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## **PUBLIC CONSULTATION**

***Small Business, Big World – a new partnership  
to help SMEs seize global opportunities***

**SUMMARY OF RESPONSES**

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## INTRODUCTION

On 13 May 2011, DG Enterprise and Industry published a consultation document, *Small Business, Big World – a new partnership to help SMEs seize global opportunities*, regarding a new EU strategy for the internationalisation of European small and medium-sized enterprises. Stakeholders and interested parties were invited to submit comments based on a series of guiding questions by 12 July 2011.

Just over 60 responses to the public consultation were submitted within the deadline. Respondents may be grouped in the following categories: government/public institutions, public and private organisations (e.g. business associations, chambers of commerce, non-profit organisations, chambers of craft), private companies, and individuals. A few contributions were received after the deadline of 12 July 2011 but have also been analysed.

This report aims at providing a general overview of the main results of the public consultation. Those interested in further details are invited to consult individual responses to the consultation, which are also published on DG Enterprise and Industry's website.

# OVERVIEW OF RESPONDENTS

Figure 1: Contributions by stakeholders Groups

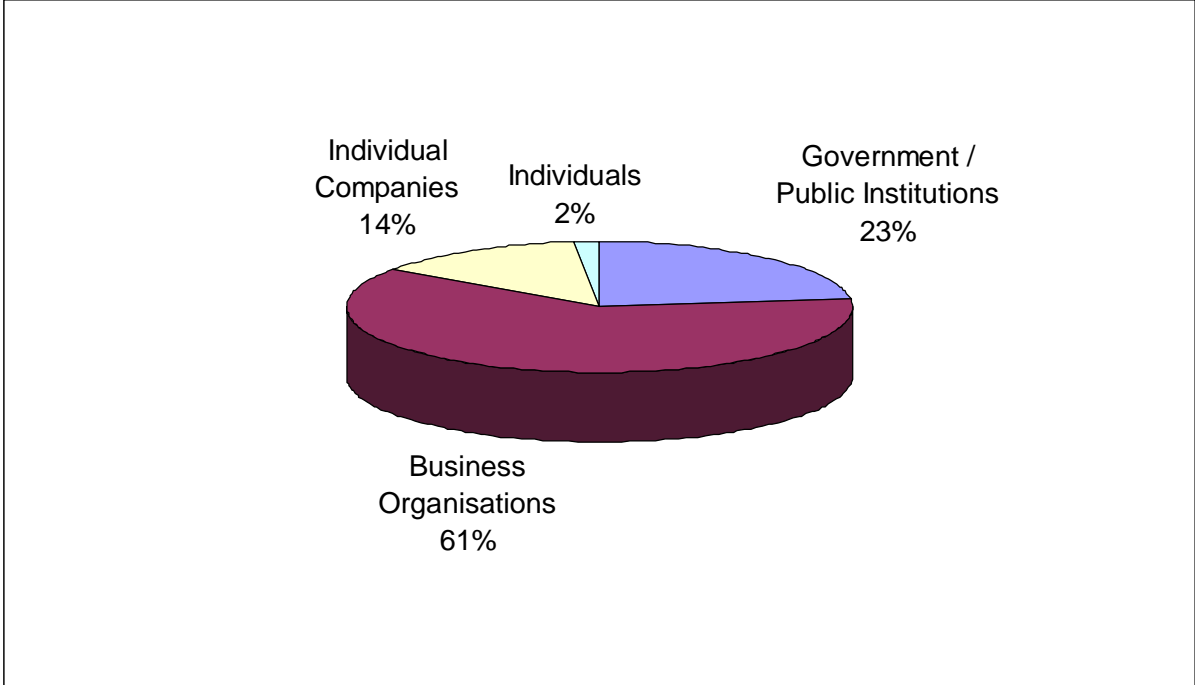
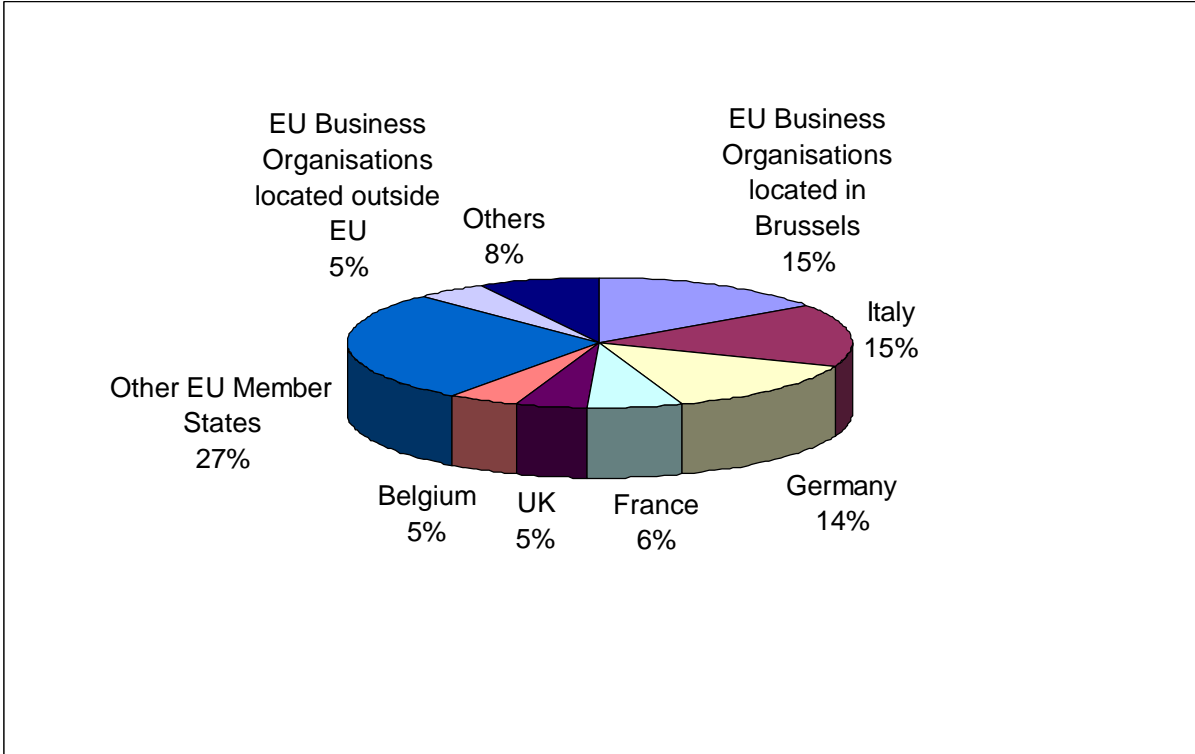


Figure 2: Contributions by Country of Origin



## EXECUTIVE SUMMARY

Stakeholders in general welcome the Commission's proposals consisting of:

- a) establishing a more coherent and effective EU strategy for supporting SMEs in international markets;
- b) proposing better ways to offer relevant information, advice and assistance to SMEs in their attempt to access non-EU markets and to find potential business partners;
- c) promoting a more efficient use of existing resources rather than, by default, creating new additional structures and activities.

The results of the public consultation confirm that SMEs need public support to tap non-EU markets and that SMEs could benefit from greater visibility of available support measures. According to most stakeholders, this could be achieved by the establishment of an online portal acting as a *one-stop-shop*, i.e. bringing together relevant information about doing business in certain markets abroad. A number of suggestions have been made regarding the design and the contents of such portal.

Most stakeholders also agree with the Commission's proposals to conduct a stock-taking of existing service providers, to improve cooperation and division of labour between existing European support organisations in a given market, and to create stronger cluster and network organisations.

The guiding principles of *complementarity and additionality*, as outlined in the consultation document, have been widely accepted, as stakeholders generally agree that EU actions should be complementary to and not duplicate business support activities that are already carried out by Member States and/or private organisations. Most stakeholders also agree with the principles of *sustainability* and *efficiency in the use of public funds*. Regarding the latter, most respondents support the idea to encourage existing service providers in third markets to enlarge the scope of their activities and cooperate more closely, instead of establishing new structures to fill the gaps within existing support measures.

As for the institutions that are best placed to provide public support, the following ones have been mostly identified, both at national and EU level: trade promotion agencies, ministries responsible for the internationalisation of SMEs, national/bilateral chambers of commerce, the European Commission and EU Delegations in third markets. Some stakeholders have remarked that EU actions can bring added value in areas beyond Member State competence, principally trade policy, while trade promotion as such is best carried out at national and local level. Nevertheless, it has been widely recognised that the EU can play an important role in coordinating existing support measures and in complementing existing services at national, regional and local level, in compliance with the above-mentioned principles of *complementarity and additionality*.

Finally, stakeholders refer to aspects that should have been more extensively covered in the consultation document. Details of their views are provided in the following sections of this report.

## OVERVIEW OF THE MAIN RESULTS

### Public support to internationalisation

*Question 1: Do you agree that SMEs need public support to tap international markets (outside the EU)?*

*Question 2: In what areas do you feel public support is particularly essential?*

*Question 3: Which institutions do you consider best placed to provide such support?*

*Question 4: In which areas could activities at EU level be particularly useful (add value)?*

Generally, all respondents agree that SMEs need public support to tap international markets outside the EU. From this public consultation it has emerged that the institutions that are considered as best placed to provide public support are, both at national and EU level, trade promotion agencies, ministries that are responsible for the internationalisation of SMEs, national/bilateral chambers of commerce, the European Commission and EU Delegations in third markets. Some respondents highlight the important role that private organisations can play for the internationalisation of SMEs. As a general remark, many respondents maintain that institutions providing internationalisation support should be close to SMEs, i.e. in direct contact with SMEs and familiar with their actual needs.

Contrasting opinions have been expressed on the specific role of the EU. While the majority of respondents agree that the Commission has an important role to play in order to complement existing support measures at national and local level, for instance by filling the gaps within already available services, some respondents have stressed the fact that trade promotion is optimally carried out at national and local level, as Member States have already put into place measures and structures that meet SMEs' specific needs. According to the latter view, the EU should focus on trade policy areas, such as market access, regulatory dialogues, IPR and standardization in order to provide added value.

These remarks seem to coincide with the guiding principles outlined in the consultation paper, namely the principles of complementarity, additionality and subsidiarity. In this connection, the vast majority of respondents agree with the Commission's intention to avoid duplication of effort and to take action in order to fill gaps or reinforce existing support services where needs are not met – or are not sufficiently met – by other public or private organisations. SMEs should be more amply consulted regarding their specific needs. Most respondents also agree that the Commission can contribute to greater coordination between existing services and that it can stimulate better communication among service providers.

## Disseminating information and mapping of existing measures

*Question 5: Do you agree with the presumption that SMEs could benefit*

- *from greater visibility of available support? How could this be achieved?*
- *from (improved) cooperation of organisations providing support?*

*Question 6: Do you agree that an online portal bringing together relevant information about doing business in certain markets abroad could be a useful tool*

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

*Question 7: Do you agree that a stock-taking of existing support measures in certain markets is necessary?*

The vast majority of respondents believe that SMEs could benefit from greater visibility of available support and agree that, to this end, the establishment of an online portal bringing together relevant information about doing business in certain markets abroad could be a useful tool.

Many inputs have been provided regarding such a portal. One of the main issues of concern for stakeholders seems to be the language barrier. In fact, many respondents suggest that the portal should provide information in as many EU languages as possible, if not in all official EU languages. Moreover, bearing in mind that not all SMEs are familiar with IT tools, it has been remarked that the portal should be user-friendly and accessible for everyone. In this connection, one suggestion has been made regarding the establishment of two different portals targeted at different categories of users (one addressed to SMEs and one addressed to intermediaries, such as chambers of commerce, trade promotion agencies, etc.).

Many respondents also maintain that the online portal should meet SMEs' specific needs, e.g. by combining information and advisory services in order to target each specific business case. In this connection, the establishment of a call centre providing specific information and tailor-made advice has been proposed by a few stakeholders.

Some respondents point out that an online portal would be useful only if regularly updated. In this connection, questions have been raised regarding who should be in charge of updating the portal.

Regarding the contents of the portal, it has been suggested that it should provide information on regulatory issues and on the legal environment in third markets, examples of best practice, a matchmaking platform, information on available financial support, and links to national and local portals. It has also been proposed to add a forum where participants could share their own experience of certain markets.

Briefly, the majority of stakeholders believe that an online portal acting as a *one-stop-shop* could be a useful tool for both intermediaries and SMEs, although some state that the portal should principally target intermediaries.

On the other hand, some stakeholders have doubts about the effectiveness of an online portal because, in their view, SMEs need tailor-made and practical advice rather than general information on external markets. They also underline that, since there already are many similar websites both at EU and national level, adding further portals to the existing ones could result in loss of transparency and greater confusion. Finally, they consider that providing an overview of business support services available in third markets from other Member States would not be very useful, since they regard business support as national-oriented.

Finally, the majority of respondents agree that a stock-taking of existing support measures in certain markets is necessary, especially in order to identify gaps within existing services and to avoid overlapping support measures and duplication of effort. Some respondents consider the stock-taking as a priority and state that it should be conducted prior to any other action at EU-level.

A few remarks have also been made regarding the stock-taking itself. Since several Member States have developed their own support measures for national SMEs according to their specific needs and as these measures differ from one country to another, some respondents support the view that the absence of specific support measures in one country does not necessarily correspond to real gaps and actual needs on the part of SMEs. According to those respondents, a stock-taking would therefore be only useful in order to collect information and to foster an exchange of best practice among Member States.

### **Structures supporting SMEs**

*Question 8: Do you think that it 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?*

*Question 9: Do you think that a cooperation and division of labour between existing European support organisations in a given market*

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

*Question 10: Do you agree that cluster and network organisations can play an important role in helping SMEs internationalise and should, therefore, be strengthened?*

The vast majority of respondents express a preference for building on existing structures in markets abroad in order to provide initial support to newcomers from anywhere in the EU. Nevertheless, some suggest that creating new supporting structures at EU level might be helpful in order to fill the gaps within existing services. Some Member States, for instance, are not well represented by any support agency abroad. In these cases, EU measures could provide added value.

Cooperation and division of labour between existing European support organisations in third country markets is largely welcomed. Some respondents suggest that it is necessary to convince national institutions of the mutual advantages deriving from such collaboration. However, some scepticism has also been expressed in this connection. According to some respondents, it would be unrealistic to expect that national trade promotion bodies support competitors from another Member State.

### **Guiding principles and geographical priorities**

*Question 11: 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?*

*Question 12: Do you agree with the criteria for geographical priorities proposed?*

As outlined in the consultation document, the Commission has identified guiding principles that should be followed for the selection, planning and implementation of support initiatives at EU-level, i.e. *complementarity and additionality, sustainability, efficiency in the use of public funds.*

Most respondents agree with these guiding principles. Regarding the principle of sustainability, some suggest that general information (e.g. basic information on third markets and sectors, identification of business partners) should be free of charge, whereas more specific information (e.g. company-specific and business-specific information, advanced studies, etc.) should be provided against payment in order to ensure financial sustainability and efficient public support. A few respondents disagree with the guiding principles, mainly pointing out that they may not suit all cases, as SMEs target different foreign markets according to their specific needs.

The Commission has also outlined criteria in order to identify priority markets for new actions taken outside the EU, i.e. *economic potential and size of the market, extent of difficulty faced by SMEs in accessing the market, gaps in existing business support.*

The majority of respondents agree with these priorities. The following additional inputs have been provided by some respondents:

- geographical proximity and historical links should also be considered as leading criteria for the identification of priority markets, with a focus on the Mediterranean basin and the Eastern Neighbourhood;
- the growth potential of specific industry sectors should be taken into consideration when identifying priority markets;
- while reflecting the political priorities of the European Union, the outlined criteria should also correspond with the actual needs of SMEs; SMEs and stakeholders should be consulted more carefully in this connection;
- besides tariff barriers and regulatory issues, in order to evaluate the difficulty to access a specific market one should also take into account distance, level of development of local infrastructures, cultural differences, risks, access to finance and other aspects;

- the consultation document focuses on assistance to EU SMEs in major markets, but it does not emphasise the role that SMEs can play in developing economies; the Commission should more closely link the strategy on SME internationalisation to EU development policy.

Regarding the priorities, some stakeholders have also raised the following objections:

- most SMEs do not have the capacity to enter the overseas markets targeted by the Commission; as a first step, SMEs with no or little experience in internationalisation activities should be supported in entering neighbouring markets within the EU; to go international outside the EU Single Market represents a subsequent phase of their internationalisation process. Therefore, the proposed strategy for internationalisation of SMEs should not exclude issues related to doing business within the European Single Market;
- instead of focusing on markets with a strong presence of support services, as suggested by the first criterion (*economic potential and size of the market*), one should target those with little or no EU or Member State activity, e.g. South-East Asia and Sub-Saharan Africa;
- one should take into account the fact that Member States have different priorities; therefore, the outlined criteria of the EU should not only favour Member States that are interested in international activities in the chosen priority areas, but support should also take into account strong links between some Member States and specific areas.

### Missing aspects

<p><i>Question 13: Do you miss any important aspects in the overall approach?</i></p>
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The results of the public consultation indicate that the strategy outlined by the Commission has been broadly welcomed as sufficiently comprehensive. According to certain respondents, however, any EU initiative should cover some other aspects related to the internationalisation of SMEs.

Certain stakeholders have pointed out that, while focusing on information tools, the consultation document lacks adequate reference to other relevant aspects related to the internationalisation of SMEs, principally access to finance and support to innovation. According to some respondents, moreover, providing SMEs with information is not sufficient in order to help them tap international markets, since SMEs also need practical support and assistance (e.g. visa and work permit support, market research, matchmaking and search for potential business partners, legal assistance, training sessions regarding business in multicultural environments, preparation of business plans, etc.).

Some respondents have stressed that the EU's internationalisation activities should go hand-in-hand with the EU's trade policy, based on the assumption that any attempt to spur internationalisation of SMEs will fail if the right framework conditions for market access and fair treatment of EU businesses are not guaranteed.

Other respondents have pointed out that the consultation document does not provide a clear agenda for the implementation of the outlined proposals.

Additional comments have been made, including the following:

- the proposed strategy for internationalisation of SMEs should be also inspired by internationalisation policies of others outside the EU (e.g. the USA and Japan);
- the Commission's strategy should take more into consideration the relevant role that the private sector may play in supporting the internationalisation of SMEs, particularly the banking sector.