



"The voice of crafts and SMEs in Europe"

European SMEs should not pay the price of current economic crisis

Brussels, 3 November 2008 – Policymakers at all levels must ensure that the real economy does not end up paying the price of the current financial crisis. This was the message brought forward by the General Assembly of UEAPME, the European craft and SME employers' organisation, which came to a close in Tours last Thursday in the run-up to the European Conference on Crafts and Small Enterprises. More than 70 delegates from 21 countries, representing more than 12 million SMEs in Europe, gathered to discuss on how best to react to the spillover effects of the financial crisis on their businesses. Access to finance remains a key concern, participants agreed, stressing that the money poured recently into the markets must now reach small enterprises instead of being used to re-adjust banks' frail accounts. UEAPME and its members will closely follow the developments on the ground in this respect. Public spending will also play a crucial role, as long as it promotes durable investments and not short-term consumption. The Small Business Act must now be implemented, warned participants, who also called on policymakers to further limit red tape and to reassess the impact of past, pending and future legislation on SMEs.

"Participants from all over Europe stressed the need to shelter SMEs from the unprecedented crisis that we are witnessing. Their voice is the voice of Europe's economic backbone, a voice that cannot be neglected by policymakers", stressed President **Georg Toifl**. *"The French Presidency of the EU and the European Commission have already shown their willingness to collaborate with SME representatives. This is a promising sign, but much remains to be done to tackle a crisis that looks to be here to stay for a while",* he continued.

During the General Assembly, which reconfirmed Georg Toifl as UEAPME President and elected a new Board of Directors with 3 female Vice Presidents for the first time, SME delegates exchanged views on what needs to be done to face the looming economic downturn. Entrepreneurs all over Europe are starting to suffer from the credit crunch, with the supply of credits and loans – traditionally the main source of funding for SMEs – becoming limited and high-priced. Member States, the ECB and the EIB have acted to provide liquidity to the markets. Now it is time to make sure that these funds are passed on to SMEs, stressed participants to the General Assembly. *"One billion or 30 will not make a difference if they are kept in banks' safes and not distributed to SMEs. Member States and the EIB must ensure that this will not happen",* stressed Secretary General **Andrea Benassi**, recalling the strong stance on the issue taken by President Sarkozy on the same day.

Secondly, actions are needed to speed up the recovery process for Europe's economy. Automatic stabilisers are in place and should work to this end, coupled with some flexibility in applying the Stability and Growth Pact. However, public spending must be well targeted and focus on stimulating investments, for instance in infrastructures and energy efficiency, rather than encourage only consumption at this stage. The time is also ripe for further interest rate cuts by the European Central Bank, which would help at a time when inflations risks look less and less likely, stressed UEAPME delegates.

Thirdly, the Small Business Act is now more important than ever. The priority actions identified in the last weeks must be quickly and properly applied at all levels. They should produce the change of season that SMEs expect and deserve in a number of crucial policy areas, and create additional momentum for Europe's small businesses.

Finally, in a crucial economic moment such as the present one, SMEs cannot afford any additional regulations and costs, warned UEAPME delegates. *"Policymakers must go beyond business as usual in such a crucial moment, instead of pursuing their good weather policies as if nothing happened in the last weeks. They must understand that additional regulations at this stage could be the final straw for SMEs. All pending legislative proposals must be reassessed for their impact on SMEs. If SMEs stop working, the whole European economy will grind to a halt",* concluded 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 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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