



"The voice of crafts and SMEs in Europe"

New EC de minimis aid proposal ignores the reality of SMEs, says UEAPME

Specific criticism made on: new definition for 'undertakings in difficulties' and reduction for long term guarantees by 50%

Brussels, 18 September 2013 – Ahead of the multilateral meeting on the de minimis aid Regulation that the European Commission has with Member States on Friday 20th September, UEAPME – the European craft and SME employers' organisation – puts out a warning that the new Commission proposal is not in line with the reality of SMEs. In its position paper⁽¹⁾, UEAPME lays out the main points for criticism: the introduction of additional criteria to define 'undertakings in difficulties' which will entail no access to de minimis aid for many SMEs, and the significant reduction as regards the volume of guarantees for SME loans if the guarantee has a maturity above five years and an exclusion of guarantees when the maturity is longer than 10 years. On the other hand, the positive aspects of the new proposal are the reintroduction of an 80% ceiling for loan guarantees and further clarification as regards the central register. Finally, UEAPME repeats its request to increase the 200.000€ overall ceiling in line with the inflation rate so as to keep the real value of the current ceiling introduced back in 2006.

Concerning, the definition of 'undertakings in difficulties', UEAPME refuses the introduction of new criteria which go above the current definition used in the Guidelines for Rescue and Restructuring. The proposed maximum of 7.5 for the debt to equity ratio as well as the requirement for a minimum profit over the last two years will exclude SMEs in sectors with traditionally low equity shares or companies implementing costly new projects with a break-even point – by nature in the future. "UEAPME thinks that the de minimis Regulation is not the right place to change the definition of 'undertakings in difficulties'. This has to be discussed at the review of the Rescue and Restructuring Guidelines, that is why we ask to keep the reference to these Guidelines and to delete the definition in the de minimis Regulation overall," stated Economic and Fiscal Policy Director **Gerhard Huemer**.

UEAPME also criticises the introduction of a limitation for the duration of a guarantee to five years, this is not in line with many SME investment loans which often have a maturity of seven years and more. "Such a limitation of guarantees would increase the problems SMEs have in accessing external finance and is in contradiction with the European Commission's aim to support long term finance", said Mr. Huemer. Hence, the proposed reduction of the maximum amount for guarantees with a duration of five to ten years by 50% will result in a much more restrictive application of the de minimis Regulation on guarantees compared to the current regulation. From practical experience, UEAPME does not see any justification for such a restriction. UEAPME therefore asks the Commission not to reduce the amount of guarantees with a maturity longer than five years, covered by the de minimis Regulation, but to keep it as it is.

"I therefore ask the European Commission to rethink its new proposals which will have significant negative impacts on SME support and invite Member States to explain to the Commission why these proposals are not in line with the real life", concluded Mr. Huemer.

(1) http://www.ueapme.com/IMG/pdf/UEAPME_comments_on_the_2nd_draft_of_a_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](https://twitter.com/UEAPME) on Twitter.

FOR FURTHER INFORMATION PLEASE CONTACT:

Gerhard Huemer, Economic and Fiscal Policy Director, Tel. +32 (0)2 230 7599, Email: g.huemer@ueapme.com
Jenny Manin, Press and Communications Officer, Tel. +32 (0)496 520 329, Email: pressoffice@ueapme.com