



## **“The voice of SMEs in Europe”**

### **Press Release**

FOR IMMEDIATE ISSUE

## **State aid: SMEs insist on the need to polish “general block exemption”**

**Brussels, 7 June 2007.** UEAPME, the European craft and SME employers’ organisation, presented the European Commission today with its comments on the first draft “General Block Exemption Regulation” (GBER) on State aid (1). UEAPME welcomed once again the integration of all the different existing exemptions into one single set of coherent rules. The new GBER, said UEAPME, is an important contribution to better regulation and to the reduction of administrative burdens for business support providers, which will in turn improve access to State aid programmes for crafts and SMEs. UEAPME made use of the consultation opportunity provided by the EC to call for improved clauses on innovation and enhanced guidelines on environmental aid. UEAPME also regretted the lack of EC proposals on notices on guarantees.

*“We are very pleased by the simplification strategy underpinning the new block exemption rules”,* said **Gerhard Huemer**, UEAPME Director for Economic and Fiscal Policy. *“Our comments aim at making sure that the GBER is in line with the better regulation agenda and with the whole body of EC measures on State aid.”*

A major concern for SMEs, said Mr Huemer, is the weak wording of the GBER on the crucial issue of innovation. The 2006 guidelines on R&D and innovation introduced SME-tailored support measures and recognised the specificities of small businesses, which are not able to undertake pure R&D activities “in house”. UEAPME regretted that the Commission did not include similar measures in its proposal for the GBER, and urged it to do so at least for the so-called “safe harbour” measures as defined in the R&D&I guidelines, which provide criteria that are deemed sufficient to authorise the State aid measures under consideration. *“Such an insertion would be a boon for high-tech start-ups and innovation support services”*, continued Mr Huemer.

UEAPME also reminded the Commission of the importance of having workable rules in place on guarantees and reference rates. SME finance depends more and more on public support for financing riskier projects such as start-ups, innovation, business expansion and business transfers. This support is increasingly provided not only through “classic” loans, but also by “junior” loans and other forms of so-called “quasi-debt” instruments. *“Guarantees have proven to be more cost-effective and market-friendlier than other State aid instruments. Their use should therefore be encouraged as much as possible”*, explained Mr Huemer.

As far as environmental aid is concerned, UEAPME supported the re-insertion of investment aid for compliance within the first three years after the adoption of new community standards. These measures were beneficial for SMEs and have proven not to disturb competition in the past. Insisting on “just in time” implementation of new standards, as foreseen by the GBER, would cause serious competitiveness problems and financial shortcomings for SMEs. UEAPME also requested an increase in aid intensity for energy-saving measures, since the current threshold is in no way sufficient. The narrowly defined eligible costs, said UEAPME, must be fully covered. *“The status quo would reduce the chances of SMEs adopting new and higher environmental standards. This is obviously counterproductive and against the spirit of the EU environment policies”*, stated Mr Huemer.

Finally, UEAPME urged the European Commission to take its comments into consideration during the ongoing consultation process. *“The draft block exemption regulation is one giant leap ahead of previous rules. Tweaking its wording as we are suggesting today would make it even better, more practical and closer to the needs of European crafts and SMEs”*, concluded Mr Huemer.

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(1) [http://www.ueapme.com/docs/pos\\_papers/2007/070607\\_BER\\_final.pdf](http://www.ueapme.com/docs/pos_papers/2007/070607_BER_final.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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