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Press Release

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State aid rules will endanger support services for innovative SMEs

Brussels, 21 June 2006. Innovation support and advisory services for SMEs could be severely hit by the revised EU rules on state aid for research, development and innovation, according to UEAPME, the European SME employers’ organisation. Speaking at a Breakfast Meeting on State Aid Reform at the European Parliament today (Wednesday), UEAPME Secretary General **Hans-Werner Müller** put forward SME concerns on the future provision of these services.

UEAPME welcomed the new “Community Framework for State Aid for Research and Development and Innovation” and appreciated the clear focus on SMEs and the stance taken by the European Commission on innovation. It warned, however, that the new Framework could endanger the provision of innovation support services, by allowing state aid only at the level of the single beneficiary. The new system would require existing intermediaries to provide their services at market or full cost prices.

“In most EU Member States, public or semi-public service providers such as innovation centres or business incubators have received State support for their operations, allowing them to set their prices at an affordable level so far”, explained Mr Müller. “This will not be possible under the new Framework for R&D&I, which does not foresee state aid for service providers. The resulting increased prices, coupled with the current lack of private providers, will mean that SMEs will lose access to affordable support and advisory services that are crucial to create and implement innovative business projects”, he continued.

UEAPME is in favour of a more balanced approach to state aid for advisory services on innovation, by which aid would be allowed both for SME clients, via a voucher system for instance, and for intermediate service providers. Should a problem of fair competition arise, it could be solved by a clear definition of publicly provided services, under a similar framework to services of general interest.

“Both the quantity and the quality of innovation support services for SMEs are at stake in the new Framework for R&D&I. The European Commission should reconsider the current wording of the text – we must avoid the risk of destroying the existing support infrastructure for innovative SMEs without foreseeing a workable alternative solution”, concluded Mr Müller.

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

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