



"The voice of crafts and SMEs in Europe"

Tripartite Social Summit: SMEs urge EU to match commitments with action

Late payments, access to finance and employment support measures key concerns for UEAPME

Brussels, 19 March 2009 – The European Union and its Member States must match commitments with action if they are serious about tackling the present economic downturn, according to UEAPME, the European craft and SME employers' organisation. Speaking today at the Tripartite Social Summit ahead of the European Council, UEAPME President Georg Toifl denounced worrying inconsistencies between words and deeds on crucial dossiers such as late payments, access to finance and employment support measures. Building on the results of the "Craft and SME Barometer" launched by UEAPME last week (1), President Toifl urged policymakers to adopt concrete measures for Europe's small businesses, whose confidence has been severely shaken by the economic crisis. Failure to do so would further decrease SMEs' assurance and delay the recovery process, he concluded.

"At a time when restoring optimism is a must, Europe is not matching political announcements with concrete actions. As a matter of fact, the exceptional measures and recovery plans announced in the last months have largely remained on paper so far. This is a worrying signal for SMEs, whose confidence has reached a new record low according to our data. Europe should create, not destroy confidence at this stage", said Mr Toifl, before elaborating on UEAPME's key concerns.

First of all, the European Commission promised in June last year an overhaul of its rules on **late payments**, with shorter harmonised time limits and higher penalties for delays. *"New rules were originally announced for November 2008",* stressed President Toifl. *"However, their adoption was postponed twice, and the European Commission seems likely to come up next week with a proposal that will not cover business-to-consumer transactions, contrary to our requests. This goes to show that there is still a long way before legislation is really conceived with SMEs' needs in mind",* he commented.

Secondly, Member States have not stepped up to the plate either, especially when it comes to **access to finance**. The European Commission presented in December last year a temporary framework of extraordinary State aid measures to tackle the crisis. However, so far only a handful of Member States has taken advantage of the possibilities opened up by this new regulatory package, stressed Mr Toifl: *"Be it due to Member States' lack of interest or to the burdensome notification procedures, the new State aid rules have remained largely unapplied. Member States are indulging in their old routine of throwing cash at large companies and national champions, while healthy businesses are deprived of credit and loans."*

Thirdly, President Toifl stressed that all **social plans** aimed at tackling raising unemployment must include SME owners and workers. In the vast majority of cases, however, these plans have been wrongly designed to cover only larger enterprises. *"Our survey demonstrates that smaller businesses have been so far more reluctant to lay off workers compared to larger enterprises. However, small entrepreneurs cannot do it alone. They need support to continue in this responsible behaviour, in terms of flexible working arrangements, temporary unemployment benefits as well as measures for training and requalification of staff. SMEs must also be included in all restructuring support measures, which are mainly run thanks to EU and taxpayers' money, in other words thanks to their own money",* continued Mr Toifl.

Finally, UEAPME called on the EU and on Member States to act swiftly to redress these shortcomings. *"Small business confidence has plummeted to unprecedented low levels in the last six months, according to our survey. Unless decisive action is taken swiftly, it is all too easy to predict a further drop in the months to come, which will make Europe's economic recovery process harder and slower. This is a risk that must be avoided at all costs",* concluded President Toifl.

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(1) The full survey results can be downloaded at http://www.ueapme.com/IMG/pdf/090311_Barometer_2009-H1_FINAL.pdf

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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