



## **“The voice of SMEs in Europe”**

### **Press Release**

FOR IMMEDIATE RELEASE

#### **UEAPME says Commission ignored positive results of reduced VAT rate experiment in its report**

**Brussels, 03<sup>rd</sup> July 2003.** UEAPME, the European SME employers’ association, and its affiliated branch organizations expressed their discontent with the Commission’s report on the experiment of reduced VAT rates for labour intensive services. In a position paper sent to Commission officials today, the association deplores the fact that the positive effects of the reduced VAT experiment were ignored and further criticises the conclusions drawn by the Commission in its report.

“We are quite surprised to see that the Commission widely ignored the information of Member States on the positive effects of the experiment.” argued **Hans Werner Müller**, UEAPME’s secretary General referring to the report published by Member States. According to him, even if some results in the Member States’ reports –which usually give a more faithful image of the situation at national level than reports made by Commission officials- were based on weak statistics, one cannot deny that the reports are generally positive with regard to the effects of the experiment.

The outcome of the experiment was very good in terms of impact on employment and economic growth in the home renovation and repair sector in France, Italy and the Isle of Man. Additionally, in the Netherlands, employment rose by 15% to 20% in the industry sectors participating in the experiment. Nonetheless, these results were rarely taken into account in the report made by the Commission.

UEAPME further condemns the fact that the Commission made some definitive negative judgements of the results of the experiment despite the difficulties of finding solid data and the trouble in distinguishing the effects of economic growth from the effects of VAT rate cuts on consumption. According to UEAPME, the Commission’s and Member States’ economist’s difficulties in producing reliable statistics on the outcome of the experiment cannot be used as an argument to claim that there are no positive results.

Finally, UEAPME laments that the Commission report failed to evaluate the economic and social consequences of stopping the experiment, such as price increases, reduction of employment, which would further deepen the current economic crisis.

\*\*\*\*\* End \*\*\*\*\*

**Note to editors:** For further information, please contact Gerhard Huemer on tel +32 2 285 0719

Raphael Anspach, Press officer  
Tel: +32 2 230 7599/ Fax: +32 2230 7861  
Email: [pressoffice@ueapme.com](mailto:pressoffice@ueapme.com)  
Web: [www.ueapme.com/pressroom](http://www.ueapme.com/pressroom)