



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

UEAPME sends urgent warning to budget negotiators: Do not undermine SME finance

Brussels, 4 April 2006. The ongoing negotiations on the EU financial perspectives must avoid cuts in the financial instruments for SMEs, according to UEAPME, the European SME employers' organisation. The EU institutions have to fulfil the promises made regarding SME finance support measures, such as credit guarantee schemes and micro-finance, for the budget period 2007-2013.

UEAPME always supported the EU institutions throughout the negotiation and implementation phases of the Basel II rules about regulatory capital requirements. During the discussions, it was clear that support measures for SME finance would be necessary to avoid financial difficulties for small businesses, start-ups, innovation projects and business transfers. Such limitations for the access to finance of SMEs would be dramatic for growth and employment in the EU. To avoid this scenario, all the EU institutions promised to provide the necessary financial means for SMEs support. The European Commission, for instance, put forward a proposal that mentioned a minimum of 1 billion EUR for SME finance for the 2007-2013 period.

“SMEs are concerned that the ongoing negotiations may jeopardise the past commitments”, said **Gerhard Huemer**, UEAPME Director of Economic and Fiscal Policy. “This would not only undermine SME access to finance, but it would also revive doubts in the SME community about the implementation of the Basel II rules.”

The high leverage effect of credit guarantee schemes for SMEs made them the most effective instrument to compensate for the increasing restrictions SMEs have to face regarding access to finance on private markets. Any reduction on such measures is likely to hinder SME finance and exacerbate the existing problems. The first victims of budget cuts would be the young and fast growing SMEs, which carry an important part of innovation.

“We call on the negotiators to avoid budget reductions for SME finance measures. SMEs are key generators of growth and jobs and crucial to driving innovation in the EU, and support measures for SME finance are essential. If these budget headings are to be reduced during the negotiations, the nice words we heard at the recent Spring Council will ring hollow”, concluded Mr Huemer.

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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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