



## **“The voice of SMEs in Europe”**

### **Press Release**

FOR IMMEDIATE ISSUE

## **Large companies and national champions still reap most of State aid**

### **• Competition Commissioner Neelie Kroes speaks at UEAPME/EPP event, tackles State aid reform**

**Brussels, 9 November 2007.** Only 12% of State aid granted by EU Member States is for the sole benefit of crafts and SMEs although they represent more than 99% of all companies, according to national statistics released by Competition Commissioner Neelie Kroes at the “SME Policy Dialogue” organised by UEAPME, the SME Intergroup and the EPP-ED at the European Parliament yesterday (Thursday). Speaking on the ongoing State aid reform process launched by the EC in 2005, Ms Kroes underlined that while the EC is developing a more generous and less bureaucratic framework for SMEs, these possibilities must be put to best use at national level. Better support and information programmes on the instruments available are crucial in this respect.

*“Commissioner Kroes made it very clear that European rules are only one side of the State aid coin”,* said UEAPME President **Georg Toifl**. *“The worrying figures she quoted question Member States’ commitment and clearly contradict their hollow promises on SME policy. These data are a wake-up call for more action at national level to redirect aid from unproductive national champions to companies that most need it.”*

A sound economic analysis and the need to redress market failures are the main principles underpinning the State aid reform, explained Ms Kroes. As far as crafts and SMEs are concerned, their problems in accessing finance and the burden of bureaucracy and red tape must be recognised. Policy measures at EU level are therefore based on two pillars. Firstly, it is fully justified to be more generous towards SMEs, both from an economic and from a political perspective, since it is a fact that market failures affect smaller realities more severely. Secondly, rules that are easy to understand and simple to apply are a boon for SMEs, which do not have the same means as larger firms to cope with legal and administrative obligations. According to Ms Kroes, who then went on to elaborate on the specific instruments available, the State aid reform will bring about clear improvements in both pillars.

*“The State aid reform is a clear example of the results achievable through a constructive collaboration between EU policymakers and representatives stakeholders’ organisations”,* commented Mr Toifl. *“We have been in constant contact with Ms Kroes’ Directorate over the past two years, and our debate has always been fruitful even at times when our opinions were different. Her very presence at our event is an honour and a confidence boost on the dossiers still on the table, which we trust will be closed with realistic and workable solutions.”*

State aid measures, however, only provide a regulatory framework, which is similar to a greenhouse in some aspects, said Ms Kroes. It is then up to Member States to make the most out of this fertile environment, which is rarely the case at the moment as far as smaller businesses are concerned. The low share of aid awarded to SMEs shows that there are still hurdles in getting information to SMEs that need it, and that small business do not enjoy effective access to national granting authorities at the moment.

*“UEAPME and its member organisations deeply appreciate the European Commission’s commitment to delivering clearer and better rules on State aid for European crafts and SMEs. We call on Member States to transform the State aid reform into a full-fledged success story by making the most out of the possibilities it creates”,* concluded Mr Toifl.

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**EDITORS’ NOTES:** The first “SME Policy Dialogue” took place in Brussels in the premises of the European Parliament on 8 November. The event was organised in collaboration with the SME Intergroup and the support of the EPP-ED group in the EP. It featured representatives from UEAPME member organisations discussing with high-ranking policymakers from the European Parliament and the European Commission. The SME Policy Dialogue was opened by a keynote speech by Commissioner Kroes, which can be found online at: <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/690&format=HTML&aged=0&language=EN&guiLanguage=en>.

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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