



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

Proposed state aid regulations are counter-productive for innovative SMEs

Brussels, 24 May 2006. The revised EU rules on state aid might have a negative impact on financial instruments for SMEs and endanger the provision of advisory and innovation support services, according to UEAPME, the European SME employers’ organisation. The UEAPME Economic and Fiscal Affairs Committee, meeting in Brussels today (Wednesday), warned that the suggested re-wording of the “de minimis” regulation might endanger the existing financial support schemes for SMEs, whereas the new pre-conditions to allow state aid for advisory services might reduce both the quantity and the quality of advisory services provided to SMEs.

UEAPME experts welcomed the announced raise of the threshold for aid under the “de minimis” rule to 200.000 EUR over a three-year period. Below this threshold, public funding is deemed to have a negligible impact on trade and competition, and consequently does not require notification. The Committee warned, however, that the exclusion of “non-transparent aid” (i.e. aid of which the net effects cannot be calculated precisely *ex ante*) would rule out most of the current credit guarantee schemes and mutual guarantee schemes from the scope of the regulation. Such exclusion is not justified, according to the Committee: different methods exist to assess the amount of the overall aid involved in a specific scheme *ex ante*, some of which have been accepted by the European Commission in the past.

“This proposal lacks any rationale”, said **Hanns-Eberhard Schleyer**, Chairman of the UEAPME Economic and Fiscal Affairs Committee and Secretary General of ZDH, the German confederation of small and medium-sized businesses and skilled craft firms. “The current wording hinders the most important existing instruments for the support of SME finance, which are not only promoted, but also financed by the European Commission itself.”

As far as advisory services to SMEs are concerned, the Committee regretted that the suggested “Community Framework for Research and Development and Innovation (R&D&I)” is set to allow state aid only at the level of the single beneficiary, while forbidding it for intermediate service providers. In most EU Member States, intermediaries receive public funding allowing them to set their prices at an affordable level for SMEs so far. The Committee suggested an alternative approach whereby advisory services would be provided under a similar framework to services of general interest.

“Counselling services are crucial to create and implement innovative projects. If Member States were to cease support to intermediaries as a consequence of the revised Framework for R&D&I, prices would increase and both the quality and quantity of services provided would suffer”, continued Mr Schleyer.

The Committee put forward an extensive set of comments on three main items: “de minimis” rules, state aid for risk capital and SMEs, and state aid for R&D&I (1). Participants welcomed the refined economic approach used by the European Commission in suggesting the new regulations, which now focuses on market failures and aims to provide compensation when they occur. “We believe the proposals our Committee put forward today could bring the revised set of laws on state aid more in line with the needs of European SMEs. We hope that the European Commission will take our comments into account when finalising the regulations”, concluded Mr Schleyer.

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(1) http://www.ueapme.com/docs/pos_papers/2006/060524_SMEStateAid_final.pdf

EDITORS’ NOTE: UEAPME is the employer’s organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 78 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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