

Position Paper

UEAPME¹ position on the consultation document “Small Business, Big World – a new partnership to help SMEs seize global opportunities”.

Introduction

UEAPME warmly welcomes the publication of the consultation document “Small businesses, Big world – a new partnership to help SMEs seize global opportunities”. It gives in fact a correct overview of the many challenges and problems small enterprises encounter when going abroad.

The consultation document rightly mentions that it is extremely important to help SMEs overcome obstacles to tapping the global market. The importance of business support is highlighted and also the responsibility of both the public and private sector.

The consultation document puts forward a set of guiding principles that should facilitate a coordinated and more efficient way to support SMEs outside the EU in the short and long-term. UEAPME fully supports those guiding principles but cannot accept that these principles should be only followed when launching new initiatives at the EU level. Those principles should also apply to the existing initiatives.

UEAPME regrets that once again the Commission does not sufficiently take into account that the organisations representing SMEs are organised differently in the different member States.

UEAPME stresses once again that the Enterprise Europe Network (EEN) in many Member States does not reach the SMEs. The EEN has to be evaluated and reformed. The modalities of its territorial implementation should reflect the diversity of SMEs and should lead to synergies and coherence with the role already played by the representative SME organisations.

The EEN is supposed to be an enterprise network, but in many regions the representative SME organisations are not involved and thus it is not possible to build a network between enterprises and enterprise organisations. The EEN should build on the existing networks the representative organisations have developed over decades and that go into nearly every village and city. In addition, the representative SME organisations should at least have a coordination role towards the EEN.

The consultation document is indirectly recognising that the EEN is not completely fulfilling its goals, as it rightly mentions that SMEs in the EU are often unaware of the business support services of the EU. The consultation document also rightly recommends the need for a more efficient coordination of the existing support infrastructure, better access to information better tailored to the SME needs.

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

Contrary to what is mentioned in the consultation document, the EEN does not provide in some countries the possibility for SMEs to establish direct contacts and to receive professional support services. The Commission indirectly recognises these shortcomings by stating that there is a need to promote the “European Small Business Portal” also through EU business organisations at EU and national level.

UEAPME regrets that no attention is paid to the importance of subcontracting for SMEs as a first step to go international or as a valuable strategy for SMEs.

UEAPME has always stressed that being internationally active covers both exporting and/or importing activities. The discussion paper is using the term internationalisation in a confusing way, covering sometimes both exporting and importing enterprises, sometimes only importing or exporting enterprises.

Going international is once again presented as the solution for employment growth and increasing turnover. Indeed as 50% of SMEs report increasing turnover, there remains the fact that the other 50% do not have an increased turnover. Apparently keeping up turnover and employment levels is also and already an important drive for going international or simply a necessity.

Therefore the decision to go international or not should be regarded as an individual decision of an SME, and not as an objective to be reached.

Questionnaire

- **Do you agree that SMEs need public support to tap international markets (outside the EU)?**

It goes without saying that SMEs in general that are interested in or are involved in export activities outside the EU need competent assistance before and when entering a foreign market. Public support should be considered as an investment for the future. In addition it may be clear that the needs of the different categories of SMEs are not the same. There is indeed a huge difference between a 249-employee enterprise and a micro enterprise. The assistance demands and the content of the needed support depend in addition on the type of business, the distance to the customer and the target market. Consequently, support should go towards those enterprises which need it the most, with the category of the small enterprises in the first place. Also, when designing the support, it should be taken into account that public actors should as far as possible avoid competing with Member States’ initiatives and with private actors providing similar services.

The SME Centre in China can deliver good work, but there is an overlap between the activities of this Centre and the national export promotion services.

The smallest enterprises in particular need personalised counselling for their export activities. In addition, a distinction must be made between the needs for information and support of primary exporters (beginning, very little or irregular) and experienced internationally active enterprises, which can also be very small. While all sectors need this support, it should be mentioned that the tourism sector is often forgotten in this respect.

- **In what areas do you feel public support is particularly essential?**

There is especially a need for information and training about the markets in general, and then also concerning the provision of services, customs, export regulations, standards and legal support especially in the field of contract law. The overwhelming majority of SMEs do not have sufficient expertise regarding these topics, which vary from country to country.

The need for information concerning customs is especially high amongst micro-enterprises². Entrepreneurs need primary very practical advice on these topics and in different situations that might occur and need also to be encouraged to take the step into international markets. Specific tools for this are needed too. SMEs need also help to find partners and delivery channels.

Internationalisation also requires finance. It is an investment where payback comes later. An SME needs to find different ways to minimise the risk in business.

For SMEs clear and specific information on how to get paid when trading within third markets (country by country information) is of utmost importance.

Public support is highly welcome especially in third markets with problem solving initiatives, for instance by contacting other countries' public authorities when a problem arises, and helping the enterprise to work it out. The excellent tool providing this support for the internal market, SOLVIT, could serve in our view as a role model for third country cooperation. Equally, the already existing MADB database and complaints register needs to be made more accessible, efficient and known to SMEs.

Last but not least, SMEs need strong representation (lobbying) on third markets.

- **Which institutions do you consider best placed to provide such support?**

Every country has its own system, but it may be clear that the institutions need to know the needs of SMEs in general and especially doing international business, having the professional skills and operating close to the sector. Furthermore, it is important that consultants speak the native language of the enterprise.

Institutions in the field of export promotion working according to the "one stop shop" concept seem to be a well functioning system in many countries.

- **In which areas could activities at EU level be particularly useful (add value)?**

As mentioned above, a system similar to the support tool for the internal market, SOLVIT, could serve as a model for third country cooperation. Cooperation between EU and third country public authorities addressing administrative obstacles for SMEs would surely be useful.

Moreover, joint activities for European companies towards third countries, for example training programmes, especially focused on certain branches of business, could also be useful. Furthermore, the Commission's IPR Helpdesk in China is appreciated by many SMEs that do not have the resources to get other professional legal support. SME could also be helped to create relationships with companies in Asia, Southern America and Africa and by creating tools to understand cultural differences and overcome language-barriers.

Programmes facilitating business contacts for EU SMEs in third countries (B2B meetings, matchmakings and fairs) are very effective support tools for the internationalisation of SMEs. However, travelling outside the EU represents considerable costs for transport and accommodation. These costs are usually quite important and many SMEs cannot afford international journeys if they do not bring about concrete business results. Therefore, we recommend that the EU programmes focusing on internationalisation take into account the possibility of travel and accommodation incentives for participating SMEs.

² See CGPME survey: <http://www.cgpme.fr/documents/Confpresse30juin.pdf>

In addition to the support of SMEs by national institutions, the EU institutions could contribute to establish contacts with business partners, communicate experiences from SMEs of other European countries and represent political interests, i.e. in case of non-tariff trade barriers.

If we consider the importance of having international active SMEs for the national and European economy, Europe should also have an inspiring role. Similarly to the dynamics the European Union created in the field of the Internal Market and its benefits for the European SMEs, there is also a need for a European push for the “external market”. Once again, the national representative SME organisations should be involved in the first place.

- **Do you agree with the presumption that SMEs could benefit...**
 - **from greater visibility of available support? How could this be achieved?**

Yes of course, but no European campaign is able to reach the 23 million enterprises. The available support should be in the first place promoted towards the representative business and professional organisations, which are the first and main supplier of information to SMEs. Public authorities should in the first place promote and highlight the importance of becoming a member of a business organisation and take fully use of the excellent network that the representative SME-employers organisations have. These organisations have the responsibility to provide the information towards their members³, but they should be informed by the European and national institutions.

It may be clear that it does not matter how good the tools are, if (almost) nobody knows them. There is a clear need for bundling this available information on these tools through the national and European SME organisations. We can refer here to the policy conclusions that have emerged in the “Study on internationalisation of European SMEs” concerning support programmes:

“(i) Whereas smaller firms are at least as exposed to barriers as larger firms - in most cases even more - larger enterprises are more aware of the support measures and use these support measures more often. (ii) The vast majority or internationally active enterprises state that they do not use public support measures.”⁴

- **from (improved) cooperation of organisations providing support?**

Of course, in some countries acquiring support from public actors can demand a lot of administrative work for the smallest companies, such as filling out forms correctly and getting all the relevant information that they need. Therefore, applying the “think small first” principle within the EU’s own and the Member States’ support organisations would be helpful, in combination with greater visibility and cooperation between organisations providing support.

The information should be easy to find and easy to get. When contacting one organisation the “one-stop-shop” door should be open. This means that staff in different organisations must know the services of other organisations, hopefully also when crossing the border to the neighbouring countries.

Moreover, it should be remembered that entrepreneurs want to be in contact with people. This need cannot be replaced by web pages.

³ See: Kivi-project in Finland selected as a best practice project at EU level in 2007

⁴ Internationalisation of European SMEs ,Final Report, European Commission, 2010, p. 64

- **Do you agree that an online portal bringing together relevant information about doing business in certain markets abroad could be a useful tool...**

Yes, but SMEs do not have the capacity for to find all tools on the Internet. It is therefore also on the responsibility authorities or the public financed organisations to provide this information towards the representative SME organisations.

Language is also an important issue for SMEs. More information can be found in “important” languages. Internet is a “graveyard” of forgotten web-pages, quite often a result of EU-projects which are finished.

An interactive (Wikipedia-type) portal is recommendable.

- **for intermediaries (providing business support)?**

There is indeed a value in systematically co-organising support from different EU countries. If this could be done through an online portal which would be simple to use, that would be a good initiative, linking together portals from different countries and intermediaries.

- **for SMEs themselves?**

The existing portals such as the Commission’s Market Access Database are a good example of disseminating information on foreign markets to companies. At the moment, some experience is needed to take full advantage of this database, and therefore it is mainly the intermediary organisations that are using it. Nevertheless, these types of portals could be made even more easily accessible and visible to SMEs.

Once again, it has to be stressed that portals cannot replace personal contacts and consultations of the enterprises. SMEs need tailor-made and practical advice in their own language.

- **Do you agree that a stock-taking of existing support measures in certain markets is necessary?**

Yes, a stock-taking of existing support measures in certain markets would certainly be useful if developing new ways of supporting the internationalisation of SMEs.

- **Do you think that is a good idea to build on existing structures in markets abroad, such as established national bilateral Chambers of Commerce, to provide initial support to newcomers from anywhere in the EU? Or would you prefer new structures to be established to fill any gaps?**

Building on existing structures is a good way to start, in order to avoid overlapping work as far as possible. The most important step is to enable the existing structures to cooperate with each other and to check which synergies can be won without having to set up new structures. It would still be possible for the Commission or other actors to complement these structures at a later stage, should this prove to be necessary.

In this regard, the role of sectoral and professional organisations cannot be neglected, as well as the fact that the representative SME organisations work closely with entrepreneurs on local level.

Concerning the national bilateral Chambers of Commerce we see a significant variety in the quality of the services that are delivered towards SMEs. The price of these services is often not very SME-friendly.

- **Do you think that a cooperation and division of labour between existing European support organisations in a given market...**
 - **would be useful?**

The freedom of organisation has to be respected and guaranteed.

- **could be feasible? What needs to be done to bring this about?**

Cooperation would be very useful in order to bring in the competences of the entire representative organisations and preventing a duplication of work. Expensive overlapping of services and organisational structures could be avoided. Traineeships in other organisations could be useful.

- **Do you agree that cluster and network organisations can play an important role in helping SMEs internationalise and should, therefore, be strengthened?**

There is a difference between clusters and networks. Clusters are, in general, not very successful between SMEs, and in any case there are national differences.

Informal networks are important tools for SMEs to discover new business opportunities, domestic as well as international. Although the ambition is recommendable, however, it remains unclear how the Commission can contribute to the strengthening of such networks. Our experience is that it is precisely the informality and spontaneous nature of such networks that make them successful.

Clusters and network organisations can supplement the services of SME organisations and branch organisations, but not replace them. In reality, the best networks are those created in the representative SME organisations.

It might be useful to take stock of the existing typologies of national networks in the different Member States (best practices) in order to work out the framework of a new policy to support the internationalisation of very small enterprises belonging to national networks.

- **Do you agree with the guiding principles for new EU support activities as set out in the proposal? If yes, would you like to see other bodies (Member States) adhere to such principles as well?**

The guiding principles of complementarity, sustainability and efficiency are important for any public support activities.

- **Do you agree with the criteria for geographical priorities proposed?**

Yes, the three criteria of current business partners and economic importance, extent of difficulty for SMEs and gaps in existing business support are relevant for the geographic selection of countries.

- **Do you miss any important aspects in the overall approach?**

See also the introduction of this position paper.

A segmentation of which types of SMEs are in the greatest need for public support is also needed. In our view, such an initiative should be directed towards the smallest companies (with maximum 49 employees). Services for export promotion have to be available for SMEs at favourable conditions. Basic information and consultancies should be offered free of charge. Every form of internationalisation should be supported, as today export and import is only a part of the international trade.

Additional comments

- A small country has a limited amount of companies which can “go international”. Therefore it is of the utmost importance to help these companies.
- It is a surprise how difficult it is to compare the export promotion measures, activities and organisations in different countries. Every country has its own traditions. Promotion might also be tax reductions or export guaranties. If actions concentrate on one promotion activity, other types might be forgotten.

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