



"The voice of crafts and SMEs in Europe"

Tripartite Social Summit: no more time for words, say SMEs

Access to finance must be secured; bank deposit guarantees must be extended to SMEs

Brussels, 14 October 2008 – The European Union and its Member States must shelter the real economy from the negative spill-over effects of the financial crisis and prioritise access to finance for their most dynamic enterprises, according to UEAPME, the European craft and SME employers' organisation. Speaking tomorrow at the traditional Tripartite Social Summit taking place in Brussels ahead of the European Council, UEAPME President Georg Toifl will put forward a series of proposals to ensure that Europe's small enterprises are not caught in the financial turmoil that is currently affecting the continent. At European level, SMEs expect the European Investment Bank to ensure the refinancing of SME loans in a flexible way, increased means to back national counter-guarantee schemes for SMEs and sufficient liquidity by the European Central Bank for drying up money markets. At national level, UEAPME will urge Member States to extend to small enterprises the bank deposit guarantees currently reserved to private households and concertedly raised to a minimum 50.000 EUR per account, and to prepare well in advance the economic measures to apply once the financial markets are stabilised.

"All economic indicators show that the financial turmoil is having a negative knock-down effect on the real economy. European enterprises, and particularly small businesses, are finding it increasingly harder and more expensive to finance not only riskier investments but also their basic day-to-day operations", commented President Toifl. "Europe's real economy will grind to a halt unless proper countermeasures are taken. The action plans designed by the G4, the ECB and the Eurogroup in the last weeks are a promising sign in this respect, but more must be done at EU and national level."

At European level, the EIB has already pledged to increase to 7.5 billion EUR per year its "global loans" facility, which national banks use to refinance SME loans. UEAPME obviously welcomes this decision, but calls for flexibility in its application: *"Banks might need 10 billion EUR on year one and 5 billion EUR on year two. The EIB should be ready to cater for their requests if need be"*, said Mr Toifl. The economic downturn has also increased the demand for counter-guarantees to reduce risk exposure and encourage creditors on the supply side of SME finance. Structural funds and national means should therefore be reallocated towards counter guarantees, stressed President Toifl. Finally, UEAPME praised the European Central Bank for its actions in the past weeks, especially as far as the provision of liquidity is concerned.

At national level, Member States agreed at the last Competitiveness Council to increase bank deposit guarantees for private households to a minimum 50.000 EUR per account, with some Member States further increasing this figure to restore consumers' confidence. Such a decision should also apply to small enterprises, stressed UEAPME: *"European small enterprises' confidence in the financial system has been shaken to the same extent as private households. They deserve the same degree of attention from Member States"*, commented Mr Toifl. UEAPME also called for workable national bail-out plans, which must prioritise the needs of the real economy and secure soundness for the future financial system. *"Taxpayers' money must be used to lead Europe out of the financial crisis, but cannot be wasted to cover up the losses caused by irresponsible financial speculators. This would add insult to injury for small enterprises"*, stressed Mr Toifl.

Finally, UEAPME called on Member States to start preparing workable economic policy measures to be applied when the financial markets are stabilised, and to involve social partners in the process. *"It is high time for concerted economic policy measures taken in collaboration with social partners. UEAPME is willing and ready to cooperate with its fellow European Social Partners in this respect, and hopes that Member States will act accordingly at national level"*, concluded Mr Toifl.

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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 88 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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