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REPORT FROM THE COMMISSION

TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE ECONOMIC AND SOCIAL COMMITTEE

on

Application of the Council Decision of 28 July 1989
on the improvement of the business environment and the promotion of the
development of enterprises, and in particular small and
medium-sized enterprises, in the Community

INTRODUCTION

By its Decision of 28 July 1989 (OJ No L 239 of 16 August 1989), the Council confirmed that measures were needed at Community level to improve the environment of businesses, especially small and medium-sized enterprises (SMEs), in the Community, and to encourage their creation and development. In accordance with the Decision, the measures include:

- removal of undue administrative, financial and legal constraints which check the development and creation of enterprises, and in particular SMEs;
- information and assistance to enterprises, and in particular SMEs, on Community policies, regulations and activities and those of each Member State which concern them;
- encouragement of cooperation and partnership between enterprises, and in particular SMEs, from different regions of the Community.

An initial sum of ECU 110 million was allocated to the Commission for implementing the Decision in the period 1990-93; it may be increased by ECU 25 million by a Council decision.

Article 6 of the Decision requires the Commission to submit an evaluation report each year to the European Parliament, the Council and the Economic and Social Committee on the implementation of the Decision.

This is the first such report, covering activities between July 1989 and the end of 1990. It is divided into four parts, following the classification in the annex to the Decision of the activities to be financed.

It should be stressed that the present report only covers measures taken for the implementation of the Decision of 28 July 1989. Several other Community actions are of interest to business, especially SMEs, but are not covered by this report. As provided under Article 5 of the Decision, the committee referred to in Article 4 will receive a separate report about coordination between Community initiatives taken outside the scope of this Decision and those taken within its framework

EVALUATION REPORT ON THE IMPLEMENTATION OF
THE COUNCIL DECISION OF 28 JULY 1989

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CONCLUSIONS

I. REMOVAL OF UNDUE ADMINISTRATIVE, FINANCIAL AND LEGAL CONSTRAINTS

A general picture of the work done in this field was presented in the Report from the Commission to the Council on the improvement of the business environment, in particular for SMEs, in the Community, which was sent to the Council on 28 May 1990 (COM(90) 200 final). The information in that report is summarized and supplemented below in the light of the most recent developments.

At its meeting on 28 May, the Council took note of what the Commission was doing to improve the business environment. It asked the Commission to continue its activities in this field and, if necessary, to extend them to other sectors. It undertook to examine constructively the Commission's proposals in this field.

The Council also requested the Member States to take more systematic account of the objective of improving the administrative, legal and tax environment of businesses in the formulation of its position on specific proposals from the Commission.

1. Examination of existing Community legislation

1.1 Report from the Commission

Annexed to the above report (COM(90) 200 final) is a report on the impact of Community legislation on business, with special regard to SMEs. This follows on from a study by an outside consultant of the impact on businesses of current Community legislation in the fields of taxation, competition policy, labour law, consumer protection and the environment.

The analysis of existing legislation highlighted certain general principles which deserve to be applied in the preparation of new measures (information for and consultation of firms, consolidation of legislation, impact assessments, limiting the number of options for Member States in the Directives). Also in the report, the Commission explained what specific measures were desirable in the above legislative areas.

1.2 Specific proposals

The specific proposals put forward by the Commission to simplify current Community law in certain fields have had a limited success in the Council.

As regards company law, on 8 November the Council adopted at the second reading a Directive amending the fourth Directive on annual accounts and the seventh Directive on consolidated accounts with respect to the exemptions for small and medium-sized companies. Although the amendments adopted extend the simplifications for small and medium-sized companies to a certain extent, they are still entirely optional for the Member States, and the Council has not followed the Commission on several important aspects of its proposal which would have reduced more substantially the obligations on SMEs as regards the preparation, auditing and publication of annual accounts.

As regards VAT, no progress has been made at Council level on the Commission's proposal on the introduction in all Member States of a simplified system for small businesses (COM(86) 444 final, as amended in OJ No C 310 of 20 November 1987).

2. New legislative proposals

With regard to the new proposals' contribution to improving the legal environment of enterprises, the immediate purpose of all work relating to the completion of the internal market is to simplify the conditions in which businesses operate at intra-Community level.

The Commission's internal and external consultation procedures, and the impact assessment procedure, have been used and improved during the reference period to ensure that as many businesses as possible in the Community benefit from the opening-up of the internal market and that new formalities or superfluous obligations are not introduced under Community legislation.

2.1 Impact assessment

Commission proposals continue to be accompanied by a form assessing the impact of the legislation on firms, especially SMEs. The quality

of the assessment has been uneven, but it is hoped that the system will be improved by the changes introduced in November 1990.

The new guidelines, which are to be published in the Official Journal of the Community, are intended to avoid congestion of the system and, hence, make it more efficient. In particular, impact assessment will be required for fewer proposals, selected in advance according to their significance for businesses by reference to the Commission's work programme. However, the system, which has hitherto been confined to Council acts, will be extended to include those which the Commission itself is empowered to adopt.

Generally speaking, impact assessment and the interdepartmental consultation which it generates are proving effective instruments for taking greater account of the interests of businesses, and especially of SMEs, in the preparation of Community legislation.

2.2 Outside consultations

Impact assessment is closely linked to consultations with trade associations. Consultations are carried out by the various Commission departments, either formally in the framework of committees or informally through contacts with trade organizations and interested business circles, before the adoption of proposals.

A procedure for consulting SME organizations was set up, in response to their repeated requests, to cover the implementation of the Social Charter, on the lines of the social dialogue procedure. The procedure should be extended to other fields in future, since it allows more time than at present for consultation.

Under current practice, monthly meetings with the representatives of a dozen or so SME organizations in the Community are arranged by DG XXIII, making it possible to exchange views and information and consult these organizations on certain Commission plans. However, organizations often complain that they are not allowed enough time for submitting observations on Commission proposals.

Further to the Council Resolution of 14 November 1989 on internal trade in the context of the internal market (OJ No C 297 of 25 November 1989), consultations specifically with retailers and wholesalers have continued within the Committee on Commerce and Distribution (CCD), which meets with the appropriate Commission departments once or twice a month. These consultations have been considerably improved in order to match the sustained work rate of the Commission. In the last two years, twenty-one opinions have been issued on various Community policies and proposals affecting commerce. The Committee plays a positive role by also submitting specific proposals on matters such as waste management or credit card systems.

2.3 Examples

Company law

In December 1989, the Council finally adopted the twelfth Directive on single-member companies (OJ No L 395 of 5 December 1989), which is of particular interest to small businesses.

The European Economic Interest Grouping (EEIG) has been available since 1 July 1989 as a new legal framework for cross-border cooperation. The Commission departments have made a special effort to promote this instrument, in particular among SMEs. To date, more than one hundred EEIGs have been set up, which shows there is a real need for such an instrument. A meeting with representatives from all the Member States was held in June 1990 to try and clarify the tax rules applicable to such an entity.

On 25 August 1989, the Commission presented to the Council a new proposal for a Statute for a European company. This proposal contains several provisions enabling SMEs to make use of the Statute.

Further to the Commission's communication to the Council of 18 December 1989 on businesses in the "économie sociale" sector and Europe's frontier-free market (SEC(89)2187 final), and in response to numerous requests from the interests concerned, in particular from the Economic and Social Committee, the Commission departments have started work on preparing a European Statute for cooperatives, mutual societies and non-profit-making associations. On the basis of the contributions provided by the interests concerned, in particular within the informal advisory working party on the cooperative, mutual and non-profit sector, and of the policy guidelines issued at

the Conference on the cooperative, mutual and non-profit sector on 13-15 November 1990, a draft Statute could be submitted shortly to the Council.

Taxation

Special attention has been paid to the impact of the transitional measures proposed by the Commission in May 1990 with a view to the abolition of tax frontiers (OJ Nos C 176 of 17 July 1990, C 177 of 18 July 1990 and C 187 of 27 July 1990).

The Commission regards it as essential that the abolition of frontiers should lead to a general reduction in formalities for businesses taking part in intra-Community trade.

The adoption by the Council, in June 1990, of a series of tax measures aimed at abolishing double taxation of certain intra-Community operations (OJ No L 225 of 20 August 1990) makes a significant improvement to the tax environment of businesses. These measures will be of interest to an increasing number of businesses as the Single Market develops, which will encourage not only large businesses, but also more and more the SME's, to restructure their operations on a transnational basis.

The Commission departments have carried out research into certain measures aimed at reducing the tax obstacles to the creation and development of businesses. The differences in the taxation of businesses depending on whether they are incorporated companies or sole proprietorships have been analysed, as have the taxes incurred when a business changes its legal form or is transferred to new ownership.

Thus, the group of experts which the Commission decided to set up in 1990 - following its Communication "Guidelines on company taxation" (SEC(90)601) final du 20.04.90) - with the task of examining the tax measures made necessary by the strengthening of the internal market will tackle, inter alia, the differences in tax treatment associated with the legal form of enterprises. In addition, the above-mentioned Communication requested an evaluation of the effect of the measures envisaged, or the absence of such measures on "Community objectives such as cohesion, environmental protection and fair treatment of small and medium sized firms".

A study is also being undertaken of all the accounting and tax formalities for firms in the Community, with a view to identifying opportunities for simplification.

3. Progress on simplification measures taken at national level

On 23 May 1990 the Council adopted a Recommendation on the implementation of a policy of administrative simplification to assist small and medium-sized firms in the Member States (OJ No L 141 of

2 June 1990). This was a follow-up to the Commission report on the simplification measures taken in each Member State (SEC(89)726) of 19 June 1989).

The Recommendation invites Member States to implement programmes of administrative simplification to assist businesses, in particular by evaluating existing legislation and new legislative proposals at national level. The Recommendation refers in particular to the modernization of administration, the improvement of administrative procedures, the establishment of one-stop shops providing information on the formalities to be completed when setting up a business, and measures relating to information for and consultation of businesses, especially SMEs. The Commission is invited to take similar measures, in particular with regard to access by SMEs to Community programmes, consultation of business representatives, impact assessment systems and so on.

4. Improving the financial environment of enterprises

4.1 Seed capital

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

Following the adoption of the 1989-94 pilot action to stimulate seed capital in the Community, the Commission issued a call for proposals, on the basis of which twenty-four organizations were selected in October 1989 in order to set up specialized funds.

As well as the reimbursable cofinancing of operating costs being made available by DG XXIII, in areas being assisted under Community regional policies, capital contributions to the selected funds are made available by DG XVI through the medium of European Community Business and Innovation Centres with the object of strengthening local economic development in these areas.

With the aim of helping the build-up of capital for these funds and optimizing their management, DG XXIII and DG XVI have been in continuous contact with them. Two meetings were held with all the funds, in October 1989 and December 1990.

The funds selected are making their initial investments, and the Commission is starting to set up a European network of seed capital funds. Four types of service would be provided to members: information, training, documentation and advice. Coordination of the network has been entrusted to the European Venture Capital Association (EVCA).

4.2 Risk capital

The Commission continues to provide support for the expansion of risk capital activities in the Community, in particular through:

- the Venture Consort programme, designed to promote the transnational pooling of investment in the innovative projects of small and medium-sized enterprises through part-financing such projects;
- the Eurotech Capital programme, to promote the financing of transnational high-tech projects, with priority for SME projects, through assistance from specialized funds recognized by the programme.

The Commission's departments are also examining ways of clarifying and simplifying the legal and tax environment of pan-European risk-capital companies. Companies with investors in several Member States, or themselves investing in several Member States, currently have to resort to often complex legal and tax structures, particularly if they want to avoid double taxation.

4.3 Financing SMEs

The Commission has initiated several studies on the particular financing problems facing SMEs. A communication to the Council on the subject is being drawn up.

In addition, a study has been initiated on the specific financial instruments for enterprises in the cooperative, mutual and non-profit sector.

5. Miscellaneous

5.1 Payment methods and credit periods

In 1989, the Commission obtained the results of a study which it had asked an external consultant to carry out on the terms of payment granted to businesses. Payment arrears are a general problem

throughout the Community and are incurred by both private operators and the public authorities. The differences noted between the Member States as regards credit periods may have a major influence on trade and the conditions of competition within the Community. Commission officials have discussed with the Member States, meeting within the Business Environment Committee, and with the organizations representing businesses possible measures to solve such problems. Proposals are currently being examined. However, it will not be easy to find a solution, as the contradictory positions adopted by the various bodies concerned indicate.

The Commission's work on improving the machinery for cross-border payments (discussion paper COM(80)447 final, 26 September 1980) is of particular interest to SMEs. The cost of cross-border transactions involving limited sums is proportionally higher than that of larger transactions.

5.2 Legal redress

The foreseeable increase in cross-border economic activity following the completion of the internal market could result in an increase in grievances and complaints in connection with cross-border transactions. Many SMEs might be dissuaded from venturing into cross-border business for fear of not having easy access to legal redress in such situations.

The Commission has accordingly begun a study into the scale, nature and type of legal difficulties encountered by SMEs in business with other Member States.

The study will also compare the legal and non-legal procedures used by SMEs in the Member States in order to solve such problems with minimum formalities and costs.

II. INFORMATION AND SUPPORT FOR BUSINESSES

1. Information for businesses

1.1 Euro-Info Centres

The Euro-Info Centres project, launched in 1987, is intended to provide European businesses, in particular SMEs, with better access to information concerning the Community.

Extension and strengthening of the network

In July 1989, the Euro-Info Centres (EIC) network entered an expansion phase following the Decision of May 1989 increasing the total number of EICs from 39 to 187. At the beginning of November 1990, 176 EICs had been technically set up, and 154 of them had been officially inaugurated.

German unification means that new EICs must be set up in the eastern part of Germany. The Committee provided for in Article 4 of the Council Decision of 28 July 1989 endorsed the initial setting up of four new EICs in 1990, with four more to follow in 1991.

With a view to strengthening the EIC network, the Commission organized an annual conference, the first of its kind, in Sophia Antipolis on 14 and 15 September 1990. More than 350 participants representing all the EICs, the European institutions and the press participated in the conference, whose theme was "European enterprise in the year 2000, role and perspectives". The conference provided a basis for consolidating the network and exchanging ideas on its subsequent development and the development of EICs.

The extension of the network has been accompanied by a stepping up of direct contacts between EICs via the EuroKom electronic mail system. EICs are thus able to provide information on arrangements in other Member States as well as information relating to the Community.

Activities of the EICs

More than 75 000 questions were put to the EICs from January to October 1990. A total of 1 391 questions was passed on by the EICs to their central office during that period, an increase of 138% compared with the same period in 1989.

The Commission departments have been working on a new work station which will enable EICs to reply more easily to the many questions which they receive.

The EICs also play an active information role through, for example, the distribution of information bulletins and the organization of seminars.

In order to enlarge the role of the EICs as well as increase the availability of practical information not only to businesses but also the Commission and Member States, the Commission might give a specific financial support to a number of EICs, based on the quality of their past performance. This decision would only apply at this stage to those EICs established in 1987.

Training

As part of the training for those who run Euro-Info Centres, the Commission has organized a number of events, including the following:

- two specialized 2½ day courses, one on partnership (May 1990, 115 participants) and the other on promoting exports (October 1990, 95 participants)
- four courses on basic Community matters, each comprising a week on common policies and a week providing an introduction to Community data bases for new EICs
- around a dozen specialized training courses in the Member States on the use of Community data bases.

Extension to non-member countries

The economic opening up of Central and Eastern Europe and the development of economic relations between the Community and other countries have given rise to a large number of requests from such countries to be able to use the instruments set up by the Community for assisting businesses, notably the EICs.

In response to such requests, the Commission has decided to set up a defined and limited network in a number of non-Community countries. This network will be composed of liaison centres through which businesses in these countries can access Community information and vice versa.

1.2 Miscellaneous information measures

Competition

Given the general lack of awareness of the Community competition rules by SMEs, a practical guide has been drawn up and will soon be available. The guide will give a succinct and precise description of the main provisions of competition policy, in order to allow SMEs to understand its principles, to evaluate its consequences and to use its procedures. The guide will explain the protection afforded to SMEs by the Community rules prohibiting anticompetitive practices. It will outline all the block exemptions, notices and communications issued by the Commission enabling the rules to be applied with due regard for the special features of SMEs.

The Commission is also drawing up a communication on the principles which it intends to apply in assessing the compatibility of national aid for SMEs with the functioning of the common market. The diverse nature of the aid plans notified by the Member States makes it necessary for the Commission to adopt a coherent approach in dealing with them.

Standards

SMEs often complain that they do not receive sufficient information on current developments regarding standards. The Commission departments are currently looking into the possibility of launching an information campaign on this matter and considering how information in this area can be better focused.

In addition, in the Green Paper on the development of European standardization (COM(90)456 final, 8 October 1990), the Commission proposed that SMEs should participate more fully in the process of establishing European standards, by ensuring that they are represented within the standardization bodies.

Other measures

A brief publication is being drafted on the practical impact which completion of the internal market will have financially for businesses. It will deal with practical subjects such as the arrangements for financial transfers, cross-frontier payments, borrowing, etc.

The practical handbook on "European Community schemes for small businesses" is currently being updated.

The "Guide to the establishment of enterprises and craft businesses in the European Community" has been published in all the Community languages. As called for by the European Conference on Craft Businesses and Small Enterprises held on 12 and 13 October 1990, the guide will be distributed as widely as possible.

Lastly, the practical guidebook on transnational cooperation, setting out the various forms of cooperation and the procedures for drawing up cooperation agreements, is currently being published.

2. Measures in support of businesses

2.1 Access of SMEs to public contracts

In May 1990 the Commission sent the Council a communication on promoting SME participation in public procurement in the Community (COM(90)166 final, 7 May 1990). In the communication, the Commission rejects preferential systems favouring SMEs such as the reservation or set-aside of certain contracts and preferential pricing. The Commission advocates three types of action:

- facilitating the access of SMEs to contract award procedures,
- reducing the financial and administrative costs involved in participation in award procedures,
- preparing SMEs for effective participation in such procedures.

These guidelines were endorsed by the Council (Industrial Affairs) at its meeting on 28 May 1990, and the Commission departments are currently working on practical measures to implement the principles.

2.2 Access of SMEs to European R&TD programmes

The Commission departments are continuing joint efforts with SMEs to improve their participation in Community R&TD programmes. A working paper was presented to the Council in May 1990 (COM(90)168, 29 May 1990) setting out the measures taken by the Community to assist SMEs as part of the general policy to encourage R&TD and disseminate the results of such programmes.

The measures relate to the three stages in the R&TD process, namely:

- the formulation of research projects: feasibility grants have been awarded to SMEs for the preparation of their submissions under the BRITE-EURAM programme,
- research work: the CRAFT pilot programme recently launched is aimed at stimulating cooperation between SMEs on joint research topics, in partnership with research centres,
- exploiting R&TD results: the VALUE programme contributes to this objective.

The Commission's guidelines were endorsed by the Council (Industrial Affairs) at its meeting on 28 May 1990. As called for at that meeting, the Commission will pursue its efforts to ensure greater SME participation in Community R&TD programmes.

2.3 Training of business managers

The experimental programme for the training of SME managers in strategic management in the run-up to 1992, adopted in December 1988 (SEC(88)1860), was implemented during the reference period.

On the basis of an invitation to tender published in the Official Journal, the following were selected:

- 68 training and advisory agencies, to test training modules and teaching materials designed to prepare SME managers for Europe 1992;
- 57 regional bodies or trade organizations, to hold seminars designed to make SME managers aware of the European dimension, on the basis of a prior study of what the internal market means for their region or sector of activity.

The Commission is also participating in a pilot training scheme on alliance strategies, aimed at identifying the training requirements of SME managers wishing to enter into forms of cooperation with other businesses.

Assessment of these various activities began in the autumn of 1990, when most of the training schemes had been completed and nearly half of the seminars had taken place.

The initial results of the assessment show that two thirds of the training and advisory agencies carried out the operation successfully. Each training course catered for a relatively small group of SMEs represented in 80% of cases by the manager himself or one of his close associates, so as to make the training more effective in terms of defining and implementing a strategy in the run-up to 1992. Some of the information obtained shows that participating SMEs have begun to establish and implement specific strategies for managing their businesses in a European context.

As regards the seminars designed to make SME managers aware of the European dimension, the prior studies are very useful in determining the microeconomic approach to the internal market in the case of certain sectors and particular regions, especially frontier regions.

2.4 European Conference on Craft Businesses and Small Enterprises

Having presented to the Council on 26 September 1989 a discussion paper (SEC(89)1587) which acknowledged the economic importance of the craft business and SME sector in the Community, the Commission organized the first European Conference on Craft Businesses and Small Enterprises, held in Avignon on 12 and 13 October 1990. The conference was attended by some 400 participants from the national and European craft and SME trade organizations and the national authorities. The conference dealt with four topics: freedom of establishment and freedom to provide services; vocational training; access to new technologies; and access to new markets. The conference concluded with a series of recommendations on these topics. The Commission departments are working out an action programme in response to the recommendations.

2.5 Promotion of external trade

The Commission departments have, with the aid of an external consultant, drawn up a practical guide for exporters within the Community, to be published at the end of 1990. The guide describes the implications of 1992 for exports, contains advice on the devising and implementing of an export plan and provides information on the export trade organizations operating in each Member State. The guide will be widely distributed, particularly through the Euro-Info Centres.

The Commission assisted in the organization of "Export 89", which was held in Frankfurt at the end of October 1989. The purpose of this event, which was organized on the initiative of a number of European SME organizations, was to improve the awareness of European and American SMEs of the potential for trade between the two continents. At the event, the Commission presented a brochure entitled "Doing business in the USA", which provides practical information for exporters.

The Commission has also contributed nearly 30% towards the costs of setting up a Community pavilion at the "European Fashion Première", to be held in Hong Kong in January 1991. A number of Community businesses will thus be able to promote their products on Asian markets.

Preliminary work has been carried out on establishing a data bank on all the international trading houses operating in the Member States, with a view to facilitating export facilities for firms, particularly SMEs. An invitation to tender is to be published before the end of 1990.

A study was initiated in 1990 on the scope for developing exports to Japan by Community SMEs via the international trading houses established in Japan. The results will be available in 1991.

III. ENCOURAGEMENT OF BUSINESS COOPERATION AND PARTNERSHIP

1. BC-Net

1990 saw the completion of the experimental phase of the system, in which it had been assigned four tasks:

- to set up and guide a network of 250 or more business advisers,
- to operate the BC-Net central system, which is designed to gather cooperation opportunities from advisers,
- to develop computerized links which are decentralized from the central system,
- to improve the central software in the light of suggestions from advisers and any other perceived needs.

The Commission presented an assessment of the experimental phase in an activity report covering 1988-90 (COM(90)476 final). This report contained an evaluation of BC-Net from an operational, functional and financial point of view and policy guidelines for the development of the network during the period 1990-93, as laid down in the Council Decision of 28 July 1989. After consulting the Committee provided for in Article 4 of the abovementioned Council Decision, the Commission decided to proceed to the consolidation and development phases of the BC-Net.

1.1 Selection and replacement of members

An evaluation of the activities of the network's member advisers, numbering around 450, was carried out, as a result of which around one fifth of the network was replaced. Some 300 applications to join BC-Net have been received and will be dealt with in the system development phase. The network will shortly be extended to bodies selected under the Euro-Info Centre project.

The special case of the eastern part of Germany has naturally been taken into account. Five bodies have now been incorporated into the network and other applications are being processed.

1.2 Extension to non-member countries

As regards non-member countries, a Tunisian adviser was admitted along with two Austrian advisers, the latter playing a pilot role in preparation for extension of the system to the EFTA countries.

Further to the requests of various other non-member countries to have access, a number of contacts were made with a view to their admission (including Central and Eastern European countries and certain Mediterranean and Latin American countries).

1.3 Progress with regard to the operation of the system

The move to the consolidation and development phase is being accompanied by improvements shown to be necessary by the evaluation of the system.

For example, various statistical programmes for processing the central data base have been developed as well as an application for the processing of questionnaires.

A new version of the nomenclatures of activities has been developed and circulated.

Cooperation profiles (CPs) are now arriving at a much faster rate. In 1989, 1 000 CPs were entered in the central data base every month. In 1990 the central unit received on average more than 1 150 CPs each month.

When network members were replaced, training sessions for new advisers were organized in 11 of the 12 Member States and various sessions were also held under EIC training programmes.

Computer links with active advisers are being established at a steady rate (around 80 since the beginning of the year) and, at the present time, more than 40% of cooperation profiles are being sent by computer.

The new version of the ERS Comms software used for these links, the design of which was prompted by the working meeting of advisers in November 1989, is in the final stages of preparation. The main improvement is that it is more user-friendly.

1.4. Promotion

Given that it is new, the success of BC-Net depends to a large extent on adequate promotion. With this in mind, the Commission arranged a meeting of all advisers in June 1990, following which a number of articles appeared in the specialist press. The creation of a new logo and wide circulation of the list of network members were among the first measures taken as part of an extensive promotion campaign. A wealth of information on BC-Net is also contained in Community publications such as Euro-Info, Objectif 92 and Info-Business.

2. Business Cooperation Centre

The BCC (Business Cooperation Centre) is the first instrument set up by the Commission to help small and medium-sized businesses to cooperate with each other.

The year 1990 saw a fundamental change in the way the BCC operates, aimed at improving and speeding up the collection and circulation of business cooperation opportunities. The initial results are encouraging.

First, the number of cooperation profiles received (and circulated) exceeded 100 each month over the first nine months of the year, compared with an average of 35 offers a month over the corresponding period in 1989.

Secondly, the circulation of offers of cooperation - the speed of which has been improved considerably thanks to the computerized system - has given rise to a significant increase in expressions of interest on the part of other firms or BOC correspondents. Over a recent three month period, more than 500 firms a month interrogated the system for offers of cooperation either directly or through correspondents.

Finally, the number of BOC correspondents has increased and now stands at around 200 bodies representing business circles.

The BOC is open to businesses in 24 non-Community countries. As they can have direct access to the system (without going through a business adviser), this instrument is of particular interest to those countries where back-up for firms is embryonic or ineffective.

3. Europartenariat and Interprise

Europartenariat is a joint DG XXIII and DG XVI programme aimed at stimulating economic growth in less developed regions and those affected by industrial decline through the creation of business cooperation between selected firms in these areas and prospective partners elsewhere in the Community. Thus the programme encourages business development on a Community-wide basis.

The Europartenariat project carried out in Andalusia in 1989 has been the subject of a detailed assessment which has led to a number of improvements to the programme. The replies to two questionnaires underline the success of the operation, as regards both the quantity and quality of the contacts established and the contracts concluded.

On the basis of a survey of firms involved in the event, it may be estimated that some 40% of Andalusian firms have found a partner.

Europartenariat 90 "Wales" was certainly successful. A total of 170 Welsh firms and more than 600 from other Community regions met in Cardiff on 14 and 15 June, resulting in some 2 500 business meetings.

It was also the first time that firms from non-member countries had taken part.

Europartenariat 91 "Porto" is being prepared.

In order to meet the many requests from interested regions, it is planned to increase the number of events: there will be an additional exercise in the new German Länder towards the end of 1991, an event to be held in Greece in mid-1992, and a further Europartenariat in Southern Italy at the end of that year.

In the sphere of Europartenariat, a new programme is being set up under the name Interprise (Initiative to Encourage Partnerships among Industries and Services in Europe). These are initiatives on a smaller geographical scale taken by bodies in various regions who wish to promote cooperation between their firms.

4. Subcontracting

Following the Commission Communication to the Council on the development of subcontracting in the Community (COM(89)402 final) of 7 August 1989) and the Council Resolution of 26 September 1989 (OJEC No C 254 of 7 October 1989), the Commission has continued and stepped up its work on the development of subcontracting in the Community, in particular transnational subcontracting.

4.1 Creating a favourable environment for subcontracting with a view to the internal market

A study on the cost of the multitude of certification procedures for subcontractors has been launched with the aim of backing up the harmonization work already undertaken by the Commission as part of the global approach to certification and testing (COM(89)209 final) and assessing the impact of this problem in the specific area of subcontracting.

This study will attempt to evaluate the additional burden that the wide range of existing procedures represents for SMEs in this sector, by endeavouring to quantify both the financial, technical and administrative costs and the costs in terms of human resources and time. It will lead to proposals to improve the situation, particularly as regards actions to be undertaken at Community level.

4.2 Improving the flow of information and communication between main contractors and subcontractors

Sectoral terminologies

The Commission continued its work on the preparation of sectoral terminologies covering subcontracting products and activities. These could, among other things, serve as a basis for the establishment of databases and subcontracting exchanges and facilitate a possible interlinking of the latter.

Eight volumes are now available covering the following sectors: metalworking, plastics and rubber, textiles, wood and wood products, electronics, industrial services, ceramics, general business services. The "metalworking" and "plastics and rubber" volumes, which were published some years ago, are now being updated.

Practical guide to legal aspects

A practical guide to the legal aspects of industrial subcontracting in the Community has been prepared with the aim of giving subcontractors a clearer idea of the obligations and responsibilities of each partner. The first part of this work, published in 1989, lists those elements that must be included in a subcontracting agreement, particularly as regards quality control, liability and intellectual property and know-how rights. The second part, which is devoted to a comparison of the legal framework for subcontracting in the 12 Member States, will be published in 1991.

European Information Centre on Subcontracting

In accordance with the Council's wishes, the Commission also examined in detail the feasibility and advisability of encouraging the creation of a European Information Centre on Subcontracting.

Detailed consultations with the interests concerned confirmed the need to improve information on subcontracting at European level, but led to the conclusion that the creation of a specific, independent and self-financing structure was premature.

Initially, therefore, the Commission will assume direct responsibility for the various tasks connected with promotion, coordination and the provision of information which are necessary for the development of a genuine European subcontracting market. To this end, a series of

studies have been launched on the economic importance of subcontracting in the 12 Member States which, apart from giving a picture of the present situation, will also attempt to indicate market trends over the next three years and in particular, the strategies that will be adopted by main contractors and anticipated business opportunities for subcontractors.

4.3. Promoting European subcontracting to non-member country investors

The Commission held a conference in Brussels on 21 and 22 June 1990 on the investment opportunities available to European subcontractors as a result of Japanese investment in Europe.

This conference followed a study mission on subcontracting in Japan organized at the end of 1988 and was designed to enable European subcontractors to meet representatives of large Japanese firms established in Europe. There were more than 450 participants.

IV. EVALUATION AND DEVELOPMENT OF POLICY

1. Statistical report

Major statistics exercises launched by the Commission (Eurostat and DG XXIII) in 1988 led to the publication in October 1990 of the report "Enterprises in the Community" (ISEN 92-826-0409-8). This initiative follows the 1986 Council Resolution concerning the action programme for small and medium-sized enterprises.

The aim of this publication is to provide enterprises, policy-makers and the public at large with basic information on the activities of enterprises in relation to their size throughout the Community. This is the first attempt at an overall analysis of the distribution of firms according to size and of the significance of SMEs in the Community.

This information, which will be regularly updated, should make it easier to draw up measures for SMEs and to evaluate the effects of the completion of the internal market on such enterprises.

A database is being prepared which will contain the above statistics as well as additional information on a sample of Community firms.

2. Definition of SMEs

The Commission has updated the list of SME definitions used in connection with Community legislation or programmes. It reveals the existence of a fairly wide range of definitions, as well as the fact that Member States are often free to use their own definitions of SMEs when implementing Community measures.

The Commission has consulted trade organizations on whether or not the current definitions are suitable. In general, these organizations are satisfied, but they would like greater transparency and better internal coordination in the Commission on the choice of definitions applicable in specific cases.

At the meeting of the Council of Industry Ministers on 28 May 1990, the Commission was asked to endeavour to clarify the definitions of SMEs used in connection with Community actions, particularly with reference to their participation in public procurement procedures and R&D programmes.

The Commission will shortly be presenting a communication to the Council on action to be taken on this request.

3. Research into the cooperative, mutual and non-profit sector

The Commission has organized two conferences in this sector, in Paris in November 1989 and in Rome in November 1990.

Moreover, a series of research actions has been launched by the Commission to provide it with the necessary instruments to prepare a coherent policy in this sector.

The main actions are as follows:

- preparation of a report on the cooperative, mutual and non-profit sector in the Community, as part of a "Panorama of EC Industry"
- preparation of the Commission work programme in the cooperative, mutual and non-profit sector for 1991-93
- study to identify and/or coordinate the various institutes analysing the cooperative, mutual and non-profit sector in the Member States

- study on the specific financial instruments for cooperative, mutual and non-profit enterprises.

4. Preparation of action programmes

The Council Resolution of 14 November 1989 on internal trade in the context of the internal market (OJ No C297, 25.11.1989) called on the Commission to draw up a programme of activities for this sector. The Council emphasized the socio-economic importance of trade in goods and services, which represents the second largest sector of activity in the Community, employing 20 million people and making a contribution of 15% to Community wealth and some 20% to the Community's external trade. The Commission will shortly present the Council with its work programme which will meet the Council's objective of using existing structures as far as possible and avoiding setting up new procedures.

As mentioned above (II 2.4), an action programme for craft industries is also being prepared.

Equally, the Commission's departments are preparing a 1991-93 work programme for the cooperative, mutual and non-profit sector.

Finally, a multi-annual programme is being prepared on the development of tourism, which will concentrate particularly on the evaluation of the European Year of Tourism (1990/91) and on a workplan for 1991/92 regarding tourism statistics.

CONCLUSIONS

The Council Decision of 28 July 1989 has given a fresh impetus to European enterprise policy. This policy underlies, consolidates or completes all Community actions, recognizing that the success of European integration depends to a large extent on the success of Community enterprises in creating employment and wealth.

Enterprise policy has developed on a number of fronts, from the initial identification of problems to the formulation and adoption of solutions.

During the reference period, considerable efforts were made to examine or forecast the problems for enterprises, particularly SMEs, arising from various aspects of the completion of the internal market. For example,

studies have been carried out on the questions of payment terms, access to legal remedies for firms, the multitude of standards and certificates with which subcontractors have to comply or the accounting formalities that SMEs have to observe.

The Commission has endeavoured to develop an overall approach to certain sectors or types of problem. A number of discussion papers have been drawn up and submitted to the Council on, among other things, ways of improving access for SMEs to public contracts or Community R&DT programmes and on the needs of craft industries or the cooperative, mutual and non-profit sector.

The technique of pilot projects has continued to be used to test the effectiveness of certain measures, before application on a large scale is proposed. Feasibility grants under the ERITE-EURAM programme, support for seed-capital funds, assistance for training programmes and campaigns to inform firms about 1992 have been launched as pilot projects. The assessment of these programmes, the results of which are not yet available, will determine subsequent action.

The evaluation of the Euro-Info Centre and EC-Net projects has confirmed the usefulness of these measures for European enterprises and these projects have progressed from the experimental phase to the consolidation and development phase.

Less transparent but equally important are those actions that have been undertaken within the Commission to ensure that Community legislation helps to improve the legal framework in which European enterprises operate. This has resulted from either specific proposals, like that on the simplification of annual accounts, or the modification of proposals for legislation in general, so that they do not impose an unfair burden on firms. The procedures used in the Commission both for the assessment of the impact of proposals and consultations with trade organizations, have been improved to make this type of action more effective.