



“The voice of SMEs in Europe”

Press Release

IMMEDIATE ISSUE

Majority of small firms could be left behind in competitiveness drive

- **More than 95% of EU firms left out by innovation policy focus on high-tech sector**

Brussels, 30 June 2005 The narrow focus of EU competitiveness and innovation policy on firms in the ‘high-tech’ sector risks seriously limiting Europe’s growth potential, according to UEAPME, the European small and medium business organisation, in response to the presentation of a major study on innovation in the EU low-tech sector today (Thursday).

“The tendency of innovation policy to focus on ‘high-tech’ firms risks sacrificing the vast majority of innovative SMEs and ultimately threatens the competitiveness of the EU economy,” said **Gerhard Huemer, UEAPME Director of Economic and Fiscal Policy** at a conference on Low-Tech Innovation in Brussels today.

97% of all economic activities and, consequently, most of the innovation in Europe takes place in sectors defined as ‘low-tech’ or ‘mid-tech’, according to an OECD definition of the ‘high-tech’ sector as being industries with an R&D turnover of greater than 4%.

The study clearly demonstrates that most innovation occurs in the ‘low’ and ‘mid-tech’ (LMT) sector, which is also the main driver for economic growth and employment. Innovation is much more than R&D and any successful innovation policy has to be comprehensive to increase the capacity for innovation and assist the implementation of new ideas and inventions.

“Concentrating efforts to improve innovation and competitiveness on sectors that account for no more than 3% of economic output on the basis of this narrow definition is clearly a major oversight by EU policy in the field. Firms should not have to have large R&D budgets to be considered innovative,” continued Mr Huemer.

Small and medium-sized businesses often cannot carry out their own R&D, either due to lack of resources or finances or both. However, it is clear that innovation – developing new products and production processes and identifying new markets – takes place across all sectors of the EU economy. These firms rely on available technologies, support networks and the presence of highly qualified employees, among other factors, to remain innovative.

UEAPME is calling for a new, comprehensive approach to innovation policy aimed at stimulating growth from all sectors, which would enable SMEs to realise their potential as the main growth generators and put the EU economy back on track. To this end it urges the different EU actors to:

- Take a more bottom-up approach to innovation and adopt a more flexible definition that does not exclude the majority of firms
- To take actions to improve access for SMEs to existing technologies, such as through networking and improving cooperation with universities and research centres
- To promote business clusters and networks, which encourage innovation in SMEs through best practise examples
- Take steps to improve the training and qualification of entrepreneurs and employees, such as implementing the apprenticeship exchange project and increasing technical training
- To focus the support measures on the real needs of SMEs: access to finance and support for the management of innovation processes (implementation) and marketing (new products and services)

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Further information: Gerhard HUEMER, UEAPME Director of Economic & Fiscal Policy Ph: 02 230 7599

EDITORS' NOTE: UEAPME is the employer's organisation representing the interests of crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 78 member organisations, which represent crafts and SMEs across the whole of Europe, covering over 11 million enterprises with nearly 50 million employees. UEAPME is a European Social Partner.

Richard More O'Ferrall, Press and Communications Officer

Tel: +32 2 230 7599/ GSM: +32 477 44 38 42

Email: pressoffice@ueapme.com Web: www.ueapme.com/pressroom