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**SviluppoItalia**  
Molise

# **Internationalization of local SMEs: Molise study**

**National and regional policies,  
constraints and opportunities**

By

Sviluppo Italia Molise S.p.A.

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### National and regional policies, constraints and opportunities

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## Introduction

The Molise Region is partner of the “**SME Internationalisation Exchange**” (SIE) **Project** which aims to improve internationalisation support policies in 7 European partner regions. As part of this project, research work is required in each region to assess the current situation relating to SME internationalisation. Similar research work will be carried out in all 7 partner regions to enable some comparative analysis.

The present study aims to assess the current situation in the Molise region in the field of **internationalization of businesses** - particularly for small and medium-sized enterprises - and analyze the main processes underlying the potential path of openness abroad, understanding the role of support covered by national and regional institutional actors. Specifically, the basic objectives of research in the Molise region are to:

- a) determine the current **level of internationalization** between companies in the Molise region;
- b) evaluate the **effectiveness of policies, mechanisms and business support services** and identify gaps and opportunities;
- c) make **recommendations** on how increase the capacity of internationalization of companies and identify **critical areas** associated with that process.

The document is divided into four chapters: the first shows the reference scenario on the global dynamics of economic internationalization. In the second are presented the main statistical data, at national and regional level, on internationalization. The third chapter focuses on European, national and regional initiatives related to internationalization, also highlighting success stories in institutional collaboration. The fourth chapter summarizes, finally, the main constraints and opportunities in the internationalization process for companies operating in Molise, offering a few suggestions, even technical and operational, and recommendations compared to the existing situation. Three appendices containing the trace of questionnaires sent respectively to stakeholders and businesses, along with some statistical data, complete the study.

## 1. The overall framework

Why internationalization of companies, or the process of expansion abroad through commercial and productive modalities is so important? Of course in economics there are many possible answers, the first of which is certainly linked to the circumstance of **globalization and interdependence of trade between countries**, as well as to various technical and productive options and the current duty system. You should also consider the context of crisis in which several economies have been forced to operate in recent years, so that internationalization is often become a lifeline for many operators, especially Italian.

As part of this study, beyond the numerous theoretical and variables that influence the underlying reasons for setting the decision of a company to “go abroad” instead of merely producing in its country and export, rather than open a new import channel, the first goal is to give a snapshot of the amplitude of internationalization phenomena, in order to present more detailed considerations in following chapters dedicated to Molise economy, with specific attention to small and medium-sized enterprises.

### 1.1 Trends in International Trade

The specialization and the international division of the productive activity is physiologically leading to a significant **expansion of global trade**. The increasing openness of modern economies to trade, favored by political factors, economic and technological, encourages companies to follow large markets, dealing with a growing number of competitors, both on foreign and domestic arena. The marked expansion of international trade is an important aspect in the current world economic stage. In the last decade, in fact, **trade in goods and services** grew globally by over 75%, thanks to the massive use by developed countries of the practice of relocation of production in areas with lower manufacturing costs compared to those of origin (see Table 1).

Table 1 - International exchanges of goods and services related to GDP

	Imports						Exports					
	2009	2010	2011	2012	2013	2014	2009	2010	2011	2012	2013	2014
Australia	20.4	20.1	21.5	21.1	21.3	21.2	19.5	21.2	21.3	19.9	20.9	20.8
Austria	41.9	47.7	51.2	51.2	50.2	49.5	44.9	51.0	53.7	53.8	53.2	53.2
Belgium	67.0	74.7	81.1	81.7	80.9	83.1	69.3	76.4	81.6	82.3	82.2	84.0
Canada	29.9	31.0	31.8	32.1	31.8	32.5	28.4	29.1	30.6	30.2	30.2	31.6
Chile	29.6	31.7	34.9	34.5	33.1	32.3	37.2	38.1	38.1	34.3	32.4	33.8
Czech Republic	54.9	63.1	67.7	71.7	71.5	77.1	58.8	66.2	71.6	76.6	77.3	83.8
Denmark	42.4	43.6	47.4	48.6	48.5	48.3	46.7	49.7	52.9	54.0	54.3	53.7
Estonia	55.8	68.7	80.8	85.6	84.6	80.5	60.8	75.1	86.5	86.6	86.8	83.9
Finland	34.3	37.4	40.0	40.9	39.8	38.7	36.3	38.7	39.2	39.5	39.0	37.9
France	25.5	27.9	30.4	30.7	30.4	30.5	24.1	26.0	27.8	28.5	28.5	28.7
Germany	32.9	37.1	39.9	39.9	39.5	39.0	37.8	42.3	44.8	46.0	45.5	45.7
Greece	28.8	30.7	32.3	33.1	33.4	35.2	19.0	22.1	25.5	28.7	30.6	32.7
Hungary	70.8	77.0	81.1	80.1	80.7	82.0	74.8	82.3	87.2	86.8	88.0	89.3
Iceland	40.8	43.5	48.6	50.9	47.7	47.4	49.8	53.7	56.6	57.0	55.7	53.6
Ireland	80.1	87.1	83.3	90.0	87.4	95.4	93.6	103.1	101.2	107.2	106.7	113.7
Israel	30.4	32.8	35.4	35.6	31.4	30.6	33.3	35.0	36.1	36.9	33.2	32.3
Italy	23.1	27.1	28.6	27.6	26.5	26.5	22.5	25.2	27.0	28.6	28.9	29.6
Japan	12.3	14.0	16.0	16.7	19.0	20.8	12.7	15.2	15.1	14.7	16.2	17.7
Korea	42.9	46.2	54.3	53.5	48.9	45.3	47.5	49.4	55.7	56.3	53.9	50.6
Luxembourg	136.5	147.1	154.8	158.9	161.9	170.9	166.5	179.0	185.6	189.2	195.6	203.3
Mexico	28.8	31.1	32.6	33.8	32.7	33.5	27.3	29.9	31.3	32.7	31.8	32.6
Netherlands	55.8	63.6	68.8	72.3	71.6	71.5	63.2	72.0	77.4	81.9	82.6	82.9
New Zealand	26.6	28.2	29.2	28.5	27.6	27.4	29.0	30.5	30.8	29.2	29.3	29.2
Norway	27.9	28.6	28.5	27.7	28.6	29.6	39.2	39.8	41.3	40.6	38.8	38.3
Poland	38.3	42.1	44.5	44.9	44.4	46.2	37.6	40.0	42.5	44.4	46.3	47.4
Portugal	34.0	37.4	38.6	38.2	38.5	39.7	27.1	29.9	34.3	37.7	39.5	40.0
Slovak Republic	69.3	78.0	86.2	88.1	89.6	88.2	67.8	76.6	85.3	91.8	93.8	91.9
Slovenia	55.4	62.9	68.5	69.1	69.3	68.7	57.2	64.3	70.4	73.3	75.2	76.5
Spain	23.8	26.8	29.2	29.2	28.7	30.1	22.7	25.5	28.9	30.6	32.0	32.5
Sweden	38.7	40.7	42.0	41.4	39.3	40.8	44.5	46.2	46.7	46.3	43.8	44.5
Switzerland	49.9	53.5	57.3	56.9	60.2	53.0	57.4	64.2	65.8	67.3	72.3	64.3
Turkey	24.4	26.8	32.6	31.5	32.2	32.2	23.3	21.2	24.0	26.3	25.6	27.7
United Kingdom	29.2	31.3	32.3	32.2	32.0	30.3	26.8	28.6	30.7	30.1	30.0	28.4
United States	13.8	15.8	17.3	17.1	16.6	16.6	11.0	12.4	13.6	13.6	13.6	13.5
Euro area	33.4	37.5	40.4	40.9	40.5	40.7	34.8	38.9	41.8	43.6	43.9	44.5
EU 28	33.8	37.6	40.3	40.6	40.2	40.2	34.8	38.5	41.4	42.6	42.9	43.0
OECD	24.3	27.0	29.4	29.3	29.0	29.1	24.0	26.3	28.3	28.7	28.7	28.9
Brazil	11.3	11.8	12.2	--	--	--	10.9	10.7	11.5	--	--	--
China	22.3	25.6	25.9	24.5	23.8	--	26.7	29.4	28.5	27.3	26.2	--
India	25.0	--	--	--	--	--	19.8	--	--	--	--	--
Indonesia	21.1	22.4	23.9	25.0	24.8	24.5	23.6	24.3	26.3	24.6	24.0	23.7
Russian Federation	20.5	21.1	21.7	22.3	22.7	22.9	27.9	29.2	30.3	29.5	28.6	30.0
South Africa	27.5	27.4	29.6	31.0	33.2	33.1	27.9	28.6	30.4	29.7	31.0	31.3

Source: OECD Factbook 2016

The current world economic stage is characterized by a **general rebalancing**, with advanced countries who see widening margins for their exports to new markets, while conversely they are forced to endure the unrelenting competition from emerging countries both on domestic markets and in those already established in the past<sup>1</sup>. The expansion of international trade (see Table 2), therefore, must be attributed to the important development of all continents, including those that had not contributed in the last century such as the Asian and African.

<sup>1</sup> In fact, the world economic scenarios appear, especially after the crisis started in 2008, turbulent: terrorist threats, Brexit, new protectionist policies, are only some of the elements that affect - is not yet clear with what effects - the nations' growth processes.

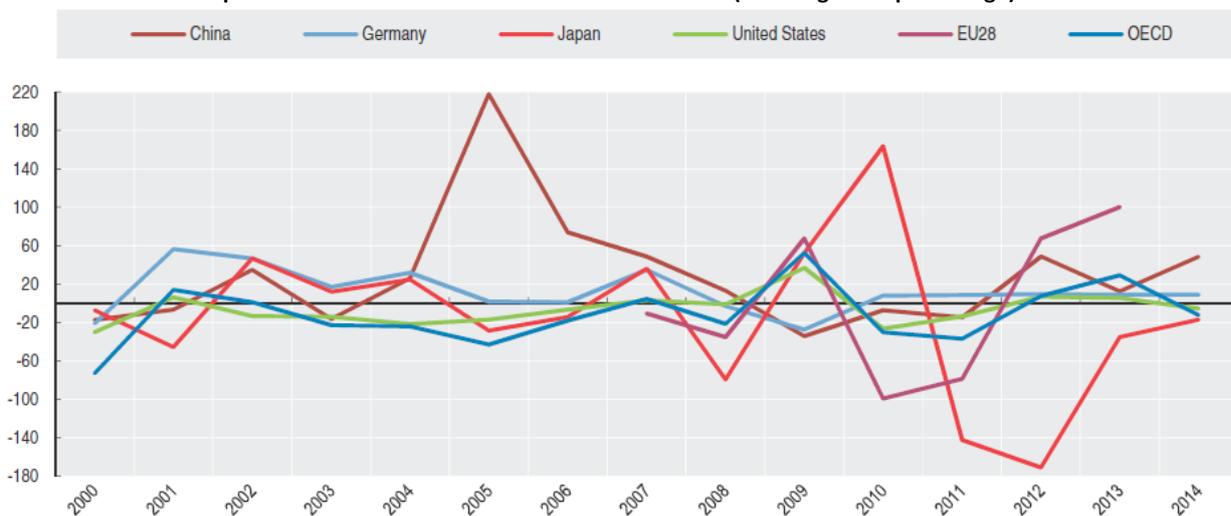
The growth is primarily detectable in the Asian areas of the globe, with production peaks of more than eight percentage points, as opposed to the growth in Europe, which is considerably lower than the dynamic areas of the world (see Graph 1, 2).

**Table 2 - International trade of goods (US bn dollars)**

	Trade balance				Imports				Exports			
	2000	2005	2010	2014	2000	2005	2010	2014	2000	2005	2010	2014
Australia	-4.0	-12.8	18.6	12.9	67.8	118.9	193.3	227.5	63.8	106.0	211.8	240.4
Austria	-5.2	-2.2	-5.7	-2.7	67.4	120.0	150.6	172.4	62.3	117.7	144.9	169.7
Belgium	10.8	13.8	21.0	19.4	177.0	320.2	390.1	452.8	187.8	334.0	411.1	472.2
Canada	37.6	46.1	-5.5	10.9	240.0	314.4	392.1	462.0	277.6	360.6	386.6	472.9
Chile	1.6	9.0	11.5	4.3	16.6	32.9	59.4	72.3	18.2	42.0	70.9	76.6
Czech Republic	-3.2	1.7	6.5	21.1	32.2	76.5	126.7	153.2	29.1	78.2	132.1	174.3
Denmark	5.2	8.3	12.3	11.2	44.4	75.0	84.5	99.6	49.6	83.3	96.8	110.7
Estonia	-1.2	-2.8	-0.4	-2.5	5.1	11.0	13.2	20.1	3.8	8.2	12.8	17.6
Finland	11.6	6.8	1.4	-2.4	33.9	58.5	68.8	76.8	45.5	65.2	70.1	74.3
France	-8.5	-41.6	-87.5	-93.2	304.0	476.0	599.2	659.9	296.6	434.4	511.7	566.7
Germany	54.8	197.3	204.3	287.3	496.4	779.8	1 066.8	1 223.8	550.2	977.1	1 271.1	1 511.1
Greece	-18.8	-37.4	-41.8	-26.4	29.8	54.9	63.3	62.2	11.0	17.5	21.6	35.8
Hungary	-4.0	-3.6	7.3	9.2	32.1	65.9	87.4	103.2	28.1	62.3	94.7	112.4
Iceland	-0.7	-1.9	0.7	-0.3	2.6	5.0	3.9	5.4	1.9	3.1	4.6	5.1
Ireland	25.6	39.7	57.8	47.2	50.6	70.3	60.5	71.0	76.3	110.0	118.3	118.3
Israel	-4.3	-2.3	-0.8	-3.4	35.7	45.0	59.2	72.3	31.4	42.8	58.4	69.0
Italy	1.9	-11.9	-39.9	56.7	238.1	384.8	486.6	471.7	239.9	373.0	446.8	528.4
Japan	99.6	79.1	75.7	-138.4	379.7	515.9	694.1	822.3	479.2	594.9	769.8	683.8
Korea	11.8	23.2	41.2	47.5	160.5	261.2	425.2	525.6	172.3	284.4	466.4	573.1
Luxembourg	-2.8	-4.9	-6.5	-9.2	10.6	17.6	20.4	23.9	7.9	12.7	13.9	14.7
Mexico	-13.1	-7.6	-3.2	-2.9	179.4	221.8	301.5	400.0	166.3	214.2	298.3	397.1
Netherlands	5.4	36.9	52.7	63.3	174.7	283.2	440.0	508.0	180.1	320.1	492.6	571.3
New Zealand	-0.6	-4.5	0.8	-0.9	13.9	26.2	30.2	42.5	13.3	21.7	30.9	41.6
Norway	25.5	48.3	54.1	53.7	34.4	55.5	77.3	89.2	59.9	103.8	131.4	142.8
Poland	-17.2	-12.2	-17.1	-2.2	48.8	101.5	174.1	216.7	31.6	89.4	157.1	214.5
Portugal	-15.6	-23.1	-26.5	-14.2	39.9	61.2	75.2	78.1	24.4	38.1	48.8	64.0
Slovak Republic	-0.9	-2.4	-0.4	4.6	12.7	34.2	64.4	81.4	11.8	31.9	64.0	86.0
Slovenia	-1.4	-1.7	-2.2	0.5	10.1	19.6	26.4	30.0	8.7	17.9	24.2	30.5
Spain	-39.5	-96.8	-70.6	-32.3	152.9	289.6	318.2	351.0	113.3	192.8	247.6	318.6
Sweden	14.2	18.9	9.6	1.9	73.1	111.4	148.8	162.5	87.4	130.3	158.4	164.3
Switzerland	-2.0	4.4	19.3	36.1	82.5	126.6	176.3	275.1	80.5	130.9	195.6	311.1
Turkey	-26.7	-43.3	-71.6	-84.5	54.5	116.8	185.5	242.2	27.8	73.5	114.0	157.7
United Kingdom	-56.6	-131.4	-156.6	-183.2	339.4	515.8	562.4	694.3	282.9	384.4	406.8	511.1
United States	-477.7	-828.0	-689.4	-726.3	1 258.1	1 732.3	1 966.5	2 346.0	780.3	904.3	1 277.1	1 619.7
EU 28	..	-155.4	-231.2	..	..	1 465.5	2 026.9	..	..	1 310.1	1 795.8	..
OECD	-398.4	-738.8	-630.7	-637.3	4 898.0	7 499.6	9 590.9	11 295.0	4 499.5	6 760.7	8 960.2	10 657.7
Brazil	-0.7	44.9	16.9	-4.0	55.9	73.6	180.5	229.1	55.1	118.5	197.4	225.1
China	24.1	102.0	181.8	384.3	225.1	660.0	1 396.0	1 968.0	249.2	762.0	1 577.8	2 342.3
India	-10.6	-40.5	-129.6	-141.8	52.9	140.9	390.0	459.4	42.4	100.4	220.4	317.5
Indonesia	28.6	28.0	22.1	-2.1	33.5	57.7	135.7	178.2	62.1	85.7	157.8	176.0
Russian Federation	69.2	142.7	168.2	211.2	33.9	98.7	228.9	286.6	103.1	241.5	397.1	497.8
South Africa	-0.5	-8.0	-0.3	-9.3	26.8	55.0	82.9	99.9	26.3	47.0	82.6	90.6

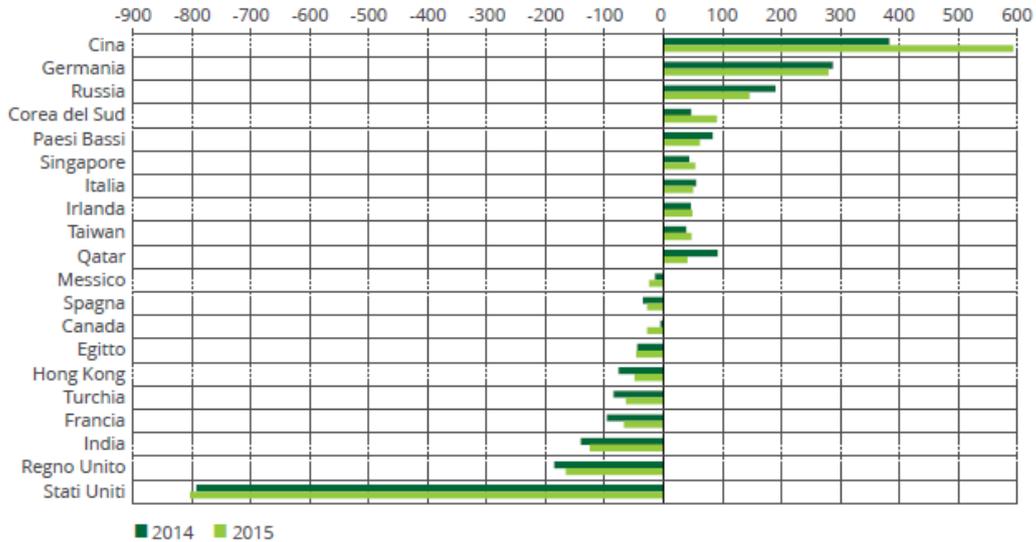
Source: OECD Factbook 2016

**Graph 1 - Evolution of trade balance in main countries (Annual growth percentage)**



Source: OECD Factbook 2016

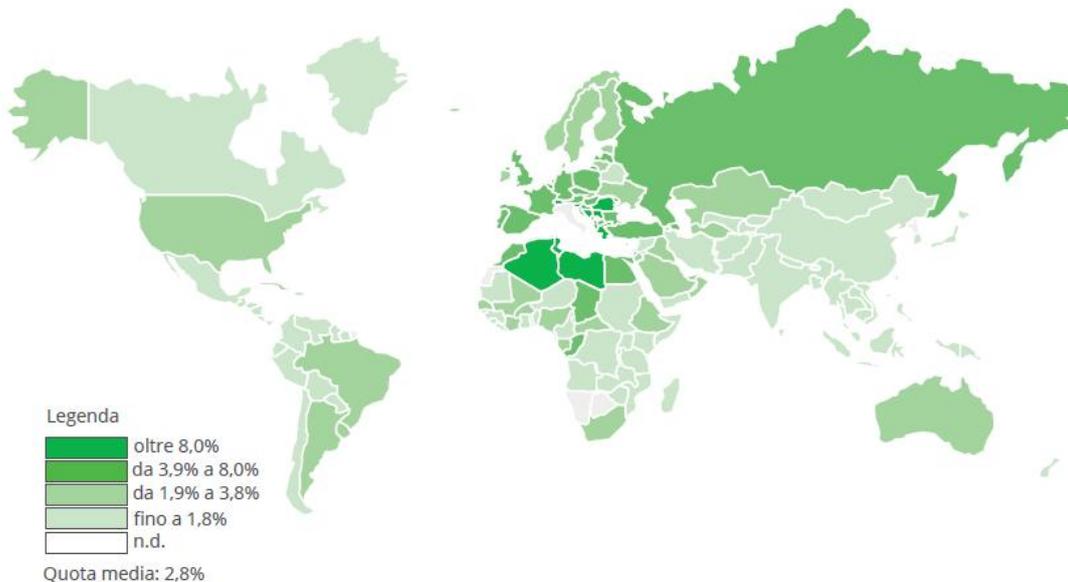
Graph 2 - Main trade surplus and deficit in 2014 and 2015 (bn \$)



Source: ICE, L'Italia nell'economia internazionale, Rapporto ICE 2015-2016

Italy remains one of the leading countries in terms of export participation, maintaining good market share, albeit with dynamic variables depending on the geographical areas and with respect to the change of scenarios arising from the crisis.

Graph 3 - Market share of Italian exports by country (year 2015)

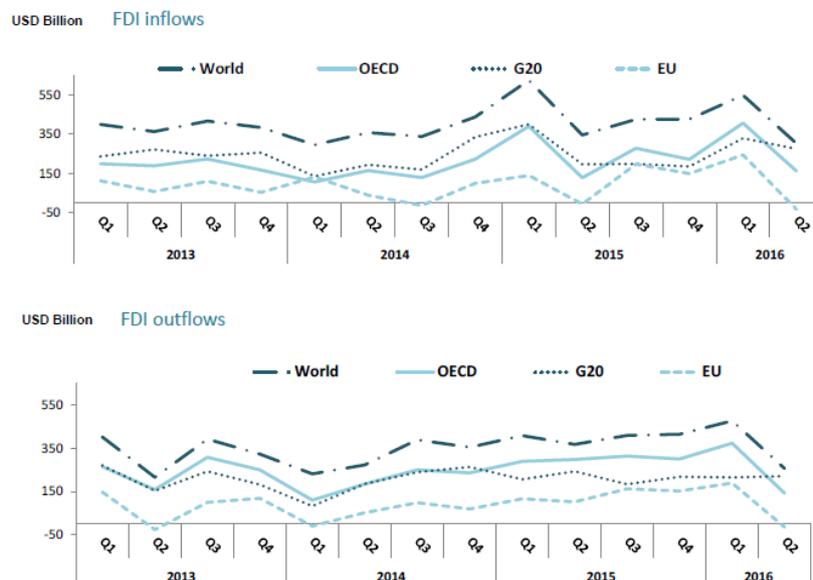


Source: ICE, L'Italia nell'economia internazionale, Rapporto ICE 2015-2016

## 1.2 Foreign direct investments (FDI)

In addition to foreign trade, the internationalization of companies is also expressed through **foreign direct investment (FDI)**, which consist in the creation of new businesses or the acquisition of a share option in foreign companies. In fact, exports and direct investment are the extremes of a much more complex system of forms of internationalization, where a role is covered by the so-called forms of light internationalization, including supply agreements, commercial and technical-productive licenses, franchising, the more structured cooperation projects (joint ventures), and the creation of foreign companies with local capital but managed by Italian entrepreneurs. Analyzing the data related to FDI inflows and outflows in the major countries between 2013 and 2016<sup>2</sup>, it's confirmed the substantial growth of these aggregates over the years, with obvious slowdown in the period of concentration of world economic crisis (see graph 4 e tables 3 and 4).

Graph 4 - Evolution of FDI inflows and outflows (bn US dollars)



Fonte: OECD, *FDI in figures*, Oct 2016

<sup>2</sup> In this section main sources have been: OECD, *FDI in figures*, Oct 2016 and ICE, *Italia Multinazionale 2016, Le partecipazioni italiane all'estero ed estere in Italia*, Rapporto di aggiornamento 2016.

The most significant element for the purpose of this report is certainly the obvious **decline in investment in the euro countries**, which registered a drop of 39% respect to FDI inflows (from 346 billion to 210 billion dollars) and a 45% decrease for those in exit (from 315 to \$ 174 billion)<sup>3</sup>.

As concerns **Italy**, in a long-term scenario, the average of FDI outflows from Italy in the period 2009-2015 was less than \$ 28 billion / year, compared with more than 61 billion in the period 2005-2008, with a drop in average flows greater than those of the European average and the EU (-54.8% versus -48.4% and -51%).

Italy's share has thus fallen from an average of 4.1% of the world total in the pre-crisis period to 2% of the most recent period. The considerable gap with other large European countries can not be justified by arguments that the internationalization of italian industrial system follows different routes, mainly based on "lighter" internationalization, such as productive and commercial agreements forms and other ways of outsourcing that does not materialize in the IDE.

Even if you can accept - in the absence of statistically-depth comparisons between countries - some of Italy marked inclination towards these forms of internationalization, especially because of the greater presence of SMEs, you can not believe that it produces these effects to fill, or even reduce to a significant extent, the entity gaps indicated above. Rather, this gap is one of the symptoms of the **negative effects of the international processes of globalization**, which, if not governed, risks to become a disrupter agent especially for the productive systems of small enterprises.

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<sup>3</sup> These decreases were largely driven by disinvestments (inflows and negative output) observed in particular in the second quarter of 2016. These net outflows were mostly the result of large movements in the intra-company flows of debt that have not been replaced by high levels of corporate investment, in line with previous quarters.

**Table 3 - FDI outflows (bn US dollars)**

	1990	1995	2000	2005	2010	2011	2012	2013	2014	2015
<i>Valori (miliardi USD)</i>										
Francia	38	16	162	68	48	51	32	25	43	35
Germania	24	39	57	75	125	78	62	40	106	94
Italia	8	6	7	39	33	54	8	25	27	28
Regno Unito	18	44	233	89	48	96	21	-19	-82	-61
Spagna	3	5	58	42	38	41	-4	14	35	35
Unione Europea (UE-28)	132	158	791	554	479	492	352	273	296	487
Europa	141	173	846	636	585	559	411	320	311	576
Mondo	244	357	1.163	819	1.392	1.558	1.309	1.311	1.318	1.474
<i>Incidenze %</i>										
Francia	15,7	4,4	13,9	8,3	3,5	3,3	2,4	1,9	3,3	2,4
Germania	9,9	10,9	4,9	9,1	9,0	5,0	4,7	3,1	8,1	6,4
Italia	3,1	1,6	0,6	4,8	2,3	3,4	0,6	1,9	2,0	1,9
Regno Unito	7,4	12,2	20,0	10,8	3,5	6,1	1,6	-1,4	-6,2	-4,2
Spagna	1,1	1,3	5,0	5,1	2,7	2,6	-0,3	1,1	2,7	2,3
Unione Europea (UE-28)	54,2	44,3	68,0	67,6	34,4	31,6	26,9	20,8	22,5	33,0
Europa	57,8	48,5	72,7	77,6	42,1	35,9	31,4	24,4	23,6	39,1
Mondo	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: ICE, *Italia Multinazionale 2016*

**Table 4 - FDI inflows (bn US dollars)**

	1990	1995	2000	2005	2010	2011	2012	2013	2014	2015
<i>Valori (miliardi USD)</i>										
Francia	38	16	162	68	48	51	32	25	43	35
Germania	24	39	57	75	125	78	62	40	106	94
Italia	8	6	7	39	33	54	8	25	27	28
Regno Unito	18	44	233	89	48	96	21	-19	-82	-61
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<i>Incidenze %</i>										
Francia	15,7	4,4	13,9	8,3	3,5	3,3	2,4	1,9	3,3	2,4
Germania	9,9	10,9	4,9	9,1	9,0	5,0	4,7	3,1	8,1	6,4
Italia	3,1	1,6	0,6	4,8	2,3	3,4	0,6	1,9	2,0	1,9
Regno Unito	7,4	12,2	20,0	10,8	3,5	6,1	1,6	-1,4	-6,2	-4,2
Spagna	1,1	1,3	5,0	5,1	2,7	2,6	-0,3	1,1	2,7	2,3
Unione Europea (UE-28)	54,2	44,3	68,0	67,6	34,4	31,6	26,9	20,8	22,5	33,0
Europa	57,8	48,5	72,7	77,6	42,1	35,9	31,4	24,4	23,6	39,1
Mondo	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

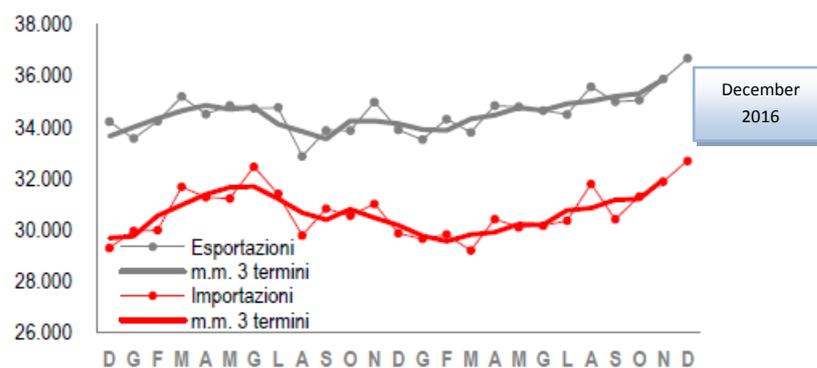
Source: ICE, *Italia Multinazionale 2016*

## 2. National and regional statistical analysis

### 2.1 National data

In the international framework of world trade in goods, during 2016 for Italy **exports are growing** (+ 1.1% and + 1.2% in volume), while **imports registered a decrease (-1.4%) in value and an increase (+ 3.1%) by volume** (see Graph 5). The export expansion is to be ascribed exclusively to the EU area countries (+ 3.0%); the decline in the value of imports (-1.4%) excluding energy is increasing (+ 1.5%). The trade surplus reaches 51.6 billion (+78.0 billion excluding energy).

**Graph 5 - Foreign trade flows of Italy**  
 (Dec 2014-Dec 2016, million euro)

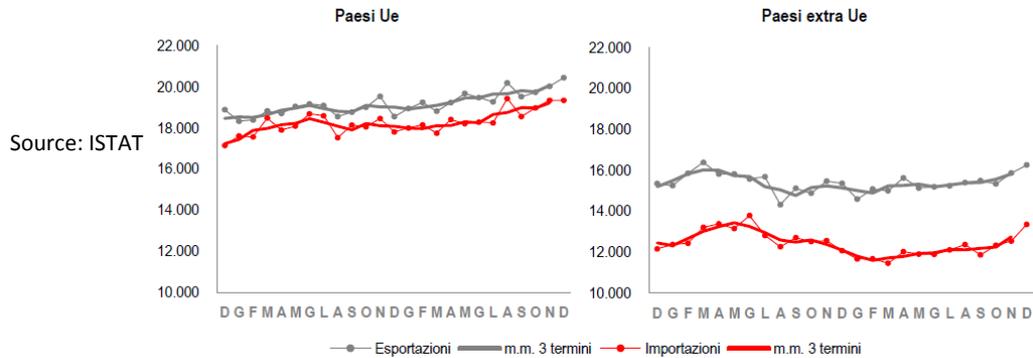


Source: ISTAT

In particular, in December 2016, the cyclical increase in exports (+ 2.3%) is determined by the sales growth towards the area of non-EU countries (+ 2.5%) and to those in the EU (+ 2.1%). The cyclical increase in imports (+ 2.5%) was due exclusively to the increase of purchases from non-EU markets (+ 6.5%) (see Graph 6)<sup>4</sup>.

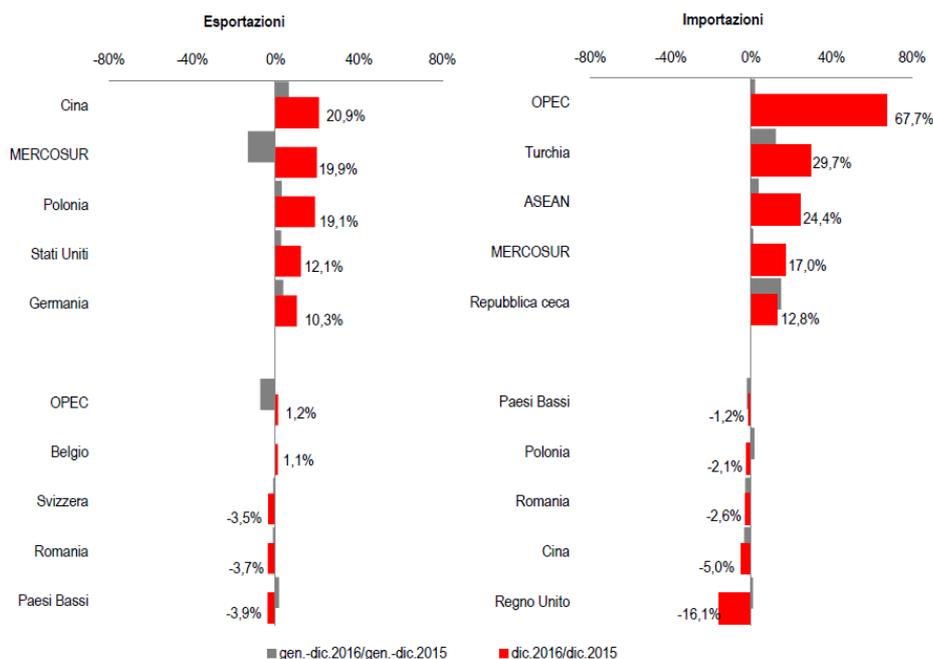
<sup>4</sup> According to some recent surveys ISTAT (ISTAT, press release dated March 17, 2017), in terms of trend, in January 2017 there was an increase in both imports (+ 15.5%) and exports (+ 13.3%), primarily due to the sustained growth of the interchange with the extra Ue. The data is symptomatic of the ongoing economic recovery, but they should be evaluated in the next few months, in terms of prevalence of import or export components.

**Graph 6 - Exports and imports by UE and extra UE countries**  
(Dec 2014-Dec 2016, billion euro)



In **December 2016** the upward trend in exports (+ 5.7%) is attributable mainly to the growth in sales to China (+ 20.9%), MERCOSUR countries (+ 19.9%), Poland (+ 19.1%), United States (+ 12.1%) and Germany (+ 10.3%). The growth trend in imports (+ 6.1%) is particularly strong for purchases from OPEC countries (+ 67.7%), Turkey (+ 29.7%), ASEAN countries (+ 24.4%), MERCOSUR countries (+ 17.0%) and the Czech Republic (+ 12.8%) (see Graph 7).

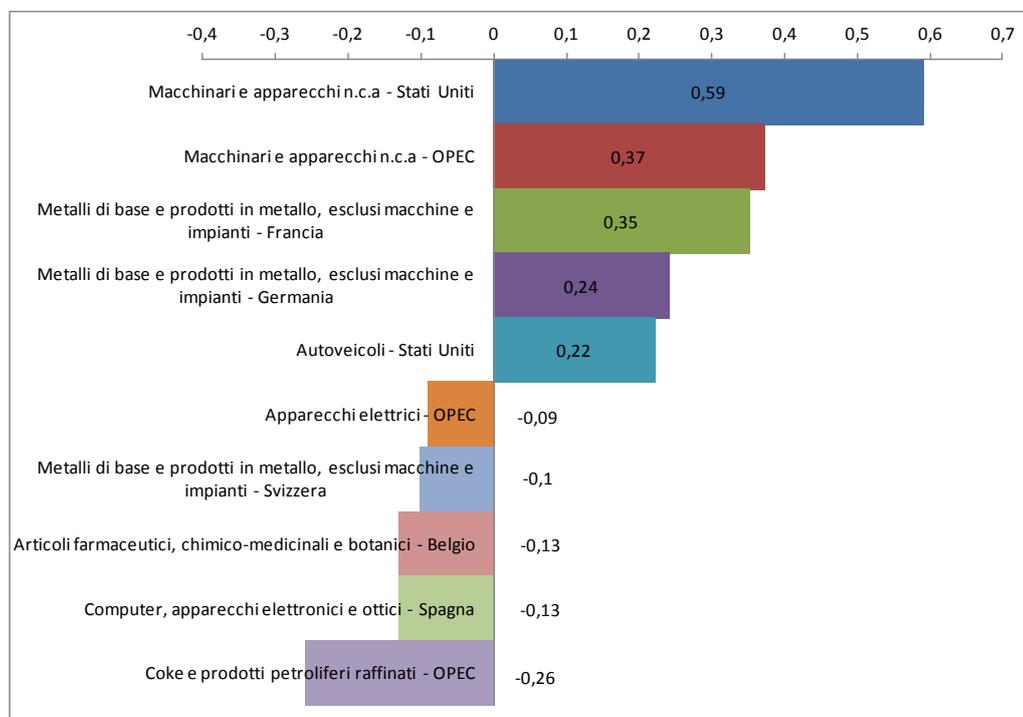
**Graph 7 - More and less dynamic trade partners for exports and imports**  
(Dec 2016/Dec 2015, percentage variation)



Source: ISTAT

The **growth trend in exports** is explained by nearly a third by the increase in sales of machinery and equipment to the United States and the OPEC countries, basic metals and metal products, except machinery and equipment to Germany and France and of motor vehicles to the United States. The decrease in sales of refined petroleum products to the OPEC countries, of computer, electronic and optical equipment to Spain and pharmaceuticals, medicinal chemical and botanical to Belgium slows more than half the growth percentage of export (see Graph 8).

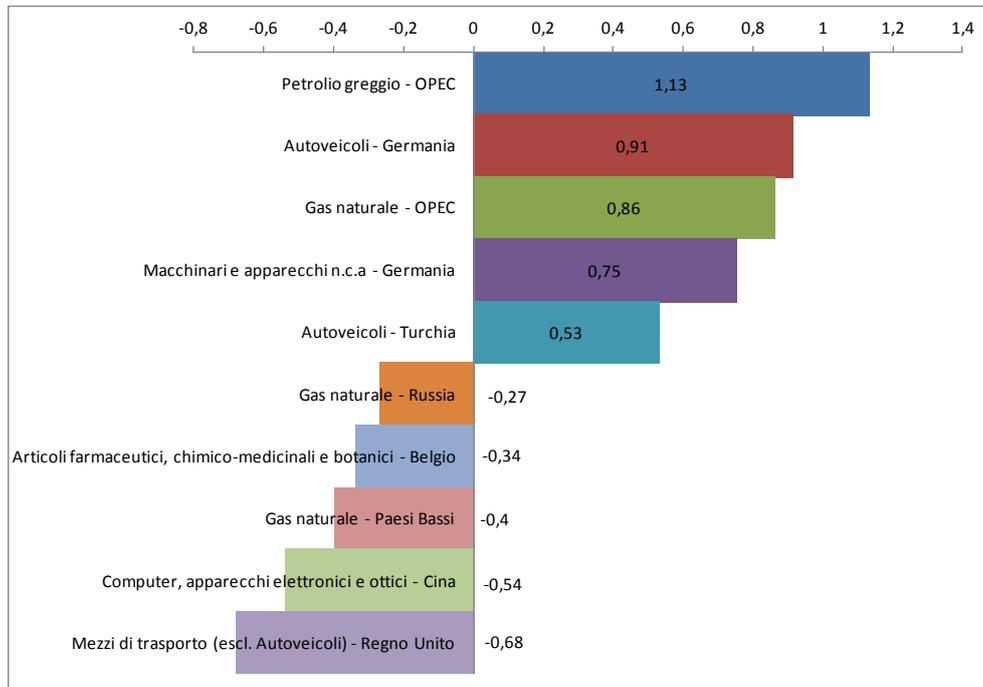
**Graph 8 - Main contributions to export variation by sector and country**  
(Dec 2016, percentages)



Source: elaboration based on ISTAT data

The crude oil and natural gas purchases from OPEC countries and vehicles from Germany explain almost three percentage points of **import growth**. The decrease in purchases of transport equipment (motor vehicles excluded) from the United Kingdom and computer, electronic and optical equipment from China reduces the trend of imports by 1.2 percentage points (see Graph 9).

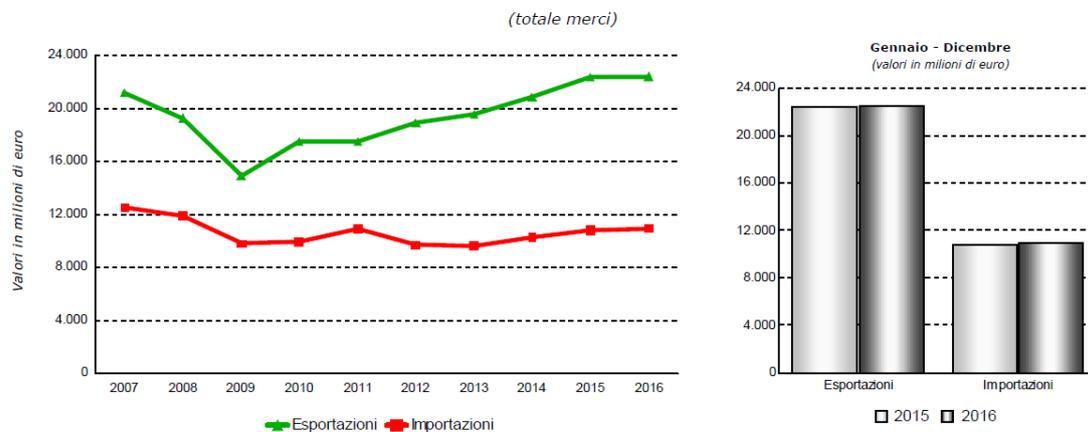
**Graph 9 - Main contributions to import variation by sector and country**  
(Dec 2016, percentages)



Source: elaboration based on ISTAT data

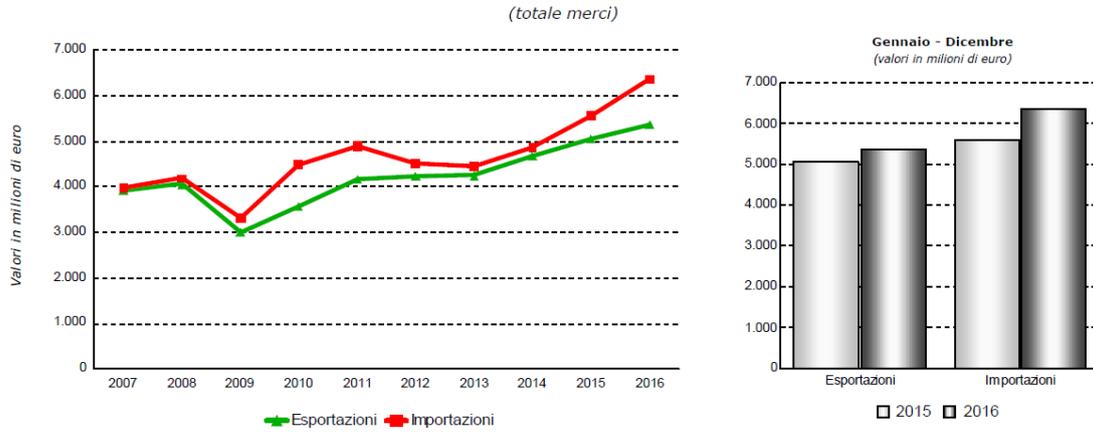
A detailed analysis of the historical series interchange of Italy with the **partner countries of the project SIE**, emerges the framework outlined in the following charts (Graph. 10-15, Source Ice-Istat).

**Graph 10 - Italy trade exchange by country: United Kingdom**



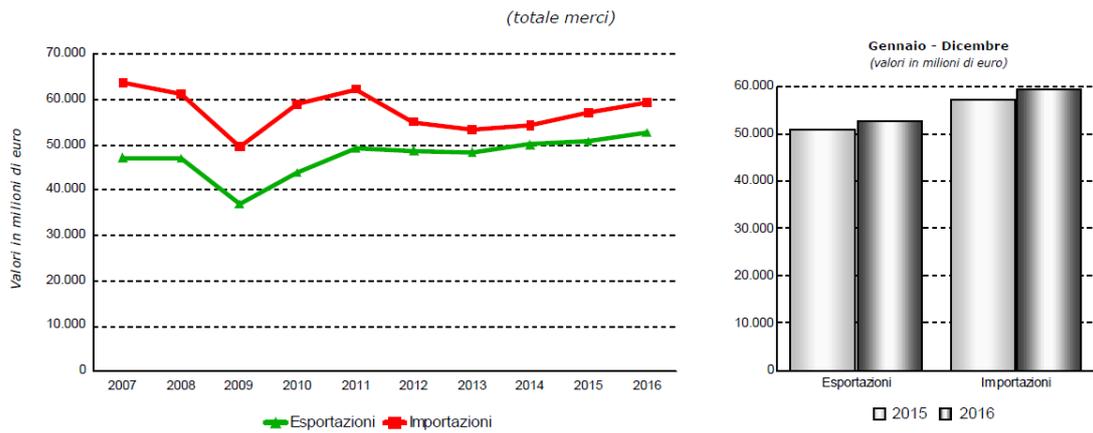
Source: ICE

**Graph 11 - Italy trade exchange by country: Czech Republic**



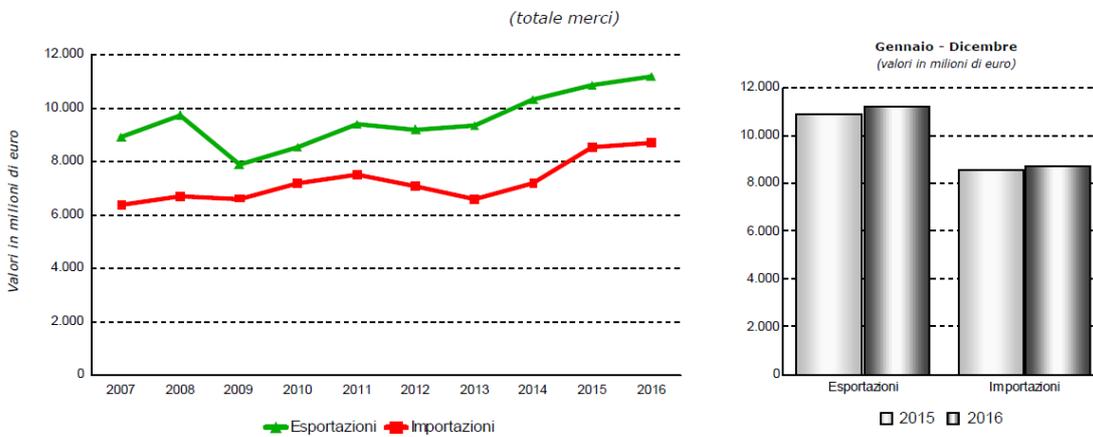
Source: ICE

**Graph 12 - Italy trade exchange by country: Germany**



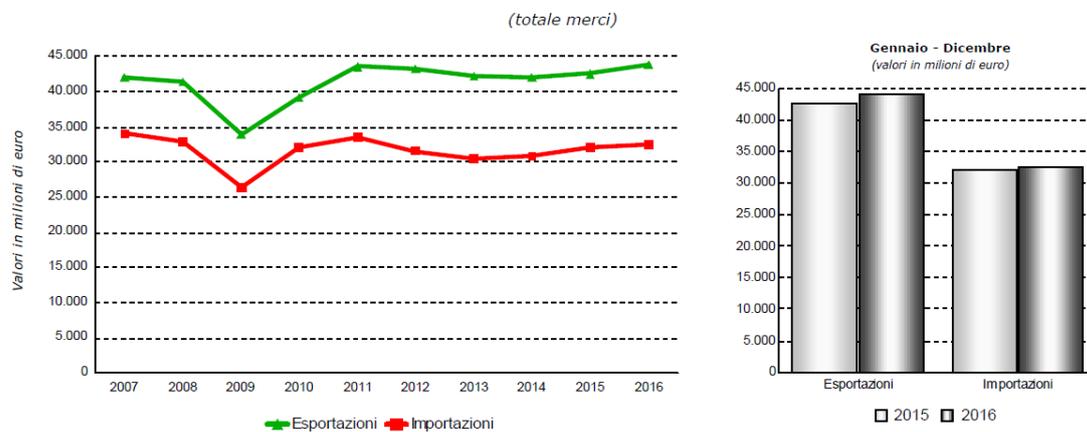
Source: ICE

**Graph 13 - Italy trade exchange by country: Poland**



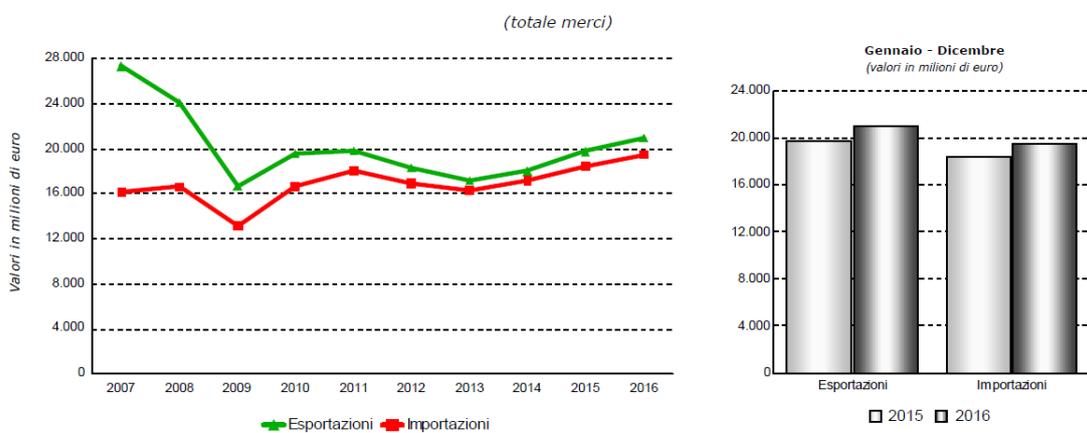
Source: ICE

**Graph 14 - Italy trade exchange by country: France**



Source: ICE

**Graph 15 - Italy trade exchange by country: Spain**



Source: ICE

The graphs represent, for the entire reference period, the **prevalence of exports over imports** to almost all countries, except Germany and the Czech Republic. In the section concerning regional data will be highlighted the specific sectors related to the interchange between these countries and Molise.

Coming back to the examination of macro aggregates that express the degree of internationalization for Italy, below are presented the data on **exporting companies**, divided by classes of employees (see table 5).

**Table 5 - Exporting companies, employees and exports by classes of employees - Year 2012-2014**

EMPLOY EE CLASSES	2012		2013		2014	
	Number	% Quote on active companies	Number	% Quote on active companies	Number	% Quote on active companies
<b>COMPANIES</b>						
0-9	123.455	3,0	125.403	3,1	127.409	3,1
10-19	33.162	25,0	33.063	25,9	32.916	26,5
20-49	21.004	39,8	20.586	40,6	20.301	41,0
50-99	6.726	48,4	6.632	48,6	6.458	48,2
100-249	3.765	52,4	3.717	51,7	3.742	52,0
250-499	1.082	54,3	1.064	53,6	1.059	54,0
500 e oltre	801	58,3	797	58,2	805	58,0
<b>Totale</b>	<b>189.995</b>	<b>4,4</b>	<b>191.262</b>	<b>4,5</b>	<b>192.690</b>	<b>4,5</b>
<b>EMPLOYEES</b>						
0-9	422.150	5,5	426.433	5,7	430.651	5,9
10-19	450.093	25,9	448.892	26,8	446.296	27,4
20-49	642.952	41,0	630.414	41,8	620.668	42,2
50-99	462.024	48,7	455.804	48,9	443.113	48,4
100-249	568.399	52,6	564.615	52,2	566.307	52,2
250-499	374.382	54,9	368.190	54,1	365.683	54,3
500 e oltre	1.535.454	64,4	1.485.260	62,4	1.490.710	61,9
<b>Totale</b>	<b>4.455.455</b>	<b>27,7</b>	<b>4.379.609</b>	<b>27,8</b>	<b>4.363.430</b>	<b>28,1</b>
<b>EXPORTS (million euro)</b>						
0-9	22.955		22.523		23.629	
10-19	26.973		25.825		24.483	
20-49	43.758		43.882		44.568	
50-99	40.577		42.081		43.666	
100-249	64.813		65.361		70.146	
250-499	44.432		42.796		42.104	
500 e oltre	124.130		128.075		129.959	
<b>Totale</b>	<b>367.638</b>		<b>370.543</b>		<b>378.554</b>	

Source: ISTAT

The table shows, on one side, the predominant number of **companies with up to 9 employees** involved in export processes, on the other side, the quantitative importance of the **value of exports generated by larger companies**. In detail, in 2014 were 192.690 active exporters, whose contribution to national exports grew significantly with increasing enterprise size in terms of employees. The big exporting companies (1,864 units with at least 250 employees) achieved 45.5 per cent of national exports, medium-sized companies (50-249 employees) 30.1 percent and small businesses, with fewer than 50 employees, 24.5 percent.

It is, in other words, the confirmation of the business structure of the country, which can count on **more than 6 million of companies, mainly micro-sized, small and medium-sized**, often not adequately prepared, as discussed above in the fourth chapter, to deal with paths of internationalization<sup>5</sup>.

To complete the picture of the information elements related to the main national indicators that express the level of internationalization, in the following tables are presented the data on **Italian investments abroad and foreign firms in Italy**. (see table 6).

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<sup>5</sup> The classifications used by ISTAT provide, in effect, a structured taxonomy of business and "economic operators of foreign trade" (i.e. economic entities identified on the basis of VAT that appear to have made at least one business transaction with foreign countries during a given period) . With the term "exporter / importer Company", ISTAT identifies, however, an enterprise of industry and services, based on the integration between the Archive from Statistical Office of the active companies (Asia) and economic operators of trade with foreign countries, that appears to have carried out commercial transactions with foreign countries during the period of observation. For more information see the ISTAT document, *Rapporto sulla competitività dei settori produttivi*, Edizione 2017, p. 66 and ISTAT tables available on the web.

**Table 6 - Italian investments abroad and foreign in Italy, 31.12.2014**

	Partecipazioni italiane all'estero (a)		Partecipazioni estere in Italia (b)		(a) / (b)
	Valore	%	Valore	%	
<i>Totale</i>					
Imprese investitrici (N.)	10.708	100,0	6.119	100,0	1,90
Imprese partecipate (N.)	29.073	100,0	11.102	100,0	3,20
Dipendenti (N.)	1.490.963	100,0	954.582	100,0	1,76
Fatturato (milioni di euro)	531.689	100,0	498.598	100,0	1,17
<i>Partecipazioni di controllo</i>					
Imprese investitrici (N.)	8.732	81,5	5.812	95,0	1,76
Imprese partecipate (N.)	23.433	80,6	10.148	91,4	2,72
Dipendenti (N.)	1.170.581	78,5	828.288	86,8	1,61
Fatturato (milioni di euro)	417.669	78,6	426.434	85,5	1,02
<i>Partecipazioni paritarie e minoritarie</i>					
Imprese investitrici (N.)	3.580	33,4	605	9,9	2,65
Imprese partecipate (N.)	5.640	19,4	954	8,6	8,39
Dipendenti (N.)	320.382	21,5	126.294	13,2	2,52
Fatturato (milioni di euro)	114.020	21,4	72.164	14,5	1,93

Source: ICE, Italia Multinazionale 2016

The **companies abroad still partially owned by Italian investors** (including controlling interests, equal or minority) are **29,073** (data at 31.12.2014). The number of investors subjects (industrial groups and independent companies) amounted to 10,708. The total employees of foreign subsidiaries are 1,490,963, while the turnover made by them amounted in 2014 to 531.7 billion euro.

The Italian presence abroad remains therefore characterized by a non-negligible share of equal and minority interests, even if the incidence of controlled activity is gradually increasing over time.

On the other side, **Italian companies shared by foreign capital are 11,102**, with the participation of 6,119 foreign multinationals. The total number of employees in Italy amounted to 954,582 units, while the total turnover of the subsidiaries in 2014 amounted to 498.6 billion euro.

The next table shows, finally, a list of major Italian corporations operating abroad. These are groups that have been operating constantly and for many years all over the world, despite the reduction in direct investment flows highlighted in Chapter 1, stating the Italian productive and managerial capacities.

**Table 7 - Main Italian multinational companies with foreign locations (31.12.2014)**

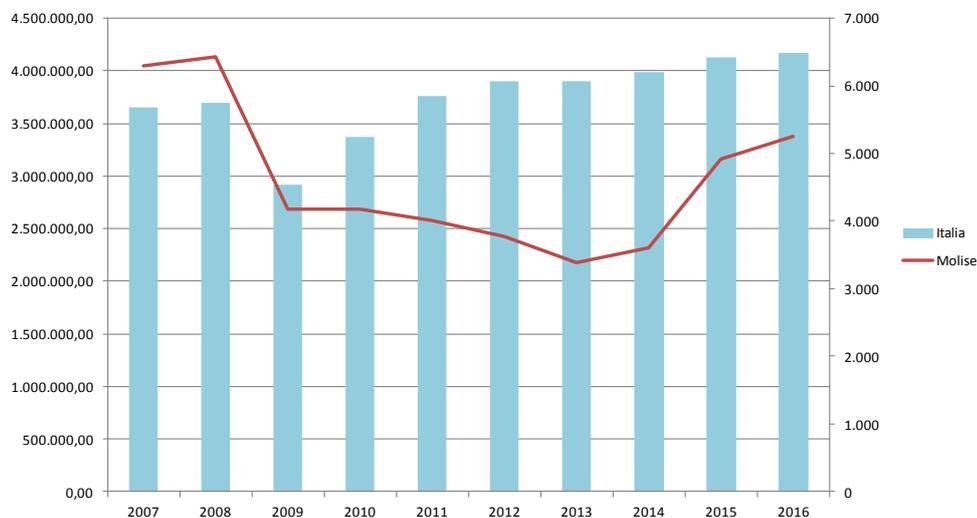
<i>Gruppo</i>	<i>Attività</i>	<i>Dipendenti all'estero (N.)</i>	<i>% su totale</i>
FCA	Autoveicoli e relativi componenti	166.000	70,8
Unicredit	Servizi bancari e finanziari	78.250	62,3
Luxottica Group	Occhiali	66.133	83,8
Generali	Servizi assicurativi	59.117	77,6
CNH Industrial	Veicoli industriali, macchine agricole e movim. terra	47.400	73,0
Edizione	Abbigliamento, ristorazione per viaggiatori	47.204	72,6
ENEL	Produzione e distribuzione di energia elettrica e gas	34.874	51,4
Saipem	Ingegneria e costruzioni	34.816	82,1
Pirelli (a)	Pneumatici	33.592	91,4
Stmicroelectronics	Componenti elettronici	33.560	77,7
Telecom Italia	Servizi di telecomunicazioni	28.312	34,5
Ferrero	Dolci e merendine	26.835	80,8
Intesa SanPaolo	Servizi bancari e finanziari	26.584	29,3
Prysmian	Cavi	17.816	92,2
Finmeccanica	Aerospazio, sistemi di difesa, energia e trasporti	17.303	36,7
Perfetti Van Melle	Chewing-gum, caramelle	16.872	95,3
Italcementi (b)	Cemento e calcestruzzo	15.213	86,8
Salini Costruttori	Ingegneria e costruzioni	13.609	44,5
Fincantieri	Cantieristica navale	13.427	63,6
ENI	Prodotti petroliferi e gas	12.333	42,5

Source: ICE, Italia Multinazionale 2016

## 2.2 Regional data

In order to verify the most important indicators on the propensity to internationalization of Molise, a first comparison may be realized by examining the **variation of exports in value** between the region and the rest of Italy. The interesting fact that emerges is the substantial **drop in values in Molise** especially until 2013, and then a recover more in line with other regions.

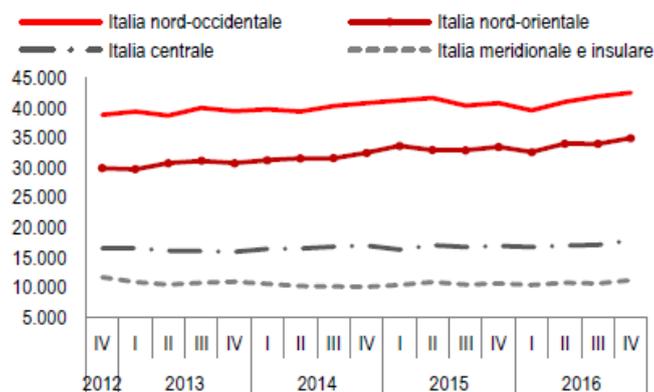
**Graph 16 - Variation of exports in value. Molise compared to other regions**
  
 (2007-2016, values in euro, to multiply for 100.000 on the right for Molise and on the left for Italy)



Source: Elaborazioni su dati ISTAT

Deepening the analysis of the latest Istat data, in the **fourth quarter of 2016** the export of all regions increased respect to the previous quarter:

**Graph 17 - Exports by territorial area**
  
 (IV quarter 2012-IV quarter 2016, million euro)



Source: ISTAT

+5,3% for south and insular Italy, +4,2% for Center Italy, +2,8% for north-east regions nord-orientali and +1,6% for north-western ones.

In the whole **year 2016**, the **growth of national export** (+1,2%) reflects the increase for regions of southern areas (+ 8.5%), central (+ 2.1%) and North-East (+ 1.8%), with a fall for insular areas (-15,0%), while the north-western area is stationary (see table).

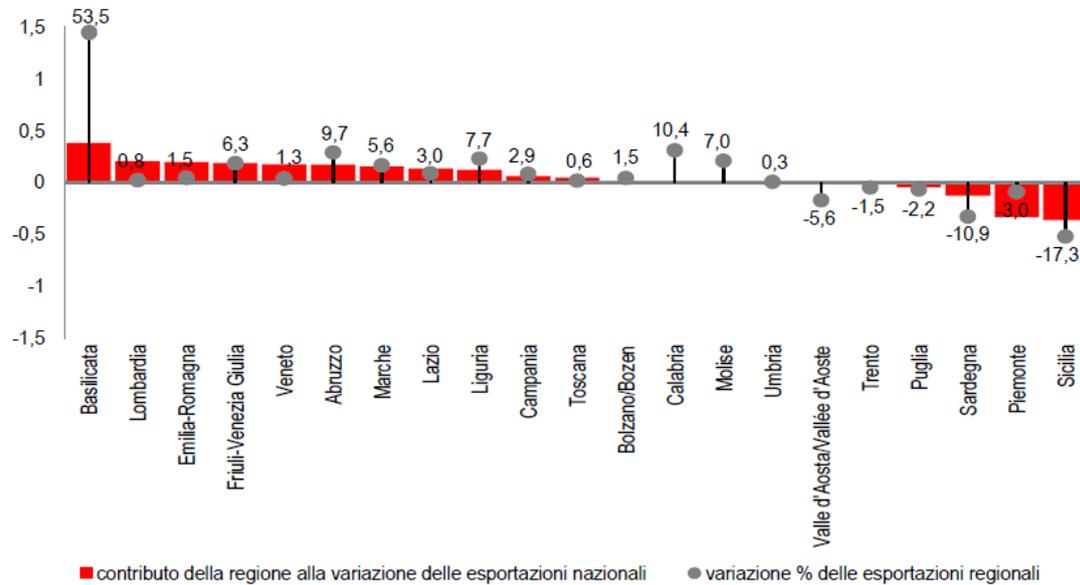
**Table 8 - Exports by territorial areas, Italy and Molise (2015 and 2016, milioni € and %)**

TERRITORY	2015		2016		2015/2016
	Million euro	%	Million euro	%	variation %
<b>Molise</b>	<b>489</b>	<b>0,11</b>	<b>526</b>	<b>0,12</b>	<b>7,0%</b>
Campobasso	406	0,09	446	0,11	10,0%
Isernia	83	0,02	79	0,01	-4,3
North-west Italy	164.542	39,9	164.526	39,4	0,0%
North-east Italy	133.087	32,3	135.444	32,5	1,8%
Central Italy	67.095	16,3	68.519	16,4	2,1%
South Italy	29.066	7,0	31.530	7,6	8,5%
Insular Italy	13.273	3,2	11.281	2,7	-15,0%
<i>Other areas</i>	<i>5.228</i>	<i>1,3</i>	<i>5.776</i>	<i>1,4</i>	<i>10,5%</i>
<b>ITALY</b>	<b>412.291</b>	<b>100,0</b>	<b>417.077</b>	<b>100,0</b>	<b>1,2%</b>

Source: elaboration based on ISTAT data

Among the **regions** that provide a positive contribution to the increase in domestic exports we have: Basilicata (+ 53.5%), **Molise (+ 7.0%)**, Lombardy (+ 0.8%), Emilia-Romagna (+1 , 5%), Friuli-Venezia Giulia (+ 6.3%), Veneto (+ 1.3%), Abruzzo (+ 9.7%), Marche (+ 5.6%), Lazio (+3.0 %) and Liguria (+ 7.7%). Among those that provide a negative contribution are: Sicily (-17.3%), Piedmont (-3.0%) and Sardinia (-10.9%).

Graph 18 - Variation and contribution to variation of national exports by region  
(Jan-dec 2016, %)



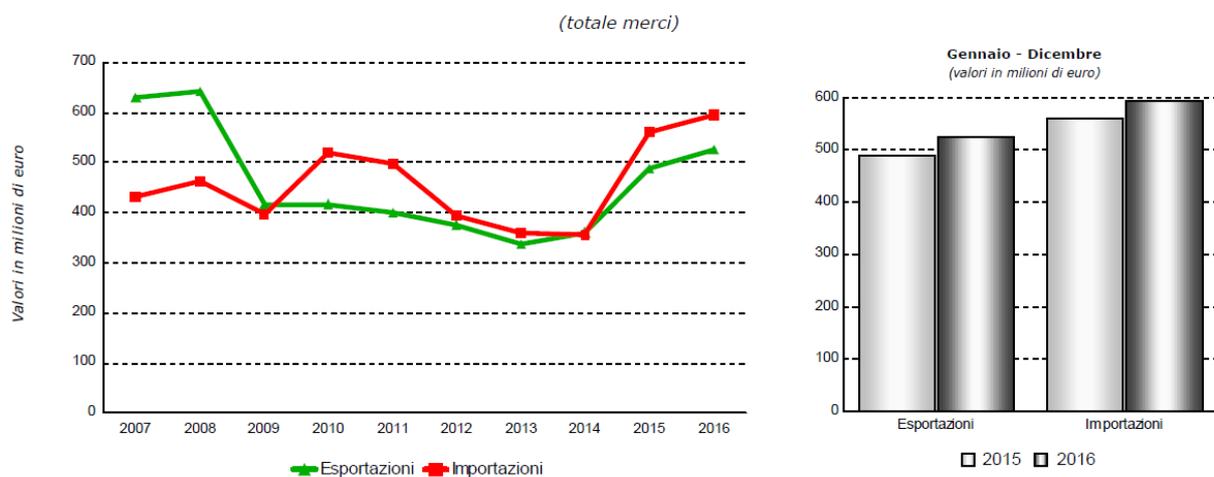
Source: Elaboration based on Istat data

In **year 2016**, the increase in car sales from Basilicata, transportation (vehicles excluded) from Friuli-Venezia Giulia, Lazio and Liguria and pharmaceuticals, medicinal, chemical and botanical from the Marche contributes to the growth in national exports for one percentage point. In the same period, the decrease of exports of refined petroleum products from Sicily and vehicles from Piedmont provides a negative contribution for half a point.

### 2.2.1 Molise exports and imports by macrosectors

The in-depth analysis by sector is useful to understand the main products that Molise exports and imports and allows more detailed analysis of the changes compared to the previous year. The total interchange of the region is shown in the following chart: **Molise is a region in which prevail imports compared to exports, with good signs of growth of exports after 2013.**

Graph 19 - Trade interchange of Molise Region with the rest of the world



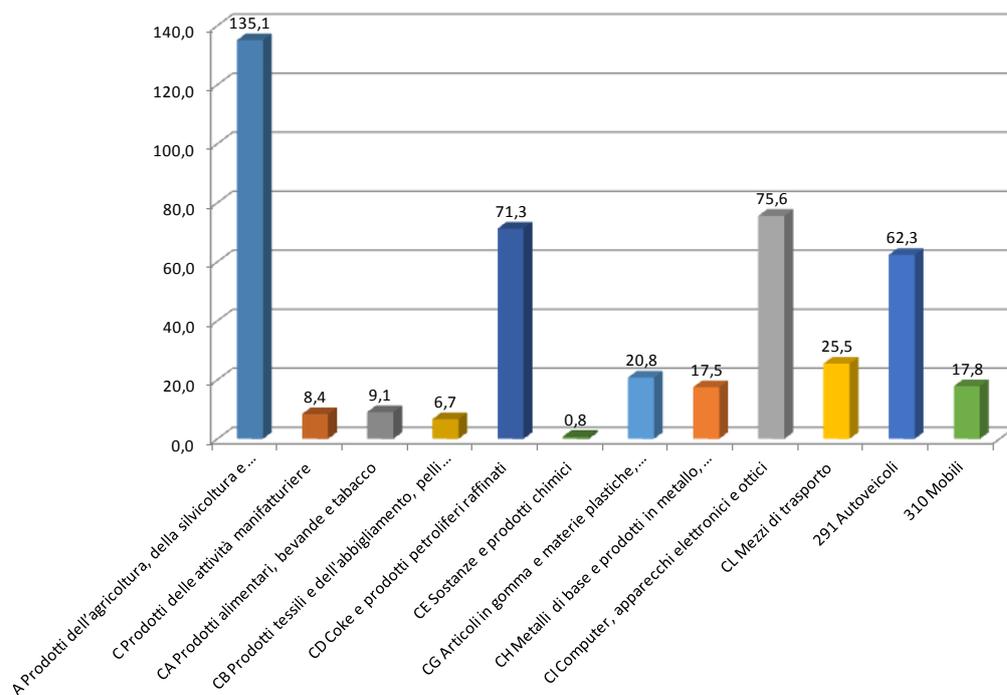
Interscambio commerciale Molise - Mondo	2011	2012	2013	2014	2015	2016
	Valori (migliaia di euro)					
Esportazioni	400.943	376.656	338.356	360.688	488.866	525.766
Importazioni	496.853	394.153	359.349	355.651	560.536	594.440
Saldi	-95.910	-17.497	-20.994	5.036	-71.670	-68.674

Source: ICE

In particular, there is a **positive overall performance of exports in 2016 (+ 7.0%)**, with a prevalence, in terms of percentage change, of some of the most dynamic sectors, such as the **products of agriculture, forestry and fishery (+ 135.1%)**, **food products, beverages and tobacco (+ 9.1%)**, the wood and wood products (+ 10.4%), **coke and petroleum products (+ 71.3%)**, **computers, electronic equipment and optical (+ 75.6%)**, the **rubber and plastics (+ 20.8%)**, **transport means (+ 25.5%**, of which cars + 62.3%).

Table 9 - Exports of Molise Region by sector (Jan-Dic 2016)

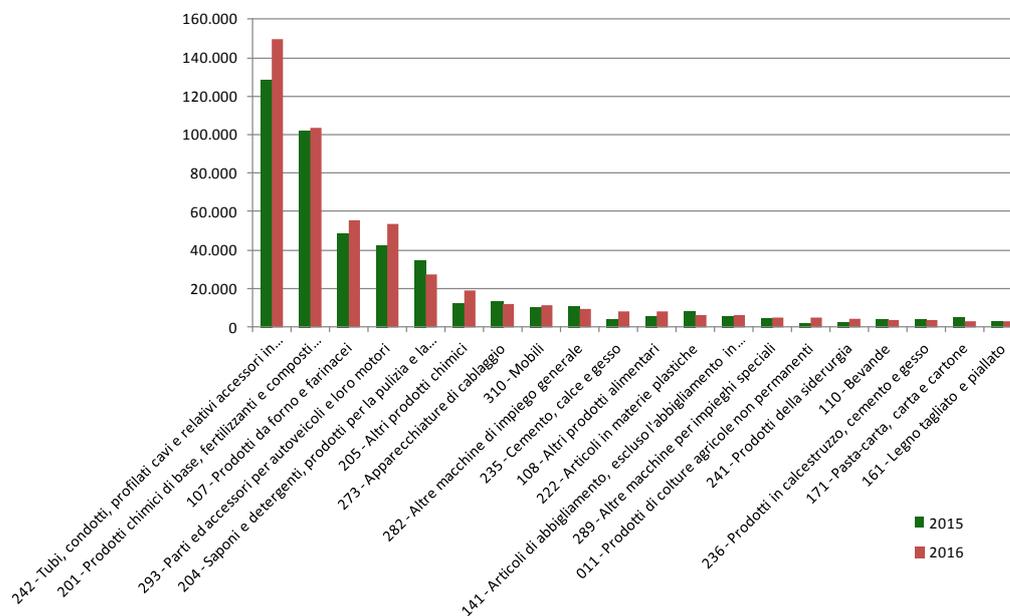
SETTORI DI ATTIVITA' ECONOMICA	Molise		
	Quote di mercato		Var. % 2016/2015
	2015	2016	
A Prodotti dell'agricoltura, della silvicoltura e della pesca	..	0,1	135,1
B Prodotti dell'estrazione di minerali da cave e miniere	0,8	..	-98,4
C Prodotti delle attività manifatturiere	0,1	0,1	8,4
CA Prodotti alimentari, bevande e tabacco	0,2	0,2	9,1
CB Prodotti tessili e dell'abbigliamento, pelli e accessori	..	..	6,7
13 Prodotti tessili	..	..	9,3
14 Articoli di abbigliamento (anche in pelle e in pelliccia)	..	..	6,6
15 Articoli in pelle e simili	..	..	-68,2
CC Legno e prodotti in legno; carta e stampa	0,1	0,1	-7,6
16 Legno e prodotti in legno e sughero (esclusi i mobili); articoli	0,2	0,2	10,4
17+18 Carta e prodotti di carta; prodotti della stampa e della	0,1	0,1	-17,2
CD Coke e prodotti petroliferi raffinati	..	..	71,3
CE Sostanze e prodotti chimici	0,5	0,5	0,8
CF Articoli farmaceutici, chimico medicinali e botanici	..	..	-68,6
CG Articoli in gomma e materie plastiche, altri prodotti della	0,1	0,1	20,8
22 Articoli in gomma	0,1	..	-21,2
23 Altri prodotti della lavorazione di minerali non metalliferi	0,1	0,1	61,4
CH Metalli di base e prodotti in metallo, esclusi macchine e	0,3	0,4	17,5
CI Computer, apparecchi elettronici e ottici	..	..	75,6
CJ Apparecchi elettrici	0,1	0,1	-1,6
CK Macchine ed apparecchi n.c.a.	..	..	-1,1
CL Mezzi di trasporto	0,1	0,1	25,5
291 Autoveicoli	..	..	62,3
CM Prodotti delle altre attività manifatturiere	0,1	0,1	-2,5
310 Mobili	0,1	0,1	17,8
D Energia elettrica, gas, vapore e aria condizionata	-	-	-
E Prodotti delle attività di trattamento dei rifiuti e risanamento	-	-	-
Altri prodotti n.c.a.	..	..	-48,6
<b>TOTALE</b>	<b>0,1</b>	<b>0,1</b>	<b>7,0</b>



Source: Elaboration based on Istat data

In the following graph are represented the products that **Molise has exported most**, in terms of value, in **2016**: with approximately **30% of the total**, are included products such as **raw material (among which are primarily tubes, pipes, profiles, cables and related accessories in steel)**, followed by the **chemicals** (chemical, plastic and rubber) with 20.75%, **baked goods and flour** with 11,13%, **parts and accessories for motor vehicles and their engines** with 10.69%; all other sectors registered percentages lower than 10%.

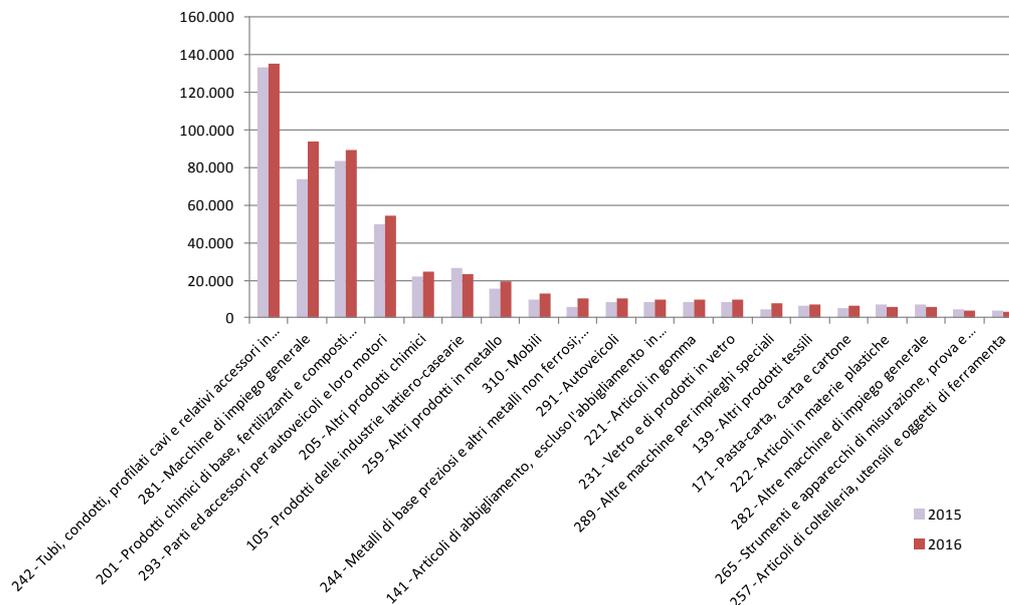
**Graph 20 - Exports by product for Molise (thousand euro, 2015 and 2016)**



Source: Elaboration based on Istat data

The main **imports** of products in the region concerned the tubes, pipes, profiles and cables with 24,85%, the general-purpose machinery with 17,27%, basic chemicals, fertilizers and nitrogen compounds, with 16,37%, and the parts and accessories for motor vehicles with 9,93%. With lower percentages follow the other products among which are other chemical products (4.48%), dairy products (4.30%). Less significant imports of all other products.

**Graph 21 - Imports of goods for Molise (thousand euro, 2015 and 2016)**



Source: Elaboration based on Istat data

Focusing on the variation of exports, in the course of 2016, the regional export value, in comparison with what happened in 2015, is increased, as mentioned, of about 7%. The goods that have contributed, in absolute terms, to the positive result were mainly the “finished products classified according to the raw material”. **The abnormal increase in this sector is explained by the massive sale of tubes, pipes, profiles, cables and related accessories in steel in Kazakhstan.** The following tables show the first 10 goods exported and imported in 2016, with the relative percentage variation.

**Table 10 - First 10 goods in terms of export value and annual variation (Molise, thousand €)**

	GOOD	EXPORTS		
		2015	2016	var. %
1	<b>Tubi, condotti, profilati, cavi e relativi accessori in acciaio</b>	128.787	149.839	16,3%
2	<b>Prodotti chimici di base, fertilizzanti e composti azotati, materie plastiche e gomma sintetica in forme primarie</b>	101.425	103.562	2,1%
3	<b>Prodotti da forno e farinacei</b>	48.498	55.554	14,5%
4	<b>Parti ed accessori per autoveicoli e loro motori</b>	42.233	53.376	26,4%
5	<b>Saponi e detergenti, prodotti per la pulizia e la lucidatura, profumi e cosmetici</b>	34.178	27.227	-20,3%
6	<b>Altri prodotti chimici</b>	11.658	18.663	60,1%
7	<b>Apparecchiature di cablaggio</b>	13.147	11.838	-10,0%
8	<b>Mobili</b>	9.784	11.530	17,8%
9	<b>Altre macchine di impiego generale</b>	10.329	9.487	-8,1%
10	<b>Cemento, calce e gesso</b>	3.691	8.077	118,8%

Source: Elaboration based on Istat data

On the **import** side the positive result (+ 6%) obtained in 2016 is mainly attributable to the increase in the percentage of variation in the sector of general-purpose machinery (+ 27.2%), chemicals (+ 6.8%), precious metals (85.8%) and motor vehicles (+ 20.4%).

Table 11 - First 10 goods in terms of import value and annual variation (Molise, thousand €)

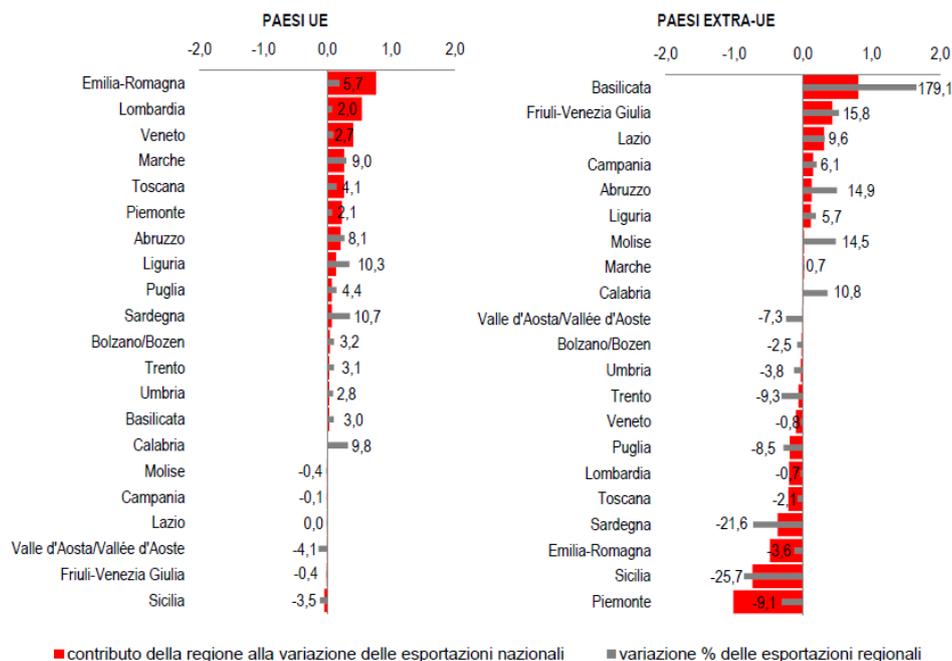
	GOOD	IMPORTS		
		2015	2016	var.%
1	Tubi, condotti, profilati cavi e relativi accessori in acciaio	133.175	135.289	1,6%
2	Macchine di impiego generale	73.894	94.002	27,2%
3	Prodotti chimici di base, fertilizzanti e composti azotati, materie plastiche e gomma sintetica in forme primarie	83.432	89.096	6,8%
4	Parti ed accessori per autoveicoli e loro motori	49.582	54.075	9,1%
5	Altri prodotti chimici	21.870	24.405	11,6%
6	Prodotti delle industrie lattiero-casearie	26.788	23.419	-12,6%
7	Altri prodotti in metallo	15.548	19.193	23,4%
8	Mobili	9.413	13.031	38,4%
9	Metalli di base preziosi e altri metalli non ferr.; comb. nucl.	5.470	10.163	85,8%
10	Autoveicoli	8.318	10.016	20,4%

Source: Elaboration based on Istat data

## 2.2.2 Target markets and supply markets for Molise

Based on data for the entire **year 2016** about regional markets, for Molise prevail non-EU destinations, with a total increase of + 14.5% (see graph).

Graph 22 - Variation and contribution to variation of national exports for EU area and extra EU area (Jan-dec 2016, %)

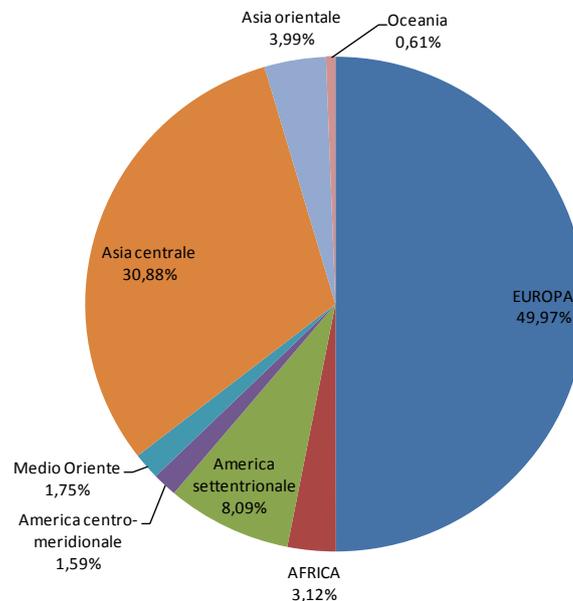


Source: Elaboration based on Istat data

**Molise contribution is very small in terms of total national exports**, both towards EU countries and extra EU ones (only 0.1% in both cases), with a slightly decrease of the value of goods exported to European countries (-0.4%), while the value of exports towards non-EU countries is increasing (+ **14.5%**).

Analyzing in detail the value of exports by country of destination, as showed in the following chart, **50% of the total exported from Molise in 2016 is destined to Europe**, of which **31% in Central Asia**. The rest passes towards **North America (8%)**, East Asia (4%), Africa (3%), Middle East (1.75%), Central and South America (1.59%) and Oceania (0.61%).

**Graph 23 - Exports by destination country (Molise, year 2016)**



Source: Elaboration based on Istat data

The comparison with what happened in 2015 showed a marked decline in exports to the Central and South America (-18.8%), while to Europe there has been a modest increase (+ 0.6%). Conversely, exports to East Asia (+ 45%) increased exponentially; increases must be registered also to North Africa (+ 15.2%), North America (+ 10.7%), Central Asia (+ 17.9%) and Oceania (+ 66.9%). On the other side, there have been falls towards the Middle East (-0.6%).

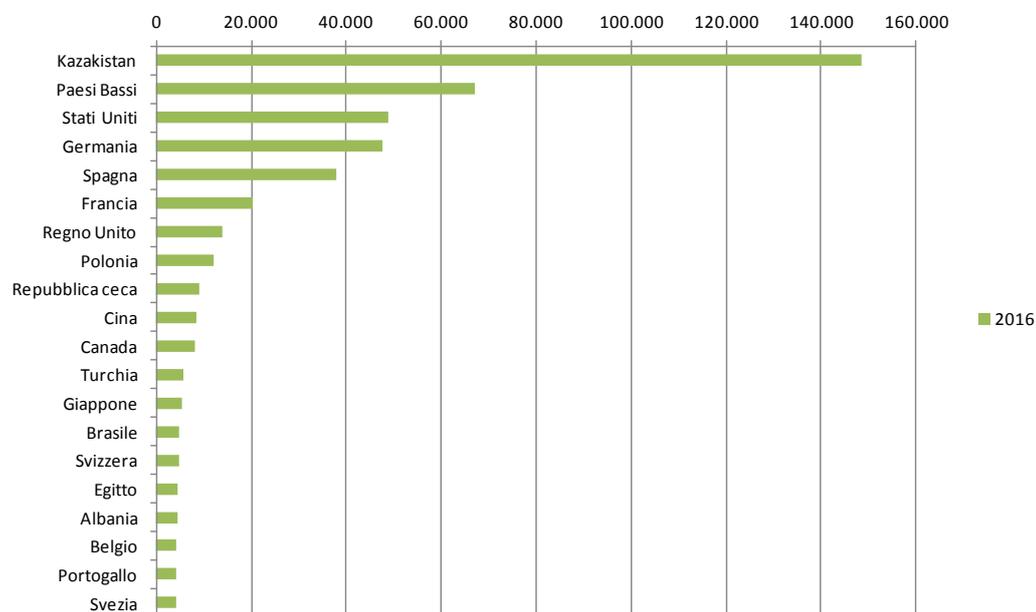
**Table 12 - Import-export by origin and destination country for Molise**  
(absolute value in thousand €)

COUNTRY AREA	2016		Variation respect to 2015 (%)	
	import	export	import	export
<b>EUROPA</b>	354.788	244.661	6,4	+0,6
<b>AFRICA</b>	4.021	15.296	8,7	+15,2
<b>America settentrionale</b>	19.383	39.622	-20,5	10,7
<b>America centro-meridionale</b>	6.748	7.781	17,9	-18,8
<b>Medio Oriente</b>	979	8.566	40,1	-0,6
<b>Asia centrale</b>	11.125	151.198	122,1	17,9
<b>Asia orientale</b>	170.180	19.528	1,7	45
<b>Oceania</b>	11	2.984	63,6	66,9
<b>TOTAL</b>	<b>594.440</b>	<b>525.766</b>	<b>6,0</b>	<b>7,5</b>

Source: Elaboration based on Istat data

Going into detail of **exports** for each country, through the next chart it's possible to summarize the **top 20 markets** for goods exported from Molise in 2016.

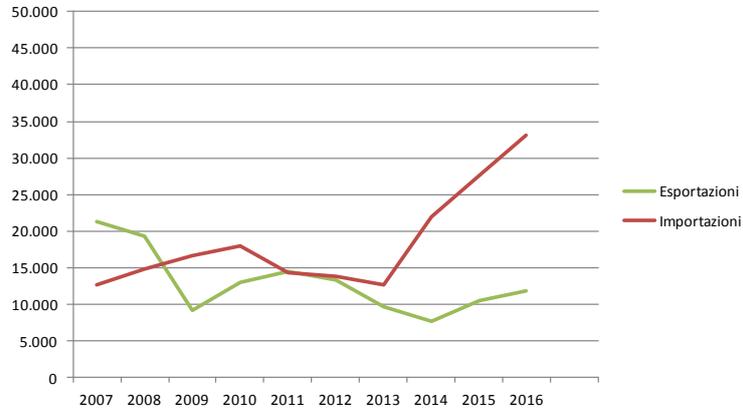
**Graph 24 - Main destination markets for Molise (absolute value in thousand €, 2016)**



Source: Elaboration based on Istat data

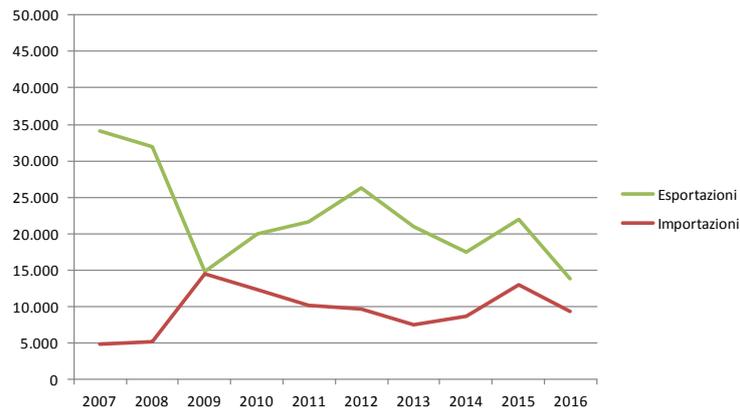
In order to make a comparison between the **total exchange of the Molise region with the countries of the Project SIE**, the graph shows the time series of freight flows recorded between Molise and each geographical area involved in the project.

**Graph 25 - Commercial exchange of Molise region with Poland (thousand €)**



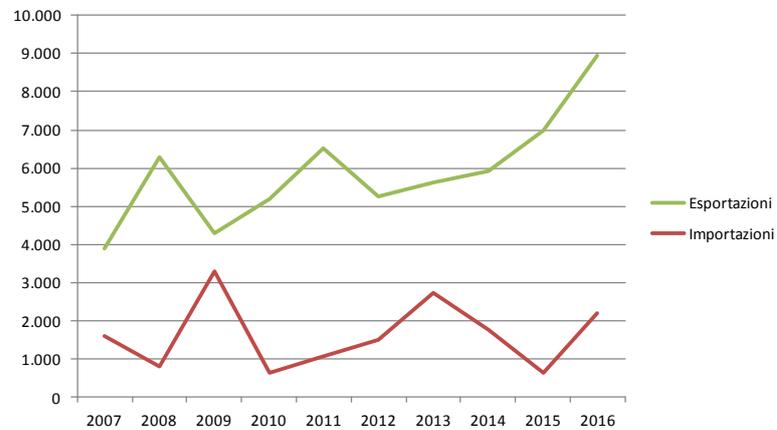
Source: Elaboration based on ICE data

**Graph 26 - Commercial exchange of Molise region with United Kingdom (thousand €)**



Source: Elaboration based on ICE data

**Graph 27 - Commercial exchange of Molise region with Czech Republic (thousand €)**



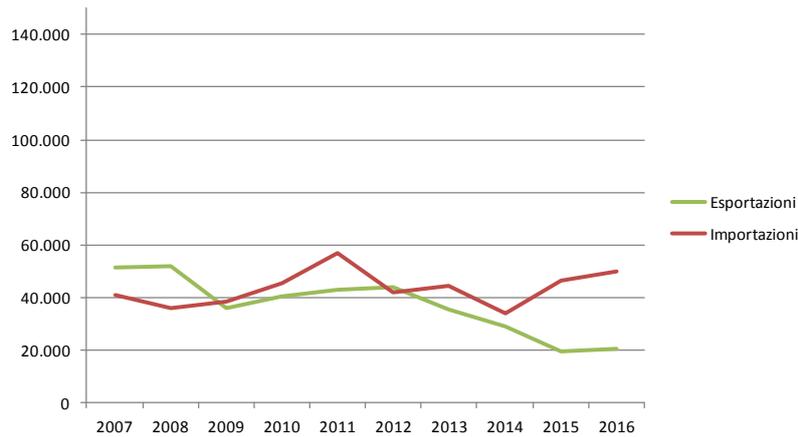
Source: Elaboration based on ICE data

**Graph 28 - Commercial exchange of Molise region with Germany (thousand €)**



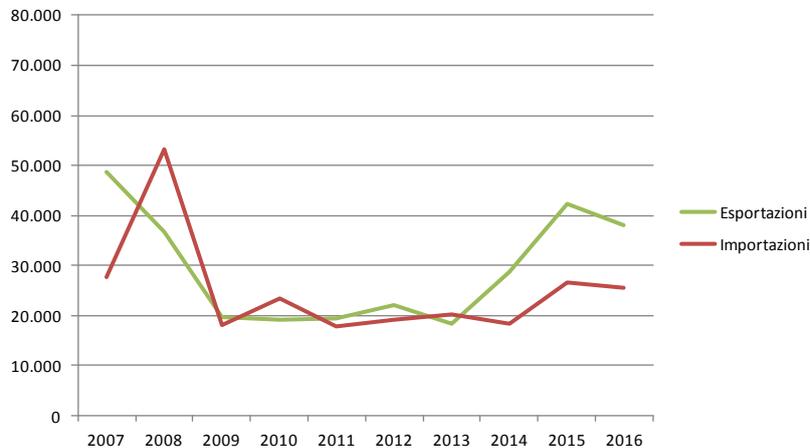
Source: Elaboration based on ICE data

**Graph 29 - Commercial exchange of Molise region with France (thousand €)**



Source: Elaboration based on ICE data

**Graph 30 - Commercial exchange of Molise region with Spain (thousand €)**



Source: Elaboration based on ICE data

The important key information that emerges in relation to the partner countries of the SIE project, is that in general for Molise **predominate imports rather than exports** (especially towards Germany, France and Poland); remains, overall, in active, the balance of trade towards countries such as Czech Republic and Spain, while clear bearish signals have emerged in 2016 in the interchange with the United Kingdom.

The following table summarizes the six partner countries and the **exchange related to major productive sectors**. In the statistical annexes (cfr. Appendix) are available tables containing the detail of the products exported and imported for each country.

**Table 13 - Commercial exchange (by sector) of Molise region with SIE partner countries (France, Germany, Poland, United Kingdom, Czech Republic, Spain)**

Sectors	Exports			Imports			Balance	
	2015	2016	Var %	2015	2016	Var %	2015	2016
AA - Prodotti dell'agricoltura, pesca e silvicoltura	964	3.072	218,7	687	758	10,3	276	2.313
BB - Prodotti delle miniere e delle cave	8.796	110	-98,7	857	1.105	28,8	7.939	-995
CA10 - Prodotti alimentari	24.201	23.813	-1,6	21.859	19.460	-11,0	2.341	4.353
CA11 - Bevande	596	594	-0,2	736	813	10,5	-140	-218
CB13 - Prodotti tessili	53	152	188,4	2.077	1.489	-28,3	-2.024	-1.336
CB14 - Articoli di abbigliamento (anche in pelle e in pelliccia)	663	604	-8,9	1.983	2.052	3,5	-1.319	-1.448
CB15 - Articoli in pelle (escluso abbigliamento) e simili	0	1	0	384	313	-18,6	-384	-312
CC16 - Legno e prodotti in legno e sughero (esclusi i mobili); articoli in paglia e materiali da intreccio	2.469	2.979	20,6	608	749	23,3	1.861	2.230
CC17 - Carta e prodotti di carta	4.148	2.532	-38,9	5.806	7.036	21,2	-1.659	-4.503
CC18 - Prodotti della stampa e della riproduzione di supporti registrati	0	0	0	18	17	-1,4	-18	-17
CD19 - Coke e prodotti derivanti dalla raffinazione del petrolio	0	1	71,3	1.075	84	-92,2	-1.074	-83
CE20 - Prodotti chimici	44.733	44.423	-0,7	57.333	58.434	1,9	-12.600	-14.012
CF21 - Prodotti farmaceutici di base e preparati farmaceutici	4.011	1.150	-71,3	1.395	1.744	25,0	2.616	-594
CG22 - Articoli in gomma e materie plastiche	5.143	3.434	-33,2	7.520	6.970	-7,3	-2.377	-3.536
CG23 - Altri prodotti della lavorazione di minerali non metalliferi	2.430	6.886	183,3	10.114	11.323	12,0	-7.684	-4.437
CH24 - Prodotti della metallurgia	2.228	3.083	38,4	5.704	5.286	-7,3	-3.476	-2.202
CH25 - Prodotti in metallo, esclusi macchinari e attrezzature	1.161	1.473	26,9	12.715	11.477	-9,7	-11.554	-10.003
CI26 - Computer e prodotti di elettronica e ottica; apparecchi elettromedicali, apparecchi di misurazione e orologi	51	226	342,0	3.935	2.833	-28,0	-3.884	-2.607
CJ27 - Apparecchiature elettriche e apparecchiature	5.856	5.998	2,4	3.275	3.003	-8,3	2.581	2.995

per uso domestico non elettriche									
CK28 - Macchinari e apparecchiature nca	4.327	2.718	-37,2	58.814	67.095	14,1	-54.487	-64.378	
CL29 - Autoveicoli, rimorchi e semirimorchi	23.117	31.107	34,6	41.583	42.625	2,5	-18.467	-11.519	
CL30 - Altri mezzi di trasporto	18	13	-25,8	77	124	60,2	-60	-111	
CM31 - Mobili	4.600	6.359	38,2	9.350	12.939	38,4	-4.750	-6.580	
CM32 - Prodotti delle altre industrie manifatturiere	0	0	140,2	711	1.086	52,7	-711	-1.086	
ZZ - Altri prodotti e attività	4	18	384,7	581	749	29,0	-577	-731	
<b>Total</b>	<b>139.569</b>	<b>140.749</b>	<b>0,8</b>	<b>249.199</b>	<b>259.565</b>	<b>4,2</b>	<b>-109.630</b>	<b>-118.816</b>	

Source: Elaboration based on ICE data

The substantial **weakness in trade of Molise**, with the exception of certain transactions, temporally limited and justified by the presence of specific orders, also comes up reading the data about the number of present exporters (see Table 14).

Table 14 - Number of exporters in Italian regions

	Numero		Quote % sul totale							Valore medio esportato per operatore <sup>(2)</sup>	
	2015	Var. % 2015	2005	2010	2011	2012	2013	2014	2015	2015	Var. % 2015
<b>Italia nord-occidentale</b>	<b>86.785</b>	<b>1,5</b>	<b>37,6</b>	<b>38,7</b>	<b>38,1</b>	<b>38,7</b>	<b>38,5</b>	<b>39,7</b>	<b>39,9</b>	<b>1.894</b>	<b>1,2</b>
Piemonte	18.241	0,8	8,5	8,4	8,5	8,5	8,3	8,4	8,4	2.510	6,1
Valle d'Aosta	458	18,0	0,2	0,1	0,2	0,2	0,2	0,2	0,2	1.323	-15,5
Lombardia	63.010	2,5	26,9	27,5	27,2	27,5	27,5	28,5	28,9	1.765	-0,9
Liguria	5.076	-8,7	2,0	2,6	2,2	2,5	2,5	2,6	2,3	1.337	4,9
<b>Italia nord-orientale</b>	<b>62.192</b>	<b>0,7</b>	<b>29,9</b>	<b>29,5</b>	<b>29,9</b>	<b>29,6</b>	<b>29,5</b>	<b>28,6</b>	<b>28,6</b>	<b>2.135</b>	<b>4,0</b>
Trentino Alto Adige	4.289	2,4	1,7	1,9	1,8	1,9	1,9	1,9	2,0	1.818	4,7
Veneto	28.834	3,9	14,0	13,2	13,2	13,2	13,1	12,9	13,2	1.995	1,4
Friuli-Venezia Giulia	6.222	-0,5	3,7	3,7	4,0	3,6	3,1	2,9	2,9	1.956	1,8
Emilia-Romagna	22.847	-3,1	10,5	10,8	10,8	10,9	11,3	10,9	10,5	2.421	7,8
<b>Italia centrale</b>	<b>41.120</b>	<b>0,7</b>	<b>20,4</b>	<b>19,6</b>	<b>19,9</b>	<b>19,4</b>	<b>19,3</b>	<b>18,9</b>	<b>18,9</b>	<b>1.681</b>	<b>3,3</b>
Toscana	19.905	1,7	9,6	9,8	9,8	9,3	9,1	9,1	9,1	1.661	1,5
Umbria	2.804	1,0	1,3	1,2	1,2	1,3	1,3	1,3	1,3	1.300	5,3
Marche	7.747	-0,5	4,8	4,0	4,0	3,9	3,8	3,6	3,6	1.576	-1,8
Lazio	10.664	-0,2	4,7	4,5	4,9	4,9	5,1	5,0	4,9	1.894	9,5
<b>Mezzogiorno</b>	<b>27.583</b>	<b>0,3</b>	<b>12,1</b>	<b>12,2</b>	<b>12,1</b>	<b>12,3</b>	<b>12,7</b>	<b>12,8</b>	<b>12,7</b>	<b>1.535</b>	<b>3,7</b>
Abruzzo	3.387	-0,9	1,7	1,5	1,6	1,5	1,6	1,6	1,6	2.197	8,3
Molise	407	1,5	0,2	0,2	0,2	0,2	0,2	0,2	0,2	1.206	34,1
Campania	10.129	-1,2	4,5	4,5	4,4	4,5	4,7	4,8	4,7	962	4,0
Puglia	5.933	4,9	2,9	2,8	2,6	2,8	2,7	2,6	2,7	1.381	-4,0
Basilicata	620	-7,7	0,2	0,3	0,3	0,3	0,3	0,3	0,3	4.551	166,3
Calabria	1.456	-2,8	0,6	0,6	0,6	0,6	0,7	0,7	0,7	257	18,4
Sicilia	4.399	1,7	1,6	1,8	1,8	1,8	1,9	2,0	2,0	1.926	-13,8
Sardegna	1.252	-3,0	0,4	0,5	0,6	0,6	0,6	0,6	0,6	3.833	6,4
<b>Totale regioni <sup>(1)</sup></b>	<b>217.680</b>	<b>1,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>1.877</b>	<b>2,7</b>

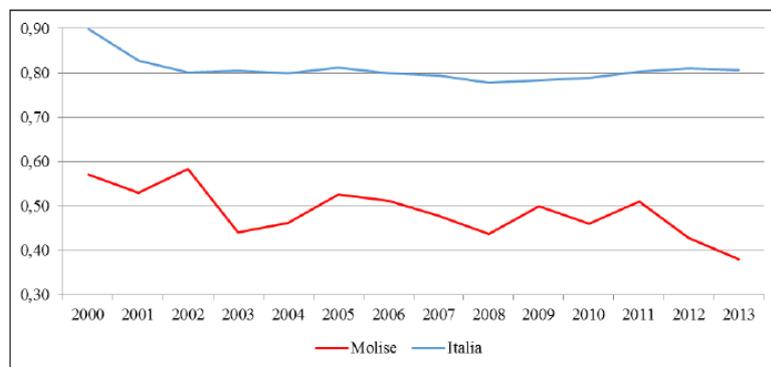
<sup>(1)</sup> Il numero totale degli operatori presenti nelle regioni è superiore al dato nazionale, poiché un esportatore può essere presente in più regioni.

<sup>(2)</sup> In migliaia di euro.

Source: ICE, L'Italia nell'economia internazionale, Rapporto ICE 2015-2016

In Molise, according to 2015 data, there are **407 exporters**, a limited number compared to other regions also in terms of average value exported by operator. Looking at the **share of firms that export compared to the total number** of active companies, in Molise the percentage is significantly lower than the national average (see chart below). In particular, in the period 2000-2013 has increased from 57% in 2000 to 40% in 2013, a percentage that is approximately half of the average in the rest of the country.

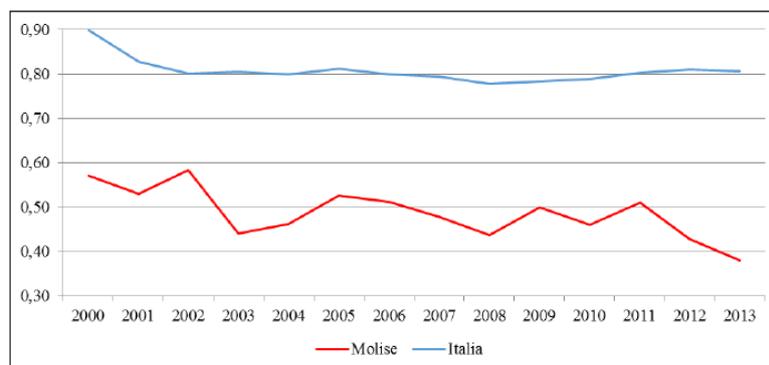
**Graph 31 - Trend of percentage of exporting companies in Italy and Molise (Average value period 2000-2013)**



Source: Unimol (2015) on Invind data

The low number of Molise companies exporting their products abroad also results in a **smaller share of revenue from exports**, which is around 10-15% on average in the period, a much lower amount than the national average.

**Graph 32 - Trend of export in Italy and Molise (Average value period 2000-2013)**



Source: Unimol (2015) on Invind data

Unlike the percentage of exporting companies, for Molise companies the decline in the revenues' share from exports by the beginning of the millennium, however, it is less evident, but accelerated after the great recession: between 2007 and 2010 the reduction was in fact equal to 3 percent in Molise and 1 percent in Italy. While the Italian companies on average seem to have a recovery of the share of turnover exported in the period after the crisis, Molise continued to record, during the period, a reduction. In summary, the position of Molise companies differs from the Italian media, both in terms of propensity to export both in terms of turnover from exports share. These data, however, need to be updated considering the best performance in terms of exports registered in the post-2013 period.

To complete the regional framework on the **degree of openness to the internationalization** of Molise region, are presented below some territorial data on **Italian investments abroad and foreign in Italy**. 70% of Italian multinational enterprises (IMNs) resides in the four major North regions (Lombardy, Veneto, Emilia-Romagna and Piedmont). In particular, almost half of the Italian IMN has its headquarters in the north-western regions (43.9%), with the predominant weight of the Lombardy that amount to 33.2% (that is, a third of the total), while the Piedmont accounts for the 8,4%. Over a third of investors abroad (34.7%) is located in north-eastern regions (15.5% in Veneto and 12.9% in Emilia-Romagna), while the incidence of central, southern regions and insular is a total of slightly more than one-fifth of the national total (15% for the central regions and 6.4% for the South and the islands). **For Molise there are only 20 companies that have invested abroad and 36 foreign companies participated.**

**Table 15 - Italian foreign investments abroad, by region and origin of the investment (31 Dec 2014)**

	Imprese italiane investitrici		Imprese estere partecipate		Dipendenti delle imprese partecipate	
	N.	%	N.	%	N.	%
<b>Italia Nord-Occidentale</b>	4.699	43,9	13.076	45,0	808.537	54,2
Valle d'Aosta	9	0,1	19	0,1	208	0,0
Piemonte	901	8,4	2.588	8,9	252.300	16,9
Lombardia	3.555	33,2	9.837	33,8	544.281	36,5
Liguria	234	2,2	632	2,2	11.748	0,8
<b>Italia Nord-Orientale</b>	3.719	34,7	9.882	34,0	373.460	25,0
Veneto	1.661	15,5	4.147	14,3	160.832	10,8
Trentino-Alto Adige	307	2,9	718	2,5	19.712	1,3
Friuli-Venezia Giulia	371	3,5	922	3,2	36.612	2,5
Emilia-Romagna	1.380	12,9	4.095	14,1	156.304	10,5
<b>Italia Centrale</b>	1.605	15,0	4.733	16,3	262.568	17,6
Toscana	650	6,1	1.623	5,6	58.983	4,0
Umbria	129	1,2	249	0,9	7.803	0,5
Marche	279	2,6	665	2,3	21.612	1,4
Lazio	547	5,1	2.196	7,6	174.170	11,7
<b>Italia Meridionale</b>	535	5,0	1.100	3,8	40.827	2,7
Abruzzo	118	1,1	253	0,9	7.962	0,5
Molise	20	0,2	36	0,1	552	0,0
Campania	217	2,0	510	1,8	21.305	1,4
Puglia	141	1,3	239	0,8	9.276	0,6
Basilicata	22	0,2	42	0,1	1.474	0,1
Calabria	17	0,2	20	0,1	258	0,0
<b>Italia Insulare</b>	150	1,4	282	1,0	5.571	0,4
Sicilia	115	1,1	234	0,8	4.690	0,3
Sardegna	35	0,3	48	0,2	881	0,1
<b>Totale</b>	<b>10.708</b>	<b>100,0</b>	<b>29.073</b>	<b>100,0</b>	<b>1.490.963</b>	<b>100,0</b>

Source: ICE, Italia Multinazionale 2016

In terms of **foreign investments in Italy**, even in this case indicators for Molise are among the lowest, with the presence of **11 investor companies**, with a number of employees and turnover that place the region in the last positions of the national ranking. Consider, however, that the presence of multinational companies throughout the “Mezzogiorno” (southern regions) is quite modest: the total weight of the southern and island regions is less than 6% of the total, any indicator is considered.

**Table 16 - Foreign investments in Italy, by region of destination (31 Dec 2014)**

	Imprese partecipate		Dipendenti delle imprese partecipate		Fatturato delle imprese partecipate	
	N.	%	N.	%	Milioni euro	%
<b>Italia Nord-Occidentale</b>	<b>6.449</b>	<b>58,1</b>	<b>546.293</b>	<b>57,2</b>	<b>272.174</b>	<b>54,6</b>
Valle d'Aosta	16	0,1	1.653	0,2	1.178	0,2
Piemonte	926	8,3	100.297	10,5	36.338	7,3
Lombardia	5.247	47,3	419.108	43,9	219.011	43,9
Liguria	260	2,3	25.235	2,6	15.647	3,1
<b>Italia Nord-Orientale</b>	<b>2.488</b>	<b>22,4</b>	<b>160.536</b>	<b>16,8</b>	<b>65.765</b>	<b>13,2</b>
Veneto	949	8,5	56.904	6,0	24.545	4,9
Trentino-Alto Adige	489	4,4	17.307	1,8	7.495	1,5
Friuli-Venezia Giulia	165	1,5	19.281	2,0	6.484	1,3
Emilia-Romagna	885	8,0	67.044	7,0	27.241	5,5
<b>Italia Centrale</b>	<b>1.555</b>	<b>14,0</b>	<b>197.845</b>	<b>20,7</b>	<b>128.872</b>	<b>25,8</b>
Toscana	491	4,4	39.908	4,2	20.740	4,2
Umbria	70	0,6	6.567	0,7	2.840	0,6
Marche	98	0,9	11.654	1,2	3.895	0,8
Lazio	896	8,1	139.716	14,6	101.397	20,3
<b>Italia Meridionale</b>	<b>434</b>	<b>3,9</b>	<b>42.528</b>	<b>4,5</b>	<b>14.012</b>	<b>2,8</b>
Abruzzo	87	0,8	21.538	2,3	7.601	1,5
Molise	11	0,1	447	0,0	114	0,0
Campania	126	1,1	11.358	1,2	3.270	0,7
Puglia	117	1,1	7.153	0,7	2.499	0,5
Basilicata	61	0,5	448	0,0	145	0,0
Calabria	32	0,3	1.584	0,2	382	0,1
<b>Italia Insulare</b>	<b>176</b>	<b>1,6</b>	<b>7.380</b>	<b>0,8</b>	<b>17.775</b>	<b>3,6</b>
Sicilia	127	1,1	3.490	0,4	7.348	1,5
Sardegna	49	0,4	3.890	0,4	10.427	2,1
<b>Totale</b>	<b>11.102</b>	<b>100,0</b>	<b>954.582</b>	<b>100,0</b>	<b>498.598</b>	<b>100,0</b>

Source: ICE, Italia Multinazionale 2016

## 3. European, national and regional initiatives on internationalization

### 3.1 European strategies on internationalization

To operate on foreign markets businesses have to overcome information barriers higher than those observed in the domestic market, stemming both from the inevitable cultural and regulatory diversity and from the existence of bureaucratic and legal obstacles. Whatever the choice about the way of internationalization (production plant, development of a commercial and logistic network, definition of after-sales services, simple export), companies are investing considerable resources abroad in extending their network of relationships, with new partners and institutions. In this framework, **public policies to support internationalization** are justified by the need to overcome these barriers to entry and the positive externalities that result from that supporting action.

For many years the EU has been promoting and supporting internationalization, with particular reference to small and medium-sized enterprises, through various programs, initiatives and forms of intervention. In almost all measures required under the **INTERREG Program**, for example, specific support actions in favor of open markets are planned. Here below is a summary of some important programs and instruments provided by the European Union's strategy.

#### **SMALL BUSINESS ACT (SBA)**

The main priorities of the “Small Business Act”<sup>6</sup> are to promote entrepreneurship, to increase access to finance, reducing the regulatory burden and improve access to markets and internationalization. Italy has adopted different measures of the SBA including the allocation of additional 130 million euro for 2015, 50 for 2016 and 40 for 2017 for the promotion of *Made in Italy* (Art. 1, paragraphs 202-203).

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<sup>6</sup> The SBA was born as a not constrain Communication of the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - COM (2008) / 394 “Think Small First, looking for a new basic framework for Small Business - a Small Business Act for Europe”).

## **COSME**

*2014-2020, €2.3 billion, in charge: DG GROWTH*

COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises) aims to strengthen the competitiveness and sustainability of the Union's enterprises, including by promoting their internationalisation. It largely continues the activities started under the previous programme, the Entrepreneurship and Innovation Programme (EIP,) and ensures continuity of initiatives and actions already undertaken under it, such as the Enterprise Europe Network and the IPR helpdesks.

[http://ec.europa.eu/growth/industry/international-aspects/index\\_en.htm](http://ec.europa.eu/growth/industry/international-aspects/index_en.htm)

## **Horizon 2020**

*2014-2020, €79.4 billion, in charge: DG RTD and several other DGs, including DG GROWTH*

Horizon 2020, the new EU programme for research and innovation running from 2014-2020 with a budget of nearly €80 billion, provides funding for every stage of the innovation process from frontier science to close-to-market innovation. The programme includes SME-tailored support to stimulate all forms of innovation in SMEs, targeting those with the potential to grow and internationalise across the single market and beyond. Any European business can use Horizon 2020 as a tool to internationalise by partnering with non-European companies or other actors to carry out joint research and innovation activities. These activities could be, for instance: joint research where partners have complementary expertise; integration of a technology supply chain; demonstration or piloting of a new product, service or technology; accessing facilities, data or services etc.

<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>

## **Partnership Instrument**

*2014-2020, €954 million, in charge: The European Commission's "Service for Foreign Policy Instruments" (not attached to any DG)*

Through the Partnership Instrument, the EU cooperates with partners around the world to advance the Union's strategic interests and tackle global challenges. The PI funds activities that carry EU agendas with partner countries forward, translating political commitments into concrete measures, inter alia by promoting adherence to global standards through regulatory co-operation, by helping to strengthen EU

Market Access Teams on the ground, by fostering policy dialogue and technical assistance on issues such as Intellectual Property Rights, by promoting business co-operation, innovation and knowledge management, as well as by underpinning co-operation with international institutions.

[http://ec.europa.eu/dgs/fpi/what-we-do/partnership\\_instrument\\_en.htm](http://ec.europa.eu/dgs/fpi/what-we-do/partnership_instrument_en.htm)

## IPA II

*The Instrument for Pre-Accession Assistance (2014-2020, €11.7 billion, in charge: DG NEAR)*

Via IPA, the EU supports reforms in the enlargement countries with financial and technical help. The "growth and competitiveness" pillar supports the socio-economic development in the region and contributes to creating a better business environment, in particular for SMEs: It aims to attract foreign investments, improves access to finance, increase clustering, networking and SME internationalisation.

[http://ec.europa.eu/enlargement/instruments/overview/index\\_en.htm#ipa2](http://ec.europa.eu/enlargement/instruments/overview/index_en.htm#ipa2)

## ENI

*European Neighbourhood Instrument 2014-2020, €15.4 billion, In charge: DG NEAR*

ENI promotes enhanced political cooperation and economic integration between the Union and its neighbour countries.

<http://www.enpi-info.eu/ENI>

Several **business centers, helpdesks, websites, databases and other services** managed or supported by the European Commission can facilitate the internationalization of SMEs. Below we highlight some useful contacts.

### Your Europe Portal

This portal offers business information and interactive services to companies that have plans to launch cross-border activities, and can help them to expand their business within the Union.

<http://europa.eu/youreurope/business/>

### IPR European Helpdesk

The IPR Helpdesk of the European Commission provides, free of charge, information and professional advice on intellectual property (IP) and intellectual property rights (IPR). The service is intended for researchers and SMEs participating in collaborative research projects funded by the Union, as well as to SMEs involved in technology transfer processes at the international level.

<https://www.iprhelpdesk.eu>

### **European network of national offices for intellectual property supported by the Union**

The portal InnovAccess run by VIP4SME network helps businesses and SMEs to recognize the importance of intellectual property (IP) and to help them transform intellectual capital into commercial values and competitiveness.

<http://www.innovaccess.eu/>

### **Erasmus for Young Entrepreneurs**

This cross-border exchange program offers new entrepreneurs or would-be, the opportunity to learn from successful professionals who run a small business in another European country. The host entrepreneur has the opportunity to consider their activities under new points of view, work with foreign partners or inquire about new markets. The periodo of stay is co-financed by the European Union.

<http://www.erasmus-entrepreneurs.eu/>

### **Solvit**

SOLVIT helps citizens and companies, free of charge, to settle disputes with state agencies of other Member States avoiding legal proceedings.

[http://ec.europa.eu/solvit/site/index\\_en.htm](http://ec.europa.eu/solvit/site/index_en.htm)

### **Enterprise Europe Network**

The Enterprise Europe Network helps European SMEs to take full advantage not only of the domestic market but also by expanding markets. The network is an authentic “one stop shop”, which helps SMEs to: a) develop their business in new markets; b) obtain or license new technologies; c) have access to credit with EU help, and access to European funding. The network organizes matching-events and its online database offers the possibility of international “business to business” contacts for clients operating in the network. The EEN network comprises nearly 600 member organizations in the field of commerce and industry, technology centers, universities and development agencies - with over 3,000 skilled employees. Services are provided in all EU Member States but the network is also present in 26 third countries.

[http://een.ec.europa.eu/index\\_it.htm](http://een.ec.europa.eu/index_it.htm)

### **European Portal for SMEs**

This portal provides information on the policies, programs and EU initiatives to assist SMEs.

[http://ec.europa.eu/small-business/index\\_it.htm](http://ec.europa.eu/small-business/index_it.htm)

### **EUREKA: Eurostars programme**

It offers funding for international research projects for EU SMEs that devote to research 10% of their revenues or the entire full-time equivalent staff (FTE).

[www.eurekanetwork.org/activities/eurostars](http://www.eurekanetwork.org/activities/eurostars)

### **European Cluster Collaboration Platform (ECCP)**

ECCP is an Internet platform that facilitates cooperation between clusters within and outside Europe. Currently more than 900 cluster organizations from across Europe have been registered. The platform represents the main instrument that cluster organizations use to make themselves known, to exchange experiences and identify potential partners to start transnational cooperation for the benefit of SMEs that are part of the network.

[www.clustercollaboration.eu](http://www.clustercollaboration.eu)

### 3.2 National strategies on internationalization

The analysis of public intervention in support of internationalization, that usually includes the commercial interchange and investment abroad, can be conducted in two ways:

- a) the first, more descriptive, considers the institutional architecture, its transparency, the resources committed and the ability to take into account the appropriateness and effectiveness of expenditure and the importance of the initiatives, even in comparison with other countries and with the best international practices;
- b) the second, more analytical, aims to evaluate the results of public intervention through statistical and econometric techniques, ensuring, at least in principle, greater methodological rigor, but encountering limits in adequate availability of data and losing sight of the big picture, for the inevitable effect of concentration on individual institutions.

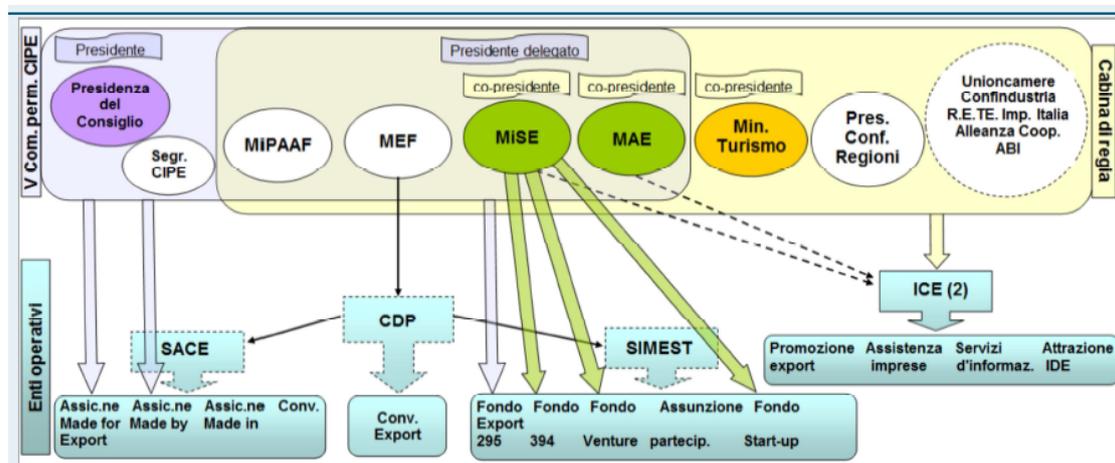
Both of these analytical approaches are made more complex by the fact that only recently is gaining momentum in Italy a culture of transparency and public intervention evaluation. Compared to other advanced countries, our delay in this field is still evident, despite progress in recent years. The collection of data by the public actors is still insufficient for monitoring the effectiveness of interventions. The accessibility and clarity of information provided to citizens have not yet reached the highest international standards. In this paragraph, following the first methodological approach, it will be synthetically described the institutional architecture that underlies the internationalization processes in Italy.

The structure of the institutions and organizations dedicated to the support of the internationalization of enterprises ("country system") is remarkably complex, affected by legislation stratification over time and often disorganized, that the recent rehabilitation and reorganization have only partially attenuated. The Italian system is divided into a number of agencies and entities both abroad and in Italy (ICE, SACE, Simest, Chambers of Commerce, Embassies, Regions, ENIT).

In the last three years, two important interventions on the structure of the country system has been made. The first consisted in the decision to reconsider the suppression of the Institute for Foreign Trade (ICE), which dated back to July of 2011, and constitute the **ICE Agency**, with tasks and functions similar to those of his predecessor, but with reduced staff. The second was the creation of the **Cabin or**

**Direction for internationalization.** Then were introduced two additional innovations, with a more operational nature: the Agency ICE allocation of technical secretarial functions in the control room and the creation of the "Export bank" system that, combining the ability to offer credit by the Cassa Depositi e prestiti (CDP), with the insurance activities of **SACE** and the financial stabilization tools of **SIMEST** (both companies are now part of the CDP group) could lead to the creation of a financial center to support Italian exports. In the current institutional design, the apex of the system include the **MISE** (Ministry of Economic Development) and the **MAE** (Ministry of Foreign Affairs), which contribute to the development and implementation of policies, with a division of powers which tend to attribute to the first all the management supporting tools in Italy and to the second the coordination of interventions abroad. The coordination takes place through the V<sup>th</sup> Commission of the CIPE (light blue area in the figure) and, above all, the Director Cabin (yellow area), which constitutes an interface between the public and the private sector operators. The implementation of the work is entrusted to a number of public actors ("operational entities"), among which are ICE, SACE and SIMEST.

Figure 1 - Institutional actors supporting internationalization in Italy



(1) Le frecce nere continue indicano una relazione di partecipazione azionaria, quelle tratteggiate un potere di indirizzo e vigilanza quelle colorate l'emanazione di linee guida e/o parametri operativi nei confronti degli enti operativi da parte dei differenti soggetti istituzionali. Sotto i riquadri degli enti operativi compaiono le loro principali attività. I soggetti ricompresi nel perimetro delle amministrazioni pubbliche sono bordati con linea continua, quelli esterni con tratteggio.

(2) Cura la Segreteria tecnica della Cabina di regia.

Source: Cristadoro R., Federico S. (2015)

Possible inefficiencies and inconsistencies in actions that complicate coordination in the control room unfortunately occur. The reform process under Parliament examination not eliminates such competition and overlapping of skills, despite a

simplification of powers between central government and regions. Below we briefly describe the functions of each institution.

### **Ministry for Economic Development (MiSE)**

The Ministry of Economic Development identifies the foreign markets of interest for Italian companies, the national priority areas and tools to be adopted enacting the Triennial Strategic Lines and address the activities of instrumental organizations. The Directorate General for internationalization policies and trade promotion directly provides financial contributions to promotional programs submitted by organizations, institutions and associations for the promotion of exports (Law 1083/54), to multi-regional export consortia (L. 83/89 and L. 394/81, art. 10), the newly formed consortia to the internationalization of enterprises (decree "Grow Italy", dl 22/06/12 n. 83, art. 42) and by the Italian Chambers of Commerce abroad (L. 518/70 and L. 580/93).

### **Ministry for Foreign Affairs (MAE)**

MAE main activity is to represent, protect and coordinate at international level Italian interests, including economic ones. In this context, the Directorate-General for the promotion of the country system (DGSP) is responsible for ensuring the overall consistency of the promotion, support and promotion abroad of the country and all its components. Within MAE operates the "Central Directorate for the internationalization of the country system", that promotes the internationalization and follows the relationships with the Italian producers and their associations and the regions. Abroad, the internationalization support is articulated through the diplomatic activities of the network of embassies, consulates and missions towards international organizations, coordinated by DGSP.

### **The Commission for the coordination and strategic direction of trade policy with other countries within CIPE**

The law 148/1998 has set up within the Interministerial Committee for Economic Planning (CIPE), a Standing Committee for the coordination and strategic direction of trade policy with other countries, chaired by the Prime Minister and composed of the Ministers of Economics and Finance, Foreign Affairs, and of Agriculture, plus the Secretary of the CIPE. The Commission may issue guidelines in order to coordinate the activities, defining priorities and common operating criteria of bodies involved in trade policy and the administration of the country's system bodies.

### **The (Director) Cabin for Internationalization**

With the operation of July 2011 it was set up a control room or (Director) **Cabin for Internationalization** co-chaired by the Ministers of Foreign Affairs and Economic Development, which was later associated to the subjects of its relevance, the Minister responsible for Tourism. It's composed also by representatives from the Minister of Economy and Finance, the Minister of Agriculture, Food and Forestry, the president of the Conference of Regions and Autonomous Provinces and the presidents of Unioncamere, Confindustria, R.E.TE. Imprese Italy, Alliance of Italian Cooperatives and ABI. This body defines the guidelines and strategy for promotion and internationalization of companies, as well as for the programming of resources, including the new fund for the promotion of trade and the internationalization of enterprises. The Director Cabin replaces the Ministry of Economic Development as a strategic decision maker on international trade policy of the country, but can not assume the role of single coordinator for the operational agencies, such as SACE's operational criteria and Simest, which remain competence of the CIPE.

### **The Institute for Foreign Trade (ICE - ICE Agency)**

The ICE has undergone, since the second half of 2011, vicissitudes very complex because of a strong legal uncertainty and has been transformed into autonomous entity named "**Agency for the promotion abroad and internationalization – ICE**". The Agency is subjected to the powers of direction and supervision of the MISE and MAE. The mission entrusted to the new agency is the development of the internationalization of Italian businesses, the marketing of goods and services in the Italian international markets and promoting the image of Italian products in the world. Compared to the functions of the "old ICE" we note the inversion of order between the function of internationalization and those of promotion and development of foreign trade, which, although nominalistic, definitely reflects the recent evolution of the productive dynamics and international trade.

### **The SIMEST activities**

SIMEST SpA is a semi-public holding (public and private), established in 1990 with the objective, defined by law, to promote the internationalization of Italian businesses through the hiring of minority stakes (and as silent partner) to risk capital in foreign subsidiaries of Italian companies in countries outside the EU.

### The SACE activities

Unlike Simest, the operation of SACE is typical of a “export credit agency (ECA)” present in many EU countries. This activity consists in hedging the risk of non-payment in international business and political risks for investments abroad and is carried out by the State guarantee.

### The Cassa Depositi e Prestiti (CDP)

The CDP, founded in 1850, has been transformed into SpA in 2003 and thus placed outside the scope of public administration; the share capital is divided between the MEF (80.1%) and some banking foundations (18.4%). The mission of CDP is divided in financing investments of the central and local public administration, in promoting the development of infrastructure and support the economy and the business system.

### The Italian Chambers of Commerce Abroad

The Italian Chambers of Commerce Abroad (CCIE) are private business associations, operating under the foreign law of the host country, and aggregate the business community with economic and commercial interests in Italy, in order to promote bilateral trade and to provide, through additional charges, services to Italian and foreign companies.

The following chart summarizes the set of **functions** assigned to the main operating entities to support internationalization in Italy.

Figure 2 - Functions of operative organizations supporting internationalization in Italy

	Istituto Commercio Estero / Agenzia ICE	CDP	SACE	SIMEST	Enti regionali di promozione	Camere commercio industria e artigianato	Camere commercio italiane all'estero	Associazioni imprenditoriali (Confind., Rete imprese, ABI)
Promozione	X				X	X	X	X
Consulenza	X		X	X	X	X	X	X
Finanziamento		X	X	X				
Formazione	X		X	X		X	X	X
Capitale di rischio				X				
Assicurazione			X					

Source: G. Vergara Caffarelli, G. Veronese (2013)

### 3.2.1 Main supporting tools

The actors described in the previous paragraph operate in different ways and on the base of plans and specific laws usually under periodic reviewing and updating. The following table summarizes the main national instruments currently available, with respect to each institutional actor, supporting internationalization.

**Table 17 - Actors and tools supporting internationalization**

ACTORS	TOOLS
<b>MISE</b>	<ul style="list-style-type: none"> <li>⇒ Three-year Plan 2015-2017 for the Extraordinary Promotion of Made in Italy and the attraction of investments (art. 30 D.L. 133/2014; Delibera ICE 230 gennaio 2015; D.M. 7 aprile 2015; D.M. 14 marzo 2015; L. 208/2015)</li> <li>⇒ Fund for sustainable growth (D.L. 83/2012)</li> <li>⇒ Voucher for internationalization (D.M. 15 marzo 2015)</li> <li>⇒ Funds for Internationalization Consortia for promotional activities (art. 42, commi 1 e 2 D.L. 83/2012)</li> </ul>
<b>SIMEST</b>	<ul style="list-style-type: none"> <li>⇒ Incentives for exports (D.Lgs. 143/1998)</li> <li>⇒ Incentives for investments abroad (L.100/90 e 19/91)</li> <li>⇒ Plans to enter on foreign markets (L.133/08, art. 6, comma 2 lett. a)</li> <li>⇒ Incentives for pre-feasibility, feasibility and technical assistance (L.133/08, art. 6, comma 2 lett. b)</li> <li>⇒ Capitalization of exporting SMEs (L. 133/08, art. 6, comma 2, lett. c 1)</li> <li>⇒ Incentives for first participation to fair and / or exhibition in extra UE markets (L. 133/08, art.6, comma 2, lett. c 2)</li> </ul>
<b>SACE</b>	<ul style="list-style-type: none"> <li>⇒ Export Credit (OCSE Consensus; D. Lgs. 143/98)</li> <li>⇒ Politic Risk Insurance (PRI) (D.Lgs. 143/98)</li> <li>⇒ Internationalization (Delibera CIPE 2004; Decreto competitività 2005)</li> <li>⇒ Market window (Legge stabilità 2007)</li> </ul>
<b>Cassa Depositi e Prestiti</b>	<ul style="list-style-type: none"> <li>⇒ Export banca system (D.M. MEF 23 dicembre 2014)</li> <li>⇒ Plafond for exports (art. 1, comma 44 Legge Stabilità 2014)</li> <li>⇒ Piattaforma impresa (L. 208/2015)</li> <li>⇒ Project 2.0 for the company (Memorandum of Understanding FEI-CDP-SACE 28 dicembre 2015; Memorandum of Understanding MEF-CDP-SACE-ABI 21 dicembre 2015)</li> </ul>

Source: elaboration from Conference of the Regions, *Dossier internazionalizzazione 2015*

In recent years, mainly in relation to actions under the **Three-year Plan 2015-2017 for the Extraordinary Promotion of Made in Italy and the attraction of investments**, various promotional activities were initiated by the public system to support internationalization. In particular, the extraordinary plan for the Made in Italy has been prepared in order to strengthen the positioning of our economic system on international markets and sustain recovery in a phase in which the persistent stagnation in domestic consumption, parallel to export dynamism signals confirm the internationalization as the main path to consolidate the growth of the country.

The plan aims both to seize the opportunities presented by sectors in which Italian exports can take advantage for growth (**biomedical, green technologies, and aerospace**) and to promote the traditional sectors of excellence of Made in Italy (**machinery, fashion, food processing and home industry**).

The stated objectives are to expand the presence in the markets with the greatest potential, increasing the Italian share of international trade, promote SMEs in accessing global markets, increasing the number of companies exporting regularly, and enhance the ability to attract foreign and Italian investment to our country.

### 3.3 Regional strategies on internationalization

#### 3.3.1 Regional resources and the European Regional Development Fund (POR FESR-FSE Molise 2014-2020)

Italian regions are involved in different ways to support internationalization: many of them have issued specific laws (eg. Marche, Liguria, Veneto, Lazio, Puglia and Tuscany) and manage multi-annual and annual programmatic plans for the economic development of the territory, specific to support the internationalization, with the involvement of trade associations (it's the case of Abruzzo, Basilicata, Emilia Romagna, Calabria, Friuli Venezia Giulia, Lazio, Liguria, Lombardy, Marche, Piedmont, Puglia, Tuscany, Umbria, Veneto). In many cases, the regional governments have developed activities to stimulate incoming tourism by foreign companies, in order to boost the internationalization of the regional production clusters through actions by strong specialized connotation. In line with national initiatives, many regions have supported SMEs and networks of businesses in their internationalization strategy, through the allocation of vouchers for the use of temporary export manager. Here below is a summary table of the main instruments used by the regions.

Table 18 - Regional policies for companies' support: some examples

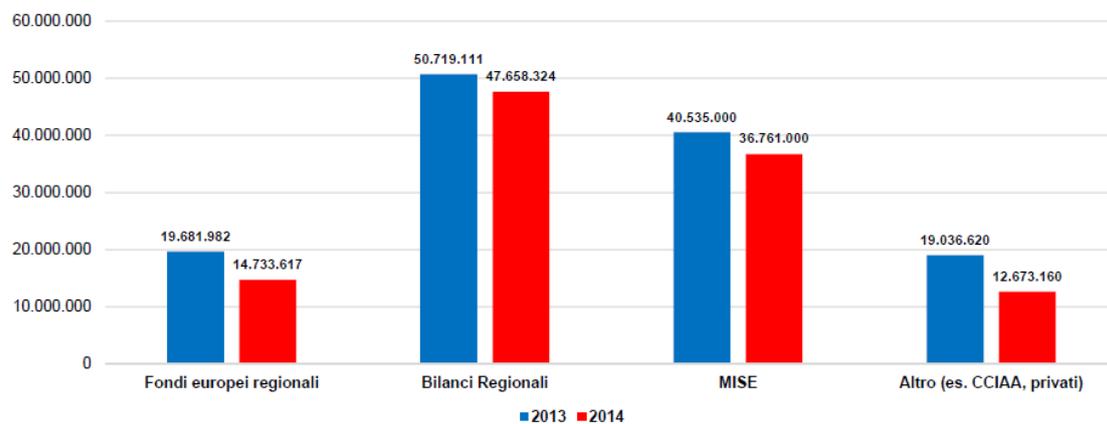
<p><b>SUPPORT FOR COMPANIES</b>  (especially SMEs)</p>	<ul style="list-style-type: none"> <li>⇒ Support for start up and innovative company investments</li> <li>⇒ Support for credit crunch</li> <li>⇒ Support for crisis area</li> </ul>
<p><b>SOSTEGNO PER LE POLITICHE DI INTERNAZIONALIZZAZIONE</b></p>	<ul style="list-style-type: none"> <li>⇒ Development of guarantee funds in favor of SMEs</li> <li>⇒ Support to Confidi system (guarantee)</li> <li>⇒ Operations on venture capital (for start up and high-tech companies)</li> <li>⇒ Establishment of rotation funds and activation of special sections for SMEs financing</li> <li>⇒ Development of credit facilities (agreements with banking systems in co-financing with EIB)</li> <li>⇒ Credit benefits (reduction of interest rates to SMEs)</li> <li>⇒ Development of tools to support internationalization (ex. Vouchers, calls, etc.)</li> <li>⇒ Network agreement</li> </ul>

Source: elaboration from Conferenza delle Regioni, *Dossier internazionalizzazione 2015*

Within the activities of the Cabin on internationalization, the **Road show for the internationalization of SMEs** in regional areas have been initiated: in particular, the first events took place in 2017 and continued and implemented in number respect to those realized in 2016 (16 stages), 2015 (15 stages) and 2014 (12 stages); the meetings have seen large participation of companies. Consider also that in 2015 the regions accompanied the internationalization policies with many initiatives related to EXPO Milano 2015.

With reference to the **Programming period 2014-2020**, a part of 2014-2020 Partnership Agreement related to **TO3** (Thematic Objective 3) resources have been allocated to SMEs and amounted in total to 3.5753 billion euro. In particular, for the support of businesses in the internationalization policies (RA 3.4) have been allocated about 455 million euro together with additional regional budget resources.

**Graph 33 - Regional resources on internationalization for 2013-2014 (absolute values in euro)**



Source: Conferenza delle Regioni, *Dossier internazionalizzazione 2015*

The graph shows a reduction in 2014 (111.826.101 €) of the total resources dedicated to internationalization compared to 2013 (129.972.713 €). It must be underlined, however, a high incidence of the resources of the regions reflecting the strategic importance of policies on internationalization.

The graph also highlights how the resources made available by the regions is allocated in part from regional budgets and for the rest from the Community programming (ROP-ERDF). As concerns the trend between 2013 and 2014, must be registered a reduction of the EU funds (which rose from about 19.7 million in 2013 to 14.7 million euro in 2014), together with the decrease of the regional budgetary resources. The reduction of resources continues in the 2013-2014 in particular for “grants”, while “loans” rose from € 35,705,088 (2013) to € 27,703,581 (2014).

Also the Regional Program Document **ROP ERDF-ESF 2014-2020 of the Molise Region** includes various measures to support internationalization (DGR 153/2016). The following table summarizes the main areas of intervention and the allocated resources. It must be noted that the action 3.2.1 supports internationalization indirectly. Additional references are contained in Axis 6 of the POR, whit the identification of several objectives for supporting the internationalization of companies in Molise.

**Table 19 - Measures of POR FESR-FSE Molise 2014-2020 supporting internationalization**

THEMATIC OBJECTIVE	INVESTMENT PRIORITY	RESOURCES
<b>03 - Promote SMEs competitiveness</b>	<ul style="list-style-type: none"> <li>⇒ 3b - Develop and implement new business models for SMEs, in particular for internationalization</li> <li>⇒ Specific Objective 3.2 - Consolidation, modernization and diversification of local productive systems</li> <li>⇒ Action 3.2.1 - Supporting the competitiveness of enterprises in tourist destinations through actions for the qualification and innovation of product / service, strategy and organization (3.3.4 AdP)</li> <li>⇒ <b>Specific Objective 3.3</b> - Increasing the level of internationalization of production systems</li> <li>⇒ <b>Action 3.3.1</b> - Projects of Exports Promotion intended for companies and their aggregated forms identified on a territorial or sectorial basis (3.4.1 AdP)</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Action 3.2.1 € 7.413.070,00</li> <li>⇒ <b>Action 3.3.1</b> <b>€ 2.647.524,00</b></li> </ul>
<b>08 - Promote sustainable and quality employment and support labor mobility.</b>	<ul style="list-style-type: none"> <li>⇒ 8i - Access to employment for job seekers and inactive, including long-term unemployed and people at the margins of the labor market, including local employment initiatives and support for labor mobility</li> <li>⇒ Specific Objective 6.1 - Promote the employment of long-term unemployed and those with greater difficulty in job placement, as well as the support of people at risk of long-term unemployment (8.5 AdP)</li> <li>⇒ 8ii - The sustainable integration in the labor market of the youth (ESF), in particular those not in employment, education or training, including young people at risk of social exclusion and young people of marginalized communities, also through the implementation of the Youth Guarantee</li> <li>⇒ Specific Objective 6.2 - Increase youth employment (8.1 AdP)</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Action 6.1.1 € 4.000.000,00</li> <li>⇒ Action 6.2.1 € 3.700.000,00</li> <li>⇒ Action 6.2.2 € 2.000.000,00</li> </ul>

Source: elaboration by Sviluppo Italia Molise from POR FESR-FSE Molise Region 2014-2020

Consider, finally, to mention the main programming acts, that according to the law n. 143/1998 have been set up **regional offices for internationalization (SPRINT)**, without legal personality, and placed alternately at the ICE regional offices, chambers of commerce, the offices of the regions or within regional instrumental

bodies. They usually include: ICE, Simest SpA, SACE SpA, the trade associations, the chamber system and, more generally, all parties involved in supporting the regional production system. To ensure more effective projection of SPRINT on international markets, it is expected that they operate in coordination with the Minister of Foreign Affairs and its diplomatic-consular network, as well as with ICE offices abroad.

Even in Molise the Regional Administration, in collaboration with Unioncamere Molise, Ministry of Productive Activities, ICE, SIMEST and SACE created the **SPRINT MOLISE** "Regional Desk for the Internationalization of Enterprises", but his interventions were fragmented over time and are currently under revision.

### 3.3.2 "Vado e torno" project

Drawn on resources of FSC 2000-2006, FESR 2007-2013, FSE 2007-2013 and regional, the "Vado e torno" ("Go and come back") initiative has focused specifically on the enhancement of Molise talents by financing **qualifying placements abroad**. It is a complex path of training and work abroad, with the aim to encourage the return of young molise people in the region of origin. The next table provides a synoptic summary of the initiative.

TITLE	"VADO E TORNO" PROJECT. PLACEMENTS ABROAD FOR MOLISE GRADUATES
OBJECTIVE	Organize specialist services for internationalization support of Molise enterprises, through the training of young professionals who will perform and qualify for the following activities: "Operators of internationalization services".
DATE OF THE CALL	Regional Act nr. 190/2014 and nr. 230/2014. Call published on 6 <sup>th</sup> August 2014
TECHNICAL CONTENTS	<p>The project, created by the Regional Administration, consists of an initiative dedicated to young people wishing to undertake a period of training abroad for a period of <b>six months</b> visiting accredited subjects.</p> <p>After the publication of the specific call, the project was divided into the following phases:</p> <ol style="list-style-type: none"> <li>1) First phase: selection of young people who wish to gain skills and experience to carry out the following activities: "Operators of internationalization services" and of the host organization that will host young people; to follow, assistance and guidance for deepening the preparation of placements;</li> <li>2) second phase: the period following foreign internship of six months. The Regional Administration, to incentivize the return to Molise, will activate the following further steps for the young trainees who have successfully completed the first project-period;</li> <li>3) third phase: funding for the creation of 20 new enterprises</li> </ol>

	established by young people; 4) fourth phase: funding for 20 employments with a bonus in favor of companies that will hire young people.
<b>BENEFICIARIES</b>	<b>40 young graduates from Molise</b>
<b>DURATION</b>	Training abroad for <b>6 months</b>
<b>RESOURCES</b>	<b>€ 1.100.000.</b> The costs of training are fully covered by Regional Administration.
<b>ACHIEVEMENTS</b>	The beneficiaries were identified through a public selection based on qualifications and examinations (40 young people who have submitted applications). Nominations have been confirmed also by the host organization and young people are currently abroad to complete their experience.
<b>EXPECTED RESULTS</b>	The young people selected perform the functions of “Operators of internationalization strategies and provision of services to Molise companies”. These services are aimed at increasing the competitiveness of regional businesses through: <ul style="list-style-type: none"> <li>• the collection of information and opportunities for collaboration and trade with foreign countries;</li> <li>• the support to companies in the creation of partnerships and commercial partnerships oriented to domestic and international markets;</li> <li>• feeding <a href="http://www.molisebusiness.com">www.molisebusiness.com</a> portal with information that have been identified and evaluating partnership opportunities between foreign companies and companies of Molise.</li> </ul> Later, the Regional Administration will propose to the young people who have completed the period of training abroad the possibility to establish a business or get a job bonus.

### 3.3.3 Regional Fund for enterprises

Among regional specific initiatives available for companies' internationalization, one example is offered by the “Regional Fund for Enterprises” managed by Finmolise spa. The fund includes several measures, as a loan, among which the one dedicated to internationalization. In particular, companies that want to benefit from it can fill in the relevant forms through the website of the regional financial company. The initiative was based on the regional law n. 11 of 18 April 2014 which established the

fund with the aim of facilitating access to credit and to promote innovation and the development of business in Molise<sup>7</sup>.

For **internationalization initiatives** are available in total **1,000,000 €**. The loans, for a maximum amount of **€ 30,000**, are granted at the market rate. Assuming an average loan of EUR 15,000, the tool will be used by about 65 companies. Funding may be granted for the following activities: organizing events to be carried out abroad, production of marketing materials, acquisition of professionals such as the export manager, opening of commercial spaces, etc.

### 3.3.4 EXPO 2015 initiatives

From 1<sup>st</sup> May to 31<sup>st</sup> October 2015 has been organized in Milan the Universal Exhibition **Expo 2015** (Expo), with the theme *“Feeding the Planet, Energy for Life”*, which had an international resonance, with over 21 million visitors. The event was attended by 137 official participants, countries and international organizations, and more than 250 foreign delegations. In addition to stimulating the debate and reflection on energy and sustainable development themes, Expo has enabled a large number of visitors and international players to know the productions of excellence of Italian food companies, establishing new collaborations and agreements<sup>8</sup>.

Among several initiatives, the **Expo Business Matching** platform collected 2,400 companies from 72 countries registered for B2B events and over 400 companies have visited Expo outside the platform with more than 650 meetings held. Furthermore, initiatives and interventions of the project **“From EXPO to the territory”** have contributed to the enhancement of 25 projects from 19 regions and the Autonomous Province of Trento; **“Expo of companies”** initiative has led to the

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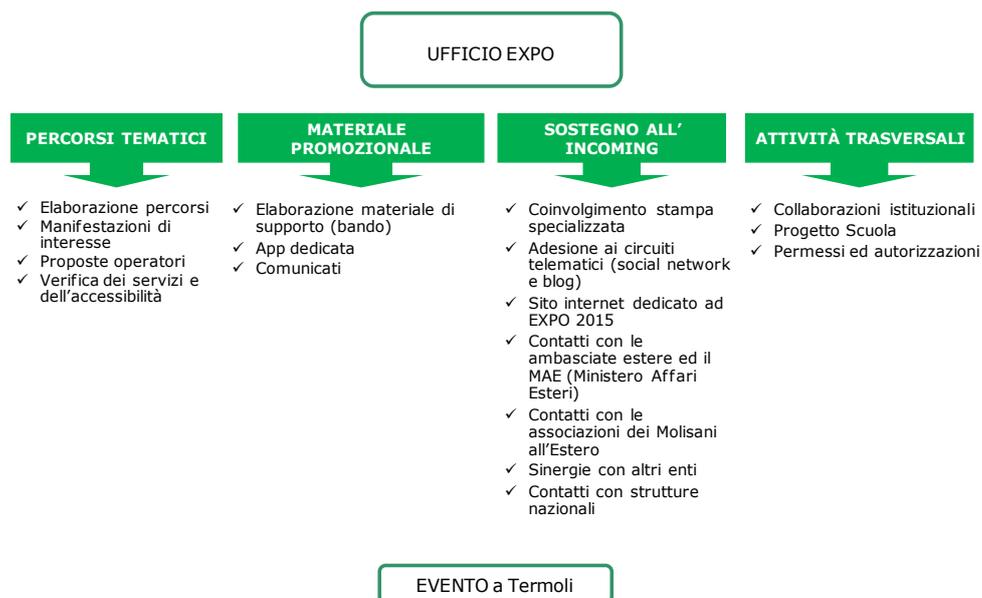
<sup>7</sup> In details, on the base of Regional Act nr. 51 of 30 January 2015, Molise Region fixed 7 topics of intervention such as: 1) sharing loans, 2) loans for innovative start-ups, 3) loans for internationalization initiatives, 4) loans for start-up and consolidation of networks, districts, clusters, 5) loans for start-up and consolidation of cooperative companies, 6) loans for innovative investments by active companies, 7) loans for the participation to European Projects.

<sup>8</sup> The commercial and entrepreneurial dimension of the event, new elements if compared to past World Expos, has been developed on six different business programs, involving 7,200 Italian companies and 3,900 actors from 110 countries, throughout 14,500 business meetings between companies (B2B).

creation of partnerships between Italian and foreign operators for the promotion of Italian excellence in the agro-food sector. All these initiatives have left a legacy of expertise and contacts that can be developed in the future.

The initiative “**From Expo to the territory**” has been realized also in Molise through a series of events and activities at regional / national direction, articulated from May to October 2015 and implemented by Sviluppo Italia Molise. Excellent at this stage the partnership with Unioncamere Molise (now the **Chamber of Commerce of Molise**), in charge of institutional business internationalization through a dedicated area (contacts: [camera.commercio@molise.camcom.it](mailto:camera.commercio@molise.camcom.it) and [unioncamere@molise.camcom.it](mailto:unioncamere@molise.camcom.it)).

**Figure 3 - From Expo to the territory: a synthesis of the phases and main activities**



Source: Sviluppo Italia Molise

In details, **13 promotional and business-oriented events** were organized on the territory; a fundamental part of these activities has been the visits of foreign delegations that stimulated the creation of contacts with companies operating in Molise and oriented to internationalization. The outcome of these initiatives is very positive, also considering the feedback received directly by the companies at different stages of participation.

## 4. Constraints and opportunities of internationalization for companies and institutional actors operating in Molise

### 4.1 The level of competitiveness of the regions as part of the internationalization process

The introductory analysis on international trade conducted in the first chapter and followed for the national and regional level in the second chapter, through the description of the different initiatives in the field of internationalization of business, allow to better understand the main **constraints and opportunities** in which several actors operating at different levels, and in particular the small and medium-sized enterprises, must face up to everyday.

As mentioned above, there are numerous studies and econometric analysis on the criticality that the European and Italian companies encounter in their internationalization processes (see note 1 and beyond, footnote 13). Sometimes they represent in-depth economic performance related to the competitiveness of territorial systems as a whole, in other cases, the analysis is conducted at a "micro" level, so emerge peculiarities affecting each individual company. In this vision, in the following paragraph are quoted some of the latest and most significant studies on the level of competitiveness of the regions, in order to assess the degree of "openness" in the context of processes of internationalization.

#### 4.1.1 Some contributions and interesting studies on local competitiveness

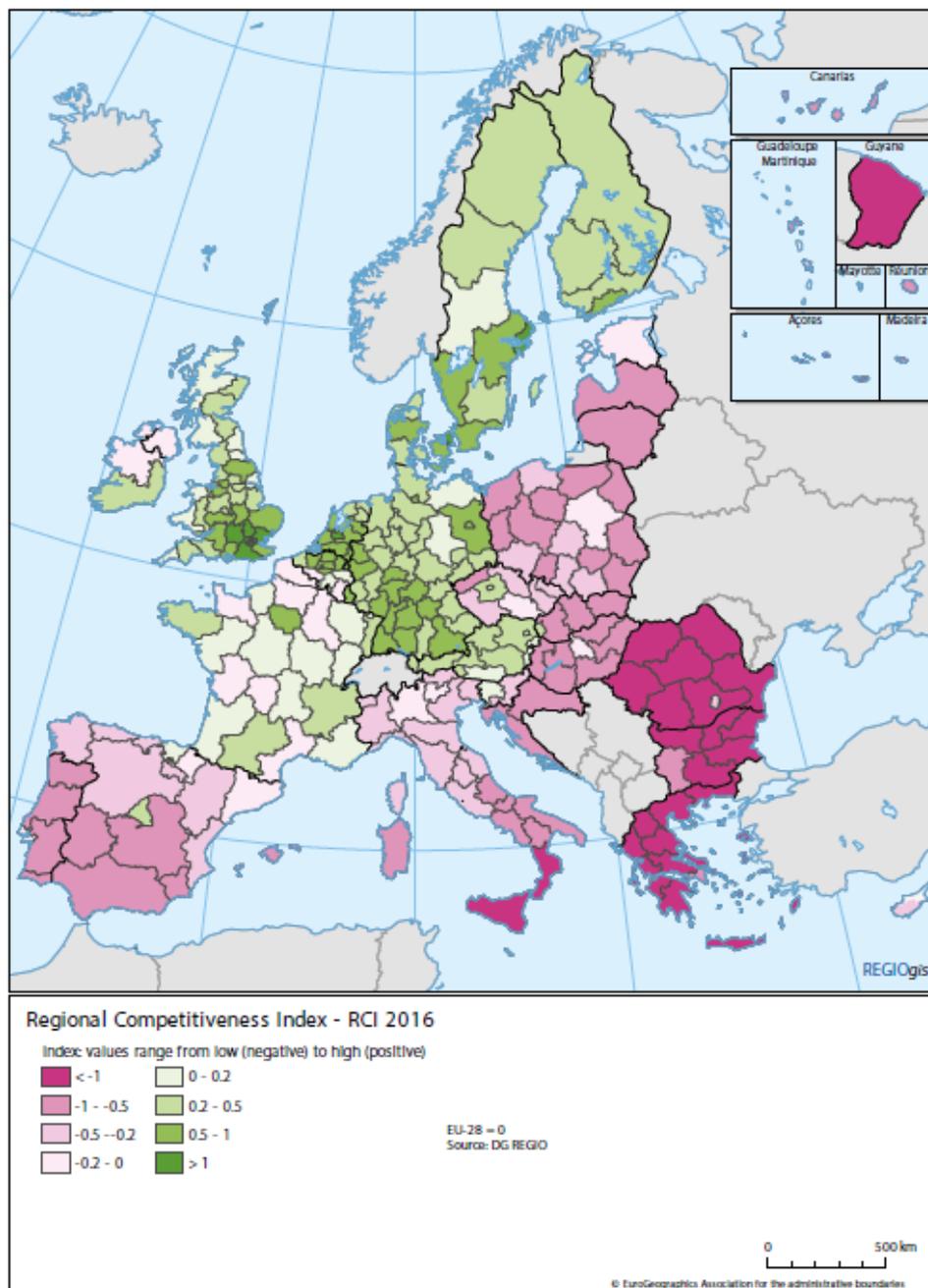
One of the most interesting studies is the one elaborated by the European Commission on the competitiveness of the regions, which presents a synthetic benchmark index for each of the European regions (**RCI, Regional Competitiveness Index**<sup>9</sup>). The RCI is based on the approach of the "Global Competitiveness Index" from the World Economic Forum and covers a wide range of issues, including innovation, governance, transport and digital infrastructures, together with measures of economic performance, health and human capital. A growing number of

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<sup>9</sup> European Commission, *Regional Competitiveness Index 2016*, 2017 Edition

regions use it to identify their strengths and weaknesses, and shape their development strategies. With specific reference to **Molise**, the region lies in the **range between -1 and -0.5** (see. Graph), not among the less developed regions, but certainly not in an optimum position.

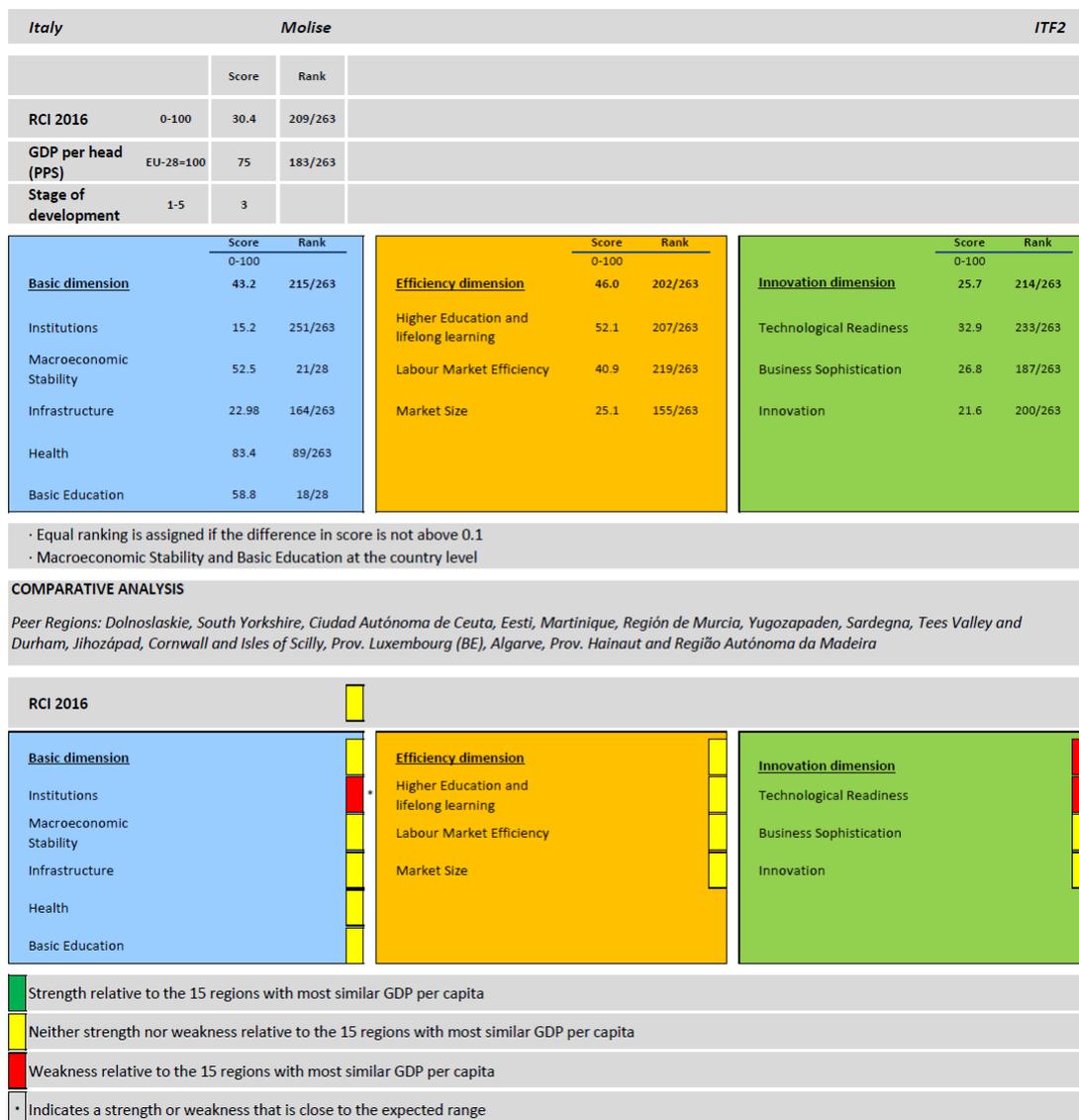
**Graph 34 - Final scoreboard of the Regional Competitiveness Index 2016**



Source: European Commission, Regional Competitiveness Index 2016

Examining in detail the indicators (graph below), the region unfortunately registers rather low performance, for example in the **limited dimension of innovation** and **insufficiency of the relational system**, in particular between the institutions. Both elements contribute to define a very limited degree of openness in the field of internationalization.

**Graph 35 - RCI 2016 for Molise region**



Source: European Commission, Regional Competitiveness Index 2016

At similar conclusions come also the **study conducted by ICE** (based on ISTAT and Bank of Italy data until 2015): it contains some **indicators of international openness of the Italian regions** among which the "degree of import penetration" (the ratio of

imports of goods and services and domestic demand) and the “propensity to export” (the ratio of exports of goods and services compared to regional GDP and also the export value per employee). All indicators confirm that the central and northern regions are much more integrated in international trade than the South. **Molise**, for example, with regard to exports of goods and services per worker in 2015, only exceeds Calabria.

**Graph 36 - Indicators of international openness of the Italian regions (% ratio on values at current prices)**

Ripartizioni e regioni	Penetrazione delle importazioni			Propensione a esportare					
	Rapporto tra importazioni di beni e servizi e domanda interna			Rapporto tra esportazioni di beni e servizi e Pil			Esportazioni di beni e servizi per occupato (valori in euro)		
	2012	2013	2014	2012	2013	2014	2013	2014	2015
<b>Italia nord-occidentale</b>	<b>35,3</b>	<b>34,4</b>	<b>34,6</b>	<b>35,4</b>	<b>35,6</b>	<b>36,2</b>	<b>27.941</b>	<b>28.417</b>	<b>28.782</b>
Piemonte	29,9	30,6	31,2	38,0	39,1	39,9	27.089	27.661	28.569
Valle d'Aosta	10,1	7,8	8,2	23,2	19,4	20,1	16.514	17.338	17.397
Lombardia	38,4	37,4	37,6	36,7	36,8	37,2	30.425	30.760	31.024
Liguria	26,6	23,4	21,6	19,7	18,6	19,6	14.087	15.104	14.835
<b>Italia nord-orientale</b>	<b>27,9</b>	<b>28,5</b>	<b>29,5</b>	<b>36,4</b>	<b>37,4</b>	<b>38,5</b>	<b>27.609</b>	<b>28.438</b>	<b>29.914</b>
Trentino Alto Adige	18,7	18,5	19,0	22,4	22,8	23,5	18.840	19.199	19.912
Veneto	31,3	32,6	33,1	38,8	39,9	40,8	28.544	29.272	31.296
Friuli-Venezia Giulia	31,4	30,8	32,1	39,8	40,5	42,4	28.072	29.294	30.377
Emilia-Romagna	26,2	26,7	28,1	36,7	37,9	39,2	28.660	29.615	30.804
<b>Italia centrale</b>	<b>22,6</b>	<b>21,3</b>	<b>21,6</b>	<b>24,0</b>	<b>23,9</b>	<b>24,7</b>	<b>17.769</b>	<b>18.253</b>	<b>18.749</b>
Toscana	26,9	25,0	24,6	34,9	33,7	34,4	23.812	24.360	24.722
Umbria	13,8	12,4	12,6	19,6	18,2	17,4	11.219	10.674	10.831
Marche	21,5	21,9	22,7	27,6	31,3	32,9	19.652	20.616	20.321
Lazio	21,5	20,3	20,9	17,3	17,2	18,2	14.110	14.688	15.529
<b>Mezzogiorno</b>	<b>16,1</b>	<b>15,1</b>	<b>14,6</b>	<b>13,6</b>	<b>12,8</b>	<b>12,4</b>	<b>7.989</b>	<b>7.806</b>	<b>8.037</b>
Abruzzo	14,5	13,6	14,6	22,7	22,3	23,5	14.442	15.184	16.212
Molise	7,4	6,7	6,4	6,3	5,8	6,0	3.697	3.817	5.108
Campania	11,8	11,5	12,3	10,9	11,3	11,4	7.147	7.183	7.423
Puglia	14,7	13,0	13,5	13,5	12,4	12,5	7.413	7.586	7.503
Basilicata	7,7	6,2	7,8	11,2	9,9	11,4	6.024	6.755	15.209
Calabria	2,3	2,2	2,1	1,6	1,5	1,5	947	946	1.231
Sicilia	22,9	22,0	19,7	16,1	14,1	12,9	9.231	8.462	7.480
Sardegna	29,9	27,4	24,4	21,1	18,2	16,1	10.967	9.674	9.601
<b>Totale regioni</b>	<b>26,3</b>	<b>25,6</b>	<b>25,8</b>	<b>28,1</b>	<b>28,2</b>	<b>28,8</b>	<b>20.396</b>	<b>20.809</b>	<b>21.547</b>

Source: ICE, L'Italia nell'economia internazionale, Rapporto ICE 2015-2016

In parallel, a further confirmation of the regional closing level comes from ISTAT indicator about the **degree of economic dependence** (see Table): also in this case the performance of Molise region, at least until the last period of observation (2013), is not comfortable.

Table 20 - Degree of economic dependence of the regions (Net Imports as % of GDP)

REGIONS	2008	2009	2010	2011	2012	2013
Piemonte	1,6	2,8	5,5	5,8	6,1	6,0
Valle d'Aosta	21,1	22,7	21,8	21,1	16,7	10,6
Lombardia	-11,9	-12,1	-12,1	-11,0	-14,3	-15,4
Trentino-Alto Adige/Südtirol	10,3	6,8	8,5	9,3	6,9	4,5
- Bolzano/Bozen	8,0	5,2	7,1	6,2	2,4	0,6
- Trento	12,7	8,6	10,1	12,8	12,0	8,8
Veneto	-2,3	-2,8	-0,4	-1,4	-5,0	-5,7
Friuli-Venezia Giulia	6,4	9,7	8,2	6,5	5,3	3,1
Liguria	-3,6	1,1	2,7	3,5	-1,8	3,1
Emilia-Romagna	-1,5	-2,2	-0,8	-3,9	-5,2	-6,3
Toscana	0,9	-1,6	1,7	0,9	-2,4	-3,8
Umbria	10,9	10,3	11,7	9,2	8,1	4,8
Marche	3,2	-0,3	5,5	5,1	2,2	1,9
Lazio	-14,0	-13,4	-12,8	-11,6	-11,1	-12,4
Abruzzo	16,4	16,2	18,6	9,7	10,2	8,8
<b>Molise</b>	<b>25,7</b>	<b>23,0</b>	<b>24,0</b>	<b>25,5</b>	<b>22,2</b>	<b>20,5</b>
Campania	15,8	14,9	17,3	17,0	13,7	11,7
Puglia	24,1	23,9	24,2	24,3	18,9	15,9
Basilicata	18,5	21,7	23,4	22,4	14,9	16,7
Calabria	39,9	36,2	39,8	41,4	39,1	37,7
Sicilia	27,0	25,9	28,3	28,6	24,5	21,7
Sardegna	27,3	28,6	27,0	24,0	19,9	17,0
<b>Italia</b>	<b>1,7</b>	<b>1,5</b>	<b>2,8</b>	<b>2,4</b>	<b>0,0</b>	<b>-1,3</b>
- Nord	-4,5	-4,3	-3,3	-3,4	-5,9	-6,7
- Nord-ovest	-7,6	-7,0	-6,3	-5,4	-8,1	-8,5
- Nord-est	0,1	-0,4	1,2	-0,5	-2,8	-4,0
- Centro	-5,9	-6,9	-4,8	-4,7	-5,8	-7,1
- Centro-Nord	-4,9	-5,0	-3,7	-3,8	-5,9	-6,8
- Mezzogiorno	23,4	22,7	24,5	23,6	19,9	17,6
- Sud	21,6	20,8	22,8	21,8	18,3	16,3
- Isole	27,1	26,6	28,0	27,3	23,3	20,4

Source: ISTAT

Analyzing, among main sectors, the specific **agrifood** area, the projection of export products related to “geographical identification” (Ilg) shows that the top five for sales generated abroad are, in order, *Grana Padano*, *Parmigiano Reggiano*, *balsamic vinegar of Modena*, *Parma Ham* and *Mela Alto Adige Igp*, with a weight of the total export turnover of national Ilg products equal to 76%. Only at sixth place there is a

production of the Mezzogiorno, constituted by the *Roman Pecorino*, almost entirely produced in Sardinia in despite the production area includes also Lazio and Tuscany. But it is clear that the **low projection abroad of IGP productions of Southern regions** is strongly affected by the **extremely limited economic dimensions**, often unable to provide sufficient critical mass to set appropriate and effective export policies. This applies, above all, for Molise, whose overall revenue share is certainly limited, but does not involve the impossibility of enhancing the entire sector, as will be explained in Chapter 4.

**Table 21 - Export revenues related to DOP and IGP products for southern regions (€)**

	2013	2014	QUOTE (2014)
SUD	36.903.811	41.224.844	100%
Puglia	12.017.769	13.289.764	32%
Campania	6.728.911	8.008.470	19%
Calabria	5.844.540	7.613.262	18%
Sicilia	6.660.390	6.098.685	15%
Sardegna	5.333.048	5.990.714	15%
Abruzzo	20.052	147.089	0%
Basilicata	51.782	60.572	0%
Molise	63.600	16.289	0%

Source: ISMEA

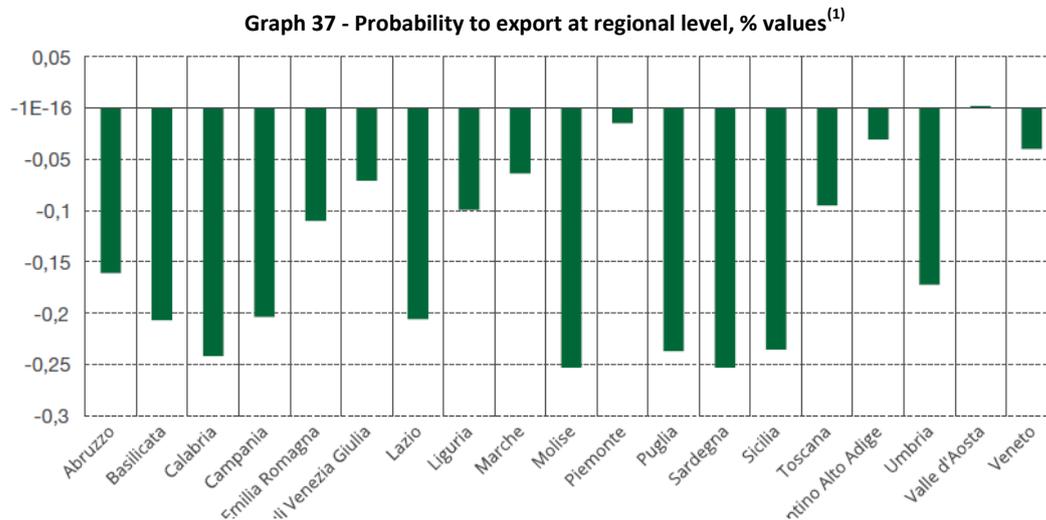
To assess, finally, the propensity to export of Italian companies within the local context, an interesting contribution has recently been suggested by a recent study included in ICE Report 2015-2016<sup>10</sup>. The study has set the goal of verifying the extent to which companies established in some regions of Italy suffer from location disadvantages attributable, at least in part, to institutional factors and context<sup>11</sup>.

The econometric model results show that the characteristics of local contexts where businesses are located have a significant effect on the degree of internationalization, which is added to that of the individual business characteristics. These interesting

<sup>10</sup> P. de Matteis, F. Pietrovito, A. F. Pozzolo, *La propensione a esportare delle imprese italiane: il ruolo del contesto locale*, in ICE, *L'Italia nell'economia internazionale*, Rapporto ICE 2015-2016. See also Unimol (2015).

<sup>11</sup> In particular, in the first part of the analysis are proposed some measures of socio-economic differences, identifying homogeneous areas through a methodology for analysis of the Italian provinces groups. The second part assesses the impact on the propensity to export (extensive margin) and the export revenue share (intensive margin) through an econometric analysis based on a sample of 4,300 companies, conducted through the annual survey of the manufacturing industry by the Bank of Italy (Invind), for the period 2000-2013.

results have been aggregated into a comparative table on the “probability to export at regional level”: companies from all regions, except those of the Valle d'Aosta, have a chance to export lower than those of Lombardy.



<sup>(1)</sup> differenza tra le imprese di ciascuna regione rispetto a quelle della Lombardia

Source: P. de Matteis, F. Pietrovito, A. F. Pozzolo, *La propensione a esportare delle imprese italiane: il ruolo del contesto locale*, in ICE, *L'Italia nell'economia internazionale*, Rapporto ICE 2015-2016.

**Lombardy** is in fact among the regions with better access to export markets, with the highest level of human and social capital and more efficient institutions. Companies that are far away from Lombardy performance are the ones located in geographically distant regions, which do not benefit from knowledge spillovers and that face high transport costs to reach foreign markets. The regions with a performance closer to that of Lombardia are in the North, especially **Piedmont** (whose probability of exporting deviates by 1 per cent compared to that of Lombardia), **Trentino Alto Adige** (with a variation of 3 percent) and **Veneto** (less than 4 percent). The companies of the southern regions instead operate in contexts whose basic conditions are an obstacle to opening up trade to other markets. Molise region, also in this study, is placed in the less performing positions.

The main results of the study show definitively that **smaller companies with lower productivity have lower internationalization level**. The capital intensity and impact of age-increase were lower conditions. But in addition to the individual characteristics of each company, further internationalization **obstacles arise from the local context in which they operate**. The **proximity to end markets** plays a predominant role both in the decision to export and in the share of turnover from exports, but also a **poor quality and efficiency of the institutions** limits the access to

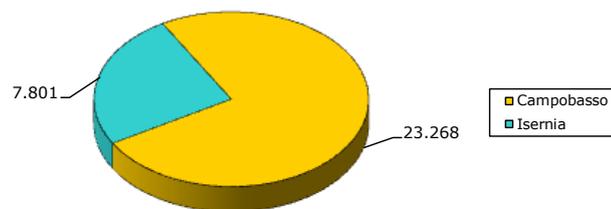
foreign markets. The **level of human and social capital** has instead only a significant impact on the probability of exporting, but not on the part of their turnover from exports.

Summarizing these results, **economic policy measures** aimed at reducing the costs of transport to overseas markets, to increase the level of human and social capital and to improve the efficiency of public administration can contribute significantly to the internationalization of Italian companies.

## 4.2 Molise business structure

In this paragraph will be presented the business structure that characterizes Molise, so to deepen the analysis of territorial competitiveness and internationalization processes. Molise economy is based on a substantially “traditional” productive structure, with about **31,000** (active) **enterprises**, of which almost 33% in the **agricultural sector** and in main percentage **individual companies** (66%). Most of the business is concentrated in the province of Campobasso, where, however, lies the largest share, approximately 72%, of the regional population (224,928 inhabitants).

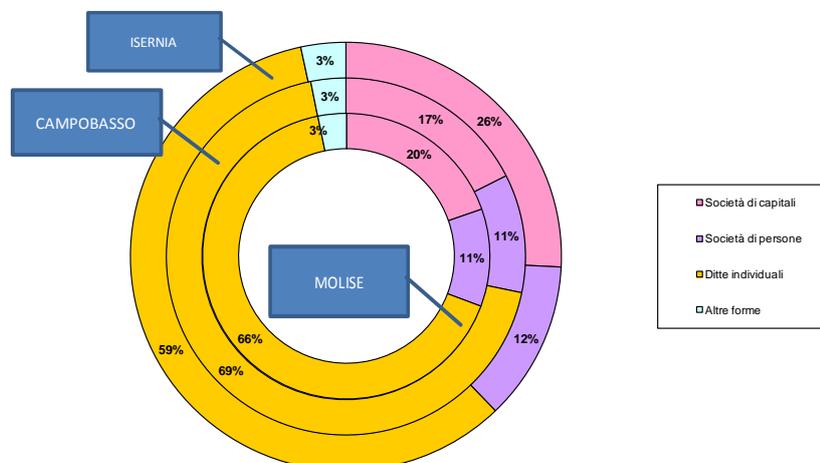
**Graph 38 - Active companies in Molise provinces, Year 2016**



Source: elaboration based on Movimprese data

As concerns the legal status, following Movimprese data, in Campobasso province **individual companies** amount to 17,944 and represent the **68,6%** of the total; corporations represent the 17.53% and the 10.71% are composed by partnerships with a different legal status. In Isernia, individual enterprises are 5,383, accounting for **58.8%** of the total; corporations represent 25.78% and partnerships 12.01%.

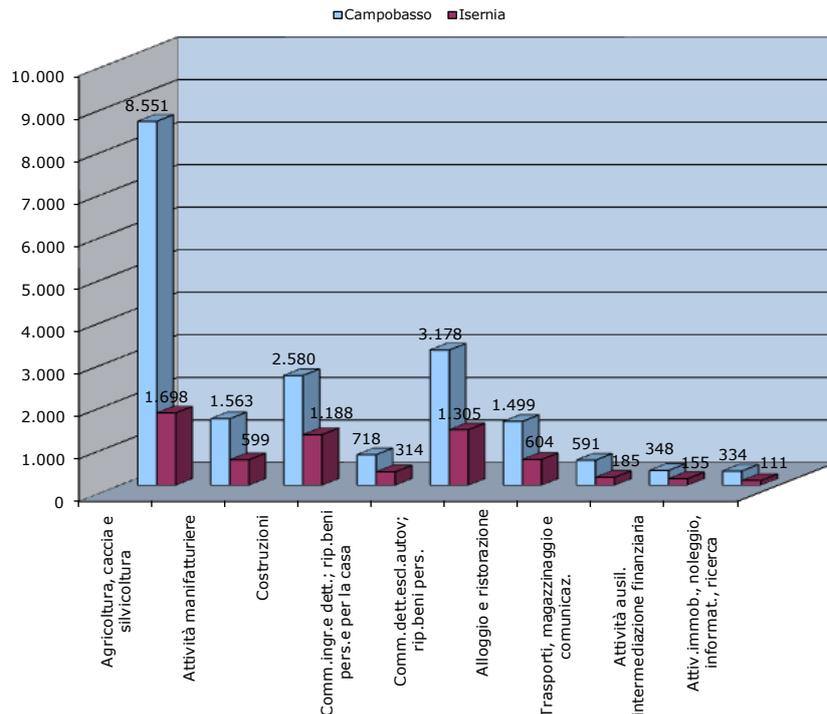
**Graph 39 - Active companies in Molise provinces by legal status, Year 2016**



Source: elaboration based on Movimprese data

The sectorial breakdown of companies for the two provinces shows, in both local contexts, the prevalence of activities related to **agriculture, commerce, construction and manufacturing**; improves the performance in the housing sector and catering (tourism).

**Graph 40 - Active companies in Molise provinces by sector, Year 2016**



Source: elaboration based on Movimprese data

Examining in detail the number of companies and workers (see the following table), it is confirmed the characteristic for the Molise of the minimum dimensions, with the **prevalence of the category of employees between 0 and 9** (69.1%). It is, however, a data shared by many Italian regions, because the category of companies with a number of employees between 0 and 9 is also the one most represented at the national level (46.3%).

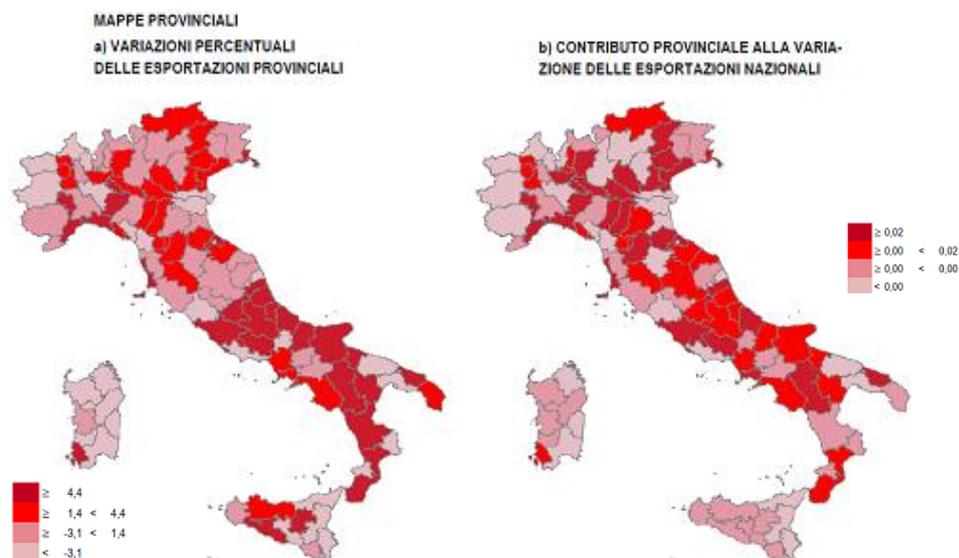
Ultimately, with respect to the outlined business profiles, as also shown in the previous sections, must be registered **low levels of productive internationalization** (remember, for example, that in Molise, following 2015 data, there are only 407 exporters). The region, although it has begun again, over the past few years, **a good growth path in terms of import-export dynamics**, is characterized by limited exchanges (by value and number, see next graph on provincial exports), as well as for a number of obstacles that are common to many Italian companies, especially in the south.

**Table 22 - Companies and employees by group of employee, sector and region, Year 2014**

SETTORI DI ATTIVITÀ ECONOMICA REGIONI	Imprese					Addetti					Dimensione media
	0-9	10-49	50-249	oltre 250	Totale	0-9	10-49	50-249	oltre 250	Totale	
<b>SETTORI DI ATTIVITÀ ECONOMICA</b>											
Industria in senso stretto	82,9	14,6	2,1	0,3	100,0	23,2	29,1	22,2	25,5	100,0	9,5
Costruzioni	96,3	3,5	0,2	..	100,0	67,2	22,5	6,7	3,6	100,0	2,6
Commercio, trasporto e magazzinaggio, alloggio e ristorazione	95,6	4,0	0,3	0,1	100,0	53,7	18,5	8,6	19,2	100,0	3,6
Altri servizi	97,7	1,9	0,3	0,1	100,0	50,4	12,1	11,6	26,0	100,0	2,8
<b>Totale</b>	<b>95,4</b>	<b>4,0</b>	<b>0,5</b>	<b>0,1</b>	<b>100,0</b>	<b>46,3</b>	<b>19,4</b>	<b>12,7</b>	<b>21,6</b>	<b>100,0</b>	<b>3,7</b>
<b>REGIONI</b>											
Piemonte	95,5	3,9	0,5	0,1	100,0	44,1	17,5	13,0	25,3	100,0	3,9
Valle d'Aosta/Vallée d'Aoste	95,9	3,6	0,5	..	100,0	59,2	19,0	14,9	6,9	100,0	3,2
Liguria	96,4	3,2	0,3	0,1	100,0	55,1	16,8	9,2	18,9	100,0	3,3
Lombardia	94,3	4,9	0,7	0,1	100,0	36,4	19,2	15,5	28,9	100,0	4,6
Trentino-Alto Adige/Südtirol	93,4	5,8	0,7	0,1	100,0	45,0	24,2	16,1	14,7	100,0	4,2
Bolzano/Bozen	92,9	6,4	0,7	0,1	100,0	43,2	25,9	15,3	15,6	100,0	4,4
Trento	94,1	5,1	0,7	0,1	100,0	47,1	22,2	17,0	13,7	100,0	4,0
Veneto	94,0	5,2	0,6	0,1	100,0	43,9	23,1	15,2	17,8	100,0	4,1
Friuli-Venezia Giulia	94,6	4,7	0,6	0,1	100,0	42,7	20,4	14,3	22,6	100,0	4,2
Emilia-Romagna	94,6	4,7	0,6	0,1	100,0	42,2	20,4	13,6	23,8	100,0	4,1
Toscana	95,4	4,2	0,4	0,1	100,0	53,8	21,5	10,6	14,1	100,0	3,4
Umbria	95,4	4,2	0,4	0,1	100,0	52,4	21,2	10,8	15,5	100,0	3,4
Marche	94,9	4,6	0,4	0,1	100,0	52,4	23,7	12,4	11,5	100,0	3,4
Lazio	96,2	3,3	0,4	0,1	100,0	37,1	13,9	10,3	38,8	100,0	4,3
Abruzzo	96,3	3,3	0,3	0,1	100,0	56,6	18,9	11,4	13,1	100,0	3,0
Molise	96,9	2,8	0,2	..	100,0	69,1	20,6	8,3	2,0	100,0	2,4
Campania	96,3	3,3	0,3	..	100,0	58,6	21,3	10,9	9,2	100,0	2,8
Puglia	96,7	3,0	0,3	..	100,0	62,5	18,9	9,6	8,9	100,0	2,8
Basilicata	96,7	3,0	0,3	..	100,0	62,3	19,6	8,5	9,6	100,0	2,7
Calabria	97,5	2,3	0,2	..	100,0	71,0	17,3	8,1	3,7	100,0	2,3
Sicilia	97,0	2,7	0,2	..	100,0	65,0	18,0	9,0	8,0	100,0	2,6
Sardegna	96,7	3,0	0,3	..	100,0	63,3	18,2	10,1	8,5	100,0	2,8
Nord-ovest	94,8	4,4	0,6	0,1	100,0	39,7	18,6	14,5	27,2	100,0	4,3
Nord-est	94,3	5,0	0,6	0,1	100,0	43,2	21,9	14,6	20,3	100,0	4,1
Centro	95,7	3,9	0,4	0,1	100,0	45,0	17,9	10,7	26,5	100,0	3,8
Sud	96,6	3,1	0,3	..	100,0	61,2	19,8	10,1	8,9	100,0	2,8
Isole	96,9	2,8	0,3	..	100,0	64,5	18,1	9,3	8,1	100,0	2,7
<b>ITALIA</b>	<b>95,4</b>	<b>4,0</b>	<b>0,5</b>	<b>0,1</b>	<b>100,0</b>	<b>46,3</b>	<b>19,4</b>	<b>12,7</b>	<b>21,6</b>	<b>100,0</b>	<b>3,7</b>

Source: ISTAT

**Graph 41 - National export by province (Jan-Dec 2016, % values defined by statistical distribution)**



Source: ISTAT

#### 4.2.1 Main obstacles for companies

In Italy prevail **ways of internationalization of traditional type**, such as exports or subcontracting activities based on commercial and production agreements with foreign companies; are less represented more complex methods of direct foreign investment to ensure a permanent presence on the most dynamic markets. In addition, Italian exports are characterized by a **technological content lower than that of products from other countries**, such as those in Germany; this reflects a sectorial composition of the national production structure skewed towards traditional goods.

The difficulties in expanding the degree of internationalization of our production system have multiple causes. Numerous studies and research<sup>12</sup> converge on the specification of the main **drivers of international competitiveness**, identifying the main obstacles to the activity of internationalization in **small firm size, low productivity**, the shortage of **managerial skills**, the low levels of **innovation and networking**, in severe difficulties, especially in actual economic climate, to find the **financial resources** needed to finance expansion projects in foreign markets. On the other side **services** such as legal, tax and customs are considered useful tools to support the exposure of companies on international markets. At the same time, it's important to focus the barriers that especially small and medium enterprises are facing:

- a) **internal** (eg. the price of its product / service, the high costs of internationalization);
- b) **external** (eg. the lack of funds and adequate information, the lack of public support, the costs and difficulties linked to transport documentation).

In addition, there's in general a **low knowledge of public initiatives to support the internationalization process**. The following table summarizes the main constraints or

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<sup>12</sup> See for example: ISTAT, *Rapporto sulla competitività dei settori produttivi*, Edizione 2017; F. Musso, Zucchella A., Pissavino P. (a cura di), *Internazionalizzazione e oltre - Le imprese italiane e il Sistema Paese tra strategie e realtà competitiva*, Cacucci Editore, Bari, 2016; European Commission, *Internazionalizzazione of European SMEs*, Final Report 2010; F. Saccomanni, *L'internazionalizzazione delle imprese: fattore di crescita e competitività*, Presentazione del rapporto: L'economia del Veneto, Venezia, 14 giugno 2012.

obstacles that the economic literature reports at a general level and takes into account the territorial specificities emerged from the data at the Italian and regional level<sup>13</sup>.

**Table 23 - Main obstacles to internationalization for Italian and Molise companies**

INTERNAL OBSTACLES	EXTERNAL OBSTACLES
Price of product/service	Low information about markets
Costs of internationalization	Competitive barriers
Lack of capital or financial resources constraints	Logistics and distance
Costs of documentation and bureaucracy	Insufficient information by public stakeholders
Low company dimension and productivity	Lack of specific services (legal, tax and customs)
Shortage of managerial skills	
Linguistic and cultural barriers	
Low level of innovation and networking	

Source: Elaboration by Sviluppo Italia Molise

For Molise all the obstacles unfold a peculiar character, considering the productive structure outlined above, and **the difficulties of internationalization pervade all sectors and the majority of companies**. On the other hand, the opening of business processes abroad present **challenges** but at the same time offer relevant **opportunities**. For many small and medium-sized enterprises of Molise region, in particular, there is a clear need for a preliminary “approach” to foreign markets, or at least they need to begin to imagine the interchange channels with other countries<sup>14</sup> and to strengthen the networks of relationships.

<sup>13</sup> A specific study through structured questionnaires (see Appendix B) may offer further guidance on the obstacles and the difficulties encountered by companies and institutional players.

<sup>14</sup> Often SMEs begin their internationalization activities starting from imports.

## 4.2 Regional questionnaires on internationalization

In order to collect “on field” additional information about the specific difficulties and the obstacles that companies and institutional actors operating in Molise have to face to implement or initiate the process of internationalization, especially for obtaining successive indications of regional policy within the project, have been structured 2 questionnaires, respectively reserved to companies and stakeholders. The questionnaires, presented in this project phase, appropriately processed through statistical techniques, are an invaluable wealth of information available for local knowledge and the development of future activities related to internationalization.

### 4.2.1 Questionnaire for companies

The format and the evidence of the first questionnaire, designed for enterprises, is set out in Appendix A).

### 4.2.2 Questionnaire for stakeholders

The format and the evidence of the second questionnaire, designed for stakeholders, is set out in Appendix B).

## 4.3 Critical issues and recommendations

### 4.3.1 The role of companies

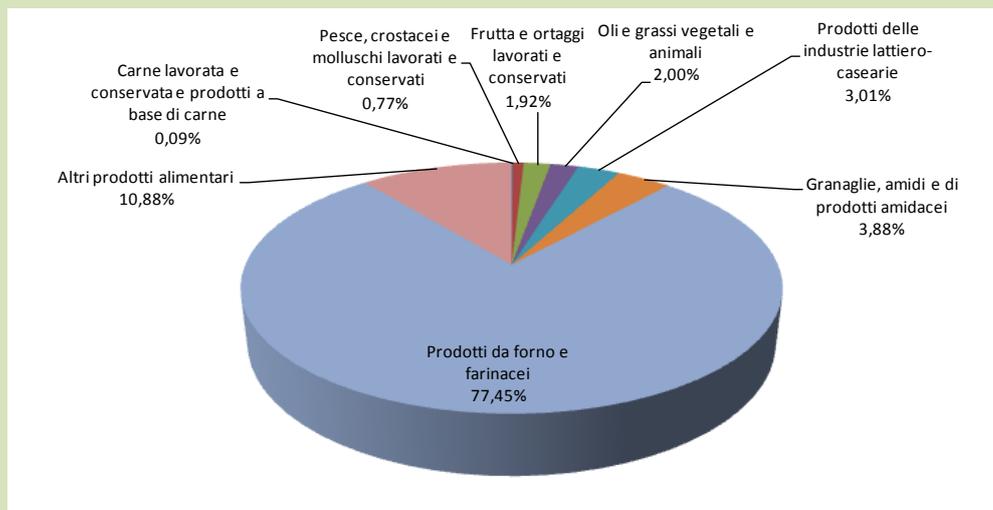
The recent dynamics of the processes of globalization highlight how small Italian businesses, beyond the apparent greater potential that the increasing openness of international markets offers, are actually suffering the **limitations of small structural size, organizational and financial**. If on one side the medium (and big) companies have shown they can move effectively in foreign markets, as evidenced by the data on the good international competitiveness of Italian manufacturing system, the small enterprises, which represent the largest portion of the national industrial structure, face increasing difficulties. **The small size is a condition of greater vulnerability respect to the past and should be pursued business models characterized by larger forms of alliances with other companies, if they ensure greater sectorial competitiveness levels.**

With specific reference to the **entrepreneurial framework of Molise**, this means somehow “*go to the extra mile*” to overcome obstacles or to address at least the critical/initial difficulties (**dimensional, linguistic, cultural, bureaucratic, relational, related to information access, customs and logistics, services offered by public**

actors, etc.), beyond which would open up concrete market opportunities and overall growth.

It's important, in this vision, the example given by the **agri-food sector**, which Molise can certainly develop (see graph):

**Graph 42 - Exports of agri-food products for Molise (Year 2016, % quote on total)**



Source: elaboration based on Istat data

The Southern production system is increasingly specializing in this sector, partly as a result of the strong boost in foreign demand, which increasingly requires *made in Italy*. The growth of the agri-food exports has been important in recent years, but it still seems too small compared to its enormous potential.

The contribution of the South to the Italian agricultural exports amounted to about 30%, that's below the role that southern agriculture plays in terms of added value (about 41%). The distance between potential and results is even greater for the products of food processing, for which only 15% of the exports come from the South, despite being located here about 50% of Italian food companies.

Therefore, the relative weakness of Southern regions can be read in a positive way: in a phase in which the demand for *made in Italy* is constantly growing, a low level of openness to exports represents a great opportunity, especially if combined with appropriate policies to accompany the opening of the southern production system.

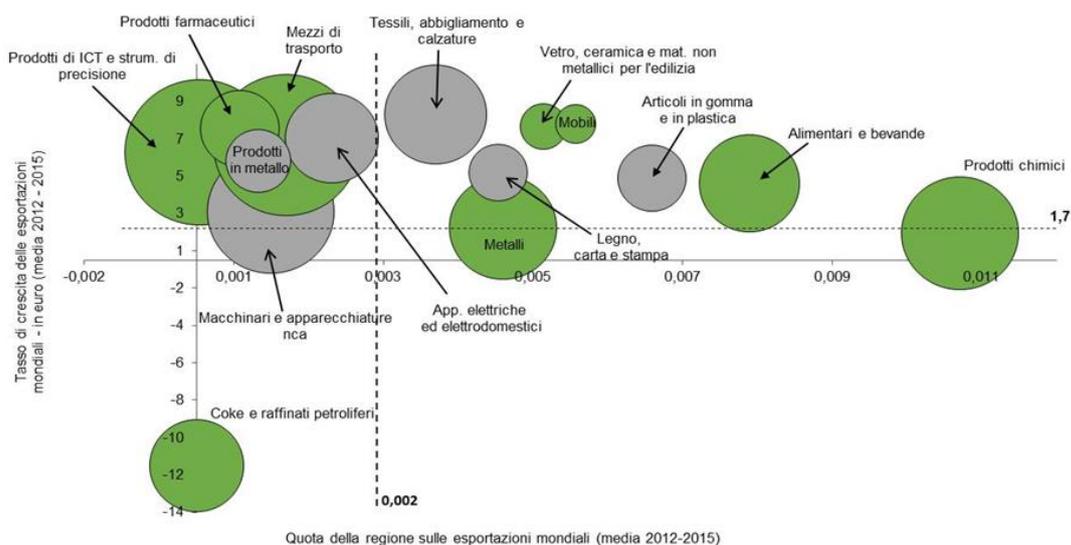
The limiting factors to struggle are well known: **production fragmentation, permanence of traditional market relationships, poor supply organization, lack of**

**significant logistics centers dedicated to the enhancement of the southern agricultural production.** Fortunately, it seems quite taking hold the decline of the traditional model, which reserves the ability to export exclusively to medium and large companies, while these often lose or dilute the originality of product and the link with the territory.

The larger and more structured organization will continue to be an advantage, but the development of technology and the shortening of distances will allow everyone to communicate with the world and everywhere to place their products, turning the key variable from the dimensions and the critical mass to **capabilities**. And there is no doubt that, even on a small scale, you can develop the ability to use technology, organizational skills, ability to organize network and promote products, raising appreciation in terms of quality and distinctiveness.

It's possible to consider other **sectors**, potentially opened to export or otherwise to orient towards a greater international integration, in which local companies operate. In general for Molise all niches are not characterized by "large numbers" in terms of business density, value of sales, or for the level of exports, however, they could register in the future more consistent performance (see graph).

**Graph 43 - Market share of Molise and trend of world demand by sector (average 2012-2015)**



La dimensione del cerchio rappresenta il valore delle esportazioni mondiali del settore. Cerchi verdi (grigi) indicano settori in cui la quota della regione sulle esportazioni mondiali è cresciuta (diminuita) tra il 2012 e il 2015. Gli assi tratteggiati mostrano la dinamica della domanda e la quota della regione con riferimento al totale delle esportazioni mondiali di merci.

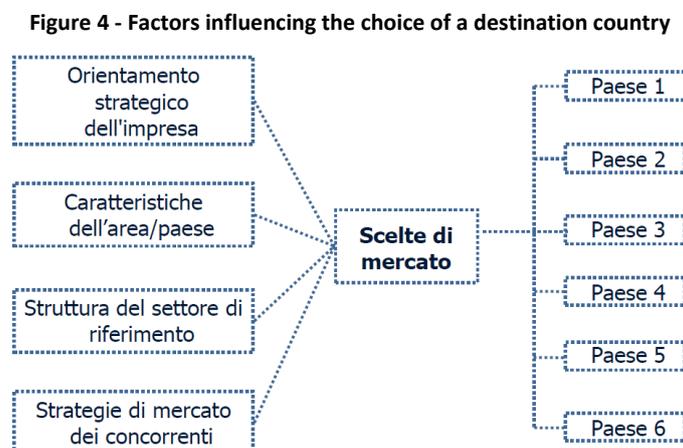
Source: ICE, L'Italia nell'economia internazionale, Rapporto ICE 2015-2016

Particular importance will be also provided to the **specialization areas** identified under the **RIS3** (Strategy for smart specialization of the Molise region on research and innovation): in addition to **agricultural**, are considered very important the **cultural, creative and touristic industries, life sciences, innovation in the ICT system**. For each of these sectors, as showed also in the following paragraph, it is obviously necessary, before facing the choice on which area / country operate, deepen the knowledge of the specific **market structure** and context variables that influence the decision. In parallel, must be created and strengthened a greater number of **collaborative networks** between companies and between these ones and institutions.

#### 4.3.2 Potential markets and opportunities for companies: a theoretical reference matrix

The **choice of areas / countries** where operate is a formal company's commitment with high switching costs, modifiable or reversible in a long period. The penalty for the enterprise, when the choice for the inadequacy of the processes of analysis, formulation and implementation of the strategy does not lead to the expected results, it could be very severe. The decision also takes on a different significance when the organization already exists in certain areas / countries and it is accustomed to face up with competition.

As part of this study, it will be proposed a theoretical model (but also very operational) to assess the attractiveness of the areas / foreign countries by companies. It is, essentially, a **matrix** that allows you to rate the various factors of attractiveness, in order to select a country to start with import / export activities. In general, the **influencing factors** for the selection of a “country area” are due to the macro-categories listed below:



Source: elaboration by Sviluppo Italia Molise

The **strategic positioning of a company** sums up the competitive attitude and willingness to invest; the **characteristics of the area / country** depend on a series of factors of attraction that must be properly evaluated; the **sector structure** indicates the knowledge of the specific degree of concentration, with particular reference to the arena of competitors; the **market strategies of competitors** express established positions of advantage or dominance in certain countries, so you can set appropriate strategies of response or contrast.

In this sense, in order to assess the attractiveness of the areas / foreign countries, is presented below a matrix containing, on one hand, the **factors of attractiveness** and on the other the **countries**, to which will be assigned a score with respect to individual factors, using appropriately normalized and weighted thresholds. The higher score indicates a superior degree of attractiveness of the country areas.

Table 24 - Attractiveness matrix for areas/countries

Factors of attractiveness	Weight	Countries			
		A	B	C	D
<b>Macroeconomics</b>	<b>35%</b>				
Population		0,10	0,05	0,10	0,15
Population expected growth		0,10	0,10	0,20	0,30
GDP expected growth		0,15	0,30	0,15	0,45
Costs of productive factors		0,25	0,25	0,25	0,75
Country subscore		<b>0,60</b>	<b>0,70</b>	<b>0,70</b>	<b>1,65</b>
<b>Sectorial and market oriented</b>	<b>45%</b>				
Entry barriers		0,20	0,40	0,40	0,40
Number of competitors		0,15	0,20	0,30	0,20
Country subscore		<b>0,35</b>	<b>0,60</b>	<b>0,70</b>	<b>0,60</b>
<b>Investments' supporting measures</b>	<b>20%</b>				
Supporting services for the investor		0,50	0,50	0,25	0,75
Country sub score		<b>0,50</b>	<b>0,50</b>	<b>0,25</b>	<b>0,75</b>
<b>Country overall score</b>		<b>0,47</b>	<b>0,62</b>	<b>0,61</b>	<b>1,00</b>

Source: elaboration by Sviluppo Italia Molise

The analysis can be conducted at the level of individual factors as, for example, if a key factor in the internationalization is to achieve savings in terms of labor costs, the

average industry cost will be > or < of xx € per year, recording a greater or lower degree of attractiveness<sup>15</sup>.

Such analysis certainly needs a great effort in data research anyway it's important, especially to design effective measures throughout the internationalization process, to deepen, at company level, two fundamental aspects:

- a) the identification, in each sector, of the minimum dimension and productivity necessary to export;
- b) the position of each company in a sector with respect to these conditions.

### 4.3.3 The role of institutional actors

As shown in Chapter 3, in recent years there has been a consolidation and a resumption of government support measures (national and local) on internationalization policies. There are nowadays many initiatives conducted by a plurality of actors, often operating with low level of integration. The current system can be read by looking at two levels: a **central level**, with Ministries and dedicated entities (Ice, Simest, Sace, ENIT), and the **local level** (regional, provincial) which primarily involves the Chambers of Commerce and local governments, especially the regions, but not infrequently also the provinces or individual municipalities.

For both levels, the instruments adopted focused mainly on **information plans** (analysis and market studies, information on international opportunities, regulations, etc.) and **promotional plans** (participation to fairs, institutional missions, etc.).

In the first case the utility is for the formulation of strategic choices, starting with the countries where develop new markets, while in the latter are offered opportunities for contact with operators of the specific sector of interest, or with key partners, such as central or local government bodies, which can facilitate the establishment of economic relations and the opening of market spaces.

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<sup>15</sup> Consider also the analysis from ICE Agency about country areas and sectors, available for companies on demand, and that represent an useful tool to obtain information about the access to foreign markets.

This system has some limitations. In addition to the widely known problem of **fragmentation of actors**, and their poor coordination, especially at the local level, there is another, less obvious but just as critical, which is the **type of support offered to enterprises**. This support is effective for **large companies** that have skills, resources, organizational capacity and strategic clarity to be able to exploit the information and contacts in order to develop relations on more concrete operations to consolidate. The same model, applied to **smaller companies**, is not as effective and efficient.

While locally can best be identified countries and sectors more compatible with specialization productions prevailing in a single territory, the limits consists in the fact that most small companies do not know how to properly use the information provided to them and only the initial contact, either with professionals or with foreign institutions, it is not enough for them. They should be the main beneficiaries of the initiatives organized at regional or provincial level, and these companies have difficulty moving independently in new markets. Whether you participate in a trade fair, whether they are involved in a trip / mission of representation, once you met potential partners, they lack the ability to proceed with their own resources, with adequate staffing, organizational skills, marketing skills and capabilities to develop and consolidate the relationships. Large companies know how to do and have the tools to do it, small don't have similar strategic clarity nor forces.

In rethinking the internationalization support system, therefore, should be taken into greater account this dualism, following a pattern that at the central level, and in favor of large enterprises - and in any case for the small and medium enterprises in contact with them-, ensures especially the establishment of links and qualified relations. There is no doubt, in fact, that there's an advantage conferred by institutional and diplomatic relations for companies operating in strategic sectors such as energy, telecommunications, construction of facilities and infrastructure, automotive and electronics industry. In these areas the companies are able to exploit by themselves the contacts opened through institutional missions.

At local level, on the contrary, resources should be directed towards more operational tools, providing services that can help companies in the launching of market relations and in their consolidation. This, if realized with **calibrated solutions on dimensional and sectorial business characteristics**, could help to reduce the distance between the same expectations / needs of companies and what is offered to them.

In this way should be possible to recognize the value of services offered, overcoming the connection between **low-cost and low-effectiveness of the services received**, which in the past often conditioned the companies' perceptions.

A positive sign in this direction is the recent path of reform that the Italian Ministry of Economic Development, in collaboration with Ice Agency, is following in activating concrete actions that give to the companies the opportunity to be accompanied in foreign development processes.

Finally, there are several **areas** in which the institutional actor, also in Molise, can generate effective **interventions** for adequate support to companies, especially the small sized ones.

The following table summarizes the key elements that should be managed by institutional actors at local level with respect to **3 areas of intervention** (information, creation of networks/services, promotion)<sup>16</sup>.

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<sup>16</sup> In order to encourage the adoption of strategies of internationalization, public authorities can provide financial services (export guarantees, loans, grants, etc.) and other services (training, foreign trade missions, market intelligence, etc.) or also a mixture of both (soft landing, etc.). It's important remember that the main problems that SMEs face when they begin to organize their internationalization activities are: **knowledge of the market** (export level for existing products / services, local needs, etc.), **the presence in the country** (through sales agents, joint ventures, foreign direct investment, etc.) and the **potential risks** (costs, insolvency, late payments, exchange rate risk, etc.). The business support can also be provided through a network or *cluster* organizations that allow similar collaborations. In some cases, large companies can be good mentors for SMEs.

**Table 25 - Key elements in intervention areas of institutional actors at local level**

INFORMATION	CREATION OF NETWORKS/ SERVICES	PROMOTION
Specific information on markets	Participation to international networks	Encourage participation to thematic and sectorial events by companies
Area/country information	Plans shared with key local stakeholders	Management of thematic events
Information on available funds and financing opportunities	Acting on transport costs and infrastructure / logistics	Promotion of innovation at several levels
Information and interventions aimed to the reduction of documentation costs and bureaucracy	Thematic calls (e.g. for the enhancement of local production systems and human capital) and tax measures within law rules	Enhancement and protection of territorial image
Information on fairs and main events	Collaboration with networks for the provision of specific services (legal, tax, customs, patent)	

Source: Elaboration by Sviluppo Italia Molise

The basic task for an institution is to provide companies with **information** as detailed as possible on market opportunities and sectorial potentialities of local development. This set of information is, as reported in above the analysis of the area / country, the basis on which develop subsequent strategies. In this direction must be activated all the potential agreements with ICE Agency and the authorities that monitor foreign markets.

The participation to **international networks**, the preparation of **thematic calls** and any **tax benefits** compatible with the schemes, would allow, then, to offer more qualified services for enterprises oriented to go abroad. **Promotional plans** should ensure, in parallel, adequate support to expand opportunities for business growth.

It is a complex approach that should combine expectations of the territory and of the companies (**bottom up** approach) and public decision-maker requirements (**top down** approach), trying to overcome the difficulties arising from punctual and extemporaneous interventions, preferring a program with a more strategic formulation and a long-term horizon.

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**Appendix A) Questionnaire for companies**

**Appendix B) Questionnaire for stakeholders**

**Appendix C) Statistical tables**