

"Towards a new EU perspective for innovation-based SMEs"

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SMEs and innovation

Innovation is now widely understood to be the driving force in economic growth. SMEs are responsible for much of the innovation which leads to higher value products and services. Research and Innovation for SMEs is described in several EU Research programmes, such as Competitiveness and Innovation Framework Programme (CIP), the Seventh Framework Programme for Research and Development (FP7) and in the Structural Funds. However, SMEs are not participating fully in European programmes for Research and Development. The participation rate is now only 13.5%, this percentage should increase in the coming years. Also SME employer's organizations indicate that in too many cases, the administrative and financial burdens, the absence of a real enterprise culture and the difficulties of partnerships with the public authorities discard the small enterprises. As a result, more and more enterprise organizations refuse nowadays to participate in the structural funds. A sad reality.

SMEs sources of economic growth

We realize that SMEs can play an essential role in the economic recovery of Europe. At the EPP Group meeting in Sofia (March 2009 'Strengthening our economy for a Europe of responsibility and stability') the EPP group recognized the essential role that SMEs can play as essential sources of growth, employment, business expertise, innovation and cohesion in the European Union. We believe that SMEs have the potential to bring back stability and prosperity to the European Union and to the global economy. It therefore stresses the need to grant substantial aid to SMEs, to promote enterprise start-ups and to develop entrepreneurship. It should be made easier for SMEs to access the European funding set aside for them. The amount of red tape should be cut and the cost of human resources significantly reduced.

Importance of SMEs

As we see, over the last few years Europe's 23 million SMEs have become the focus of interest at EU level and in the Member States. The "Small Business Act for Europe" was adopted on 25 June 2008 by the European Commission to put SMEs at the forefront of EU and national policy-making. The "Think Small First" principle requires that legislation takes SMEs' interests into account from the very first stages of policy-making, and in particular that policy-makers recognize that legislation designed for larger firms may not be appropriate for SMEs. But more can and needs to be done.

Hearings Commissioners-delegate

This year, the European Institute for Innovation and Technology (EIT) will start. With the selection of the first three Knowledge and Innovation Communities (KICs) in December 2009, the European Institute of Innovation and Technology marks the starting point of a new approach to innovation and knowledge sharing. These KICs create effective new interactions between partners in terms of ideas, technology, culture, business and design models. In doing so, KICs should create new business for existing industry, including SMEs.

Nonetheless, I still believe that SMEs should participate stronger in the Seventh Framework Programme for Research and Development and raised this problem in the hearing with Commissioner-designate Maire Geoghegan-Quinn (Research, Innovation and Science). I asked her what her plans and proposals were in order to create a more effective and efficient use of innovation subsidies for SMEs. Furthermore, I also asked the Commissioner-designate whether she is willing to draft the 8th Framework Programme from 2013 to make it more accessible for SMEs implication in research programmes. Commissioner-designate Antonio Tajani said at his hearing in Strasbourg that SMEs to be the focus point of his future new industrial policy. He added that it should go hand in hand with sustainable development, one of the pillars of EU policy in general.

Van Nistelrooij report: " Synergies of research and innovation earmarked Funds"
In order to make an efficient and effective use of innovation budgets earmarked in the Structural Funds and they need to synergise with the Research and Innovation Framework Programmes. Presently, I am, both in the ITRE and in the regional development committee, a point of view on the efficient and effective use of innovation budgets earmarked in the Structural Funds and their synergies with the Research and Innovation Framework Programmes.

Spanish presidency

In March, the Commission and the Spanish presidency will organize in Granada, Spain, a conference about these innovative regions. The Spanish presidency is very committed to this topic. Especially, since they have the presidency during the worst economic and financial crisis in decades has hit Europe hard with a sharp economic contraction. The unemployment rate is set to rise to double digit figures in 2010, a level not seen for a decade. Spain is especially badly affected by the crisis. With record unemployment of almost 20% and public deficit close to 11%, Spain, it must be said, is one of the worst-off countries in Europe.

EU2020

For that reason we need new sources of growth to replace the jobs lost in the crisis. Knowledge is the engine for sustainable growth.

In a fast-changing world, what makes the difference is education and research, innovation and creativity. The EU needs to provide more attractive framework conditions for innovation and creativity, including through incentives for the growth of knowledge-based firms. The digital economy offers great opportunities for SMEs, both in the production and services sectors, in their own right and as suppliers to larger companies. New innovative start-ups generate new, often high value jobs right across the EU. Building on its strengths in technology and knowledge, European SMEs should tap fully the potential of the digital economy. That is why an ambitious European Digital Agenda that takes concrete steps towards the completion of an Online Single Market will be a key element in Europe's sustainable economic recovery and social development. After the initial problems to convince the European parliament of her capability, I do believe that the future Dutch Commissioner for the Digital Agenda, Neelie Kroes, will be capable of this task. We will have to make an effort to meet our agreed objectives on climate change and energy, strengthen our industrial base, fully unlock the potential of SMEs, and respond to the needs of the future, by raising productivity and reducing pressure on resources.

Territorial cohesion

The concept of 'territorial cohesion' enshrined in the Lisbon Treaty is a key priority of the Union, just as economic and social cohesion contributes to the future

development of the EU's regional policy. Last year the European Parliament adopted my report on territorial cohesion. Territorial Cohesion is not a synonym for spatial planning, which is not a European responsibility. Regional partners can learn from each other and share experiences. New combinations of public and private development funds as there are 'Open Coordination' or 'innovation eco-systems'. Regions should be a territorial platform where policies get connected.

My report in the European Parliament is a contribution to this new cohesion policy after 2013. Finding solutions to deal with the new challenges that lay before us, we must think about the use of new instruments. 'Territorial Cohesion' refers to those instruments. It is a 'horizontal' concept that aims at defining the territorial impact of cohesion and other community policies, such as the second pillar of the Common Agricultural Policy and innovation and R&D policy on a given territory in the EU. I therefore support a so-called 'integrated approach', which means a discussion on the territorial impact and a co-ordination of these instruments on all levels of government in each region: spatial development, regional development, agricultural, research and innovation, energy, climate and environment policies. It means pulling the resources from all corners to make a more efficient territorial government system.

I therefore support the Commission's approach of 'concentration, connection and cooperation'. This leads us to the central role of the EU in Territorial Cohesion: if Member States and regional and local authorities choose to, EU funds should be used to support 'development peaks'. The question is what Member States and regions want. Economic and social cohesion is the most tangible expression of solidarity between the Member States concerned and the citizens of the European Union. Furthermore, we need less bureaucracy and not more, better European instruments, multilevel governance, simplification and subsidiarity.

To come back to the beginning of this speech, I believe that the 23 million SMEs in Europe have a crucial role in our economic recovery and that we should use them to their full potential.