



"The voice of crafts and SMEs in Europe"

Summit's green light to recovery plan and SBA action plan pleases SMEs *UEAPME welcomes option to use State aid for working capital, but warns against subsidy races*

Brussels, 12 December 2008 – UEAPME, the European craft and SME employers' organisation, welcomed the conclusions adopted by the European Council today (Friday) on the European Economic Recovery Plan. According to UEAPME, Heads of State and Government gave the green light to a much-needed, coherent and coordinated reaction to the present economic crisis. The SME organisation appreciated the Council's support for the Small Business Act action plan adopted by the Competitiveness Council, which is now fully endorsed by Member States and given the high political recognition it deserves. UEAPME was also pleased by the possibility opened by the Council to use State aid to guarantee working capital to enterprises, which will ensure the availability of this fundamental financing source for SMEs. It warned, however, that the new and more generous approach to State aid must not pave the way to a subsidy race between Member States. Protecting national champions to the detriment of SMEs and other Member States would wipe out all benefits of the recovery plan, stressed UEAPME.

"Member States have confirmed today that Europe is capable of speaking with a single voice on the issues that matter the most to its citizens and enterprises. The recovery plan endorsed by the Council is a strong answer to the current economic crisis. However, Member States must now make sure that the spirit of the document is respected – reverting to subsidy races, hidden agendas and 'beggar-thy-neighbour' policies would be the worst possible move at this stage", said Secretary General **Andrea Benassi**, before elaborating on the main points at stake for SMEs.

First of all, stressed Mr Benassi, a successful and EU-wide recovery plan must be more than the simple sum of 27 national plans. The Council clearly understood this crucial point by endorsing a document that ensures coherence between national actions, while leaving each Member State free to adapt measures to the country's situation. Heads of State and Government also gave their full blessing to the Small Business Act action plan adopted by the Competitiveness Council, which is now recognised as a crucial pillar of Europe's economic recovery. *"The recovery plan and the SBA action plan have lived parallel but separate lives so far. The Council redressed this shortcoming today, showing that Member States are aware of the difficulties SMEs are facing and of the positive role that the Small Business Act can play to tackle the current economic downturn",* commented Mr Benassi.

Secondly, the Council conclusions open the possibility to use State aid for guarantees to SMEs' working capital, a long-standing demand of UEAPME. This will ensure that healthy SMEs remain financially sound despite the crisis, and that their growth potential is not hampered by a capital shortage while expanding their business. However, it is now up to the European Commission to come up with rules that respect the spirit of the Council conclusions without leaving Member States free to misuse taxpayers' money, stressed UEAPME. *"State aid must be used in the most transparent and economically viable way, and it is up to the European Commission to draw clear borders between what Member States can and cannot do. The temptation to bail out unproductive dinosaurs and oversized industries is undeniably present. It must be resisted at all costs and by all means, including precise and enforceable rules",* 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 83 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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