PRESS RELEASE FOR IMMEDIATE RELEASE



Members States must make use of new General Block Exemption Regulation

Brussels, 7 July 2008 – UEAPME, the European craft and SME employers' organisation, warmly welcomed the "General Block Exemption Regulation" (GBER) on State aid presented today by the European Commission as part of its "Small Business Act" package. UEAPME was particularly pleased by a series of new provisions specifically targeted to SMEs in the GBER, which allows increased aid intensities and makes it easier for small businesses to benefit from public support for investments in training, innovation, energy efficiency and other important areas. UEAPME warned, however, that none of these provisions would bring about concrete advantages for European small businesses unless they are properly used by Member States in the next months.

"The General Block Exemption Regulation unveiled today is the first concrete outcome of the Commission's commitment to "think small first" when designing legislation, and one of the most important element for SMEs in the State Aid Action Plan brought forward by Commissioner Kroes", said Gerhard Huemer, Director for Economic and Fiscal Policy at UEAPME. "This text opens up new possibilities for aid providers across Europe to set up schemes that fully respond to the needs of SMEs, and to do so in an easier way and for a larger number of eligible areas", he continued.

As requested by UEAPME, the final version of the GBER paves the way to State aid in form of **guarantees**, one of the most efficient and least market distortive aid instruments. It also redresses some shortcomings that were identified and criticised by UEAPME in the past. First of all, the chapter on **research**, **development and innovation** now includes aid for innovation advisory services, innovation support services and the hiring of highly qualified personnel, which were previously excluded from the scope of the GBER. Coupled with a broader definition of innovation, these forms of aid are crucial for SMEs lacking in-house expertise and relying heavily on the availability of external advice, explained Mr Huemer.

Secondly, the GBER now includes generous provisions for aid in the form of "risk capital" in favour of SMEs, which cannot finance chancier projects with own assets and find it more and more difficult to get support from increasingly reluctant private financial institutions. These rules will ease access to "seed capital" and "start-up capital" to finance the initial phases in the life of a company, when risks are higher, profits are still to come and the return on investment is uncertain.

Thirdly, UEAPME was pleased by the chapter on aid for **environmental protection** and **energy savings**, which covers a number of important aspects such as the acquisition of "cleaner" transport vehicles, early adaptation to future Community standards and the promotion of the use of renewable energy sources. It also provides a simplified method to calculate the related eligible costs and allows State aid for "environmental studies".

Finally, UEAPME welcomed a number of smaller, but not less important improvements in the GBER. For instance, aid for **business transfers**, a crucial moment in the life of a business, is now allowed not only for successions within the owner's family but also when a company's former employee takes over, as requested by UEAPME.

"The European Commission has presented today an impressive set of rules largely in line with the requests we had put forward in the last years. However, this is only one side of the coin, and it is now up to Member States to follow suit. In 2007, only 12% of the total State aid granted in the EU27 went to the benefit of crafts and SMEs, while larger companies and unproductive national champions swallowed the vast majority. We expect Member States to work to change this figure in the next years and make full use of the opportunities offered by the EC today – otherwise, their lip service and double standards will be uncovered once again", concluded Mr Huemer.

**** END ****

EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 86 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: http://www.ueapme.com/

FOR FURTHER INFORMATION PLEASE CONTACT:

Gerhard Huemer, Director for Economic and Fiscal Policy, Tel. +32 (0)2 230 7599, Email: g.huemer@ueapme.com