



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

Proposed de minimis regulation undermines SME credit guarantee schemes

- **Is the European Commission going to hinder its own support measures?**

Brussels, 30 March 2006. Plans to reform EU state aid rules should not put in danger the existing credit guarantee schemes, according to UEAPME, the European SME employers’ organisation. The UEAPME Working Group on SME Finance, which met in Brussels on 28 March, warned that the suggested exclusion of the so-called “non-transparent aid” from the revised “de minimis” regulation is a serious threat for SME financing in the future.

“By differentiating between transparent and non transparent state aid, and by excluding non-transparent aid from the de minimis regulation, the European Commission is restricting the use of guarantee schemes for SME credits and loans, which the Commission itself wants to finance within the Competitiveness and Innovation Programme (CIP)”, said **Gerhard Huemer**, UEAPME Director of Economic and Fiscal Policy. “These guarantee schemes are fundamental to enable access to finance for SMEs.”

The de minimis rule is a ceiling for state aid, under which public funding to a single recipient is deemed to have a negligible impact on trade and competition, and consequently does not require notification. UEAPME fully supports the Commission and Council proposal to increase the de minimis threshold to 200.000 € over a three-year period. However, UEAPME is concerned that the revised de minimis regulation will exclude non-transparent aid, i.e. aid of which the net effects cannot be calculated precisely *ex ante*. As such, most of the current credit guarantee schemes supported by the CIP to improve SMEs’ access to finance would have to be considered as non-transparent, and therefore excluded.

“Excluding credit guarantee schemes from the de minimis clauses means that guarantee schemes would not be allowed at all or would have to be dealt with via the normal state aid procedures, i.e. via notifications, which is unacceptable bureaucracy for such small amounts”, continued Mr Huemer. “This would undermine the existing and well established financial instruments for SMEs, which were created and supported by the Commission itself, and would hinder access to financing for innovative SMEs.”

Access to financing is more and more difficult for SMEs. Banks tend to be increasingly risk-sensitive, particularly with projects such as start-ups, innovation and business transfers. This is the reason for a whole set of measures, such as the CIP and the JEREMIE initiative, which were put in place by the EU to tackle this issue. Guarantee schemes for SMEs have proven to be the most effective and successful instruments, especially because of their extremely high leverage effect. UEAPME believes that nothing in the reviewed state aid legislation should endanger these measures.

“We urge the Commission to re-think its approach towards credit guarantee schemes within the de minimis regulation and not to jeopardise its own support measures for SMEs”, concluded Mr Huemer.

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EDITORS’ NOTE: UEAPME is the employer’s organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 78 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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