Centre for Economic and Regional Studies of the Hungarian
Academy of Sciences – Institute of World Economics
MTA Közgazdaság- és Regionális Tudományi Kutatóközpont
Világgazdasági Intézet

Working paper 224.

September 2016

Katalin Antalóczy, Andrea Éltető

POST-CRISIS FOREIGN TRADE TRENDS AND POLICIES ON THE PERIPHERY OF THE EUROPEAN UNION – COMPARISON OF THE IBERIAN, BALTIC AND CENTRAL EUROPEAN REGION

WP

Centre for Economic and Regional Studies HAS Institute of World Economics
Working Paper Nr. 224 (2016) 1–46. September 2016

Post-crisis foreign trade trends and policies on the periphery of the European Union – comparison of the Iberian, Baltic and Central European region

Authors:

Katalin Antalóczy

professor

Faculty of International Management and Business

Budapest Business School

&

Andrea Éltető

senior research fellow

Institute of World Economics

Centre for Economic and Regional Studies Hungarian Academy of Sciences

ISSN 1215-5241

ISBN 978-963-301-601-5

Centre for Economic and Regional Studies HAS
Institute of World Economics
Working Paper 224 (2016) 1–30. September 2016

Post-crisis foreign trade trends and policies on the periphery of the European Union – comparison of the Iberian, Baltic and Central European region

Katalin Antalóczy[1], Andrea Éltető[2]

Abstract
The year of the great trade collapse in the world was 2009. The international crisis caused a shrinkage of domestic demand and general credit crunch. As a consequence, the growth-enhancing role of exports came into focus in most countries. Exports gained momentum from 2010 but with certain changes in structure and direction. Trade within global value chains has become more pronounced and non-EU markets were targeted by several firms.

In certain countries it became a deliberate state policy to turn towards non-EU areas. On the one hand, our paper will describe government foreign trade strategies and institutional framework of the Iberian, Baltic and Central European countries, detecting possible similarities. On the other hand we will analyse the actual foreign trade data in the recent years; what are the main export products and services. Apart from desk research, our methodology consists of detailed trade data analysis from the Eurostat Comext database and service trade database. Based on these we can get a picture on the structure and direction of exports of the peripheric economies and this can be compared to the aims of the given states.

Our preliminary hypothesis is that there is a gap between the reality and the intentions of the states. The size of this gap varies and is influenced by certain factors like the different involvement of multinational companies in the foreign trade or the different economic structure of these countries.

JEL: F13, F14, P52

Keywords: export, export promotion, Visegrád countries, Baltic countries, Iberian countries, global value chains

Introduction[3]

The Great Depression in 2009 caused a shrinkage of domestic demand and a general credit crunch. As a consequence, export became an important factor of possible growth in the majority of the EU countries. Especially the periphery, smaller economies, but also large countries like Spain put emphasis on their export activity. In this context, state export promoting policy became more relevant in certain countries. In most cases the ratio of export per GDP has increased after the crisis, the EU countries have become more opened.

---

[1] professor, Budapest Business School, Faculty of International Management and Business. Diósy Lajos u. 22-24. H-1165 Budapest, Hungary. E-mail: antaloczy.katalin@uni-bge.hu

[2] senior research fellow, Centre for Economic and Regional Studies of the Hungarian Academy of Sciences Institute of World Economics, Budaörsi út 45, H-1112 Budapest, Hungary. E-mail: elteto.andrea@krtk.mta.hu

[3] The paper was prepared in the research supported by the National Research, Development and Innovation Office, project no. K 115578, title: “Factors influencing export performance – a comparison of three European regions”.

Table 1. Exports of goods and services in % of GDP

	2004	**2007**	**2010**	**2014**	**2015**
EU	*34,0*	*38,1*	*38,6*	*43,1*	*43,6*
Czech Republic	57,4	66,6	66,2	83,8	83,0
Poland	34,6	38,8	40,0	47,4	49,4
Hungary	59,7	78,3	82,3	89,3	92,1
Slovakia	68,7	83,5	76,6	91,9	93,8
Estonia	61,5	63,2	75,1	83,9	79,8
Lithuania	47,4	50,4	65,3	81,2	76,5
Latvia	39,1	38,5	53,7	59,5	58,8
Spain	25,2	25,7	25,5	32,5	33,1
Portugal	27,3	31,0	29,9	40,0	40,3

Source: Eurostat

In our paper we examine which countries adopted a government strategy and with what content. Parallel with this we provide some statistical analysis on the characteristics of export of these countries in the past decade. Although service exports are very important in these countries, in this paper we analyse the exports of goods, for which more detailed statistics are available.

Our paper consists of five main parts. First, we provide a short literature review on state trade promotion policies. Second, we discuss these policies and their institutions in the Baltic, Visegrád and Iberian countries. Trade policies are evaluated, examining their differences and possible similarities. Third, geographic and product structure of exports are analysed, looking at changing in diversification and concentration. Finally we drew conclusions.

Short literature review on export promotion policy

There exists a quite considerable literature on trade promoting institutions, diplomatic steps and their effectiveness in general. Several articles calculate econometric models searching for correlation between export growth and promotion measures and others show the results of questionnaire surveys.

The state can stimulate export via „soft" interventions and by direct financing (credits, subsidies). Diplomacy and export promotion programs belong to *the „soft" group* (Van Biesebroeck et al. 2015).

Permanent diplomatic contacts, embassies, consulates of a given country abroad are said to help its exports to these destinations. Rose (2007) applying a gravity model of 22 countries (including Spain and Poland) and 200 destinations shows that the presence of foreign missions is indeed positively correlated with exports. The extent of correlation varies by exporter, and the first foreign mission has a larger effect on exports than successive missions.

Missions and heads of state visits can also promote economic relations (export and investment) not only political, cultural aspects. In these cases a business delegation travels too, treaties, contracts are signed (Nitsch, 2005). For large countries like US, Germany and France in the post-state visit periods (two years) higher export was detected (Nitsch, 2005), with a correlation between visits and exports. It seems thus, that on the short term high-level state visits can boost trade between two states, but in the article only powerful large economies were observed, situation in small states with less negotiating power can be different. Thus, such export raising effects are not durable and cannot be generalised. Neither the results of Head and Ries (2010) support the use of trade missions for increasing bilateral trade in the case of Canada.

Similarly, Moons and van Bergeijk (2013) conclude that the literature on the impact of economic diplomacy in trade is ambiguous. They analysed 29 studies by meta-analysis and their econometric analysis showed that the effects of economic diplomacy on trade and investment in individual studies are sensitive to model specification. They also found that embassies produce more significant coefficients for their effect on trade and investment flows than consulates and lower ranked institutions.

Regarding state export promotion programs and agencies, their primary role is to provide information to firms and help them reduce transaction costs. Certain studies focus on the firm as a basis of analysis. Here the task of export promoting measures is to help firms to overcome export barriers, market imperfections or to gain specific internal resources necessary for export activity (Wilkinson-Brouthers, 2006). This concept is connected with the theories of internationalisation of the firm (here not discussed). There can be several export-hindering factors within the firm (shortage of funds, low-skilled workers, scarce information), in the given country (exchange rate instability, scarce information and credit possibilities, difficulties with local suppliers, etc.) or on external markets (high tariffs, unfair competition, changes in legislation, etc.). These obstacles can affect companies in different ways (Alvarez, 2004).

As a firm develops, its export activity changes. Apart from that, Kotabe-Czinkota, (1992) state that companies in different stages of export involvement will require different types of state export assistance. They surveyed 162 firms applying five stages of exporting. They find that export financing and information help is crucial for firms in the early stages of exporting.

The usefulness or effect of export promotion agencies is generally debated. In some cases positive effects can be found and in other cases effects are non-significant (see literature review in Durmuşoğlu et al., 2012). In the majority of such analyses, experiences of developed countries are provided (US, Canada, Germany) and there are less evidence on developing countries. Singer and Czinkota (1994) focuses on the effectiveness of export assistance. They call the attention to the fact that usually firms use more supporting services at the same time, and because of their interaction we cannot say much about the effect of one single service. They also stress the importance of management commitment in using export promotion services and in the successful export activity of the firms. This is understandable, because the role of management commitment has a significant positive effect on export performance in general (as proved by the meta-analysis of El Makrini – Chaibi, 2015).

An important and relevant question is whether the state promotion programs could mitigate the effects of the 2008 crisis, helping firms to recover. By the example of Peru and Belgium Van Biesebroeck et al. (2015) provided evidence that firms receiving export support during the crisis performed better. They were more likely to remain active on export markets and exported higher volumes relative to control firms. The authors found that effects were stronger for exports outside the EU for Belgium and effects were particularly strong at the extensive margin. They also calculated that the additional tax revenue on corporate profits from exporters covered the budget of the export promotion agencies. The expenses on export promotion have been anyway very small compared to the export value of the countries.

Regarding *direct export financing,* it is a complex task for a firm, with several risks. Payment should be secure and timely, possibly not costly, adequate financing method should be selected. Commercial, bank and country risks can be various (non-payment, damaged goods, political, economic and exchange rate measures in the target country, etc., Malaket, 2014). State help in any of these factors can be very useful, especially for SMEs. Private export credit insurers are not willing or able to cover all risks. (This is especially the case for large, long-term and risky transactions).

Usual agents of export financing are the credit and insurance providing companies. Governments establish public Export Credit Agencies (ECAs) to mitigate financial constraints and risks in exports. Export credit insurance facilitates the export transaction directly or indirectly, by securing the financing aspect. Not very much studies were prepared earlier about the effectiveness of ECAs in stimulating exports, but recently evidence is growing both theoretically and empirically, that the activities of ECAs have positive effects on exports (see articles cited by Janssen, 2016).

Foreign trade policies of the EU periphery countries

Export strategy or foreign trade policy is a part of the general economic policy of a country, export promoting institutions are part of the general institutional system. As the export-import of a country depends on its industrial structure, labour force, technological development, etc, foreign trade policy cannot be separated either from other state economic policies (industrial development, innovation, education policy, etc.). Below we focus on state policies especially after the crisis. We describe government strategies (if they exist) aiming export development and changes in the main export promoting institutions. We mention, but do not go into details of export financing/credit institutions.

Estonia

„Made in Estonia 3.0” is the Estonian foreign investments and export action plan for the years 2014-2017 for increasing the export capacity of Estonian companies and involving foreign investments[4]. It was adopted by the Estonian government in 2014 as a continuation of similar action plans in 2009-2011 and 2012-2014. „Made in Estonia” is in connection with other strategies and development plans[5].

The action plan sets the following goals: increase Estonia's importance in world trade (target level is 0,11% for 2020), increase export turnover across all target countries at least by 10% per year, increase the number of exporters (from 11,281 in 2012 to 15.700 in 2020), growth in average export unit price (Unit Value Index). The export target countries are the neighbouring countries (Latvia, Lithuania, Finland and Russia), countries of the Hanseatic Road (Sweden, Norway, Denmark, Germany, Great Britain, France, the Netherlands and Belgium) and faraway markets (the large countries in Asia, USA and Brazil). Apart from export, FDI attraction is another pillar of the strategy. The aim is to bring knowledge-based investments to Estonia[6] with setting mandatory criteria including the partial hiring of Estonian workforce, their training, joining networks, developing curricula together with vocational schools and/or universities, conducting courses for preparing specialists at schools, and also organizing social events. The focus is on units of large international groups (turnover exceeding 100 million euros, economic activity in at least three countries) with a high value added, research and development units of international major companies operating in growth areas, datacentres and start-up companies.

The Estonian Export and Investment Strategy is supported by specialized agencies and institutions. The most important is Enterprise Estonia (EAS), founded in 2000. EAS

---

[4] Made in Estonia 3.0 https://www.mkm.ee/sites/default/files/mie_3.0_english_version.pdf

[5] Regional Development Strategy, Tourism Development Plan, Information Society Development Plan, Development Plan for Lifelong Learning, Enterprising Growth Strategy

[6] „At present, the Estonian tax and state support system is mostly beneficial for capital investments. Investing in creating intellectual ownership and “smart jobs” needs more attention from the aspect of tax policy. Cooperation between entrepreneurship and research and development infrastructure, as well as better capitalizing on opportunities created with cooperation also need to be developed further. So far, the support of a large investor has played a central role in investor service.” (Enterprise Estonia 3.0, pp 11-12.)

supports the development of enterprises that are capable of export and creating higher added value. The focus of the activities of EAS is[7]:

1. Creating new business opportunities. EAS organises national joint displays at international fairs, contact trips and events based on sectors and growth areas for Estonian companies, introduces Estonian companies to sales managers of foreign companies, provides sourcing service and online database of Estonian exporters[8].

2. Support for exporters in entering foreign markets outside of Estonia. There are export consultants of EAS for most important target markets (Finland, Sweden, Norway, Denmark, Germany, Great Britain, France, Russia, China, Netherlands). A network of support persons was established for helping Estonian companies (consulting upon entering the market) on foreign markets. EAS aims to improve awareness of Estonia and its reputation to create trust for companies. The task of EAS is to introduce Estonia to target groups on foreign markets (incl. at international fairs, contact events, business trips together with the field of foreign investments). EAS also creates efficient financial instruments for Estonian exporters and provides export credit insurance.

Regarding Export credit institution, KredEx was founded in 2009. It is a financing institution helping Estonian enterprises develop quicker and expand more safely to foreign markets, offering loans, venture capital, credit insurance and guarantees with state guarantee.

Latvia

We have not found separate foreign trade promotion or export strategy of the Latvian government, but the Industrial Development Policy adopted in 2012[9] deals with export development too. This plan was a reaction to the international crisis aiming to increase openness, competitiveness and more value added. It says that the economic model based on internal demand and the influx of external capital no longer existed, there is a need for change of economic development paradigm to a model of sustainable development.

---

[7] EAS Strategy for 2015-2018 http://www.eas.ee/wp-content/uploads/2015/11/EAS-Strategy-for-2015-2018.pdf
[8] tradewithestonia.com
[9] https://www.em.gov.lv/files/uznemejdarbiba/finl_en.pdf

Here the main driving forces are: export, the ability to compete in internal and external product markets, as well as the ability to compete in capital attraction to increase the productivity potential of Latvia. With the change of the common economic paradigm there is also a necessity to change the entire policies to comply with modern industrial policy.

Concerning foreign trade and investments the plan aims to: 1. Support export with higher added value by promoting inclusion in supply chains and production of niche products. This support is regularly monitored. 2. Attraction of foreign direct investment with an aim to ensure access to finance and markets, and transfer of knowledge, skills and technologies. 3. Support for entering foreign markets by reducing trade barriers in foreign markets and increasing export skills and knowledge of enterprises.

The main institution of export and investment promotion is LIAA (Investment and Development Agency of Latvia) that belongs to the Ministry of Economy[10]. Its objective is to facilitate more foreign investment, increasing the competitiveness of Latvian entrepreneurs in both domestic and foreign markets, improve business environment and provide business services.

Regarding export finance ALTUM[11] (Development Finance Institution) provides export credit guarantees and insurance, such as consultation, education and mentoring. Started in 2015, ALTUM is the successor of Latvian Guarantee Agency founded in 1998. It is a state joint stock company and administers financial state aid targeting mainly SMEs, start-ups.

Lithuania

The Export Development Strategy 2009-2013 of Lithuania was a consequence of the international crisis. Its main objectives were to expand the opportunities of firms to find new trading partners, increase penetration into new markets and create proper goods and services for an export friendly environment. Lithuania is perceived as an open economy with local and imported raw materials and efficient labour resources. The

[10] http://www.liaa.gov.lv/en
[11] http://www.altum.lv/en

strategy aims the increase of production of high value added goods and services supported by state institutions and public bodies. Its vision for 2015 is to develop Lithuania as a centre for services of the Baltic Sea region. Its aim is that services should be around 50% of total exports (intellectual services - 20%, tourism - 10 per cent, other services - 20%). Export is understood to have become the country's long-term growth engine.

The next export development strategy (Guidelines of Export Development for 2014-2020)[12] was adopted in 2015, it establishes export promotion policy and measures. Its priority objectives are: 1. to maintain export positions in foreign markets; 2. to penetrate into new markets, especially in third countries; 3. to promote the export development of higher value-added goods and services.

Considering the market size and growth potential, business interest, market demand compliance with the Lithuanian export opportunities and export trends, three priority export market groups were identified. On the enlargement markets – Sweden, Norway, Germany, the United Kingdom, France are the targets; on the perspective markets – the US, China, Israel, Japan, Ukraine are important; and on the so called exploratory markets – the UAE, Canada, Turkey and the Republic of South Africa. The Ministry of Economy of Lithuania along with the government agency Enterprise Lithuania promote entrepreneurship of the Lithuanian companies, help them penetrate the international markets, and provide public services to businesses, especially SMEs to enhance competitiveness. These measures are financed from the national budget and from the European Union's structural funds and include counselling, assistance and support of participation in trade fairs, missions, exhibitions as well as state-supported export guarantees. Lithuanian government has also been working intensively to attract foreign investments. Free economic zones favourable to foreign investments have been created, and the state implements an investment promotion policy in services and industry.[13]

---

[12] https://ukmin.lrv.lt/en/sector-activities/export/export-promotion-policy
[13] https://ukmin.lrv.lt/en/sector-activities/investment) Investment Promotion Program 2008-2013

The agency Enterprise Lithuania[14] has such strategic goals as help businesses to create measurable added value, to be the most innovative and efficient government agency in Lithuania, to increase financial independence from public funding. Its mission is to support the establishment and development of competitive businesses in Lithuania and to foster the country's exports by facilitating cooperation with partners' networks, to provide quality training, consultancy, market analysis, and business-partner search services. The export guarantee institution "Investiciju ir verslo garantijos" (INVEGA) was established in 2001 on SME development. Its supervisor is the Ministry of Economy[15].

Czech Republic

The Export Strategy of the Czech Republic 2012-2020[16] was adopted in 2012. It summarises the general vision of pro-export activities by the state, their objectives as well as the measures to be taken in order to achieve these objectives. It follows the Czech Export Strategy 2006-2010. The Strategy focuses not only on the activities and methods that are directly related to the export processes, but also on other related and follow-up policies of the state. The Strategy fully endorses the approach chosen under the 2012-2020 International Competitiveness Strategy for the Czech Republic and declares as its primary vision is to promote the Czech Republic among the 20 most competitive countries in the world by 2020. In addition, the Strategy also follows the National Innovation Strategy, the Foreign Policy Concept, the Security Strategy and the Strategic Sustainable Development Framework of the Czech Republic.

The Strategy identifies some of the major obstacles of Czech export: 1. the high orientation on European Union markets 2. increasing level of sectoral specialisation and low volume of exports in services with high value added[17] 3. insufficient following of

[14] http://www.enterpriselithuania.com/en
[15] www.invega.lt
[16] http://www.mpo.cz/dokument104211.html
[17] „…foreign direct investments, which helped the Czech Republic to overcome both the period of transformation from the centrally planned economy and turbulence during the 1990's, can change very fast from a comparative advantage of the Czech Republic into a threat to the stability of the Czech economy. The Czech Republic experiences a significant concentration of exports to a few industries linked to foreign manufacturing plants in the Czech Republic (car making industry, electronics and, to a certain

trends on world markets 4. insufficient utilization of European Union funds and projects for Czech exporters 5. separation of a role of export agencies financed by the state.

The Czech Export Strategy is built on three main pillars: *1. Export intelligence* (simplification of access to export-relevant information, trade contacts and statistics, market intelligence and market analyses, infrastructure and human resources for export). *2. Export development* (readiness for export and export education, export consulting, export financing, export eco-system). *3. Development of trade opportunities* (increasing the demand for Czech exports, export investments, marketing, branding and lobbying, trade policy, problem solving)

As major targets the Czech Export Strategy wants to achieve by 2020:

- Increase the number of Czech exporters by 15%, the overall export by 25% per capita and SME exporters by 50%,
- Diversify export, especially into the countries outside of the European Union (Twelve priority countries were defined: Brazil, People's Republic of China, India, Iraq, Kazakhstan, Mexico, Russian Federation, Serbia, Turkey, Ukraine, USA and Vietnam. Another target group covers the so-called "countries of interest", with 25 markets: Angola, Argentina, Australia, Azerbaijan, Belarus, Egypt, Ethiopia, Chile, Ghana, Croatia, Israel, Japan, South Africa, Canada, Columbia, Morocco, Moldavia, Nigeria, Norway, Peru, Senegal, Singapore, United Arab Emirates, Switzerland and Thailand." (Export Strategy pp 16))
- Shift Czech exports into economic sectors with higher added value, more innovation in export production and manufacture.
- Double the number of highly innovative exporters (born globals, born creative) by 2020;
- Maintain and increase the number of large export projects (above CZK 1 billion) implemented by Czech exporters to an average of 15 projects per year;

extent, also tourism). The high sectoral concentration of Czech exports, together with the even more significant territorial export orientation on EU countries make the Czech Republic vulnerable to fluctuations on international markets." (Export Strategy pp 9-10)

- Reduce product concentration by 15% by 2020;
- Increase the export volume of services by 20% by 2020, particularly services with high value

The Czech Export Strategy is supported by three main specialized export-promoting institutions. CzechTrade[18] provides export information and consulting services, it was established by the Ministry of Industry and Trade in 1997. The agency is an official contact partner for foreign companies looking for qualified Czech-based suppliers of products, providers of services or investors. CzechTrade operates worldwide via 47 foreign representatives. It provides a wide range of business support and networking services including introduction to Czech quality suppliers, assistance with local outsourcing, organisation of buyer's visits and meetings with Czech companies, participation in trade fairs abroad, information about doing business in the Czech Republic.

Czech Export Bank (CEB), is specialized in export financing especially to less developed and risky countries. Export Guarantee and Insurance Corporation (EGAP) provides insurance against political and non-marketable commercial risk (Janda, 2014).

Slovakia

There is no separate export strategy in Slovakia. Janda (2014) however states that the economic strategy of the Slovakian government aims to increase export volume of SMEs. EU markets are preferred and emerging markets are on the second place. Budgetary finance should be increased for export promotion. There are three recent strategies of the Slovak Republic. The first is the National Reform Program 2015 (Ministry of Finance), the second is the Research and Innovation Strategy 2013 (Ministry of Economy) and the third is the Sustainable Economic Development strategy (Government Office). The first program does not give details on export activities.

The Research and Innovation Strategy has a focus on export trends and development. The document states that the main export sectors of the Slovak industry are

[18] http://www.czechtradeoffices.com/about-czechtrade/

characterised so far by a high rate of intermediate consumption and low rate of added value. In absolute volumes the export is dominated by goods, especially motor vehicles, articles of consumer electronics and metals and metal structures. The production of motor vehicles and consumer electronics is more and more integrated into the production structures of the Slovak economy. The Strategy finds it important to strengthen the position of these decisive export sectors in the Slovak economy, because this has positive effects on employment and economic growth, reduces risk of economic collapse in the case of departure of important foreign investors from Slovakia, contributes to the employment growth.

Strategic objectives of the plan: 1. Deepening integration and embeddedness of key major industries increasing local value added through the cooperation of the local supply chains and turning local supply chains into embedded clusters. 2 Increased contribution of research to the economic growth via global excellence and local relevance. 3. Creating a dynamic, open and inclusive innovative society as one of the preconditions for the increase in the standard of living 4. Improving the quality of human resources for an innovative Slovakia[19]

The Sustainable Economic Development Strategy[20] was adopted after the crisis and aims small and medium sized enterprises to be more involved in the manufacturing networks of supranational corporations. Apart from that the government builds conditions for an attractive investment climate for local and foreign investors. According to the Strategy the "manufacturing sector must get involved in the global economy through its own activities, supported by the state, not only through multinational monopolies operating in the country"[21]. Government strategies are supported by

[19] „The Slovak economy is driven by large "key" multinational companies. Therefore the important factor is the support of the innovation and research and development activities in domestic enterprises operating in the supply chains or enterprises that have the potential to become sub-suppliers for supply chains." (pp 61)

[20] http://www.vlada.gov.sk/sustainable-economic-development/)

[21] In order to achieve this goal in the most efficient way, the Government will mainly focus on:

- gradually reducing the vulnerability of Slovak industry to the fluctuations of the global economy by supporting state-of-the-art and promising manufacturing sectors with high added value, for instance mechanical engineering for the energy sector;
- supporting goods and services with high added value by increasing the innovation potential of the science and research sector and its better integration with the industry based on a comprehensive research strategy for the industry;

specialized export and investment promoting organisations, among them the most important one is SARIO (Slovak Investment and Trade Agency). It was established in 2001, and operates under the Ministry of Economy. SARIO has a network of regional offices in Slovakia and operates worldwide via economic diplomats of the ministry of Foreign Affairs. The goal of the agency is to support export activities of Slovak firms and put efforts into integration of SMEs into clusters. Its key activities are matchmaking, providing information, online services[22].

Poland

After the October 2015 elections the new government applied significant institutional changes and the whole economic policy is being reformed. The Minister of Foreign Affairs in January 2016 focused on cooperation with extra-European countries, which should generate extra 10% of exports[23]. He emphasized the USA, Chinese and Latin American markets, as important direction of Polish trade. It was said that Latin American efforts to trade liberalisation, economic development and the strong Polish communities there can foster cooperation. The minister also perceives that the EU-Ukraine DCFTA should be fully implemented.

The new Polish government presented its growth strategy (Reponsible Development Plan) at the end of July 2016, planning a reorientation of Polish drivers of growth[24]. Five main pillars are named, industrialisation, innovation, capital, export and social-regional development. Concerning the export pillar the plan aims to maintain EU markets but focuses on some new Asian, African and American markets. New trade posts are to be created in these countries and the plan envisages an "economic diplomacy push up". The reasoning is that "expanding to new markets is essential for companies to reach their „national champion" potential and because there is insufficient domestic demand for innovative products".

[22] http://www.sario.sk/sites/default/files/data/pdf/sario-trade-with-slovakia-ENG.pdf
[23] http://www.msz.gov.pl/en/ministry/minister/speeches/address_by_the_minister_of_foreign_affairs_on_foreign_policy_in_2016
[24] https://www.mr.gov.pl/media/14873/Responsible_Development_Plan.pdf

The new Ministry of Economic Development will define the new Export strategy. This new Ministry was created through the merger of Ministry of Infrastructure and Regional Development and partly a Ministry of Economy. This Super-Ministry will control the new super-agency (the Polish Development Fund) that coordinate many other agencies such as Polish Agency of Enterprise Development, Export Credit Insurance Corporation Joint Stock Company (KUKE), the Polish Agency for Information and Foreign Investment (PAIIZ) and other smaller agencies that facilitate trade or just improve the competitiveness locally.

PAIiIZ[25] was established in 2003, resulting from the merger of the State Foreign Investment Agency (PAIZ) and the Polish Information Agency (PAI). The agency helps investors to enter the Polish market, provides quick access to the complex information related to economic and legal environment, helps to find a convenient investment location and to obtain investment incentives, advises in each phase of the investment process, helps to find the appropriate partners and suppliers at the new locations, supports firms already active in Poland.

The agency's mission is also to promote the 'POLSKA' brand, organizing conferences, seminars, exhibitions, workshops. A network of Regional Investor Assistance Centres has been established across Poland. Their goal is to improve the quality of a region's investor services as well as to provide an access to the latest information – such as, the investment offers and regional micro-economic data. These Centres hire professionals that have been trained by PAIiIZ and are financed by local authority funds. PAIiIZ will change to Polish Agency of Trade and Investment (PAHiI) from January 2017. The budget of the Agency will be almost ten-times more (100 mn zl) in 2017 than this year (12 mn zl)[26].

The main institution for export financing is KUKE (Polish Agency of Enterprise Development, Export Credit Insurance Corporation Joint Stock Company). It is the only insurance company in Poland, authorized to provide export insurance backed by the State Treasury, thus offering insurance cover on markets exposed to higher political risk.

[25] www.paiz.gov.pl

[26] https://www.mr.gov.pl/strony/aktualnosci/program-wspierania-ekspansji-miedzynarodowej-polskich-przedsiebiorstw/

KUKE belongs to the Polish Development Fund now and the new reform plan envisages the strengthening of its capital by 200 mn zl. Another institute is the State Development Bank[27] that also supports Polish exporters by taking on part of the risk related to trading activities of Polish companies.

Hungary

The Hungarian export development strategy (called "Eastern Opening") was adopted in 2011 for the 2012-15 period. The text of the whole strategy was not public, only press information was published about it. The strategy radically discontinues the previous external policy. The aim of the government was to diversify Hungary's foreign economic relations and developing Eastern (or Asian) relations[28]. The main goals of the Hungarian foreign economic strategy were the following[29]: (1) doubling Hungary's exports, (2) developing the exports of Hungarian SMEs, (3) doubling inward FDI flows to Hungary, (4) doubling outward FDI flows to neighbouring countries within a decade. Regarding the plans of export development, the foreign economic strategy puts forward an active state intervention to diversify Hungary's export markets and structure, and also to develop the export capability of domestic small companies.

The foreign economic strategy marks out three directions of geographical diversification of export: (1) 'Eastern Opening;' (2) becoming suppliers to big European exporters; and (3) economic cooperation in the Carpathian Basin. The Hungarian policymakers aimed to have Hungarian companies benefit from the rapid growth of Asian markets directly or indirectly. The foreign economic strategy puts emphasis on developing trade (and technology) relations with China, India, Russia, South Korea, Turkey, ASEAN member states, Arab countries and CIS. Besides the geographical diversification, some changes in the export structure would also be desirable. The state export promotion programmes mainly concentrate on increasing the international activity of Hungarian SMEs (although not defined what it means) and strengthening their export and supplier capability. The latter is strongly related to the goal of FDI

[27] https://www.en.bgk.pl/our-bank/mission-and-tasks/
[28] http://www.kormany.hu/download/1/d7/30000/kulgazdasagi_strategia.pdf
[29] This part is largely based on Éltető-Völgyi (2013)

attraction. The government started to sign 'strategic cooperation declarations with transnational companies to reinvest their earnings in Hungary, develop R&D activities, increase their participation in vocational trainings and strengthen supplier relations with Hungarian SMEs.

The state export development is targeted to increase Hungarian SMEs' export capability by: 1. Creating a so-called export academy that will provide trainings in foreign trade for SMEs; 2. creating a programme of 'exports return home' which will make a survey on SMEs'goods/services with export quality, and provide a network of advisers in foreign trade; 3. creating an export directory which will contain the database of Hungarian exporters and available state export incentives; and 4. supporting cooperation among SMEs in the form of cluster or consortium etc. 5. To enhance SMEs'entry into emerging markets, the state opened state-owned trading houses. At the beginning of 2013, the state-owned National Trading House (NTH) was established. The foreign economic strategy also recommends the development of economic diplomacy, e.g. the network of attachés for foreign economic relations and a more aligned cooperation among export financing institutions.

Export promoting and financing institutions that have existed for decades, have been reformed, renamed, centralised. The direction and ownership was transferred to the Ministry of Economy. Investment promotion is the task of HIPA (Hungarian Investment Promotion Agency)[30] and export promotion concentrates only on National Trading House. The system is not transparent, huge amount of money was spent on opening trade houses in 40 economies, lots of far-away countries among them (Botswana, Namibia, Laos, South Africa, Mexico, Peru, Ecuador, Cambodia, Indonesia, Armenia, Kazahstan, etc). In 2015 the NTH produced HUF 6 billion loss[31]. Most trade house operating persons and firms are connected to government circles. The agency for export financing is EXIM, a merge of the Hungarian Export-Import Bank Plc. (Eximbank) and the Hungarian Export Credit Insurance Plc. (MEHIB)[32].

---

[30] https://hipa.hu/main
[31]http://index.hu/gazdasag/2016/08/26/mnkh_nemzeti_kereskedohaz_hatmilliard_veszteseg_szijjarto_futsal/
[32] http://exim.hu/en/

Portugal

The Portuguese government promised to launch a complex program for internationalisation in September 2016.[33] The aims of this program are to promote export, attract FDI and support outward investments of Portuguese companies. The government established a Strategic Council for Economic Internationalisation (CEIE[34]) already in 2012 for integrate public and private initiatives. The CEIE is presided by the prime minister and includes representatives of Ministries, AICEP and enterprise organisations, chambers. CEIE supports the new government program and its reunion of July 2016 the importance of branding, "marca Portugal" was raised[35].

The Portuguese state promotion for internationalisation is heavily supported by the EU funds. The biggest Operational Programme in Portugal is Competitiveness and Internationalization, which is co-funded with 4.4 billion EUR through both Structural Funds, as well as through Cohesion Fund. This means 21% of the available funds for Portugal[36]. Tenders were already launched for increasing export base, capitalisation, qualification of SMEs, technology development, innovation.

The Portuguese government has had sectoral development programs (fishing, tourism, energy), strategies that put an emphasis on export increase. Apart from that, as Arnold (2015) states, there are of course policies that affect the productivity of exporting firms like tax, innovation, labour market policies, etc. The latest EU Commission Recommendation[37] claims that despite progress, regulatory barriers and weak institutional capacity are still hampering business growth, competitiveness and investment. The efficiency of Portugal's justice system remains low.

AICEP[38] Portugal Global - Trade & Investment Agency is a government business entity, created in 2007 (with a merger of API and Icep, former investment and economic promotion agencies), for attracting investors in Portugal and contribute to the success of

[33] http://www.portugal.gov.pt/pt/pm/noticias/20160712-pm-internacionalizar.aspx
[34] Conselho Estratégico de Internacionalização da Economia
[35] http://cip.org.pt/cip-presente-em-reuniao-do-ceie/
[36] http://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/portugal/2014pt16m3op001
[37] http://ec.europa.eu/europe2020/pdf/csr2016/csr2016_portugal_en.pdf
[38] Associação para o Investimento e Comércio Externo de Portugal. http://www.portugalglobal.pt/EN/about-us/Pages/about-us.aspx#sthash.0U245B6L.dpuf

Portuguese companies abroad in their internationalization processes or export activities. The agency has a global network, provides support services, counselling, tailored information. AICEP Portugal Global Group also includes AICEP Global Parques - an industrial parks management entity.

As far as export credit is concerned, the private insurance firm COSEC has the mandate to manage the official export credit guarantee scheme on behalf of the Portuguese government. Founded in 29 December 1969, COSEC is now present in 52 countries via its network, has an online customer service and large database. Currently, COSEC shares are equally divided between two stakeholders: the Portuguese commercial bank BPI and the German credit insurer group Euler Hermes.

Spain

The Strategic Plan of Internationalisation of the Spanish Economy was approved by the government in February 2014[39]. This is a 120 page document defining the weaknesses and strengths of Spanish external sector and setting development aims, measures and tools. The plan is based on six axles: 1. improving negotiating and business climate for firms. 2. improve market access 3. financial support facilities 4. trade and internationalisation promotion 5. human capital development 6. innovation promotion.

The Strategic Plan gives geographic and sectoral priorities for Spanish exports, and emphasizes the importance of promising non-EU emerging markets. Since 2005 exist the so called Integral Plans of Market Development (PIDM) that have been reinforced lately. In 2015 sixteen countries were selected[40] based on several factors, like market size, potential, development, macroeconomic stability, degree of openness, development of Spanish exports and FDI, infrastructure, etc. Spanish companies directing towards these markets are supported in several ways by the state. These include stabile contacts with local authorities, chambers of commerce, signing free trade and other agreements,

[39] http://www.mineco.gob.es/stfls/mineco/comercio/140228_Plan_Internacionalizacion.pdf
[40] Algeria, Australia, Brasil, China, Gulf Cooperation Council, USA, Filipino islands, India, Indonesia, Japan, Morocco, Mexico, Russia, Singapur, South Africa, Turkey

financial help, investment support, providing information, informatics tools, organisation of seminars, webinars, etc.

Concerning sectoral priorities seven sectors were found where international exports and Spanish market share have increased rapidly: medicaments, chemical products, agricultural and industrial machinery, electric machinery, basic metals, agrofood products and textile-fashion clothes. There are sectors of significant international demand where Spain has export potential, like scientific-optical instruments and non-metallic minerals. Interestingly, the plan does not focus to the automotive sector (historically large and important in Spanish exports) saying that this sector is well integrated into the global production networks but there is an international overproduction and slow international demand.

The Strategic Plan describes 41 definite measures, dedicated sums and institutions along the mentioned six axles to support the defined aims and priorities. Since 2012 there is strong government emphasis on branding (such initiatives were made already from 2000-2002 but the crisis gave an impulse to that), a council of "Marca España" was established, annual reports[41] are produced that synthesise studies on country image, indicators and rankings, set aims and measures. (Critics say that the national branding project has become centralised to government authorities and Madrid-based business professionals, excluding regional, union representatives, civil and social movements. Ulldemolins-Zamorano, 2015)

The main state agency for Spanish export promotion is ICEX[42]. It has an extensive internet homepage[43] and large network of offices both within Spanish regions and abroad. Its economic and commercial offices are established in 199 countries. ICEX launched at its homepage the so called „Ventana Global" (global window) which offers all public services and information[44] in integrated form with direct access for exporting

[41] http://www.lamoncloa.gob.es/espana/eh15/politicaexterior/Documents/plan_anual_2015.pdf
[42] It was established in 1982 and had the present abbreviation since 1987 meaning Instituto Espańol de Comercio Exterior. Since 2012 together with organisational changes its official name changed to ICEX Espana Exportaciónes e Inversiones.
[43] www.icex.es
[44] Secretaría de Estado de Comercio del Ministerio de Economía y Competitividad, ICEX

and investing companies. In 2012 ICEX was reorganised, it integrated Invest in Spain, and later it incorporated also CECO (Commercial and Economic Study Centre) and the state society España, Expansión Exterior. In this way ICEX became an only anchor for internationalising Spanish firms.

ICEX formed its own Strategic Plan that is coherent with the Strategic Plan of Internationalisation of the Spanish Economy. This plan has five main aims (Garzón, 2016):

1. Increasing and consolidating the export basis[45]. 2. Geographic diversification of Spanish exports.[46]3. Increasing the value-added of produced and exported products[47]. 4. Human capital formation.[48] 5. Attracting FDI[49].

Spanish autonomous regions have promotion tools too. Over the last two decades a growing number of Spanish regional governments have established a network of regional export promotion offices (REPOs) abroad, with the aim of providing qualified support, information and advice to regional companies wishing to introduce their

---

Compañía Española de Financiación del Desarrollo (COFIDES), Compañía Española de Seguro de Crédito a la Exportación (CESCE), Sociedad Estatal España Expansión Exterior, Instituto de Crédito Oficial (ICO), Enisa, Centro para el Desarrollo Tecnológico Industrial (CDTI)

[45] ICEX provides services with preferential conditions for companies that turn for the first time to ICEX, reinforcing specialist strategic consulting, helping to prepare own export strategy. Apart from that companies receive help to establish local affiliates in foreign markets, and business opportunities, partner search and meetings are offered to them. The relevant programs are ICEXNext, ICEXConsolida2, ICEXSourcing, ICEXIntegra.

[46] The institution focuses to emerging markets, identifying the priority ones for each sector and undertaking specific promotion activities and specialist sector-market information. ICEX identifies, disseminate and monitors business opportunities in emerging markets, boosts collaboration with multilateral financial institutions and expands the geographical scope of services to areas of difficult access. Personalised services are offered to the firms, for example video conference with the commercial office in the target market ("Contacta days").

[47] ICEX supports activities in high tech and innovative sectors (nanotechnology, astrophysics, scientific equipments, etc.) that have specific requirements. ICEX helps to attract foreign investors for Spanish start-up projects and cooperates with organisations specialised in innovation. In addition, ICEX promotes the country image, quaility, undertaking new promotional campaigns in differential sectors and countries.

[48]ICEX-CECO has 250 professors, virtual campus (http://www.aulavirtualicex.es) and trains employees, managers, organises workshops and seminars on foreign markets and internationalisation instruments, provides e-learning services.

[49] The agency works along three main lines here: 1. attracts new FDI projects to Spain, promotes investment and reinvestment activities, finds funding for investment, 2. positions Spain as global platform for multinationals, focusing on "multilatinas" offering them a basis for expansion to Europa and Africa 3. fosters a better business climate in Spain, collaborates with Spanish business associations and foreign chambers of commerce, publishes reports together with private institutions and cooperates with other ministry departments.

products in foreign markets or to expand their customer base abroad[50]. Using data for 1995–2011, Gil-Pareja et al (2015) find that REPOs had significant effects on aggregate exports and that this effect took place mainly through the increase in both the number of products and the average number of firm transactions per product. The effect of REPOs on exports proved to be larger when offices are located outside the European Economic Area and their effects on trade increased with time.

The state's principal financial instrument for export is the Spanish Export Credit Agency CESCE. The Spanish government is majority shareholder (51%) in CESCE, Banco Santander has 21%, BBVA 16%, other Spanish banks 8% and the rest is mixed by other insurance companies. Representatives of the Ministry of Finance participate at the Management Board of CESCE and in the Commission which assesses the risk or not to support projects.

Similarities and differences of policies

We have found some similarities in the export developing policies of the given countries. In all cases a kind of government strategy, policy for export promotion, diversification, was announced around 2011-12, as a consequence of the crisis. Non-EU, emerging target markets were named, apart from the traditional partners.

In several countries the export promoting institutions have been reorganised, centralised. In Poland and Hungary this step followed a previous government change. In some cases foreign trade promotion joins to FDI attraction, incentives in these institutions.

In all countries (except for Hungary) the governments realised the importance of a coherent economic policy and connected export promotion policy with other development strategies. Innovation, research and development and increasing domestic value added serve as a basis for medium and long-term export development (see Table 2).

[50] Since the mid-nineties there has been a proliferation of Spanish REPOs all over the world, China, Mexico and Poland had the largest number of Spanish REPOs in 2011 (twelve, eleven and ten, respectively).

Table 2. State export policies and institutions in the observed countries

	Government strategy for export or internationalisation	**Agencies**	**Financing (export credit agency)**	**Regional promotion**	**Need for diversification**	**Importance of innovation, higher value-added connected to export**
Estonia	EAS Strategy 2015-18	EAS	KredEx	weak	Geographical	yes
Latvia	*No separate strategy* Part of Industrial Development Policy	LIAA	ALTUM	no	Geographical	yes
Lithuania	Export Development 2014-20	Enterprise Lithania	INVEGA	weak	Geographical	yes
Poland	*From Sept 2016 new strategy*	PaIiIZ	KUKE	strong	Geographical	yes
Czech R	Export Strategy 2012-20	CzechTrade	CEB, EGAP	weak	Geographical and product	yes
Slovakia	*No separate strategy* Part of Research and Innovation and National Development Strategy	SARIO	Eximbanka	no	no	yes
Hungary	„Eastern Opening"	HIPA, trade houses	Exim	no	Geographical	no
Portugal	Program for Internationalisation	AICEP	COSEC	weak	Geographical	Probably yes
Spain	"Strategic Plan of Internationalisation of the Spanish Economy"	ICEX	CESCE, ICO	strong	Geographical and product	yes

However, certainly we can find important differences among the policies. Government documents are in some cases very detailed, well prepared and coordinated with other policies (e.g. Spain, Czech Republic, Estonia) and there are countries where separate export strategy does not even exists or not published (Latvia, Slovakia, Hungary). The level of transparency of state actions is also different. The least transparent is the Hungarian system of trade-houses, but in case of Portuguese and

Spanish export financing agencies concerns have been raised too[51]. Although geographical diversification of exports appears everywhere as a policy goal, the aim of product structure diversification can be find only in the Czech and Spanish strategies.

In Spain and Poland – as large countries where the level of decentralization is higher than in small economies - the role of regional export promotion is also important. Similarly, in certain cases we find a coherent institutional system that serves the state strategies and in other cases there is less coordination. In certain countries the strengthening of the country brand, country-image came also into focus (marca Portugal, marca Espana, marka Polska) and became integrated into the export promotion system, while in other cases this was not in focus.

Some governments (Spain, Poland, Estonia, Latvia) recognised that export promotion is connected to industrial policy and human capital development.

Export of goods

In the following section we discuss trends and features of exports of goods in the observed countries. However, we should keep in mind that services also play an important role in the export of the given countries. As Table A1 in Annex shows, service-export reaches 20-30% of total exports for the Iberian and Baltic countries. In the case of the Visegrád countries this share is much lower (around 10-15%) and somewhat decreasing since the adhesion to the EU.

The below analysis of exports of goods is based on the Eurostat Comext database.

As a consequence of the crisis and general trade collapse in 2009 several EU companies tried to boost exports outside the EU, looking for new markets in Asia, Latin-America or Africa. As we have seen above, this step was also promoted by the states.

---

[51] Portugal: "The fundamental problem associated with COSEC is its low level of transparency. In particular, since May 2010 until January 2014, COSEC did not disclose on its website any information on the projects supported. Currently, COSEC only discloses information on projects classified under the categories A and B, i.e. with serious or moderate social and environmental impacts according to the OECD Common Approaches. The quality and the quantity of the information disclosed by COSEC do not allow civil society to efficiently monitor its activity". Spain: "A contradiction in the matter of transparency arises between the legal protection given to CESCE in maintaining strictest confidentiality about data held on the projects they insure, and the legal right of any Spanish citizen to access information and justice in matters relating to the environment." (http://www.eca-watch.org/ecas).

Therefore in 2010-11 extra-EU exports increased very dynamically in our observed countries too (see figures A1-A3 in Annex). However, later on a stagnation or decline of extra-EU exports has been experienced. Although this recent trend is similar across countries, the reasons can be somewhat different.

Overall export of the Baltic countries has been decreasing during the last 3-4 years. As the figures in Appendix show, the main reason of this is the sharp decline of extra-EU deliveries, mostly to Russia. The share of Russia in the total export of the Baltic countries was around 20% in 2014 but dropped to 6 -13% in 2015.[52].

In the case of the Visegrád countries extra-EU export increased until around 2012. However, later it stagnated and showed a slight decline. There was a significant export volume decrease to Russia, Ukraine, some CIS and African states. At the same time, export towards the EU increased dynamically.

For Portugal, according to the EU Commission (2016) improvements in competitiveness, and in product quality, enabled exports to make a growing contribution to the external balance adjustment, particularly between 2010 and 2013. However, Spanish and Portuguese exports to non-EU areas show a stagnation since 2013, but export to the EU (and total export) increased here also. Among the non-EU areas exports recently decreased to Venezuela, Ecuador, Russia, China, Brazil. To 2015 Portuguese exports decreased also to Angola, which had become a promising export market in the last decade. This ex-colony was the fourth biggest export destination in 2014 but one year later it was only at the sixth place, which shows that the low oil prices are weighing on Angola's economic prospects. The economic weakening of emerging markets has had negative spill-overs to Portuguese exports. However, as EU Commission (2016) states, the main impact is likely to come from second-round effects. Portugal is highly dependent on inward FDI from the EU. A slowdown in emerging

[52] Following the Russian annexation of Crimea, several countries have introduced economic sanctions against Russian firms and individuals. In August 2014, Russian President Vladimir Putin announced economic counter sanctions against the EU, Australia, the USA, Norway, and Canada. These sanctions involved an embargo on several agricultural and food products, including meat, dairy products, fruit, and vegetables. The duration of the sanctions depends on political decisions and remains uncertain. Within the EU, the export of the Baltic and Visegrád states have been significantly affected by the countersanctions. Apart from the countersanctions other developments of the common agricultural policy in the EU, the depreciation of the rouble, the economic slowdown in Russia also had an effect on exports to Russia.

market economies could adversely affect the EU economies thus lowering Portugal's exports to its main partners.

Spanish exports have grown at a much larger pace than GDP grew since 2010. Exports increased at both the intensive and the extensive margin. Spanish companies became more and more internationalised[53], their presence in China, Latin-America and Africa increased.

Table 3 shows the five most important export markets for our nine countries. All but one are EU members; the exception is Russia which is a very important target country for Baltic companies. For the Iberian economies France, Germany, Italy and UK are the most important export markets and for Portugal the neighbouring Spain is by far the most relevant.

In the case of the Visegrád countries the export dependency on Germany is apparent. 25-30% of exports are directed to Germany from each country (and these are only the direct deliveries, indirect exports via each other for example elevate this dependency even more).

Table 3. Main export partners of the observed countries in 2015, percent of total exports of goods

Latvia		**Estonia**		**Lithuania**	
LIT	17.75	SWE	18.81	RUS	13.66
RUS	11.44	FIN	16.00	LAT	9.83
EST	11.05	LAT	10.35	POL	9.72
GER	6.24	RUS	6.65	GER	7.80
POL	5.54	LIT	5.85	EST	5.33

Czech Rep.		**Slovak Rep.**		**Hungary**		**Poland**	
GER	32.41	GER	22.65	GER	28.03	GER	27.14
SK	8.97	CZ	12.49	ROM	5.42	UK	6.76
POL	5.84	POL	8.52	SK	5.12	CZ	6.60
UK	5.27	AUS	5.68	AUS	4.98	FRA	5.54
FRA	5.10	HU	5.68	IT	4.76	IT	4.77

Spain		**Portugal**	
FRA	15.57	SP	24.98
GER	10.89	FRA	12.13
UK	7.33	GER	11.82
IT	7.32	UK	6.72
POR	7.06	US	5.15

Source: Eurostat Comext database

[53] There were 99.000 exporting firms in 2009 and 147.000 firms in 2015 (García-Legaz, 2016)

One or more "within group" neighbouring countries are among the most important five export partners in each case. This shows the importance of intra-regional trade, which seems to have strengthened in the recently passed years.

Intra-regional trade

Regarding shares in foreign trade, *the Baltic countries* have the strongest tie among each other. This intra-Baltic trade has even become stronger during the past decade. As shown by the data, in 2015 Latvia's first export market was Lithuania for the first time.

Latvia's biggest export item to Lithuania (and Poland) consists of petroleum oil products[54]. Here we should mention re-exporting as an important part of trade in the Baltic countries. The economic literature defines "re-exports" as foreign goods that are exported in the same state as previously imported. Some recent articles analyse re-export of Lithuania (Lietuvos Bankas, 2014) and Latvia (Benkovskis et al., 2016)[55] with some interesting conclusions.

Benkovskis et al. (2016) calculates that more than 50% of total Latvian export to the neighbouring Lithuania and Estonia is re-export. Main reason of that is that logistics chains (given the small size of the countries), treat the Baltics as one region. In Baltic ports firms often operate warehouses serving more than one of the Baltic States. Latvian re-exports also account for a significant part of total exports to Poland and Russia. Overall from 2005 to 2013 the weight of re-exports in total exports from Latvia has increased from 20% to 32%, as a consequence of the increasing globalization and production fragmentation. The increase in the weight of re-exports during post-crisis years has been the largest in exports to Poland, driven by a sharp increase in the re-exports of mineal products.

[54] Petroleum oil products are leading exports items in other cases too. In Estonia, it is Russian oil exported to other countries through Estonia's ports. In Lithuania oil refinery is also important, PKN Orlen Lietuva is the most significant supplier of petrol and diesel fuel in the Baltic countries, its products are also exported to Western Europe, USA, Ukraine, and other countries.

[55] Benkovskis et al. (2016) use detailed anonymized firm-level trade database of the Central Statistical Bureau of Latvia. Monthly frequency data are used to control that a firm imports a product prior to exports. Re-exports are evaluated based on volumes rather than values, which improves the preciseness of the calculations. The authors also estimate the mark-ups of re-export operations, indicating that, despite low domestic content, re-export activity may provide a contribution to Latvia's GDP.

Similar tendencies are given by Lietuvos Bankas (2014). The share of Lithuania's re-exports in total exports grew from 26% in 2004 to 48% in 2013. The rise in the share of re-exports was particularly dynamic in the exports of machinery and appliances. In particular, re-exports of these goods increased to 74% from 43% of their total exports during the given period.[56] Extra strong increase in the share of re-exports was recorded for textiles and footwear too.

The analysis of re-export destination revealed that the geographically close Russia's market accounts for the biggest share of re-exports and Belarus, Latvia and Estonia are also important targets. Re-exports were among the key factors of growth in the exports of certain groups of goods, such as vehicles or machinery and appliances.

As Kerner (2012) states the trade of the other countries influence the trade of Estonia as well in the form of re-exports**.** She gives the example of building machines and tractors imported from the United Kingdom to the Estonian intermediate depot and after warehousing re-exported to Russia. Due to the good climate for the entrepreneurs, several international companies started operating in Estonia. They use the possibility of processing trade and re-export.

The share of re-exports in Estonian export was 22% in 2011with an increasing trend (it was 5% in 2001). In 2011, processing trade accounted for 13% of Estonia's exports with a decreasing trend (in 2001, the share was 37%). (Fuels made up 77% of the Estonian exports after processing. For example, motor spirits and medium oils are imported from Russia to Estonia, where some kind of chemical treatment is performed with them. After processing those fuels and oils are mainly exported.) Kerner (2012) concludes that the structure of Estonia's exports has been changing; in 2011, already nearly a third of total exports comprised re-exports or processing exports.

We have seen thus, that the share of re-export is significant in the Baltic trade and one of the main direction of re-export is the Russian market. Therefore Oja, (2015) analyses that despite their large exports to Russia, the Balticum could be less exposed to effects of Russian countersanctions than is often believed, because trade volumes are inflated by

---

[56] This increase was mostly driven by re-exports of such goods as boilers, electrical machinery and equipment, sound recorders and reproducers, and parts thereof.

re-exports. Re-exports can be estimated by the use of mirror statistics. The Baltic countries report all exports destined to Russia as exports to Russia, but Russia counts only goods that were produced in the Baltic states as imports from these countries, thus excluding the re-exports of the Baltic states. Mirror data show that exports from the Baltic economies to Russia are significantly lower than the direct export data would suggest. Apart from that, in Estonia, Latvia, and Lithuania the export turnover to Russia is generated by retail and wholesale trade companies, which also shows strong re-export activities. Oja (2015) concludes that the vulnerability (considering effects on growth) of the Baltic states through direct trade links to Russia is similar to the vulnerability of other Central and Eastern European countries, although still higher than that of Western European countries.

As written, intra-Baltic trade is first induced by logistical considerations “port and warehouse effects”, re-export and second by the activities of global production networks or value chains (GVCs) directed by multinational companies. Regarding the intra-regional trade of *the Visegrád countries*, the second factor (GVC) is the most important. (Refined Russian crude oil also exported here but within local value chains[57].)

As known, Hungary, the Czech Republic and Slovakia are especially strongly linked to global value chains, the effect of foreign multinational companies on export is the highest in these three countries among the ten “new” member states of the EU (see Éltető, 2015 and the studies cited there). Non-EU multinationals are also active in the Visegrád region, but it was mostly Germany that involved these economies into production networks already before legal accession to the EU. The Visegrád countries export large volume of automotive, telecommunication, electrical and metal products to each other. These are mainly produced by affiliates of multinational companies. (In Polish exports we also find copper).

The importance of intra-trade within *the Iberian countries* is asymmetrical for the two countries. Portugal is much more dependent on Spain than vice-versa and the trade balance is increasingly favourable for Spain. Portugal’s share in Spanish exports

[57] The exports of the Hungarian MOL, the Slovak refinery Slovnaft (affiliate of MOL Group) and the Polish PKN Orlen are significant.

decreased from 9.7% in 2004 to 7% in 2015 but its share in Spanish imports grew slightly from 3.3% to 4%. in this period. At the same time 25-28% of Portuguese exports is directed to Spain. Portugal exports to Spain mainly automobile parts, refined petroleum products, textile articles, furniture, plastic, food and tobacco. Spain exports to Portugal mainly motor vehicles and parts, petroleum products, paper, copper[58] and food. Three factors are important in intra-Iberian trade: natural geography, re-export and global production chains.

Bordering regions in the two neighbouring countries have an important role in mutual trade. Galicia has the highest trade volume with Portugal, followed by Andalusia, Castile and León, and Extremadura. There have been intentions to improve cross border communication but government measures to promote transport and trade of bordering regions and development of infrastructure have not been fully implemented due to the economic crisis of 2008. (Pérez Castro et al.,2015). However, some years later these initiatives have been taken on agenda again, together with the creation of an Iberian Gas Market[59].

Similarly to the Baltic countries, the ports in Portugal play an important role in re-export. In the largest, deep sea port of Sines there is a big oil refinery of Galp Energia built in 1971 and it has become a major energy hub.[60] Portugal does not have own crude oil, it is dependent on imported oil. Despite this, petroleum products are leading export items of Portugal to the EU (mainly Spain), indicating re-export activity.

Intra-Iberian trade has been also boosted by the growing Iberian activity of global value chains. Amador –Stehrer (2014) analysed Portuguese integration into GVCs

---

[58] Between 2005-2013 copper production in Spain increased by 4000% and the country became the third largest copper producer in Europe. However, 60% of the exported copper is recycled. The largest export destination for copper is China. In 2015 the price of copper decreased significantly and this had an effect on production. (http://www.elconfidencial.com/economia/2016-03-06/la-dura-resaca-de-la-fiesta-del-cobre_1163753/)

[59] Portugal and Spain hold annual bilateral meetings of prime ministers and ministry representatives. The mentioned measures were decided by the 28. Bilateral Summit in June 2015. http://www.europapress.es/galicia/noticia-espana-portugal-avanzan-desarrollo-mercado-iberico-gas-20150622173455.html

[60] Terminal XXI of the port was given in thirty-year concession to the Singaporean PSA Group, a major global player, and its investments increased competitive advantages of Sines port (Moreira, 2015). Sines has a good chance to attract traffic to and from Madrid, from vessels not calling at Mediterranean ports or for shippers targeting to trade directly with South American and African markets. Sines port also hosts the only LNG terminal of Portugal.

between 1995 and 2011. They conclude that the Portuguese economy in GVCs is still limited, especially compared to other EU members with similar size. The study also hints towards the strengthening of Iberian GVCs.

GVC participation measurement in the regions

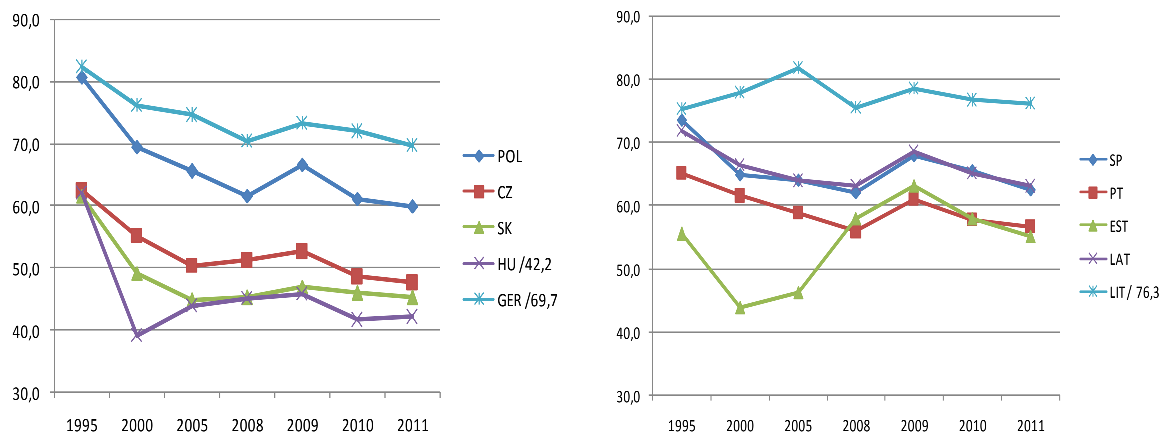
Inclusion into GVCs is in the past three years measured by the foreign value added content of exports in several studies based on TiVA and WIOD world level input-output tables. Foster-Stehrer (2013) also analysed countries in this respect, using WIOD database. They show that between 1995-2011 this foreign value added increased in all EU countries and the Visegrád countries have especially high (above 40%) levels.

Naturally, parallel with the increase of GVC activities and augmenting foreign value added in exports, the domestic value added decreases. We calculated the share of domestic value added for the period of 1995-2011 (the last data are for 2011 so far) for our nine countries. Figure 1 shows the pattern and degree of decreasing domestic value added. (In the year 2009 there is everywhere a transitory increase because of the severe crisis of world trade.) As mentioned, the most radical decrease can be observed for the Visegrád economies. It is also seen that the bulk of this decrease took place before 2005, so before the adhesion to the EU, as a consequence of economic liberalisation and FDI inflow during the nineties.

In the case of the Iberian countries the decreasing path is smoother, the share of domestic value added in export remains above 50-60%. The mentioned study of Amador – Stehrer (2014) for Portugal also utilise the WIOD database. They show that the main origins of foreign value added in exports are Spain and Germany. Spain has significantly increased its importance as a source of value added that is embodied in national exports, while Germany has decreased. Most of the value added embodied in Portuguese exports to Spain and Germany themselves is originated in these same countries (increasingly in Spain).

Regarding the Baltic economies, domestic value added in Lithuanian exports stays above 70%. Estonia shows the lowest value in 2011, although there was a considerable increase of the index between 2000-2009. Latvian trends are very similar to the Iberian ones. German data are also shown in the figure as a kind of reference for a large developed economy; here also there is a decrease in domestic value added showing the intensified interactivity of global value chains.)

Figure 1. Domestic value added in manufacturing export, %



Source: calculations from OECD-WTO TiVA database

Extra and intra-EU trade data show thus, that although exports to non-EU markets increased temporarily, serious reorientation of exports have not taken place after the crisis. There was no major geographic diversification of trade partners either. In all three regions a reinforcement of intra-EU exports can be observed that is due to the strengthening intra-regional ties, re-export and the activities of multinational networks. In the following section we analyse if a diversification has taken place in the product structure.

Product structure and concentration

In the first part of our paper we described the foreign trade strategies of the countries. In certain economies the necessity of product diversification was raised. Export concentration is perceived to increase vulnerability, while diversified trade can mitigate possible crisis effects. Via providing a broader base of exports, diversification can stabilise or increase export revenues, and enhance growth through (through improved technological capabilities, facilitation of forward and backward linkages, increased sophistication of markets, etc.). Export diversification also mitigates economic and political risks. Sustainable long term export growth requires both horizontal (adding new products), and vertical (move to higher value added manufactures) diversification (Solomon, 2010).

However, effects can vary according to the type of products the country is concentrated on (primary and homogeneous products or not). Bacchetta et al. (2009) demonstrate that export diversification (both product and geographic type) increases with the development level of a country. Cadot et al. (2011) show that export diversification increases only to a certain point of development and for rich countries concentration is increasing again. Across countries and time, there is a hump-shaped relationship between export diversification and level of income, with a turning point for re-concentration around 25 000 dollars per capita GDP (PPP). The reason is that richer countries close old export lines far from their endowments (Cadot et al., 2011). Gurgul-Lach (2013) examine the economic growth effects of export diversification in the case of CEE and Baltic countries using data from 1995-2011. According to their results, export concentration correlated with economic growth before the crisis but afterwards the situation changed. Countries with more concentrated export structures (like Slovakia, Lithuania) experienced stronger growth decrease than those with more diversified exports (like Poland and the Czech Republic). These latter economies experienced smaller shocks.

Our question is whether exports in the post-crisis period have become more diversified. Diversification means the decrease of concentration, so we calculated the Herfindahl-Hirschman concentration index (Hirschman, 1945). Calculations are based on SITC 3 digit data for the exports of countries towards the EU and non-EU areas[61].

[61] Concentration level of the CEE countries (HHI index) is also calculated by Soós, 2015 at HS2 digit aggregation level with similar results.

$HHI = \sqrt{(\sum_i s_i^2)}$

where „i””is the given product group, „s_i” is its share in total exports. If HHI is 100 we speak about total concentration, the smaller the index the more diversified the export structure is.

Table 4 shows the results of calculations. Regarding extra-EU markets, it strikes how strongly concentrated Slovakian exports are. This concentration – that is the consequence of the large weight of personal cars in exports – decreased before the crisis, but increased afterwards. In the case of the Czech Republic concentration increased throughout the period, mostly after the crisis. There was no significant change in Polish export concentration, that is the lowest among Visegrád countries. Concentration of extra-EU exports for Hungary was decreasing significantly after the crisis (as a result of the closure of the local Nokia affiliate that had had massive Asian export of mobile phones). Iberian extra-EU exports became more concentrated before the crisis and were diversified a bit afterwards. Regarding the Baltic countries, Lithuanian export is rather concentrated, but the index show a constant decrease. For 2008 Estonian concentration became strong, but decreased after the crisis. As opposite, Latvian export concentration increased after 2008.

Regarding intra-EU relations Polish exports are the more diversified among all countries. Slovakia, Lithuania and Spain show the highest indices. In the case of Spain a decreasing concentration trend was reversed between 2013-2015. Concentration increased in this period for Hungary and the Czech Republic too.

Table 4. Export concentration indices

	Extra-EU export				Intra-EU export			
	2004	**2008**	**2013**	**2015**	**2004**	**2008**	**2013**	**2015**
Hungary	22.98	29.34	19.31	15.75	19.77	17.04	15.31	17.34
Czech Republic	13.76	14.65	17.52	18.09	14.87	15.02	15.94	17.18
Slovakia	44.58	33.56	38.95	38.47	17.87	20.70	20.36	21.50
Poland	14.17	13.17	13.65	14.70	14.81	14.18	12.76	12.95
Estonia	15.75	25.00	17.09	16.81	22.47	14.16	18.21	18.14
Lithuania	29.24	22.87	19.95	19.37	23.53	27.53	28.36	19.45
Latvia	17.16	15.26	19.15	18.30	21.80	13.75	14.09	14.48
Spain	13.65	17.36	16.55	14.19	20.40	17.29	16.21	18.05
Portugal	16.85	19.76	18.88	16.82	15.77	13.20	13.96	13,75

Source: own calculations based on Eurostat Comext data

Based on the figures thus, we cannot speak about growing diversification of exports, in fact in several cases exports have become less diversified after the crisis.

Export is concentrated in Hungary, the Czech Republic and Slovakia mainly on automotive and telecommunication, electrical products, produced within GVCs. That is why the share of high-tech products in exports is by far the highest in Hungary, Czech Republic, Estonia and Slovakia (Éltető, 2015). In Estonia, the massive high-tech export of telecommunication equipment is due to the Swedish Ericsson affiliate (that bought the local Elcoteq affiliate in 2009). In Polish exports ships and furniture are rather significant. The Baltic countries export mostly raw and base material, agricultural and wood products. Because of the already mentioned re-export, petroleum oil products lead the exports here in most cases.

Petroleum oil re-export has the same concentration effect on Portuguese exports. Disregarding this, the country exports to the EU mainly automotive parts, furniture, textile, footwear and to non-EU areas port wine, paper, cork, construction materials. Spanish exports are driven by motor cars, their parts, fruits, vegetables, medicaments (petroleum oil product export is significant here too). Altogether, since the crisis, the export concentration of Iberian countries has decreased to extra-EU direction and stagnated or increased a bit towards the EU. Table A2 in Annex shows the main (five) large exported product groups, omitting petroleum products (that in a way distort export figures).

Conclusion

After experiencing the negative effects of the international crisis in 2008-2009 each country recognized the importance of export as a motor of growth. The Baltic, Iberian and Visegrád economies have become much more opened and export-dependent. Export development became a state policy aim with an own strategy in most cases. In these documents the strengthening of export to non-EU areas is generally an important goal, emerging target markets are named. However, trade data show that the share of EU in exports decreased only temporarily and slightly, then regained its previous position.

Slowing down of the emerging markets are external factors behind this phenomenon. Our paper examined the internal reasons. We showed the importance of intra-regional trade, partly based on re-export. Foreign trade of the examined periphery countries is still structured around neighbours (Russia, Sweden for the Baltic countries, France, UK, Italy for the Iberian countries and Germany as almost a unique hub for the Visegrád countries).

Most exporting firms in these economies are part of global value chains. These GVCs are directed by foreign multinationals, the activity of which cannot be much influenced by local governments. Good state policies recognize this and try to create beneficial economic environment and incentives for domestic firms to gain adequate positions within GVCs. Most government development strategies aim small and medium sized firms (although SMEs are not always clearly defined) sometimes explicitly targeting domestic (not foreign-owned) companies.

Although product diversification was also a policy aim in several countries, the analysis of the product structure of export proved that concentration has not changed significantly. There was an increase in some countries, even where export diversification was a state goal. This shows that export diversification is a long term process and presently largely depends on the massive deliveries of suppliers into GVCs. In the Slovakian case export concentration on cars and components was not perceived as a problem, but more domestic value-added production was aimed by the state within the automotive production chain.

Literature shows that the evaluation of state promotion policies is mixed. Information services and cost financing are the most important for exporting companies. According to our opinion foreign trade strategy can be effective if it is a part of a coherent economic policy, transparent and promotes stable environment for the firms. The development of human capital, the role of education and innovation is essential.

References

Alvarez, Roberto E (2004): Sources of export success in small- and medium-sized enterprises: the impact of public programs. *International Business Review* 13. p. 383-400

Amador, J, Stehrer, R. (2014): Portuguese exports in the global value chains. In: Banco de Portugal Economic Bulletin, April, p. 64-78.

Arnold, Jens (2015): Boosting export performance in Portugal. *OECD Economics Department Working Papers*. No. 1257. OECD Publishing. Paris.

Bacchetta, M., Jansen, M., Lennon, C, Piermartini, R. (2009): Exposure to external shocks and the geographical diversification of exports. in: Newframer, R. et al (eds): Breaking into new markets. Emerging lessons for export diversification, Chapter 4.

Banco de Portugal (2015): Central Balance Sheet Studies, June

Benkovskis, Konstantins, Bērziņa, Santa, Zorgenfreija, Liva (2016): Evaluation of Latvia's re-exports using firm-level trade data. *Baltic Journal of Economics*, 2016 VOL. 16, NO. 1, 1–20. http://dx.doi.org/10.1080/1406099X.2016.1163891

Cadot, O., Carrere, C, Strauss-Kahn, V. (2011): Export diversification: what's behind the hump? The Review of Economics and Statistics, Vol. 93, No. 2, p. 590-605.

Dzemydaité, Giedré, Dzemyda, Ignas, Jurgelevicius, Arturas (2012): Evaluation of the implementation of national export development strategy: case study of the Republic of Lithuania. *Intellectual Economics,* vol.6. no.1. p.776-797.

Durmuşoğlu, Serdar, Apfelthalter, Gerhard, Nayir, Dilek Zamantili, Alvarez, Roberto, Mughan, Terry (2012): The effect of government-designed export promotion service use on small and medium-sized enterprise goal achievement: A multidimensional view of export performance. *Industrial Marketing Management*. 41. p. 680-691

El Makrini, Hind and Chaibi, Anissa (2015): On the role of management commitment in export performance: a meta-analysis. *The Journal of Applied Research* vol 31. no.4. p.1205-1219.

Éltető Andrea (2015): Foreign trade tends in the EU10 countries. In: Éltető (ed): Mind the Gap. Integration Experiences of the Ten Central and Eastern European Countries. Centre for Economic and Regional Studies of the Hungarian Academy of Sciences Institute of World Economics, Budapest, 2015.

Éltető Andrea – Völgyi Katalin (2013): The development of Hungarian Foreign Trade with Asia. Institute for World Economics – CERS Hungarian Academy of Sciences, Working Paper no. 200

EU Commission (2016): Country Report Portugal 2016 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances, Brussels, 26.2.2016

Fortwengel, J. (2011): Upgrading through Integration? The case of the Central Eastern European automotive industry. Transcience Journal Vol.2, No.1, p.1-25

Foster-McGregor, N. - Stehrer, R. (2013): Value added content of trade: A comprehensive approach. *Economic letters* 120. p. 354-357.

García-Legaz Ponce, Jaime (2016): Logros y retos del sector exterior de la economía espanola. *Economistas* no. 148. Colegio de Economistas, Madrid p. 6-9.

Garzón Morales, Francesco J (2016): El apoyo del ICEX a la internacionalización de la economía española. *Economistas* no. 148. Colegio de Economistas, Madrid, p. 91-98.

Gil-Pareja, Salvador, Llorca-Vivero, Rafael, Martinez-Serrano, José A., Requena-Silvente, Francisco (2015): Regional export promotion offices and trade margins. Review of World Economy. 151: 145-167.

Gurgul, H. - Lach, L. (2013): Export diversification and economic growth in transition: lessons from the 2008 financial crisis in CEE. *Quantitative methods in economics*, Vol. 14, No. 1, p. 137-149

Head, Keith and John Ries (2010): Do trade missions increase trade? *Canadian Journal ofEconomics* 43 (3). 754–775

Hirschman, Albert O.(1945): National Power and the Structure of Foreign Trade. Berkeley: University of California Press

IMF (2013): IMF Multi-Country Report, German-Central European Supply Chain – Cluster Report no. 13/263

Janda, Karel (2014): Czech Export Credit Agencies and their Market Power MPRA Paper No. 54097, 4. March 2014 http://mpra.ub.uni-muenchen.de/54097/

Janssen, Charlotte (2016): Design of Export Credit Agencies. Master Thesis, Erasmus University of Rotterdam.

Kerner, Riina (2012): Estonia’s trade in the world of globalisation. *Quarterly Bulletin of Statistics Estonia* no. 2.

Kotabe, Masaaki and Czinkota, M.R (1992): State government promotion of manufacturing exports: a gap analysis. *Journal of International Business Studies*. p. 637-658.

Kuokstyté, Ringailé - Kuokstis, Vytautas (2014): Lithuania's economic diplomacy: export promotion and FDI attraction. in Andris Sprūds and Karlis Bukovskis (eds.). *Economic Diplomacy of the Baltic States*. Latvian Institute of International Affairs/Friedrich Ebert Stiftung. Riga. 2014. 115-131

Lages, L. Filipe and Montgomery, David, B. (2005): The relationship between export assistance and performance improvement in Portuguese export ventures. *European Journal of Marketing*. vol. 39. no.78. p. 755-779.

Lietuvos Bankas (2014): Economic Review, May 2014. Vilnius: Lietuvos Bankas

Los, B., Timmer, M., & de Vries, G. (2015). Global value chains: 'Factory World' is emerging. In J. J. Amador & F. di Mauro (Eds.), *The age of global value chains*: Maps and policy issues (pp. 36–47).CEPR Press. VoxEU.org eBook

Malaket, Alexander R (2014): Financing Trade and Internationald Supply Chains. Gower. England. Ashgate. USA.

Moons, Sehvyn, J. V. and Van Bergeijk, Peter. A. G (2013): Economic Diplomacy Works: A meta-analysis of its effect on international economic flows. Prepared for MAER Colloquium

Moreira, Paulo (2015): The Role of Seaports for Portuguese Economic Recovery: The Port of Sines. *MPRA Working Paper* no. 66287.

Nitsch, Volker (2005): State visits and international trade. *CESifo working paper* No. 1582

Oja, Kaspar (2015): No milk for the bear: the impact on the Baltic states of Russia's counter-sanctions, Baltic Journal of Economics, 15:1, 38-49, DOI:10.1080/1406099X.2015.1072385

Pérez Castro, Miguel Ángel, Montero Alonso, Miguel Ángel, Santos Amaro, AnaCristina (2015): The impact of the euro in the balance of trade (BOT): the Iberian case, Spain-Portugal. *Coimbra Business Review* vol.1, no.1, December.

Richter, Stanislav (2015): Export promotion framework of the Czech Republic. Central European Business Review. vol.4. no.1. p. 37-38.

Rose, Andrew K. (2007): The foreign service and foreign trade: embassies as export promotion. *World Economy* 30 (1). 22–38.

Samen, Solomon (2010): A primer on export diversification: key concepts, theoretical underpinnings and empirical evidence. World Bank Institute.

Singer, Thomas O and Czinkota. Michael R (1994): Factors associated with effective use of export assistance. *Journal of International Marketing* Vol. 2. No. 1 (1994). p. 53-71

Soós Károly Attila (2015): Földrajzi és ágazati koncentráció a cseh, a magyar és a szlovák exportban. MTA KTI Műhelytanulmányok no. 47

Ulldemolins, Joaquim R, Zamorano, M Martin (2015): Spain's nation branding project Marca *España* and its cultural policy: the economic and political instrumentalization of a homogeneous and simplified cultural image. International Journal of Cultural Policy vol 21, no. 1

van Biesebroeck, Johannes, Konings, Jozef, Volpe Martincus, Christian (2015): Did export promotion help firms weather the crisis*? Paper prepared for the 62th Panel Meeting of Economic Policy*. 16-17 October 2015.

Wilkinson, Timothy and Brouthers, Lance Eliot (2006): Trade promotion and SME export performance. *International Business Review* 15. p. 233-252

ANNEX

Table A1: Service export share in total exports, %

	SK	CZ	POL	HU	PT	SP	EST	LVA
2004	10.14	15.16	12.44	17.71	24.58	25.74	30.67	25.37
2005	10.23	13.17	13.68	17.29	25.14	27.70	29.20	24.03
2006	9.92	13.59	14.64	15.52	27.07	29.52	29.26	27.30
2007	11.21	14.89	18.62	16.74	31.84	31.58	31.96	34.50
2008	12.87	17.85	20.92	18.67	35.68	34.98	38.28	41.45
2009	11.15	17.16	18.32	19.15	34.55	33.59	38.93	38.99
2010	9.38	16.02	18.48	18.15	32.04	30.97	32.28	31.69
2011	9.50	16.66	19.77	19.54	35.22	33.28	30.90	34.06
2012	9.30	15.55	18.99	18.42	32.73	30.90	29.87	30.87
2013	10.30	15.36	19.44	18.99	34.82	30.56	32.02	32.66
2014	9.85	14.76	19.70	19.24	35.60	30.53	34.29	31.27
2015	8.17	12.48	16.67	15.61	30.19	25.76	28.85	27.06

Note: For Lithuania the share was 19.7 in 2014 (World Development Indicators data)

Source: Own calculations from OECD Trade in services database

Table A2. Share of main product groups in export (%) Iberia

Portugal	extra-EU		intra-EU
PAPER AND PAPERBOARD	3,8	PARTS AND ACCESSORIES OF MOTOR VEHICLES	6,0
ALCOHOLIC BEVERAGES	3,2	MOTOR CARS	4,6
MOTOR CARS	2,9	FOOTWEAR	4,5
IRON AND STEEL BARS, RODS	2,9	FURNITURE AND PARTS THEREOF; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS	3,5
CORK MANUFACTURES	2,7	ARTICLES OF APPAREL, OF TEXTILE	3,4
Spain			
MOTOR CARS	6,2	MOTOR CARS	14,8
MEDICAMENTS	4,3	FRUIT AND NUTS	4,4
PARTS AND ACCESSORIES OF MOTOR VEHICLES	2,7	PARTS AND ACCESSORIES OF MOTOR VEHICLES	3,9
AIRCRAFT AND ASSOCIATED EQUIPMENT	2,4	VEGETABLES	3,1
CLAY CONSTRUCTION MATERIALS	1,9	MEDICAMENTS	2,4

Table A2. Share of main product groups in export (%) Visegrád

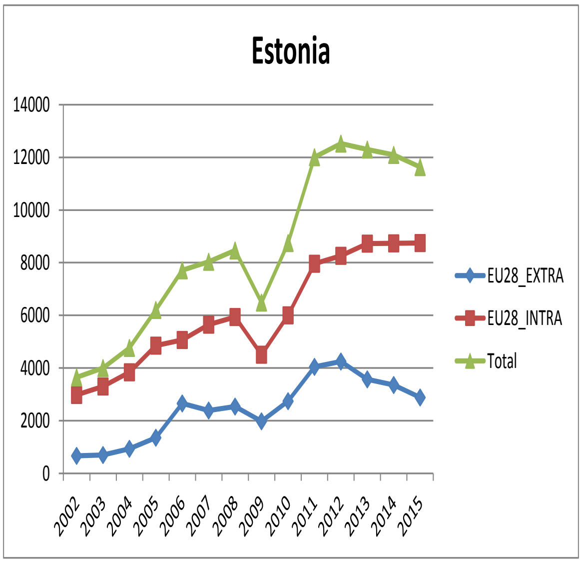
Poland	extra-EU		intra-EU
SHIPS, BOATS	10,5	PARTS AND ACCESSORIES OF MOTOR VEHICLES	5,9
ENGINES AND MOTORS, NON-ELECTRIC PARTS	3,5	FURNITURE AND PARTS	5,6
FURNITURE AND PARTS	3,3	MOTOR VEHICLES	3,5
TELECOMMUNICATIONS EQUIPMENT	2,7	MONITORS AND PROJECTORS	2,9
MOTOR VEHICLES	2,3	HOUSEHOLD-TYPE ELECTRICAL AND NON-ELECTRICAL EQUIPMENT	2,7
Czech			
MOTOR VEHICLES	12,5	MOTOR VEHICLES	10,4
AUTOMATIC DATA-PROCESSING MACHINES	7,0	PARTS AND ACCESSORIES OF MOTOR VEHICLES	8,7
TELECOMMUNICATIONS EQUIPMENT	4,3	AUTOMATIC DATA-PROCESSING MACHINES AND UNITS MACHINES FOR TRANSCRIBING DATA ONTO DATA MEDIA IN CODED FORM AND MACHINES FOR PROCESSING SUCH DATA, N.E.S.	4,8
PARTS AND ACCESSORIES OF MOTOR VEHICLES	4,3	TELECOMMUNICATIONS EQUIPMENT, N.E.S., AND PARTS, N.E.S., AND ACCESSORIES OF APPARATUS FALLING WITHIN DIVISION 76	3,8
ELECTRICAL APPARATUS FOR SWITCHING	4,2	ELECTRICAL MACHINERY AND APPARATUS	3,1
Slovakia			
MOTOR VEHICLES	36,5	MOTOR VEHICLES	15,1
TELECOMMUNICATIONS EQUIPMENT	8,2	PARTS AND ACCESSORIES OF MOTOR VEHICLES	8,5
MONITORS AND PROJECTORS	4,5	MONITORS AND PROJECTORS	8,3
PARTS AND ACCESSORIES OF MOTOR VEHICLES	4,0	TELECOMMUNICATIONS EQUIPMENT	5,7
RUBBER TYRES	3,1	RUBBER TYRES	2,3
Hungary			
TELECOMMUNICATIONS EQUIPMENT	6,9	MOTOR VEHICLES	9,4
MEDICAMENTS	6,0	INTERNAL COMBUSTION PISTON ENGINES	8,2
AUTOMATIC DATA-PROCESSING MACHINES	5,0	PARTS AND ACCESSORIES OF MOTOR VEHICLES	5,7
MOTOR VEHICLES	5,0	ELECTRICAL APPARATUS FOR SWITCHING	4,9
INTERNAL COMBUSTION PISTON ENGINES	4,3	TELECOMMUNICATIONS EQUIPMENT	4,0

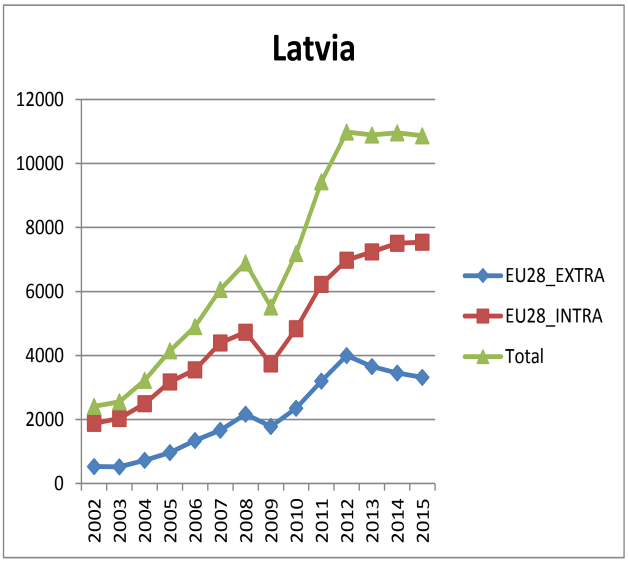
Table A2. Share of main product groups in export (%) Baltic

Estonia	extra-EU		intra-EU
WOOD	4,3	TELECOMMUNICATIONS EQUIPMENT	13,8
TELECOMMUNICATIONS EQUIPMENT	3,8	FURNITURE AND PARTS	4,7
PREFABRICATED BUILDINGS	3,7	MANUFACTURES OF BASE METAL	3,4
ELECTRIC POWER MACHINERY	3,3	EQUIPMENT FOR DISTRIBUTING ELECTRICITY	2,9
PIGMENTS, PAINTS, VARNISHES	3,3	WOOD MANUFACTURES	2,7
Lithuania			
FURNITURE AND PARTS THEREOF	4,5	FURNITURE AND PARTS	7,0
WHEAT	3,7	FERTILIZERS	5,8
FRUIT AND NUTS	3,2	MEDICAMENTS (INCLUDING VETERINARY MEDICAMENTS)	2,7
OTHER MACHINERY AND EQUIPMENT	3,0	POLYACETALS, OTHER POLYETHERS AND RESINS	2,4
HEATING AND COOLING EQUIPMENT AND PARTS	2,0	ARTICLES, N.E.S., OF PLASTICS	2,3
Latvia			
ALCOHOLIC BEVERAGES	12,5	TELECOMMUNICATIONS EQUIPMENT	6,1
TELECOMMUNICATIONS EQUIPMENT	6,3	WOOD	6,0
WHEAT	6,0	VENEERS, PLYWOOD	4,0
WOOD	5,0	WOOD IN CHIPS	3,4
MEDICAMENTS	4,4	MONITORS AND PROJECTORS	2,7

Source: Eurostat Comext, SITC 3 digit

Figure A1. Export to EU and non-EU areas, Baltic countries





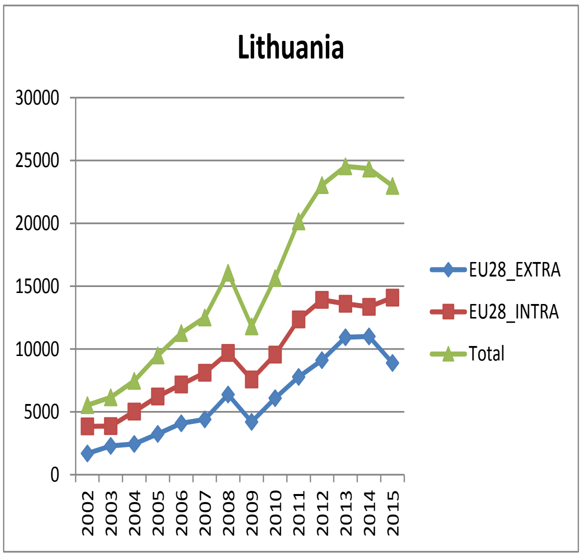


Figure A2. Export to EU and non-EU areas, Visegrád countries

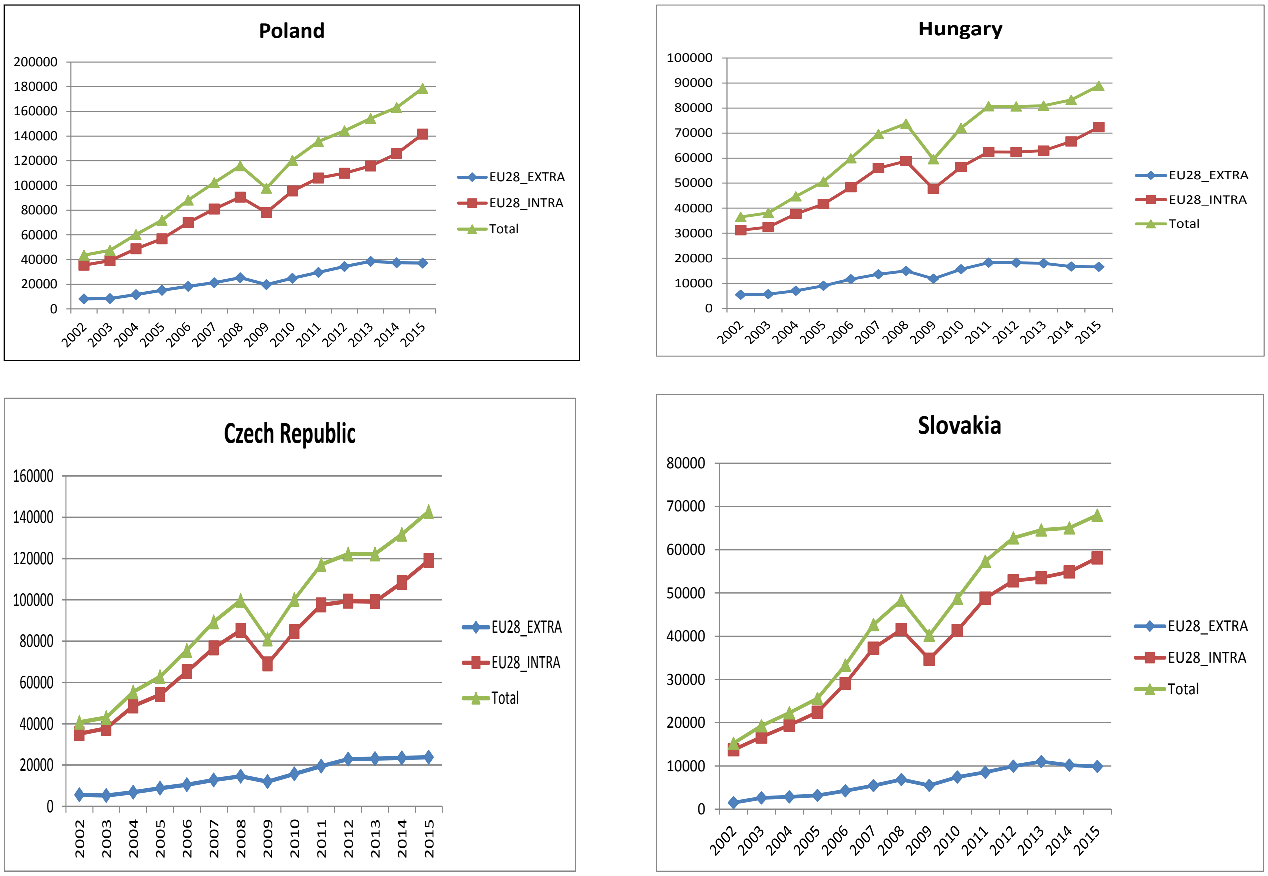
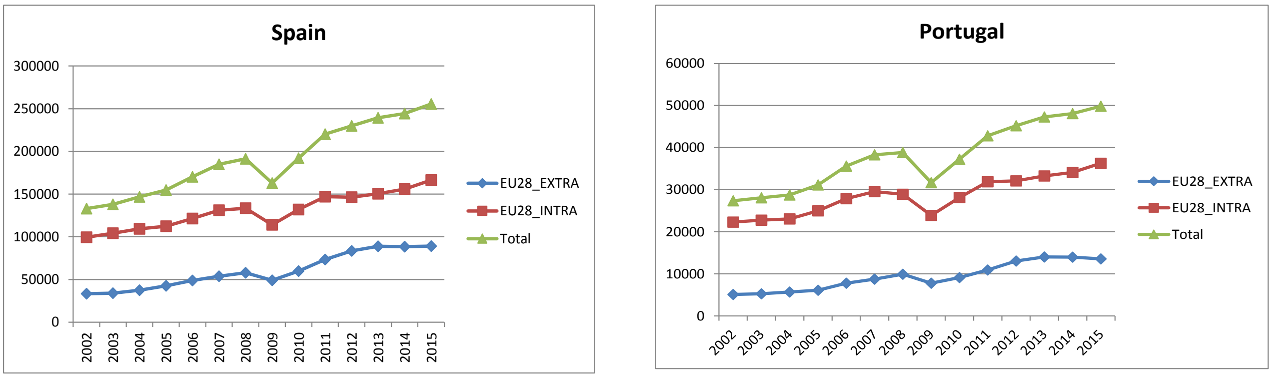


Figure A3. Export to EU and non-EU areas, Iberian countries



Source: Eurostat Comex