



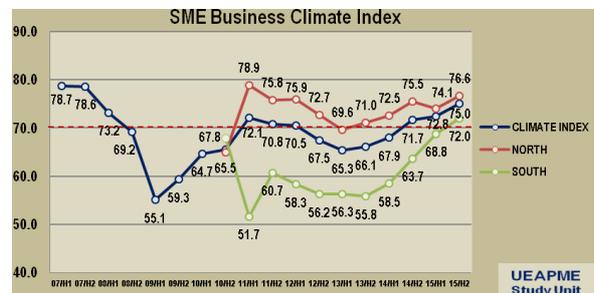
"The voice of crafts and SMEs in Europe"

Economic growth is picking up among European SMEs

Climate index up to 75: optimism is back, first signs of labour market improvements, but investments are still on hold

Brussels, 9th October – The UEAPME⁽¹⁾ SME Business Climate Index shows that European SMEs express more confidence in their economic future: the index has increased by 2.7 percentage points, reaching 75 for the entire European Union. Furthermore, the confidence gap between countries in the South and Periphery and countries in the North and Centre of Europe decreased to the lowest level seen since the start of the sovereign bond crisis. The UEAPME SME Barometer⁽²⁾ shows that SMEs in the first semester of 2015 exceeded their expectations for each economic indicator. For the second semester, every single size class and sector of SMEs expects improvements.

"The significant increase seen in the UEAPME SME Business Climate Index is a clear sign of that European economy is stabilising", explained Gerhard Huemer, Director of the UEAPME Study Unit. "However", he continued, "the large majority of enterprises are still reporting a neutral stance, outnumbering positive responses." The main reason for the improvement seems to be an increase in internal demand, which now also gives more confidence to the local services providers, while larger manufacturing SMEs have already profited from a more export driven recovery since the second semester of 2014.



The survey indicates a steady expansion of the economy, particularly in the Eurozone, supported by both low prices for commodities and the recent depreciation of the Euro. *"However", warns Mr Huemer, "there is still not enough growth to sufficiently accelerate the creation of additional jobs or an increase in investments, which constitute the critical components to generate a long-term recovery."*

The gap between the North/Centre and South/Periphery is narrowing: during this semester, the difference between the two macro areas reached the lowest level since the beginning of the sovereign debt crisis. The level of confidence in southern Europe has grown by 5.1 percentage points in the first semester and SMEs expect to exceed the neutral level of 70 points in the second part of the year. According to Mr Huemer, *"this is a clear sign that structural reforms are starting to pay off"*.

Every economic indicator of the SME Barometer saw improvements for the first half of 2015 but, even more importantly, each of the six criteria exceeded expectations from six months ago, feeding into even higher expectations for the second semester of 2015. The real economy is close to a period of growth. At the same time, it seems that SMEs are still utilising existing capacities and do not yet see the need for new investments and for hiring additional personal in the foreseeable future – with the exemption of the manufacturing sector. For this reason, SMEs need a stable economic outlook and better lending conditions in order to transform these positive signals into a solid and sustainable long-term economic growth.

"The main takeaway of this UEAPME SME Barometer is that European SMEs are in a position to enter a path of economic growth in the forthcoming semester, but stability and further measures to support internal consumer demand are essential components to turn it into investment and job creation," concluded Mr Huemer.

(1) the employers' organisation representing the interests of European crafts, trades and SMEs

(2) http://www.ueapme.com/IMG/pdf/151009_Barometer15H2.pdf

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EDITORS' NOTES: UEAPME is the employers' organisation representing Crafts 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 on Twitter.

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