



## **“The voice of SMEs in Europe”**

### **Press Release**

FOR IMMEDIATE ISSUE:

#### **Big talk on SME Policy must be matched by actions and budget**

- **EU Competitiveness spending to be cut by over 45% - SMEs must not lose out**

**Brussels, 12 January 2006** Pledges by the Commission and the Austrian Presidency to increase the focus on the needs of European SMEs have been given a cautious welcome by UEAPME, the European small and medium business organisation. UEAPME has stressed that, without sufficient commitment in the next financial perspectives (2007-13), these pledges will ring hollow.

“Addressing the barriers faced by SMEs in realising their growth potential is crucial to turning around the fortunes of the EU economy, so it is encouraging that both the new Presidency and the Commission are pledging to focus on this area. The commitments in the forthcoming budget to promoting competitiveness and innovation in small businesses will be the real litmus test as to how serious these pledges are,” said **Hans-Werner Müller**, UEAPME Secretary General.

According to the agreement on the financial perspectives reached by the UK Presidency, the amount of funds being allocated to projects aimed at promoting ‘Competitiveness for Growth and Employment’ will be reduced by almost half – from over 132 billion euro in the original Commission proposal to the current figure of just over 72 billion euro. This section of the EU budget includes crucial programmes for SMEs, such as the 7<sup>th</sup> Framework Programme for R&D (FP7) and the Competitiveness and Innovation Programme (CIP).

UEAPME is calling on the Commission and the Presidency to guarantee that the sections of these programmes that are specifically aimed at promoting competitiveness in SMEs will not face significant cuts.

- FP7: Under the original proposals for FP7, 1.9 billion euro was allocated for SME-specific schemes. This must be maintained despite overall cuts to FP7 of 20-25 billion euro. The 15% threshold for SME participation in collaborative R&D programmes must also remain.
- CIP: The Competitiveness and Innovation was allocated a budget of 4 billion euro. This is to cover key priorities for SMEs, such as access to finance, credit guarantee schemes, clusters and support for start-ups. Cuts to these key initiatives should be resisted.

“Small businesses hold the key to the EU’s economic recovery. The EU must do all within its power to promote innovation among SMEs, which account for 99% of all businesses, and it is up to the Presidency and the Commission to ensure that the financial perspectives ultimately reflect this. Member State governments must compensate any reductions with national-level programmes aimed at promoting competitiveness among small businesses,” concluded Mr Müller.

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**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.

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