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Macroeconomic Dialogue: imbalances must be tackled, say SMEs

UEAPME suggests debate at EU level on macroeconomic differences across Member States, including wage setting

Brussels, 16 November 2010 – A serious debate on the uneven economic performance of Member States across the EU must also look at national wage policies as a factor, according to UEAPME, the European craft and SME employers' organisation. Speaking today at the Macroeconomic Dialogue between the Council, the Commission, the European Central Bank and the European Social Partners, Secretary General Andrea Benassi welcomed the focus put by the Belgian Presidency of the EU on the macroeconomic imbalances in the eurozone and on how Europe can quickly recover from the current downturn. The vast majority of small companies are still struggling and hesitant to invest and create new jobs, he stressed. With public finances under pressure, only private investments will help to prop up the domestic demand upon which many SMEs rely. This means both bringing back confidence in the stability of the financial system and setting the right incentives for companies to invest, said Mr Benassi, who also called for an in-depth discussion on the effect of wage policies on the competitiveness and employment rates of some Member States, urging all social partners to do their part in this respect.

"Despite some timid signs of recovery, especially in export-driven sectors, our latest surveys record a worrying lack of confidence in SMEs, which remain sceptical about the business outlook and reluctant to hire and invest. Our data also show marked differences across Member States, which is an additional cause for concern. Against this background, Europe must now work to correct the current internal imbalances and to regain competitiveness across the board. This will require incentives to stimulate private investments, but also a serious debate on how we ended up here", said Mr Benassi.

The crisis has taken its toll not only on SMEs' confidence and production levels, but also on public finances, leading some Member States on the brink of default and putting a serious strain on national budgets. Financing the recovery is therefore a concern, continued Mr Benassi. *"Mobilising private spending and private investments is the only way out. This means first and foremost acting to restore confidence in the stability of the financial system. The agreement reached at the G20 meeting last week and the conclusions of the last European Summit are positive signs in this respect",* he stressed.

Secondly, the right conditions must be created to stimulate private companies to invest and create growth and employment, explained Mr Benassi. For instance, a prolongation for one year of the temporary support measures for loan guarantees and risk capital, introduced in 2008 and due to expire in December, would help both traditional small businesses and innovative companies and enable them to invest. Incentives in promising sectors such as energy efficiency are also of use, as they provide a stimulus for demand in the construction sector and upgrade infrastructures to stricter standards.

Last but not least, Mr Benassi praised the Belgian Presidency of the EU for putting on the table the issue of the different economic performances of Member States and of the possible causes, not only at fiscal level but also in terms of competitiveness and employment rates. According to UEAPME, a debate at European level on all factors, including wage developments, would provide added value and greatly help in identifying possible bottlenecks. The technical level of the Macroeconomic Dialogue would be the ideal context for such a debate, Mr Benassi suggested today.

"The Belgian Presidency has rightly put the issue of lost and uneven competitiveness on the table. We must discuss all the possible causes for the current situation, including the effect of wages on the economic performance of some Member States. This is clearly a sensitive issue, but we are convinced that a debate at EU level would lead to a more rapid and more solid economic recovery in Europe. All social partners should do their part in this respect", concluded Mr Benassi.

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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 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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