



*“The voice of crafts and SMEs in Europe”*

## **Europe’s efforts for growth must focus on SMEs, UEAPME tells Barroso**

*President Almgren meets President Barroso; “Think Small First”, 2014-2020 programmes, Basel III and unemployment on the agenda*

Brussels, 2 May 2012 – The efforts made by the European Union to tackle the economic crisis and to restore growth in Europe must be channelled in the right direction to meet the needs and expectations of SMEs, according to UEAPME, the European craft and SME employers’ organisation. In a bilateral meeting on 30 April with the European Commission’s President José Manuel Barroso, President Gunilla Almgren insisted on the need to fully apply the “Think Small First” principle, which would eliminate the need for exemptions from legislation for small companies. She also warned against enlarging the current EU-wide SME definition and stressed the importance of SME-focused measures in the 2014-2020 programming period for cohesion policy, R&D and innovation and SMEs’ competitiveness. Finally, President Almgren highlighted the possible negative effects on SMEs’ access to finance linked to the implementation in the EU of the “Basel III” rules on capital requirements, and reinstated UEAPME’s commitment to work alongside the other European Social Partners to tackle youth unemployment.

*“The economic situation for European SMEs is far from being rosy. Austerity programmes have drained public finances and lowered private demand, a key source of revenues for our companies. We understand that there is no alternative to lowering public debt and deficits at this stage, but we believe that action must be taken at the same time to promote confidence, undertake the structural reforms needed, tackle the economic imbalances in the Euro zone and boost SME growth. Thankfully, the tide is turning and policymakers are concentrating more and more on growth. They should continue to do so, focusing on the needs and expectations of small and medium-sized companies”, said Ms Almgren.*

On the “Think Small First” principle, President Almgren stressed the need for regulations to be designed from the beginning in a way that small enterprises can implement them easily and efficiently without any competitive disadvantage. If this was the case, exemptions would not be needed, she said. On the EC plans to assess and possibly revise the EU-wide SME definition, Ms Almgren told Mr Barroso that this is an exercise to which we are not opposed in principle. However, UEAPME does not recommend widening the definition beyond 249 employees. Larger businesses’ organisations are pressing for changing the current definition for participation to the EU programmes. This would allow larger companies to access EU funds for SMEs through their affiliates, leaving “real” SMEs with fewer resources, warned Ms Almgren.

On the 2014-2020 programmes, Ms Almgren stressed the importance for “ring-fenced” budget quotas for SMEs’ competitiveness and for innovation-related activities to be kept in the EC plans on cohesion policy. On the “Horizon 2020” programme, she warned that a dedicated budget of 15% of the overall programme and a single management structure are key to fully exploit the innovation potential of SMEs, condemning at the same time all attempts to change the SME definition used in Horizon 2020 to make larger companies access SME-dedicated funds and instruments. Finally, the upcoming Programme for the Competitiveness of enterprises and SMEs (COSME) should be brought in line with the Small Business Act. Moreover, it should focus on better governance and bring about a revision of the Europe Enterprise Network.

The implementation in the EU of the “Basel III” rules on capital requirements is a source of concern for SMEs, as it risks jeopardising the provision of financing to the real economy, continued Ms Almgren. In particular, she called for the immediate revision of risk weights for SME loans. 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. Last but not least, all European Social Partners are strongly committed to tackling the worryingly high levels of youth unemployment in Europe at the moment, said President Almgren. However, actions must better take into account the needs and contribution of SMEs, which have created the vast majority of all new jobs in Europe in the last years, she told President Barroso.

*“Our meeting with President Barroso was open, frank and very cordial. I look forward to working with him and his services on all these pressing issues, starting from youth unemployment, a topic which is clearly a top priority at the moment. I hope that my feedback to him both as President of UEAPME and as a small entrepreneur will be properly taken into consideration. If our first meeting is anything to go by, I am confident that this will be the case”, 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 84 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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