



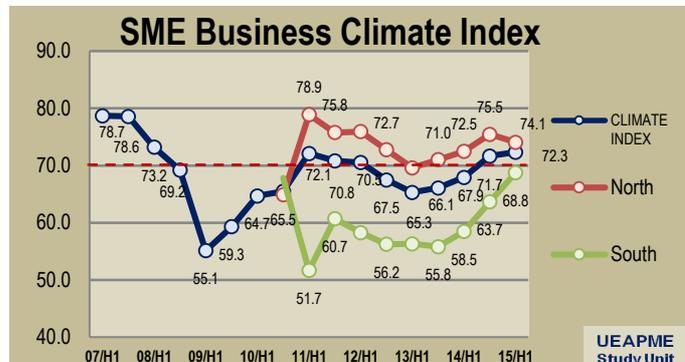
"The voice of crafts and SMEs in Europe"

Europe's SMEs are stagnating rather than growing

Index at 72.3, gap between North and South is closing, but no hope for investment and jobs, risk of new imbalances

Brussels, 17th March 2015 – The UEAPME SME Business Climate⁽¹⁾ Index demonstrates that the confidence European SMEs express is up to 72.3, which is a slight improvement of 0.6 compared to six months ago. This results from a better performance in the South/Periphery with a 5.1 increase, whereas the rest decreased by 1.4. The positive development in most of the former programme countries shows that reforms do pay off, while the decrease in the North/Centre is caused by countries lacking reform efforts. Imbalances between these countries and the average already reaches a level of 8.9. The fact that the results are much less positive for the last semester than those expected six months ago also contributes to a rather stagnating outlook: companies do indeed see stability after the last recession, however they do not expect growth, at least not at a level that would motivate them to invest or to hire.

The increase of SME Business Climate index by 0.6 during the last semester is mainly due to a high number of SMEs reporting a neutral stance and only very few expect positive developments. "In general we can say that Europe's SMEs are in a wait and see mode and are still hesitating to invest and we also do not expect additional employment in the SME sector during the next month", summarised **Gerhard Huemer**, Director of the UEAPME Study Unit, which issues the "EU Craft and SME Barometer" prior to the EU summits in spring and in autumn.



The gap between the North/Centre and South/Periphery of Europe is narrowing: during this semester the difference between the two macro areas reached the lowest level of 5.3. The index for the South/Periphery increased by almost 5 percentage points – which, according to Mr Huemer, is a clear sign that the reforms pay off. "At the same time, we see a decline of the index in North/Centre (- 1.4), which is caused by some countries with deficits in implementing needed reforms. This group of weak performers, including FR, IT, AT, FI, HR, BG and CY, are already 8.9 percentage points behind the average. "This creates new worrying imbalances within the EU and the Eurozone", Mr Huemer warned and he therefore asked for more reform efforts in those countries.

The Barometer presents balances between positive and negative answers for different indicators, sectors and size-classes, and shows that many of the economic indicators decreased in the second part of 2014 and are significantly below the expectations we saw six months ago. "The hope to leave the crisis has become a reality and may be the reason why the majority of businesses now reported that they expect no improvement over the next months", explained Mr Huemer. Indeed, the Barometer suggests that small enterprises are out of the last recession but are acting in a business environment characterised by slow growth and high level of unemployment.

"SMEs lost optimism for growth, still lack confidence and see themselves confronted with stagnation", concluded Mr Huemer summarising the results for the next months.

(1) http://www.ueapme.com/IMG/pdf/150317_Barometer15H1.pdf

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EDITORS' NOTES: The **EU Craft and SME Barometer** builds on the results of surveys conducted by UEAPME members in different regions all over Europe. The **SME Business Climate Index** is an average of companies that have reported positive or stable business situations and expect a positive or stable development for the next period. It can range from 100 (all positive or neutral) to 0 (all negative).

UEAPME is the employers' organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 80 member organisations covering over 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Gerhard Huemer, Study Unit Director, Tel. +32 (0)2 230 7599, Email: g.huemer@ueapme.com

Jenny Manin, Press and Communications Officer, Tel. +32 (0)496 520 329, Email: pressoffice@ueapme.com