National recovery plans from an SME perspective

Short summary

During the last months, most of the EU Member States have adopted or announced national recovery plans to react to the current financial and economic crises. The plans have been coordinated by the European Commission / European Council to a certain extent, but the coordination aimed mainly at principles (i.e. additional public spending should be timely, targeted and temporary) and at establishing a level on intervention (1.5 % of GDP). Hence there is large room for Member States to decide their own measures and whether or not national recovery plans are supportive to the needs of Crafts and SMEs depends on these concrete measures.

This document aims to summarise shortly the most important measures from an SME point of view and lists some additional measures demanded by some of our members for further programmes. The document is based on input received from some Member Organisations (AT, CY, CZ, DE, ES, FR, HU, IT, LU, PL and SE) and other available sources.

In most cases, it is impossible to present concrete measures in a summary without describing all the details and the national context. This is why we present in this paper only “headlines” of measures and we are indicating in which countries they have been adopted; this allows everyone to seek for further details if need be.

1. General remarks on SME-specific measures to tackle the current crisis

Based on the discussion at UEAPME’s General Assembly in October 2008 in Tours, we elaborated a list of general measures that SMEs need to survive and to overcome the current economic crisis. These have to go hand in hand with measures to avoid a credit crunch resulting for the financial crisis, which are not part of this analysis.

The main areas for action to help Crafts and SMEs to overcome the current situation, presented by UEAPME in its Memorandum for the upcoming election to the European Parliament and its priority paper of the Czech Presidency, are:

- *Let the in-built automatic stabilisers work;*
- *Use the possibilities provided by the Stability and Growth Pact to increase public investments without endangering the long term targets for budgetary consolidation;*
- *Stimulate additional private demand by setting the right incentives, i.e. for energy saving investments in private houses;*
- *Avoid the bailout of industries which are experiencing structural problems or facing overcapacity;*
- *Stimulate public and private demand by investments in infrastructure (research, training, ITC, transport) also via Public-Private Partnerships (PPP);*
- *Avoid any inflationary second round effects on prices coming from wage increases not in line with productivity growth;*
- *Use the extended possibilities offered by the new State aid regulations to support SMEs with public support programmes;*
- *Provide the necessary flexibility of labour markets to keep as many persons employed as possible.*

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In the meantime, the European Commission published on 18 December 2008 a "Temporary Framework for State aid measures to support access to finance in the current financial and economic crisis", which provides additional possibilities to support companies during the current crisis for a period of 2 years.

Chapter 2 of this document lists concrete measures to support specifically Crafts and SME in a very general manner as reported by our Member Organisations, which are adopted and about to be implemented by the different national governments. Chapter 3 refers to general measures covered by so called national recovery plans to support the economy in general, but which will have also positive effects on Crafts and SMEs. Positive effects coming from automatic stabilisers and not based on specific discretionary measures are not included in this chapter; also excluded are measures which are part of "rescue packages" for the financial sector and which also may have positive effects on the availability of credit and loans and the cost of SME finance. In chapter 4, additional measures that are not yet part of national recovery programmes but needed by SMEs are listed. For each of the measure in all these chapters, the countries which reported activities in these areas are indicated between brackets.

2. SME-specific measures in national recovery plans

- Increased volumes of guarantees for SME credits and loans (AT, BE, BU, DE, EL, ES, FR, HU, IT, NL, PL, UK);
- Additional subsidised loans and credits for SMEs (AT, DE, EL, ES, FR, HU, NL, PL, SE);
- Support (guarantees or subsidies) for working capital (BE; DE, ES);
- New instruments for mezzanine or quasi-equity financing for SMEs (AT, BE, FI)
- Tax cuts for household maintenance / repair (ES, SE);
- Cut of employers contribution for new employees in micro enterprises (FR);
- Increase use of (new) means from EIB/EIF (AT, CY,CZ, DE);
- Moratorium for the repayment of SME loans – including mediation between SMEs and banks (ES);
- Extension of deposit guarantees (including SMEs) (AT, CZ, HU, NL, PL).

3. General measures in national recovery plans with positive effects on SMEs

- Subsidised reduction of working time - temporary part time work (DE, HU, NL, PL);
- Extension of export guarantees (AT, BU; CZ, FI);
- Additional or earlier realisation of already planned infrastructure projects (transport, qualification, ITC) – (AT, CY, FR, DE, LU, IT; PL, SE);
- Programmes to enhance innovation and competitiveness (AT, BE; IT, PL);
- Digressive depreciation / once off depreciation of investments (AT, FR, PL);
- Energy efficiency / saving investment / renovation in private housing – (AT, DE, FR, IT);
- Income tax reduction in different forms effecting net income or net profits (AT, DE, ES, IT, LU, SE);
- Any form of tax credits (income tax, VAT or company tax) – (ES, FR, IT, PL);
- Subsidies for new (eco-friendly) cars – (AT, DE, FR, LU);
- Reduction of non-wage labour costs (CZ; DE, IT, SE);
- Subsidies for wages (HU);
- Income subsidies for specific groups (families, low income households) – (IT)
- Specific training programmes for unemployed or person at risk (IT; SE);
- Ten days payment target for public sector (UK).

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In addition to these concrete discretionary measures, some Member States have reported different measures for simplification of administrative procedures (business start-ups, procurement procedures, investment permits) or better regulation to enhance competition (i.e. energy markets), which are mostly welcomed by SMEs but not seen as part of a "recovery programme".

4. Demands from SMEs for future programmes or future adaptations of existing programmes

- Reduction of non-wage labour costs (AT, SE);
- Increased working time flexibility (AT);
- Measures against late payment (HU), especially shorter payment targets by public sector – 10 days (SE); Additional loan subsidy and loan guarantee schemes (CY, FR);
- Tax reduction (income, capital gains, VAT) – (CY, FR, HU, PL).

5. Specific problems with the implementation of adopted programmes

Many organisations reported significant problems as regards the timely implementation of adopted programmes. Such delays may endanger the effects of announced or agreed recovery programmes at the costs of employment and economic activity.

Only France and Germany has announced simplified procurement procedures to avoid such delays.

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