



"The voice of crafts and SMEs in Europe"

Draft de-minimis Regulation needs some improvements, says UEAPME

SMEs propose changes on the de-minimis ceiling and on provisions for guarantees

Brussels, 23 May 2013 – UEAPME, the European craft and SME employers' organisation, reacts in a generally positive manner to the draft proposal of the European Commission for a revised Regulation on de-minimis aid. In its position paper¹⁾ published today, UEAPME welcomes the safe harbour thresholds for loans and guarantees while criticising the newly introduced five-year limitation on the duration of guarantees, and demands a reintroduction of the 80% threshold for guarantees to avoid moral hazard from banks. As regards the ceiling for de-minimis aid, UEAPME demands an increase in line with inflation to maintain the real value of the current €200.000 threshold. Finally, UEAPME supports the introduction of the obligatory central register for de-minimis aid.

Concerning the ceiling for de-minimis aid, Economic and Fiscal Policy Director **Gerhard Huemer** stated that *"It is very important to find the right balance between the reduction of administrative burden by declaring aid as de-minimis aid and the risk of competition distortion considering the Regulation is the most crucial one for the majority of companies – of which more than 92% have less than 10 employees. The current ceiling of € 200.000 was in line with our demands when it was introduced in 2006, but due to inflation the real value of the threshold has decreased."* UEAPME therefore asked to increase the ceiling in line with the inflation to ensure that the real value be maintained.

A positive reaction came from UEAPME on the new provision of a safe harbour threshold for loans (up to € 1 Million) and on keeping it for guarantees (up to 1.5 Million). Both these options highly reflect the reality that State aid to SMEs is increasingly provided in the form of guarantees and loans and less so in the form of grants. However, Mr. Huemer said, *"We do not see a justification for limiting the duration of a loan guarantee to five years and therefore ask the Commission to delete this limitation, because it is not in line with the duration of the average SME investment loan and would create an additional barrier for SMEs to access investment financing."* Furthermore, UEAPME does not see any reason for deleting the provision that a guarantee shall not exceed 80% of the underlying loan as proposed by the Commission draft. *"Guarantees above 80% are an invitation for banks to show moral hazard, therefore we ask the Commission to reintroduce this 80% threshold"*, he said.

Finally, UEAPME supports the proposal for an obligatory central register of de-minimis aid, which will seriously increase transparency and improve the necessary control of de-minimis aid. In addition, it will reduce the administrative burden for SMEs and increase legal certainty for both the providers and the recipients of State aid.

1) http://www.ueapme.com/IMG/pdf/UEAPME_Position_Paper_on_the_draft_Commission_Regulation_on_de-minimis_aid.pdf

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EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 80 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information please visit <http://www.ueapme.com/> or follow [@UEAPME](#) on Twitter.

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