



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

EC decision on State aid for R&D and innovation meets key SME demands

- **Broader scope including innovation enhances coverage for SME activities**
- **SME-specific measures increase focus on start-ups and support services**

Brussels, 22 November 2006. UEAPME, the European SME employers’ organisation, welcomed the new “Community Framework for State Aid for Research and Development and Innovation (R&D&I)” adopted by the European Commission today (Wednesday). According to UEAPME, the Commission put forward a decision that will go a long way towards fostering small businesses’ innovation potential.

UEAPME was particularly pleased to see innovation being integrated in the Framework, as opposed to the previous text that focused on State aid only for pure R&D activities. This broader scope will be particularly beneficial for small businesses and support the process-oriented and non-technical way in which they introduce new methods, ideas and products on the market. UEAPME regretted, however, that the European Commission gave in to pressure from Member States on State aid thresholds, and warned that the R&D&I Framework must not lead to misuse of State aid to the advantage of unproductive “national champions”.

“The reworded Framework’s wider reach is a very important addition for European small businesses”, said **Gerhard Huemer**, UEAPME Director for Economic and Fiscal Policy. “This overhaul will ensure that the SMEs’ permanent innovation methods will get the attention they deserve, by shifting State aid towards activities closer to European SMEs’ business models. We call on the Commission to closely monitor its application to ensure that it will indeed promote small businesses’ innovation rather than industrial dinosaurs.”

The latest Framework includes SME-specific measures within the innovation chapter, by which State aid is for instance allowed for innovative start-ups, innovation support services and coverage of patent costs. These measures will target some of the most urgent issues SMEs face at the moment when it comes to improving their innovation outlook. Furthermore, it simplifies the conditions for compatibility applying to all aid measures when the beneficiary is an SME, setting a series of “safe harbour” criteria that are deemed sufficient to authorise the State aid measures under consideration.

“The ‘safe harbour’ criteria will ease the bureaucratic burden for Member States and hopefully warrant swift decisions on State aid measures for SMEs. However, a block exemption excluding notification requirements for SME-related measures would have further encouraged State aid for small businesses in the R&D&I arena”, continued Mr Huemer.

“The revised R&D&I Framework meets the challenge of modernising and enhancing the existing rules on State aid for R&D, and promotes innovation as a ‘third pillar’ in this respect while largely abiding to the EC State Aid Action Plan’s ‘less and better targeted aid’ objective. We look forward to the text becoming operational so Europe’s SMEs can make the most of it”, he concluded.

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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 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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