The Enterprise Europe Network, EU trade promotion and sustainable trade policy objectives

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1. Introduction

An estimated 90% of global growth will originate outside the European Union (EU) in the coming years.¹ Therefore, internationalisation of European companies beyond the EU will be important for Europe’s competitiveness, economic growth and innovation. This applies not only to large companies, but also small and medium-sized enterprises (SMEs), given the critical role they play in the European economy. In 2017, more than 99% of all EU companies were SMEs, they accounted for 66% of total EU employment and 57% of the value added (European Commission, 2018a).² Indeed, they are to some extent “the lungs of [the European] economy”, as noted by the new European Commissioner for the Internal Market, Industry, Entrepreneurship and SMEs, Mr Thierry Breton, in his hearing as Commissioner-Designate in the European Parliament (European Parliament, 2019a).

It is a priority of the European Commission to ensure that enterprises, including SMEs, can make the most out of growth markets outside the EU. EU trade and investment policies are considered to be a strong vehicle. The EU seeks to make better use of trade policies and agreements to deliver real economic results for consumers, workers and business, in particular small companies, as reflected in the EU ‘Trade for All’ strategy, which is spearheaded by Directorate General (DG) TRADE (European Commission, 2015a). The strategy also puts strong emphasis on the consistency of EU trade policies with broader European values. In this spirit, the new European Commissioner for Trade, Mr Phil Hogan, noted in his hearing as Commissioner-Designate that “trade must also promote values, including climate action, sustainable development, labour rights, and women’s empowerment” (European Parliament, 2019b). While this is firmly embedded in the Trade for All strategy, Commissioner Hogan stated that there will be a deeper focus on climate and sustainability with the new Commission and that these values must be firmly built into the EU’s trade agenda.

Mr Breton’s and his staff at DG GROW seek to support European businesses access markets within and beyond the EU and find new business partners abroad, thus making use of opportunities created by trade policies. A range of programmes/instruments can play this role, such as for example the Enterprise Europe Network (EEN) managed by DG GROW. EEN offers international matchmaking support and stimulates innovation. This paper, based on a literature review and a select number of interviews, provides insights into what is done and what could be done more for tools such as EEN to inform and take advantage of trade opportunities with third countries. As such, it specifically looks at the external dimensions of EEN, i.e. beyond the EU. It includes examples of relevant lessons from and linkages with other instruments. It pays particular attention to possible synergies with EU development cooperation and sustainability criteria.

2. EEN and trade beyond EU borders: the state of affairs

EEN is a business support network that was launched in 2008 by the Commission’s DG Enterprise and Industry (DG ENTR), now named DG GROW. It seeks to help SMEs innovate and grow internationally (i.e. beyond their national borders, within and outside the EU). It offers a mix of international matchmaking, advice for international growth and support services for business innovation. EEN is implemented by the Executive Agency for Small and Medium-sized Enterprises

² These figures exclude companies in the financial sector.
(EASME) through consortia of ‘network member organisations’, which are selected through calls for proposals. Member organisations include technology poles, innovation support organisations, universities and research institutes, regional development organisations and chambers of commerce and industry. The consortia deliver EEN services free of charge in a defined geographical region, to ensure proximity to local SMEs.

At the end of 2018, **EEN covered a total of 65 countries with 599 partner organisations** (EASME, 2019). The network covers all EU member states. It also involves **eight non-EU countries that are participating in the EU programme for the Competitiveness of Enterprisedes and SMEs (COSME)**, which co-finances the Network. These countries are Albania, Armenia, Iceland, Moldova, Montenegro, the Republic of Macedonia, Serbia and Turkey. In EU and COSME countries, network partners offer the full range of EEN services and receive between 40-60% of EU co-funding. EEN furthermore involves **non-COSME countries**, although the selected network partners in these countries - called ‘Business Cooperation Centres’ (BCCs)- do not receive EU funding and thus participate in the network on a self-financing basis. The BCCs provide a more limited set of services.³ There were 27 BCC countries at the end of 2018. This included countries such as China, India, and Brazil, as well as Japan, the US and New Zealand, to name a few. A full overview of BCC countries is pictured in Figure 1.

*Figure 1: Overview of world regions covered by EEN Business Cooperation Centres*

The network’s role as regards the EU’s sustainable trade agenda has been strengthened in recent years, but seems to remain below potential. This is evident from different features:

³ The BCCs offer the following activities and services: (1) Business and technology brokerage services to establish business deals between European and international companies; (2) Organisation of face-to-face business meetings between European companies and businesses from international growth markets; (3) Creation and dissemination of business cooperation and technology offers or requests via the Network’s Partnership Opportunity Database; (4) Sharing information about national regulations, standards, certification requirements and other typical market intelligence with the Network’s European counterparts.
The number of BCCs is on the rise and they contribute to an increasing number of agreements between EU and non-EU companies. This is in line with the EEN evaluation covering the period 2008-2014, which recommended to extend the geographical scope of the network outside the EU (European Commission, 2015b). However, it represents still a small share. BBCs account for 9% of the total 5,740 matches, i.e. ‘partners agreements’, established by the network in 2017-2018. By far most companies internationalise within the EU with the help of the network.

EEN pays attention to social and environmental sustainability, but has a considerable hands-off approach. Certain EEN sector and thematic groups that bring together EEN staff members for information sharing and collaboration cover social and environmental dimensions, such as the Circular Economy thematic group. Furthermore, EEN services can and have contributed to companies’ environmental sustainability (European Commission, 2015b). However, social and environmental selection criteria are lacking and EEN puts the main onus when it comes to social and environmental sustainability on the network partners (Große-Puppendahl et al, 2016a,b).

EEN communicates on EU policies, including trade policies. As part of its advisory support, network partners help clients to better understand EU trade policies. Furthermore, the network provides information on trade-related policies to a broader audience, through its weekly digest launched in 2017 that presents EU news for businesses (EASME, 2019). EEN also provides practical advice on doing business in another country, with BCCs contributing to providing information on national rules and regulations. As such, EEN complements online tools such as the EU Trade Helpdesk4, the Trade Market Access Database5 and the EuroMed Trade Helpdesk6. The network is a powerful communication channel, as it covers a large group of SMEs with international ambitions. To illustrate, in the period 2017-2018, network partners provided information, advice and support services to about 220,000 SMEs per year (EASME, 2019). The 2008-2014 evaluation of EEN found that the network efficiently communicated EU policies, with two thirds of network partners actively contributing and these communication efforts being appreciated by the large majority of SMEs (European Commission, 2015b). Furthermore, EEN collects feedback from SMEs on existing and upcoming EU policy measures. However, EEN feedback mechanisms are little used in relation to trade policies (European Commission, 209).

In short, there are connections between a tool like EEN and external trade policy objectives, but there are opportunities to strengthen its contributions. More could be done by enhancing joined up thinking and acting, across particularly DG GROW, DG Trade and DG International Cooperation and Development (DEVCO). All the more so as issues that refrain companies from exporting vary, but can be similar for intra- and extra-EU exports. Common needs include the provision of market information, financial support and connecting with new markets (European Commission, 2018a). Hence, a tool that is particularly strong in promoting trade within the internal EU market is well placed to step up its contributions as regards extra-EU trade.

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4 The EU Trade Helpdesk provides information on the EU market’s import rules and taxes. See https://trade.ec.europa.eu/tradehelp/
5 The Market Access Database is an interactive online service where EU companies can find information on import conditions for more than 100 third countries. See https://madb.europa.eu/madb/
6 The EuroMed Trade Helpdesk, in cooperation with the EU Trade Helpdesk, provides information on market access requirements and other market information on Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Turkey.
3. Avenues to step it up

**Geographical scope**

The geographical scope of EEN merits to continue to be extended to more countries outside the EU. This can include the African continent, where EEN presence is particularly low, currently covering Cameroun, Egypt, Nigeria and Tunisia only. This would fit the Africa - Europe Alliance for Sustainable Investments and Jobs, which seeks to deepen the economic and trade relations between countries on both continents (European Commission, 2018b). It would also fit the EU approach towards Sustainable Business for Africa (SB4A)7 platforms set up in various African countries to enhance public-private dialogue aimed at addressing the challenges that businesses and investors face, to stimulate investment and trade. It can be an impediment that businesses are less formalised and structurally organised in terms of associations or business support organisations in certain countries in Africa and beyond, as such organisations act as network partners in the EEN model. Since BCCs have to be self-financed, considerations should be given to strengthen the capacity of business network organisations in Africa with development cooperation, so as to help addressing such structural issues, as further discussed in the next section.

**Social and environmental considerations**

The European Commission can strengthen the role of EEN to enhance social and environmental sustainability of business development and economic relations between the EU and third countries. This can be done through stronger social and environmental-related criteria and support. This is fully in line with the political guidelines of the van der Leyden Commission (von der Leyen, 2019) and the contours of its European Green Deal. Indeed, the recent communication on the European Green Deal (European Commission, 2019a) states that all EU actions and policies will have to contribute to the European Green Deal objectives, which involve tackling climate and environmental-related challenges and doing so through a just and inclusive transition. By doing so, EEN does not only better serve EU values by addressing climate change, but also further enhances economic opportunities for European ‘green’ companies. For instance, there is a strong business case for circular innovations, investments and trade relations, as is for example recognised by the Netherlands in its circular economy strategy (Government of the Netherlands, 2016). More broadly, it has been estimated that moving to a circular economy could bring the European Union economic growth worth 550 billion euros and could produce 2 million new jobs (Ellen MacArthur Foundation, 2015).

**Feedback to inform the design and implementation of trade-related policies in the EU and third countries**

EEN can be used more to help identify and understand barriers to trade faced by businesses. It is particularly useful that EEN focuses on SMEs, which tend to have less direct access to policy-makers and policy-making processes than large companies.

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Collecting feedback has been part and parcel of EEN since its launch in 2008. Different EEN feedback mechanisms exist currently, with different purposes. This includes SME Panels, the SME Feedback Database and dissemination and promotion of online consultations, as shown in Table 1.

Table 1: SME feedback activities of the Enterprise Europe Network

<table>
<thead>
<tr>
<th>SME Panels</th>
<th>SME Feedback database</th>
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<tr>
<td>Collection of solicited opinions by SMEs in advance on policy themes or legislation proposals of the Commission.</td>
<td>A spontaneous reporting of difficulties resulting from existing EU legislation or policies, experienced by individual companies in the Single Market.</td>
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<tr>
<td>Dissemination and promotion of on-line consultation</td>
<td>Contributing to Impact Assessment Studies of the European Commission</td>
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Source: EASME, 2019

In the period 2017-2018, a total of nine legislative and administrative initiatives have been put to SME panels. This was somewhat less than the previous period, 2015-2016, when the number was 11. In 2017-2018, they focussed amongst other things on the SME definition (GROW), a targeted revision of EU consumer law (JUST) and health claims made on plants and their preparations (SANTE). These nine cases came from five DGs, namely Communications Networks, Content and Technology (CNECT) GROW, Health and Food Safety (SANTE), Justice and Consumers (JUST) and Mobility and Transport (MOVE). Out of the nine SME panels, not one was dedicated to a trade policy matter. It seems a promising tool to put more emphasis on trade policies, particularly as the EEN evaluation (European Commission, 2015) concluded that ‘the Network Consultations prove to be an effective instrument to collect inputs from SMEs in the EU policy making process and it is significantly better than the Commission’s public consultations in reaching SMEs in Europe’.

In the SME feedback database, which captures spontaneous reporting of difficulties resulting from existing EU legislation or policies, 495 cases were registered in the period 2017-2018. The number of cases differ considerably between member states and sectors. The issues that were raised for example related to wrong interpretation of a European legislation at national level; lack of detail in the text of the European legislation; and the European legislation or the procedure negatively / disproportionately affects in particular SMEs. Network members could not only more actively seek to collect feedback on trade policies and register it in the system, the data in the system could also be analysed and used more by policy-makers. Analysing the feedback and disseminating the messages to relevant audiences is required to make collecting feedback a valuable exercise. Furthermore, it can also incentivise SMEs to provide feedback. Indeed, the 2017-2018 annual report of EEN notes that convincing SMEs to provide feedback remained difficult, partly as absence of insights by clients into how their feedback would be used made it difficult to engage them and the lack of evidence of the effect of their feedback put some clients off. Furthermore, it could be considered to expand the SME feedback database beyond EU policies and the single market, to cover partner countries’ trade-related policies.

Communication and feedback on trade can be guided by the communication strategy of EEN. For example, inspiration can be taken from the SME Growth Outlook launched in November 2017 (EASME, 2017). The outlook presents network clients’ expectations for job creation, market share
and turnover for the year ahead. The EU-wide data was combined with a country-by-country breakdown. Network partners can use this additional communication material at local level. The 2017 outlook was the first time that EASME used network data in a formal publication. A similar approach could be taken to communicate on barriers to trade faced by network clients through a flagship publication and related communication material. Furthermore, the communication strategy promotes a story-telling approach, putting network partners and clients centre-stage. So far, it mainly evolved around success stories, but a story-telling approach can also be used to present SMEs and the trade policy issues they face.

**In sum**

The reflections and suggestions in this section to strengthen the linkages between EEN and trade policies may represent low hanging fruit, to help EU SMEs take better advantage of EU trade policy frameworks, addressing potential trade-related bottlenecks, feedback into EU trade policy formulation and enhance sustainability dimensions, notably related to the circular and green economy. These fruits can be picked during the next phase of its life under the new EU financial framework after 2021. In the long-run, this can contribute to higher added-value and longer-lasting impact on client businesses and more sustainable EU international trade.

4. Development cooperation as a lever

Development cooperation funding can support local business organisations to qualify as EEN network members (Große-Puppendahl et al., 2016a,b). Furthermore, development cooperation can contribute to strengthening the services of business supporting organisations (BSOs) provide to their local firms, including as part of the EEN network. As such, it can contribute to making EEN work for sustainable private sector development in partner countries and their trade and investment relations with the EU. Match-making and other EEN services of EEN can also be provided to companies that have been strengthened with development cooperation support.

An example in Latin America where synergies are being sought is the EU development cooperation programme in Latin America AL-INVEST. Strengthening Latin American business organisations is part of this programme. It has included a contribution to the dissemination of best practices from the EEN network towards Latin American BSOs attached to EEN. As such, it has supported knowledge sharing and network-building between Latin American nodes and their European counterparts. AL-INVEST and EEN have also jointly organised match-making events, such as an event in October 2018 in France that connected international buyers with Latin American food and drink exporters.

Another specific example is the Dutch Netherlands Enterprise Agency (RVO) and its Centre for the Promotion of Imports from developing countries (CBI). RVO is an EEN network partner. CBI strengthened the capacities of certain South American companies to export to the EU, through Official Development Assistance (ODA). EEN was then brought in to match these companies supported by CBI with European biological producers and traders at the BIOFACH trade fair. Furthermore, the 2008-2014 evaluation of EEN noted that interviewees reported clear synergies between EU development cooperation activities and EEN in India and China (European

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9 [https://sial-paris-matchmaking-een.b2match.io/](https://sial-paris-matchmaking-een.b2match.io/)
Commission, 2015b). Strengthening the linkages between EEN and trade promotion agencies, complemented by development cooperation when needed, could prove an effective venue.11

**Box 1: The AL-INVEST programme in brief**12

AL-INVEST is a flagship programme of EU cooperation with Latin America. It promotes inclusive growth and aims at creating opportunities through facilitating the internationalisation of Latin American SMEs, in collaboration with their European partners. AL-INVEST started as a two-year pilot programme in 1994, and is since 2016 in its fifth phase.

AL-INVEST 5.0 is called ‘Inclusive Growth for Social Cohesion in Latin America’. It is implemented by an international consortium led by the Cámara de Industria, Comercio y Turismo de Santa Cruz de Bolivia (CAINCO). Within the framework of the programme, Latin American SMEs receive training and technical assistance to improve their productivity and competitiveness, participate in business meetings in relevant trade fairs, and have access to information as well as to advice on market opportunities, potential clients or business partners and EU legislation and policies. AL-INVEST supports the development of, and works with, business support organisations.

Looking forward, EEN and development cooperation support linkages seem particularly relevant in Africa. The continent houses countries with weak business organisations and support services, and weak capacities of private sector actors to engage in a socially and environmentally sustainable way with European companies. It appears that something along these lines is being considered in South Africa. The EU supports structured dialogue with the private sector in that country and possibilities for establishing a South African node of EEN are reportedly being explored (European Commission, 2018c).

Furthermore, feedback on trade bottlenecks between the EU and low-income countries collected through the EEN network can feed into development cooperation efforts to remedy those bottlenecks. Beyond EEN, other mechanisms can also play such roles, such as EU Business Groups in partner countries (European Commission, 2018c). Insights from companies and public-private dialogue more generally can guide development cooperation. This is in essence the third pillar of the External Investment Plan, focussed on structured public-private dialogue, including the SB4A initiative (European Commission, 2019b).13 The aim of this pillar of the EIP is indeed to be instrumental in helping identify specific bottlenecks that governments can address and that the EU can support through technical support and policy/political dialogue. EEN can thus be a valuable tool in a broader toolbox.

**In sum**

Enhancing synergies between commercial tools such as EEN and development cooperation can be conducive for sustainable private sector development and trade, as argued in this section. When doing so, care needs to be taken that development cooperation serves sustainable development objectives, rather than pure EU economic interests. In fact, in the spirit of Agenda 2030, commercial instruments such as EEN also need to take social and environmental sustainability into account. Indeed, lines between development cooperation and economic diplomacy are increasingly blurred. Only the more reason to enhance synergies.

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11 See for instance Grumiller and Reza (2019) for a discussion on import promotion as an instrument of development cooperation.

12 [http://www.alinvest5.org](http://www.alinvest5.org)

5. Concluding remarks

EU trade policies can be a strong vehicle to ensure that enterprises can make the most out of growth markets outside the EU. Trade and investment promotion tools such as EEN can contribute to making better use of trade policies and agreements to deliver real results for consumers, workers and businesses, with respect for the planet and human rights. For example, EEN provides information and advice to companies - within and beyond the EU - to better understand trade policies and opportunities between the EU and third countries, and match businesses.

However, EEN does not seem to be used for this purpose in a fully consistent and strategic manner. A more integrated approach can be taken, to use EEN to its full potential for sustainable trade objectives. For example, the geographical scope of EEN could be extended to more third countries, it could have stronger social and environmental sustainability criteria and support, and valuable EEN feedback systems can be used more to help identify and understand barriers to trade faced by SMEs, to subsequently address them.

Stronger synergies with development cooperation efforts can be conducive. Through development cooperation, local business organisations can for example be supported to qualify as EEN network members and strengthen the services they provide to their local firms, including as part of the EEN network.

Institutional coordination should be the driver. Stronger coordination and collaboration between European Commission DGs such as DG TRADE, DEVCO, DG GROW will be instrumental in moving to a more unified approach. Also within EU delegations in partner countries coordination between different sections can be further strengthened, as well as between the EU and its member states’ representatives and instruments. This joint up thinking and working for sustainable trade is fully in line with the priorities and initial directions taken by the European Commission that came into office in December 2019.
Bibliography


