

Position Paper

UEAPME¹ position on the upcoming revision of the Environmental Technologies Action Plan (ETAP) and towards the Eco-Innovation Action Plan

Introduction

The innovative potential in SMEs is particularly rich and has a multitude of aspects: products, services, production processes, organization and management of enterprises and commercialisation. However, small businesses' innovation is rarely based on high-tech inventions. It mostly happens at mid-tech, low-tech and non-tech level. SMEs do not innovate with pure R&D, but mostly by using available technologies in a new way or by transferring third party technologies to final users. Moreover, innovation in SMEs relies to a large extent on qualified entrepreneurs and employees and on cooperation with suppliers and customers.

Improving the conditions for innovation in the mid-tech and low-tech sectors for non-technical innovation is as important for competitiveness, growth and employment as high-tech and R&D driven innovation.

In the field of eco-innovation, SMEs can fulfil many expectations. SMEs have for a long time implemented their ecological inventions but these inventions remain within the company. Thus an informal eco-innovation takes place but lacks public recognition, support and protection. It is important to foster the uptake of eco-innovation by SMEs since European SMEs represent 99.8% of all European enterprises and have a huge economic potential in the field of eco-innovation that can help tackle the current environmental challenges.

1. Implementation of the Environmental Technologies Action Plan (ETAP)

The major achievement is that the EU has a specific Action Plan on Environment Technologies since 2004. It is a good starting point but it is important to go beyond it. UEAPME welcomes the change of name, from ETAP to Eco-innovation Action Plan.

Eco-innovation implies all forms of innovation activities resulting in or aimed at significantly improving environmental protection. The eco-innovation concept matches better with SMEs than the concept of Environmental Technologies since it is a much broader concept and SMEs can more easily find their place in it.

2. Obstacles

In order to promote the market uptake of eco-innovation, the remaining obstacles need to be addressed:

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

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Innovation Management: SMEs need support in order to introduce innovation as a core element in the management of their companies. Planning, managing and control of the innovation process will therefore be essential. In order to be developers, SMEs need to create and talk about a sustainable innovation process. Sustainability must be integrated in the management system. As a consequence, there is the need to define sustainable innovations.

Tools: It is important to differentiate between a routine production process and the essential innovation process. Different tools do exist in order to generate daily solutions for innovation processes. These processes include terms of planning, promotion, network management, development of infrastructure, change of criteria and a successful market entry for further developments.

Targets and long-term strategies: In general all companies need long-term strategies for environmentally-friendly developments. In particular, SMEs need specific and reliable long-term strategies in terms of methods of production, products and organisational structures. SMEs and their employees must know the various strategies in order to make the right choice for putting new products in the markets. Vocational training can support in the following aspects: timing of market entry, first-to-market strategy, second-to-market strategy, later-to-market strategy, technology strategies and choice of the correct strategy.

Education and vocational training: Training nowadays has to go beyond the classic business management trainings. It is important to promote training in sustainable management, which includes the business, the environment, and also the social responsibility dimensions. In some countries like Germany, trainings of specific trades have already included this concept.

Protection of innovation: Start-ups and small companies rely heavily on innovations in their products, services, processes and/or business practices for growth. If these innovations are not legally protected, SMEs may lose their competitive advantage or potential market position.

The primary way to protect innovations is through patents. Patent protection gives a company the legal right to exclude others from making, using, selling, offering to sell, and importing the company's innovation. Securing legal protection for innovations should begin earlier rather than later. Selecting an appropriate strategy to protect a company's innovations can be difficult, and companies need to consult a patent attorney to avoid the numerous pitfalls of protecting their innovations and enhancing their company value. The introduction of the Community Patent would be an important step towards the protection of innovations.

3. Priority areas of ETAP in the new Eco-Innovation Action Plan

From research to market

It is very important to link research institutions and businesses; this link is currently rather poor, since the interaction between small business and research institutes and universities is not a general trend and therefore needs to be highly stimulated. The 1st generation of innovation vouchers proved to be very successful in promoting the long-term cooperation of SME with R&D centres.

Improving market conditions

With regards to "Improving market conditions through mobilizing financial resources", it is true that the financial sector plays an important role since it can mobilize resources and facilitate the uptake of eco-innovation by businesses.

UEAPME is however not sure of the use of GPP to facilitate the uptake of eco-innovation. SMEs currently have difficulties in accessing Public Procurement (PP) and inserting a green criterion into PP could make access for smaller companies even more complicated.

With regards to EU funding, SMEs lack information on available funding schemes at EU and national level. Besides, applying for EU-funding is often too complicated for SMEs. UEAPME would like to reiterate the importance of having transparent and less bureaucratic project appraisals, improved legal security for SMEs, reduced partner requirements, and simplified financial reporting and prompt payments.

With regards to mobilizing efforts in support of eco-industries, the Enterprise Europe Network is not the unique network in terms of its wide geographical reach and of the wide range of integrated services. It is important not to forget existing networks such as SME organisations at national and regional level which have a long-standing experience in providing services and advice to SMEs. The European institutions should assist SME organisations to enter the area of eco-innovation in order to provide the best advice and build knowledge on eco-innovation.

On incentives, fiscal measures, such as tax deductions for investments in eco-innovation at national level could also facilitate the uptake of specific measures in this field by micro and small businesses.

Acting globally

With regards to this priority, SMEs should have support when wanting to enter third markets (export assistance). It is good to open up markets but the right IPR protection must be ensured at international level. UEAPME agrees with an enhanced cooperation between international institutions such as the EU, the OECD, the UNEP and the UNIDO.

4. Specific sectors and bottom-up approach

Due to the heterogeneous nature of SMEs, sector specific measures to stimulate the adoption of eco-innovation would be effective.

On the one hand, action at the Member States or regional level might be more effective in promoting SME innovation. On the other hand, action at EU level should bring an added value to the innovation initiatives at national and regional level. However, it is necessary to have a better coordination between innovation policies at different levels and to create synergies between national innovation policies and European innovation policy.

5. Connection between eco-innovation policy and general innovation policy

In principle, Europe needs a coordinated innovation policy. There is a lack of clearly defined objectives for innovation and no long-term strategy at the Member States and European levels. Eco-innovation must be an important part of innovation policy. Innovation at EU and national levels must always take into account the environmental challenges we face today and try to tackle them by proposing environmentally-friendly solutions.

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