



EUROPEAN COMMISSION

MEMO

Brussels, 15 October 2012

Small and medium sized enterprises in 2011: situations per EU Member State

The Commission annually assesses progress in implementation of the Small Business Act (SBA)¹ at national level. This memo describes the results of the assessment as illustrated by country specific SBA factsheets², composed on the basis of a wide range of success indicators and national policy developments and grouped according to the SBA's ten policy dimensions. These policy dimensions are: (1) Entrepreneurship, (2) Second chance, (3) Think Small First, (4) Responsive Administration, (5) State aid and Public procurement, (6) Access to finance, (7) Single market, (8) Skills and innovations, (9) Environment, and (10) Internationalization. The SBA factsheets cover the 27 EU Member States, as well as Albania, Croatia, FYROM, Iceland, Israel, Liechtenstein, Norway, Montenegro, Serbia and Turkey.

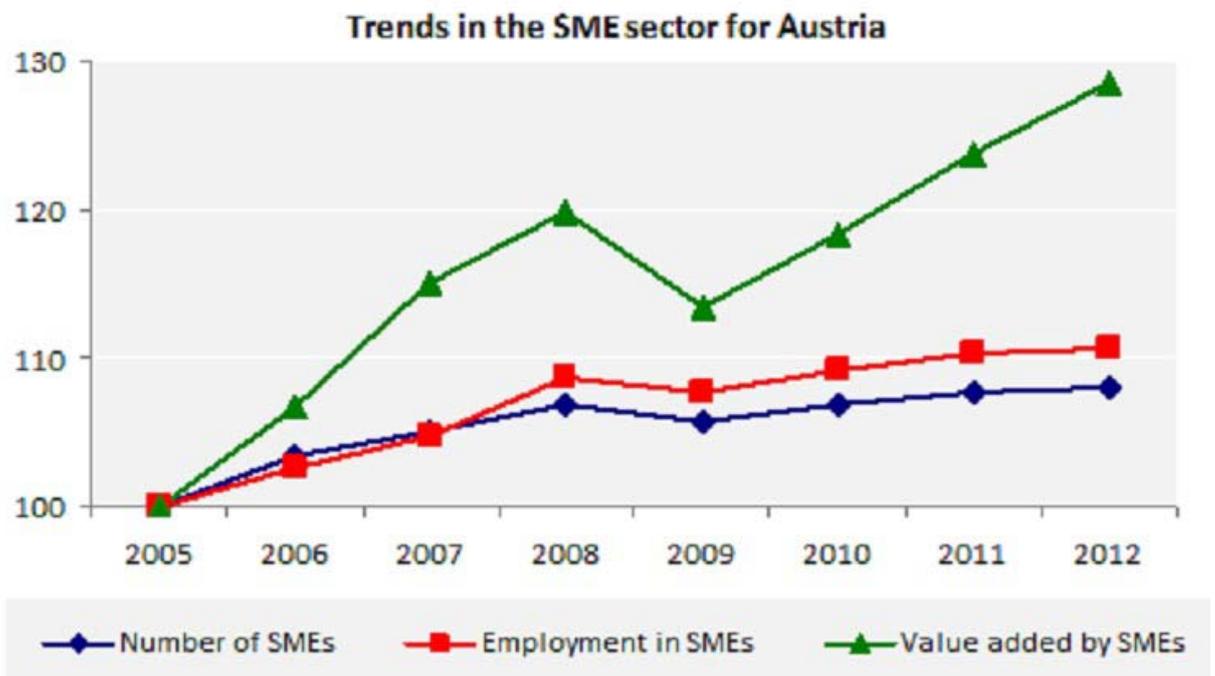
¹ Adopted in 2008 and revised in 2011, the SBA aims to create a level playing field for SMEs throughout the EU and improve the administrative and legal environment to allow these enterprises to unleash their full potential to create jobs and growth. The Small Business Act has a strong governance structure, with business organizations and member states governments at the frontline.

² The information concerning the recent policy measures adopted by the member states was compiled by a network of SME experts managed by Ecorys Netherlands and was validated by Government representatives of the member states and the participating countries. The factsheets were prepared by the European Commission's Directorate-General for Enterprise and Industry, in conjunction with the Joint Research Centre.

Country highlights

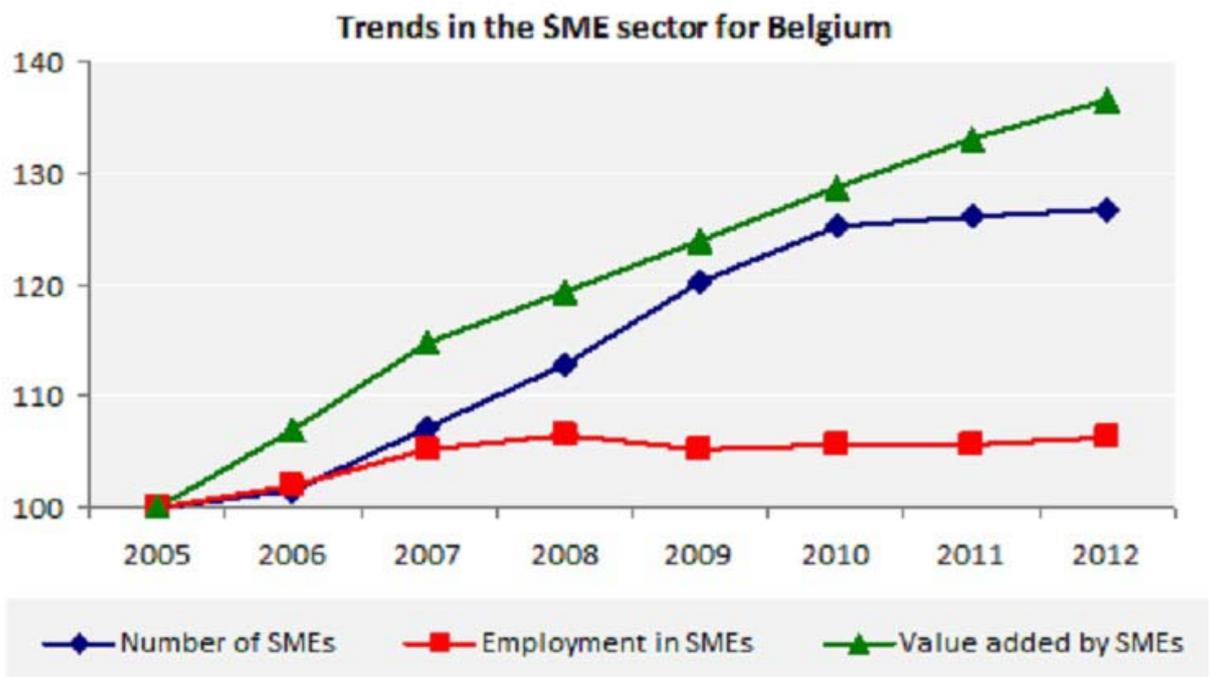
Austria

- SMEs in Austria represent 99.7% of all businesses and account for 60.8% of the economic added value and 67.9% of employment in the non-financial private sector. 30% of Austrian SMEs are active in high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Austria is one of the few EU Member States where the SME sector has, so far, weathered the crisis without any lasting downturn.** All key SME indicators have returned to and even surpassed pre-crisis levels (2008). Of these, the economic added value has shown the most impressive development, with an average annual growth rate of 4% since 2009.
- For 2012, forecasts point towards a growth of 0.2% in the number of SMEs, 3.8% in gross value added and of 0.3% in employment.
- Austria's SBA performance is particularly strong in three areas, namely Think Small First, Skills & innovation and Access to finance.
- In 2011, Austria took policy action in a majority of SBA areas, focusing in particular on public procurement reform and enhancing R&D competencies in SMEs.



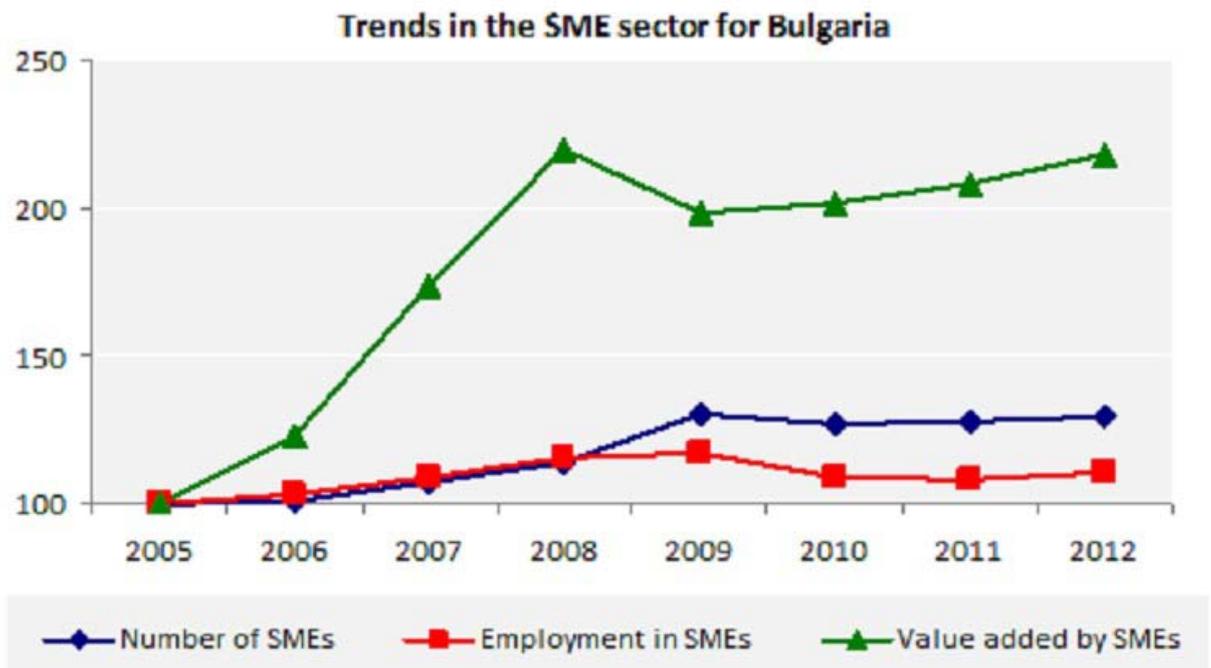
Belgium

- SMEs in Belgium represent 99.8% of all businesses and account for 61.6% of the economic added value and 67.7% of employment in the private non-financial sector. 29% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The Belgian SME sector does not differ substantially from the EU-wide one, except for a slight prevalence of micro enterprises in the total number of SMEs.**
- SMEs in Belgium have coped with the crisis better than in the EU as a whole, in particular in terms of value added with an average annual growth rate of more than 3% since 2009.
- Policy efforts seem well targeted, since many are focused on the SBA area with the lowest scores (Entrepreneurship) or a negative trend (Internationalisation and Access to finance).



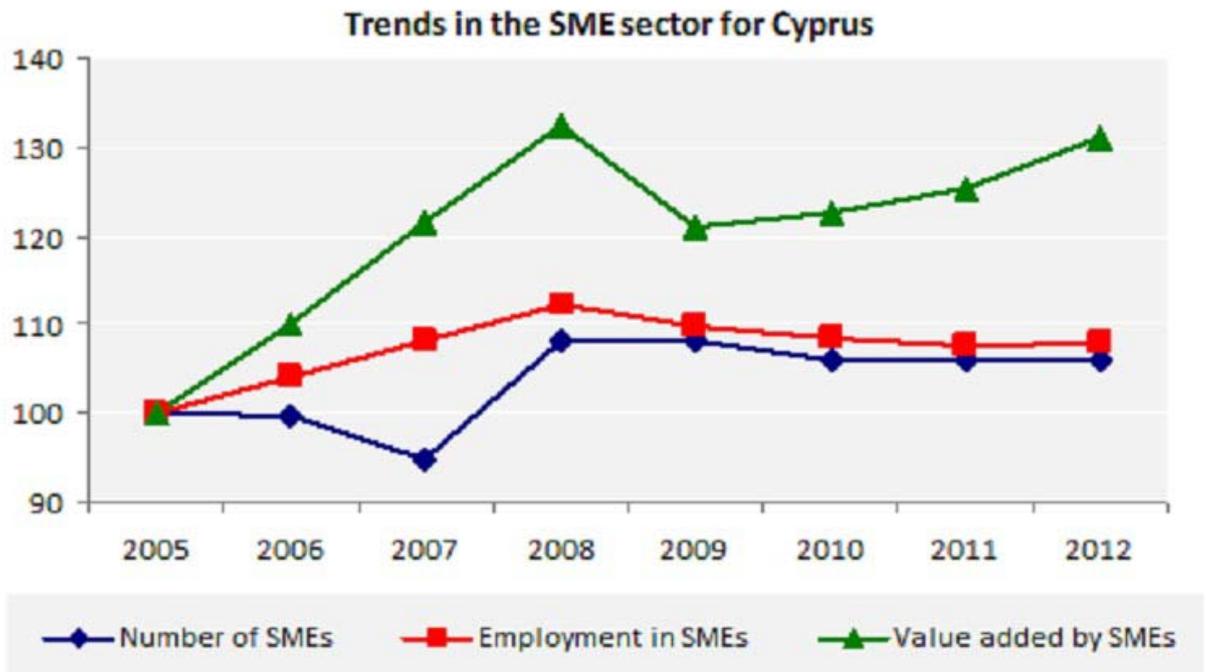
Bulgaria

- SMEs in Bulgaria represent 99.8% of all businesses and account for 61.9% of the economic added value and 75.7% of employment in the private non-financial sector. 16% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Bulgarian SMEs tend to be larger across all size classes than their EU peers.** The sector they are most likely to be active in is trade, rather than services, as in the EU as a whole.
- The Bulgarian SME sector has stabilised after the crisis with noticeably more businesses, jobs and value added than the EU as a whole, compared with the base year 2005
- While the government has not yet adopted a national strategy to implement the Small Business Act, significant measures have been taken, especially in the areas of 'Responsive administration', 'Single market' and 'Think small first'. Yet Bulgaria still lags behind in five SBA areas ('Second chance', 'Environment', 'Internationalisation', 'Entrepreneurship' and 'Skills and innovation').



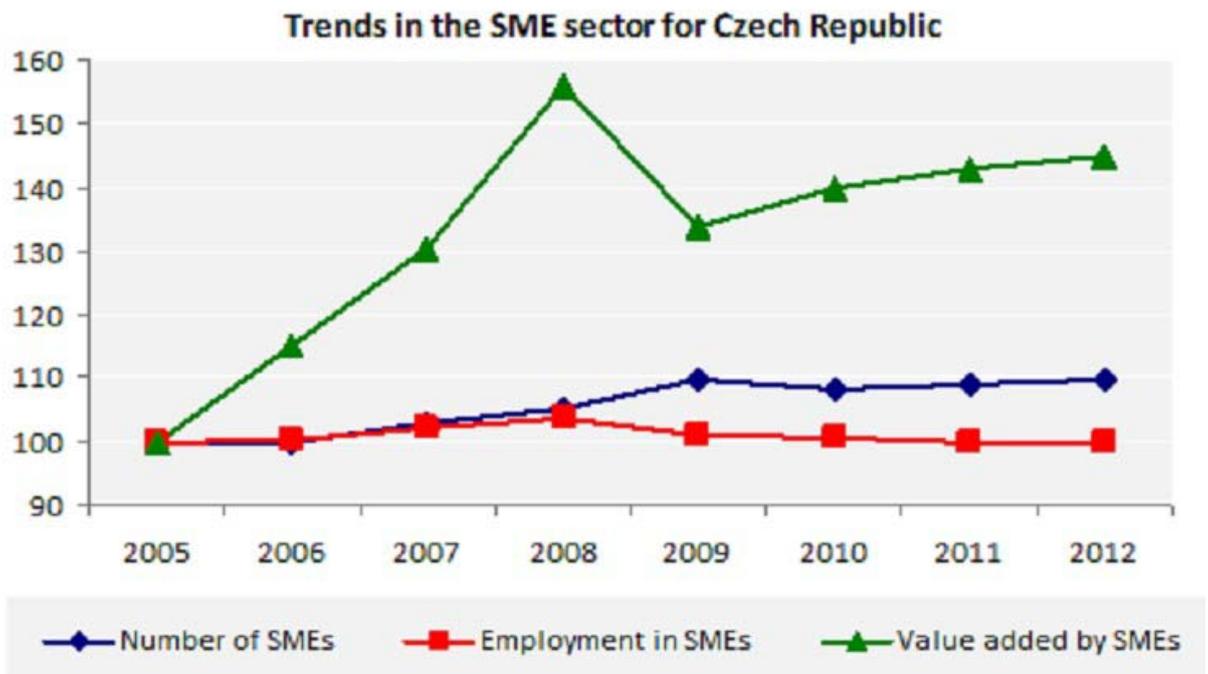
Cyprus

- SMEs in Cyprus represent 99.8% of all businesses and account for 76.0% of the economic added value and 81.4% of employment in the private non-financial sector. 14% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Although forecasts show a positive trend in economic value added, the number of SMEs and their employment figures are still below pre-crisis 2008 values.**
- Cyprus is in line with the EU average in most SBA areas, with the exception of "Environment" and "Responsive administration", where it is still lagging behind.
- Cyprus performs best in "Entrepreneurship" and "Internationalisation" but it has a lot of catching up to do to reach the level of the EU's best performers on the remaining SBA areas.



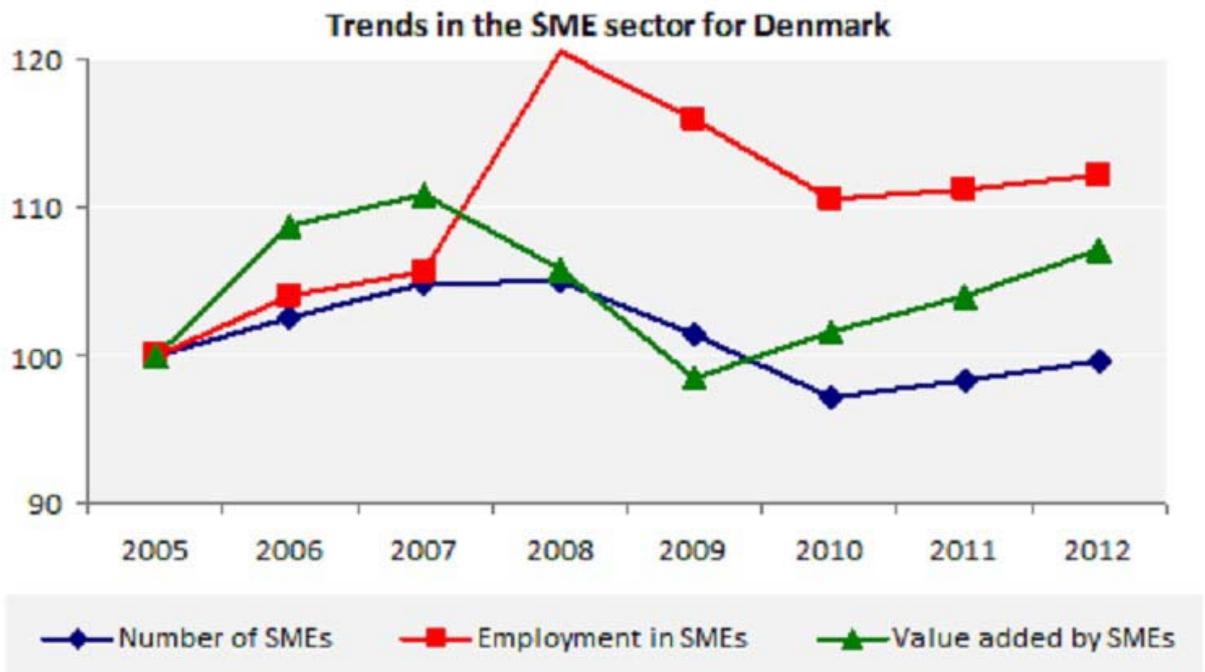
The Czech Republic

- SMEs in Czech Republic represent 99.9% of all businesses and account for 55.9% of the economic added value and 69.9% of employment in the private non-financial sector. 29% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- Micro-firms have a strong presence in the SME sector. **All SME indicators are still below pre-crisis 2008 levels, and only the economic value added is on a clear positive trend.**
- The Czech Republic's SBA profile has improved in Entrepreneurship, Access to finance, Skills and innovation and Internationalisation, but only scores slightly above average in Skills and innovation.
- In 2012, the Czech Republic was active with specific policy measures in all SBA areas.



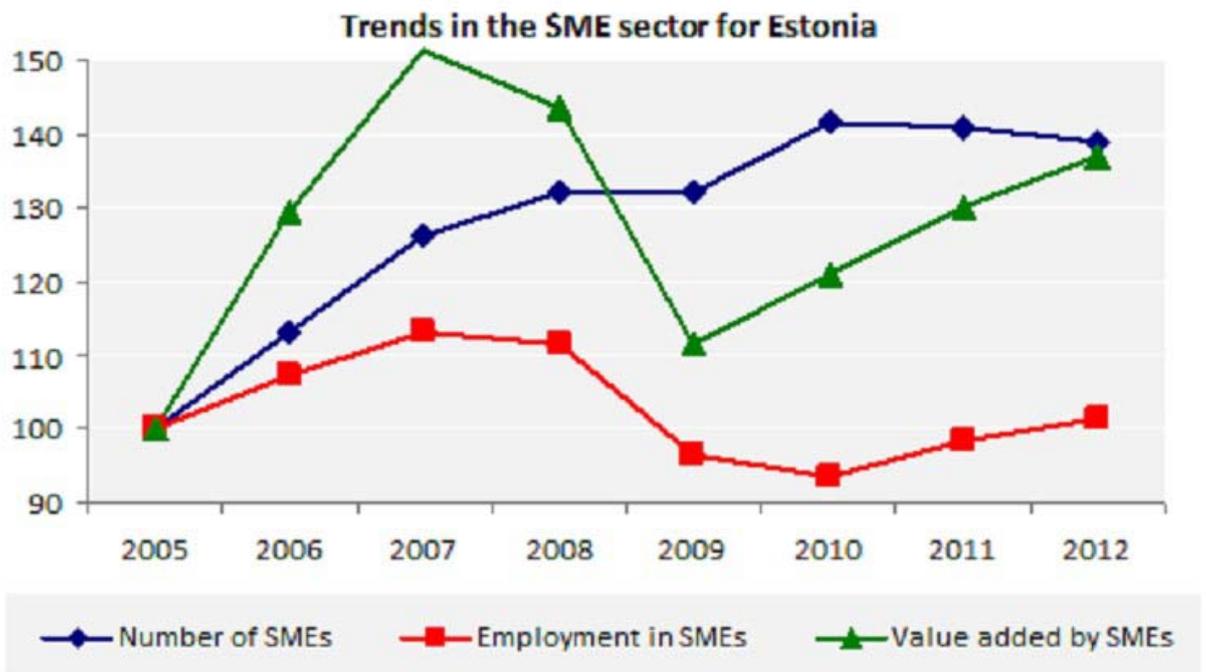
Denmark

- SMEs in Denmark represent 99.6% of all businesses and account for 64.2% of the economic added value and 66.2% of employment in the private non-financial sector. 30% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The SME's sector contribution to the economy in terms of gross value-added has bucked the downward trend of 2009 and is now on a steady growth path, similar to the EU-average.**
- The SBA profile for Denmark clearly exceeds the EU average in all but two domains (Environment and Entrepreneurship).
- Denmark tops all other EU countries in Skills and innovation and Internationalisation.



Estonia

- SMEs in Estonia represent 99.7% of all businesses and account for 71.6% of the economic added value and 77.6% of employment in the private non-financial sector. 27% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The SME sector is recovering slowly, in particular as concerns the gross value added, and, to a more limited extent, employment trends.**
- SBA performance has improved in areas such as Responsive Administration and Skills and Innovation.
- In 2011 and in the first quarter of 2012, Estonia took action in eight out of ten SBA areas, focusing on Think Small First.



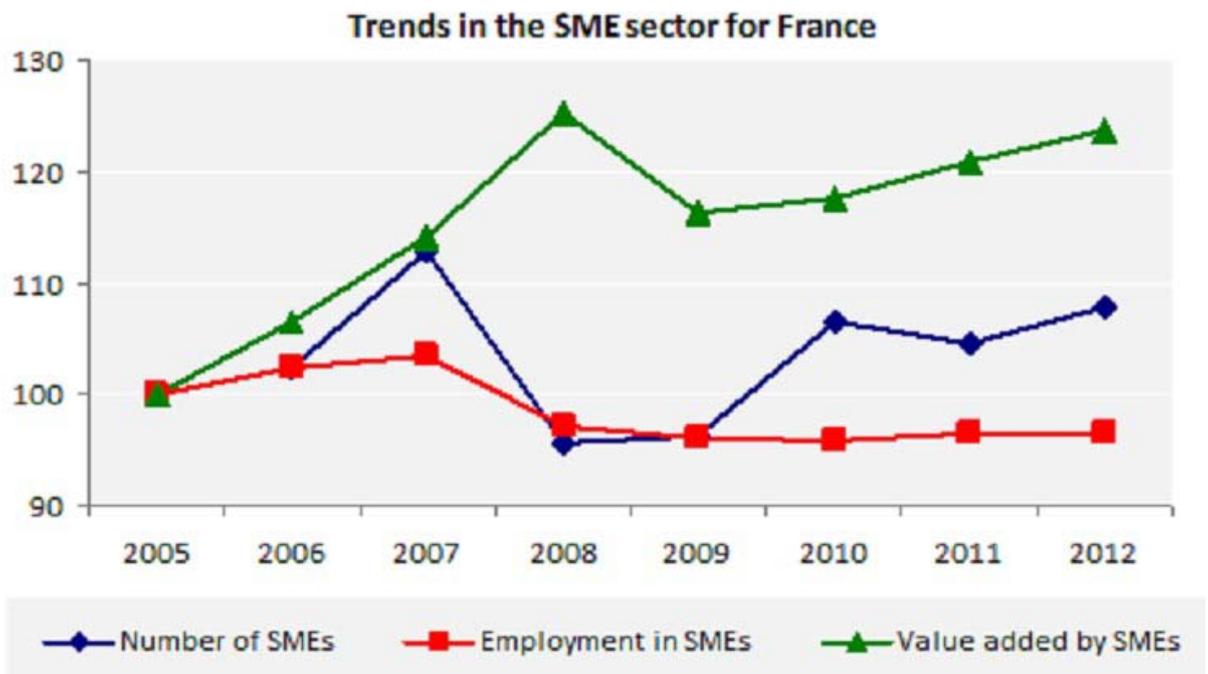
Finland

- SMEs in Finland represent 99.7% of all businesses and account for 57.0% of the economic added value and 61.7% of employment in the private non-financial sector. 27% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country. Moreover, 28 % of all SME manufacturing jobs are in high-tech or medium- to high-tech activities
- **The outlook for Finnish SMEs until the end of 2012 is stable and relatively good, with positive trends for gross value added.**
- Finland boasts one of the best SBA profiles of all EU-27 countries with a top performance in 4 out of 10 policy areas. Further stimulation of SMEs trade performance within and outside the single market may be the only challenge.



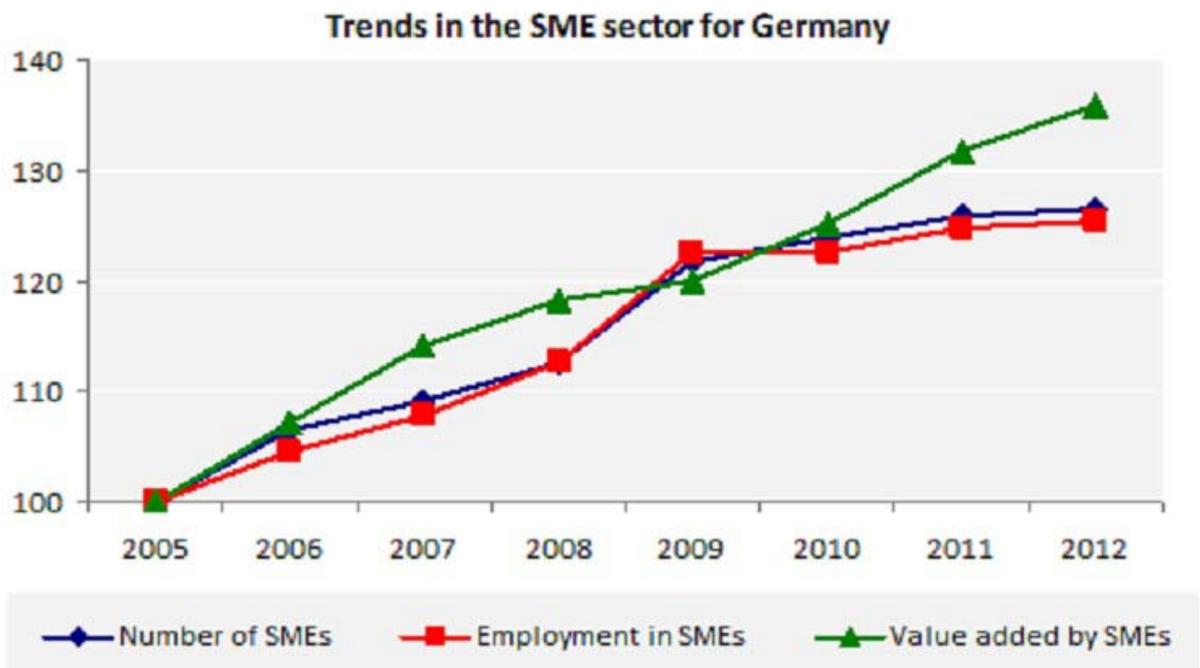
France

- SMEs in France represent 99.8% of all businesses and account for 59.0% of the economic added value and 63.9% of employment in the private non-financial sector. 21% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The French SME sector does not differ substantially from the Europe-wide one, except that micro-firms are more prevalent and more productive in France.**
- The SME sector is coping well with the crisis in terms of the numbers of firms and their value added, but employment in SMEs continues on a downward, albeit slow-moving, path.
- France scores better than the EU average on two of the ten SBA principles, namely Responsive administration and Internationalisation, and it is average for the remaining eight. In 2011, France's policy focused on tackling the lack of competitiveness of industrial firms, in particular SMEs.



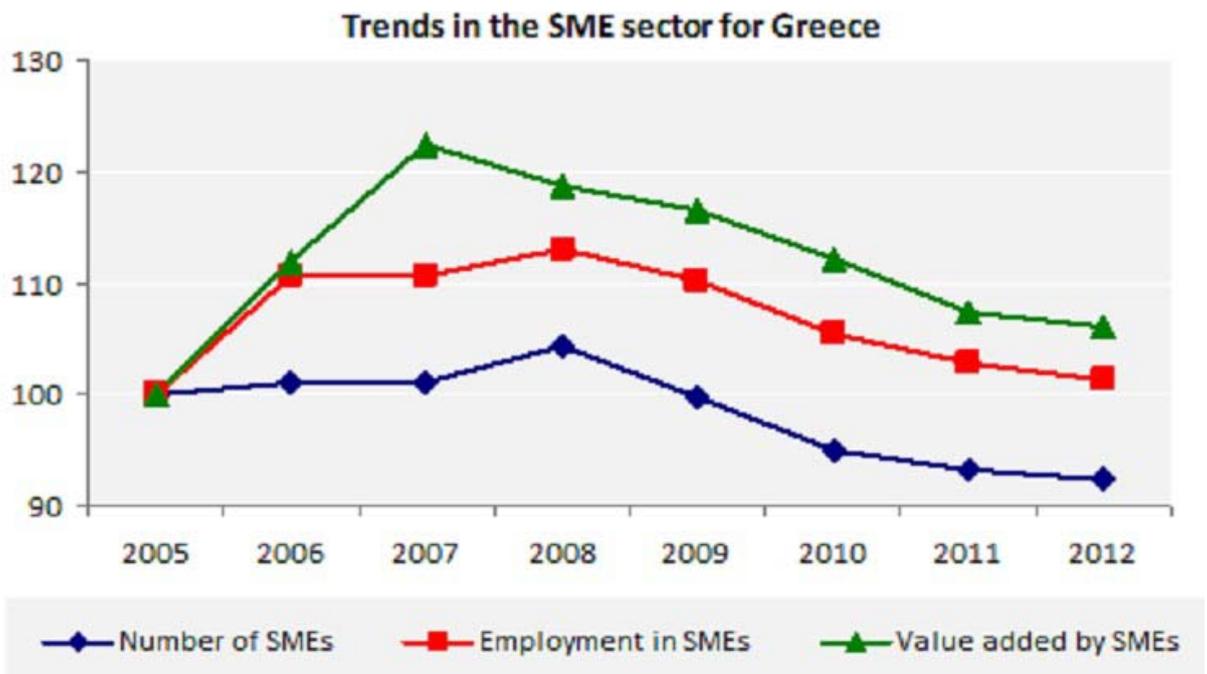
Germany

- SMEs in Germany represent 99.5% of all businesses and account for 53.9% of the economic added value and 62.7% of employment in the private non-financial sector. 26% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Germany's SME sector is one of the fastest expanding in the entire EU.**
- Its SBA performance is above the EU average in terms of high-tech manufacturing, but only average on knowledge-intensive services.
- Conditions for SMEs in almost all policy domains are better than in the EU on average, with the promotion of entrepreneurship being the only area of concern.



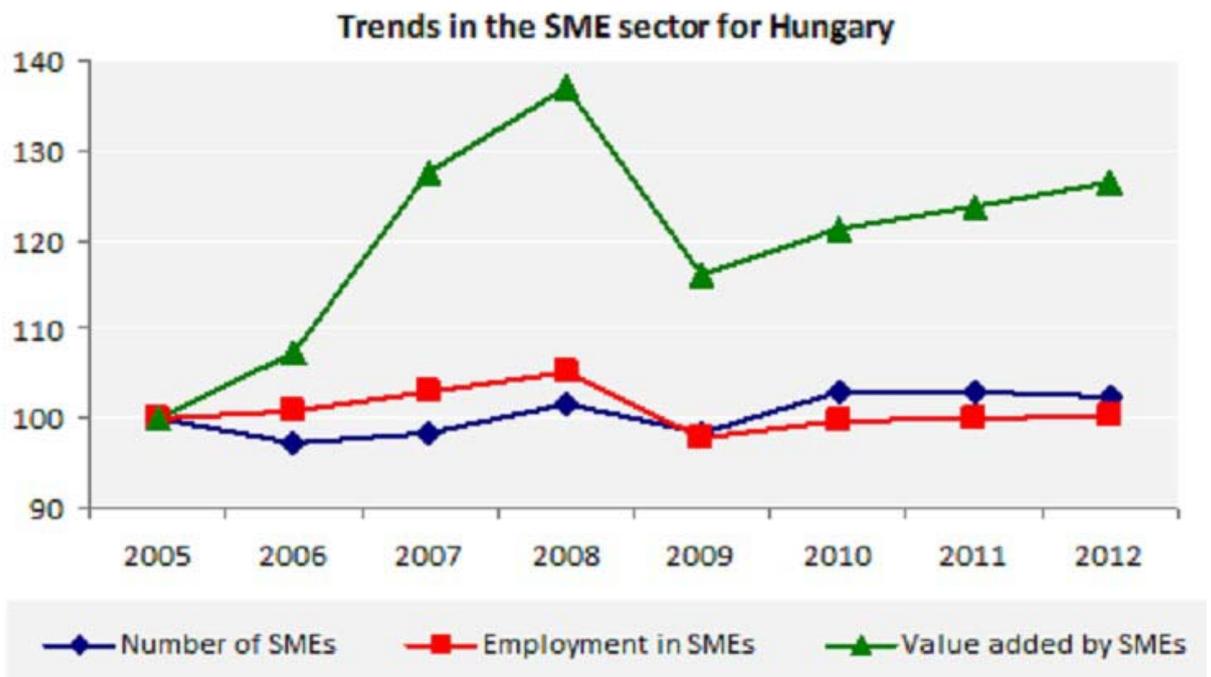
Greece

- SMEs in Greece represent 99.9% of all businesses and account for 69.9% of the economic added value and 85.1% of employment in the private non-financial sector. 24% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The SME sector is more important in Greece than in the average EU country, and Greek SMEs tend to be smaller than their EU peers.**
- The crisis has caused a dramatic decrease in the number of Greek SMEs, estimated to be 90 000 thousand units between 2008 and 2011.
- Greece lags behind the EU average by a considerable margin in five out of ten SBA areas.
- Recently, important policy measures have been taken in the SBA areas of Access to finance, Internationalisation, Second chance, Responsive administration and Skills and innovation.



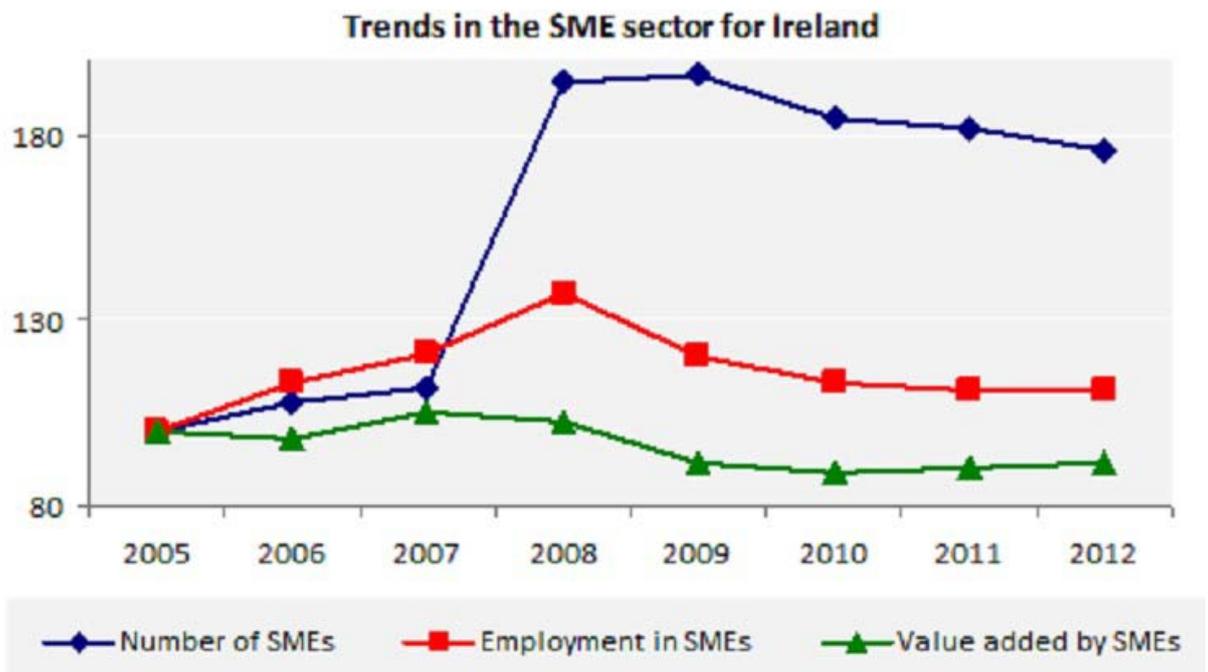
Hungary

- SMEs in Hungary represent 99.9% of all businesses and account for 53.8% of the economic added value and 72.7% of employment in the private non-financial sector. 35% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The SME sector has been stagnant in Hungary since at least 2005 in terms of number of enterprises and employment.** Micro-firms are of particular importance as they provide more than 36% of the business economy.
- Hungary is still trailing the EU-average in 8 out of 10 SBA areas, although in many there **has** been a recent gradual improvement of the situation.
- The Government is remaining active on SME policy, but some selected measures threaten to have a detrimental effect on SMEs.



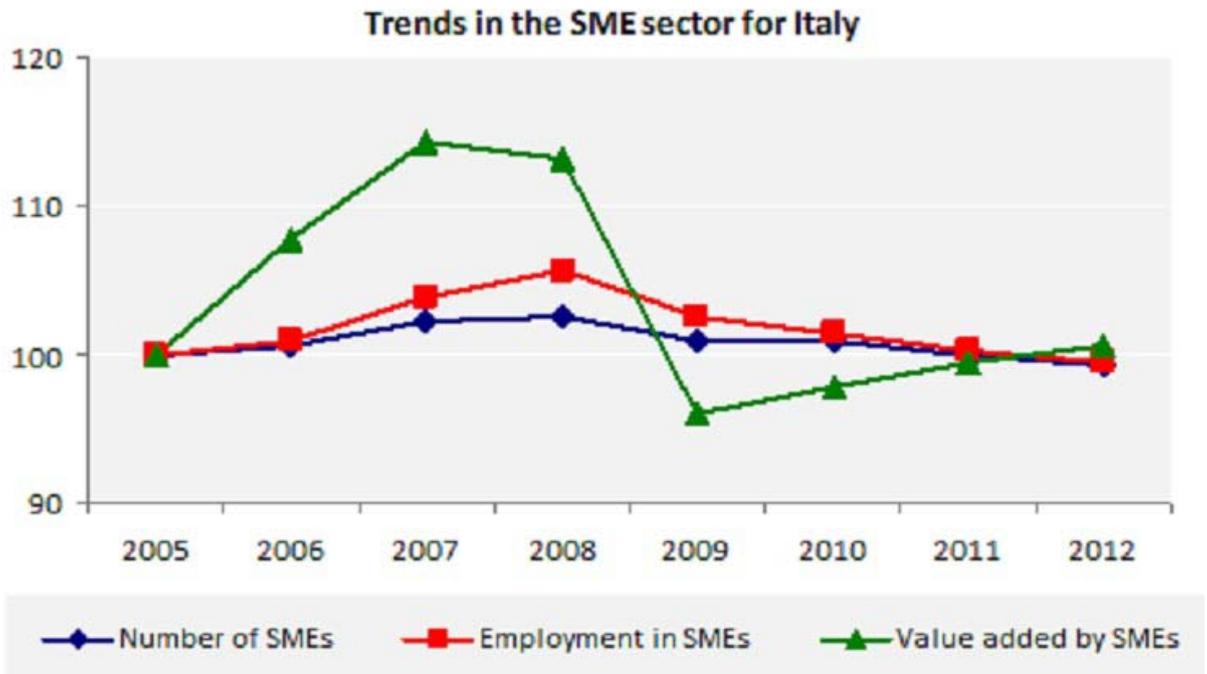
Ireland

- SMEs in Ireland represent 99.7% of all businesses and account for 51.5% of the economic added value and 69.0% of employment in the private non-financial sector. 31% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Small and medium-sized enterprises are comparatively more prevalent in Ireland than in the EU as a whole. The Irish SME sector is still struggling with the effects of the crisis.** Employment stabilised in 2010/2011 and value added is now on a very modest growth path, but still well below pre-crisis levels.
- The country clearly outstrips the EU average in six out of 10 SBA areas. It offers by far the best conditions for entrepreneurs who have failed and want to start over again. In 2011, policy measures were focused on improving access to finance for SMEs and second-chance entrepreneurs.



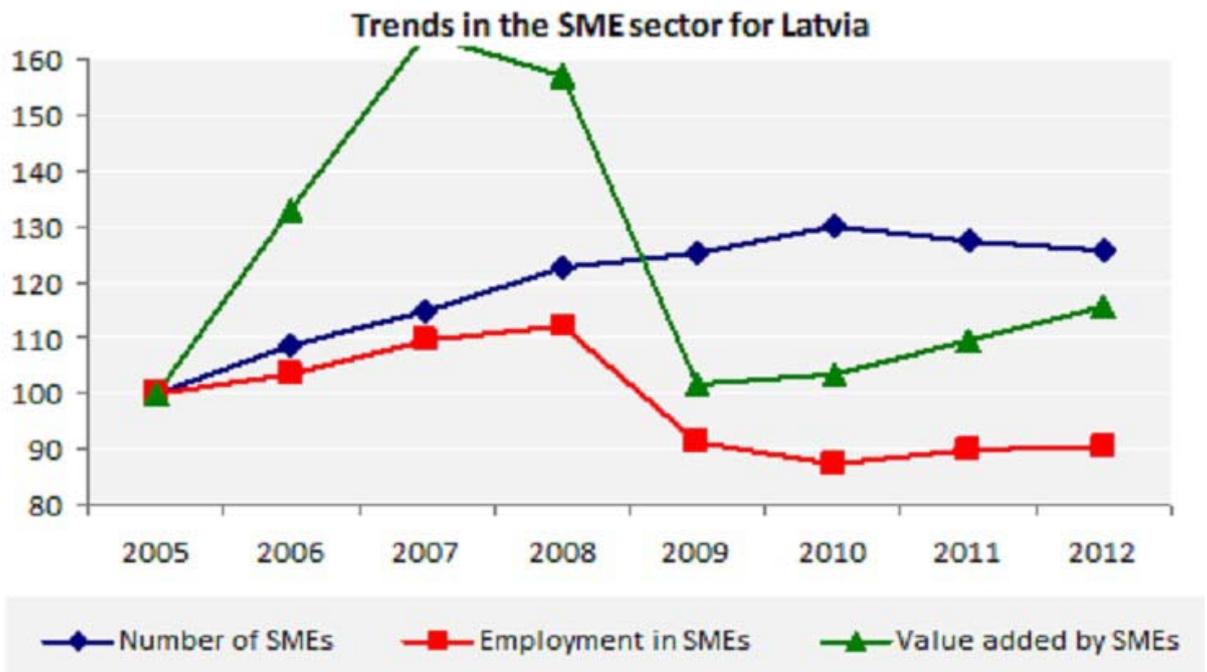
Italy

- SMEs in Italy represent 99.9% of all businesses and account for 68.3% of the economic added value and 80.3% of employment in the private non-financial sector. 26% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Italy's SME sector – the largest in the EU by number of firms – is dominated by 3.6 million micro-firms with less than 10 employees. Italian SMEs have trailed their EU peers in recovering from the crisis, and this is set to continue.**
- In most SBA policy areas Italy has yet to catch up with the EU average.
- Some important policy measures introduced over the last year may prove vital in starting a sustained turn-around of Italy's SME sector.



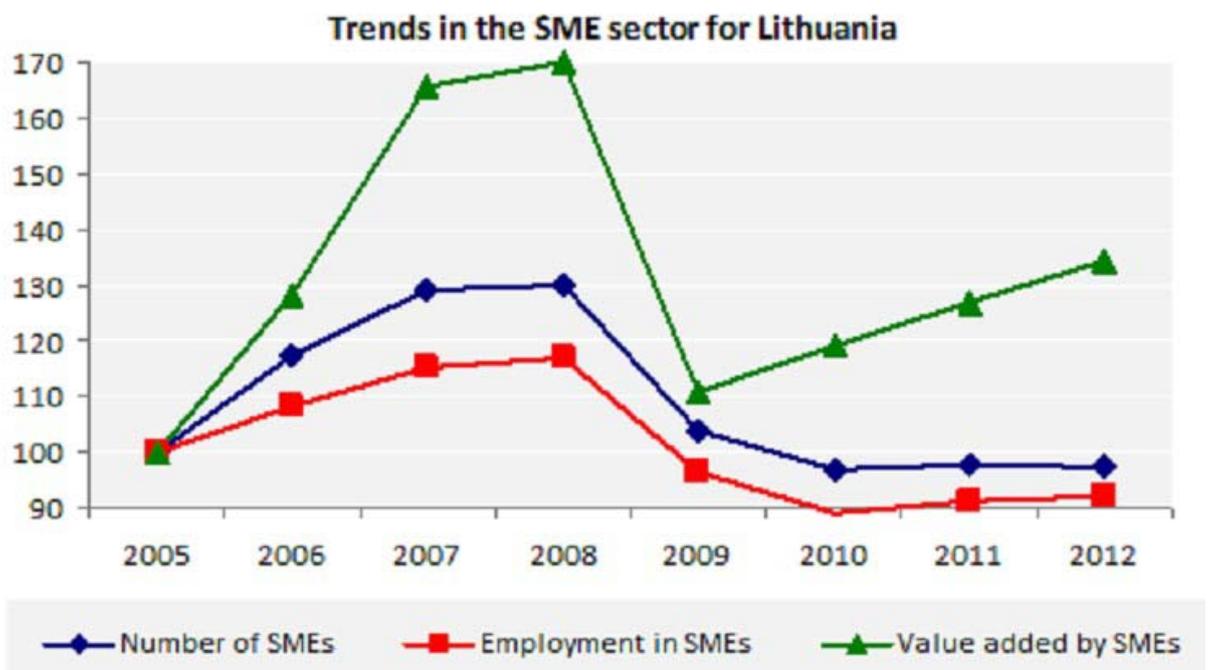
Latvia

- SMEs in Latvia represent 99.8% of all businesses and account for 65.8% of the economic added value and 77.4% of employment in the private non-financial sector. 24% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Latvian SMEs tend to have more employees than in the EU on average, but the gap has been closing over recent years.**
- The crisis has hit Latvian SMEs particularly hard in terms of their ability to provide jobs.
- Latvia's SBA profile shows clear signs of improvement over time, especially as regards State aid & public procurement and Single market
- In 2011, Latvia was active with specific policy measures in a majority of SBA areas.



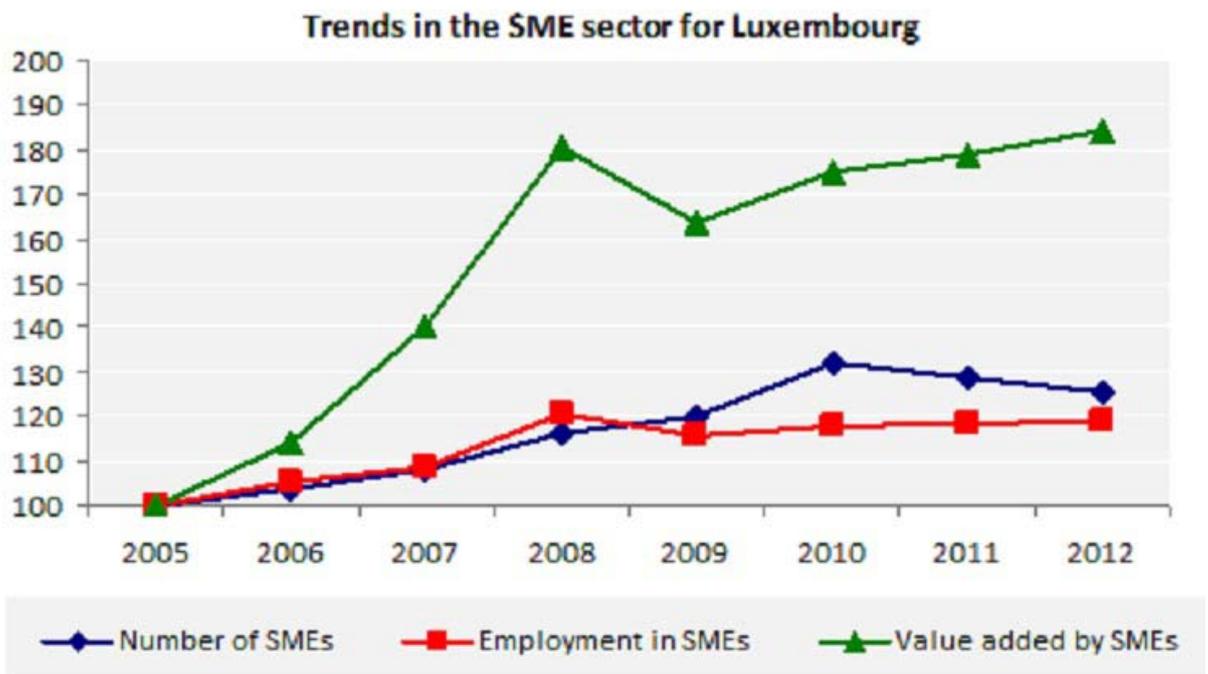
Lithuania

- SMEs in Lithuania represent 99.8% of all businesses and account for 63.4% of the economic added value and 75.7% of employment in the private non-financial sector. 17% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The Lithuanian SME sector comprises fewer micro firms and small and medium-sized ones than the EU average. SMEs were hit by the crisis but less so than larger enterprises.**
- Lithuania's SBA profile is largely in line with the EU average, but on a positive trend.
- In 2011, policy actions were taken in most SBA areas, in particular Responsive administration, Entrepreneurship and Second chance.



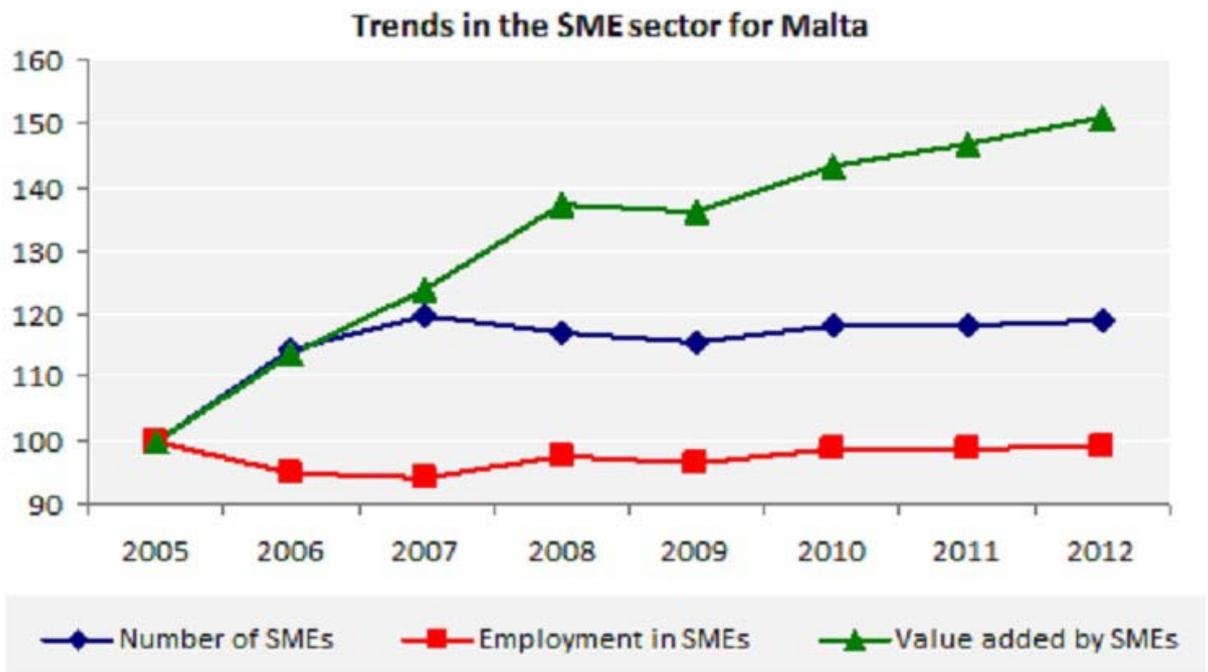
Luxembourg

- SMEs in Luxembourg represent 99.5% of all businesses and account for 72.8% of the economic added value and 67.8% of employment in the private non-financial sector. 36% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Luxembourg's SME sector has weathered the crisis much better than most others in the EU, shedding no more than an estimated 4200 jobs between the pre-crisis peak in 2008 and the end of 2012.**
- The service sector dominates much more than in other EU countries, even excluding financial services.
- SBA implementation remains on course, with most progress in 2011 being made in 'Entrepreneurship' and 'Responsive administration'.
- Future challenges include the further improvement of 'Second chance' conditions and the simplification of administrative measures.



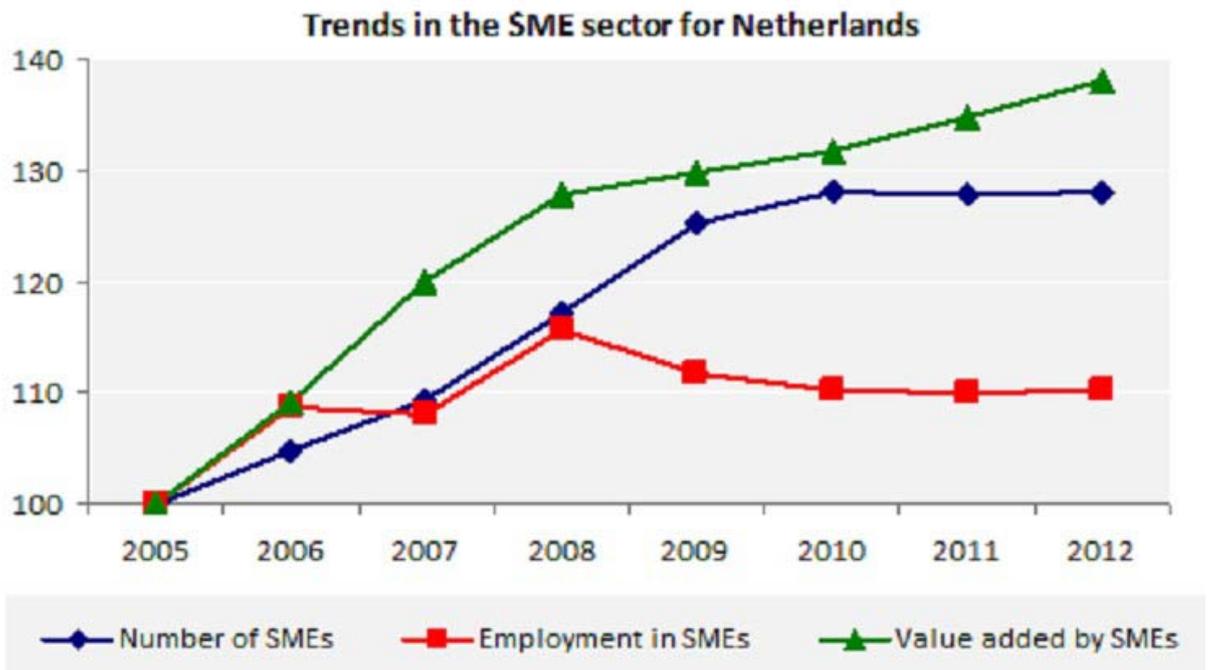
Malta

- SMEs in Malta represent 99.9% of all businesses and account for 64.5% of the economic added value and 76.3% of employment in the private non-financial sector. 25% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Micro-firms of less than 10 employees are crucially important for Malta's SME sector.**
- Forecasts until the end of 2012 see Malta's SMEs continuing to weather the crisis well.
- Progress in SBA implementation, especially in the areas "Think small first" and "Access to finance".



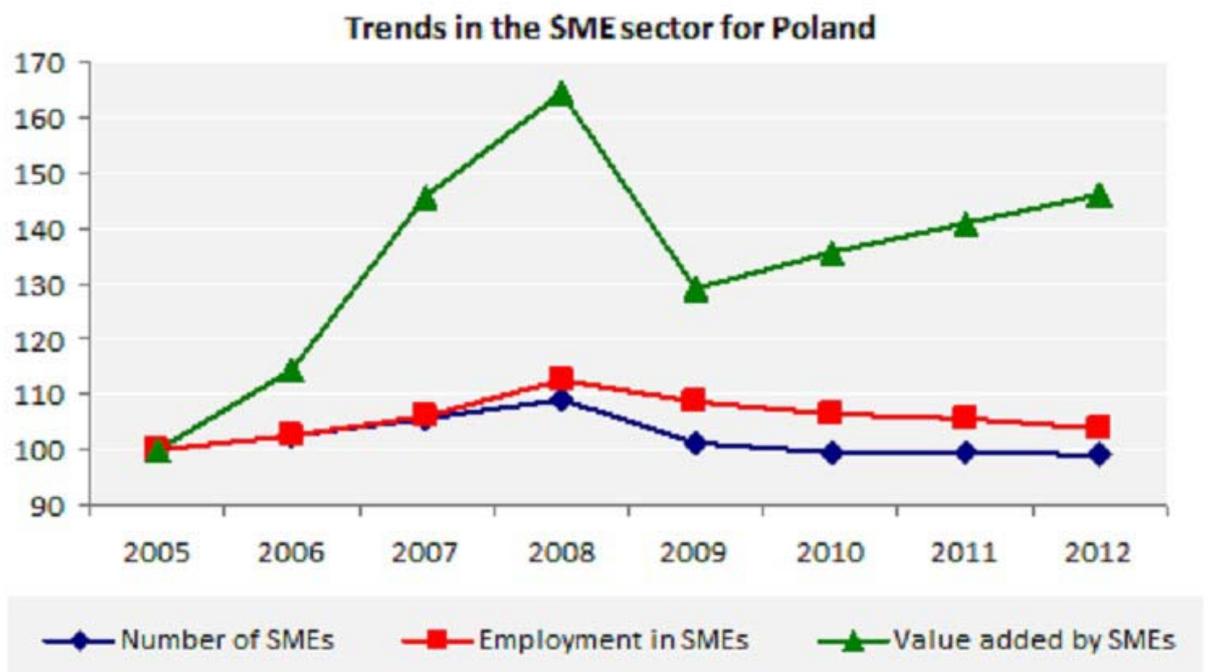
Netherlands

- SMEs in Netherlands represent 99.7% of all businesses and account for 63.2% of the economic added value and 65.4% of employment in the private non-financial sector. 40% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Dutch SMEs are particularly strong in knowledge-intensive professional services, accounting for 26% of all service employment. However, they are only average in terms of hi-tech and innovative manufacturing or services activities.**
- The outlook for Dutch small or medium-size enterprises (SMEs) is stable until the end of 2012. They have shed more than 200 000 jobs since 2009.
- Netherlands has a strong profile in SBA policy areas such as 'Second Chance', 'Think small first', 'Environment' and 'Internationalisation', but 'Access to finance' remains a concern.



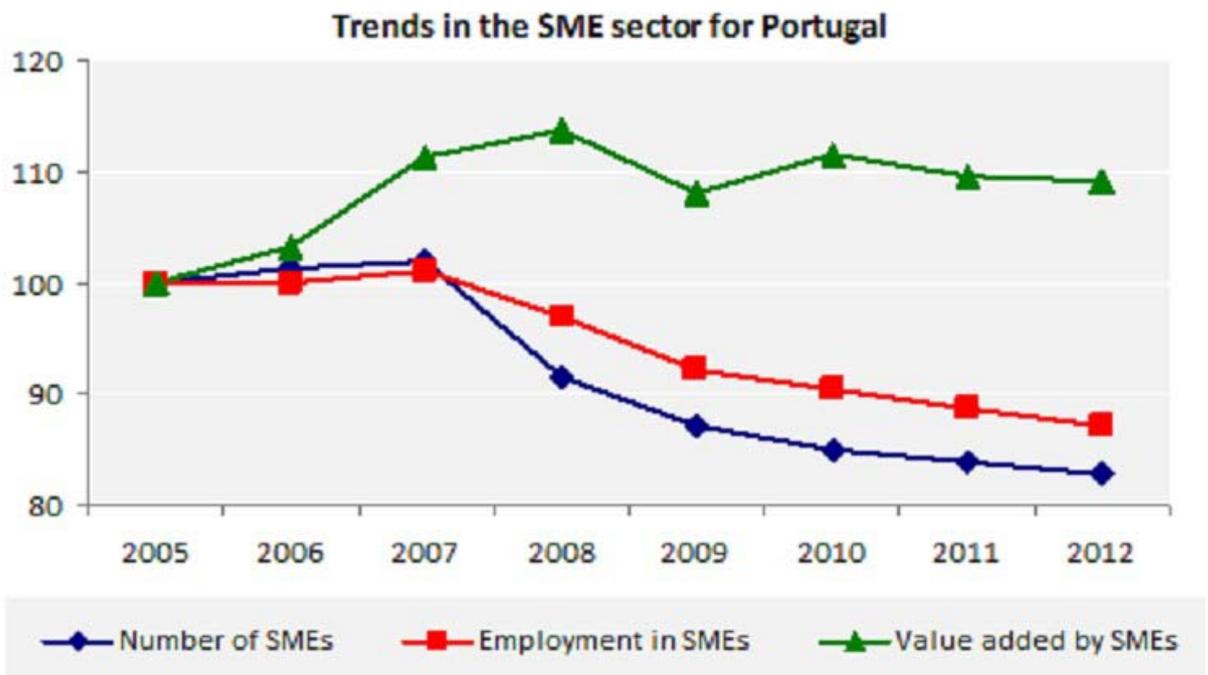
Poland

- SMEs in Poland represent 99.8% of all businesses and account for 51.5% of the economic added value and 68.2% of employment in the private non-financial sector. 22% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The SME sector has been severely affected by the crisis. Of the key SME indicator, only the gross value added has bounced back, but still remains below pre-crisis 2008 levels.**
- Despite improvements over previous years, the SBA profile for Poland still lags behind the EU average for several areas. Performance is particularly good in: 'Entrepreneurship' and 'Access to Finance', but 'Internationalisation' and 'Skills and innovation' need attention.
- In 2011, Poland initiated a battery of actions and implemented measures in all SBA areas, except 'Public procurement and state aid', 'Single market' and 'Environment'.



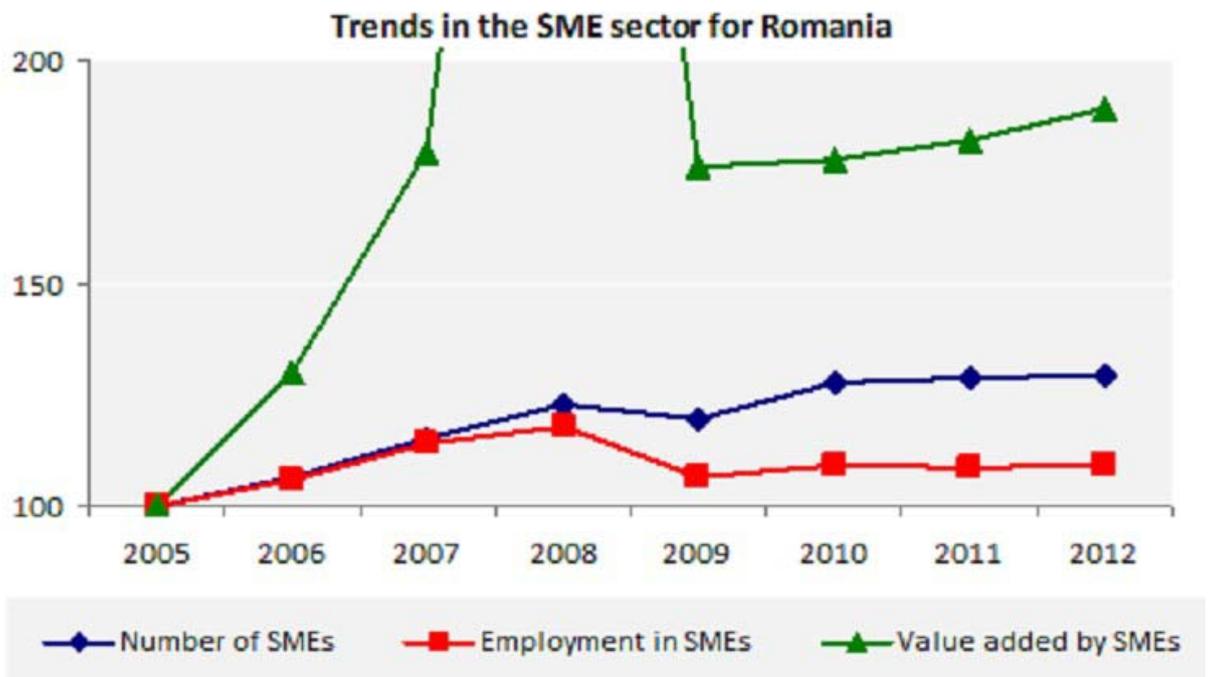
Portugal

- SMEs in Portugal represent 99.9% of all businesses and account for 67.6% of the economic added value and 78.3% of employment in the private non-financial sector. 24% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Portugal's SMEs have been severely hit by recession with no rebound in sight until the end of 2012. Hardest hit are micro-firms employing less than 10 persons and representing 94 % of all businesses.**
- Amid a challenging political and economic climate, Portugal's overall SBA profile has improved slightly over the last year.
- Important policy initiatives have been taken in the 'Entrepreneurship' and 'Second chance' areas.



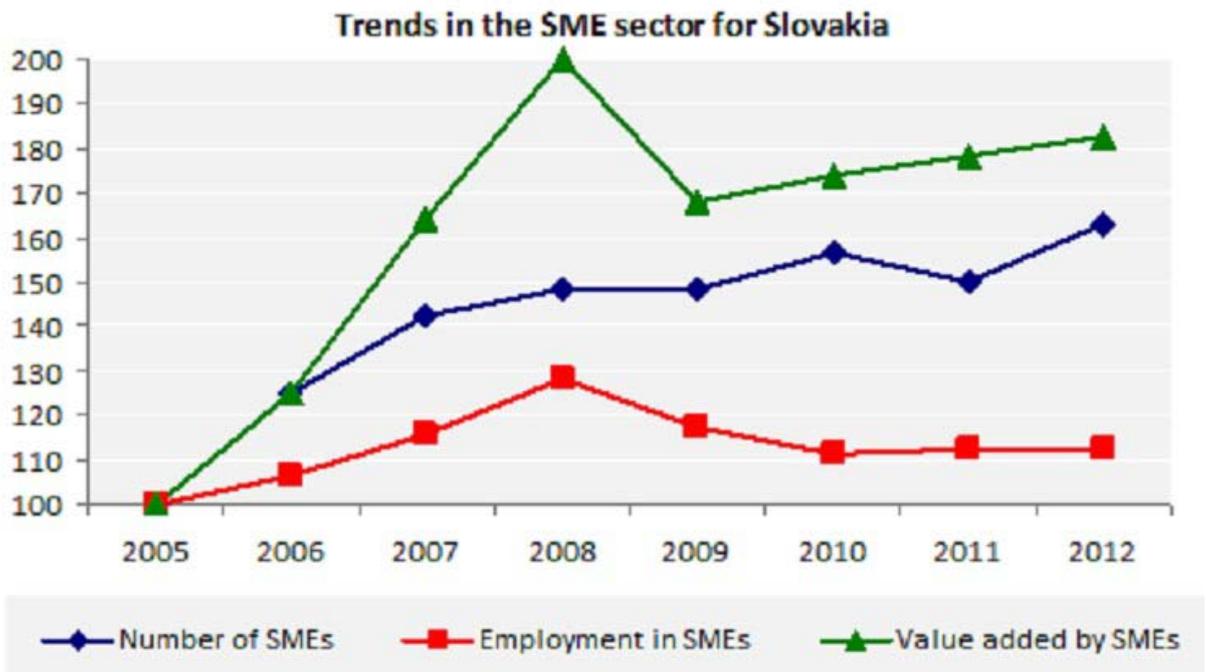
Romania

- SMEs in Romania represent 99.7% of all businesses and account for 52.7% of the economic added value and 67.2% of employment in the private non-financial sector. 20% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Small and medium-sized businesses are comparatively more prevalent in Romania compared to the EU as a whole. The Romanian SME sector is slowly recovering from the crisis.** Employment and value added have stabilized in 2010/2011, although they are still well below pre-crisis levels.
- Romania scores under the EU average for seven SBA principles, with only 'Entrepreneurship' above average. In 2011, Romania addressed eight out of ten SBA areas through targeted policy measures, with the main focus on entrepreneurship and responsive administration.



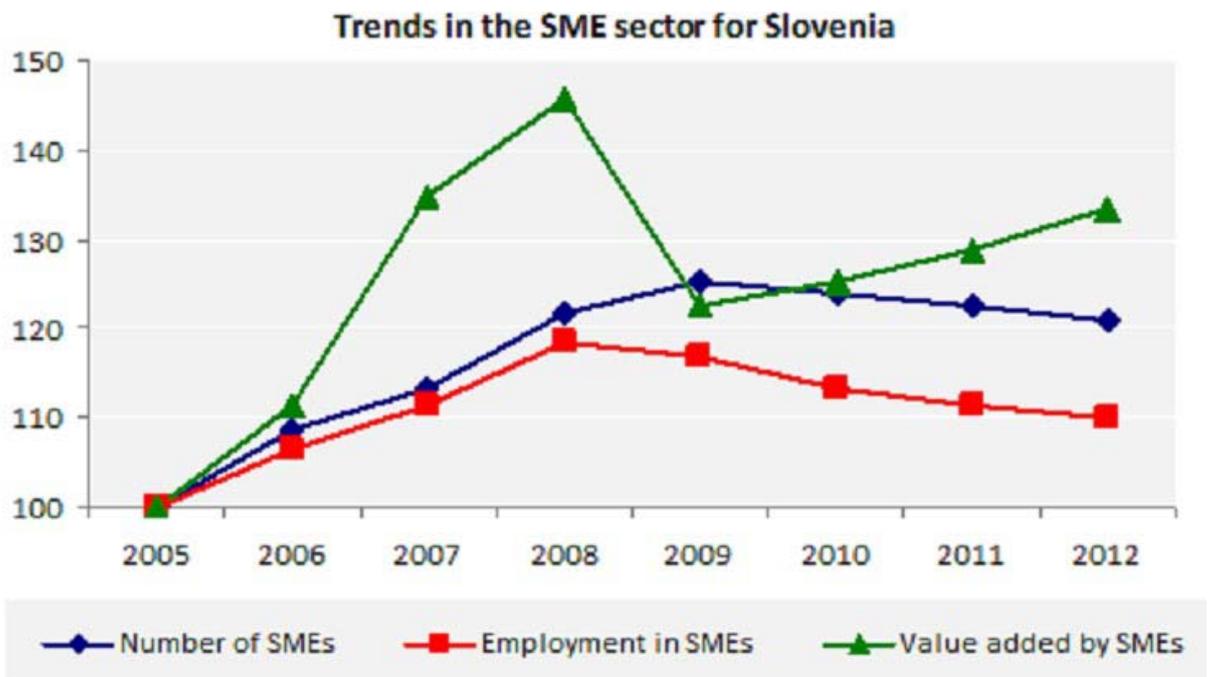
Slovakia

- SMEs in Slovakia represent 99.2% of all businesses and account for 52.2% of the economic added value and 58.3% of employment in the private non-financial sector. 22% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **There are comparatively more small businesses in Slovakia than in the EU on average.**
- The Slovak SME sector is slowly recovering from the crisis. Employment stabilised in 2010/2011 and value-added is now on a modest growth path, albeit still well below pre-crisis levels.
- Overall, the statistics on SMEs reveal a modest SBA profile for Slovakia. The only area in which the country performs better than the EU average is in making use of the advantages offered by the Single market. For the remaining areas it scores below average.



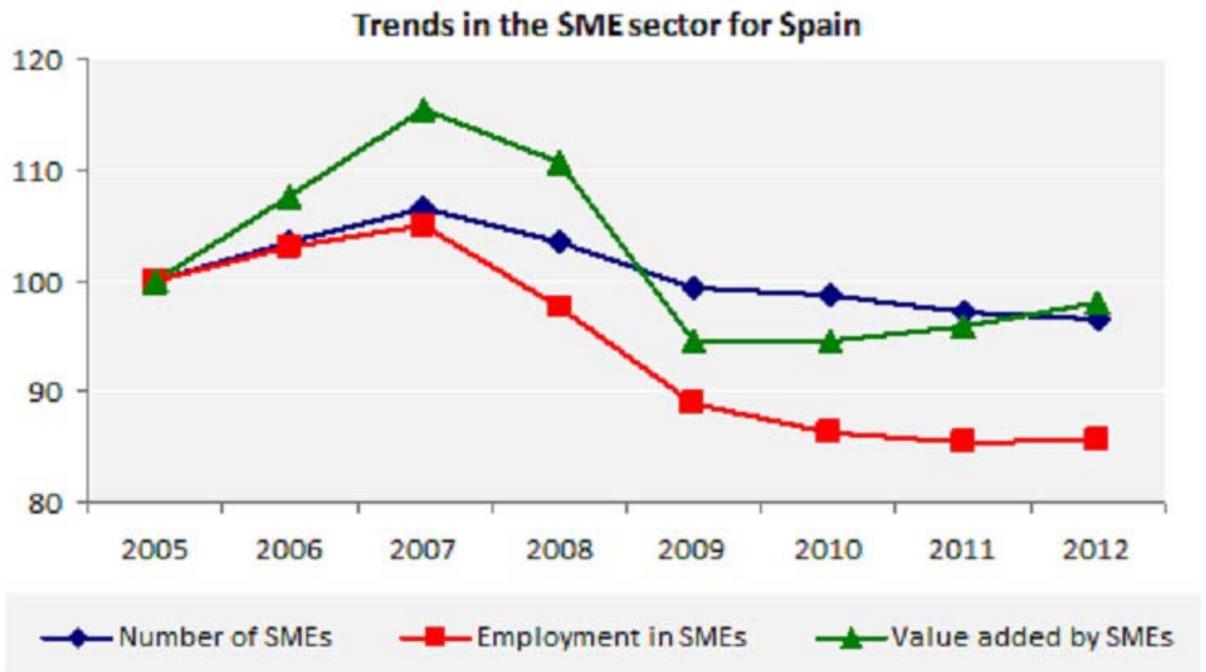
Slovenia

- SMEs in Slovenia represent 99.8% of all businesses and account for 63.0% of the economic added value and 70.6% of employment in the private non-financial sector. 33% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The Slovenian SME sector outdoes its EU counterparts in terms of employment and contribution to the economy.**
- The SMEs are slowly recovering from the crisis. Employment stabilised somewhat in 2010/2011 and value-added is continuing on a modest growth path after the 2009 slump, though current levels are still below the 2008 peaks.
- Overall, the statistics on SMEs give an average SBA profile for Slovenia. In 2011, Slovenia's policy record was characterised by some — albeit limited — progress, with the most significant initiatives in Access to finance and Skills and innovation.



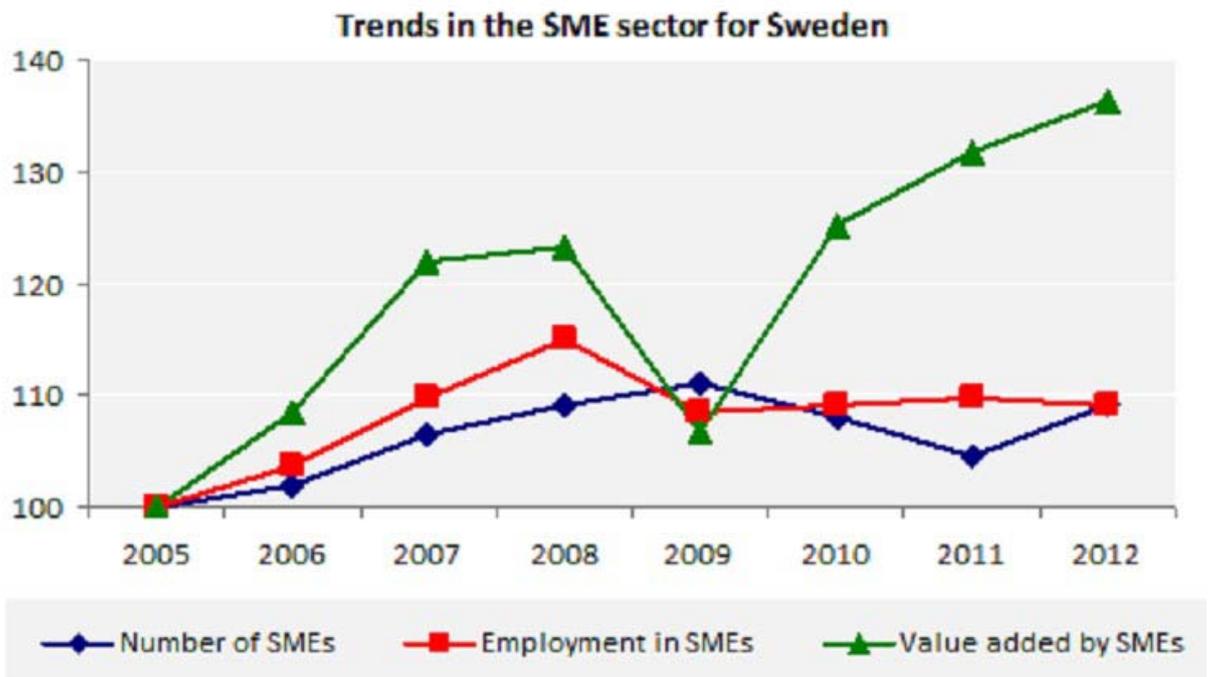
Spain

- SMEs in Spain represent 99.9% of all businesses and account for 65.7% of the economic added value and 75.6% of employment in the private non-financial sector. 22% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Spanish SMEs are still struggling with the impact of the deep recession and persistent unemployment.**
- Spain scores better than the EU in only one SBA area, 'Think small first'. On the other aspects, it scores either on par with the average (Second chance, Responsive administration, Environment) or below average.
- In 2011, Spain achieved a more balanced development across the SBA aspects, taking policy action in most areas. Due to the current economic crisis, the government passed new measures to help credit flow into the real economy, remove administrative charges and boost the competitiveness of Spanish firms by investing in R&D.



Sweden

- SMEs in Sweden represent 99.8% of all businesses and account for 58.4% of the economic added value and 64.3% of employment in the private non-financial sector. 33% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **Swedish SMEs are weathering the crisis better than their EU peers.**
- The structure of the SME sector in Sweden closely mirrors that across the EU.
- The SBA performance of Sweden is very good, with above average results in seven out of the ten SBA areas.
- Policy-wise, in 2011 Sweden was particularly active in the SBA areas of 'Entrepreneurship' and 'Second chance'.



United Kingdom

- SMEs in United Kingdom represent 99.6% of all businesses and account for 49.5% of the economic added value and 54.3% of employment in the private non-financial sector. 37% of SMEs are active in the high-tech manufacturing and knowledge intensive service sectors which are considered key for the future competitiveness of the country.
- **The SME sector is still struggling to cope with the crisis. Of the key SME indicators, only the gross value added is now on a steady positive trend.**
- SBA performance is particularly good in the areas 'Environment', 'Skills and Innovation' and 'Responsive Administration'.
- In 2011, the UK focused SBA action on Entrepreneurship.

