

## SURVEY ON THE IMPACT OF COVID-19 ON CANTABRIAN

### EXPORT

This survey on the effects of COVID-19 is part of the European Interreg SIE programme in which the Chamber of Commerce has been participating since 2016.

The objective of the programme, from the outset, is to evaluate and compare public policies in support of SMEs and their internationalisation in European regions with similar economic characteristics, including Cantabria. During the initial four years of the programme, the various policies presented by the regions were evaluated with the aim of finally implementing pilot schemes with the lessons learned. Unfortunately, as in so many other areas, the outbreak of the pandemic in the first months of 2020 interrupted these plans, directly impacting their implementation and forcing, among other things, the cancellation of the closing events of the program physically and moving them to a much less productive online space that did not favor the program's ultimate objective, the exchange of experiences between *stakeholders* and policymakers *from* the different regions.

In an effort to mitigate these effects and as a way to obtain additional and useful information, the consortium submitted a request for an extension of the programme, for a further year, until mid-2022, allowing to study the effects of the pandemic on SMEs, as well as its views on the various measures taken.

In the case of the **Cantabrian Chamber of Commerce**, always in close collaboration with **SODERCAN** as *the* most important stakeholder, a questionnaire was designed for companies. This was agreed both with the members of the consortium in order to obtain as homogeneous answers as possible that would make it feasible to compare it with the other regions involved, as well as with **SODERCAN**.

The form consists of 26 multiple answer questions focused on:

1. Understand the type of company.
2. Get to know first-hand the different effects of COVID-19 on the company.
3. To know the effects it has had on the internal organisation.
4. Know how they evaluate the policies implemented in Cantabria from 2020 to 2021.

The results obtained from this questionnaire are as follows:

### **1. Publication and responses**

The questionnaire was disseminated by both the **Cantabrian Chamber of Commerce and SODERCAN** to the mailing lists that were considered to be priority because they belonged to the international level. This first dissemination took place on 11 January. Subsequently, and in the face of the shortage of responses received, the **Chamber of Commerce** made a second, more personalised dissemination, among the companies habitually participating in the actions of the international area. This second broadcast was made a week later, on January 18, and was considerably more effective, finally achieving 67 complete responses.

The initial objective of the area was set at 60 replies, with a minimum of 50, taking into account the approximate number of target companies and the different reasons of time, absence or discretion that could lead companies to reject the reply.

All the answers are anonymous, making it impossible, even for the House, to know which companies responded and in what order.

The survey was managed through Microsoft Office 's FORMS platform.

### **2. Analysis of results**

The analysis of results consists of four stages.

1. A first summarising the first answers, so that we can have a small image of the type company that answered the survey.
2. A second one will make it possible to understand the effects of the pandemic in the short term, in various areas of the operation of the company.
3. Internal organisation of the company.
4. One last one, to know the opinion on the policies implemented.

Finally, it should be noted that these results merely reflect the reality of the companies participating in the survey and are not a true picture of the reality of the Cantabrian exporting company or its sectoral composition, just a mere approximation.

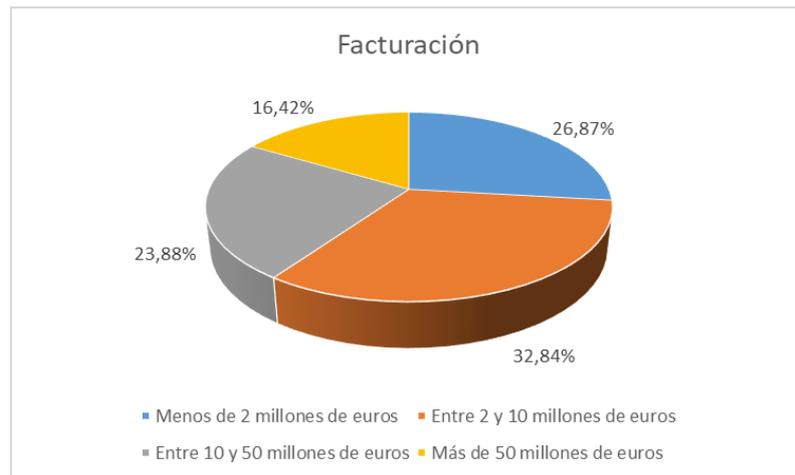
### 2.1 Company radiography

Of the 67 participating companies more than 50 % (34) declared to belong to the industrial sector, followed by agri-food (12), technology (9), services (7) and consumer goods (5).

By size of the company are distributed in 15 (22 %) with less than 10 employees, 24 (36 %) with 10 to 50 and finally 28 (42 %) with more than 50 workers.

In terms of turnover, 60 % of companies declare to invoice less than EUR 10 million, according to the graph attached.

Finally, it highlights the high weight of exports as 43 % of them report that their international sales



account for more than 50 % of their total sales. And if we also take into account those that quantify their exports between 25 % and 50 % of their turnover, we add another 12 % of companies. This makes us think that the companies that have invested time in replying to the questionnaire are precisely the most exporting companies, which adds additional value to their subsequent comments.

### 2.2 Effects of the pandemic

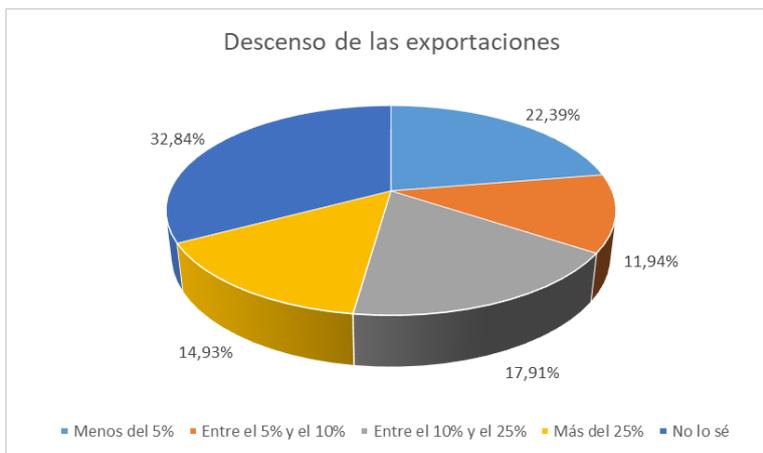
To the question of whether they believe that the pandemic has affected their internationalisation process, the vast majority say yes, namely 66 %. Interestingly, 5 % of respondents believe that the pandemic has had a positive effect on its internationalisation, without going into more detail. 83 % of companies consider that the pandemic has had a very significant or rather significant impact on their activity.

At the international level, they highlight the impact on both exports and supplies as the main focal points where they have been affected.

Companies were asked to quantify this decline if their exports had decreased. Although 32.8 % of them preferred not to say it or did not have it quantified, the data are equally interesting and, however, they can be compared with what the official statistics on this matter tell us.

According to the latest full annual data (most updated in November 2011), the fall in Cantabrian exports in 2020 was 5.7 %, almost half the national average of 10 % and well below regions such as Asturias, which stood at 19 %.

According to this survey, 22 % of companies accounted for less than 5 % of their sales compared to the previous year; 18 % reported a decrease between 10 % and 25 % and finally 15 % declared a decrease of more than 25 %.



Likewise, companies state that the pandemic has had a negative effect on the weight of exports on their sales, with 42 % of companies that have suffered a decrease in this paragraph. It should be noted that, on the contrary, 25 %

state that this percentage has increased. Taking into account that only a % of companies considered that COVID has had a positive effect on their activity, it seems to indicate that a significant percentage of Cantabrian companies have used international markets to support their sales.

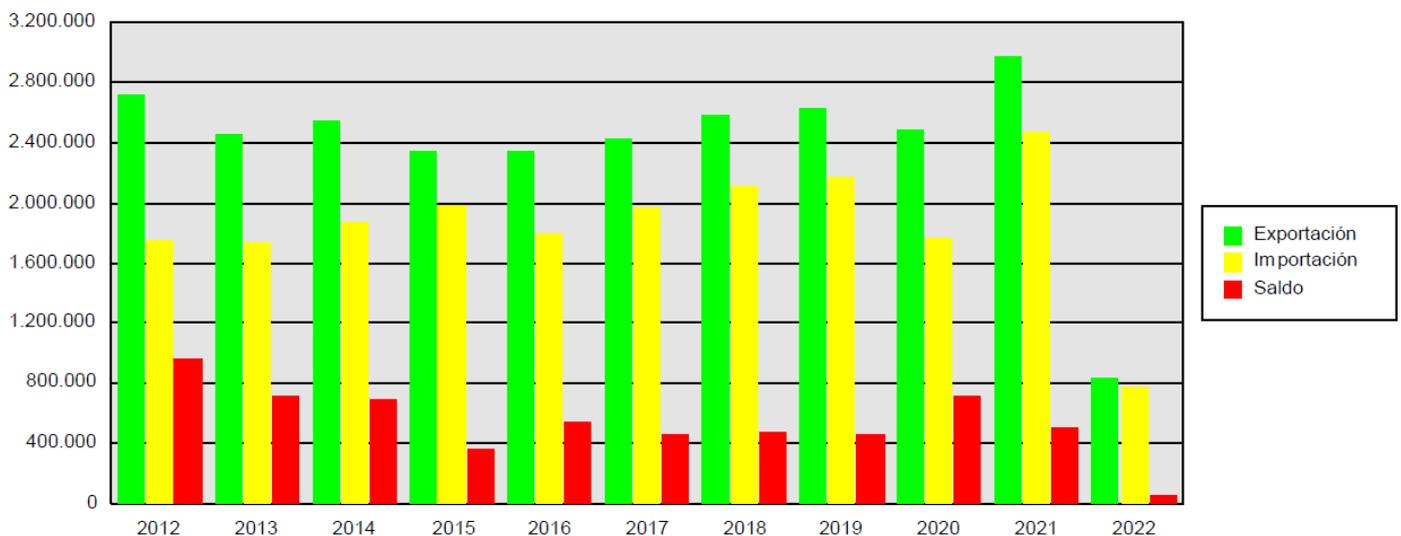
A very representative fact of this crisis is that 60 % of companies declare that they have not been forced to look for new markets in these two years, which suggests that companies have considered an almost useless effort to seek to place their products in other markets since almost all of them have contracted.

As for suppliers, 47 % of companies reported suffering from the pandemic in their suppliers or supply chain. This coincides almost exactly with the 48 % who said they had to search for new suppliers.

If we compare with the available data, the last update of March 2022, we can see the overall evolution of Cantabrian foreign trade over the last few years.

The following graph corresponds to the Cantabrian trade flows, the green being the export; yellow import and red trade balance. As we can see, from 2019 to 2020 there was a decrease,

### EVOLUCIÓN COMERCIO EXTERIOR ESPAÑOL (\*)



especially in imports that fell by 18.42 %, while exports did only 5.3 %. As mentioned above, the decline was lower than in other autonomous communities.

This lower decline in Cantabrian exports may have been due to the high concentration of exports that are aggluting few companies in the region, which were precisely the companies least affected by the loss of export contracts during the pandemic as they normally work as medium-to-long-term contracts. It should be noted that the Government of Cantabria allowed exporting companies not to stop production because of the possibility of breaking international contracts, considering them essential industries. Although it is difficult to verify, that fact, coupled with the aforementioned concentration, may be responsible for the small decline in operations.

### 2.3 Internal organisation

A positive fact is that 70 % of the participating companies have maintained or even increased their employees over the past two years. A fact that may seem counterintuitive to the contrary to other economic crises, since it has had a marked international character.

Where the data do follow a little more than expected is how the companies have reacted to the mandatory confinement and sanitary measures. This was considered an open question to accommodate the different strategies, but as a summary it may be indicated that:

- Companies had to adapt to follow the health protocols, either by shifts, by teleworking or even by employing staff in order to be able to set up shifts.
- At the promotional level, dependence on international travel was removed and many companies claim to have used new routes, online, or even monitoring local markets.
- Customer support measures, extending storage periods or times.

Of course, the role of new technologies should be highlighted. Considering that it may differ according to the type of business, 63 % of companies consider that digitalisation has played a key role in its adaptation. 22 % of companies have cited teleworking as one of the key measures, and commercial promotion or team and customer meetings via video calls have proved to be key factors.

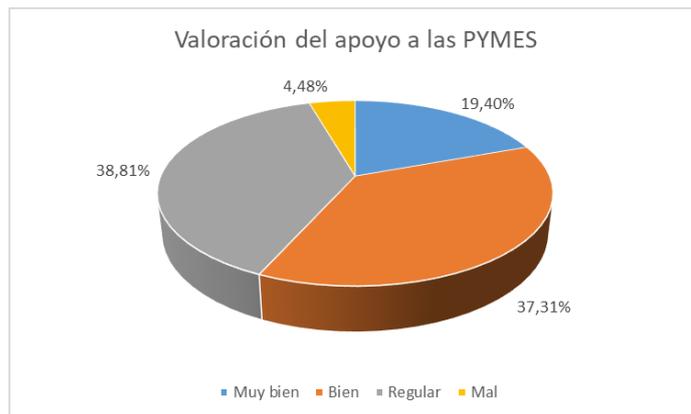
With regard to the medium term, 84 % of businesses consider digitalisation to be an indispensable path for the future. However, the most traditional part of the international business is far from becoming obsolete as an overwhelming 97 % of respondents do not deck out of international travel or fairs.

Finally, they were asked if they believed they had learned some good practice to implement already in their organisation and 63 % felt that they did. Among the most cited ones we have: implementation of teleworking, virtual prospecting of markets and *webinars* or video calls as a substitute for traditional calls.

## 2.4 Assessment support

Regarding the assessment given by the companies participating in the survey to the support offered by the institutions, 20 % stated that they had not been aware of the measures to support internationalisation taken by the institutions, Cantabrian and Spanish, during these months.

The assessment of this support differs widely among those who were aware. Almost 20 % say that support was very good, with another 37 % saying it was good. By contrast, 40 % indicate that the support was regular and 4.48 % that it was bad.



The most striking is the fact that aid plays a decisive role in curbing the impact of the pandemic; 81 % of the companies surveyed state that the aid did not play a decisive role in supporting the effects of COVID-19.

When asked about how that aid could improve, the answers were very diverse, but they can be included in:

- Speeding up of files and administrative constraints. Greater clarity in publication.
- Higher amount of aid.
- Greater implementation of digitalisation in administrations.

Finally, and despite the above data, 94 % of the survey companies ensured that they continue to have an interest in participating in international actions that can be developed from SODERCAN and the Cantabrian Chamber of Commerce.