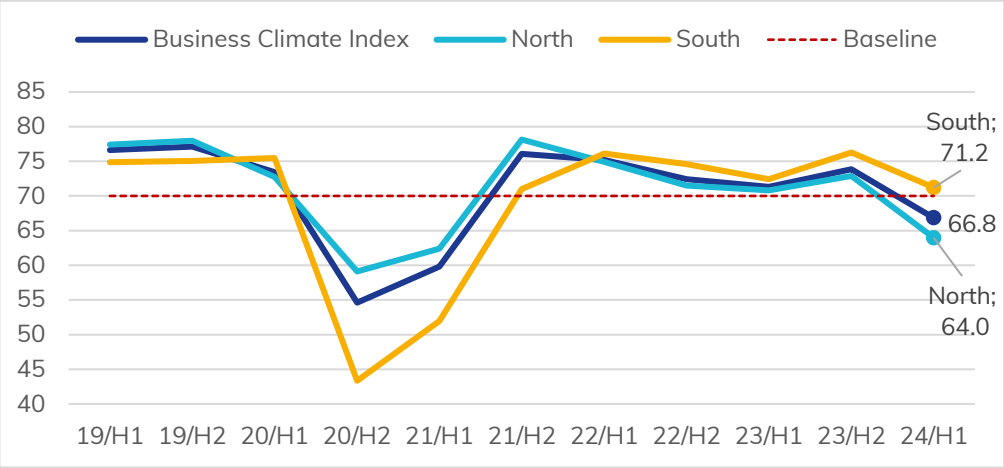
PRESS RELEASE

SME Business Climate Index falls below recession level

The business environment of EU-27 SMEs declines, especially in northern Member States

Brussels, 30th April – The Spring 2024 edition of the SME Business Climate Index and EU Craft and SME Barometer presented by SMEunited shows a challenging picture for small and medium-sized enterprises across the European Union. The Business Climate Index fell to 66.8 points, dropping below the baseline of 70, indicating SMEs are in a recession.

While the decline in the business environment is observed throughout the EU, factors such as high energy costs, disruptions in the supply chain, and reduced international competitiveness make the decline in the business climate more pronounced in the industrialised North.



The EU Craft and SME Barometer highlights SMEs' development across sectors. Despite a declining overall situation and prices in Autumn 2023, SMEs' own business activities remained relatively stable compared to the previous semester. The overall situation for Autumn 2023 turned out to be worse than expected, influenced by geopolitical tensions, tight monetary policies and reduced profitability. However, the decline in the overall situation was not clearly reflected in SMEs' turnover, as the expected negative turnover development did not materialise.

As regards the expectation for the current semester, Gerhard Huemer, SMEunited Director for Economic Policy stated "the situation for the first half of 2024 remains bleak as high interest rates and geopolitical tensions continue to deteriorate SMEs' overall situation." Wage hikes are increasing costs, putting pressure on SMEs to raise prices, particularly in the labour-intensive services sectors. High interest rates are having a pronounced impact on the construction sector, where turnover is expected to decline further due to the high cost of mortgages. Employment expectations indicate a slight loosening of labour markets as SMEs adjust their workforce to the stagnating turnover trend.

"Increasing competitiveness and ensuring a level playing field for SMEs are the most important policy elements to strengthen Europe's SMEs", concluded Mr Huemer the presentation of the latest SME Business outlook.

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EDITOR'S NOTES: SMEunited is the association of Crafts and SMEs in Europe with 65-member organisations from over 30 European countries. SMEunited represents national cross-sectoral Craft and SME federations, European SME branch organisations and associate members. Combined, we represent more than 22,5 million enterprises with around 82 million employees across Europe. SMEunited is a recognised employers' organisation and European Social Partner. SMEunited was formerly known as UEAPME.
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