



"The voice of crafts and SMEs in Europe"

Financial regulation: EU must support the real economy, not the City of London

UEAPME welcomes informal Council's common position, calls on EU to uphold it at next week's G20

Brussels, 18 September 2009 – UEAPME, the European craft and SME employers' organisation, welcomed the common position on financial regulation agreed at yesterday's informal Council meeting ahead of the G20 summit next week. According to UEAPME, the EU Heads of State and Government rightly came up with a bold statement on how to strengthen financial regulation by improving the quality of bank balance sheets, coherently implementing the so-called "Basel II" rules, achieving higher quality in accounting standards and stepping up international supervision. These general principles must now become concrete legislative measures, warned UEAPME, which called upon the EU to defend this common position at the G20 meeting in Pittsburgh next week.

Economic and Fiscal Policy Director **Gerhard Huemer** offered the following comments:

"After much debate, the EU Heads of State and Government managed yesterday to come up with a strong statement on financial regulation. The text touches upon all the main SME requests on improving banks' balance sheets, implementing Basel II and increasing the quality of accounting standards and international supervision. This is a step forward compared to the pre-summit rows, and the Swedish Presidency must be praised for facilitating consensus on this crucial issue."

"Yesterday's words must now become concrete pieces of legislation to make a difference. This means first and foremost banning off-balance sheet activities by banks, but also setting up minimum quality standards for financial products and increasing the reliability of rating methodologies. Acting swiftly on these issues is crucial to prevent another crisis."

"The agreement reached yesterday is clearly the lowest common denominator between Member States. That is why the EU must uphold these principles at the G20 next week and refuse to settle for anything less. Failure to do so risks triggering a second crisis, which cannot be resolved again by bailing out financial institutions to the expenses of taxpayers. Regulation must be improved to avoid such a nightmare scenario and to ensure that it supports the real economy rather than the interests of a few bankers in the City of London."

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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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