

## **Europe under fire for freezing SMEs out of public procurement contracts**

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Europe's smaller companies are getting a raw deal in access both to public procurement contracts and to publicly funded R&D.

"SMEs (small and medium sized enterprises) get only five per cent of European public procurement contracts, and only 14 per cent of publicly funded microelectronics R&D, while providing 66 per cent of Europe's high-tech employment," said Emmanuel Leprince, from the European Federation of high-tech SMEs which represents 5,000 European SMEs and helps SMEs get a bigger share of Europe's public procurement contracts.

Leprince told Forum 2003, the annual meeting of the pan-European microelectronics R&D consortium MEDEA+ that European public procurement contracts are worth €1.5trn, representing 16 per cent of Europe's GDP.

MEDEA is widely seen as a club for the big firms - dominated by Philips, STMicroelectronics and Infineon Technologies. This is a mistake according to Tim McEntee, an American who is COO of the German SME Aixtron. "It is absolutely key to focus on the smaller companies," McEntee told the forum, "in the US that's where most of the innovation comes from."

The UK Government has taken a hard line against the large company bias of MEDEA+ policy by ruling that only SMEs can get UK support for MEDEA+ funding, while defining SMEs restrictively as companies with less than 25 employees and under €5m in turnover (the European definition is 250 employees and €25m turnover).

In consequence of the DTI's restrictions, UK companies are performing only 97 person-years out of the total 13,650 person-years being funded by MEDEA+.

At the same time the DTI makes it prohibitively expensive for small companies to apply for MEDEA+ funding. "Most small companies can't afford the time and expense it takes to prepare an application," said Ian Burnett, president of JEMI, which represents the UK semiconductor production equipment industry.