



# Enterprise & Industry *magazine*

## Tajani: Common charger needed

Helping SMEs in Asia



Construction made easy



Avoiding space debris



# 16

May 2013

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## Enterprise & Industry magazine

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## SMEs are Europe's job engine

Small and medium-sized enterprises (SMEs) are Europe's job engine. Today, 85% of new jobs are created by SMEs. But **entrepreneurial potential in Europe is not fully exploited**: While 37% of all Europeans would like to become their own boss, an average of only 10% is actually self-employed. If we could increase this percentage, we could have **millions of new innovative and creative enterprises** which would rejuvenate Europe's economy, making it more robust, more job-generating and more resilient to stormy economic times.

In this issue of E&I Magazine, you will find an overview of our policies to encourage entrepreneurship and boost SMEs. As part of a major action plan to **foster entrepreneurship**, we want to mobilise the entrepreneurial potential of students, women, senior citizens, migrant populations and the unemployed. Moreover, we are **assisting SMEs to find capital** through a loan guarantee scheme, and will **make legislation lighter** for SMEs by easing the top 10 most burdensome EU laws.

This issue of E&I discusses also a new EU Directive, which will **combat late payments** in commercial transactions by compelling public authorities to pay their bills within 30 calendar days. This complements our campaign to inform SMEs how to more easily **pursue debtors in other countries**. In addition, we are helping **SMEs benefit from emerging markets and from the internal market**. For example, in this issue you will find information on how to overcome obstacles to trade caused by the more 15 000 national technical regulations in EU Member States. If we want to stimulate growth in Europe, it must start with our SMEs.

**Antonio Tajani, European Commission  
Vice-President for Industry and Entrepreneurship**

# Vice-President Antonio Tajani:

## Common charger for small electronic devices

*A recent report shows that the European Commission's 2009 initiative to harmonise chargers for mobile phones is yielding results. Thanks to the agreement, which was reached with mobile phone manufacturers through a Memorandum of Understanding (MoU), the vast majority of new devices placed on the market today support a compatible charger based on Micro-USB technology. Unfortunately, the MoU expired at the end of 2012. But as European Commission Vice-President Antonio Tajani explains, the Commission's ambition to harmonise charging devices has no expiration date.*



**E&I Magazine:** What is the state of play for mobile phone chargers?

**Tajani:** There are so many small electronic devices, such as digital cameras, tablets, GPS devices and music players, and a plethora of different chargers. The common charger standard for mobile phones is only a start. I am sure that a large majority of EU citizens would welcome a common charger for all small electronic devices. We would save millions of tonnes of electronic waste and would need fewer raw materials – all while providing comfort and convenience for consumers. This project has delivered benefits for citizens. A recent progress report provided by the MoU signatories has shown that they have met their obligations under the MoU. An estimated 90% of new devices put on the market by the end of 2012 support the common charging capability. Given that the current MoU expired at the end of 2012, we do not wish to see a return to incompatible chargers which we had four, five years ago. Therefore, the Commission asked the MoU signatories to extend the agreement by one year, well in advance of the expiry date.

Honestly, I was not very pleased to learn that most of the signatories disagreed to such an extension. I am disappointed. We are often accused of creating unnecessary legislation, but in this case, there is little doubt that EU citizens would greatly appreciate compatibility of devices and chargers. A voluntary agreement among producers would always be the smartest solution, but if no solution is available, I will ask my services to prepare a draft legislative initiative which would ensure compatibility. I already asked them to assess the impact of several follow-up options, including legislation.

**E&I Magazine:** What are the difficulties and aspects that need to be improved?

**Tajani:** Companies point out that they are still exploring technical solutions for charging, including wireless charging, which correspond to new needs. They also argue that the current specifications of the MoU would not be compatible with more powerful smartphones. I take all these concerns very seriously, but there are also tens of millions of customers who would be happy if they had less worries with their chargers, and if they could just ask a friend or colleague to borrow their charger of a different brand if their smartphone unexpectedly runs out of power in any inconvenient situation. With some good will, strong consumer demand and very competitive companies, aims can be reconciled. To make it clear, we respect innovation. We just like to see standards respected.

**E&I Magazine:** In the long-term, do you see value in a uniform mandatory system in the EU?

**Tajani:** We invite the industry to make proposals for common charging technologies, to agree amongst themselves to place them on the market, and to report regularly to the Commission on market and technology developments. We intend to move ahead towards a common charger standard. I always prefer voluntary agreements and would only very reluctantly move ahead with legislation. I am optimistic that we can take an easier path and avoid new legislation.

*‘Between 15 % and 20 % of secondary-school students who participate in a mini-company programme will later start their own companies’*

# Entrepreneurship education

## key to sustainable economic upswing

*Education is an essential element of entrepreneurship. Studies show that students who receive entrepreneurship education are not only more likely to be employed, but also more likely to start their own companies. With that in mind, the European Commission has proposed a series of actions that will help expose students to entrepreneurship and, as a result, help create jobs throughout Europe.*

Entrepreneurial education is one of the best ways to support growth and generate jobs. New businesses are the single biggest source of new jobs in Europe – and education, to be sure, helps create businesses. Between 15% and 20% of secondary-school students who participate in a mini-company programme – in which students develop or simulate the operations of a real firm – will later start their own companies. This figure is three to six times higher than the general population, highlighting the impact that entrepreneurial education can have on young Europeans. And even those who don't start businesses are still better positioned in the job market. According to recent research, 78% of entrepreneurship education alumni were employed directly after graduating university, compared to just 59% of a control group of higher education students.

The role of **higher education in entrepreneurship** goes far beyond classroom teaching and incorporates participation in business ecosystems, partnerships and industrial alliances. With high-tech and high-growth enterprises becoming a focal point of entrepreneurship-related public policies, higher education institutions are an essential component of Member State and EU innovation policies. However, despite the obvious benefits afforded by this type of specialised education, a recent Eurobarometer Entrepreneurship survey shows that three-quarters of Europeans have never taken part in an entrepreneurship course. Thus, in order to exploit the potential of entrepreneurship education

and promote the **Entrepreneurship 2020 Action Plan** (see page 6), the Commission is proposing a number of actions, including those to:

- reinforce cooperation with Member States to **introduce entrepreneurship education in each country**;
- support public administrations wishing to learn from successful peers;
- develop a **pan-European entrepreneurial learning initiative** for impact analysis, knowledge sharing, development of methodologies and peer mentoring;
- collaborate with the Organisation for Economic Cooperation and Development to establish a guidance framework to encourage the **development of entrepreneurial schools**;
- disseminate the entrepreneurial university guidance framework, and facilitate exchanges between universities interested in applying it.

Member States are encouraged to:

- ensure that the **key competence ‘entrepreneurship’ is embedded into curricula** across primary, secondary, vocational, higher and adult education before the end of 2015;
- offer young people **at least one practical entrepreneurial experience** before leaving compulsory education, such as running a mini-company or being responsible for an entrepreneurial project for a company or a social project;
- **boost entrepreneurial training** for young people and adults with resources which support national job plans, particularly as a tool for second-chance





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education for those not engaged in education, employment or training;

- promote **entrepreneurial learning modules** for young people participating in national Youth Guarantee schemes.

### Projects to support entrepreneurship education

Nine projects co-funded by the Commission have already benefitted roughly **6 500 students** and young people and **900 teachers**. Together, these projects' indirect effects – which come from dissemination, information activities, production of pedagogical materials, etc. – ensured that they reached at least **100 000 young people**.

However, the added value of these European projects lies in their potential for extension, transfer and wider dissemination within the Member States:

- The **Entrepreneurship Summer Academies** gave 320 higher education professors, lecturers and assistant professors advanced training on how to teach entrepreneurship. All of these educators committed to become ambassadors of entrepreneurial learning in their respective institutions, thus ensuring a multiplier effect.
- **Creative, innovative pedagogical materials** were prepared to be used in the classroom. **Work on real business cases** is one of the most effective ways to learn about entrepreneurship, but this method is not yet sufficiently widespread,

and very often case studies are imported from the United States and do not have a local, European dimension. Thanks to this initiative, **88 new case studies were created, all based on European businesses**.

- Seven new projects aim to address some of the main obstacles that still stand in the way of increasing entrepreneurship education and student participation, such as:
  - **training primary, secondary and higher education teachers**, because qualified teachers are the largest bottleneck in providing entrepreneurship education;
  - creating a **European online platform for educators** to facilitate peer coaching, mentoring and advise to broaden support and exchanges beyond national borders;
  - developing new methods and indicators to **assess entrepreneurial skills acquired by students**.

Among the project coordinators and partners are **some of the most important players in the field**, like leading universities in entrepreneurship, NGOs and research institutions.

### More Info

More information available online at:

<http://bit.ly/114ceqx>

# Unleashing Europe's Entrepreneurial potential to bring back growth

*To return to growth and higher levels of employment, Europe needs more entrepreneurs. New companies, including small and medium-sized enterprises (SMEs), create more than 4 million new jobs every year – the biggest source of new jobs in Europe. Recognising the integral role entrepreneurs play in economic recovery, the European Commission has launched the Entrepreneurship 2020 Action Plan. A combination of investments, regulatory advances and educational opportunities, the Action Plan will help bring economic growth back to Europe.*

As a way to support entrepreneurs and revolutionise entrepreneurial culture in Europe, European Commission Vice-President Antonio Tajani presented the Entrepreneurship 2020 Action Plan in January 2013. The plan stresses the key role of education and training to nurture new generations of entrepreneurs, and includes specific measures to help budding entrepreneurs among young people, women, seniors, migrants and the unemployed. The plan also tackles obstacles to entrepreneurship by establishing ambitious measures to facilitate start-ups and new businesses; make transfers of business ownership more successful; improve access to finance; and give honest entrepreneurs a second chance after bankruptcy.

'To make it very clear: more entrepreneurs mean more jobs, more innovation and more competitiveness,' Tajani said. 'Becoming an entrepreneur and making a vision come true takes a lot of personal risk and effort. Entrepreneurs are the heroes of our time. Entrepreneurship is the most powerful driver of economic growth in history. If we can unleash Europe's entrepreneurial potential, we can bring back growth to Europe.'

The Entrepreneurship Action Plan covers a number of key areas where action is needed to create an environment in which entrepreneurs can flourish and grow, such as:

- **Access to finance:** In addition to strengthening its existing financial instruments, the Commission also proposes the creation of a European market for microfinance, as well as the simplification of tax structures. These moves would allow SMEs to raise funds via direct private investments like mini-bonds, crowd funding and angel investments.
- **Support during crucial phases of the business lifecycle:** As about 50% of companies fail in their first five years, Member States should devote greater resources to helping new businesses get through this critical period. Management training,

R&D coaching and networking could all help new businesses survive.

- **New business opportunities in the digital age:** SMEs grow two to three times faster when they embrace information and communications technology (ICT). Support for Web-based start-ups and ICT training can help both Web entrepreneurs and more traditional businesses.
- **Second chances for honest entrepreneurs after bankruptcy:** By far, the majority (96%) of bankruptcies are due to a string of late payments or other practical problems. Because 'second starters' are more successful, the Commission has proposed increasing support for a second start for honest failed entrepreneurs and shortening the maximum legal discharge time for them to three years.
- **Administrative simplification:** The Commission will continue to vigorously pursue the reduction of regulatory burden.

The Commission also intends to promote entrepreneurship in specific segments of the population:

- **Women's entrepreneurial potential:** The fact that women only account for 34.4% of self-employed Europeans suggests that they need more encouragement and support to become entrepreneurs.
- **Senior citizens:** Retired business people have precious know-how that should be transferred to future generations to make it easier for them to start companies.
- **Migrant populations:** Often facing difficulties in the labour market, self-employment is a precious opportunity for migrants' economic empowerment and social inclusion.

## More Info

More information available online at:

<http://bit.ly/12ifels>



# EC helps SMEs enter Asian market

*As one of the world's fastest-growing markets, Southeast Asia offers a wealth of opportunity for European businesses eyeing foreign markets. But despite the potential for growth, the region also poses numerous challenges, including different attitudes towards intellectual property rights. To help European SMEs navigate these differences, the Commission is excited to launch the ASEAN IPR SME Helpdesk.*

The European Commission is committed to offering practical advice to European SMEs so they can create their own success stories in Southeast Asia. As the ninth-largest economy in the world, the countries of the Association of Southeast Asian Nations (ASEAN) represent enormous opportunities. But at the same time, different customs, laws and regulations introduce daunting challenges for SMEs, especially when it comes to effectively protecting intellectual property rights (IPR).

In a bid to help EU SMEs and build upon the highly successful China IPR SME Helpdesk, the European Commission launched the ASEAN IPR SME Helpdesk in April 2013. The Helpdesk specialises in helping European SMEs overcome challenges related to discrepancies in IPR protection, and is an invaluable tool to European SMEs looking to grow their businesses abroad. 'Compared to multinational corporations, SMEs face unique challenges entering international markets,' European SME Envoy Daniel Calleja said. 'The Helpdesk will

provide tailored services which address their specific needs, empowering European businesses to prosperously expand to Southeast Asia.'

The Commission's sponsored facility makes sure that SMEs 'know before they go' – that they invest and trade safely, and that they know their IPR rights and risks. This unique, free service provides business-focused advice through its online portal, helpline services, training workshops and published materials.

## More Info

More information available online at:

<http://www.asean-iprhelpdesk.eu/>





# Giving SMEs tools to combat late payments

## New Directive to Stop Late Payments

Every day across Europe, dozens of small and medium-sized enterprises (SMEs) go bankrupt because their invoices are not paid. As a result, jobs are lost and business opportunities remain unexploited, stalling our return to economic growth. In March, in an effort to combat late payments in commercial transactions, Directive 2011/7/EU entered into force. It compels public authorities to pay for goods and services within 30 calendar days or, in very exceptional circumstances, within 60 days.

'Late payments mean SMEs lose time and money, and disputes can sour relations with customers,' said European Commission Vice-President Antonio Tajani, who is responsible for industry and entrepreneurship policy.

Thanks to the new Directive, a business which is due payment has the right to an interest rate at least 8% above the European Central Bank's reference rate. Public authorities are also obliged to reimburse the creditor for the additional costs incurred in recovering the late payment. The new measures are optional for enterprises; they acquire

*Both inside and outside their own borders, European small and medium-sized enterprises (SMEs) are particularly vulnerable to late payments – one of the leading causes of bankruptcy among SMEs. The lack of protection for SMEs not only cripples businesses and stalls economic growth, but might also discourage would-be entrepreneurs from taking chances. This is why the European Commission has introduced multiple proposals to give SMEs the help they need to inject more dynamism in Europe's economy.*

the right to take action but are not forced to do so. However, the new measures are obligatory for public authorities. The new rules also state:

- Enterprises can challenge grossly unfair terms and practices more easily before national courts.
- Member States are encouraged to establish prompt payment codes of practice.

This new legislation is expected to create a virtuous circle and gradually encourage a culture of timely payments in all economic activities.

## More Info

More information available online at:

<http://bit.ly/Sw75Ws>



# Support for debt recovery across borders

*Many small and medium-sized enterprises (SMEs) are reluctant to operate outside the borders of their own country, as they are afraid of encountering burdensome procedures when trying to claim payments for their products and services. SMEs often find it too daunting, complicated or expensive – because of consulting fees, legal counsel, document translation, etc. – to pursue legal action against companies or individuals in other Member States.*

Therefore, the European Commission kicked off a campaign to inform SMEs how to take advantage of existing laws and tools in order to more easily and successfully pursue debtors in other countries.

‘These difficulties are especially damaging in the current economic crisis, when going abroad to do business is no longer merely an option, but in many cases a necessity to become more competitive,’ European Commission Vice-President Antonio Tajani said. ‘Facilitating the recovery of cross-border debts is key to addressing this issue at a time when Europe’s SMEs face particular obstacles to tapping cross-border markets.’

The EU already has a system of laws which are designed to help businesses with cross-border litigation, including legislation governing contractual obligations (the principle of free choice of law abides) and competent jurisdiction (generally the courts of that Member State in which the defendant is domiciled), as well as procedural tools for simplifying cross-border debt recovery. However, utilising the processes available is often daunting, and the Commission’s campaign will help SMEs tap into the legal resources at their disposal. The European Commission is also organising a series of national events to provide SMEs that operate across borders with information on credit and claims management. The events will be held in all 27 EU Member States plus Croatia from March 2013 to June 2014.



## More Info

More information available online at:

<http://bit.ly/10Fj4BY>

# EU gives top priority to helping SMEs create jobs

*Small and medium-sized enterprises (SMEs) are Europe's job engine. Today, 85% of net new jobs in the EU's private sector are created by SMEs. Thus, the EU has developed a number of concrete actions to promote a better economic environment for the 21 million SMEs in the EU, and support their efforts for creating new jobs.*

© getty

## Support for SMEs to find capital

The European Commission helps SMEs find necessary funds for their development through a loan guarantee scheme under the Competitiveness and Innovation Framework Programme (CIP, 2007-13). The scheme has already supported more than 200 000 SMEs with a loan volume exceeding €12.5 billion. With its risk capital for innovative and high-growth SMEs initiative, the Commission has also provided more than €2.2 billion in equity investments to some 250 innovative and high-growth companies.

The new financial programming period foresees extended financial support through a specific programme dedicated to small companies (COSME), which will run from 2014 to 2020, with a planned budget of €2.5bn. In addition, funding for SMEs under the research programme HORIZON 2020 will be increased.

## Developing alternatives to bank financing

The European Commission also seeks to develop a framework for efficient, diversified and improved **long-term financing for SMEs** by helping to attract more private investments.

- **European venture capital passport:** The proposal for a 'European Venture Capital Funds' will facilitate cross-border fundraising and create a genuine internal market for VC funds.
- **Improving SME access to capital markets:** Two recent proposals are currently being discussed to attract investors through more visible SME markets and more visible listed SMEs:
  - A proposal for the **Markets in Financial Instruments Directive** (MiFID) to sustain the development of stock markets specialised in SMEs.
  - A proposal for a modification of the Transparency Directive to give better information on listed SMEs.

## More Info

More information about access to credit online at:

<http://bit.ly/16epTyj>

Enterprise Europe Network:

<http://een.ec.europa.eu/>

## News market's environment

The Commission finances EU business centres that advise SMEs on how to invest and seize business opportunities in China, India and Thailand. Moreover, the Europe-China Standards Information Platform (CESIP) is providing valuable, bilingual information to Chinese and European businesses on market issues ranging from technical regulations to market access requirements.



### Reducing regulatory burden

**EU SME Envoy Daniel Calleja:** 'The public consultation on the most burdensome EU legislative acts was an extremely useful exercise as industry (in particular SMEs) and business associations have indicated areas where further simplification is needed. We should use every opportunity to cut down the red tape as soon as possible and ensure that unnecessary regulatory burden does not henceforth create obstacles to the growth and competitiveness of EU SMEs.'

### Less legislative burden for SMEs

The Commission wants to simplify life for SMEs by easing burdensome EU laws. Thus, the EC carried out a broad consultation in which roughly 1000 SMEs and business organisations identified the **top 10 most burdensome EU laws**.

The results indicate that SMEs see the biggest difficulties and costs coming from rules originating in REACH chemical legislation, value added tax, product safety, recognition of professional qualifications, data protection, waste legislation, labour market-related legislation, recording equipment for road transport, public procurement and the modernised customs code.

The results of this consultation are being put to good use. The European Commission has already adopted the review of REACH, which reduced the fees paid by SMEs (see page 6). The **network of SME Envoys** will actively follow-up the results and make administrative burden reduction a priority in Member States.

Moreover, the Commission has given priority to reduce the administrative burden for SMEs – the **'Think Small First' principle**. Namely, it works closely with Member States to ensure that time delays and costs for creating a new company are reduced, and to assess avenues to facilitate better market access both within the EU and in third countries.

### Enterprise Europe Network

The Enterprise Europe Network (EEN) is helping SMEs tap into the internal market and key international markets. An EU-funded business and innovation support network, the EEN includes nearly 600 local organisations in 55 countries. The EEN gives a unique opportunity for EU SMEs to find business and technology partners and to be present in high growth markets.

### SMEs to benefit from emerging markets

Because the markets with the biggest growth potential are outside the EU, the Commission promotes internationalisation through 'Missions for Growth.' These missions are open to all European companies and business associations. They target neighbourhood countries but also major 'emerging markets' like China, Russia, Southeast Asia and Latin America. The European Commission is also conducting a number of SME dialogues with our foreign partners to create a business-friendly environment abroad, eliminate non-tariff barriers, approximate standards and strengthen the rule of law. These steps are vital to give SMEs the confidence to invest and do business abroad.

### New markets' environment

Similar activities are taking place with the United States of America, our main trade partner. Specific areas for cooperation are being set up, such as the promotion of SME events and business partnering activities, participation in sector-specific or thematic seminars and the exchange of information on SME networking opportunities. As preparations are currently under way to launch negotiations for a Transatlantic Trade and Investment Partnership between the EU and the US, additional opportunities may arise in this context to strengthen cooperation on trade-related aspects relevant to our SMEs.

### Avoiding technical barriers to trade

Last but not least, a specific dialogue with European businesses is in place to implement the Technical Barriers to Trade (TBT) Agreement. It includes a notification system that warns European businesses about potential new regulations, facilitating global harmonisation and mutual recognition between Member States and third countries.

### More Info

More information about how the EC helps SMEs online at:

<http://bit.ly/PRqyhm>



# High-end products in Europe:

combining cultural heritage and economic growth

*European brands account for at least 70% of the global high-end goods market. And while high-end products are usually associated with fashion, the sector consists of a wide range of products and services: cars, yachts, furniture, wines, spirits and more. The European Commission is committed to ensuring Europe's high-end sector continues to thrive.*



Europe's high-end products industry is underpinned by a business model that melds cultural heritage and artistic brilliance. Famous all over the world, Europe's high-end products provide a unique symbolic value and customer experience, and are a symbol of the European tradition for excellence and craftsmanship.

The high-end industry is a key contributor to the European economy. With an annual turnover of more than €400 billion, it represents up to 3% of EU (non-financial) GDP and directly employs about 1 million people. What's more, the industry accounts for 10% of all European exports – an average of 62% of all goods manufactured by European high-end brands are sold outside Europe. Because **reputation is such an asset in third country markets**, the Commission recently introduced a proposal related to 'origin marking' of products. This would give a competitive edge to European high-end products in emerging markets.

## Access to markets

As the European high-end industry relies heavily on exports, a level playing field and free access to emerging markets is crucial for the growth of this industry. Indeed, executives have identified trade protectionism – including steep taxes on high-end goods and strict visa regulations – as a primary obstacle to realising the industry's true global potential. The importance of regulatory convergence between markets has inspired the European Commission to continue working to strengthen dialogue with key partners, including Brazil, Russia, India, China, the US and Japan

## Intellectual property rights

The creativity, unique design and unparalleled quality of Europe's high-end products are recognised around the globe by consumers, but also by counterfeiters. As such, many of these products



are vulnerable to infringements of intellectual property rights. Counterfeit products are becoming more refined, and consumers are more likely to be misled, especially with a growing online market. In addition, while selective distribution enables the sector to maintain control over its distribution and retail, the number of counterfeit products increases drastically every year. This will undermine Europe's economic growth and employment. As such, Antonio Tajani, Vice-President of the EC and commissioner for Industry and Entrepreneurship, has launched an awareness-raising campaign to fight counterfeit goods

### Tourism and high-end: interdependent sectors

While the high-end industry is itself an economic engine, it also has a positive spill-over effect on other sectors, such as tourism. Many tourists travel to Europe with the intention of purchasing

a specific product from a specific brand. According to Tajani, this is especially true of fashion. 'Fashion and tourism are two key sectors for Europe's economy,' Tajani said. 'They are part of the solution to the continent's growth agenda.' Of course, it's not just fashion. A recent study suggests that tourists account for up to 50% of the purchases of personal high-end goods in the EU. To facilitate this market, the Commission will look into issuing multi-entry visas for tourists and business people.

### More Info

More information available online at:

<http://bit.ly/WrGWtq>



# 15 000 national technical regulations in the EU

## Preventing obstacles to trade before they arise

*Although we enjoy the free movement of goods in the internal market, more than 15000 national technical regulations can make it difficult for enterprises to sell their products – from bicycles to foodstuffs – in other Member States. However, there is a preventive tool which enables enterprises to anticipate the creation of such barriers to trade: the notification procedure under Directive 98/34/EC, which requires new technical regulations to be put on hold before being adopted in order to avoid obstacles to trade.*

National technical regulations are adopted to ensure the safety of products. Nobody wants their sofa to go up in flames, or their ladder steps to snap – such risks are mitigated by national technical regulations. But technical regulations should not create obstacles to trade. Therefore, the notification procedure under Directive 98/34/EC gives the Commission and Member States the opportunity to examine such draft regulations during the standstill period to prevent obstacles to trade. Businesses large and small have the opportunity to make their voices heard during the procedure.

### More than 15 000 draft regulations

Since 1984, more than 15 000 draft regulations have been notified and adapted to the rules of the internal market. Foodstuffs and agricultural sectors, as well as construction, telecommunications, transport, environment and mechanical engineering, are the major areas in which the 98/34 procedure has been applied. In 12% of cases, the Commission found that the new regulations could have hampered trade. However, in more than 95% of these cases, solutions were found before Member States adopted the new regulations, thus avoiding the need for infringement procedures which are cumbersome and onerous for all parties involved.

### Important gains for small enterprises

This procedure is particularly important for small and medium-sized enterprises (SMEs), which often offer only a few, highly-specialised products for different market niches. Importantly, Directive 98/34/EC enables companies to call for help if they fear that new national regulations in other Member States could hamper the sale of their products.

### TRIS provides information on all 98/34 cases

Updated daily, the Technical Regulations Information System (TRIS) database gives access to draft legislation. Through the TRIS database, stakeholders can check legislation proposed by Member States which may impact their business. They can also subscribe to the free mailing list and receive an automatic alert when a new notification is published. Notified drafts are classified according to their aim and area of activity.

### More Info

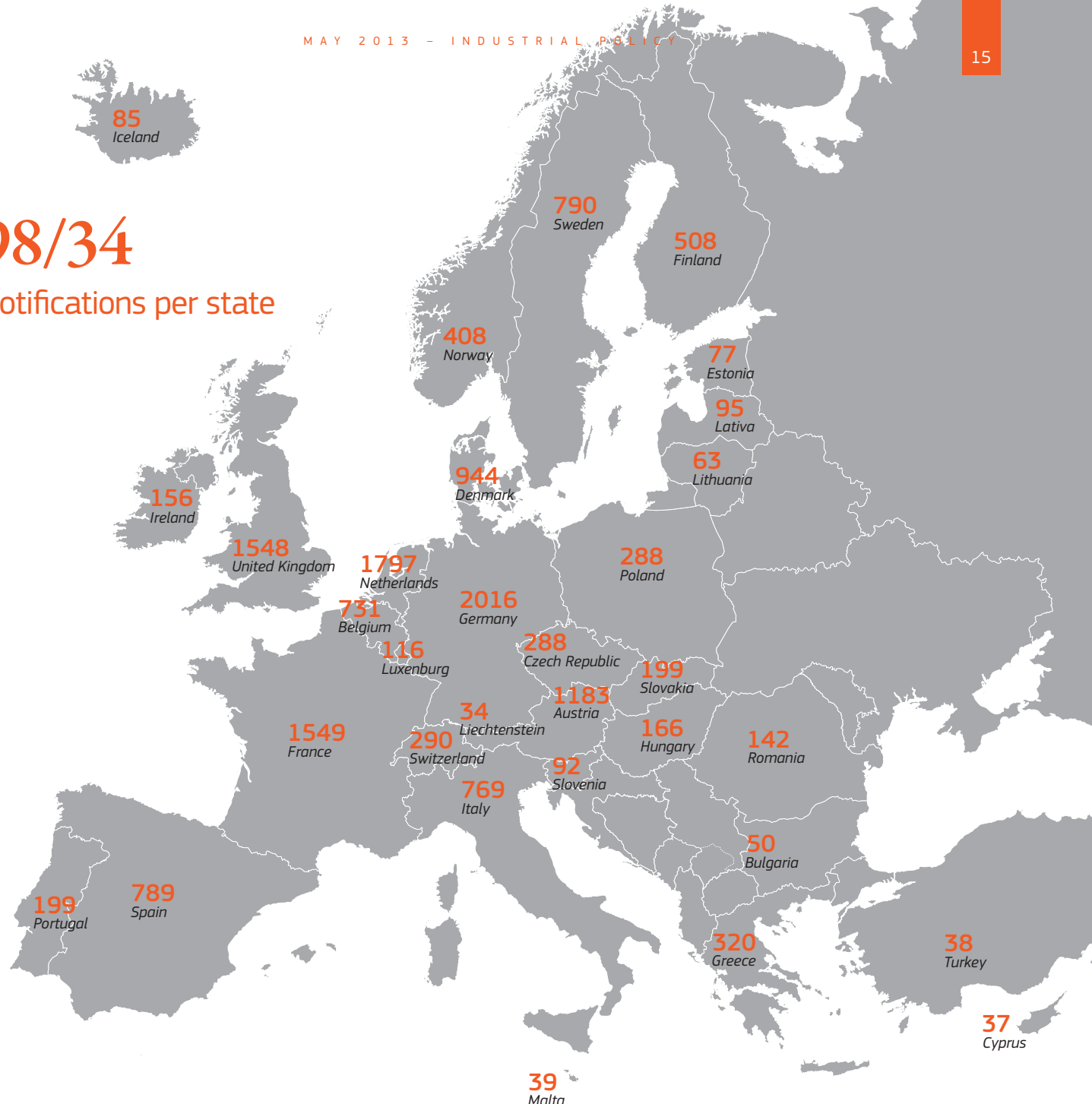
More information available online at:

<http://ec.europa.eu/enterprise/tris/>



98/34

Notifications per state



### Examples of cases under the 98/34 procedure

#### Bicycles

In EU Member States, front and rear brakes can be positioned either on the left or right of the bike handlebar; there are also different rules for bicycle lights. Under the 98/34 procedure, a solution was found whereby Member States accepted the marketing of bicycles from other Member States as long as they offered the same safety level as in the country of destination.

#### Foodstuffs

A draft law on labelling, presentation and advertising materials required foodstuffs to display a label indicating the location in which the agricultural raw material used was cultivated or reared. The draft was not in line with a Commission proposal for the provision of food information to consumers. After a reaction from the Commission and from some Member States, the draft law was withdrawn.

#### Mineral water

A Member State had signalled its intention to introduce regulations on minimum water hardness which would affect the treatment of bottled waters. If adopted, the draft would have meant that the most frequently used treatment process could not be used. Following the Commission's intervention, the notifying Member State agreed to amend the draft, thus allowing companies from the sector to continue marketing their mineral waters in that state.

# NANDO:

Conformity assessments ensure safe products



## NANDO: An array of sectors

Product sectors covered are determined by the relevant technical harmonisation legislation, and include household appliances, electrical equipment, machinery, pressure equipment, toys, construction materials, medical devices, measuring instruments, lifts, recreational craft and personal protective equipment. Notified bodies carry out an assessment of the conformity of a product before that product is placed on the market. The Commission keeps an up-to-date list of the bodies in the NANDO database.

*For almost 30 years, products have been circulating freely in Europe based on the simple condition that producers can guarantee their products (e.g., hair dryers, toys, smartphones, TVs, washing machines, etc.) are safe. One of the ways in which this is achieved is to have the products tested and certified against the 'essential requirements' of the applicable legislation by the bodies listed in the database called NANDO. These organisations provide conformity assessment services both inside and outside the EU, and thus protect Europe's citizens and businesses.*

Some 1600 'notified bodies' have been designated by Member States to provide assessment services to ensure products' conformity to European regulations. These bodies are listed in the NANDO database – '**New Approach Notified and Designated Organisations**' – and can serve as a valuable resource to European companies with questions or concerns about quality standards and assessment. By informing manufacturers about which conformity assessment body would be best-suited for testing their products in another country, NANDO increases collaboration and removes trade barriers within the EU.

### NANDO clarifies which body can help

The 'New Approach' is a regulatory technique which aims to remove technical barriers to trade, the great enemy of free movement of goods. NANDO is an excellent instrument for manufacturers to find out which conformity assessment body would be best suited for testing their products. The official NANDO website, available below, shows lists of notified bodies, as well as the legislation for some 30 industry sectors for which bodies have been notified. Conformity assessment bodies designated by third countries with which the EU has concluded Mutual Recognition Agreements are also listed on NANDO.

### Free movement of goods

The free movement of goods in the internal market depends upon an adequate level of technical harmonisation. Since 1985, the 'new approach to harmonisation and standards' has represented a major change in dealing with the drafting of European legislation on products. It is based on a few **key principles**:

- there is a clear **separation between EU legislation** and European standards;

- EU harmonisation legislation, such as directives and regulations, is limited to the **essential requirements** (i.e., health and safety) needed to ensure the free movement of products throughout the EU;
- the task of drawing up the corresponding technical specifications, known as **harmonised standards**, is entrusted to the **European standardisation bodies**;
- products manufactured in **conformity with harmonised standards** are presumed to conform to the essential requirements;
- **standards are not mandatory**, but producers must prove their products conform with the essential requirements.

In addition, the European 'New Approach' legislation:

- deals with **large families of products** (e.g., machinery, toys, etc.);
- covers **horizontal risks** and not specific products;
- establishes close **cooperation** between public authorities and market operators;
- is based on **total harmonisation** (replacing diverging national legislation), as opposed to optional harmonisation (dual regime).

NANDO is for information purposes only, and therefore does not carry legal weight. The Member State authorities are responsible for the information presented on their notification status.

### More Info

More information available online at:

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm>



# Construction:

## Single market made easy for companies

*Construction companies wishing to expand their business to another EU Member State need to know the challenges they might face. Employment, environmental and safety requirements may differ, quite like those for construction materials and products. The European Commission has launched several initiatives to help enterprises overcome these difficulties, equipping construction companies with the information they need to be successful in other EU countries.*

The construction industry, including construction products, has an enormous impact on Europe's economic well-being. It accounts for about 9.5% of GDP and 10% of the workforce. However, the economic downturn has had serious implications for the sector, with employment falling sharply in many Member States, particularly in Spain, Ireland and the Baltic countries. In fact, the turnover of the EU construction sector decreased, on average, by 16% between the first quarter of 2008 and the second quarter of 2011, and has only slightly recovered since then. But the European Commission has launched numerous programmes to help the sector thrive

### CPR: Providing a common technical language

In the past, trade barriers prevented Europe's construction products sector from fully exploiting the opportunities offered by the Single Market. But the Construction Products Regulation (CPR), which was adopted in 2011 and will be fully applied starting in July 2013, will simplify the legislative framework and help construction-related business flourish. The CPR provides a 'common technical language' that manufacturers are to use to express the performance and characteristics of the products they place on the European market. This common language, which utilises harmonised standards, replaces national technical specifications. By increasing market transparency, the CPR benefits designers, builders, contractors and other actors.

In particular, architects find it easier to obtain reliable information about the performance of the products they intend to use, helping to ensure the safety of construction as required by the respective national rules.

### CrIP: Construction search engine

Available in nine languages, the European Construction Information Platform (CrIP) helps construction companies, in particular small and medium sized-enterprises (SMEs), adapt to new challenges and implement new work methods and innovation. CrIP functions like a Web search engine but is only focused on the construction documents published by European official websites. These documents are clustered by type when the user performs a query. CrIP provides information on an array of construction-related topics, including education, energy, environment, sustainable construction, taxation and many more. CrIP also includes Eurocodes, the set of standards which form the backbone of the single construction market (see below).

### EU action plan for low-energy buildings

Despite their economic and environmental advantages, low-energy buildings still have a limited market uptake. Therefore, an EU action plan promotes low-energy buildings with high CO<sub>2</sub> – a cost-saving potential. The action plan includes steps to:

- stimulate **favourable investment conditions** – in particular in the renovation and maintenance of buildings and infrastructures – by promoting financial instruments such as loan guarantees and encouraging national level incentives such as reduced VAT rates;

- boost **innovation and improve labour qualifications** and mobility by encouraging the dissemination of information on curricula, employment and employers' needs;
- improve **resource efficiency and environmental performance** by fostering mutual recognition of sustainable construction systems in the EU;
- provide **standard design codes of practice** for construction companies, making it easier for them to work in other Member States;
- bolster the **global position of European construction enterprises** to stimulate good performances and sustainable standards in third countries.

### Eurocodes ensure Single Market

European technical standards, known as Eurocodes, are recognised throughout Europe as the foundation for structural design of buildings. Developed by the European Committee for Standardization (CEN), at the request of the European Commission, Eurocodes consist of a set of European standards, each containing several elements that cover particular technical aspects – e.g., fire, bridge design, safety, serviceability, robustness, durability, seismic actions, etc. Eurocodes establish a set of common technical rules for the **design of construction works** in Member States. However, a system of nationally determined parameters, which account for differences in geographical, geological or climatic conditions (e.g., wind, snow and seismic maps), ensures that Member States control certain aspects of the construction process. Such national parameters are included in the National Annexes to each Eurocode standard.

### More Info

More information on EU construction policy online at:

<http://bit.ly/uw0Bcz>

<http://bit.ly/TYpQim>





# Avoiding damage from space debris

*Space debris poses a risk to our space infrastructure and to the space services we rely on in our daily lives. European satellite operators lose roughly €140 million per year due to collisions, and that total will rise to about €210 million within the next decade. Therefore, the European Commission has introduced measures to help EU Member States combine their space surveillance and tracking (SST) technology. The proposed European SST service will allow Member States to locate and monitor satellites and dangerous debris, alert satellite operators of collision risks and notify public administrations of so-called uncontrolled re-entries.*



In February 2013, the European Commission introduced a proposal that will help unite Member States' space surveillance and tracking (SST) technology. The programme was inspired by Europe's increasing reliance on satellite-based systems and services – for communications, security, weather reports, air travel and more – as well as the increasing risk to these systems posed by space debris.

It is estimated that up to 600 000 objects larger than 1 cm – and at least 16 000 larger than 10 m – orbit the earth. An object larger than 1 m hitting a satellite will damage or destroy sub-systems or instruments on board, and a collision with an object larger than 10 cm will destroy the satellite altogether. On the ground, the knock-on effects of damaged satellites – from decreased productivity to crippled communication – further highlight the far-reaching impact of space debris.

#### Why Member States should have their eyes on the skies:

- To avoid collisions between satellites and with space debris
- To ensure the safe launch of satellites by avoiding collisions with space debris
- To forecast the uncontrolled re-entry of space debris
- To protect private and public investments in satellite technology
- To promote the smooth operation of the everyday tasks that rely on satellites

#### More Info

More information available online at:

[http://ec.europa.eu/enterprise/policies/space/index\\_en.htm](http://ec.europa.eu/enterprise/policies/space/index_en.htm)

#### EU joint action

With that in mind, the EC hopes to establish a support programme that will help EU Member States combine their capacities, including ground-based radars and telescopes, and offer European SST services. Key elements of protecting satellites include being able to monitor and catalogue their positions; track and calculate debris trajectory; and measure collision risk. These same tools can also be used to protect ground-based infrastructures and citizens' security, which is threatened when space debris or decommissioned satellites fall out of orbit and re-enter Earth's atmosphere.

#### Making Europe more independent

Currently, European satellite operators depend to a large extent on SST information provided by American institutions and technology. The United States has an advanced capacity for SST because of observation initiatives that began in the 1950s. Since then, however, many European nations have developed and improved upon existing technologies.

Developing Europe's own capacity to monitor satellites and collision risks will not only allow European space programmes to handle ever-increasing space activities and information, but will also put responsibility for these systems firmly in Europe's own hands. European SST will help to overcome the challenges associated with restricted access to US SST data, as well as broaden the overall scope of knowledge to be able to work in tandem with the US, rather than rely on it.

Europe has never before been able to fully exploit its exhaustive technical and scientific know-how in the field of SST. The European Commission is poised to make SST a European endeavour which will incorporate the knowledge, technologies and experience the Member States have to offer.

# Galileo and GPS

## join forces to increase flight safety

*The European Commission will combine Europe's satellite navigation system, 'Galileo,' with its United States counterpart, 'GPS.' A bilateral agreement with worldwide impact, this synergy will help make air travel safer, and help establish much-needed international standards for air navigation systems.*

The Galileo programme, Europe's initiative to develop a global satellite navigation system, will combine with the United States' global positioning system (GPS) to enhance air safety. Together, the GPS and Galileo constellations will eventually have more than 50 satellites available to strengthen safety during both flights and landing operations. By pooling their satellite constellations, Galileo and GPS will create a state-of-the-art system that guides aircrafts by warning pilots of potential hazards within seconds.

Called ARAIM (Advanced Receiver Autonomous Integrity Monitoring), the system will lay the foundation for international standards in the field of air navigation for decades to come. ARAIM will offer a significant improvement to aviation not only in Europe and the US, but around the globe. ARAIM represents the first step towards civil satellite-based navigation and timing systems that will be used worldwide by pilots of the next generation. A key evolution of ARAIM will be that, because more satellites are available, it relies less on ground-based infrastructure. Indeed, the ground segment will only be used for light monitoring to ensure that performance requirements are met.

The agreement between the U.S. and the EU, signed in 2004, aims to provide satellite navigation users and equipment providers with a broader range of services and capabilities leading to increased user applications for civil purposes.

### More Info

An interim report on the subject:

<http://bit.ly/Z1ElXr>





## News in brief

### Conference – Where are we with New start for EU industry?

Only a few months after the European Commission blueprint for raising industry's contribution to EU GDP from 16% to 20% by 2020, a **conference on Industrial Policy on 6 June in Brussels** will focus on progress made so far and what urgent further action can bring immediate benefits to help restore industrial growth. European Commission President José Manuel Barroso and Vice-President Antonio Tajani will host this event, only a few days after the European Commission will have published its 2013 economic recommendations for all EU Members States on 28th of May. The event will highlight that creating more industry brings more jobs.

In a period of record unemployment in Europe, putting industry back at the core of European policies is an inescapable obligation. To date, none of the five largest EU economies have reached their pre-crisis level of manufacturing output. Germany is close to it while manufacturing industries in the other large economies still have a long way to go. Manufacturing re-

covery is stronger than GDP recovery in the Baltics, Poland, Romania and Slovakia. The conference will bring together 400 top political leaders, business people and industry experts to discuss how we can work together in the spirit of partnership to ensure the Commission's new industrial policy will bring growth back to Europe. Special attention will be paid to access to finance.

#### More Info

**European Industrial Policy: A Partnership for Growth  
6 June 2013, Brussels**  
**More information**

<http://bit.ly/15od9r2>

### Reduced fees for SMEs under EU chemical legislation

The European Commission lowered the fees and charges that SMEs have to pay to register chemicals. This step should help SMEs that produce or trade chemicals to remain competitive during the current difficult market situation. Depending on the size of the company, SMEs could benefit from reductions from 35% to 95% in relation to standard registration fees, and from 25% to 90% in relation to standard fees for authorisation requests. Registration makes companies responsible for the safe use of chemicals under REACH, the EU's chemicals legislation. It was recently identified by SMEs as the most burdensome piece of EU legislation (see page 11).

<http://bit.ly/oDUcyL>

### Tourism's

robust and resilient performance  
expected to continue in 2013

The industry's robust and resilient performance is expected to continue in 2013: three-quarters of respondents to a recent EU survey (75%) are planning to go on holiday this year, although 34% will adapt their holiday plans to take the economic situation into account. Holiday plans for 2013 closely resembled the destinations chosen in 2012. Spain (12%), Italy (8%) and France (7%) are still the most preferred destinations, and 51% plan to take a holiday in their own country. 'threatens to hamper European innovation and global competitiveness,' said European Commission Vice-President Antonio Tajani. 'This is more important than ever in the current economic context. And it is crucial to increase creativity which will favour entrepreneurship and new start-ups.'

<http://bit.ly/WrGWtq>



# Enterprise & Industry magazine

## available online



In the online magazine you can find regular updates on EU policy development, legislative proposals and their implementation, as well as on reviews of regulation affecting enterprises. Its articles cover issues related to SMEs, competitiveness and environmental protection, entrepreneurship, innovation, the single market for goods, various industrial policies and more.

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