



EURO-info

A growth initiative to promote economic recovery in Europe

With a view to encouraging a recovery in economic activity in Europe, the European Council, meeting in Edinburgh on 11 and 12 December 1992, decided on the basis of a Commission initiative, to support the efforts of Member States to promote economic recovery in Europe via a 'growth initiative consisting of individual actions in Member States and at Community level¹.

The **European Investment Fund (EIF)**, with a budget allocation of 2 billion ECUs, will provide financial guarantees for major capital projects on a European scale, in the fields of transport, telecommunications and energy, as well as investments by Small and Medium-sized Enterprises, with priority being given to regions of the Community with particular problems. As agreed in Edinburgh, the capital of the European Investment Fund will come partly from the European Investment Bank (EIB), the Community budget and public or private financial institutions. The EIF will provide guarantees of between 5 and 10 billion ECUs in total, and will enable investment projects to be supported up to 20 billion ECUs.

Moreover, the European Investment Bank was invited to set up a new temporary loan facility (known as the 'Edinburgh facility') of 5 billion ECUs, in order to accelerate the funding of major capital investments in transport, telecommunications and energy, and infrastructures in assisted regions.

To revive the economy, a Cohesion Fund of 15 billion ECU for the years 1993-1999 will finance improvements to transport infrastructures and environmental protection in the poorest countries of the Community — Greece, Spain, Ireland and Portugal. This Cohesion Fund only represents a small portion of the 176 billion ECU allocated by the Twelve to reduce regional and social disparities in the Community in the years 1993-1999. In total, regions and social categories with problems will receive during each year within this period nearly double the aid granted from 1988 to 1992. These aids will benefit regions whose development has lagged behind, industrial areas in decline, the long-term unemployed, and will help young people looking for jobs to join the labour market.

But economic recovery in Europe will not take place without SMEs. In the context of the Community recovery measures announced at Edinburgh, the European Commission proposed to the Twelve to boost a series of actions in favour of SMEs²: strengthening and developing EURO INFO CENTRES to facilitate access to information about the Community; development of non-confidential partner searches (BCC) and confidential partner searches (BC-NET); strengthening direct contacts between entrepreneurs in the EUROPARTENARIAT and INTERPRISE Programmes; promotion of cross-border sub-contracting; improvement of the administrative and legal environment for companies; promotion of Community instruments which are intended to strengthen the technological potential of SMEs.

¹ COM(93)54 final — Communication from the Commission on the implementation of Community measures which are part of the initiative for growth.

² see EURO INFO 56/93 — January-February 1993.

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SEED CAPITAL FUND: creation of 131 new businesses and 1219 jobs

Who dares to finance new SMEs? By launching the Community pilot plan for the stimulation of seed capital in 1988, for a five-year period, the European Commission (DG XXIII — Enterprise Policy and DG XVI — Regional Policy) accepted part of the risk to help those who do.

Why? To stimulate the creation of businesses by increasing the financial options at the disposal of innovative SMEs.

How? By encouraging investors and specialists in the formation of companies to set up a maximum of 25 seed-capital funds, spread throughout the regions of the Community (of which 16 are located in regions assisted by the structural funds), to back up the capital available locally. The Community makes a double contribution to the seed-capital funds. There is general aid, applicable to the Community as a whole, which is implemented by the Commission paying (via DG XXIII) 50% of the operating costs of the funds, over a 5-year period, in the form of repayable loans. And secondly, there is a specific aid to funds in assisted regions: the Commission takes a stake in the capital of these 16 funds, up to a maximum of 25%, via local enterprise and innovation centres. According to a report from the services of the Commission, this experimental programme has enabled 23 new seed-capital funds to be set up, which form, with funds which already exist, the core of a professional network: the European Seed Capital Fund Network (ESCFN), which is coordinated by EVCA (European Venture Capital Association). By the beginning of 1993, these 23 funds had provided 37.7 million ECUs and created 131 new businesses, of which 126 are still operational. These new funds helped create 1219 jobs. Of the 126 new companies, 69% are strongly biased towards technology (industrial technology, health care, biotechnologies); the other companies are mainly active in the food and drink industry and service industries.

As newly-created seed-capital funds become operational, this pilot action by the Commission genuinely does act as a catalyst on the creation and activities of seed capital funds. This shows that the funds can become independent, enabling their managers to acquire the professional experience required (the rate of investment in new funds should be around one hundred per year by 1995), making them more attractive to private investors (at present 58% of capital obtained is of private origin) and improving the quality and viability of the projects started (so far, there have been very few bankruptcies, which shows the benefit of active support from fund managers of seed capital funds to the companies in which they have invested).

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MED-INVEST: developing SMEs in the Mediterranean Basin

Within the framework of the MED-INVEST programme, actions will shortly be set up to support cooperation for development of SMEs around the Mediterranean, in association with SMEs and professional bodies in Europe. The following countries are involved: Morocco, Algeria, Tunisia, Egypt, Jordan, Israel, the Occupied Territories, Lebanon, Syria, Turkey, Cyprus and Malta.

The MED-INVEST programme, with a budget of 10 million ECUs over two years, will help these countries to promote a favourable environment for the development of SMEs, and increase their competitive capacities.

From early 1993, pilot projects will be set up in various fields: development of partner search networks, setting up of face-to-face meetings between entrepreneurs in Europe and in Mediterranean countries, without overlooking training and consultancy actions (access to new technologies, modernisation, upgrading the skills of human resources etc.). The instruments and networks which have already been tried and tested in the European Community will thus be extended to countries around the Mediterranean: participation in the EUROPARTENARIAT programme, extension to MED-PARTENARIAT, MED-INTERPRISE, BC-NET (Business Cooperation Network) and BCC (Business Cooperation Centre).

Each of these actions will be implemented by a network of economic operators consisting of firms or professional associations in the Community and the Mediterranean countries.

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INTERPRISE: encouraging partnerships in Europe

The objective of the INTERPRISE programme is to stimulate contacts between firms in the Community. Three regions from three Community countries must join together to organize a meeting of firms with the purpose of putting entrepreneurs in touch with each other, to set up business, technical and financial cooperation. A programme between three Community regions can extend to one or several regions outside the Community.

The projects supported in the context of the INTERPRISE programme must include at least the following phases: identification and selection of firms in the regions concerned, which are interested in setting up a cooperation agreement with one of the companies from the other participating regions; publication and distribution of a catalogue setting out the reasons for cooperation, or organizing an event, trade fair or conference during which direct contacts are set up between the participating companies (pre-arranged appointments; presence of interpreters).

The following events are planned in the context of INTERPRISE during April.

MEDEA — MECHANICS AND ELECTRONICS DEVELOPMENT EXCHANGES

Meetings: 1 and 2 April 1993 in Pavia (Italy)

Countries involved: Italy, France and Ireland

Sectors of business: mechanical engineering and electronics

Organizers: IMPRESA EUROPA — Mr. P. CARLETTO — C.so Venezia, 16 I-20121 MILANO — Tel (36)é-79 67 64 79 43 52 / Fax: (36)2-78 17 73

BARNSLEY & DONCASTER

Meetings: 19, 20 and 21 April 1993 in Barnsley (England)

Countries involved: United Kingdom, Germany, Belgium, France, Italy, the Netherlands, Poland

Sectors of business: business services, electronics applications, industrial and mechanical plant, equipment, plastics and chemicals, food, textiles and clothing.

Organizers: BARNSLEY BUSINESS AND INNOVATION CENTRE — Mr. Brian KING — Innovation Way — BARNSLEY, South Yorkshire — United Kingdom — Tel:(44) 226-24590 — Fax: (44)226-249625

MATECO IDEPAC

Meetings: 22 and 23 April 1993 in Marseille (France)

Countries involved: France, Italy, Germany, Spain

Sectors of business: materials, packaging and environmental protection

Organizers: TEAM — Mr. Elie FAROULT — 66, Champs Elysées — F-75008 PARIS — France — Tel.: (33)1- 4256 6933 — Fax: (33)1-4256 6937

MODA & DONNA

Meetings: from 22 and 25 April 1993 in Riccione (Italy)

Countries involved: Italy, France, Greece, Portugal, Spain and Sweden

Sectors of business: textiles and traditional sectors of craft businesses and manufacturing industries connected with fashion (jewellery, clothing, shoes etc.)

Organizers: COMITATO IMPRESA DONNA — Daniela MAGNI — CNA Comitato Regionale Emilio Romagna — I-40177 BOLOGNA — Italy — Tel.: (39)51-37 33 93 / Fax: (39)51-37 57 60

SERENISSIMA MEETING

Meetings: 26 and 27 April 1993 in Venice (Italy)

Countries involved: Italy, France, Austria, Spain, Belgium, Greece, Germany, Denmark, the Netherlands and the United Kingdom

Sectors of business: glass, ceramics, mechanical engineering, electronics, textiles, clothing, shoes and jewellery

Organizers: CRACA — Ufficio Europa — Dr.essa Sonia PAGLIARO — 35, via Filli Bandiera — I-30175 MARGHERA (VE) — Italy — Tel: (39) 41-290 29 39 / Fax: (39) 41-290 29 69

RENCONTRES EUROPEENNES 'BORDEAUX-TECHNOWEST'

Meetings: 22 and 23 April 1993, in Bordeaux (France)

Countries involved: France, United Kingdom, Germany

Sectors of business:

Organizers: (a) BORDEAUX TECHNOWEST — Mr. Y. MIAUD — Av. Gustave Eiffel, BP 322 — F-33695 MERIGNAC CEDEX — Tel.: (33) 56-34 79 00 / Fax (33) 56-13.01.80

(b) EUROMINIPOLE sarl — Mrs; Sylvie BANSARD — 47, rue de Lescure — F-33000 BORDEAUX — Tel. (33)56-24 42 25 — Fax: (3356-24 40 03

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SUB-CONTRACTING: improving information and communication between main contractors and sub-contractors

The Commission's actions with regard to sub-contracting all have the common objective of promoting the creation of a European market for subcontracting, suited to the world context, while respecting the principle of subsidiarity with regard to the work done by administrative and professional bodies which have developed at a national, regional and local level. This European market for sub-contracting which should be transparent and competitive involves strengthening relationships at two levels (between main contractors and subcontractors, and between sub-contractors themselves) at a trans-national, trans-regional and trans-frontier level.

In this context, the actions undertaken, which are part of a more general context of the Commission's policy in favour of enterprise, in particular SMEs, are pursuing 3 separate, but complementary objectives: to create a favourable environment for subcontracting; to improve information and communication between main contractors and subcontractors, and promote European subcontracting with third countries.

A series of studies, practical guides and multilingual sectoral terminology guides are available from DG XXIII and the Office of Official Publications of the European Communities.

A. Documents available at DG XXIII- Unit B.2

1. PROCEEDINGS OF THE PAN-EUROPEAN FORUM ON SUBCONTRACTING

The pan-European Forum on subcontracting was held in Madrid on 14 and 15 December 1992. This event which was organized by DG XXIII, gathered the major part of the players in the area of subcontracting and in particular the organisations representing European enterprises.

Some 400 participants of all Member States of the Community but also observers of third countries such as EFTA countries, central and Eastern European countries and Mediterranean countries attended the Forum.

The objective of the Forum was to encourage the strengthening of relations between the different organisations in view of the creation of a true European subcontracting network to face the challenges of the Single Market and of the European Economic Area.

It aimed, on the one hand, to create an environment favourable to subcontracting and, on the other hand, to strengthen the ties between the different trade and administrative bodies who develop actions at local, regional and Community level.

The issues covered in the Forum concerned mainly:

- the need for a greater transparency of the market on the economic and legal levels;
- the approach to quality, the role of certification and the measures in favour of mutual recognition.
- the improvement of communication between main contractors and subcontractors at transnational level.

The Proceedings of the Forum will be available in April 1993 in English, French, German, Italian and Spanish.

2. STUDIES ON THE ECONOMIC IMPORTANCE OF SUBCONTRACTING IN THE COMMUNITY

These consist of 12 studies the aim of which was to compensate the lack of global analysis of the European subcontracting markets. These studies constitute the first structured research on the economic importance of subcontracting at sectoral as well as at regional, national and Community level.

Besides providing a picture of the present situation, these studies also attempt to show market trends for the coming years and, particularly, the strategic trends of contractors as well as foreseeable business opportunities for subcontractors.

Every national study is available in English, French as well as in the language of the country in which the study was made.

3. ECONOMIC IMPORTANCE OF SUBCONTRACTING IN THE COMMUNITY: WORKING DOCUMENT ON THE NATIONAL STUDIES

This document summarizes the main results of the 12 national studies.

The results of these studies demonstrate the difficulties in estimating the importance of subcontracting, notably with regard to the definition of "subcontracting" and to the comparability of the data collected.

The difficulties encountered will allow, in a second stage, to organize the systematic collection of statistical data in a manner that is both rigorous and adapted to the needs of the persons concerned.

The synthesis is available in English until completion of stock.

It will be available in the nine Community languages in July 1993 from the Office of official publications of the European communities.

4. SYNTHESIS OF THE STUDY ON THE COSTS OF THE MULTIPLICITY OF CERTIFICATION PROCEDURES FOR SUBCONTRACTORS IN THE COMMUNITY

This study was carried out among 200 subcontracting enterprises of 11 sectors of activity in all the Community.

It enabled to examine for the first time systematically:

- the way in which the importance of quality measures in terms of implementation of a quality assurance and third party certification is perceived;
- the attitude of main contractors in terms of audits;
- the financial, technical and administrative costs and the costs in terms of human resources and time resulting from the multiple audits that are imposed on subcontractors;
- the results expected with third party certification and future expectations;

- The findings of this study should give a new impetus to the debate between the parties concerned (subcontractors, main contractors and certification organisations). They already support the harmonization effort undertaken by the Commission in the context of the global approach to certification and testing and encourage the European Organization for Testing and Certification (EOTC) to further promote its measures in favour of mutual recognition on a voluntary basis.

The study is available in English and in French until completion of stock. It will be available in the nine Community languages in July 1993 from the Office of official publications of the European communities.

5. SYNTHESIS OF THE FEASIBILITY STUDY ON THE LINKING-UP OF SUBCONTRACTING DATABASES AND EXCHANGES

This study was made further to the observation of the existence of numerous subcontracting databases and exchanges in the Community.

It aimed on the one hand to list the various structures and to look at their data processing systems, their effectiveness and scope and, on the other, to examine the possibility of linking them up and the means necessary to achieve their interconnexion.

This study also covered the EFTA and Central and Eastern European countries in prevision of the extension of the network to these countries.

The study is available in English until completion of stock. It will be available in the nine Community languages in July 1993 from the Office of official publications of the European communities.

6. DIRECTORY OF INTERMEDIARY SUBCONTRACTING BODIES

This Directory was compiled with the aim of helping to reinforce the Community's organizational structures.

It covers the different types of organisation - both horizontal and sectoral - which represent, directly or indirectly, the enterprises concerned by subcontracting in all fields of activity.

This Directory constitutes an important means for strengthening the relations between the trade organisations and also those with the Commission.

The Directory is available in English and in French.

7. REPORT OF THE CONFERENCE ON JAPANESE INVESTMENTS IN EUROPE: "BUSINESS OPPORTUNITIES OFFERED TO EUROPEAN SUBCONTRACTORS BY JAPANESE INVESTORS IN EUROPE"

In the framework of Community actions aiming to "promote European subcontracting among third-country investors" a particular attention has been paid to Japan given its important investments in Europe.

The above-mentioned conference was organised in June 1990 further to a fact-finding mission on subcontracting in Japan in 1988.

The aim of this conference was to examine the difficulties facing cooperation between European and Japanese firms, to identify the factors that will make for an efficient and harmonious partnership, to instigate a flow of business between Japanese main contractors and European subcontractors and to make Japanese firms aware of the skill and know-how of European subcontractors.

The report is available in English, French and German.

B. Documents available from the Office of official publications of the European Communities

1. MULTILINGUAL SECTORAL TERMINOLOGIES

These terminologies set out to create common nomenclatures to meet user needs, thereby constituting an essential tool for the development and interconnexion of exchanges and databanks, both now and in the future.

Eight terminologies are currently available. These cover the following sectors:

1. Metals (ECU 17.36)
2. Plastic and Rubber (ECU 15.39)
3. Textiles and Clothing (ECU 51)
4. Wood (ECU 70)
5. Electronics (ECU 36)
6. Industrial services (ECU 20.25)
7. Ceramics (ECU 83)
8. General services to enterprises (ECU 37)

The terminology on plastics and rubber is currently being updated. The terminology on metals is in the process of being published.

2. PRACTICAL GUIDE ON LEGAL ASPECTS OF INDUSTRIAL SUBCONTRACTING

The compilation of this guide by the Commission has proved to be invaluable to improve contractual relations between main contractors and subcontractors, in particular at transnational level.

This guide comprises two volumes:

- Volume I (ECU 11,25) describes the essential elements which should be included in a subcontract with the view of helping both sides concerned determine their rights, liabilities and obligations and consolidate their future relations in terms of a true partnership;
- Volume II (ECU 9) describes the various legal systems applicable to subcontracting in the 12 Member States.

These documents are available from the office of Official Publications of the European Communities: 2, rue Mercier — L-2985 LUXEMBOURG — tel +(352) 49 92 81 — fax: (352) 48 85 73, or from agents in each Member State.

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