



BalkanMed E-Business Pages

Analysis of Export Industries – Cyprus

Limassol Chamber of Commerce
and Industry – Limassol, Cyprus



Deliverable 4.3.1
“Database analysis”

Produced on Behalf of
PP3 Limassol Chamber of Commerce &
Industry

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April 2019

Summary

The present study aims in exploring the E-Business Pages database section for Cyprus and to identify the strengths and weakness presented for the participating businesses. This is examined via the diagnosis and presentation of the overall capacity of Cyprus economy regarding exports. After verifying that the major industries and sectors involved are adequately represented, the general assumptions regarding the Cypriot economy are considered as valid for application in the case of e-BP database. Following that, the study expands on the difficulties and barriers to export activities, with a special focus in the case of services sector and SMEs. This is judged as necessary, given the general profile of Cypriot export activities and business ecosystem, identified in the study's initial findings.

Following that the study presents the generally accepted recommendations for the promotion of export capacities for SMEs, placing emphasis on the institutional aspects, the processes that lead to a successful product and market selection, and the special conditions applying in service providing as an international activity. Furthermore, the special needs are examined within the Cyprus institutional framework and linked to the state of the art regarding the operating business associations and their capacity for export support. Opportunities for cooperation between SMEs that use E-commerce, Support programmes, activation of networks, institutions and offices and clusters and export consortia are discussed as part of the options available in business in the database.

Finally, the study presents basic conclusions on the value of export promotion programmes and their role in helping SMEs, the need of understanding of the foreign market dynamics and a short list of required elements of required elements for businesses to assess when operating or considering expanding into the international field.

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Introductory Remarks

According to the generally used definitions on international or external trade (OECD, WTO, UNCTAD), the export of goods and services refers to the exchange of goods and services across international borders or territories. Additional elements of the export's definition include the merchandise exports. These refer to goods (and services) leaving the statistical territory of a country. In the general trade system, the statistical territory of a country coincides with its economic territory. Furthermore, exports and imports of services reflect, respectively, the value of services provided to residents of other countries by a country's residents and those received by residents of the domestic territory. They are the values of credits and debts of international service transactions as presented in the International Monetary Fund's Balance of Payments Statistics. Finally, for the purposes of the definition above, services are defined as the economic output of intangible commodities that may be produced, transferred and consumed at the same time. Service exports are provided, regardless of the location of the transaction, in every case when the buyer and the provider of the service are of a different nationality.

External Trade is an important indicator of economic conditions that are prevailing in an economy, and trade balance data can show the dynamics developed with the same economy. Some important aspects of external trade and export activities are presented below.

- a. External Trade activities promote specialization, as producers (or service providers) are encouraged to focus on popular products or services.
- b. Enhances competition, compelling domestic firms to improve the technology of production, production process and quality of the products.
- c. Generates employment opportunities via the growth of agricultural, commercial as well as industrial activities, which in turn generates more and more employment opportunities for the people.
- d. Promotion of international relations via trade and cultural exhibitions, leading to more open financial and cultural environments.

- e. Economic growth of every country depends to a large extent on the volume of external trade, as local consumption of product and services is bound to have an upper limit set by the national population. By adding export or international activities, enterprises can benefit from extended consumer basis.

1. The Exports Sector Situation in Cyprus and Database Analysis

1.1 Present situation – Major Industries Involved

According to WTO data for 2017, Cyprus ranks at 119th place regarding merchandise and at 58th regarding commercial services exports. Despite the fact that its economy presents a permanent negative balance between exports and imports, in the last decade, the ratio of exports to imports has improved and so has the ratio of exports in the countries total GDP (see tables 1 and 2 below).

The ratio of merchandise products to commercial services regarding Exports has traditionally weighted towards the services sector. For 2017 the contribution was estimated at 23,5% for merchandise products and 76,5% for exported commercial services. It also notable that the services sector operated on a trade surplus, contrary to both the products sectors and the overall economy.

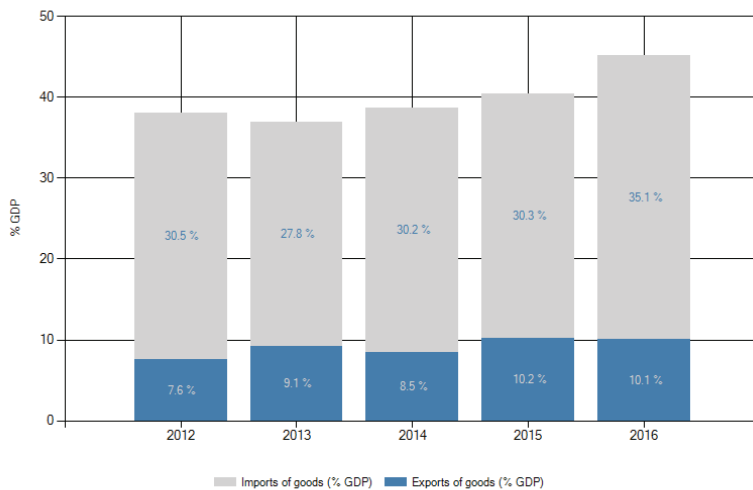
A breakdown of export categories for merchandise products shows that 65,4% refers to manufacturing and 19,5% refers to fuels and mining products, while agricultural products constitute 13,2% of exports. When broken down by destination, 33% of Cyprus' exports move towards EU destinations (mostly Greece, UK and Germany), 9% to Libya, 6,5% to Norway, 4,5 to the Marshall Islands, 3,5 to Singapore and 43,6 to other destinations (with the most prominent amongst them Russian Federation).

On product by product basis, the products with the highest values of export for 2017 were Petroleum oils, other than crude (598 mil. US\$), Vessels for transport (398 mil. US\$), Other Vessels (312 mil. US\$) and Medicaments in measured doses (301 mil. US\$). This shows how the Oils, Pharmaceuticals and Vessel Building categories dominate product exports. The highest agricultural product contribution to national exports comes from Cheese and Curd products (most notably Haloumi Cheese) with a total value of 186 mils. US\$.

In the commercial services sector, the breakdown shows a more balanced image, with Transport Services representing 28,2% (2.951 mil US\$) of total services exports, Travel services (including tourism) representing 30,1% (3.151 mil US\$) and Other Commercial

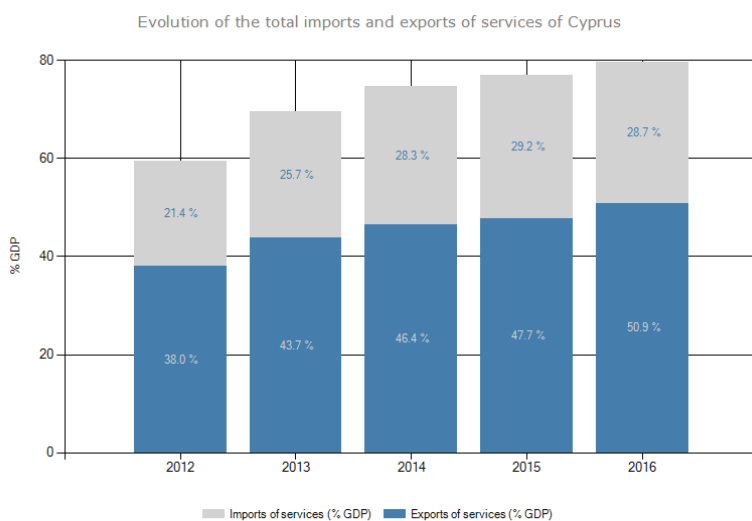
Services (including the prominent financial, ICT and educational sectors) contributing 40,6% (4.244 mil US\$). The Goods related services have a nominal share with 1% of total Service Exports (106 mils US\$). The service recipients are found amongst EU members (55,3%), the Russian Federation (17,9%), the United States of America (8,2%), with smaller participation for Switzerland (2,2%), Canada (0,5%) and a total of 15,8% for the rest of the world. It is notable, that even the lowest in contribution Good related services, have a higher or equal total value than many exported products, showing the importance of the services sector in the Cypriot economy.

Figure 1 Evolution of Trade Ratio to GDP (Goods)



Source: ITC Trade Map (Trade), World Bank (GDP).

Figure 2 Evolution of Trade Ratio to GDP (Services)



Source: ITC's calculations based on the IMF's Balance of Payments, World Bank (GDP).

This is also supported by International Trade Center data, that clearly shows that goods exports reflect on a regular basis a much smaller part of the national GDP, in comparison to services exports.

Year	Total Trade					Third Country Trade					EU Trade				
	Total		Total		Trade Balance	Imports		Exports		%	%	Arrivals		Departures	
	Imports/Arrivals (c.i.f.)	Export/Departures (f.o.b.)	Imports (c.i.f.)	Exports (f.o.b.)		Imports (c.i.f.)	Exports (f.o.b.)	(c.i.f.)	(f.o.b.)			(c.i.f.)	(f.o.b.)	%	%
2005	5.069.069	1.228.742	-3.840.327	1.609.914	357.233	31,76%	29,07%	3.459.155	871.509	68,24%	70,93%				
2006	5.513.456	1.111.758	-4.401.698	1.750.191	363.698	31,74%	32,71%	3.763.265	748.060	68,26%	67,29%				
2007	6.353.443	1.082.664	-5.270.779	1.998.846	338.851	31,46%	31,30%	4.354.597	743.813	68,54%	68,70%				
2008	7.366.649	1.190.371	-6.176.278	2.407.079	401.675	32,68%	33,74%	4.959.570	788.696	67,32%	66,26%				
2009	5.691.780	970.445	-4.721.335	1.579.543	360.558	27,75%	37,15%	4.112.237	609.887	72,25%	62,85%				
2010	6.517.415	1.136.786	-5.380.629	1.964.570	427.044	30,14%	37,57%	4.552.845	709.742	69,86%	62,43%				
2011	6.310.512	1.403.976	-4.906.536	1.994.840	501.823	31,61%	35,74%	4.315.672	902.153	68,39%	64,26%				
2012	5.742.196	1.422.399	-4.319.797	1.812.934	591.871	31,57%	41,61%	3.929.263	830.527	68,43%	58,39%				
2013	4.830.358	1.609.264	-3.221.094	1.480.087	721.186	30,64%	44,81%	3.350.271	888.078	69,36%	55,19%				
2014	6.070.441	2.453.212	-3.617.229	2.192.505	1.207.246	36,12%	49,21%	3.877.936	1.245.966	63,88%	50,79%				
2015	6.434.713	3.027.338	-3.407.375	2.407.079	1.688.041	37,41%	55,76%	4.027.634	1.339.297	62,59%	44,24%				
2016	7.117.492	2.714.182	-4.403.310	2.430.907	1.404.173	34,15%	51,73%	4.686.585	1.310.009	65,85%	48,27%				
2017	8.216.212	2.968.381	-5.247.831	3.267.420	1.845.573	39,77%	62,17%	4.948.792	1.122.808	60,23%	37,83%				
2018	9.160.644	4.263.572	-4.897.072	3.923.077	3.047.641	42,83%	71,48%	5.237.567	1.215.931	57,17%	28,52%				

Table 1 Cyprus External Trade (CYSTAT Data)

Year	Exports / Imports (%)	Exports / GDP (%)
2017	36,1	15,2
2016	38,1	14,7
2015	47,0	17,1
2014	40,4	14,0
2013	33,3	8,9
2012	24,8	7,3
2011	22,2	7,2

Table 2 Exports percentage in relation to imports and GDP (CYSTAT Data)

	2016	2015	2014	2013	2012
Total NACE	3,102	3,011	2,880	2,985	3,045
Agriculture	45	47	52	39	51
Mining	10	:(c)	:(c)	:(c)	:(c)
Manufacturing	106	106	101	97	91
Electr.	:(c)	:(c)	:(c)	:(c)	:(c)
Waste ect	31	38	36	29	29
Construction	110	:(c)	164	142	138
Retail	1,431	1,368	1,301	1,360	1,346
Transportation	269	314	288	:(c)	:(c)
Information and Communication	160	153	146	144	158

Table 3 Exporting Enterprises in Cyprus according to NACE Categories (CYSTAT Data)

Indicator		Merchandise exports by product group and destination – annual (Million US dollar)										
Reporting Economy	Product/Sector	Partner Economy	2012	2013	2014	2015	2016	2017	2018			
Cyprus	S13_AGG - TO - Total merchandise	World	1740	2019	3164	3295	2964	3287	4974			
Cyprus	S13_AGG - AG - Agricultural products	World	319	400	386	336	391	438				
Cyprus	S13_AGG - AGFO - Food	World	299	377	371	323	378	420				
Cyprus	S13_AGG - MI - Fuels and mining products	World	484	442	406	508	578	791				
Cyprus	S13_AGG - MIFU - Fuels	World	335	327	311	444	520	720				
Cyprus	S13_AGG - MA - Manufactures	World	850	1099	2276	2413	1942	1953				
Cyprus	S13_AGG - MAIS - Iron and steel	World	11	10	10	7	3	35				
Cyprus	S13_AGG - MACH - Chemicals	World	461	461	418	375	384	409				
Cyprus	S13_AGG - MACHPH - Pharmaceuticals	World	303	324	321	283	288	314				
Cyprus	S13_AGG - MAMT - Machinery and transport equipment	World	230	453	1648	1861	1385	1336				
Cyprus	S13_AGG - MAMTOF - Office and telecom equipment	World	59	81	93	115	142	153				
Cyprus	S13_AGG - MAMTOTEP - Electronic data processing and office equipment	World	7	8	7	8	15	22				
Cyprus	S13_AGG - MAMTOTTL - Telecommunications equipment	World	31	73	87	106	126	131				
Cyprus	S13_AGG - MAMTOTIC - Integrated circuits and electronic components	World	21	0	0	0	0	1				
Cyprus	S13_AGG - MAMTTE - Transport equipment	World	71	237	1381	1668	1140	1071				
Cyprus	S13_AGG - MAMTAU - Automotive products	World	27	20	30	53	39	16				
Cyprus	S13_AGG - MATE - Textiles	World	3	2	7	3	2	1				
Cyprus	S13_AGG - MACL - Clothing	World	17	9	14	11	10	13				

Table 4Merchandise exports by product group and destination – annual (Million US dollar)

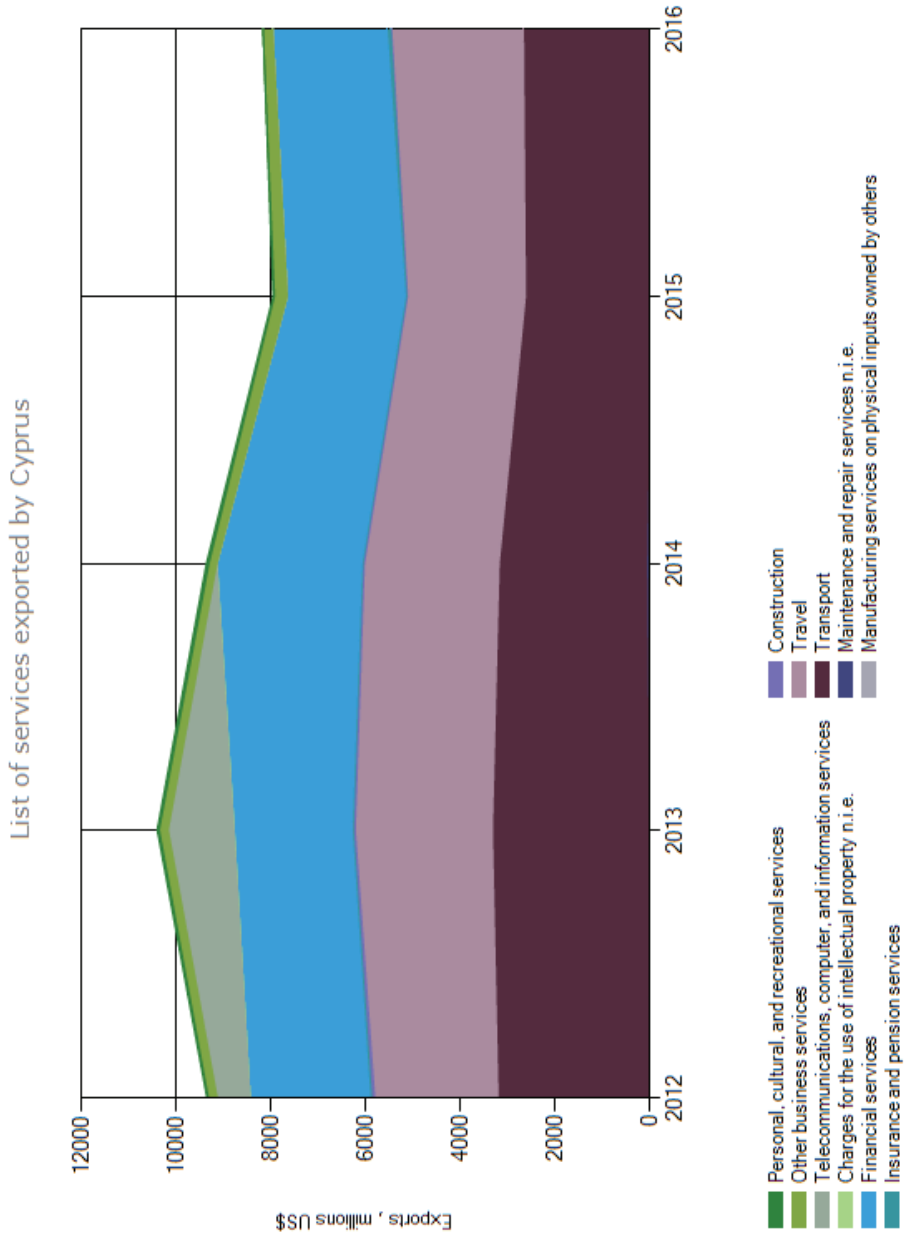


Figure 3 Composition of Trade in Services (Source: ITC Trade Map)

1.2 Comparison of the National Data to the E-Business Pages database for Cyprus

After the initial presentation of the overall export situation in the Cypriot economy, the study will examine how the national data are reflected in the participation of the Cypriot businesses in the E-Business Database.

A first level analysis will focus on the geographic representation of businesses in the database compared to that of the national totals. As shown in Table 4 below, the only district in which considerable deviation is being noted is the District of Famagusta, that appears relatively under-represented compared to national data (the number of businesses in national data is has been calculated to include the NACE sectors most relevant to the Project, excluding the Household Activities).

District	National Data (2017)		E-BP Database	
FAMAGUSTA	27.888	38,1%	28	14,0%
LARNACA	4.790	6,5%	43	21,5%
LIMASSOL	11.380	15,5%	31	15,5%
NICOSIA	21.244	29,0%	60	30,0%
PAPHOS	7.980	10,9%	38	19,0%
	73.282		200	

Table 5 Geographic Distribution of Businesses on the National Scale and in e-BP Database (CYSTAT and e-BP Database Data)

The explanation on this could be traced in the NACE categorization of activities for the Databases activities. Given the project’s scope as a means for the external promotion of enterprises and the creation of transnational networks, it is obvious that the sectors that were described in the previous section of the study as the most active in exports have shown an increased interest in participating. Examples for these are the relatively higher participation of Manufacturing Firms (Category C in Table 5 below) and that of those providing Professional, Scientific and Technical Services (Category M). As the district in question has, according to CYSTAT national data, a relatively lower number of such businesses, it has been as a result underrepresented in the e-BP database.

	National Data (2017)		E-BP Database	
	Total	%	Total	%
A AGRICULTURE, FORESTRY AND FISHING	3.618	4,9%	4	2,0%
B MINING AND QUARRYING	50	0,1%		
C MANUFACTURING	5.024	6,9%	38	19,0%
D ELECTRICITY, GAS, STEAM AND AIR CONDITIONINGSUPPLY	75	0,1%		
E WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	201	0,3%	2	1,0%
F CONSTRUCTION	7.847	10,7%	4	2,0%
G WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	16.704	22,8%	42	21,0%
H TRANSPORTATION AND STORAGE	3.113	4,2%	2	1,0%
I ACCOMMODATION AND FOOD SERVICE ACTIVITIES	5.770	7,9%	8	4,0%
J INFORMATION AND COMMUNICATION	1.644	2,2%	8	4,0%
K FINANCIAL AND INSURANCE ACTIVITIES	2.956	4,0%	24	12,0%
L REAL ESTATE ACTIVITIES	1.000	1,4%	14	7,0%
M PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	7.988	10,9%	38	19,0%
N ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	3.082	4,2%	7	3,5%
O PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	296	0,4%		
P EDUCATION	2.667	3,6%	4	2,0%
Q HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	3.940	5,4%		
R ARTS, ENTERTAINMENT AND RECREATION	2.073	2,8%	1	0,5%
S OTHER SERVICE ACTIVITIES	5.234	7,1%	4	2,0%
	73.282	100,0%	200	100,0%

Table 6 Category Distribution of Businesses on the National Scale and in e-BP Database (CYSTAT and e-BP Database Data)

Taking into account the breakdown of data regarding the participation in the e-BP database, shown in the following Figures 1-7, some basic conclusions can be drawn for the export

capacity of participating companies and of the means to improve it. These will be supported by the analysis of the following sections on the difficulties and the prospects of the export activities in general and as applying in Cyprus in particular.

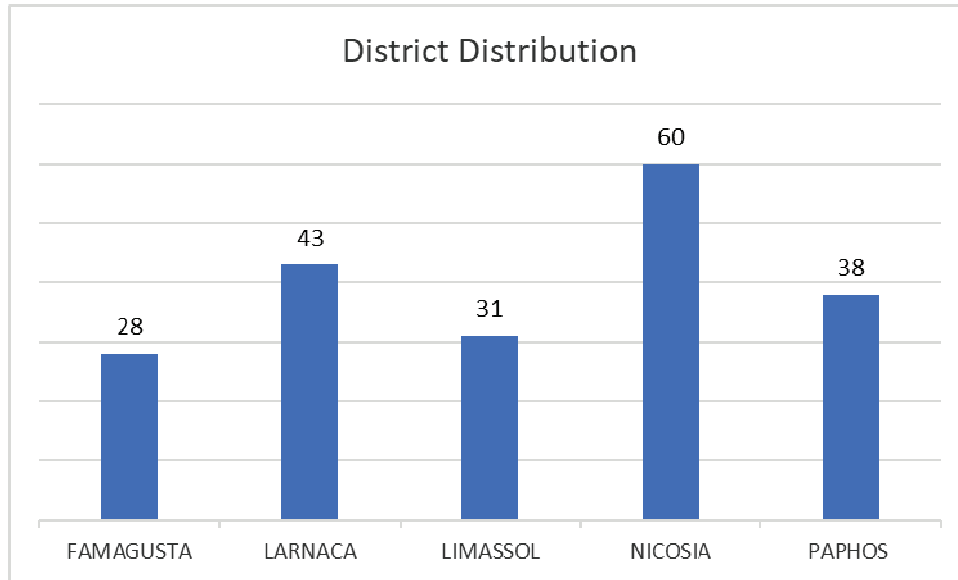


Figure 4e-BP Database Business Distribution

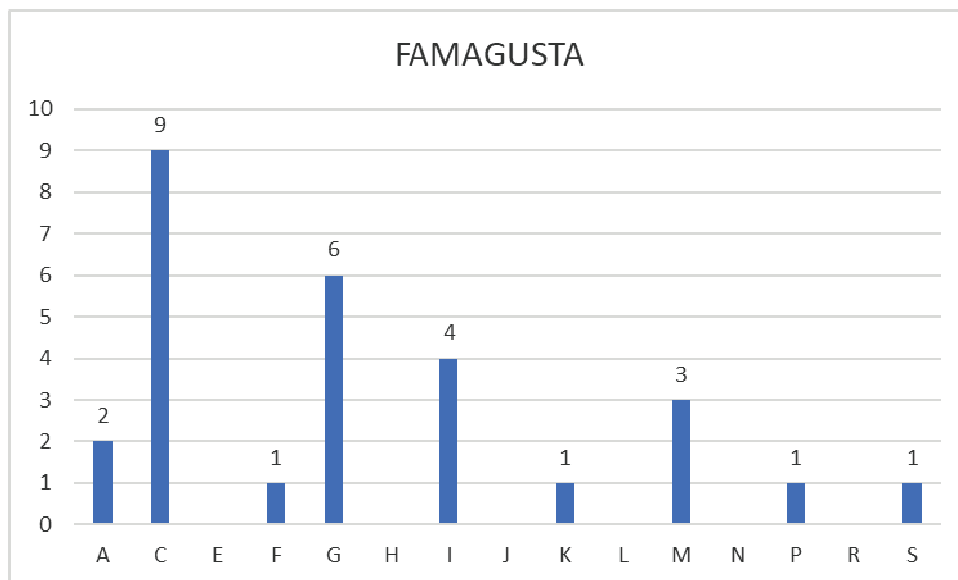


Figure 5e-BP Database Business NACE Distribution Famagusta

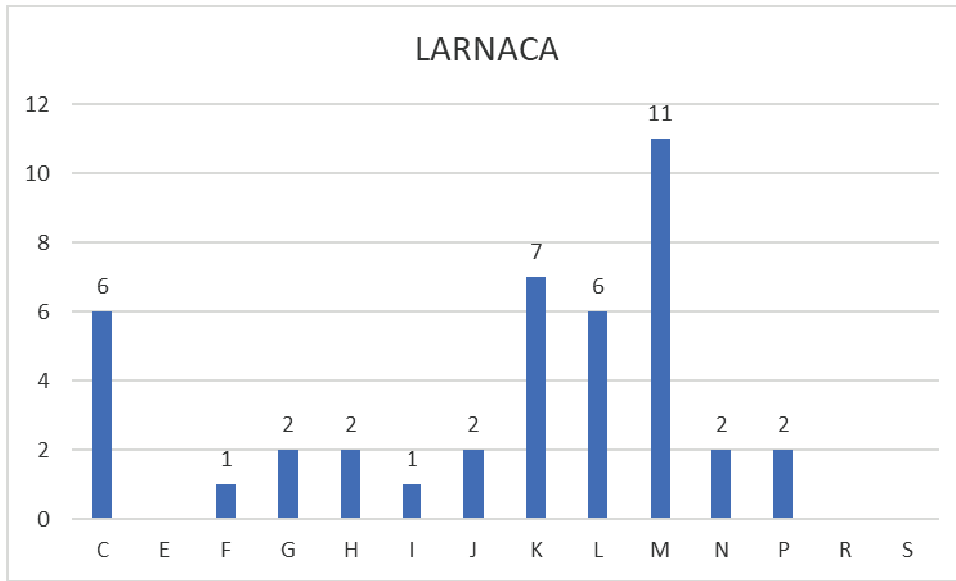


Figure 6e-BP Database Business NACE Distribution Larnaca

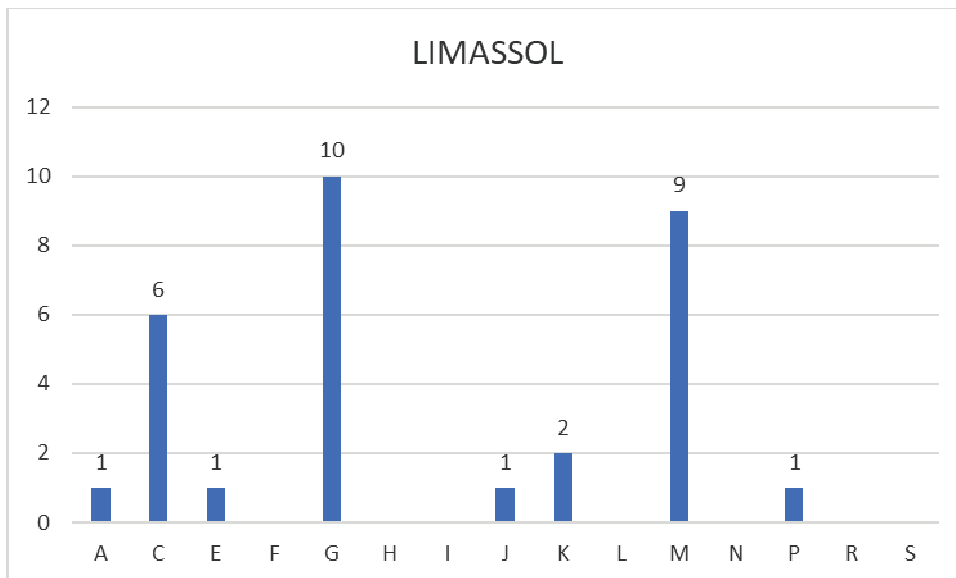


Figure 7e-BP Database Business NACE Distribution Limassol

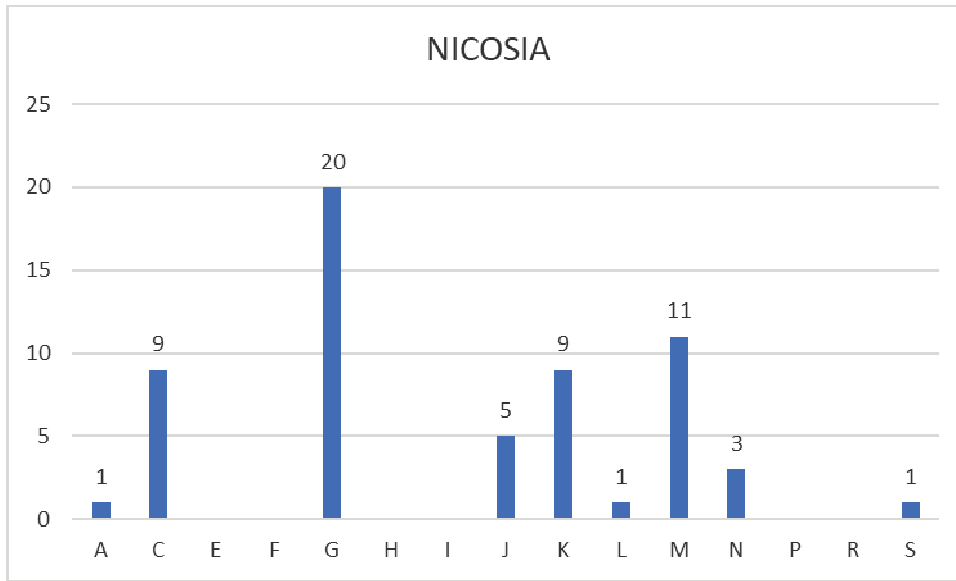


Figure 8e-BP Database Business NACE Distribution Nicosia

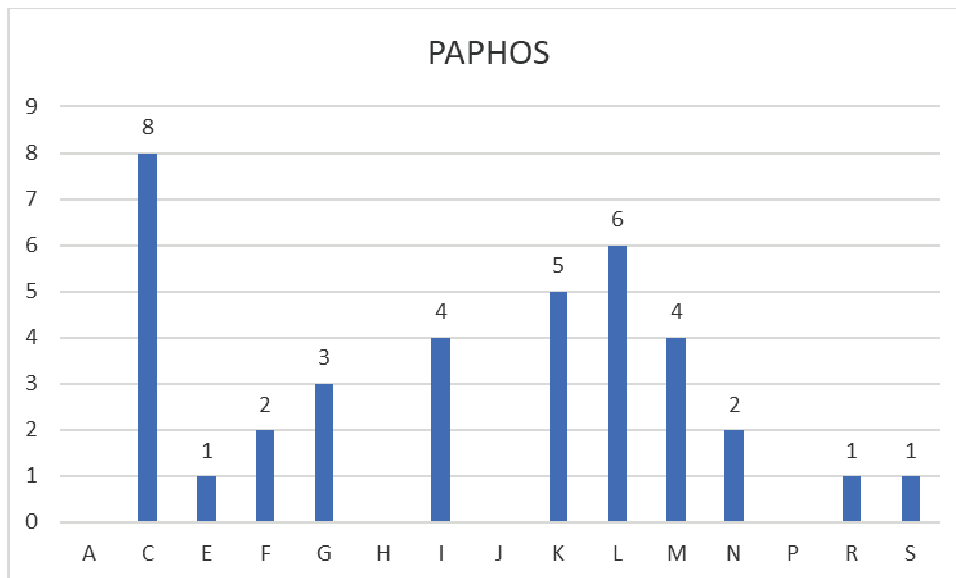


Figure 9e-BP Database Business NACE Distribution Paphos

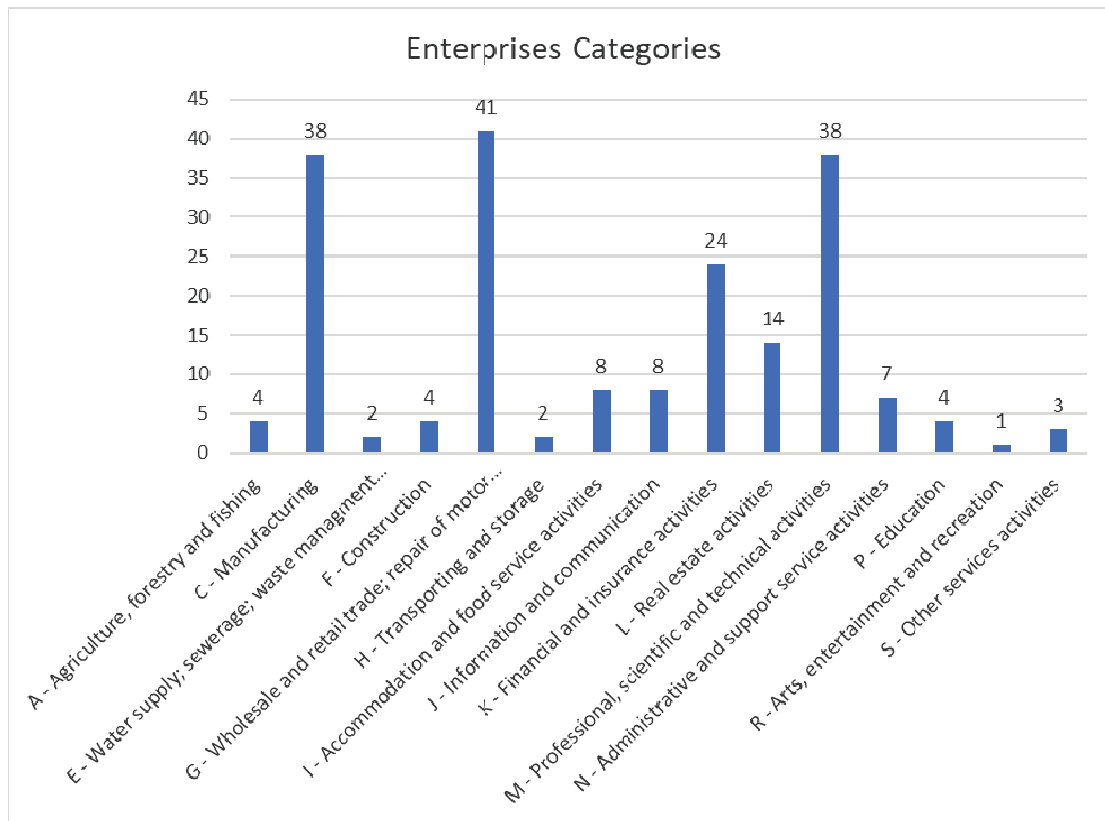


Figure 10e-BP Database Business NACE Distribution (Cyprus)

Each of the 5 districts in Cyprus presents its own mixture of participating enterprises, based on the overall entrepreneurial system there. What is clear, whether examining the each one individually (Figures 2-6) or the overall picture (Figure 7), is that four sectors tend to dominate participation, these being Retail, Manufacturing, Professional, Scientific and Technical Activities, and Financial and Insurance Activities. Of these, two (NACE Categories K and M) can be associated directly with the provision of services, one refers to manufacturing of products (NACE Category C), while the most popular category (Retail) can include activities associated with both services and production (depending on each case of enterprise retail can be an expansion of production activities or simply the trading of material or products). It is also interesting that most of the following categories refer to service provision (Categories H to S), thus agreeing with the general profile of Cyprus' economy as service-based. The general profile of the Cyprus e-BP database, based on the enterprise participation, means that the emphasis of the project in Cyprus will have to be placed on the examination of creating a further export potential for service-based activities.

2. Difficulties and barriers to export activity

OECD has recorded a significant number of potential barriers for the enterprises' access to international markets. These divided into two broad categories depending on their origin, namely Internal and External Barriers. Internal Barriers refer to Barriers internal to the enterprise, that are usually associated with organizational resources/capabilities and the company's approach to export business, while External Barriers originate from the home and host environment within which the firm operates (OECD 2019). These are further broken down according to the following table.

Internal Barriers	External Barriers
Informational Barriers	Procedural Barriers
Human Resource Barriers	Governmental Barriers
Financial Barriers	Customer and Foreign Competitor Barriers
Product and Price Barriers	Business Environment Barriers
Distribution, Logistics and Promotion Barriers	Tariff and Non-tariff Barriers

Further analysis of the internal and external aspects of export barriers will demonstrate their applicability in the Cyprus business sector, especially focusing on SMEs as they form the vast majority of the private sector in Cyprus.

Internal barriers are preeminently important for SMEs, as they usually tend to face major or minor limitations in their operations. That said, it is self-evident that most of the following barrier aspects are also highly relevant for SMEs in Cyprus.

Beginning with the human element, two major aspects are information and human resources. Informational barriers are mostly connected with problems in identifying, selecting and contacting international markets due to lack or inefficient information. Limited information can lead to limited market analysis capacity, basing on

unreliable data, inability to identify business opportunities abroad and to effectively locate and contact customers. Human resource barriers emphasize on the HR limitation regarding internationalization, due to the lack of managerial time to deal with internationalization and openness towards regional or global markets, the potential inadequacies of employed personnel (both in quality and number terms) and other managerial difficulties due to relevant inexperience in operating abroad.

In addition to the aspects above, further internal barriers are identified relating to financial conditions as well as product and market elements. More specifically, a quite common obstacle for international expansion can be the lack or the insufficiency of finance both as working capital and as an investment towards internationalization. Regarding the product and price barriers, these refer to pressures imposed by external forces on adapting the elements of the company's product and pricing strategy. These relate to difficulties relating to the development or adaptation of new products for foreign markets, in terms of design, style, quality specification and standards. Other potential product difficulties include providing competitive prices as well as production capacity to adequately meet export needs.

A final relating barrier linked to products and prices refers to difficulties arising from Distribution, Logistics and Promotion. Such difficulties relate to establishing and using distribution channels in foreign markets effectively, to obtaining reliable foreign representation, to ensuring adequate logistics and adapting promotion strategies to the needs of markets abroad.

External barriers originate from the market, business and institutional environment (local and abroad) parameters. Contrary to internal barriers, these cannot be overcome by efforts of the enterprises alone, since they relate to broader national policy and strategic issues or shortcomings. External barriers include Procedural, Governmental, Customer and Foreign Competitor, Business Environment Barriers as well as Tariff and Non-tariff Barriers. Procedural barriers are barriers associated with the operating aspects of transactions with foreign customers. As a result, problems are possible to arise from a variety of sources, such as unfamiliar exporting

procedures and documentation, the difficulty in communicating with foreign customers, delays in payments from abroad and the difficulty in enforcing contracts and resolving disputes. Closely relating institutional (governmental) issues are identified in the case of barriers associated with the actions or inaction by central government or the respective governmental services, in relation to its exporting / importing activities. These tend to include the lack of export incentives, export or import limiting legislation (in terms of volume or type of exported/imported products) and various activity restriction relating to people, goods and services, often bound with preferential treatment of goods or services depending on their origin.

Competition and customer issues, often create further barriers for exporting activities, linked with different foreign customer habits and attitudes as well as the intense competition of operating in foreign markets. It has to be noted that these obstacles are different from respective internal barriers, where enterprises fail or are unwilling to adapt to such conditions. Similarly, Business Environment Barriers are objective limits in economic and market operation, associated with the economic, political-legal and socio-cultural environment of the international market within which the company operates or is planning to operate. These can include Poor or deteriorating economic conditions abroad, currency exchange, differing business practices and socio-cultural traits or political instability leading to unexpected results.

The final external formal barrier commonly faced by exporting enterprises are tariffs and other similar practices, associated with restrictions on exporting and internationalizing of trade, including high tariffs (in the form of excessive tax applied to imported goods to artificially inflate prices of imports and protect domestic industries from foreign competition), inadequate property rights protection (inadequate legal protection framework of both physical and intellectual property), restrictive health, safety and technical standards, arbitrary tariff classification and reclassification, unfavorable quotas and/or embargoes (e.g. restrictions on the

quantity of specific goods being imported to certain countries) and high costs of Customs administration and preferential tariffs.

In Cyprus, the authority for promotion of external trade is the Trade Service of the Ministry of Energy, Commerce and Industry. Given the variety of products and services exported in Cyprus, it is essential that the Agency specializes in the respective sectors with its main purpose being the support of enterprises active in export activity in either and countering the external barriers that would normally be faced by them and to support the enterprises themselves overcome the internal limitations described above.

Regarding the promotion of trade in goods, measures implemented by the Section for Promotion of Trade in Goods include the promotion of agricultural goods (about 13% of exports) and of industrial or manufactured products (about 60% of exports). These measures include market research, participation in exhibitions, dissemination activities in potential markets, production and distribution of information material. Furthermore, the Ministry promotes funding schemes for the promotion of agricultural products within the EU and third country markets, financed by national and co-financed in some cases by the EU¹.

The aim of the Section for Promotion of Trade in Goods in the Agricultural Sector is to provide information concerning Cyprus agricultural products, as well as to promote/advertise agricultural products abroad by applying incentive schemes. To accomplish this objective the Section cooperates closely with the Trade Centers, the Cyprus Chambers of Commerce and Industry, the European Commission - Unit for the Promotion Agricultural Products and other Associations and Organizations.

¹These are the following:

- State Aid Scheme on Promotion measures and Advertising for Agricultural Products on the Internal Market and in Third Countries.
- De Minimis Scheme addressed to Organizations which are involved in the Processing and Trading of Agricultural Products, in order to participate in Competitions, Exhibitions and Fairs that take place in the Internal Market and in the Third Countries.
- Scheme Information provision and promotion measures for Agricultural Products on the Internal Market, financed by the European Union - Programme 1.
- Scheme Information provision and promotion measures for Agricultural Products in the Third Countries, financed by the European Union - Programme 2.

A strategic plan has been implemented by the Agricultural Section in order to respond to global challenges. The plan includes the following:

- Implementation of the national and EU co-funded funding Schemes:
- Conduction of surveys, collection of data, analysis and presentation of statistical elements.
- Problem-solving procedures.
- Participation of the Section in European seminars and programs.

The main exported agricultural products that can benefit from these measures are fresh fruit and vegetables, wine, halloumi and other dairy products, meat and meat products, fish and other traditional products such as sea salt.

Regarding the promotion of industrial products, the Sector aims to promote the openness of the manufacturing sector in Cyprus. The Section provides the Cyprus enterprises/manufacturers and or exporters, several incentives in the form of various Schemes, which are geared towards the expansion, and diversification of exports of manufactured products.

With a view to achieving the above target, the Ministry is in close cooperation with Trade Centres abroad, the Cyprus Chamber of Commerce and Industry, the Employers & Industrialists Federation, the professional Associations of manufacturers and exporters and also the individual manufacturers and exporters. The main activities regarding the promotion of exports of industrial products include the organization and participation in International Trade Fairs, as well as the investigation of the possibilities of participation in additional specialized fairs in countries with good export potential.

The following table records the State sponsored participation in Trade Fairs for 2018 (both for agricultural and manufacturing products).

Maison et Objet, Paris	07-11/09/2018
The Big Five, Dubai	11/2018
FRUIT LOGISTICA, Berlin	07-09/02/2018

GULF FOOD, Dubai	18-22/02/2018
FOODEX, Japan, Tokyo	06-09/03/2018
SIAL, Paris	21-25/10/2018
FH China, Shanghai	11/2018

As to the issue of the promotion of external trade in Services, the objective of the Section is the promotion of exports of services and the establishment of Cyprus as an International Business Centre and a centre for the provision of services.

In order to achieve this objective, the Ministry of Energy, Commerce, Industry and Tourism is undertaking various actions which include the placement of advertisements in business publications abroad, the organization of visits of journalists and businesspeople to Cyprus, the research of foreign markets and the organization of seminars abroad in cooperation with the Cyprus Chamber of Commerce and Industry, as well as the organization of the participation in specialized exhibitions.

The services sector is the leading sector of Cyprus's economy. Cyprus provides a considerable number of business services ranging from travel and tourism to legal, accounting, business consulting, software, banking, finance and insurance services, shipping and ship management, education and healthcare, telecommunications and information technology services. The further enhancement of the services sector is of strategic importance to the Cyprus government. The main objective of the Ministry of Energy, Commerce, Industry and Tourism is to contribute to this effort through the support of the promotion of exports of services as well as the promotion of Cyprus as an International Business Centre. The Ministry of Energy, Commerce Industry and Tourism undertakes a number of promotional activities through its Trade Centres such as:

- The placement of advertisements and advertorials in business publications abroad
- The participation in international services exhibitions with a state pavilion

- The organization of seminars and missions in cooperation with the Cyprus Chamber of Commerce and Industry, for the promotion of Cyprus as an International Business centre and centre for the provision of services
- The provision of financial support under the "de minimis" rule to enterprises which participate in international services exhibitions.

The section is funding schemes, for the promotion of Cyprus' services in the international market. Under these schemes, financial support is offered, under the De Minimis Rule, to cover part of the cost for those companies that participate in specialized services exhibition abroad.



Figure 11 Operation of the Cypriot Trade Service for the Support of Exporting Service Businesses

Source: http://www.mcit.gov.cy/mcit/trade/ts.nsf/page17_en/page17_en?OpenDocument

3. Recommendations and Prospects for successful export activities

As presented in the previous section, there is a wide variety of potential obstacles that exporting activities can face. Of course, the actual barriers in place depend heavily on the profile of exporting businesses, the structure and orientation of the national economy, the presence or absence of support mechanisms, and the international economic environment.

3.1 Institutional Aspects

However, in almost any case, trade support institutions tend to promote any existing national strong points in services and products. This creates a positive national profile, improving the country's overall image and helps firms in their own marketing. Since produced and manufactured products tend to conform with generally accepted or regulated standards of quality, this is particularly important in the case of a provision for services at the international level.

Creating a national image of quality providers in any field is one of the most important trade promotion initiatives that help to boost exports of services. Trade support institutions (TSIs), which represent business communities such as national trade promotion organizations, professional associations or chambers of commerce, can develop a few core messages about the competitive strengths to be used as elements of promotional materials. They can also collect and publicize success stories and best practices, set up award programmes, publish national services trade data which include services whenever exports are mentioned, and provide databases of service providers on freely available national web sites, friendly to users abroad.

Export promotional activities, such as those described above, are even more important in the case of SME dominated economies, as in the case of Cyprus. To support these entrepreneurs, trade initiatives should be efficient and require little initial investment. A starting point for government agencies is to review export development plans. Often, the potential for expanding service exports is overlooked

in national export development planning because of inadequate statistics and a lack of familiarity with the export activities of service firms.

A further point that needs to be taken into account refers to the role of national advantages, as part of the export promotion activities. National advantages take many forms, but specialization needs to ensure the existence of at least a few that are the most relevant for each country, and relevant for the major types of exports (services or products). For Cyprus, that would mean that service exports, could focus on promoting the geographic advantage of establishing a presence in the region, the business-friendly environment, its reputation in established or newly promoted sectors, (see the relevant sectors in the first section) and its human resources capital with the high level of tertiary education. In products, export activities would require to use the language advantage, with most enterprises being proficient in English and naturally Greek, and its cultural advantage via benefiting from the existence of strong diaspora in certain countries (the United Kingdom and Greece are again prime examples), together with the reputation of specific products such as halloumi cheese or Cypriot wines.

3.2 Product and Market Selection

Product promotion usually focuses on tangible product, but services are another story. In addition, products markets tend to create a dynamic on their own given a proper kickstart, so as a result emphasis on promotion support is usually more relevant for service exports. The choice of which services to promote is an important dilemma, as selecting priority services for promotion poses a challenge due to constant changes in market opportunities. Businesses are probably already exporting a range of services. The following are indicators for public and private sector bodies to consider in the selection process:

- Selecting and promoting a cluster of services can help build a national reputation,
- Services where national service firms are already known, where they have an edge,

- Ideally, some existing export success: success stories that can be promoted,
- Services where there is a critical mass of providers to develop the sector, including the availability of skilled staff and professionals,
- Presence of related supporting services and infrastructure of good quality,
- Evidence of competitive service provision; an appropriate mix of quality, price and innovation,
- Growth market in a trade partner - at least one other market likely to purchase the services from national suppliers,
- Post-secondary training in the service that attracts foreign students or executives,
- An industry association is interested in actively promoting the service.

In addition to choosing the services promoted for exports, a successful strategy also will have to deal with the issue of identifying the most appropriate markets for the promotion of exported products. Here, a number of criteria can be used depending on the generic and special circumstances involving various sectors and the timing of promotion activities. The ones with the wider application are listed as follows:

- Existing trade links with the export market,
- The existence of any preferential trade agreements, or at the very list the lack of technical or other (most notably tariffs) barriers,
- The signing of official technical assistance agreements, that further enable the flow of services and products,
- Existing memorandums of understanding, for example, in the areas of research and development, education and/or environment.
- The identification of a market as a source market for inward foreign investment,
- Especially in the case of service exporting economies, the identification of source markets for tourism services, educational or financial services,
- Large communities of expatriates, that tend to create favourable conditions for exported local products.

3.3 Services Focus

In the past, external trade only concerned the transfer of products from one part of the world to another. In the contemporary market context, trade policies include a vast array of practices. The services sector, together with other fields of intangible assets and market activities, such as foreign direct investment, intellectual property rights, licensing practices, standards for industrial products and plant / animal health, etc., can have a central role in designing the proper policy tools for each economy, based on its own activity mixture.

The promotion of services should highlight the solutions that service exporters can offer. Service customers are particularly interested in complete "one-stop" or "packet" solutions. A wide range of services is being exported, but from a trade promotion perspective, they fall into five general categories that benefit from slightly different promotional approaches:

- Infrastructure services, including architecture, engineering, construction, transportation, distribution and financial services.
- Information technology (IT) and related services, including computer consultancy, software development, data processing, database management and call centres.
- Business services(non-IT specific), such as research and development, equipment leasing or maintenance, market research, management consulting, translation, investigation and security.
- Professional services, including licensed professions such as accounting, law, medicine and dentistry.
- Quality-of-life services, such as education and training, and services related to health, entertainment, culture, recreation and sports.

As the export of services is an activity that can be undertaken both within the country or abroad, it could be considered prudent to initialize any promotion initiatives at home. These promotion activities would include the already present potential customers present there, such as:

- foreign investors, already engaged in economic transactions,
- business tourists,
- foreign students,
- official authorities represented in the country,

The practice has shown that service export opportunities develop primarily through contact networks and referrals, rather than via market research. The expansion of outreach towards groups of potential service buyers, as well as the dissemination of the active business capacity and capabilities of their service exporters, trade support institutions can help service suppliers take full advantage of growth opportunities in world markets.

That said, partnering with institutions in other countries can enable access by providing credibility for first-time exporters to those markets. Service industry associations have an important role to play in this regard, as they tend to develop collaborations with similar associations or institutions in target export markets. As a result, service suppliers are able to acquaint themselves with the market, find foreign partners and develop contact networks.

4. Needs for small, medium and large enterprises regarding export potential and activities

SMEs tend to be the primary recipients or beneficiaries of any public (national or EU co-funded) export promotion programme. This is a normal development, given that their small size means that they possess fewer resources and capabilities to expand their activities outwards. According to the Resource-Based View model, smaller firms have fewer valuable, rare, inimitable, and nonsubstitutable resources (and capabilities), which are essential prerequisites for strategic actions that create competitive advantage and enhance performance (Barney 1991). Firms can try to overcome this problem by acquiring resources and capabilities from external sources, such as government export-promotion agencies (Katsikeas, Piercy, and Ioannidis 1996).

The export capacity of local SMEs can be enhanced, among other ways, through appropriate trade and investment linkages, upstream and downstream the production and service activities of TNCs and other large firms. Such business linkages already play an increasingly significant role in various segments of local SMEs, which can thus move up the technological and management ladder and become part of global and integrated chains of production.

National export-promotion programs, such as the ones described in the previous section for Cyprus, are government measures that help local firms perform their export activities more effectively. Despite their diversity, the common aim of these programs is to act as an “external resource” for firms, helping them overcome various barriers to exporting. One of the barriers involved is the lack of raw materials or in the case of services capacity for supporting the export activities (in terms of quantity and quality terms). Government schemes aim to create a more positive attitude among business managers toward profit and growth opportunities abroad while minimizing negative perceptions about risks, costs, and complexities associated with exporting, thus dealing with the internal barriers previously described. Various trade mobility programs, such as trade shows/exhibitions, foreign

trade missions, and the support provided by trade offices abroad, can also cultivate positive thinking about exports.

In addition, although the existence of a sound marketing information system is vital in identifying, evaluating, and exploiting foreign market opportunities, many firms do not have sufficient resources to establish, operate, and maintain such a system. To assist individual firms, government organizations usually offer specialized training, development, and counselling services. In addition, engagement in export operations often requires extensive expenditures which impose serious financial strains on the firm. In this regard, government support usually takes the form of financial aid-related programs, such as export credit guarantees and low-interest loans.

Apart from enhancing resources, national export promotion programs can strengthen the firm’s export-related capabilities by identifying foreign business opportunities provides such a capability, which, however, is limited because of constraints in conducting international marketing research. Another important export capability is building relationships with foreign intermediaries and customers (Leonidou 2004). The primary role of governments in strengthening this capability is the provision of education- and information-related programs that help firms locate overseas distributors/agents, obtain a proper “matchmaking” fit with foreign buyers, and develop negotiating skills. In addition, trade mobility schemes enable exporters to have direct contact with potential foreign partners, understand their needs, and design appropriate products and services.

The above mentioned, can be categorized according to the typology described below.

- Information-Related Programs

These programs and schemes provide information about foreign Market profiles to identify possibilities for export of services or products. The information communicated via these programs, includes specific information on potential foreign partners, general information about analysis of the main features of a market,

marketing Information/advice regarding foreign market entry, positioning, and handling of information/advice marketing-mix elements, the provision of general literature on how to Information on export documentation handling, international credit and payments terms, export and shipping requirements, and publications referring to export activities, including export newsletters, special reports, mailing lists, and directories.

- Education- and Training-Related Programs

These include the organization of seminars, conferences, and workshops referring to export operations, seminars/conferences such as export planning, foreign market identification, and export logistics; training programs on specific exporting issues, such as running an export department, specializing in exporting servicing foreign customers, and managing relationships with export sales representatives; Training on handling documents specifically related to exporting, such as bill of lading, documentation letter of credit, and shipping insurance; Provision of export assistance on specific export problem situations, such as handling on export business bad debtors, assessing competitors, and dealing with foreign exchange transactions; and Language communication courses in addition to translation and interpreting services.

- Trade Mobility–Related Programs

The trade mobility assistance programs focus on the physical aspects of participating in international trade shows/exhibitions trade fairs, including any other similar assistance in the form of financial assistance to exporters, inward or outward, and support by trade offices.

- Financial Aid–Related Programs

The financial aid relating schemes can include funds transferring in assisting exporters in transferring of export relating payments, especially in the case of volatile markets, providing export credit guarantees to compensate for any damages

caused by unexpected non-market-related volatility and export loans, granting exporters on special rates in association with specific foreign markets activities.

Moving beyond the supplementary role of publicly funded support schemes as external sources of general export support, the focus will now be placed in the specialized resources required to adequately design and implement an export strategy that corresponds to the needs of each firm.

Although many resources can be relevant to the exporting businesses, those relating to human, marketing, financial, and informational aspects are often the most important for the design and implementation of a sound export marketing strategy (Leonidou 2004). Some of the most commonly identifiable aspects are the identification, evaluation, and exploitation of opportunities that arise in foreign markets, the building of sound and long-lasting business relationships, the modification of marketing policies, and the introduction of innovative practices and products. The resources linked to these aspects are the tangible and intangible assets that enable the firm to improve its efficiency and effectiveness, and according to literature (Barney 1991) should be valuable in exploiting opportunities and/or neutralizing threats from the environment, are among the firm’s current and potential competitors, and imperfectly imitable by other firms, and difficult to replace with other strategically equivalent substitutes. However, in order to classify these resources and capabilities as “vital”, a series of linked questions have to be employed that refer to the above-mentioned characteristics. These refer to the:

- Question of Value. Resources are valuable if they help organizations to increase the value offered to the customers. This is done by increasing differentiation or/and decreasing the costs of the production. The resources that cannot meet this condition, lead to a competitive disadvantage.
- Question of Rarity. Resources that can only be acquired by one or a few companies are considered rare. When more than a few companies have the same resource or capability, it results in competitive parity.

- Question of Imitability. A company that has valuable and rare resource can achieve at least temporary competitive advantage. However, the resource must also be costly to imitate or to substitute for a rival, if a company wants to achieve sustained competitive advantage.
- Question of Organization. The resources itself do not confer any advantage for a company if it's not organized to capture the value from them. Only the firm that is capable to exploit the valuable, rare and imitable resources can achieve sustained competitive advantage.

Furthermore, the conception and implementation of export strategies that employ various resources and capabilities are vital in achieving a sustained competitive advantage. A competitive advantage is the value created by the exploitation of the firm's resource- and capability-based strategy, and performance is the value that the firm captures from its commercialization. The final element of the firm's export competitive advantage is service differentiation, that constitutes a surrogate for the firm's responsiveness to the customer's requirements. In short, competitive advantages can boost both market performance and financial performance in export markets.

Government assistance acts as an “external resource,” which, if properly used, helps firms alleviate human, financial, marketing, informational, and allied deficiencies that hinder export development. Furthermore, exporters will also be in a better position to pursue various organizational processes vital to successful exporting, such as foreign market sensing, relationship building, and marketing adaptation. Based on these assumptions, it is evident that national export-promotion programs are more instrumental for small firms than for large firms. Certain programs (i.e., those related to information) are also more valuable for firms with limited experience in foreign markets.

Export marketing-related resources and capabilities, augmented with input received from national export promotion programs, could provide the basis for designing marketing strategies that can better exploit opportunities in export markets. The

Deliverable 4.3.1
“Database analysis”



vast majority of exporting studies assumes a direct effect of export marketing strategy on export performance (Leonidou, Katsikeas, and Samiee 2002), this study shows that the link between these two constructs is mediated by competitive advantage. This supports the view that the highly complex, competitive, and turbulent business environments that firms encounter in international markets necessitate the concurrent achievement of multiple competitive advantages.

5. Existing associations involving small, medium and large enterprises and analysis of their activities.

As clustering has not yet penetrated into the business ecosystem, the benefits of organized activity within regions or sectors in Cyprus arise from the participation of businesses in other forms of collective approaches. The most notable of these is the sectoral associations that exist for all major economic activities in Cyprus. There are broken down to the following sectors and particular membership:

- Industry
 - Association of Metallurgical Industries of Cyprus
 - Pancyprian Association of Furniture and Woodworkers
 - Pancyprian Association of Printing Employers
 - Association of Mosaic & Marble Industry
 - Cyprus Federation of Pharmaceutical and Chemical Industries
 - Pancyprian Association of Glass Industries
- Energy & Environment
 - Association of Renewable Energy Companies of Cyprus
 - Pancyprian Association of Energy Saving Companies
 - Large Electricity Consumers Association
 - Pancyprian Biogas Producers Association
 - Wind Energy Association of Cyprus
 - Cyprus Biofuel Producers Association
 - Cyprus Solar Industry Association
 - Participation of the Competitive Electricity Market Participants
 - Association of Hazardous Waste Management Companies
- Construction
 - Federation of Cyprus Construction Contractors' Associations
 - Pancyprian Association of Land & Building Developers
 - Association of Civil Engineers and Electrical Contractors of Cyprus
 - Association of Civil Engineers / Construction Engineers in Cyprus

- Federation of Associations of Electric Contractors of Cyprus
- Services
 - Cyprus Shipping Agents Association
 - Association of Cyprus Insurance Companies
 - Association of Telecommunications Companies
 - Cyprus Information Technology Association
 - Association of Newspaper Publishers & Magazines of Cyprus
 - Association of Engineering, Electrical, Mechanical and Energy Consultants
 - Cyprus Association of Business Advisors
 - Cyprus Internet Publishers Organization
 - Association of Drinking Water Equipment Owners
 - Cypriot Citrus Cutting Association
 - Cyprus Naval Chamber
 - Association of Professional Photographers in Cyprus
 - Pancyprian Association of Chemical Engineers
 - Cyprus Business Market Surveys & Surveys Association
 - Cyprus Tourist Enterprises Association
 - Pancyprian Association of Tourist Bus Owners
 - Pancyprian Refrigeration Association
- Education
 - Pancyprian Association of Private Schools of Tertiary Education
 - Association of Private Preschool Education of Cyprus
 - Cyprus Association of Educational Counselors
- Health
 - Pancyprian Pharmaceutical Association
 - Pancyprian Association of Private Nurses
 - Pancyprian Dental Association
 - Pancyprian Medical Association

- Association of Clinical Laboratory Managers, Biomedical and Clinical Laboratory Scientists
- Association of Medical and Scientific Equipment Representatives of Cyprus
- Pancyprian Dental Association
- Association of Paraplegics
- Pancyprian Association of Multiple Sclerosis Patients
- Trade
 - Pancyprian Employee. Association of Citrus and Grape Extractors - Exporters
 - Association of Motor Vehicle Importers
 - Cyprus Motorcycle Importers Association
- Others
 - Cyprus Federation of Women Entrepreneurs-Professionals
 - Cyprus Quality Association
 - Cyprus CSR CYPRUS Network

In addition to business associations, another active organization form in Cyprus that can perform activities similar to those undertaken by clusters, are the various Chambers of Commerce. In Cyprus, there are 5 Chambers, 4 of which cover local needs in district level. These are the Chambers of Commerce and Industry (CCI) in Nicosia, Limassol, Famagusta, Larnaca and Paphos, with geographical coverage of their respective districts, whereas Nicosia CCI also covers the districts of Kyrenia and Morphou. The fifth chamber is the Cyprus Chamber of Commerce and Industry, a private corporate body functioning under special law and is financially independent, free of any influence by the state. The Chamber is funded by its members' subscription fees and through income generated from a number of services it provides. The CCCI is the Federation of the local Chambers of Commerce and Industry (CCIs) and was initially founded during English rule in 1927. In 1963, a new structure which remains in operation to date was adopted, and the federation took its current name.

As CCCI is effectively the union of Cypriot businesses, it represents and promotes their interests towards national authorities, while, through its participation in tripartite bodies and committees, it conveys and promotes the views of the business community. The membership of the CCCI is estimated to exceed 8,000 enterprises from the whole spectrum of business activity. Affiliated to it are more than 140 Professional Associations from the trade, industry and services sectors.

The advantages provided by the participation of various businesses in the organizational forms described above include among others:

- The promotion of the interests of their business community,
- The strengthening of private initiatives via promoting the liberal character of Cyprus' economic system
- Participating in decision making on the economic developments
- Contributing to continuous and balanced growth nationwide
- Taking advantage of collective schemes and remaining informed on issues relating to EU and national funding.

Clusters are critical engines in the economic structure of national and regional economies and can identify fundamental challenges in the national or regional business environment. However, these roles can up to a point be played by other forms of economic networks as previously described. Where clusters really make a difference is in providing new roles for government, companies, and other institutions in economic development. However, cluster initiatives alone are less effective, if they are not part of an overarching approach to improve competitiveness on the national and/or regional level and without an overall strategy to improve a country's or region's competitiveness, that will include both cluster approaches and Cross-cluster issues affecting the whole economy.

That said, while the absence of an extensive clustering activity in Cyprus is a detriment for the promotion of innovation and the metamorphosis of the character of the economy, it is clear that the existence of the abovementioned institutions that

Deliverable 4.3.1
“Database analysis”



tend to pursue similar objectives to business clusters, can at least provide a core for the eventual introduction of clusters under a sustained and coordinated policy that will address the issues presented in the following sections. This policy, though it will have to originate from central authorities, should not drive the economic development through decisions and incentives, but rather set the framework for a collaborative process involving government at multiple levels, companies, teaching and research institutions, and institutions for collaboration.

6. Opportunities for cooperation between SMEs to enable export activities to start and/or to increase their share.

Determining the most appropriate cooperation scheme for each type of exporting enterprise as well as the identification of opportunities is a highly critical element for supporting their decision-making procedures. Successful help with internationalization often tends to depend on building capabilities inside the SME, with individual support and access to training and consultancy services playing a central role. In addition, standardized support programmes required the creation of company-specific support plans. To this end, the General Agreement on Trade in Services (GATS) of the World Trade Organization, has standardized the provision of international services to four standard modes, each with distinct characteristics. This standardization operates as an accurate guide on the type of cooperation agreements each company should pursue, and how the service is provided.

- **Mode 1 Cross-Border Service Providing:** The cross-border activity refers only to the service. This includes services such as telecommunications, postal and other similar services, distance medical services, e-banking services, distant learning and training programmes.
- **Mode 2 Consumption Abroad:** The consumer travels to the provider’s country to use the services. Examples include tourism and accommodation services or education targeted at foreign students.
- **Mode 3 Commercial Presence:** Direct investments for service provision via the creation of branches or other connected enterprises.
- **Mode 4 Movement of Natural Persons to provide services in another country.** These include Contractual Service Suppliers (CSS) or Independent Professionals-(IP) or key personnel and graduate trainees operating within the Mode 3 operations.

Regarding the issues of identifying opportunities within this frame of operations, that means cooperating with a support program to boost competitiveness and growth by supporting overall internationalization in addition to exports. Special

attention needs to be paid to microenterprises and small enterprises (SMEs) with efforts directed at expanding capacity for both innovation and international business. E-commerce represents another component worth focusing on, as using Internet-based platforms provides much wider distribution channels than physical presence. The types of public support from which European SMEs expect most effect generally relate to:

- assistance with identifying business partners in these countries,
- providing adequate information on market opportunities,
- providing adequate information on rules and regulations.

Support programmes need to start by assessing ‘internationalization readiness’ and follow up with long-term consultancy to help companies build the management capabilities required for international business. These programmes are usually complemented by a series of measures to provide for the other areas of commonly required support: information and sometimes support on financing international business, access to information, networks, as described in the case of Cypriot schemes in previous sections.

Another cooperation opportunity is presented by the activation of networks and clusters, as effective forms of export promotion. Networks, both in form of support and cooperation networks, expand the capacity of individual SMEs to access international markets and continue to be a vital component of such support.

Support networks tend to be managed by the governments via appropriate institutions and offices (such as the trade centres) and they play a key role in supporting any type of internationalization as they provide access to directly usable by the SME. Cooperation networks focus on promoting direct cooperation between companies. Studies indicate that cooperative approaches, alliances and networks involving SMEs will increase in the future. This is the role that can be also played by similarly focused projects.

Other elements of the business ecosystem that have an important role in promoting extraversion are Clusters and export consortia. Export consortia play a specific role by representing groups of businesses working together on an export development project. According to recent studies, newly created SMEs that develop new products and services within a specific niche are often active from the start in international markets and membership of a cluster boosts their export capacity. In addition, clustering creates an environment where SMEs can benefit from contacts, business connections and formal and informal knowledge flows, as well as from specializing services provided by cluster and network organisations. It has to be noted that, in accordance with the current EU business policies in effect, EU Member States are strongly encouraged to recognize clustering and network organisations as characteristics of innovative and extravert business ecosystems and include them in business support schemes aimed at fostering SMEs.

7. Conclusions

The previous sections of the study presented the situation regarding Cyprus' exporting activities, the analysis of the e-BP database and whether the participating enterprises create a representative ecosystem of the export capacities of Cyprus economy, as well as the various elements required and into place for the improvement of the export capability.

Resulting from the above, some concluding remarks can be produced as follows. First of all, it is clear that export promotion programmes have a valuable role to play in helping business managers to adequately perform in export markets, especially in the case of small businesses. The full range of these programs need to be evaluated by their potential users and programs should be selected based on their suitability for their particular case and their specific export venture. As part of an assessment procedure, beneficiaries should be able to make recommendations to the relevant state

authorities as to the satisfaction of their current needs and as to their future directions.

Secondly, when seeking government export assistance, enterprises should have a clear understanding of the dynamics that apply and how to enter foreign markets, the export marketing strategies of choice, and the resources and capabilities required for the implementation of these. Once done so, they more likely to participate and choose the most befitting government assistance programs and adopt those that are more suitable for their firms. Thus, managers should discriminate among the programs they could use at different phases of the export marketing strategy process, such as preliminary, design, implementation, and control. Of particular importance is the implementation phase, which requires the deployment of specific organizational resources and capabilities (Morgan, Vorhies, and Schlegelmilch 2006). Finally, business managers need to understand that different types of export-related competitive advantages, resulting from the implementation of the firm's export marketing strategy, can be used together to deliver superior value to overseas customers.

The benefits from such programmes, and especially the capacity building (on marketing and organizational level) for small scale businesses that normally have limited capacity for expansion or risk ventures. By involving all interested enterprises requiring export assistance, public policymakers can provide nation-wide increased country's export potential. It has to be made clear though, that the numerous factors affecting exports such as the increasing diversity, complexity, and turbulence of business environments abroad, national export promotion assistance needs to be attractive, flexible, and well-timed to effectively accommodate the needs of supported exporting enterprises. A quick reference of the required elements of such policies includes:

- Assessment of needs and identification of exporting problems;
- Assessment of existing support schemes and introduction of new required according to needs;

- Effective comparison to other similar schemes abroad, taking into account best practices;
- Specialization of support schemes taking into account the special needs and advantages of the national economy and of major exporting groups within it;
- Adequate dissemination of operating schemes in order to inform and attract new enterprises;
- Close collaboration with other business ecosystem stakeholders such as business associations and academia.

The potential benefit of well-planned and structured national export-support programmes has been adequately described in the previous sections. Linking the findings of the literature research and the presentation of current Cypriot governmental support for export efforts to the findings regarding the Cypriot exports profile provides some additional conclusions. These are directly connected to the main characteristics of the Cypriot economy, these being a large number of SMEs and a strong dependency on services for income generating. These demographics are reaffirmed by the analysis of the Cypriot element of the e-BP database. Thus, the provided analysis on the need for the continuation of government support policies to support the expansion of current export activities finds clear application in the Cypriot case.

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