



*“The voice of crafts and SMEs in Europe”*

## European Council: “Growth Pact” is necessary but not sufficient, warn SMEs

*“Fiscal Compact”, structural reforms, growth-supporting measures and governance are the needed four pillars, according to UEAPME*

Brussels, 26 June 2012 – European small and medium-sized companies need a “Growth Pact” capable of stimulating the economic recovery of the EU and bringing about the necessary structural reforms at national level. However, the pact must be in line with the recently agreed “Fiscal Compact” and accompany the ongoing fiscal consolidation. This was the message put forward by UEAPME, the European craft and SME employers’ organisation, in a letter to the Presidents of the European Council, of the Council of the European Union and of the European Commission ahead of the meeting of Heads of State and Government that will take place later this week (1).

*“As rightly pointed out by President Van Rompuy, deficit reduction and growth are ‘two sides of the same coin’. One must only look at the figures to realise that the fiscal consolidation and structural reforms enforced by EU and international institutions up to now are not sufficient to bring our economy back to sustainable growth and to re-stabilise financial markets. That is why we fully support all growth-enhancing measures. However, such a growth strategy must accompany fiscal consolidation and structural reforms, rather than replace them”,* said **Andrea Benassi**, Secretary General of UEAPME.

In its letter to Mr Van Rompuy, Ms Thorning-Schmidt and Mr Barroso, UEAPME stressed that it would support the creation of a “European Growth Pact”, if it is coherent with the other elements of the current crisis policy and if it includes the main priorities and needs of crafts and SMEs in Europe. Although the concrete measures taken in the framework of such a pact would clearly differ from country to country according to the various situations, the “Growth Pact” will only be successful if there is a strong commitment by all Member States on its policy outline and priorities, combined with their willingness to implement the pact at national level, if necessary against the resistance of all possible vested interests.

This renewed approach to economic policy in the EU should be based on four pillars, continued UEAPME:

- Regarding the **“Fiscal Compact”**, its main aim should be the reestablishment of a functioning finance market, to ensure sufficient financing of the real economy and to restore the confidence in public households, in order to reduce the fiscal burden created by high yields on public debts.
- Member States must not brush aside **structural reforms**, which are the precondition for fiscal consolidation and for improving competitiveness. In particular, national social security systems must become financially sustainable, without undermining social cohesion; the efficiency of public administration must be further improved; the organisation of many labour markets in Europe must be strengthened both on the supply and demand sides; the single market must be completed, and the key principles of the Small Business Act must be put into practice.
- **Growth enhancing and supporting measures** are a third pillar that will be crucial to kick-start economic expansion and to improve the infrastructure for economic activities. Once again, the commitments taken with the Small Business Act must become reality on the ground. Moreover, public support is needed for the creation of financial instruments in the form of guarantees, for investments in energy efficiency, in vocational education and training and in infrastructures. Fair competition for smaller enterprises must be ensured on aspects such as late payments, access to public procurement, trade defence measures and intellectual property rights protection.
- To round this off, a reliable **governance** structure must ensure a coherent design and implementation of these three policies, to ensure confidence in such an integrated policy approach.

*“With public authorities increasingly cash-strapped and short of options, it is clear to us that only the private sector has the potential to be the driver for future economic growth and new jobs in Europe’s economy. No companies are better placed than SMEs in this respect. That is why Heads of State and Government at this week’s European Council must carve out a ‘Growth Pact’ based as much as possible on the needs and expectations of SMEs”,* concluded Mr Benassi.

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(1) The full text of the letter is available at the following link: [http://www.ueapme.com/IMG/pdf/120626\\_letter\\_HVR.pdf](http://www.ueapme.com/IMG/pdf/120626_letter_HVR.pdf)

**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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