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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. prev. doc.:	10318/22 FIN 673 COMPET 507 IND 237 MI 484 RECH 386
Subject:	Draft Council conclusions on the European Court of Auditors' special report No 7/2022: "SME internationalisation instruments: A large number of support actions but not fully coherent or coordinated" - Approval

1. On 17 May 2022, the European Court of Auditors published special report No 7/2022 entitled "SME internationalisation instruments: A large number of support actions but not fully coherent or coordinated".
2. Pursuant to the rules laid down in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors¹, the Permanent Representatives Committee, at its meeting on 15 June 2022, instructed the Working Party on Competitiveness and Growth (Industry) to examine the special report in accordance with the rules laid down in the above-mentioned conclusions, and to draw up draft Council conclusions on the special report.

¹ Doc. 7515/00 FIN 127 + COR 1.

3. The Working Party on Competitiveness and Growth (Industry) examined the European Court of Auditors' special report No 7/2022 at its meeting on 20 June 2022.
 4. At the same meeting, the Presidency presented a proposal for draft Council conclusions on this special report, set out in doc. 10318/22. The Working Party discussed the Presidency proposal. No delegation raised objections to the text proposed by the Presidency, as set out in the ANNEX to this note.
 5. The Permanent Representatives Committee is therefore invited to recommend to the Council to adopt, as an "A" item, the draft conclusions set out in the ANNEX to this note.
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DRAFT COUNCIL CONCLUSIONS
on the European Court of Auditors' special report No 7/2022:

**"SME internationalisation instruments: A large number of support actions
but not fully coherent or coordinated"**

THE COUNCIL OF THE EUROPEAN UNION

1. WELCOMES the European Court of Auditors' special report No 7/2022 entitled "SME internationalisation instruments: A large number of support actions but not fully coherent or coordinated" and TAKES NOTE of the Court's observations;
2. HIGHLIGHTS the importance of small and medium-sized enterprises (SMEs) and micro-enterprises as the backbone of the EU economy, notably for the creation of jobs; RECALLS that, in 2021, approximately 99% of all businesses in the EU were SMEs, generating more than half of the EU's economic output and employing around 100 million people, corresponding to two thirds of all jobs in the non-financial business sector¹;
3. NOTES, however, that SMEs were less active in international markets than larger companies, both in terms of exports and with regard to imports and technical cooperation, and accounted for only 30% of the total value of exports to non-EU countries; TAKES NOTE of the Court's reasoning that internal and external factors such as a general lack of knowledge about international trade or business opportunities, complex foreign laws, customs regimes and other administrative barriers, limited resources and capabilities, risk aversion, and poor awareness of public support schemes prevented SMEs from engaging in internationalisation as readily as larger businesses;

¹ According to European Commission data.

4. UNDERLINES that internationalisation is a significant driver of growth in the EU and that helping SMEs to address these challenges, overcome the obstacles and expand their businesses to international markets both within and beyond the EU through a coherent and coordinated strategy can make an important contribution to the EU's economy;
5. ACKNOWLEDGES the Commission's and Member States' efforts in addressing the identified challenges and the Commission's commitment to undertake actions in support of European SMEs' international growth in line with the objectives and principles set out in its communication entitled "Small Business, Big World" of 2011² establishing an EU strategy for SME internationalisation;
6. TAKES NOTE of the Court's conclusions that:
 - the Commission's implementation of the strategy for SME internationalisation has been incomplete as there is still no up-to-date inventory of all relevant actions in this field which would allow to identify gaps, overlaps and potential synergies among existing actions, but also no progress monitoring and no periodical evaluation of the strategy's effectiveness;
 - the financial sustainability of EU actions has not always been sufficiently addressed; and
 - not all projects achieve long-term continuity.
7. WELCOMES the Court's assessment that the Enterprise Europe Network (EEN) has reached its main targets in providing support to SMEs with international ambitions; APPRECIATES the views of EEN members that the support provided by the Commission is useful; STRESSES, nevertheless, the need for further efforts in terms of the EEN's visibility, coordination with similar EU, national and regional instruments, coverage in non-EU countries and capacity building in order to increase awareness and accessibility;

² Doc. 16764/11.

8. TAKES NOTE of the Court's findings that the Startup Europe initiative merely addresses the needs of start-ups in the short term, but lacks continuity, that the monitoring of the initiative's results is not sufficient for evaluating the extent to which it contributes to SME internationalisation, and that there is only limited coordination with national programmes providing support to start-ups and scale-ups;
9. SUPPORTS the Court's recommendations to the Commission to:
- increase awareness, coherence, coordination and sustainability of the support to SME internationalisation;
 - increase the visibility of the EEN, its cooperation with other similar programmes, the outreach of its training activities, and the geographical coverage of key third country trading partners;
 - improve the monitoring and long-term effectiveness of the Startup Europe initiative.
10. ASKS the Commission to take the European Court of Auditors' special report No 7/2022 and the Court's recommendations into account in its policies, make the information on SME internationalisation support more readily available and bring its programmes closer to European SMEs.
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