Position Paper

UEAPME[1] comments on the "draft General Block Exemption Regulation on State 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 "draft Block Exemption Regulation on State aid (GBER)". The GBER is, especially for Crafts and SMEs and together with the de-minimis regulation[2], the most part of the overall State Aid Modernisation programme.

The new GBER covers (1) regional aid, (2) Aid for SMEs, (3) Aid for R&D and Innovation, (4) Training aid (5) aid for disadvantaged and disabled workers (6) Aid for environmental protection, which are all relevant for the SME sector.

1. General remarks on the draft GBER

UEAPME sees improvements in the presented draft GBER compared to the existing block exemption regulations. It specifically welcomes:

- the integration of all existing BERs into a single set of coherent rules and
- the inclusion of aid for innovation into the new GBER
- Furthermore, UEAPME welcomes the GBER as an important contribution to better regulation and the reduction of administrative burdens for the different providers of state aid, which will also improve the accessibility of state aid programmes for crafts and SMEs.
- Finally, UEAPME welcomes the recognition of the specific situation and of the needs of SMEs as regards state aid by the European Commission.

At the same time, UEAPME wants to raise it concerns about possible distortions of competition due to the wide range aid measures exempted from pre-notification. It is the task of the European Commission has to find the right balance between administrative simplifications and guarantee a level playing field for all companies in the internal market. Therefore, UEAPME will insist, that:

- the extension of the scope of the GBER is accompanied by improvements as regards monitoring and enforcement;
- the GBER includes provisions, which will allow the European Commission to proceed an effective monitoring;
- private enforcement and national enforcement in case of miss-use of GBER provision will be improved.

[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] UEAPME comments on de-minimis: http://www.ueapme.com/IMG/pdf/UEAPME_Position_Paper_on_the_draft_Commission_Regulation_on_de-minimis_aid.pdf

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Finally, considering the very limited impact of any aid to micro enterprises on competition, UEAPME invites the Commission to analyse the possibility to declare State aid for micro enterprises, as defined in the current SME definition, as "non-aid".

2. Specific remarks on the draft GBER

- **Article 1/2/a – safeguards in case of regional aid**

  UEAPME welcomes the introduction of safeguards for large amount schemes.

- **Article 1/4/c // Definition 27 – undertakings in difficulties**

  Any definition of difficulties which points to disappearance of capital (i.e. Article 1/7/a in the current GBER) risks excluding start-up companies from the scope of the GBER.

  Therefore, UEAPME ask the Commission to include a provision or definition, which ensures that start-up companies, even if they lose a significant part of its registered capital, are not excluded from the scope of the GBER (see Article 1/7 last paragraph of the current GBER).

- **Article 4/f/iv and 8/5 – repayable advances**

  Repayable advances become more and more important, especially in financing riskier R&D and Innovation projects and UEAPME sees it an interesting alternative grants, but also to normal guarantees. Repayable advances include by nature a lower aid intensity and therefore, higher thresholds compared to grants.

  Therefore, UEAPME supports the introduction of specific / higher thresholds and aid intensities, if aid is provided in form of repayable advances. However, due to the lack of broader experiences with this instrument, we warn against too high mark-up, even if we cannot provide you with concrete proposal about a justified mark-up.

- **[Article x] – SME status (between Article 8 and 9)**

  UEAPME would welcome any provisions, which ensure a strict application of the SME definition and supports measures against the misuse of the SME status by companies, which in reality are under control from large enterprises. However, such measures should not lead to any limitation as regards business decision of real SMEs.

  Against this background UEAPME does not believe that the proposed provision on the SME status can be implemented and enforced in praxis.

- **Article 15/7 and 17/3– business succession**

  UEAPME welcomes the provision that in cases of business succession of a small enterprise in favour of family or of former employees, the condition that the assets shall be bought by an independent investor shall be waived.

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However, UEAPME ask the Commission to prove, if the provision can be extended to all SMEs, because in many countries classical family businesses are medium sized companies, which have often specific problems to organise their succession.

- **Article 18 – Aid for SMEs' cooperation costs linked to ETC projects**

  UEAPME welcomes the possibility to allow Member States to provide aid for cooperation costs in the framework of European Territorial Cooperation projects to SMEs.

- **Article 19 – SME – risk finance aid**

  UEPME supports the proposal of the Commission to allow – with specific provisions – aid to support different types of intermediaries, but also business angels. Furthermore, we welcome the focus given to start-ups, fast growing SMEs and innovative SMEs.

- **Article 20 – aid for start-up**

  UEAPME very much welcomes the new provision for start-up aid and supports the limitation to small enterprises or small innovative enterprises as well as the fact that aid can be provided in form of loans, guarantees or grants. Finally, we support the bonuses foreseen for innovative start-ups and for regions eligible for regional aid.

- **Article 21 – aid to alternative trading platforms specialised in SMEs**

  UEAPME supports in principle the possibility to provide aid to trading platforms specialised in SMEs. However, the Commission proposal in this issue does not include any limitation to such aid, neither as regards the aid intensity nor the maximum amount of aid provided.

  Therefore, UEAPME ask the Commission the introduce limitations for the amount of aid, which can be provided to alternative trading platforms.

- **Article 25 – innovation aid for SMEs**

  UEAPME welcomes very much the new provision for innovation aid for SMEs, which we already demanded for the current GBER. In general, we also agree with the scope and the aid intensity provides. However, as regards Article 25/2/b (costs for secondment of highly qualified personal), UEAPME wants to state that not only large enterprises are able to provide such personal.

  Therefore, UEAPME asks the Commission to include also SMEs, next to research and knowledge-dissemination organisations and large enterprises, in the list of entities from which personal can be seconded.

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- **Article 27 – training aid – differentiation between general and specific training**

  UEAPME regrets the deletion of the differentiation between general and specific training aid. While general training provides significant positive external effects, is specific training very often closely linked to a specific investment projects and has hardly positive external effects. Therefore, it was justified to support general training with aid up to 60% plus bonuses, while specific aid currently is only supported by 25% (plus bonuses).

  Therefore, UEAPME asks the European Commission to rethink the deletion of this differentiation, because due to the different nature of the two types of training, equal treatment seems not justified.

- ***Section 6 - – aid for environmental protection***

  The current proposal for section 6 is not concrete enough to make reasonable comments.

  Therefore, UEAPME will comment on this section only after the publication of the next draft for the GBER and the draft Guidelines for Environmental aid.

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