



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES
EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE
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Comments on the first draft of the EIB “Findings and conclusions” of the SME Consultation 2007/2008

On behalf of UEAPME, the European Craft and SME Organisation, I would like to make some comments on your first draft of “Findings and Conclusions” from the SME Consultation 2007/2008:

The document is a very helpful and well balanced contribution to the ongoing discussion on SME finance and it analyses the current situation and problems in a differentiated manner, which allows drawing realistic and reasonable conclusions for further policies and instruments.

UEAPME fully support the main conclusions in the report, which are:

- The administrative burden in the relation EIB/EIF and their intermediaries, especially for standard products (global loans, counter guarantees ...), has to be reduced.
- The access to finance for SMEs remains a top policy issue. There are still gaps in many market segments.
- SMEs need instruments between classical loans and equity. Consequently, a market for mezzanine finance has to be developed. This is especially true for business transfer, investments in innovation and energy efficiency as well as in the internationalisation of SMEs.
- Therefore, EIB/EIF should not re-invent the wheel, but should use successful instruments developed at national levels, by intermediaries and others.
- SME financial instruments should be made available also for working capital (reduction of minimum length of loans to 2 years) and for business transfer (up to 1 Mio).

At the same time UEAPME wants to point to – from an SME point of view – to some shortcomings in the draft report:

- The report uses a much too narrow definition for innovation (only R&D related and high-tech – see page 9f, 12, 14), which does not cover the reality for the overwhelming majority of innovative SMEs. Furthermore, some of our members got the impression the report is a little bit biased towards manufacturing sector and leaves aside the growing service sector.
- The report falls very short on the consequences of the sub-prime crises for “asset back securitisation” of SME loans, which the report sees still as promising instrument for SME

finance, while in reality the market is very much down at least for the nearer future. UEAPME has always supported instruments based on ABS, but in a short term perspective, we don't see very much reason to spend public money to recover this market. Therefore, UEAPME would recommend using the flexibility in the CIP to support more traditional guarantee schemes for quasi-debt mezzanine instruments instead of ABS.

- The report refers to huge differences between Member States in using global loans, without referring to the fact that global loans are much more interesting and important to Member States outside of the Euro zone, with high interest rates and relative volatile currencies than for others. The reason, why many of these countries don't show more interest on global loans, even it should be to their advantage, would be interesting to know and regulatory barriers, if existing, should be withdrawn.
- Furthermore, some of our members reported that EIB/EIF instruments are mainly used for riskier loans (risk sharing but less margins), while good clients do not get such offers from the house bank (less risk and better margins). Improved expertise in credit rating and scoring made it easier for banks to differentiate between such "riskier" and "better" clients.

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