



*"The voice of crafts and SMEs in Europe"*

## **SMEs can lead Europe out of the crisis, says re-elected UEAPME President**

*Access to finance, implementation of the Small Business Act main priorities of his two-year mandate*

Brussels, 30 October 2008 – The General Assembly of UEAPME unanimously re-elected Georg Toifl, a successful entrepreneur and Chairman of the Crafts and Trades Division of the Austrian Federal Economic Chamber (WKÖ), as its President for a second two-year term. Mr Toifl singled out the effects of the current financial and economic crisis European SMEs as main concern for his mandate to come. He called on the European institutions and on Member States to restore confidence in the markets, to secure access to finance for small enterprises and to fully put into practice the measures contained in the Small Business Act. The economic potential of SMEs cannot be thwarted by a crisis that they have not created nor contributed to, stressed UEAPME's reconfirmed President.

*"The real economy is starting to feel the negative effects of the financial crisis. Private consumption is going down. Credit and loans are becoming more scarce and expensive. All the economic indicators for the next quarters have been revised downwards, sometimes close to zero, a clear sign of the difficult times ahead. Against such a background, Europe must rely on its most vibrant businesses to find ways out of the crisis",* said Mr Toifl, speaking at UEAPME's General Assembly on the eve of a high level conference on crafts and SMEs in Tours, France. *"However, SMEs cannot hold the fort on their own. They need public support to overcome the negative effects of the financial crisis",* he continued.

First of all, the financial crisis the world is experiencing is a crisis of confidence, stressed Mr Toifl. The right policy response is therefore to restore confidence, particularly when it comes to consumers and small enterprises that represent the bulk of the real economy in Europe. The financial crisis has made it more difficult and pricey for SMEs to receive credits and loans, thereby cutting down a vital source of financing. Europe must act to minimise the effects of the credit crunch on SMEs' **access to finance** by ensuring that enough liquidity is put on financial markets, stressed Mr Toifl, who called for the future financial system to be designed to support the needs of consumers and enterprises, rather than those of "global speculators" totally disconnected from the production cycle.

Secondly, President Toifl applauded the European Central Bank's decision to provide liquidity to drying up markets to soothe the effects of the credit crunch in the last months. He also stressed that the time is now ripe for further **interest rate cuts**, which would help kick-start the real economy at a time when an increase in inflation looks unlikely. *"Decreasing commodity prices helped in reducing inflation expectations for the coming months. The ECB has room for manoeuvre to lower interest rates without risks and thereby support the real economy via cheaper money",* he said.

Thirdly, due to the worsening economic outlook, the **Small Business Act** is now even more important than it was when it was conceived, stressed Mr Toifl. All policymakers, both at European and national level, must therefore act to ensure that the measures contained in the SBA are implemented as soon as possible. The French Presidency has rightly steered the debate on the SBA in this direction in the past weeks. However, it must now work to ensure a quick adoption and a strong political endorsement at Council level and resist the temptation to cherry-pick among the SBA measures, stressed Mr Toifl. SMEs must be given the right regulatory conditions to thrive in areas such as better regulation, the reduction of administrative burdens, access to public procurement and State aid, where the new possibilities opened by the SBA must now be put in practice by Member States.

*"The Small Business Act is a chance that cannot be missed to put in place a workable and SME-friendly regulatory framework in Europe. All policymakers should work to this end, all the more so in such an economic downturn. However, the SBA was presented in June this year to sail in calm waters. It is now time to strengthen it to weather the storm, and let SMEs lead Europe out of it",* 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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