

ROADMAP	
TITLE OF THE INITIATIVE	Reinforcing support to EU small and medium-sized enterprises in markets outside the EU
TYPE OF INITIATIVE	X CWP • Non-CWP • Implementing act/Delegated act
LEAD DG – RESPONSIBLE UNIT	DG ENTR A2, Wolfgang Pape, tel. 94533
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This indicative roadmap is provided for information purposes only and is subject to change. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content and structure.

A. Context, problem definition
<p>(i) What is the political context of the initiative?</p> <p>(ii) How does it relate to past and possible future initiatives, and to other EU policies?</p> <p>(iii) What ex-post analysis of the existing policy has been carried out and what results are relevant for this initiative?</p>
<p>i) European enterprises gain substantially from globalisation. Over recent decades, the liberalisation of the international movement of goods, services, capital, people and information has led to a much more integrated world economy. Growth of markets is increasingly taking place outside Europe. Enterprises can trade over larger distances in easier, cheaper and faster ways than ever before. Foreign direct investment (FDI) has become easier, permitting relocation of economic activities.</p> <p>As the world economy has become more integrated, the position of small business within that economy has become more widely recognised. SMEs in the EU produce about half of the GDP and provide two-thirds of private sector jobs; they have generated most of the new jobs created over the past decade. SMEs form the backbone of the EU economy and play a crucial role in the fast-growing international supply chains of our industries. In recent years the development of SMEs economic activities outside the EU has become an important part of the Community's competitiveness strategy.</p> <p>ii) The Small Business Act forms the main framework for EU support to SMEs and identifies support for SMEs to access markets outside the EU as a key component of the EU strategy for SME development (Principle X). The EU and the Member States were called upon to support and encourage SMEs to benefit from the growth of markets outside the EU, in particular through market-specific support and business training activities. The SBA also announced that the Commission will establish European Business Centres in selected markets, starting with India and China, which both have been launched, in 2008 and 2010 respectively.</p> <p>The "Market Access Strategy"¹ for European exporters of 2007 concluded that the EU needs a more efficient and transparent service to business and highlighted that SMEs are increasingly active in export markets and often face the greatest challenges in addressing trade barriers. The main elements of the strategy include closer and more action-oriented cooperation between the European Commission, Member States and business, amongst others through the establishment of Market Access Teams in key export markets.</p> <p>The Commission operates the Enterprise Europe Network which promotes competitiveness and innovation by providing business support services for SMEs in order to help firms to develop new products and activities, and to expand into new markets. The Network has a total of 577 partners in 45 countries, including in 18 countries outside the EU. The targeted partners outside the EU are mainly local chambers of commerce, regional development agencies and other local business support organisations.</p> <p>Meanwhile the European Parliament has taken initiatives to adopt "Preparatory Actions" for "promoting business, academic and scientific exchanges" and the European Commission has decided to use part of those funds to set up EU Business Centres outside the EU with the following pilot projects: a European Business and Technology Centre in India, an EU SME Centre in China and a European-ASEAN Business Centre in Thailand.</p>

¹ [Commission Communication "Global Europe: A Stronger Partnership to Deliver Market Access for European Exporters"](#) COM(2007) 183; 18.4.2007

<p>iii) The European Parliament has provided funding as 'Preparatory Action' for a study that is currently being finalised by the Commission on the opportunities for SMEs in certain markets outside the EU (namely Brazil, Russia, China, Japan, Korea and Ukraine), which includes looking at possibilities for the establishment of such Centres or other support services in those markets.</p>
<p>What are the main problems which this initiative will address?</p>
<p>SMEs are increasingly expanding from national to EU and world markets. Many SMEs are facing obstacles in their international activities and need information and assistance. In the SBA of 2008 it was emphasized that SMEs should be supported in their efforts to expand their activity in markets outside the EU, in particular through the establishment of business centres. The provision of business support services, however, is a complex subject that raises questions about the type of support that is needed and the appropriate "division of labour" between the public and private sectors, on the one hand, and between the European Union and its Member States, on the other.</p>
<p>Who will be affected by it?</p>
<p>EU small and medium-sized enterprises which are capable and willing to expand in markets outside the EU, in particular through trade and FDI Existing service providers to SMEs, such as national commercial support services or national or European chamber of commerce established in the third countries concerned.</p>
<p>(i) Is EU action justified on grounds of subsidiarity? (ii) Why can Member States not achieve the objectives of the proposed action sufficiently by themselves? (Necessity Test) (iii) Can the EU achieve the objectives better? (Test of EU Value Added)</p>
<p>i) Compliance with the principle of subsidiarity is of high importance, as business support is already to some degree being provided in some markets outside the EU. It is essential to pursue complementarities and avoid duplication of activities that have already been developed by private organisations and some, although by no means all, Member States. EU action should provide an EU value added, either by filling gaps in or reinforcing existing services. This is all the more important given the scarcity of financial and human resources for these activities.</p> <p>The EU should carefully consider whether it is appropriate to offer the same services paid for out of public funds. Publicly-funded services should be limited to those where there is a "market failure", i.e. where the needs identified by business are not met - or are not sufficiently met - by other organisations.</p>
<p>ii) European enterprises gain substantially from globalisation, as growth of markets is increasingly taking place outside Europe, also for SMEs. However, they could do better with appropriate support at European level. First projects have confirmed this improvement: in India, where the EU business centre is to be extended to other local branch offices, and in China, where the Commission has set up an IPR Helpdesk in 2008, which is very much in demand, in particular by SMEs. As a specific necessity test, a study is currently being conducted by the Commission (DG ENTR) on the 'opportunities for the internationalisation of SMEs' and the most effective business support measures in key markets outside the EU. It covers the BRICs, Ukraine, Japan and Korea and is due to be presented by the end of June 2011. It should serve as the basis to determine the need, form and appropriateness of EU action for business support in these third country markets. To ensure complementarity and additionality, views of existing service providers and other stakeholders are solicited by the consultation document with a deadline of 12 July 2011 at http://ec.europa.eu/enterprise/policies/international/listening-stakeholders/public-consultation-sme-support/index_en.htm.</p> <p>iii) Any EU-level action will concentrate on filling gaps or insufficiencies in business support that will be identified in the preparatory stage and focus on services in areas that fall within the remit of EU competences, such as questions of trade and product regulation, standardisation and IPR protection. The principle of efficiency in the use of public funds will be fully upheld. The modalities of any EU-level intervention should be cost-effective. Depending on the situation in the particular market, it may be more efficient to give additional financial support to existing service providers (including EU Delegations) than to set up a new EU Business support Centre.</p>

B. Objectives of the initiative

<p>What are the main policy objectives?</p>
<p>The main objectives of EU-level business support should be to provide supplementary help needed by SMEs to</p>

access and develop their activities in the most important markets outside the EU where such assistance offers real added value. Depending on the existing or potential market, EU services might be needed related to assistance to accessing markets, protection of IPR, standard-setting and regulatory issues. These services will be adapted to the needs of the EU SMEs identified locally for each particular market concerned and to the services already offered locally by other service providers, such as the Member States or EU business associations such as European Business Organisations which already exist in many third countries. The services provided should complement, reinforce and operate in co-operation with these existing service providers.

Do the objectives imply developing EU policy in new areas?

The objectives do not imply developing EU policy in new areas, since business support is not a new concept for the EU. It is already provided in many markets outside the EU, notably by the EU-Japan Centre in Tokyo since 1987 and the IPR Helpdesk in Beijing since 2008, as well as by a number of locally-established organisations, whether regional, national or European, whether public or private. It is, however, essential to pursue complementarities and avoid duplication of activities and services that have already been developed by those actors.

C. Options

- (i) What are the policy options being considered?
- (ii) What legislative or 'soft law' instruments could be considered?
- (iii) How do the options respect the proportionality principle?

i) The SBA already fixes the basic policy option of supporting SMEs in view of their contribution to the EU economy. It is consistent with this approach to reinforce support to SMEs in markets outside the EU. The options left open concern the modalities of support. For this purpose, the current study for DG ENTR will identify types of country-specific SME support measures as options, which will be further examined on the basis of the proposed 'mapping' and stocktaking.

The following four basic options find their limits in the frame of competence of the EU, in particular as defined against the Member States' competence for export promotion, but the services/organisations involved could be private or public.

- Option 1: (Baseline) No new EU initiative

Under this option, no initiative would be taken at EU level. Existing services/organisations would continue to offer services (such as European or national Chambers of Commerce) without any coordination by the EU.

- Option 2: Coordination of existing services: EU coordination of existing (private or Member States') support services in the target markets, with limited EU funding of any "mapping" of services, through the creation and maintenance of data bases, internet sites and other means.

In this case, the services provided are limited to the coordination/mapping of existing support measures by private or public providers with EU expenditure limited to the cost of the coordination itself and the various tools necessary to achieve it, such as communication via the Internet, databases, websites and printed matters.

- Option 3: Additional EU support a) to existing advisory services, b) for EU specific expertise

In this case, Option 2 plus EU funding of additional support measures relating to existing services as well as in specific areas of expertise (such as certain IPR issues such as the Anti-Counterfeiting Trade Agreement (ACTA), standards, technical regulations, certain customs procedures) not only through EU-level organisations (such as European Business Organisations or EU Delegations), but also other valuable services in demand to assist SMEs. This option suggests, beyond the services under Option 2, to provide new services through existing organisational structures of the EU (EU Delegation/Office or EBO) and others as available; particular value-added could be achieved if these new services would focus on EU expertise. It would be possible to create on the spot in a third country a new EU platform for cooperation that gathers organisations that are already active in the market but do not cover the needs of EU businesses sufficiently (e.g. for lack of capacity). Furthermore, it would be possible under this option to provide regular support measures, either on the spot in a third country or for awareness raising in the EU, that would secure regular funding to reinforce already available services in order to match expanding demand by EU business.

- Option 4: EU Business Centres for SMEs: Option 3 plus the establishment of "EU Business Centres" in

major markets, financed through the EU budget, which would combine the services of Option 3 with other services, such as the provision of rented short-term office accommodation for SMEs.

This Option 4 finds its basis in the SBA Principle X proposals of the Commission to establish 'European Business Centres' in selected markets, starting in India and China, by setting up new long-term full-fledged EU business centres in markets of fast growing high potential of demand for EU goods and FDI, but with yet broadly insufficient services available for information, advice and support to SMEs,. Thus with the recent setting up in particular of the 'EU SME Centre' in China a model framework is given for possible other such action by the Commission, as it will itself provide information, advice, training and matchmaking opportunities for European SMEs wishing to export to or invest in the specific third market. SMEs can turn to the Centre for information on topics such as the procedure regarding company registrations, employment contracts for recruiting locally or the process of certifying technical standards.

Also in terms of procedure, the centre in China might set a model for Option 4, as it is operated by a consortium of local Member State Chambers of Commerce as well as the European Union Chamber of Commerce in the specific market. It will also cooperate with other local business support organisations, in particular with the European Enterprise Network (EEN) points.

iii) The proportionality of the means involved in terms of budget and manpower for the aims envisaged in order to support SMEs abroad is assured in view of the limited funds and human resources available for the action proposed. Efficient and effective use of public funds is one of the guiding principles of such EU services abroad. The EU support instruments should be tailor-made to each market in order to be most effective and proportional to the needs addressed.

D. Initial assessment of impacts

What are the benefits and costs of each of the policy options?

The impacts of the different policy options and their choice will depend on country-specific circumstances which are being analysed. It will therefore only be possible to analyse the impacts on the basis of the results of the ongoing study and the proposed 'mapping' of existing services.

This will be the subject of a full Impact Assessment at a later stage, after the results of the basic study and the 'mapping' have been evaluated.

Could any or all of the options have significant impacts on (i) simplification, (ii) administrative burden and (iii) on relations with other countries, (iv) implementation arrangements? And (v) could any be difficult to transpose for certain Member States?

(i) and (ii) The services proposed could significantly simplify compliance with regulations, standards, laws and administrative rules in third markets for EU SMEs and hence lower administrative burden for business. A more systematic approach to EU business support in third countries could also lead to an overall simplification of EU policy instruments in this area.

(iii) This initiative should promote closer economic integration between the EU and the third countries concerned.

(iv) Implementation arrangement depends to a high degree on the individual third market concerned.

(v) In general, smaller and new Member States are more supportive to EU action in this field, as they have less means available and often no presence in markets concerned.

(i) Will an IA be carried out for this initiative and/or possible follow-up initiatives? (ii) When will the IA work start? (iii) When will you set up the IA Steering Group and how often will it meet? (iv) What DGs will be invited?

It has been agreed that there will be no IA for this Communication. IA will be carried out for concrete measures that may follow based on a further Communication.

(i) Is any of options likely to have impacts on the EU budget above €5m?

(ii) If so, will this IA serve also as an ex-ante evaluation, as required by the Financial regulation? If not, provide information about the timing of the ex-ante evaluation.

Any future decision with budgetary impacts exceeding 5Mio € will be accompanied by an IA.

E. Evidence base, planning of further work and consultation

(i) What information and data are already available? Will existing impact assessment and evaluation work be used?

- (ii) What further information needs to be gathered, how will this be done (e.g. internally or by an external contractor), and by when?
- (iii) What is the timing for the procurement process & the contract for any external contracts that you are planning (e.g. for analytical studies, information gathering, etc.)?
- (iv) Is any particular communication or information activity foreseen? If so, what, and by when?

i) A first stakeholder consultation has been conducted in early 2010 and a second public consultation is ongoing with a deadline of 12 July 2011. The current study will provide the first evaluation of needs and available services in those markets concerned.

ii) The IA will build on the data from the stakeholder consultation and the above-mentioned study. Other material includes the European Parliament's study of February 2009 which confirmed that EU SMEs create 75 million jobs, yet their international performance is "structurally weak". The European Parliament's report urged the Commission and Member States to enable EU SMEs to develop in a harmonious manner, gain access to new markets and to expand their export activities and internationalisation.

DG ENTR will shortly complete a study on the internationalisation of EU SMS pointing out the low degree of SMEs' engagement in particular in third country markets. Evaluation of the on-going pilot projects and Preparatory Actions also will serve as valuable sources of information.

(iii) The proposed mapping of existing services will be partly done with help of information gathering by the EU Delegations in the relevant markets early 2012. The proposed Internet portal will be outsourced on the basis of the 'mapping' in 2012.

(iv) A public communication strategy is foreseen, based upon the evaluation of the study on SME opportunities abroad, which is expected to be presented by the end of June 2011 and the second stakeholder consultation. This communication activity should build up closer to the date of the publication of the Commission Communication.

Which stakeholders & experts have been or will be consulted, how, and at what stage?

European stakeholders in and outside EU have already been consulted on the basis of an Issue Paper (http://ec.europa.eu/enterprise/policies/international/listening-stakeholders/index_en.htm) and their comments taken into consideration for further action and the second public consultation with deadline of 12 July 2011 http://ec.europa.eu/enterprise/policies/international/listening-stakeholders/public-consultation-sme-support/index_en.htm. Their results will lead to a specific Communication later in 2011.