



# UNION EUROPÉENNE DES TRANSPORTEURS ROUTIERS

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## Consultation on the amendment of the Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis

### UETR CONTRIBUTION

With the present statement UETR intends to give its contribution to the public consultation on the amendment of the Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis launched by the European Commission.

UETR is the umbrella organization representing 200.000 European freight transport SMEs from Western and Eastern EU Member States federations, with a total capacity of more than 430.000 commercial vehicles <sup>1</sup>.

UETR takes the lead and chair the UEAPME <sup>2</sup> Transport Forum, a co-operation platform bringing together SMEs from manufacturing and repair of road vehicles as well as road transport. The Forum aims to develop joint positions on all transport-related issues such as sustainable transport, organisation of the supply chain, road safety, infrastructure efficiency.

*UETR is registered in the European Commission's Register of Interest Representatives (Register ID number: 7690236700-94)*

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<sup>1</sup> Within the Union, 95% of the road haulage companies are micro-enterprises with less than 10 employees (small firms or one-man operations).

<sup>2</sup> UEAPME is the European Association of Craft, Small and Medium-sized Enterprises incorporating 83 member organisations consisting of national cross-sectorial SME federations, European branch federations and other associate members and representing over 12 million enterprises with nearly 55 million employees.



Road transport provides about 4.5 million jobs, with a turnover worth about 1.6 % of EU gross domestic product, and already conveys 73 % of goods on land: it really represents “the backbone of the real economy”. Unfortunately, the effects of the impact of the economic and financial crisis on the sector (falling demand; haulage tariffs in decline; thousands of companies closed) are still hitting road haulers, and the economic recovery will be very likely slowing faster than previously anticipated <sup>3</sup>. The impact of the crisis is continuing to have consequences on the real economy (fall of commercial vehicles registrations; decrease in circulation of goods; GDP fall; increase in unemployment <sup>4</sup>). In addition, serious structural problems in many national transport markets (weak contractual power; structural weakness; lack of access to credit; heavy taxes and charges; late payments <sup>5</sup> ; high fuel costs) are far from being solved.

The situation still requires some critical reconsideration of the functioning of EU State Aid Rules. UETR believes that a prolongation until December 2011 of the Temporary Framework is absolutely necessary for the economic recovery of European companies. Aid in the form of guarantees was a helpful measure: however, smaller companies still encounter resistance from the banks in credit and loan access <sup>6</sup> while granting a limited amount of aid of 500.000 per undertaking proved to be very effective, allowing transport SMEs to cover investment and working capital.

In view of obtaining helpful support from the European Union to relaunch transport SMEs' competitiveness, UETR hopes that the EC will keep in place the temporary support measures for loan guarantees and venture capital and in particular calls the Commission not terminate by 31 December 2010 the provision of the compatible limited amount of aid.

Since the implementation of the internal road transport market, the shape of freight transport in Europe is today undergoing profound change: unfair competition and social dumping are menacing the sector, while the European

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<sup>3</sup> According to the OECD's latest Interim Economic Assessment. See also IMF's latest Regional Economic Outlook: the recovery is sluggish and projected growth rates are low by historical standards.

<sup>4</sup> Up to 10 % (source: Eurostat)

<sup>5</sup> B2B payments in particular. A major drain on the European economy, it is the cause of 1 in 4 bankruptcies, wiping out an estimated 450 000 jobs every year. Small businesses are most vulnerable because they depend on timely receipts to maintain cash flows. Payments should be made within 30 days but national averages vary widely, up to 120 days (4 months).

<sup>6</sup> According to Eurostat figures, credit conditions hardened from 4 to 14% in the second quarter of the year.



Commission is likely to present in its new White Book on Transport the vision of a transport sector relying on self-financing. The introduction of a higher taxation for commercial vehicles, as recently agreed by the Transport Council of the EU in October on the revision of the "Eurovignette III" directive <sup>7</sup> will have disastrous consequences on companies. Road haulers will have also to spend heavily on new technology to meet tough emissions standards.

UETR does not agree with the prorogation of the Temporary Framework with stricter conditions but, on the contrary, calls the European Commission to include the allowance of a limited amount of aid exceeding the threshold of *de minimis* rule, that would fall within the scope of art. 87 (1) of the Treaty.

A gradual return to normal EU competition rules will be acquired by gradual amendments, and not sharp terminations: European transport SMEs are not yet ready for a suspension of such measure and still need more time and aid to face the current situation, absorb the crisis and adapt to cultural change at EU level.

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<sup>7</sup> 3037th session of the Council of the European Union - TRANSPORT, TELECOMMUNICATIONS and ENERGY, 15 October 2010- Proposal for a Directive of the European Parliament and of the Council amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures (Eurovignette)- Political agreement

