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PRESS RELEASE

Financing innovation:
No risk? No innovation!

Secretary General Arnaldo Abruzzini addressed today the Portuguese EU Presidency Forum on "Financing Innovation – From Ideas to Market" in Estoril (Portugal), aimed at discussing how best to support SME innovation and growth through improved access to finance.

"Even before entering the debate on how to finance innovation, we need to ask ourselves 'do we have an innovative mindset in Europe?' Being innovative implies a capacity of thinking out of the box, and taking risks. Today, a risk-taking attitude is still missing in the EU, whether in administrations, schools or companies. Therefore, fostering an entrepreneurial mindset, and thus a risk-taking attitude, is a precondition for an innovative society. Cooperation between the business community and educational institutions can contribute to making this happen," said Mr Abruzzini.

As for easing access to finance – still a weak part of current EU and national SME policies – ensuring a business-friendly legal environment is crucial. In this respect, EUROCHAMBRES urges the Commission and the Member States to act on three main points:

1. **IPR policy**. Start-ups have no resources except their brilliant ideas. Yet, banks do not take into account ideas, i.e. Intellectual Property Rights (IPR), as assets to grant loans. It is time that the Commission develops an IPR strategy – and particularly an improved patent system – that allows businesses to transform their ideas into financial assets.
2. **Lead markets**. When issuing a call for tender, public authorities have a powerful means of stimulating private investment in research and innovation, notably by providing lead markets for new technologies, i.e. markets where products are first introduced. Yet, this financial instrument is not sufficiently widespread. EUROCHAMBRES urges the Commission to develop a 'lead market strategy' in public procurement at EU level.
3. **Competitive tax schemes**. Most SMEs rely on accumulated earnings to provide the capital for investment and growth. Clearly, tax systems affect the way they accumulate after-tax earnings for reinvestment and expansion, and the way they build their equity base in order to be attractive to external investors. Member States must reduce the taxes on the profits aimed at being reinvested in the company.

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