

Position Paper

UEAPME¹ comments on the “2nd draft of a Commission Regulation on de-minimis aid”

UEAPME, the European Association for Crafts and Small and Medium-sized Enterprises representing more than 10 million SMEs at European level, welcomes the opportunity to comment on the “2nd draft Commission Regulation on de-minimis aid”.

In our [reply](#)² to the 1st consultation:

- UEAPME agreed with a simplification of the **definition of “undertakings in difficulties”** but mentioned that we are only able to comment if we see the concrete text, which has now been provided in the 2nd draft. UEAPME does not see any simplification provided by the new definition of undertakings in difficulties. On the contrary, the extension of criteria, which define such an undertaking, makes the application of this de-minimis regulation much more complicated. Furthermore many of our experts contest the meaningfulness of the new introduced debt to equity ratio (Art 2 (e) (iv)) – many SMEs in Europe traditionally have a higher debt to equity ratio than proposed – and also contest the criteria on low profit rates throughout two years (Art 2 (e) (v)). At the same time, UEAPME especially welcomes the provision for start-up enterprises in the last paragraph of this article. **Therefore, UEAPME asks to delete the subparagraphs Art 2 (e) (iv) and (v).**
- As regards the ceiling of de-minimis aid (Art 3), UEAPME asks for an adaption in line with the inflation so as to ensure that the real value of the current ceiling fixed in 2006. The original proposal on the ceiling has not been change in the 2nd draft, therefore, **UEAPME again asks the European Commission to increase the current threshold of € 200.000 in line with the inflation rate to ensure that the real value of the threshold also applies in the future.**
- UEAPME questions the meaningfulness of deleting the **80% threshold for the maximum amount a guarantee** can cover a loan (Art 4 (5a)) and welcomes its reintroduction, which will contribute to avoiding moral hazard by banks.
- UEAPME criticised the introduction of a **limitation for the duration of a guarantee** to five years, as this is not in line with many SME loans, which have maturities of seven and more years. Such a limitation would increase the problems SMEs have in accessing external finance. Therefore, UEAPME welcomes the new proposal to also cover guarantees for loans with a maturity longer than five years (Art 4(5a)). However, the reduction of the maximum amount for loans and 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, which has no limitation of duration and allows guarantees up to EUR 1.5 Million,

¹ UEAPME subscribes to the European Commission’s Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

² http://www.ueapme.com/IMG/pdf/UEAPME_Position_Paper_on_the_draft_Commission_Regulation_on_de-minimis_aid.pdf

including guarantees for loans with a longer maturity. UEAPME does not see any justification, from practical experience, to restrict the application of the de-minimis-regulation on guarantees above five years, as it would be in contradiction with the European Commission's aim to support long term finance. **Therefore, UEAPME asks the Commission not to reduce the amount of guarantees covered by the de-minimis regulation for loans with a maturity longer than five years.**

- Finally, UEAPME supported the introduction of an obligatory **central register** (Art 6) as an important instrument to ensure transparency and to allow monitoring. Therefore, UEAPME welcomes the fact that the Commission has kept this provision in its 2nd draft and supports the further specifications as regards reporting (economic sectors, size classes).

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