



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

Climate change and energy package: mixed results for SMEs

Brussels, 23 January 2008. UEAPME, the European craft and SME employers' organisation, gave a cautious welcome to the package of measures implementing the EU climate change and energy strategy unveiled by the European Commission today (Wednesday). UEAPME was pleased by the revised code governing State aids for environmental purposes, and said it would accept the principles underpinning the EC proposals to reduce greenhouse gas emissions. The organisation supported a broader and stronger Emissions Trading System (ETS), although it warned that compensation measures must be foreseen for some industry sectors. It also backed the EC proposals on renewable energy, but stressed that these measures, including possible trading mechanisms, must promote competition and the use of the economically most efficient sources, thereby leading to the best possible prices for end users. In this respect, UEAPME regretted that no mention was made by the EC to decentralised or micro generation schemes, which are particularly helpful to small businesses.

- **State aid for environmental purposes: a welcomed step forward**

The Commission's decision to include a new set of rules for environment-related State aids in today's package was praised by UEAPME. The EC suggests a significant increase in the allowed aid intensity and a broader, more practical definition of eligible costs, which now include consulting, studies and project management services that are essential for smaller businesses. *“This text is a significant step forward”*, commented Director for Economic and Fiscal Policy **Gerhard Huemer**. *“It gives Member States the possibility to encourage investments in environment protection and energy efficiency while compensating for the extra costs incurred, thereby ensuring competitiveness. However, the administrative procedures linked to these guidelines must be further simplified by including the SME-relevant parts in the upcoming ‘general block exemption’ on State aid.”*

- **Room for improvement on the promotion of renewable sources of energy**

UEAPME supported the fact that the EC did not impose any “ideological” hierarchy of renewables, allowing Member States to choose the economically most efficient source at their disposal and to achieve their targets according to their own priorities. It also welcomed the possibility given to Member States to support Europe's overall renewables effort outside their own borders, which should result in more competition and allow end users to enjoy the best possible prices in the long run. *“This is particularly important for SMEs, whose competitiveness is threatened by the ever increasing cost of energy”*, commented Director for Environmental Affairs **Guido Lena**. On the other hand, UEAPME regretted that no mention is made in the package on decentralised or micro generation as a way of increasing the use of renewable energy. *“Decentralised or micro generation systems are an SME-friendly alternative to grid-based systems managed by oligopolies, and usually result in lower prices. Moreover, when these schemes are fed through local renewables, they turn out to be more sustainable, increase the use of ‘clean’ energy sources and create quality jobs. It is regrettable that these tools are mentioned in the environmental state aid guidelines but are totally missing in the rest of the package”*, stressed Mr Lena.

- **Climate change targets and new Emissions Trading Scheme must not become a burden for EU SMEs**

The new measures to fight climate change and the new structure of the ETS (that foresees the auctioning of quotas) must be accompanied by compensations to offset the losses which can be predicted for some European industry sectors, said UEAPME, for which the “carbon tax” idea recently touted by President Barroso can be a starting point to create a more level playing field. *“Companies from third states that are not part to the international agreements to fight climate change are now placed at an unfair competitive advantage”*, explained Mr Lena. *“Compensation measures would also encourage other parties to follow suit in the worldwide fight against climate change”*, he continued, stressing that an optimal compensation system should work in both directions and provide deductions for EU exporting companies. Finally, UEAPME supported the extension of the ETS to more sectors and welcomed the sensible exemptions for plants emitting less than 10,000 tonnes of CO₂.

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EDITORS' NOTES: UEAPME is the employers' organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 84 member organisations, which represent crafts and SMEs across Europe, covering over 12 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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