



"The voice of crafts and SMEs in Europe"

Tripartite Social Summit: time for unions to discuss wage developments, say SMEs

UEAPME calls for debate on wage setting mechanisms, warns on expensive public services, stresses need for more reforms

Brussels, 24 March 2011 – Unsustainable wage developments and price pressures placed on private companies by uncompetitive public and semi-public services are at the root of the current economic imbalances in the EU and must be tackled as a matter of urgency, according to UEAPME, the European craft and SME employers' organisation. Speaking today for his first time at the Tripartite Social Summit ahead of the European Council, President Loek Hermans backed the recently approved "pact for the Euro" as well as the "stability package" endorsed by European finance ministers. While agreeing with the trade unions on the need to strengthen economic governance in the EU, Mr Hermans stressed that a successful and effective macroeconomic policy coordination at EU level must include wage developments, inviting the unions to reconsider their opposition and to work on common solutions to avoid new imbalances in the future. He also highlighted the "two-tier Europe" emerging from our latest "Craft and SME Barometer", calling for reforms to address budgets deficits, put in place stability programmes and mobilise private spending in all countries, especially in those lagging behind at the moment.

"The European Union is at a turning point on internal economic decisions. The crisis has made it clear that more coordination is needed, and the recent agreements by Euro zone leaders and Finance Ministers, which we fully support, are a clear proof of the direction we are taking", said Mr Hermans. *"However, this process must look at all factors behind the current economic imbalances to be successful. Wage developments not in line with productivity, for instance, have clearly contributed to the current economic imbalances. The same is true for overstuffed, underproductive and uncompetitive public and semi-public services in many Member States",* he continued.

Unsustainable wage developments have fed into price differences and created competitive imbalances in the Euro zone, continued Mr Hermans. In a market that is closely linked and very interdependent, the effects of wage developments are not limited to a single country, but affect the system as a whole. That is why a serious discussion at EU level is needed. Unfortunately, trade unions have opposed this debate so far. Mr Hermans called on the unions to reconsider their stance and work at all levels with employers to find common solutions capable of avoiding the build-up of further imbalances.

On public services, Mr Hermans stressed that "closed markets" in many service sectors and Member States have led to additional costs for public finances, due to overstaffing and low productivity, but also to price pressures for private companies. Reforms to introduce more competition in these services are therefore crucial to tackle imbalances, he continued.

Returning on the results of our latest "Craft and SME Barometer" (1), Mr Hermans stressed that while confidence levels increased on average, a "two-speed Europe" is emerging, with the countries hardest hit by the crisis sliding behind while the rest press ahead. Europe's laggards must balance their budgets and put in place stability programmes. They should also mobilise private spending and promote structural reforms, especially when it comes to labour markets, with a full implementation of the flexicurity principles. All these actions combined will secure the long-term sustainability of public budgets, give markets the confidence they need and set the recovery in motion in these Member States, he explained.

"While the worst part of the crisis may be behind, its aftermath must be taken seriously. Public finances must be put in order, private spending must be mobilised and the right conditions for SMEs to thrive must be secured with reforms. As European social partners, we are ready to do our part. We are committed to a frank dialogue on all the factors that led to the current state of affairs and on all the possible solutions that can be put in place. We hope that all social partners, in particular the trade unions, will show the same levels of commitment and openness", concluded President Hermans.

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(1) The full survey results can be downloaded at http://www.ueapme.com/IMG/pdf/110315_Barometer_2011H1_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 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/>

FOR FURTHER INFORMATION PLEASE CONTACT:

Liliane Volozinskis, Social Affairs and Employment Policy Director, Tel. +32 (0)2 230 7599, Email: l.volozinskis@ueapme.com
 Gerhard Huemer, Economic and Fiscal Policy Director, Tel. +32 (0)2 230 7599, Email: g.huemer@ueapme.com
 Francesco Longu, Press and Communications Officer, Tel. +32 (0)496 520 329, Email: pressoffice@ueapme.com