Executive Vice-President Margrethe Vestager  
European Commission  
Rue de la Loi / Wetstraat 200  
1049 Brussels, Belgium  

Brussels, 20th October 2020

Dear Madam Executive Vice-President Vestager,

We are writing to you on behalf of SME organizations in our respective countries, France, Greece, Italy and Spain, representing over 2 million enterprises and more than 10 million jobs.

SMEs around Europe are greatly suffering from the economic shock caused by the global pandemic. The EU temporary framework has been well used by our Governments and most of aids granted on its basis have been authorized by the European Commission. Thus, it had a significant impact on craft and SMEs.

We warmly welcome the prolongation and adjustment of the framework until 30th June 2021 and the recapitalization support until 30th September 2021 allowing Member States. It is a first step to support their enterprises and mitigate the Covid-19 effects on them with a range of flexible state aid measures in this transition and uncertain period. The only certainty is that the economy will suffer from it for years and SMEs are in the frontline as they are today the most affected.

We believe the impact of the crisis will be much deeper for our enterprises and the extension decided by the EU Commission be insufficient as SMEs will continue to be in need of effective and lasting tools to ensure their liquidity needs. In addition, EU authorities are called for the maximum flexibility of banking rules and regulation to be ensured until the health emergency returns back to stability. This, in order to avoid any risk of rigidity which will have relevant impact in SMEs recovery. Therefore, we ask the European Commission to consider our requests and shortly propose a longer extension of at least until December 31st 2021 and consider further accompanying ways to make to make SMEs benefit more from state aid and to restore confidence.

In its paragraph 27a, the Temporary Framework states that the maximum period for the reimbursement of funds is 6 years. At the moment, SMEs are trying to maintain their activities and employment as much as possible. Giving a short period of time to repay the loans granted on the basis of this framework, combined with other financial commitments such as taxes and rent payments, will increase their vulnerabilities and affect their ability to protect their activities and jobs. The economy in its all will be impacted as SMEs are its backbone. We ask the European Commission to extend this period to 10 years, at least.
Also, we ask that the loan guarantee schemes can be applied not only to loans but also to other formulas such as temporary funding into SMEs share capital and participatory loans. We consider those formulas necessary to avoid solvency difficulties that may have serious consequences to financial institutions. In this regard we have to mention that IMF is also recommending those formulas to ensure long term viability of the SMEs as well as investment capacity taking into consideration that during the period March – September SMEs debt ratios have worsened substantially.

As you can understand it, the situation is full of uncertainty and the European Union legislation, including the temporary framework on state aid. To summarise, there are two ways to increase the security (with reference to the uncertainty mentioned at the beginning of the sentence) of businesses: extend the entry into force of the temporary framework and extend the reimbursement period.

We remain at your disposal and stand ready to give you additional details on SMEs issues and their needs for support.

Yours sincerely,

Med venlig hilsen,

Danielle Vaccarino
CNA President

Giorgio Merletti
Confartigianato President

François Asselin
CPME President

Georgios Karanikas
ESEE President

Georgios Kavvathas
GSEVEE President

Josep González i Sala
PIMEC President