

SME Finance Forum

A Roadmap for Europe 2020: How to return to the growth path

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AGENDA

- q Europe 2020
- q SME in the EU2020 Strategy:
Opportunities and Threats
- q SME: peculiarity of innovation activity
- q What can the EC and EU countries do?

q EU2020 has not brought any significant change in philosophy in comparison to the Lisbon Strategy.

q There are no new ideas on the SME development support.

q There is no idea how to ensure the coherence between a strategy implemented at the level of the entire European Union and the strategies pursued by individual member states (*that caused the non-execution of the Lisbon Strategy*).

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q Europe 2020

q **SME in the EU2020 Strategy:
Opportunities and Threats**

q SME: peculiarity of innovation activity

q What EC and EU countries can do?

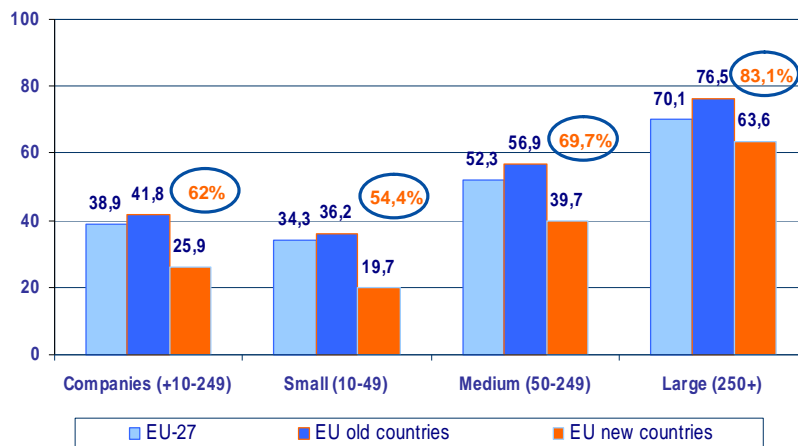
Opportunities	Threats
<ul style="list-style-type: none">q strengthening and developing the role of EU instruments to support innovation (e.g. structural funds, R&D framework programme, CIP)q improvement of access SMEs to Intellectual Property Protectionq improvement of access SMEs to public procurementq reinforcing cooperation between universities, research and businessq tax incentives and other financial instrument for promoting greater private R&D investmentsq reduction of network rollout costsq reducing the transaction costs of doing businessq supporting clusters ...	<ul style="list-style-type: none">o fast transition to the low-emission economyo fast transition to greater energy and resource efficiencyo lack of an obligatory impact assessments standards – low-emission economy, greater energy and resource efficiency impact on SMEso lack of an obligatory impact assessments standards – regulation influence on SMEs innovation activityo no idea how to develop single market for services, how fully implement the Services Directiveo no idea how, in effective way, to support SMEs access to finance

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- q What EC and EU countries can do?

Long way to go ... especially for EU new countries.

Enterprises with innovation activities (% of firms)



* / Belgium, Denmark, Germany, Ireland, Spain, Luxembourg, Netherlands, Austria, Sweden.

** / Czech Rep., Estonia, Lithuania, Hungary, Poland, Slovakia.

Source: Eurostat

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The main constraint for SME (+10-249) innovation activities in 2005-2006 (% SME).

Main constraint to innovation activity	All countries	PL	UK	DE	IT	HU	RO	FI
		Decreasing impact order						
Problems with access to finance, other than interest rates	1							
Too expensive human resources	2							
Lack of skilled human resources	3							
Lack of market demand for innovation	4							
High interest rates	5							
Lack of ability to use new technologies	6							
Hard to protect intellectual property	7							

* / EU-27, Norway, Iceland, Turkey.

Source: „Survey of the Observatory of European SMEs”, Conducted by The Gallup Organization Hungary upon the request of DG for Enterprise and Industry NOV 2006 – JAN 2007, http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-observatory/index_en.htm © 2010 PKPP Lewiatan 8

The peculiarity of the SMEs investment into innovation

- q Investment in fixed assets (mainly).
- q Use of its own financial resources.
- q Cooperation with external partners.
- q The smaller the company the weaker propensity to innovate.
- q The barriers of investment into innovation different than at large companies.

q The SME innovation within the EU27 countries greatly varies and this must be taken into account in policymaking.

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1. Regulatory area

- q Introduction of tax solutions to support decisions on investments in the SME innovation.
- q Introduction of an obligatory impact assessment as long as their impact on innovation of enterprises, including SMEs, is concerned I.
- q The regulations on clusters similar to the special economic zones.

2. Area of cooperation between business and science

- q Open door events at universities and R & D units, targeted at the SMEs.
- q Linking of public funds use by universities and R & D units with the founding of commercial consortia.
- q The introduction of clear rules of ownership (university- researcher-company) in intellectual property law.

3. Area of the SMEs cooperation with big companies

- q Promoting the private-private partnership.
- q CSR in large firms - support to SMEs in innovative activities.

4. Area of funding

- q Create and develop a marketplace, including on the stock exchange, for small issuers – debt securities.
- q The creation of a national fund to underwrite issues of debt securities of the SMEs.
- q Reducing bureaucracy in accessing external financing sources (both public and private).
- q Increase public funding and reduce bureaucracy for the VC.
- q Private-private partnership.

5. Institutional Area

- q The creation of positions of the National Innovation Promoters, who would join an Innovation Promotion Council at DG Enterprise, in liaison with DG Research.

THANK YOU.

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