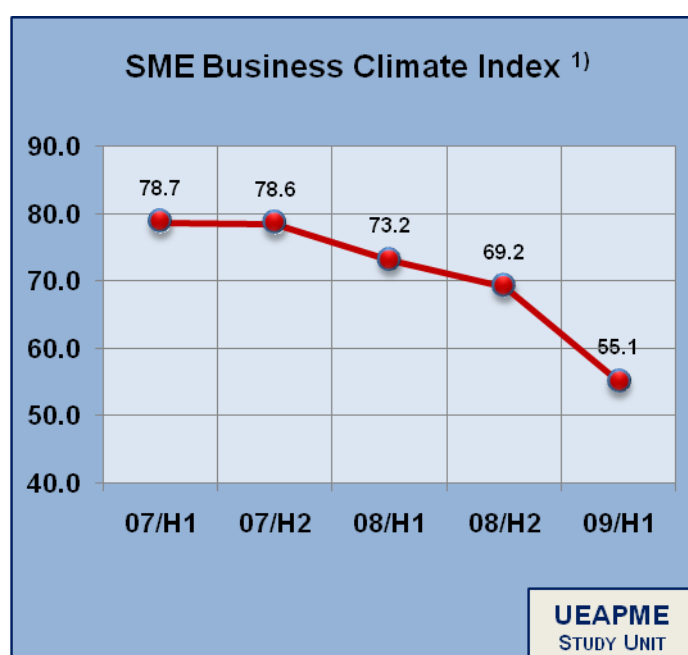


The EU Craft and SME Barometer 2009/H1

European Crafts and SMEs' confidence falls sharply SME Business Climate Index at 55.1, down by 14 points

Chart 1



In its first SME Business Climate Index for the European Union, UEAPME reports the sharpest fall in business confidence measured. The **UEAPME SME Business Climate Index** (Chart 1) dropped within 6 months by 14.1 points to **55.1**, the lowest level reached so far.

1) The index is calculated as an average of companies that have reported positive or stable business situations and expect a positive or stable development for the next period. Therefore the index can range from 100 (all positive or neutral) to 0 (all negative).

The EU Craft and SME Barometer is the first product of the newly created UEAPME Study Unit. The Barometer will be published twice a year and aims to provide for the first time recent and forward-looking data on Crafts and SMEs in Europe. UEAPME expected significant differences in the development of SMEs, depending on size classes and economic sectors, which is proved by this first edition already. Furthermore, with this Barometer UEAPME wants to provide an important tool for SME policy in Europe, which so far has relied too much on data coming mainly from large enterprises that differ from SME data.

Introduction

The **EU Craft and SME Barometer** builds on the results of surveys that are conducted by UEAPME Member Organisations twice or four times a year on about 50,000 crafts and SMEs in different regions all over Europe. The latest data for this survey were collected between December 2008 and the beginning of February 2009, which gives a quite recent picture about the development and the expectations of SME owners all over Europe.

At European level, we are able to provide **data for size classes** (micro, small and medium sized enterprises) and for **four economic sectors** (manufacturing, construction, business and personal services), which may show different developments over business cycles and may react differently to external effects.

For each of these groups the Barometer provides **balanced figures** on the following categories: **overall situation, turnover, employment, prices, investment and orders**, where balanced means the difference of businesses, which answered the questions about their expectation in these six categories in a positive or negative manner (balance = positive answers – negative answers). In order to get European figures from different national surveys, national results have been weighted with employment figures (see Table 1 and 2 in the Annex).

Even this is the first issue of the new EU Craft and SME Barometer; we are able to provide **figures for the first and the second half of 2008** and expectations for the **first half of 2009**.

Furthermore, UEAPME plans to provide at least twice a year a European **SME Business Climate Index** (see page 1), which is calculated as the average of the current situation and the expectations about the next period and sums positive and neutral answers as regards the overall situation for the business.

UEAPME plans to issue its **EU Craft and SME Barometer twice a year**, ahead of the European Summit in spring and autumn.

Finally, UEAPME will only present European figures and will not disclose any national data. This is due to the fact that we have not data for all Member States that are significant enough from a statistic perspective and furthermore, the presentation of national data from SME surveys is a prerogative of our national organisations, which are collecting these data.

Gerhard Huemer

Director UEAPME Study Unit

Andrea Benassi

UEAPME Secretary General

Some general remarks on the first EU Craft and SME Barometer

This Barometer is built on various national surveys done by UEAPME Member Organisations with their SME clients. The different national surveys are not fully harmonised and are not conducted at the same time. Therefore, there is no doubt that these figures do not deliver a precise picture about the situation of SMEs in Europe and one must be aware that behind these European figures, there are significant differences between Member States. Nevertheless, the Barometer provides for the first time ever some recent and forward looking indexes for SMEs in Europe. Furthermore, the wide variety of input data from regions all over Europe allows conclusions about trend developments of the Craft and SME sector in Europe.

Of course, the Study Unit will need longer time series – at least over a full business cycle – to draw any conclusions from these indicators on real developments of economic growth, employment, or investments.

Results of the first EU Craft and SME Barometer – 2009/H1

The data collected at the beginning of this year show clearly that the economic crisis has now fully hit the Craft and SME sector in Europe. All indicators have been significantly down for the second half of 2008 and the decrease accelerates as regards the expectations for the first half of 2009 (Chart 2).

There are no European time series available, but if we use some national indicators, we still cannot speak about an all-term low. For example, the overall situation for Germany is still above the data collected during the last crisis (2002/2003). On the other side, the data for Spain and Ireland are significant below the levels seen during the last 15 years.

Chart 2

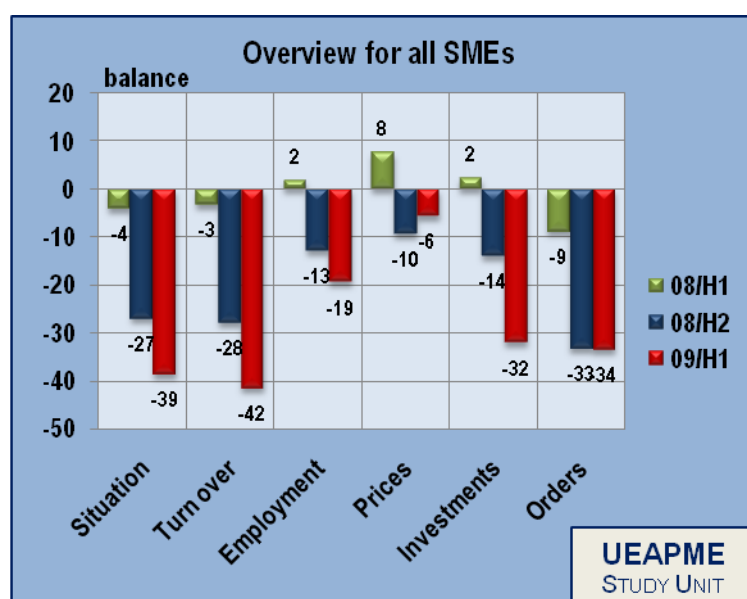


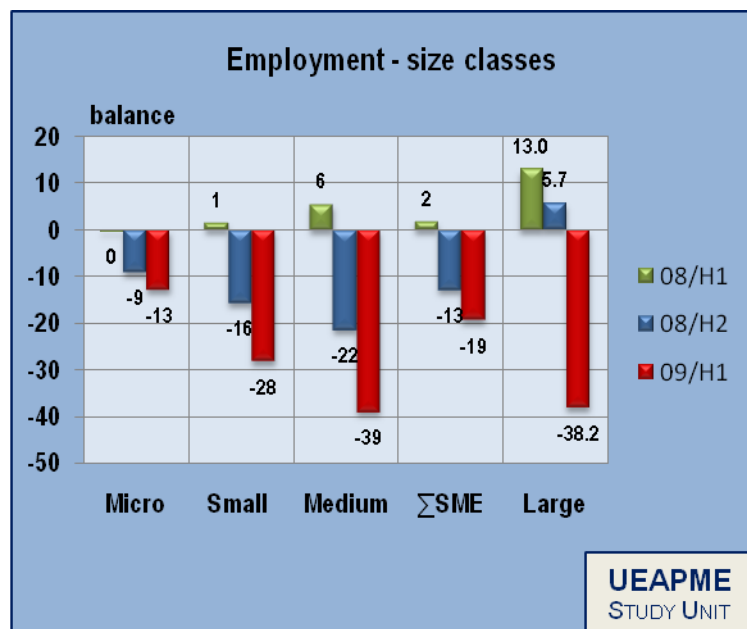
Chart 2 shows that both the judgement of the overall situation, but also the investment figures are very much in line with the development of the turnover figures.

This suggests that investments seem to depend largely on demand expectations and do not seem to be as much influenced by SMEs' difficulties on access to finance.

The only positive sign of this recent survey is that the decrease in orders seems to come to a stop, but we will see later that this differs quite significantly between sectors (Chart 6).

Interesting are also the figures on **employment**, which show that SMEs expect to keep more persons employed than turnover would require.

Chart 3

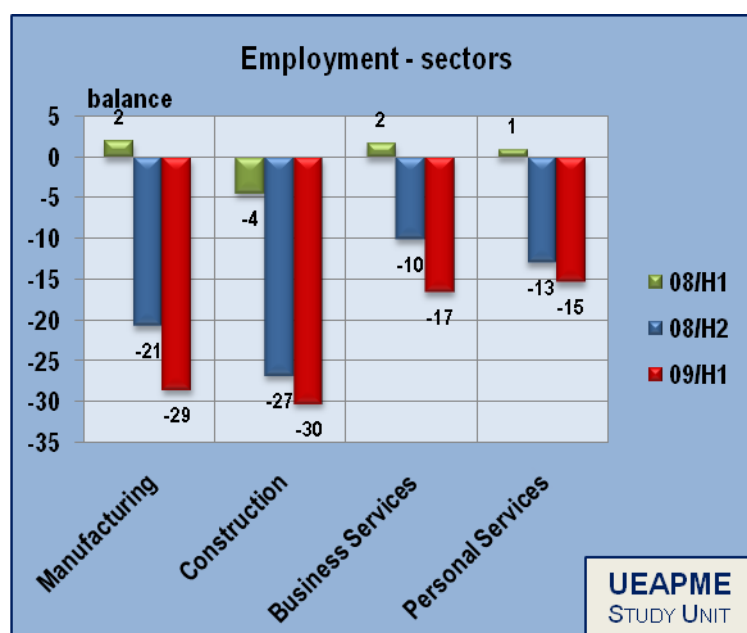


The balance figures for employment are also negative since 2008/H2, but much less (only 50%) compared with turnover (Chart 2). This provides a clear sign that SMEs will continue the hoarding of labour, at least for the next months.

A closer look to different size classes (Chart 3) demonstrates that especially micro enterprises will keep their workforce, while medium sized enterprises will tend to behave like large companies.

The data for large companies, calculated on the base of the monthly monitoring report from DG EMPL, and for medium-sized enterprises already show a dramatic decrease in employment, which is likely to continue.

Chart 4



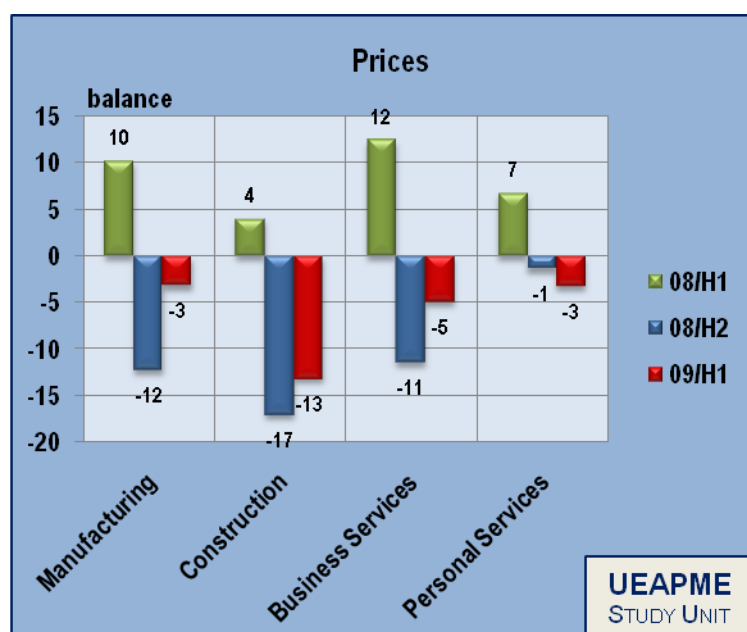
The size class differences for employment are even more interesting as significant differences between size-classes cannot be observed for other criteria (see Annex). Differences are clear: micro and small enterprises are much more reluctant to lay off employees during difficult times.

Differences in **employment** patterns can also be observed between sectors (Chart 4).

The negative balanced figures for manufacturing and construction, mostly affected respectively by the crisis in the car industry and by the burst of the housing bubble, are twice as high as for the services

The development of **price** figures (Chart 5) follows largely the general inflation figures.

Chart 5

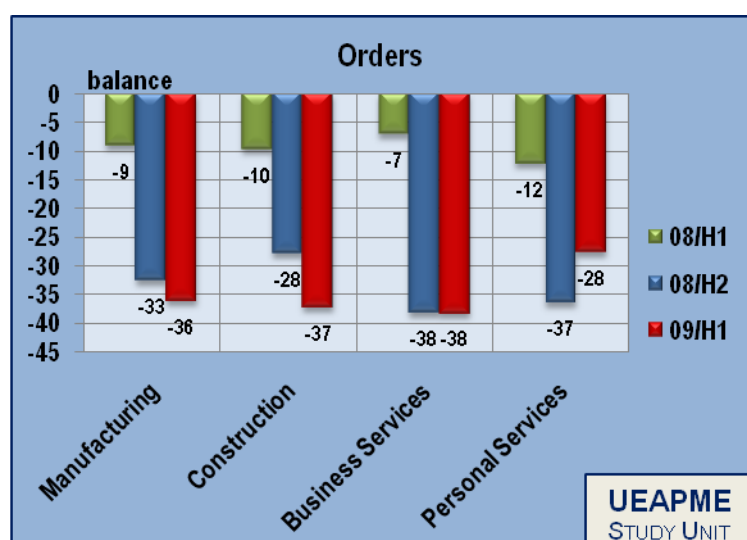


After a strong increase in the first half of 2008, prices started falling in the second half of 2008 and will continue to do so for the first semester of 2009.

Significant differences have been found for the construction sector, where after the burst of the housing bubble in some European markets the decrease in prices started earlier and has been more pronounced than for the rest of the economy. Price decreases are less pronounced in personal services due to a lower dependency on commodity prices.

Further interesting results come from the figures on **orders** (Chart 6). While the expected turnover decreases for all sectors, the services sector expects a stop of the decrease for business services and already a relative improvement in personal services orders for the current period.

Chart 6



This may be a sign that the crisis of the car industry and the building sector will not fully feed trough the services sector.

Furthermore, this could be a first sign that the downwards spiral of all forward looking indicators may come to a stop and that at least for some sectors the lower floor has been reached, which is a precondition for a possible turnaround.

The Annex to this document includes the ESTAT figures, which have been used to weight the different national inputs as well as the full set of indexes calculated for this Barometer. Furthermore, you will find a complete set of graphs for all sizes classes and economic sectors.

Annex

Employment for the non-financial business economy broken down by enterprise size class and sector 2005 (%)

Table 1 / EUROSTAT

	BI	BG	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT
1 to 9	43.53	39.26	47.35	29.82	31.98	29.03	58.39	49.01	38.13	33.99	58.39	49.10	28.75	26.72
EU Share	1.95	1.47	3.35	0.92	11.13	0.22	2.77	13.15	9.30	0.57	19.21	0.21	0.33	0.39
10 to 49	32.60	29.61	26.41	38.00	36.12	37.28	26.50	32.26	33.94	32.91	26.50	28.25	36.44	36.53
EU Share	2.06	1.56	2.62	1.65	17.66	0.40	1.77	12.16	11.63	0.78	12.25	0.17	0.59	0.75
50 to 249	23.87	31.13	26.24	32.18	31.90	33.69	15.11	18.73	27.93	33.10	15.11	22.65	34.81	36.75
EU Share	1.80	1.97	3.12	1.67	18.68	0.43	1.21	8.46	11.46	0.94	8.37	0.16	0.67	0.91
SME	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
EU Share	1.95	1.63	3.07	1.34	15.09	0.33	2.06	11.64	10.58	0.73	14.27	0.19	0.50	0.64

	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	EU 27
1 to 9	33.57	55.05	49.45	32.01	36.33	57.67	50.17	32.57	39.40	20.12	37.84	44.00	36.84	43.37
EU Share%	0.10	3.03	0.11	2.86	1.60	8.59	3.32	2.29	0.49	0.25	0.78	2.06	9.55	100.00
10 to 49	35.76	23.69	24.66	35.07	35.26	16.52	28.38	30.43	27.58	32.80	31.25	30.43	33.62	30.86
EU Share%	0.15	1.83	0.08	4.40	2.18	3.46	2.64	3.00	0.49	0.57	0.90	2.01	12.24	100.00
50 to 249	30.67	21.27	25.90	32.92	28.41	25.80	21.45	37.01	33.01	47.08	30.92	25.57	29.54	25.77
EU Share%	0.15	1.97	0.10	4.95	2.10	6.47	2.39	4.37	0.70	0.98	1.07	2.02	12.89	100.00
SME	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
EU Share%	0.13	2.38	0.09	3.87	1.91	6.46	2.87	3.04	0.54	0.54	0.89	2.03	11.24	100.00

Table 2 / EUROSTAT

Business Sector	EU Share %
Manufacturing	24.86
Construction	14.06
Business Services	22.66
Personal / Social Services	38.42
SME	100.00

Results – European Crafts and SME Barometer – 2009/H1

Table 3 / UEAPME Study Unit

Balance between positive and negative answers / weighted by number of employees

	Micro			Small			Medium			SME all		
	08/ I	08 / II	09 / I	08/ I	08 / II	09 / I	08/ I	08 / II	09 / I	08/ I	08 / II	09 / I
situation	-6	-27	-36	1	-26	-39	2	-28	-40	-4	-27	-39
turnover	-12	-30	-40	6	-26	-47	15	-18	-40	-3	-28	-42
employment	0	-9	-13	1	-16	-28	6	-22	-39	2	-13	-19
prices	7	-9	-4	11	-10	-7	11	-14	-13	8	-10	-6
investments	-1	-14	-31	5	-15	-32	5	-13	-37	2	-14	-32
orders	-13	-34	-31	-1	-31	-40	1	-33	-40	-9	-33	-34

	Manufacturing			Construction			Business Services			Personal Services		
	08/ I	08 / II	09 / I	08/ I	08 / II	09 / I	08/ I	08 / II	09 / I	08/ I	08 / II	09 / I
situation	-3	-31	-39	-18	-33	-41	-6	-28	-31	-7	-32	-39
turnover	-4	-33	-45	-14	-36	-53	-8	-26	-45	-3	-38	-42
employment	2	-21	-29	-4	-27	-30	2	-10	-17	1	-13	-15
prices	10	-12	-3	4	-17	-13	12	-11	-5	7	-1	-3
investments	1	-15	-32	-3	-24	-35	2	-17	-35	1	-16	-27
orders	-9	-33	-36	-10	-28	-37	-7	-38	-38	-12	-37	-28

Results – European Crafts and SME Barometer – 2009/H1

