



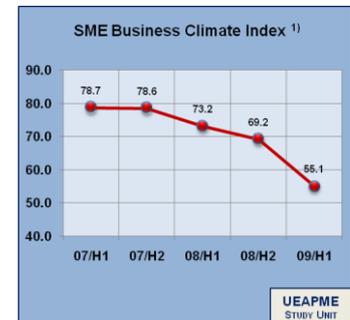
*"The voice of crafts and SMEs in Europe"*

## Small businesses' confidence hits new record low, first EU SME survey reveals

*Smaller businesses more reluctant to lay off workers, orders outlook for the services sector only positive note*

Brussels, 12 March 2009 – European SMEs have reached a new record low in business confidence, according to an EU-wide survey recently conducted by UEAPME, the European craft and SME employers' organisation, and its members (1). Almost half of the about 50.000 SMEs polled all over Europe expect negative developments in their business in the first semester of 2009, compared to only 20% two years ago. The sharpest fall took place in the last six months, where the UEAPME Business Climate Index came down to 55.1, dropping by 14 points. Despite the economic crisis and contrary to larger enterprises, smaller businesses are still reluctant to lay off workers to cope with the downturn, according to UEAPME's "Craft and SME Barometer". Business expectations on investments and orders for the months to come are strikingly negative, although the service sector expects the decrease in orders to stop during this semester and foresees a relative improvement in personal services orders.

*"The survey results confirm the downwards trend in business confidence since the beginning of 2008, with the steepest fall taking place in the last six months. A further decrease in confidence was easily predictable, but not by such a large extent. This is a clear sign of the tough times European small businesses are living",* commented **Gerhard Huemer**, Director of the newly created UEAPME Study Unit, which will produce the "Craft and SME Barometer" twice a year ahead of the European Summits in spring and autumn. The Barometer aims to provide for the first time recent and forward-looking data on crafts and small businesses in the EU as a contribution to a better European SME policy, which has so far relied excessively on information coming mainly from larger enterprises, stressed Mr Huemer before elaborating on the poll findings.



As a result of the crisis, an increasing number of respondents reported a reduction in **employment**. However, marked differences emerged between micro enterprises and larger businesses, with the former being considerably more reluctant to lay off workers than the latter. *"Micro enterprises are keeping more persons employed than pure turnover considerations would require",* commented Mr Huemer. *"This is partially due to the closer work relationship between owner and staff, but also to the fear of losing skilled workers that would be hard to replace and retrain when the downturn comes to an end."* Significant disparities also emerged from employment data among different sectors, with twice as many companies in manufacturing and construction, which were recently affected respectively by the car industry crisis and by the bursting housing bubble, planning to lay off workers compared to the services sector.

The only encouraging results of the survey came from business expectations on **orders**. Although all economic sectors reported negative figures, the business services sector expects the decrease to stop and the personal services sectors foresees a relative improvement in the months to come. *"This may be a sign that luckily the crisis in manufacturing and construction did not fully feed through the services sector, and it is perhaps the only positive note of our survey. At least in the services sector, orders seem to have reached the bottom of their downwards spiral. This is a key precondition for a possible turnaround, at least a tiny light at the end of the tunnel",* concluded Mr Huemer.

\*\*\*\* END \*\*\*\*

(1) The full survey results can be downloaded at [http://www.ueapme.com/IMG/pdf/090311\\_Barometer\\_2009-H1\\_FINAL.pdf](http://www.ueapme.com/IMG/pdf/090311_Barometer_2009-H1_FINAL.pdf)

### EDITORS' NOTES:

The **EU Craft and SME Barometer** is the first product of the newly created UEAPME Study Unit. It 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. The first issue builds on the results of surveys conducted by UEAPME members twice or four times a year on about 50.000 crafts and SMEs in different regions all over Europe. The data for this survey were collected between December 2008 and the beginning of February 2009. The **UEAPME SME Business Climate 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 it can range from 100 (all positive or neutral) to 0 (all negative).

**UEAPME** is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 83 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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