



"The voice of crafts and SMEs in Europe"

Tripartite Social Summit: no EU funds for countries delaying reforms, say SMEs

UEAPME calls for funding "conditionality" linked to implementation of jointly agreed reforms; in favour of "social dimension" of EMU

Brussels, 14 March 2013 – Europe will not get out of the current economic recession unless Member States put into practice the structural reforms they have promised to deliver, according to UEAPME, the European craft and SME employers' organisation. Speaking today at the Tripartite Social Summit ahead of the European Council, President Gunilla Almgren stressed that the current widespread downturn is linked to a lack of internal demand as a consequence of austerity measures not fully counterbalanced by structural reforms. The crisis is hitting smaller companies in sectors such as construction and services very hard, as shown by our latest "Craft and SME Barometer" that also recorded decreasing confidence and low expectations among SMEs (1). Policymakers must find the right balance between growth enhancing measures and structural reforms to improve competitiveness and create new business opportunities, said Ms Almgren, speaking in favour of a "conditionality" clause to grant EU financial support only to those Member States that act to implement the jointly agreed reforms. Finally, President Almgren commented on youth unemployment and on the social dimension of the EMU, stressing that the European Social Dialogue can also be a tool to trigger a job rich recovery and to promote economic growth.

"Our latest survey among European SMEs paints a very gloomy picture. Confidence has decreased further, the recession is hitting SMEs even beyond their negative expectations and there are no signs of any improvement soon. Austerity measures have dampened internal demand and smaller companies depending on local consumption are those suffering the most. Europe will not get out of this recession unless private companies start again to invest in our market. That is why growth supporting measures and structural reforms are so important and cannot be postponed", said Ms Almgren.

Many words have been spent in the last months on the need to rebalance austerity with growth, continued President Almgren. However, little progress in this respect has been made on the ground so far. National security systems, public administrations, labour markets are only some examples of areas that still need a serious overhaul in many Member States. National governments are aware that they are lagging behind, yet do not take action in many cases. Against this background, Ms Almgren called for EU financial support to be granted only to Member States that act to implement the jointly agreed reforms: *"Each year Member States draw up and agree country-specific reform plans that regrettably end up staying largely on paper. This must change. That is why today we are proposing that EU funding is released only to Member States that prove that they are acting on their promises. Hopefully hitting their wallet will make them move",* she explained.

Youth unemployment remains a key concern, she continued: *"More than five million young people are unemployed right now, at a rate that is more than twice the already worrying adult rate. There is no doubt that getting young people to work is the priority at the moment. This is both an economic and a social imperative. That is why we are working hard as European Social Partners to agree on a framework of actions on youth employment, which should be adopted soon. If national social partners and public authorities will give it the right follow up, it will certainly boost youth employment in Europe."*

Finally, commenting on the "social dimension" of the European Monetary Union, Ms Almgren stressed that there is indeed a need for more employment and social policy convergences at EU level. *"It seems logical to us to complement a stronger economic governance and fiscal surveillance with an increased employment and social surveillance for the countries of the euro area. This could be done for instance by setting up key indicators for the evolution of youth employment, active labour market policies or even the adequacy of pensions. However, the strict competence and autonomy of social partners at all levels must be respected, and social partners must be fully involved in the choice of priorities and in the design of policies. Social dialogue, and in particular the European Social Dialogue, can also be a tool for growth",* she concluded.

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(1) The full survey results can be downloaded at http://www.ueapme.com/IMG/pdf/Barometer_2013H1_final.pdf

EDITORS' NOTES: UEAPME is the employers' organisation representing 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 please visit <http://www.ueapme.com/> or follow [@UEAPME](https://twitter.com/UEAPME) on Twitter.

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