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 Draft General Block exemption Regulation (revised version February 2008)

UEAPME welcomes the launch of a third round of consultation on this important "General Block exemption Regulation (GBER)" and recalls UEAPME's comments on the first draft[1] and the additional remarks on the second (official) draft[2]. With this third set of comments UEAPME wants to evaluate the changes in the new draft proposal and to highlight further needs of Crafts and SMEs as regards the GBER.

General remarks on the draft GBER – revised version

UEAPME sees significant improvements in the presented draft GBER compared to the existing block exemption regulations. It specifically welcomes:

- the integration of all existing BERs into a single set of coherent rules and
- the inclusion of state aid for risk capital and environment aid into the new GBER.
- Furthermore, UEAPME welcomes the GBER as an important contribution to better regulation and the reduction of administrative burdens for the different providers of state aid, which will also improve the accessibility of state aid programmes for crafts and SMEs.
- Finally, UEAPME welcomes the recognition of the specific situation and of the needs of SMEs as regards state aid by the European Commission.

Specific remarks on the draft GBER – revised version

- **Article 1/6c and consideration 15 –undertaking in difficulty**

  UEAPME welcomes that SMEs for the first three years after incorporation should not be sees as enterprises in difficulty as defined in the R&R Guidelines (consideration 15), but asks the Commission to clarify this also in Article 1/6c, which does not exclude such SMEs and therefore contradicts consideration 15.

[1] http://www.ueapme.com/docs/pos_papers/2007/070607_BER_final.pdf
[2] http://www.ueapme.com/docs/pos_papers/2007/071008_GBER_2nd_final.pdf

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- **Article 5/1 – transparency of guarantees**

  Member States are using State aid in form of guarantees increasingly. Therefore, the intended simplification of this GBER will only become reality, if the GBER applies also for State aid provided in form of guarantees, if the aid comprised in such guarantees is calculated in accordance with the provisions provided by the upcoming "Commission Notice on State aid in form of guarantees". Therefore, UEAPME asks to make a reference in the above mention articles not only a reference to "reference rates" but also to the "notice on guarantees".

- **Article 12/1/b – investment aid in the case of business succession**

  UEAPME welcomes the improvement that in case of business succession in small enterprises in favour of the family of the original owner, the conditions that the asset has to be bought by an independent investor is no precondition to be eligible for investment aid.

  Business succession in SMEs is a major problem in Europe and in many traditional SMEs, which have a very low amount of equity and therefore, the financing of succession or transfer is often very difficult. Furthermore, there are many cases where the original owner has no successor within his family and a company can only survive, if one of the former employees takes over.

  Therefore, UEAPME asks the Commission to extend this provision to cases, where a former employee becomes the successor.

- **Section 3 – definition of eligible cost and aid intensities in the area of aid for environmental protection**

  In the new draft the Commission proposes - as a general rule for environmental aid – a reduction of aid intensity by 15% compared to the new environmental aid guidelines and at the same time a wider definition of eligible costs, which does not take into account operating cost and benefits.

  UEAPME welcomes in general this proposal, which makes the regulation much less complicate and will simplify the use of this regulation for beneficiaries and aid providers.

- **Article 17/3 – aid intensity for early adaptation of future Community standards**

  Even UEAPME supports the general rule, which reduces aid intensity by 15% in exchange for calculating eligible cost brut of operation costs and benefits; this rule does not make any sense in the case of early adaptation. Due to the already very low aid intensities coming from the environmental aid guidelines, a reduction by 15 % leads to aid intensities of 10 respectively 5%, which does not provide any incentive to SMEs and is non-sense , if administration costs are take into account.

  Therefore UEAPME asks the Commission to rethink its proposal and:

  - to reduce the aid intensities only by 5% points compared to the environmental aid guidelines, which would be a reduction of about 20% and equal to the reduction of 15% points (20% in average) for other environment measures; or
  - to keep the intensities and the calculation method from the environmental aid guidelines.

- **Article 18 – aid intensity and eligible costs for aid for energy saving measures**

  UEAPME accepts the argument, that in case of investments in energy saving measures the operating costs and benefits (energy saving) play a more important role than for other environmental protection investments.

  Therefore, UEAPME would be in favour of keeping the calculation method and the aid intensities as defined in the environmental aid guidelines, which means the eligible costs has to be calculated net of operating costs and benefits. But the new draft stays further, that in this case the eligible cost calculation has to be certified by an external auditor, which would create a major barrier, especially for small enterprises, to use this form of aid. Small enterprises would never effort to certificate such calculations by an external auditor. It will be too costly and too bureaucratic to get such a certificate for investments like new windows (often a small number and tailor-made), new heating systems or better isolations of buildings. It may be possible to get certificates on the energy efficiency of the investment as such, but it will not be possible to compare it with the situation before, such a certificate would also need an external evaluation of the energy efficiency of the existing establishment.

  Therefore, UEAPME asks to delete the need for external certificates at least for SMEs or SMEs will have to opt for your alternative proposal (Art.18bis).

- **Article 23 – aid for consultancy in favour of SMEs**

  UEAPME agrees in general with an aid intensity of 50% for consultancy services in favour of SMEs, but asks for on exemption:

  Many SMEs are not aware about their potential to increase energy efficiency. A recent survey[3] made by KfW (Germany) shows that SME owners believe that their potential for energy saving is below 10%, while experts and researchers expect it to be 20% on average.

  Against this background, UEAPME sees a specific need for awareness raising consultancy services to convince SMEs to realise their energy saving potential and has serious doubts that SMEs will finance 50% of such services on its own. Furthermore, the increase of energy efficiency is also the public interest and creates positive external effects.

  Therefore, UEAPME asks the Commission to increase the aid intensity for energy consultancy services in favour of small enterprises to 80% and in favour of SMEs to 70%.

- **Section 6 – Aid for innovation in SMEs**

  UEAPME welcomes the extension of this section to innovation, which is for innovative SME the most important part of the R&D&I framework, but regrets that only aid for young innovative enterprises was taken from the much wider range of measures, covered by the framework.

  Therefore, UEAPME urges the European Commission to include at least aid for so-called safe harbour measures in the field of innovation, as defined in the R&D&I guidelines, especially for innovation support services and for hiring highly qualified personnel.

[3] http://www.kfw.de/DE_Home/Research/Sonderthem68/Energieeff15/Befragung_Energieeffizienz_12.05.pdf

- **Article 33/2 – definition of general training**

  The two examples given in Art 32/2 for the definition of training aid do not cover training provided or organised by business association, chambers or social partner (i.e. via specific funds) for their members.

  Therefore, UEAPME asks to add a third example, which could be something, like "(c) it is organised by business associations, chamber or social partners for their members and the employees of their members".

UEAPME 28 March 2008

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