



“The voice of SMEs in Europe”

Press Release

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EU Competitiveness Programme has increased emphasis on small firms

- **MEPs must limit cuts to small business competitiveness spending in plenary vote**

Brussels, 1 February 2006 The European Parliament has introduced some important changes to the proposed Competitiveness and Innovation Programme (CIP)*, increasing the focus on small businesses, in a key vote in the Industry Committee (ITRE) on Tuesday, according to UEAPME, the European association for small and medium business and crafts.

“The new Competitiveness and Innovation Programme is the most important EU-level instrument aimed at promoting the innovative potential of small businesses. The changes proposed by the European Parliament should strengthen the focus on raising the innovative stock of traditional small firms and thus better equip these businesses to fill their role as the key growth-generators in the EU. However, with the programme facing cuts of over 50%, it will be important to limit reductions to those sections of the programme targeting SMEs,” said **Hans-Werner Müller**, UEAPME Secretary General.

UEAPME welcomed the decision by the European Parliament’s rapporteurs on the CIP, Dr Jorgo Chatzimarkakis, and FP7, Prof Jerzy Buzek, to head a petition calling on the Austrian Presidency to limit cuts to the EU’s competitiveness budget. The petition was submitted yesterday on the same day as the vote on the CIP.

Based on the agreement on the financial perspectives under the UK Presidency, the CIP is facing cuts of over 50% from an original figure of 4.2 billion euro, as part of a reduction in the overall competitiveness budget from over 132 billion euro to just over 72 billion euro. A cut, which makes all the rhetoric about competitiveness seem rather hollow.

One of the most crucial changes approved by the committee was its decision to opt for a broader definition of innovation, which will make the CIP relevant for all sectors (not only high tech) and focus on all aspects of innovation, including production, distribution, marketing, management and HR. It is encouraging that the particular nature of small businesses is taken into account, in line with the Small Enterprises Charter. The Programme would also include a specific focus on craft and micro enterprises if the proposals of the committee are adopted in the plenary session.

“Small and medium-sized enterprises cover 99.8% of all businesses and account for around two-thirds of employment in the EU. It is now generally accepted that these enterprises are key to growth and employment generation. If the EU really is serious about creating growth and jobs, it must equip itself to do so and limit cuts to the CIP and, particularly, the Entrepreneurship and Innovation section of the overall programme and ensure it is focused towards SMEs, particularly traditional businesses,” concluded Mr Müller.

***** End *****

EDITORS NOTE: The CIP is the successor to the Multiannual Programmes (for enterprises) and aims explicitly at improving competitiveness and innovation in EU businesses. It covers crucial areas, like access to finance for start-ups and investment in innovation, networking among SMEs and general promotion of entrepreneurship and innovation.

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