



*"The voice of crafts and SMEs in Europe"*

## **Tripartite Social Summit: the crisis is not over, warn SMEs**

***Recovery programmes, budget consolidation, access to finance and late payments key concerns for UEAPME***

Brussels, 29 October 2009 – The EU and its Member States must do their utmost to lead Europe out of the present crisis as quickly as possible, 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 warned that the downturn is not over and that Member States must work on exit strategies capable of lifting Europe out of the crisis in the short term while ensuring financial stability in the long run. On access to finance, Toifl denounced excessive credit costs for SMEs and the burdensome conditions imposed by banks, calling on the EU to promote stricter financial supervision. On late payments, UEAPME urged Member States to include private consumers in the scope of the new rules and not to water down penalties for late paying public authorities. On climate change, Toifl called on the EU to play a lead role but said that efforts must be made by all countries.

*"Our recent forecasts show that SMEs are likely to reduce investments and staff levels in the next months, despite some timid signs of optimism. This will trigger not only a further decrease in employment and turnover, but also a reduction of Europe's future growth potential",* said President Toifl. *"It is clear to us that the crisis is not over, and that efforts to lead Europe out of it must continue. However, Member States must keep one eye on the present and one eye on the future. Their recovery programmes must be designed to boost growth without endangering budgetary stability",* he continued.

Commenting on UEAPME's recently published Craft and SME Barometer (1), President Toifl stressed that negative SME expectations are a clear reason not to phase out **recovery programmes** too early. However, measures must be geared towards sectors capable of growing in the future, said President Toifl. *"Throwing more money at ailing and unprofitable industrial dinosaurs is a luxury that Europe cannot afford at this stage. Member States must concentrate instead on promoting new sectors such as renewable energy and energy efficiency. Workers in the sectors most hit by the current crisis must be re-qualified and trained to ensure their employability in sectors likely to thrive in the future",* he explained.

Speaking on **access to finance**, which remains a crucial concern for small businesses, President Toifl stressed that SMEs are not benefiting from the lower refinancing costs that banks have been enjoying in the last months. On the contrary, interest rates and non-rate costs on business loans remain high and banks tend request more collaterals, making loans more expensive for small businesses. *"Banks are enjoying record profits due to the spread between low refinancing costs, which are almost back at pre-crisis levels, and the high interest rates they apply to business loans. Small businesses are footing the bill. The least policymakers can do at this stage is ensure that SMEs will not witness another financial crisis anytime soon. This means first and foremost better, stricter and independent financial supervision, but also rules that cannot be bypassed by the new 'sophisticated' financial products that are likely to appear in the future",* he said.

President Toifl also called on Member States to come up with a workable legal framework against **late payments**. *"The new directive on late payments was a key component of the Small Business Act. The Commission proposal was then postponed twice and finally released with no mention of business-to-consumer transactions, contrary to our requests. The Council seems now likely to further water down the rules by trying to reduce penalties for late paying public authorities. Europe is once again paying lip service to SMEs and sadly neglecting the 'Think Small First' principle",* he stressed.

Finally, President Toifl commented on the upcoming UN conference on **climate change** in Copenhagen, calling on the EU to play a lead role and to convince all other partners to follow suit: *"Europe must be a leader when it comes to climate change policies, but unilateral reductions in CO2 emissions are inadequate and cannot lead to sustainable climate policies. The Copenhagen conference should therefore reach an agreement capable of setting adequate obligations for all industrial, emerging and developing countries. Targets should be both ambitious and quantifiable",* he concluded.

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(1) The full survey results can be downloaded at [http://www.ueapme.com/IMG/pdf/091019\\_Barometer\\_2009-H2\\_final.pdf](http://www.ueapme.com/IMG/pdf/091019_Barometer_2009-H2_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 84 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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