



"The voice of crafts and SMEs in Europe"

Deepening of the EMU needs a realistic approach

Right EMU reforms can improve economic environment for SMEs, says President Rabmer-Koller

Linz, 5th July 2018 – At a conference on the Economic and Monetary Union in the framework of the new Austrian Presidency of the European Union in Linz (AT), UEAPME President Ulrike Rabmer-Koller discussed the deepening and convergence of the EMU with the main players in the reform process. During her intervention, she explained the situation for small businesses and put forward the main challenges European SMEs face in the context of the ongoing debate regarding the Monetary Union: (i) access to finance; (ii) deficits in public investments, especially in IT infrastructure, qualification, and research and innovation; (iii) missing structural reforms to increase competitiveness; and (iv) economic and social stability in case of external shocks to avoid a dramatic decrease of domestic demand.

UEAPME President Ulrike Rabmer-Koller emphasised that *"Completing the Banking Union and improving the capacity of banks to lend to SMEs is crucial for their ability to invest, grow and create jobs. However, UEAPME is aware that a completion of the Banking Union has to go hand in hand with risk reduction in the banking system."* This is why UEAPME agrees with the efforts made to reduce the amount of non-performing loans. UEAPME also supports the efforts made to create a European Capital Market Union, but the overwhelming majority of Europe's small companies depends on debt financing and will not be able to profit from it directly.

Additionally, SMEs depend more on a well-functioning infrastructure and skilled labour supply than multinationals do. An increase of public investments in modern infrastructure, qualification systems providing skills needed is crucial to support economic growth and job creation in the European SME sector. *"UEAPME therefore asks to apply the Stability and Growth Pact in a way that does not only focus on the quantity of public spending, but also on its contribution to future growth. UEAPME also fully agrees with the request to increase public investments or cut taxes on wages in countries that have the budgetary leeway for it,"* stated Ms Rabmer-Koller.

Europe needs structural reforms. Delays in modernising goods, services and labour markets are reducing the growth potential of Europe's economy and the competitiveness of European companies. *"In this context, UEAPME supports the intention of the current budget proposal to increase the technical and financial support to Member States to implement priority reforms."* emphasised Ms Rabmer-Koller.

Moreover, SMEs need adequate instruments to react on external shocks to avoid economic or social disruption created by such a shock. *"However, UEAPME has some hesitation towards a financial stabilisation function and has always argued that if such an instrument be introduced, it has to be strictly conditional to the implementation of reforms and has to exclude moral hazard."* said Ms Rabmer-Koller.

Finally, the needed reforms and steps forward will have to be agreed upon in the current treaty framework. There is neither the need to change the European Treaties nor is it politically feasible. *"We need reforms, realistic ones that can truly be implemented instead of dreaming about changing the European Treaties."* concluded Ms Rabmer-Koller.

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EDITORS' NOTES: UEAPME is the employers' organisation representing Crafts and SMEs from the EU and accession countries at European level. UEAPME has 64 member organisations covering about 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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