



*"The voice of crafts and SMEs in Europe"*

## Only private spending will bring Europe out of the crisis, warn SMEs

*UEAPME speaks at Macroeconomic Dialogue, calls for a reorientation of recovery programmes, comments on EU 2020*

Brussels, 15 February 2010 – Recovery programmes must be kept in place in the months to come but their priorities must be reshuffled, according to UEAPME, the European craft and SME employers' organisation. Speaking today at the Macroeconomic Dialogue between the Council, the Commission, the ECB and the European Social Partners, President Georg Toifl anticipated some of the key findings of UEAPME's upcoming Craft and SME Barometer. While business confidence is slowly ticking upwards, expectations on investment and employment levels remain negative, with both indicators likely to further decrease in average in the EU. Against this background, President Toifl called on Member States to spend their little resources left to mobilise private investments, favour sectors capable of generating future growth and support future-oriented activities such as training and innovation. Commenting on the EU 2020 strategy, Mr Toifl called for fewer and clearer priorities, focusing on growth and employment, keeping an eye to the efficiency of the public sector and strengthening public regulators.

*"The figures that we have collected in the last months suggest a slight increase in business confidence, which contrasts with a certain reluctance by SMEs to hire and to invest. Growing unemployment seems to be the culprit, as it triggers a decrease in private consumption, which leads to grim economic prospects for SMEs and ultimately to more unemployed workers. Europe must put an end to this negative spiral",* said President Toifl. *"We welcome Member States' decision not to stop recovery measures at this stage, but it is high time for a change of path. Europe will not recover quickly if governments keep supporting the usual suspects: national champions, unproductive industrial dinosaurs and overcapacities. They must mobilise private investments and prepare for the future rather than linger in the past",* he continued.

Public finances have bore the brunt of the crisis so far, with budget deficits sky-rocketing and some Member States on the brink of default. It is clear that the little money left in public coffers must be spent wisely, stressed President Toifl. First of all, private investments must be mobilised. Companies can be encouraged by setting up public-private partnerships, while both private enterprises and households can be led to chip in by incentives in sectors such as energy efficiency. Secondly, all recovery measures must lay the foundations of Europe's future economy by focusing on promising sectors, training workers for future skills needs and privileging innovation and the creation of modern infrastructures, he explained.

Commenting on the EU 2020 strategy, which was the second item on the agenda of the Macroeconomic Dialogue, President Toifl called for less and clearer goals for the future. *"The Lisbon strategy overpromised and under delivered because it had too many priorities in too many areas. The EU 2020 strategy must concentrate instead on growth and employment, with a few clear and easy to understand indicators attached",* he said. Moreover, the new strategy will not be of help unless it also covers the public sector, both on its effectiveness and on the quality and enforcement of public regulations.

On the first aspect, increasing the efficiency of public services is crucial to contain their price and increase their acceptance by taxpayers, customers and society at large. On the second aspect, SMEs need effective regulations ensuring fair competition and a reliable legal framework, stressed Mr Toifl, especially in sectors dominated by incumbents and national champions. However, even the best of regulations is of little help if it is not properly enforced. The quality of regulatory systems and their ability to impose European regulations must be fully integrated into the EU 2020 Strategy, said Mr Toifl.

*"The EU 2020 strategy must include a clear commitment to put into practice the principles agreed in the "Better Regulation Initiative" as well as in the Small Business Act, starting from the "Think Small First" rule. After many years of discussions and promises on better regulation, the situation on the ground has not moved an inch forward and has actually worsened in some respects. The EU 2020 strategy is an excellent chance to make a real difference",* concluded Mr Toifl.

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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 81 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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