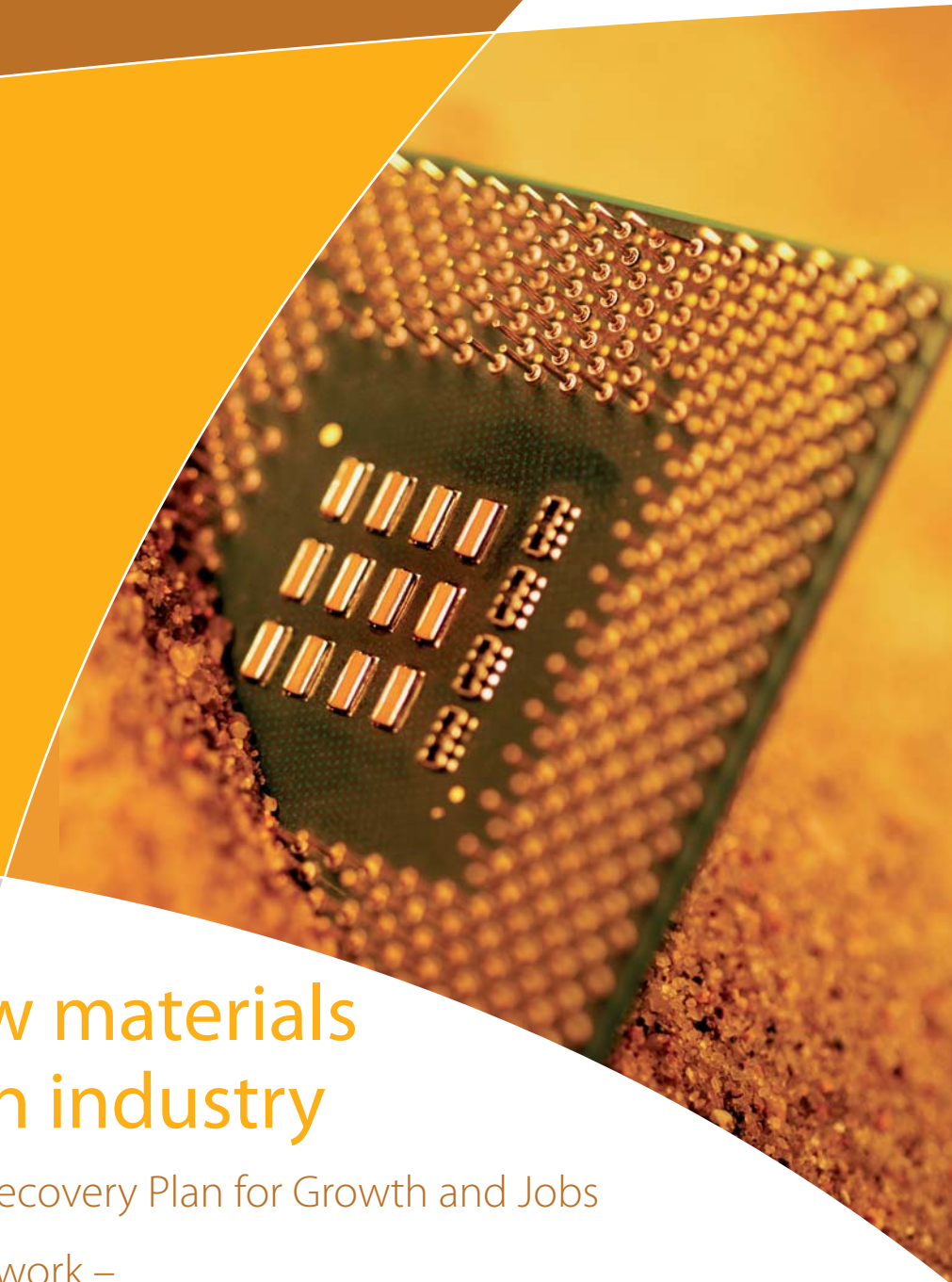


# **ENTERPRISE & INDUSTRY** *magazine*



## Securing raw materials for European industry

European Economic Recovery Plan for Growth and Jobs

Enterprise Europe Network –  
Delivering business support at your doorstep



**European Commission**  
ENTERPRISE AND INDUSTRY

3  
December 2008

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## ENTERPRISE & INDUSTRY

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# FAIR SUPPLIERS MEAN FAIR COMPETITION

*Raw materials are essential components of every manufactured product. While some are widely available in the EU, others, such as high-tech metals, can be difficult and expensive to obtain. European manufacturers which depend on these materials need to have fair access to supplies on global markets, because if not they will face a significant competitive disadvantage.*

**T**oday's electronic equipment relies on a cocktail of high-tech metals, most of which are not available in Europe. European manufacturers are facing increasing competition from producers based in countries with their own supplies of crucial raw materials. Whilst they face difficulties accessing supplies, their competitors often have tariff-free or low-duty access to European markets for their products. Without concerted measures to overcome such trade-distorting measures, European firms will find it exceedingly difficult to sustain their positions in the market place.

Our feature article in this third edition of the *Enterprise & Industry* magazine looks at the European Commission's Communication on a 'Raw Materials Initiative', adopted in November. The Commission has put forward measures in three areas. In addition to measures to remove trade barriers for raw material exports to European manufacturers, the Communication also puts forward initiatives to streamline

procedures required to extract raw materials in the EU, and to encourage improved efficiency in using raw materials and greater recycling.

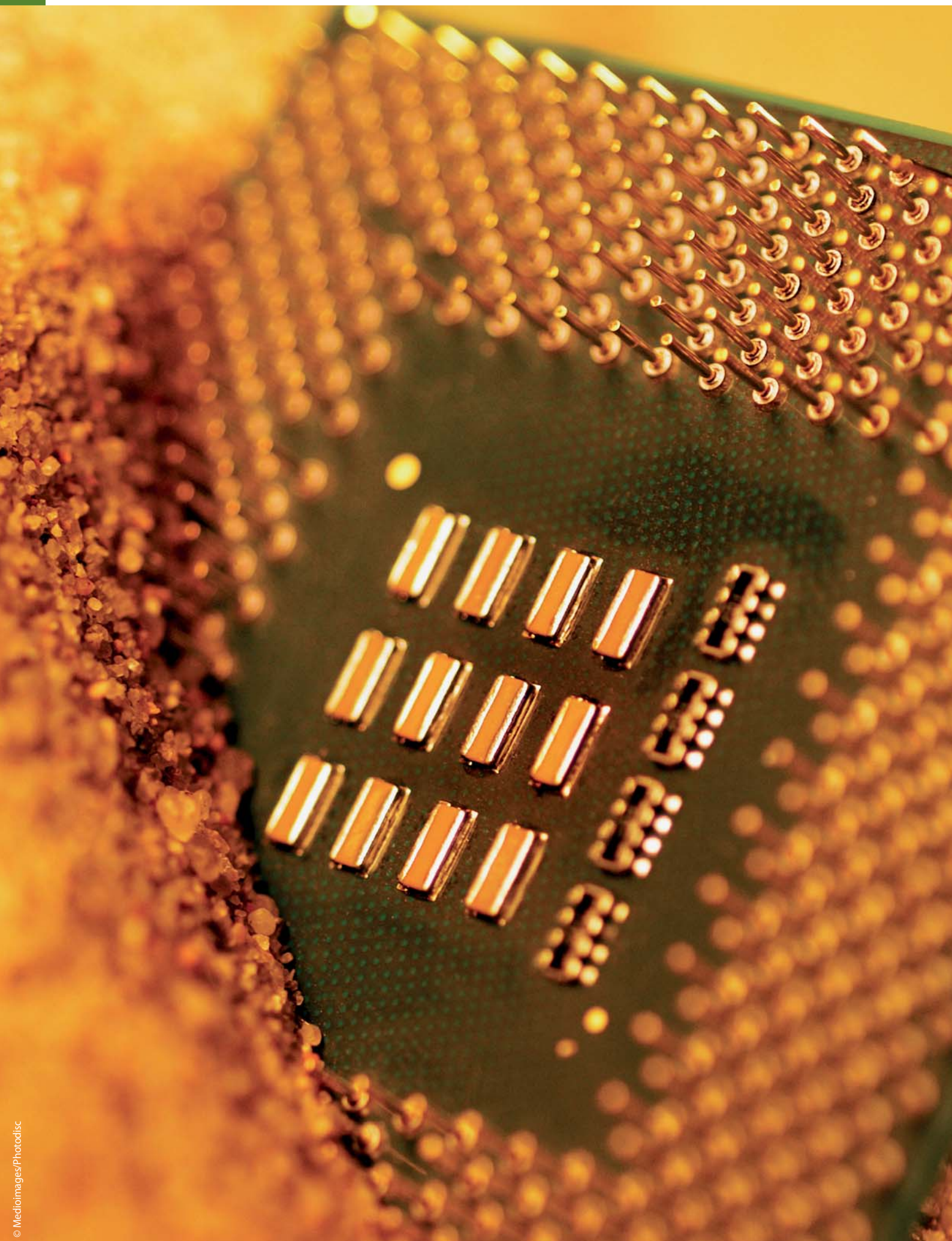
In this issue, other articles address the Union's economic recovery package in response to the global financial crisis; efforts to reduce the administrative burden on SMEs; the 25th anniversary of the mechanism which helps business benefit fully from the EU's single market; the Europe INNOVA initiative to foster public-private connections in support of innovation; the Enterprise Europe Network, which provides business support to smaller firms; the EDEN awards, for destinations with a commitment to develop tourism in a sustainable way; and EU-supported research to boost the security of citizens.

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# SECURING RAW MATERIALS FOR EUROPEAN COMPETITIVENESS

*A wide range of raw materials are essential inputs to European industry, yet in many cases enterprises are wholly dependent on foreign countries to obtain their supplies. The European Commission has launched its Raw Materials Initiative to ensure European industry does not suffer from a competitive disadvantage over companies based in resource-rich countries.*

**M**odern cars, flat-screen televisions, mobile phones, and countless other tools based on technological developments of the past couple of decades rely on a basket of metals and other raw materials. In many cases, the quantity required for each product is tiny, but with a mobile phone made up of around 40 high-tech metals – such as lithium, tantalum, cobalt and antimony – it is a major challenge and cost for any manufacturer to ensure they have supplies of all of them.

Television sets, computers and other information and communications technology products all rely on a similar mix of such metals. The same group of high-tech metals are also fundamental in new environmentally friendly products, with electric cars requiring lithium, hydrogen cars platinum, and new fuel-efficient aircraft reliant on rhenium alloys.

Beyond the high-tech sectors, European industry relies on a wide range of other raw materials, including 'traditional' metals such as copper, aluminium and iron, minerals such as potash, silica and »

salt, and aggregates – sand, gravel, cement – used in construction. Recent data show that almost 14% of jobs (30 million) in the EU are in businesses which depend on mineral raw materials, and a similar proportion of EU gross domestic product is generated by these same businesses.

The importance of such enterprises to the EU's economy is such that the European Commission has elaborated an integrated strategy to ensure that industries have fair access to the raw materials they need. The Communication on the 'Raw Materials Initiative', adopted by the Commission in November 2008, encompasses measures in three areas to secure sustainable supplies of the materials needed for the EU economy: ensuring fairer access to supplies from outside Europe, improving conditions for mining minerals within Europe, and increases in the recycling of such materials.

### Supplier scarcity

The EU is self-sufficient in terms of (relatively low cost) construction minerals, and is also a leading supplier of certain industrial minerals such as feldspar, perlite or kaolin. However, the geology of the European continent is such that many other raw materials, particularly (higher cost) metals, are not found in large quantities within EU borders, or are only found in situations where extraction is difficult and expensive. Moreover, deposits inside the EU which

can be mined are often not fully exploited due to a highly regulated environment or competing uses for land, such as agriculture, which push up the costs of extraction to the point where it is not economically viable.

For high-tech metals in particular European enterprises are dependent on sourcing supplies outside the EU. In some cases, a few countries dominate supply, such as with niobium (90% from Brazil), rare earths (95% from China) and antimony (87% from China). Even when European firms have no difficulty in obtaining the supplies they need, they also have to compete with companies from those states which can secure their own supplies at lower costs.

Just as political concerns are rising about European energy producers' reliance on a small number of foreign countries for the fossil fuels which still dominate our energy consumption, so too manufacturers' dependence on a few raw-material supplying countries is ringing alarm bells. Demand for such materials is growing, with the current economic downturn expected only to bring a temporary reduction, so there is an urgent need to look at supplier relationships for the longer term.

### Open markets

Resource-rich countries are more and more directing supplies towards domestic manufacturers. Whereas such manufacturers can often export their finished products to the EU at low duties or even tariff-free, EU manufacturers face a wide range of export restrictions and duties on raw materials, investment restrictions in supplier countries, or are quite simply charged higher prices than local buyers. In these circumstances, EU manufacturers are placed at considerable competitive disadvantage, and the Commission has identified more than 450 export restrictions on raw materials, underlining the scale of the problem. Moreover, there is a growing trend for economies which are already resource rich to try and gain controlling positions in other countries, particularly in Africa, which have abundant resources.

The Commission will work to ensure access to raw materials is given due weight in trade negotiations and in diplomatic relations with supplier countries. In particular, where EU manufacturers suffer discrimination in obtaining supplies, the Commission will look at means of using trade instruments to counter this discrimination through, for example, anti-dumping restrictions. EU industry is not the only one which faces challenges securing sustainable supplies of critical raw materials. Counterparts in the USA and Japan, for example, also need to ensure they have access to adequate supplies. Therefore, the Commission will identify issues in which a bilateral or multilateral approach can be taken, to secure supplies on an equitable basis on world markets and reduce trade-distorting measures.







EU development policy is an important tool for working with resource-rich countries, notably in Africa. Through projects and aid to develop and strengthen governance in such countries, the Commission aims to foster investment in sustainable mining ventures and create a more level playing field between companies wishing to access their raw materials.

### Home stores

Many European companies have focused on importing supplies of raw materials, rather than sourcing them within the EU, due to costs. European regulatory procedures, planning processes and environmental and health and safety protection rules all add costs to mining activities. Moreover, where land is already in use for agriculture or other purposes, gaining access for mining can be both expensive and time-consuming. As supplies from outside Europe become less reliable and more costly, European industry will have to prioritise developing sources inside the EU.

The European Commission will work with Member States to improve the framework conditions on which mineral extraction depends, with the objective of simplifying and speeding up the administrative process. EU initiatives will seek to improve investigation and sharing of knowledge about mineral deposits throughout the Union, so that developments in land use above known mineral deposits should not preclude future extraction activities. In particular, the Commission will explore means to integrate information on sub-surface deposits into land-use planning tools being developed within the GMES initiative.

It will also support research projects aimed at developing new extraction techniques for raw materials, including seabed mining, which minimise environmental damage.

### Recycling proficiency

Rising costs for raw materials, and/or supply shortages, naturally encourage industry to step up efficiency in their use of raw materials and to devote increasing resources to recycling them. At present, a significant proportion of end-of-life products are not reliably processed to recover valuable materials, especially high-tech metals, which can be recycled. In particular, waste products are exported from Europe without effective controls over their final destination and processing prospects. The Commission will work with Member States to improve verification of the destiny of such waste shipments, to reduce the environmental damage caused and increase the proportion of recycling of their components.

The Commission will also support research projects to improve efficiency in the use of resources, both in product design and in processing. Effective action in this field, together with increased recycling will make a significant contribution to reducing dependence on imported raw materials. ■


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# EUROPEAN ECONOMIC RECOVERY PLAN FOR GROWTH AND JOBS



*A major plank of the European Commission's €200 billion Economic Recovery Plan is the emphasis on financial and administrative support for small and medium-sized enterprises (SMEs), which are key to rebooting Europe's economic growth and safeguarding jobs. The measures include providing SMEs with better access to loans and speeding up reforms under the Small Business Act.*

**T**he European Commission's response to the developing global financial crisis, the Economic Recovery Plan, adopted on 26 November, combines additional money to prime Europe's economy with coordinated national action and EU policy measures.

Many of the measures aim to increase the momentum of initiatives already under way: the Lisbon Strategy for Growth and Jobs, and the Small Business Act for Europe (SBA) presented by the Commission in June 2008.

In addition, the plan includes a coordinated fiscal stimulus of about €200 billion or 1.5% of the EU's GDP. Of that sum, the Commission proposes that €170 billion, or 1.2% of GDP, would be used by Member States to take major measures good for their own citizens and good for the rest of Europe. Another €30 billion, about 0.3% of GDP, will come from EU funding and will enhance access to financing for SMEs.



## Loans for SMEs

The European Investment Bank (EIB) has put together a package of €30 billion euros for loans to SMEs to be distributed through commercial banks in the Member States from now until 2011, an increase of €10 billion over its usual lending in this sector. About €15 billion will be made available during 2008 and 2009.

The loans will be distributed via a new lending formula called 'EIB loan for SMEs'. The new arrangements are designed to be simpler, more flexible and more transparent so as to benefit more SMEs.

The European Investment Fund (EIF), an EIB subsidiary, will bring forward the implementation of the financial instruments within the EU's Competitiveness and Innovation Programme, and a separate micro-credit fund for very small enterprises. The EIB will also add €1 billion a year to its lending package for mid-sized corporations, another key sector of the EU's economy.

## Mezzanine financing

Additionally, the EIB will offer intermediary banks more sophisticated risk-sharing products designed to reach SMEs in market segments that they have deemed to be too risky in the past. It is developing proposals under which it would either share the risks of a loan with the partner bank or provide mezzanine financing to SMEs. An additional €1 billion will be made available through the EIF for mezzanine financing.

Under mezzanine financing arrangements, the EIF provides a participating loan, which would be converted into shares only if the SME is unable to repay the loan. The mezzanine financing will target high-growth SMEs. Such participating loans increase the ability of these SMEs to obtain bank credit.

## Structural reforms

The fiscal stimulus will be combined with proposals to speed up structural reforms under the Lisbon Strategy and measures to help SMEs proposed under the Small Business Act.

For example, the European Commission will simplify the rules and speed up decision-making on state aid approvals, particularly in relation to SMEs. For a temporary period, the Commission will make it easier for Member States to grant certain types of aid to SMEs, such as loans for investments in manufacturing of environmental protection products.

In addition, the economic recovery plan contains specific measures to reduce the administrative burdens on SMEs, promote their cash flow and help more people to become entrepreneurs. The new measures build on the Small Business Act, presented in June this year (see *Enterprise & Industry magazine*, July 2008). Amongst the proposed measures are:

- Removing the requirement on micro-enterprises to prepare annual accounts (for estimated savings of €7 billion per year);
- Requiring public authorities to pay invoices for supplies and services within one month and accept e-invoicing in place of paper invoices (for cost savings estimated at up to €18 billion a year);
- Ensuring that starting up a business can be done anywhere in the EU within three days at zero cost, and that the formalities for hiring the first employee can be fulfilled via a single access point;
- Accelerating the adoption of the European private company statute proposal, so that from early 2009 it can help SMEs operate across borders and allow them to work under a single set of corporate rules across the EU, with a low capital requirement of just one euro; and,
- Reducing by up to 75% the fees for patent applications and maintenance and halving the costs for an EU trademark.

## Reducing social charges and VAT rates

Another proposal under the economic recovery plan will benefit all companies. The European Commission calls on Member States to reduce the social charges employers pay for those with lower salaries. The Commission also wants the Council to adopt a proposed Directive to permanently reduce VAT rates for labour-intensive services, and will soon present a parallel proposal for reduced rates for green products and services in the buildings sector.

The level of the stimulus in the economic recovery plan is balanced, said Commission President José Manuel Durão Barroso. On the one hand, it is sufficient to be effective in limiting unemployment and pulling millions of SMEs through the crisis. On the other, the plan avoids levels of lasting debt that could undermine Europe's economic base in the long term and lead to mass unemployment in future.

"The recovery plan can keep millions in work in the short term," President Barroso said. "It can turn the crisis into an opportunity to create clean growth and more and better jobs in the future." ■

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Economic Recovery Plan

[www.ec.europa.eu/economy\\_finance/thematic\\_articles/article13502\\_en.htm](http://www.ec.europa.eu/economy_finance/thematic_articles/article13502_en.htm)

EIB loans for SMEs

[www.eib.org/about/news/eib-loan-for-smes](http://www.eib.org/about/news/eib-loan-for-smes)

Small Business Act

[www.ec.europa.eu/enterprise/entrepreneurship/sba\\_en.htm](http://www.ec.europa.eu/enterprise/entrepreneurship/sba_en.htm)

# TIME TO INNOVATE

*The second conference of the Europe INNOVA community focused on the current financial turmoil and how accelerating innovation would help the EU to weather the storm and prosper.*

**S**ome 550 delegates from 30 different countries arrived in Lyon for the second conference of the Europe INNOVA community. The three-day gathering proved to be as innovative as its participants, and creatively explored the main issues facing innovation policy and support in the EU. The participants discussed instruments for transforming and translating knowledge into successful business ideas and applications, as well as the most efficient ways of tackling access to finance, intellectual property rights (IPR) and providing support to fast-growing companies and clusters.

A number of models and tools developed by Europe INNOVA networks to accelerate the commercialisation of new ideas and in support of innovative companies were also showcased.

How innovation can be marshalled to pull Europe out of the emerging economic turmoil was also high on the agenda – and on participants' minds. "The current

financial crisis has many repercussions for industry and governments that we simply cannot ignore," said Françoise Le Bail, Deputy Director-General of the European Commission's Enterprise and Industry DG, in her opening address. Counselling against any temptation to reduce our commitment to research and innovation in order to focus on more pressing matters, she observed that: "Innovation is part of the solution and not part of the problem." This is because "increased competition will require a stronger focus on science, technology and innovation".

"Innovation is at the heart of solutions to the contemporary problems facing us: economic development, business competitiveness in a global context, climate change and energy, demographic change[...]," added Jean-Noël Durvy, Director of innovation policy in the European Commission's Enterprise and Industry DG.

Among the thought-provoking interventions on innovation, Eric von Hippel

– professor of innovation management at the Massachusetts Institute of Technology – dedicated his keynote speech to the shift away from a producer-centred model of innovation to a more user-centred one.

## Clustering for competitiveness

Given their proven track record at boosting competitiveness, clusters were a major theme during the conference. Clusters – which are concentrations of interconnected businesses, suppliers and other related organisations – enable companies, research organisations and regions to join forces in the innovation stakes.

Just before the conference, the European Commission adopted a Communication outlining an EU strategy for clusters. Dubbing clusters the "main drivers of Europe's competitiveness", it urges Member States to exert more effort to facilitate the emergence of world-class clusters in the Union.

"Clusters play a vital role in the much-needed innovation of our businesses. They are powerhouses of job creation," stressed Commission Vice-President Günter Verheugen, responsible for enterprise and industry, after the adoption of the Communication. "Therefore, we suggest that cluster policy efforts at all levels should aim to raise excellence and openness for co-operation, while respecting the competitive market-driven nature of clusters."

In the EU, there are around 2 000 cluster-like agglomerations employing 38% of the European workforce, according to

## The rewards of innovation

*The coveted Europe INNOVA awards seek both to recognise and promote innovation. This year, the awards were presented during the gala dinner on the second night. Christoph Beer of the Swiss Cluster Bern won the Cluster Manager Award for energising existing members and successfully recruiting a number of new ones. STAND-INN, a standards network focusing on the construction industry, received the Best Network Award. The IMP<sup>3</sup>rove on-line self-assessment tool, which enables enterprises to evaluate their innovation management performance, walked away with the Best Innovation Tool Award. "The awards reflect how diverse and interesting the projects supported by Europe INNOVA are," said Jean-Noël Durvy.*



## About Europe INNOVA

*Europe INNOVA is an EU initiative for innovation professionals, which acts as the focal point for innovation networking in Europe. Europe INNOVA aspires to inform, assist, mobilise and bring together the key stakeholders in the field of entrepreneurial innovation, including company managers, policy-makers, cluster managers, investors and relevant associations. The network takes a sector-based approach which is designed to identify and analyse both drivers and barriers to innovation within specific sectors, with the goal of formulating sound and targeted innovation support measures.*

*A new partner search tool has been set up on the website to help prospective participants prepare bids for funding under the initiative.*

an estimate by the European Cluster Observatory. That means there is no shortage of clusters. What the Union lacks, the Commission emphasises, are “world-class” clusters which can compete strongly across the globe.

The Commission proposes a number of measures to raise the standard of European clusters. These include dismantling the remaining barriers to cross-border knowledge flows, establishing a high-level European Cluster Policy Group, expanding the policy dialogue initiated by the European Cluster Alliance, and further developing the European Cluster Observatory.

At the conference, both a round-table and parallel session focused on clusters. In addition, the area around Lyon is renowned for its high-tech clusters and participants had the opportunity to tour some of these. ■



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# RECOGNISING AND PRESERVING EUROPE'S INTANGIBLE HERITAGE

*Twenty destinations across Europe have been recognised by the EDEN project for preserving their intangible heritage and developing their tourism sectors in a sustainable way. This recognition will boost the ability of the awarded destinations to attract tourists, helping to create more jobs in their communities.*

The awards are the second in a series handed out under the European Destinations of Excellence (EDEN) project, established in 2006 to promote destinations which have developed their tourism sectors in a way that ensures social, cultural and environmental sustainability.

This year's awards were presented to the winning destinations at the annual European Tourism Forum in Bordeaux, France, on 18 September, by Günter Verheugen, the European Commission Vice-President responsible for enterprise and industry policy.

"The EDEN project is promoting destinations where commercial success goes hand in hand with social, cultural and environmental sustainability building on coordinated efforts involving regional entrepreneurs, businesses, employees and residents," said Verheugen.

## Exchange of best practice

The EDEN project rewards sustainable forms of tourism, promotes successful business models and, at the same time, offers a platform for the exchange of good practices among tourist destinations.

By increasing the visibility of European tourist destinations through the awards and ongoing promotion activities, EDEN creates an awareness of Europe's diversity and attracts tourists to interesting places of which they might not have heard.

The EDEN award competition is open to all Member States and candidate countries. The European Commission and the participating Member States jointly set the themes and general criteria for each set of awards.

The selection and nomination of the destinations is carried out at national level. Each participating country is responsible for receiving submissions from tourist destinations that want to participate in EDEN. One submission per country is sent to the European Commission, which ensures each destination fulfils the award criteria.

The first awards under the project were given to ten winning destinations named as 'Best Emerging European Rural Destinations of Excellence'. The destinations received the award for having contributed to the promotion of the tourism "offer" in their region through a better appreciation of their natural environment and cultural heritage.

## Sense of identity and continuity

This year, the 2007-08 awards were given to 20 destinations for the intangible living traditions they have inherited and preserved through the generations. To win the award, the destination's intangible heritage must serve to bring people closer to the communities in which they live by giving them a sense of identity and continuity. Such heritage includes culinary traditions, handicrafts, local arts and rural life.

The 2008 'European Tourist Destination of Excellence in Intangible Heritage' award winners will now benefit from the Enterprise and Industry DG's promotion and marketing activities.

Three videos were created to promote various aspects of the EDEN programme. The first features the 20 winners of the EDEN award for



## EDEN winners, 2008

*Austria: Steirisches Vulkanland*

*Belgium: Ath*

*Bulgaria: Belogradchik*

*Croatia: Đurđevac*

*Cyprus: Agros*

*Estonia: Viljandi*

*Finland: Wild Taiga*

*France: The Jura wine tourist route*

*Greece: Prefecture of Grevena*

*Hungary: Hortobágy*

*Ireland: Carlingford and the Cooley Peninsula*

*Italy: Comune di Corinaldo*

*Latvia: Latgalian potters*

*Lithuania: Plateliai*

*Luxembourg: Echternach*

*Malta: Kercem, hamlet of Santa Lucija*

*Romania: Horezu depression*

*Slovenia: The Soča valley*

*Spain: Sierra de las Nieves*

*Turkey: Edirne*



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intangible heritage. The second covers the award ceremony itself, while the third presents the EDEN programme in general. The videos will be distributed on DVD and on-line.

In addition, further promotional materials, such as press packs and leaflets, were produced with the support of the European Commission, highlighting the achievements of the award winners.

## Establishing an on-line networking platform

An on-line networking platform for EDEN destinations was presented during a ceremony organised in the framework of the European Day of Tourism in Brussels on 7 October 2008. EDEN award winners are able to network with each other via the platform, exchange tips on good practices and share their experiences in developing and promoting sustainable tourism.

In the future, an EDEN conference for all destination winners will be held so that the representatives can continue to network and learn how to develop sustainable tourism practices. Furthermore, other destinations will be actively encouraged to adopt sustainable tourism development models.

## Economically viable tourism

The search for destinations to be nominated for the third EDEN awards was launched at the beginning of this year. The 2009 event will focus on tourism excellence in protected areas. The award will be given to destinations that have established an economically viable tourism project using a protected area as an asset.

The protected environment must be respected and, at the same time, the needs of local residents and visitors have to be met. The participating countries will make their selections in the first half of 2009 and the winners will be announced in the framework of a special ceremony to be organised in Brussels in autumn 2009.

All its cultural assets and its marvellous scenery enable Europe to remain the world's top destination for tourists. The tourism sector directly accounts for 5.5% of the EU's gross domestic product and involves over 2 million businesses employing about 9 million people. Annual growth in the sector is forecast to increase by about 3% over the coming years.

Moreover, as Verheugen says, the European Union's strategy for further development of the tourism sector will also be taken into account when planning measures in other areas, such as transport or regional policy.

"With its variety of attractions and quality of tourism services, Europe is the world's leading tourist destination," says Verheugen. "But we need to do more since tourism is a decisive sector in the attainment of the Growth and Jobs Strategy goals." ■

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# REDUCTION OF ADMINISTRATIVE BURDENS PROGRAMME ACHIEVING RESULTS

*Less than two years after its launch, the European Commission's Action Programme for Reducing Administrative Burdens has achieved some notable successes in cutting red tape for enterprises. Two sets of fast-track actions identified early on demonstrate that administrative burdens can be reduced quickly in the EU – helping to cut costs for governments and businesses.*





The Action Programme for Reducing Administrative Burdens is one of the main pillars of the Commission's Better Regulation strategy – together with the rolling simplification programme and the impact assessment system. The strategy is about ensuring that all new legislative initiatives are of high quality, and about modernising and simplifying the existing stock of legislation. Achieving these goals in a coordinated manner throughout the EU is a means of fostering a more competitive European market place in the global economy.

The Action Programme aims at reducing administrative burdens on businesses in the Union by 25% by 2012. It focuses on the information that EU businesses are obliged to provide to public authorities (for statistical, registration, certification, or inspection purposes) or to private entities (for example when reporting to shareholders).

These efforts are particularly important for small and medium-sized enterprises (SMEs), on which the costs of some administrative requirements can be particularly high. Reducing these costs frees up resources for their core business, fostering growth. The Action Programme will therefore contribute to the objectives set by the Small Business Act recently presented by the European Commission.

### Fast-track actions delivering results

Two sets of fast-track actions to reduce administrative burdens have been identified. They focus on technical measures which will get rid of unnecessary administrative burdens without affecting EU policy, and which could therefore be adopted in a speedy manner.

The first set, launched in January 2007, identified ten measures that could result in a €1.3 billion cut in business costs through minor legislative changes. Those that have been adopted include a simplified system of import and export

authorisations for agricultural products, and the suppression of outdated requirements when transporting goods across national borders within the EU.

In March 2008, the Commission launched a second set of 11 proposed fast-track actions, which it estimates will reduce cost burdens by at least €1 billion. Two have already been adopted, including one which stipulates that batteries lawfully placed on the market before 26 September 2008 would not have to be withdrawn from the market or relabelled. Had this rule not been amended, battery-makers faced an estimated €420-580 million in relabelling costs.

Geneviève Pons, Head of the Enterprise and Industry DG's Impact Assessment and Administrative Burden Reduction Programme Unit emphasised the European Commission's commitment to achieving the target by 2012. "To be successful, we need the active co-operation of all the European institutions and the Member States," she said.

### High-level group formed

In addition, the European Commission set up an independent high-level group of stakeholders, chaired by Dr Edmund Stoiber, former Minister-President of Bavaria, in August 2007. For the Chairman, "Europe has to give priority to ideas and innovation without bureaucratic stop signs. We will give economic growth in Europe a forward push if we manage to get on with this."

The group is providing advice on administrative burden reduction measures envisaged by the Commission and/or suggested by stakeholders via internet consultation and through local workshops held in Member States.

Furthermore, the group launched the Best Idea for Red Tape Reduction Award which aims at generating ideas from businesses. The deadline for entering the competition is 31 January 2009. Submissions will be assessed by a jury on criteria such as originality and degree of innovation, feasibility, cost-reduction potential, and the transferability of possible solutions to other industry segments and Member States.

### Achieving the same level of protection more efficiently

Both the President of the European Commission, José Manuel Barroso, and Vice-President Verheugen, responsible for enterprise and industry, championed the idea of the Action Programme for reducing administrative burdens very early on. If the data from the actions taken by the Member States so far are extrapolated to the full range of administrative costs, several billions of euro imposed by red tape could be cut in the coming years.

The 41 original EU legal acts covered by the programme account for around 340 European information obligations. These translate into about 6 000 national obligations, with almost 10% going beyond the requirements of EU law. The Commission is costing and analysing these information obligations to target further actions.

"Better lawmaking does not necessarily mean fewer laws," emphasised Verheugen. "It is not a case of deregulation, but rather of modernising our legal framework, a framework which has been to our great advantage so far." ■

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# HELPING BUSINESSES BENEFIT FULLY FROM THE EU'S SINGLE MARKET



*Since 1984, a preventive mechanism against barriers to trade within the EU has helped enterprises compete on a level playing field when selling to customers outside their home markets. Directive 98/34/EC is an untold success story, contributing to the smooth functioning of the EU's internal market.*

Over the past 25 years, the mechanism introduced by Directive 98/34/EC (amending the original arrangements of Directive 83/189/EEC) has proven to be an essential contributor to the smooth functioning of the EU's internal market. It applies to the 27 EU Member States, plus Iceland, Liechtenstein, Norway and Turkey, while Switzerland applies it on a voluntary basis.

Under the Directive, Member States and participating countries must notify the European Commission and each other of all proposed technical regulations relating to industrial and agricultural products, and information society services.

Technical regulations are those which affect the characteristics of a product, for example its performance, safety, labelling, packaging or production processes. A technical regulation may also relate to the life cycle of a product after it is placed on the market, such as those dealing with recycling, reuse or disposal requirements.

Thanks to the notification procedure, the European Commission and Member States, as well as businesses and representative associations are able to anticipate the introduction of technical barriers to trade, and therefore take steps to prevent this happening.

## Searchable database

Information on draft national regulations is made freely available, in all official EU languages, through an on-line database (<http://ec.europa.eu/enterprise/tris/>). The Technical Regulations Information System (TRIS) is searchable by date, sector, and country, among other parameters. Users can also sign up to an e-mail alert service to keep track of any new notifications in their business sector.

## Medicine packaging

*A Member State withdrew its intention to add different colours to packaging of medicines to be sold in that particular country, along with other requirements it was seeking, following publication of the draft in TRIS. While the Member State had said that these measures would prevent users from taking the medicines inappropriately, pharmaceutical companies indicated that the proposed rules were not effective and would have led to additional costs. The Commission agreed with this, as did several other Member States which thought the proposed rules rather vague as they would impose an unclear obligation on the operators concerned. In addition, the measure would not ensure legal clarity, nor was it clear how the provision would be applied.*





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Once a draft is submitted, Member States have to wait for a minimum of three months before the proposed regulation can become law. During these three months, the Commission and other Member States may submit objections or comments on whether a regulation could pose an unnecessary barrier to trade.

Under the notification procedure, about 12 000 draft regulations have been submitted for scrutiny since 1984. The highest numbers come from Germany, followed by the Netherlands, the United Kingdom and France.

Over time, the European Commission has found that 12% of the proposed regulations could have hampered trade, and issued detailed opinions or comments. In about 95% of the cases where problems were found, the regulations were amended before adoption, thus avoiding unnecessary obstacles to trade and the need for the Commission to launch infringement procedures.

### Business input

Enterprises and business associations can also react to draft measures, by intervening with the Commission or with their governments, to prevent their products from being blocked.

Most of the regulations submitted deal with the foodstuffs, fisheries and agricultural sectors as well as telecommunications, transport, construction and mechanical engineering. However, the focus changes year by year.

In 2007, a total of 752 draft regulations were submitted for consideration. In 66 of the cases the Commission issued detailed opinions calling for changes to be made. The Commission also made

comments on 147 other regulations. Member States, for their part, made comments on 190 occasions and issued 39 detailed opinions.

Representatives from the Member States and other participating countries, along with Commission officials, meet three times a year to discuss how the process is working.

To inform businesses about the mechanism, the Commission also holds about four to six seminars a year in various Member States. Businesses and representative associations may also arrange to meet with Commission officials directly.

### Anniversary

Marking the 25<sup>th</sup> anniversary of the mechanism's introduction, about 250 people attended a half-day seminar held on 12 November by the European Commission's Enterprise and Industry DG to inform business representatives and others about the functioning of the preventative mechanism. ■

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# SECURITY KNOW-HOW



*European citizens expect the EU to help ensure their security. EU-funded research in this area creates the technology and know-how to make Europe more secure and boost the competitiveness of European industry.*

**T**he EU is one of the safest places on the planet, and most of Europe is probably more secure now than it has ever been. Nevertheless, there are numerous challenges to our security that require vigilance, including organised crime, natural disasters and the effects of global warming, industrial accidents, terrorism and people trafficking.

In response to the security concerns of citizens, not only has the EU and its Member States stepped up policy co-operation in this area, including the European Security and Defence Policy, but also the Seventh Framework Programme (FP7) which is the first European R&D instrument with a specific focus on security research.

"Focusing on security research is a novel approach for the European Framework Programme," explains Marco Malacarne, Head of the Security Research and Development Unit in the Commission's Directorate-General for Enterprise and Industry. "Technology alone cannot guarantee security, but without it we cannot have security."

The Enterprise and Industry DG is responsible for coordinating the security research priority of FP7 which seeks to improve the security of citizens, protect infrastructure and utilities, develop intelligent surveillance and border security, enhance Europe's crisis-management capabilities, improve the integration and interoperability of security systems, explore the socio-economic, political and cultural aspects of security, and coordinate EU and international research efforts in this area."

## Avoiding ruin in the rubble

*The collapse of buildings following earthquakes, fires, structural defects or due to other human or natural causes requires rapid and effective methods for locating and rescuing survivors.*

*Second Generation Locator for Urban Search and Rescue Operations (SGL for UsaR) is a project that is aiming to develop procedures and technology that will complement the courage and expertise of rescuers. The project is working on developing stand-alone early location devices to locate survivors and the bodies of the dead. This system will integrate sophisticated video imaging, sonar, chemical analysis, optical sensing, data fusion and wireless communication.*



"Although the overarching goal of security research is to underwrite the safety and well-being of citizens, while fully respecting civil liberties and individual privacy, European industry is involved in much of the technology and innovation which is taking place in this sector," points out Malacarne. "The Commission is working to establish a cross-border collaborative research framework and is supporting Member States in their efforts to overcome market fragmentation in this area.

"EU-funded security research also helps to boost the competitiveness of European industry and to support the implementation of European policies," he adds.

### Knowledge, the best defence

Security research under FP7 has been earmarked €1.4 billion in EU funds over the programme's seven-year duration (2007-13). While this is significantly lower than the United States, the collaborative cross-border nature of the research, which brings together partners from academia, research institutions, industry and end-users, should create a certain synergy and critical mass.

It is still relatively early days for FP7 research and the first EU-funded projects in the field of security are just getting off the ground. They include, among many others, projects developing sophisticated systems to find bodies trapped under rubble (see box), creating automated and autonomous border patrol systems, and integrating European maritime security systems.

So far, there have been two calls inviting interested applicants to submit project proposals. The latest was published in early September 2008 with a final deadline of 4 December 2008. With a budget of nearly €118 million, this call will fund a wide range of research, including in the areas of preventing terrorism and organised crime, forensics, the protection of transport, port and other infrastructure, etc.

FP7's security theme complements and is complemented by the space theme, which is also managed under the auspices of the Enterprise and Industry DG. "Space and security research are closely related," notes Malacarne.

"Another very important aspect of security research", he adds, "is its link to society-related research." This is due to the impact of new technologies on society, on the one hand, and to the influence that society at large can have on security, on the other.

### Integrated security market

Owing to its sensitive nature and the traditional view of security as a national prerogative, the market for security products and services in the EU is very fragmented. The Commission is assisting Member States in their efforts to bring about a more integrated market in this area to help ensure the spread

### Detecting the wrong chemistry

*Explosives and drugs leave tell-tale chemical 'signatures' which can be detected using sniffer dogs or sophisticated equipment. However, it is difficult to sweep large urban areas using traditional techniques and technologies, and there is currently no detection system focusing on the production phase.*

*Localisation of Threat Substances in Urban Society (LOTUS) is an EU-funded project developing an integrated surveillance system for continuous chemical background monitoring to identify 'chemical hotspots', such as bomb or drug factories, across a wide urban area.*

*Although the detectors may be placed at fixed positions, most will be mobile. These distributed detectors continuously sample air as their carriers go about their daily routine. High concentrations of a suspicious substance will trigger an alert, enabling law enforcement agencies to investigate further and respond.*

of effective solutions and to boost the competitiveness and innovativeness of European industry. One area of interest is the gradual opening up of public procurement to competition from other parts of the EU.

These are among the issues addressed by the European Security Research and Innovation Forum (ESRIF), set up last year by Member States together with the European Commission with the aim of fostering a long-term, Europe-wide coordination of security research and innovation.

Other efforts to bolster co-operation include the regular European Security Research Conference, with the third gathering in Paris at the end of September 2008. This event attracted more than 1 000 representatives from the worlds of research, industry and the European institutions. ■

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# ENTERPRISE EUROPE NETWORK: BUSINESS SUPPORT AT YOUR DOORSTEP

*The Enterprise Europe Network offers smaller companies across Europe easy access to business and innovation support services. Covering 44 countries, local partners in the Network help SMEs open up new business prospects in the European Union's Single Market. Since its launch in early 2008, the Network has offered a broad range of integrated support services to help SMEs broaden their markets, extend their activities and explore new, innovative approaches.*

**F**or small businesses with ambitions to expand, the Single Market offers huge potential. However, the resources they can invest in identifying and sealing the right deals are limited. Finding opportunities outside their country is often the biggest challenge for SMEs – but certainly not the only one. Once business opportunities are identified, companies must invest resources in building productive relationships, and they need to understand and respond to the different characteristics of their new market.

The Enterprise Europe Network is ready to assist them in these difficult tasks by lending a helping hand to SMEs looking to develop their activities in the Single Market. Network partners provide tailor-made support services to local enterprises, ranging from information about funding opportunities, EU legislation and participation in EU programmes to partner search tools, matchmaking events and individual on-site consultation.





The second pillar of the Network's services to European SMEs is innovation support. Partners work with small and medium-sized enterprises to foster innovative partnerships, to help bring new ideas and technologies to the market, and to facilitate technology transfer.

"The Network brings business support straight to the doorstep of SMEs. As the Network partners know the local situation of SMEs inside out, they provide their clients with a crucial link to the European dimension of business co-operation, innovation support and technology transfer," says Jean-François Aguinaga, Head of Unit at the European Commission, responsible for managing the Network. "In other words, the Network helps SMEs make the most of the Single Market."

SMEs are the backbone of our economy, and by helping individual enterprises to grow and implement innovative ideas, the Network contributes to building a more competitive, more innovative Europe. However, in difficult economic conditions, SMEs are also particularly vulnerable. The opportunities the Single Market holds for them can help to overcome economic challenges and strengthen their business. It is the role of the Enterprise Europe Network to help them achieve this.

### Strong roots

The Enterprise Europe Network builds on the work of two successful predecessor networks: the Euro Info Centres and the Innovation Relay Centres. It integrates the long history of the European Commission's business and innovation support in a single, even more efficient structure.

Financed under the Competitiveness and Innovation Framework Programme, the Network consists of 554 partner organisations located in 44 countries (including all EU Member States). Many of them are based in chambers of commerce, innovation agencies, regional development

agencies or university technology transfer offices. Present in virtually every region of the EU, the Network partners are both geographically and culturally close to their clients. At the same time, they have the pooled knowledge of more than 4 000 professional Network staff at their fingertips, each of whom works with SMEs day in, day out.

Combined with their experience in assisting a wide range of enterprises in their regions, this rich source of information and potential business relationships for their clients enables the Network to offer unique, tailor-made business support to SMEs.

In addition, Network partners have formed different 'Sector Groups' to develop deeper co-operation to benefit their clients involved in particular industrial sectors.

### Single entry point

By bringing together the two previous networks in a single structure, the European Commission has consolidated the services the Network offers its clients. Most importantly, the Network operates a "no wrong door" policy: regardless of which Network partner an SME approaches, it will receive the help required. If the partner they contacted is not ideally placed to provide the best service, they will work with the most appropriate partner to ensure the client receives the best possible support.

### Feedback

As Network partners are regularly in touch with a large number of SMEs across the Union, they also act as a valuable channel for the European

Commission to identify the needs and listen to the concerns of smaller enterprises, in order to better inform policy-making. Network partners inform the Commission about specific concerns of their clients, and mobilise SMEs to take part in structured consultations on key policy questions. Selected SMEs are also invited to participate in panels discussing important policy proposals.

### First Annual Conference: looking ahead to 2009

The Enterprise Europe Network's first Annual Conference took place in Strasbourg in November 2008. Organised in association with the French Presidency of the EU, the Conference was the occasion to define the main directions for the Network in 2009 and to discuss events and policies at EU level of direct relevance to SMEs. Furthermore, Network partners and the Commission took stock of the first year of the Network's activities. Through a series of dynamic workshops, the Network partners were also able to exchange ideas and good practice as well as provide input into future Network activities. ■

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## NEWS IN BRIEF

### ALBANIA JOINS ENTREPRENEURSHIP AND INNOVATION PROGRAMME

The Entrepreneurship and Innovation Programme, one of the three pillars of the EU's Competitiveness and Innovation Framework Programme (CIP), is now open to companies and organisations from around ten countries in addition to the EU Member States, after Albania became the latest of the candidate/potential candidate countries to sign a participation agreement with the Commission. Under the CIP, the European Commission promotes innovation, entrepreneurship and growth in small and medium-sized enterprises (SMEs).

[www.ec.europa.eu/cip](http://www.ec.europa.eu/cip)

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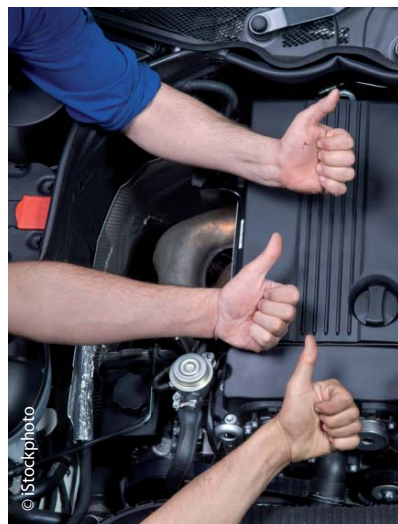
### DAYTIME RUNNING LIGHTS FOR NEW CARS

From 2011, all new types of car will be equipped with daytime running lights, which come on automatically with the engine. This will improve road safety, by making cars more visible. The new type of lights will be low energy, therefore consuming much less fuel than conventional dipped headlights, the obligatory use of which has already contributed to improving road safety in certain Member States.

[www.ec.europa.eu/enterprise/automotive/safety](http://www.ec.europa.eu/enterprise/automotive/safety)



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### FOR JOB SECURITY AND CLEAN, AFFORDABLE CARS

Concerned about the employment situation in the European automotive sector, CARS 21 stakeholders recently met in a high-level conference and agreed on conclusions on how to foster a competitive European car industry. All participants agreed on the need to position the European car industry as the global leader in clean, safe and affordable vehicles as the way ahead for safeguarding jobs and addressing the climate-change challenge. The conference underlined the need for car-makers in the EU to be able to compete on fair terms in international markets. A task force to promote 'green' cars will be set up and should suggest ways forward for the development of such vehicles.

[www.ec.europa.eu/enterprise/automotive/pagesbackground/competitiveness/cars21.htm](http://www.ec.europa.eu/enterprise/automotive/pagesbackground/competitiveness/cars21.htm)



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### WORLD-CLASS CLUSTERS NEEDED

Clusters, which provide the connections and friendly competition required to boost the growth of SMEs in leading-edge industrial sectors, have long been identified as a key factor in economic competitiveness. Whilst the EU is not lacking in clusters, it has too few of the scale needed to be global players. In October 2008, the European Commission adopted a Communication with a range of measures to be taken at both EU and national levels to create better conditions for clusters to develop to world-class standards.

[www.ec.europa.eu/enterprise/innovation](http://www.ec.europa.eu/enterprise/innovation)

#### » Find out more...

For information on further recent activities and policy developments related to the Enterprise and Industry DG, visit our website:

[www.ec.europa.eu/enterprise](http://www.ec.europa.eu/enterprise)

## EU-AFRICA 'LIGHTHOUSE PROJECTS' IN SCIENCE AND TECHNOLOGY

At a joint meeting in October 2008, European Commissioners and their counterparts from the African Union agreed a set of 19 'lighthouse projects' in the science, information society and space fields. These projects are the first step in developing this theme in the EU-Africa Strategic Partnership, launched in December 2007. Six of the projects will be implemented immediately as priorities: developing research and education network infrastructure and connecting it to the European Géant network; developing internet infrastructure across the African continent; creating a programme of research grants for African scientists; research activities to improve water and food security; and, in space, developing capacity in Africa to make use of geospatial data.

[www.africa-eu-partnership.org](http://www.africa-eu-partnership.org)



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## UPCOMING EVENTS

### EU Sustainable Energy Week, 9-13 February 2009, throughout Europe

Sustainable energy use means boosting energy efficiency and increasing the share of renewable sources of energy in total energy consumption. Individuals can make a big contribution to meeting the EU's sustainable energy goals, and the events being organised in Brussels and throughout the Union, by the European Commission and many national partners, during the week are aimed at raising awareness of the need to address our energy use habits, and at providing examples of practical ways to do so.

[www.eusew.eu](http://www.eusew.eu)

### Multistakeholder Forum on Corporate Social Responsibility, 10 February 2009, Brussels

This invitation-only meeting will review progress in the development and uptake of corporate social responsibility (CSR) in Europe. On the basis that substantial progress in CSR requires the involvement and commitment of all stakeholders, the European Commission is committed to fostering dialogue through this forum. To be addressed by Vice-President Günter Verheugen, the forum will also consider possible future CSR policies and initiatives.

[www.ec.europa.eu/enterprise/csr/multistakeholder.htm](http://www.ec.europa.eu/enterprise/csr/multistakeholder.htm)

### First European SME Week, 6-14 May 2009, throughout Europe

Small and medium-sized enterprises are the backbone of the European economy: they create most new jobs, generate growth, and foster innovation. The European Commission is organising this week of events to promote entrepreneurship, and to inform SMEs of the opportunities and help available to them at European, national and local level. Under the SME Week umbrella, hundreds of events will be organised by public administrations, business organisations and SME support providers throughout Europe.

[www.european-sme-week.eu](http://www.european-sme-week.eu)

### Research Connection 2009, 7-8 May 2009, Prague

This networking event is a major opportunity for researchers, industrialists and scientists to meet potential partners and learn about the EU's various funding opportunities – including FP7 and CIP – which could support their work. Parallel sessions will look in depth at specific initiatives in individual research fields, while practical sessions will inform potential applicants about how to put together a successful proposal. The wide range of participants, with specific emphasis on the new EU Member States, makes the event ideal for meeting partners both with and without previous experience of participating in EU-funded projects.

[www.ec.europa.eu/research/rtd-2009](http://www.ec.europa.eu/research/rtd-2009)



## ENTERPRISE & INDUSTRY *magazine*

The *Enterprise & Industry* on-line magazine provides regular updates on policy development, on legislative proposals and their passage to adoption, and on the implementation and review of regulation affecting enterprises. Articles cover issues related to SMEs, innovation, entrepreneurship, the Single Market for goods, competitiveness and environmental protection, better regulation, industrial policies across a wide range of sectors, and more. In short, it addresses all EU policies under the responsibility of the European Commission's Directorate-General for Enterprise and Industry.

Three times a year, the best of the on-line articles, together with a new feature article, are presented in the printed edition of the magazine. You can subscribe to receive the magazine – in English, French or German – free of charge by post. Visit the website and subscribe on-line.

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