

Opinion of the Economic and Social Committee on 'SMEs in frontier regions — problems encountered in cross-border business relations, including those relating to technical requirements'

(97/C 206/15)

On 26 March 1996 the Economic and Social Committee, acting under the third paragraph of rule 23 of its rules of procedure, decided to draw up an opinion on 'SMEs in frontier regions — problems encountered in cross-border business relations, including those relating to technical requirements'.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 March 1997. The rapporteur was Mr Muller and the co-rapporteur Mr Folias.

At its 345th plenary session of 23 and 24 April 1997 (meeting of 23 April) the Economic and Social Committee adopted the following opinion by 79 votes in favour with two abstentions.

1. Introduction

1.1. A Europe which aspires to being frontier-free must pay particular attention to what is going on along the frontiers to be abolished. Intra-Community frontier regions cover a significant proportion of the EU's territory. The cross-border scope of Community policies is clear, but their implementation sometimes differs significantly between neighbouring Member States. These divergences and the efforts made to achieve integration and cohesion have a different (i.e. direct) impact on the citizens of these regions, with their obvious political, demographic, economic, social, cultural, geographical and historical peculiarities. The exchange which takes place in these frontier regions helps us to pinpoint any shortcomings needing to be remedied and to devise ways of doing this.

1.2. It is generally recognized that EU SMEs⁽¹⁾ together promote social stability and economic development. It therefore follows that these enterprises can make a decisive contribution to reinforcing the role of frontier regions as a pivot and bridgehead in the development of the single market. These enterprises cover diverse fields of activity. They generally serve a local and easily identifiable clientele. They do not enjoy the anonymity conferred by distance. They have to organize themselves and develop strategies for integration into a large cross-border regional market, with all its peculiarities.

1.3. Their contribution is not only of an economic and social nature. It can also give an impetus in many areas such as cultural life, exchanges of experience, the

search for best practices, the exploitation of human relations, mutual understanding and respect for the specific features of the regions in question. In order to be able to make this contribution, and for it to bear fruit, SMEs have to be able to operate in an environment which meets the essential operating requirements of the single market.

1.4. The purpose of this opinion is to consider, on the basis of information gathered in the course of meetings with the economic and social interest groups directly concerned, the extent to which these essential conditions are met and the nature of the problems which may be encountered by SMEs in cross-border trade.

1.5. The information thus obtained, supplemented by studies carried out in a number of frontier regions, make it possible to draw conclusions which apply generally to SMEs operating in these regions.

1.6. The Economic and Social Committee, and more specifically its single market observatory, feels that the specific analysis of problems on the ground, at the level of ordinary people, and in this case SMEs can make it easier to assess the operation of the single market correctly.

1.7. The Committee, in its capacity as representative of the European Union's economic and social interest groups, does not merely intend to draw conclusions. It must also send a message and address proposals for action to the Commission, the European Parliament and the Council with a view to solving problems and removing obstacles which could prevent large numbers of citizens from feeling the full benefit of the enlarged market. These people's hopes must not be disappointed.

⁽¹⁾ Commerce, crafts, tourism, services sectors etc.

The Committee would also refer to some of its opinions on the operation of the single market⁽¹⁾.

1.8. The problems facing SMEs in intra-Community frontier regions vary greatly in intensity and with regard to their priorities. Nonetheless, they do have certain points in common. To some extent they also affect Member States with limited intra-Community frontiers, or none at all. The specific problems resulting from this geographical and political situation must not be misunderstood. They should be specifically analysed, particularly in the context of EU enlargement policy.

1.9. Moreover, problems of various kinds relating to intra-Community trade and the principle of freedom of movement are already occurring in countries which are party to the EEA agreement, which entered into force on 1 January 1994, i.e.: Norway, Iceland and Liechtenstein. In this respect these countries belong to the EU's field of action.

2. Assessment

2.1. General

2.1.1. A considerable number of problems meriting consideration came to light at the Luxembourg and Innsbruck hearings. It would be impossible to enumerate these in detail in this opinion, and so the Committee has decided to list them separately in an appendix or summary. This does not in any way diminish their importance. For information, the main problems mentioned were: excessive administrative burdens and regulatory constraints in relation to the volume and frequency of cross-border trade, procedures for registering firms, unsuitable ecotax systems and rules on packaging, tax and social representation, double taxation of firms and workers, unsuitable means of redress, limited access to public contracts etc.

2.1.2. The problems identified are often common to all SMEs. They are however specific insofar as they are perceived differently when they occur in both a national and cross-border regional integration context.

2.1.3. In stressing the need for an integrated policy in favour of SMEs, the Committee is of course thinking in terms of the operation of the single market and the strengthening of cohesion in Europe. The peripheral position of many frontier regions of the EU puts them at a disadvantage vis-à-vis more central regions. They deserve special attention therefore in order to promote their economic growth and to improve their employment potential. This will also enable SMEs to increase their radius of activity, which was previously limited by the frontiers of neighbouring states.

2.1.4. At the initiative of the SMEs' trade organizations and with the support of the Commission (in particular DG XXIII) various studies describing the situation in the regions and proposing solutions have been carried out before and since the completion of the internal market in 1993. The single market observatory will be able to use this work and thus avoid having to set out in this opinion the whole range of obstacles to the operation of the single market in the sectors and regions concerned⁽²⁾.

2.1.5. These studies, reports and interventions, as well as the meetings held with the economic and social interest groups concerned reveal that, apart from the obstacles which will be dealt with in point 2.2 below, the opening up of frontiers and the application of the rules on freedom of movement have, in some sectors at least, given rise to a new dynamism on the part of firms and their representative organizations, supported to some extent by their respective public authorities and the European Union⁽³⁾.

(1) Strategic programme on the internal market, OJ No C 304, 10. 11. 1993, p. 10; Report on the single market, OJ No C 195, 18. 7. 1994, p. 6; SMEs: integrated programme, fiscal environment 2nd annual report of the European observatory for SMEs, OJ No C 102, 24. 4. 1995; 2nd annual report on the single market, OJ No C 39, 12. 2. 1996, p. 70; 3rd report of the European observatory for SMEs, OJ No C 82, 19. 3. 1996; 3rd report on the single market, OJ No C 212, 22. 7. 1996, p. 40; Integrated programme for SMEs, OJ No C 56, 24. 2. 1997.

(2) a) Twelve studies on small firms and craft enterprises in frontier areas carried out in 1995-1996.

b) Seven trans-frontier business development offices (BDTE) established in the frontier zones between Austria and Italy, the UK and Ireland, Spain and France, Germany and France, Germany and Belgium, France and Belgium and Italy and France have drawn up activity reports.

c) Small firms and craft enterprises in frontier areas, one of the main themes discussed at the second European conference of small firms and craft enterprises in Berlin (26-27 September 1993).

(3) Consultation meeting in Luxembourg, 11 November 1996: Rhineland-Palatinate, Saarland, Lorraine, the Belgian Province of Luxembourg, the Grand Duchy of Luxembourg; and Innsbruck, 21 November 1996: Austria, Italy, Bavaria.

2.1.6. The following effects and prospects, which can be regarded as positive for the operation of the single market should be mentioned:

- new opportunities for expansion and diversification for dynamic and efficient firms as a result of the enlargement of their geographical range, but without the problems which physically moving the firm would entail;
- SMEs' efforts to adapt in order to respond to increased competition in a relatively small area and to the needs and habits of 'new' consumers;
- focusing of efforts to achieve greater competitiveness, and a resulting greater awareness of the need for urgent action on a number of operational levels: requirement to adjust management methods, improvement of vocational skills, efficiency of investment policies, appropriate forms of cooperation, synergy and information across borders, detection of common problems, and implementation of solutions. This positive approach is illustrated by the specific activities carried out, which are often based on bilateral agreements concluded in a spirit of partnership;
- development of new and additional activities in SMEs as a result of increased cooperation and greater diversity of demand in frontier regions, thus creating new job opportunities;
- testing not only of SMEs' potential for flexibility and mobility, but also of the structure, operating methods and efficiency of their trade organizations and other support bodies, whose catalytic and multiplier effects should be stressed;
- exploitation of the euro info centres established with the support of the Commission and encouragement of general or sectoral local and regional initiatives: information and coordination agencies covering specific areas such as public purchasing, technical standards, waste management and protection of the environment; services aimed at the study of cross-border markets, providing information and raising awareness with regard to exports, collective and individual participation in exhibitions in the region, organization of meetings to promote inter-firm cooperation activities, sometimes in collaboration with the region's research institutions.

2.2. *The obstacles*

The Committee's initiative is aimed at a better understanding of the problems of SMEs, and the single market observatory sets out to emphasize the real concerns of these enterprises.

2.2.1. Although the Committee highlights aspects such as those described in point 2.1.5 above, this is not however to minimize the concerns of SMEs in frontier regions. Rather it is out of a concern for objectivity and in order to sketch out an approach which could improve the situation. Following discussions, albeit fragmentary, with the enterprises concerned, the Committee has noted the following points:

2.2.2. The problems encountered by all SMEs with the operation of the single market have been discussed in various Committee opinions, and in particular those drawn up by the single market observatory. With regard to the more specific problem tackled in this opinion, the Commission is in possession of very detailed information on the difficulties encountered by SMEs operating in frontier regions. The political authorities of the Member States concerned cannot be unaware of the situation; MEPs are informed. For the purposes of this opinion therefore, the Committee does not need to carry out a new investigation.

2.2.3. The obstacles and hindrances which the Committee believes it has identified in a general way of course include some of a general nature and which do not relate exclusively to frontier-region SMEs. However they may be felt more acutely by such enterprises. They need therefore to be considered from this angle.

2.2.4. In view of the development of the EU and the necessary process of opening up, it is sometimes asserted that frontiers are 'all in the mind'. It could equally well be said that entrenched attitudes die hard. This does not however in any way absolve us of the duty of seeking out the actual and probable causes of the psychological barriers also mentioned by the SME representatives interviewed.

2.2.4.1. The causes may lie with the decision-makers and players at any given level. They may include inadequate information or technical jargon which is incomprehensible to the uninitiated and impedes understanding of the successes and hazards of the European endeavour. Other causes might be an inaccurate or incorrect assessment of the situation or the extent to which the single market makes itself felt in the everyday life of citizens and SMEs in frontier regions. Or a relative failure to listen, both from the top down and from the bottom up.

2.2.4.2. They may arise from statements by politicians or in the media, which may be either wildly optimistic

and speculative, self-deluding or dangerously downbeat. Or resistance to political, economic, social and cultural change and changes in habits and attitudes.

2.2.4.3. These causes will take a long time to mitigate and eventually eliminate. And this can only be done by repeatedly hammering home a positive message based on actual facts. Reaching the firms in question will require the establishment of an environment which encourages SMEs to become active in their frontier region and to surmount barriers through an effort of will and by their own efforts.

2.2.5. Apart from these psychological barriers there are also obstacles inherent to SMEs, as opposed to larger firms, particularly those doing regional, cross-border business. Heads of SMEs wishing or obliged to extend their activities beyond frontiers may come up against obstacles such as: the small size and inadequate structure of the firm, lack of information on neighbouring markets, lack of experience of trade practices, lack of strategic back-up and suitable training, lack of financial resources, inadequate knowledge of support instruments, hesitation between a plethora of initiatives, administrative formalities and regulatory constraints. Clearly appropriate actions must be reinforced at national level and within the trade associations, possibly with the support of the Commission.

2.2.6. In the frontier regions there are obstacles of a geographical, historical or political nature to the development of a 'cross-border culture', which, leaving linguistic problems aside, contributes greatly to cross-border integration and the opportunities for SMEs. In the case of frontier regions and areas without such a culture, development programmes should aim to promote systematically the development of an economic fabric in which SMEs in various sectors would have a place. SME representatives should be involved in the drawing up and implementation of such programmes. It is interesting to note that, in the framework of the initiatives undertaken to establish a better coordinated and more coherent cross-border regional policy for the Saar-Lor-Lux region (Germany-France-Belgium-Luxembourg), the establishment of an inter-regional economic and social council is apparently envisaged, which would enable the economic and social interest groups to be more directly involved in the implementation of the policy.

2.2.7. Analyses of integration in frontier regions show that, as in all the EU's regions, obstacles linked to laws and regulations, and particularly their application, are significant. These obstacles are a constant irritant in frontier regions. They sometimes take on grotesque proportions, to such an extent that SMEs are actually forced to abandon plans or else to circumvent the obstacles in ways which, whilst ingenious, lead to intolerable discrimination and distortions of competition. The many difficulties reported often relate to the complexity of Community law and its practical application. Applications have been made for the alleviation and simplification of administrative burdens, in particular in connection with the Intrastat system.

2.2.7.1. Differences between the laws and regulations of the Member States, e.g. with regard to tax, social security, labour law and public notice rules, can create major difficulties or intolerable barriers if they give rise to discrimination or unfair competition and if they are used to justify deliberate administrative obstruction.

2.2.8. Among the ranks of the frontier SMEs it is administrative obstacles, cumbersome procedures and unsuitable methods of redress which are the main sources of concern and disenchantment with the development of the European Union. The Committee emphasizes the need for national, regional and local authorities to develop greater flexibility in the application of rules.

2.2.8.1. With regard to free access to the frontier markets of neighbouring countries and the various forms of establishment (permanent establishment, temporary or occasional provision of services), the difficulties encountered are many, and they are often perceived as obstructive and discriminatory insofar as they particularly affect non-domestic firms.

2.2.9. The apparently inexhaustible subject of technical standards has been dealt with at substantial length and depth in the ESC Opinion CES 690/96 (rapporteur: Mr Jaschick) on 'technical standards and mutual recognition'⁽¹⁾ followed by evidence recorded during the hearings in Stockholm and Milan, January 1996. More specifically, in the above mentioned opinion the Committee has treated the 'attempts' to remove technical barriers to trade, has recorded the current situation and has proposed a number of recommendations. These recommendations are still valid.

2.2.9.1. It has been estimated that in 1985, more than 100 000 different national technical specifications

⁽¹⁾ OJ No C 212, 22. 7. 1996.

coexisted in the, then, EEC. Furthermore, an average of more than 450 new national technical rules for products are notified to the Commission every year. If this situation continues, the single markets becomes an unreachable utopia with the effective choice of one of two evils: higher production or adaptation cost, or zero export opportunities. It should be kept in mind that 76 % of the value of intra-EU trade is subject to mandatory technical specifications.

2.2.9.2. Technical requirements can affect design, production, sales, marketing and after-sales servicing costs and policies, undermining the very business operations they were intended to support. The effect of these requirements, which arise from the different approaches applied, is clear when you consider the degree of harmonization already achieved ⁽¹⁾.

2.2.9.3. Sectors which are decisively affected in cross-border trade are:

- Construction products and services: lack of harmonized standards; building regulations; construction codes; construction requirements; technical conditions/terms of reference; security measures for installations (electricity, gas, plumbing, etc.);
- Foodstuffs (bakery — meat — dairy products): veterinary legislation; different ingredients allowed per country; storing conditions during distribution; invoicing; labelling; registration requirements.

2.2.9.4. Other sectors in general, and therefore trans-frontier trade too, affected by various technical barriers are:

- Pharmaceutical products: national reimbursement schemes; price controls; banned ingredients; registration procedures;
- Motor vehicles: differences in tax treatment; age of second-hand cars;
- Machinery: high cost of testing and conformity assessment; voltage differences; gas supply differences; different types of plugs;

⁽¹⁾ 34 % of trade is already harmonized by the old approach (detailed harmonization); 17 % of trade is now, or will soon be, covered by the new approach; 25 % of trade is subject to national technical regulations without harmonization, so it depends upon the mutual recognition principle; 19 % of trade is covered by mutual recognition arrangements, but half of it (10 %) comprises products already harmonized under the new approach; only 15 % of trade is covered neither by harmonization nor by mutual recognition arrangements.

— Toys: barriers to advertising methods; safety requirements;

— Medical devices.

2.2.10. In the light of the technical requirements which the Committee has had occasion to discuss in its various opinions and of the areas listed above in which SMEs encounter problems of varying severity, the following problems particularly affecting SMEs in frontier regions can be enumerated:

2.2.10.1. Each year some 500 product standards are established. Implementing standards do not however keep pace. This creates uncertainty, which may have a real impact on the activities of SMEs regularly operating across frontiers. Such firms have to operate within relatively short deadlines and cannot afford delays resulting from imprecise technical standards.

2.2.10.2. Technical requirements linked to safety standards for gas and electric installations and other areas of construction may create difficulties where specific rules in a given Member State differ from those in a neighbouring Member State. In such cases possible discrimination or distortions of competition need to be guarded against.

2.2.10.3. In general terms SMEs in frontier regions expect to see a steady improvement in the transparency of technical requirements in force in neighbouring Member States. Apart from language problems, other obstacles arise in connection with the definition and interpretation of technical rules, whether Community or national, thus impeding cross-border relations.

2.2.10.4. In frontier regions it might be worthwhile examining more closely opportunities for, and improved forms of, cross-border cooperation with regard to the transfer of new technologies, where appropriate in collaboration with technology and research institutions.

3. Proposals

3.1. Without prejudice to the proposals made by the ESC in some sixty opinions on the internal market or to the numerous recommendations made by the single market observatory since it was established in 1994 ⁽²⁾,

⁽²⁾ The single market in 1993, OJ No C 393, 31. 12. 1994; The single market in 1994, OJ No C 39, 12. 2. 1996; The single market in 1995, OJ No C 212, 22. 7. 1996; Commercial communications; Technical standards, OJ No C 212, 22. 7. 1996; Public contracts, OJ No C 212, 22. 7. 1996; Encrypted services, OJ No C 66, 3. 3. 1997.

and in addition to the conclusions to be drawn from the various studies and analyses carried out, in part with the support of the Commission, the ESC wishes to stress a number of actions and measures which could improve the situation outlined above. These actions are situated within various fields of responsibility.

3.2. EU level

3.2.1. The Commission's reports on the single market generally draw conclusions on macroeconomic problems. The ESC is in no way critical of this approach to the evaluation of the results of completion of the internal market. It feels however that greater emphasis should be placed on the situation as it is felt on the ground, at the grass roots of Europe, as it feels that 'minor questions' may be highly relevant to the development of 'major questions'. The opinions which the Committee would like to draw up on specific problems thus deserve the attention of the Commission and the Council.

3.2.2. This approach would probably necessitate the removal of certain lines of demarcation which appear to exist at the Commission and which might stand in the way of systematic coordination, integration and cooperation. An example is the call by the parties concerned for the publication of a *vade mecum* for trans-frontier SMEs. Clearly this would require effective cooperation between various Directorates-General in view of the overlapping of Community policies and actions (in this case: regional development policy, structural funds, cohesion funds, integrated programme in favour of SMEs, environmental protection including waste management, freedom of movement and establishment, mutual recognition of qualifications, sector liberalization, public contracts, tax, competition policy etc.). The EICs would have a role to play in work of this kind.

3.2.3. The Committee would like to see the establishment of transfrontier enterprise development offices (BDTE) along the lines of that set up by France and Belgium with the support of the Commission. This kind of initiative deserves wider support, particularly in regions which do not have appropriate organizational structures. These offices ought to function independently of national administrations and receive support from the Commission's national and regional offices and the EICs. They should be empowered to alert the Community authorities to obstacles to the operation of the single market and, where necessary, to forward complaints to the competent bodies.

3.2.4. The Committee appreciates the Commission's current efforts to achieve better coordination of activi-

ties. It also notes with satisfaction that the Commission and the Council attach importance to better integration of SMEs into the various policies. The Committee asks that this positive initiative not be devalued by a failure to recognize the problems needing to be resolved in frontier regions.

3.2.5. In this connection, the Committee asks the Commission to take account of this opinion in drawing up various documents on its 1997 work programme. It is worth mentioning here the work which DG XVI intends to do with a view to 1) a recommendation on the strengthening of cross-border cooperation and the achievements of, and prospects for, interregional cooperation and 2) a communication on regional and competition policy.

3.2.6. In the Commission's various operational programmes in favour of SMEs it is important that there be greater openness and that their regulatory and administrative provisions be more closely geared to the actual situation in frontier regions (Leonardo, Socrates, Craft, Brite-Euram, Interreg, Leader, Adapt, Urban, Enterprise, Eures, Lingua, Structural Funds etc.).

3.2.7. Improved intra-Commission cooperation in the field which concerns us here could probably be achieved by giving DG XXIII, which is responsible for SMEs, a coordinating function which would also involve establishing an information and study mechanism jointly with the ESC's single market observatory.

3.2.8. The Committee asks the Commission to ensure that SME representatives, who are aware of practical problems at frontiers, also be involved in future work on the SLIM initiative. The same goes for work on the consolidation of EU regulations, which is becoming increasingly urgent.

3.2.9. The Commission's Communication on the impact and effectiveness of the single market (COM(96) 520 final of 30 October 1996) refers to an action programme aimed, *inter alia*, at the elimination of the remaining barriers. If this action programme is to be effective, attention should be paid to forms of consultation enabling account to be taken of the specific situation in frontier regions.

3.2.10. The manifest shortcomings with regard to claims by firms and redress, the lack of rapid, reasoned and effective follow-up and the relative impotence of intermediaries in dealing with barriers are calculated to destroy the confidence which SMEs and their representatives would like to have in the EU. A suitable system of redress should be introduced, at the latest by the action

programme on the operation of the single market announced by the Commission. A prior analysis of the present situation with regard to redress is indicated.

3.2.11. The role of the EICs in passing information on the operation of the single market up and down the chain should be spelt out. In so doing, it should be ensured that the information supplied by government bodies is reliable and matches the requirements of the EICs. It might be worthwhile seeking cooperation between SME and consumer.

3.2.12. In order to establish common positions and practices and map out appropriate action, the Commission should as soon as possible set up, in collaboration with the ESC's single market observatory, a system of periodic but regular consultations with the EICs, the BDTEs and the occupational organizations concerned. A specific discussion of the usefulness of the one-stop-shops would also be worthwhile.

3.2.13. The ESC notes that intermediaries and support bodies already exist in this area, and that they have already adopted interesting and innovative initiatives, which are however often insufficiently well known and underestimated. These bodies should be encouraged in their work

3.2.14. In order to encourage the parties concerned to set up and implement actions and programmes to facilitate the integration of SMEs in frontier regions, the Committee calls for a programme of action and incentives in the form of competitions and prizes for best practices which could serve as models for other frontier regions

3.2.15. Supporting bodies such as NORMAPME, which is linked to UEAPME, in defining and applying technical standards, makes it possible to focus on the specific problems of SMEs in general and those in frontier regions in particular.

3.3. *National and regional level*

3.3.1. Quite a few of the above proposals aimed the Commission, as the Committee's direct discussion partner, should also be reflected in actions proposed and implemented by the Member States and regional bodies.

3.3.2. Correct implementation of Community legislation in national law is of course essential. Here national authorities need to ensure that the problems of operators — and particularly SMEs — in their frontier regions are properly taken into account.

3.3.3. By concerted and judicious action Member States can help alleviate language problems.

3.3.4. The provision of appropriate information on bodies and administrations which could serve as direct and useful discussion partners, and the centralization of claims submitted to Member States by firms and their representative organizations, could help put an end to a problem of anonymity which is damaging to all the parties concerned.

3.3.5. The Member States and the regional authorities would do well to set up clearly defined and understood structures with the task of developing relations with the competent authorities of the neighbouring Member State(s) and mechanisms to facilitate pragmatic solutions and bilateral agreements. This approach would be valuable in eliminating barriers, which do not always relate to legal disparities and which can be handled pragmatically. Similarly, at the Commission, platforms for specialized problem-solving could help re-establish the waning confidence in the single market. The economic and social interest groups should be involved as far as possible in this.

3.3.6. The ESC is aware that there are various, both objective (differing legislation and administrative practices) and subjective reasons (changing habits, uncertainty, protectionist reactions) for opposition and disagreement on the part of governments and administrations. Actions are therefore needed aimed at better mutual understanding with a view to achieving a *modus vivendi* acceptable to all the parties involved. Here account should be taken of the role of the local and regional authorities and the positive initiatives taken by firms and their representative organizations which, far from being regarded as marginal, deserve concrete encouragement.

3.3.7. Although the Commission feels that the current Community rules are adequate to deal suitably with the technical requirements, attention should be drawn to the possibility of proceeding via bilateral agreements, which could, if certain conditions with regard to consultation are met, make things easier for frontier SMEs.

3.4. *Occupational organizations, support bodies and intermediaries*

3.4.1. The role of the SMEs' representative organizations in the development of cross-border activities and the positive impact of their awareness-raising and cooperation initiatives have been repeatedly highlighted above.

3.4.2. These bodies' powers of intervention and persuasion in the SME sectors are however limited. And they will be greatly diminished if the vision of a cross-border culture is at odds with actual practice and if there is resistance to action in this field and the prospects for the future. A wide range of action is possible. Action to counter protectionist pressures and the damaging effects of discontent and defeatism. Accurate and direct information campaigns, the establishment of action and reaction strategies for firms wishing to engage in cross-border business, support for various forms of cooperation stressing the usefulness of, and need for, positive commitment by all the parties concerned, improvement of the investment credit system — possibly with appropriate support from financial and credit institutions operating in frontier regions — the presentation of arguments based on a clear perception of the situation, placing matters in a broader perspective and in the context of opportunities for development. This work will not be easy and it is likely to attract criticism from various quarters. But the value of the work is to be found in the determination and the strength to take on responsibility for supporting SMEs and to confront upheavals of whatever kind. Here, as elsewhere, the crucial question of faith in the Citizens' Europe arises. EU politicians must not destroy this faith.

3.4.3. The bodies concerned should ensure that they are in a position not only to appreciate new opportunities opening up for firms, but also to seize the opportunity to design and launch new operations aimed at establishing a broad consensus in the sectors of activity, within economic and social interest groups and consumer groups, to take on what is perhaps a new role, that of mediator, and to strengthen their structures and their credibility and effectiveness.

3.4.4. These bodies should, in the light of the concerns and successes of these enterprises, ensure that they are listened to, understood and supported by all parties able to contribute to creating a climate which will enable

these firms to integrate themselves into an enlarged cross-border market.

3.4.5. The Committee appeals to the organizations representing European SMEs to pay greater attention to the problems highlighted in this opinion. The Committee offers them effective on-going co-operation in this endeavour.

4. Conclusions

4.1. In the light of the findings and proposals set out above, the Committee and its single market observatory must draw certain conclusions as to the role they will be able to play as the EU's consultative body representing the economic and social interest groups — including SMEs — and as an institution entrusted with the task of observing the operation of the single market.

4.2. In the light of its relations with the economic and social interest groups, the Committee needs to think about ways of improving the exchange of information with its discussion partners with regard to the need and opportunities for integration of frontier SMEs into the development process. At the same time channels of communication will need to be mapped out facilitating more systematic monitoring of Community policies and programmes and of the results obtained by firms operating in frontier regions.

4.3. On the basis of this opinion, of its findings and of the measures needing to be taken, the Committee hopes to exploit to the full its role as a direct and privileged discussion partner of the Commission and European Parliament.

4.4. The Committee will be considering the best way to contribute to the collection and dissemination of experience gained and of model activities undertaken in the various frontier regions of the European Union.

Brussels, 23 April 1997.

*The President
of the Economic and Social Committee*

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