



"The voice of crafts and SMEs in Europe"

Tripartite Summit: only reforms and private spending will trigger an upturn, say SMEs

Brussels, 28 October 2010 – Policymakers must carry on with ambitious reform programmes and mobilise private spending to trigger Europe's economic recovery, according to UEAPME, the European craft and SME employers' organisation. Speaking today at the Tripartite Social Summit ahead of the European Council, President Georg Toifl stressed that public spending avoided a deeper recession, but only private investments in the real economy and job creating activities will lead Europe back to a sustainable and stable growth. Building on the results of the latest SME survey published this week by UEAPME, Mr Toifl warned against excessive optimism at this stage as private businesses are still uneasy and sceptical about the future. Therefore, President Toifl called on the European Commission to extend for one more year the temporary support measures for loan guarantees and risk capital adopted in 2008 and on Member States to keep their energy efficiency support schemes in place.

"Our latest SME survey shows that business confidence has ground to a halt and that companies remain overall sceptical about the business outlook. The crisis has taken its toll not only on private businesses, but also on public finances. Soaring public deficits and fiscal sustainability are a clear source of concern for us", said Mr Toifl. "Against this background, it would be unwise and dangerous to advocate for more public spending at this stage. What Member States should do instead is using their little resources left to mobilise private investments and favour sectors capable of generating future growth. Coupled with bolder reforms, this would boost business confidence and hopefully kick-start Europe's economy."

Besides the necessary budget consolidation, Member States should pursue reforms to modernise labour markets, foster innovation and support the creation of modern infrastructures, said Mr Toifl. They should also work to stimulate private investments in the real economy, particularly in sectors capable of generating future growth such as renewable energy and energy efficiency. In this respect, Member States should keep their support schemes for energy efficiency in place for the time being, said Mr Toifl: *"The construction sector was hit very hard by the crisis and is still in the dark about its future. Incentive schemes to improve energy efficiency have no negative net effects on public coffers, provide a stimulus to an otherwise sluggish demand and upgrade our infrastructure to stricter energy standards. This is why they should be kept."*

Returning on the results of the latest UEAPME Craft and SME Barometer (1), President Toifl stressed that businesses remain hesitant and that investment and employment levels are unlikely to improve significantly in the next semester. Moreover, small businesses still find it harder to obtain financing for their activities compared to the pre-crisis conditions. Traditional SMEs and family businesses depending on bank loans are now subject to tighter scrutiny in their demands for credit, while innovative small businesses and start-ups find it even harder than usual to get access to financial products capable of carrying more risks. Mr Toifl therefore urged the European Commission to extend for one more year the temporary support measures for loan guarantees and risk capital adopted in 2008 and due to expire at the end of the year.

Finally, today's meeting being the last in his capacity as UEAPME President, Mr Toifl urged for one final time all policy-makers to follow up with concrete actions to their commitments towards SMEs. *"I would like to thank President Barroso for his work in favour of small businesses in the last years. As I have stressed throughout my mandate as UEAPME President, never before were SMEs so visible, recognised and consulted in Brussels. The Small Business Act in particular has laid the foundations of a new enterprise policy in the EU. I hope that it will now start to bear fruits and trigger a change of season on the ground. I also hope that Europe's positive and proactive approach to enterprise policy will be reflected in the legislation currently in the pipeline and will be fully incorporated into all policies and at all levels",* concluded Mr Toifl.

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(1) The full survey results can be downloaded at http://www.ueapme.com/IMG/pdf/101013_Barometer_2010H2_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 85 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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