



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES
EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES
UNIONE EUROPEA DELL'ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

Comments on the revised proposals from the
European Commission on the
Amended new de minimis block exemption
(COM (...))2006, September 20, 2006

UEAPME welcomes the amended proposal for a new de minimis block exemption presented by the European Commission on September 20, 2006. The recent proposal solves the most important problems UEAPME raised in its comments on the first draft (see [UEAPME position paper from May 24, 2006](#)¹).

The new threshold of EUR 200.000 is in line with UEAPME's request.

The increase of the **de minimis threshold to EUR 200.000**, which follows the recommendation from the last Spring European Council, is welcomed by European SMEs as a response to price increases in the last years and a contribution to the reduction of unnecessary bureaucratic burden.

The proposed provision concerning the so-called “non-transparent aid” is an important step forward to solve the problems the first proposal has created for loan financing of SMEs in Europe, but does not eliminate all practical problems.

UEAPME thanks the European Commission for the open and constructive dialogue on the difficulties created by the definition of “non-transparent aid”. UEAPME welcomes the fact that the Commission has recognised the problems involved and its efforts to come forward with solutions.

The new provisions will solve some of the issues; others will need further consideration:

- + The new rules for **aid comprised in loans** are in line with the current practice.
- + The new rules on **capital injections** and **risk capital measures** can be accepted, especially if they are seen in line with the new guidelines for State aid for risk capital for SMEs (2006/C 194/02) **and in the view of the up-coming general block exemption, which we expect will include standard risk-capital schemes for SMEs.**
- As regards individual aid provided to SMEs under a **guarantee scheme**, the new provision marks an important step forward. The method proposed by the European Commission to calculate the amount of aid involved in guarantee schemes, based on calculations made by DG ECFIN and the EIF, seems reasoned and will cover a significant number of practical cases.

The new proposal is based on a **cap rate of 15% for guarantee schemes**, which we can not prove, but according to our experience the cap rates for different schemes vary significantly and does not give a clear picture. Therefore, a certain amount of flexibility seems justified.

¹ Comments on the Consultation Documents from the European Commission on State Aid relevant for SMEs, UEAPME, May 24, 2006 - http://www.ueapme.com/docs/pos_papers/2006/060524_SMESStateAid_final.pdf

A further assumption made by the European Commission relates to the **maximum amount of guarantee for a loan**, which should not exceed 80%. This is in line with the current practice and is justified by the fact that guarantee scheme providers should not take out all risk from the market and leave a certain amount of risk to banks and their SME borrowers.

However, respecting this ceiling is no justification not to provide aid in the form of **guarantees, which cover less than 80 % of a specific loan**. While a cap rate of 15% and a guarantee of 80% leads to EUR 1 700 000 (1 666 666) maximum loan amount which can be guaranteed with EUR 200 000 (gross grant equivalent), a lower level of guarantee would increase the loan amount which can be guaranteed by EUR 200.000.

UEAPME therefore proposes to **reconsider the way of calculating the maximum amount of loans** supported by guarantees, which are covered by de minimis aid, as follows:

- Guarantees for loans may not exceed 80 % of the loan. The European Commission should be aware that in some (important) cases the guarantees given for loans are below this 80% ceiling. Therefore, UEAPME proposes to lay down in the new de minimis block exemption a threshold for the **maximum guarantee amount** for a single loan instead of a maximum loan amount which can be guaranteed under the de minimis rule. Taking a cap rate of 15% into account, this maximum guarantee would amount to EUR 1 400 000 (1 333 333). Taking a more flexible approach as regards the cap rate, **UEAPME proposes a maximum of EUR 1 500 000 for guarantees**. Such a provision would allow a more flexible use of the guarantee instrument and would better fit the current practice of some Member States (i.e. Germany) without having any influence on the amount of aid provided under the de minimis rule, and without questioning the calculation method retained by the European Commission in its recent proposal.

The new proposal includes some clarifications as regards cumulation, but does not answer the concerns put forward by many aid-providing institutions.

- The exclusion of the **cumulation of de minimis aid with any kind of State aid** for the same project will significantly increase the burden for providers of State aid and for national administrations. This exclusion does not exist in the current de minimis block exemption and UEAPME questions the compatibility of such a change with the better regulation agenda of the European Commission.
- In some cases State aid for a single SME loan is provided by a **combination of reduced interest rates and guarantees**, even from different providers. For such cases, it should be clarified that a cumulation of such measures is not in conflict with the de minimis rule as long as the gross grant equivalent of both measures together does not exceed the EUR 200.000.
- Furthermore, the provision that de minimis aid may not be cumulated with State aid in respect of the same project needs additional clarification. In our understanding, such a provision would only make sense if cumulation of the two different types of aid is **not allowed for the same eligible costs**.

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