

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 277 final

Brussels, 28 July 1977

REPORT OF THE COMMISSION ON THE WORKING OF THE
BUSINESS COOPERATION CENTER DURING THE PERIOD
FROM NOVEMBER 1975 to OCTOBER 1976.

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ANNUAL REPORT (November 1975 - October 1976)

1. Status and duties of the Business Cooperation Centre

As agreed between the Commission and the Council at the time of the establishment of the Business Cooperation Centre in 1973, the Commission sent a report to the Council of Ministers at the end of 1975 assessing the experience and results of the Centre's three years of activity (Doc. COM(75)694 of 23 December 1975).

Following an exchange of views on this report between the Commission and the Council, the Council representatives unanimously agreed that the Centre's activity in the field of transnational cooperation between firms in the Community should be continued and were very pleased with the results obtained.

In accordance with the intentions outlined in the report, the Commission in 1976 has decided :

- to confirm the status of the Business Cooperation Centre (1);
- to instruct it besides to carry out certain tasks involving coordination in the field of sub-contracting;
- to study the possibility of including some non-member States in the Centre's activities.

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(1) That is to say under the terms of the Commissions instructions of the 21st June 1973 :

- to supply firms of the Community with information on the legal, administrative, fiscal and economic aspects of cross-frontier cooperations and mergers,
- to search for and establish contacts between Community firms wishing to cooperate,
- to draw the attention of the Community Authorities to any obstacles encountered by the Office itself or the firms concerned, with respect to cross-frontier cooperation within the Community.

2. Volume of activity

2.1. The Business Cooperation Centre's volume of activity has been affected by both seasonal and cyclical factors.

Each year there has been an upsurge of interest by Community firms between the months of January and April. This is explained by the fact that firms are preparing their annual accounts at that time and, in consequence, their reports on the long-term future of the company.

In 1976, this normally slight accentuation of interest was lent considerable momentum by the hopes which arose in the spring that there would be an improvement in the economy. This increase in activity slowed down again after May 1976, as will be seen from the relevant graph (Annex).

2.2. The Business Cooperation Centre's activities between November 1975 and October 1976 were as follows :

Information : number of requests	512
Search for partners	
- number of requests	77
- number of replies	910
- contacts made	63

As a result of these contacts, about fifty cooperation agreements were confirmed by the Centre :

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Sector	Type of cooperation	Nationality of firm
- Paints	Reciprocal distribution	F - I
- Plumbers' fittings wholesale manu- facturers	Joint sales on non-European markets	F - GB
- Hospital equipment	Reciprocal distribution, exchange of licences	D - I
- Fertilizers	Joint distribution subsidiary	F - GB
- Lubricants	Pooling of knowhow, sales under joint trade mark	1B - 7D - 10F - 1NL
- Milk products	Reciprocal distribution	IRL - NL
- Foodstuffs	Joint distribution subsidiary	I - NL
- Industrial packaging	Exchange of knowhow, reciprocal help	GB - NL
- Mechanical engineering	Joint subsidiary	D - IRL
- Accounting experts	Reciprocal representation	IRL - B
- Data processing	Joint development and execution of projects	DK - GB
- Chemical industry	Reciprocal distribution	D - B
- Banking	Reciprocal management of operations abroad	B - D - F
- Wire manufacturing	Exchange of sales networks	D - GB

Thus, since its creation in 1973, the Business Cooperation Centre has been responsible for some fifty cooperation agreements involving the following partners :

- 24 British firms
- 23 French firms
- 22 German firms
- 16 Belgian firms
- 9 Dutch firms
- 8 Italian firms
- 2 Danish firms
- 3 Irish firms
- 1 Luxembourg firm

2.3. The interest (1) shown by firms in the various member countries between 1974 and 1976 displayed the following pattern (%) :

	B	D	DK	F	GB	I	IRL	L	NL
1974	12.8	35.5	3.4	11.9	18.8	6.9	4.7	0.6	6.2
1975	10.5	22.0	2.8	16.9	28.2	9.4	2.5	0.3	7.4
1976	10.2	22.1	2.5	15.8	29.2	11.1	1.5	0.2	7.4

Thus, by comparison with the two first years of existence of the Business Cooperation Centre, participation by French and Italian firms has improved considerably.

3. Methods

3.1. As its experience has broadened, the Business Cooperation Centre has realized more and more the need to maintain contact with the firms before and/or after the initial contact with potential partners. Very often mistrust or misunderstandings can cause discussions to falter, or even break down, at the first real hurdle where some compromise or more detailed investigation is required. In such cases the intervention of a third, neutral and objective party could get negotiations going again.

By way of illustration, in the case of multilateral cooperation between nineteen small lubricant manufacturers in four Community countries, discussions had been in progress for three years when the participants called on the Business Cooperation Centre to arbitrate and the deadlock was subsequently broken.

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(1) Total requests for information, requests for partners and replies.

- 3.2. Very often also the heads of firms, especially family businesses, preoccupied by the problems of day-to-day management, tend to neglect the aspects of medium/and long term development.

The deeper analysis of dossiers permits the Office to submit to the requesting applicant a coherent collection of replies, reduced to real cooperation possibilities. By thus presenting to the firm a more complete service at the exchange of information and preliminary discussion stages, the Office increases the chances of successful outcomes in the cases handled.

- 3.3. The build-up of contacts with several thousand firms will in the future enable the Business Cooperation Centre to transcend its passive and somewhat mechanical role so as to be more actively involved. To a certain extent it will be able to equally play the role of a catalyst when it establishes that the need and the motivation to cooperate are present in certain businesses.

For example, the Centre has found, in some bilateral contacts between banks, that there is virtually no structure for communication and transnational cooperation between small- and medium-sized deposit banks. For foreign operations, the small banks call upon the large banks in the other countries. The large banks do not, however, given reciprocity since they use their counterparts in the country concerned for corresponding operations.

In the light of this, and having ascertained that a number of private banks were interested in remedying this situation, the Business Cooperation Centre intends to bring together a number of private banks in the various Member States and to suggest to them that they set up a multilateral network where each one would act as a correspondent for the others in its own region.

3.4. With the same end in view, the Office offers to organise meetings between industrialists of the same sector, if the sectorial Federations of the member countries with which it is in contact, signify to it the opportunity or the need.

4. The obstacles encountered

The Business Cooperation Centre also extends its own experience as regards obstacles which the firms encounter.

4.1. Thus, in its December 1975 report, the Centre referred to a cooperation agreement concluded in the spring of 1975 between three coach operators (British, French and Italian) with a view to setting up regular long distance services. This project was due to start on 1 April 1976. However, it was only after repeated representations by the firms, the Business Cooperation Centre and the relevant Commission departments, that in December 1976, the necessary authorizations were obtained from the governmental departments concerned.

4.2. In the case already quoted of multilateral cooperation between independent lubricant manufacturers, willingness to cooperate was thwarted for a long time by the absence of any uniform or Community system of trade marks, since the application of different national systems led to contradictions which had to be overcome by a series of phased contractual arrangements.

4.3. In addition, the partners are trying to find the most suitable national legal instrument and regret that they are as yet unable to call upon a European Cooperation Group, which, by its transnational nature, would be the only medium for ensuring that all the partners would be on an equal footing.

4.4. In the food sector, cooperation has not been possible because of the divergency in national rules :

- a Danish bacon manufacturer and a French charcuterie manufacturer were not able to reach any agreement because of the Danish ban on imports of pork products from countries which vaccinate against swine fever (1);
- a British firm and a German firm failed to reach agreement because a product sold in the United Kingdom under the name "Ginger Wine" cannot be imported into the Federal Republic of Germany.

4.5. On most of these points, the Community has already initiated either a harmonization process or the establishment of uniform instruments. The Business Cooperation Centre's experience confirms the need for and urgency of achieving Community or harmonised systems.

(1) A Community regulation is tabled to become in force with effort from 1978.

5. Sub-contracting

In 1976, the Commission asked the Business Cooperation Centre to undertake certain tasks in connection with sub-contracting, and in particular set up coordination between national or regional centres engaged in promoting sub-contracting.

- 5.1. In this context the Business Cooperation Centre has given financial support to the joint effort by four organizations (German, French, Luxemburger and Dutch) which have set about preparing a common nomenclature where sub-contracting is concerned. This working instrument, the main value of which will be its multinational acceptability, should open the way for exchanges of information between subcontractors' exchanges in countries or regions participating in the scheme and make it possible to prepare comparable registers of subcontractors.

The Business Cooperation Centre will try to extend this arrangement to other Community countries. Belgium has already agreed to participate in the scheme.

- 5.2. Following various contacts, the Business Cooperation Centre has identified a number of definite projects which come within the scope of its operational field.

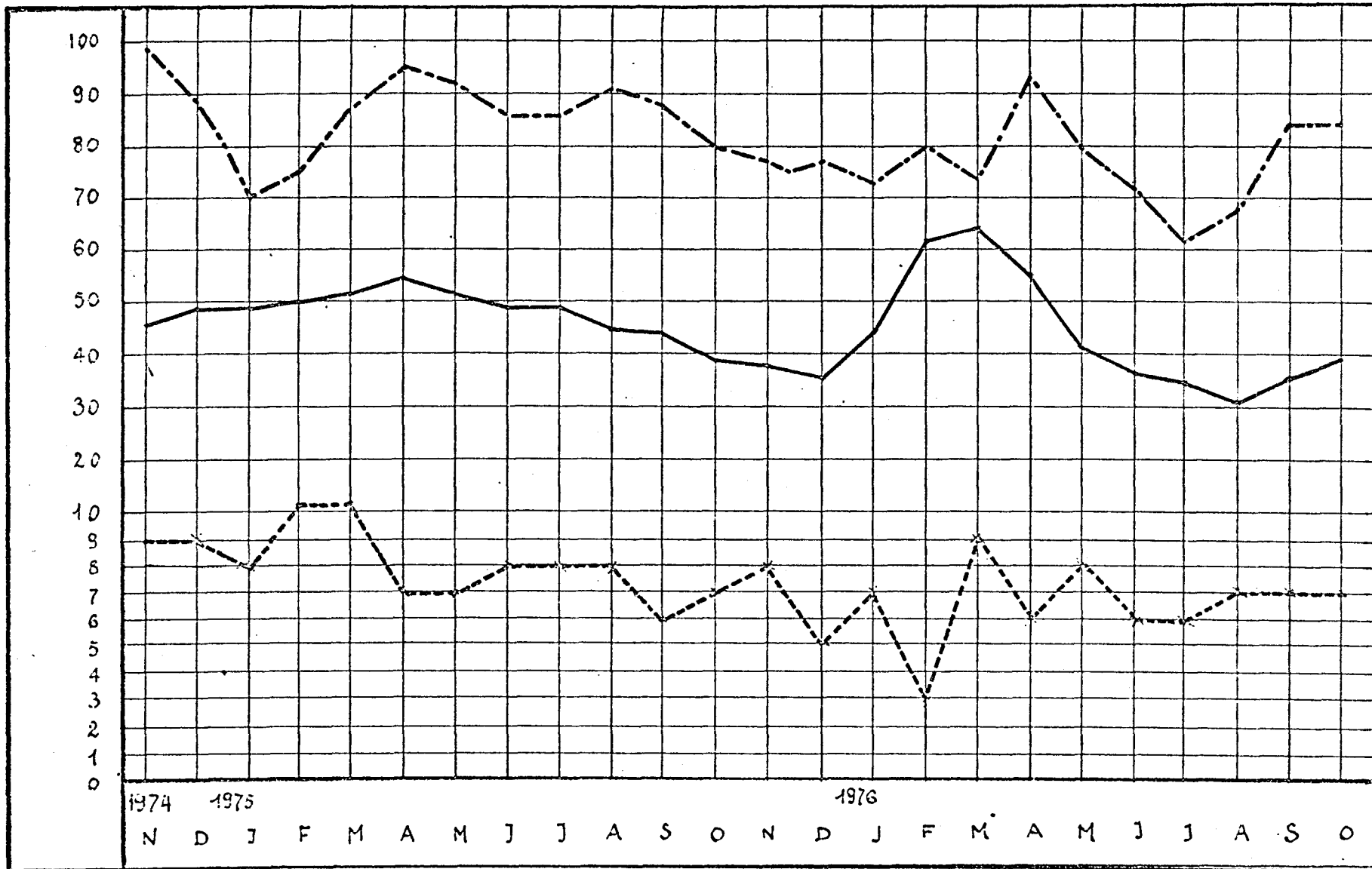
- preparation of a list of decision-influencing factors (technical, commercial, social, economic) for the guidance of firms who are potential orderers in their choice as to whether to "do or have done". This check-list should be supported by case studies.
- In view of the multiplication of subcontractors' fairs, there is clearly a need to work out a coordinated timetable with the help of the organizers in order to avoid clashes of dates.

- A number of organizations which act as promoters or intermediaries in subcontracting in various countries or regions in the Community have stated their desire for the opportunity to exchange experience. The Business Cooperation Centre intends to organize such exchanges of knowhow on a multilateral basis.

 - In some sectors, European subcontractors frequently take an insignificant part, even in the case of products which are to be assembled or used in the Community. An example is off-shore construction - since the majority of orderers, consultants and standards are non-European, the sub-assemblies are generally built by non-European firms.
- It has been suggested that the Community should make approaches to the orderers in this connection.

ACTIVITIES OF THE BUSINESS COOPERATION CENTRE, TO 31st OCTOBER 1976

Moving average over 3 months



KEY : Requests for information _____
 Requests for partners circulated
 Replies received -----