

## *THE CHALLENGE OF THE 'BEST' TASK FORCE: SIMPLIFY THE BUSINESS ENVIRONMENT TO PROMOTE ENTERPRISE GROWTH AND JOB CREATION*



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**O**n the initiative of Commissioner Christos Papoutsis in agreement with President Jacques Santer, on 16 September 1997 the European Commission named the Chairman and members of the **Business Environment Simplification Task Force** to be known as the BEST Task Force. This independent body is expected to concentrate on identifying the barriers and administrative burdens which prevent enterprises and ambitious and dynamic entrepreneurs from fully taking advantage of the opportunities provided by the Single Market and globalisation. The aim of the Task Force is to improve business performance, competitiveness and job creation potential. It will report back to the Commission. Its final report will be transmitted to the European Council, the Parliament and to the Council of Ministers. The Commission will study the report and make recommendations to the Council. The BEST Task Force will begin work immediately, with its final report expected by the summer of 1998, although it is hoped to produce some 'preliminary ideas' for the special European Council on Employment to be held on 22 November 1997.

The main elements of their Report could be as follows:

- Review of existing administrative and legislative procedures in the Community and the Member States which businesses effect are subject;
- identify the methods and initiatives for simplification in the Member States and evaluate their results through such methods as bench-marking and best practice;
- recommend new policy initiatives which will directly benefit enterprises, especially in terms of promoting SME development;
- recommend measures and a calendar to be adopted by the Member States and the Commission to ensure the implementation of these guidelines;
- identify the areas of priority actions with a view to improving the business environment for SMEs.

The Commission has already undertaken a number of significant initiatives in the field of simplification, including a Recommendation to the Member States on improving and simplifying business start-up procedures<sup>1</sup>, and the SLIM (Simpler Legislation for the Single Market) project.

By setting up this Task Force, the Commission is responding to the invitation from the European Council of Amsterdam (16-17 June 1997) which confirmed its strong commitment to simplifying the existing and future

<sup>1</sup> OJ of the CE L 145 of 5 June 1997 - page 29.

legal, regulatory and administrative framework in order to improve the quality of Community legislation and to reduce the administrative burden on European enterprises, particularly on SMEs'. Furthermore, the Council invited the Commission to expand its Rolling-Programme of Simplification, in consultation with all parties concerned, and invited the Member States to undertake comparable simplification measures at the national level<sup>2</sup>.

Commissioner Papoutsis declared: 'The challenge which we are setting the BEST Task Force, and indeed the Member States and the Commission, is to respond to the urgency that heads of States have given to resolving the problem of stimulating the business environment for SMEs. This needs to be considered in the context of a framework for encouraging and developing entrepreneurship, and promoting a European enterprise culture and providing a stable business environment. I do not underestimate the difficulty of the job that we are asking BEST to undertake. We have political commitment at the highest level from the European Council. We have assembled leading European experts. We must now deliver practical results.'

The Task Force BEST is an independent body made up of representatives from the Member States who in turn come from businesses and public administrations which deal with business. The Task Force has 15 members, one from each Member State. In addition to the Chairman, **Professor Chris EVANS** (United Kingdom - founder of a number of companies in biotechnology, the members are **Dr Wolfgang KREBS** (Austria), Head of Craft and SME Section, Ministry of Economic Affairs; **Kathy VANHOORNE** (Belgium), Future Director of SAS in charge of the new deregulation policy; **Bjorn MEIER** (Denmark), Director, Mahé Freight A/S; **Risto SUOMINEN** (Finland), Director, Federation of Finnish Enterprises; **Jean PRADA** (France), Vice President of COSIFORM (Commission for Simplification of Formalities); **Dieter PHILIPPE** (Germany), President of German Crafts Federation, owner of an SME; **Antigone LYBERRAKI** (Greece), Assistant Professor at Panteion University of Social and Political Sciences; **Dominic ELLICKSON** (Ireland), Electrical engineer, director of several companies; **Armand BERCHEM** (Luxembourg), Administrateur Délégué de la 'Fiduciaire des PME', author of a report on administrative simplification; **Dr Elisabeth STEYGER** (Netherlands), Task Force Administrative Simplification, Ministry Economic Affairs; **Eng. Rui GOMES** (Portugal), IAPMEI (SME Institute); **Dr Elisa SAINZ RUIZ** (Spain), Deputy Director General of Institutional Relations of Directorate General for SME Policy; **Camille FORSLUND** (Sweden), businesswoman, member of SME Simplification Committee.

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## **COOPERATION: Improving the Participation of European Economic Interest Groups (EEIGs) in Public Contracts and Programmes Financed by Public Funds**

On September 9, 1997 the European Commission adopted, on the initiative of Commissioners Christos Papoutsis and Mario Monti, a communication on the participation of European Economic Interest Groupings (EEIG) in public contracts and programmes financed by public funds<sup>3</sup>.

The EEIG is a legal instrument governed by Community law for facilitating transnational cooperation between EU economic operators whose full potential remains unknown. The communication aims therefore to clarify how EEIGs function and the possibilities that this instrument offers to European enterprises, particularly to SMEs, within the specific area of public contracts and programmes financed by public funds. Amongst the latter, support programmes launched by the European Commission are particularly targeted.

For the first time since the adoption of Regulation 2137/85 which formally instituted the EEIGs<sup>4</sup>, the Commission has provided guidelines for an optimum use of EEIG by European enterprises in a specific field - that of public tenders - which is of great importance to all European economic operators. From this point of view the Communication recalls the nature and spells out the essential characteristics and the functioning of an EEIG while striving to clarify the situation of EEIG with regard to Community directives on public contracts. A chapter is dedicated to the specific aspects of EEIGs when participating in programmes financed

<sup>2</sup> Extract from the conclusions of the European Council of Amsterdam, 16-17 June 1997.

<sup>3</sup> OJ no. C 285 of 20 September 1997 - page 17.

<sup>4</sup> Regulation 2137/85/CEE of the Council of 25 July 1985, OJ CE L 199 of 31 July 1985.

by public funds, including Community support programmes. Finally, the communication clarifies a number of questions concerning EEIGs' access to credit where that aspect is linked to their participation in public contracts and programmes financed by public funds.

The EEIG is currently the only legal instrument for promoting cooperation directly governed by the Community and for that reason constitutes a predominant aspect of cooperation between European enterprises, especially for SMEs wishing to participate in European-scale projects.

Since 1995, the Commission has also been promoting the use of the EEIG through «Regie» - European network of EEIGs. This initiative aims to establish an account of the many practices and usages of the EEIG, provides a **genuine information service on EEIGs**, particularly for SMEs and promotes regular meetings (conferences) between EEIGs and all parties interested in this form of European cooperation.

The **REGIE Conference 1996: 'Six Years of EEIG Experience'** (25-26 March 1996) showed that optimum use is not yet being made of the EEIG by firms wishing to cooperate at transnational level, particularly where they want to participate in public contracts and programmes financed by public funds. Further clarification of certain characteristics of EEIGs and of their operation was therefore necessary.

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## **PARTNERSHIP 97: The Internationalisation of Small and Medium-sized Enterprises**

'The Internationalisation of Small and Medium-sized Enterprises: Toward the year 2000' was the theme of the fifth annual 'Partnership 97' conference held in Copenhagen on 11-12 September 1997. The conference brought together the members of cooperation and partnership networks (BC-NET, BRE, EUROPARTENARIAT, INTERPRISE, sub-contracting), as well as some 500 participants representing SMEs (chambers of commerce, professional organisations, regional development agencies, private business consulting services) from throughout the European Union and from Central and Eastern Europe, the United States and Latin America. Conference **objectives** were to reflect on actions undertaken to support SMEs and to examine questions relating to the internationalisation and competitiveness of SMEs.

In addition to specific workshops dedicated to cooperation and partnership networks, three seminars dealt with the following topics:

1. The Third Multi-annual Programme: 'Internationalisation of SMEs'.
2. Strengthening Competitiveness: how to improve SME access to research, development and innovation.
3. The Baltic Sea Region and its future - possibilities for business cooperation.

The fruitful discussions and the conclusions to be drawn from them in the near future will help the European Commission to prepare the actions it will carry out under the multi-annual programme 1997/2000 and to adapt them to the needs of the market and to those of SMEs.

**For further information:** DG XXIII/B2 - Development and Cooperation between Enterprises at the European and International Level and Promotion of Internationalisation.  
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## **EVALUATION OF THE 'Seed Capital' PILOT SCHEME (1989-1996)**

In 1989 DG XXIII (enterprise policy) and DG XVI (regional policy) launched a pilot scheme to stimulate seed capital in the European Union. Between 1990 and 1993 23 funds were set up following a Commission invitation to tender. The 23 funds in the scheme receive repayable advances covering 50% of their operating costs for five years.

In addition, fifteen of the 23 funds, located in regions eligible for assistance from the European Union, received a capital contribution from the Commission through the Business and Innovation Centres set up in these regions.

The Seed Capital pilot scheme is currently in its final phase. An external evaluation was carried out between October 1996 and March 1997. It was presented on 17 July 1997 to a group of experts in seed capital from the private and public sector and to representatives of European SME organisations. The main lines of the pilot scheme were also presented to the members of the Management committee during their meeting of 9 September 1997.

The external evaluation report on the programme and the conclusions of the seminar of experts from the risk capital industry noted the **insufficiency of seed capital on the European market** in comparison with the existing offer in the United States. While at the European level total seed and early-stage investments amount to 33 million ECU per year (1991-1995), in the United States they represent some 115 million ECU. There are only between 40 and 50 funds specialised in seed capital in Europe against nearly 250 specialised funds in the United States. However, one must remain aware of the difference existing between the need for financing for start-up enterprises and the offer of financial resources on the European market. Only 6% of the capital from risk capital funds are invested in Europe in the seed and early stages against 38% in the United States.

The results of these two evaluation exercises have led to the same conclusions:

- the difficulty to give a general definition to the term 'seed capital';
- the existence of two types of performance: that of private funds with a purely commercial approach and small local or regional funds aimed at local development and job creation;
- the extremely high risk that this type of investment represents and the private sector's lack of interest to work with seed capital;
- the problem of seed capital is to dispose of sufficient liquidity to achieve a return on investment without putting the enterprise's survival at risk.

There is a general consensus on the **positive contribution** the Commission's pilot scheme has had on the financial environment for enterprises during start-up and in terms of enterprise creation and job creation. It appears that the majority of the 23 funds would not have been established without the assistance of the Commission. The cost/benefit analysis of the pilot scheme is very positive when taken into consideration the number of stable jobs created and when compared to the programmes of job creation and preservation implemented by the ERDF (European Regional Development Fund). However, it would be wise to study further the mechanisms able to encourage the financial market to provide seed capital and to follow up these projects closely to ensure their viability.

**For further information:** DG XXIII/C2 - Concerted Actions and Improvement of Conditions for Better Access to Financing  
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## **CRAFT SECTOR: Recommendations from the European Conference on Women Entrepreneurs, Co-Entrepreneurs and Business Owners**

A conference on women entrepreneurs, co-entrepreneurs and business owners was held in **Copenhagen, Denmark on 5-6 September 1997**. The conference was organised by the Danish Federation of Craft and Small Industries in cooperation with the City of Copenhagen and was co-financed by DG XXIII of the European Commission. It was one of eleven preparatory conferences leading up to the Third European Conference on the Craft Sector and Small Enterprises to be held in MILAN on 20-21 November 1997. Conference activities centred on the difficulties encountered by women entrepreneurs while setting up their businesses or during development (access to financing). The conference also allowed for comparison and evaluation of training systems which have had a certain success at the national or European level while not forgetting to identify best practice in the Member States.

The Copenhagen Conference brought together 211 participants representing the craft and small business sector, national or regional governments, the European Commission, chambers of commerce and professional organisations.

The main objective of the conference was to draft a series of *recommendations* for the European conference in Milan:

*General recommendations:* reduce government bureaucracy by limiting the number of payments to local and national authorities, and monitor all new legislation for new administrative burdens for businesses; creation of EU comparable statistics on women entrepreneurs and co-entrepreneurs; EU and national governments should do everything to revalorise the profession of small entrepreneur.

*On Financing:* - *Access to financing:* a 5-year grace period for interest payments; create first stop shop solutions (the first authority contacted by the business wanting help will be able to help or guide the business to the place that can provide help); creation of banks (by the sector) to help with small credits for start-ups (for example, the Dutch model of 'Mama Cash'); systems such as the

German 'Ausgleichsbank' should also be used or created in the other European countries; the EIB should also have special provisions for credit for women entrepreneurs; automatic access to credit for women entrepreneurs with recognised training.

*On Training:* a European Diploma for women co-entrepreneurs; a European Academy for women entrepreneurs (possibly within the European Academy for craft or the European Observatory); more focus on life as a self-employed woman in national school systems; better local and regional networks for women; support for replacement employment during courses; establishment by the European Commission of 'Reference Groups' to meet regularly once a year to monitor the political 'state of the art' concerning women in small businesses.

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## ASEAN-EU PARTENARIAT '97: 10-11 November 1997 in Singapore

Within the framework of the Programme ASIA-INVEST<sup>5</sup>, ASEAN-EU<sup>6</sup> PARTENARIAT '97 is the first event supported by the European Commission in this region. Conceived on the model of the EUROPARTENARIAT programme which has been enormously successful in the European Union, this event will be held in Singapore on 10-11 November 1997. Its main objective is to provide SMEs from Southeast Asia (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) with an opportunity to meet directly with their European counterparts in order to explore and discover possibilities for partnerships, joint ventures or cooperation agreements. 212 SMEs from ASEAN countries have been selected; their profiles and demands for cooperation in the commercial, technical or financial sectors have been published in a catalogue (in English). The catalogue has been distributed widely throughout the European Union and ASEAN countries by means of a network of specialised national consultants who are also working to promote the event and organise meetings. A stand will be provided for each company to receive visitors for pre-arranged meetings with interpreters. The selected SMEs from ASEAN countries presented in the catalogue represent the following sectors: electricity and electronics, industrial machinery, automobile construction, chemical products, food industry, information technology and services, textile and clothing.

**For further information:** ASEAN-EU PARTENARIAT '97 Secretariat  
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E-mail: aeup@psb.gov.sg

## INTERPRISE: Initiative to Encourage Partnerships in Europe

The INTERPRISE programme (Initiative to Encourage Partnership between Industries and/or Services in Europe) is designed to support local, regional and national actions aimed at stimulating cooperation between small and medium-sized enterprises in Europe. Within this context, the programme is designed to support the actions (distribution of a catalogue containing the desired cooperation profiles, organisation of meeting days with pre-arranged bilateral rendez-vous) which are aimed at putting heads of enterprise into direct contact with each other in order to facilitate their cooperation efforts.

This programme is conceived on the model of the Europartenariat programme and is directed at all regions, whether eligible for structural funds or not, and provides for the organisation of small-scale events. The projects must include at least three regions from three European Union countries and may, in certain instances, also be extended to regions from non-member countries.

The following events will take place in the coming months:

### ENVIRONMENT MEANS BUSINESS

*Meetings:* 27-28 November 1997 in SURREY, United Kingdom  
*Countries involved:* United Kingdom, Germany, France, Netherlands  
*Sectors:* environmental technology

<sup>5</sup> ASIA INVEST is a Community programme which proposes an entire series of instruments aimed at promoting cooperation between Asian and European SMEs in order to encourage trade and investment between the two regions.

<sup>6</sup> ASEAN (Association of South East Asian Nations): Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

*Organisation:* SURREY COUNTY COUNCIL - ECONOMIC DEVELOPMENT OFFICE - Jeff BARTLEY - County Hall - Kingston-upon-Thames - GB-KT1 2DT - SURREY - Tél.: +44-181.541.9602 - Fax: +44-181.541.9447.

#### **INTERPRISE 'SICILIAN & MEDITERRANEAN COUNTRIES PARTENARIAT'**

*Meetings:* 4-5 December 1997 in CATANIA, Italy

*Countries involved:* Italy, France, Greece

*Sectors:* agro-food stuffs industry and applied computer science

*Organisation:* BIC SICILIA - Giorgio CHIMENTI - Via Torrearsa, 28 - I-90139 - PALERMO - Tél.: +39-91.58.26.27 - Fax: +39-91.58.26.60.

#### **INTERPRISE EURO-SALAMANCA '97**

*Meetings:* 15-16 December 1997 in SALAMANCA, Spain

*Countries involved:* Spain, Belgium, Portugal

*Sectors:* agro-food stuffs and textiles

*Organisation:* PROYECTO EUROPA SA - Javier URIARTE MONEREO - Paseo de la Castellana, 42 - E-28016 MADRID - Tél.: +34-1-396.87.21 - Fax: +34-1-396.87.24.

#### **INTERPRISE EUROPEAN TRANSPORT NETWORK**

*Meetings:* 18-20 December 1997 in VERONA, Italy

*Countries involved:* Italy, Belgium, Spain

*Sectors:* road transport

*Organisation:* CONFEDERAZIONE NAZIONALE DELL'ARTIGIANATO - Ferdinando MARCHI - via ca' di Cozzi, 41 - I-37124 - VERONA - Tél.: +39-45.83.00.219 - Fax: +39-45.83.00.285.

- *For further information on a specific INTERPRISE event, please contact the organiser.*
- *For information on the INTERPRISE programme itself: European Commission - DG XXIII/B2 - INTERPRISE - rue de la Loi, 200 (AN80) - B-1049 Brussels - Fax: +32-2/295.17.40*

### **MED-INTERPRISE MALTA: 6<sup>th</sup> and 7<sup>th</sup> November 1997**

Under the framework of the MEDA programme a MED-INTERPRISE event will be held in MALTA on 6-7 November 1997. Objectives: to assist in the development of the Maltese economy and to stimulate long-term business cooperation between companies in Malta and European SMEs (essentially Italy and Germany). More than 40 Maltese SMEs and about 70 enterprises from Europe and other parts of the Mediterranean are expected to participate in the event. This MED-INTERPRISE will be of interest to companies in the following sectors: electronics, furniture and wooden products and food and beverages.

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## FOR YOUR INFORMATION

- **YIELD MANAGEMENT IN SMALL AND MEDIUM-SIZED ENTERPRISES IN THE TOURISM INDUSTRY**

A study on the current state of yield management in small and medium-sized enterprises in the tourism industry has been carried out by the European Commission with a view to analysing the methods and means of adapting these techniques to the needs of SMEs in numerous sectors. This study covers seventeen Member States of the European Economic Area. The recommendations of this study give evidence to the need to develop statistics on enterprises, to multiply training, to improve the flow of information about best practice, to build partnerships, to promote cooperation in marketing and to improve tourism infrastructure.

**Yield Management in Small and Medium-sized Enterprises in the Tourism Industry** - General report - Luxembourg: Office of Official Publications of the European Communities 1997 - 328 pp - ISBN 92-827-8641-2. Price (w/o VAT): ECU 19. Catalogue number: CT-98-96-970-EN-C.

Summaries of this study are available in English, German, Spanish, Italian, Portuguese, French and Greek. **For further information:** DG XXIII - Tourism Unit - rue de la Loi, 200 - B-1049 Brussels - Fax: +32-2/296.13.77.

- **I-TEC: a new European project to dynamise risk-capital investment in innovation and technology**

The European Commission, in collaboration with the European Investment Fund, launched in July 1997 a pilot programme aimed at fighting against one of the main obstacles to innovation in Europe: lack of sufficient private capital investment in technologically innovative small and medium-sized enterprises. These SMEs offer growth prospects stimulated by the technological progress which Europe needs in order to reduce unemployment and to increase its competitiveness. But their high potential for job creation is wasted as long as they are unable to find sources of financing. To meet this need, I-TEC, the pilot project launched on the initiative of Mrs Edith Cresson, Member of the European Commission responsible for innovation, research and education, aims to encourage risk-capital investors to invest in these enterprises by sharing in the initial assessment costs and hands-on management. It thus fulfils the wish of the European Council of Amsterdam to promote the financing of SME projects involved with high technology.

**For further information, contact:** *European Investment Fund* - Mr P. Verhoeven, 100 Blvd Konrad Adenauer - 2950 Luxembourg - Tel: +352-4379.3271 or the *European Commission* - DG XXIII/D4, Innovation Programme - Mr Verlinden - rue Alcide de Gasperi - 2920 Luxembourg - Tel: +352-4301.34194 - Fax: +352-4301.34544.

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

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

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