



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE RELEASE

European SMEs push for an improved Stability and Growth Pact at next EU Summit

Brussels, 05th December 2003. Ahead of next week’s EU Summit, UEAPME, the European SME employers’ association, calls on the EU Heads of State to seriously reflect on the creation of a more flexible and improved Growth and Stability Pact. “The European Heads of State must now overcome the emotional debates surrounding the non-respect of the Pact rules and make an effort to rethink the existing Stability Pact or propose a new one” **Hans-Werner Müller**, UEAPME’s Secretary General said today.

Whilst condemning the breach of well-defined EMU rules by Member States, UEAPME believes that the current crisis has given the EU an opportunity to address the main flaws of the current Stability and Growth Pact. “The Pact as it stands now lacks instruments to enforce reforms in times of favourable economic conditions and makes it necessary to prescribe economic measures when a Member State undergoes a crisis. It is imperative to change these elements” Müller argued.

UEAPME agrees with EU Commissioner Pedro Solbes’ arguments that the Stability Pact remains an indispensable instrument for budgetary discipline in the EMU. However, the association sees the need to make the rules of the Pact more flexible and adaptable to different economic situations in the Member States so as to avoid suffocating ailing economies. UEAPME further calls on Member States to seize the fresh economic recovery in Europe to carry out the structural reforms they failed to implement previously.

Finally, in order to avoid threatening Europe’s still fragile economic upturn, UEAPME repeats its demand for the Commission to propose a two-year prolongation of the reduced VAT rate experiment for labour intensive sectors as agreed by the ECOFIN. According to UEAPME, failure to extend the experiment could result in a loss of around 250 000 jobs in Europe.

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