



## “The voice of SMEs in Europe”

### Press Release

FOR IMMEDIATE ISSUE

## State aid: SMEs voice their worries on “general block exemption”

### • Aid for business transfers and innovation support services must be included in the scope of the GBER

**Brussels, 11 October 2007.** UEAPME, the European craft and SME employers’ organisation, issued this week its comments on the European Commission’s second draft “General Block Exemption” (GBER) on State aid (1). In its position paper, UEAPME reinstated its support for the structure of the revised GBER, which integrates a number of different existing exemptions in various areas into a single set of consistent rules, thereby increasing transparency and easing the administrative burden on State aid providers, to the advantage of State aid recipients such as crafts and SMEs. UEAPME regretted, however, the lack of measures on business transfers and on innovation support services, both of which are not covered by the text of the GBER as it stands.

*“We are pleased to see that some of the comments we have put forward on the first draft GBER were incorporated by the Commission into its revised version”,* said **Gerhard Huemer**, UEAPME Director for Economic and Fiscal Affairs. *“However, business transfers and innovation support services, which are two issues of the utmost importance for European crafts and SMEs, are still left out in the cold”,* he continued.

The new GBER, explained Mr Huemer, allows aid for the acquisition of capital assets “where the establishment has closed or would have closed had it not been purchased”. However, a very traditional and recurring form of “acquisition of capital assets” in the SME sector is the transfer of the business to the next generation or to former employees of the company. Such transfers have often difficulties in getting financed, especially when the company has already a low equity ratio, since banks tend to link a new ownership with higher risks. The current wording of the GBER excludes de facto business transfers from getting State aid, denounced UEAPME. *“If a company is bought by a third party or declares bankruptcy, it can obtain State aid under the current rules. If the same company is handed over to the next generation, it will have to finance the business transfer with its own restricted means, or close and reopen to gain access to aid. This is completely illogical”,* said Mr Huemer, who called for business transfers to be included in the GBER, at least as far as small undertakings are concerned.

UEAPME also voiced its disappointment on the GBER clauses concerning innovation. In fact, the European Commission did not include in its general block exemption innovation support services such as consulting on process and organisational innovation, aid for high-tech start-ups and highly qualified personnel. These measures are of great importance for SMEs, since they rarely have in-house R&D possibilities and tend therefore to rely on external providers. The same measures, deplored UEAPME, are actually covered by the Commission’s own R&D and Innovation Guidelines, so they should be included in the GBER for the sake of coherence.

*“The European Commission is due to discuss soon the new general block exemption with representatives from all Member States’ governments. We call on the EC to check our suggestions against their views before it comes up with a third draft, which we hope will resolve the current impasse”,* concluded Mr Huemer.

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(1) [http://www.ueapme.com/docs/pos\\_papers/2007/071008\\_GBER\\_2nd\\_final.pdf](http://www.ueapme.com/docs/pos_papers/2007/071008_GBER_2nd_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 84 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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