

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION

Business Cooperation Network (BC-NET)
strengthening cooperation between European firms

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, TO THE PARLIAMENT AND TO
THE ECONOMIC AND SOCIAL COMMITTEE CONCERNING A "BUSINESS COOPERATION NETWORK"(BC-NET)
Strengthening cooperation between European firms

I. COOPERATION BETWEEN FIRMS: A COMMUNITY ISSUE

1.1 A response to the challenge of the internal market...

Cooperation between firms of different sizes or from different countries is recognized as an essential factor in firms' adaptation to market trends, enabling them to cope with the increasing tempo of change dictated by the economic environment and technological development.

It is of course, recognized that this policy must take account of competition laws as laid down in the Treaty of Rome and which is a cornerstone of the common market. Owing to their size and occasional difficulty in achieving an overview of the market and of opportunities for cooperation, European small businesses are often faced with problems when involved in interregional or transfrontier operations.

In view of the challenge for all Community firms which completion of the internal market in 1992 represents,¹ strengthening of cooperation between firms emerges as one of the means to enable European SMEs to take the best advantage of the existence of the Community: their productivity and competitiveness could be stimulated by greater integration of their activities into the European industrial fabric.

Recognising the role which they play in the less developed economies, co-operation between SME's applies equally to the aim of economic cohesion.

Completion of the internal market could thus open up major opportunities for development to European SMEs. It could also make them more vulnerable if they are not prepared for it; SMEs often lack the manpower, financial resources and experience to engage in the cooperation required.

The Action Programme for SMEs lays particular emphasis on support for cooperation between firms of a smaller size. These need to be helped to take advantage of the effects of the expanded market and the results produced by Community programmes.

¹ Commission White Paper on completing the internal market, June 1985.

1.2. ..which the Community can promote

The Community has an important role to play in promoting cooperation between firms in different Member States. In line with the undertakings it made in the White Paper, the Commission contributes to this objective through programmes involving the pre-competitive stages of research, and pilot or demonstration projects. Cooperation is already encouraged by the following policies:

- research: the ESPRIT and BRITE programmes have already had highly beneficial effects on industrial cooperation, in particular for SMEs. In November 1986, the Commission sought to promote transnational technological cooperation by setting out in its communication to the Council¹ ways in which there could be cooperation between EUREKA and the European Technology Community;
- competition: the Commission has always recognised the major role played by SMEs in the creation of a healthy and competitive economic environment. This is why the Commission takes into account the specific nature in the definition of the competition policy, through the derogations for the agreements concerning technology transfers and research and development;
for the agreements concerning technology transfers and research and development;
- innovation and technology transfer: the promotion of transnational collaboration between bodies which advise SMEs on technology and innovation is one of the principal focuses of the SPRINT programme,² which has recently been decided upon by the Council. One of the objectives of this collaboration between advice services is to promote co-operation agreements between SMEs of different Member States: a network of 170 business advisors has been created which could serve to support the development of the BC-NET;
- training: the aim of the COMETT programme is to develop transnational training in order to respond to the needs of firms whose industrial and technological development requires skills adapted to the European context;
- assistance in enterprise creation: in the framework of the action program for the creation of Business Innovations Centres (BIC's), co-operation between SMEs is favorably treated by the creation of a european network of the BIC's: the European Business Network (EBN).
- industrial cooperation and subcontracting: the Business Cooperation Centre (BCC) aims to add a European perspective to the search by firms, in particular SMEs, for partners for technical, commercial, financial and subcontracting cooperation.

1 - COM(86)664, 20 November 1986

2 - Decision 87/307/CEE, 9 June 1987.

II. THE CONTRIBUTION MADE BY BC-NET TO STRENGTHENING COOPERATION BETWEEN FIRMS

2.1. An instrument at the service of business advisers

BC-NET will increase the range of instruments available to business advisers for planning and conducting their activities with an eye to the unified European market. It will provide European firms, in particular SMEs, with a framework and resources suited to the development of interregional and transfrontier cooperation.

The framework consists of a network of business advisers, i.e. individuals or bodies engaged in advising SMEs, in particular helping them to set up transnational cooperation in accordance with Community policy priorities.

The resources are a computerized system which enables a member of the network, on behalf of an SME, to find very quickly other network members with files containing offers of cooperation corresponding to the request made to the first member.

In bringing about cooperation and exchanges of information between business advisers, BC-NET will provide them with the opportunity to broaden the type of service which each offers to SMEs. Furthermore, it will complement the activities of the Centres for European Business Information.

Each business adviser will be able, in his own field, to record all the requests made by firms with which he deals and to pass on to other BC-NET correspondents those offers and requests which fall outside his technical purview or geographical coverage.

The BC-NET system serve two aims at once: to strengthen cooperation in Europe, and to improve, in both quantity and quality, the overall coverage of business

advisers, who are important agents for SME development.

By rapidly circulating the information which it provides and through its ability to set up contacts between business advisers, BC-NET will make it possible:

- to contribute to the success of pilot projects for testing systems of cooperation between firms;
- to increase the specialist knowledge of each adviser. This is necessary owing to the generally small size of the bodies with which they work and to the need for them to give an in-depth response to firms' requests even though each request for cooperation may be a special case;
- to obtain a closer appreciation of the nature and scale of obstacles to cooperation between firms in different Member States; despite the progress achieved, notably on legal matters and the liberalization of capital flows, cooperation is still hindered by far too many financial, legal, tax and administrative problems;
- to increase firms' opportunities for cooperation by enabling them to pass on to the system requests which go beyond the adviser's specific field.

2.2. A means for the Community to adapt its activities to serve Community priorities

In addition to the main objective of supporting the activities of business advisers, BC-NET will enable the Commission, in particular the BCC:

- to secure increased participation by SMEs in Community programmes (ESPRIT, BRITE) and in EUREKA, and to promote the transfer of technology and innovation, in liaison with other Commission action in this field (the SPRINT programme);

- to institute or develop programmes for cooperation between firms, especially in combination with industrial conversion and regional development programmes, in line with the objective of strengthening the economic and social cohesion of the Community;
- to enable industrial cooperation to be extended to non-member countries.

III. FINDING PARTICIPANTS IN THE BC-NET SYSTEM

The success of the system, and the realization of its objectives in terms of inter-firm cooperation, depends essentially on the agents who will have occasion to use this tool placed at their disposal by the Community.

In each Member State, the search for, and feasibility of, cooperation between SMEs usually depends on various types of public or private sector business adviser (chambers of commerce, sectoral bodies, banks, regional development bodies, business consultancies, notaries, etc.). These may already be members of associations or networks set up on a geographical, technical or sectoral basis, whether on a regional, national or European scale.

A member of the BC-NET should be a "business adviser", i.e. an individual or legal person whose main function is to help firms, in particular SMEs, to identify the need for and seek cooperation with other firms, or else a (regional, local or sectoral) organization which organizes and enhances the activities of business advisers. It must be in direct contact with firms, i.e. without intermediaries, and know them well enough to have opinions on their competence to propose or request cooperation with another firm.

Initially, i.e. over an experimental period, the network of business advisers using BC-NET should also comply with:

- a geographical criterion, i.e. a certain distribution over Member States and industrial regions;
- a quantitative criterion, i.e. the number of offers of, and requests for, cooperation which the adviser expects to send to BC-NET;
- a criterion of legal status, the purpose of which is to open up BC-NET to different types of business adviser.

The Centres for European Business Information¹ and those advisers or networks of advisers which receive support from the Commission under the Action Programme for SMEs or other Community programmes like SPRINT, will, of their very nature, be suitable participants in BC-NET.

IV. SETTING UP BC-NET

Following the call for tenders issued in October 1986 by the Commission of the European Communities, the firm winning the contract started work at the beginning of 1987. It has already designed the system and identified its various technical specifications.

The Task Force SME, in cooperation with the other Commission departments involved, is currently examining aspects relating to:

- the choice of the most suitable telecommunications systems, and
- the use of sectoral and geographic nomenclatures.

The following have now also been defined:

- the "profile" of a business adviser eligible for affiliation to BC-NET,
- the concepts of a cooperation "offer" and "request",
- the match-coding rules,
- the structure of the company profile.

¹ COM(87)152 final

Finally, to illustrate the operating principles and procedures of BC-NET, a demonstration system has been set up and is already in operation.

The remainder of the work of setting up the system will consist of three phases:

Phase One

Under the Action Programme for SMEs, in July 1987 business advisers will be invited to collaborate in setting up the BC-NET system, with a view to inter-connecting 200 to 250 advisers with the business advisers' network.

The "call for cooperation" will comprise a proposal, a definition of the profile of a "business adviser", a draft agreement between the TF/SME and the business advisers affiliated to BC-NET and information on different possible ways of connecting them to the network.

Phase Two

This phase will cover the development of the various planned means of tele-communication (TTY, telex, teletex) between the business advisers and the BC-NET Central System. This will start in the second half of 1987.

The interconnection of the computers of the business advisers joining BC-NET with the Central System will take place progressively over a period of 8 months starting with a core consisting of the largest business advisers. This interconnection should begin in October 1987. It should be completed in Summer 1988, with from 200 to 250 advisers connected.

Phase Three

At the end of the experimental period, i.e. the end of 1989, the Commission departments and the users of BC-NET will be called upon to assess:

- the usefulness of the BC-NET system,
- the prospects for developing it,
- the changes that need to be made,
- its operating costs and the establishment of a scale of charges for its use,
- the technical conditions for making the system available to all business advisers,
- the most appropriate institutional context for its effective operation.