



"The voice of crafts and SMEs in Europe"

Recovery measures must be geared towards to the future, SMEs urge ECOFIN

UEAPME speaks at Macroeconomic Dialogue, warns that crisis is not over, calls on EU27 to restore confidence

Brussels, 9 November 2009 – The current economic situation leaves no room for premature exit strategies and calls instead for future-oriented and sustained recovery measures. This was the message delivered by UEAPME, the European craft and SME employers' organisation, at the Macroeconomic Dialogue between the Council, the Commission, the ECB and the European Social Partners that took place in Brussels today. Speaking the day before the ECOFIN Council, Secretary General Andrea Benassi expressed worries on the possible negative effects of rising unemployment on private consumption, a key source of revenues for small businesses. He also urged Finance Ministers to aim recovery programmes at structural reforms and at workers' requalification rather than waste the little resources left on old and unproductive structures. Member States must ensure order in banking structures, public budgets and social security to prop up citizens' falling confidence, concluded Mr Benassi.

"The economic forecasts released last week by the European Commission paint a gloomy picture and confirm our own expectations about falling investments and rising unemployment in 2010. Jobless citizens will have less disposable income and a lower consumption propensity, which is likely to negatively affect SMEs' revenues", said Mr Benassi. "In other words, we cannot indulge in wishful thinking and believe that the crisis has ended. Much remains to be done to support our economy, improve Europe's potential output and restore consumers' confidence in banks and public administrations."

Phasing out recovery programmes is not an option at this stage, continued Mr Benassi. Withdrawing public support in the next months would endanger Europe's economic stability and trigger a "W-shaped" recession, he stressed. However, growing budget deficits and public debt are the flip side of the coin. It is therefore crucial that the little public resources available are spent wisely and matched by private money, which can be attracted for instance via public-private partnerships and incentives for private households in sectors such as energy efficiency. Moreover, recovery measures must be geared towards the future, said Mr Benassi: *"Public spending is needed and justified at this stage, but quality is as important as quantity. Member States must attract private investments. They must provide support to qualify and train workers for sectors likely to prosper in the future. They must privilege innovation and the creation of modern infrastructures, and they must refrain from spending more on clearly unprofitable structures. Unfortunately, this is not the case at the moment."*

The very same measures that could lead Europe out of the crisis are also likely to improve its economic potential in the longer run, explained Mr Benassi. *"In a mid-term perspective, the effects of the economic crisis on our potential to create growth and jobs are the most worrying prospect. Gearing recovery measures towards the future will not only help in the short term but also ensure long-standing sustainable growth. Europe risks a long stagnation otherwise",* he continued.

Finally, Mr Benassi called on Member States to act swiftly to restore citizens' confidence, which has been clearly shaken by the economic crisis. *"Confidence will play a crucial role in Europe's recovery process. Citizens must be sure that social protection systems will work and that growing public deficits will not endanger their countries' stability. As consumers, they need rules capable of avoiding a second financial crisis and the guarantee of a stable banking system, which incidentally they have no intentions of bailing out again. We will not leave this crisis behind us unless trust is restored",* he concluded.

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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 84 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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