

Brussels, 31st January 2014

Mr. Joaquin Almunia
Vice-President and Commissioner for Competition
Cc

Mr. Antonio Tajani
Vice-President and Commissioner for Industry

Mr. Karel De Gucht
Trade Commissioner

Mr. Michel Barnier
Commissioner for Internal Market and Services

Only by e-mail

Dear Sir,

Concerns: Support to SME Internationalisation in the Commission State Aid Modernisation (SAM) reform

We are writing to you asking to review the currently discussed Commission position on support to SME Internationalisation in the context of the State Aid Modernisation reform. According to our information and in line with our previous request to your attention, in mid-2013 the Commission services were favourable to the idea of adapting the framework for SME Participation in Fairs in order to allow them to participate in several editions of the same fair for a period of time that is sufficient to allow the SMEs to gain visibility in the targeted third country market. Unfortunately, the latest information gathered early this year does show that, without explanation or reason, there is a radical approach of not amending the current regime, thus rejecting the improvements fro supporting SMESs internationalisation.

Indeed, this decision is completely incongruent with the Commission's various messages to SMEs to promote and assist them in their internationalisation, an essential element for increasing their competitiveness and maintaining the industry in Europe. This lack of support will particularly impact negatively the SMEs composing chiefly our sectors of activity, which, despite harsh market conditions and resource constraints, have managed over the last years to maintain a sustainable and vital export growth¹ in order to partially compensate the visible decline in the EU consumption.

In this internationalisation process, State Aids can play a complementary but critical role in ensuring that the smallest companies have the necessary resources to undertake this complex and hard path successfully, particularly today that we register an *increasing number of strong protectionist measures being adopted by Third Countries in our sectors*. For this reason the EU State Aid framework should be an enabling instrument providing the necessary tools for Member States to develop their own internationalisation/export promotion actions in line with fair competition principles.

¹ All together our industries represent 50,9 billion of Extra-EU exports making our EU industries key world exporters (e.g. EU is the 2nd World Exporter of Textiles and Clothing, EU represents is 30% of the world exports in shoes; European furs are the 1st worldwide producer and exporter)

Therefore ***we strongly believe that there is an urgent need for improvement in what concerns the support for SME Participation in Fairs*** as in our view today's provision is not assisting, as it should, the internationalisation efforts of SMEs, particularly in the Fashion industries. Indeed the current regime, which allows aid to be granted to SMEs, without prior notification, up to an amount of €2.000.000 per undertaking per project, does not respond to our needs. In practice, today 50% of the eligible costs can be supported per company but only for the first participation in a given fair. Under the existing regime an SME can present a project that covers different fairs but not several participations in the same fair. With the high competition coming from third countries, such first and sole participation in a given fair will not provide the necessary contacts and visibility to enter such new market. Furthermore, our creative industries have a significant part of their business centred in fashion and high product rotation. We have at least two collections per year corresponding normally to two seasons and two different fairs in a market. This means that, for our sector, a first entry in a market corresponds already to two fairs a year and today's unique participation is again clearly insufficient.

It is our firm belief that the EU State Aid framework should be changed to capture such peculiarity allowing several participations of SMEs in the same fair for a period of time that is sufficient for the company to gain visibility in the market. We propose that at least two editions/fairs per year are considered and for a minimum period of 4 years.

Our request results even more justified and needed if we take into account that the new Commission *de minimis* Regulation, approved in December 2013, maintains the ceiling of 200.000 euro for state aid in a three-year period. As you know, the ceiling was fixed in 2006 and has not changed since then (not even in line with inflation in order to ensure that the real value of the ceiling remain constant) except when in December 2008, "the stimulus package" raised it to 500.000 euro for the following two years in order to help companies experiencing financial problems as a result of the economic and financial crisis, a crisis that has worsened since then.

We hope this request might receive a favourable response and remain open to discuss further with you or your services if you deem useful.

Kind regards,



Carmen Arias Castellano
General Secretary



Francesco Marchi
Director General



Bo Manderup Jensen
Managing Director

Supporting Industry Associations

About CEC - The European Confederation of the Footwear Industry (CEC) groups national associations and federations from the European Union, which represent approximately 87% of the European manufacturing. CEC's overall purposes are to encourage the development of an environment in which European footwear manufacturing can be successful, as well as to reinforce the competitiveness and growth of the whole sector's supply chain. From 2008 till 2012, EU 27

footwear exports to third countries have increased by 24,1% in quantity, and by 31,5% in value: a remarkable achievement under the period of economic crisis.

About EURATEX - As the voice of the European textile and clothing industry, EURATEX's main objective is to create an environment within the European Union which is conducive to the manufacture of textile and clothing products. The EU textile and clothing industry, including manmade fibres, remains an essential pillar of the local economy across the EU regions and is competing intensively at international level while striving for a level playing field with the rest of the world. According to revised EURATEX data, the nearly 180.00 EU-27 companies active in this industry did reach in 2012 a turnover of €168.550 million and generated more than €45 billion of added value thanks to its 1.730.000 workers. The Extra-EU exports reached the €42,1 billion or 25% of the 2012 global sales, a growing share of the EU-27 turnover.

About European Fur Information Center: The European Fur Information Center is an umbrella organisation representing more than 50 national European fur farmer and fur retailer associations. The main objective of the European Fur Information Center is to develop and maintain the European fur sector's position as world leading within animal welfare, ethics, and sustainability. Furthermore, the European Fur Information Center is working to create awareness and knowledge about the fur sector in Europe based on openness, transparency and verified facts. Europe is the world's largest fur producing region with approx. 50% of the world production of fur.