



"The voice of crafts and SMEs in Europe"

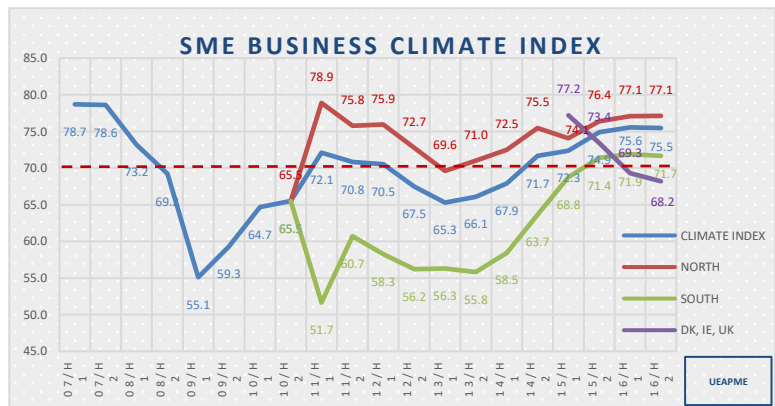
## SMEs recovering across Europe, but negative impact from Brexit

*The Climate Index is stable at 75.5, but SME Barometer shows new optimism and construction sector catches up*

Brussels, 11<sup>th</sup> October 2016 – The SME Business Climate Index reaches 75.5, reflecting a stable and positive situation for European SMEs. The trends in North and South Europe are similar. In the North, the countries dependent on the UK's economy have been negatively affected by the Brexit, while in the South, the negative but improving Greek situation and the complex economic and political situation in Italy have slowed down the recovery. Moreover, the internal demand has finally affected the construction sector as well after already having pushed the recovery in the services sector. The expectations for the current semester draw a very positive picture reflecting the economic growth of SMEs, despite a still low level of investments.

"SMEs in Europe are continuing to grow" stated the UEAPME President Ulrike Rabmer-Koller at the presentation of the Barometer 2016/H2. Even though the results for the Climate Index show a stable but positive scenario, the Barometer presents better results for the last semester and SMEs are optimistic about the future. "The indicators demonstrate an improvement compared to the previous years and the expectations for the current semester provides a really positive picture for the first time after the start of the crisis in 2008".

However, global geopolitical issues, such as China's economy slowdown, sanctions on Russia and the recent Brexit, could impact the economic growth in Europe. "Brexit leads to an uncertain scenario for businesses", affirmed Ms Rabmer-Koller, "above all in the economies depending on the UK's economy. If the Brexit fear was already present in the last Barometer, for this semester the effect is even stronger". The index for the UK, Ireland and Denmark decreased by 9 points since the start of the debate and is now at 68.2.



The recovery has finally also reached the construction sector. Ms Rabmer-Koller explained "The internal demand had pushed the services sector up in the past thanks to higher levels of consumption, but the construction sector was still behind. Now households started to invest in private housing and push demand for smaller construction companies". The demand is also boosted by the current low interest rate mortgages and by the rising rents that make investing in properties more interesting.

Despite this positive situation for SMEs, the level of investments is still low compared to the increase in turnover and employment. According to Ms Rabmer-Koller, "European SMEs are still not confident about the long-term development and hesitate to invest in additional capacities".

Europe has to improve competitiveness and the business environment for SMEs to encourage them to invest, to innovate to grow and to create more jobs. Ms Rabmer-Koller concluded by stating that "ensuring better access to finance for investments and reducing the level of uncertainty about the key political topics, such as the Brexit negotiations, are important elements which have to be tackled at political level".

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

**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 on Twitter.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

Gerhard Huemer, Study Unit Director, Tel. +32 (0)2 230 7599, Email: [g.huemer@ueapme.com](mailto:g.huemer@ueapme.com)  
 Jenny Manin, Press and Communications Officer, Tel. +32 (0)496 520 329, Email: [pressoffice@ueapme.com](mailto:pressoffice@ueapme.com)