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THIRD 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

- 1992 -

(from the Commission to the European Parliament,
the Council and the Economic and Social Committee)

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This report has been drawn up pursuant to Article 6 of the Council Decision of 28 July 1989: "Each year the Commission shall submit an evaluation report on the implementation of this Decision to the European Parliament, the Council and the Economic and Social Committee".

It deals with the reinforcement of the general approach and specific measures to assist enterprises, in particular SMEs, during 1992.

*European Week for Business
by EIC, BC-Net and BCC
in 400 cities in the Community
23 to 27 March 1992*

*Third Conference on the Cooperative, Mutual and
Non-profit Sector
Lisbon, Portugal
1 to 3 April 1992*

*Portuguese Presidency Conference
"Retailing in Europe"
Alvor, Portugal
11 and 12 May 1992*

*3rd Annual EIC Conference
Funchal, Madeira, Portugal
12 and 13 June 1992*

*3rd Annual Conference of BC-Net
Rome, Italy
9 and 10 July 1992*

*UK Presidency Conference
"Gateway to Growth"
Birmingham, United Kingdom
29 and 30 October 1992*

*Annual Conference of the BRE Network
Brussels, Belgium
5 and 6 November 1992*

*Pan-European Forum of Subcontracting
Madrid, Spain
14 and 15 December 1992*

I. REMOVAL OF UNDUE ADMINISTRATIVE, FINANCIAL AND LEGAL CONSTRAINTS

1.1 Progress of administrative simplification measures at national level

The Commission approved its second report on administrative simplification (1) on 27 October 1992. It has been sent to the Council, Parliament and the Economic and Social Committee. It looks at current practice in Member States, based on information provided by them, and at what the Commission is doing. This includes simplifying and rationalizing legislation, for example in social insurance, taxation and environmental regulation; the simplifying of forms and record keeping; the training of officials; and the improvement of procedures for consultation with business organizations. The report also looks at work by the Commission on the impact assessment system and the codification of legislation.

The report suggests that the burden of administrative costs falls disproportionately heavily on SMEs and that administrative simplification work should retain a high profile in the Member States and the Commission.

It contains guidelines for future work in this field, and an undertaking by the Commission to consider how to improve the impact assessment system. These guidelines also refer to the continuing need to initiate and launch ideas for improvements to the general business environment, particularly for SMEs, and for Member States to continue to cooperate with each other, and the Commission, to stimulate the exchange of experience and information.

In welcoming the report on 24 November 1992, the Council adopted a Resolution (2) undertaking to avoid all unjustified burdens on enterprises and to encourage the development of best practice, notably in respect of a methodology for cost-benefit analysis.

1.2 The Commission's business impact assessment system

In its second report on administrative simplification, the Commission undertook to continue to improve and strengthen the business impact assessment system. This is likely to involve improved consultation and advance information for business organizations; ensuring that impact assessments are revised if substantial amendments to proposals are accepted by the Commission in the context of the inter-institutional legislative process; and developing in cooperation with Member States methods of assessing detailed costs and benefits of legislative proposals. The Commission will also collect information on the impact on enterprises of existing Community legislation in the light of implementation, and formulate proposals for reducing the burden.

(1) SEC(92) 1867 final, 27.10.92.

(2) OJ No C331, 16.12.92

Under the impact assessment system just over 40 proposals for legislation from the Commission's 1992 programmes were identified as needing an assessment. In most cases changes have been made to the impact assessment and/or to the proposal itself as a result of the consultation process.

UK Presidency Conference
"Gateway To Growth"
29 and 30 October 1992

in Birmingham, United Kingdom.

The well-prepared Conference of the UK Presidency was supported financially by and organized in conjunction with the Commission. There was a good attendance from all Member States, business organizations, academics and the Commission, which led to wide and often stimulating debate, both on measures to support SMEs and the burden of regulation. The importance of administrative simplification was underlined. Priorities for future action to assist SMEs at Community and national levels were suggested. One message that came out of the Conference was the need for SMEs to cooperate and for organizations representing them to work together and coordinate their lobbying activities. Another important task was to meet the demand from SMEs for information as a result of the internal market programme (standards, testing and certification). consideration should be given to integrating the EICs in "one-stop shops".

1.3 Improving the financial environment of enterprises

Payment periods in commercial transactions

The situation as regards payment periods in commercial transactions continued to deteriorate in most Member States in 1992. After preliminary inquiries and consultations on the matter over previous years, a Commission staff working paper on the problem of the time taken to make payments in commercial transactions (3) was distributed among the parties concerned public authorities and trade organizations.

The purpose of the document is to serve as a basis for a wide-ranging discussion on whether Community action to help solve the problem is necessary and, if so, what type of measures should be adopted. There will be broad consultation on the working paper in the first half of 1993.

(3) SEC(92) 2214, 18.11.1992.

Mutual guarantee schemes

In line with its communication on the role of mutual guarantee systems (4), the Commission helped in setting up a European Mutual Guarantee Association in Paris on 10 November 1992. This brings together representatives of national federations of mutual guarantee schemes and its main object is to expand the role of mutual guarantee in the Community, particularly in the interests of SMEs and craft industry.

1.4 Improvement of external consultation

Given the importance attached by the Commission to consultation, the monthly meetings with the representatives of a dozen or so European SME organizations continued in 1992. They enable views and information to be exchanged and the organizations in question to be consulted on both the Commission's specific initiatives to help business and the different Community policies, draft legislation or programmes which may affect SMEs. In 1992 the Member of the Commission with responsibility for SMEs, Mr Cardoso e Cunha, consulted trade organizations on the planned renovation of the programme to help SMEs.

The special procedure for consulting SMEs organizations on measures implementing the Social Charter, introduced in 1990, has been continued, thus ensuring that the Commission departments responsible for enterprise policy are 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 (5), and in accordance with the work programme on commerce and distribution (6), 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 for example consulted when recent proposals for Community legislation in areas such as the environment, consumer protection, means of payment and external trade were being drawn on. The members of the CCD have drafted European codes of conduct in a number of areas, such as new means of payment and mail-order sales.

In addition, bodies representing cooperatives, mutual societies and associations were regularly consulted during 1992, in an informal committee. Consultations also took place with representatives of national ministries.

(4) SEC(91) 1550 final, 5.9.1991.

(5) OJ No C 297, 25.11.1989, p. 2.

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

1.5 Examples of legislative coordination

Transitional system of VAT

In November 1992 the Commission adopted a proposal for a Directive containing further simplification measures. The proposal facilitates so-called triangular trade as regards the obligation for the middleman to register for VAT. Under the current transitional system an enterprise A, that buys goods from an enterprise B situated in another Member State and asks B to send the goods directly to a enterprise C situated in a third Member State, would have to register for VAT in the state of either B or C. The proposal allows the liability for VAT to be transferred from A to the final buyer C. This would eliminate the need for the middleman A to register in the state of either B or C.

The proposal would also lighten the control obligations on enterprises that make intra-Community acquisitions of goods subject to excise duties.

Finally the proposal simplifies trade with some territories that belong to the customs territory of the Community but are not part of its tax territory.

Taxation of enterprises

The Ruding Committee, a high-level think-tank set up in early 1991 to make recommendations to the Committee on the tax measures required for the strengthening of the internal market, ended its work in March 1992. Its report was later commented on by the Commission(7). Some of the Committee's proposals are especially interesting for small and medium-sized enterprises, such as one to extend the parent-subsidiary Directive firstly to all enterprises liable to corporation tax, irrespective of their legal form, and then to all businesses liable to income tax. Another proposal is to allow the option for unincorporated businesses to be taxed in the same way as incorporated ones, in order to improve their capacity for self-financing.

In its communication of June 1992, the Commission was very favorable towards these proposals, which deserve further study. The Commission should soon be putting forward a proposal for a Directive to extend the scope of the parent/subsidiary Directive and the Merger Control Regulation to all enterprises.

Competition

On 20 May 1992 the Commission adopted Community guidelines on state aid for SMEs (8), the main aim being to increase transparency in this area by giving clear definitions of SMEs and explaining the various types of aid which the Commission will normally be ready to authorize, and the intensity of such aid. The guidelines include major simplification of administrative procedures, in that aid of less than ECU 50 000

(7) SEC(92) 1118, 26.6.1992 "Guidelines on company taxation linked to the further development of the internal market."

(8) OJ No C 213, 19.8.1992, p. 2.

trade and no longer has to be reported in advance to the Commission (de minimis aids). On 2 July 1992 the Commission adopted a communication on the accelerated clearance of aid schemes for SMEs and of amendments to existing schemes (9).

In May 1992 the Commission adopted a notice fixing the criteria defining exclusive contracts (for the distribution of beer) of minor importance, not subject to Article 85 of the EEC Treaty (10). It lightens the administrative burden on small breweries and gives them greater legal security.

1.6 Statutes for a European cooperative society, mutual society and association

In May 1992 the Economic and Social Committee issued an opinion (11) which was broadly favourable to the draft Regulations(12) on the statutes for a European Cooperative Society, a European Mutual Society and a European Association, and to the three accompanying Directives on the role of workers in each of them.

At the European Parliament, these proposals have been examined by the Committees on Legal Affairs and Citizens' Rights, on Economic and Monetary Affairs, and on Social Affairs, Employment and the Working Environment. An opinion is expected early in 1993.

The proposals have also been discussed at several meetings of the Council Working Party on Economic Questions.

II. INFORMATION AND SUPPORT FOR BUSINESSES

2.1 Information for businesses

2.1.1 The Euro Info Centres

In 1992, a noteworthy feature was the account taken of the essential role of SMEs in the development of Europe's economy, given the imminent reality of the internal market and the acceleration of the process of integration, in particular the steps towards economic and monetary union.

In this context special attention has been devoted to the need for information on the part of businesses. This has led the Euro Info Centre network to concentrate on the quality of the services it provides, through a restructuring of its information tools and the value added of the network as a whole, with the tasks of the EICs being redefined.

(9) OJ No C 213, 19.8.1992, p. 10.

(10) OJ No C 121, 13.5.1992, p. 2.

(11) OJ No C 223, 31.8.1992.

(12) COM(91) 273 final, 5.3.1992.

It remained the principal role of the EICs in 1992 to provide general information to business by answering questions on Community matters and on all the Community's programmes and its individual policies. Here the EICs have had to react quickly to growing and ever more complex needs, developing their capacity for strategic dialogue and giving pride of place of the ability to put together high-quality targeted answers. In 1992 the number of questions dealt with by the network was close to 300 000.

At the same time the network has seen its members developing special skills. Their specializations, duly identified and encouraged by the network's central unit, are helping, by supplying ever more operational information and creating specific information packages, to increase the value added of the network as a whole, whose knowledge is made available to all its membership.

The EICs have also provided practical information and assistance to enterprises wishing to take advantage of the opportunities offered by Community programmes, especially as regards R&TD, and the growing opening-up of public procurement. This task is complemented by a first-tier advice and consultancy function, aiming to inform businesses about the sources of information open to them, available studies and ways of using sources of information, and also to help them formulate their questions better and attune their strategies.

The EIC network will continue with these priority tasks, adapting the kind of information it is supplying and making it more operational, in the context of a broad dialogue bringing together all those concerned - the Euro Info Centres, the network's central unit, the EICs' host organizations and businesses themselves.

Third Annual EIC Conference
Funchal, Madeira, Portugal
on 12 and 13 June 1992

The third Annual EIC Conference, with information on the internal market as its theme, attracted over 300 participants. Commissioner A. Cardoso e Cunha put discussions in their Community context, stressing the need for the Commission to develop direct and efficient information mechanisms, in order to communicate with all those concerned by the internal market. Working groups examined information in the daily work of EICs. The conclusion was that the information they provide is a reliable product which matches market requirements.

2.1.2 Miscellaneous information measures

Continued publication of Euro-Info

Euro-Info is a quick-delivery information bulletin for SMEs and craft businesses. It is sent, free, to trade associations and groups, BRE (Business Cooperation Centre) correspondents, members of BC-Net (Business Cooperation Network), Euro Info Centres, and SME managers who request it.

Euro-Info gives concise information on:

- measures being implemented under enterprise policy
- instruments proposed under that policy (BRE, BC-Net, Interprise, Euro-Info-Centres etc.) and in conjunction with other departments (Europartnariat, Seed Capital, etc.)
- measures by other Directorates-General which concern SMEs and craft industry (regional policy, research and development, training etc.).

Some 60.000 copies of Euro-Info are published, ten times a year in the nine Community languages.

Mobile exhibition stand

Since 1989 the Commission has had a mobile exhibition stand to present its enterprise policy, measuring some 30 m². In October 1992, a new stand was put into service, of the same area but more adaptable. They are both used to display enterprise policy instruments at fairs, exhibitions, seminars and conferences for managers of SMEs or craft businesses, such as Interprise and Europartenariat events, BRE and BC-Net meetings etc.

Twelve activities are presented visually on panels, together with logos and short texts in the language of the country being visited. A video clip lasting some three minutes is also shown. General and targeted documentation is available to the public in the appropriate language. There is always a Commission representative on hand to give visitors further information.

In 1992 the stand was set up at some fifty fairs and exhibitions in Community and EFTA countries, and also in Eastern Europe (Czechoslovakia) and North Africa (Tunisia). Some 90% of visitors were accounted for by events in the Member States; visitors numbered thousands and included many business managers, who were able to improve their acquaintanceship with the Commission, and in particular its activities to help SMEs and craft industry.

Publication concerning experience with the European Economic Interest Grouping (EEIG)

After three years of experience in cross-border cooperation through the EEIG, and following a survey begun in 1991 among all the groupings in existence, the Commission has drawn up a paper on the use being made of this new Community legal instrument. The publication will be entitled "EEIG the emergence of a new form of European cooperation", and will be available in early 1993. It will paint a full picture of the new instrument, the information available hitherto being mainly of a legal nature. It will also meet a growing demand for information from economic operators on whether or not they should avail themselves of this new and dynamic form of European cooperation.

2.1.3 Promotion of Community instruments

(a) Campaign to promote Community instruments

The campaign to promote Community instruments designed to help business (EIC, BC-Net, BRE, Europartenariat etc.), which was launched in 1991 continued in 1992, culminating in the European Week for Business in late March.

The campaign was based on integrated use of three complementary techniques: publicity in the economic press and specialist magazines; direct mailshots to some 600 000 SMEs, with "success stories" to show the advantages which SME managers can expect from Community instruments; and public relations generally, putting out messages through the media to make Community instruments more credible to businesses.

At the half-way stage (June 1992) an assessment of the campaign to promote Community instruments to aid SMEs was commissioned. EOS Gallup selected and polled some 2 400 SME managers in the Member States.

The results were encouraging: since the previous survey, in March 1991, total awareness (spontaneous and prompted) of the different services available had increased by 4 points, from 37.5 to 41.4% of the managers interviewed. This means an increase of more than 10% in one year. In absolute figures, several hundred thousand additional businessmen are now aware of the existence of one Community service or another.

However, while some 18% of those interviewed had become aware that the Community has set up instruments to aid them, the great majority of them could not remember what they were called. This is why the promotion campaign is to continue in 1993, on the basis of the conclusions of the study showing what means of communication are most effective in each country.

European Week for Business
by EIC, BC-Net and BRE
in 400 cities in the Community

Some 200 events (conferences, fairs, open days) were organized for more than 600 000 entrepreneurs in no less than 400 cities. These events provided information on all Community instruments with a view to the 1993 deadline. The programmes were coordinated by the network's central administration in Brussels. The Week received the personal support of the President of the Commission, Jacques Delors, and the entire Commission. In his opening speech Mr Delors called on companies to become more European and thus to exploit the opportunities for cooperation offered by a frontier-free environment. The European Week for Business fully achieved the dual goal set for it by its promoters: to promote all the schemes and instruments being implemented by the Commission for the benefit of business, and to encourage the use of these instruments by companies - especially SMEs. The Week was undoubtedly one of the most significant events ever set up by the Commission for the benefit of firms.

(b) Use of the structural Funds by SMEs

In order to see whether SMEs were making full use of the Community's structural Funds, the Commission departments responsible requested an assessment study from twelve consultants in the Member States. The reports by country and overall were handed to the representatives of the Member States in October 1992.

The main conclusions are as follows:

- it is at present difficult, because of the lack of reliable figures, to assess take-up from the Community structural Funds by SMEs and thus the effect they may have;
- on first estimates, about ECU 3 000 million, that is less than one third of the sum originally allocated by the structural Funds to business productivity, have gone to finance SME projects;
- despite the Commission's efforts, SME intermediaries have not, in most Member States, been involved in planning and following up operational programmes based on the CSFs and Community initiatives;
- some administrative procedures sometimes deter SMEs from making fuller use of money from the Community Structural Funds.

2.2 Measures in support of businesses

2.2.1 Improving the managerial capacity of businesses

Preparing SME managers for the internal market

In 1991 it was decided to extend the programme in two directions: new training measures targeted on preparing SMEs strategically for the internal market, and exchange of experience by training/consultancy agencies at Community level. .

As regards the former, 101 agencies were selected for carrying out three types of measure in 1992: training/consultancy for managers, teaching tools such as data banks, software or guides, and studies on the sectoral or regional impact of the single market.

In partnership with the 101 agencies selected, some 350 organizations are taking part in implementing training measures, which have helped 3 500 SMEs, or something over 5 000 managers, to prepare for the single market. In order to make the approach more concrete, these training schemes are targeted on particular sectors of activity, such as distribution, construction, manufacturing sectors like textiles, foodstuffs and mechanical engineering, and craft industry and cooperatives. The subjects which the training covers correspond to the demand from businessmen and includes such diverse areas as cross-border cooperation, taxation, access to public procurement, commerce and Euromarketing, and quality and certification.

The work of some of the agencies selected was to be finished by the end of 1992, and that of others in April 1993.

As to the second approach, a survey of best practices in training for SME managers in strategic management was sent to the 101 agencies for testing. It will be improved in the light of their reactions and distributed during the first half of 1993 through intermediary bodies.

A reference centre also got off the ground in 1992. It will include a computerized bibliography on teaching tools and material on the impact of the completion of the single market on SMEs.

Support for SME managers and business creators in the new German Länder

In the framework of activities to help SMEs prepare for the single market in 1993, a special programme in support of managers and business creators in the new German Länder was launched in 1991. The objective was to inform the managers of the new private enterprises and potential business creators about both the opportunities and risks of the single market, in order to facilitate their integration into the Community.

As well as seminars and conferences on different issues related to the European Community and the single market, the programme included management courses to prepare enterprises for cross-border economic activities and for cooperation with enterprises from other Member States of the Community. During 1992, the different measures were implemented by 26 institutes and consultancy firms from 8 Member States, selected by an open invitation to tender.

Altogether some 3 000 managers and business creators participated in about 130 seminars and conferences. While general seminars on single market issues met with decreasing interest through the year, seminars and conferences which were particularly tailored to the needs of research- and technology-oriented enterprises, business creators and craft enterprises proved to be a great success. About a third of all consultants involved in implementing the programmes asked for a follow-up programme to further assist East German entrepreneurs. The special programme was implemented in close cooperation with regional business organizations such as Craft Chambers and Chambers of Trade and Industry, as well as with the Euro Info Centres in the new Bundesländer.

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 before a business is launched and capitalized.

Following 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. In 1992 it selected a further seed capital fund for the new German Länder (SEC(91) 2414), bringing the total number of funds to 25.

As well as the reimbursable cofinancing of 50% of operating costs being made available by the Commission for all 25 funds for 3 to 5 years, capital contributions to funds established in assisted regions are being granted through the medium of European 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. Of the funds, 23 are now operational and one more should be so soon. It would appear, however, that one of them cannot secure the necessary financial resources.

The 23 funds now operational have carried out 98 investments in very varied sectors of activity, the total investment being ECU 11.2 million. The 98 companies set up account for 690 full-time and 108 part-time jobs.

On the basis of the initial 25 funds selected, the Commission has set up a European network now covering 41 funds in all, coordinated by the EVCA or European Venture Capital Association, with whose help six seminars have been organized, including two in 1992 (Glasgow and Liège). These are designed to give young fund managers a thorough knowledge of risk management techniques and to initiate them into different management cultures, so facilitating cross-border cooperation. A bimonthly newsletter is published and other services are being set up for information, documentation and consultancy.

An assessment of the pilot action was carried out in 1992 by Professor Murray of Warwick University. This showed the scale of the capital represented by the funds (with the 40 funds in the network totalling ECU 266 million, including 38 million for the 25 funds supported by the Commission) and the leverage of the funds on the capital of the firms in which they invest: for every ecu supplied by one of the funds, another 2.5 are provided by other sources which would not otherwise have made the investment. Professor Murray's report has been communicated to the members of the Article 4 Committee.

The report stresses that it is still too early to draw final conclusions from the result of the pilot action, as the funds are still too young (2 to 3 years at most) and the financial effects of the new projects they are investing in are long-term (5 years at least).

Quite apart from seed capital, venture capital can also be useful in some cases, whether in cross-border business or in advanced or clean technologies. There are a number of programmes for this, including Venture Consort and Eurotech Capital.

Financial instruments to assist cooperatives, mutual societies and associations

In 1992 the Commission continued its analysis of the need for specific financial instruments to assist cooperatives, mutuals and associations.

In order to accompany and accelerate the emergence of cross-border projects, as local funding requirements increase, a subsidy was granted in 1992 for a pilot project to set up a company to manage joint investment funds to aid initiatives by this sector.

This will facilitate access by the sector to the capital market.

It will be possible for the joint fund to be quoted on stock exchanges and the holding company will issue securities to attract funds and place them as seed capital with its local branches. The venture capital company will take part in cross-border operations.

2.2.3 Helping SMEs to gain access to Community R&D programmes

Exploratory awards and technology exchanges under the VALUE-SME programme

The objective of this scheme is 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 wishing to acquire a particular technology.

Exploratory awards are designed to cover 75% of the SME's travel and subsistence costs, up to a maximum of ECU 7 000, incurred in attending meetings to determine whether the technology is appropriate to its needs. Technology exchange awards are designed to cover 50% of the costs associated with transferring the technology and establishing its feasibility within a new operating environment, up to a maximum of ECU 100 000.

Following a second call for proposals published in the Official Journal in July 1992, some 300 requests for information were received. This call for proposals increased the value of exploratory awards from ECU 5 000 to ECU 7 000 and allowed SMEs, under certain conditions, to use intermediaries to submit their applications.

Feasibility awards under the Brite/Euram programme

The objective of the programme is to strengthen the technological base of traditional manufacturing industry in Europe by supporting SMEs' investigation of possible new applications of scientific principles and testing of new instruments and processes, and by stimulating cross-border cooperation. The programme is designed to facilitate access by SMEs to the Brite/Euram programme by enabling them to undertake basic research which could ultimately lead to projects carried out on a partnership basis under the programme.

Feasibility awards, a scheme jointly financed by the Directorates-General for research and for enterprise policy, provide financial support to SMEs of up to 75% of the costs, up to a maximum of ECU 25 000, of proving their research capability, establishing the feasibility of an idea, process or material, or demonstrating their skills to potential partners.

The new feasibility awards, introduced at the beginning of 1992 under the Third Framework Brite/Euram programme, will have a larger budget and the project ceiling will be increased to ECU 30 000.

Having obtained the measures it was seeking by this Council decision, DG XXIII has been able to redirect these limited budget appropriations to other measures.

These measures thus being covered by the Council decision on this research programme, it has been possible to redirect these limited enterprise policy appropriations to other measures.

Euromanagement project - R&TD audit

The Euromanagement project - R&TD (13) is designed to help SMEs take part in Community R&TD programmes. Based on setting up and operating a network of consultants specializing in innovation strategies, its aim is to carry out an audit of the work and research projects of a sample of European SMEs.

A total of 47 organizations and consultants from the twelve Member States was selected, and 657 SME audits were carried out between September 1991 and March 1992, identifying 1 000 potential research projects. Almost 120 research proposals have now been finalized and submitted by these firms in the context of invitations to tender under the Third Framework Programme for R&TD. A final evaluation of the project is under way.

The project demonstrated SMEs' strong capacity to innovate and the importance of technological advisers being able to help them formulate their projects and facilitate their participation in cross-border technological cooperation.

Euromanagement project - standardization, certification, quality and safety

Following a request by SME representatives concerning the difficulties faced by SMEs in adapting to the requirements of European standardization and certification, the Commission set up a new project. Given that the European Community had designated 1992 European Year of health and safety at work and that standardization is a key element for safety, the pilot project also covers this field.

The Euromanagement project Standardization, Certification, Quality and Safety is designed to assist small and medium-sized enterprises (SMEs), in particular craft enterprises, to identify and assess the impact of the new European standardization, certification and quality requirements they will have to master in order to reap the benefits of the single market.

Help on standardization and certification is vital to remedy the problems of adapting to the new standards of the single market and to facilitate genuine participation by SMEs in the market. Standardization and certification include the concepts of quality assurance and health and safety at work. Quality assurance is a management standard that SMEs, which are often subcontractors (50% of SMEs are subcontractors), must be increasingly capable of meeting in order to satisfy their customers' quality requirements. Obtaining quality assurance certification is a long and expensive process for SMEs. Health and safety standards, such as European machine safety standards, protect workers and must be fully complied with by producers and users.

The invitation to tender published in the Official Journal of 10 June 1992 (14) divided into two actions: Action I is an invitation to tender for technical experts and/or advisers who will assess SMEs, and Action II is an invitation to tender to be the coordinator who will coordinate, manage and assess the project. The first action will cover services provided to SMEs in the Community by technical experts and/or advisers in the field of standardization and certification. The coordinator will be required to develop a methodology, organize a seminar and produce a training manual for the fifty or so advisers/consultants chosen under the project, and ensure that it runs smoothly. The seminar will be organized with the support of the Commission departments responsible and European standards organizations. The coordinator will also be required to report on the progress and final results of the scheme. Participants may only apply for one Action.

The specific objectives of the evaluations will consist in informing SMEs of current and future certification and standardization requirements affecting their products, in helping them update their information on certification and standardization, in identifying the particular problems faced by SMEs in adapting to standardization and certification, in assisting Community SMEs to interpret and analyse certification and standardization requirements and in introducing them to appropriate methods. In addition, the consultants will assess the management capabilities of SMEs and will advise them on management, in particular so as to familiarize them with quality assurance standards. Consultants will also have to help raise awareness in SMEs of questions concerning health and safety at work.

2.2.4 Helping SMEs to participate in public procurement

The answers to the questionnaire on the problems faced by SMEs in regard to participation in cross-border public procurement, together with the special meetings held with Euro Info Centres in 1991, provided valuable material for inclusion in a Commission Communication "SME Participation in Public Procurement in the Community" (15).

This revealed the considerable obstacles that faced all firms, but particularly SMEs because of their limited resources, when seeking to enter public procurement markets, especially outside their own Member State. It further emphasized the need for action in a number of fields. The most important technical measures included: the timely publication of accurate tender notices in the Official Journal, the use of a more comprehensive nomenclature to better identify the products actually required, and improving access to information on standardization and certification. In addition, if SMEs were to take proper advantage of the potential opportunities open to them, counselling and business education should be more widely available to assist SMEs with the complex process of planning, preparing and interpreting information. The same lesson was also learned from pilot projects aimed at providing supplier-specific information on invitations to tender. These demonstrated that this information on its own was of limited value unless businesses had properly prepared themselves to compete in public procurement markets.

Other areas identified as clearly requiring action were the simplification and where appropriate standardization of pre-qualification procedures, the improvement of payment conditions, the facilitation of cross-border partnerships and better use of the possibilities of the public procurement directives concerning division into lots and sub-contracting. This could include seeking to achieve a better balance between principal contractors and sub-contractors.

This constituted a formidable agenda, which has already received much consideration at the Commission. It is hoped that the Communication will be examined by the Council during the Danish presidency (in the first half of 1993) and that the specific recommendations it contains will receive the endorsement of the Member States.

Some areas of concern have come to the notice of the Commission as a result of external studies, including possible infringements related to the points where the provisions of the Directives are vague, such as the period following publications during which detailed tender documents may be requested. These are now being pursued by the Commission departments concerned.

In addition, a large number of seminars and conferences on public procurement were held. These provided an opportunity to describe the considerable legislative progress made and the resulting opportunities for SMEs to achieve greater participation in public procurement in the Community.

2.2.5 Helping SMEs to gain access to non-Community markets

In order to improve access for SMEs to the markets of non-Community countries, the Commission began preparation of three brochures in the series "Doing business in ...", for Canada, Australia and the United States. These will be published in the first half of 1993.

With the aim of helping SMEs to gain entry to the Japanese market, a guide to trading houses operating in Japan was prepared (to be published in early 1993, as a joint project from the services of the Commission).

In October 1992, the Commission issued an invitation to tender (16) to improve the flow of information to SMEs concerning business conditions in central and eastern Europe. To achieve this objective, the Commission is promoting joint action to compile, disseminate and exchange information and business know-how through organizations supporting SMEs in the Community and similar bodies in the central and eastern European countries which are transforming their economies. The projects will be carried out during 1993.

Furthermore, SMEs in the Community are increasingly gaining access to information about business conditions and potential partners in non-Community countries through the extension of the Euro Info Centre, BC-Net and BRE networks.

Other Commission departments continuously call on the expertise of the Directorate-General for enterprise policy in establishing SME development schemes and cross-border links with the SME sector in non-Community countries. Considerable contributions have been made to the SME development programmes financed under PHARE and TACIS and to the preparation of joint Community/EFTA enterprise policy programmes within the framework of the European Economic Area. This horizontal aspect increased considerably during 1992.

Finally, as regards commerce and distribution, three fact-finding missions were undertaken to Hungary, Russia and Ukraine as part of the Community technical assistance and food aid programme. On this occasion, an initial response to the difficulties encountered by the distributive trades and the experiences of traders operating in these countries was the establishment of panels of Community businessmen with the aim of pooling their experience for the benefit of the authorities and traders, and to initiate contacts with traders and their federations in the countries of central and eastern Europe with a view to an exchange of experience for purposes of information and training.

(16) OJ No S 192, 2.10.1992, p. 73.

2.2.6 Measures to assist small enterprises and craft businesses

Implementation of the Avignon recommendations

In 1992 the main focus was on consolidation following the issue of invitations to tender on 28 December 1991 and 4 August 1992. In accordance with the recommendations made at the European Symposium on Small Enterprises and Craft Businesses in Avignon, studies and pilot projects were undertaken covering information, cooperation, border areas, training for managers of businesses and their spouses, and technology transfer. Twenty-four proposals were adopted.

Measures were implemented in the twelve Member States, making it possible to take into account the diversity of circumstances and the individual characteristics of small enterprises and craft businesses. One or more organizations from each Member State are also involved in the work, either as principal contractors or associate members. The extensive involvement of regional and national bodies representing craft businesses should also be noted.

The results of the work are expected by June 1993. It is intended that a Monitoring Committee made up of representatives from craft organizations should monitor the progress of the projects and guide them if necessary.

Strengthening of measures concerning standardization, certification and regulation in the craft sector

Following the briefing meeting for organizations representing small enterprises and craft industry on 27 May 1991, two specialist meetings were organized in cooperation with the Commission departments concerned and the European Committee for Standardization (CEN): on 15 January 1992 for building and construction, and on 21 May 1992 for firms involved in the food sector.

As a result of the conclusions reached at those meetings, work was begun to find ways in which better account could be taken of small firms' interests. In the construction sector, trade associations were also assisted in their approaches to CEN and in connection with the Directives on building materials and services.

A number of pilot actions have been launched, in particular regarding the feasibility of introducing a transnationally recognized Master Craftsman Course, the establishment of a cross-border development office between Belgium (Hainaut) and France (Nord-Pas de Calais), and a feasibility study for a buyer's guide.

An advanced skills certificate (Brevet de Maîtrise Supérieur) exists experimentally in France, for heads of craft enterprises with a specific development project: diversification, export, new plant, etc. The aim is to improve their decision-making capacity and their working methods through individualized training and constant monitoring of progress, on a basis of self-training and tutoring. The Commission's support consists in helping a feasibility study on extending the principle of the scheme to other Member States.

The Cross-border Development Bureau is a Commission-supported project aimed at guiding and encouraging small and craft enterprises in the regions concerned in funding work in neighbouring countries. It provides support as regards administrative formalities, training, documentation and consultancy.

With respect to the buyer's guide, the study and the results of a conference held in Toledo on June 15, 1992, indicate the economic interest of a buyer's guide and the practical conditions for its establishment. The implementation of a test model buyer's guide regarding certain craft characteristics could be envisaged in the 1993 work programme.

Craft industry and the Poseima programme in the Azores and Madeira

In view of the weakness of craft industry structures on the islands, it was important to provide businesses with the means to increase their productivity and to improve opportunities for sales in the Community.

In its Decision of 26 June 1991 setting up a programme of options specific to the remote and insular nature of Madeira and the Azores, the Council adopted specific measures to assist the islands' small craft businesses, in particular with regard to occupational training and access to new technologies and markets.

The three-year programme is being financed under the ERDF and formulated jointly by the Commission (the Directorates-General for regional policy and enterprise policy) and the Portuguese national and regional authorities.

Under regional policy, and following meetings with the national and regional authorities and a fact-finding visit to the islands by experts, the departments in charge of enterprise policy assisted the authorities in determining and drawing up an operational programme of measures in support of enterprises. After the preparatory work, it was decided that the programme would focus *inter alia* on firms making embroidery, carpets, basket work and pottery and would, in particular, take the form of aid for investment and for training of heads of firms, assistance in gaining access to new markets and technical assistance with business audits.

Project to assist young craftworkers

There are major shortcomings in training for craftworkers in a number of outlying regions of the Community. In order to increase the number of craftworkers with full qualifications, the Commission is supporting a pilot project bringing together 45 young people from Greece, Spain and Portugal who want to do vocational training in Germany, under the "dual" system (alternating periods in training centres and on the job, for three to three-and-a-half years). They began with a six-month language course beginning in January 1991.

The main aim is to train these young people so that later they can work in a craft trade

Commission is also trying to gather information on which to base the decisions it will have to take if it is to expand its activity in vocational training for craftworkers.

The project is being co-financed by the departments responsible for enterprise policy and the Task Force for Human Resources, Education, Training and Youth, with a contribution from the Bundesanstalt für Arbeit (the German Federal Labour Institute). Board and lodging, language training and the services of teachers and social workers are the responsibility of Kolping Jugendberufshilfe.

III. PROMOTION OF COOPERATION AND PARTNERSHIP

3.1 Business Cooperation Network (BC-Net)

In 1992, the network expansion phase was marked by measures in the following areas:

3.1.1 Expanding the activities and improving the quality of operation of BC-Net

Here the Central Unit undertook an initial examination with a view to improving use of the network for technological cooperation to assist SMEs. In this connection, the nomenclature adopted in accordance with the provisions of NACE Rev. 1 was sent to all members of the network and subnetworks.

The studies on the use of human resources, the optimal functioning of the reporting system and the establishment and operation of subnetworks were completed and their findings taken into account.

A further ad hoc study was launched to prepare for the introduction of charging for BC-Net services in the Community from 1 January 1993. A large proportion of memberships were renewed, with an additional agreement on the introduction of charging.

The introduction of reporting confirmed the network's potential and its scope for further improvements in quality and uniformity.

3.1.2 Strengthening the structure of the network

Efforts were made to ensure the optimization of the network inside and outside the Community (several working meetings were held with selected members who have extensive subnetworks).

In the context of the international opening-up of the network, the departments responsible for enterprise policy, in close cooperation with those for external relations, implemented the BC-Net expansion programme leading, in particular, to:

- the continued extension of the network in central and eastern Europe (Czechoslovakia and Hungary);

- the selection of national contact points (NCPs) for the Mediterranean countries (Israel, Cyprus, Malta and Turkey);
- the extension of BC-Net to Australia and the Philippines;
- the extension of the network to a number of Latin American countries (Argentina, Chile and Uruguay).

3.1.3 Activities in support of network members

During 1992, the Central Unit undertook the following measures:

- The Advisory Working Party for Monitoring, which includes 55 representatives from among the most active advisers in the Community and in some non-Community countries, examined the various aspects of installing VANS, charging policy, reporting, the preparation of channels for the use of Flash Profiles (FPs) and training.
- Promotional measures were taken, such as national meetings of network members in the Member States and measures in support of their initiatives during the European Week for Business in March 1992.
- A video was made to promote the cooperation facilities offered by BC-Net and BRE. A special publication ("Business Contacts") was produced to promote links between the various cooperation networks.
- A further promotional measure was the preparation and distribution of a pocket guide, and the Records of the 1991 Annual Conference in Paris were also distributed.
- The Central Unit and network advisers were invited to give a presentation of BC-Net to 44 delegations at the Paris Peace Conference on 28 and 29 October 1992, as an example of business cooperation which could help to bring about reconciliation in the Middle East.
- The Annual Conference of members of BC-Net, held in Rome on 9 and 10 July 1992, was attended by a large number of advisers together with representatives from several Commission departments involved. A number of representatives from bodies concerned in non-Community countries had occasion during the conference to express their satisfaction with the network and with the added value which it contributed to their activities.
- Several training sessions were organized at the request and in accordance with the needs of network members. These dealt with two aspects:
 - general training covering the development of the single market;
 - the promotion of cooperation between businesses and basic training on the BC-Net system.

In all, 370 people received training, in 36 sessions organized in the various countries using BC-Net, both inside and outside the Community.

In this connection, an effort was made to increase remote use of the network via the Business Remote System (BRS Comms).

- The Central Unit provides a Help Desk service dealing with numerous calls and offering assistance in connection with all kinds of technical problems (how to use BRS Comms, nomenclature queries, etc.).
- Newsletters and specific information on developments in the internal market were distributed in order to improve the range of knowledge of members as advisers in a network broadly serving to implement the different aspects of the internal market, and in particular the integration of SMEs.

3.1.4 Technical improvement

During the year major improvements were made to the computer system:

- a new version of the BRS Comms programmes was supplied (for preparing cooperation opportunities); this version is very user-friendly and enables nomenclature codes to be found easily;
- an application was designed which facilitates the transmission of cooperation opportunities within subnetworks;
- an application was designed which automates the preparation of activity reports.

3.1.5 Assessment and prospects

Over the past year the targets for the BC-Net programme were largely achieved, with special attention being paid to quality, as will be the case in the coming year.

In line with these developments, charges will operate on the system from 1 January 1993, which will mean that the cost to the budget is reduced and that the With regard to use of the system itself, thousands of contacts were established through BC-Net and a number of contacts were established on behalf of businesses through the intervention of network members specializing in particular fields. This shows the positive influence of the network and subnetworks in establishing business contacts at international level.

Meetings between business advisers who are members of the network at the Europartenariat events in Germany, Greece and Italy provided ample confirmation of this trend.

Third annual Conference of BC-Net
Rome, Italy, 9 and 10 July 1992

The Conference of members of BC-Net took place in Rome with the theme "Cross-border partnership, a good way to be competitive". It was held in the RAI Auditorium at the Foro Italico and brought together more than 500 business advisers and representatives from agencies specializing in cooperation between SMEs covering the whole of the Community, EFTA and a number of other countries, together with numerous observers from outside the Community who had applied to join the network. The extension of BC-Net to further countries outside the Community was marked at the Conference with the formal signing of membership agreements by Israel, Turkey and Uruguay and agreements between BC-Net and the designated National Contact Points for Argentina, Cyprus, Israel and Turkey. In addition, the Commission signed the contract for Europartenariat Mezzogiorno, which took place in Bari, Italy, on 3 and 4 December. The event provided network members with a further opportunity to receive information direct from those involved in Europartenariat on the need to support the programme. Three panels made up of adviser members, observers from outside the Community and representatives from various Commission departments met to discuss the following topics: the strategy for initiating and managing cross-border partnerships, BC-Net as a focus for Community action to help businesses, and cross-border cooperation in the context of the single market. The introduction from 1 January 1993, of a system of charging for network members in the Community, requested by members and already included in the network development plan, was also explained. The Conference also aimed to improve the dialogue between the central unit and members in order to increase the consistency of the system and strengthen links between members so as to establish personal contacts and professional partnerships. The conclusions reached at this successful Conference, which was marked by the quality and diversity of the presentations given, provide the bases for the development of the network in the near future. The working meetings and discussions held at such a large-scale quality event are an essential element in assessing future prospects and determining policy for the development of the most extensive European network for promoting interregional and international cooperation between SMEs.

3.2 Business Cooperation Centre (BRE)

During 1992 a series of measures was taken to make qualitative and quantitative improvements to the BRE and make better use of its potential.

The instrument has proved very important in the context of business cooperation because of both its specific characteristics and its structure as a forum for dialogue and internationalization.

In view of its flexibility and simplicity, the BRE may be considered a catalyst for small and medium-sized enterprises wishing to take part in cross-border cooperation.

The measures taken had three main objectives:

- technical and operational improvement of the network

The computer system was improved and the practice of distributing advertisements on diskette to correspondents was extended.

The operational improvement was an increase in the amount of data on the specific cooperation opportunities distributed to correspondents; in particular, details of firms offering a cooperation opportunity are sent direct to network members to enable them to be distributed more quickly to interested businesses.

Every month statistics on activity in the different countries and on the growth of the network are collected and sent to correspondents and external users.

- qualitative improvements and enlargement of the network

An agreement was signed between the Commission and correspondents which sets out the duties and responsibilities of the parties and the rules which they must observe in order to ensure good quality service.

uniformity of the network is significantly improved as regards both the preparation and monitoring of CPs.

This contract consolidates the joint approach and enables the work of a correspondent to be analysed to improve selection of network members.

The contract also lays down the obligation to produce a half-yearly activity report which focuses on the cooperation profiles sent, the number of advertisements distributed, expressions of interest following publication of advertisements, and any follow-up action taken once contact has been made.

The network has continued to expand within the Community and outside it. At the end of 1992, the network consisted of some 350 highly-qualified correspondents. In geographical terms, 48 countries are now covered and action is under way in a number of countries, in cooperation with the Commission delegations there, to select representative organizations and strengthen the presence of the instrument.

- stimulation and leadership of the network

A newsletter ("Business Contacts") dealing with cooperation has been produced and distributed to network members, BC-Net advisers and the Euro Info Centres.

- A directory of network members setting out the details and specializations of each correspondent was published in July. Updates on new correspondents are published periodically.
- Two closed monitoring meetings were organized.
- The first annual conference of the members of the Business Cooperation Centre took place in Brussels on 5-6 November 1992, attracting some 300 participants, with a number of ambassadors and diplomatic representatives. Forty countries were represented.
- Meetings at national level - in Greece and Italy - were organized during the 1992 Europartenariat events in Thessaloniki and Bari, ensuring not only monitoring at national level, but also the necessary synergy between the different cooperation instruments.

Annual Conference of the BRE Network
Brussels, Belgium
5 and 6 November 1992

Under the title "A forum for dialogue on cooperation strategies in an international context", the first annual Conference of the members of the Business Cooperation Centre (usually known by its French acronym BRE) was held in Brussels on 5 and 6 November 1992, with representatives from over forty countries. The Conference was opened by Mr Cardoso e Cunha, Member of the Commission with special responsibility for enterprise policy, who stressed the need to improve cooperation both between European companies and more internationally. A number of ambassadors and representatives of diplomatic missions to the Community attended the opening session. Cooperation between firms in the Community and in non-EEC countries was discussed during the afternoon of 5 November following presentations on a number of programmes such as COOPECO, ECIP, PHARE and JOPP. The session on 6 November dealt with the different operational aspects of BRE, including computer systems and increased communication within the network.

3.3 Europartenariat and Interprise

In 1992 the Europartenariat programme was opened up to non-Community countries, and the Interprise programme came of age.

External events underlined the effectiveness of these two programmes. A study confirmed their usefulness to Community SMEs/industrial SMEs.

Europartenariat

The two 1992 Europartenariats (Thessaloniki in Greece, 22 and 23 June, and Mezzogiorno, Bari in Italy, 3 and 4 December) confirmed that such events, involving both regional policy and enterprise policy, have a significant impact both in terms of the quantity and the quality of the direct contacts between managers of SMEs/industrial SMEs and in terms of their structural effects, especially as regards the development of the beneficiary regions.

The second aspect is particularly concerned with:

- improving the image of the region in question;
- increasing awareness among SMEs/industrial SMEs of the opportunities provided by the completion of the single market;
- the need to internationalize business;
- the important role of the partnership strategy.

Every Europartenariat is an excellent opportunity for the host region to present its industry, its dynamic businessmen and its technological capacity to all the countries of Europe and beyond, not only during the event but also through the numerous information meetings organized in each country (for example, 80-90 such meetings during the Mezzogiorno event).

The Europartenariat in Greece was held in Thessaloniki on 22 and 23 June 1992 and welcomed some 1 200 visiting businesses and 303 Greek businesses. More than 5 100 meetings between Greek firms and foreign firms had been arranged. There were also an estimated 3 500 meetings between visiting firms. The high level of participation by firms from the Balkans and the countries of central and eastern Europe was a clear indication of the considerable interest in this type of programme among non-Community SMEs and industrial SMEs.

The Greek Europartenariat led to many cooperation contracts, including agreements involving enterprises from more than two countries.

The second 1992 Europartenariat was held in Bari, where a total of 1 300 businessmen met to discuss and assess cooperation opportunities. The interest from all over Europe was again confirmed on this occasion: a large number of Mediterranean countries also took part. The Mezzogiorno event brought together businessmen from 38 countries.

In 1993 there will be Europartenariats in North-East France (Nord/Pas-de-Calais, Picardy, Champagne-Ardenne, Lorraine) and Scotland.

Interprise

The purpose of Interprise is to support regional and local initiatives with a view to assisting partnerships between SMEs/industrial SMEs from at least three regions in three Member States. Projects under the Interprise programme are also open to non-Community countries. In 1992 thirty-two projects were implemented, representing thirty-eight business events. More than 160 countries and regions took part and the total number of participating businessmen is estimated at some 5 000.

These figures show that Interprise is an efficient programme in terms of mobilizing SMEs/industrial SMEs in the Community and an excellent way of stimulating cross-border partnership with increasing support of national, regional and local intermediaries from the public and private sector.

Study on the potential market for cross-border cooperation

The study showed that the number of businesses involved in partnership can be expected to grow. The same should be true of types of partnership, with the accent more on more complex agreements such as technical cooperation (subcontracting), technological cooperation and joint ventures. The study also underlined the difference between the countries of the north and the centre of the Community (Germany, France, Belgium, Netherlands, Luxembourg) and the rest of the Community.

The vast majority - 95% - of businessmen questioned stressed the importance of Community involvement, without which not all the partnership initiatives would have been able to develop.

3.4 Subcontracting

The importance of subcontracting as a key factor in European competitiveness and new inter-industrial relations led the Commission to adopt a new communication to the Council entitled "Towards a European market in subcontracting".

The Commission decided to step up its coordination and motivation measures as part of its enterprise policy and took the following action:

- ensuring economic and legal transparency

Twelve preliminary studies on each of the Member States will provide an initial estimate of the economic importance of subcontracting and show what initiatives are needed to promote a more harmonized approach to collecting statistics, in liaison with the Statistical Office, national statistical institutes and trade organizations.

This effort to increase market transparency must enable businessmen to take their own strategic decisions on expanding their business with fuller knowledge of the facts.

They will also be able to refer to the sections on legal transparency in the second Practical Guide to Subcontracting produced by the Commission.

- quality control and certification

The study on the cost of multiple certification procedures provides useful information on the importance of certification, and incentives for the conclusion of mutual recognition agreements between the competent bodies in different Member States.

These aspects were discussed with the main parties concerned at the Pan-European Forum on Subcontracting in Madrid.

- improved communication between main contractors and subcontractors

More effective and more permanent dialogue between main contractors and subcontractors must be encouraged so that the needs of both sides can be taken into consideration in the overall framework of the production process at cross-border level.

This aspect is vital for stimulating an exchange of information, in particular economic, technological and management information, and for establishing flexible production systems suited to the imperative requirements of international competitiveness.

On the basis of the results of a feasibility study on the networking of subcontracting databases and exchanges, these aspects will, together with the first Directory of Subcontracting Bodies, have to provide the foundation for this new communication.

Pan-European Forum on Subcontracting

Madrid, Spain

14-15 December 1992

This event, organized on the Commission's initiative, attracted most of the parties concerned by subcontracting, in particular European business organizations. There were some 400 participants from all the Member States and observers from non-Community countries, in particular from EFTA, central and eastern Europe and the Mediterranean. Commissioner Cardoso e Cunha stressed that subcontracting was a key element in the competitiveness of European businesses, which depends on the ability of subcontracting enterprises to innovate and to meet the increased requirements of a constantly changing world market in terms of quality, delivery times and costs. The objective is to promote improved relations between different organizations with a view to creating a genuine European subcontracting network to meet the challenges of the single market and the European Economic Area. The main subjects discussed during the Forum were: the need for greater market transparency in economic and legal terms; stepping up the quality approach, the role of certification and measures towards mutual recognition; improving transnational communication between main contractors and subcontractors. The studies carried out on the Commission's initiative on these three subjects were presented for the first time during the conference and form the starting point for broader discussions involving all interested parties.

The Commission has also recently launched a pilot project to promote the competitiveness of the component supply infrastructure to the consumer electronics industry in Europe. This project aims to promote more successful links between component suppliers and large industrial consumers in the consumer electronics industry by promoting the use of best practices by European components producers. If successful, this type of initiative could be extended to further sectors in the future.

IV. POLICY ASSESSMENT AND DEVELOPMENT

4.1 Improved knowledge of SMEs

4.1.1 Statistics

Statistical work was continued with a view to building up a statistical information system capable of ensuring improved knowledge of, and increased comparability between, the structure and performance of enterprises, in particular of SMEs, both in the Community and in its main trading partners.

This work was carried out at general and sectoral level. The horizontal approach, which since 1988 has sought to establish how important SMEs are for the Community's socio-economic fabric, was consolidated and improved by updating the data and broadening the scope of the exercise.

The most tangible result of the work on collecting, systematizing and disseminating statistical information on enterprises is the publication of the second report "Enterprises in the European Community".(17)

The report, which breaks down enterprises by number of employees in the twelve Member States and in five EFTA countries, covers some 40 industrial and service sectors using four basic variables: number of enterprises, jobs, turnover and value added.

It also contains a comparison of the structure of enterprises in the Community with those in the United States and Japan.

Preparation for the production of the third report, which will also analyse further factors, is already under way in order to reduce the period between the reference year of the data and its publication.

Work is being done at the methodological and experimental level to define economic indicators for SMEs in order to make better use of existing data. The results of this work will lead to the production of a methodological guide as a practical reference tool for Member States wishing to make further progress in this field.

At sectoral level, statistical work was continued in the fields of distribution, tourism and the non-profit sector.

In the distributive sector, pilot studies were started on forms of retailing in cooperation with Eurostat and the national statistical institutes in the Member States. The results of these pilot studies are now available.

A proposal for a Council Regulation on the collection of structural and economic data was prepared with the support of Eurostat, the national statistical institutes, and national and trade experts. A study on retailing in Europe at the start of the 1990s was also published (18).

In the tourism sector, the finalization of the two-year programme for developing tourism statistics, implemented under Council Decision 90/665/EEC (19), has enabled remarkable progress to be made on defining a European reference framework for collecting statistical information on tourism. The EFTA countries have been involved in this programme. The measures taken, the initial results of which have been sent to Council and included in specific reports, related to: methodology, dissemination of statistics, in particular economic statistics, definition of the needs of public and private users, and existing methods and statistics. In addition, a series of studies was initiated on subjects of direct relevance to the operation, performance and structural features of tourism enterprises: the results will be available and disseminated in 1993.

The analysis of the results of the pilot studies on the cooperative and non-profit sector and on business services is in its final stages. The results show the real and growing socio-economic role of these enterprises and their relative importance for the growth of productive activity. The intention is to publish data on cooperatives, mutual societies and associations in the Community during the course of 1993.

4.1.2 Definition of SMEs

Different definitions of SMEs are used in Community measures (competition, structural Funds, R&D, tendering for public contracts, etc.). These differences may give rise to doubts among public authorities and even to confusion among the enterprises concerned.

Replying to a request by the Council (Ministers of Industry) for clarification of the definitions of SMEs, the Commission produced a report(20). The first step was to list the definitions currently used in Community legislation, programmes and other measures. On the basis of this list it consulted a number of trade organizations, in particular those representing SMEs. It then defined a coherent approach for drawing up definitions covering forthcoming measures to assist SMEs.

Rejecting any one single definition, this approach embodied a certain flexibility. A single definition comes into its own only in the context of a precise measure for which it is essential to isolate a category of enterprises. Thus the qualitative and quantitative criteria used to establish this category must depend on the objective in question.

With this in mind the Commission is continuing its action to find the best balance between the measures which it adopts and the various categories of enterprise concerned.

(18) Eurostat publication, March 93
 (19) OJ No L 358, 21.12.1990, p. 89
 (20) SEC(92)351 final, 29.4.1992

4.1.3 SME observatory

Pursuant to Council Decision 91/319/EEC of 18 June 1991 revising the programme for the improvement of the business environment and the promotion of the development of enterprises, the Commission launched on 10 December 1992 a "European SME Observatory" designed to help set the guidelines for its enterprise policy, in particular through the production, by a European network of research institutes, of an independent annual report on the situation and prospects of small and medium-sized enterprises in the Community.

4.2 Policy development and preparation of new projects

4.2.1 Euromarketing

The purpose of this study, launched in 1992, is to examine the opportunities offered to SMEs by the completion of the internal market from the perspective of a standardized approach to marketing.

The study is based on examination of information and experiences of Euromarketing, and on a series of surveys to verify the working hypotheses. The guide based on the study will be illustrated by twelve case studies, one for each Member State, and is expected to be finalized in the first half of 1993.

4.2.2 Commerce and distribution

In its conclusions of 30 June 1992 on the Commission communication "Towards a single market in distribution" (21), the Council stressed the importance of commerce for the sound operation of the internal market and for economic and social cohesion in the Community. In particular, it highlighted the usefulness of the work on consultation, self-regulation and promotion of the use of new technologies (COMMERCE 2000 initiative).

It also called on the Commission to continue implementing the work programme that gives priority to consultation and dialogue between Community institutions, national administrations and businesses, to studies and information campaigns on commerce and distribution, to knowledge of the legal framework governing distribution at Community level, and to 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.

With regard to the latter point, a programme of pilot schemes (COMMERCE 2000) was launched with a view to encouraging investment for improving management methods in commercial firms and business associations, so as to overcome the obstacles which currently hinder technological innovation in commerce and distribution.

(21) COM(91) 41, 11.3.1991

With the agreement of the Committee of representatives of the Member States set up by Article 4 of the Council Decision of 28 July 1989, the measure is being 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). On 21 October 1992 the Committee approved the interim report on the scheme, which highlighted the following aspects: of the 89 projects submitted, 10 had been selected; the investments made under these projects represented a total of ECU 9.2 million, the Community's contribution being ECU 1.63 million; these projects established networks between 4 000 businesses along the full length of the distribution channel in various commercial sectors. The Committee advocated broad promotion of this scheme among commercial firms so as to facilitate the reproduction of the links created between suppliers, wholesalers and retailers.

Portuguese Presidency Conference

"Retailing in Europe"

Alvor, Portugal

11-12 May 1992

The gathering consisted of four sessions on: commercial enterprises, commerce in rural areas and urban centres, cooperation and partnership between businesses, and general aspects of commerce in Europe. It brought together trade representatives, ministers and senior officials responsible for commerce. In addition, an inter-ministerial conference was held on the initiative of the Portuguese presidency, during which there was a policy debate on the Commission communication "Towards a single market in distribution". The purpose of this initiative was to underline the significance of commerce in the European union, and it highlighted the importance of the Commission continuing with its work programme in this field.

4.2.3 Taking cooperatives, mutual societies and other associations into consideration

As a concrete response to the requests for improved information, in particular those made at the Third Conference on the Cooperative, Mutual and Non-profit Sector held in Lisbon in April 1992, a Euro Info Centre has been set up specially to cater for cooperatives, mutual societies and associations.

The Commission has been receptive to various proposals from this Conference, in particular those for a structure to be set up within the Community institutions and for consideration of a specific financial instrument for enterprises in this sector.

Third Conference on the Cooperative, Mutual and
Non-profit Sector
Lisbon, Portugal
1-3 April 1992

The Portuguese Presidency organized the conference together with national and European organizations representing cooperatives, mutual societies and associations, and with the assistance of Commission departments. Representatives of national ministries played an active role in the conference, which was chaired by the Portuguese Minister for Territorial Planning and Management, and attended by the Portuguese Ministers for Employment, for European Integration and for Cooperation, as well as Mr Cardoso e Cunha, Member of the Commission with special responsibility for this sector. The European Parliament and the Economic and Social Committee were also represented. Many delegations from Portuguese-speaking countries, EFTA countries, and a number of countries in central and eastern Europe took part in the discussions. After three days of debate and discussion focusing on specific financial instruments for this sector and on the European Statutes for cooperatives, mutual societies and associations, which had been approved by the Commission in December 1991, the main recommendations of the conference were:

- to create a permanent contact structure between cooperatives, mutual societies and associations on the one hand and Community institutions on the other;
- to eliminate all obstacles which could discriminate against certain types of partnerships in a number of Member States;
- to contribute, in cooperation with the Member States, to improving a specific training policy for this sector;
- to set up a network of university centres for studying the cooperative, mutual and non-profit sector;
- to establish a university course specializing in this sector;
- to set up a Euro Info Centre for this sector;
- to develop a programme for partnership between enterprises in this sector;
- to carry out studies, in particular on statistics and taxation;
- to take this type of business into account in the context of the Community's external policy and with a view to economic and social cohesion in the Community.

4.3 Evaluation of existing projects

Following the call for tenders published on 12 December 1991, Deloitte & Touche were selected to carry out, pursuant to Article 3 of the Decision of 18 June 1991, the external evaluation of measures taken by the Commission.

The report, together with the Commission's comments, was adopted on 11 November 1992 (22). The Commission took note of the report's largely favourable opinion and took account of the individual aspects of the assessment in the future development of its policy to assist SMEs and in the definition of Community action to strengthen and ensure the continuity of policy in support of enterprise, and in particular SMEs, in the Community (23).

(22) SEC(92)1999, 11.11.1992

(23) COM(92)470 final, 13.01.1993

ANNEX**COMMISSION**

- Report from the Commission to the Council on the definition of small and medium-sized enterprises (SMEs) used in the context of Community activities
SEC (92) 351 , 29 April 1992
- Report from the Commission on the Coordination of activities in favour of SMEs falling outside the scope of Council Decision (89/490/EEC)
SEC(92) 704 , 26 May 1992
- Second 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
SEC(92) 764 , 11 June 1992
- Report by the Commission on Administrative Simplification work in the Community in favour of enterprises, in particular SMEs
SEC(92) 1867 , 27 October 1992
- Communication of the Commission on the Evaluation of the Community's enterprise policy. Comments by the Commission on the Deloitte & Touche Report
SEC(92) 1999 , 11 November 1992
- Commission staff working Paper on the problem of the time taken to make payments in commercial transactions
SEC(92) 214 , 18 November 1992
- The Enterprise dimension essential to Community growth - Community measures to intensify and to ensure the continuity of a policy for enterprise, in particular SMEs, in the Community
COM(92) 470 , 13 January 1993

COUNCIL

- Council Resolution of 3 December 1992 on administrative simplification for enterprises, especially small and medium-sized enterprises
OJ No C331 , 16.12.92
- Council Resolution of 17 June 1992 on Community action to support enterprises in particular small and medium-sized enterprises, including craft industry enterprises
OJ No C178 , 15.7.92
- Council Conclusions on Community action to assist commercial and distributive enterprises, including small and medium-sized enterprises
(not yet published)

ECONOMIC AND SOCIAL COMMITTEE

- Opinion on SMEs and Craft Industries
OJ No C332 , 16.12.92
- Opinion on the Communication from the Commission on " The Role of Mutual Guarantee Systems in the Financing of SMEs in the European Community"
OJ No C169 , 6.7.92
- Opinion on the " Statutes for the European Cooperative, Mutual and Association"
OJ No C223 , 31.8.92
- Opinion on the Communication from the Commission - "Towards a single market in distribution" - Internal trade in the Community, the Commercial sector, and the completion of the internal market."
OJ No C14 , 20.1.92