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SME UNION President Leitl demands strong signal from EU-leaders to boost economy

“European heads of state and government have to send a strong signal of their decisiveness to boost the decreasing economic activity. The confidence of Europe’s citizens and entrepreneurs in the economy has to be restored”, SME UNION President Christoph Leitl, pointed out before the informal extraordinary European Union summit in Brussels on Sunday. The ongoing financial crisis and economic downturn makes further support especially for small and medium-sized enterprises (SMEs) necessary.

President Leitl has proposed setting up an **EU Guarantee Fund for SMEs** that provides re-insurance for national and regional guarantee institutions **to help SMEs** to emerge stronger from the current crisis: Due to the leverage effect, a multiple of the guarantee volume could be generated as new loan volume. The volume of the Fund should be 1 bn Euros which means that new loans of up to 50 bn Euros could be generated in the EU. “At the same time Member States should commit themselves to use this new instrument and therefore establish new guarantee programmes that are directed especially at small and micro enterprises”, demands Leitl. “They should offer guarantees for 5.000 Euros of loans or equity per SME, which would mean that 10 million SMEs all over Europe could benefit from this new instrument!”

Leitl also renewed his demand for an „**emergency fund**“ for **Central and Eastern European States** which would assist countries in the case of further deterioration of their economic situation. He welcomes the signs that the EU is willing to act: „Major economic problems in these states would also reflect on the other European states whose businesses are already very active in that region. Now we have to put one’s money where one’s mouth is and elaborate tailored measures. Now the EU is able to prove solidarity and is able to bring up concrete solutions for people and companies.” Current problems are changing nothing concerning the potential of Middle-, Eastern- and Southeastern Europe in a middle- and long-term effect – therefore also the potential of possibilities for companies will not change. This region is and will be a growing market.

Additionally immediate regulatory action to **mitigate pro-cyclical effects of Basel II** is also necessary. The SME UNION President welcomed recent news that deliberations on the G-20 level are becoming more concrete. Leitl was the first high ranking business representative who pointed out the problem of Basel II pro-cyclicality in the context of the crisis on the European level last year. One possible way has been pointed out recently by the scientific advisory board of the German Economic Ministry in a letter to former Minister Glos underlining that “during the ongoing crisis strict application of Basel II should be suspended (e.g. rules concerning delayed repayments of loans

Further information: sme@sme-union.org, www.sme-union.org; Tel: +32/2/233 38 38

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