

EUROSTARS Emmanuel Leprince,
Eurostars programme launch

International Press Centre,
Résidence Palace, Brussels

Brussels
2 October 2007



Dear Commissioner, ladies and gentlemen,

We are very pleased with this new programme.

For the first time, the European Commission and the Member States have designed a programme targeting a very special type of enterprises : R&D performing SMEs which have the capacity and ambition to grow. These companies play a key role in the European economy because it is among them that you can find the large European firms of tomorrow.

Most of the SMEs are like poneys. They are small because their market is small. Their small size is their adult size and their growth potential is not very high.

But some SMEs, a very small number of them actually, are more like foals. They are small because they are still young. But they are supposed to grow and become horses. Their adult size is much higher and the question is whether they will be able to reach it.

In Europe today, most of the high growth potential SMEs are blocked below a glass ceiling and do not succeed to reach their adult size. Since 1980, the USA generated 7 times more new large firms than Europe did.

This has a tremendous impact on the growth of our economy. Our lack of a sufficient number of large companies explains many of our weaknesses. Let me take the example of R&D and innovation. There are 132 European companies among the 500 largest R&D investors in the world, against 208 American companies. This greatly explains our weakness in private R&D. If we had as many large companies per inhabitants in Europe as there are in the US, the R&D gap would be nearly closed.

So the difficulty faced by European high growth potential SMEs in their growth is a key issue for our economy. As Mr. Anthony Giddens, economic advisor of Tony Blair, used to say, the main problem in Europe is that its young innovative companies do not turn into world leaders.

Although they have strong SME policies, the European Commission and the Member States have not really targeted this type of SMEs yet. In its “Modern SME policy”, the European Commission

tackles issues like red tape, standardisation, entrepreneurial mindset, cross border investment, all very important topics but not the specific problems faced by young innovative SMEs in their growth.

That is why we are particularly pleased with the Eurostars programme. By targeting this type of companies, it acknowledges specific issues needing specific answers. To break the glass ceiling and grow, the first thing these SMEs need are clients. Access to clients is particularly difficult for R&D performing SMEs because there is no level playing field today in Europe.

These companies convey a high level of risk which most of the clients are not ready to take. A new company with new ideas is considered as a dangerous option, so most of the time, the chosen supplier is an established company even if its offer has less added value.

The Eurostars programme can help bridge this gap. By providing support to research and development projects initiated and led by R&D performing SMEs, and by allowing the participation of large companies acting not as R&D performing partners but as potential users, it can help them carry out short-term market driven research whose aim is to develop a product, a process or a service having a clear innovative or technological advantage and matching the needs of large customers.

Such a scheme can provide a tremendous support for innovative or technological SMEs to enter new markets. And the European added value of this programme is clear : access to European market.

So what do we expect now ?

The budget of the Eurostars programme is important even if the European Commission contribution amounts to a small share of the European Framework Programme. It has a perfect size for a first run in order to demonstrate evidence of its added value.

As far as indicators are concerned, we think we need to have a clear vision of the budget which will benefit SMEs and of the subsequent growth of this companies.

We hope the SME definition used will be the same for each Member State, making sure that

subsidiaries of large companies are not considered as SMEs, thus following the rule set by the European definition.

We hope that the whole process will be kept “fast and simple” as it is a key for it to attract the best R&D performing SMEs. Our expectations are high that setting the Eurostars programme under the Article 169 will provide the best of two worlds. We remain at the disposal of the Eurostars Secretariat to provide a feedback from the SMEs.

Last but not least, we strongly suggest the implementation of networking activities allowing R&D performing SMEs to meet with large companies. The targeted units of these large companies are not the R&D divisions but the ones which may buy products, processes or services from these SMEs. These people are newcomers for the European Commission. It is crucial that we manage to get them involved as they are the potential users of the products, processes or services which will be generated by the R&D results of Eurostars projects.

As a conclusion and on behalf of European R&D performing SMEs, I would like to express our thanks to the European Commission and to the Member States. We believe that you have designed a very good programme. It has a clear added value, suits our needs, and, providing its implementation follows our expectations, may help us to become the new horses which the European economy needs for its growth and for the well-being of its citizens.

Thank you very much.