



"The voice of crafts and SMEs in Europe"

Employment will further decline unless urgent actions are taken, warn SMEs

UEAPME presents one-page document detailing SME priorities at extraordinary Employment Summit in Prague

Brussels, 7 May 2009 – European small businesses will not be able to maintain the current employment levels unless urgent actions are put in place, according to UEAPME, the European craft and SME employers' organisation. Speaking today at the extraordinary summit organised in Prague by the Czech Presidency of the EU to discuss the impact of the present downturn on employment, Secretary General Andrea Benassi unveiled a one page document detailing nine SME priorities in this respect (1). Access to finance and support to keep employment levels stable top the list, alongside the need to ensure equal access for SMEs to labour market instruments and social protection tools. UEAPME also spoke against proposals for tax hikes, which would be totally inappropriate in the present business climate, and called for further structural reforms to put in practice the "flexicurity" principles at national level. The policy answers given now will determine whether the crisis will feed through the whole economy or, on the contrary, the recovery process will kick off, concluded the organisation.

"The economic situation for European SMEs is clearly deteriorating. Investments are being put off, working capital reserves are rapidly decreasing and workers' wages are equally at stake. Against this background, keeping the current employment levels is becoming increasingly difficult for small entrepreneurs, despite their notorious resilience and flexibility. The nine action points we are putting forward today could really make a difference in this respect", said Mr Benassi.

UEAPME insisted once again on access to finance as the key concern in the present economic climate. Credit is becoming more scarce and expensive and the number of bankruptcies is on the rise, a clear indicator of how the downturn is affecting formerly viable businesses, which have seen order books and bank accounts dry up because of the crisis. *"It is a matter of urgency to put in place what has been decided by the European Union and the European Investment Bank in the last months. SMEs must have immediate access to sufficient guarantee schemes, including working capital, if we want to get out of the crisis relatively soon and with relatively few damages",* commented Mr Benassi, who also spoke against suggestions to raise taxes: *"Such a measure would not be favourable in the present economic climate and would lead to more burdens for small entrepreneurs, which are as affected by the crisis as their employees",* he commented.

Small entrepreneurs have been so far more reluctant to lay off workers compared to their larger counterparts since they value their staff and their competences, which are so difficult to find in the present labour markets. However, they need support throughout the crisis to continue in this responsible behaviour, stressed Mr Benassi, in terms of flexible working arrangements, temporary unemployment benefits as well as measures for staff training and requalification. Equal access to labour market instruments, such as short term employment schemes, "part time work" or other types of partial unemployment is crucial to keep staff in the workplace and avoid redundancies, he continued. SME owners and their staff should also have access to social plans and all kind of re-skilling and re-qualifying measures put in place. Structural reforms must be continued, said Mr Benassi, in order to implement the flexicurity principles in all Member States, facilitate transitions on the labour market (i.e. from inactivity or school to work) and foster access to initial and continuous training.

Other suggestions made by UEAPME today included readjusting and making social protection systems and benefits accessible to all workers, as well as targeted labour market policies favouring measures with a clear focus, such as those related to training, and limited from the outset to a short period. None of these measures, however, will be of help for SMEs unless they are taken quickly: *"Small businesses have tried their best to act as shock absorbers in the present crisis. Some might have reduced production, but all have done their utmost to keep employment levels stable. But we wonder for how much longer they will continue to do so if they are left on their own",* concluded Mr Benassi.

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(1) Available at http://www.ueapme.com/IMG/pdf/090507_UEAPME_contribution_Employment_Summit.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 83 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:

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