

Eurochambres contribution to European Commission's call for evidence on the review of the de minimis regulation

General comments

Given the importance of SMEs for Europe's economic growth, job creation, competitiveness, and innovation, it is crucial to alleviate their financing conditions by allowing them to benefit from the highest aid intensity possible with minimal administrative burdens.

Eurochambres considers the revision of the de minimis regulation as a highly relevant issue for SMEs taking into account the current and future inflationary trends and the need of further development of the European economy which is heavily affected by the energy crisis and the restructuring of logistics.

A thorough impact assessment, public consultation and an appropriate SME test, would allow the Commission to better assess whether Member States and granting authorities have managed to effectively support small companies in the past and steer the state aid efforts in the years to come.

The chamber network understands that a large number of SMEs fail to be granted investment aid for procedural reasons (i.e. failure to respect deadlines) and they are led to ask for a de minimis aid instead. Unfortunately, this is often the only way for SMEs to be granted aid, even though through a less efficient procedure. Therefore, we emphasize the importance for new state aid rules, including the revised de minimis regulation, to be simpler and more easily understandable rules in order for SMEs to have better access to state aid in general.

In designing relief packages, policymakers need to recognise that businesses are facing both liquidity challenges stemmed from deteriorating credit conditions, as lenders grow nervous about creditworthiness in EU markets, and solvency challenges from deteriorating economic conditions, making harder for them to deal with long-term obligations.

Chambers consider that the state aid framework needs to be flexible enough in extraordinary situations that may require the introduction of a fast-track temporary scheme similar to the one that is in place to deal with the impact of the covid-19 pandemic or the Russian invasion of Ukraine.

In order to mitigate potential harm to non-aided firms, and guarantee equity among market players, Chambers advocate for an effective EU state aid control mechanism that guides Member States towards more efficient design, implementation and monitoring of state aid schemes, and a clear path to exit.

The amount of the de minimis threshold

Eurochambres sees the overall economic advantage for companies in terms of raising the de minimis aid threshold as greater than any possible disadvantages and believes that it would be an important contribution to the EU's efforts to re-launch economic growth during difficult times. Raising the general threshold will allow the EU to reflect the general price development and react to the spike in the inflation rate in line with current market conditions, foster economic growth and job creation, and incentivise innovation.

Eurochambres advocates for the unconditional increase of the de minimis threshold notification from € 200 000 to € 500 000 to respond to adverse economic conditions, inflation, and distressed asset prices. Island regions and outermost regions of the EU should be allowed a higher threshold in order reflects the increased costs of doing business due to their remoteness and structural insufficiencies.

Member States who choose not to change the threshold should allow the reduction of the calculation time for the accumulation of the total aid awarded to 1 year, compared to the current 3 years to make the process simpler and more efficient for beneficiaries.

In the case of sub-grants conceded to companies, under the de minimis regulation, in the framework of European collaboration projects, it is necessary to clarify in which country the relevant amounts of state aid should be declared and accumulated e.g. in the Member State of the grant administrator or in the relevant national registry of the managing authority of the programme.

Introduction of a mandatory register

Eurochambres believes that the introduction of a unique mandatory registry in the context of the de minimis state aid framework at European level merits a thorough analysis as it could on one hand support the efforts to reduce the administrative burden for small companies while, on the other hand, increased transparency may not only jeopardise beneficiaries' interests (e.g. by revealing sensitive information to economic competitors) but also increase technical difficulties (e.g. how to deal with groups, mergers, etc.).

It is also worth noting that there has been a lack of sufficient interpretative guidelines accessible to companies and funding agencies that could explain complex legal concepts within the scope of the de minimis rules.

If the Commission decides to introduce such mandatory registry:

- The establishment and updating of this register should in no case mean new administrative obligations for companies;
- The public officials managing the register should also be responsible for the correctness of the data in the register;
- Procedural rules should also be created to resolve discrepancies between the information in the register and reality. Companies should thus have at their disposal a simple mechanism for correcting any incorrect information in the register.

Further information: Mr Frederico Martins, Tel. +32 2 282 08 54, martins@eurochambres.eu
Press contact: Ms. Karen Albuquerque, Tel. +32 2 282 08 72, albuquerque@eurochambres.eu