



"The voice of crafts and SMEs in Europe"

Economic crisis must not be an excuse to stop reforms

Recovery plans must strengthen Europe's economic potential, say SMEs speaking at EESC event

Brussels, 22 January 2009 – European governments must resist the temptation to use the economic downturn as a pretext to bail out uncompetitive national champions and oversized industries or to step back from the necessary reforms on their labour markets, according to UEAPME, the European craft and SME employers' organisation. Opening today a two-day conference on the economic crisis organised by the European Economic and Social Committee, Secretary General Andrea Benassi welcomed the recovery programmes set up in the last months to tackle the crisis, but stressed that the way in which they will be put in practice will be crucial for a speedy economic recovery. He therefore called on Member States to use public spending to increase the potential of Europe's economy, for instance by investing in infrastructure and energy efficiency, and to stimulate private consumption to support the demand side. Moreover, the Stability and Growth Pact and the State aid acquis must be respected, said UEAPME, warning against subsidy races and spending sprees in the next months.

"The latest forecasts released by the Commission clearly show that the financial crisis triggered a severe economic downturn. SMEs are feeling the punch of recession, especially in the construction sector or where they act as subcontractors, such as in the automotive industry. Order books are drying up, private consumption has dramatically decreased, credit is becoming scarce and more expensive so investments must be shelved. 2008's worst case scenarios are 2009's reality", said Mr Benassi. *"Recovery programmes are the right measure against such a gloomy background. Europe's concerted reaction bodes well for a rapid improvement in theory, but the next months will be crucial to assess its effects in practice."*

Some of the measures proposed in the last months are particularly important, continued Mr Benassi. First of all, access to finance must be secured for SMEs. In this respect, public support given to banks in form of capital or guarantees must be passed on to the real economy rather than used to improve banks' fragile accounts, stressed Mr Benassi, who also welcomed the EC efforts to promote guarantees for SMEs' working capital in its revised State aid rules. Secondly, recovery plans must avoid the bail out of industries with overcapacities and uncompetitive structures, and concentrate instead on promoting durable investments. For example, Mr Benassi singled out energy efficiency as a key dossier: *"Support for investments in energy efficiency, for instance through incentives for private households, will create additional jobs in the construction sector, act as a stimulus to private consumption and last but not least contribute to achieving Europe's goals on climate change and energy policy. Well-designed public policies can turn the crisis into opportunity",* he commented. Thirdly, Mr Benassi called for support to be extended to small suppliers and subcontractors in the social and rescue plans put in place when larger enterprises are forced to downsize due to the crisis.

On a more political note, Mr Benassi underlined that the downturn makes a forward-looking reform policy agenda more important now than ever: *"Any reductions in the efforts to implement the Lisbon Agenda or the new climate and energy policy will not help to bring Europe out of the crisis. Thinking that public debt is the silver bullet against the economic crisis is short-sighted and irresponsible. The Stability and Growth Pact and automatic stabilisers gives Europe enough room for manoeuvre to escape from the crisis in the short term, while ensuring its financial sustainability in the long run. Those who refuse to understand these basic truths are asking Europe to repeat the same mistakes made in the 70s and in the 80s."*

Finally, Mr Benassi called on policymakers at all levels to fulfil the promises made in the framework of the Small Business Act and to adapt their actions to the present downturn. *"The Small Business Act is a milestone of Europe's SME policy, at least as far as its promises are concerned. However, the SBA has been developed in good economic times and does not include all the measures that SMEs need to tackle the crisis. Policymakers must therefore adapt the Small Business Act, which must be properly implemented but also developed. The focus must now shift from words to actions – failure to do so would shrink Europe's credibility when it comes to SMEs",* he concluded.

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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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