



“The voice of crafts and SMEs in Europe”

## SME survey: Recession comes to an end; recovery at arm’s reach

*Index nearing 70-point line; smaller companies in services and construction hardest hit; recovery on its way*

Brussels, 17 October 2013 – European SMEs’ confidence has increased for the first time after four decreasing semesters in a row, according to a survey conducted by UEAPME, the European craft and SME employers’ organisation, and its members<sup>(1)</sup>. Indeed, the results indicate that the recession is coming to an end but that the recovery phase has yet to kick-off – this should occur in the last part of this year or at the beginning of the next, if the more positive expectations do indeed materialise. Since last spring, the gap between the PIIGS<sup>(2)</sup> countries and other EU countries is closing. However, this shows more of a stabilisation of the situation with less negative expectation than actually heading for a real recovery in these countries. The proportion of entrepreneurs predicting positive or stable results has increased, with UEAPME’s “SME Business Climate Index” going up from 65.3 to 68.5, which still stands below the 70 points barrier that is seen as a neutral business climate virtually everywhere but is much closer to it nevertheless. Smaller enterprises in the sectors most reliant on internal demand, such as personal services and construction, are still the hardest hit by this crisis. Against this background, UEAPME calls on policymakers to do their utmost to provide financial instruments which ensure access to loans in order to avoid the recovery to discontinue before it has truly begun.

“SMEs’ confidence levels are below the 70-point safety line virtually everywhere in the EU although the recent increase has brought them closer to this barrier at 68.5. Looking back at the results for the first semester, the turnover for outcome, employment and investment are all better than expected; however the overall results are more negative than forecasted,” said **Gerhard Huemer**, Director of the UEAPME Study Unit, which issues the “Craft and SME Barometer” prior to the EU summits in spring and autumn. The overall results have been affected mainly by a reduction in selling-prices to keep both turnover and employment stable. Prices have been significantly lower than expected which had negative effects on profits and resulted in an overall negative assessment by companies.

The study further confirmed, through a closer look into the different sectors, that the services and construction sectors are those most hit by the current recession. Hence this hints to the fact that the recession was mainly caused by a lack of internal demand throughout all Members States on which these two sectors obviously strongly depend.

“Alongside the overall uncertainty of the current economic situation, I believe that, due to the tight financial situation encountered by SMEs after the recession and to the difficulties SMEs have to access loans, there is a high risk that SMEs will struggle to finance the investments needed to start a recovery,” observed Mr Huemer.

“All in all, policymakers should recognise that the current offers for SME finance are not sufficient to fund the recovery of Europe’s economy and they should act right away and do their utmost to ensure access to loans via new and additional financial instruments in order to avoid the recovery to discontinue before it has truly begun”, concluded Mr. Huemer.

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

(1) The full survey results can be downloaded at [http://www.ueapme.com/IMG/pdf/131017\\_Barometer\\_2013H2\\_final.pdf](http://www.ueapme.com/IMG/pdf/131017_Barometer_2013H2_final.pdf)

(2) PIIGS = Portugal, Ireland, Italy, Greece and Spain

**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.

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