



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

State aid: revised “de minimis” block exemption needs some fine-tuning

Brussels, 19 October 2006. The amended rules on “de minimis” State aid published by the European Commission on 20 September are a step in the right direction, but more can be done to tweak their wording, according to UEAPME, the European SME employers’ organisation. The UEAPME Economic and Fiscal Affairs Committee, meeting in Brussels yesterday (Wednesday), welcomed the amendments made by the Commission regarding the increase of the “de minimis” threshold to 200.000 EUR and its recent proposals to solve the deadlock on “non-transparent aid”. It warned, however, that the new text does not solve all practical problems for small companies in the EU, and put forward suggestions to make it more SME-friendly (1).

UEAPME experts praised the European Commission for solving the most urgent issues regarding “de minimis” State aid for SMEs. On “non-transparent aid”, said UEAPME, the European Commission recognised the issues arising from its first draft and made efforts to come forward with an effective solution in the revised text. An open and constructive dialogue led to the adoption of rules that are now closer to the reality of European SMEs.

“The latest text is a good basis for discussion, but there is definitely room for substantial improvement”, said **Hans-Werner Müller**, UEAPME Secretary General. “We would like to see a different approach on the way the maximum amount for loans supported by guarantees is calculated. Furthermore, some clarifications are needed on the issue of aid cumulation.”

- Regarding guarantee schemes, the Committee noted that in some cases guarantees given for loans are below the 80% ceiling assumed by the European Commission. Therefore, it proposed to insert in the new “de minimis” block exemption a threshold for the maximum guarantee amount for a single loan, instead of a maximum loan amount. The Committee suggested 1.5 million EUR as an optimal amount for such a maximum guarantee. “This provision would allow a more flexible use of the guarantee instrument and would better fit in the current practices of some Member States, for instance Germany, without having any influence on the amount of aid provided under the ‘de minimis’ rule, and without questioning the EC calculation methods”, continued Mr Müller.
- Concerning aid cumulation, UEAPME members asked for the text to be streamlined in several respects. Cumulation of different aid measures for a single loan, for instance, should be clearly allowed as long as the combined gross grant equivalent is below the 200.000 EUR threshold. In addition, current provisions stating that “de minimis” aid cannot be cumulated with State aid for the same project require further explanations. In UEAPME’s understanding, such a rule would make sense only if it refers to cumulation not being allowed to cover the same eligible costs.

“We hope that the comments laid out today will be taken into due account when formulating the final version of the ‘de minimis’ block exemption”, concluded Mr Müller. “A robust and coherent set of rules would provide predictability for State aid and enable SMEs to make the most out of it.”

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(1) http://www.ueapme.com/docs/pos_papers/2006/061018_SME_and_StateAid_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 81 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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