



"The voice of crafts and SMEs in Europe"

State aid: notice on guarantees must be integrated in "General Block Exemption"

Brussels, 20 May 2008 – The potential benefits of the "Notice on State aid in form of guarantees" adopted by the European Commission today (Tuesday) will remain on paper unless its principles are integrated in the upcoming "General Block Exemption Regulation" (GBER), according to UEAPME, the European craft and SME employers' organisation. The new text sets out a realistic and practical method to calculate the aid component of guarantees, said UEAPME, which welcomed the introduction of a "safe harbour grid" to this end. The organisation was also pleased by the inclusion of provisions for start-ups and of simplified, "single premium" rules for low-amount guarantees typically used by SMEs. UEAPME warned, however, that none of the measures introduced today will bring about concrete improvements for SMEs unless guarantees are included in the scope of the GBER. This will ensure that Member States can use this ever more popular instrument without unnecessary administrative burdens, thereby making it more attractive for aid providers, stressed UEAPME.

"Guarantees are the most efficient and least market distortive aid instrument, and a crucial tool to support company growth and facilitate access to finance for smaller realities", commented Gerhard Huemer, Economic and Fiscal Policy Director at UEAPME. "The European Commission has demonstrated a good understanding of the importance of guarantees today, by providing a solid theoretical framework to calculate the aid component of these instruments. However, this framework must be now tested against the needs of aid providers and aid recipients, both of which would definitely benefit from the inclusion of guarantees in the General Block Exemption Regulation", he stressed.

The new notice on guarantees, continued Mr Huemer, contains three very important points for crafts and SMEs. First of all, it introduces a "safe harbour grid", which will give Member States the possibility to quickly check whether a guarantee qualifies as non-aid according to the premiums paid and to the beneficiary's credit rating. Secondly, for start-ups without a credit history, the notice proposes a fixed premium deemed as market conform, on which UEAPME agrees. Thirdly, and most importantly, the EC dramatically simplified the evaluation process for SME guarantee schemes up to 2.5 million EUR, which will be assessed by "pooling" all borrowers within the scheme rather than individually.

These measures might go a long way towards fostering the use of guarantees, explained Mr Huemer, but Member States will still be obliged to notify them to the European Commission unless they are included in the scope of the "General Block Exemption Regulation". Member States might otherwise decide to use other, less efficient aid instruments in order to avoid notifications to the EC, which would make guarantees unattractive and ultimately useless.

"The European Commission is due to present its 'General Block Exemption Regulation' in the coming months and in the framework of the 'Small Business Act for Europe'. This is a chance that cannot be missed to put in practice the principles of the notice on guarantees, and make the most out of this very promising aid instrument", concluded Mr Huemer.

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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 85 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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