



“The voice of crafts and SMEs in Europe”

Uncompetitive prices and wages are the root of recent imbalances, say SMEs

UEAPME warns about expensive public services, calls for dialogue on wages at EU level at Macroeconomic Dialogue

Brussels, 14 February 2011 – The uneven economic performance of EU Member States is certainly due to wage developments but also to the price pressures placed on private companies by uncompetitive public and semi-public services, 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 stressed that reforms aiming to trigger more competition in these service sectors will be crucial to create growth and jobs again in Member States lagging behind at the moment. On economic governance at EU level, Mr Benassi warned that a serious debate must also look at national wage policies as a factor in a coordinated macroeconomic policy, taking into account the autonomy of social partners. He therefore invited trade unions to reconsider their staunch opposition in this respect, and to work towards common solutions capable of boosting growth now and avoiding new imbalances in the future.

“All available indicators suggest that Europe’s recovery remains sluggish and patchy at the moment, with a significant number of Member States tangled in a spiral of low growth that creates clear economic imbalances across the board. Structural reforms are badly needed and cannot be delayed in these countries at this stage. Wage developments not in line with productivity have obviously taken their toll on some Member States’ economic performance, but this is not the only factor that requires close scrutiny. Overstaffed, underproductive and uncompetitive public and semi-public services must also be looked at, modernised and made more efficient”, said Mr Benassi.

Private enterprises, especially the smallest, thrive on open and competitive markets, continued Mr Benassi. However, service sectors such as energy distribution, transport services and many more are largely shielded from competition in several EU Member States. Over the years, these closed markets have led to additional costs for public finances due to overstaffing and low productivity, but also to price pressures for private companies. Opening these markets to competition is fundamental at this stage to tackle the economic imbalances across EU countries, explained the Secretary General.

The issue of wage developments is another key concern for SMEs. There is no doubt that wage developments not in line with productivity have played a role in creating the current difficulties, feeding into cost differences that led to the uneven economic performance of Member States. This is an issue that must certainly be tackled at national level, but there is merit in having a thorough discussion at EU level as well, said Mr Benassi. *“Unsustainable wage developments are one of the main reasons of the current imbalances in the Euro zone. Their effects do not stop at the border, especially in a closely linked and interdependent market such as the EU. At a time when the need for more economic policy coordination is clear and recognised, it would be unwise to exclude wages from the equation. I hope that trade unions will reconsider their staunch opposition in this respect and work at all levels with employers to find common solutions”,* he concluded.

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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 80 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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