

# COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(92) 764 final

Brussels, 11 June 1992

2nd REPORT ON THE APPLICATION OF THE  
COUNCIL DECISION OF 28 July 1989

on the improvement of the business environment and the  
promotion of the development of enterprises, and in  
particular small and medium-sized enterprises  
in the Community

- 1991 -

-----

(presented by the Commission)



## INTRODUCTION

- I. REMOVAL OF UNDUE ADMINISTRATIVE, FINANCIAL AND LEGAL CONSTRAINTS
  - 1.1 Progress of administrative simplification measures taken at national level
  - 1.2 Improving the financial environment of enterprises
    - Payments between enterprises
    - Cross-border bank transfers
  - 1.3 Revision of the Community system of assessing the impact of Community legislation
  - 1.4 Improvement of external consultation
  - 1.5 Examples of legislative coordination
    - Transitional system of VAT
    - Taxation of enterprises
    - Environment
    - Competition
    - European Company Statute
  - 1.6 Adoption of statutes for a European cooperative society, mutual society and association
- II. INFORMATION AND SUPPORT FOR BUSINESSES
  - 2.1 Information for businesses
    - 2.1.1 Increased activity of the Euro Info Centres
    - 2.1.2 Miscellaneous information measures
  - 2.2 Measures in support of businesses
    - 2.2.1 Improving the managerial ability of businesses
      - Preparing SME managers for Europe 1992
      - Special programme in support of Small and Medium sized Enterprises (SMEs) and business creators in the new German Länder
    - 2.2.2 Helping SMEs to gain access to financial markets
      - Seed capital
      - Risk capital
      - Mutual guarantee systems
      - Producing financial instruments to assist cooperatives, mutual societies and associations
    - 2.2.3 Helping SMEs to gain access to European R&D programmes
      - Exploratory awards and technology exchanges in the VALUE SME Programme
      - Feasibility awards in the Brite/Euram programme
      - Euromanagement
    - 2.2.4 Helping SMEs to participate in public procurement
    - 2.2.5 Helping SMEs in their contacts with non member countries

- 2.2.6 Measures to assist small enterprises and craft businesses
  - Launch of an action programme
  - Pilot scheme for the training of craftsmen

### III. PROMOTION OF COOPERATION AND THE "PARTENARIAT"

#### 3.1 Business Cooperation Network (BC-NET)

- 3.1.1 Network consolidation
- 3.1.2 Expansion of the network within and outside the Community
- 3.1.3 Supervision, promotion and training
- 3.1.4 Improving the operation of the network
- 3.1.5 Assessment and prospects

#### 3.2 Business Cooperation Centre (BRE)

- 3.2.1 Technical and operational improvement of the network
- 3.2.2 Qualitative improvements and enlargement of the network
- 3.2.3 Stimulation and supervision of the network

#### 3.3 Europartenariat and Interprise

- 3.3.1 Europartenariat
- 3.3.2 Interprise

#### 3.4 Strengthening of measures in the field of subcontracting

- 3.4.1 Creating a favourable legal environment
- 3.4.2 Improving the importance of communication between contractors and subcontractors

### IV. POLICY ASSESSMENT AND DEVELOPMENT

#### 4.1 Improved knowledge of firms

- 4.1.1 Firms' statistics
- 4.1.2 Definition of SMEs
- 4.1.3 European observatory for the SME

#### 4.2 Policy development

- 4.2.1 Feasibility study on the Euromarketing concept
- 4.2.2 Measures to assist commerce and distribution enterprises
- 4.2.3 Pilot schemes promoting the expansion of tourist enterprises
- 4.2.4 Taking cooperative enterprises, mutual societies and other associations into consideration

#### 4.3 Evaluation of existing projects

### CONCLUSIONS

It is fair to say that 1991 was a major milestone in the consolidation of the Community's policy to help enterprises, and in particular small and medium sized enterprises, which has been under way since 1986.

On the one hand, a new dimension was given to this policy by the adoption on 18 June 1991 of a Decision revising the programme for the improvement of the business environment and the promotion of the development of enterprises, and in particular small and medium-sized enterprises, in the Community,(1) as established by the Council Decision of 28 July 1989 (2).

In this revision, which grants an additional ECU 25 million over the amount provided for by the initial Decision, the Council, having obtained favourable opinions from the European Parliament (3) and the Economic and Social Committee (4) , expresses its view that the ascertained efficacy of the action so far undertaken implies a strategy for the qualitative and quantitative development of the instruments available to business.

On the other hand, when the provisions amending the EEC Treaty with a view to establishing the European Community were adopted at the Maastricht European Council on 9 and 10 December 1991, it was decided that the Community and the Member States should ensure the existence of the conditions necessary for the competitiveness of the Community's industry by aiming their action at

- "- encouraging a favourable environment for initiative and the development of undertakings throughout the Community, particularly small and medium sized undertakings;
- encouraging a favourable environment for cooperation between undertakings (5) ;

The Member States also adopted a declaration on improving the system of assessing Community legislation.

We thus have confirmation of the priority given from the outset by the programme on the development of enterprises, and in particular small and medium sized enterprises, to the implementation of measures falling within these two major areas.

This report, drawn up pursuant to Article 6 of the Decision of 28 July 1989, describes work under the general guidelines and specific measures to assist the development of enterprises, in particular small and medium sized enterprises, in the course of 1991.

It thus reports on progress in implementing the Decision of 28 July 1989, as revised by the Decision of 18 June 1991, with less than one year to go before the scheduled date for completion of the internal market and with nearly two thirds of the measures set out in the White Paper having been adopted.

---

(1) OJ n° L 175, 4.7.1991, p. 32

(2) OJ n° L 239, 16.8.1989, p. 33

(3) OJ n° C 106, 22.4.1991, p. 93

(4) OJ n° C 102, 18.4.1991

(5) Title XII ; Article 130 of the Treaty on European Union of 7 February 1997 - Industry

Quite apart from any other Community measures which may be of interest to enterprises, (6) this report will present all activities pursued regarding

- the removal of undue administrative, financial and legal constraints,
- information and assistance to enterprises,
- the encouragement of business cooperation and partnership, and
- evaluation and policy development,

as defined in the Annex to the Decision of 28 July 1989.

The report concludes by outlining the prospects raised for the policy on the development of enterprises by the recent decisions to promote the transformation of back-up measures to the internal-market project into a permanent element of the Community's economic strategy.

## I. REMOVAL OF UNDUE ADMINISTRATIVE, FINANCIAL AND LEGAL CONSTRAINTS

This first aspect of the Community's policy to assist enterprises comprises a series of measures aimed at improving the business environment, particularly for small and medium sized enterprises.

The creation of a favourable environment is an essential back-up to measures for developing enterprises and increasing their competitiveness at Community level. Progress has been achieved in implementing a policy of administrative simplification. Discussions on ways of improving the financial environment began in 1991 and will be given priority in 1992. But the main thrust in 1991 of the effort to improve the business environment was to rationalize and improve the efficiency of the mechanism for evaluating the impact on enterprises of all new proposals for Community legislation (the so called impact assessment form). Combined with a strengthening of external consultation, the revision of the system already proved its worth during the year, as the examples given at point 1.5. demonstrate. Finally, a proposal for new legislation to facilitate transnational activities by cooperatives, mutual societies and associations within the Community was adopted by the Commission.

### 1.1 Progress of administrative simplification measures taken at national level

In the Council Recommendation of 28 May 1990 (7) relating to the implementation of a policy of administrative simplification, the Member States invited the Commission "to submit a regular report on Community and national measures relating to administrative simplification". The first such report was drawn up by the Commission in June 1989 (8).

---

(6) The committee composed of the representatives of the Member States set up by Article 4 of the Decision receives separate reports on coordination between initiatives taken pursuant to the Decision 89/490/CEE and those taken outside that context.

(7) OJ n° L 141, 2.6.1990, p. 55

(8) SEC(89)726, 19.6.1989

An update of this report, currently being prepared, will highlight the successes achieved in the area of administrative simplification, including the problems solved and the initiatives taken by the Member States and the Commission which might provide useful pointers to the lessons to be drawn and examples to be followed.

A special meeting was held in December 1991 between DG XXIII and the Waffenschmidt Committee, which has been dealing with the question of administrative simplification at national level in Germany since 1983. This helped to improve the exchange of information and experience on administrative simplification between the Commission and that particular Member State.

## 1.2 Improving the financial environment of enterprises

### Payments between enterprises and by public authorities

During 1991, the Commission looked in greater depth at the problems of payment terms in the Community. Growing concern has been observed on the part of both enterprises and the Member States, in particular France and the United Kingdom, where government initiatives have been taken.

With the support of several SME organizations, the Commission has gathered detailed information on the legal situation in the various Member States with regard to due dates for payments between enterprises.

The Commission has also examined the specific case of public procurement. A questionnaire was sent in March 1991 to the members of the Advisory Committee for Public Procurement (made up of representatives of the Member States) and the Advisory Committee on the Opening up of Public Procurement (made up of non governmental experts) on specific national provisions applicable to public procurement in the area of payments, including the staggering of payments and measures to help SMEs and subcontractors. A debate was initiated within these committees on the Community measures which would be appropriate in this area. With the aim of improving the transparency of payment terms, the Commission recommended to the Member States that these be indicated in contract notices.(9)

Finally, by Decision of 22 May 1991,(10) the Commission decided to improve its own payment practices, notably through the introduction of a standard payment deadline of 60 days.

The Commission intends in 1992 to publish a Green Paper on payment terms deadlines in order to initiate a broad debate with all parties concerned on the various measures which might be envisaged at Community level to guarantee high standards as regards payments in the internal market.

---

(9) Commission Recommendation of 24 October 1991 on the standardization of notices of public contracts. OJ n° L 305, 6.11.91 p. 19

(10) SEC(91)872

### Cross-border bank transfers

Further to the 1990 Commission's discussion paper on cross-border payments 11, two working groups were set up to advise the Commission on ways of accelerating and reducing the cost of such payments in the Community. One, made up of representatives of the banks, was responsible for the technical aspects, and the other, made up of representatives of banks consumers, the distributive trades and SMEs, for user requirements. Following this, the Commission has published a working document ("Easier cross-border payments - breaking down the barriers" (12) , setting out its plans for further work, which will have important consequences for enterprises (in particular SMEs) involved in Intra-Community trade. A further report will be produced next year.

### 1.3 Revision of the Community system of assessing the impact of Community legislation

The system of assessing the impact on enterprises of proposals for legislation has been reviewed in the light of experience, with the following changes having been introduced from 1 January 1991:

- An assessment is no longer necessary unless the proposal in question is liable to have a significant impact on enterprises. All proposals, including those for legislation to be adopted by the Commission, are covered by the system, whereas previously it applied only to proposals to be put to the Council. Wherever possible, the proposals concerned are identified in advance on the basis of the Commission's annual work programme.
- The assessment must relate to the impact on enterprises in general, but with particular reference to SMEs, and must describe in detail what concrete action enterprises will have to take to comply with the measure. The assessment must deal with the economic consequences on employment, investment and the competitive position of enterprises in the Community. Reference must also be made to the professional organizations consulted, and their views must be indicated. A revised impact assessment form has been adopted which should enable the Commission staff to provide a brief but precise assessment of the likely impact of the proposed legislation on enterprises.

This revision of the system offers two main advantages.

- The Commission selects only those proposals which are likely to have a significant effect on enterprises. When it extended to all proposals (nearly 700 a year), the system ran the risk of turning into a routine bureaucratic exercise rather than a detailed examination of certain proposals. In 1991, some 90 proposals were selected in consultation with the Directorates-General concerned and the Secretariat-General.
- This selective approach should encourage the departments concerned to carry out earlier and more detailed consultations with both Community enterprises and the Member States, and lead to better impact assessments. It is planned in future to inform Member States and trade organizations in advance of the proposals which have been

---

(11) COM(90)447, 26.9.1990

(12) SEC(92)621, 27 March 1992



selected so that they can make their views known as early as possible. Trade organizations will, of course, also be able to give their opinion on the actual selection so as to ensure that the most important proposals for enterprises are identified.

The Member States, the Commission, Parliament and the Economic and Social Committee are being encouraged to pay greater attention to impact assessment forms when examining proposals.

Now that this recent revision of the system has been implemented, a marked improvement in the quality of impact assessment forms drawn up by the Directorates-General has been observed. However, there is room for further improvement, particularly earlier and more detailed consultation of trade organizations and real consideration of their concerns. The Member States' interest in the impact-assessment system was confirmed by the Declaration made in the context of the Treaty on Political Union. This policy obliges the Commission, basing itself where appropriate on any consultations it considers necessary and by strengthening its system for evaluating Community legislation, to take account in its legislative proposals of costs and benefits to the Member States' public authorities and all the parties concerned.

#### 1.4 Improvement of external consultation

The monthly meetings organized by Directorate General XXIII with representatives of a dozen or so SME organizations continued in 1991. They enable views and information to be exchanged and the organizations in question to be consulted on some of the Commission's projects. Discussions extend to specific DG XXIII initiatives to assist enterprises and the various Community policies, proposed legislation and Community programmes likely to affect them. Representatives of the relevant Commission departments have attended these meetings on several occasions to describe the work being carried out by their Directorates-General or to hear the reactions of business representatives to specific proposals.

The special procedure for consulting SME organizations on measures implementing the Social Charter, introduced in 1990, has been continued, thus ensuring that DG XXIII is directly responsible for this consultation. By highlighting the diversity of situations facing SMEs and the impact which certain planned measures will have on them, it has been possible to introduce a greater degree of flexibility into several of the Commission's proposals in this area.

Further to the Council Resolution of 14 November 1989 on internal trade in the context of the internal market (13) , and in accordance with the work programme on commerce and distribution (14) , the Commission continued consulting European representatives of commercial enterprises in the Committee on Commerce and Distribution (CCD). This Committee, set up by the Commission in 1978, was consulted for example when recent proposals for Community legislation in areas such as the environment, consumer protection, means of payment and external trade were being drawn up.

In addition, bodies representing cooperatives, mutual societies and associations were regularly consulted during 1991 within an informal

---

(13) OJ n° C 297, 25.11.1989 p. 2

(14) Towards a single market in distribution, COM(91)41final, 11.3.1991

committee. Consultations also took place with representatives of national ministries.

## 1.5 Examples of legislative coordination

### Transitional system of VAT

Throughout the negotiations in the Council on setting up a transitional system of VAT, which were concluded in November 1991, the Commission was concerned to ensure that the abolition of border checks did not result in a heavier administrative burden for enterprises as far as VAT was concerned.

Thus, in addition to exemption from the transitional arrangements, intended solely for very small enterprises, the Commission obtained the Council's agreement to a reduction of the listing obligations incumbent on medium sized enterprises whose annual intra Community sales do not exceed ECU 15 000, an exemption from VAT for certain transactions carried out by the same enterprise between two Member States (e.g. temporary importation), and a simplification of statistical obligations for SMEs. On this latter point, however, it is important that the thresholds determining the categories of enterprises covered by the statistical simplifications which must still be defined - are fixed at levels which are favourable to SMEs.

The Commission would also like the Council to ensure rapid adoption of its proposal for a 22nd VAT Directive, which would enable the definition of what constitutes a small business to be expanded, thus making VAT formalities less cumbersome for a larger number of enterprises.

### Taxation of enterprises

In 1991, the Commission put two new proposals to the Council concerning the taxation of enterprises. One is concerned with how enterprises account for losses incurred by their permanent establishments and subsidiaries situated in other Member States, and the other with a common system of taxation applicable to royalty and interest payments between a parent company and a subsidiary situated in different Member States. The former applies to all enterprises irrespective of their legal form and covers both establishments and subsidiaries, so that it may concern a large number of SMEs.

The Ruding Committee, a high level think tank set up in early 1991 to submit recommendations to the Commission on the tax measures necessary for completion of the internal market, has discussed the particular problems of SMEs alongside the other aspects of corporate taxation covered by its terms of reference. The Commission drew its attention to the considerable proportion of enterprises whose income is taxed as personal income and to the fact that different tax rules are applied depending on the legal form of enterprises. Several European SME organizations communicated a common position to the Committee on the question of taxation of SMEs in the internal market.

### Environment

In 1991, the Commission continued its consultations with interested parties enterprises and Member States on its proposal for a regulation introducing an "environmental audit" within firms. A consensus emerged in favour of an

optional audit system so as to avoid placing an excessive burden on enterprises, in particular the smaller ones.

The relevant proposal for a Council Regulation,(15) adopted by the Commission at its meeting of 18 December 1991, also includes a provision aimed at facilitating SME access to the environmental audit system.

### Competition

On 26 July 1991, the Commission adopted its guidelines on the application of EEC competition rules in the telecommunications sector (16). These guidelines will enable enterprises, including SMEs, to be better informed about the procedures for implementing competition policy in this sector, where rules obstructing free competition are gradually being abolished. Improved competition in this area should allow enterprises to benefit from higher-quality telecommunications services at lower prices in the single market.

The principles to be applied by the Commission in assessing the compatibility of national aid to SMEs with the functioning of the common market were discussed with the Member States at a multilateral meeting. The discussion covered primarily the definition of small and medium sized enterprises to be applied in the state aid context, the aid intensities authorized for each category, and the possibility of a de minimis rule. A Commission communication on this matter will be adopted in 1992.

### European Company Statute

In May 1991, the Commission amended its proposal for a Council Regulation on the Statute for a European company in order to take account of the opinions of Parliament, the Economic and Social Committee and interested parties.

The amended proposal widens the access of enterprises to the European Company (SE). In particular, it enables a larger number of SMEs to form an SE by allowing an SE holding company to be created not only by public limited-liability companies, as proposed by the 1989 version, but also by private limited liability companies. There is also provision for creating an SE through the transformation of a public limited liability company having a subsidiary or establishment in a Member State other than that in which its central administration is situated.

#### 1.6 Adoption of statutes for a European cooperative society, mutual society and association

At its meeting on 18 December 1991 the Commission approved draft regulations on the statutes for a European cooperative society (SCE), european mutual society (ME) and association (EA) (17) , together with three directives on the involvement of employees in them. The statutes provide the legal entities in question which are present in every Member State with the option of a European framework which, while safeguarding their specific nature, will help them to take part in transnational activities.

---

(15) COM(91)459 final

(16) OJ n° C 233, 6.9.1991 p. 2

(17) COM(91)273final, of 5.03.1992

Community institutions have recognized the contribution made by cooperative societies, mutual societies, associations and foundations to the development of the Community and the completion of the single market.

A number of Parliament resolutions (1983, 1987 and 1988), as well as a report (1986) and an opinion (1989) of the Economic and Social Committee, refer to their role in the growth of the European economy.

Like other legal entities, they must be allowed to benefit fully from the completion of the internal market, in particular with regard to their cross-border activities, while preserving their own special characteristics.

The approach chosen for the three regulations is as follows:

- rules for setting up an SCE, CME or EA are similar to those for the European company (SE). They may be formed either direct by the legal entities listed in the annex to each regulation, or by transforming a national body which has an establishment or subsidiary in another Member State. EAs, whose role is to facilitate and encourage the genuine involvement of citizens in the life of the Community, may be formed direct by natural persons, however;
- the statutes for the SCE, CME and EA are separate but contain similar rules (on the general meeting, the governing bodies, funding, accounts, winding up and liquidation, insolvency and cessation of payments). They do, however, feature individual provisions, in particular on the capital of the SCE, the formation fund of the CME, the detailed rules governing the formation of the EA, and the operating rules of the administrative board.

The rules governing the participation of employees (defined as provided in Title III of the EEC Treaty, including wage earners and anyone who has entered into a labour contract of any type with an employer) in the governing bodies refer back to the national provisions concerned.

If there are no national rules on the participation of employees, the directives provide for information and consultation procedures between the management board and/or the administrative board of the SCE, CME or EA, as the case may be, and employees' representatives.

## II. INFORMATION AND SUPPORT FOR BUSINESSES

### 2.1 Information for businesses

#### 2.1.1 Increased activity of the Euro Info Centres

More than 180 000 questions were put to the EICs from January to November 1991 inclusive. A total of 2 039 questions were passed on to the network's central office in Brussels during that period, an increase of 20% compared with the same period in 1990.

The consolidation of the network, the increase in its operational capacity, and the implementation of an effective evaluation system were the three main features of the Euro Info Centre network in 1991:

#### Consolidation of the EIC network

In 1991, following a memorandum from Mr Cardoso e Cunha to the Commission, (18) DG XXIII embarked on the final phase of the extension of the network. The seven centres set up at the end of 1990, but officially inaugurated in 1991, in the new German Länder and the two at the London and Ioánnina (Greece) chambers of commerce brought the total number of EICs to 210.

In line with the memorandum, liaison centres were set up in a number of non Community countries in 1991: those in Vienna, Prague and Warsaw became operational in the second half of the year; the one in Budapest is expected to open shortly, followed by others planned for 1992, in particular in the EFTA countries and in the rest of central and eastern Europe.

The second Annual EIC Conference, held in Berlin on 20 and 21 September 1991, helped to strengthen the network effect between EICs. The 420 people taking part included EIC managers, as well as government, press and Community representatives. With its central theme of a new information policy for SMEs - consolidation and opening up of the Euro Info Centre network, the conference considered in detail several aspects of EIC work, in particular information products, advisory services to enterprises, new promotional techniques and the price of information. It also endeavoured to place the role of the EICs in the context of the supply of information, having regard to the new situation that had arisen in Europe ("information broker").

The striking increase in contacts between EICs, and the proliferation of regional sub networks around individual EICs, reflect a desire for efficiency in the implementation of an effective information system, in particular in fields not covered by the network's central office in Brussels, e.g. national legislation, the participation of foreign firms in local or regional development programmes, etc. The network effect is also strengthened by in-depth discussion of information needs based on regional or functional proximity.

#### Increased operational capacity of the network

On the technical front, a new work station (ERIC 4.0) has been operational since September 1991, allowing fast, reliable and direct exchange of information both between EICs and between EICs and DG XXIII, and enabling the existing Community information search system to reach new levels of sophistication.

Greater information resources were made available to the network. The central office brought together numerous information tools into a system capable of providing firms with useful, up-to-date information targeted at their needs. The first 10 months of the year saw the publication of: 183 information bulletins on EIC activities (Info Flashes); 18 specialized information bulletins on EIC activities, major invitations to tender, conferences and publications (EIC News); six general information bulletins on DG XXIII services (Info Business); eight self-learning courses on communication intended for newly-recruited EIC staff; seven new business-oriented information files (Fact Sheets)

---

(18) SEC(90)2233, of 12.11.1990

on topical European subjects; and a fully revised edition of the file on investment opportunities in central and eastern Europe.

The year also saw a number of DG XXIII initiatives in the context of the gradual change in the role of the EIC, primarily towards the provision of information of an operational nature, and a first tier consultancy service. Several working groups were accordingly set up which included representatives of the EICs, the central office and other Directorates General. They looked at the participation of SMEs in public procurement, help for the setting up of new businesses, and the regional impact of Community legislation. DG XXIII seeks thereby to underline the importance of feedback and exploit the potential of the network as an observer and instigator of economic activity on a microeconomic level. It plans to develop pilot projects in the field of information watch.

Special attention was again paid to the training of EIC managers. The training given in 1991 fell under five main headings:

- two specialized courses, on taxation and sources of funding and on standards and patents, each attended by about 120 people;
- two specialized training courses for EIC documentalists;
- 18 technical introductory courses on the ERIC 4.0 work station and the thesaurus;
- 15 local training courses on data bases;
- a programme for representatives of the new German Länder on Community-related subjects.

#### Application of an internal evaluation system

An evaluation grid covering all aspects of EIC work was introduced in 1991 with a view to producing an effective quality-control system for the network. The first such grid, covering the period from May to October, and based on the monthly reports of EIC activities and the findings of evaluation missions and national/transregional meetings, was published in late December 1991. The grid provides a summary of the network's activities and is the first step towards the implementation of an added-value network.

#### 2.1.2 Miscellaneous information measures

##### Financial guide to the single market

A financial guide to the single market has been prepared and will be published on in 1992. It will describe for the benefit of businesses in particular SMEs the practical consequences, from a financial and taxation point of view, of the completion of the internal market.

##### Practical guide on competition

A guide for SMEs on Community competition rules has recently been completed and is about to be published. It sets out the main provisions on competition and is designed to enable SMEs to understand the principles of that policy, become aware of what is at stake and apply the arrangements concerned.

## European Economic Interest Grouping

In 1991, after two years' practical experience of the EEIGs, the Commission conducted a survey among the total of nearly 200 groupings in order to evaluate how that unique legal instrument for promoting cooperation between firms had been and was being used. The Commission will be in a position to publish a summary of the findings in 1992, thus adding to the information available to potential creators of EEIGs who, hitherto, have been provided with information of a mainly legal nature.

## Panorama of EC Industries/ Cooperative, mutual and non-profit organizations

In 1991 the Panorama of EC Industries (Current situation and outlook for 180 sectors of manufacturing and service industries in the European Community) devoted a special chapter to cooperative, mutual and non profit organizations in the Community. A number of publications dealing with the special features of the sector were also produced with help from the Community, while information meetings organized by some of the most representative bodies will be able to count on help from the Commission. Direct participation in seminars, etc. is expected to foster further exchanges of information.

### 2.2 Measures in support of businesses

Following the Resolution of 28 July 1989 and regular consultations between Directorate General XXIII and organizations representing SMEs, a number of measures in support of SMEs were introduced on an experimental basis, the aim being to consolidate them in the light of the results obtained and enable firms, in particular small and medium sized businesses, to adjust more easily to the changes resulting from the completion of the internal market.

Several fields have been identified as being of major importance to the growth of businesses in a European context: developing the managerial ability of SMEs; making it easier for firms, in particular small and medium sized ones, to gain access to sources of financing and qualify under Community programmes, especially those relating to research and development; and ensuring that the firms in question benefit from the single market, in particular in terms of access to public procurement and markets outside the Community.

In addition, following the measures initiated in 1989 and 1990 with a view to developing the enterprise policy, a number of new projects were launched to ensure that the general measures in support of businesses are also available to certain groups of enterprises such as craft trades, commerce and distribution, tourism and the cooperative, mutual and non profit sector.

#### 2.2.1 Improving the managerial ability of businesses

##### Preparing SME managers for Europe 1992

In 1991, the experimental measures conducted under the Commission programme for the training of SME managers in the run-up to 1992 (19) were the subject of an evaluation.

---

(19) SEC(88)1860, 17.1.1989

The training, which featured an individual consultancy service, was aimed at providing managers with a method of assessment and self diagnosis which would help them to define a practical strategy for adapting their firm to the single market. Moreover, measures were implemented with a view to informing SME managers about the consequences of the completion of the internal market as far as firms in a given sector or region were concerned and outlining any necessary measures in that respect.

The experimental training programme was conducted by 40 agencies and covered more than 400 firms, which 40% had fewer than 20 employees, and 44% had between 21 and 100 employees.

Thanks to that measure, more than 200 trainers and others were able to gain greater knowledge of the subject, and are now potentially in a position to share that knowledge with, or even provide training for, managers of firms with a European dimension.

Some 1 200 SMEs took part in "awareness" seminars designed as a follow up to sectoral and/or regional economic and competition surveys and in the study of the impact of the completion of the internal market on the sectors/markets concerned. The results of the surveys and seminars suggest that there are gaps in various fields of SME management as their work is about to take on a new European dimension.

On the training front the Commission's strategic management training method in the run up to 1992 was, on the whole, well received, being intended as a basic set-up which can be adapted to the requirements and characteristics of the firms taking part. The structure of the seminars on offer allowed in depth training and genuine strategic appraisal, and gave rise to joint projects between the managers taking part. For most training agencies, the in-plant consultancy was the main feature of the training method being tested. It also provided "real" case studies, for discussion by the group as a whole.

The training was followed up by numerous spontaneous initiatives such as one-day meetings designed to take stock of the strategies embarked upon by the firms after the seminars; invitations to outside experts specializing in specific problems; missions and fairs abroad; the setting up of joint ventures to assist exports; the promotion of cooperation between firms, etc.

In the light of that evaluation it was decided that the programme should be extended and that it should focus on two main themes:

- encouraging the supply of training which meets the specific requirements of SMEs in terms of strategic management in the run-up to the completion of the single market. An invitation to tender was published in the Official Journal on 7 May 1991 and attracted replies from 250 training/consultancy agencies. At the beginning of 1992 a number of those agencies will be selected to carry out further measures in the training field;
- facilitating the exchange of experience at European level, by setting up a clearing house for the best strategic training practices for SME managers in a European context, and a network of training agencies capable of promoting, at European level, the provision of information on products available, the exchange of experience and the pooling of knowledge in the field of strategic training for SMEs.



Special programme in support of Small and Medium sized Enterprises (SMEs) and business creators in the new German Länder

The special programme involves information seminars and conferences on issues related to the European Community and the single market as well as management training courses with regard to European business cooperation and cross-frontier economic activities. The programme is intended to facilitate the integration of the small business sector of the new Länder into the European Community and to strengthen the economic development of the region. It is addressed to owners/managers of SMEs and to those who want to create their own business.

Whereas some pilot actions have been launched since April, the programme as such will start to be implemented in January 1992, following an invitation to tender published in 1991 (20). It is scheduled to be completed by June 1992.

2.2.2 Helping SMEs to gain access to financial markets

Seed capital

Seed capital constitutes the initial stage of venture capital investment. It involves providing finance for an entrepreneur's project, to demonstrate the feasibility of the idea and then launch a business.

Following the adoption of the 1989-94 pilot action to stimulate seed capital in the Community, the Commission selected the proposals of 24 organizations to set up specialized funds.

The Commission also decided to endorse the creation of a new seed capital fund in the new German Länder (21).

As well as the reimbursable cofinancing of operating costs being made available by the Commission, capital contributions to funds established in assisted regions are being granted through the medium of European Community business and innovation centres, with the object of strengthening local economic development in these areas.

With the aim of helping the build-up of capital for these funds and optimizing their management, the Commission has been in continuous contact with them. The total number of operational funds has now reached 19 and is expected to rise to 23 very soon. It would appear, however, that one of the funds cannot secure the necessary financial resources. Altogether, the 19 funds have provided investment for 65 projects.

Concurrently with the setting-up of the 24 funds, the Commission has built up a European network of seed capital funds, operated and coordinated by the European Venture Capital Association (EVCA). With EVCA's help, two seminars for network members were held in Athens and Bruges, in May and December 1991 respectively, following on from those held in Brussels in November 1989 and December 1990. Young managers of seed capital funds can thus receive advanced training on the opportunities and risks involved in their line of work, and are given an overview of the different approaches to management in the various countries, thus facilitating cross-border cooperation. In addition to the publication of a fortnightly newsletter, steps

---

(20) OJ n° C 204, 3.8.1991 p. 10

(21) SEC(91)2414

are being taken to provide information, documentation and consultancy services.

### Risk capital

As it did in 1989 and 1990, the Commission is providing support for the expansion of risk capital activities in the Community, in particular through the Venture Consort and Eurotech Capital programmes.

Since December 1985 a total of 45 projects to promote the cross border pooling of investment in innovative SME projects have qualified under the Venture Consort programme.

The Eurotech label was awarded to nine specialized funds which, in exchange, agreed to invest 20% of their available capital in cross-border high-tech projects, with priority for SME projects.

The Commission continues to pay close attention to clarifying the legal and tax environment of transnational risk-capital companies, in view of the complex nature of the legal and tax structures to which companies with investors in several Member States, or themselves investing in several Member States, have to resort.

### Mutual guarantee systems

In its Communication of September 1991, (22) the Commission identified mutual guarantee systems as an effective means of improving the access of SMEs to sources of financing.

The main role of mutual guarantee schemes is to enable SMEs to provide each other, through joint action, with the necessary guarantees to obtain funding from banks.

The Commission has stated that it intends to encourage the growth of mutual guarantee systems in several ways: by helping to establish a European Mutual Guarantee Association, and by providing aid for studies, seminars and conferences which will disseminate information on the operation of those systems.

The first European congress of mutual guarantee systems, which was organized jointly by the Commission and CESGAR (Confederación Española de Sociedades de Garantía Recíproca) was held in November 1991 and came out in favour of setting up a European Mutual Guarantee Association.

### Producing financial instruments to assist cooperatives, mutual societies and associations

For cooperatives, mutual societies and associations, the completion of the internal market means changes in technology, management, commercial policy and marketing strategy. By the same token, not only will the firms or sectors concerned have to modify their internal structure, completely review their attitudes and make specific managerial improvements, they will also experience problems with regard to funding, problems which will remain insoluble unless the firms concerned are capable of showing imagination and clear thinking in terms of financial engineering.

In 1991 the Commission continued to monitor the requirements of cooperatives, mutual societies and associations in terms of specific financial instruments.

The financial cooperation tools (funding mechanisms) and instruments which would be available to firms should enable the emergence of cross-border projects to be monitored and speeded up as local funding requirements increase.

### 2.2.3 Helping SMEs to gain access to European R&D programmes

#### Exploratory awards and technology exchanges in the VALUE-SME Programme

The objectives of the programme are to ensure effective dissemination to and exploitation by SMEs of the results of research which has been funded through EC research programmes. The VALUE-SME programme is intended to give SMEs direct access to the VALUE programme in a manner which reflects their particular needs. There are two different awards to assist SMEs which are acquirers of technology.

Exploratory awards are designed to cover 75% of the costs of SME travel and subsistence, to a maximum of ECU 5 000, to attend meetings to determine whether technology is appropriate to needs of the acquiring organization.

Technology exchange awards are designed to cover 50% of the costs associated with transferring technology and establishing its feasibility within a new operating environment, to a maximum of ECU 100 000.

Pursuant to a call for proposals published in the Official Journal in June 1991, which was open-ended so that SMEs could submit their applications whenever appropriate, some 300 requests for information have been received. However, only about a dozen (12) applications were put in. It would appear that SMEs have trouble both in finding partners and in finding out the results of EC research which could be useful to them. In addition, only "framework" research can be the subject of VALUE support.

#### Feasibility awards in the Brite/Euram programme

The objectives of the programme are to strengthen the technological base of traditional manufacturing industry in Europe by supporting SMEs' investigation of possible new applications of scientific principles or tests of new instruments and processes, and by stimulating transnational collaboration. The intention of the programme was to facilitate the access of SMEs to the Brite/Euram programme by permitting them to undertake primary research which could ultimately lead to projects in the Brite/Euram programme in partnership with others.

Feasibility Awards, part of the EC research framework programme, provide financial support to individual SMEs of up to 75% of the costs of proving their research capability, proving the feasibility of a concept, process or material, or demonstrating to potential partners their capacity, to a maximum of ECU 25 000.<sup>4</sup>

The new Feasibility Awards, within the Third Framework Brite/Euram programme, will have a larger budget and the project ceiling is increased to ECU 30 000. However, approval of the Brite/Euram programme has been

delayed, with the result that the call for proposals has been published late December 1991.

### Euromanagement pilot project

In view of the difficulties experienced by SMEs when taking part in earlier Community R&TD programmes, DG XXIII wishes to increase its assistance to industrial SMEs seeking greater involvement in the implementation of R&TD measures by means of invitations to tender (23).

The Euromanagement pilot project, which was launched for that purpose, is designed to help SMEs take part in Community R&TD programmes. Based on the setting up and operation of a network of consultants specializing in innovation strategies, its aim is to conduct an audit of the work and research projects of a sample of European SMEs.

A total of 47 organizations and consultants from the 12 Member States were selected in April 1991. This was followed by a training seminar for Euromanagement consultants on 11/12 July in Brussels. Those taking part were able to assimilate the basic methodology of the audit system developed on behalf of the Commission by the Euromanagement coordinator, and hear details of the latest developments in terms of Community R&TD projects.

That seminar was the real beginning of the Euromanagement project. Some 700 audits of SMEs are now under way and are due for completion in December 1991. The 700 firms concerned are expected to emerge from the audit with greater conviction in terms of their search for technological ability and with greater awareness of the Community machinery available to them in that field.

### 2.2.4 Helping SMEs to participate in public procurement

As follow-up to the Council's conclusions on COM(90)166 of 28th May 1990, DG XXIII has identified the access of SMEs to information on public tenders and procedures as its main area of activities. In this regard several actions have been launched to enhance both information and information tools as related to public procurement.

Particular attention was given to pilot schemes launched nationally or transnationally to facilitate SME participation in public procurement. In this context, a subsidy was given to the transnational extension of POINT, which is a German-based pilot scheme for facilitating a direct and precise access to public tenders as published by Tenders Electronic Daily (TED).

Closely related to this subject is an analysis of the TED system, its production and distribution, in order to identify means of further improving the system of information on EC-wide public tenders. A better understanding of the current situation as regards SME participation in transfrontier public procurement has been achieved by a detailed analysis of TED publications during 1989-91. Based on the assumption that different norms and standards in the Community probably had a major impact on SME's participation in public procurement, a questionnaire was sent out to national chambers of commerce, export organizations and to the EICs. Furthermore, the experiences of the EICs in this respect had become the subject of special meetings.

---

(23) OJ N° C 4, 8.1.1991 p. 9

General information on Public Procurement has been enhanced by editing the results of the first "Go Public" Conference, held in London in 1990, and by subsidizing the follow-up conference which took place in Paris in December 1991.

### 2.2.5 Helping SMEs in their contacts with non member countries

In order to make it easier for SMEs to gain access to markets outside the Community, the Commission decided to publish a number of brochures targeted at SMEs and entitled "Doing business in ...". Those for Australia and Canada are now being prepared. An invitation to tender was issued, in cooperation with the EEC delegations in those two countries. It is expected that the text of the two brochures will be ready by the second half of 1992. Plans to produce similar brochures for Brazil and Mexico have been shelved in the light of the unfavourable economic conditions in those two countries.

A report on international trading houses has been prepared by the European Association of International Trading Houses. One of the report's recommendations - that a guidebook for enterprises should be published which deals with the use of trading houses in Japan - will be implemented in the context of measures to promote exports to Japan.

In connection with the EC-Japan Centre for industrial cooperation, DG XXIII awarded 10 study grants of ECU 8 000 to SME executives from the Community, to help finance their training in Japan.

An experimental project to stimulate cooperation between business intermediaries in the Community and in Poland has been developed with the help of the "Assemblée des chambres françaises de commerce et d'industrie" (ACFI). In the framework of this project, information sheets on 17 Polish regions have been produced and put to the disposal of SMEs in the whole Community through the EIC network and the newsletter "Euro-info".

### 2.2.6 Measures to assist small enterprises and craft businesses

#### Launch of an action programme

The recommendations of the symposium on small enterprises and craft businesses in the Community, held in Avignon in October 1990, began to be implemented in 1991, in particular in the form of the presentation to the Council, on 28 May, of five proposed guidelines relating to the right of establishment, freedom to provide services, vocational training, access to new technology, and access to new markets, and several topics of general interest (cooperation between firms, border areas, information to the businesses concerned, the European Academy of Crafts, and craft trades).

An action programme setting out these points submitted for discussion by the Council was distributed to the representatives of small business and craft industry organizations at a meeting on 27 May 1991, and a number of priority topics were selected at the meeting of the Committee of representatives of the Member States, set up pursuant to Article 4 of the Decision of 28 July 1989.

The programme comprises nine sets of measures to be carried out primarily in 1992, some of which were already the subject of Commission initiatives in 1991:

- a guide to the small business and craft sector in the twelve Member States;
- establishment of a network of centres for transferring skills and technologies, following a meeting between craft-industry and small business representatives from the twelve Member States on 15 July 1991;
- strengthening of measures concerning standardization/certification, following the consultation meeting on 23 April 1991 between the Commission (DGs III and XXIII) and the representative associations for small business and craft industry in the twelve Member States on the general aspects of standardization and certification and their impact on small business. A record and a questionnaire were distributed to the organizations, to determine priorities by occupation and by Member State. Meetings of specialists are being prepared for the construction and food industries;
- support for pilot schemes concerning cross-border cooperation; in 1991, a bridging grant and a study contract were issued for the establishment of a cross-border development bureau for Belgian and French companies;
- analysis of the situation of small firms in crossborder regions and areas;
- training of business managers, in conjunction with general measures to train SME managers and, more specifically, support such as that granted in 1991 for the implementation of training modules for heads of craft firms (SARLORLUX) or the feasibility analysis of a transnational advanced skills certificate (brevet des métiers supérieurs);
- enhancement of skills of spouses employed in firms, especially wives;
- improved information for firms;
- promotion of the activities of small firms and craft businesses; in 1991, assistance was given to the arts and crafts fair "Crafted in Europe", which is to be put on in London in September 1992.

#### Pilot scheme for the training of craftsmen

To increase the number of craftsmen who have completed full vocational training, in particular in several peripheral regions of the Community where their vocational training is seriously deficient, DG XXIII is supporting a pilot scheme to bring together 45 young people from Greece, Spain and Portugal seeking vocational training in Germany under the "dual" system (training college plus work experience, over a three-year period).

After a total immersion course in the language and culture of the country (in the first half of 1991), the future apprentices got to know their firms during a two week visit before the summer break. In some cases, alternatives were offered so that the supply of places near the three accommodation centres could be better matched with specific training requests.

The 45 apprentices started their vocational training course at the beginning of September, the principal fields being mechanical engineering, carpentry and electricity.

Accommodation, language training, and educational and social support services were provided by Kolping Bildungswerke, with part-financing by DG XXIII and the Task Force for Human Resources, Education, Training and Youth.

### III. PROMOTION OF COOPERATION AND THE "PARTENARIAT"

#### 3.1 Business Cooperation Network (BC-NET)

The year 1991 saw the initial phase of network consolidation and expansion. The following six main measures were taken:

##### 3.1.1 Network consolidation

A new contract was brought into force on 1 January 1991, following discussions with a representative group of advisers. It clearly states the obligation to maintain confidentiality - a feature of the system - and clarifies the status of the parties involved and of intermediaries and advisers.

A code of good practice was introduced, intended to ensure quality at three levels of BC-NET :

- relations between advisers and their clients and, in particular, requirements concerning the analysis of businesses and opportunities;
- mutual relations between advisers;
- relations between advisers and the Commission.

The new code supplements the set of legal and operational rules for BC-NET and it provides the requisite clear framework for transparency of measures.

##### 3.1.2 Expansion of the network within and outside the Community

Within the Community:

- extension, as required, of the network in the five new Länder following German unification and the Treuhandanstalt's accession to BC-NET, signed on 6 June 1991 in Berlin by its head and the President of the Commission;
- selection of 215 new members following an invitation for membership applications published in the Official Journal on 18 February 1991, which elicited 617 applications. This expansion of the system led to a significant increase in geographical and industrial coverage within the Community and to accession to the network by large public and private bodies with extensive subnetworks of local advisers. The selection process was completed in May 1991, bringing the number of Community members to 560.

Outside the Community:

Directorate General XXIII, in close collaboration with the Directorate General for External Relations, implemented the BC-Net expansion programme leading, in particular, to:

- the selection of eight national contact points in the EFTA countries. At the same time as the network was extended to these countries, a

membership fee and a scale of charges for the use of BC-Net in these countries were introduced;

- the selection of two national contact points in Poland;
- strengthening of contacts, in central and eastern Europe with Czech and Slovak Federal Republic and Hungary, with Israel, Cyprus, Malta and Turkey in the Mediterranean, Canada and Australia, and certain Latin American countries.

### 3.1.3 Supervision, promotion and training

The central unit analysed the various issues relating to the operation of the network with a group of representatives which, since the adoption by the Council of the Decision of 18 June 1991 on the "new dimension", has become an advisory working party for monitoring BC-NET. The group consists of 55 representatives from the body of Community advisers and one representative each from the non-Community countries. Two other working parties were set up to examine technological cooperation and nomenclatures respectively.

The 1991 annual conference of BC-NET network members was held in Paris-La Défense on 4-5 July, bringing together some 600 members and observers from applicant non-Community countries. Three panels looked more closely into the issues associated with quality, technological cooperation and partnership with non-member countries. Also in 1991, the central unit set about organizing working meetings in several Member States (France, Denmark, Italy, the United Kingdom and Germany).

An initial comprehensive version of the list of members, with individual profiles, was distributed in July. National and international press conferences were held, and BC-NET's activities were described periodically in the Community's various information publications.

Over 350 individuals in all Member States took part in an intensive programme of 17 training courses in 1991. Eight training seminars were held in the EFTA countries and Poland and more than 30 meetings and demonstrations were held in Brussels.

### 3.1.4 Improving the operation of the network

The computerization programme was considerably stepped up, the following improvements being made: introduction of a new version of the distance system (BRS), the membership application procedure, the nomenclature of activities and the BC-NET user's manual. The help desk team was strengthened to deal with any problems of a technical nature or concerning the cooperation profiles and nomenclatures.

### 3.1.5 Assessment and prospects

About 20 000 cooperation profiles were entered in the central database in 1991, well over 50% of them by computer.

A statistical analysis of the last twelve months (11/90-11/91) shows that once a cooperation profile has been entered there is a 70% chance on average of a matching. Commercial cooperation is the type most frequently sought, followed by technical and financial, which corresponds with the pattern repeatedly observed on the market.



The quantitative data must be accompanied by a qualitative assessment of the network. The various working meetings, and the annual conference in Paris, showed that BC-NET occupies a special place among the various instruments and networks of cross-border cooperation, now that its scope includes all industry and services and as a result of its geographical coverage and the diversity of its members (banks, chambers of commerce and industry, private advisers, etc.). The validity of each cooperation profile - restricted to six months, during which it is matched up daily - was confirmed as a significant feature of the system, distinguishing it from other existing ones.

Prospects:

- a programme for expanding the activities and improving the operational quality of BC-NET: technological cooperation, completion and assessment of studies in progress (manpower, revision of BC-Net nomenclatures on the basis of NACE Rev. 1, monitoring, subnetworks, scales of charges);
- ongoing improvements to the network's structure, cohesion and commitment;
- organized expansion of network support activities (supervision and training, promotional measures, technical assistance) and enhancement of the network effect (VANS).

### 3.2 Business Cooperation Centre (BRE)

The Business Cooperation Centre's activities expanded significantly in 1991.

#### 3.2.1 Technical and operational improvement of the network

Efforts were made to improve the network technically, especially as regards IT programmes (processing of texts for distribution, classification by type of financial, technical and commercial cooperation).

As regards the operational improvements of the BRE, new working documents were prepared on the user's guide, which lays down the operating rules, and the cooperation profile.

#### 3.2.2 Qualitative improvements and enlargement of the network

A network audit completed in early 1991 highlighted the characteristics and requirements of the BRE as a non-confidential partner-search network. A draft agreement was also drawn up, which will be implemented in 1992. As regards expansion, 100 or so new correspondents were appointed, providing better geographical coverage of the Community and internationally. Thus, at end 1991, 45 countries are now covered by the BRE.

#### 3.2.3 Stimulation and supervision of the network

These include, in particular:

- designing a logo to give the network its own identity;

- preparation of a list of members;
- restricted meetings bringing together some of the most active correspondents to test proposals for operational improvement put forward by the Commission and to verify the initiatives taken by correspondents themselves to promote the BRE. It is planned to hold an initial full meeting of the network by the end of 1992 with a view to stepping up the action strategy.

### 3.3 Europartenariat and Interprise

The rapid change in the environment associated with the completion of the internal market and the new situation in central and eastern Europe has significantly increased requirements for direct cooperation between entrepreneurs.

#### 3.3.1 Europartenariat

As stated in the paper on the "new dimension" (24 adopted by Council Decision on 18 June 1991, Europartenariat has undertaken two actions a year in 1991, and this should continue for the duration of this programme (1993), in order to deal with the many requests already received from the regions concerned. Europartenariat will be assessed when it is completed in order to check its performance and its potential for the future. In 1991, the first event was held at Oporto, Portugal, on 17-18 June. Over 840 visiting firms met the 210 Portuguese companies selected from among the 5 000 contacts.

A Europartenariat for the former East Germany was held in Leipzig on 2-3 December, where over 1 200 visiting firms met the 344 selected German businesses in the five new Länder. This significant result makes a major contribution to integrating the new territory into the Community.

Increasing participation in Europartenariat is a result of joint efforts by Directorate-General XXIII and Directorate-General XVI plus various intermediary organizations including trade federations, chambers of commerce and industry, regional authorities, and members of the BRE, BC-Net and EIC networks. Moreover, analysis of previous events shows that about one third of firms in Andalusia and Wales concluded cooperation agreements in the 12 months following their respective Europartenariats.

In 1992, such events will be held in Greece and the Mezzogiorno.

#### 3.3.2 Interprise

The purpose of Interprise is to support regional and local initiatives with a view to assisting partnerships between SMEs/SMLs from at least three regions in three Member States.

In 1991 the pilot phase of the programme took place, confirming the very important need for cooperation, both in industrial and service sectors and in the various regions of the Community. During this exercise, 16 events were supported.

A large number of projects have already been received for 1992 which will make it possible, after a selection process, to achieve a still higher level of quality and efficiency.

Lastly, a study on the cross-border cooperation market is being carried out, whose results could be used concerning types of firm, industry and the nature of the most frequent forms of cooperation.

### 3.4 Strengthening of measures in the field of subcontracting

The need to intensify and accelerate the adjustment of firms to the new requirements of customers and the large single market was confirmed.

In this context, the Commission stepped up its coordination and motivation operations, centred on two themes.

#### 3.4.1 Creating a favourable legal environment

The second volume of the Practical Guide to Aspects of Subcontracting explains what each partner's rights, obligations and liabilities are, and the legal provisions applicable in the Member States. The guide should be expanded to cover the EFTA countries and certain countries of central and eastern Europe.

The study on the cost of the multiplicity of certification procedures is being completed and the final report is expected for early 1992. It has resulted in several interviews and round-table discussions involving the main operators concerned (industry ministries, certification bodies, large firms and SMEs).

#### 3.4.2 Improving the importance of communication between contractors and subcontractors

So far as the economic aspects are concerned, the twelve studies being carried out for each of the Member States will be finished by mid-1992. They will make an important contribution to the preparation of a Community subcontracting charter and to the definition of future strategies, similar examinations being planned for the EFTA countries and for central and eastern Europe.

As regards communication, a feasibility study on the networking of subcontracting databases and exchanges was started in late 1991, and the conclusions are also expected for mid-1992.

All the results recorded will be submitted at a forum planned for December 1992, bringing together all the partners concerned in each Member State.

## IV. POLICY ASSESSMENT AND DEVELOPMENT

### 4.1 Improved knowledge of firms

#### 4.1.1 Firms' statistics

Statistical work designed to improve knowledge of the activities and development of firms, notably SMEs, in the Community was continued and extended at both general and sectoral level.

At the general level, the analysis of SMEs' significance for employment in the Community, begun in 1988 (base year: 1986) was updated and extended to include the contribution of SMEs to production in the Member States and the Community as a whole. Detailed statistics on the contribution of Community firms, by size category, to employment and to total and sectoral turnover are currently available and will be published in an updated version of the report "Enterprise in the European Community" (ISBN 92-826-0409-8) in February 1992.

The report will contain a description of firms' situations in 1988 by size (and also in 1989, for certain countries), a comparison with 1986 and comparisons with firms' situations in the EFTA countries, thus providing for the first time an overall view of SMEs in the European economic area (EEA).

At sectoral level, statistical work was continued in the fields of commerce and tourism.

In the retailing sector, pilot studies were initiated on forms of retailing, and cooperation with Eurostat and the national statistical institutes in the Member States. The complete results will be available in early 1992 and published thereafter. In addition, the SOEC has started a survey, together with national statistical institutes and commerce and distribution trade associations, of the size of selling areas. It is designed to make it possible to draw up comparable definitions internationally of different types of outlet in order to create a system of annual and business-cycle statistics for commerce. A proposal, to be put to the Council, on the procedures for setting up the system is being prepared.

In the tourism sector, the measures provided for under the first phase of the biannual programme 1991-92 by the Council Decision on the harmonization of Community statistics on tourism (25) have been concluded: they include the study and definition of user requirements and the identification of official and unofficial data sources in the Member States. Further work will be done in 1992. In addition, eleven studies were carried out in 1991 on subjects directly associated with the operation and development of tourist enterprises.

Measures in the form of pilot studies have been started, in cooperation with Eurostat and the national statistical institutes in the Member States, on the non-profit and cooperative sector and on business services. The initial results show the relative importance of such businesses for the development of productive activity; they will be completed in the first half of 1992 and will be the subject of a special publication.

#### 4.1.2 Definition of SMEs

Following the request, made in 1990 by the Council (Ministers of Industry), that the Commission should clarify the definitions of SMEs used at Community level, a draft report to the Council was drawn up and was discussed among the Commission's departments and with the Member States 26 .

The report discusses the problems of defining SMEs, describes the present situation as regards the Community definition and, lastly, sets out a coherent approach for the Commission to the subject.

---

(25) OJ n° L 358, 21.12.1990 p. 89

(26) SEC(92)351 final of 29.4.1992

The approach adopted by the Commission emphasizes the flexibility needed to take the variety of SMEs and their requirements into account and, at the same time, the importance of consistency between the various definitions

and the fact that the circles concerned should see clearly what they mean. It is recommended that definitions should be based on several criteria and that the sizes of firm covered by each measure should be targeted precisely.

#### 4.1.3 European observatory for the SME

Pursuant to Council Decision 91/319/EEC of 18 June 1991 on the revised programme for improving the business environment and promoting the development of firms, in particular small and medium sized businesses, in the Community, the Commission has initiated measures setting up a European observatory for the SME, whose purpose will be to help the Commission set the guidelines for Community enterprise policy, as announced in its communication "Enterprise policy: a new dimension".

The purpose of the measure is to select, on the basis of a call for expression of interest published in the Official Journal, (27) a Community network of centres specializing in business research, especially for small and medium sized enterprises. The network's job will be to draw up annually, basing itself on the coordinated development of a statistical information system, an independent report on the situation and prospects of small and medium-sized firms in the Community, providing all economic operators and institutions with an instrument that can analyse and measure the impact of the single market on SMEs.

### 4.2 Policy development

#### 4.2.1 Feasibility study on the Euromarketing concept

It was decided to do a study on Euromarketing in order to provide SMEs with guidelines on the best marketing strategies to follow at Community level. The completion of the internal market, the opening-up of public procurement and the removal of trade barriers create a number of opportunities which SMEs should take, on condition that they adjust their business strategies, including their marketing strategies.

The Euromarketing concept consists in developing an overall marketing strategy enabling firms to gain access to markets in two or more Member States, based on adjusting products to different European markets, the formation of a coherent pricing policy, the choice of distribution channels and use of own logistics, and the communication and publicity package in a multicultural and multilingual context.

A call for tenders was published in June 1991, 28 to which 63 organizations replied. The study has begun in January 1992 and the main conclusions will be submitted in the form of a practical guide for SMEs.

#### 4.2.2 Measures to assist commerce and distribution enterprises

---

(27) OJ n° C 208, 9.8.1991 p. 22

(28) OJ n° C 166, 26.6.1991 p. 14

Following the Council's Resolution of 14 November 1989 on internal trade in the context of the internal market, (29) the Commission adopted in 1991 the communication "Towards a single market in distribution", (30) which analyses the role of the commercial sector in the economy as a whole, especially with regard to the setting up of the new international distribution circuits needed to make the internal market successful.

The Commission started to implement a working programme that gives priority to consultation and dialogue between Community institutions, national administrations and businesses; the execution of studies and information operations relating to commerce and distribution; knowledge of the legal framework of distribution at Community level; and the inclusion of commerce and distribution in Community policies promoting cohesion and economic development, including, in particular, support for innovation in small and medium sized enterprises.

On this latter point, a programme of pilot schemes (COMMERCE 2000) was launched with a view to encouraging investment for improving management methods in commercial firms or business associations, so as to overcome the obstacles which currently impede technological innovation in commerce and distribution. The many responses to a call for tenders in connection with this programme, published in July 1991, (31) reflect the various aspects of applying new technologies to the structures of commercial SMEs and are evidence of the sector's need to have model schemes that can be reproduced all through the Community distribution industry.

With the agreement of the committee of representatives of the Member States set up by Council Decision of 28 July 1989, the measure is financed by the appropriations allocated to this decision (on improving the business environment and promoting the development of firms, in particular small and medium sized enterprises, in the Community).

#### 4.2.3 Pilot schemes promoting the expansion of tourist enterprises

Following the European Year of Tourism and the Commission's adoption of a proposal for a Council decision for a Community action plan to assist tourism, 32 a number of measures promoting the expansion of tourist enterprises have been introduced to supplement the general policy provisions for assisting firms pursuant to the Decision of 28 July 1989, as amended on 11 June 1991.

#### 4.2.4 Taking cooperative enterprises, mutual societies and other associations into consideration

Several Community bodies representing cooperatives, mutual societies and associations have expressed their desire to take part in a measure to improve information to their members about Community policies. The purpose of the measure will be:

- to facilitate access to Community information;
- make it possible to channel industrial information from regional or national level to Community level, and
- to promote transnational partnerships.

---

(29) OJ n° C 297, 25.11.1989 p. 2

(30) COM(91)41, 11.3.1991

(31) OJ n° S 151, 10.8.1991

(32) COM(91)97 final, 16.4.1991

The transformation of an existing EIC into a specialist EIC for these bodies is at an advanced stage of preparation.

Its completion will be one of the principal measures laid down in the work programme which the Commission is drawing up for the sector.

The programme marks the completion of discussions held in the Commission and the other Community institutions (Parliament and the Economic and Social Committee) and the efforts by the sector's representative bodies to get its special situation recognized in the Community context.

This recognition is evidence of the political will to maintain and develop, in the context of the single market and alongside private and public firms, other business units which, although most often involved in activities in the competitive economy, nevertheless follow their own socio-economic logic which most often results in special forms of legal structure.

As well as wishing to preserve a degree of economic pluralism, the aim is to enable the Community to benefit from the specific contribution of cooperatives and mutual and other associations in those fields where they have a recognized fund of experience and which, in a general way, are covered by the concept of social cohesion.

Accordingly, the Commission has set itself the following principal objectives:

- to extend to them the resources available to business as a whole so that they can benefit from the frontier-free market;
- to support discussions held by them on the adjustments which completion of the single market will involve.

Measures for assisting them will be identified, taking into account:

- their characteristics and requirements;
- the principles and reference points for a Community policy concerning them.

The work programme should, from 1992, cover information, training, research and innovation, economic and social cohesion, improvement of the business environment, cooperation with the countries of central and eastern Europe, and cooperation with the developing countries.

#### 4.3 Evaluation of existing projects

Independently of the internal evaluations being carried out by the departments responsible for implementing and monitoring the various Community measures to assist enterprises, especially small and medium sized ones, the programme will be evaluated independently pursuant to the amended Decision of 18 June 1991.

A call for tenders was published on 12 December 1991, 33 to select proposals relating to the evaluation of each aspect of the policy to assist enterprises. The evaluations are to be submitted to the Commission at the end of July 1992.

## Conclusions

By adopting, in June 1991, the Decision on enterprise policy: a new dimension for SMEs, the Community showed its willingness to support SMEs more actively in their efforts to adjust to the completion of the single market.

The economic importance of small and medium sized firms (60% of GDP, 50% of investment, over 50% of employment, using the up-to-500-workers criterion) and their qualities of flexibility, dynamism and innovation make the policy of assisting such firms one of the key components of the Community's objective of market integration. The measures already taken by the Community to create an environment that fosters business expansion are crystallizing at a time when the Community is preparing to move towards political and economic and monetary union. Information for businesses about the Community market and the implementation of measures to assist structural change resulting from developments in the nature and size of markets will remain crucial to ensuring the competitiveness of European enterprises. Lastly, the promotion of cooperation between firms, which has already made it possible for a significant number of SMEs to make their presence felt on the Community market, will continue to be a priority strategy for many firms whose financial and human resources do not permit internal growth or take-overs.

Thus, enterprise policy, which was conceived originally as an ancillary to the completion of the internal market, is becoming a permanent feature of the Community's macroeconomic strategy.