

THE EUROPEAN
UNION
EXPLAINED



Enterprise

A new
industrial
revolution

‘Europe must regain trust in its ability to invent, to undertake new ventures, to innovate and to grow. For this reason, Europe should put at the centre of the stage the real economy and industry, its strength.’

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



THE EUROPEAN UNION EXPLAINED

This publication is a part of a series that explains what the EU does in different policy areas, why the EU is involved and what the results are.

You can see online which ones are available and download them at:

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How the EU works
Europe 2020: Europe's growth strategy
The founding fathers of the EU

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The European Union explained: Enterprise

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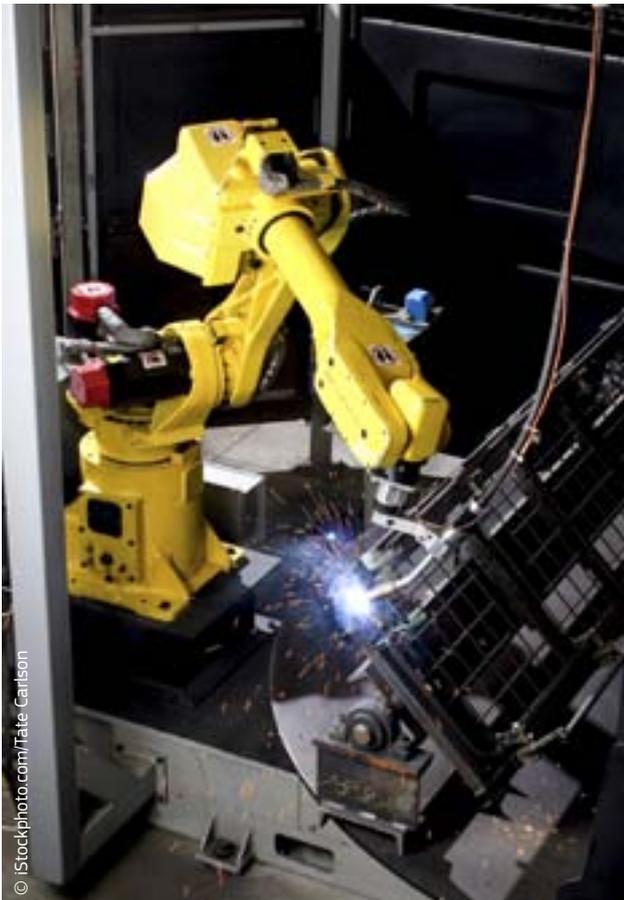
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Why we need industrial policy in Europe

Europe's recovery from the economic crisis has been relatively slow and fragile. From the outset, the focus has been on improving public finances and strengthening Europe's financial system. While these issues remain important, strengthening the real economy — industrial companies and other entrepreneurs delivering concrete goods and services — is ultimately the key to economic recovery. Moreover, with globalisation and intensifying competition from emerging countries, Europe's long-term economic prosperity will depend on the strength of our industrial base; our economy cannot be based on services and banks alone.

The EU is a global leader in energy efficiency and foreign investment, but industrial performance across EU countries is not balanced. Fortunately, EU industry is a technology leader in many fields and has the potential to bring the European economy back to growth. This is the goal of Europe's industrial policy.

Industry is the engine of growth in Europe.



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Europe 2020 and industrial policy

Along with the need to create new jobs and boost our competitiveness, we face an ageing population in Europe whilst the world population is growing, increasing pressure on raw materials and energy supplies, and the need to counter climate change, preserve ecosystems and effect a transition to a low-carbon economy. The answer to all these challenges lies in a range of new technologies, amounting to as much as a new industrial revolution.

Achieving a new industrial revolution is a key objective of Europe 2020, the EU's strategy for smart, sustainable and inclusive growth. Two of the Europe 2020 flagship initiatives are in the industrial sector:

- 'An industrial policy for the globalisation era': to improve the business environment, notably for small and medium-sized enterprises (SMEs), and to support the development of a strong and sustainable industrial base, able to compete globally;
- 'Innovation Union': to improve the business environment and access to finance for research and innovation, so as to ensure that innovative ideas can be turned into products and services that create growth and jobs.

The European Commission renewed in 2012 the flagship initiative on industrial policy, 'A stronger European industry for growth and economic recovery', to focus on how to best harness this new industrial revolution. It aims to strengthen industrial innovation and the real economy. The initiative involves the EU engaging businesses outside the EU in mutually beneficial interactions — an important part of EU policy to help EU businesses find new markets and improve their competitiveness, i.e. their ability to compete successfully in global markets.



Leadership in the automotive industry is central to the EU's prosperity.

The EU's industry and innovation objectives for 2020

- to strengthen Europe's industrial base by increasing its competitiveness;
- to promote the transition to a low-carbon economy;
- to foster innovation as a means to generate new sources of growth and meet societal needs;
- to encourage the creation and growth of SMEs and promote an entrepreneurial culture;
- to ensure an open internal market for goods.

The need for action at EU level

Action at EU level is required to ensure that the single market for goods and services remains open and fair. The Commission represents European interests internationally and ensures that EU companies can compete fairly in the global marketplace, by opening up markets and further liberalising trade. Moreover, the Commission monitors the competitiveness of 40 industry sectors and EU industry as a whole, and publishes its findings in an annual competitiveness report and a biannual industry structure report. In order

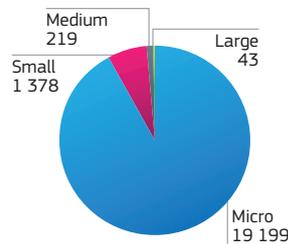
to safeguard our future jobs and growth prospects, it is of paramount importance that business conditions in the EU are further improved, requiring coordinated actions at both EU and Member State level.

SMEs and entrepreneurship: the key to economic growth

Special attention is given to the needs of small and medium-sized enterprises (SMEs). Supporting SMEs and promoting entrepreneurship is the key to economic recovery. Europe's 23 million SMEs represent 98 % of businesses, provide 67 % of jobs and create 85 % of all new jobs. A range of support instruments is deployed to help such companies deal with administrative and regulatory requirements and formalities, and to support their cross-border activities, access to finance and other business opportunities.

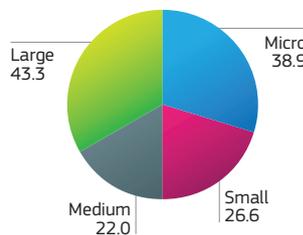
SMEs HOLD THE KEY TO ECONOMIC GROWTH

Number of enterprises ('000s)



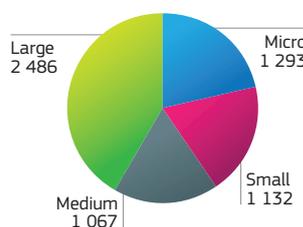
The vast majority of small businesses are microenterprises that employ fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2 million.

Persons employed (millions)



Employment is evenly distributed across enterprises, although SMEs account for two thirds of all jobs in the EU.

Value added (€ billion)



SMEs account for more than half of the value created in the EU economy.

Source: European Commission

How the EU formulates and manages industrial policy

A strong, competitive and diversified industrial manufacturing value chain is vital for economic well-being in Europe. The manufacturing industry and its associated business services account for more than 50 % of private sector employment, 75 % of exports and 80 % of private research and development in the EU. Moreover, EU enterprises are increasingly integrated within global value chains. Maximising the domestic content of exports, therefore, can be regarded as an important driver of industrial competitiveness. Around 87 % of the value of EU exports is domestically produced, according to 2009 figures. Industrial policy includes actions to support innovation, to foster the internationalisation of companies and to strengthen the single market for products and services.

EU action to support innovation

The European Commission formulates, influences and, where appropriate, implements policies and programmes to increase Europe's innovativeness, including:

- the **Innovation Union Scoreboard**, which provides a comparative assessment of the 27 EU Member States' innovation performance and their research and innovation systems;
- the **Social Innovation Europe network**, which encourages new ideas that simultaneously meet social needs and create new social relationships or collaborations;
- the **European Design Leadership Board**, which advises on the wider use of intelligent design to develop high value products and improve resource efficiency;
- the **Regional Innovation Monitor (RIM)**, which provides information on regional innovation policies for 20 EU Member States;
- **eco-innovation** in areas such as waste management, recycling and renewable energy, which employs some 3.4 million people in Europe and generates €227 billion in turnover. Among other initiatives, to promote industrial and consumer products based on renewable, biological raw materials such as plants and trees, the Commission has formed an **ad hoc advisory group on bio-based products**.

In addition, the Commission handles several support programmes for cooperative research and innovation, which are providing clear added value to the innovation cycle in the EU, to businesses and scientists. The seventh framework programme for research and development (FP7), with a total budget of over €50 billion, and the competitiveness and innovation framework programme (CIP) are currently being implemented. As of 2014, Horizon 2020 will represent the follow-up programme of FP7, focusing on research and innovation.

Facilitating the internationalisation of EU companies

To ensure that EU companies can compete fairly in the global marketplace, the Commission enhances market access and monitors and promotes an international trading system based on multilateral and bilateral trade. For example, the notification procedure under the World Trade Organisation (WTO) agreement on technical barriers to trade allows the Commission to monitor suggested drafts on requirements for products proposed by trading partners and to intervene if they create unjustified trade obstacles.

INTERNATIONAL COOPERATION

The Commission cooperates with governments to improve the environment for business, reduce barriers to trade and investment and promote common regulations for products. Under the European neighbourhood policy (ENP), the Commission strives to strengthen economic relations with countries at its periphery. It negotiates agreements on conformity assessments that facilitate the free movement of industrial products by aligning EU and non-EU partners' technical regulations and standards.

Technical regulation has an important impact on market access for goods exported outside the EU. The EU promotes regulatory cooperation with its important external trade partners, in order to harmonise or ensure the compatibility of technical regulations or mutually recognise test results and conformity assessments, all facilitating exports.



The single market for goods is a major driver of wealth in the EU.

LISTENING TO STAKEHOLDERS AT THE INTERNATIONAL LEVEL

To advise on major trading partnerships, the Commission has established links with industrial federations, as well as with specific bodies such as the Trans-Atlantic Business Dialogue, the Trans-Atlantic Consumer Dialogue, the EU–Japan Business Round Table and the EU–Russia Industrialists’ Round Table.

PROMOTING THE INTERNATIONAL ACTIVITIES OF SMEs

In a globalised world, SMEs increasingly need to be able to compete with companies from developed and emerging economies. Moreover, there is a link between internationalisation and SME growth. The Commission ‘Small business, big world’ strategy aims to inject new dynamism into the European economy by helping SMEs to expand their business outside the EU.

INTELLECTUAL PROPERTY RIGHTS

In addition to EU legislation on intellectual property rights (IPR), the Commission helps to make European businesses aware of IPR and to assess the impact and effectiveness of their use. A helpdesk has also been

created to inform SMEs about IPR issues in non-EU countries such as China. Personalised advice is given on a confidential basis.

The single market for goods

The single or internal market for goods is one of the EU’s most important priorities. It provides a level playing field for business, stimulates competition and increases transparency for consumers. By making it possible to easily buy and sell products anywhere within the EU, it also increases efficiency and drives economic growth. The **principle of the free movement of goods** is enshrined in the EU treaties to prevent unjustified restrictions on trade between EU countries.

SAFEGUARDING THE SINGLE MARKET: THE ROLE OF THE COMMISSION

The main objective of the Commission is to make the single market work better by removing existing barriers to trade and preventing the creation of new ones. It ensures a level playing field and that national regulations provide the information and legal clarity needed by businesses. The Commission may initiate legal proceedings against any EU country that has adopted or maintained rules or administrative practices that violate EU law, or may decide to propose EU-wide harmonisation of these rules. Preventing obstacles to trade is particularly important for SMEs as they often offer highly specialised products for different market niches.

ENSURING SAFER PRODUCTS

The single market for products is shaped by harmonised rules to enable their sale and purchase anywhere in the EU. European rules focus mainly on product safety and often require product testing to ensure reliability. The **CE mark**, for example, is a label that indicates a product’s compliance with EU legislation. It is mandatory for products such as medical devices, electronics and toys. European **product liability legislation** protects consumers from defective products, giving them the possibility to claim compensation in the case of damages.

Smarter regulation

While the existing regulatory framework supports the smooth functioning of the single market, the Commission recognises the need to continuously improve regulation. The smarter internal market rules aim to:

- evaluate more systematically the benefits and costs of existing legislation ('fitness check');
- improve stakeholder consultations;
- improve the quality of impact assessments;
- simplify EU legislation and reduce administrative burdens; and
- improve the integration of EU legislation into national laws, as well as its implementation and enforcement.

Preventing obstacles to trade in the single market before they arise

In some cases, national regulations can make it difficult for enterprises to sell their products in other Member States. A **notification procedure** under EU law therefore obliges Member States to inform the European Commission and other Member States about their draft technical regulations on products before they become law. During a 3-month 'standstill period', Member States and the Commission have the time to make sure proposed regulations will not create barriers to trade. Since 1984, more than 12 000 draft regulations have been examined in order to make sure they do not obstruct the internal market.

The benefits of standards

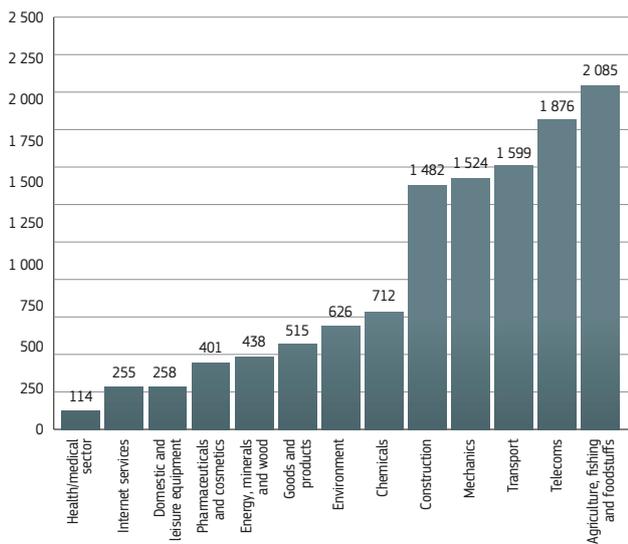
Mobile phone or software companies battle daily for the leadership of their respective standards, confirming how important standards are in international competition. There is no doubt that a good standard can ease consumers' lives, promote sustainability and enhance European technological leadership in global markets. Standards are sets of technical and quality criteria for products, services and production processes. Compliance with them is voluntary, but they offer many benefits. They help businesses work together, ease consumers' lives and save consumers' money.

In the EU, common standards are drawn up by the European standardisation organisations (ESOs) and are important for the single market. European standards replace national and often conflicting standards which may create technical impediments to market access. The European Commission regularly gives mandates to the ESOs to develop new standards.

It has frequently taken several years to develop a European standard, however, and some standards have lagged too far behind rapidly evolving technologies. Furthermore, certain sectors have been reluctant to engage in standardisation.

The Commission pushes for more international standards for worldwide use in economic sectors where Europe is a global leader. It will continue to promote the convergence to international standards and the use of voluntary standards in regulation. The Commission also pushes for the faster adoption of standards with the help of consumers, small businesses and environmental and social organisations.

CHECK OF NEW RULES PER INDUSTRY SECTOR



Source: European Commission

The EU's notification procedure has helped to reduce barriers to trade. EU countries have to notify the European Commission when they make new rules for products. Some 12 000 draft regulations have been checked since 1984 to ensure they adhere to single market rules.

What the EU does to support small businesses

With SMEs representing 98 % of businesses and 67 % of jobs, they are a key driver for economic growth, innovation, employment and social integration in the EU. The European Commission therefore promotes successful entrepreneurship and improves the business environment for SMEs.

Small Business Act

The Small Business Act is the EU's policy for SMEs. At the heart of the Small Business Act is the **'Think small first' principle**. It places SMEs at the forefront of policymaking and helps ensure that legislation does not add to the burdens they face. Therefore, a compulsory **'SME test'** is applied to check whether new EU policies and laws will have an impact on SMEs. A network of Member State **SME envoys** was inaugurated in May 2011 to ensure that policies at the national, regional and local levels are SME-friendly.

Facilitating SME's access to finance

Facilitating SME's access to finance is also a major priority. Europe provides a balanced mix of financing to SMEs — through the Structural Funds, the research and innovation programmes and Progress Microfinance, as well as lending from the **European Investment Bank**.

By mid-2012, more than 175 000 SMEs had benefited from the financial instruments of the competitiveness and innovation framework programme (CIP). In 2008–11, the European Investment Bank provided around €40 billion worth of loans, which benefited more than 210 000 SMEs. As of 2014, the 'Competitiveness of enterprises and small and medium-sized enterprises' (COSME) programme will provide further support to SMEs.

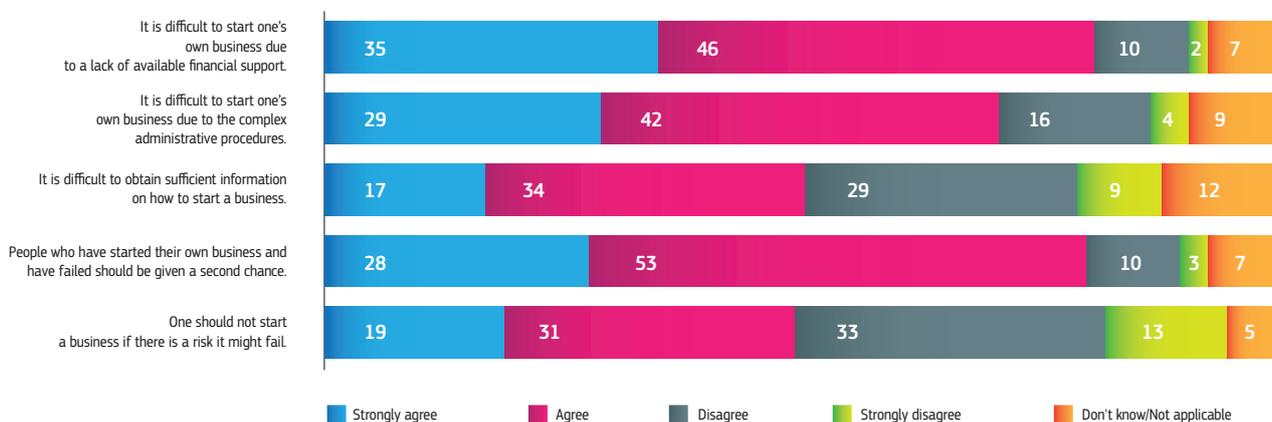
Doing business outside the EU: 'Missions for growth'

In a globalised world, SMEs increasingly need to be able to compete with companies from developed and emerging economies. Moreover, there is a link between internationalisation and SME growth. The Commission 'Small business, big world' strategy aims to inject new dynamism into the European economy by helping SMEs to expand their business outside the EU.

The Commission supports **SME internationalisation** by organising a series of 'Missions for growth'. Such initiatives aim at facilitating agreements between businesses and the organisation of matchmaking events between the European Cluster Collaboration Platform and partner organisations in countries such as Japan, Brazil, India and Tunisia.

WHAT ARE THE BARRIERS TO BECOMING AN ENTREPRENEUR IN THE EU?

Replies in an opinion poll in the 27 EU countries to the question: Do you strongly agree, agree, disagree or strongly disagree with the following opinion?



Source: Flash Eurobarometer 283

The biggest obstacles to starting a business in Europe are a lack of financing and complex administrative procedures.

The Commission also created the **Enterprise Europe Network** — the business and innovation support network for SMEs — in Europe and extended it to Asia, north Africa and the Americas. The network helps SMEs understand EU legislation and provides support programmes and internationalisation services in 54 countries through 600 regional partners. It helps SMEs to secure financing and provides business and technology reviews as well as IPR advisory services.

Encouraging entrepreneurship — Europe needs more entrepreneurs

EU policy focuses on encouraging entrepreneurs. Although, at present, only 10 % of European citizens are entrepreneurs, 45 % would like to be their own boss. To unlock this enormous potential for jobs and growth the Commission has created a series of initiatives.

- **Clusters and business networks:** Clusters are groups of specialised enterprises and other supporting actors in a particular location that cooperate closely together, such as organisations, regional initiatives and other business networks. An example is the ‘aerospace valley’ cluster based in Toulouse, France, which is mainly known for the design, development

and production of the Airbus. They play a catalytic role in the emergence of new industries. The EU is engaged in several activities to raise the standards and openness of clusters, notably through the European Cluster Collaboration Platform, the European Cluster Excellence Initiative and the European Service Innovation Centre.

- **Entrepreneurship education:** Entrepreneurship education is increasingly being promoted in most European countries. As further stimulation, the Commission has launched the European SME Week, a campaign to promote entrepreneurship across Europe and to inform entrepreneurs about available support. Another concrete initiative is ‘Erasmus for young entrepreneurs’, an exchange programme that gives entrepreneurs the chance to learn from experienced owners of small businesses in other EU countries.
- **More female entrepreneurs:** While Europe does not have enough entrepreneurs in general, there are even fewer female entrepreneurs; in 2012, only 30 % of entrepreneurs in Europe were women. To encourage more entrepreneurship among women, the Commission has set up the European Network of Female Entrepreneurship Ambassadors. The 270 entrepreneurs of this group serve as role models to inspire other women to become entrepreneurs.

Women are a source of untapped entrepreneurial potential in Europe.



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What the EU does to support key industrial sectors

Innovation: driver of growth and employment

The EU provides direct financial support to innovators such as enterprises and research institutes through funding programmes: the competitiveness and innovation framework programme (CIP), which will soon be replaced by the COSME programme, and the European Structural Funds operational programmes.

Innovation requires interaction and cooperation between multiple players: innovators, enterprises, research centres, innovation and development agencies, technology transfer offices, education and training institutes, investors, etc. The EU fosters these interactions within regions and cluster initiatives.

To encourage mutual learning and cooperation among EU Member States and regions, the Commission sponsors initiatives such as the Europe Innova project to develop and test new tools and instruments to support innovation and PRO INNO Europe, an initiative which aims to learn from best practices and contribute to the development of new and better innovation policies.

Key enabling technologies

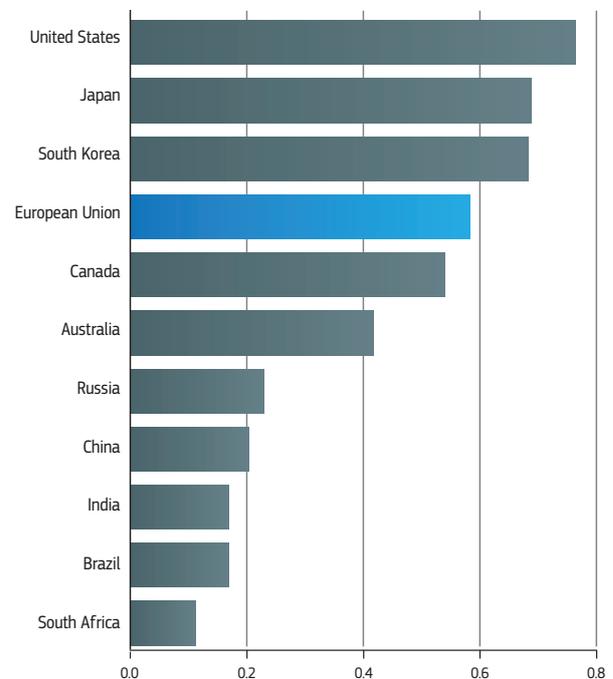
The driving force behind economic and technological development is key enabling technologies (KETs) such as nanotechnology, micro- and nanoelectronics including semiconductors, advanced materials, biotechnology and photonics. The European Commission has a strategy to boost the industrial production of KETs-based products in Europe. The aim is to ensure that Europe keeps pace with its main international competitors, to restore growth in Europe and to create jobs in industry, while at the same time addressing today's societal challenges.

Raw materials: the lifeblood of European industry

Turnover of €1 324 billion and 30 million jobs depend on continued access to raw materials. They are the lifeblood of European industry. In addition, they are vital for the development of modern, environment-friendly technologies such as electric cars and photovoltaic cells.

The European Commission pursues an approach based on three pillars: ensuring a fair and sustainable supply of raw materials from international markets; fostering sustainable supply within the EU; and boosting resource efficiency and promoting recycling.

ARE EUROPEANS INNOVATIVE?



Source: European Commission

Index for a 5-year period of different indicators showing how innovative the countries are. Indicators include, for example, the level of research, education, new patents, number of innovative SMEs and more. A higher index indicates more innovation.



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Innovation: the source of growth and employment.

In addition, new technologies will help to extract deeper deposits, in more remote areas and under harsh conditions. The Commission supports targeted innovation and research efforts, breakthrough technologies and multidisciplinary approaches, as well as demand-side interventions (e.g. through standards, public procurement and regulatory measures).

For example, the **European Innovation Partnership on raw materials** brings together capital and human resources in an effort to improve the **exploration, extraction and processing** of raw materials in Europe. An example of such a partnership is the letter of intent between the EU and Greenland on the exploration and exploitation of raw materials.

The EU’s strategic needs and Greenland’s raw materials potential

Greenland has:

- *significant potential for six of the 14 elements on the EU critical raw materials list (niobium, platinum group metals, rare earths and tantalum) and moderate potential for three elements;*
- *a high degree of potential in rare earth element deposits (REE);*
- *a share of 3.4–9.2 % (c. 4.89–12 million tonnes) in global REE resources.*





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Access to raw materials and other rare earths is essential for the continued success of European industry.

The world's most ambitious chemicals regulations

The chemicals, plastics and rubber industries are among the largest and the most dynamic industrial sectors in the EU. Together they generate about 3.2 million jobs in more than 60 000 companies and account for about 30 % of global chemical sales.

Since 2007, REACH legislation has dealt with the 'registration, evaluation, authorisation and restriction' of chemicals. Under REACH, manufacturers and importers of chemicals must assess and manage the risks posed by specific chemicals and provide appropriate safety information to users.

Its classification system identifies chemicals that are dangerous for health and the environment and determines the information on the labels of chemicals that workers and consumers use. Since 2011, new legislation on the classification, labelling and packaging of chemicals (CLP) has aligned the EU classification system with the UN globally harmonised system, thereby ensuring that the same hazards are described and labelled in the same way all around the world.

The European Chemicals Agency (ECHA), established in June 2007, is responsible for managing the REACH and CLP legislation and for providing scientific advice on issues related to the safety and socioeconomic aspects of the use of chemicals.

The chemicals industry plays a pivotal role in providing innovative materials and technological solutions that have an impact on Europe's overall industrial competitiveness. The EU, therefore, tries to foster the international competitiveness of the chemicals industry and to make it more sustainable.

Space: making our modern world possible

From telecommunications to television, and from weather forecasting to global financial systems, most of the key services that we take for granted in the modern world depend on space technologies. Moreover, space can provide the tools to address many global challenges. Europe, therefore, needs an effective space policy, as well as space research and a space programme that will allow the EU to match

global leaders in strategic areas in this highly competitive market.

Europe exports first-class space systems for commercial and scientific purposes. The EU recognises that to maintain Europe's position, the space industry requires a sustained level of research in new technologies and their exploitation.

GALILEO: A EUROPEAN-CONTROLLED GLOBAL SATELLITE NAVIGATION SYSTEM

Galileo is the EU's global satellite navigation system under European civilian control. It will allow users to know their exact position in time and space, just like GPS, but with greater precision and reliability.

An estimated 6–7 % of Europe's GDP, or €800 billion, is already used for satellite navigation applications. Moreover, the global market for global navigation satellite products and services is currently valued at €124 billion per year and is expected to grow to €244 billion by 2020. Galileo's overall economic impact will be around €90 billion over the next 20 years. Several Galileo satellites have already been launched, and the system is expected to become fully operational in 2014.

European satellite navigation has already made aeroplane landing safer and helped reduce flight delays, diversions and cancellations. Satellite navigation positioning has constantly improved since 2009 and information derived from this technology can now be received on your PC, even when you cannot receive a satellite signal. In 2012, an improved navigation overlay service was introduced to increase satellite navigation accuracy and support dependent applications requiring a high degree of precision, correcting errors caused by atmospheric disturbance factors.

GMES: OBSERVING OUR PLANET FOR A SAFER WORLD

Managing natural resources and biodiversity, observing the state of the oceans, monitoring the chemical composition of our atmosphere: to be able to make a difference in these ways, accurate information, delivered on a timely basis, is required. The European initiative for the Global Monitoring for Environment and Security (GMES) provides data to help deal with issues ranging from climate change to border surveillance. Thanks to its rapid monitoring and mapping capacity, GMES can also support worldwide aid relief when natural disasters, industrial accidents or humanitarian crises occur. According to the OECD, the global market for earth observation data could rise to USD 3 billion per year by 2017. GMES is expected to create benefits worth up to 10 times its initial investment cost.



Europe's Galileo global satellite navigation system will support a multitude of valuable applications.

Security research to safeguard our society

The goal of security research is to make Europe more secure and resilient for its citizens. The EU is investing resources to better protect our infrastructures and to strengthen our security industry.

Cars: fostering Europe's leadership

As the world leader in car manufacturing, the European automotive industry is central to the EU's prosperity. The industry is a huge employer of skilled labour, a key driver of knowledge and innovation, a net exporter, a major contributor to the EU's GDP and Europe's largest private investor in research and development.

Technical harmonisation is a key factor in strengthening the competitiveness of the European automotive industry as it simplifies market access and reduces the cost of doing business. Within the EU, manufacturers

can obtain approval for a vehicle type in one Member State and then market it EU-wide without further tests. The Commission is working to achieve similar technical harmonisation on a global level via the United Nations Economic Commission for Europe (UNECE).

The Commission focuses on the following priorities:

- (1) **promoting investment in advanced technologies and innovation for clean vehicles** by undertaking a comprehensive package of measures that tackle CO₂, pollutant and noise emission reduction;
- (2) **improving market conditions** by strengthening the single market through an improved type-approval system and the streamlining of financial incentives for clean vehicles, as well as through the consistent application of smart regulation principles;
- (3) **supporting industry in addressing global markets** through the conclusion of balanced trade deals, the promotion and continuation of bilateral dialogues with major third markets, and intensified work on the international harmonisation of vehicle regulations.

The European Commission's work on motor vehicle safety covers the safety of all road users. Recent legislation introduced standard safety features such as electronic stability control systems on all motor vehicles, advanced emergency braking systems and lane departure warning systems on heavy-duty vehicles. Cars must now be fitted with brake assist systems to help prevent collisions with pedestrians or cyclists and ensure that unavoidable collisions occur at far lower speeds. New legislation for mopeds and motorcycles also proposes the standard fitting of advanced brake systems to protect drivers.

The Commission has proposed simpler car registration rules that would reduce the procedures for re-registering a car in another EU country to a minimum.

To support the single market, the EU harmonises the technical aspects of cars.



Tourism: a key sector

The EU tourism industry directly generates more than 5 % of the EU's GDP, with about 1.8 million businesses employing around 5.2 % of the total labour force (approximately 9.7 million jobs). When related sectors are taken into account, tourism indirectly generates about 12 % of employment.

The EU's goal is to maintain Europe as the world's top tourist destination by promoting diversification and quality. Innovation and sustainability are key, especially for SMEs.

The EU's Calypso programme facilitates low season intra-EU holiday exchanges for certain target groups (e.g. for seniors, a group representing a large potential market).

'Crossroads of Europe' is an annual event focusing on cultural tourism and highlighting places and routes in Europe associated with the meeting of different cultures. The aim is to stimulate a new kind of tourism.

'European destinations of excellence' (EDEN) promotes non-traditional and sustainable tourist destinations. It involves national competitions to select 'destinations of excellence' according to a different theme each year.

The Commission has established an innovative collaboration between South America and Europe called the '50 000 tourists' initiative, promoting travel during low seasons, utilising spare airline capacity and hotel accommodation.

To emphasise the quality of European tourism and to help tourists to compare destinations, the European Commission proposes a single European tourism quality label to approve existing labels based on common criteria.

Tourism indirectly generates more than 10 % of the EU's GDP. Europe needs to maintain its position as the world's top tourist destination in the fast-changing global economy.



The way forward: leading the new industrial revolution

Industry plays an important role in fostering sustainable growth, creating high-value jobs and solving the societal challenges that we face. In the 21st century, the role of industry has declined in Europe. To reverse this declining role is a challenge. The EU aims to boost the contribution of industry to growth from its current level of 15.6 % of EU GDP to as much as 20 % by 2020. Therefore the Commission proposes a number of priority actions to stimulate investment in new technologies, to improve the business environment, to ease access to markets and to finance, particularly for SMEs, and to ensure that workers have the skills that industry needs.

Europe's industry is well placed to assume this role: Europe is a world leader in many strategic sectors such as the automotive, aeronautics, engineering, space, chemicals and pharmaceuticals industries. Industry still accounts for four fifths of Europe's exports and 80 % of both Europe's exports and of private sector R & D investment comes from manufacturing. If confidence is regained, and with it new investments are made, Europe's industry can perform better and start growing again.

Making the revolution happen

To make the new industrial revolution happen, the EU is focusing on boosting the EU's industrial sector, as well as on improving access to finance, supporting SMEs and empowering consumers.

IMPROVING ACCESS TO FINANCE AND SUPPORTING SMEs

Businesses in the EU are facing a credit crunch that is likely to worsen as banks restructure and eliminate bad assets from their balance sheets. The Commission is therefore exploring new ways to improve financing conditions, especially for SMEs. New financing will be available from the **European Investment Bank (EIB)**. In addition, for the period 2014–20, the Commission has proposed to provide €1.4 billion in debt and equity instruments to support SMEs, under the COSME programme.

EMPOWERING CONSUMERS TO SPUR ON INDUSTRIAL INNOVATION

Consumers could also spur on industrial innovation. If coach operators, for example, ask vehicle manufacturers to fit the roofs of buses with solar panels, industry could produce such coaches on a larger scale and at a lower price.

Find out more

- ▶ **For an overview of EU industrial policy:** http://ec.europa.eu/enterprise/index_en.htm
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