
Yorkshire Post business review of the year supplement, February 2004

With nearly two thirds of our region's exports going to other European Union countries, and 315 000 jobs dependent on these exports, no business can afford to ignore the European angle. Richard Corbett, a Labour MEP for Yorkshire and the Humber, looks at some of the ways in which the EU is working with our region's industries.

In the year 2000, heads of government from all over Europe met in Lisbon to agree a new strategy for European trade and industry. They came up with the following objective: within ten years, the EU would become "the most competitive and dynamic knowledge-based economy in the world".

Last year, they reinforced the commitment of all the EU's nations to this ambitious aim. They said that the competitiveness of enterprise was Europe's *top priority*.

European industry is already modern and often successful, but we can't afford to rest on our laurels. Like industry everywhere, we must encourage enterprise, keep up with technology, and remain competitive on the world stage. We have to tackle the challenges that come as part and parcel of today's global economy. Working together to meet these constant challenges is absolutely essential for achieving sustainable growth in Yorkshire, in Britain, and in the European Union as a whole.

Building on innovation in manufacturing

Research policy is vital to entrepreneurship because innovation encompasses not only new technologies but also the development of new business concepts, product design, or new ways of distributing or marketing a product.

The manufacturing industry is particularly sensitive to the need for research and innovation. Because of growing globalisation and challenges from low-wage economies, manufacturing in Yorkshire has a bright future only with a sustainable, knowledge-based economy. It also requires continuous innovation in the underpinning products and processes, with consistent and effective research over the next decade.

Britain's materials technology sector is strong in comparison to the USA and Japan, but the sector has an image problem. It is often seen as quite traditional and a generator of both unemployment and negative environmental impacts, making it difficult to recruit the right people – and particularly the young. Industrial research can change this image by supporting new production and consumption approaches based on better, cleaner and safer technologies.

The EU is fully committed to improving the competitiveness of the manufacturing industry. In 2003, a programme of funding for research and technological development was set up to target innovative approaches and high technology areas, targeting money where it will be most effective in developing competitiveness in the long term. This is one key area where co-operation between countries can achieve much more than we could achieve alone.

Levelling the playing field

In May, when ten new countries join the existing 15 member states in the enlarged European Union, it will become the world's biggest common market. A common market needs common rules and policies – in other words, a level playing field – so that no country is at an unfair advantage.

European enterprise policy is designed to ensure that the conditions in areas like competition and market access are fair and equal for all players, while still taking into account the specific needs and characteristics of individual sectors or the need to encourage economic growth in less developed regions. For instance, £711 million of 'structural funding' will have been pumped into South Yorkshire between 2000 and 2006 to help it reach a level playing field with the rest of the EU – the highest level of structural funding in Europe. This funding goes directly to support entrepreneurial, research and innovation projects.

Cutting red tape

The EU aims to create an investment climate and balanced regulatory framework which is right for industry. Establishing common rules for the common market is one important way in which the EU can cut red tape. In the words of Tony Blair, "replacing 15 sets of disparate and often conflicting national rules with one common European-wide approach is a huge exercise not in complication but in simplification".

The impact on businesses of EU policies must be carefully considered to make sure that competitiveness is not undermined. This is true not just of business policies, but also in the areas of trade, education, training and the environment.

Bringing down barriers

Another important role of the European Union is making sure that there are no unnecessary barriers to trade within the common market. For enterprise as a whole, the EU ensures that there is adequate and fair competition in those services to which business needs access at the best price possible in order to remain competitive. These include postal services, telecommunications, rail freight, electricity and gas.

Barriers to trade between the member countries of the EU can affect all types of business, but particularly the financial sector. Any barriers to investment between member states can result in job losses and undermine the value of investments, from stocks and shares to pension funds.

The EU also makes sure that new barriers do not go up. It checks new technical regulations being planned by member countries, making sure that they will not be a barrier to trade.

Plans for the future

The European Commission reports annually to heads of government on progress towards the Lisbon goals. There has been significant progress, and this year's report underlines that the Council and the Member States should use the economic upswing of recent months "to give the necessary impetus to carry the Lisbon strategy forward".

By prioritising competitiveness and supporting innovation, the European Union is setting the pace to ensure that industry in Yorkshire and the Humber's can continue to lead the way in Britain, in Europe and in the world.