



"The voice of crafts and SMEs in Europe"

Long-term finance: positive on regulation but not enough for SMEs

UEAPME welcomes progress on regulatory aspects, but criticises poor proposals for SME finance

Brussels, 27th March 2014 – Today the European Commission presented its communication on long-term financing, in response to the results of last year's green paper consultation and aiming at guiding the way forward to improve long-term financing for SMEs and infrastructure investments. UEAPME, the European Craft and SME association welcomed several improvements as regards future financial market regulations, which will make it more attractive to invest long-term in real economy. The small companies in Europe are however quite disappointed by the weak proposals made to improve SMEs' access to finance. The strong focus on fast growing start-ups especially – representing less than 1% of SMEs – and a large number of altogether vague announcements for future studies and consultations do not fulfil the expectations of millions of SMEs urgently needing access to finance in order to accomplish their investments plans and make a recovery possible.

On the positive side, UEAPME **Secretary General Peter Faross** welcomed the effort made by the communication as regards a better balance of financial market regulations ensuring both more stable finance markets and incentives to provide long-term finance to SMEs and investment projects. *"With this communication, the European Commission is recognising that financial market regulations are not only about stability, but are also about enabling financial markets to serve SMEs and investments in growth and job creation"*, said Mr Faross summarising the positive aspects of today's communication. Indeed, the communication takes into account our demands for greater sensibility as regards liquidity and net stable funding ratios in the Capital Requirement Regulation. Furthermore, it announces a preferable treatment of "high-quality securitisation" in the regulation for insurance companies and it aims to reduce restrictions for pension funds to invest in long-term assets.

However, these few positive aspects of today's communication do not compensate for the fact that the European Commission does not seem to have a realistic answer to one of Europe's economy's most urgent problems: how to improve access to finance for millions of SMEs and how allow them to invest, to grow and to create employment? *"The first point to be made is that the European Commission must become aware that it is not enough to focus on a few fast growing start-ups. It needs to react on the credit crunch that millions of SMEs are suffering from at the moment"*, stated Mr Faross, *"I have also doubts that crowd-funding will become a significant alternative to SME lending or equity finance"*. Finally, he criticised that, on all other SME finance topics, the communication only promises the launch of further initiatives or consultations, to publish reports or to make impact assessments or to commission studies. *"Even if it is about long-term finance, SMEs in Europe cannot wait too long a time for solutions to their finance problems, or else Europe's economy will fail to have a sustainable recovery"*, warned Mr Faross finally.

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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 please visit <http://www.ueapme.com/> or follow [@UEAPME](https://twitter.com/UEAPME) on Twitter.

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