



"The voice of crafts and SMEs in Europe"

Summit gives hope that consumers and SMEs will be sheltered from financial crisis

Brussels, 5 October 2008 – UEAPME, the European craft and SME employers' organisation, welcomed the outcomes of the "mini-summit" on the current economic and financial crisis between the EU members of the G8, the European Commission and the Eurogroup that took place in Paris yesterday (Saturday). According to UEAPME, urgent actions are needed to shelter private households and small enterprises from the effects of the financial crisis, which is worryingly starting to impact on Europe's real economy. In such a serious downturn, access to finance for SMEs must be a priority. UEAPME therefore called on the European Investment Bank to inject up to 20 billion EUR on the market to refinance SME loans in Europe and on Member States to tackle rising loan-related costs for SMEs by doubling their counter-guarantee schemes. Both measures will not affect taxpayers, stressed UEAPME, which also called for more coordination between Member States and flexibility in the application of the EU Stability Pact and State aid rules, while fully respecting European competition rules.

"The European Union is on the brink of a very serious economic crisis. Immediate measures are indispensable to ensure that banking and financial institutions are sound and stable, consumers' savings are protected and access to finance for SMEs is guaranteed. Yesterday's meeting is a promising sign in this respect", said Secretary General **Andrea Benassi**. *"Small enterprises in particular are facing increasing financial difficulties due to a crisis to which they certainly have not contributed. Financing the real economy should be Europe's main concern in such a situation",* he continued.

According to UEAPME, a prompt and concerted reaction from all actors is the only way to minimise the effects of the global financial crisis on the EU. The commitments made by the four Heads of State and Government and the European Commission must now be transformed into action, stressed Mr Benassi. First of all, the regulatory framework must be enhanced both at European and national level. Secondly, the future financial system must be designed to support the needs of consumers and enterprises, rather than those of "global speculators" totally disconnected from the production cycle. It must also take into account the actual financial performance when fixing remunerations for managers, stressed Mr Benassi: *"We have seen several high-ranking managers in the last days walking away unpunished – and actually wealthier – from a crisis they have contributed to create. This is totally unacceptable, as rightly pointed out yesterday."* Thirdly, Member States must refrain from pursuing selfish "beggar thy neighbour" strategies, but must coordinate their actions and fully respect the EU competition acquis. *"Public interventions must not socialise the losses of high risk taking financial institutions, but rather shelter consumers and SMEs from the consequences of this crisis",* said Mr Benassi.

In concrete policy terms, UEAPME stressed that the European Central Bank must prioritise the provision of liquidity. Interest rate cuts have been advocated several times in the last days, but they would not reach the same effect and probably have no impact whatsoever on this crisis, which remains essentially a liquidity crisis at its heart. Moreover, reducing interest rates at this stage would leave the ECB without further room for manoeuvre should the crisis protract itself. UEAPME also called on the European Investment Bank to inject up to 20 billion EUR on the market to refinance SME loans in Europe and ensure continuity as regards SME finance, and on Member States to tackle rising loan-related costs for SMEs by doubling their counter-guarantee schemes. *"Both measures will not create additional burdens for taxpayers, but will greatly help in stabilising the market and restore confidence for SMEs",* stressed Mr Benassi.

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EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 87 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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