



## ***“The voice of SMEs in Europe”***

### **Press Release**

FOR IMMEDIATE ISSUE:

#### **Protecting services of general interest cannot compromise efficiency**

- **Services of general economic interest must be covered by Services Directive**

**Brussels, 29 November 2005** Maintaining public control over providing services of general interest must not be at the expense of their efficiency, according to UEAPME, the European small and medium business organisation, in its contribution to the CEEP conference on local public enterprises today (Tuesday).

“Small businesses are much more dependant on public services than their larger counterparts and consequently suffer much more from inefficient or unproductive public services,” said **Gerhard Huemer**, UEAPME Director of Economic and Fiscal Policy.

While UEAPME has supported the general approach of the Commission towards services of general interest and market liberalisation, it is clear that public companies operating in a protected market tend to be less productive, overstaffed and run at bloated operating costs. Non-exposure to competition enables them to run inefficiently and expensively, damaging the competitiveness of small businesses, which are at the mercy of these service providers.

“The decision by the European Parliament to include services of general economic interest in the scope of the Services Directive acknowledges the benefits of healthy competition on these markets. Competitive pressures will ultimately give the end-service users a reliable product and value for money,” continued Mr Huemer.

UEAPME is also concerned about the lack of transparency in the operations of public service providers, which have diversified into other markets to try and generate greater income. Despite the Transparency Directive, it seems that public companies are benefiting from subsidies from their public service provision when operating in new markets, placing existing small operators in these markets at a major competitive disadvantage. This must be addressed.

“The provision of services of general interest must guarantee quality, universality, affordability, efficiency and continuity of supply. If there are cases where publicly-owned providers are persistently failing to do this, the model must be reassessed,” conclude Mr Huemer.

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

**EDITORS' NOTE:** UEAPME is the employer's organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 78 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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