

ENTERPRISE INDUSTRY *magazine*



Innovation Union for a sustainable future

Industrial policy for a globalised world

CE marking made easy

Rewarding successful European SMEs



European Commission
Enterprise and Industry

December 2010 **9**

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EDITORIAL

*Innovation is high on the European agenda, as it can help meet key challenges facing our society, such as climate change, energy efficiency and demographic evolution. E&I magazine devotes its main feature to reviewing the European Commission's ambitious plans to transform Europe into an **Innovation Union**, with the objective of turning ideas into jobs and sustainable growth.*

The Innovation Union is one of the Europe 2020 strategy's seven flagship initiatives and is closely linked to the others, as important targets require mutually reinforcing policies. Industry, for instance, is key if Europe is to remain a global economic leader. Therefore, issue 9 also examines the new **integrated industrial policy** for the globalisation era, another Europe 2020 flagship, which aims to maintain and support a strong, diversified and competitive industrial base in Europe.

European small and medium-sized enterprises play a significant role in both the

innovation and the industrial stakes. In our regular '**Enterprise Europe Network in Action**' feature, we discover a number of 'star SMEs' which have won awards for making the most of their opportunities in the single market thanks to this Network's help.

Important as it is to the efficient functioning of the single market, the **CE marking** is a familiar sight to millions of Europeans, but it still causes a certain amount of confusion about its role and meaning. This edition explains the meaning of those two letters and presents the campaign that the European Commission has launched to raise awareness of this marking, with accessible and useful information made available to both consumers and professionals.

E&I magazine also explores how **space policy, security research, social tourism** and innovative technologies in the **forest-based sector** can improve the lives of European citizens, while contributing to the competitiveness and sustainability of the European economy.

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(www.ec.europa.eu/enterprise/e_i) ■

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INNOVATION UNION FOR A SUSTAINABLE FUTURE

The European Commission has unveiled an ambitious plan to boost Europe's innovative potential with the aim of turning ideas into jobs and green growth. The strategic approach streamlines efforts on key challenges, such as climate change, energy and food security, health and an ageing population. In addition, it seeks to improve co-operation between the public and private sectors, while removing bottlenecks which prevent ideas from getting to market.

The economic crisis has led, after years of sustained job creation and employment growth, to a situation where nearly 10% of the EU's labour force is out of work. Although the EU's response to the downturn has been swift and decisive, the crisis has exposed some weaknesses in our economy and many challenges remain.

So, what can be done to stimulate sustained and sustainable growth that leads not only to greater prosperity but also to more and better jobs? As the EU has underlined for some time, one crucial ingredient in any recipe for success is innovation, i.e. the turning of good ideas into great products and services. "There is no growth without industry. And there is no industry without innovation," said European Commission Vice-President Antonio Tajani, who is also in charge of industry and entrepreneurship.



The Union possesses three key funding instruments to support research and innovation, with a total budget of around €140 billion for the period 2007-2013: Cohesion policy which is funded through the Structural Funds and Cohesion Fund; the Seventh Framework Programme for Research (FP7), and the Competitiveness and Innovation Framework Programme (CIP). Projects which have been co-funded in this way by the EU have often translated into concrete success stories as several examples show (see boxes).

However, in spite of steady progress in the innovation stakes, the EU still lags behind the United States and Japan in innovation performance, and China is catching up fast, followed quite a bit behind by India and Brazil. Although having no shortage of ideas, Europe sometimes experiences difficulties in turning those into products and services because of various bottlenecks. The mp3 sound format, for instance, was invented in Europe – in fact, in a cross-border collaboration involving German, Dutch and French partners – but it was brought to market outside the continent.

European collaboration gives voice to millions

One sign that a new software or technology has made the big time is when its name starts to be used as a verb. Most examples of this on the internet, such as 'to google', carry a clear 'Made in the USA' label. However, there is one prominent example from Europe, though most Europeans are unaware of this – 'to skype' which means to use the Skype software to make voice, video or text calls over the internet.

In fact, Skype, which is currently the largest international voice carrier, was developed and brought to market in Europe and is a clear demonstration of the innovative potential of European collaboration.

The software was created by three Estonian programmers with the backing of Swedish and Danish entrepreneurs. In addition, the company benefited from funding from an EU start-up facility.

Although based on existing technology known as Voice over IP, Skype's main innovative feature is to make use of background processing on computers running through peer-to-peer exchange, thereby eliminating the need for expensive central infrastructure.

In recognition of the importance of maximising Europe's innovative potential, the Europe 2020 strategy stresses the need to further strengthen efforts in the research and innovation domain by improving both framework conditions and access to finance for these activities.

Responding to societal challenges

In October, the European Commission unveiled the Innovation Union (IU) plan, one of Europe 2020's flagship initiatives. The ambitious proposal aims to refocus research and innovation policies on the key challenges facing our society, such as climate change, energy efficiency and demographic evolution.

"Innovation is the key to building sustainable growth and fairer and greener societies. A sea change in Europe's innovation performance is the only way to create lasting and well-paid jobs that withstand the pressures of globalisation," said Vice-President Tajani and Research, Science and Innovation Commissioner Mairé Geoghegan-Quinn in a joint statement.

The Innovation Union is composed of 10 key elements. As the IU is all about co-operation and collaboration between different stakeholders – such as government, academia and business – one important element is European Innovation Partnerships. These will bring



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together public and private stakeholders to boost innovation in areas of societal importance which have strong economic potential. These partnerships aim to reduce the time between the blue-sky research needed to develop solutions and their integration in people's daily lives, by streamlining existing instruments and new actions in a coherent framework. A pilot partnership on active and healthy ageing should begin in 2011 and will pave the way to the selection of other major themes for future partnerships.

Removing barriers to innovation

In addition, the IU plans to eliminate obstacles hampering European enterprises in their innovation endeavours. Access to finance remains a major challenge, particularly for innovative SMEs and start-ups. In order to address this, the IU will seek to establish a cross-border venture capital regime, work with the European Investment Bank to scale up relevant EU schemes, and appoint a leading figure to strengthen cross-border matching of innovative firms with investors.

The protection of intellectual property is another key factor. At present in Europe, markets have become

borderless but patents are still largely organised along national lines. In fact, obtaining patent protection for all 27 EU Member States is currently at least 15 times more expensive than in the United States, largely due to translation and legal fees. This is effectively a tax on innovation. This is not only costly but also time-consuming and can raise complex legal challenges. For that reason, Member States have been considering introducing an EU patent in recent years which, the Commission estimates, can save European businesses €250 million a year. The IU urges EU leaders to finalise a deal on this soon so that the first EU patent can be delivered in 2014.

In addition to agreements on a venture capital regime and an EU patent, the IU proposes several measures that can significantly contribute to the creation of a European single market for innovation in fields such as standardisation, smart regulation and public procurement.

One side of the innovation equation is supply. The flipside of the coin is demand. Although Europeans are keen consumers of innovative products and services, sometimes innovations need a helpful prod in their early lives, as occurs in the United States where public authorities spend some USD50 billion on pre-commercial procurement. Public procurement – estimated to be worth a sixth of the EU's collective GDP – can provide just such a stimulus. As part of the IU, the European Commission proposes that EU governments set aside dedicated budgets for public procurement of innovative products and services which should create a European procurement market worth at least €10 billion a year and provide innovations that improve public services. >>

Dressed to save lives

When people think of textiles, they tend to think of clothes and other fashion items. While coats can protect us against the elements, few would think that textiles could help protect buildings and other structures against natural disasters. The EU-funded POLYTECT project have developed textiles that can analyse and reduce the damage caused by earthquakes, floods or landslides. One application is 'seismic wallpaper', where sensor-embedded reinforcing textiles are integrated into masonry.

Damaged stone and mortar buildings were retrofitted with sensor-embedded textiles of this sort and subjected to tremors of increasing intensities until forces well beyond those reached during the 2009 L'Aquila earthquake which claimed some 300 lives. The building withstood the tremors, no debris fell and the damage was recorded by the sensor systems to help rescue workers and engineers assess it.

POLYTECT technologies have already found applications in sectors as diverse as railways, mines, roads, airfields, landfills, waste management and environmental protection.



Excellence in knowledge

Of course, Europe needs to continue to generate knowledge and good ideas – the cornerstones upon which innovation is built – and so the Innovation Union foresees more and more effective investment in research. In addition to Europe 2020's target of raising European R&D investment to 3% of gross domestic product, the Innovation Union will seek to consolidate and complete the European Research Area which works to enable researchers, research institutions and businesses to increasingly circulate, compete and co-operate across borders. Efforts will also be stepped up to promote greater coherence between European and national research policies, cut red tape and remove obstacles to researcher mobility.

Not only will innovation-friendly proposals be drawn up for the successor to the Seventh Framework Programme (FP7) after 2013, but the European Commission will also assist Member States to make better use of the €86 billion of Structural Funds programmed for research and innovation up to 2013.

The successful implementation of the Innovation Union will transform the EU into an increasingly knowledge-based economy which will have major socio-economic repercussions. On the plus side, it has the potential to create millions of new jobs. However, many of these jobs will be highly skilled or will require new and rapidly evolving skill sets. This emphasises the importance of education, training and retraining, as well as a culture of lifelong learning.

In terms of education, the IU will endeavour to modernise Europe's education systems, with excellence as the main guiding principle, in order to raise the knowledge and skill levels of Europeans and to attract more world-class talent.

But the Innovation Union is not just about enterprise and markets – it contains a new focus on public-sector and social innovation. 'Social innovation' is an emerging concept which is based on the creativity of charities,

Quantum leap and Nobel Prize for European innovators

Dutch physicist Andre Geim and his British partner Konstantin Novoselov won this year's Nobel Prize in Physics for their work on graphene, a new form of carbon material just one atom thick which is not only the thinnest ever but also the strongest. Thanks to the remarkable world of quantum physics, graphene has some exceptional properties: it is almost completely transparent, yet so dense that not even helium, the smallest gas atom, can pass through it.

This frontier research has numerous potential applications, such as super-fast, super-light graphene transistors, not to mention transparent touch screens, solar cells and light panels.

The two scientists' groundbreaking work was partly funded by the EU's Competitiveness and Innovation Programme (CIP). "The EU is delighted to support such innovative researchers and to help them create economic value from the practical application of outstanding science," said Commissioner Tajani.

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Healthy ageing? Look to the stars

With more than 6 million Alzheimer sufferers in Europe – a figure which is predicted to double over the next decade – helping patients lead normal lives is a top priority. Utilising the latest in European satellite technology, the EU-funded IEGLO project has devised a way to enable people with Alzheimer's to continue living at home safely. With partners in five European countries, the project created MODIS, a pocket-sized device which tracks the wearer's movements both indoors and outdoors. The device's early detection system monitors signs of any unusual movements that may be indicative of distress and alerts family or nursing staff via a central service centre when the wearer is doing something dangerous or has fallen or collapsed. MODIS can also be used by elderly people with limited mobility.

associations and social entrepreneurs in finding new ways of meeting social needs which are not adequately addressed by the market or the public sector. In 2011, the European Commission will launch a major research programme focusing on these avenues.

United, we innovate

This ambitious and comprehensive proposal is due to be discussed by the European Council. In order for it to be successfully implemented, co-operation will be key, as the plan requires

commitment and action both at the EU and Member State level. Progress will be monitored as part of the governance of the Europe 2020 strategy. An annual Innovation Convention will discuss the state of the Innovation Union. ■

Sun City: a model of sustainable urban living

Heliopolis (or Sun City) was once the capital of ancient Egypt. Another Sun City, in the Netherlands, is the world's first carbon-neutral town, with 1 700 homes, which could provide a model for sustainable urban planning. Located in Heerhugowaard, the EU-backed Sun City was built on land once covered with peat fen powered by three windmills of 6.6 to 6.9 MW each, as well as a plethora of solar panels generating 3.0MW. Moreover, the water is purified with natural reeds and a nearby forest absorbs CO₂ from the atmosphere.

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INDUSTRIAL POLICY TAKES CENTRE STAGE

*A competitive industry is key if Europe is to remain a global economic leader. In order to promote a successful industrial policy in our fast-changing world, the European Commission has set out a wide-ranging strategy that aims to maintain and support **a strong, diversified and competitive industrial base in Europe**. This industrial base should play an important role in meeting crucial objectives for the European economy, such as creating new jobs and promoting sustainable growth.*

The Communication on 'An integrated industrial policy for the globalisation era' is one flagship initiative of the Europe 2020 strategy. "Industry is at the heart of Europe and indispensable for finding solutions to the challenges of our society, today and in the future," said European Commission Vice-President Antonio Tajani, who is responsible for entrepreneurship and industry. "Europe needs industry and industry needs Europe. We must tap into the full potential of the single market, its 500 million consumers and its 20 million entrepreneurs."

As ambitious targets require mutually reinforcing policies, the blueprint for this integrated industrial policy framework is closely linked to other flagship initiatives of Europe 2020, such as the strategy to promote an 'Innovation Union' (see page 3).

The recent economic crisis has refocused attention on the importance of supporting a diverse and competitive manufacturing base, including capital intensive and cutting-edge sectors. This is hardly surprising when we consider that, in Europe, manufacturing employs a quarter of people in the private sector, while another 25% work in industry-related services. In addition, 80% of all research and development activity in the private sector takes place in manufacturing.



Fit for our era

However, in this era of intensifying globalisation, the concept of national sectors and industries is obsolete. Instead, what is needed, and what the new strategy promotes, are coordinated European policy responses and a comprehensive approach that looks at the whole value chain, from infrastructure and raw materials to after-sales service. "Europe is more than the sum of its parts. We must raise our joint ambitions in the area of industrial policy, step up our actions and strengthen European governance," noted Tajani. "This is not business as usual," he emphasised.

Moreover, the transition to a sustainable economy has to be seized as an opportunity to strengthen competitiveness. Only a European industrial policy targeting competitiveness and sustainability can ensure the critical mass of change needed for success. "There will be no sustainability without competitiveness, and there will be no long-lasting competitiveness without sustainability. And there will be none of them without a quantum leap in innovation," Tajani added.

Monitoring progress

The 'Integrated industrial policy for the globalisation era' requires the European Commission to report annually not only on the EU's aggregate competitiveness, but also on each individual Member State.

The European Competitiveness Report focuses on recent changes in the EU's productivity growth, which is the key driver of competitiveness in the long run. Its 2010 edition examines how the economic crisis has affected EU competitiveness, the growing imbalances that led to crisis, possibilities for exiting it, and ways of enhancing European competitiveness.

As of 2010, detailed data on each Member State are also available thanks to the report on Member States' competitiveness performance and policies. It analyses industrial competitiveness across the Union and presents the policy measures individual Member States carry out to improve it. For each country, factual information is organised along main themes such as 'Towards an innovative industry', 'Towards a sustainable industry', 'The business environment' and 'Entrepreneurship and SME policy'.

Key areas for action

The coordinated policy response proposed by the European Commission identifies several key areas where action is needed to boost the competitiveness and sustainability of European manufacturing.

SMEs – the backbone of Europe's economy, representing some two-thirds of industrial jobs in the EU – feature prominently in the strategy, which outlines a number of measures for promoting their creation, growth and internationalisation.

To create a conducive environment for industry, other key actions include the '**competitiveness proofing**' of new legislation, running 'fitness checks' on existing laws so as to reduce costs for European businesses, as well as strengthening efforts to promote European standards.

In addition, the new policy aims to upgrade Europe's **communication, transport and energy** infrastructure and services in order for them to serve industry more efficiently. In light of the growing scarcity of and increased global competition for primary **raw materials**, the document also announces a strategy for their sustainable supply and management.

Finally, the strategy addresses the challenges of **space**-related and energy-intensive industries, as well as tackling the insufficient sector-specific **innovation performance**. Actions in these areas should improve framework conditions, increase resource efficiency and support innovation.

Following discussion at the Council and the European Parliament, the first elements of the new strategy are expected to be implemented in 2011. To ensure follow-up, the European Commission will report on Europe's and Member States' competitiveness, industrial policies and performances on an annual basis (see box). ■

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SPACE, A POLICY WITH CONCRETE RESULTS

*European **space policy** is at a turning point, with the Lisbon Treaty providing a new legal basis for action in this domain. Following a high-level conference in October, E&I magazine takes a tour of European space initiatives, **a source of inspiration and innovation**, and a powerful means of stimulating growth and improving the quality of people's lives.*

Europe has always been at the forefront of the quest to understand the world and the universe. This is grounded in the simple, stubborn curiosity that is so characteristic of human beings – the determination to know – but the results are as concrete and real as the ground we walk on, although citizens often do not realise the extent to which they depend on space.

Space makes an enduring contribution to addressing several societal challenges. Climate change is one of the biggest threats facing citizens and governments around the world. Space technologies are a clear asset in the struggle to address climate change, but they also provide tools for ensuring successful outcomes in other key areas:

- Civil safety, humanitarian aid, defence and security
- Prevention and management of sudden natural and man-made disasters
- Social and economic life
- Exploration of space

Space and the Lisbon Treaty

At a time when new global players are emerging to establish their own footprints in space, the Lisbon Treaty creates the legal basis for a coherent space policy, acknowledging the vital nature of this economically and strategically important field.

The entry into force of the Lisbon Treaty has given the European Union a shared space competence via its Article 189 with the specific aim of promoting scientific and technical progress, industrial competitiveness and the implementation of other policies. Hence, space has become a high-level political matter with the well-being of European citizens increasingly dependent on it.

In raising Europe's work in space to the status of a 'European policy', the Treaty also implies new responsibilities and reallocates certain competences among the EU institutions, giving the European Parliament a crucial decision-making role.



Space and Europe 2020

The Europe 2020 strategy seeks to pave the way to an intelligent, sustainable and inclusive EU economy, emphasising the creation of new jobs, support for innovation and education, and ambitious commitments on climate issues and social cohesion. No wonder then that space is fully integrated in this strategy.

Space makes up a vital and integral component of the new Europe 2020 flagship 'An integrated industrial policy for the globalisation era' (see page 8) which the Commission presented at the end of October. The document identifies the immediate priorities of space policy, namely the Galileo programme and the GMES initiative, as well as space and security.

Space infrastructures are critical infrastructures which contribute to citizens' well-being and security and they need to be protected. The flagship initiative indicates the first orientations concerning new European space governance. It confirms that space research will be part of the Eighth Framework Programme for Research (FP8) and announces that measures to implement the space policy will be further fleshed out in 2011.

In addition, the European Commission will continue to implement its space industrial policy, in close co-operation with the Member States and with the European Space Agency. Europe needs to keep up the pace and build on its achievements to foster a solid and balanced industrial base in an increasingly competitive environment that is already seeing the emergence of new space powers. The European space industrial policy should cover the whole supply chain, including SMEs, to ensure greater international competitiveness and non-dependence in strategic sectors, such as launchers, and the development of a market for space products and services.

Proven capacity for innovation and competitiveness

Space research and applications are recognised as important drivers for innovation and competitiveness. A well-conceived space policy allows researchers to focus on clear and strategic priorities, pooling efforts and resources, and disseminating results to the greatest effect. Again, the goal here is not just top-notch research and new technologies; there are also real economic imperatives at stake. Being a rich source of industrial renewal, research is essential to establishing strategic non-dependence in space, and to maintaining the competitiveness of Europe's industry, not only in the space sector.

Wide-ranging space activities are financed under FP7. They focus on applications as well as on areas like space science, space technologies and space transportation. Space exploration is indeed a driver for innovation, technological development, and scientific knowledge which can bring about tangible benefits for citizens. These aspects have been extensively debated by ministers and their representatives from 24 EU and ESA Member States and eight international partners during the second international conference on space exploration held in Brussels on 21 October. They concluded that an international high-level platform should be established to deepen the space exploration dialogue from 2011 onwards. ■

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CE MARKING MADE EASY

*The European Commission has launched an information campaign and a new website that explain the role and meaning of the CE marking both to **consumers and professionals**. It also provides a comprehensive step-by-step guide for professionals to how this familiar marking works and is implemented.*

Despite its presence on numerous goods, the CE marking – which simply indicates that the product bearing it is assessed before being placed on the market and conforms to all the relevant safety, health and other requirements outlined in harmonised EU legislation – still causes a certain amount of confusion. To help create better understanding of this familiar yet not-fully-understood marking, raise awareness of its importance and provide tailored information to different stakeholders, the European Commission has launched a CE marking website.

In addition to explaining the basics about the CE marking and a useful list of frequently asked questions, the website is divided into dedicated sub-sites for consumers and professionals. The consumer section explains what the CE marking is in straightforward and plain language and provides sources of further information. The homepage of the sub-site also contains an animated film in which different products line up outside an 'exclusive' club – which is the EU's single market – but only those wearing the CE badge are allowed into the party.

The professionals' sub-site is divided into sections for manufacturers, importers and distributors. If you are a manufacturer, the site takes you, in six steps, from the legal requirements for the products you make, all the way through to affixing the CE marking. After selecting the product group, for example toys, you can see the applicable legislation, verify requirements, confirm whether you need to involve an authorised body, check the conformity of your product, draft the technical documentation and, finally, find out how to affix the CE marking.

To help users find more country-specific information, the website provides a map of links to national websites in all the EU and EFTA Member States, which form the European Economic Area (EEA).

Making Europe's market yours

As part of its CE awareness-raising drive, the European Commission has launched an EU-wide communication campaign under the slogan 'CE marking makes Europe's market yours'. "We need to boost the visibility of and public trust in the CE marking. Our campaign aims to promote a better understanding of the meaning behind the marking and the purpose of its use," explained Commission Vice-President Antonio Tajani who is also Industry and Entrepreneurship Commissioner.

The CE marking plays an important role for enterprises and national authorities. It provides EU enterprises with access to the entire single market without having to acquire 27 individual approvals from national authorities, thereby reducing the cost and burden of conformity while maintaining high standards. For national authorities, it facilitates controls to be handled by each agency at a time when the range of goods available on the EU market is growing exponentially, without compromising standards.

Among other things, 30 educational events and seminars for economic operators, professional associations, consumer associations and journalists will take place in the context of the campaign. For example, one such seminar was held in Sofia, Bulgaria, on 19 October 2010. ■

CE for beginners

The arch-shaped 'C' and 'E' label on numerous products sold in the European Economic Area is a familiar sight to millions of Europeans. But, what does the CE marking actually mean?

The marking is there to indicate that the product in question conforms to all the relevant safety, health and other requirements outlined in the harmonised EU legislation that applies to it. Only those product categories subject to specific directives that provide for the CE marking are required to carry it. These include computers, phones, toys and electrical products. Certain product groups are not required to carry the CE marking, such as automobiles.

It should be emphasised that the CE marking is by no means an indication of origin and certainly does not mean that a product has been made in the EU.

There is a common misunderstanding that products with the CE marking have been inspected and approved by some kind of authority. In reality, many products can be assessed by the manufacturer itself.

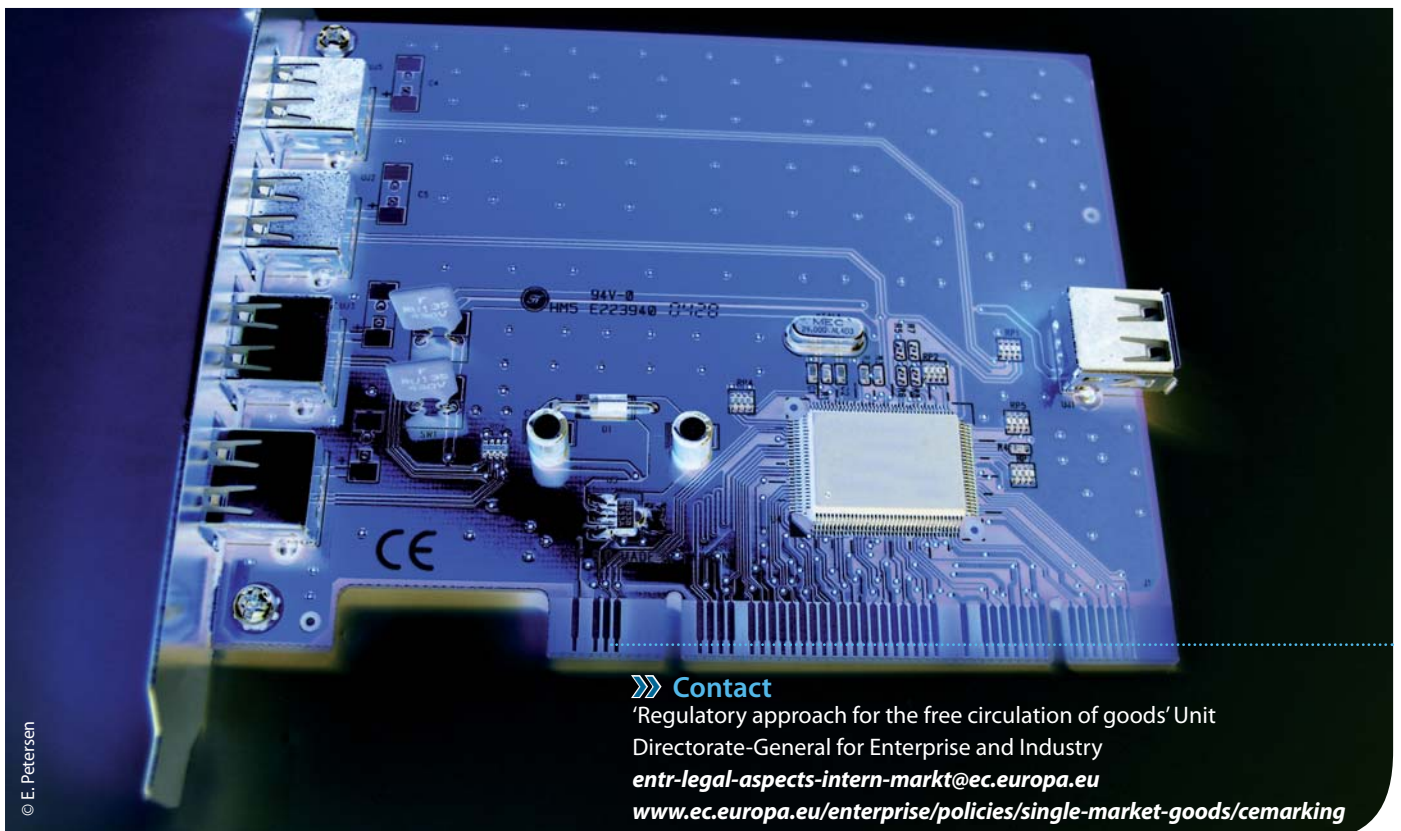
So, could this compromise public safety or health?

After being placed on the market, CE-marked products are subject to inspection by market surveillance authorities. Furthermore, national authorities ensure proper enforcement of CE marking provisions and pursue violations and abuse.

Moreover, European legislation provides for a complete framework for market surveillance and import controls. The New legislative Framework for the free circulation of goods in force since 1 January 2010 strengthens this framework and provides all necessary tools, until now missing, for policing the CE marking and sanctioning its abuse or misuse. Sanctions are laid down in the relevant national legislation of the Member States. The introduction of these measures serves to reinforce the role and credibility of CE marking.

In addition, for certain product groups presenting a higher potential impact on the public interest, such as dangerous machines or large pressure valves, EU Directives lay down if it is necessary to involve a 'conformity assessment body', which will check the product and decide whether it fulfils the legislative requirements that apply to it and whether an EC Declaration of Conformity can be issued.

While manufacturers are responsible for ensuring product compliance and affixing the CE marking, importers and distributors also play an important role in making sure that only products which comply with the legislation and bear the CE marking are placed on the market.



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SECURING AND PEACE AND PROSPERITY

***Security research** can improve both the safety of citizens and the competitiveness of industry. The EU has streamlined its efforts in this domain by devoting a specific strand of its Seventh Framework Programme for Research to this theme. Halfway through the implementation of the programme, a conference was held to take stock of the progress made and the future direction of security research in Europe.*

Security research covers a range of issues, such as securing borders and infrastructure, putting in place procedures to deal effectively with crises, and fighting new forms of crime. The European Commission has pulled together different strands of thinking on security research through the launch of the first genuine European security research programme within its Seventh Framework Programme (FP7). With €1.4 billion available for funding between 2007 and 2013, the aim is very much to support co-operation between SMEs from different countries in the development of innovative technological security solutions, while promoting new technological standards applicable across Member States.

Since the introduction of the security theme, the Commission has announced four annual work programmes, each one containing a list of topics for which consortia can submit project proposals. More than 130 research projects in the area of security have already been funded through FP7, which is currently at the halfway stage.

Searching for life

The beach outside the Security Research Conference was used to demonstrate how rescuers would find survivors from a mock-up collapsed house. Such rescue efforts must be carried out quickly, as the first 72 hours are the most vital. To this end, the German Federal Agency for Technical Relief (THW) has built on over 50 years of experience to develop a range of equipment and methods that ensure the safety of both the victim and the rescuer.

The rubble site is first screened using a thermal camera to see if there are any dangers such as electricity wires, and to locate any survivors. Then, to get a more detailed image of the position of the body found under the rubble, a geophone – like an ultra-sensitive microphone – is used. With an amplification of up to 1 million, the geophone can pick up breathing and even heartbeats.

Once the amplification unit has detected the area where the person is trapped, the next step is to find the exact position. For this, another detection method is used, this time based on radar. After some rubble is removed, an endoscopic camera can be used to try and see how best to reach the victim. The final stage, involving heavy cutting equipment, is getting the person out.

Partners involved range from small SMEs and infrastructure operators to research organisations and large enterprises. In fact, the participation of SMEs in security research projects is higher than average for other research themes. Strong links have, therefore, been forged between security research and industrial applications, helping to bolster Europe's competitive security industry.

Security in competitiveness

Building on these links was the driving force behind the Security Research Conference, held in September 2010 and attended by nearly a thousand security professionals, government institutions and researchers.

At the conference, Industry and Entrepreneurship Commissioner and Commission Vice-President Antonio Tajani outlined proposals to ensure that Europe's security sector remains at the cutting edge. Ensuring competitiveness is inextricably linked to providing access to modern technologies.

A recurring problem, however, is that the EU's single market remains undermined by fragmentation. This affects Europe's international competitiveness. A series of recent proposals by the European Commission, including flagship initiatives on an

innovation union (see page 3) and an industrial policy for the globalisation era (see page 8), can help tackle these issues.

Citizen safety

Besides contributing to industrial competitiveness, European security research directly benefits citizens by enhancing their safety in several contexts. Technologies have been developed to make transport safer, such as blast-resistant materials for trains and metros and surveillance systems that automatically detect unusual behaviour.

New tools have dramatically improved the chances of finding victims in disaster zones. For instance, the European Commission has supported the development of autonomous search and rescue solutions and mobile medical facilities, greatly improving the survival chances of the victims. Research projects have also helped protect the lives of first responders through the creation of multipurpose protective clothing based on nanomaterials, such as gas masks, and stab- and bulletproof vests.

An industrial policy for the sector

In order for European research into security to build on the progress made so far and to remain competitive in a globalised world, both a common European approach and the co-operation between the public and the private sectors can play a key role. Furthermore, Europe must be at the forefront of research if it is to maintain its competitiveness.

The European Commission is expected to adopt, in 2011, a specific industrial policy for the security sector, focusing on such issues as standardisation, certification and public procurement. ■

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FOREST-BASED SECTOR: FLYING ON THE WINGS OF INNOVATION

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*While the EU is a global leader in many of the forest-based industries, **innovative solutions** are needed to maintain a high level of performance. The European Commission is supporting the sector in its efforts to further develop its sustainability and competitiveness.*

*Bio-refineries are an area of particular interest, as they can help to find **new products** that can also deliver on **environmental objectives**.*

Forest-based industries – including the wood, paper and printing sectors – are major contributors to the EU economy, with a total production value of €365 billion, an added value of around €120 billion and the source of 3 million jobs in 344 000 businesses.

1.5 million football pitches

With its reliance on nature to provide the raw materials for its production, sustainability is a key consideration for the sector. Some 93% of our paper comes from

within the EU, where the area of forest has grown by 30% since 1950 and is increasing at a rate of 1.5 million football pitches every year.

Wood residues and thinnings, which are necessary to keep Europe's forests in a healthy condition, provide a large part of the wood sector's needs. Recovered paper is also increasingly playing a leading role. Thus, since 1998, the paper industry has increased annual paper recycling by 45%. Meanwhile, half of the primary energy used by these forest-based industries is produced from biomass, renewable energy sources that use the residues from production.

The future in 19 points

The European Commission released a 19-point action plan in 2008 to respond to the challenges facing the sector and enable it to capitalise on the opportunities.

The EU action plan emphasises that forest-based industries have a strategic role in climate change mitigation efforts that should be strengthened. It also underlines how increased investments in research and the innovative use of technical and commercial know-how are needed to improve the competitiveness of these industries. Meanwhile, the EU-backed forest-based sector technology platform coordinates the research efforts of industry, the European Commission and Member States.

The future competitiveness and sustainability of EU forest-based industries is linked to knowledge and

Urban forests for recycling champions

Increasing the recycling levels of paper is another area where the EU shows global leadership. For this, the sector turns to the so-called 'urban forests', the discarded paper from towns and villages that is used, more and more, to produce new EU paper products.

The main stakeholders of the paper value chain (paper manufacturing, converting and recycling industries, publishers, printers and makers of inks and glues) adopted a voluntary agreement in 2006 – the European Declaration on Paper Recovery – to improve environmental performance and increase the recycling rate to 66% by 2010.

The industry managed to already reach this target in 2009, achieving a rate of over 72%, and recycled more than 58 million tonnes of paper in total – the highest rate worldwide. The efforts show what a concerted programme of investments in capacity, research and public awareness can do.

innovation capabilities. In this framework, bio-refineries and recovered paper are two areas where the EU has a leading role and a good potential.

Bio-refineries: wood, fuel and much more

The action plan actually indicates that the development of wood-based bio-refineries can play an important role for the future of the sector, helping to find new markets and products that can also deliver on sustainability aims. Bio-refineries are able to generate renewable raw materials and energy that can replace fossil fuels – thereby contributing to climate change mitigation efforts.

Bio-refineries can produce a large range of products, including paper, wood, adhesives, fuels, inks, vanillin for crème brûlée, and speciality cellulose for fabric and fashion applications.

However, multidisciplinary research is needed to achieve the full potential of biomass and to develop second-generation biofuels in which feedstock does not compete with food production. The European Commission is supporting the development of bio-refinery technologies and markets through its action plan and through its research and development programmes, particularly the Seventh Framework Programme (FP7).

Investing in research and development

There are four related FP7 projects which started a major collaborative effort in early 2010. The Star-COLIBRI, SUPRABIO, BIOCORE and EuroBioref projects are working to develop new ways to convert biological feedstock into energy and valuable material both effectively and sustainably.

The research should enable the EU to meet its ambitious goals, including that by 2020 transport in every Member State will use a minimum of 10% renewable energy – including from biofuels.

Bio-refineries are also an important feature of the Bio-energy European Industrial Initiative, one of the six industrial initiatives of the European Strategic Energy Technology (SET) Plan. ■

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OFF-SEASON TOURISM BROADENS HORIZONS FOR ALL

'Social tourism' may not be a concept that all Europeans are familiar with yet. But it is already a growing phenomenon, which the European Commission has been promoting for both its social and economic benefits. Now the EU is investing in new projects to develop cross-border low-season tourism opportunities.

*The **Calypso initiative** aims to open up new horizons for younger and older travellers, disabled people and low-income families, while creating new jobs and business opportunities during quieter times of the year.*

Tourism is an important resource for an increasing number of stakeholders across Europe. Already generating over 5% of EU GDP and employing an estimated 12 to 14 million people, forecasts for the industry remain positive, despite the economic crisis. Yet most Europeans still go on holiday during the busy school-holiday periods of summer, Christmas and Easter, leaving hotel and transport capacity underused for much of the rest of the year. This heightened demand at peak periods leads to high prices, which in turn may exclude lower-paid or less-advantaged families and individuals. Leisure travel boosts well-being and broadens the mind – it should not be available only to the physically fit or better-off.

Travel by senior citizens

As one of Europe's premier summer destinations, Spain is left with a lot of excess capacity during the off season. To fill some of this capacity and fulfil an important social role, the IMSERSO holiday programme has been sending senior citizens living in Spain on holiday within the country since 1985. Collaboration has also commenced with INATEL Portugal and transnational exchanges have taken place (around 4 000 senior citizens per year). One assessment estimated that for every euro the government invests in IMSERSO, the state recovers €1.53.

Low-season benefits

When the European Commission launched, in June 2010, its ambitious new strategy aimed at reinforcing Europe's position as the world's top tourist destination (see *E&I* n° 8), it highlighted the all-round benefits of extending the tourism season. For the industry, it means better use of resources and higher productivity. For workers in the sector, it brings wider opportunities, greater security and increased motivation. Social tourism also offers the chance to open up new destinations, by creating jobs and stimulating economic revival.

The European Commission saw this potential when, following approval by the budgetary authority, it launched the Calypso initiative for 2009-2011. Named after the mythical nymph who hosted the wandering Ulysses on her island, the programme started with an annual budget of €1 million and the task of studying good practices and identifying appropriate mechanisms for social tourism exchanges at European level. It encouraged input from the wider public and was supported by a group of experts.

The June Communication highlighted two specific actions: establishing a voluntary tourist-exchange mechanism between Member States to offer easier

Growing independent

In France, 18-25-year-olds from poor backgrounds have the lowest rate of travel, after the elderly. At that age, they no longer take part in family holidays and do not have the means to travel independently. The 'Sac Ados' package helps young people to plan and undertake their own expeditions, in France or beyond, and offers holiday and service vouchers, insurance, phone cards, health kits and maps. In 2009, more than 4 200 young people used the scheme, which involves 26 local stakeholders and 450 social structures.

travel, especially during the low season, to the four target groups; and developing a voluntary online information exchange to help coordinate school holidays in different countries, while respecting cultural traditions. Experience, in the Iberian Peninsula for example, shows that public spending on such mechanisms can bring a profitable return of 50% on the investment, if all the benefits – including job creation and tax revenues – are taken into account.

Encouraging results

The first phase of Calypso is already showing results: 21 EU and candidate countries signed up to take part, and a series of workshops has taken place across Europe. The Calypso study, unveiled in July, presented a range of detailed recommendations. It found that few Member States actively promote cross-border tourism for these target groups, although some help elderly people and families to take holidays in their home country. Spain and Portugal are most advanced in promoting bilateral tourism exchanges, and the results in terms of revenue and employment are promising.

The study went on to examine how the needs of each target group differ. The highest market potential is among senior citizens – already the main focus of existing initiatives. Families are more problematic since opportunities for off-peak travel are limited by

school terms. Young people also tend to prefer high-season holidays. However, improving access to holiday destinations for people with disabilities or reduced mobility was identified as a general priority – they have as much right to enjoy travel opportunities as everyone else.

Building national structures

The study found no specific barriers to social tourism in national or EU law. But the industry remains sceptical about whether it can be sufficiently profitable. So far, associations and NGOs are the main drivers, but many of the countries taking part in the study lack national or regional structures to support them. Thus, a major recommendation is for the EU to help develop structures for managing exchanges, building on existing expertise, with a view to expanding this kind of opportunities.

In addition, an online Calypso platform would help to market social tourism opportunities, but might need to be pitched individually to each target group. As for the countries not yet involved in Calypso, the report identified a generally positive attitude. Reticence arose either from structural barriers, such as those found in decentralised states like Germany, or reservations about the term 'social tourism' *per se* (in the Nordic countries).

The next step – in line with the study recommendations – is to give practical support to tourism-related public authorities in organising transnational low-season exchanges for the Calypso target groups. Co-funded projects will help public authorities to build Calypso office infrastructures, develop networking and collaborate to promote low-season exchanges, as well as carrying out studies to facilitate social tourism by improving the knowledge base.

This could be followed by the launching of an online Calypso platform which could help market attractive offers in the low season. ■

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STAR SMES PICK UP AWARDS

*The Enterprise Europe Network's third annual conference in Antwerp, Belgium, rewarded four pioneering small businesses that have made outstanding progress in marketing **innovative products across borders**, thanks to partnerships set up with the Network's support.*



Photo: Alain Giebels – courtesy of Agentschap Ondernemen

Conference participants heard encouraging reports of an expanding Network that is opening doors to markets around the globe for European small businesses. European Commission Vice-President and Commissioner for Industry and Entrepreneurship Antonio Tajani announced the launch of 15 new contact points in China and South Korea. “European small businesses drive growth and create jobs,” he reminded the conference. “As markets become

global, an increasing share of SMEs will turn their ideas and energy into exports outside their own countries or the EU... The Enterprise Europe Network can help smooth the way.” Foreign exports also have a crucial role to play in strengthening European recovery from the economic crisis. The three-day event (13-15 October) brought together Network staff members to exchange best practices and develop new tools to support European SMEs. One-quarter of small and medium-sized

Peace of mind for parents goes international

New mothers and fathers are easily worried by infant maladies, like frequent vomiting, which may be relatively common but are nonetheless alarming. Serge Vleeschouwer worked with paediatricians in his native Belgium to come up with a simple yet effective remedy that also avoids the need for medication. “I wanted to create something that works,” he says. More than half of three- to four-month-olds suffer from the condition known as gastroesophageal reflux – which gets worse when the baby is lying flat. So Vleeschouwer’s anti-reflux bed allows the infant to sleep at a 40° angle – cutting down vomiting and crying in three-quarters of the cases tested at Brussels University Hospital.

After marketing the Multicare bed across Belgium, the logical next step was to make the product more widely available. Vleeschouwer turned to the Enterprise Europe Network in East Flanders. Network expert Marleen Heyse advised him to try Medica – the world’s top medical trade fair – in Düsseldorf, Germany. This contact enabled the entrepreneur to strike a deal with medical device manufacturer AirMed Plus in Bochum. Hospitals and midwives in Germany are now successfully testing the anti-reflux bed for themselves.



Director-General of the Enterprise and Industry DG, Heinz Zourek (left) congratulates this year's Network Stars

The drive to succeed

Family-owned electronics firm Westline is based close to Paris. Rodica and Mircea Chiorean co-founded the company, which has had great success in France with its SmartDrive-S3, an automation device that controls motors and moving parts in assembly lines for anything from sweets to cars. It enables manufacturers to plan and pre-programme their production schedule, thereby increasing productivity and conserving energy. The potential was clear, but the Chioreans needed advice on how to exploit it outside France. That help came from the Enterprise Europe Network in Versailles. "This is a truly global and multipurpose product," declares local Network expert Pierre Arribé. "But it was hard for the company to find distributors. At the Network, we do the work for them." Using the Network's business matchmaking database, and working with its branch at the West Pomeranian University of Technology in northern Poland, he identified Gryftec, a systems engineering firm that was on the lookout for an innovative new product. The SmartDrive device is now available for the first time in central and eastern Europe. Rodica Chiorean says this is just the start of Westline's potential cross-border export expansion. "The Network delivered quick results, and we will continue to work with them as our company grows."

enterprises in the EU have exported goods or services during the past three years, and this figure is expected to rise. More than 2 million companies have benefited from the Network's services since it was set up in 2008.

Star performers

Evidence of how go-getting entrepreneurs are achieving their goals in internationalisation and innovation with the Network's help came at the conference award ceremony, recognising the achievements of outstanding European SMEs which are making the most of their opportunities in the single market. The Enterprise and Industry DG's Director-General Heinz Zourek, and Derrick Gosselin, who heads the cabinet of Kris Peeters, Minister-President of the Flemish government in Belgium, awarded the prizes. The 'Network Stars' went to

two successful partnerships facilitated by the Enterprise Europe Network: French electronics firm Westline which teamed up with the Polish engineering company Gryftec, and Belgian entrepreneur Serge Vleeschouwer who signed an agreement with German manufacturer AirMed Plus (see boxes). Other finalists included the Finnish inventor of the 'snow fork' for measuring the liquid water content of snow; the Danish manufacturer of navigation monitors for ships that have been taken on-board in Greece; and a British firm specialising in bone restoration which is investing in a groundbreaking injectable calcium phosphate foam developed in Spain. ■

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Enterprise Europe Network

www.enterprise-europe-network.ec.europa.eu



Business Support on Your Doorstep

NEWS IN BRIEF



€780 MILLION FOR STRATEGIC ICT RESEARCH

In the context of the Seventh Framework Programme for Research (FP7), the European Commission has released one of its largest-ever calls for information and communication technologies (ICT) proposals, worth €780 million in 2011. The funds will back research into ICT issues of strategic importance or of great future promise, such as the future internet, robotics, photonics, energy efficiency, health and well-being.

www.europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1184&format=HTML&aged=0&language=EN&guiLanguage=en

TAILORING THE DIGITAL SUPPLY CHAIN

ICTs can help the European fashion industry face fierce global competition by boosting its innovation capacity and competitiveness. The EU has supported a pan-European initiative that seeks to promote seamless 'digital supply chains' for the textile, clothing and footwear sectors in order for this fragmented industry to enjoy better synergies and inter-linkages.

www.ec.europa.eu/enterprise/e_i/news/article_10595_en.htm



TIMELY PAYMENTS

In October, the European Parliament voted in favour of a European Commission proposal for a new Directive to combat late payments in commercial transactions, which is expected to result in an extra €180 billion of liquidity becoming available to businesses. European Commission Vice-President Antonio Tajani welcomed the vote.

www.europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1357&format=HTML&aged=0&language=EN&guiLanguage=en



PERFORMANCE OF EUROPEAN SMES

The 20.7 million SMEs in the EU are a key driver of economic growth and employment. According to the annual report of the 'SME performance review', SMEs in the EU's 27 Member States created 9.4 million jobs between 2002 and 2008. This represented an annual increase of 1.9%, as opposed to a rise of only 0.8% in larger firms. However, the report indicates that the economic crisis has caused this engine of job creation to stall temporarily.

www.ec.europa.eu/enterprise/e_i/news/article_10581_en.htm



FOR A FAIR AND COMPETITIVE SECTOR

The EU's food and drink industry is one of the largest sectors of the European economy, generating in excess of €965 billion in turnover annually and providing over 4 million people with jobs. Despite its size, success and competitiveness, the industry faces a number of challenges, many directly related to the supply chain. The European Commission has been promoting initiatives to support the competitive position and sustainability of the sector, while fulfilling public policy priorities, such as food safety and security of supply.

www.ec.europa.eu/enterprise/e_i/news/article_10600_en.htm





ACCESS TO CREDIT TOPS AGENDA AT SME FINANCE FORUM

In September, the SME Finance Forum convened to discuss ways of helping smaller enterprises undergoing financial difficulties on the back of the recent economic crisis. Among the solutions discussed were the introduction of a grace period for firms in difficulties, the involvement of credit mediators and the role of loan guarantees in troubled times. "We are committed to improving the supply of credit to small businesses as this is essential for the recovery, future growth and prosperity of Europe," said Commission Vice-President Antonio Tajani.

www.europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1186&format=HTML&aged=0&language=EN&guiLanguage=en

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www.ec.europa.eu/enterprise



UPCOMING EVENTS

● CIP conference, 25 January 2011, Brussels

The €3.6-billion Competitiveness and Innovation Framework Programme (CIP) is due to run until 2013. What happens next? This conference focuses on how to best support European businesses and is one of the tools the European Commission is employing to bring together stakeholders to chart a post-2013 course for the EU's competitiveness and innovation-related programmes. Another tool is an online public consultation which is open until 4 February 2011.

www.ec.europa.eu/cip

www.ec.europa.eu/cip/public_consultation

● The competitiveness of the European chemicals industry, 10 February 2011, Brussels

In 2009, a High Level Group formulated a set of recommendations to promote the competitiveness and sustainability of the European chemicals industry. This conference will analyse the implementation of these recommendations and discuss the competitiveness of the sector. The event, which will mark the International Year of Chemistry, is open to all stakeholders.

www.ec.europa.eu/enterprise/sectors/chemicals

● Social innovation initiative, March 2011, Brussels

This event will launch the 'Social innovation pilot initiative for Europe' which aims to map and connect activities in cities, regions, Member States and in the EU in the field of social innovation. The pilot action will provide a virtual meeting place and organise stakeholder events to develop concrete proposals to fund, select, upscale and disseminate successful actions in social innovation. More information on the event and its precise date will be available soon.

www.ec.europa.eu/enterprise/policies/innovation

● Let's embrace space, 12-13 May 2011, Budapest

Under the auspices of the Hungarian presidency of the EU, this high-level conference will explore the current status and first results of space research projects funded under the EU's Seventh Framework Programme. Participants will also discuss future options for European space research.

www.ec.europa.eu/embrace-space

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, 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 feature article, are presented in the printed edition of the magazine. You can subscribe to receive the magazine – in English, French, German or Italian – free of charge by post. Visit the website and subscribe on-line.

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