



“The voice of SMEs in Europe”

Press Release

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European innovation policy must take small businesses on board

• UEAPME Board of Directors meets Finnish President Mrs Halonen, discusses SME priorities

Brussels, 31 October 2006. European innovation policies should focus on the essential contribution by small businesses in the “mid-tech” and “low-tech” sectors, according to UEAPME, the European SME employers’ organisation. The UEAPME Board of Directors discussed short-term priorities for SME policy, including the need for a broader approach to innovation, in a meeting today (Tuesday) with H.E. Mrs Tanja Halonen, President of the Republic of Finland currently holding the Presidency of the European Union (1).

The Finnish Presidency put innovation policy high on the EU agenda and attempts, together with the European Commission, to better integrate it into the reformed Lisbon Process. The UEAPME Board pointed out that most of the innovation in Europe is actually made and implemented by SMEs, whose methods are characterised more by ongoing permanent innovation processes than by linear, research-driven inventions. An all-encompassing approach including policies promoting supply of qualified labour, an improved regulatory environment and better access to finance is therefore needed to exploit the innovation potential of European SMEs.

“The high-tech sector is indeed an important driver for innovation, but even in the US its contribution to the GDP does not exceed 5%”, said **Paul Reckinger**, UEAPME President. “The European Commission has recognised in its latest communications the need to expand the definition of innovation to focus on SMEs and take account of non-technical innovation in all economic sectors. This new approach must be now implemented in all policy areas to become of use for small businesses”, he continued.

The UEAPME Board stressed the importance of promoting technology transfers via technology centres and incubators. Measures to sustain innovation support service providers, clusters and networks should also be foreseen in the new State Aid Framework for Research, Development and Innovation (R&D&I) to be adopted soon. Start-ups, business transfers and innovative companies should get better access to finance to fully realise their potential, which is hindered at the moment by market failures in the credit and loan market. Risk sharing models such as mutual and public guarantee schemes have proven to be the most effective instruments to compensate these failures, and must be promoted both at EU and Member State level. New initiatives for a European Community Patent are also needed and should be taken as soon as possible to protect innovation and address the needs of European businesses. Such a system should foresee reduced fees for SMEs and a proper patent litigation insurance structure.

The Board also presented Mrs Halonen with the SME views and needs on issues such as taxation, flexibility in labour markets, environmental policy, better regulation and better governance. “European small businesses would definitely benefit from a new, refined innovation policy both at EU and Member State level. The success Finland had in modernising its economy and in understanding the importance of innovation is an example to be followed by all EU Member States”, concluded Mr Reckinger.

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(1) See UEAPME position paper: http://www.ueapme.com/docs/pos_papers/2006/061031_pp_Halonen_BoD.pdf

EDITORS’ NOTE: UEAPME is the employer’s organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 81 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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