



**“The voice of SMEs in Europe”**

**Press Release**

FOR IMMEDIATE RELEASE

**Unlocking the doors to SME finance:  
UEAPME presents recommendations to decision-makers**

**Brussels, 28 October 2004** UEAPME, the European crafts and SMEs employers association, presented a 4-point proposal to EU decision-makers to ensure that small businesses get the funds they need. The association put forward its recommendations during a conference on access to finance jointly organised by the World Bank and the World Savings Banks Institute in Brussels today.

“All our member surveys show that access to finance remains a top concern for European SMEs in all development stages of their life. Therefore, it is essential to create a regulatory and financial framework that allows SMEs to obtain the funds they need.” **Hans-Werner Müller**, UEAPME’s Secretary General said today. The 4-point proposal includes:

- **Credit guarantee schemes must be extended to compensate the cautious attitude of the bank sector with regard to SME lending**  
Past experiences have shown that public funds used to support credit guarantee schemes have an exceptionally high multiplying effect (one Euro for guarantee schemes can stimulate up to 30 Euro investment). Other instruments, such as the securitisation of banks’ SME portfolios by the European Investment Fund would also help SMEs to have a greater level of self-finance.
- **Company and income taxation systems must be reformed to enable self-financing of SMEs**  
Many EU Member States have company and income taxation systems that have negative incentives to build-up capital within companies. In order to eliminate one of the reasons for the higher dependency of Europe’s SMEs on bank lending, this must change.
- **The new capital requirement directive must implement Basel II in a SME friendly way**  
The implementation of the Basel II accord must avoid creating excessive administrative burdens for smaller banks, which are the main providers of funds for SMEs. Also to prevent increased uncertainty amongst SMEs, the rating procedures should be made as transparent as possible.
- **More SMEs must have access to external risk capital**  
The availability of venture capital through tax incentives for private investors must increase. Also the conditions for investment of venture capital in SMEs can be improved via the development of a secondary market for such investments.

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