



## **“The voice of SMEs in Europe”**

### **Press Release**

FOR IMMEDIATE ISSUE

## **EU energy policy must tame energy giants and unleash market potential**

**Brussels, 24 April 2007.** Increasing competition is the cornerstone of a successful and effective energy policy, according to UEAPME, the European SME and craft employers' organisation. The UEAPME Economic and Fiscal Affairs Committee, meeting in Brussels today (Tuesday), issued a comprehensive position paper on the new “Energy Policy for Europe” published by the European Commission in January and on the Energy Policy Conclusions adopted at the March Spring Council (1). The paper insists on the need to complete a workable and EU-regulated internal market for energy, and stresses that SMEs can deliver effectively on energy efficiency and greenhouse gas reduction if their needs are properly taken into account and their innovation potential maximised.

*“European crafts and SMEs are disproportionately affected by the current lack of competition in the energy sector”, said Hanns-Eberhard Schleyer, Chairman of the UEAPME Committee and Secretary General of ZDH, the German confederation of small and medium-sized businesses and skilled craft firms. “In many European countries, quasi-monopolistic structures indulging in rent-seeking activities leave small businesses with no real choice on their energy supplies. High and often increasing prices trigger a competitive disadvantage towards larger companies with better market power. This is particularly worrisome for energy-intensive SMEs.”*

UEAPME therefore called once again for an effective separation of distribution networks from production activities. “Ownership unbundling” is necessary but not sufficient in this respect. It must be accompanied by the strengthening of a European Regulatory Power capable of loosening the iron grip of energy behemoths and larger businesses on the market, as well as by measures increasing cross-border transport capacities, supplies and coordination, which are a prerequisite for increased competition on European markets. As long as these conditions are not met and smaller customers do not enjoy the advantages of a level playing field, regulations such as calculation guidelines or price caps for certain clients are justified and supported by UEAPME.

On energy efficiency, UEAPME underlined that the goal to increase efficiency by 20% by 2020 will be achieved only if SMEs are enabled to effectively contribute to it. While the advantages of investing in energy-saving technologies are obvious, small enterprises do not always have the means to finance such investments, especially if they take years to pay off. In most cases, micro-credits up to 25.000 EUR would actually be sufficient to encourage SMEs' spending, and should therefore be backed by national institutions and by the European Investment Fund. Guarantee schemes and State aid programmes to compensate market failures could also be beneficial, hence they must be allowed by the upcoming EC guidelines for environmental State aid.

Finally, UEAPME supported the aim to reduce greenhouse gas emissions and increase the use of renewable energy sources, which may encourage innovation and reduce environmental damages in the long run. However, these measures may also lead to increased costs and weaken companies' competitiveness in the short term. On greenhouse gas emissions, UEAPME called on the EU to seek a worldwide consensus and avoid one-sided measures, which would not bring benefits to the environment and would damage Europe's competitiveness. On renewable energy, the EU should create a regulatory framework ensuring that the most economically efficient sources are chosen, and guaranteeing fair treatment for decentralised and small-scale production.

*“If properly implemented, the EU energy policy has the potential to redress the current imbalances in the sector and contribute positively to the Lisbon goals. The completion of a workable and competitive internal market for energy is a must in this respect. We call on the European Union and on its Member States to act swiftly to ensure that this ambitious objective is turned into reality as soon as possible”, concluded Mr Schleyer.*

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(1) [http://www.ueapme.com/docs/pos\\_papers/2007/070424\\_Energy\\_Strategy\\_final\\_ECOFIS.pdf](http://www.ueapme.com/docs/pos_papers/2007/070424_Energy_Strategy_final_ECOFIS.pdf)

**EDITORS' NOTES:** UEAPME is the employers' 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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