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EU ACTION PLAN**New EU fundraising rules: boosting venture capital for SMEs and easing access to credit**

The European Commission is presenting a strategy to promote better access to finance for SMEs with an EU Action Plan which includes increasing financial support from the EU budget and the European Investment Bank and a proposal for a regulation setting uniform rules for the marketing of venture capital funds.

Access to finance is essential to enhance the competitiveness and growth potential of SMEs. In the context of the current crisis, marked by a fall in lending to the real economy, it is increasingly difficult for such companies to access loans. For this reason the European Commission is presenting a strategy, on MEMO/11/879, to promote better access to finance for SMEs with an EU Action Plan which includes increasing financial support from the EU budget and the European Investment Bank and a proposal for a regulation setting uniform rules for the marketing of venture capital funds.

The new regulation will make it easier for venture capitalists to raise funds across Europe for the benefit of start-ups. The approach is simple: once a set of requirements is met, all qualifying fund managers can raise capital under the designation "European Venture Capital Fund" across the EU. No longer will they have to meet complicated requirements which are different in every Member State. By introducing a single rulebook, venture capital funds will have the potential to attract more capital commitments and become bigger.

In addition to the measures presented last week, including €1.4 billion of new financial guarantees under the Programme for the Competitiveness of Enterprises and SMEs (COSME 2014-2020), the European Investment Bank will keep its SME loan activity at a sustained pace, close to the 2011 level of €10 billion.

The EU Action Plan to improve access to finance for SMEs presents the various EU policies and measures to make access to finance easier for Europe's 23 million SMEs. It covers actions to improve the venture capital market and facilitate access to financial resources. It contains also financial products to ease access to bank lending, for an amount of at least € 20 billion allocated to SMEs from the new Multiannual Financial Framework.

A new survey shows that difficult access to finance is among the top concerns (15%) of SMEs. Almost two-thirds (63%) of the EU SMEs who applied for a bank loan during the last six months received the whole amount they asked for.

However, 11% of the applications were rejected and 17% received less than they applied for. In addition 4% declined the loan offer from the bank because they found the conditions unacceptable. So about one third of the SMEs did not get the finance they had planned for.

COSME EU PROGRAM**Euro 2,5 billions for 2014 – 2020**

Promote access to finance and encouraging an entrepreneurial culture, including the creation of new enterprises are the core issues of the new financial support programme, tabled by the European Commission in Brussels. With a budget of € 2.5 billions over the period 2014-2020, the Programme for the Competitiveness of Enterprises and SMEs, COSME is a funding instrument, which is largely continuing the activities under the current Competitiveness and Innovation programme (CIP). The new programme targets in particular: 1) entrepreneurs, in particular SMEs, which will benefit from easier access to funding for their business, 2) citizens who want to become self-employed and face difficulties in setting up or developing their own business, 3) Member States' authorities, which will be better assisted in their efforts to elaborate and implement effective policy reform.

The Programme for the Competitiveness of Enterprises and SMEs, COSME will focus on financial instruments and support to the internationalization of enterprises and it will be simplified – to make it easier for small businesses to benefit from it. The Programme has the following general objectives:

- Improve access to finance for SMEs in the form of equity and debt: First, an equity facility for growth-phase investment will provide SMEs with commercially-oriented reimbursable equity financing primarily in the form of venture capital through financial intermediaries. Second, a loan

facility will provide SMEs with direct or other risk-sharing arrangements with financial intermediaries to cover loans.

- Improve access to markets inside the Union and globally: Growth-oriented business support services will be provided via the Enterprise Europe Network to facilitate business expansion in the Single Market. This programme will also provide SME business support outside the EU. There will also be support for international industrial cooperation, particularly to reduce differences in regulatory and business environments between the EU and its main trading partners.

- Promote entrepreneurship: activities will include developing entrepreneurial skills and attitudes, especially among new entrepreneurs, young people and women.

The Programme is expected to assist yearly 39 000 firms, helping them create or save 29 500 jobs and launch 900 new business products, services or processes, yearly. Access to credit will be easier for entrepreneurs, particularly those willing to launch cross-border activities, with an anticipated €3.5 billion in additional loans and investment for European businesses. The financial envelope for implementing the Programme shall be EUR 2.5 billion, of which EUR 1.4 billion shall be allocated to financial instruments. The remainder will be spent for financing the Enterprise Europe Network, international industry cooperation and entrepreneurship education.

EU, USA AND JAPAN**Agreed rules to speed up the introduction of electric vehicles**

The introduction of electrical cars will get a further boost with an international agreement promoted by the European Union, the United States and Japan in Geneva (Switzerland).

The partners agreed to closely cooperate on convergence of regulatory obligations related to electric vehicles in the global context. This will lead to cost savings through economies of scale for automotive manufacturers. Currently they only produce relatively small volumes of electric vehicles in different world regions. The agreement is, therefore key in the context of economic recovery and general cost-sensitiveness of the industry. Taking into account that the rules for electro-mobility technologies are currently being developed on both sides of the Atlantic and Asia, the cooperation is particularly interesting as it offers a unique opportunity to develop common approaches.

Under the proposed cooperating agreement, **two informal working groups on electric vehicles will be set up** under the 1998 Agreement on Global Technical Regulations. The initiative was taken by the European Commission, the National Highway Traffic Safety Administration (NHTSA) and the Environmental Protection Agency (EPA) in the United States and the Ministry of Land, Infrastructure, Transport and Tourism of Japan. The working groups are indeed open to all countries that are contracting parties to the relevant UN Agreement, including India and China.

The **first group** will address the safety aspects of electric vehicles and their components, including the battery. It will cover the safety of occupants

against electric shocks in-use, while recharging as well as after an accident. The **second group** will focus on environmental aspects of regulations applied to electric vehicles.

The aim of both groups is to exchange information on current and future regulatory initiatives in this field, to avoid unnecessary differences between regulatory approaches and, where possible, develop common requirements in the form of a Global Technical Regulation (GTR).

The **World Forum for Harmonization of Vehicle Regulations**, also known as Working Party 29 (WP.29), operates under the United Nations Economic Commission for Europe (UNECE), located in Geneva. It defines a large number of vehicle regulations, covering safety and environmental requirements for cars and other vehicles. The aim of the Forum is to promote harmonised technical requirements which reduce development costs and avoid duplication of administrative procedures for industry and therefore contribute to economic efficiency and lower costs for consumers and society.

The 1998 Agreement establishes a process through which countries from all regions of the world can jointly develop global technical regulations (“gtrs”) for vehicles and their components. It is complementary to the 1958 Agreement, with the particular aim to promote participation of various countries in the gtrs. At the present time, there are 32 Contracting Parties to the 1998 Agreement, including the EU, Japan, USA, Korea, China and India.

US AEROSPACE INDUSTRY  
**2011 Year-end review and forecast**

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The U.S. aerospace industry booked a relatively strong performance in 2011, remaining one of the most significant contributors to the national economy. Despite persistently sluggish market conditions around the globe, annual sales are expected to top \$218 billion in 2011, marking the eighth consecutive year of growth. The industry's robust workforce also points to the vital role played by aerospace in the U.S. economy.

Directly and indirectly, aerospace employs more than two million Americans. Strong aircraft orders and the rollout of major new products have contributed greatly to the industry's performance.

At year's end, annual sales are expected to be up across the board in 2011. Civil and military

aircraft, missiles and the space sector are all expected to top their respective 2010 totals.

Given that the demand for aftermarket products and services is closely tied to upstream market conditions, the U.S. aircraft maintenance, repair and overhaul (MRO) sector also experienced somewhat of a resurgence in 2011, capturing a significant share of the nearly \$50 billion global MRO market. Absent a major economic downturn, the U.S. MRO market is expected to register a 3.8 percent compound annual growth rate (CAGR) over the next five years.

7<sup>TH</sup> ILAN RAMON INTERNATIONAL SPACE CONFERENCE

January, 29<sup>th</sup> to 30<sup>th</sup> 2012, Herzliyya, Israel

The Ministry of Science and Technology, the Fisher Institute for Air and Space Strategic Studies and the Israeli Space Agency (ISA) are organizing and hosting the Seventh Annual International Conference on Space Research.

The Conference will include around 2000 participants among them representative of the Israeli government, representatives from the Israeli defense industries and outstanding physics & science students from all over the world.



AEROSPACE & DEFENCE MAIN EVENTS

**First Half 2012**

Hereafter, some of the main Aerospace & Defence industry events that will take place from January to June 2012.

**Singapore Airshow 2012**, February 2012

**Aerospace and Defense Supplier Summit 2012**, Seattle, March 2012

**Aerospace and Defence Meetings Sevilla 2012**, May 2012

**Aerospace Meetings Kuala Lumpur**, May 2011



## HORIZON 2020

### The new EU Framework Programme for R&I

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The program to succeed FP7 will be known as "Horizon 2020". This program will run for 7 Years (2014 – 2020), with approximately 80 Billion Euro available. Horizon 2020 is made up of:

- FP7 (Current Framework Program)
- CIP (Competitiveness and Innovation Framework Programme)
- EIT (European Institute of Innovation and Technology)

Current talk about Horizon 2020 funding schemes is that they will be standardised and simplified, with one single set of rules for participation and financial reimbursement across all funding schemes. Horizon 2020 will be made up of three pillars. Currently, the working names of these 3 Pillars are:

- ‘excellence in the science base’
- ‘societal challenges’
- ‘industrial leadership and competitive frameworks’.

#### Horizon 2020 Structure

##### Pillar 1: ‘excellence in the science base’

This Pillar contains bottom-up instruments that address excellence driven projects as well as basic research and actions for research careers and mobility. European Research Council (ERC) and the Marie Curie Actions will be kept, although a reduction in the number of different Marie Curie Actions are likely.

##### Pillar 2: ‘societal challenges’

This Pillar will be a top-down, policy oriented pillar. It will probably address large, cooperative projects. Little has been defined to date; the EC is currently organizing expert and stakeholder workshops to define the content of this pillar.

##### Pillar 3: ‘industrial leadership and competitive frameworks’

This Pillar addresses "innovation goals" and will contain funding opportunities for industry and small and medium sized enterprises (SMEs) to

facilitate the transition from research into marketable products and services. The sections of the current CIP which are directly relevant to research and innovation activities will be integrated into the Horizon 2020 and placed within this pillar. This pillar will also include new financial mechanisms to support innovation activities and the competitiveness of industry such as (pre-commercial) public procurement, instruments to facilitate access to venture capital and an enhanced window for SME within the Risk Sharing Financing Facility (RSFF).

#### Two new FP7 Marie Curie Grants

##### European Industrial Doctorates (EID)

Postgraduates enrolled in and qualified to complete a PhD program under a university can be employed with a partnering private enterprise during the project period, and will divide their time between the university and the enterprise. The program aim is for private industry to be involved in a much greater way in doctoral-level training.

One academic institution and one research-performing enterprise established in two different MS/AS. The academic partner must be entitled to deliver doctoral degrees. Each recruited researcher must:

- Be enrolled in a doctoral programme of the academic participant
- Be employed by and spend a majority of his/her time at the research-performing enterprise
- Be jointly supervised by at least two supervisors, one from each participant

##### Innovative Doctoral Programmes (IDP)

This replaces the ‘Monosite Initial Training Networks (ITNs)’, and aims to encourage crossovers between disciplines, sectors and states. Whilst there are plenty of doctoral schools across Europe, there are not many international, interdisciplinary, cross-sectoral programs. The IDP is intended to rectify this. Sole University or

research organisation in MS/AS offering innovative doctoral program(s) (international, interdisciplinary and intersectoral training):

-Innovative elements of the proposed training should address the needs of the “Innovation Union Flagship Initiative”

-Large recruitment capacity

-Provide International and Interdisciplinary training environment

-Collaborations with wide set of Associated Partners.

EDA WORK PROGRAMME 2012**A strategic overview**

The European Defence Agency conducts its activities within a strategic framework. It consists of four strategies, endorsed by its Steering Board.

The Capability Development Plan (CDP) provides to Member States an auditable picture and assessment of capability trends and requirements, over the short, medium and long term, in order to inform national decisions on defence investments; this includes the identification of areas for cooperation for capability improvement, and the proposal concerning options for collective solutions. The CDP is the overall strategic tool, the 'driver' for R&T investment, for armaments cooperation and for the defence industries.

The European Defence Research & Technology (EDRT) strategy aims at enhancing more effective R&T in support of military capabilities. The EDRT strategy defines the 'Ends' (in which key technologies to invest), the 'Means' (how to do this) and the 'Ways' to implement the ends and means through roadmaps and action plans.

The European Armaments Cooperation (EAC) strategy is focussed on promoting and enhancing

more effective European armaments co-operation in support of CSDP capability needs. The EAC strategy defines how to improve the effectiveness and efficiency of European armaments programmes by a series of actions, applying lessons learned from past experiences through a 'Guide to Armaments Co-operation Best Practice'.

The European Defence Technological and Industrial Base (EDTIB) strategy describes the future European defence industrial landscape, based on the three Cs: Capability-driven, Competent and Competitive. The future EDTIB has to be more integrated, less duplicative and more interdependent, with increased specialisation, for example by establishing industrial centres of excellence. It refers to action fields for which Governments will be responsible, such as consolidating demand and investment. Logically, the strategy links the work on realising the future EDTIB to the Agency's activities on the European Defence Equipment Market. Special attention is paid to the importance of Small- and Medium-sized Enterprises with their typical flexibility and capacity to innovate.

LOMBARDY AEROSPACE CLUSTER**An excellence in precision mechanics**

The eyes of the world's leading players in the aerospace industry are on Lombardy Region. Undisputed giants such as Boeing are in constant communication with the Italian producers who, in 2009, launched the challenge of the Lombardy Aerospace Cluster which has since become "one of Europe's four economic engines". With Europe as its target market, the Lombardy-based aerospace industry has now reached all continents. Lombardy's aerospace industry has not only taken the route of internationalisation but is now "flying very high".

The sector is coming out of a physiological recession in terms of its trade balance which, in the last 9 months of 2010, led to a 3.1% fall in exports. However, the start of recovery in 2011 has been sufficient to reverse the trend and regain international market shares eroded by the global crisis. In the last quarter of last year and at the beginning of 2011, according to the Lombardy Aerospace Cluster data the atmosphere has been one of growing trust. The improvement has been registered by small and medium enterprises.

In the early days, the aerospace mechanics cartel counted on a base platform of nine partners, but in less than two years the number of members has risen to 70 and the strength of the production system has developed around SMEs. These latter constitute a solid reality, made up of 160 enterprises, plus the 25 with more than 250 employees, and 13 universities and research centres, including the National Research Council (CNR).

Over the last year, this ensemble of companies and resources has generated a turnover of € 3.8 million

and provided employment to 14,500 people. Varese has thus established itself as the control room for aerospace manufacturing targeted towards the world market if, as suggested by figures released by the research centre, approximately 38% of Italian exports is produced in Lombardy. In the first nine months of 2011, the balance of the import-export sector on a national scale was about € 1.7 million, of which € 751,000 referred to the Lombardy cluster. This northern Italian region now aims to strengthen its network of relations at national level and consolidate its productive force abroad, according to the Aerospace Cluster strategies. The plan is to operate on the basis of common and shared promotion activities on the internationalisation front, which is one of our priorities. Activities that are designed above all to benefit small and medium-sized businesses that we want to put in a position to be able to stand on their own feet in foreign markets. Those working in the Lombard aerospace sector have all the necessary skills and abilities. Above all, they have the credentials to be the suppliers for the most important world players in this sector.

The big names of aerospace mechanics consider the Varese cluster an interesting research observatory for the top of the range components of the Italian market, among which helicopters, flight trainers, small satellites, equipment and avionics stand out. A production catalogue that boasts a 100-year-long tradition has been able to reinvent itself and follow the evolution of a market such as the aerospace industry, where innovation, research and development are the key drivers of success.