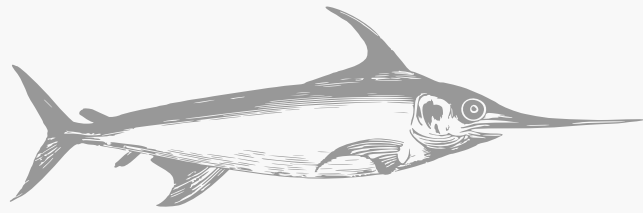
The research design principally aimed at collecting information regarding the problems that aquaculture SMEs face in carrying out international activities. To that end, a total of 43 aquaculture SMEs were surveyed.

The survey tool used was separated in two distinct sections:

- The first section aimed at identifying the company's position in the aquaculture value chain and its status in relation to international activities (including participation in networks).
- The second section aimed at the identification of perception of barriers (based on the OECD SMEs survey). Two complementary methods were mobilized for this analysis: the respondents were initially asked to rate the 'significance' of categorized clusters of barriers and then asked to select and rank 10 barriers from the pool of 50 barriers. This method yielded two datasets providing interesting data for analysis.

The SMEs that responded to the relevant survey were variable size, age, production capacity, area of specialization and status of international activity. The data collection in the partnership regions revealed a wealth of different value chain structures: participants in the survey share certain characteristics and differ in other attributes.

MAIN FINDINGS



- Despite the diversity of business demographic attributes, two categories of problems emerge from the analysis as most pertinent: a) **product and price barriers** to marketing, and b) **procedural barriers**.
- **Administrative, bureaucratic and procedural barriers**, including relevant regulation as well as the lack of assistance (i.e. funding), are perceived to be among the most significant barriers.
- Inability to offer products in **competitive prices** reflects problems associated to: a) the functional characteristics of the company, b) the domestic market and the relevant demand for such products, c) the regulatory framework in the 'export' country, d) the target market structures, and e) the business model and characteristics of third-country competitors.
- **Company size** does matter in the formation of barriers' perceptions, as smaller companies tend to consider internal barriers as more important, while larger companies tend to consider external barriers as more important.
- **Company location** (region), as expected, appears to play a significant role regarding differences in perceptions of the business external circumstances, notably, regulatory framework, government assistance.
- By contrast, **company's export status** does not seem to alter significantly the perception of barriers or the prevalence of either internal or external barriers. Export status in turn is not associated with company size.

KEY RECOMMENDATIONS

- Effort should be directed towards **product innovation and diversification**. Aquaculture SMEs may benefit from allocating more resources to the production of higher-value goods.
- Regional authorities should focus in the development of **support programs and procedures**, aiming at assisting aquaculture SMEs in increasing their competitiveness and extraversion.
- Authorities need to develop **communication strategies** for their existing support activities in order to increase the visibility of programs and the accessibility to procedures which may be too complex for newcomers in the arena of international trading activities.
- The operation of **export hubs** both at home and in destination countries could facilitate the establishment of credible links between businesses and third parties (i.e. potential customers, middlemen and associates) and it can leverage state resources and networking assets abroad that an individual company cannot have access to.
- Aquaculture businesses can further benefit from receiving **market intelligence support** to obtain an objective and data driven picture of the dynamics in target markets.
- More concrete issues, such as **transportation costs** and **currency risks** can be addressed by prioritizing export activities (e.g. through the provision of incentives in the form of tax reductions and tariff reductions for companies willing to take on export activities).

PROJECT PARTNERS



**Region of Peloponnese
(EL)**



Liguria Region (IT)



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Commerce in Szczecin
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**Bucharest-Ilfov Regional
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(IT)**



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(LT)**

About Us

EXTRA-SMEs is co-funded by INTERREG Europe / European Regional Development Fund (ERDF)

Contact Us

Project email: extrasmes2018@gmail.com
Web: www.interregeurope.eu/extra-smes/

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