

A project to strengthen and develop the Cross-border co-operation between SMEs in the North Sea Region through internationalisation, Networking and Matchmaking

Acronym

CBSME-NSR

Priority

Priority 1 Thinking Growth: Supporting growth in North Sea Region economies

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The overall aim of the project shall be to develop existing SMEs but also to increase the number of entrepreneurs as well as improving SME's market position and increase their competitiveness; focus on accelerating business growth through SME's ability to innovate, to respond to new market trends, and to incorporate new technologies in their striving and intentions to develop and introduce new products and services. In the proposed project the partners will work and co-operate together on the improvement of SMEs and entrepreneurship policies by analyzing and assessment of the existing situation for SMEs, through consultation, knowledge exchange, reviewing policies and identifying good practices, information concerning new products and new markets etc. which are then expected to be transferred during the implementation of the project into the project partner's territories. The main activities comprise of joint and SWOT analysis and elaboration of studies pursuing common methodology and joint events (seminars, conferences, matchmaking events, workshops, study visits etc), accompanied by strong dissemination effort to communicate project's results inside and outside the respective partner's territories. The goal is that the SMEs and entrepreneurship policies will be improved in all partners's regions and, in later stages, the results of the project will contribute as a model of SMEs development to EU-wide stakeholders.

Project Description

Description EU has firmly expressed that co-operation and networking between people and companies are one of major priority areas and pillars behind the EU concept involving the Open & Common Market. Improving the growth and innovation capacity in SMEs is one of the most important - and thus most common - objectives across Europe to reach the EU2020-goal of Smart Growth. Small and medium sized enterprises (SMEs), whether they are in the manufacturing sector or service or trading sectors, play a decisive role in the competitiveness of the European economy. Many policy instruments have been established to contribute to this objective but it seems not so easy to reach the SMEs with structural funds, especially in cross-border regions. In this context it is remarkable that different border regions with the same objectives and comparable policy instruments (e.g. INTERREG-Programmes) still use different strategies and projects to realize and achieve SME involvement. The project partners in this proposed project will use these differences to improve their policy instruments addressing SMEs to develop, grow and engage in innovation processes. The considerable lack of entrepreneurial initiatives among SMEs in some European regions makes it essential that the SMEs be involved in networking as well as the public sector taking an active role in supporting the small and medium-sized enterprises, in particular regarding increasing competitiveness, internationalization, productivity, employment rate as well as achievement of a good solid economic base. It has been shown that entrepreneurial activities have quite an enormous impact for the economic performance of regions and the renewal of regional knowledge. Thus it is therefore necessary to build-up the

level of competence and confidence of the Trade & Industry businesses especially the SMEs to a satisfactory and workable level to enable the companies in the NSR Region to create a well functioning and mutual industrial co-operation between the North Sea Region's countries and its regions and the companies involved in the Project in order to meet the expressed aims and goals of EU. Co-operation and measures that are leading to increased workforce = reduced unemployment are some of the key aims and goals of EU. These are clearly defined aims for EU, the Member States and their regions. Improving the situation for the involved SMEs is also vital for the respective regions in that increased business means increased tax base to the State and its regions and can also create economical growth and thereby employment possibilities leading to reduction in unemployment. This in turn will lead to and help fulfil a healthy social wellbeing and economic situation in the clearly defined EU objective "Improve the cooperation capacity of local North Sea Region's actors through participation in cross-border networks" EU has clearly stated and declared that SMEs are the backbone of Europe's economy. The European Commission aims to promote entrepreneurship and improve the business environment for SMEs to allow them to realise their full potential in today's global economy. In regards to SME Competitiveness, EU has clearly defined and stated that SMEs (Small and medium-sized enterprises) are vital (ref: ec.europa.eu/regional_policy/en/policy/themes/sme-competitiveness) for the EU's economy and accounting for more than 99% of European business and two thirds of private sector jobs. The European Structural and Investment Funds have therefore made available more than €450 million to Member States in 2014 – 2020 to finance investments for enhancing jobs and growth. Improving the competitiveness of SMEs is one of the 11 thematic objectives for Cohesion Policy in 2014-2020. Additional investments in SMEs will also be made under other thematic objectives, particularly research and innovation, the low-carbon economy and information and communication technologies. €57 billion or around 20% of funding from the European Regional Development Fund (ERDF) will be dedicated explicitly to SMEs. The increased use of financial instruments mobilising additional EU, national and regional funds during the 2014-2020 funding period is also expected to benefit SMEs. Increased investment in SMEs in 2014-2020 will build on the achievements of EU Cohesion Policy during the 2007-2013 funding period It is widely accepted that 99 % of all companies in the North Sea (and the Baltic Sea Regions) are small and medium-sized enterprises (SMEs), providing up to 70 % of all jobs, 85% of all new jobs and 80 % of all training. However it has also been noted that there are many SMEs in various sectors throughout the North Sea Region that have good growth potential but that they are mostly involved in their own country or region but many are not aware of the potential growth market that exists in the North Sea Region with similar companies like themselves. Many have not recognised or are not aware of or have been exposed to or have sufficient knowledge or experience of the benefits (and pleasure) that can be achieved through cross-border co-operation and networking with other SMEs. They are also often uncertain about the involved markets, market/customer demands and expectations, possible language or business culture barriers, legislation and ruling, product compatibility & acceptance. Even if 90% of the future global growth will happen outside Europe's borders, few small businesses in Europe export beyond the EU. Increasing the internationalisation of SMEs and helping them access third markets is crucial for Europe Competitiveness It is our opinion, just like the situation regarding Sweden, that for the majority of the countries in the North Sea (as well as the Baltic Sea Regions) that the company structure is dominated by a large number of SMEs and handful of large internationally successful companies. Many SMEs also act as sub-suppliers to larger companies who in turn export. There is a high percentage of SMEs that are directly dependent on increasing their export/import which in turn can determine their very survival and economical growth. There is thus a very firm relevance of the proposed project in today's trading situation for SMEs in the North Sea (and also the Baltic Sea Regions) through providing support, understanding through exchange of ideas, know-how and best practices so as to foster, encourage and stimulate cooperation across the borders. Such co-operation and networking can serve as a good assistance, help and advice to many SME companies that are struggling with their aims and ambitions to achieve a degree of internationalisation. The bottom line is that through the proposed project the involved SMEs can capitalize on these mentioned facts and factors and so the project to increase co-operation, competitiveness and internationalisation is more than justified and warranted.

Envisaged Output

The major results will present and define the potential and possibilities of clear co-operation between local actors in the participating countries that will develop and build up a concrete and sustainable permanent and lasting networking that results in pronounced benefits and positive developments for many companies, organisations, institutions and others in the involved countries and regions. This in turn will lead to and help fulfil a healthy social and economic situation in the defined EU objective "Improve the cooperation capacity of local South Baltic area actors through participation in cross-border

networks". The collection and compiling of relative information on the involved companies will serve as a good base for sourcing of products & services, developing their import/-export possibilities and potentials to meet the SME's individual requirements as well as contributing to good and improved logistic solutions which in turn can lead to lower transport costs and environmental improvements. One "spin-off" effect will be to perceive the possibilities for joint purchasing of materials and/or services will lead to increased productivity and develop the companies in regards to the need to increase their workforce and ensure their economic existence via profitability. Cooperation and measures leading to increased workforce = reduced unemployment are one of the key aims and goals of EU. The combination of good Scandinavian and Northern European business-related knowledge and high technology products and solutions will result in the achievement of higher competence and which will result in that everyone who is involved will truly reap the benefits and for example the NSR sub-suppliers would get better opportunities to take higher quantitative orders. Long-term and lasting sustainability will be ensured and achieved through continual and regular contacts, personally through meetings as well as via IT-systems, newsletters etc

What is the need for this project?

People in the North Sea region, in the both the public and private sectors, are in general well educated and like using and applying the best techniques However they are often unaware of or will not admit that there are many opportunities and possibilities which are available to help them increase their capabilities through cross-border co-operation and networking. The costs of entering a new market and the internationalization process are often too high for an average SME. At the same time there is a known lack of collaboration among SMEs, collaboration that could help to share good (and bad) practices and the multiple required expenses. If more and higher quality services were available for SMEs, it would improve the options of reaching the international market. The increasing of the competitiveness of the SMEs of a region improves the economic development of the region, which is committed to the innovation and knowledge-intensive sectors. The project will present guidelines and proposed methods and activities which are all necessary and are all deemed to lead to increased competence, growth and improved economical profitability in the involved companies and thereby improve their situation as well as giving an overall increase in competition. By developing the companies and the market in a favourable way will lead to creating possibilities for more employment opportunities and thereby contribute to the achievement of one of EU's important goals i.e. decreased unemployment as well as increasing and promoting co-operation between the EU countries and its regions. One of the major objectives with the proposed project is to stimulate cross-border cooperation between SMEs and other involved actors especially in the area of internationalization, networking and matchmaking. It is therefore regarded as very relevant to initiate and implement the proposed project as it is noted that many SMEs have a great desire to grow and also to trading (import-export) or to increase their degree of internationalisation but at the same time retain their marketing trade in their own country or region(s). There are untold many excellent and very successful SMEs that have begun as small "cottage industries" or as "spin-offs" from larger companies. Many have developed or started up as extensions of innovative product design or methods/processes and who are often characterised as manufacturers of high quality specialised products or designed systems such as in the building, construction, environmental or energy-sectors to mention just a few areas, many of which are unique. Based on available World Trading statistics (source ref; <https://tradingeconomics.com>) from 2016 it can be clearly seen that trading-wise the 7 involved North Sea NSR's countries in the proposed project can all be considered very active regarding both import from and export to each other. However, there is a marked disparity in trade balance between the individual NSR countries, namely that it is only Germany, Norway and the Netherlands that show a positive balance of trade i.e. exports are larger than imports whereas there is a negative trade balance for, surprisingly, the UK, Sweden, Denmark and Belgium. There is a total positive trade balance in regards to the total trade between the seven NSR countries which is significant at over 654 billion Euro regarding import and likewise over 800 billion Euro in exports. It is not surprising that Germany, which is the third largest trading partner in the world after the USA and China, is the major trading partner especially regarding both export and import for all seven NSR countries. Trade between them is still important and accounts for approx. 20 – 53% of their imports (with Sweden highest % at 53.4% and the lowest is for Germany at 20.5%. Corresponding figures for exports are between 21 and approx 60% with Norway at 60.9% and the lowest share is for Germany at 21.3%. It is also worth noting that, in regards to trade between the NSR countries that it is only Germany, Norway and the Netherlands that show a positive balance of trade i.e. exports are larger than imports regarding all of the NSR countries. There is however a very negative trade balance for the UK with all of the NSR countries, for Sweden it is only Norway and the UK that show a positive trade balance, Sweden, Denmark and finally for Belgium whilst there is a total positive trade balance it is only Germany, the UK and Denmark with a positive trade

balance. However, it should be pointed out that the only available trade statistics for the NSR countries are for the whole country(ies) and there are no trade figures for the “participating” specific areas/regions. The participating Project Partners in these seven countries/ regions can no doubt present more definite figures. There is also some uncertainty of what percentage of trade could be coupled to SMEs since a large share of exports, but even imports, can be connected to trade in commodities, for example Sweden and Norway for forestry products, Sweden for iron ore, Denmark for foodstuffs, the UK, Sweden and Germany for auto-related products etc. It is also uncertain if the trade statistics are only for products and not also for services. Here can the exchange of know-how, high-tech products, IT-solutions, knowledge on environmental issues be good export areas. The disparity in the trade in the region is quite difficult to understand especially as particularly the UK, Germany and Sweden but even Denmark and the Netherlands have a long established export experience with high quality products and services that should be in demand throughout the NSR Region. It could well be concluded that SMEs from specific NSR countries find some of the NSR markets difficult to understand or work with. For the three Scandinavian countries there is no real language or even business culture barriers. For example, for Sweden it is apparent that the Scandinavian market is still of major importance for the SMEs maybe because both Denmark, Norway and Finland have certain similar traditional and business culture ties which can make business easier so it should come as no surprise that Sweden is amongst the top 8 trade partners are the other three neighbouring Scandinavian countries; Norway, Denmark and Finland. The UK has also been a traditional trading partner and whilst there would appear to be less of language barrier problem there still is large difference in business culture. The UK and the Netherlands have long tradition of export trade so there is no real reason not to increase trade with the other NSR countries. Belgium can be regarded as a somewhat difficult market for Scandinavians maybe due to language barriers even though the use and knowledge of English as a common business language is widespread and should not be regarded as a barrier. It is easy to understand, possibly because of historical reasons, the positive trade between the Netherlands and Belgium, between Belgium and France, between the UK and Ireland and with France. This underlines the significance and importance of the proposed project aiming to create a firm basis towards stimulation of the NSR’s cross-border cooperation towards increased internationalization through networking and matchmaking. Thus more trade within the NSR Region, whether it involves import or export, between SMEs will also help to stimulate and improve the individual SMEs and their economy, growth and maybe survival, create a larger tax base for the community and assist in reducing unemployment through new jobs. Through making available technical support to companies, with the delivery of services such as the organisation of trade missions, promotional events, consulting services, matchmaking events will dramatically help SMEs in their ambitions to grow not least through internationalization. We are convinced that to date no organisation or project has tackled these major challenges and problems/possibilities on a macro scale to “accommodate” all relevant “actors” in the designated NSR countries, both public organisations, institutions, associations, SMEs and networks. The project therefore makes possible a Win-Win result and effect for everyone involved and concerned in the NSR.

Thematic Keywords

Clusters

Growth and jobs

Innovation capacity building

New products and services

R&D in SMEs

Shared R&D infrastructure

Smart specialization

Stimulating innovation

Training and education

Other Keywords

Cross-border Cooperation, Internationalisation, Networking, Matchmaking, Benchmarking, SWOT analysis

Partners Found Already

ACC and for example their UK Project Partner, are highly experienced in international marketing and are already deeply involved through networking and co-operation throughout a number of countries in the North Sea Regions (as well as in the Baltic Sea region).

Partners Searched

Already established positive interest for participation from; S. Sweden, UK, N & NE Germany, Denmark and hopefully also the Netherlands and Belgium or even Norway but these need now to be converted into firm commitments in the designated NSR countries especially in Norway, Denmark, Germany and the Netherlands. All of the involved and participating partners in the partnership are/shall be highly qualified in their specific field(s) and have extensive international experience and knowledge of the North Sea Region, the challenges and possibilities/potentials as well as being highly aware and dedicated to create a favourable and fruitful result through well-planned and executed co-operation through specific networking involving a wide range of suitable and relevant "actors" from all sectors. Many of the potential participating partners shall already have a wide and established network of SMEs and other business-orientated organisations, authorities and associations both in their own country but also in some or all of the North Sea Region's countries. Potential Associated Project Partners: It is hoped and anticipated that these Project Partners will "recruit" interested and qualified SMES, organizations, such as Chambers of Commerce, Business networks, Innovation Centres and institutions as well as maybe public authorities from their respective region/country to participate in the proposed project

Estimated Budget

min 2 000 000 depending on the composition of the Project consortium