



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE:

FP7 must focus on smaller SME programmes for R&D targets to be met

- **US small firms spend up to 8 times more on R&D than EU small firms**
- **Success rate for SME proposals in FP6 less than half that of overall proposals**

Brussels, 4 April 2005 FP7 must have a much greater focus on smaller scale SME specific programmes if the Lisbon target of 3% of GDP on R&D is to be achieved, according to a [paper](#) released today (Monday, 4 April) by UEAPME, the European association for small and medium business and crafts, in advance of the Commission proposals on FP7 on Wednesday.

“There is a growing recognition that the gap between the EU and the US in terms of R&D will not be bridged unless the difficulties faced by European SMEs are addressed,” said **Hans-Werner Müller**, UEAPME Secretary General. “The Commission must pay more than just lip service to these aims in FP7 and tailor programmes to the needs of small businesses.”

Business expenditure on R&D is only 1.3% in the EU, compared with 2% in the US. However, there is no significant difference between the amount spent by large firms in the EU and the US. By contrast, US small firms have an R&D budget on average 7 or 8 times greater than that of European small firms. R&D activity by SMEs in the EU must be increased if we are to catch up to the US and the 7th Framework Programme for Research must recognise this.

Under FP6 just 22% of SME proposals deemed to be of a ‘very high standard’ received funding, whereas 50% of overall projects of a ‘very high standard’ were funded. This imbalance must be redressed in FP7.

A serious problem is that only 20% of the SME budget was allocated to SME specific or ‘bottom-up’ programmes – smaller scale projects that are more accessible and relevant for SMEs. In addition, there is a preoccupation with high-tech projects in the allocation of funds, even though this only represents a tiny proportion of overall SME activity. The focus must be changed.

“It is a question of quality and not just quantity in the allocation of the SME budget,” said Mr Müller. “Small businesses are often not able to commit to the large scale, top-down projects, which received 80% of SME funding in FP6. Smaller scale, SME-specific programmes in FP7 must get a much greater proportion of funding in FP7.”

The onerous administration involved in submitting a proposal must also be addressed. Under FP6, the process of submitting a proposal and receiving approval typically took more than a year. This acts as a disincentive for small firms with limited resources. The process should be simplified. There should also be a greater use of lump sums at the initial project proposal stage, which would help to reduce the timeframe of the approval procedure.

“Commissioner Potocnik has committed to increasing the involvement of SMEs in the next framework programme. Given the importance of R&D to growth generation, it is vital for the EU economy that the Commission delivers on this commitment in the proposal for FP7 this week,” concluded Mr Müller.

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