ENTERPRISE INDUSTRY magazine



Günter Verheugen on an innovative Europe

European Inventors of the Year

'Your World, Your Business' – encouraging responsible entrepreneurs





Enterprise & Industry | September 2009 Contents Editorial Enterprise & Industry | September 2009

CONTENTS

Editorial	3
Günter Verheugen on an innovative Europe	4
Accelerating the uptake of innovation	6
European inventors of the year	8
Think small first for business-friendly policy	/ 10
A new generation of responsible entrepreneurs	12
Promoting enterprise can make the difference	14
Lightening the regulatory load on business	16
Combating delays in payments	18
Playing safe with toy safety	20
News in brief & upcoming events	22

ENTERPRISE & INDUSTRY

The Enterprise & Industry magazine is published three times a year, in English, French and German, complementing the on-line magazine of the European Commission's Directorate-General for Enterprise and Industry.

The magazine is financed under the Competitiveness and Innovation Framework Programme which aims to encourage the competitiveness of European enterprises.

Issue n° 5 (2-2009)

Published by

Communication and Information Unit Directorate-General for Enterprise and Industry European Commission B-1049 Brussels

entr-communication-information@ec.europa.eu www.ec.europa.eu/enterprise/e_i/index_en.htm

LEGAL NOTICE

Neither the European Commission nor any person acting on its behalf may be held responsible for the use to which information contained in this publication may be put, nor for any errors which may appear despite careful preparation and checking. This publication does not necessarily reflect the view or the position of the European Commission.

Luxembourg: Office for Official Publications of the European Communities, 2009 ISSN 1831-1237

© European Communities, 2009

Reproduction is authorised, provided the source is acknowledged, save where otherwise stated.

For use/reproduction of third-party copyright material specified as such permission must be obtained from the copyright holder(s).

Front cover image: European Commission Vice-President Günter Verheugen Printed in Belgium

INNOVATE FOR SUCCESS IN GLOBAL ECONOMY



In our interview, Günter Verheugen, European Commission Vice-President in charge of enterprise and industry policy, underlines the importance of innovation in ensuring Europe's economy is fit to respond to the challenges of economic globalisation.

ncouraging greater innovation, he emphasises, is the way to address the twin challenges of building a knowledge-based economy and a low-carbon economy, with the aim of creating more and better jobs and ensuring a sustainable future.

A competitive Europe needs entrepreneurs, and to stay competitive in the long-term, those entrepreneurs need to be responsible.

The European Commission has launched the 'Your World,

Your Business' campaign to encourage more young people to look at entrepreneurship as a potential career, and to change perceptions of business.

Successful inventors can look on their own products as visible recognition of their achievements, but for others the human faces behind such products are rarely visible. The European Inventor of the Year Awards, which the European Commission organises together with the European Patent Office, aim to bring wider recognition to some of our most talented inventors, and encourage others to keep up the drive to develop the new products and processes a competitive Europe requires.

Other articles in this issue look at the European Commission's proposal to reduce the problem of late payment of invoices, at the updated rules to ensure toys are safe, and at the European Enterprise Awards.

If you like what you read in our magazine, why not subscribe? It costs you nothing – simply turn to the back cover for details of how to subscribe. And visit our regularly updated on-line magazine, too.

(www.ec.europa.eu/enterprise/e_i)



European Commission

Vice-President Günter Verheugen,
Commissioner for Enterprise
and Industry, earlier this month
presented a review of EU
innovation policy. Enterprise
& Industry magazine spoke
to him about the importance
of innovation and the efforts
to make Europe a more
innovative economy.

AN INNOVATIVE MANDATE

How can we make Europe more innovative?

First of all, as a matter of principle, innovation is the cornerstone of the European economic strategy. The whole strategy is based on the idea that we have to compete in the globalised economy; that we cannot compete on cheap labour, low environmental or social standards. The only way we can compete and succeed is if we are better. Quality matters, technology matters. How do we achieve that? Quality and technology, through innovation.

Therefore innovation is really the key for Europe's economic future. That is embedded in the Lisbon Strategy, the European Strategy for Growth and Jobs.

We must strengthen our efforts to make innovation happen, but it's very difficult to organise. We as policy-makers create appropriate framework conditions that really favour innovation and innovative spirit. And there is still a lot to do. The Commission presented the so-called 'Broad-based innovation strategy' in 2006.

The idea was precisely to make sure that the mindset everywhere in the EU becomes more open to innovation, and considers it as number one priority. And I can say that progress has been achieved in many areas, both at EU and Member State level, but we are not yet there. The innovation gap has been narrowed but not closed.

Initiatives

At EU level, we've adapted our state aid rules to make them more innovation-friendly. We have launched a targeted effort to remove all obstacles and to foster growth in six promising markets, under the Lead Market Initiative. We've launched the European Institute of Technology, which will be at the centre of European innovation effort. We've strengthened our efforts to have Member States implement effective policies to support innovation clusters. And we've significantly stepped up our financial efforts for research and innovation in the framework of the European research policy; the Competitiveness and Innovation Framework Programme (CIP) - which is particularly designed for SMEs, and has a significant proportion dedicated to eco-innovation; and the Structural Funds, where we've introduced a new conditionality, with 25% of the total, or €86 billion, being spent to support research and innovation up to 2013.

In my view, in the future, we need to coordinate better. We need to pool the existing resources better at EU level and Member State level. And there is one problem and I'm not proud that I have to mention it. We still have not solved the intellectual property rights question, which is absolutely crucial for successful innovation policy. The Community patent is indispensable.

Leading by example

In getting policy-makers together, you've relied a lot on peer pressure to encourage progress. Is that approach working?

President Barroso and I agreed that the renewed Lisbon Partnership for Growth

and Jobs should be based on partnership and co-operation. I still believe that this is the right thing to do. We monitor, of course, the progress made by Member States.

But we don't name, blame and shame.

Nevertheless, there is a lot of peer pressure. I've seen it very often: when ministers discuss progress that they have made at national level, they really try to match each others' successes. The exchange of good practice is really working. And I think that the Lisbon Partnership for Growth and Jobs has supported reorientation of Member States' policies towards innovation and entrepreneurship.

I'd also like to mention that, in the context of our innovation policy, we have provided analytical support through a regular and sometimes critical assessment of Member States' innovation systems, and the annual innovation scoreboard, which has proved to be a very useful, and very popular, instrument.

Green industry

Europe has set out to be a leader in ecoinnovation and energy-efficient products. How do we encourage industry and consumers to focus on such products?

The need to green European industry, green European services, green our whole economy is now broadly shared. I know that there's still a little bit of lip service, but I can see that in the past couple of years all major European industries and companies have

really understood that eco-innovation is investment in their own future. Even in the present crisis, I can see that companies do not stop investing in eco-innovation.

I am deeply convinced that a product made in Europe has to be, in terms of energy, the most efficient, in terms of resources, the most sustainable, in terms of technology, the most advanced and in terms of safety, simply the best. That's the way forward. And I'd like to see, not only from public budgets, but also companies spending more on R&D. In the long-term, there's no world-class excellence in innovation or eco-innovation without a lot of research and development. Therefore, the crisis should not be an excuse to cut such expenditure.

It is obvious that the emerging economies have a tremendous need for environmentally friendly, energy-efficient new products and technologies. So there is a huge market opportunity for European companies.

As regards eco-innovation, we are still the front runners. We have many more companies in the EU, and many more research institutions, dealing with these matters.

But we have to defend our position.

Günter Verheugen

Günter Verheugen is Vice-President of the European Commission from 2004-09, responsible for enterprise and industry policy. Previously, he was European Commissioner responsible for enlargement (1999-2004). A member of the German parliament – Bundestag – from 1982 until he joined the Commission, he held a number of offices in the Social Democratic Party (SPD), and was Minister for European Affairs in the government of Chancellor Gerhard Schröder. Before taking up politics full time, he worked for the federal government.

Innovation

ACCELERATING THE UPTAKE OF INNOVATION

A number of EU-funded public-procurement networks will soon help public organisations acquire the latest cuttingedge goods and services on offer in lead markets, thereby serving citizens, stimulating innovation, tackling societal challenges and enhancing the EU's competitiveness at a time of global economic crisis.

> hree new trans-national specialised networks of public procurers are being launched under the European Union's Lead Market Initiative (LMI). Each of them will receive about €1 million. Two of the networks will focus their activities on the sustainable construction theme and the third will be devoted to protective textiles.

The SCI-Network – Sustainable Construction and Innovation Network - will help public authorities exploit and drive sustainable innovations in construction across Europe. It will base its work on public construction projects and is designed to help combat the crossborder fragmentation of the European construction sector. It also aims to develop clear guidance and case studies, carry out training activities and improve the knowledge and skills of public-sector procurers.

Similarly, the LCB-HealthCare - Low Carbon Building network will seek to stimulate innovative low-carbon building solutions for the healthcare sector, since buildings account for some 40% of CO₂ emissions in the EU, and hospitals and clinics are particularly energy intensive. For the healthcare sector, not only are the incentives to reduce carbon and energy costs considerable, but the sector also provides a highly managed professional environment which facilitates innovative solutions.

The third network, ENPROTEX - European Network of Protective Textiles – seeks to spark innovation through public procurement to meet the future needs of fire

services. The methods it will employ include promoting co-operation amongst public procurers and providing an interface between end-users and manufacturers. In particular, the project will aim to stimulate industry with future procurement opportunities.

Bridging the knowledge gap

This is the first time the European Commission has funded specialised procurement networks dedicated to innovation. Although public procurement represents around 16% of the EU's GDP, it is only recently that its potential as a stimulator of innovation has been recognised, in particular under the Lead Market Initiative. However, mobilising this recognition into effective action requires buyers and suppliers to understand each other better. "There is currently a knowledge gap separating public procurers and innovative suppliers," explains Peter Dröll, head of the European Commission's Innovation Policy Development Unit.

To bridge this divide, the three EU-backed public procurement networks become operational from September 2009. They aim to enable public procurers at all levels - national, regional, metropolitan and local – to enhance their market-specific knowledge of the innovative solutions which are available, or are being developed by suppliers, in some of the leadmarket areas established by the European Commission. This will allow a better coordinated and articulated dialogue with suppliers about the future needs of public procurers. In turn, the participants will be able to realise the benefits of European co-operation in exchanging experience in procurement practices and in undertaking joint or coordinated actions.

"The new networks will help public procurers to become 'smart' purchasers and innovative enterprises to become 'smart' suppliers," notes Dröll. "The networks are a way of helping procurers to deliver better public services for the benefit of citizens, and to help innovative enterprises fulfil their potential, which also benefits citizens by

creating jobs and economic growth. It is also a way to help innovative enterprises in new markets, where demand is not well structured, such as in the green economy sectors. And finally, if public procurers can properly signal their future requirements, this would be a tremendous stimulus to innovation by suppliers across Europe."

Responding to the economic crisis

The global economic crisis has placed enormous pressure on the world economy, including that of the EU. Carefully targeted public procurement can help pull the EU out of the slump and sharpen its competitiveness by supporting innovative enterprises. "Public procurement can provide innovative SMEs with a lifeline in these troubled economic times, and help Europe maintain or build a lead in innovative sectors that can create future growth," Dröll observes. Indeed, the relevance of the Lead Market Initiative is recognised by the Swedish Presidency, who will include this topic in their major conference on Sustainable Industry, in Linköping on 2-3 November 2009.

'Lead markets' point the way to future possibilities through the introduction of highly innovative goods and services. The EU's ambitious Lead Market Initiative, launched in 2007, seeks to stimulate and nurture innovative sectors of high societal and

economic value. The LMI focuses on six key sectors: sustainable construction, technical textiles for intelligent personal protective clothing and equipment, bio-based products, recycling, e-health, and renewable energy.

These new networks can help shed light on the way forward for harnessing public procurement to stimulate European innovation. "These experiments are highly relevant to public authorities at all levels across Europe and to businesses that want to innovate," concludes Dröll.

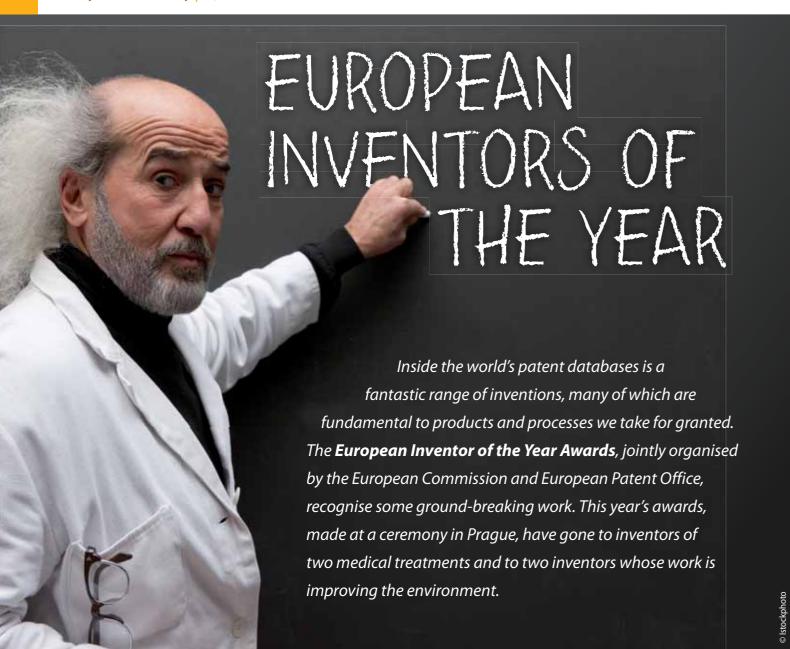
>> Contact

Innovation Policy Development Unit Directorate-General for Enterprise and Industry

ENTR-LMI@ec.europa.eu

www.ec.europa.eu/enterprise/policies/innovation/policy/ lead-market-initiative





atents, like other forms of intellectual property rights, are most often seen as economic tools, enabling inventors to gain a financial reward for their work, and for industry to gain access, through payment, to new marketable products. Inventors do not usually set out to gain personal recognition, yet the European Inventor of the Year awards, first made in 2006, celebrate the creativity of inventors.

As Günter Verheugen, European Commission Vice-President responsible for Enterprise and Industry says, "The prize winners are a testament to the richness of the human imagination and the significance of technological innovation... Their innovatory spirit also helps to create jobs in Europe and strengthen its competitiveness. I hope these inventors encourage others to follow their paths."

The awards are made in four categories. The condition for entry is that the entrepreneur has at least one European patent, granted before 2004 (for the 2009 awards). Entries can now be submitted for the 2010 awards.

Lifetime Achievement

The sun is the most obvious source of energy we have, but how can we harness it more effectively? Finding practical ways to use solar energy was the driving force behind Adolf Goetzberger's work for more than four decades. He received the **Lifetime Achievement Award** in recognition of his contribution to the development of photovoltaic cells. Goetzberger's early research work was in the field of semiconductors. In the 1970s, his breakthrough was the development of the fluorescent planar collector-concentrator which would make solar cells significantly more efficient at converting solar energy into electric current.

His invention came at a time when solar cells cost so much that their use was still mostly limited to space, to satellites in particular. This work proved the theoretical estimates of the conversion efficiency of the silicon-based cells were achievable. His success then enabled him to convince the Fraunhofer Society to set up a new Institute for Solar Energy Systems (ISE), which he headed from 1981 until

his retirement in 1993. The Fraunhofer ISE is still Europe's biggest solar energy research institute, and throughout its life has worked on developing and demonstrating ever-more efficient solar energy applications. It has played, and continues to play, a major role in making solar energy a cost-effective alternative to fossil fuel energy generation.

Industry

Leukaemia is a cancer in which excessive numbers of blood cells are produced, and is particularly feared since it strikes people of all ages. Back in 1960, researchers in Philadelphia identified an abnormal chromosome in patients with one form, chronic myelogenous leukaemia (CML). Developments in understanding human DNA enabled scientists to identify the protein responsible for the so-called Philadelphia chromosome. In the 1980s, Brian Druker and a team at the Oregon Health and Science University identified a compound which could inhibit the BCR-ABL protein, stopping the overproduction of white blood cells. He went on to work alongside Jürg Zimmermann and a team at Novartis to refine this compound.

Druker and Zimmermann received the **Industry Award** for their work in developing the resulting drug Imatinib (trade name *Glivec*). It differs from other chemotherapy treatments because it is targeted very effectively, focusing on the areas in which the BCR-ABL protein is active. The results of clinical trials, begun in 1999, showed a very low rate of adverse side effects – just 5% of patients treated. The success rate is even higher, with 98% resulting in complete remission. Moreover, some 60-80% of patients who subsequently undergo bone marrow transplants are cured of the disease. *Glivec* is now the standard treatment for patients with CML, and it brings hope for more effective treatments for other forms of cancer, and particularly ones which reduce the pain of traditional chemotherapy

SMEs

Heat exchangers are a vital component of equipment used for either, or both, heating and cooling, from refrigerators to airconditioning systems to central-heating boilers. Their job is to transfer heat efficiently from one medium to another. For example, a condensing boiler's exhaust gases are used to warm the water in the heating system, which means the burner itself has less work to do, reducing fuel consumption, whereas in a conventional boiler, the hot exhaust gases are lost in the atmosphere.

Joseph Le Mer, who was presented with the **SME/Researcher Award**, has been working in this field for three decades. Following a breakthrough in 1993, he designed a heat exchanger which is smaller, more economical to run and cheaper to manufacture than the competition. It is also modular, so several can be connected together easily for bigger applications. Giannoni-France,

the company he and his partner launched in 1993, has grown steadily, and now produces more than a million heat exchangers each year. It has some 80% of the market amongst European manufacturers of condensing boilers, where its exchangers are valued thanks to their performance in reducing energy consumption by one-third, in comparison to conventional boilers.



Non-Europeans

Malaria is one of the world's deadliest infections, killing one person every 30 seconds, most often children under five. Zhou Yiqing and his team at Beijing's Institute of Microbiology and Epidemiology went back to an ancient Chinese herbal remedy, *Artemesia annua*, and mixed it with a modern anti-malarial agent, benflumetol. The drug, for which they received the **Non-European Countries Award**, is very effective, controlling malarial fever in just a day or two, and achieving complete cure in three to four days in 96% of patients treated. Since Novartis brought it to market in 2001, under the name *Coartem*, it has delivered some 215 million treatments, and estimates that 550 000 lives have been saved.

>>> Contact

Innovation Policy Development Unit
Directorate-General for Enterprise and Industry

entr-innovation-policy-development@ec.europa.eu

To submit entries for 2010, please visit:

www.epo.org/topics/innovation-and-economy/
european-inventor.html

THINK SMALL FIRST FOR BUSINESS-FRIENDLY **POLICY**

The 'Think small first' principle is now at the heart of EU policy-making, but how is it applied in practice? The European Commission has identified concrete procedures to ensure the principle can be applied effectively and to learn from examples of SMEfavourable initiatives throughout the Union.



o policy-makers consider the impact of their actions on small and medium-sized enterprises (SMEs) sufficiently? And when they do so, do they take appropriate steps to ensure measures which affect SMEs are effective and efficient, and do not disadvantage SMEs in comparison to larger firms?

SMEs and Entrepreneurship

The European Commission has long recognised the need for policy and legislation to be designed with SMEs in mind. And in its 2008 Small Business Act, the Commission emphasised the importance of the 'Think small first' principle. In essence, it calls on policy-makers at all levels, from the Union down to the local, to consider and take into account the needs and interests of SMEs from the earliest moment in policy formulation.

The need to streamline

A study of EU legislation in force found that 83 texts contain specific measures for SMEs. However, in over half of these cases the measure is limited to a statement that the needs of SMEs should be taken into account without specifying how. The remaining 39 texts included measures such as exemptions for smaller firms, delayed application of measures to SMEs, special treatment for small businesses, and specific information or guidance services to help SMEs.

Directives have to be transposed at national level, and the study found that there were significant differences in the way Member States had implemented the specific SME measures in their national systems. Even the threshold (number of employees) below which certain SME exemptions apply varies between countries,

while some Member States have chosen not to bring in SME exceptions included in directives.

A workshop, with national experts and representatives from business associations, run by the study team underlined that specific SME measures are only one aspect of 'Think small first'. It is better to ensure that legislation does not place a disproportionate burden on enterprise in the first place, rather than introducing specific measures to alleviate that burden. The workshop stressed that "harmonising and simplifying national law is one of the most important ways in which legislation can be made more SMEfriendly, without the need to include specific SME measures". Moreover, the effectiveness of EU measures may depend on the way in which they are implemented in national law.

Concrete tools: SME Test

The study team produced a tool kit for use by policy-makers at EU and national levels, to help them apply the 'Think small first' principle more effectively and consistently. It prompts policymakers to consider the impact of legislation on SMEs, and at how that impact may vary on different business sectors and sizes of business. The tool kit sets out a range of specific measures for SMEs which can be considered for either legislation or programmes.

In the recently revised guidelines on impact assessment, to be carried out by its staff in preparing EU policy initiatives and legislative proposals, the European Commission has now included an SME Test, as proposed in the study. The test includes a range of steps, including an assessment of the enterprises likely to be affected and a detailed measurement of both costs and benefits for the affected SMEs. Where the test identifies a significant burden on SMEs in comparison to larger firms, the Commission should consider a range of specific SME measures. The costs and benefits of each option, together with the effect on alleviating the overall burden placed on SMEs needs to be assessed.

Practical response

In all legislative proposals, the Commission aims to minimise costs to business. Its recent proposal to ensure that electronic invoices are treated and accepted on the same basis as paper invoices throughout the Union will reduce costs for SMEs and large firms alike. Across all areas of regulation, proposals to simplify rules will tend to benefit SMEs, and so specific measures need not be considered. But where new regulations are judged necessary, the tool kit includes a range of possible approaches. In some domains, such as legislation to protect health and safety or to ensure workers' rights, specific SME measures are not suitable since these would compromise the aim of the policy. In other areas, such as statistics, company law and taxation, there is more scope for specific measures to reduce the burden on SMEs.

In some cases, exemptions are included for small or microenterprises. For example, the Commission has proposed that micro-enterprises (fewer than ten employees, annual turnover less than €1 million) should not have to comply with the same annual reporting rules as larger firms. Not having to file accounts with the same level of details as large enterprises could save microenterprises €1 200 per year. The Commission is also considering other areas of company law in which requirements for SMEs can be simplified.

Delayed implementation of new regulations may also be considered, to give SMEs more time to prepare for their introduction, and to adapt their procedures.

Specific help can be made available to SMEs, for example in the form of reduced fees – seen in both the European Chemicals Agency (REACH Regulation) and the European Medicines Agency – where SMEs benefit from considerably lower charges than larger firms. Helpdesks and information services to assist enterprises doing business, such as the contact points set up by the Services Directive, or to help them fulfil specific legislative requirements, such as the REACH helpdesks, are also beneficial to SMEs in particular. Tax reductions or direct grants to help SMEs comply with new legal requirements may also be considered, provided they comply with competition and international trade rules.

The EU's state aid rules have also been revised, with the specific intention of encouraging national authorities to target public assistance on SMEs rather than large enterprises. It simplifies the procedures to be followed in the case of SMEs, and allows higher aid intensity for SMEs in comparison to large firms.

National examples

Examples of good practice are now collected in a guide aimed at helping policy-makers apply the principle at all levels. The guide shows how they can listen to SMEs, how they can assess the impact of proposed policies on small business, and how they can offer better and simpler contacts between SMEs and public administrations. It also gives the example of common commencement dates, which mean that SMEs can more easily prepare for new regulation since they know all new legislation or changes to it will only come into force on a given day or days each year.

>> Contact

SME Policy Development Unit Directorate-General for Enterprise and Industry entr-sme-policy-development@ec.europa.eu www.ec.europa.eu/enterprise/entrepreneurship/ think_small_first.htm

A NEW GENERATION OF RESPONSIBLE **ENTREPRENEURS**

The European Commission has launched the 'Your World, Your Business' campaign to encourage young people in schools to debate the role of enterprises in helping society and protecting the environment. At a time when economic models are being questioned, the campaign, based on a film in which young entrepreneurs show how their firms are helping society, seeks to inspire young people to set up responsible businesses themselves.

hy start a company? Ask young people that question and you will get many answers. Some want to be their own boss, some think they can do better than their old boss, some want to make lots of money... And increasingly, young entrepreneurs are citing social and environmental reasons for starting their firms. They see the power of business to improve society and the environment.

The economic crisis has clearly demonstrated that some models of corporate behaviour are unsustainable. Moreover, the impact of the crisis has lowered citizens' trust in business, leading more and more to question current practices. In many high-profile examples of companies which have focused on short-term profits at the expense of long-term stability, employees have been first to feel the pain, and they continue to do so. Alternative business models, which explicitly set out to help society and/or protect the environment, are therefore becoming more and more relevant.

The European Commission has long sought to encourage business to be more responsible for the social and environmental consequence of their choices and activities. Its corporate social

responsibility (CSR) policies have focused on a voluntary approach, providing the evidence to convince stakeholders that CSR is good for business, and that being responsible brings competitive advantages. As business and society across Europe develops responses to the economic crisis, CSR is coming to the fore.

SMEs and Entrepreneurship

Models for change

"The economic crisis cannot be seen in isolation from the serious environmental crises and persistent social inequalities that affect our planet. While we strive to rebuild our economy, we have to be aware that we cannot and should not simply rebuild it as it was before," according to Françoise Le Bail, the European Commission's Deputy Director-General for Enterprise and Industry. "Corporate social responsibility, because it asks fundamental questions about the role and purpose of business in society, can be one building block of a new economic system that is more sustainable financially, socially and environmentally."

Corporate Social Responsibility

The European Commission's work on CSR has gained greater prominence as stakeholders seek strategies to drive and shape the economic recovery. A meeting of the European Multistakeholder Forum on CSR in February saw widespread agreement to pick up the pace of work, and the Commission is now preparing two initiatives for 2009. A series of workshops will address the issue of company reporting and disclosure on CSR-related performance, from enterprises' own viewpoints as well as from that of investors, trade unions, NGOs and public authorities. In support of the new UN framework on business and human rights, the Commission is also launching a study on the legal framework for human rights and environmental issues applicable to European companies operating outside the EU.

She was speaking at the launch of Your World, Your Business, which provides teachers working with pupils in the 16-19 age group with a tool to stimulate discussion on entrepreneurship. Based on a film featuring four European companies set up by young people with explicit social and environmental goals, the tool encourages teachers both to reconsider their own views on business and to get their pupils to develop their own responsible business ideas.

The young entrepreneurs explain why they set up their companies and present the products or services they offer. Each shows how their company is not purely about profit, and how it is benefiting society. The different firms presented help to show young people watching the film that the range of business opportunities

Your World, Your Business has been successfully advertised by a short video clip on the web, which takes a rather surprising view of responsible entrepreneurship...

Educating entrepreneurs

For the campaign, the European Commission is in partnership with Junior Achievement Young Enterprise Europe. One scenario in which teachers are expected to use the tool is when helping new junior enterprises to get going in their schools; the film and discussion could be used to stimulate ideas for pupils' own companies.

The European Commission has long recognised the need to encourage entrepreneurship education starting in schools, and junior enterprises are significant in introducing young people to business. Europeans start too few new enterprises, and measures of this sort are essential not only to encourage more potential entrepreneurs to take up the challenge of starting a business, but also to change the culture amongst citizens, thus creating a more favourable environment for business.

As citizens' attitudes to business focus more and more on their social and environmental impact, the campaign will demonstrate that businesses can be responsible. And, as Françoise Le Bail underlines, the campaign "is based on the conviction that we can simultaneously inspire more young people to become entrepreneurs and inspire more young people to become responsible entrepreneurs".

>> Contact

Directorate-General for Enterprise and Industry Your World, Your Business

entr-csr@ec.europa.eu

www.ec.europa.eu/enterprise/yourworldyourbusiness



PROMOTING ENTERPRISE CAN MAKE THE **DIFFERENCE**

Entrepreneurs need a supportive environment. Recognising this, public authorities at all levels are, more than ever, developing policies and initiatives to make life easier for small business and therefore encourage more entrepreneurship. The **European Enterprise Awards** are organised to recognise the efforts made by authorities from all over Europe, and to demonstrate the results which can be achieved with such policies.

key plank of the European Union's policies to support small and medium-sized enterprises (SMEs), in particular the 2008 Small Business Act, is to develop an environment favourable to enterprise. Helping businesses work more effectively is critical in enabling them to create more, better-quality jobs for Europeans.

Recognition

In 2005, the European Commission established the European Enterprise Awards, to recognise initiatives at regional level to encourage and support entrepreneurship. The third set of Awards was presented at a ceremony in Prague on 13 May, marking the end of the first European SME Week. A total of 350 entries came from across the Union plus Norway, with national winners and runners-up then put forward for the European competition. Awards were made in each of five categories, as well as the Jury's Grand Prize.

"I am impressed how many initiatives have been created to make life easier for SMEs. Today's winner, the Scarborough Renaissance Partnership, demonstrates

that promoting SMEs is in the benefit of our societies and can bring unemployment down," said Commission Vice-President Günter Verheugen, responsible for Enterprise and Industry, at the ceremony. "I invite all to share best practices. Our vision to be a world-class space for SMEs can become true if we follow the examples of today's winners."

Inspiration

The Jury's Grand Prize, awarded to the entry considered most creative and inspiring, went to Scarborough Renaissance Partnership, from the north-eastern English (UK) seaside town. Traditionally dependent on tourism, the town suffered from big seasonal fluctuations in unemployment, with winter rates 50% higher than those in summertime.

Set up in 2002, the Partnership has successfully stimulated year-round enterprise, with the increase in unemployment over the winter months now down to just 10% more than the summertime rate.

In the past two years, public investment has created 100 new jobs, leading to a

further 100 jobs in the private sector. And the Partnership has laid the basis for further job creation. With community support, the town is developing a creative and cultural sector. A state-of-the-art workspace for creative industries and a new business park with space to host up to 2 000 jobs are encouraging businesses to set up in Scarborough, helping to reduce unemployment in the longer term.

SMEs and Entrepreneurship

Previous Jury's Grand Prize winner, Lan Ekintza, from Bilbao, which regenerates derelict urban buildings to provide premises as well as support for start-up businesses, underlined the value of the award. The 2007 award brought them significant media coverage, and an increase of 30% in approaches to the scheme in the following months. The project has now doubled in size and is being replicated in other areas of Bilbao, while other public organisations have shown interest in collaborating.

Good practice

Instituto IDEAS, from the Universidad Politécnica de Valencia (ES), took the **Entrepreneurship Promotion Award.** Since 1992, the institute has worked



to support and encourage innovation and entrepreneurship in and around the university community. In that time, thanks to its work building networks and fostering co-operation, it has supported the creation of 400 new companies and some 4000 new jobs. Amongst its recent projects is an innovative virtual shopping mall 'Parque Innova' to encourage e-commerce.

Anti Bureau, a company set up by the city of Miskolc (HU) to manage its properties, won the **Red Tape Reduction Award**. The aim, from its establishment in 2006, was to provide services to local residents in a simpler, less bureaucratic fashion. Whereas in the past, residents had to deal directly with the different companies providing services such as heating, sewage, water supply, and refuse collection, Anti Bureau provides a single channel making it much simpler for residents to deal with them.

The Gothia Science Park, in the municipality of Skövde (SE), received the Enterprise **Development Award**. The park hosts the Inkubator, helping new companies get established more quickly, the Teknipark which offers a creative environment close to researchers, students and other enterprises, fostering business growth, and the Projektarena – a meeting place where

companies and researchers come together to develop new projects. The park has successfully generated new business, particularly in the computer gaming field, and now hosts some 50 businesses with 300 employees.

The Women's Enterprise Agency from Helsinki (FI) took the Investment in Skills Award, for its work in mentoring women starting out in business. Set up in 1996, the agency provides one-to-one mentoring by experienced entrepreneurs. More than 400 women have participated in activities ranging from information sessions on 'introduction to entrepreneurship', practical sessions and three-month courses on entrepreneurship. Group mentoring has also been used, in particular with migrant workers, and the agency has worked in co-operative activities with groups in other countries, including Latvia, Lithuania, and Mozambique.

The Waldkirch Employment and Qualification Company (WABE), a publicprivate partnership from the town of

Waldkirch (DE), received the **Responsible** and Inclusive Entrepreneurship Award.

WABE aims to help unemployed people with special placement problems to find work. By providing practical training, coaching and temporary placements, the programme has enabled 300 previously unemployed people to take up jobs with local businesses. The programme itself now employs some 40 people who were previously unemployed, working in training, coaching and administration. Employers who have taken on people from the programme report good experiences, with their new employees well trained for their jobs.

Organisations interested in participating in the next set of awards should get in touch with the national contact in their country, detailed on the awards' website.

>> Contact

SME Policy Development Unit Directorate-General for Enterprise and Industry entr-european-enterprise-awards@ec.europa.eu www.ec.europa.eu/enterprise/entrepreneurship/smes/awards/index_en.htm **Better regulation**

LIGHTENING THE REGULATORY LOAD ON **BUSINESS**

Recent progress reports reveal that the European Commission's 'Better Regulation' drive has delivered concrete benefits to EU businesses, while making legislation more effective. The Simplification strategy provides many examples in this domain.

he quality of the EU regulatory framework remains a fundamental condition for European business to compete and to create employment. Legislation is necessary to give rights and opportunities and protect European business and citizens. Yet, legislation can also entail costs, especially for SMEs. In addition, the current body of EU legislation, known as the 'acquis communautaire', was not shaped all in one go but evolved over many decades. Since this gradual evolution can lead to unnecessary complexities and overlaps, the European Commission is trying to strike the right balance with its 'Better Regulation' strategy.

"Businesses should be free to spend their time producing and innovating – not filling in forms or reporting in overly bureaucratic ways," observes Commission Vice-President and Enterprise and Industry Commissioner Günter Verheugen.



More effective and efficient legislation

In order to make legislation less burdensome for enterprises, easier to apply and more effective in achieving its goals, the European Commission embarked on its Better Regulation drive in 2002. The actions envisaged were to analyse the impact of proposed European legislation, simplify existing laws, and reduce the administrative burden. The Commission also wanted to consult stakeholders to find out how EU laws affect them.

In this context, in 2005 the Commission launched a strategy for simplifying the Union's regulatory environment. Since the launch of this strategy, "simplification has been mainstreamed into the work of the Commission. Through a range of coordinated activities the Commission has built up a political and practical framework of action delivering tangible benefits for citizens, businesses and public administrations," the progress report explains.

Overall, 138 simplification initiatives, out of 185 in total for 2005-2009, have already contributed to streamlining the regulatory framework, improving working procedures and ensuring a wellfunctioning internal market. The Commission's action since October 2005 will reduce the acquis by almost 10%, or about 1300 legal acts and 7 800 pages of the Official Journal.

In parallel with the simplification strategy, the Commission has also launched an Action Programme for Reducing Administrative Burdens, which aims to cut costs for enterprises by focusing on the information that EU businesses are obliged to provide to public authorities or to private entities.

Concrete benefits

The legislative simplification efforts have delivered several concrete dividends to the European business community, particularly SMEs, as the following examples show.

The new General Block Exemption Regulation related to state aid, which harmonises and consolidates five legal acts into one text, allows Member States to approve a range of aid measures without, as was previously the case, first having to notify the Commission. Aimed at promoting job creation and competitiveness this legislation covers a number of areas, including aid for SMEs, research, innovation and employment.

The simplification of the Community customs code is another example, modernising the EU's customs legislation and creating a paperless environment for authorities and traders. Once fully operational, it will generate benefits to traders estimated at €2.5 billion per year.

In Europe, public-sector purchases represent a significant portion of the economy, and a potentially powerful stimulus for enterprise and innovation. Everyday business opportunities in the public sector worth more than €1 billion appear on the EU-run website

(Tenders Electronic Daily, TED). But many SMEs do not possess the mechanisms to keep track of public tenders, particularly those in other parts of the EU. A Common Procurement Vocabulary has been created, and the procedure to publish procurement notices in the Official Journal (TED) has been simplified. This will facilitate the identification of public procurement opportunities anywhere in the EU.

Late payments in commercial transactions between companies or between businesses and public authorities still happen in the EU. This hampers the development of business and is even responsible for bankruptcies of otherwise viable companies, notably small or medium-sized enterprises (SMEs). Therefore, the Commission recently adopted a proposal to fight late payments. Amongst the proposed measures, public authorities will have to pay for the goods and services that they procure within 30 days. If not paid within this deadline, they will have to pay interest, compensation for recovery costs and a flat-rate compensation of 5% of the amount due, which kicks in from day one of the delay. This proposal will improve the cash flow of European business and will facilitate the smooth functioning of the internal market via the elimination of related barriers to cross-border commercial transactions.

The Action Programme for Reducing Administrative Burdens has also achieved several notable successes in cutting red tape for

The way ahead

Better regulation is an ongoing exercise. The rate of reform continues apace. For 2009, the European Commission has included 33 additional simplification initiatives in its Legislative and Work Programme, covering such areas as the mutual recognition and enforcement of judgements in civil and commercial matters, agriculture, and state aid. In addition, following a thorough screening of the acquis, it found that a further 80 actions could be incorporated in future simplification activities, including legislation related to the internal market for goods, environment and

"The snapshot provided by the screening of the *acquis* prepares the ground for future work. A programme which started with a limited number of initiatives now covers all policy areas and is taking an increasingly sectoral approach," the progress report concludes.

>>> Contact

Internal Market and Simplification Unit Impact Assessment and Administrative Burden Reduction Programme Unit

Directorate-General for Enterprise and Industry entr-internal-market-simplif@ec.europa.eu ENTR-ADMIN-BURDENS@ec.europa.eu

Better regulation

Late payment by trade customers is a considerable challenge facing millions of European businesses. New legislation proposed by the European Commission aims to ensure that bills are settled on time.

elays in payments have long been an issue of concern for small and medium-sized enterprises (SMEs), especially since disruption to cash flow can mean the difference between solvency and bankruptcy. For this reason, the issue of late payments is a significant focus of the Small Business Act.

With the current economic crisis, the challenge of late payment is becoming ever greater, both because delays in payment are growing, and because the other sources of finance which SMEs traditionally use to tide themselves over, such as credit lines and bank loans, are drying up.

The Commission estimates that nearly €1.9 trillion is paid late within the EU. Of that, a full €1.1 trillion is owed to SMEs. Considering that the EU's combined GDP is around €11.3 trillion, this reflects the sheer scale of the problem. It should be noted that this estimate overstates the size of the problem in that it includes all delays, even those of just a day.

Back in 2000, the EU passed the Late Payments
Directive to protect businesses against the spectre of
delayed payments. However, the intervening years
have highlighted certain shortcomings in the current
legislation. To address these, the European Commission
proposed, in April, to recast the Directive in order to
strengthen the existing rules relating to late payments
among businesses, and between businesses and
public authorities.

Business representatives welcomed the draft legislation. Eurochambres, the association of European chambers of commerce, described it as "an important step in concretely helping European businesses" which, at the present time, are "strangled by payment delays, on the one hand, and the difficulty of accessing credit from banks, on the other".

Public action drive

The proposal has a particular focus on public authorities whose track record has often been far from exemplary. "Late payment by public administrations should no longer be tolerated," said European Commission Vice-President and Commissioner for Enterprise and Industry Günter Verheugen, noting that the proposed modifications would provide "an important impetus to overcome the economic crisis by helping to avoid further bankruptcies and promoting businesses' cash flow".

Under the new proposal, public authorities will have to pay their bills within 30 days or pay "dissuasive" financial compensation. Businesses will not only be entitled to claim interest for late payment but also to obtain reimbursement of their recovery costs. Moreover, for the sake of clarity and to simplify procedures, the proposal fixes the amounts. The Directive, as it stands, excludes claims for interest of less than €5. This will now be abolished, and suppliers can charge even the smallest amount of interest.

The proposal also provides businesses with more recourse to challenge grossly unfair contractual clauses, such as an agreement that expressly excludes interest for late payment. Another important issue the proposal addresses is lack of awareness. Many SMEs are not familiar with their legal rights when faced with payment delays. Under the proposed modifications, Member States will be obliged to provide companies with sufficient information about their rights.

Setting an example

The new Directive grants additional rights to enterprises; it does not oblige them to take action.

Companies wishing to exercise their rights to secure payment, along with interest to reflect the delay, will find it easier to do so. However, the decision to take action involves a difficult balancing act, and some firms will choose to tolerate delays in order to preserve good relations with established or important customers.

However, the rules on prompt payment will be obligatory for public authorities, which should lead by example. For its part, the EuropeanCommission is committed to practising what it preaches. Although it already pays most of its suppliers within 30 days, payment periods will be further shortened through the streamlining of procedures.

JULY 2009

MON TUE WED THU FRI SAT SUN

1 2 3 4 5

6 7 8 9 10 11 12

13 14 15 16 17 18 19

20 21 22 23 24 25 26

27 28 29 30 31

>>> Contact

Internal Market and Simplification Unit
Directorate-General for Enterprise and Industry
entr-internal-market-simplif@ec.europa.eu
www.ec.europa.eu/enterprise/regulation/late_payments

Recovering debts

Since December 2008, the European Order for Payment procedure can be used to recover debts – such as from unpaid invoices – owed by enterprises, organisations or individuals in another Member State (except Denmark, which has opted out of the procedure). This procedure simplifies, speeds up and reduces the costs of litigation in cross-border cases concerning uncontested pecuniary claims. This system permits the free circulation of European orders for payment throughout the Member States by laying down minimum procedural standards to transmit the order from the court to which the claimant applies to the debtor's country, where it can be served. In cases in which the debtor disputes the claim, or its amount, the case will be heard in the court where the claimant launched the procedure. Where the debtor does not challenge the claim, the court of origin shall without delay declare the European order for payment enforceable. A European order for payment is recognised and enforced in other Member States, except in Denmark, without the need of a declaration and without any possibility of opposing its recognition. It should be noted that the procedure cannot be used in cases where the debt is owed by a company which is bankrupt.

www.ec.europa.eu/justice_home/judicialatlascivil/html/epo_information_en.htm

Single Market

PLAYING SAFE WITH TOY SAFETY

The EU has updated the safety requirements for toys, ensuring high levels of protection continue to apply to all children using toys purchased in the Single Market. The updated Toys Safety Directive extends safety provisions to areas unknown when the old rules were agreed, and brings improvements to make enforcement across the Union more effective.



Harmonisation

The European Commission has been active in setting high safety requirements for toys for more than two decades, emphasising the need to protect children. In 1988, the Toys Safety Directive was adopted, setting harmonised safety requirements for all toys on sale in the then 12 Member States. Directive 88/378/EEC was one of the first so-called New Approach directives – setting out minimum safety requirements but leaving it to industry, through the European Standardisation Bodies, to agree detailed technical standards for how each type of product should meet them. This approach is particularly appropriate for the toys sector, since the detailed standards can be updated more rapidly to take account of developments of new types of product and applications. The Commission maintains a list of all harmonised standards applicable to toys under the Directive.

Although it had been revised in 1993, the Commission recognised the need for a comprehensive update, and a new Toys Safety Directive entered into force on 20 July 2009. Whilst the Directive has worked well, there were a number of modifications needed. In particular, safety issues that were unknown 20 years ago needed to be addressed. The means of enforcing the rules across the Union needed to be updated and made more coherent. And the Directive needed to be made consistent with EU legislation in other areas, including the general framework for trading goods in the Single Market which has recently been updated.

Improved protection

The new Directive introduces several provisions on chemical substances in toys, consistent with the recent REACH Regulation which governs the use of chemicals in the Single Market. A general ban is introduced on carcinogenic, mutagenic and reprotoxic (CMR) substances in toys, other than for low concentrations of specific substances which have previously been permitted by legislation. In certain cases, where no alternative substance is available, the Directive provides for a scientific assessment process to authorise the use of such CMR substances.

A number of fragrances and substances which provoke allergies are now prohibited from use in toys. A further set of such substances and fragrances may only be used when appropriate warnings are included on the packaging.

Rules for toys in food are introduced, such that toys which cannot be accessed without consuming the food itself are banned. Toys must be packaged so that they are separated from the food, and that packaging should present no choking hazard.

The new Directive strengthens the rules on choking to cover small parts in toys intended to be put in the mouth, for example, musical instruments intended for older children. Strengthened rules on

suffocation hazards will apply to all toys, not just those intended for young children (under 36 months). Warning messages, such as minimum or maximum ages for use, are to be made more apparent. In particular, prospective purchasers should be able to

whether a product is appropriate for the child concerned before buying.

see all relevant

warnings easily, to

help them decide

Better enforcement

The new Directive increases the powers available to Member States' market surveillance authorities to check that products on the market meet the required safety standards. Moreover, national authorities are obliged to co-operate with counterparts in other Member States and with the Commission and EU agencies. The contents of the documentation which manufacturers and importers are required to make available to national authorities has been updated, in particular to include information on components and materials in the toy. In addition, the file should include a safety assessment of potential hazards the toy may present, in order that more systematic risk assessment can be carried out. Finally, the new Directive aligns the provisions on conformity assessment, the bodies which carry out this task, and market surveillance with the revised rules applicable to all sectors covered by the New Approach, to ensure consistency.

The new Directive includes a lengthened list of products and product types which are not covered by its provisions, such as video games, and adds new definitions for new products and hazards which are addressed by the Directive.

>> Contact

International Regulatory Agreements, Toys Safety and CSR Unit Directorate-General for Enterprise and Industry entr-intl-reg-agreements-toys-csr@ec.europa.eu www.ec.europa.eu/enterprise/toys

Enterprise & Industry | September 2009 | News in brief & upcoming events | September 2009 | September 2009

NEWS IN BRIEF



KEEPING THE **NOISE DOWN**

After a scientific opinion confirmed the health risk of prolonged exposure to loud sounds from personal music players, the European Commission and Member States are now working with consumer and industry groups to establish how to better protect consumers.

www.ec.europa.eu/enterprise/e_i/news/article_8999_en.htm

BUYING A CAR IN ANOTHER MEMBER STATE NOW EASIER

The administrative burden of purchasing a vehicle in an EU Member State other than your country of residence has been eased. A European Certificate of Conformity must be issued by manufacturers of all new vehicles and can be used for registration in all Member States.

www.ec.europa.eu/enterprise/automotive/index en.htm





NEW **COMMISSION STRATEGY** FOR **EMPLOYMENT**

Called 'A shared commitment for employment', the initiative will offer financial and strategic support to those hit by the economic crisis and preserve jobs. Measures include €19 billion of European Social Fund money; a new

EU loans facility, in conjunction with the European Investment Bank group and other partners, to provide micro-credit for those who would otherwise have difficulty accessing the necessary funds to set up a business; and concerted efforts from all relevant actors.

www.ec.europa.eu/social/main. isp?catld=89&newsld=514

UNIVERSAL CHARGERS FOR MOBILE PHONES

Incompatibility of chargers for mobile phones is a major inconvenience for users and also leads to unnecessary waste. The European Commission therefore requested industry to come forward with a voluntary commitment to solve this problem so as to avoid legislation. As a result, major producers of mobile phones have agreed to harmonise chargers in the EU. The harmonised chargers will use Micro-USB connectors and the first generation of new interchargeable mobile phones should reach the EU market from 2010 onwards.

www.ec.europa.eu/enterprise/rtte/chargers.htm

BETTER **REGULATION** IN THE **BEVERAGE PACKAGING SECTOR**

The European Commission has published a Communication clarifying the rules for deposit and recycling schemes for beverage packaging. It seeks to balance the environmental

goals of reducing waste with the need to ensure fair competition in the Internal Market.

www.ec.europa.eu/enterprise/e_i/news/article_9157_en.htm

>> Find out more...

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

www.ec.europa.eu/enterprise



EIB LENDING COULD REACH **€70 BILLION** IN **2009**

The European Investment Bank intends to raise its total lending in EU and pre-accession countries to as much as €70 billion in 2009, in response to heightened demand for its funding in the current tough economic and financial climate. This follows on from a commitment last December to a European Economic Recovery Package that would increase overall lending in both 2009 and 2010 by €15 billion on top of the typical annual total of around €45 billion. The EIB is already well on course to meet this 2009 target and could now exceed the total foreseen in December by a further €10 billion.

www.eib.org



UPCOMING EVENTS

Conference on Container Security, 10 September, Bremen

LeaderSHIP 2015 is the EU's initiative to improve the competitiveness of shipbuilding. This conference focuses on the importance of container transport, in particular for EU-US trade, and how it can continue to operate successfully in the coming years. It will examine various technical possibilities to improve, cost-effectively, the security of containers. High-level speakers will present proposed new security solutions, the R&D challenges involved, and the potential economic benefits.

www.ec.europa.eu/enterprise/security/csc.htm

REACH – SIEF 'lead registrants' workshop, 11 September, Brussels

The European Chemicals Agency (ECHA) is running this workshop to assist 'lead registrants', in particular those who have to register chemical substances under the REACH Regulation by the deadline of November 2010. Lead registrants represent a Substance Information Exchange Forum (SIEF), made up of all companies which intend to register a given substance.

www.echa.europa.eu/news/press_en.asp#press20090714c

The Fourth European Security Research Conference,

29-30 September, Stockholm

A key event in the field of European civil security research, the conference is expected to bring together more than 1 200 representatives from research, industry, EU institutions, public authorities and other stakeholders with an interest in the security of Europe's citizens. The future shape of policies and research options will be the focus of discussions.

www.src09.se

Conference "From the Charter for SMEs to the SBA",

5-6 October, Stockholm

Presenting best practices on a range of issues relevant to entrepreneurship, the conference will show how to maximise the success of small businesses. Workshops will cover several topics from eco-innovation and fostering creativity to cash flow and access to public procurement. The conference will also have a particular focus on women entrepreneurs' issues, to which the Presidency workshop will be devoted.

www.ec.europa.eu/enterprise/enterprise_policy/charter/conf2009

Network of Female Entrepreneurship Ambassadors Event, October, Stockholm

An invitation-only gala dinner will mark the launch of the European Network of Female Entrepreneurship Ambassadors, a scheme aimed at using role models to encourage greater numbers of women to take up the challenge of running their own business. In addition, the ambassadors will be offered specific training on how best to fulfil their new role.

www.ec.europa.eu/enterprise/entrepreneurship/women.htm

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.

Visit the magazine website to find out more:

www.ec.europa.eu/enterprise/e_i

On the site, you can sign up to receive notification of all new articles through the RSS feed.



