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(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 9 December 1996

on a third multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997 to 2000)

(97/15/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130 (3) thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Having regard to the opinion of the Committee of the Regions ⁽⁴⁾,

1. Whereas on 10 October 1994 the Council adopted a resolution on giving full scope to the dynamism and innovatory potential of small and medium-sized enterprises, including the craft sector and micro-enterprises, in a competitive economy ⁽⁵⁾;
2. Whereas on 21 November 1994 the Council adopted a resolution on the strengthening of the competitiveness of Community industry ⁽⁶⁾;
3. Whereas on 27 November 1995 the Council adopted a resolution on small and medium-sized industrial enterprises (SMEs) and technological innovation ⁽⁷⁾;
4. Whereas on 22 April 1996 the Council adopted a resolution on the coordination of Community ac-

tivities in favour of small and medium-sized enterprises and the craft sector ⁽⁸⁾;

5. Whereas on 14 June 1993 the Council adopted Decision 93/379/EEC on a multiannual programme of Community measures to intensify the priority areas and to ensure the continuity and consolidation of policy for enterprise, in particular small and medium-sized enterprises, in the Community ⁽⁹⁾;
6. Whereas the Commission has submitted reports on measures arising from that Decision;
7. Whereas the Commission submitted to the European Parliament, the Council and the Economic and Social Committee and the Committee of the Regions an external evaluation report on the implementation of the current multiannual programme pursuant to Article 5 of Decision 93/379/EEC;
8. Whereas on 3 June 1994 in line with its White Paper on Growth, competitiveness and employment, the Commission adopted a communication on the implementation of an integrated programme in favour of SMEs and the craft sector aimed in particular at presenting the overall Community enterprise policy;
9. Whereas on 29 November 1995 the Commission adopted a report on 'SMEs: a dynamic source of employment, growth and competitiveness in the European Union', which it submitted to the Madrid

⁽¹⁾ OJ No C 156, 31. 5. 1996, p. 5.

⁽²⁾ OJ No C 320, 28. 10. 1996, p. 153.

⁽³⁾ OJ No C 295, 7. 10. 1996, p. 6.

⁽⁴⁾ Opinion delivered on 19 September 1996 (not yet published in the Official Journal).

⁽⁵⁾ OJ No C 294, 22. 10. 1994, p. 6.

⁽⁶⁾ OJ No C 343, 6. 12. 1994, p. 1.

⁽⁷⁾ OJ No C 341, 19. 12. 1995, p. 3.

⁽⁸⁾ OJ No C 130, 3. 5. 1996, p. 1.

⁽⁹⁾ OJ No L 161, 2. 7. 1993, p. 68.

European Council and in which the Commission called for a more ambitious enterprise policy to unlock the full potential of European enterprises for employment, growth and competitiveness;

10. Whereas SMEs make a major contribution towards entrenching the role of industry in the European Union, thereby compensating for the trend towards the relocation of businesses; whereas the special role played by SMEs, in particular through close relations with customers and staff and through the scope for personal development offered to many businessmen and businesswomen should not be underestimated;
11. Whereas this Decision constitutes the legal basis for specific complementary measures which are not part of other Community policies and which cannot be better carried out at Member State level;
12. Whereas the principle of subsidiarity must be respected when this multiannual programme is implemented;
13. Whereas SMEs whose activities span borders should be assisted in overcoming any structural weaknesses;
14. Whereas this Decision is especially directed at SMEs, regardless of sector, legal structure and geographical location, including, *inter alia*, the craft sector, enterprises in commerce and distribution and very small enterprises;
15. Whereas the measures set out in this Decision are applicable throughout the European Union and aim at:
 - encouraging an environment favourable for the development of SMEs,
 - improving the integration and organization of SMEs, especially small enterprises and crafts, in the single market,
 - improving the competitiveness of European SMEs and encouraging their Europeanization and internationalization, thus fostering growth, job creation and economic and social cohesion in the Community;
16. Whereas the actions in the area of transitional technological development will be managed in coordination with the Community's RTD programme, respecting the relevant decision-making procedures and whereas they will take into account the follow-up to the Green Paper on innovation;
17. Whereas the additional protocols to the Association Agreements concluded with the countries of central and eastern Europe provide for participation of those countries in Community programmes;
18. Whereas provision should also be made for participation by Cyprus and Malta in the framework of the Association Agreements concluded with those countries;
19. Whereas the second programme expires on 31 December 1996; whereas it is necessary to adopt a third programme for a four-year period and to endow it with sufficient resources to attain its objectives;
20. Whereas the Commission, assisted by the Committee, will take the necessary measures to implement this programme, apart from any tax harmonization measures,

HAS DECIDED AS FOLLOWS:

Article 1

A programme for Community policy for small and medium-sized enterprises (SMEs), including craft and very small enterprises, is hereby adopted for a period of four years from 1 January 1997.

Article 2

The programme referred to in Article 1, incorporating the measures specified in the Annex hereto, which are intended to supplement action by the Member States, shall have the following objectives:

1. Simplify and improve the administrative and regulatory business environment:
 - ensure consideration of the interests of SMEs in the various Community initiatives and policies,
 - simplify and improve Community legislation,
 - increase transparency and the spread of best practices in simplifying and improving the administrative and regulatory environment,
 - improve the framework for transitional operations of SMEs;
2. Improve the financial environment for enterprises:
 - improve access to loan and risk capital financing,
 - continue efforts to reduce late payment problems,
 - facilitate the development of specific financial instruments,
 - stimulate the development of capital markets for fast-growing SMEs;
3. Help SMEs to Europeanize and internationalize their strategies, in particular through better information and cooperation services;

- promote access by SMEs to the information society,
 - develop Community information services,
 - improve the promotion of SME policy actions,
 - promote cooperation through business partner search networks,
 - promote direct contacts through partnership programmes,
 - develop subcontracting partnerships,
 - improve the conditions under which SMEs participate in the internal market,
 - improve access to new markets and internationalization for SMEs;
4. Enhance SME competitiveness and improve access to research, innovation and training:
- increase the innovative potential of SMEs,
 - improve managerial ability,
 - adapt to environmental requirements;
5. Promote entrepreneurship and support target groups:
- business culture and entrepreneurship,
 - craft, small and micro-enterprises,
 - enterprises in commerce and distributive trades,
 - women and young entrepreneurs; enterprises run by entrepreneurs from disadvantaged groups;
6. Improve SME policy instruments.

Article 3

1. In order to achieve the objectives laid down in Articles 1 and 2, the Commission shall implement the necessary measures, insofar as they cannot be better carried out by the Member States, taking account of the findings of any specific evaluation reports.
2. The procedure laid down in Article 4 shall be followed for adopting measures relating to:
 - the adoption, experimental implementation or extension of the necessary projects devised for the application of this Decision,
 - the content and timetable of, and financial assistance for, measures and calls for proposals,
 - periodic evaluation of the results of each project in accordance with the timetables laid down in specific programmes.
3. The Commission may submit to the Committee referred to in Article 4 any other matters concerning the programme.
4. The Commission shall be responsible for the financial execution and implementation of the programme. The Commission shall also ensure that actions under this

programme are subject to thorough prior appraisal, monitoring and subsequent evaluation in the light of reports to be submitted by recipients of Community financing.

5. Community aid may be granted if it is necessary to enable a project to proceed. It should not exceed the amount necessary to support the project.

Article 4

The Commission shall be assisted by a committee composed of the representatives of the Member States and chaired by a representative of the Commission.

The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee they shall be communicated by the Commission to the Council forthwith. In that event:

- the Commission shall defer application of the measures on which it has decided for a period of three months from the date of communication,
- the Council, acting by a qualified majority, may take a different decision within the time-limit referred to in the previous paragraph.

Article 5

1. The Commission shall submit to the committee referred to in Article 4 annual reports on the implementation of this Decision.
2. The Commission shall submit to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions a biennial report assessing progress in the inclusion of the SME dimension in all Community policies and programmes, following its coordination activities.

Article 6

The Commission shall submit to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, no later than the end of 1999, an external evaluation report on the

implementation of this Decision in order to assess whether the original objectives have been met, including a cost-effectiveness evaluation and any proposals which it deems necessary in the light of the evaluations effected.

Article 7

1. This programme shall be opened up to the participation of the associated countries of central and eastern Europe (CCEE), in accordance with the conditions laid down in the additional protocols to the Association Agreements with regard to participation in Community programmes concluded with those countries.

2. This programme shall be opened up to the participation of Cyprus and Malta on the basis of additional appropriations in accordance with the same rules as those applied to the EFTA countries that are members of the EEA, in accordance with procedures to be agreed on with those countries.

Article 8

1. This Decision shall enter into force on 1 January 1997 and shall cover the period up to 31 December 2000.

2. The financial reference amount for the implementation of this programme for the period 1 January 1997 to 31 December 2000 shall be ECU 127 million.

3. The annual appropriations shall be authorized by the budgetary authority within the limits of the financial perspective.

Done at Brussels, 9 December 1996.

For the Council

The President

B. HOWLIN

ANNEX

MEASURES REFERRED TO IN ARTICLE 2

A. SIMPLIFY AND IMPROVE THE ADMINISTRATIVE AND REGULATORY BUSINESS ENVIRONMENT

A.1. *Ensure consideration of the interests of SMEs in the various Community initiatives and policies*

Integration of the SME dimension into the conception of Community policies. Promotion of the coordination of Community actions in favour of SMEs which enable SMEs to participate fully in all Community actions and programmes, including the Structural Funds and RTD, international cooperation and environmental programmes.

A.2. *Simplify and improve Community legislation*

Actions to avoid and reduce unnecessary administrative burdens and compliance costs in Community legislation which hinder the creation and development of enterprises, in particular SMEs. This includes the implementation of a pragmatic methodology for the evaluation of the impact of legislative proposals (including the use of a business impact assessment system and cost-benefit analyses wherever appropriate), as well as consultation of SMEs on new legislative proposals and monitoring of implementation of the Commission guidelines on regulatory policy.

A.3. *Increase transparency and the spread of best practices in simplifying and improving the administrative and regulatory environment*

Dissemination of best practices, in particular in the field of administrative simplification; promotion of actions on transfer of businesses and retention-of-title clauses.

A.4. *Improve the framework for transnational operations of SMEs*

Promotion of the development of alternative methods of settling transnational disputes between enterprises. Stimulation of appropriate legal structures for transnational operations of SMEs, in particular the use of the European Economic Interest Grouping (Regie project).

B. IMPROVE THE FINANCIAL ENVIRONMENT FOR ENTERPRISES

B.1. *Improve access to loan and risk capital financing*

Identification and dissemination of innovative practices in the field of better access for SMEs to loan financing (including mutual guarantee schemes and the Round Table of Bankers and SMEs).

B.2. *Continue efforts to reduce late payment problems*

Acceleration of follow-up to the recommendation on late payment and envisaging of further measures, if appropriate; support for actions to improve the financial management capabilities of SMEs.

B.3. *Facilitate the development of specific financial instruments*

Identification and stimulation of the best specific financial instruments of interest to SMEs, in particular factoring and credit insurance.

B.4. *Stimulate the development of and improve the framework conditions for capital markets for fast-growing SMEs (including Easdaq).*

C. HELP SMEs TO EUROPEANIZE AND INTERNATIONALIZE THEIR STRATEGIES, IN PARTICULAR THROUGH BETTER INFORMATION AND COOPERATION SERVICES

C.1. *Develop Community information services*

Better access to Community information for enterprises: development of the Euro-Info-Centre network as a 'first-stop shop', directing requests to the most appropriate Community service provider, in agreement with national services if necessary; improvement of the composition of the network and quality of services by a better targeting of community subsidies; enlarging and reinforcing the information role in the Union's main areas of action; improving the adaptation of Community information services to the requirements of enterprises particularly by developing a partnership with the existing recognized professional organizations and Member States' business support networks for aid to SMEs, including those for crafts.

C.2. *Improve the promotion of SME policy actions*

Promotion campaigns in coordination with the EIC network; organization of European business weeks.

C.3. *Promote cooperation through business partner-search networks*

Qualitative improvement and definition of a quality standard for the confidential business partner-search network (BC-NET) and the non-confidential partner-search network (BCC), together with the search for other effective means of promoting business cooperation.

C.4. *Promote direct contacts through partnership programmes*

Continued development of instruments permitting direct contact between entrepreneurs (Europartnership and Enterprise programmes).

C.5. *Develop subcontracting partnerships*

Development of actions aimed at promoting transnational subcontracting.

C.6. *Improve the conditions under which SMEs participate in the internal market*

Encouraging the elimination of obstacles to business activities. Facilitating SME participation in public contracts.

Promoting access of SMEs and craft enterprises to the information society.

C.7. *Improve access to new markets and internationalization for SMEs*

Examination of new opportunities to increase transnational business by SMEs within the internal market and worldwide.

D. ENHANCE SME COMPETITIVENESS AND IMPROVE ACCESS TO RESEARCH, INNOVATION AND TRAINING

D.1. *Increase the innovative potential of SMEs*

Identifying best practices and testing concrete approaches through pilot schemes, in particular in the fields of developing firms with growth potential and new-technology-based firms (NTBFs); stimulating the use of information technologies by SMEs through the exchange of good practices and through improving measures to encourage access by SMEs for existing Community programmes.

D.2. *Improve managerial ability*

Helping to identify and test positive approaches in the field of management training through the exchange of good practices and through improving measures to encourage access by SMEs for existing Community programmes.

D.3. *Adapt to environmental requirements*

E. PROMOTE ENTREPRENEURSHIP AND SUPPORT TARGET GROUPS

E.1. *Business culture and entrepreneurship*

Encouraging the exchange of best practice, including that of particularly dynamic entrepreneurs.

E.2. *Craft, small and micro-enterprises*

- study of the institutional environment of small and craft enterprises,
- launching of projects enabling these enterprises to adapt to structural changes, to integrate better into the single market and to benefit from the opportunities offered by that market, including the fields of standardization, certification and environmental and quality management.

E.3. *Enterprises in commerce and distributive trades*

Facilitating the process of adjustment by commercial enterprises to the single market and to structural changes, in particular through new technologies (Commerce 2000). Promotion of cooperation between SMEs. Dissemination of results of pilot projects. Follow-up to the Green Paper on commerce and distribution.

E.4. *Women and young entrepreneurs; enterprises run by entrepreneurs from disadvantaged groups*

Support for efforts to find innovative solutions after identifying the specific problems faced by:

- women entrepreneurs and young entrepreneurs,
- enterprises run by entrepreneurs from disadvantaged groups.

F. IMPROVE SME POLICY INSTRUMENTS

- Consultation of the organizations representing SMEs and craft enterprises at European level when policies regarding them are evaluated and drawn up,
 - Improvement of statistics on SMEs without increasing the burden on enterprises; European Observatory for SMEs; studies; database concerning SME policy measures;
 - Evaluation of existing actions on the basis of efficiency criteria and development of proposals for new Community measures in areas affecting enterprises.
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