



# **BURGOS**

## **SITUATION ANALYSIS REPORT**

**within the project Inter Ventures**

Burgos  
May 29<sup>th</sup> 2020

## **INTRODUCTION**

This document is an analysis of the current situation in the province of Burgos in which some general data are presented concerning the region's economy as well as information on the companies located there as a preliminary introduction to the region - a focus area under the European project Interventures.

On the other hand, it will discuss the internationalization of SMEs, the main aim of the project. The analysis includes a study of the internationalization opportunities that companies in the region may currently find as well as sources of information, training or funding and ends with a survey conducted with several local companies on some of the issues considered key to internationalization.

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# CHAPTER 1: METHODOLOGY

In general and citing the most important sources, this study includes a large quantity of numerical and statistical information on the situation in the region. These data were obtained from sources dedicated to national studies such as the Spanish National Statistics Institute (INE), the Directorate General for Statistics under the Regional Ministry of the Economy and Tax Administration and the Spanish National Statistics Office (ONE).

Moreover, prior studies were used that already provided information of interest such as reports produced by entities such as the Professional Association of Economists, Official State Gazettes (BOE), the General Directorate for Industry and Small and Medium Enterprises (ipyme.org), the Spanish Ministry of Industry, Trade and Tourism and the Directory of Enterprise Information (informa.es). Nonetheless, it is worth highlighting that a large portion of the numerical information (around 40%) found has been adapted for this analysis.

## 1.1 DESK RESEARCH

When consulting the sources mentioned above, keywords were used for searches such as: economy, businesses, Burgos, list of companies, company sectors, employment, industry, SMEs.

## 1.2 ONLINE SURVEY

For the survey, a small database was prepared with possible contacts of SMEs, around 60, from the region searching that the majority had experience in internationalization.

In addition, during the selection of these companies, preference was given to obtain contacts from small companies due to get the objective of the project which is focused on them.

As concerns the survey among businesses in the region, it was conducted online during the month of March and into the month of April due to the current situation in a view to getting the highest level of participation and obtaining a more significant sample.

<b>Scope of Research</b>	Castilla y León
<b>Sample</b>	Industrial companies in all economic sectors
<b>Research Technique</b>	A web survey sent to companies via email through a link.
<b>Information Processing</b>	IBM SPSS Statistics 20 program and a Microsoft Office Excel 2016 spreadsheet
<b>Sample Size</b>	40 companies
<b>Field Work</b>	March-April 2020

### **1.3 INTERVIEWS**

Just like the surveys, all information gathered was obtained with brief questions shared individually online and with subsequent digital feedback and idea sharing, adapting to the available resources and current situation.

Just like the surveys, all information gathered was obtained with brief questions shared individually online through Google forms and with subsequent digital feedback and idea sharing, adapting to the available resources and current situation.

This tool gave the possibility of collecting the answers in a simple way with diagrams and due to the covid-19 situation and the state of alarm in Spain, it was the most appropriate way to move forward.

## CHAPTER 2: PORTRAIT OF THE REGION

### 2.1 THE REGION

The study shown below focuses on the region of Burgos, capital and its province.

Burgos is a province of Spain in the autonomous community of Castilla y León, situated in the north of the Iberian Peninsula, with a surface area of 14,022 km<sup>2</sup>. The capital is the city of the same name.

According to the Spanish National Statistics Institute (INE), the capital city of Burgos currently has 175,821 inhabitants which means a population density of 1640.11 inhab./km<sup>2</sup> and 356,958 inhabitants throughout the province (a population density of 25.54 inhabitants/km<sup>2</sup>).

Burgos is the Spanish province with the largest number of municipalities, a total of 371 distributed into 10 regions.

Although smaller than the capital city, Miranda de Ebro and Aranda de Duero have more than 36,000 and 32,000 inhabitants respectively, followed by other towns such as Briviesca (more than 7,000), Medina de Pomar (almost 6,000) and Villarcayo (more than 4,000).



*Illustration 1: Geographic situation of Burgos on the map*

## 2.2 ECONOMY

The economy of Burgos is distributed into three traditional sectors, significantly led by the tertiary sector. According to the Labour Market report 2019 for the province of Burgos, the tertiary sector represents 56.54% of the Gross Domestic Product (GDP) in the province followed by industry which accounts for 32.44% (see Table 1).

Table 1: Economy by sectors in 2019<sup>1</sup>

	Burgos Thous. €	Burgos %
<b>Agriculture</b>	431,689	4.88
<b>Industry</b>	2,869,532	32.44
<b>Construction</b>	543,254	6.14
<b>Services</b>	5,000,579	56.54
<b>Total</b>	8,845,054	100

Some data on the different sectors are shown below:

### Primary sector

The province of Burgos has 1,101,579 hectares dedicated to various trades related to the primary sector, making it the biggest grain province in Spain. According to a 2019 report on the provincial economy prepared by the Professional Association of Economists of Burgos, the value of its agricultural production is estimated at 829.86 million euros.

As concerns the economic impact of this sector on the economy of Burgos, it is worth mentioning that it has 149 companies which employ 779 people.

### Secondary sector

Burgos has a long-standing industrial tradition and the city experienced its most recent economic boom with the declaration of Burgos as a promotional pole, the so-called Industrial Promotion Pole of Burgos.

The province is currently home to a diversified industry, particularly in the pharmaceuticals, automotive and agri-food sectors.

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[https://www.sepe.es/SiteSepe/contenidos/que\\_es\\_el\\_sepe/publicaciones/pdf/pdf\\_mercado\\_trabajo/2019/Mercado-de-Trabajo-Provincial-2019/Mercado-de-Trabajo-2019-Burgos--Datos-2018-.pdf](https://www.sepe.es/SiteSepe/contenidos/que_es_el_sepe/publicaciones/pdf/pdf_mercado_trabajo/2019/Mercado-de-Trabajo-Provincial-2019/Mercado-de-Trabajo-2019-Burgos--Datos-2018-.pdf)  
<http://www.economistasdeburgos.com/Contenidos/Ficha.aspx?IdMenu=05aa6dd5-f297-4f6f-bc75-dad905c38c5f&Idioma=es-ES>

## Tertiary sector

Within this sector, tourism stands out because it is the strongest economic source for the province of Burgos. Coming from the privileged location, heritage and landscape resources of Burgos, the province leads the community of Castile and León in the number of incoming tourists.

According to the Spanish National Statistics Institute, the province of Burgos welcomed some 3.2% more visitors during the first eleven months of 2019 than during the same period of 2018, for a total of 847,442. 538,914 of them were Spanish residents (increase of 2.1% compared to 2018) whereas 308.527 were visitors who reside abroad (increase of 5.2% compared to 2018).

As concerns the economic data for Burgos, the following is a summary of the last few years.

Table 2 Economic information about the region<sup>2</sup>

	2015	2016	2017	2018	2019
Unemployment rate (%)	16.52	14.25	12.48	11.38	11.22
GDP per capita, EUR	25,861	26,783	27,994	28,121	28,359
Economic growth (%)	2%	3.65%	3.05%	2.9%	2.2%
Growth of export (%)	18.3%	-5.3%	-9.4%	5.8%	-8.4%

Considering the sectors described above, according to the *INE in 2019*,<sup>3</sup> the province had a total of 25,857 companies which reflects a decrease from the 26,003 registered the year before.

<sup>2</sup> Unemployment rate: <https://datosmacro.expansion.com/paro/espana/municipios/castilla-leon/burgos/burgos>

For GDP per capita: <https://javiersevillano.es/DatosMacro/INE-Prov-PIB.php>

Economic growth: <https://www.burgosconecta.es/economia/burgos-cerrara-crecimiento-20171229145517-nt.html>

<https://www.diariodeburgos.es/noticia/Z8D5AD327-0C60-6169-0C14F6C958FF960F/201812/la-economia-crece-un-29-en-2018-pese-a-la-incertidumbre>

<https://elcorreodeburgos.elmundo.es/articulo/burgos/actividad-economica-crece-provincia-15-ultimo-ano/20150128053000187612.html>

<sup>3</sup> <https://www.ine.es/jaxiT3/Datos.htm?t=302#!tabs-tabla>



## 2.3 SMEs IN THE REGION

According to the data from DIRCE (Statistics from the Central Directory of Enterprises) provided in their annual report at ipyme.org (General Directorate for Industry and Small and Medium Enterprises) “Estadísticas PYME: Evolución e indicadores”( SME statistics: Evolution and indicators), these are the number of companies found in Burgos divided according to the various sectors and distributed based on their size. It is obvious that Burgos has a large number of SMEs.

Table 3. Number of companies in Burgos<sup>4</sup>

SECTOR DISTRIBUTION		
Total companies	26003	6,99
Industry	1820	13,84
Construction	3600	20,48
Retail	5326	58,67
All other services	15257	6,999
DISTRIBUTION BY SIZE		
No employees	14767	56,78
1 to 9 employees	10094	38,81
10 to 50 employees	970	3,73
50 to 249 employees	146	0,56
Total SMEs	25977	99,90
250 or more employees	26	0,09

The following sector diagram shows the distribution of companies per sector:

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<sup>4</sup> <http://www.ipyme.org/publicaciones/estadisticas-pyme-2018.pdf>

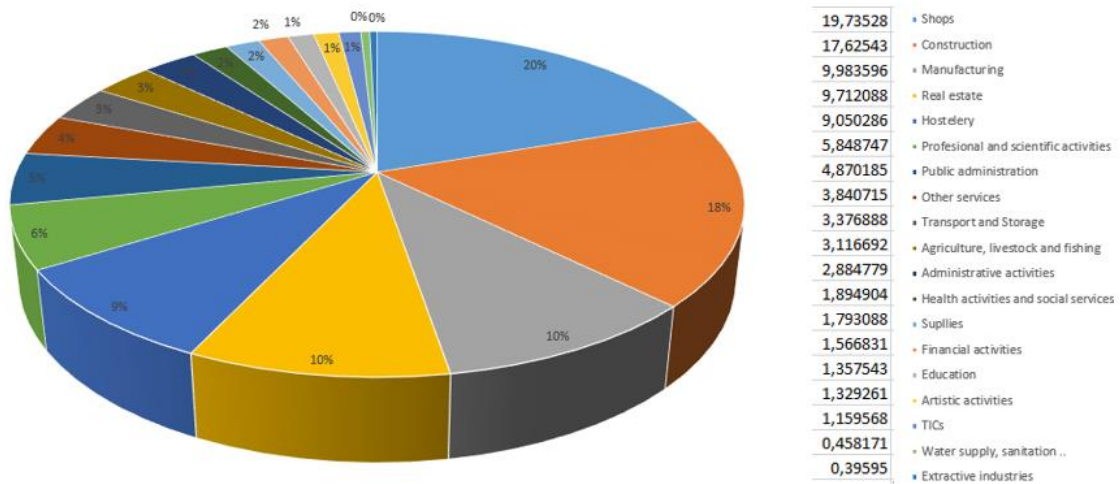


Illustration 2: Sector diagram<sup>5</sup>

- Shops
- Construction
- Manufacturing
- Real estate
- Hostelery
- Profesional and scientific activities
- Public administration
- Other services
- Transport and Storage
- Agriculture, livestock and fishing
- Administrative activities
- Health activities and social services
- Supplies
- Financial activities
- Education
- Artistic activities
- ICT
- Water supply, sanitation ..
- Extractive industries

Illustration 3: List of the activities in the same order

A few more detailed data are shown here on the total number of companies in various sectors according to the sectors suggested to study:

<sup>5</sup> [https://www.informa.es/directorio-empresas/Provincia\\_BURGOS.html](https://www.informa.es/directorio-empresas/Provincia_BURGOS.html)

Table 4. Data on companies in certain sectors<sup>6</sup>

<b>Food/beverage industry</b>	<b>477</b>
<b>ICT/software</b>	<b>144</b>
<b>Engineering/construction/steel</b>	<b>3154</b>
<b>Consultancy services</b>	<b>530</b>
<b>Automotive industry</b>	<b>540</b>
<b>Chemicals</b>	<b>31</b>
<b>Pharmacy and biotechnology</b>	<b>3</b>
<b>Transport/logistics</b>	<b>597</b>
<b>Whole sale and retails trade</b>	<b>2949</b>
<b>Tourism</b>	<b>1600</b>
<b>Shops</b>	<b>3489</b>

### CHAPTER 3: INTERNATIONALIZATION ENVIRONMENT

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<sup>6</sup> <http://www.ipyme.org/es-ES/AreaEstadisticas/Paginas/InformesPYME.aspx#InformesMensuales>

### 3.1. LEGAL BACKGROUND

Business internationalization is a decision that each company must make and it involves a complicated process of assessing not only establishment but also whether the company will be able to handle the new situation with a start-up and international consolidation plan.

At present, there are no strict regulations on internationalization for SMEs yet there are various guides that outline the steps to follow and the most relevant information for action such as the provisions of the “*Spanish Law on Support for Entrepreneurs and Internationalization*”<sup>7</sup> as established in the Spanish BOE (Official State Gazette). Mostly standing out is a reference to the internationalization promotion strategy, the policies of which are directed by the Spanish government and coordinated by the Spanish Ministry of the Economy and Competitiveness, followed by the instruments and bodies for this process.

On the other hand, the “*Internationalization Service Guide*”<sup>8</sup> created by the Spanish Ministry of Industry, Trade and Tourism; in this case for the community of Castile and León, provides a large quantity of information that may be useful in this process.

This type of information provided by these bodies offers support when companies are considering internationalization. These bodies offer support with the procedures and documentation necessary, provide information about how to set up a company abroad and about sources of funding.

As indicated by the Spanish public entity *ICEX Spain Export and Investments*<sup>9</sup>, some general documents that must be known and used are commercial documents such as invoices (proforma, customs or consular types), certificates of origin, ATA and CPD carnets, and transport, insurance and legalization documents. On the other hand, there may be specific documents and certificates needed depending on the sector. Also, various tax and customs issues must be taken into consideration based on whether the destination is within the EU or not.

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<sup>7</sup> <https://www.boe.es/boe/dias/2013/09/28/pdfs/BOE-A-2013-10074.pdf>.

<sup>8</sup>

[https://www.icex.es/icex/wcm/idc/groups/public/documents/documento\\_anexo/mde0/mjgx/~edisp/dax2014281927.pdf](https://www.icex.es/icex/wcm/idc/groups/public/documents/documento_anexo/mde0/mjgx/~edisp/dax2014281927.pdf)

<sup>9</sup>

[https://www.icex.es/icex/wcm/idc/groups/public/documents/documento\\_anexo/mdez/mju1/~edisp/dax2013255463.pdf](https://www.icex.es/icex/wcm/idc/groups/public/documents/documento_anexo/mdez/mju1/~edisp/dax2013255463.pdf)

## **3.2. MAIN NATIONAL AND REGIONAL STAKEHOLDERS**

Besides CEEI Burgos and SODEBUR, who are the partners in project Inter Ventures, the Work Group is comprised of the following stakeholders:

- Institute for Business Competitiveness (ICE) of Castile and León;
- Provincial Directorate for Trade (Spanish Ministry of Industry, Trade and Tourism);
- Burgos Chamber of Commerce, Industry and Services;
- Burgos Confederation of Business Associations (FAE);
- Burgos Economists Association;
- Universidad Isabel I;
- Rural Development Associations.

Some of these stakeholders have been working together for several years on different types of local and regional initiatives as well as on other projects.

## **3.3. MEASURES OFFERED TO SME INTERNATIONALIZATION SUPPORT**

### **Internationalization strategy**

All internationalization strategies must follow a process. For this process, the internal and external environment must be known, evaluating the weaknesses, strengths, opportunities and threats; analysing market variables such as size, evolution, trends, etc. in order to locate the markets of interest; and studying strategic groups of competitors or selecting the means for internationalization.

Therefore, any internationalization strategy must be selected by measuring 4 factors in accordance with the company's own goals and the characteristics of its products and/or services: market factors, competitiveness, costs and laws. Based on these factors, the export strategies could be: simple, complex, multi-domestic or global.

### **Funds available for SME internationalization**

Currently, there are various commercial instruments of support in Spain for internationalization such as ICEX Spain Export and Investment and the Foreign Network under the scope of the General State Administration or the various Spanish Chambers of Commerce abroad. Other organizations include: the Official Credit Institute (ICO), the Centre for the Development of Industrial Technology (CDTI), the Spanish Development Bank (COFIDES), the Spanish Export Credit Agency (CESCE) and ENISA. Added to these are: the Institute for Business Competitiveness of Castile and León (ICE) and the Regional Government of Castile and León which are specific to the community to which this region belongs.

Lines of aid<sup>10</sup>:

- ICO 2019 Export Line: funding for the self-employed and businesses of up to 12.5 million  
[www.ico.es/web/ico/ico-exportadores-corto-plazo](http://www.ico.es/web/ico/ico-exportadores-corto-plazo)
- ICO International Section II Medium and Long-Term Exporting Line offers funding in the form of Supplier Credit and Buyer Credit  
(<https://www.ico.es/web/ico/ico-internacional>)
- ICO International Medium and Long-Term Exporting Section Channel Line offers funding for companies with a registered address outside Spain  
(<http://www.ico.es/web/ico/progama-ico-mediacion-banca-internacional>)
- CESCE provides a wide range of solutions for comprehensive risk management through two lines of activity: the self-employed and on behalf of the State  
(<https://www.cesce.es/>)
- The Enterprise Support Fund from CESCE MASTER ORO provides an alternative for obtaining liquidity through factoring  
(<https://www.cesce.es/fondo-apoyo-empresas>)
- The Corporate Internationalization Fund (FIEM) is an official support programme for feasibility studies and technical assistance  
(<http://www.comercio.es/fiem>)
- The Reciprocal Interest Adjustment Contract (CARI) is a support system for Spanish exporting that offers incentives for financial institutions granting loans for long-term exporting  
(<http://www.comercio.es/cari>)
- CDTI offers different project funding programmes and cooperation initiatives in the area of R&D&i internationalization  
(<http://www.cdti.es/>)
- The FOND-ICOpyme Fund: offers financing for internationalization processes  
(<https://www.ico.es/web/ico/fond-ico-pyme>)
- The ICEX and COFIDES Pyme Invierte programme provides comprehensive support for investment abroad by Spanish SMEs  
(<https://www.icex.es/pymeinvierte>)
- ICEX Next is a programme aimed at Spanish SMEs that wish to internationalize their business and/or consolidate their presence in foreign markets  
(<https://icexnext.es/>)
- Consolida2 is an ICEX project, the aim of which is to promote access by SMEs to the international market except the US.
- The Xpande plan promotes SME exporting as a Chamber of Commerce initiative  
(<https://www.camaraburgos.com/xpande/>)
- The Xpande-Digital plan applies methods for initiation in international digital marketing as a Chamber of Commerce initiative  
(<https://www.camara.es/comercio-exterior/xpande-digital>)
- Aid and incentives for promoting participation in the International Promotion Plan Programme co-funded by the EU's ERDF  
(<http://www.ipyme.org/layouts/15/ipyme/guiaayudasinternacionalizacion.aspx>)

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<sup>10</sup> Sources of lines of aid:

[https://biblioteca.unirioja.es/tfe\\_e/TFE002529.pdf](https://biblioteca.unirioja.es/tfe_e/TFE002529.pdf)

[https://www.icex.es/icex/wcm/idc/groups/public/documents/documento\\_anexo/mde0/mjgx/~edisp/dax2014281927.pdf](https://www.icex.es/icex/wcm/idc/groups/public/documents/documento_anexo/mde0/mjgx/~edisp/dax2014281927.pdf)

<http://www.ipyme.org/layouts/15/ipyme/guiaayudasinternacionalizacion.aspx>

- Subsidies to SMEs to attend professional trade shows for commercial purposes ([http://www.ipyme.org/ layouts/15/ipyme/guiaayudasinternacionalizacion.aspx#page=84&zoom=100,66,306](http://www.ipyme.org/layouts/15/ipyme/guiaayudasinternacionalizacion.aspx#page=84&zoom=100,66,306))
- The Chamber of Commerce offers an International Promotion Programme without monetary allowances yet promotional activities (<https://www.camara.es/comercio-exterior/programa-internacional-de-promocion-pip>)

Some data of the Xpande and Xpande-Digital plans (Sodebur and the Chamber of Commerce work on it) in the region of Burgos are:

Table 5: Xpande program data

<b>XPANDE</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<i>Participants</i>	12	5	2
<i>ERDF (50%)</i>	100.348 €	48.280 €	24.140 €
<i>Total budget</i>	<b>200.696 €</b>	<b>96.543 €</b>	<b>49.590 €</b>

Table 6: Xpande Digital program data

<b>XPANDE DIGITAL</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<i>Participants</i>	13	3	3
<i>ERDF (50%)</i>	53.604 €	15.871€	11.903 €
<i>Total budget</i>	<b>107.208 €</b>	<b>32.266 €</b>	<b>24 .759 €</b>

### 3.4. BARRIERS TO AND DRIVERS FOR SME INTERNATIONALIZATION

Currently, companies that engage in an internationalization process face a series of possible obstacles and difficulties. Therefore, it is important for these companies to be aware of the existence of these barriers and to be ready to handle them.

In view of the exchange of opinions with the stakeholders, a general view of the companies in Burgos and our own experience, these are some of the most common barriers to SME internationalization:

- Scarce and limited financial resources since there is a long list of requirements to comply with in order to access some programmes;
- A lack of trained personnel. Although there is widespread opinion that this barrier is becoming smaller, there continues to be a language barrier;
- Difficulty identifying customers, business opportunities or foreign markets. Even though there is more and more information on destination countries, companies believe it is not enough to be able to see clear business opportunities and commit to them;
- Duty-related barriers, i.e. costs that lead to a direct increase in the price of the product, as the costs of transport, customs, administrative restrictions, etc. are not always clear;
- Production capacity. Not all companies have the capacity to increase production in accordance with possible internationalization requirements due to a lack of resources, machinery, personnel, etc.

There were some barriers to SME internationalization mentioned which were not shared by all parties equally:

- Opportunities in logistics distribution as some believe there is a variety of resources meaning they do not think it is a barrier;
- SMEs do not know what are the steps they should take for business internationalization. Some companies claim a lack of information about these steps. However, organizations that support internationalization programmes believe that there is ample information provided about SME internationalization.



## CHAPTER 4: SMEs CAPACITIES FOR INTERNATIONALIZATION

Various studies on business internationalization in Castile and León have produced positive data indicating that more and more companies are engaging in SME internationalization. This is due to the sum of positive factors which have an impact on these companies not only internally, but also externally.

Burgos is a region where SMEs are particularly important as they account for a large percentage of the companies in Burgos. As seen in Section 3.3. there is a large number of initiatives in the region which provide financial support to SMEs. More than 60% of those surveyed SMEs for this report believe they are fundamental. These initiatives offer immense support which largely comes from public funds through regional or European programmes.

In addition to financial support there are non-financial support schemes which, as indicated by the companies surveyed, are used to enhance the internationalization capacity of SMEs with the following order of importance: market research programmes, advisory services, entry or export strategies.

Also the external barriers to internationalization are becoming lower. The cost of transport is an important factor and is a difficult barrier to overcome for a large number of companies (76%) as it increases the price of end products. However, it is true that there is more and more variety as concerns logistics and suppliers on the market which is a competence that opens up the possibility of bringing the prices of these products down. There is also increased cost of products due to customs fees. However, in this area, companies have less margin and options given that it is a procedure of mandatory compliance and depends on the laws of each of the countries where the products are taken.

Concerning geographic distances, one perspective shared by the stakeholders is that they highlight Burgos as an important logistics centre in the north of Spain due to the connections with the capital city of Madrid and the Basque Country, a primary point of transit and border region with the rest of Europe in addition to being on the northern coast for maritime transport.

Finally, promotion abroad can be considered rather poor even though there are more and more aid programmes and initiatives for small enterprises to participate in international trade shows and spread awareness for their products.

## CHAPTER 5: IDENTIFIED GAPS BETWEEN POLICY INSTRUMENTS AND SMEs' NEEDS

As a result of the surveys and study conducted (see sections 1.2 and 1.3 for more information), the following gaps or points requiring reinforcement to enhance internationalization for SMEs in Burgos were detected:

- **Creation of import and export plans.** 62% of respondents had import or export plans (or both). However, this number is considered to be too low. Companies need import or export plans to have ample knowledge and strong foundations for internationalization. Therefore, the need for training and advisory services, to help these companies create such plans, is considered significant.
- **Adapted websites.** Nowadays, a proper webpage is key for companies. This means adapting websites to several languages when aiming to take a product abroad. A scarce line of aid and support was detected which would provide for the costs of adapting website but also other advertising resources.
- **Scarce human resources in internationalization.** This is rather difficult for companies to handle as there continues to be a belief that there are no human resources with sufficient qualifications and training to perform these tasks. The study conducted did not find any support to assist with these needs.
- **The option of contact with potential customers abroad or identifying business opportunities.** Various companies believe it is somewhat difficult to get in contact with potential customers abroad or identify business opportunities. The companies also believe it is important to work on creating the internationalization plans as a possible alternative for reducing this. Moreover, the option of platforms as a means for exposing the needs of potential customers and to directly communicate with them, is considered as a way to secure "loyal" customers prior to the internationalization process.

## **ANNEXES FOR THE SITUATION ANALYSIS REPORT**

Annex 1. SWOT Analysis

Annex 2. Questionnaire for the online survey

Annex 3. Results of questionnaire for the online survey and conclusion

Annex 4. Questions for interviews with stakeholders

## Annex 1. SWOT Analysis

Table 1: SWOT Analysis

	STRENGTHS	WEAKNESSES
INTERNAL	<p>Business education and training from schools and universities</p> <p>Know-how</p> <p>Resolution capacity to increase production</p> <p>Competitive edge in some sectors</p> <p>Competitive prices</p> <p>Geographic location: communications and transporter centre</p> <p>Tourist and cultural environment, suitable for investment and international business</p>	<p>Scarce expert human resources in internationalization</p> <p>Weakness when creating internationalization plans</p> <p>Costs of company adaptation (ICT)</p> <p>*Economic situation due to COVID19</p>
EXTERNAL	OPPORTUNITIES	THREATS
	<p>*Funding for internationalization</p> <p>Advisory programmes and EU promotion</p> <p>Opportunity to continue offering quality products</p> <p>Collaboration with supporting organizations</p> <p>Awareness for good quality products</p> <p>ICTs for promotion and publicity</p> <p>*Product exhibition at trade shows</p> <p>Alliances established abroad</p> <p>A wide range of markets upon opening up to the world</p>	<p>Export procedures and laws</p> <p>Difficulty finding the best customers or markets</p> <p>*Logistics complexity and distribution channels</p> <p>Cost of transportation and customs</p> <p>Competition from the destination country</p> <p>Constant change</p> <p>*Economic situation due to COVID19. The threat can become an opportunity if we know how to take advantage of the gaps in the crisis</p>

The situation not only in Spain, but worldwide, caused by COVID-19 is considered important since it has an immense negative impact internally as well as externally. Other factors also have an influence such as:

- The exhibition of products and services at international trade shows, which in the past was an opportunity to gain awareness, is now considered a threat as no one knows when the normal flow will return. On the other hand, COVID-19 has increased savings in promotional costs (fairs, trips), using of videoconferences and other instruments that were not supported before the pandemic;
- Every crisis can be an opportunity option if we know how to take advantage of it;
- International logistics has become complicated due to the closing of borders;
- On a positive note, there are more and more financial initiatives being offered to help companies with recovery.

## Annex 2. Questionnaire for the online survey

### I. GENERAL INFORMATION

1.1 Into which category your enterprise belongs:

Micro-sized enterprise (1-9 employees)	
Small-sized enterprise (10-49 employees)	
Medium-sized enterprise (50-249 employees)	

1.2 Into which economic sector your enterprise belongs:

- Food/beverage industry
- ICT/software
- Engineering/construction/steel
- Consultancy services
- Automotive industry
- Chemicals
- Pharmacy and biotechnology
- Agriculture/forestry/fishery
- Transport/logistics
- Telecommunications
- Medical care/health
- Whole sale and retails trade
- Tourism
- Environmental technologies
- Energy
- Other

1.3 Are you currently doing any business abroad? Yes/No

1.4 What does that business involve?

### II. SME INTERNATIONALIZATION (will be answered only by those who have answered YES to question 1.3)

2.1 The main reason to go international is:

- To reach new fast-growing markets
- Expand competitiveness by accessing new technologies and know-how
- Legal/fiscal environment of the targeted market

2.2 In which phase of internationalization you are:

- Early stage of internationalization
- We are expanding
- We are exploring
- We are in the mature phase

2.3 The main activities in international markets

- Exporting
- Importing

2.4 Do you think that the management and personnel qualifications of your enterprise are adequate to develop internationalization activities? Yes/No

2.5 Do you have a plan for internationalization/export? Yes/No

2.6 What is the most crucial for the first internationalization activities:

- Support for the partners in foreign country
- Web-sites accustomed to foreign customers
- Scouting for funding opportunities
- Joint communication and promotion services
- Distribution channels search
- Organization of networking and B2B activities in the foreign country
- Representation and virtual office services
- Innovation services (intellectual property, R&D collaboration)
- Scouting for international joint events

2.7 Internal barriers for SME internationalization

Barrier	Easy	Hard	Very hard	Not relevant to my business	Not so hard
Shortage of working capital to finance export					
Price and quality of the products/services					
Obtaining adequate production capacity					
Lack of managerial time enough to deal with internationalization					
Shortage of HR for export activities					
Qualified and/or trained personnel for internationalization not enough					
Adequate production capacities					

2.8 External barriers for SME internationalization

Barrier	Easy	Hard	Very hard	Not relevant to my business	Not so hard
Ensuring investments for internationalization					
Obtaining transparency of financing schemes					
Overcoming export administrative restrictions					
Difficulties in identifying foreign business opportunities					
Finding strategic information to locate/analyse markets					
Ability to contact potential overseas customers					
IPR protection					
Collaboration with supporting bodies					
Obtaining home government support					
Obtaining reliable foreign representation					
Ability to overcome strong local competitors					
Excessive transportation costs					
Relations with local suppliers/partners/agents/distributors					

Please write what has been the most difficult in internationalization: what services/tools are lacking

### III. SME INTERNATIONALIZATION SUPPORT SCHEMES

#### 3.1 Where do you receive your support

- Chamber of Commerce
- Financial institutions (public plus commercial banks and funds etc.)
- EU initiatives
- Investment and trade agency
- Local and regional entrepreneurship supporting organizations
- Knowledge providers

#### 3.2 Which from the financial support schemes has your organization used the most within the last five years?

- Grants for recruitment of advisors, researchers, accountants
- Funding to attend international trade events and exhibitions
- Grants for any stage of internationalization activities
- Pre-shipment financing
- Post-shipment financing
- Loans, and credit guarantee scheme
- Financing short-term exports, insurance solutions, and risk management
- Tax incentives
- None of the above

#### 3.3 Which from the following non-financial support schemes has your organization used the most within the last five years:

- Market research support
- Consultancy support
- Export/internationalization observatory facilities
- Services for start-ups as well as IPR support
- Services for developing human resources and managerial capacity
- Training on internationalization and new market entry strategy
- Export coaching course, export academies
- Training on smart mobility market trends and opportunities and country-focused training
- Language and cultural training
- International technology transfer

Why? Provide an answer

#### 3.4 Which of the following has your organization used the most within the last five years?

- Financial support services for SMEs
- Services for start-ups and micro enterprises
- SME support services for a specific sector
- Services focused on SMEs internationalization
- Research and development activities, applied research
- Training, educational activities
- Technology and know-how transfer activities
- Support for innovation
- Export promotional activities/marketing
- Information about administrative rules and regulations, traded missions, business forums and other promo events
- Partner search services
- Market intelligence services

- Regularly update analysis reports on foreign markets
- One-stop customer services
- Trade centres abroad
- Other

3.5 Do you use any of the information provisions offered in supportive environment?

- No
- Used info regarding the administrative rules and regulations
- Used analysis reports on foreign market
- Used partner search services
- Used trade missions, business forums, and other promo events as well as export promo activities including marketing
- Used market intelligence services
- One-stop customer service

3.6 What will happen without public support?

- We are not able to go international
- Nothing. We will go international anyway

3.7 What do you think are the most important public funds in internationalization of SME:


- EU cohesion funds
- national funds
- regional and local funds



### Annex 3. Results of questionnaire for the online survey and conclusion

The aim of the survey is to determine what SMEs in Burgos and in Castile and León are thinking as concerns the state and level of internationalization in their economic activity so the region's industrial and economic network can improve and their products and services can be offered abroad to create a competitive edge.

In order to gather information to do the study, the survey was conducted online using Google Forms.



**ENCUESTA SOBRE EL ESTADO Y NIVEL DE INTERNACIONALIZACIÓN DE LAS PYMES EN BURGOS Y CASTILLA Y LEÓN**

I. INTERNACIONALIZACIÓN PYMES

\*Obligatorio

1.1 ¿A qué categoría pertenece su empresa? \*

- Microempresa (1-9 empleados)
- Pequeña empresa (10-49 empleados)
- Mediana empresa (50-249 empleados)

1.2 ¿A qué sector económico pertenece su empresa? \*

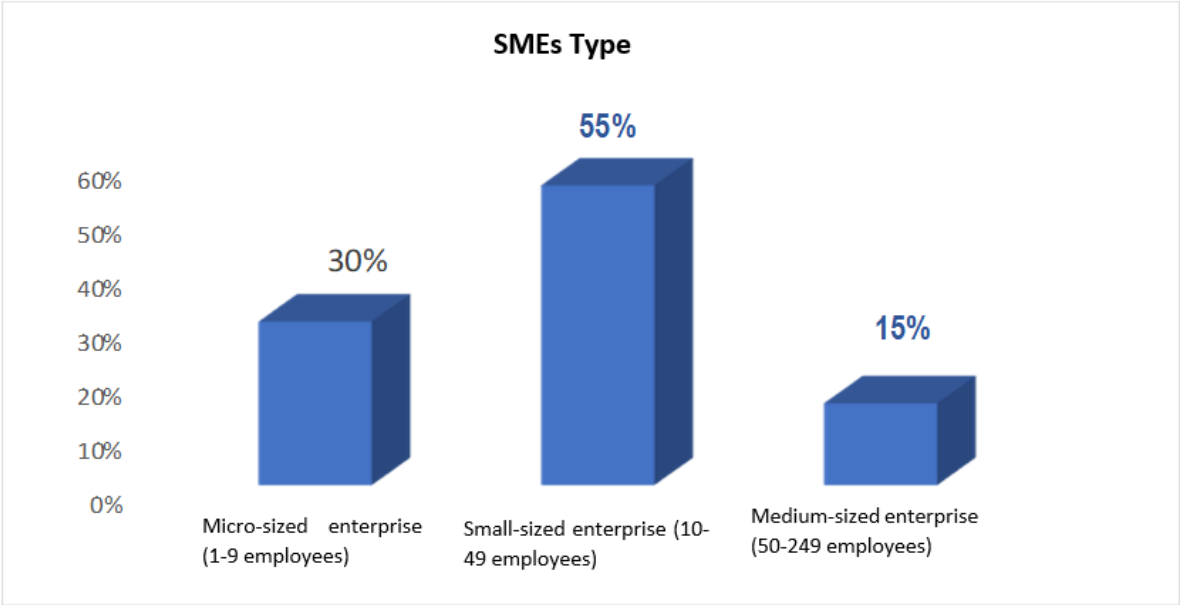
- Alimentación y bebidas
- TIC/software
- Ingeniería, construcción, acero
- Servicios de asesoría
- Automoción
- Química

Illustration 3: Online survey

**RESULTS**

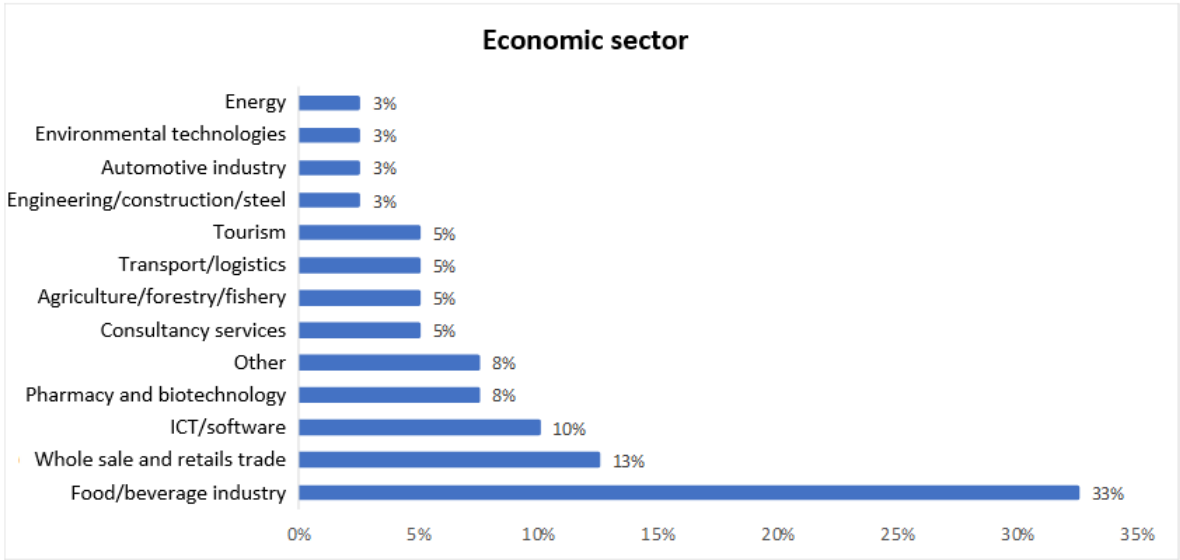
**II. GENERAL INFORMATION**

**1.1 Into which category your enterprise belongs:**

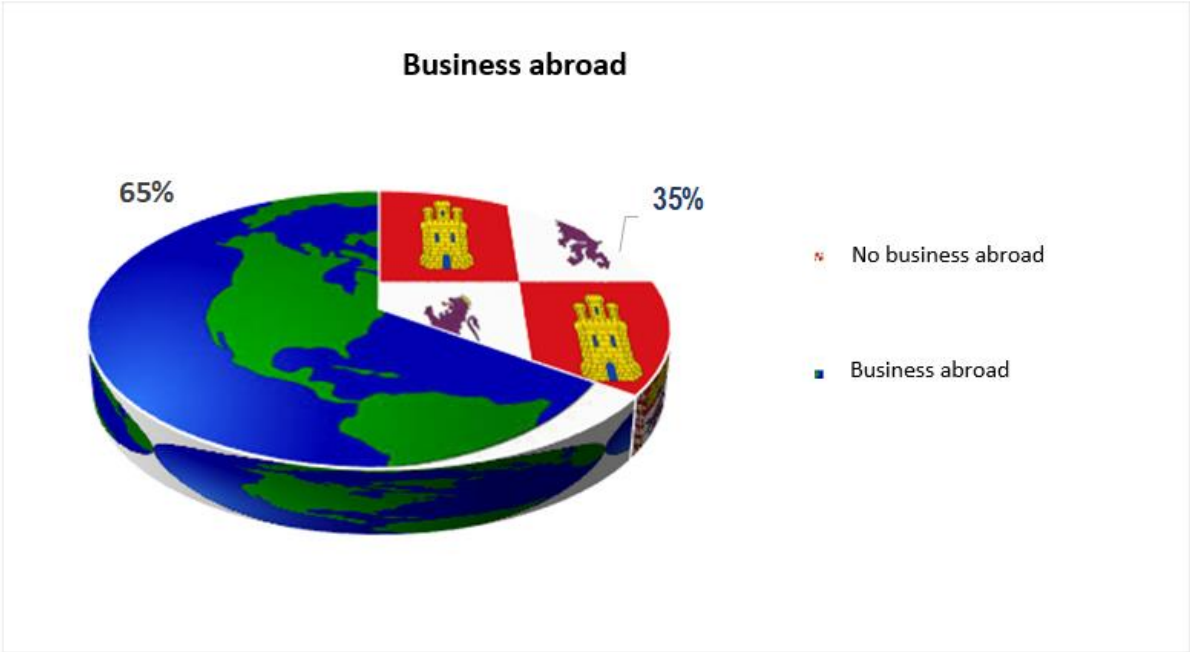


**1.2 Into which economic sector your enterprise belongs:**

As can be observed, the companies are in various sectors; however, food and beverage mainly stand out as it is one of the largest sectors in Burgos, as already mentioned.

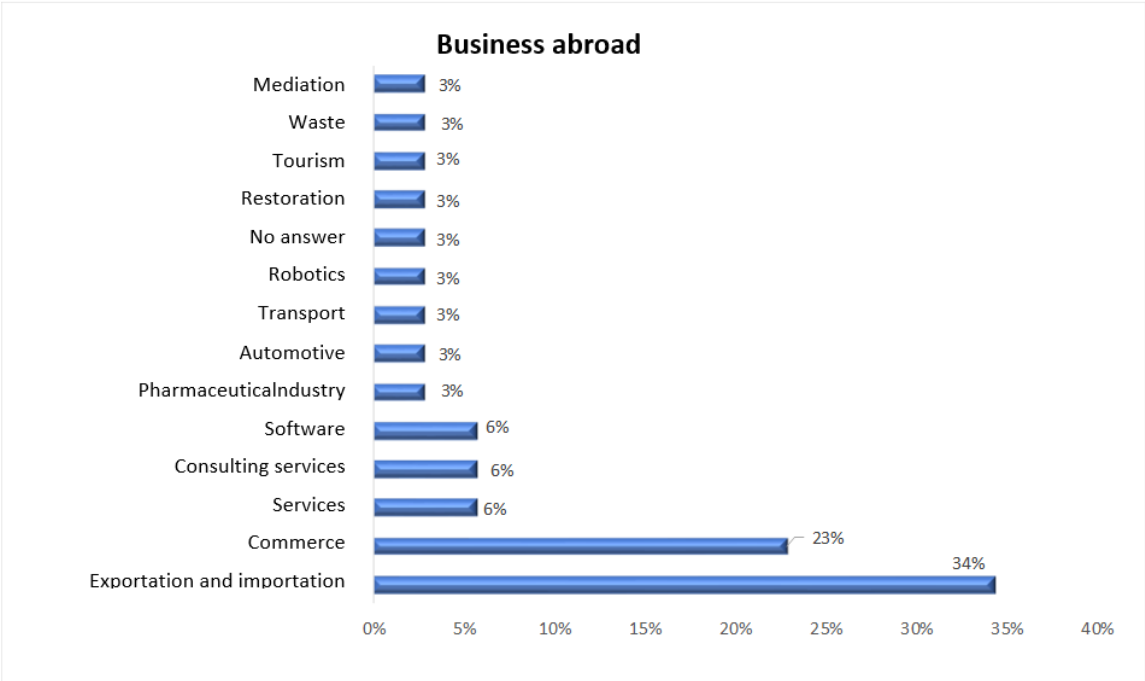


**1.3 Are you currently doing any business abroad?**



**1.3 What does that business involve?**

The types of business are quite varied yet food exports and imports predominate at 34% and retail at 23%.



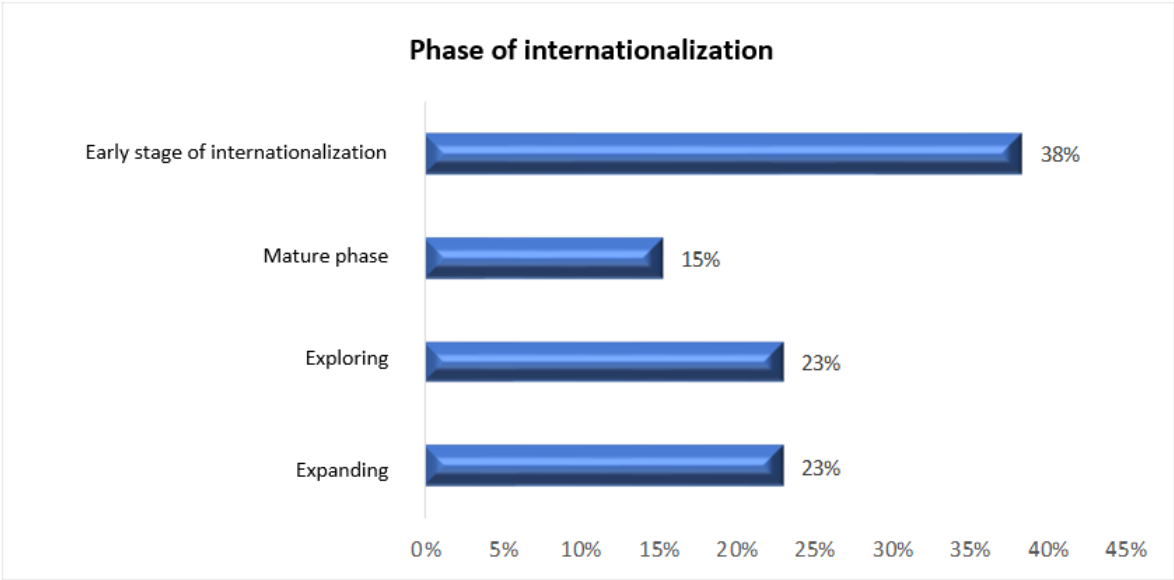
**II. SME INTERNATIONALIZATION (will be answered only by those who have answered YES to question 1.3)**

**2.1 The main reason to go international is:**

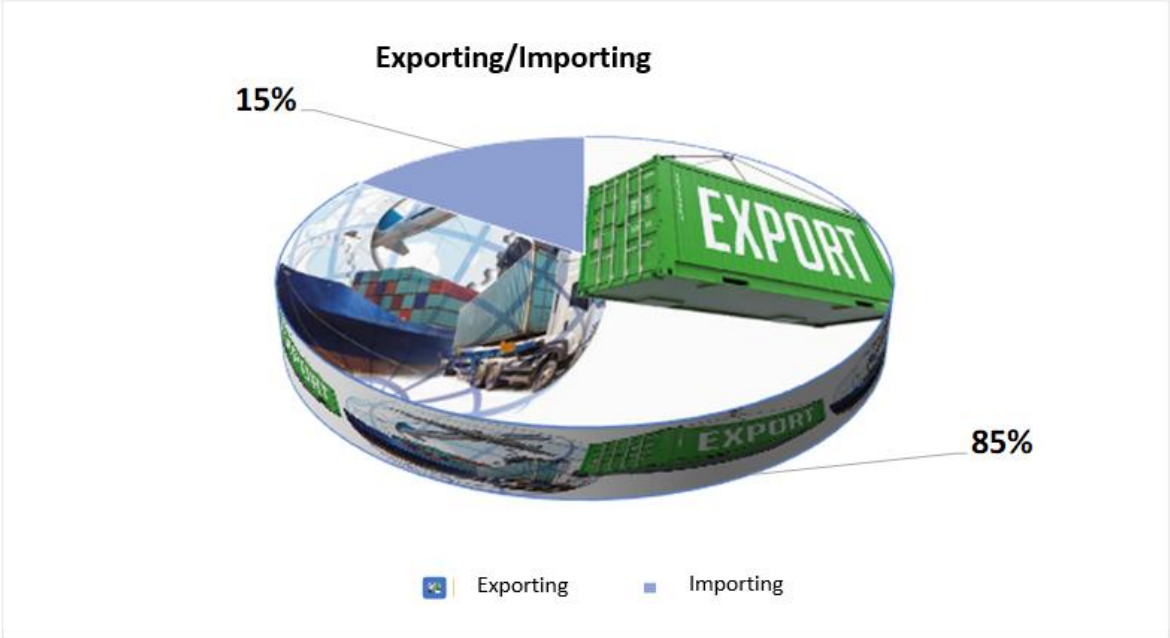
80% of the companies state that the main reason for their internationalization is to “reach new markets to achieve fast growth”.



**2.2 In which phase of internationalization you are**



2.3 The main activities in international markets

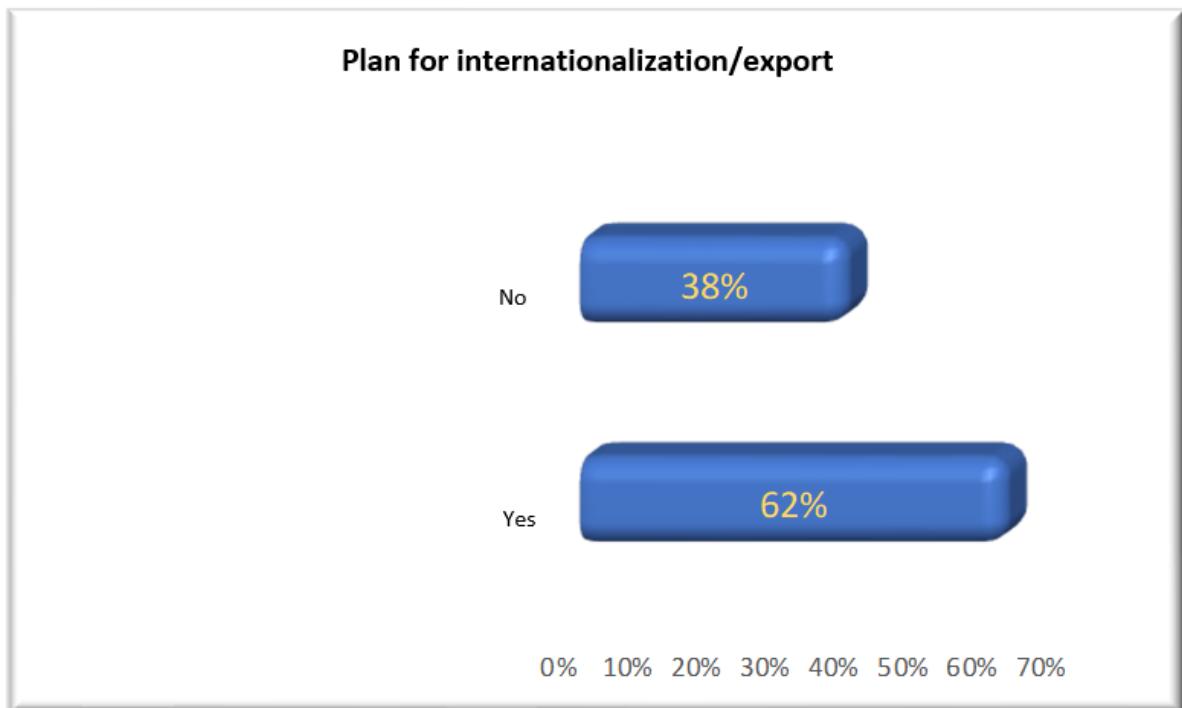


Of the companies surveyed, **85% engage in exporting** products and/or services; in other words, they take their products or services abroad, whereas **15% engage in importing**; in other words, they bring products or services to our region due to the shortage of regional/national products to meet consumers'/customers' needs.

2.4 Do you think that the management and personnel qualifications of your enterprise are adequate to develop internationalization activities?



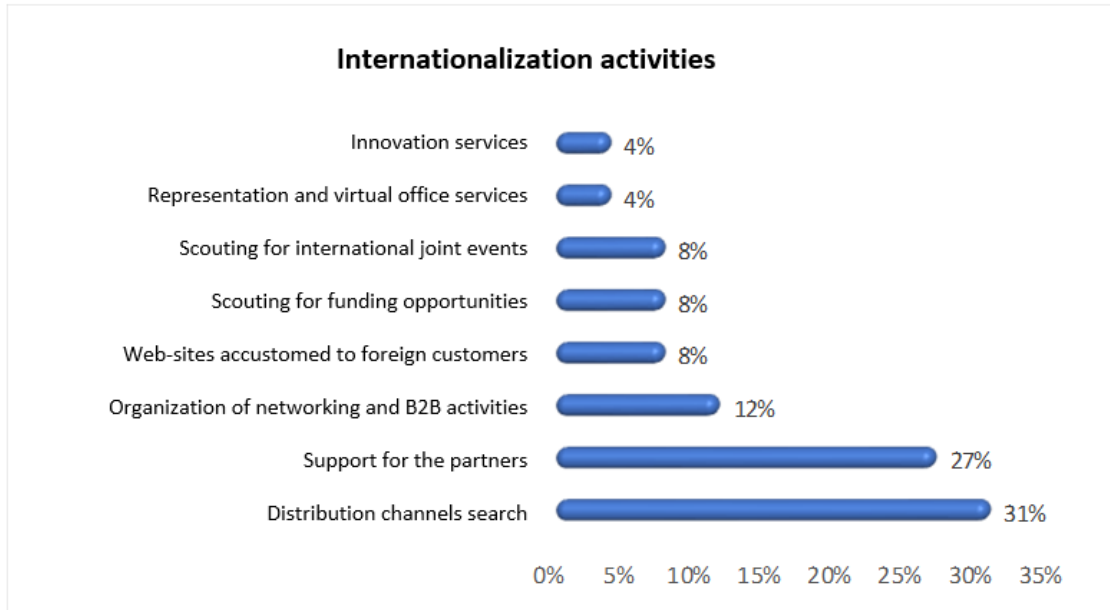
## 2.5 Do you have a plan for internationalization/export?



An internationalization plan must be the guide that explains all the phases and movements necessary in the internationalization process so as to adapt to the target market. 62% of the companies surveyed indicated that they do have an internationalization or export plan whereas 38% do not have any such internationalization or export plan.

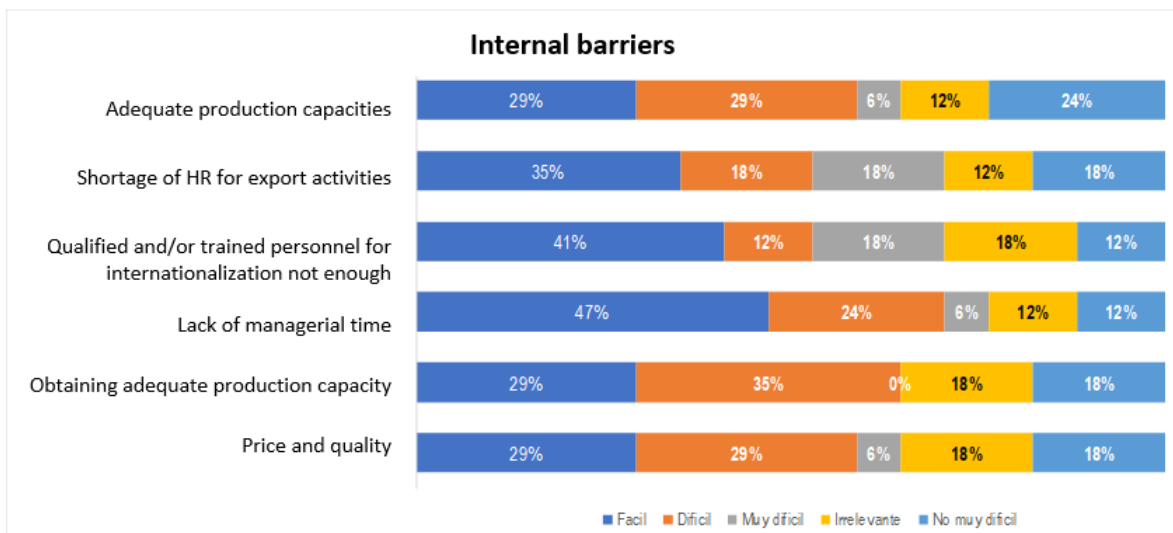
## 2.6 What is the most crucial for the first internationalization activities:

The companies indicate that the most important activity for beginning internationalization activities is the search for distribution channels and support from partners in the foreign country at 31% and 27%, respectively.



## 2.6 Internal barriers for SME internationalization

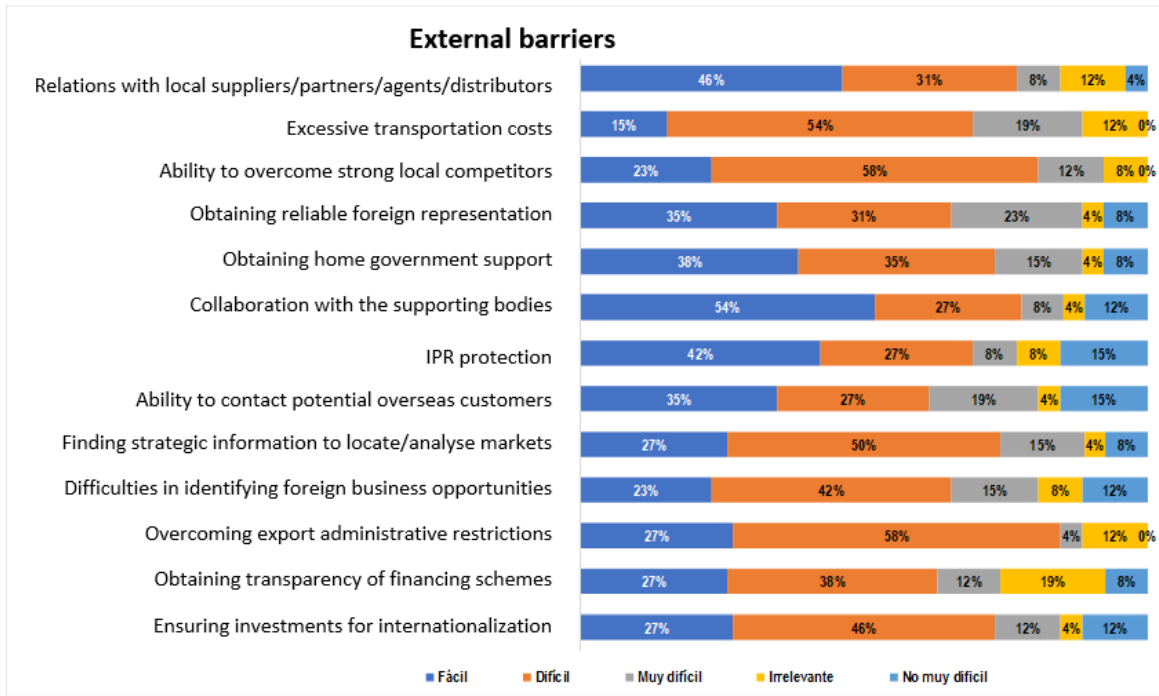
The internal barriers considered difficult and very difficult to overcome are firstly an adequate production capacity at 35% of the total, along with price and quality which account for 29% and 6%, respectively. Production capacity may be due to a lack of size, high adaptation costs or regulatory difficulties that prevent entry into foreign markets.



## 2.8 External barriers for SME internationalization

Relationships with foreign suppliers is generally considered an easy external barrier to overcome although 31% believes it is difficult. One factor to keep in mind when it comes to exporting and importing is transport costs, as reflected by 54% in addition to the ability to overcome foreign competitors as mentioned by 58%.

Moreover, they emphasize that collaboration with public support bodies is a useful tool (54%).



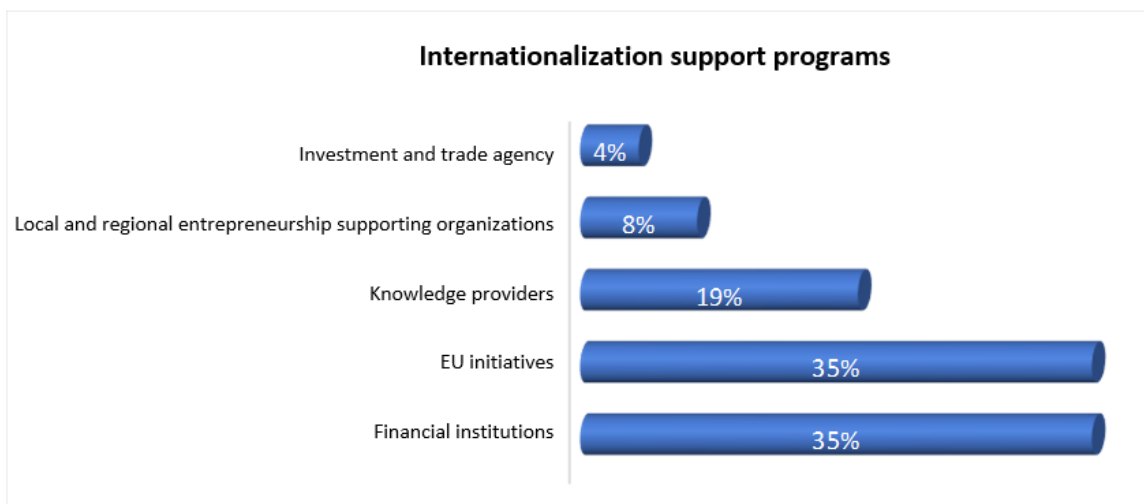
The search for strategic information is vital for market and competitor analysis.

Administrative restrictions; in other words, bureaucracy, is a harsh impediment to business progress, especially due to the loss of time and the resulting competitive delay as reflected by 58% of those surveyed.

### III. SME INTERNATIONALIZATION SUPPORT SCHEMES

#### 3.1 Where do you receive your support

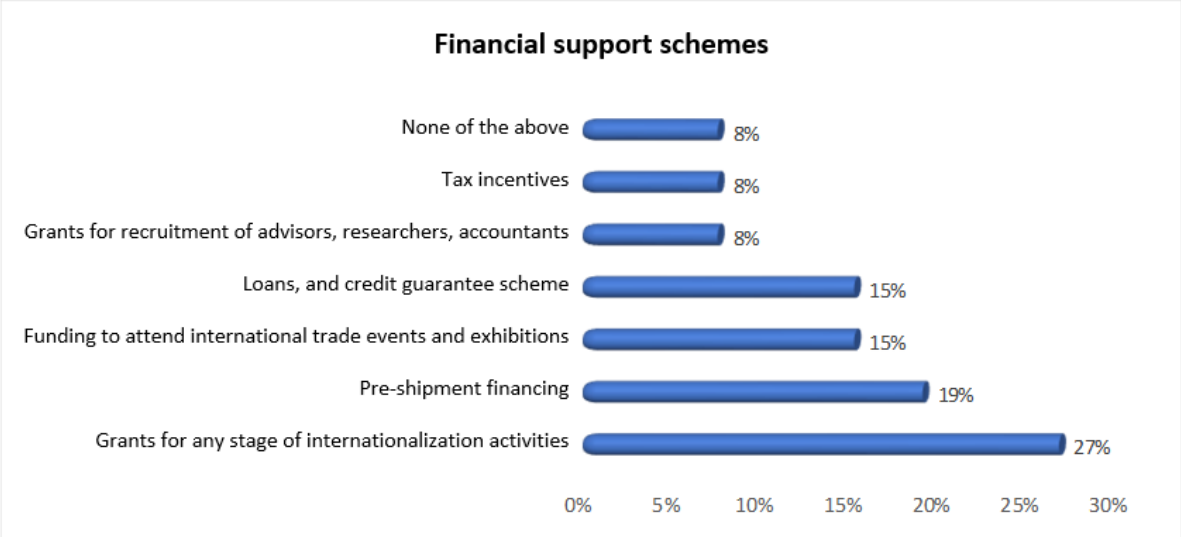
The data collected shows that the source of support for SME internationalization in Castile and León is financial institutions (35%), and European initiatives (35%). These are rather encouraging data as far as our work on European initiatives like this one, because it means that companies find interesting internationalization programs from EU and other initiatives like the one working on this project.





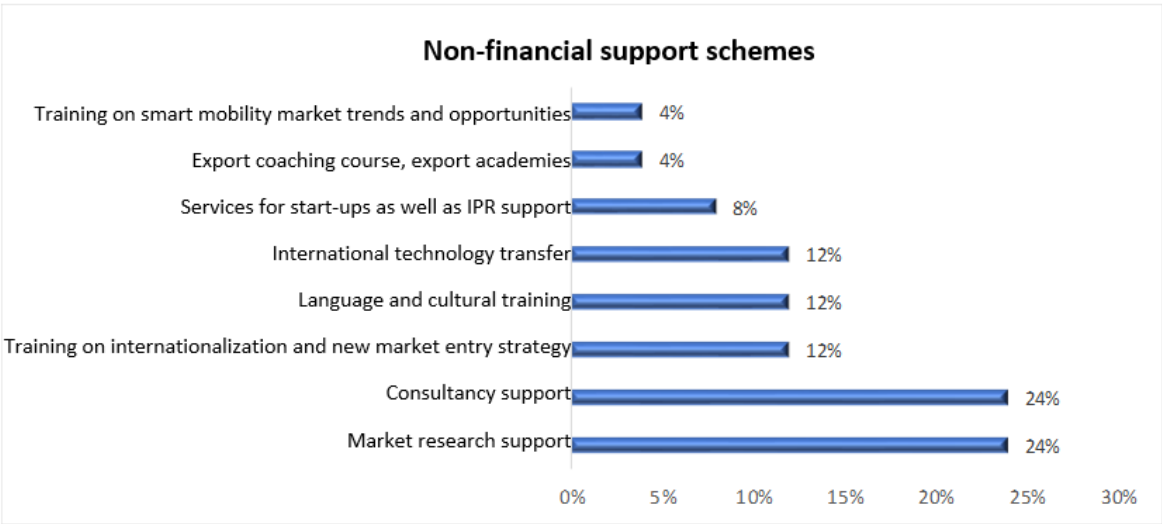
**3.2 Which from the financial support schemes has your organization used the most within the last five years?**

27% of the companies state they have used Aid for Internationalization and 19% say they have used subsequent financing for shipping.



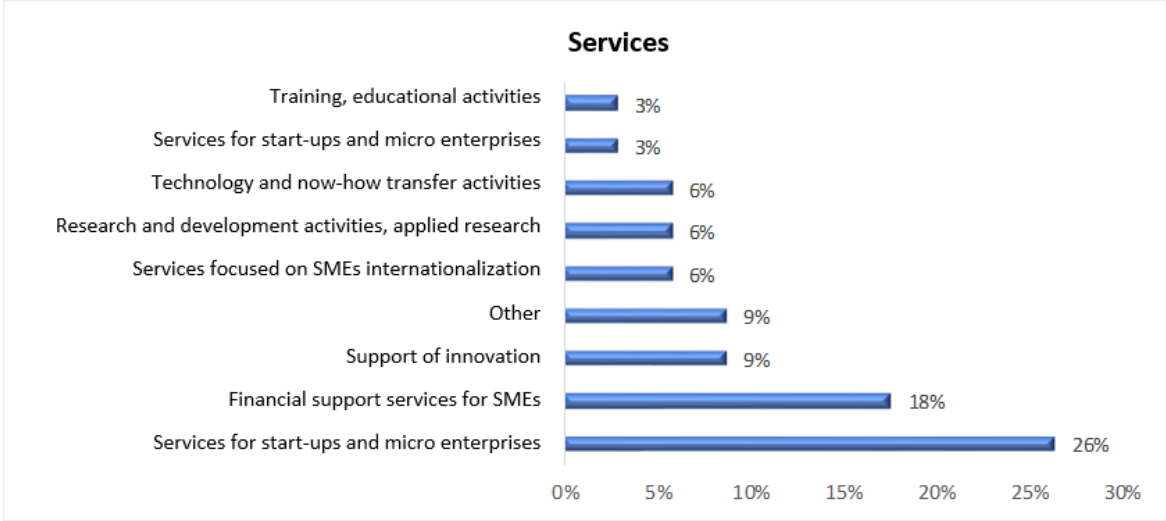
**3.3 Which from the following non-financial support schemes has your organization used the most within the last five years:**

In the last five years, the organizations have mainly used support for market research at 24% and advisory services at 24% as part of their non-financial support schemes. Both non-financial support schemes are essential in the first phases of internationalization and reflect a positive view as far as encouraging the aims sought with this project.



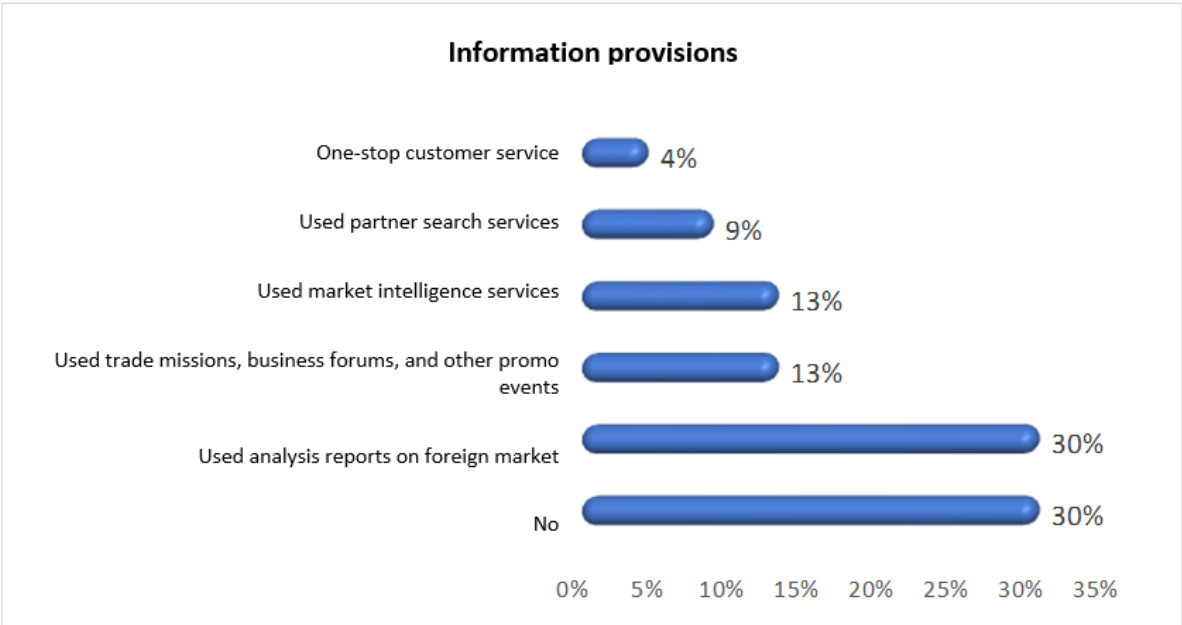
**3.4 Which of the following has your organization used the most within the last five years?**

There is a clear use of services focusing on SME internationalization at 26%, which encourages continuing work on obtaining services to support this activity.



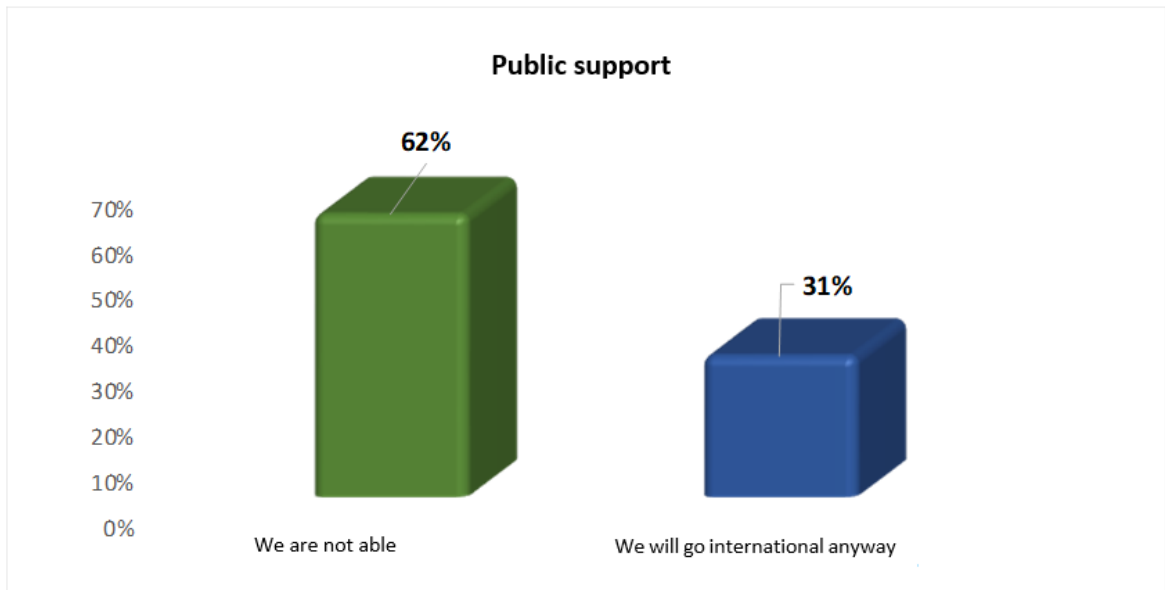
**3.5 Do you use any of the information provisions offered in supportive environment?**

A large number do not use information provisions although 70% do use some type of information from the supportive environment with 30% using foreign market analysis reports which helps them with their international expansion.



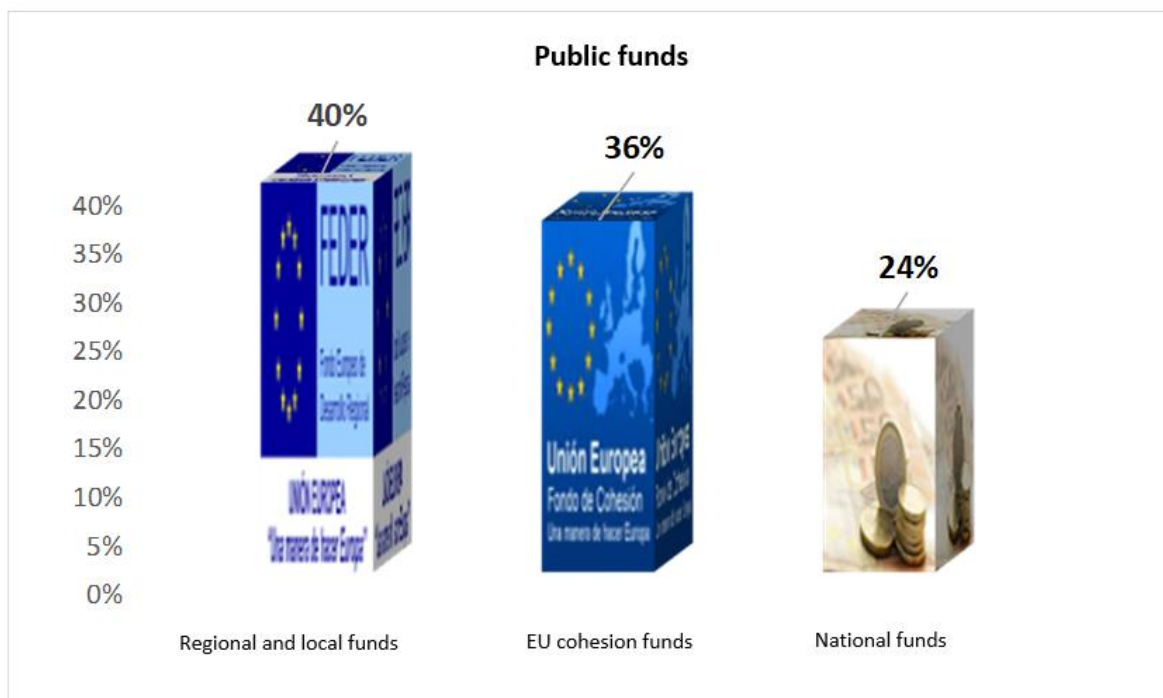
### 3.8 What will happen without public support?

Only 31% of entrepreneurs state they would enter the international market without any type of public aid.



### 3.9 What do you think are the most important public funds in internationalization of SME

There is a clear distribution of the source of public funds. 40% believe the most important funds are regional and local funds versus 24% who believe national funds are the most important. At the same time, 36% believe the most important funds are EU Cohesion Funds. This shows that the opinion among entrepreneurs is divided.



## Conclusions

Internationalization must be dynamic and enterprising as some of the fundamental characteristics are new commitments to the future and needs among the different companies for a competitive and constantly changing business model.

It is worth highlighting the large percentage (55%) of small enterprises (10-49 employees) that include internationalization as one of their business aims.

Considering the geographic diversification, finding an opening for regional companies in new export markets is being sought with particular emphasis on non-European markets without failing to consolidate sales to European Union markets as it is the main natural destination of our exports with a concentration over the last few years of 73% of all sales.

Both nationally as well as regionally, the agri-food sector is no doubt one of the ones that has most highly contributed to strengthening the foreign sector in recent times although there are companies in all the different phases of the internationalization process.

Penetrating international markets is a line that requires great preparation by management as well as business orientation. Therefore, an internationalization plan is essential as is having management that is capable of taking advantage of the techniques and tools available to create business opportunities in and outside our borders.

Furthermore, the easiest internal barriers to overcome are:

- Not enough personnel for internationalization.
- Management team time.
- Qualified personnel to adapt to internationalization activities.

While the most difficult internal barriers to overcome are:

- Adequate production capacity.
- Price and quality of the products.

The easiest external barriers to overcome are:

- Relations with suppliers and partners.
- Collaboration with supporting organizations.
- IPR protection.

And the most difficult external barriers to overcome are:

- Capacity to overcome strong local competitors.
- Excessive transportation costs.
- Overcoming the administrative restrictions on exporting.

Finally, worth mentioning and in support of the project under development is the fact that 35% of the companies support European initiatives for business internationalization. Companies not only seek this financial support but also find support with foreign market analysis and research as well as advisory services. Moreover, as reflected by 61% of those surveyed, they believe that they could not enter the foreign market without some type of public aid which reaffirms the value proposition of this project. Nowadays, exporting in Castile and León has a fundamental role in the regional economy with much higher levels than those recorded in prior years.

## **Annex 4. Questions for interviews with stakeholders**

- What kind of services does the Stakeholder provide for the SME internationalization?
- What are the main advantages of the Stakeholder institution in providing support services for SME's internationalization?
- What are the main disadvantages of the Stakeholder institution in providing support services for SME's internationalization?
- What does the Stakeholder do to be efficient in providing support for SMEs' internationalization?
- What did the SME gained from the services of the Stakeholder?
- How did the public support help the SME in their internationalization?
- What is, by the means of the Stakeholder, the most appropriate for SME and/or useful internationalization support infrastructure and services?
- What do you think are the barriers for the SME internationalization?
- What do you think are the drivers for SME internationalization?
- Do you believe Burgos may have a geographic and cultural situation that favours internationalization?
- In what percentage do you believe public funds help with internationalization in comparison with private funds?
- Which programmes you work with do you believe get the best results for business internationalization?