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SME UNION President Leitl welcomes EU Initiative for better SME financing

“Ongoing turbulences on **European financial markets** have made European banks more cautious in granting new credits. Interest for credits has steadily risen since the beginning of the financial crisis. **It is therefore the right moment for an European initiative to boost financing for small and medium-sized enterprises**”, SME UNION President Christoph Leitl emphasized. He strongly supports the announced new initiative of the European Investment Bank to help SMEs through these uncertain times.

EU Finance ministers announced at the weekend their plan for the expansion of **global loans for SMEs granted by the EIB by 50 percent to 30 billions of Euros** (for the years 2008 and 2009). The announced new facility for mezzanine financing (a form of financing including own funds and debt capital) is also appreciated by Leitl: “This form of financing is a **good alternative to a credit** and very important for SMEs facing succession or growth financing.”

“An important step has been made, but there is still enough left to be done to help SMEs”, said the President of SME UNION, the business organization of the European People’s Party. He now urges the European Commission to go further: “A real strengthening of the **existing EU counter guarantees are absolutely necessary**. Re-guarantees for national institutions which grant liabilities for SME credits would mean **new, strong incentives for the granting of credits** in Europe”, Leitl underlined. “SMEs have great expectations. A lagging SME policy must not let them down!”

Regarding the most recent turmoil on the financial markets (insolvency of Lehman Brothers, takeover of Merrill Lynch) President Leitl demanded that all European institutions, including the ECB, **do all they can do to prevent negative fallout for European SMEs**. President Leitl summarized: “European SMEs have **not caused the current financial crises**. In fact SMEs are a stabilizing force in the European economy.”

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SME UNION (Small and Medium Entrepreneurs Union) of the EPP (European People’s Party) is the network of pro-business Christian-Democrat, Conservative and Liberal politicians and political organizations. Its main objective is to help in shaping EU policy in a more SME friendly way. www.sme-union.org