

Union of Entrepreneurs and Employers Press Release

## Amid the corona crisis, digital SMEs call on European Council for a 50% SME quota in EU's digital innovation budget

- DIGITAL SME and Union of Entrepreneurs and Employers and 48 national associations have written an open letter to President Charles Michel and the European Council ahead of its digital summit on 26-27 March
- The core demand: 50% of the new Multiannual Financial Framework's budget for digital innovation must go to SMEs
- Europe's small and medium businesses, which make up 99% of all companies, are expected to be hit particularly hard by the COVID-19 crisis.

**The situation is serious.** Union of Entrepreneurs and Employers has joined 47 other national associations in writing an open letter to the European Council ahead of its summit in late March. In the letter, the SME representatives are asking for a strongly elevated consideration for SMEs in the **EU budget 2021-2027**.

**Even before COVID-19 threatened Europe's economic stability, digital SMEs were faced with serious challenges.** ICT small and medium businesses have insufficient resources to invest in Research and Development. They also suffer from a severe lack of digitally skilled labour force, for which they also compete with big tech enterprises, which in turn pay only a fraction of the taxes SMEs pay. Despite these challenges, digital SMEs are the drivers of Europe's digital transformation in all other sectors.

**The core demand of European SMEs is to receive 50% of the EU budget for digital innovation** This budget includes programs like Horizon Europe, Digital Europe, the Connecting Europe Facility and other funding instruments. Currently, SMEs receive around 20%, whereas large enterprises, universities and research organisations share the remaining 80%.