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REPORT FROM THE COMMISSION

**THE FUTURE OPERATION OF
THE INFORMATION AND COOPERATION
NETWORKS IN THE FRAMEWORK
OF ENTERPRISE POLICY**

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THE FUTURE OPERATION OF THE INFORMATION AND CO-OPERATION NETWORKS

INTRODUCTION

The Internal Market came into force on 1 January 1993. However, it is obvious that a market is not limited to a legal framework and that many initiatives and much time will therefore be needed before the emergence of a genuine market based on business links and underpinned, for the vast majority of companies, by a transnational structure.

There is therefore a need to galvanise the efforts of all those involved in order to translate into practical reality the horizontal unity inherent in the Internal Market.

The decentralised networks in place throughout the Community have an essential role to play with regard to this requirement, a role which they must pursue and broaden with a view to encouraging a European dimension within the activity of businesses and preparing them to respond effectively to the globalisation of the economy.

The very rapid pace of economic and structural change means that the networks need to be both adapted and strengthened in order to make the most of the capillary nature of their action.

1. THE ECONOMIC CONTEXT AND FAR-REACHING CHANGES IN INTER-BUSINESS RELATIONS BEAR OUT THE ROLE OF THE NETWORKS

After a long period of recession, the European and world economy is moving towards a phase of strong expansion.

This development is primarily based on the general world-wide transition to a market economy following the collapse of the Eastern Bloc and the opening-up of world trade following the Uruguay Round.

Accordingly, almost all countries now subscribe to the rules of the free-market economy, and structural reforms have triggered off new demand, thus explaining the emergence of enormous markets in Asia, South and Central America, Central and Eastern Europe and the Mediterranean region.

The result is an enormous potential for expansion and co-operation which makes the prospects for the European and world economy some of the healthiest since the 1960s; this is a basic starting point, reinforced by the globalisation of the economy for both production and trade. The recent Uruguay Round agreement adds further impetus to this trend.

It is, however, obvious that the vast majority of enterprises are not yet sufficiently aware of the new issues and opportunities. Corporate culture and spirit are therefore in need of a major stimulus enabling enterprises to become involved on a major scale in market trends and take advantage of the opportunities presented.

In this context, it is appropriate to emphasise the importance of information and co-operation activities capable of helping enterprises to draw up strategies giving them a competitive edge.

Moreover, by amplifying the effects of a widespread web of enterprises - interconnected by networks - this action will help strengthen economic and social cohesion between enterprises in the different regions of the European Union.

2. THE GROWING IMPORTANCE OF NETWORK METHODOLOGY

It is important to stress the central role which methodology plays in the networks set up by the Commission within the framework of its enterprise policy.

This methodology centres around intermediate bodies which are in direct contact with the economic operators and consequently are the best organisations to direct the companies. In its reliance on existing institutions, this approach fully meets the subsidiarity and efficiency requirements through its scaling effect.

These partners take upon themselves major investments, whether it be EIC host structures, BC-NET advisers or BRE correspondents. At the same time, the heterogeneity resulting from the diversity of structures and strategies means that the focus is placed more on methods which tally with network philosophy and less on a uniform specification of the end-product for which network members are responsible.

This in turn leads to a style of management centred on partnership, stimulation and encouragement which allows each to make the most of his own strengths, particularly since costs are broadly shared between the Community and the decentralised levels. Thus, the "lever" effect of the Community's contribution makes it possible to involve a considerable number of partners, at all the levels, in the development of transnational information and co-operation actions.

The strategic aim of this approach is to provide SMEs, i.e. the final customers, with a decentralized consultancy and support infrastructure capable of confronting transnational economic realities throughout the Community and beyond. The Community's role is to ensure that adequate support is given to the action of the intermediaries and to make the Member States aware that it is up to them to develop the best possible service infrastructures in terms of both public intervention and consultancy quality. The concerted actions put into practice by the Member States and the Commission will allow further progress in the exchange of best practices regarding both the business environment and the most appropriate support measures for business start-ups and business development.

In this regard, it should be noted that until a few years ago there were, within the Community, very few experts on information and transnational co-operation between small and medium-sized enterprises capable of acting in a transnational context.

Community action has therefore helped both to make the importance of these professions better known and to foster the emergence of a growing number of experts able to provide business support and to bring to the fore a genuine European corporate culture. But this phenomenon is recent and still well below the levels attained by our principal competitors, in particular the United States, where recourse to business consultants and lawyers is common practice among businessmen.

Chronologically speaking, the BRE was the first to be set up in 1973, followed by the EICs in 1987 and BC-NET in 1988. The order in which this was done in fact reflected the varying degrees of difficulty involved in getting these actions under way. The BRE offered, right from the start, a very simple end-service requiring a relatively limited preparatory investment while the EICs, on the other hand, require more complex services in order to provide broad and suitable information.

Finally, the BC-NET calls for even more complex analyses and hence requires greater investments in terms of time, particularly in the analysis and assistance phases leading up to the partnership agreement.

This historical development helps to account for the inter linkage and overlap that sometimes exists between networks. This should not, however, blur their essential *raison d'être*, which is client - i.e. business - satisfaction.

The new challenges with which companies are faced should, moreover, provide an impetus for defining the range of services more closely within the framework of a quality policy in which all networks members are interested in taking part. There is, moreover, much value added in such a method.

The network methodology is now presented as a model for other Community actions, since it involves all the players concerned in a very practical way in order to achieve more effectively the objectives set. By combining efforts at local, regional, national and Community levels - and thanks to the scaling effect of the networks -, the network method makes it possible to attain and develop the critical mass necessary to reach an increasing number of businessmen. It is indeed essential, via an integrated approach, to achieve the kind of fully visible business support which is qualitatively suited to the new requirements. The network methodology depends on voluntary participation and the pooling of qualitative and financial efforts between the European Union and a number of pioneering business-support players in the public, quasi-public and private sectors.

It has made it possible to make these actions known to a small but significant extent among the target population, as recent surveys and reports have shown (cf. the Gallup survey and the Ernst & Young and Grant Thornton reports). The result of such action has been the acquisition of very important management and network monitoring skills as we move into the era of the Information Society. To this end, advanced common technological support media such as VANS (Value Added Network System) will need to be extended to all the networks, thus making it possible to use the full potential which they offer.

This network methodology, European in nature, cannot be replaced by an action at national level, however important and desirable such action might be.

3. THE MANDATE IN THE CONTEXT OF COMMUNITY POLICY

The EIC (Euro Info Centres) information networks and BC-NET (Business Co-operation Network) and BRE (Bureau de Rapprochement des Entreprises) co-operation networks are key elements of the enterprise policy which aims to stimulate growth in the Community, as set out in the Council Decision of 14 June 1993 concerning a multiannual programme of Community actions for SMEs.

The main objective of the report on the future operation of the information and co-operation networks, indicated in this same Decision is to provide an analysis of the products, target groups and financing, including an examination of the possibilities of self-financing in the light of the recommendations set out in the most recent evaluation reports.

Since the creation of these networks, the Treaty on European Union, and in particular Article 130 thereof, has drawn attention to the importance of action by the Community and its Member States to bring about the conditions under which Community industry can be made competitive; in particular, the focus has been placed on encouraging an environment favourable to initiative and to the growth of enterprises (particularly SMEs) throughout the Community on the one hand, and on encouraging co-operation between enterprises on the other. Hence the importance, in relation to these objectives, of upstream action in respect of information and of downstream development of inter-enterprise partnerships.

The White Paper on Growth, Competitiveness and Employment also focuses on these priorities and stresses the importance of SMEs as a factor in competitiveness, highlighting the importance of both information and co-operation and paving the way for the Integrated Programme in favour of SMEs and the craft sector¹.

This programme, presented by the Commission and approved by the Council in its Resolution of 10 October 1994², stresses the importance of a new and wider partnership between the Community, the Member States at all levels and intermediaries in order to increase the quality of the support offered to SMEs. This does not imply a purely mechanical enlargement of the existing networks, since the intensity of links also depends on an appropriate number of members.

4. IN THIS NEW CONTEXT, THIS REPORT HAS BEEN PREPARED ON THE BASIS OF A WIDE-RANGING CONSULTATION OF THE INFORMATION AND CO-OPERATION NETWORKS AND EXPRESSES THE COMMON DESIRE TO CONTINUE AND INTENSIFY ACTION UNDERTAKEN IN CONNECTION WITH OPERATIONAL OBJECTIVES

This report on the future operation of the networks will take into account the current data and the critical analysis of possible developments before proposing the priority objectives to be pursued in this new context, as well as their functional and financial consequences.

¹ COM(94) 207 final of 3 June 1994
² OJ C 294 of 22 October 1994

PART ONE

"BACKGROUND AND OBJECTIVES OF THE NETWORKS"

I. BACKGROUND OF THE NETWORKS

I.1. EURO INFO CENTRES (EICS)

The "European Business Information Centre" pilot scheme was one of the six main projects in the action plan for SMEs adopted by the Council on 3 November 1986.

Within the practical actions contained in this programme, particular emphasis was placed on the dissemination of Community information through the introduction of the European Information Centre pilot scheme.

Between September and the end of 1987, 39 centres - henceforth known as "Euro Info Centres" (EICs) -, selected by a rigorous procedure via a call for tenders, were established throughout the territory of the Community.

In March 1988, a Communication from the Commission to the Council and to the European Parliament reported on the very positive results of the evaluation of this pilot phase and planned to extend it to some 200 centres. This extension was approved by the Council on 30 June 1988. Following the approval of a qualitative evaluation report, an extension programme was drawn up which - after an invitation to tender (Communication of 5 June 1989) - , brought the number of EICs up to 187 plus 14 out-stations. To these have subsequently been added seven EICs in the new German Länder, one EIC in Greece and one EIC in the United Kingdom, bringing the network up to a total of 210 EICs.

In 1994, five EICs were opened in the European Economic Area, carrying the total number to 215. The network is currently being supplemented for the new Member States and those of the European Economic Area, opening the way to about thirty additional EICs.

15 Correspondence Centres (EICCs) were also added to the network within the Central and Eastern European countries and the Mediterranean region.

I.2. BUSINESS CO-OPERATION NETWORK (BC-NET)

BC-NET is a network launched in 1988 and set up to encourage targeted co-operation between businesses and to answer needs which the BRE could not meet, in particular reliance on professional consultants, rapid treatment of co-operation profiles and confidentiality.

It was launched on a trial basis between July 1988 and July 1990 and then entered a consolidation and development phase as from autumn 1990, that is to say less than five years ago.

BC-NET's initial remit did not distinguish between the various types of co-operation and consisted in preparing businesses for the implementation of the European Internal market. Since then, new methods of interactive consultation have been developed to take account, in particular, of the specific characteristics of technical and technological co-operation. The results of a pilot experiment involving use of a server-based documentary database are being assessed with a view to possible expansion to other fields of co-operation.

I.3. BRE: BUREAU DE RAPPROCHEMENT DES ENTERPRISES (BUSINESS CO-OPERATION CENTRE)

The BRE, set up in 1973 and improved in 1990, has the following characteristics:

- it is a non-confidential system which allows wide dissemination of co-operation opportunities;
- its flexibility enables both firms and correspondents to use the instrument in a manner suited to the requirements of each case, subject to the limits and rules laid down in the agreement signed with the European Commission.

The BRE has become a user-friendly forum for exchanges and internationalisation which has expanded steadily since its revival in 1990. It fulfils an important function as regards initial contacts and is able to adapt to simple structures, which are frequently the norm within new and developing markets.

II. OBJECTIVES OF THE NETWORKS

II.1. EURO INFO CENTRES (EICS)

II.1.1. The primary role of the EICs is to help businesses to understand the risks and opportunities of the Single Market and to adapt their strategies accordingly.

The initial aim of the network of Euro Info Centres was to inform enterprises both about the opportunities offered by the Single Market planned for 1993 and to warn them of the risks inherent in a market undergoing thoroughgoing change. Information therefore centred on the need to adapt products to a more open and more competitive market and on the benefits of innovation, seeking new outlets, seeking partners, etc.

There is now an EIC in virtually every region of Europe, generally on the premises of a "parent" organisation such as a Chamber of Commerce, Trade Guild, regional body, organization (banks, etc...).

More than half of the EICs have also developed sub-networks, providing a total of approximately 5 000 anchor points throughout Europe.

Through their co-operation with the EICs, there are therefore some 6 000 persons who are, in some way or other, working for the local development of enterprises.

II.1.2. Development of the network: specialisations, businesses services / consultancy and management

As time has gone by, in addition to their primary role as partners to enterprises wishing to be informed about the various aspects of legislation on the Single Market, the activities of a good number of the Euro Info Centres have taken on a new dimension. Indeed, some of them can now lay claim to expertise in a number of very specialised fields, in liaison with other existing networks such as Relay Centres and CII, for:

- public procurement contracts;
- taxation;
- European R&D;
- environmental legislation;
- the Structural Funds, etc.;
- partnership incentives, etc.;

This expertise has resulted in a range of new services thanks to which these EICs are assisting businesses in areas often not immediately accessible to SMEs.

By way of example, mention can briefly be made of the development and distribution by EICs of several software packages designed to make invitations to tender in the field of public procurement contracts more "digestible".

With regard to improved protection of the environment, some EICs have developed for SMEs a practical tool for assessing their performance and devising a strategy in this area.

II.2. BUSINESS CO-OPERATION NETWORK (BC-NET)

The tasks assigned to the BC-NET in 1988 were to create and manage a network of upwards of 250 business consultants selected via a call for co-operation in all the Member States (OJ C N°224/2 of 21 August 1987). This network aims to foster inter-enterprise and inter-regional co-operation throughout the Community and beyond, in particular by feeding co-operation opportunities into a computerised central system and subjecting them to a process of profile comparison (matching). This activity is not carried out by private companies.

The Business Co-operation Network now offers SMEs a full assistance service of which partner-search activities are only one aspect. Partner searches can be conducted in response to a specific co-operation proposal covering any and all the sectors of activity and types of co-operation (financial, commercial, industrial and technological). In addition to the matching phase, searches may include the dissemination of targeted network messages (flash profiles) to advisers likely to detect potential partners.

Partner searches are usually preceded by an analysis of the company's circumstances and of the strategic choices open to it. BC-NET's development programme has therefore centred around management and communication within the network, as well as developing and improving the user-friendliness of the system. At the same time, work has continued on broadening the geographical coverage and promoting the growing synergy with other partner-search actions (INTERPRISE, Europartenariat).

IL3. BRE: BUREAU DE RAPPROCHEMENT DES ENTREPRISES (BRE)

The BRE operates at a decentralized level through a network of correspondents spread across all the Member States and in numerous third countries. Its remit is the exchange and dissemination - by means of a vast network - of non-confidential co-operation opportunities offered by SMEs. Correspondents use their own resources to ensure that these offers receive broad distribution.

As well as recourse to correspondents, the system also provides direct access to those companies which wish it. This enables smaller businesses and craft enterprises to test transnational co-operation at the lowest cost.

PART TWO

"CURRENT SITUATION OF THE NETWORKS"

It should be stressed that at institutional level the networks are subject to a distribution of roles between the Commission and the Member States.

A key element is the close involvement of the Member States, which - via the Management Committee³ - approve the broad outlines of network policy, the annual allocation of budgetary funds and the regular assessments of network development. These elements therefore reflect an active partnership between the public-sector parties involved in this effort to carry forward the Europeanisation of SMEs.

The distribution of tasks between the Commission and the intermediaries concerned with network management is set out below.

I. ORGANISATION OF THE EIC NETWORK

I.1. COMPOSITION OF THE NETWORK - TARGET POPULATION

As at 1 January 1995, the EIC network can be presented as follows: 215 existing Euro Info Centres, to which must be added those in the new Member States and the Correspondence Centres.

These EICs are integrated within public or private bodies in daily contact with businesses. These bodies sign with the Commission an annually renewable agreement governing all reciprocal relations.

In accordance with the strategic objective of the network, the chief target population is the enterprise, and above all SMEs.

The EICs have, however, also had to meet the needs of a more diversified population.

Between 1989 and 1 January 1995 some 1.190.548 questions have been dealt with, 285.252 of them in 1994.

Most of questions come directly from businessmen (50%) and the remainder from consultants and public institutions (20%), other EICs (15%) and the general public (13%).

³ Set up by Article 4 of Decision 93/379/EEC of 14 June 1993 (OJ L 161 of 2 July 1993)

The majority view is that the EICs should now concentrate their activities on businesses alone, while a minority (in particular the parent bodies in Ireland) consider that they should continue dealing with questions coming from, for example, students, since these are the business managers of the future. Estimates are available of the proportion of "enterprise" portfolios handled by EICs and their parent bodies (see Annex).

1.2. SERVICES OFFERED BY THE CENTRAL STRUCTURE

Services include in particular:

- the provision of all relevant Community texts;
- thematic information products for use in interpreting the raw information;
- information officers responsible for answering the questions forwarded by EICs;
- access to Community databases;
- co-ordination of the network in the broad sense, including the ongoing education of EIC staff in Community affairs;
- the provision and maintenance of a computerised communication system to support the needs of the network (Workstation, VANS);
- support for the efforts to achieve quality improvements, including incentives to certification and quality standards.

Operational features falling outside the realm of public-service tasks are handled by external contractors.

With transparency and participation in mind, the network is represented through an advisory monitoring group comprising two or three members per country on a rota basis. Members also meet at national level, on their own initiative, to discuss matters of common interest.

1.3. SERVICES OFFERED BY THE MEMBERS TO END-USERS

As already pointed out, the structures and strategies of network members vary widely. It is therefore difficult to present in any detail the full range of services offered to businesses. All these services include, however, very detailed information on legislation and on access to the programmes and policies of the Community.

The EICs' activities go beyond the provision of information in response to specific requests. The EICs also disseminate more general information designed to raise awareness within the business community, including the use of their own publications.

In addition, the EIC increasingly establish an activity of support and counselling both to orient the companies and support their operational strategy.

To lead well all these assignments, the EICs can in effect collaborate with :

- other services of their host organisation (which permits the Europeanisation of the entire organisation, broadens the services on the ground and increases the information);
- their regional network of correspondents in the variable structures (local communities, professional organisations, universities, research centres, press organisations, etc. ...);
- the regional administration (who has for mission to disseminate national regulations, attend to the application and to instruct on the Community procedures in liaison with the regional authorities).

This link permits a response not only to isolated questions but equally :

- the coupling between Community information and national information (indispensable for the full achievement of the internal Market);
- the discussion of local, geographical or sectoral issues;
- the study of opportunities and the building of specific projects with the appropriate interlocutors, with the shortest possible delay.

This results for example in the setting of local economic events, specific promotional campaigns, seminars and training actions, transnational partnership operations, joint responses to calls for tenders, etc. ...

Contrary to initial expectations, the information as such has not proved to be easily marketable and is considered by users as a public service. In response to increasing demand, this has given rise to value-added products, which - depending on the legal situation of the host structures - are or are not chargeable. Attempts to unify these practices across the network have not met with success.

Although this framework is common to all the EICs, there are today major differences within the network of Euro Info Centres as to the scale of revenue generated by their activity: while on average only 18% of an EIC's running costs are met by its various charges, i.e. invoicing, "membership" and sponsors, certain Euro Info Centres - for example in the Netherlands and the United Kingdom - now generate over 50% of their running costs.

I. THE CO-OPERATION NETWORKS

II.1. THE BC-NET

II.1.1. COMPOSITION OF THE NETWORK - TARGET POPULATION

As at 1 January 1995, the network consists of 397 advisers, of whom 365 are located within the European Union and 32 in third countries. The network therefore covers a total of 39 countries.

The BC-NET advisers are private or public bodies specialising in business consultancy, i.e. consultants, lawyers, banks, Chambers of Commerce and Industry, professional organisations, etc. The structure of the network shows a predominant and increasing participation of the private sector, which accounts for 58% of the advisers compared with 29% for the public sector and 13% for the quasi-public sector.

Advisers sign with the Commission an annually renewable agreement which defines the framework within which they act. They are selected on the basis of their capacity to deal, within the framework of their expertise, with businesses' transnational co-operation requirements.

They undertake to respect a professional code of practice which lays down the principles to which they must adhere when dealing with a co-operation opportunity. Since they are accustomed to international contacts, their service extends beyond technical, legal, administrative aspects, etc. to include helping businesses to overcome the cultural and linguistic differences associated with transnational co-operation.

The target population is the enterprise, in particular SMEs, in accordance with the strategic objective of the network.

Members' qualifications and the instrument itself are constantly evolving, thus allowing a considered and appropriate response to requests for assistance from businesses determined to add, via the partnership formula, a European and international dimension to their transnational activity.

Between 1988 and 1 January 1995 a total of 85.576 profiles were submitted. In 1994, more than 10.000 co-operation profiles were received by the Central Unit and hence prepared and dealt with beforehand by the advisers.

As in 1993, this represents a fall in relation to the preceding years, reflecting the introduction of charges; this downward trend has now bottomed out.

Interestingly enough, analysis of the types of co-operation reveals a continuously upward trend in technical co-operation (32% in 1994), which reflects in particular the importance of the industrial sectors.

II.1.2. SERVICES OFFERED BY THE CENTRAL STRUCTURE

The activity of the Central Unit was initially restricted to providing a computerised tool for the matching of co-operation requests. This objective was then broadened to include stimulation and co-ordination of the network, including the provision of general information of European interest and training in practical aspects of co-operation.

The Central Unit takes into account the BC-NET development strategy, which is moving in the direction of greater specialisation centred around thematic groups.

A help desk for technical and quality aspects has been added with a view to preparing or controlling the quality of co-operation profiles and targeting geographical sectors and zones.

These services are matched to the needs of consultants not only via the active and regular participation of the Advisory Monitoring Committee, which is made up of about fifty members, but also through as broad as possible consultation of the network, as shown by the national meetings held in 1994 on the Commission's initiative.

With regard to these priorities, the following quality-related actions in particular should be noted:

- the regular screening of network activity, with exclusion of the least active members at the end of each screening exercise (nature, number and quality)
- personal visits to the advisers in order to gain a clearer picture of the resources allocated and methods used;
- analysis of co-operation profiles by the Central Unit in order to determine sticking points or input errors;
- national meetings to encourage joint quality-improvement efforts and promotion activities;
- the training of network members.

II.1.3. SERVICES OFFERED BY THE ADVISERS

Depending on their assignment, their objectives and the enterprise's request, advisers offer a variety of services aimed at helping businesses through the various stages of their search for a partner:

- diagnostic analysis of the company with a view to developing an appropriate strategy, in particular at European level;
- definition of how that strategy is to be put into practice, in particular through transnational co-operation;
- carrying out the actual search for a potential partner, bearing in mind the type of partnership sought, via the network and the various other means available;
- assistance and advice during the negotiations leading up to conclusion of the co-operation agreement.

Each adviser is free to direct the client-company towards other members of the network in the light of the expertise required. This is the advantage of the very close relations which have grown up around the use of a common instrument.

II.2. THE BRE NETWORK

II.2.1. COMPOSITION OF THE NETWORK - TARGET POPULATION

As at 1 January 1995, the network was composed of 461 correspondents, of whom 352 are located within the European Union and 109 in third countries; the network extends across 59 countries.

Correspondents sign with the Commission an annually renewable agreement which sets out, in particular, the principal tasks which they are to assume locally for the dissemination and promotion of offers.

The target population of the BRE is the enterprise, in particular SMEs.

The main features of the network, in particular the direct access which it allows businesses, make the BRE particularly well suited to facilitating a first co-operation approach. This aspect is particularly important for small businesses and craft enterprises.

In 1994 the network received 7.629 co-operation profiles. Over 24.000 co-operation profiles have been dealt with since 1 April 1990, and the number is rising steadily.

II.2.2. SERVICES OFFERED BY THE CENTRAL STRUCTURE

The Central Unit receives all co-operation requests and offers either from the correspondents or directly from companies.

It ensures that their presentation is uniform and has them translated before passing them on to network members.

A Monitoring Group comprising about fifty network members makes for regular dialogue with the correspondents. To this must be added national meetings - usually organised on the Commission's initiative - as well as more informal gatherings, particularly on the sidelines of major partnership events within or outside the European Union (Europartenariat, MedPartenariat).

II.2.3. SERVICES OFFERED BY THE CORRESPONDENTS

Correspondents ensure that co-operation offers are published either in the mainstream economic press or in trade and professional magazines. This action is entirely their responsibility and provides a useful springboard for the network in terms of both its development and its public profile.

BRE correspondents thus provide an important boost for international co-operation, which is a genuine asset in the current context of globalisation of the economy. A significant example is the indicator role which the BRE has played since 1993 in relation to the rapid development of the Chinese market.

III. THE FINANCING OF THE NETWORKS

III.1. FINANCING OF THE EIC NETWORK

The 1994 figure of ECU 9.300.000 financed from budget heading B5-320 represents approximately 25% of the overall cost of the network, the remainder being covered mainly by the parent bodies but also through various other sources of income (invoicing, sponsoring, government support, etc.). It should be pointed out that the EICC (Correspondence Centres) enjoy no direct financial support from the Commission.

The financial Commission's contribution to the operation of the EICs in 1994 amounted to 4,6 MECU; it represents a subsidy conditional on the EIC establishing a quality policy and helps to :

- avoid drift towards a selection of only financially sound clients;
- ensure a stamp for the EIC's dissemination of basic information;
- provide for the feed back of information from businesses in the regions.

It is worth drawing attention, in this connection, to an argument advanced on several occasions by the parent bodies, which stress that the Commission's direct contribution - although modest with respect to the average budget of an EIC - should be maintained, since it is a partnership guarantee which also opens the door to other sources of income (local and regional authorities and private sponsors).

The Central Structure has a team of external consultants whose annual average cost amounts to ECU 3.5 million drawn on budget heading B5-320.

III.2. FINANCING OF THE BC-NET AND BRE NETWORKS

Given the diversity of resources used for network purposes by the advisers, who take on all costs associated with analysing and supporting businesses' strategies and co-operation projects, the overall cost of the BC-NET and the BRE is difficult to pin down. Over the past two years the cost for budget heading B5-320 was less than one million ecus per year, disregarding income from charges. This figure represents the external staffing costs, limited strictly to maintenance, computer development and logistic support for the BC-NET and BRE networks.

Both networks have a common external central team which focuses on everyday management, training, computer coding and development. This approach makes for optimum organisation, particularly in terms of cost/benefit and sound financial management. Roughly speaking, these resources are distributed between the BC-NET and the BRE to the tune of 65% and 35% respectively.

The Commission took on the budgetary control of management/development costs for the BC-NET and BRE networks in 1990, the year in which the BRE was revitalised and the BC-NET entered into a phase of consolidation and development. This budgetary strategy has been adhered to despite the extension of the networks, which meets an unquestionable need on the part of businesses, in terms of both density and geographical coverage, but has also increased considerably the workload of the Central Structure.

The policy of extending the BC-NET to industrialised third countries, which has enjoyed financial support from DG I since 1993, in particular for the training of members from third countries, has led to the introduction of a flat-rate payment by the country concerned and to the levying of charges for the services provided to the "national contact points".

Since 1 January 1993 these charges have been extended to all the Community advisers. BC-NET income for 1993 amounts to approximately ECU 300.000; the income can be ploughed back into supporting the further development of these networks, in particular on the quality front. Over and above the financial angle, this income is an indirect measure of efficiency, since - as the external evaluator put it in 1992 - "the usefulness of the network will ultimately only be known if the users, members of the network or businesses, agree to pay for a service rendered".

The fall in the number of co-operation profiles recorded since the first year following the introduction of charges was not unexpected, given the change of attitude it reflects and the scope of this large-scale action. However, checks on co-operation profiles carried out by the Central Unit have revealed a positive impact on the quality of offers since 1993, while the number of co-operation profiles has remained steady since 1994 despite the policy of , which led to a reduction in the number of the members. The BRE service, on the other hand, is still free of charge, although the advertising costs are borne in full by the correspondents.

IV. INTER NETWORK SYNERGY

Inter network synergy results from the various activities carried out in the host organisations and from the historical background against which the Community networks were first set up.

Thus, from the very start, those EICs who wished to be so were regarded as "ex officio" members of the BC-NET network. Since then however, they have been subject to the same rules of continued network membership as the other structures.

Current integration of the three networks is as follows:

- 85 members belong simultaneously to the BC-NET and BRE networks;
- 42 members belong simultaneously to the BC-NET and EIC networks;
- 41 members belong simultaneously to the EIC and BRE networks;
- 69 members belong simultaneously to the EIC, BC-NET and BRE networks.

It is also possible to interpret the same figures in another way, on the one hand, they underline the importance of the theme of co-operation in the world of information, on the other hand they point to the risk of confusion which may arise from a lack of clarity between the different services offered.

PART THREE

"APPRAISAL OF THE NETWORKS AND FINANCING PROSPECTS"

I. APPRAISAL OF THE NETWORKS BY THEIR MEMBERS

The method chosen by the Commission for the operation of its networks does not allow the results obtained to be fully appraised on the basis of the most important criterion, that of client satisfaction. However the Commission had good reasons for opting for co-operation with already existing intermediaries rather than setting up Community information offices, for whose operation and financing - not to mention the quality of service provided to the end user - it would have to assume complete responsibility.

The method chosen means that the Commission has to accept fully the way in which its partners organise their relations with end-users; it therefore shares in the strengths and weaknesses of the various organisational formulas applied within the Community as regards the funding and staffing of these structures, the scale of the services rendered to businesses and the extent to which these services are known.

This obviously does not mean that the Commission should turn a blind eye to relations between host structures and end-users. By acting as a catalyst, it can encourage its partners to make the efforts required to obtain an optimum result. It also welcomes the surveys conducted at national level (viz. the Ernst & Young survey on the operation of British EICs), the results of which have been very encouraging.

However, the Commission must beware of interfering in relations of which it does not control all the parameters, since it bears only a relatively small share of the total costs involved and provides no more than an intermediate service in the case of the three networks.

For this reason, the question of how the networks are to operate in future will be approached, in what follows, via the appraisals made by the network members themselves. The latter confirm unanimously, as the Commission itself has been able to observe through its multiple contacts, the continued need for Community action in the field of information and co-operation. The fact that the Community has completed its legislative programme to establish the internal market in no way implies that this grandiose project is already part of the daily lives of businesses.

Nor has the progress made in lending a European focus to the business-service intermediaries been such as to render obsolete the Commission's aim of stimulating the emergence of an infrastructure capable of assisting SMEs in their efforts to take on a European and international dimension.

It is with regard to network operation that a number of criticisms have been voiced by members; these will be summarised below, although it will not be possible to provide quantitative details on the breadth of these criticisms. Moreover, some of the criticisms show that the stimulation method followed by the Commission has now reached its limits, since they concern not so much the operation of the networks as the ability of the national support systems to meet the needs of businesses. Open discussion of this question - encompassing both business services in general and services aimed at fuller integration of SMEs within the internal market - has now begun in several Member States.

In line with the principle of subsidiarity, the Community has replied to these criticisms by implementing the Integrated Programme in favour of SMEs and the craft sector, launching a first concerted action in the field of business services. It has also taken steps to solve the problem by setting up the Community SME Initiative, which allows for cofinancing in this field.

Whatever the outcome of this debate, the Commission welcomes the fact that it has been pitched at a level which highlights the prime responsibility of the Member States.

In the specific case where the discussion concerns the organisation of a large-scale national effort to promote a European dimension for SMEs, the Commission is obviously more directly concerned. It welcomes the direction which this discussion has taken but would nevertheless stress that the European network method is an indispensable adjunct to any national effort, given the importance of the horizontal and personal relations that it allows between the national systems.

1.1. THE EIC NETWORK

1.1.1. TARGET POPULATION - COMPOSITION OF THE NETWORK

The most frequently highlighted points concern:

- the gap between well-staffed and under-staffed structures and the attendant danger of a multi-speed network;
- the continued lack of "network heads" among the EICs, leading to a certain mismatch between supply and demand;
- the excessive concentration of EICs in a number of major urban centres.

1.1.2 NETWORK QUALITY POLICY

The need for an effective quality policy is generally acknowledged to be an important factor in the proper functioning of the network effect.

The most frequently expressed criticisms concern:

- the fact that this policy is still too heavily influenced by the lowest common denominator, with sanctions only applied half-heartedly due to a certain "political" dimension within the discussions;
- the over-bureaucratic nature of the criteria governing the designation as "red" EIC;
- the absence of guidelines from the Central Structure, which places too high a premium on management which is in line with the objectives set by the parent bodies themselves.

1.1.3 PRODUCT - ROLE OF THE CENTRAL STRUCTURE

One frequently expressed criticism of the service provided by the Central Structure concerns the nature of the information products made available to EICs.

The EICs consider that they are still too frequently confronted with a mass of general and non-targeted information and that the products intended to facilitate interpretation of this information are not sufficiently suited to the needs of businesses. These products should be matched more closely to specific sectoral features so that they can be passed directly on to the company. As far as the division of responsibilities between the Central Structure and network members is concerned, this criticism would seem to imply reducing the role of the latter and strengthening that of the former.

However, an argument with inverse implications is advanced when it comes to the distribution of budget appropriations between the Central Structure and network members, since here the share of the budget devoted to the Central Structure is considered to be too great in relation to the Community's financial contributions to the everyday financing of the EICs.

1.1.4 NETWORK EFFECT

The importance of the network effect is unanimously stressed by the majority of the parent bodies; some even regard this in the long term as the principal advantage of their membership of this network.

While the links which already exist between network members are acknowledged to be of value, it emerges from a number of criticisms that these links apparently concern only a number of EICs and leave aside those whose participation in exchanges is limited.

Serious efforts should therefore be made to exploit the scope for horizontal links to the full, bearing in mind the EICs' wide variety of specialisations and the new tasks they are having to assume now that they are more closely associated with the strategies and structures of the parent bodies.

1.1.5. PROMOTION

The importance of bringing the services to the attention of companies as end-users is generally acknowledged, since the level of awareness of these services is still relatively low.

Criticisms are mainly levelled at the still insufficient decentralisation of the promotion campaigns despite the efforts made by the Commission during 1994 and the progress achieved in the decentralisation of work. Some EICs still think that the Commission should confine itself to financing promotion campaigns entirely managed by the national networks.

1.1.6. FINANCING

The criticism expressed in particular by the Governments of the Member States of the EIC network is that the budget resources allocated to it are too high in view of the scope that exists for self-financing.

In contrast, a frequent criticism by the members of the network is that the Community's financial contribution to the operation of the EICs is too small.

1.2. THE BC-NET NETWORK

1.2.1. TARGET POPULATION - COMPOSITION OF THE NETWORK

A point often raised is that the composition of the network is still too diverse, and indeed this problem of heterogeneity is partly due to the still inconsistent quality of the network effect.

The result is that a large number of members request meetings in subject groups in which they are likely to be able to enhance their expertise in the various fields of Co-operation.

1.2.2. NETWORK QUALITY POLICY

Criticisms expressed are at the quality and the number of profiles introduced.

Most advisers want to see a single assistance service set up covering all the types of partnership which would be responsible for quality aspects of the network.

However, the systematic screening policy introduced by the Commission was the subject of certain criticisms by those whose contracts were not renewed, and many of them availed themselves at the same time of the opportunity to ask to remain in the network.

In contrast, most advisers support this method of achieving sufficient homogeneity in terms of professional qualifications, and some of them express regret that a similar quality policy is not pursued systematically for the EIC Co-operation Conference owing to the overlapping of the three networks. Other counsellors have the opinion that the function of quality control has to be increasingly reinforced, notably concerning the qualification of the counsellors and the quality of the co-operation profiles.

1.2.3. PRODUCT - THE ROLE OF THE CENTRAL STRUCTURE

Many members regard the practice of co-operation profiles and their matching, irrespective of how useful it is, as one of the tools in the search for partnerships, but not the only one.

This criticism calls for the current mechanism to be extended by access to databases or to additional information, in order in particular to overcome the inevitable lack of flexibility of the co-operation profile matching process, especially for highly technical sectors.

According to some, the role of the central structure is still too much centred on data-processing. A frequent criticism is that the computer system is inflexible and limited as a result both of the ageing of the software and of the need to increase the means for seeking partners.

Accordingly, the main effort should be concentrated on co-ordinating the network, which remains the fundamental element.

A number of members wish to see increased development of training and co-ordination and regret that the means available to the central structure to meet this aim are insufficient.

1.2.4. THE NETWORK EFFECT

It is increasingly important for the members to have personalised contacts within the network in order to continue the analysis of files calling for rapid joint action. However, some of them occasionally have difficulties in obtaining an answer meeting their expectations from all the members.

1.2.5. PROMOTION

Members ask for promotional activities to be increased in order to improve and extend the image of the network among small and medium-sized enterprises, alongside the other actions on co-operation and information, and increased support by Directorate-General XXIII for the publicity campaigns.

The network will have to be more closely associated with the promotion and information projects undertaken in the field of enterprise policy and in the field of partnership projects in the broad sense.

1.2.6. FINANCING

Governmental representatives stress that it is well worth examining the possibilities of self-financing for a network close to the market.

In contrast, several advisers, noting the efforts already made to limit budgetary expenditure, want to see BC-NET better placed in the context of the Community support policy, and in particular given a fair and comparable treatment with that of other similar networks. They also request a review of the current pricing method, which they feel, in addition to being unwieldy to implement, gives priority to the consultation of offers at the expense of the submission of co-operation profiles.

1.3. THE BRE NETWORK

It must be stressed that, in view of its main features, the BRE is the subject of very few criticisms or remarks. This is directly due to its easy access and simple operation, which the members always emphasise.

However, some members would like to see improved sorting of the data retransmitted to the correspondents and a shorter time taken to code and translate co-operation offers and requests.

Lastly, there were no criticisms of the way in which the BRE is financed.
(Cf. *supra* paragraph 1.2.2.)

II. OPERATION PROSPECTS

II.1. THE EIC NETWORK

II.1.1. TARGET POPULATION - COMPOSITION OF THE NETWORK

It is certain that at the start of the project priority was given to maximum geographical coverage of the network, since the aims were cohesion and bring enterprises closer to the source of information on the internal market, i.e. the Commission.

Targeting an SME population would have meant concentrating EICs in areas with a high density of enterprises.

This is reflected in the composition of the network as it developed historically, since there are differences between the structures according to whether they are rich or poor in human and financial resources and whether they fill a gap in general information on Europe or are structures among others likely to provide more specialised and targeted information. Within this maximum cover, some of the areas targeted nevertheless had a high density of SMEs, with the result that EICs were over-represented in major urban centres.

To obtain maximum cover, some organisations which are *de facto* heads of networks and other organisations acting completely autonomously at their local level found themselves juxtaposed. The latter element was nevertheless extremely important, because it made it possible to multiply the network effect: it is as a result decentralized location in the regions that the network has been able to develop its full potential as a link between the regions, via direct contacts from centre to centre and from host organisations to host organisations.

The Commission continues to think like the vast majority of members that a purely pyramid structure of the network would cut the regions off from direct contact with Brussels and especially from horizontal contacts with other regions of Europe. This does not mean that in some Member States it is not worthwhile to involve other organisations heading networks in order to enrich - but on the same bases - the EIC network as a whole.

The priority granted to geographical cover must be maintained in principle, with cohesion remaining an important and topical objective. Nevertheless, particularly since the publication of the White Paper on growth, competitiveness and employment, there has been a strong trend on the part of the host organisations to gear the activity of their EIC increasingly to information and assistance to SMEs. Some host organisations have taken account of this by carrying out an internal reorganisation. This is also reflected in a change of the practices of the EICs, which are tending towards an active approach to enterprises while maintaining their traditional function of replying to requests for information.

In some cases and with a view to complementarity, a co-operation has been established with organisations providing general information on Europe and EICs specialising more in the needs of an SME population.

Such a strategy of co-operation should be developed in the light of other existing Commission relays and networks. This does not exclude that in certain areas with a poor information infrastructure a single organisation continues to cater for both SMEs and all other requests for information, even combining the functions of EIC and another Community network. On the other hand, in certain countries where the information infrastructure is extremely decentralized and highly developed in response to long-standing cultural traditions, general information for enterprises may be incorporated into the information directed at the public, while the pro-active advisory and service functions directed at enterprises will remain the prerogative of the EICs.

It seems to us that the choice of strategy between the EIC and the distribution of tasks between general information and specialisation must remain flexible, since the great advantage of the EIC network lies in its being rooted in local realities. Noting that different operational models exist side by side in the network, the Commission undertakes to reinforce the exchange of experience and best practices between the various EICs in order to maintain the maximum cohesion of the network and to favour a larger co-operation with the other information networks in the same area.

II.1.2. NETWORK QUALITY POLICY

The diversity of the situations reflected in the composition of the network calls for a policy on quality, failing which the network effect will be weakened. Indeed, the EICs must jointly undertake to maintain a minimum quality standard so as to extend the exchange of services between them, which is the very basis of the network effect. Otherwise, there is a risk of creating smaller networks within the network - smaller networks based not on the region to which they belong or on a topic of common interest but on differences in quality.

This quality requirement, which is understood and accepted by the vast majority of members, has led to the gradual implementation of a quality policy. After an attempt at excessive systematisation, this policy was geared to encouragement and assistance for achieving quality objectives in exchange for a financial contribution by the Community.

Despite encouraging results, this policy still encounters reluctance to accept fully the consequences. In practice these involve the withdrawal of the financial contribution and, in the event of a further classification as a "red" centre, a request to the host organisation to reconsider its membership of the network. For many host organisations which are deeply rooted in the local and regional structures and have only recently had the need to develop on the European level, the financial aspects were and remain dominant.

It must also be recognised that some counsellors do not accept a single framework which is applicable to all because in reality within the regions there are differences. In fact if they do not accept a single framework this will be strongly detrimental to the effective cohesion inherent in the network in so much as the application of the framework already takes account of the varied situations and of management by objectives.

This reluctance is partly explained by doubt about the criteria used for classifying the centres. These criteria make evident the relative points of quality and give also great importance to the submission on time of a schematic report on the activity of the centre. Indeed, the assessment conducted by the Commission is based exclusively on the information provided by the EICs and not on surveys of users. It should nevertheless be pointed out that the EICs may supplement this report by setting themselves quality objectives each year, whereby a consultant engaged by the Commission may assist in the achievement of such objectives.

This possibility initially met with difficulties of acceptance, since the EICs expected directives from the Commission rather than from their host organisation. Thus there was sometimes confusion between the quality objectives and the strategic objectives concerning the content of information: whereas the latter fall clearly within the competence of the Commission, since they depend on current Community priorities, the quality objectives are measured in the context of the local situation and depend on the strategy of each host structure.

However, in order to meet the frequent criticisms of the excessively bureaucratic character of the classification, the Commission is prepared to dispense with the quarterly report and to accept an annual report instead, on condition that the EICs agree to commit themselves to management by objectives and that the Member States agree to a more systematic application of the sanctions provided for. In this context, the current policy of dividing the financial contribution in two, based on compliance with the quality standards, should be re-examined.

If this policy were to lead to geographical imbalances within the network, it would have to be examined how regional policy considerations could help to solve the problem.

It is true that this approach still does not seem to be of the majority of host organisations who prefer the maintenance of a quarterly report. As some continue to criticise the too bureaucratic classification, an explanation needs to be found in the rejection of MBO (Management by objectives) and in the financial consequences which could have a more significant impact. This could be one of the reasons that the network is now divided over the proposition of an annual report and of the understanding of MBO.

II.1.3. PRODUCT - THE ROLE OF THE CENTRAL STRUCTURE

As stressed above, the Commission's product is limited to an intermediate service which must enable EICs to meet all the requests for information from the end-users.

In theory, the Commission's information products are not, therefore, aimed directly at enterprises. This does not prevent certain studies or information files from being directly used and, consequently, passed on just as they are to EIC customers.

The objective of enabling the EICs to fulfil their function has been pursued in two ways:

- by providing interpretation documents so that the raw information provided by the Commission can be better understood;
- by training the heads of Euro Info Centres in order to enable them to dialogue directly with the Commission officials involved in legislative work or in the Community programmes.

Since the Commission is far removed from the actual situation in sectors or regions, it has not been possible for either of these measures to take account of any specific sectoral or regional features.

The criticisms levelled in particular at the documents drawn up by the central structure are not, therefore, likely to be easily overcome. One way of giving an indirect response to requests from EICs would be to try to get the sectoral professional federations at European level to make available to the EIC network any studies or documentation drawn up from a detailed sectoral point of view.

A similar approach could be made to national professional federations, since they are closer to the situation in the regions and might have taken account of this situation in whatever studies they may have conducted.

This might be an approach for improving the possibilities of interpretation on the basis of written texts.

Given the high cost of producing interpretation texts, for which the central structure is responsible, and the frequent criticisms of the distribution of the EIC budget between central structures and networks, it might be worth envisaging a different approach, whereby priority would be given to training, while the production of interpretation documents would be completely dispensed with. This new approach could be justified by the fact that many documents now exist on the information market and could possibly be listed and made easily accessible to EICs. Given slowness of the legislative process, it will take longer for these publications to become obsolete, so that they could meet the needs of EICs. Moreover, some thought can be given to the best conceivable method of interpreting raw texts: either reading interpretative documents or a direct exchange with the producers of the texts.

A trend is becoming apparent within the network to maintain the interpretation products prepared by the Central Unit. The Commission is always concerned to serve its networks well and will carefully follow this evolution. The latter solution would have the advantage of reinforcing the network effect by the human contacts which are easier to establish during training. Since the network effect is increasing, this is a strong argument. However, this argument would be less relevant if the proposition of the Commission should follow the call for the decentralisation of the training actions expressed by those who are worrying about the very frequent absence of the members of the EICs. Moreover, the network effect also takes the form of an exchange between EICs of information products which they have produced themselves and which have the character of an end product in the context in which they were produced.

A trend is becoming apparent within the network to maintain the interpretation products prepared by the Central Unit. The Commission is always concerned to serve its networks well and will carefully follow this evolution.

So these seem to be the two alternatives in the light of a network-management formula based on the methods of stimulation and co-ordination preferred by the Commission in its intervention activities.

Giving up this method would mean a radical change in Commission strategy. The Commission would then have to assume joint responsibility for the end product, which would only be possible by means of a much closer relationship, including financially, with a small number of EICs, which would be then under an obligation to produce results. In this case, the Commission would probably deal only with network heads, which in turn would be responsible for dissemination towards the bottom of the pyramid. In view of the diversity of the organisations which make up the network and whose usefulness is not in any doubt, it would probably be necessary to work with several network heads in each country. These would then be responsible for producing the end product on behalf of the Commission. In addition to the loss of the network effect, this method would very probably involve a multiplication of the costs. It ought therefore to be rejected.

II.1.4. THE NETWORK EFFECT

The network effect is the most important achievement to come out of the EIC project. Its importance has been unanimously acknowledged by all the parent companies and by the EICs themselves. Some even see it as the main advantage of their participation in this Community action.

It is certain that the network effect functions best among the 39 EICs of the experimental phase, but great efforts have been made by the central structure and the Commission to create this network effect and to maintain it since 1987, and this in the context of very considerable geographical expansion:

- various subject-related or geographical groups created within the network and the training activities and annual conferences have been designed as tools for co-ordinating the network;
- the quality policy pursued by the Commission for some time is directed towards this same end;
- more recently, the Commission started to encourage the exchange of the information products produced by the EICs with a view to activating of the network effect;
- the members of the EIC network, who are export promotion agencies and are grouped together as an EEIG, have been invited by the Commission to form a pool of available market research studies which are thus accessible to the members of the network. This request is currently under consideration;
- the percentage of the questions which the EICs ask their colleagues (15%) is still rather low, but it is increasing. This is, however, natural since there is more and more demand for information on the markets which the Commission cannot provide;
- in this context, mention should also be made of the Co-operation Conference set up within the network at the request of the members specialising in the search for partners.

This having been said, it is clear that the network effect has not yet reached its optimum level. The fluctuation of the EICs' personnel is one of the reasons for this, since the network effect is very often based on relations between individuals. The setting up of multilingual teams of men and women, accustomed to the demands of a transnational environment, familiar with local, regional, national and European realities and practices, and trained to use advanced technology communication and information tools, is one of the major results of the EIC network which must be perpetuated and improved. Once the EICs become even more integrated into their host structures, they will become aware of the multifunctional character of such a network and will use it in their regional development strategy. It is possible that, in doing so, the EICs apply more frequently to colleagues belonging to similar national networks. Thus one of the essential assets of the EIC network will be to have helped to decompartmentalize, by means of the very varied composition of the network, the behaviour of the intermediaries of enterprises.

In this context, it is desirable to encourage the Monitoring Group to be more representative.

This leaves the problem of ensuring equivalent participation by all the members of the network, since it must be admitted that the unequal financial and human resources available to EICs may result in the network splitting up into sub-networks which do not have the same level of activity. This is a problem which has often been raised, which concerns the low level of Community financing and for which a link with other Community policies, in particular regional policy, is a possibility.

It will be suitable to consider increasing the financing of the EICs, not only where redistribution of the tasks of the central structure releases financial resources despite the concomitant increase in training activities. Consideration could be given to raise the funding for example to a lump sum of ECU 30.000 a year - including all the current types of contribution (access to the databases, initial costs for VANS connection, payment for the promotional efforts of some EICs). It goes without saying that this lump sum payment would be subject to the condition that the above-mentioned quality standards are met.

The proposition of an increase of 20.000 to 30.000 ECU of the contribution which will become an annual lump sum is not welcome by everyone, a good many members question a formula where the details of real cost would not be clearly identified. The same members prefer also to maintain a quarterly report which seems to link more precisely to the specific aspects of their management. However, certain members underline that with this last methodological approach, they would agree a proposition of increased budget.

II.1.5. PROMOTION

As provided for in the Integrated Programme in favour of SMEs and the craft sector, the stimulation of demand for services to enterprises deserves to be given the very close attention of all those responsible for measures to assist enterprises. This also applies to the services offered by the EIC network. The agreements concluded with each EIC stipulate that the EICs are under an obligation to carry out the necessary promotion at regional level.

For a number of years, the Community has supplemented its efforts by organising communication projects at European level in order to enhance the credibility of the decentralized promotional measures conducted by each EIC. The way in which these projects were carried out gave rise to criticism, which, however, subsided as the Commission started to decentralise their implementation. Despite the explanation given by the Commission, this did not put a stop to the requests for support for measures designed and carried out completely at national level. It must, however, be pointed out that an attempt to collect proposals at national level did not produce any usable results: one national proposal alone accounted for over half the available budget, other proposals were of very unequal quality, and for one Member State there were no proposals at all. This shows the advantage in seeking the best agreement within a Commission-EIC partnership in this field.

II.1.6. FINANCING

The EIC network still exists under the initial assumption that each centre must ultimately be self-financing, which is something that no general information network in any Member State has ever managed to achieve.

A clear majority of expressed opinions rejects the possibility of a self-financing and underlines the public nature of the activity. Despite some very interesting results obtained by certain EICs in terms of income, these results nevertheless largely depend on the legal environment and the local traditions of each host structure.

It must therefore be realised that the Community's financial contribution, regarded by some as too high, is actually too small to consolidate such a large and complex network. This also applies to human resources.

The Commission is continuing its rationalisation efforts, particularly in connection with the organisation of the central structure, and has obtained concrete results in the process. There is, however, a limit which cannot be exceeded without detracting from the services rendered, this the Commission always seeks to avoid. Any further rationalisation can therefore only be achieved by totally giving up one of the central structure's activities (information product for interpreting raw information). In proposing this choice, the Commission feels entitled to draw the attention of the Member States to the importance of the financial problem. It welcomes the discussion launched in a Member State following a report commissioned by its government.

II.2. THE BC-NET NETWORK

II.2.1. TARGET POPULATION - COMPOSITION OF THE NETWORK.

The target population of the BC-NET network, i.e. the end-user, is the SME eager to internationalise and ready to associate the services of a consultant in conceiving and implementing its European strategy.

For many years, the BC-NET has been a network giving the users a precise system, more and more in the future it will monitor the qualifications of the consultants offering services to SMEs.

This explains the composition of the network, which comprises a majority of private consultants, but also a number of public or quasi-public bodies. It is probably also a reflection of the differing local situations: whether or not there is a local consultant specialised in SMEs. This mix naturally poses problems. Indeed, working methods often differ according to whether the consultant passes large amounts of time with relatively few clients (which is generally the case of a private consultant), or spends relatively little time with a larger number of clients (which is usually the case with the public service role of a number of bodies). It is in the monitoring of contacts that these differences tend to appear in particular, whence certain wishes to see the network made up in a more homogeneous manner.

Nevertheless, a vast majority of members underlines the importance of maintaining the network's diversity both concerning a geographical coverage and the public, parapublic and private statutes of the counsellors in order to benefit the necessary interrelations between financial, technical and commercial co-operation areas.

Hitherto the Commission has published in the Official Journal calls for candidatures when it has periodically expanded the network, the selection then being based on a questionnaire covering the applicant's professional characteristics and experience.

However, when the activity of the members of the network has been evaluated, the only criterion used has been the effective activity of the member, as disclosed in particular by the number of profiles offered or requested. Many feel that it is necessary to look beyond the moment of establishing contact to take account more of SMEs' needs for accompaniment in the negotiation phase, and a new criterion could thus be incorporated into the new procedures for enlargement as in the forthcoming screenings, to take account of this requirement.

But the implementation of such a criterion would itself come up against the Commission's problem of obtaining from the consultant any feedback of information on each operation beyond the phase of establishing contact.

One alternative would be voluntary withdrawal of those who feel less attracted by an integrated service of accompaniment to the partnership, since Community alternatives exist for them (BRE, EIC Co-operation Conference).

One attempt to overcome this problem of heterogeneity was the request by a significant number of members for meetings in specialist subject groups, capable of permitting study in greater detail of expertise in various aspects of co-operation (financial, technical or commercial).

II.2.2. NETWORK QUALITY POLICY

The need for a quality based policy is recognised by all consultants, and has been implemented through regular evaluation of network members' activity. This evaluation leads to regular replacement of members according to the quantity and quality aspects of their transnational activity. Once again, evaluation is made on the basis of information emanating from network members, and not from surveys of their clients. This reflects the intermediary nature of the services provided by the Commission.

With regard to the relation with the end-user, a code of practice has been approved by the members and is the subject of an agreement between all involved parties. Some even wish to see reinforcement of its restraining characteristics and its control. To follow up, the Commission could think of the definition of a norm for consultants which would apply to the services provided to businesses. This idea is stated in the integrated programme for SMEs and the craft industries. Its implementation would require a contribution by European standardisation bodies and probably a certification method involving the external audit of members.

Another idea is that of visits on location, sometimes accompanied by high performing members.

II.2.3. PRODUCT - ROLE OF THE CENTRAL STRUCTURE

Many perceive the essential feature of the BC-NET as the provision of a data-processing tool for co-operation profile comparison. That is explained by the history of the project: the development of the computer product preceded the constitution of the network. Indeed, the first call for tenders sought to select consultants who were willing to use the BC-NET computer system experimentally. The use of this system is the federating element of the network, but the network's strategic objective should in fact be to supply SMEs with a network of consultants able to accompany them in cross-border operations.

Once the consultants had mastered the system, they put forward the need to broaden the services offered to the network by the central structure, in the sense of strengthening the co-ordination of the network itself. Indeed, before arriving at the introduction of a co-operation profile, the consultant often analyses the strategic situation of the company, and gives advice on feasibility and the means of a European strategy. This increases his needs for information and for training. Moreover, after the first contact between the companies whose co-operation profiles match, a number of other operations are necessary before arriving at the conclusion of a co-operation agreement. SMEs often need help in this difficult phase, and this view is underlined on all sides.

With regard to the system, it showed that the mere search for matching profiles was not sufficient, and this led in particular to the introduction of "flash profiles". Since then the very rapid development of user-friendly software has also caused justified criticisms of the time taken to update the system, which although improved regularly, still belongs to an earlier generation.

Despite those adaptations, the acceptance of the method has met with problems, which shows in a reduction in the number of co-operation profiles introduced. In part only, this basis is due to the tariff. Nevertheless some consultants who make intense use of the BC-NET are positive. In consequence, additional changes are certainly necessary. This has led to demands directed at permitting the setting-up of a database from existing BC-NET, BRE, Europartenariat and INTERPRISE information. Such a database would be intended for a broader public. It will be appropriate however to reflect on the rules which must govern the management of these databases over the time, especially concerning the profiles of the companies and their co-operation projects. The legal and economic problems of such a proposal are currently being studied

In view of the foregoing, the Commission should in future concentrate the tasks of the central structure more on co-ordination functions. This includes the co-ordination of subject groups, for which the demand is felt increasingly.

This applies in particular to industrial and technological co-operations, with a group which continues its work on development of complementary methods better suited to the requirements of technology (constitution of a database as a pilot experiment). This approach will serve as a model for the "public procurement" aspect. This should also be the case for the "support to financing" of the co-operation projects.

It should be noted that access to these groups is now available on the basis of requests submitted by consultants to the central unit and accompanied by the presentation of a file permitting appropriate selection. The next expansions of the network will rely therefore both on more targeted selection procedures according to these needs, and on a commitment to input a stated number of co-operation profiles in the BC-NET system.

The improvement of the computer system will be continued, for it allows very fast research and reactions, corresponding to the needs of businessmen and the daily matching and/or consultation of thousands of proposals, while ensuring broad access to the whole of the network.

As to whether the computer system should be updated to bring it into line with current standards of user-friendliness, a poll of BC-NET's consultants will be required asking for the income resulting from charges levied to be reassigned to such an investment.

II.2.4. NETWORK EFFECT

It is a fact that in this field, the BC-NET project unquestionably shifted from giving priority between users of a tool towards a network. Indeed, the successes recorded by members often arise from interrelationships which already exist among themselves. This personalised contact will have to be more and more developed on the basis of a closely-related dominant activity, making it possible to implement active complementarities. Consequently, the network effect will be all the greater as the effort towards qualitative homogeneity within the BC-NET attains even higher levels on the basis of common practices in co-operation which enhance a complete service to the client, both before and after the introduction.

To support this development, the driving forces of the network, including the sub-groups, will have to be stimulated and reinforced.

II.2.5. PROMOTION

The importance of promoting the network's services amongst end-users is undeniable. Members' demands regarding the improvement of BC-NET's image, however, run into a problem of resources at central structure level.

But experience has shown that, with the modest financial resources which can be devoted to promotion, it is more useful for the Commission to include the BC-NET in a more general information campaign covering all the Community's services to SMEs. Since the justified demands by network members run into financial limits, the Commission will have to seek to associate members more closely with the preparation of these campaigns.

II.2.6. FINANCING

The principal criticism expressed by certain representatives of Member States concerns the level of public financing of the BC-NET network. The Commission has therefore already committed itself to making efforts to reach self-financing. In view of the results of the changeover to a system of charges, the budgetary costs of BC-NET and BRE together have fallen below one million ECU a year. This is a very small cost for a network of such complexity and of such a size.

Moreover, network members often raise the question of the difference in treatment between BC-NET and other Community networks.

Charging did not reduce the demand for network membership. On the other hand, it did have the effect, probably one-off, of a reduction in the number of profiles processed by the network. In view of this the Commission intends to maintain the principle of charging, but to re-examine the method of its implementation. It is proposed to switch to a lump sum payment, at the beginning of the year, on issue of the member's BC-NET card. This will have a less discouraging effect on the number of profiles processed, and should reduce the burden of the current charging procedure: the development of specific computer applications, several hundred individual invoices at risk of dispute, late payment, etc., ...

Consequently, they pronounce by majority in favour of a lump sum tariff as well as asking for a detailed examination of the level of this contribution in order to maintain the diversity and balance of the network.

This approach would also meet the recommendations of the 1992 evaluation report,⁴ possibly based on an annual contribution of 1.000 ECU revisable every two years, ensuring a stable income complement. This contribution could give rise to reduction to a maximum of 500 ECU in order to provide a greater incentive to those of the bottom and to recompense the most active. In this way, the operational budgetary support would tend to be maintained in the medium term at under one million ECU a year for BC-NET plus BRE.

Regarding the frequently-expressed demand for financial support for the companies which deserve to benefit from an accompaniment after the initial contact in order to arrive at the contractual partnership agreement, the Commission considers that this request lies outside framework of BC-NET. Under its multi-annual programme, the Commission has financed a pilot action for the craft industries, and this is in greater need of such a support action. The Community SME Initiative also enables Member States to obtain cofinancing for programmes of this kind.

⁴ COM (92) 1800 of 11 November 1992

II.3. THE BRE NETWORK

The operation of the BRE network has been the subject of very few criticisms. Its composition is not called into doubt, nor the periodical "screening" policy which is accepted by the vast majority of members.

The network was made up not to encourage exchanges between members, but rather to ensure dissemination of co-operation offers within and outside the Community.

The BRE's non-confidentiality and geographical cover, plus the simplicity of its operation, must be preserved as fundamental features of this network. In practice, the resulting flexibility enables correspondents - within the limits and rules framed by the convention that they have signed with the Commission - to use the network in a way suited to the requirements of businesses, the smallest of them in particular. These elements have enabled the BRE to become a vector of internationalisation, and this aspect will continue to be developed in view of the globalisation of the economy and of trade.

To meet one criticism expressed by correspondents, the central structure will develop a better system for sorting offers and requests for co-operation so as to facilitate members' use of the system. In fact, the members of the network underline the importance of a promotional action which demonstrates the fundamental characteristics of the BRE : ease of use, lower cost, ability to disseminate and the international dimension.

The Central Unit will also aim to reduce the time taken for encoding and translation. In this connection, a "controlled language/machine translation" option will be examined in the coming months. This will offer users the advantage of using their own language. This should be considered very important, in particular for businesses embarking on internationalisation and possessing limited human resources. In addition, faster transmission of co-operation notices should also be possible through intensive use of media such as diskettes or E-mail (VANS).

With regard to promotion, the remarks made concerning BC-NET apply to BRE. In exchange for continued free service, BRE correspondents will have to commit themselves to developing a policy of promoting co-operation projects which fall within enterprise policy, and it is proposed to amend the conventions in this direction.

With regard to the financing of the BRE, it should be noted that correspondents' assumption of responsibility for the promotion of BRE notices already represents a considerable cost component, taking account in particular of the media used and of the essential accompaniments in terms of presentation. This investment is a considerable asset to the development of the network and its public image.

The financial contribution of the Community is relatively modest in view of the volumes processed. This is because of the management provided by the joint BC-NET/BRE external team. The principal component in financing is the costs of a data-input team. That said - and in view of the vocation of the network and the experience acquired - the savings resulting from the adoption of charging would be negative, with little budgetary impact and dissuasive to certain target groups (small companies and craft industry).

III. INTER NETWORK SYNERGY

Another opinion recommends the "privatisation" of the BC-NET network arguing of competition with private services. Apart the fact that this argument could also apply to EICs and BRE, it has to be agreed on the meaning of privatisation which can be interpreted in two ways: either it aims at complete self-financing of the system by charging, or it seeks the complete withdrawal of the Commission and self-management of the network by its members. Self-financing has been considered in para. II.2.6. Regarding self-management, as long as the computer system remains operational this would seem to be ruled out, as much as it is advisable to pursue the effort for the whole Community.

The proposal to privatise the BC-NET network is sometimes combined with the proposal to support SMEs' use of external consultants, financed by the economies thus made. However, in view of the very small budget allocated to BC-NET, an action of this kind would be of extremely limited impact. Consequently, the Commission sees no advantage in this vis-à-vis supporting a network of consultants familiar with Community affairs.

Finally, it is also certain that there is much to gain from the previous experience of the BC-NET when the federal Government of the United States has just given its support to high technological companies, through the launch of a network of research of partnerships ("Unisphere") which seems to operate on similar basis in terms of electronic matching.

Certain opinions recommend merging the BC-NET and BRE networks. Such a merger does not strike us as advantageous: as was shown earlier, these networks have different roles, each meeting businesses' needs. However, it is convenient to check the best way to identify every network as main function. In this context, the BRE has clearly become a principal network of dissemination of non confidential co-operation demands and offers when the BC-NET keeps its confidentiality.

Certain members have asked the question of an unique network EIC-BC-NET-BRE. Or this subject, besides the impossibilities of combining host organisations, often different in nature and/or structure, it has to be made evident the difference between the services provided. If a service should be cancelled, one logical possibility would be to remove the less professional services in compliance with the policy of quality developed. Nevertheless, each service answers to different clients and needs. This has been given as evidence. The most important thing is to increase the professionalism of all services provided.

However, the Commission is sensitive to other remarks precisely regarding the efficiency of the service provided to companies, which seek to improve the synergies between these networks.

III.1. SYNERGY BETWEEN THE THREE ENTERPRISE POLICY NETWORKS

It is not without reason that there are overlaps in the make-up of the three networks. First, there is a link between the EIC network and the BC-NET in that a number of EICs are oriented towards co-operation projects in so much as it is an added value service. It is thus that they develop this activity either across the Co-operation Conference or as members of the BC-NET. Likewise, BC-NET members expect more from the network than the availability of the computer system, they have expressed a growing demand for general information likely to help them in the strategic assistance to SMEs. The BRE, meanwhile, provides services to the members of the other two networks.

There can be no question here of prohibiting overlap between the networks. But it is necessary to clarify the service rendered by each network as regards co-operation. Otherwise, the end-user would not be informed clearly of the service he may expect when using one of the three networks rather than the others.

The BRE provides a simple service in disseminating co-operation offers and requests and returning the information thus disseminated. There is no pro activity. The EIC co-operation conference combines distribution and interactivity, but has gaps as regards targeting and preparation of co-operation offers and their downstream follow-up. The BC-NET network offers the full service: preparation of offer, distribution and interactivity of profiles, follow-up in the event of a match.

The problem is the lack of transparency between these three services when a member belongs to more than one network. This involves remedying this lack of transparency by introducing a code of practice for the members belonging to the EIC Co-operation Conference and highly controlling the application of the code of practice for the members of the BC-NET.

Moreover and in order to facilitate communications between networks, and especially between the EIC Co-operation Conference and BC-NET, a co-operation form largely based on that of BRE has been developed, which includes common areas with that of BC-NET, and will be circulated systematically using the VANS for E-mail.

In addition, it will be appropriate to encourage more sustained contacts between members of the different networks. This action was started through meetings held, for example, on the margins of the Europartenariats. However, they should be encouraged systematically within a regional framework.

With regard to the rationalisation of the central structures, the example of the common structures for BC-NET/BRE might suggest alignment with the EIC central structure.

However, this alignment does not seem clearly justified, in view of the difference in make-up of the networks and in the tasks to be carried out, which require co-ordinated action of a different nature. In consequence, the justification for the rationalisation is weak as it also poses the question - would the presence of a single consultant present a high professional risk, given that he also provides a public service. This does not exclude the possibility of joint operation of some functions in certain cases.

III.2. SYNERGY BETWEEN COMMUNITY ACTIONS

Some synergy must be implemented between the enterprise policy networks and the Community projects which aim to meet specific needs of businesses, in order to increase the value added by each of these actions.

This has already been done for the EIC, BC-NET and BRE, plus the other actions for co-operation, i.e. Europartenariat and INTERPRISE. This line must be continued in future and extended to the subcontracting action (SCAN : Subcontracting Assistance Network), the regional action (Business and Innovation Centre), the new Innovation Programme implementing Activity III of the new Framework Programme and the external action (European Business Centre Information).

This orientation also meets demand from other Directorates-General which, recognising the importance of the enterprise policy networks, have asked to use them for the dissemination of their information and the implementation of certain actions.

Although this use of the enterprise policy networks cannot be generalised - because of the specific character of each task to be achieved - care will be taken to ensure that, as far as possible, EIC host organisations offer the possibility of participation in, and/or of development of, inter network synergies.

Besides, it will make sure that the various networks of enterprise policy act in synergy and complementarity with the other community networks which often are specialised in a specific area such as for example in the case of the RDT networks.

III.3 SYNERGY BETWEEN ENTERPRISE POLICY NETWORKS AND OTHER COMMISSION INFORMATION NETWORKS

The networks EIC, BC-NET and BRE are part of a very large range of relays and networks created on the initiative of the Commission, who in 1994 adopted a new policy in their regard. This approach was for the goal of optimising as to the role of the different networks in researching a consistency and a complementarity in their information projects, this will have for final consequence the avoidance of double employment and the dispersion of effort.

For a global strategy, the Commission looked for a part to determine which are the needs and the problems common to all the networks and of other part to clearly define their distinctive characteristics and their specialities. In this way an inter-network of effective co-operation may be envisaged and even will be encouraged notably at regional level.

There exists today, for example, more than 300 CDE (European documentation Centres) set up in the universities; the demands for information which they receive often come from students interested in enterprise policy who, for a certain number, will be entrepreneurs of tomorrow. Similarly, more than 50 "meeting points" ensure an information project in the rural areas of the Union where the small companies and the craft companies occupy an important place. It is clear that in these two cases a collaboration with the EIC imposes : a work orientation on the part of these networks to allow the management of the users towards the source best adopted to their request.

At the same time, the network Team Europe count in the day 760 speakers, a part of them are specialised in the area of community measures in favour of companies. Their experience turns out therefore to be of great use for the information projects prepared in this area.

In fact this wish to co-operate and similarly to favour the exchanges between these networks which already exist, testify to the interest which produces the periodic meetings organised notably by the representatives of the Commission in the Member States, to which participants are responsible for the different Community information networks.

III.4 SYNERGY BETWEEN ENTERPRISE POLICY NETWORKS AND REGIONAL OR NATIONAL NETWORKS

It first must be stressed that at the time the EIC network was set up, the Commission called for the co-operation of bodies having a national or regional business information vocation and which consequently belong, in the vast majority of cases, to national networks. In certain cases, the EIC came to provide an information and co-ordination function for other bodies providing services to SMEs.

Institutionalising and strengthening this co-ordination function at regional level has been suggested internally as well externally. The Commission feels that this can only be beneficial, provided such a proposal forms part of a national effort and provided that it does not result in dilution of the information effort by the EICs towards business. In other words, the EICs' ability to stimulate should be strengthened within the framework of a national policy.

Another proposal was to adopt a co-ordination function in the framework of a national network, aiming to bring under the same roof all the services offered to businesses in the area (such as "Business Links" in the United Kingdom).

EICs, being one of these services, will be called to join in such a grouping when the EIC host organisation takes part in this action. The Commission encourages such a development provided it does not reduce the visibility of Community information but results in an inquiry and in improved advice for companies through this common effort to bring the organisations together.

Contacts are also being developed between the BC-NET and BRE and national or regional networks pursuing complementary objectives; these will be encouraged in the future.

CONCLUSION

It is important to be aware of the scale both of what has already been achieved and of what remains to be done.

Achievements to date are based on the irreplaceable methodology of the networks, founded on a broad partnership with decentralised intermediary bodies taking responsibility for a substantial share of the cofinancing.

The strategic objective of the various enterprise policy networks is the availability to SMEs of an infrastructure offering information, counselling and support, throughout the Community and beyond its frontiers.

What remains to be done is to enhance the quality, the efficiency and the matching of means to the needs of SMEs.

This implies adapting the make-up of the networks to the objectives of developing a quality policy, and evaluating the results; reviewing the role of the central structure with a new emphasis on guidance and training, and amplifying the network effect and the impact of promotion measures.

Finally, in terms of finance, every effort should be made to rationalise, whilst remaining attentive to not trespassing into areas where the principal achievements to date are threatened, and even extending those achievements in the fields of cohesion and the necessary response to the global economy.

In this context, the benefits already obtained from the operations of the network should increase significantly, in some cases through the modernisation of the computing and communications resources, in order to reconcile fully local development with the globalisation of production and trade.

To achieve that, SMEs must be better supported in the preparation of their strategies for European and international extension; better informed about the markets, and efficiently advised on the means for co-operation to extract the full potential from the Single market and from the new opportunities available on the markets of central and eastern Europe and the Mediterranean in particular, but also of south America and Asia.

What is at stake here is all the more important as markets are developing and evolving very rapidly, and that competition requires high levels of performance and of competitiveness.

Objectives such as these cannot be met without networks which have been strengthened as regards the qualifications of their members, and which are complementary as to their coverage.

These factors mean in the broadest possible sense giving businesses a clear awareness of the scope of the structural changes currently taking place, helping them demonstrate their willingness to turn outwards and arm themselves adequately to accomplish such a strategy. It is essential that the action of all the parties concerned by the development of SME potential converges in a co-ordinated fashion in this same direction.

That being done, information, partnerships and alliances will be one of the most important factors in enabling firms to raise their profiles and their turnover, improve their competitiveness and gain access to new markets in an increasingly open and competitive business climate.

On the basis of the higher quality of the services offered in both information and co-operation, the networks must pay particular attention to the meaningful development of their profile amongst the target populations, thus opening the way to a stimulating, innovative and visible programme.

In the interest of companies and the qualified accompaniment of their development strategies, it would be an advantage if the networks could act together with other community programmes and other national and regional organisations. The implementation of different measures in favour of companies will then allow them to enrich each other and to widen the range.

