

The Third Multi-Annual Programme in Favour of SMEs: GREATER GROWTH AND COMPETITIVENESS FOR GREATER EMPLOYMENT



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The political accord between the Fifteen concerning the Third Multi-annual Programme (1997-2000) in favour of small and medium-sized enterprises (SMEs)¹, which was agreed on 14 November 1996 during the 'Industry Council', officially became a formal Decision² on 9 December 1996 at the 'Environment Session' of the European Council of Ministers meeting of the same day. This new programme, the continuation of the preceding programme which expired at the end of 1996, has a budget of 127 million ECUs³.

It should be pointed out that the multi-annual programme is one of the pillars of the integrated programme⁴. At its meeting of 14 November, the Council received a full picture of the multi-annual programme's degree of integration into the General Community Framework of SME development.

Christos PAPOUTSIS, the Commissioner responsible for enterprise, trade and tourism policy and social economy, called a meeting with the personnel of DG XXIII on 12 December 1996 at which he highlighted the objectives of the new multi-annual programme: to improve the financial environment; assist SMEs Europeanise and internationalise their strategies, especially through better information services; strengthen the competitiveness of SMEs and improve their access to research, innovation and training; promote the enterprise spirit and support target groups (craft and small enterprises, trade enterprises, women and young entrepreneurs).

As Commissioner Papoutsis and the new Director-General of DG XXIII, Mr VANDEN ABEELE, emphatically pointed out, these actions will allow SMEs to take advantage of the Single Market and Economic and Monetary Union and fall fully within the framework of promoting employment, the first objective of our action.

Clear political priorities, new well-targeted objectives, tighter cooperation with the Member States, reinforced visibility of its programmes and of information on its actions, together with a

¹ COM(96)98 Final and COM(96)591 Final

² Official Journal of the European Communities: L6 — 10.01.1997

³ See EURO-INFO 96 — December 1996

⁴ See Council resolution: OJ C18 — 17.01.1997

reorganised staff will allow DG XXIII to assist new generations of dynamic entrepreneurs to meet the challenge of the 21st century: greater growth for greater employment.

A New Director-General at DG XXIII

Mr Michel VANDEN ABEELE was appointed Director-General of DG XXIII (enterprise, trade and tourism policy and social economy) on 16 December 1996. With a degree in economics from the Université Libre de Bruxelles, he has great experience and in-depth knowledge of European affairs. From January 1973 through December 1975 he was the deputy head of cabinet, then head of cabinet, for Vice President SIMONET, responsible for issues related to energy policy, fiscal harmonisation and financial institutions. He was advisor to President ORTOLI in 1976, becoming his deputy head of cabinet in 1977 in charge of questions involving investment, credit and capital markets. He was an advisor in the JENKINS cabinet in January 1978 for economic and monetary affairs and advisor to President THORN from January to July 1981. Following that, Mr VANDEN ABEELE occupied various high-level posts in the Commission in the General Secretariat and Directorate-General for Development. From January 1989 to April 1992 he was head of cabinet for Commissioner VAN MIERT responsible for competition, and Deputy Director-General for the Directorate-General for the Budget from May 1992 to December 1994. From January 1995 to December 1996 he was again head of cabinet for Commissioner VAN MIERT.

DUBLIN FORUM: More Effective Support Services for SMEs

'Increase the visibility and effectiveness of support services for small and medium-sized enterprises was the subject of a European Forum held in Dublin, Ireland on 18 and 19 November 1996. The Forum was organised by the Commission (DG XXIII) in association with the Irish Department of Enterprise and Employment. It gave the 230 participating representatives of European authorities and SME organisations an opportunity to learn about best practice in the field of services offered to enterprises and to identify the most effective amongst them with a view to adapting as precisely as possible the support services on offer to SMEs.

A general consensus emerged from amongst the participants on the following points:

- While there is an ever increasing number of programmes in favour of SMEs, and although SMEs are consulted with increasing frequency during their drafting, there remains a lack of communication amongst SMEs and the public authorities. This is particularly true when dealing with micro-enterprises located in peripheral regions. A greater utilisation of information systems, increased decentralisation of information and a more systematic usage of intermediaries will allow a larger number of SMEs to be reached at the place of their activity and in accordance with their own strategic field.
- It is difficult to standardise the models and systems of SME support. During the definition and conception of support measures, each region's own particular case should be analysed separately. Information changes and best practice were seen to be especially useful when SMEs are involved.
- There are too many intermediaries and too many support programmes. This lack of planning leads to wasted resources. An often very weak coordination between programmes and intermediaries also leads to certain risk of overlap. SME Service Centres need to be more equally distributed within the geographical zones to ensure a better rationalisation, while encouraging service providers to specialise. This would allow the development of a more balanced offer of SME services.
- At the level of public powers, better coordination is necessary between local, regional and national authorities. An effort to rationalise and coordinate would help avoid large gaps in services and increase the visibility and effectiveness of the measures taken in favour of SMEs and micro-enterprises which are generally unaware of what is being done for them.
- In response to the question 'What are the current demands of SMEs?' participants replied: SMEs need services 'made to measure' accompanied by well-studied quality/cost ratios. In addition, the services provided should be evolutive, responding to the new needs of enterprises in terms of competitiveness (ie market consulting).
- To the question 'What should the role of intermediaries be on the one hand, and the role of the State, on the other?' the participants' positions were very diverse and at times divergent. The participants were unable to agree on the role of the State and private organisations in the delivery of support services to enterprises. As the majority of intermediaries receive public monies in order to operate, their activities, although pertaining to the private sector, should respond to public objectives. The majority of participants insisted on the need to promote clear competition between public and private organisations. Some were worried that private service providers are strangled by the public sector while others stated that the role of public service providers was limited to completing the private sector and to encourage SMEs to use private consulting services. Finally, any form of initiative aimed at granting direct subsidies to SMEs was clearly and unanimously rejected.

In order to increase the visibility of SME support services, the participants studied in detail the advantages and disadvantages of national and local campaigns. They exchanged best practice and their ideas on how to employ the media, the Internet, and telematics, on setting up SME networks and the role of banks to end the isolation of entrepreneurs and to provide them with better services which respond to their needs.

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TOURISM: Winning the Fight Against Child Sex Tourism

The European Commission on 27 November 1996 adopted a communication⁵ aimed at strengthening the fight against child sex tourism. The need for this action was called for in the Commission proposal of 30 April 1996 concerning the first multi-annual programme in favour of European tourism 'PHILOXENIA'⁶. The Commission communication on the fight against child sex tourism is a specific contribution to the promotion and protection of the rights of children. This specific contribution should be seen in the framework of the fight against child sex tourism, which is itself to be seen in a medium to long-term perspective.

It integrates the results of the Stockholm Congress of August 1996 against the commercial sexual exploitation of children, particularly the various references made by the Stockholm action plan on sexual tourism or on the tourism industry. Within the general framework of the European Union's contribution to reinforcing the fight against sexual abuse and exploitation of children, this communication offers specific and concrete responses to issues in the fight against child sex tourism.

The various complementary actions foreseen in this fight against child sex tourism are grouped around a limited number of targeted objectives responding to the need to:

- dissuade and punish sexual abusers of children;
- stop the flow of sex tourists from Member States;
- contribute to the fight against sex tourism in third countries;
- incite Member States of the European Union to create a common front against child sex tourism.

These actions are aimed at both the supply and demand side of child sex tourism, ie by means of reinforced coordination at the European level of information campaigns and awareness against child sex tourism, drawing up and strengthening codes of conduct and self-regulating mechanisms for the tourism industry, or rationalising the methods of intervention and the coordination of Community resources available to protect the victims of sex tourism.

For further information: DG XXIII/C3 — Concerted Actions and Community Contribution in Favour of Tourism
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COMMUNITY SME INITIATIVE: 11 million ECUs for Job Creation in Finland

On 10 December 1996, the European Commission approved a regional programme in favour of the development of small and medium-sized enterprises in Finland. Some 11 million ECUs in Community aid from the European Union Structural Funds will be spent over four years. The contribution on the part of the Finnish public authorities will amount to 7.6 million ECUs with the private sector adding 9.2 million ECUs for a total investment of some 28 million ECUs. This aid has been allocated under the Community 'SME initiative' and will focus essentially on job creation.

In order to lower the rate of unemployment, currently at the abnormally high level of 17%, Finland needs to create a large number of jobs which must come essentially from small and medium-sized enterprises within the service sector (particularly tourism) and from new or expanding high-tech industries.

⁵ COM(96)547 Final of 27 November 1996

⁶ COM(96)168 Final of 30 April 1996

The SME programme is organised along two major lines:

- seed-beds for enterprises and the provision of services to SMEs by means of establishing research and professional training (while also developing links between SMEs and systems of professional training);
- training and consultation services to improve knowledge and application of Community regulations on the Single Market within SMEs;
- special support for development in favour of SMEs having high development potential, including groups or groupings formed by these companies.

Approximately half the budget will be dedicated to sparsely populated regions (Objective 6) where the development of SMEs is particularly difficult.

The Finnish Ministry of Commerce and Industry is responsible for implementing the programme: Mrs Auli KORHONIN — Minister for Commerce and Industry — PO Box 230 — 00171 HELSINKI — Fax: +358-160.2666.

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THIRD EUROPEAN CONFERENCE ON THE CRAFT SECTOR AND SMALL ENTERPRISES:

Preparatory Conferences in Stockholm and Marseille

The Third European Conference on the Craft Sector and Small Enterprises will take place on 20, 21 and 22 November 1997 in MILAN, Italy. It is being prepared through a series of preparatory conferences. After Bari (June 1996), Dublin (December 1996), Vienna (January 1997), Amsterdam (January 1997) and Munich (March 1997) — the details of which have been published in earlier issues of Euro-Info — two new conferences are planned for 1997. One conference will be held in Stockholm on 17-18 April 1997 on the topic of standardisation and quality policy. A second conference will take place in Marseille on 15, 16 and 17 May 1997 around the theme of the craft sector and trades within the framework of the Euro-Mediterranean partnership.

All those interested in receiving the detailed programmes of these conferences and information on how to register should contact the organisers as listed below:

- *Stockholm Pre-Conference:* 17 and 18 April 1997 on standardisation and quality:
NORMAPME (in collaboration with Företagarnas Riksorganisation and NUTEK) — Mr Peter Neusser — rue Jacques de Lalaing, 4 — B-1049 Brussels — Tel: +32-2/282.05.30 — Fax: +32-2/282.05.35
- *Marseille Pre-Conference:* 15, 16 and 17 May 1997 on the Euro-Mediterranean Dialogue:
APCM (in collaboration with the City of Marseille and the Provence Alpes Côtés d'Azur Region) — Mr Embarek Kari — 12, avenue Marceau — F-75008 Paris — Tel: +33-1/44.43.10.00 — Fax: +33-1/47.20.34.48.

Additional pre-conferences are being prepared on specific topics such as 'Tradition and Modernity' in Toledo, Spain; 'The Role of Traditional Trades in Local Development' in Serpa, Portugal; 'Women Entrepreneurs and Co-entrepreneurs' in Copenhagen, Denmark; and 'The Enterprise Spirit and the Creation of Enterprises by Young People' in Larissa, Greece. The details of these preparatory conferences will be announced in a forthcoming issue of Euro-Info.

For further information: DG XXIII/A4 — Craft Sector and Small Enterprises
Francesco IANNIELLO
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EUROPARTENARIAT Greece: 23 and 24 June 1997 at Pireaus

The next EUROPARTENARIAT will be held in Pireaus, Greece on 23 and 24 June 1997 in order to assist enterprises — especially SMEs — to internationalise and Europeanise their strategies so they can participate fully in the European Single Market. Launched by the European Commission in 1988, this programme aims to stimulate the development of less-favoured regions by encouraging SMEs of the host region to establish business relations and partnership agreements with their counterparts from other European regions and many third countries.

A catalogue containing the offers and demands for cooperation (distribution, sub-contracting, manufacturing, research and development, technology transfer, joint ventures, etc) of 400 selected Greek enterprises will be made available in February 1997. It will be distributed by a network of specialised national consultants, a list of whom will be published by EURO-INFO. The 400 Greek SMEs profiled in the catalogue represent the following main sectors: agro-foodstuffs and beverages; machines and equipment; clothing; leather and shoes; electricity and electronics; metal transformation; chemical and pharmaceutical products; services; marble; ceramics and construction materials; plastics; wood and paper; textiles.

The results obtained from previous EUROPARTENARIAT events are significant, with 30 to 40% of the host enterprises concluding a formal cooperation agreement.

For further information: EUROPARTENARIAT GREECE 1997
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GR-54625 THESSALONIKI, Greece
Tel: +30-31/551.372
Fax: +30-31/555.198
E-mail: SEVE@hyper.gr

A Reflection on the Creation of Employment in the Service Sector

The service sector offers the best perspectives in the fight against unemployment in Europe. But we still need to improve our results. This is the conclusion of the communication entitled 'Services: A Users' Guide'⁷, adopted by the European Commission on 27 November 1996 and examined during the European Council of Dublin on 13 and 14 December 1996.

Inspired by the Confidence Pact on Employment, this communication attempts to determine which are the most appropriate means to be implemented so that the layers of employment hidden beneath the surface of the service sector⁸ can be fully exploited. To facilitate the establishment of an action plan, the Commission will present a WHITE PAPER in May 1997 on the services which will be examined during the Amsterdam Council in June 1997.

The service sector represents more employment than industry and agriculture combined. Over the past 15 years, 18 million jobs have been created in the tertiary sector in Europe, compared to 13 million jobs lost in industry and agriculture over the same period⁹.

In order to take full advantage of this layer of employment represented by the sector, the Commission estimates that social services have a primary role to play. The demand for this type of service (health and education services or local services) will continue to develop. However, in order to finance them (public expenditure is subject to heavy restraints), the Commission foresees the implementation of a partnership between the public and private sectors which will allow for certain services to be sub-contracted out and for beneficiaries to be asked more generally to pay for the services received in order to cover their cost¹⁰.

Similarly, start-up assistance is foreseen for social entities (ie non-profit associations or cooperatives) which provide services to elderly or handicapped persons, etc. In certain EU countries, as many as one job in seven was created over the last decade by social entities although they only account for 5% of total employment in the European Union. But the framework of current national regulations will need to be adapted to encourage the birth of new service providers. To this end, obstacles to forming social service entities must be eliminated and appropriate financial instruments must be set up while adopting a more decentralised, market orientated approach with regard to public sector policy.

In other respects, *small and medium-sized enterprises* (SMEs) are considered to be the motors of growth and employment in the service sector. Nine SMEs out of ten in the tertiary sector are micro-enterprises which employ less than 10 persons.

Micro-enterprises represent more than 40% of total employment in the manufacturing industry. For SMEs, the burden of regulatory costs and administrative procedures is, in relative terms, twenty times heavier than for large enterprises. In its communication, the European Commission invites the Member States to repeal excessive national regulations

⁷ CSE(96)6 Final -27 November 1996

⁸ The notion of services covers distribution, hotels and restaurants, construction, transport, communications, financial services, services to enterprises, personal and environmental services, social services as well as public administration.

⁹ Employment in Europe — COM(96)485 Final of 9 October 1996

¹⁰ Services of General Interest in Europe — COM(96)443 final of 11 September 1996

which slow up growth and job creation. The Commission is also proposing other measures to the Member States this year with a view to reducing the costs born by SMEs during their start-up phase. The SLIM initiative¹¹ will be carried out and particular attention will be given to lightening the legislative burden imposed on SMEs.

Finally, in order for the European Union to be at the forefront of progress in the services market, the Single Market needs an infrastructure (transport and telecommunications) which allow for the rapid provision of services at a minimal cost. *Electronic trade*¹² constitutes one of the more promising applications of the new information technology. It is providing a large number of new jobs¹³ and is transforming the provision of traditional services. As the single currency is implemented and speed and ease of communications increase, small enterprises will benefit from easier and less costly access to a potential Community market of 370 million consumers¹⁴. The Commission will launch an initiative on European electronic trade in order to identify and remove the obstacles to the development to cross-border electronic trade and to stimulate its use.

Any strategic European initiative aimed at creating employment will of necessity be based on an effective single market for the service sector. The Commission will identify the large number of possible restrictions which persist in order to allow service providers and the services themselves to circulate and settle freely anywhere within the borders of the European Union.

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¹¹ Simplification of legislation in the Single Market (SLIM) — COM(96)443 of 6 November 1996

¹² Electronic trade is understood to comprise all commercial activity within which goods and services are offered and ordered through the Internet or other electronic networks.

¹³ In 1995, 71,000 jobs connected with the Internet were created in New York alone. Approximately one million jobs could be created in the European Union during the coming decade within the 'multimedia services'

¹⁴ Green Paper on Trade — COM(96)530 of 20 November 1996

EURO INFO and many other sources of information are available on the INTERNET via the EUROPA server:

<http://europa.eu.int/en/comm/dg23.htm>

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- J International Organisation
- K Diplomatic Corps
- L Trade Union or Professional Organisation of wage earners
- LC Craft Sector or Commercial Organisation
- LE Chamber of Commerce
- M Professional Organisation (*please specify*)
- N Industry, private or public enterprise
- NG Commerce
- NI Tourism (restaurant, hotelier, travel)
- NJ Service company, consulting agency
- NO SME (-250 employees) (*please specify*)
- NP Craft Enterprise and micro-enterprise
- O Scientific Institute, research institut
- YB Enterprise Association (*please specify*)
- Z Other (*please specify*)

5. I am interested in the following topics (*tick 8 maximum*)

- T01 Institutional Affairs
- T02 Internal Market and Commercial Policy
- T03 Agriculture, Forestry, Fisheries
- T04 Employment and work
- T05 Social
- T06 Law and Legal Issues
- T07 Transport
- T08 Competition and Enterprise
- T09 Finance
- T10 Economy, Consumer
- T11 External Relations
- T12 Energy
- T13 Regional Policy
- T14 Environment
- T15 Scientific Research
- T16 Information, Education, Culture
- T17 Statistics

6. In the framework of actions carried out by DG XXIII, I am especially interested in the following areas (*please tick*)

- Community strategy for the development of enterprises
- Improvement of the business environment
- Social economy (cooperatives, mutual companies, associations and foundations)
- Trade and distribution
- Craft sector and small enterprises
- Information for Enterprises and relations with other Community networks
- Development of cooperation and promotion of internationalism
- Reinforcement of competitiveness (access to technology, training and the information society)
- Promotion of sub-contracting
- Concerted actions and improvement of access to support programmes
- Concerted actions and improvement of conditions for better access to financing
- Concerted actions and Community contribution in favour of tourism

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