



"The voice of crafts and SMEs in Europe"

European Council: SMEs welcome focus on growth

Brussels, 31 January 2012 – UEAPME, the European craft and SME employers' organisation, welcomed the statement made by Heads of State and Government at the end of the informal European Council meeting that took place in Brussels yesterday (Monday). In particular, the organisation was pleased with the accent put by the Council on the need to stimulate growth and private investments. Moreover, it welcomed the timely choice of topics discussed, which are fundamental for Europe's enterprises in general and for its millions of SMEs in particular. On youth unemployment, the organisation called for actions to be taken on the functioning of the labour market on one side and on education and training systems on the other, by promoting vocational education and training systems based on apprenticeship and demand-led by the economy. On the single market, UEAPME stressed that more can and should be done to facilitate the activities of companies operating across EU Member States, starting by the Community patent, and rejected the recurring idea of exempting micro enterprises from EU legislation. Finally, on SME finance, the next generation of EU financial instruments must cover the whole range of SMEs and provide tailored support for each company type, warned UEAPME, which also called for corrective measures to be put in place immediately in the new EU rules for capital requirements currently under discussion.

"Heads of State and Government rightly put the accent on growth at their meeting yesterday. While it is clear that soaring public deficits must be reined in and fiscal sustainability must be achieved, it is equally important that Member States use their little resources left to mobilise private investments, and work to tackle crucial topics such as youth unemployment and SME finance. Acting on these factors and on the wider business environment by promoting the single market is an agenda to which we fully subscribe", said President **Gunilla Almgren** at the end of a meeting of our Board of Directors.

On **youth unemployment**, action must be taken on the functioning of the labour market on one side and on education and training systems on the other. Countries with work-based learning and well established and functioning vocational education and training systems, based on apprenticeship and demand-led by the economy, are the ones performing better at the moment in bringing young people at work. *"We hope that the other Member States will follow on this proven path",* commented President Almgren. Support to young entrepreneurs is also needed, for instance through fiscal incentives and specific training and mentoring measures (including on legal aspects) for young people willing to become entrepreneurs and for business transfers. *"Training should be extended and made compulsory for secondary school teachers. They should spend some time each year within a small enterprise to become familiar with their reality",* said Ms Almgren.

On the **single market**, more should be done to facilitate the activities of companies operating across EU Member States, continued Ms Almgren. For instance, a better protection of intellectual property rights is a must, including a single Community patent instead of the 27 different existing legal systems. The same is true when it comes to standards, public procurement and other issues that must be looked at urgently to improve the competitiveness of small companies in the single market. EU legislation must be properly applied at national level, stressed Ms Almgren, who also warned against the recurring idea of exempting micro enterprises from EU legislation. *"A rigorous application of the 'Think Small First' principle is the way to pursue, as rules made with smaller businesses in mind would avoid the need to create exemptions for them. In addition, the possibility for Member States to set up exemptions at country level goes against the single market, creating an uneven playing field between companies operating in different Member States",* warned Ms Almgren.

Finally, on **SME finance**, one must keep in mind that European SMEs are very diverse, ranging from traditional family businesses to high-tech and fast growing enterprises and start-ups, explained Ms Almgren. Therefore, the next generation of EU financial instruments must provide tailored support for each company type. Credit and loan guarantee schemes are needed for traditional SMEs, while start-ups and innovative enterprises should have better access to equity and quasi-equity financial instruments such as "mezzanine finance". The implementation in the European Union of the "Basel III" rules on capital requirements is an additional source of concern, as it risks jeopardising the provision of financing to the real economy. According to UEAPME, corrective measures must be put in place in the new EU rules for capital requirements currently under discussion. In particular, the review suggested by the European Commission on risk weights for SME loans should take place immediately, rather than after two years as proposed. In fact, the current weights combined with higher capital requirements would make financing more expensive for SMEs and harder to get for riskier-than-average business ventures. *"Revising the risk weights after two years would be too late, as the market for SME loans would have dried up by then. We hope that Member States will realise this and act accordingly",* concluded Ms Almgren.

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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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