



"The voice of crafts and SMEs in Europe"

G20 summit must first and foremost restore confidence, say SMEs

Small businesses particularly concerned with pro-cyclical effects of current IFRS and Basel II rules

Brussels, 31 March 2009 – World leaders meeting in London for the G20 on Thursday must not waste their limited time criticising each other's response to the current economic and financial crisis. They should instead join forces to restore confidence in the economic, financial and regulatory systems, according to UEAPME, the European craft and SME employers' organisation. Ahead of the London summit, which will take place against the backdrop of the worst international banking crisis in generations, UEAPME called on the G20 leaders to proceed with a radical overhaul of the world's financial architecture. SMEs are particularly concerned with the negative pro-cyclical effects of international financial reporting standards and of the so-called "Basel II" rules, it stressed.

Secretary General **Andrea Benassi** offered the following comments:

"Much has been said and written about which side of the Atlantic has better responded so far to the financial crisis. Questions were also raised on whether all countries are doing their utmost against the crisis. However, indulging in this debate at the G20 would be the worst possible use of the world leaders' precious time. Despite evident similarities, each country has been affected by the downturn in a slightly different way, and it is up to each country to tailor an appropriate response according to its economic and social model. Different systems and different problems call for different solutions. That is why participants should resist the temptation to make worthless comparisons, especially between the US and the EU."

"The present economic downturn is due first and foremost to a crisis of confidence in the international banking system and in the underlying regulatory framework. Restoring trust is therefore an absolute must, and one would hope that by now all the G20 leaders have realised this. If there is one thing the London summit must do, it is to send a strong signal to reassure citizens and small businesses. No rescue plan or extraordinary measure will work unless confidence is restored first."

"The IFRS international financial reporting standards and stricter rules on capital requirements due to the 'Basel II' agreement are clearly having a pro-cyclical effect in the crisis, adding volatility to already frail financial markets and unfairly penalising small businesses. In both cases, a mechanism must be found to bring more stability in the system and cushion external shocks when they happen. The G20 meeting in London is an excellent chance to find solutions in this respect."

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EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 83 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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