

April 2012

COMMUNITY STRATEGY TO HELP SMEs SEIZE GLOBAL OPPORTUNITIES

KEY MESSAGES

- 1 Existing private and public information and support services (at regional, national and European level) represent a significant toolbox deployed to help SMEs to export and invest in non-European countries. However, this toolbox is not optimised to enable European SMEs to exploit the full business potential of these countries. There are gaps in the service offer and missed opportunities for synergy between players.
- 2 In order to use resources as effectively as possible, BUSINESSEUROPE calls on Member States to commit to designing a new division of labour between service providers based on win-win collaboration models, as proposed by the Commission.
- 3 The current portfolio of EU support instruments for SME internationalisation should be carefully assessed and optimised. This should clarify whether and where the conditions are met for pursuing current actions and for developing new ones. The Enterprise Europe Network (EEN) should operate under a new governance model, involving business effectively in the definition of priority activities.

Introduction

BUSINESSEUROPE approves the objectives of the new EU SME internationalization strategy (Communication COM 2011-702), which are:

- To provide SMEs with easily accessible and adequate information on how to expand their business outside the EU;
- To improve the coherence of support activities;
- To improve the cost-effectiveness of support activities;
- To fill existing gaps in support services. BUSINESSEUROPE welcomes the Commission's intention of looking carefully at where and how well designed EU initiatives can add value as compared with existing initiatives.

KEY FACTS AND FIGURES

Percentage of EU SMEs internationally active:			
Inside the EU	25%	Outside the EU	13%



1. Mapping the support services environment at home and abroad

BUSINESSEUROPE supports the proposal of:

- Launching an in-depth mapping and analysis of existing support services, both public and private, within the EU and in non-member countries with the aim to complete, by the end of 2012, the work on priority markets;
- Identifying duplication and fragmentation as well as gaps and potential synergies in existing SME support activities.

2. Establishing local platforms for cooperation between suppliers of services to European SMEs

The mapping exercise should facilitate the planned establishment in third countries of local platforms for cooperation between suppliers of services to European SMEs. Establishment of such platforms is a very important policy objective.

In any given third country, the local platform should involve in particular:

- a) The local working group reporting to the EU Market Access Committee should play a role in this cooperation platform (this working group is coordinated by the EU Delegation and comprises representatives of public export promotion agencies as well as of some private bodies);
- b) Business networks in Europe (including BUSINESSEUROPE), so that SMEs know where to turn to for services in third countries.

3. Bringing a European dimension to the supply of services for SMEs in priority markets

Existing private and public information and support services (at regional, national and European level) represent a significant toolbox deployed to help SMEs to export and invest in non-European countries. However, this toolbox is not optimised to enable European SMEs to exploit the full business potential of these countries. There are gaps in the service offer and missed opportunities for synergy between players.

BUSINESSEUROPE supports the general approach proposed by the Commission for addressing this problem, consisting in designing a new division of labour between existing service providers at local level, based on win-win collaboration models.

BUSINESSEUROPE calls on Member States to engage in a committed way in designing this new division of labour.

We support the introduction of financial incentives under COSME (the proposed Programme for the Competitiveness of Enterprise and SMEs) for facilitating cross-border cooperation and access to complementary expertise among service providers.



4. Optimising the EU portfolio of business support instruments and its funding

4.1. General comments

BUSINESSEUROPE insists that the Commission, as planned, assesses the EU portfolio of business support for SMEs in non-EU countries on the basis of best practice, with a view to optimising it. This assessment should include the EU SME Centres, the Enterprise Europe Network offices outside the EU, other EU business support programmes for brokerage events (such as Invest in Med, East Invest, AL-INVEST), cluster collaboration initiatives (such as the European Cluster Collaboration Platform and the European Club of Cluster Managers), the National Contact Points (NCPs) of the EU Framework Programme for Research, and networking and individual training programmes in the EU (such as Gateway to Japan/South Korea or the Executive Training Programme).

A detailed assessment of the current portfolio of EU support instruments for SME internationalisation should clarify whether and where the conditions are met for pursuing current actions and for developing new ones. This assessment is a key background element for discussing the budget proposal of € 0.5 billion for SME internationalisation-related initiatives which is included in the proposed COSME programme (Programme for the Competitiveness of Enterprises and SMEs covering the 2014-2020 period). BUSINESSEUROPE has commented on the COSME programme in a separate Opinion dated April 2012.

4.2. Annual Forum

As mentioned in point 2, the establishment of local platforms of cooperation between service suppliers is a key measure. But the cooperation between actors should not develop only in the specific context of given markets. It is also necessary to organise a more strategic overall cooperation, taking account of all markets on which a cooperative division of work is to be developed and examining the scope for improving cooperation models in order to respond optimally to SMEs' expectations. In this context, BUSINESSEUROPE welcomes the idea of the Commission to organize an annual forum where stakeholders could share their experience, exchange views, identify possible divisions of labour and the need for new activities. The annual forum should contribute to the on-going optimisation of the EU portfolio of business support instruments.

4.3. Geographical priorities

Regarding the creation of new programmes according to geographical priorities, the EU should avoid as much as possible duplication with existing national and European initiatives. The EU should intervene according to subsidiarity only where it can bring an added value.

The new programmes should be realised according to the specific needs of SMEs especially in the priority countries identified according to the criteria highlighted by the



communication itself. In defining these countries, the private sector should also be involved.

4.4. Trade fairs

Trade fairs have an irreplaceable importance facilitating SME internationalisation. Trade promotion activities for companies from several Member States towards third countries are today very difficult to finance. BUSINESSEUROPE is aware that trade promotion is a national competence, and has noted that the Commission Communication considers trade fairs as falling within the competence of countries and regions. BUSINESSEUROPE finds it however advisable to explore whether an EU fund could be set up to finance innovative multilateral trade promotion activities on a demand-driven basis, in a way that does not distort competition. The prerequisites for such a fund should be investigated, having in mind that it would focus on financing trade promotion projects of enterprises from several Member States towards third countries.

5. The promotion of SMEs internationalisation through cluster, export consortia and enterprise networks

Export consortia represent one of the best solutions among the instruments SMEs use to export. It is a simple and efficient way of internationalisation, which give the entrepreneur the choice to keep his identity and autonomy. The annual survey of *Federexport* (Italy) shows that small enterprises associated in export consortia double their exports and are present in difficult markets. The European Commission should therefore recognise the role of such instrument.

The Commission should take initiatives concerning the setting up of transnational consortia and programs to train cluster, consortia and network managers.

6. Delivering information to the SME's doorstep

BUSINESSEUROPE supports the intention of launching in 2012 an awareness-raising campaign with Member States and stakeholders to familiarise SMEs with available support services. This is important to raise the profile of some services. BUSINESSEUROPE and some of its member federations are willing to help organise such campaigns.

BUSINESSEUROPE also supports the intention of launching in 2012 a multilingual online portal that will provide third country- and sector specific information about priority markets and a detailed overview of the different support services available. BUSINESSEUROPE and some of its member federations are willing to help develop this portal.

The effectiveness of the Enterprise Europe Network (EEN), as a channel for delivering information to the SMEs' doorstep, needs to be improved. As indicated by the Commission, a new governance model is needed for the EEN, ensuring that the activities of services providers of the network are truly in line with the priorities of



business (see BUSINESSEUROPE opinion on EEN governance dated 20 January 2012). The business sector should be present in the new governance structure.

Appropriate measures, based on adequate assessment work, must be taken with a view to improving, in certain countries:

- Visibility of EEN;
- Quality of services offered;
- Integration and coordination of EEN services with existing national or regional initiatives, in a way that avoids duplications at regional, national and European level.

7. Mainstreaming SMEs internationalisation into other EU policies

SMEs internationalisation should be mainstreamed also in other EU policies. In particular the obstacles and barriers to SMEs internationalisation should be addressed in EU trade policy. The creation of contact points for SMEs in each EU Delegation in a third country is a good starting point.

Specific challenges occur when the interests of large and small firms might diverge. For example, the EU must firmly resist the “localisation” strategies of emerging countries. Otherwise, the SME suppliers of large corporations in the EU will lose market share.

Trade restrictions to access to raw materials must be challenged even in cases where large firms can invest in the resource holding countries to get around the trade restrictions. Investment protection and investment market access should become a high priority for EU trade policy because small firms require more legal protection in high risk markets.

The Commission should conduct more market analyses of large emerging countries to better assess where EU industries and services could have a competitive edge. This information could be shared with national trade promotion agencies to assist them in their work to support SMEs.

Enhancing R&D activities is one of the most significant factors in SMEs’ long-term competitiveness. Internationalisation and global cooperation, in turn, create a powerful base for R&D operations. The development of the EU SME internationalisation initiatives should therefore take place in close connection with the implementation of the Horizon 2020 programme for research and innovation.
