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SME Performance Review 2024/2025

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Contents

Abstract

SMEs are the backbone of the European business economy, representing 99.8% of all enterprises. This report evaluates their economic performance in 2024 and forecasts their outlook for 2025, focusing on three key metrics: number of enterprises, employment, and value added expressed in constant prices while providing detailed analyses based on size classes, industrial ecosystems, and knowledge and technology intense industries.

In 2024, EU SMEs experienced a minor decline in real value added of -0.2%, but employment increased by 1.1%. Projections for 2025 suggest a recovery with a 1.6% increase in real value added and a 0.9% rise in employment. Over the past years, there has been a general growth trend across all size classes, with micro-SMEs notably exhibiting greater resilience and growth compared to other enterprises. This trend aligns with the performance projections for 2024 and 2025, as micro firms are forecasted to achieve the highest growth rates in both real value added and employment.

Regarding industrial ecosystems, SMEs are expected to maintain their dominance in 'retail', 'construction', and 'tourism', where they account for the majority of employment and real value added. In terms of growth rates, the most substantial increases for both indicators in 2024 and 2025 are anticipated in 'cultural and creative industries', 'digital', and 'tourism' ecosystems. SMEs are also anticipated to improve their performance in both knowledge-intensive and less knowledge-intensive industries. However, they may face challenges in achieving significant growth in high-technology industries, which are critical for competitiveness and innovation. Despite this, their limited share in these industries means that challenges here may have less impact on the broader SME landscape.

A spatial analysis of Member States reveals different patterns among neighbouring economies, with countries such as Croatia, Italy, and Greece experiencing notable employment growth in 2024 and 2025, while Member States like Romania, Poland, and Lithuania anticipate real value added growth in 2025. These regional dynamics underscore the importance of the Single Market as a vital driver for SME growth, offering opportunities for expansion and competitiveness. However, disparities remain in how different countries capitalise on these prospects.

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Executive summary

European small and medium-sized enterprises (SMEs) continue to navigate a challenging economic environment. The past years were characterised by unprecedented economic uncertainty, particularly in the wake of the Russian war of aggression against Ukraine, with high energy prices and historically high inflation rates, as well as significant supply chain disruptions. The economic outlook remains uncertain, with significant downside risks for global economic growth, including uncertainty regarding tariffs on products exported to the United States. SMEs continue facing numerous challenges such as limited access to finance, regulatory complexity, and the need to adapt their business models.

It is to the credit of the dynamism of SMEs that despite these challenges, the overall contribution of SMEs to the EU economy remains substantial. In 2024, the EU non-financial business sector (NFBS) was home to approximately 26.1 million SMEs (Table 1), with steady growth in the number of enterprises projected at 1.2% annually in 2024 and 2025. This growth is primarily driven by micro firms. Although SMEs experienced a modest contraction in real value added in 2024 of -0.2%, a more positive outlook for 2025 indicates a projected rebound of 1.6%, driven primarily by micro-SMEs, which are expected to surpass the average SME growth rate with an increase of 2.2% in real value added. Also on a longer time scale, the EU's SME sector has shown a broad-based recovery since the onset of the COVID-19 pandemic. Real value added for SMEs is expected to grow by 18% for small and medium-sized enterprises and 30% for micro-SMEs by 2025, relative to 2020 levels (Figure 1).

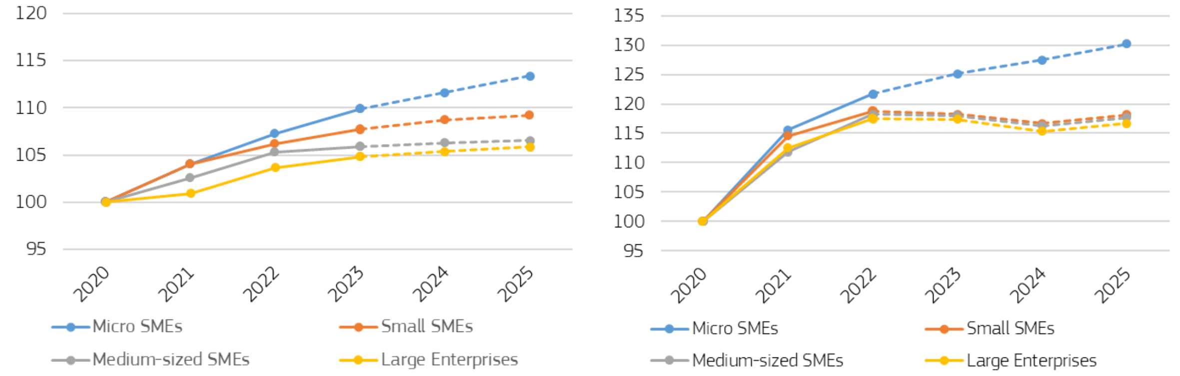
Table 1: Economic structure of enterprises per size class, in EU for 2024.

	Number of enterprises		Number of persons employed		Real Value Added	
Class size	**Number**	**Share**	**Number**	**Share**	**Billion €**	**Share**
Micro	24,514,649	93.6%	41,540,252	30.1%	1,538	20.1%
Small	1,404,631	5.4%	26,889,824	19.5%	1,273	16.6%
Medium-sized	214,000	0.8%	21,358,947	15.5%	1,293	16.9%
SMEs	**26,133,280**	**99.8%**	**89,789,023**	**65.1%**	**4,104**	**53.6%**
Large	44,358	0.2%	48,039,714	34.9%	3,559	46.4%
Total	**26,177,638**	**100%**	**137,828,737**	**100%**	**7,663**	**100%**

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Employment within the SME sector has also seen steady growth since the pandemic. All SME categories, as well as large enterprises, experienced an upturn in employment, though at a slower pace compared to the growth in real value added (Figure 1). Micro-SMEs are expected to outperform other SME categories in terms of employment growth, with an annual growth rate of 1.5% projected for 2025, while medium-sized SMEs will see a significantly slower growth rate of 0.2%. Although some of this growth may be due to a "size-band effect", whereby downsized businesses are reclassified as micro-firms, the results underscore the importance of micro-SMEs, which continue to drive employment growth—unlike other SME categories that are facing similar challenges.

Figure 1. Growth in employment (left) and real value added (right) by size class (2020-2025, indexed to 2020).



Note: The values are indexed to 2020, meaning that the base year (2020) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.
Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Given the variation in economic performance across different SME size classes, the report also looks beyond traditional categories and highlights the importance of small midcaps to the EU economy. These companies, positioned between medium-sized SMEs and large enterprises, face unique challenges as they scale up, and currently lack sufficient data coverage from official EU sources. A recent analysis of the contribution of small mid-caps to the EU economy finds that they account for 57% of large companies, or 0.09% of all companies, and employ 9.2% of the workforce.

SMEs remain a key driver of real value added growth in various industrial ecosystems. In 2024, SMEs contributed significantly to real value added in sectors such as 'retail', 'construction', and 'mobility-transport-automotive'. However, some ecosystems face challenges, with negative growth rates ranging from –0.1% to -7.2% in sectors including 'energy-renewables', 'energy-intensive industries', 'electronics', and 'textiles''. In contrast, the outlook for 2025 is more positive, with all ecosystems expected to experience growth. Micro-SMEs are expected to outpace large enterprises in many sectors, accounting for over 50% of the total increase in real value added in eight out of 14 ecosystems.

In terms of employment, SMEs continued to play a significant role in sectors like 'construction' and 'retail' in 2024. The highest employment growth is expected in the 'cultural and creative industries', 'digital', and 'tourism', with growth rates ranging between 1.6% and 2.1% in 2025. Conversely, the 'electronics' sector is expected to experience a contraction.

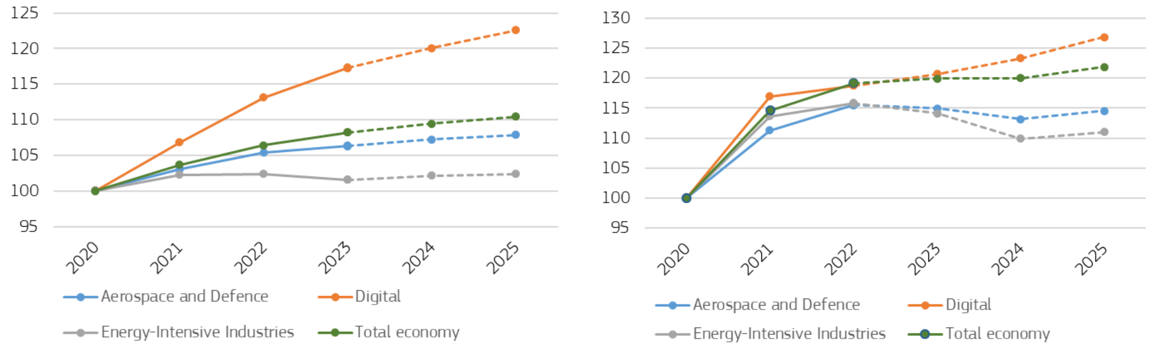
To navigate the evolving geopolitical landscape, achieve climate neutrality by 2050, and boost competitiveness, the 'aerospace and defence', 'energy-intensive industries', and 'digital' ecosystems are expected to play a key role. These ecosystems are in the spotlight due to their strategic importance in ensuring Europe's security, industrial resilience, and technological leadership. The European Commission (EC) is supporting their development through strategic initiatives and financial measures, as outlined in documents such as the Joint White Paper for European Defence Readiness 2030, and the Competitiveness Compass for the EU.

In the 'aerospace and defence' sector, SMEs are expected to recover post-pandemic, with real value added and employment reaching 115% and 108% of 2020 levels by 2025, respectively (Figure 2). In terms of growth trajectories, SMEs continue to close the gap with large enterprises, and micro-SMEs are projected to even outperform them. Country statistics show higher SME shares in employment and value added in countries like Cyprus, Estonia, and Malta, while countries such as Denmark, France, and Germany show lower shares.

In the ‘energy-intensive industries’ ecosystem, SMEs have had a mixed recovery, with real value added expected to rise by 11% to 111% of the 2020 level by 2025, while employment remains flat (Figure 2). The sector’s evolution is uneven across Member States, with countries like Luxembourg, Portugal, and Ireland seeing stronger SME employment growth. However, the overall growth prospects for this sector remain limited, with Denmark and the Slovak Republic expected to perform better than others.

The ‘digital’ ecosystem shows strong and sustained growth, with real value added and employment increasing by 27% and 23% from 2020 to 2025 (Figure 2). Micro-SMEs are leading the growth trend, outperforming other SME size classes and large firms, particularly in terms of value added. The sector was only mildly affected by the pandemic and is forecast to maintain steady growth. Productivity is notably high in countries such as Luxembourg, Denmark, and Ireland, with significant gaps seen in countries like Cyprus and Greece.

Figure 2. Growth in EU SMEs’ employment (left) and real value added (right) across ‘aerospace and defence’, ‘digital’, ‘energy-intensive industries’, and total economy (2020-2025, indexed to 2020).



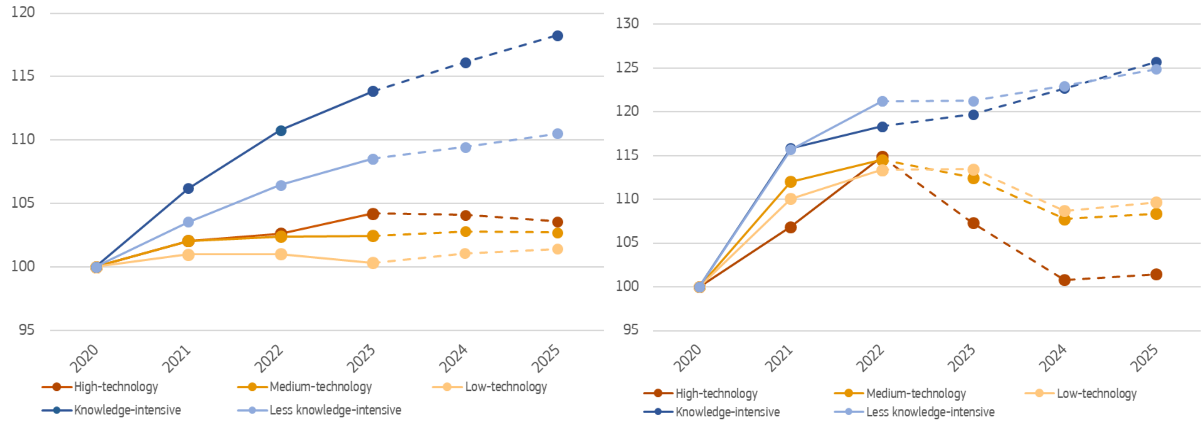
Note: The values are indexed to 2020, meaning that the base year (2020) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.
Source: JRC calculations based on Eurostat’s Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

The Draghi Report highlights the critical role of knowledge and technology-intensive (KTI) industries in driving competitiveness, with knowledge-intensive industries showing the strongest growth in SME real value added (126%) and employment (118%) by 2025 (Figure 3). In contrast, high-technology industries accounted for a relatively small share of EU SMEs in 2024, and given their recent evolution, a significant turnaround in the short term is unlikely. Nevertheless, while low-tech industries dominate in most Member States, high-tech and knowledge-intensive SMEs play a key role in countries such as the Netherlands, Sweden, Luxembourg, and Ireland.

SME productivity continues to lag behind that of large enterprises, with micro-SMEs projected to operate at only half the productivity of large firms by 2025. However, strong productivity growth is expected in ecosystems like ‘digital’, ‘retail’, ‘textiles’, and ‘energy-renewables’.

In 2024, the strongest SME employment growth was observed in countries like Romania, Malta, and Greece, with annual increases ranging from 2.8% to 6.2%. These countries are expected to remain top performers in 2025. Conversely, some Northern and Central European countries, including Germany and Finland, experienced declines in SME employment, but most are expected to return to positive growth by 2025. In terms of real value added, SME growth in 2024 was mixed, with sharp declines in countries like Estonia, Czechia, and Austria. However, strong growth in countries like Malta, Poland, and Spain is expected to lead the recovery in 2025.

Figure 3. Growth in EU SMEs' employment (left) and real value added (right) across KTI industries and less knowledge and lower technology-intensive (non-KTI) industries (2020-2025, indexed to 2020).



Note: The values are indexed to 2020, meaning that the base year (2020) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.
Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

These results confirm the crucial role SMEs continue to play in the EU economy, and that they remain the engines behind economic growth in Europe. According to projections for 2025, SMEs are expected to generate approximately 824 000 new employment opportunities, accounting for 80% of the total jobs anticipated to be created within NFBS. Furthermore, the real value added by SMEs is forecasted to increase by approximately 66.4 billion, representing 61.3% of the overall real value added projected to be contributed to NFBS. However, economic downside risks remain, and the economic forecasts presented here for 2025 do not yet take into account the latest developments for example in the US tariff announcements, which have led a number of economic forecasters to cut global growth prospects. It is therefore all the more important for the EU to ensure SMEs can thrive within the Single Market and beyond. This holds particularly true for high growth firms resp. scalers of which the EU has comparatively fewer than other partner countries, most notably the United States but also China. As argued in chapter 4 of this report, especially internationalisation offers buddying scaleup firms substantial growth opportunities. However, a number of persisting obstacles within the Single Market, including administrative barriers and finance, hold these firms back. The Single Market Strategy, published on the same day as this report, is therefore timely as it aims, among other things, at ensuring that SMEs can take full advantage of the opportunities offered by the Single Market and that the conditions for scaling up are substantially improved.

1 Introduction

This report constitutes an integral component of the SME Performance Review (SPR), which consists of two parts: an Annual Report on European SMEs and SME Country Fact Sheets. A detailed explanation of the calculations underpinning the data presented in both parts can be found in the corresponding technical reports, accessible on the SPR website[1].

SMEs play a key role in the EU economy, and accordingly, the second chapter of this report provides an in-depth examination of their contribution to the EU economy, with a particular emphasis on key performance indicators such as the number of enterprises, employment rates, real value added, and productivity levels. Furthermore, it looks at the operational environment of SMEs, highlighting the principal barriers, challenges, and assets that they encounter.

The third chapter takes a longer-term view of the performance of EU SMEs over the preceding eight years, presenting an overview of the economic landscape faced by EU SMEs since 2018. It scrutinises long-term trends, conducts a meticulous examination of 2024 data, and presents 2025 projections. The economic performance of SMEs is assessed through various indicators, encompassing size class, industrial ecosystem, knowledge and technology intensity, productivity attributes, and individual EU Member States. Additionally, it explores the pivotal role of SMEs in the Single Market and their contribution to the transition towards competitiveness and decarbonisation.

The fourth chapter offers a comprehensive overview of the study on scale-ups, highlighting how scalers can be found across the entire EU economy and analysing the key characteristics that help companies scale.

Finally, eight annexes provide supplementary information on a range of topics addressed in the main body of this report, including an exhaustive analysis of NFBS industries, a comparative examination of perceived challenges faced by SMEs, and an in-depth exploration of the performance of non-EU countries participating in the Single Market Programme (SMP).

[1] All relevant publications can be found at: https://ec.europa.eu/growth/smes/sme-strategy/performance-review_en.

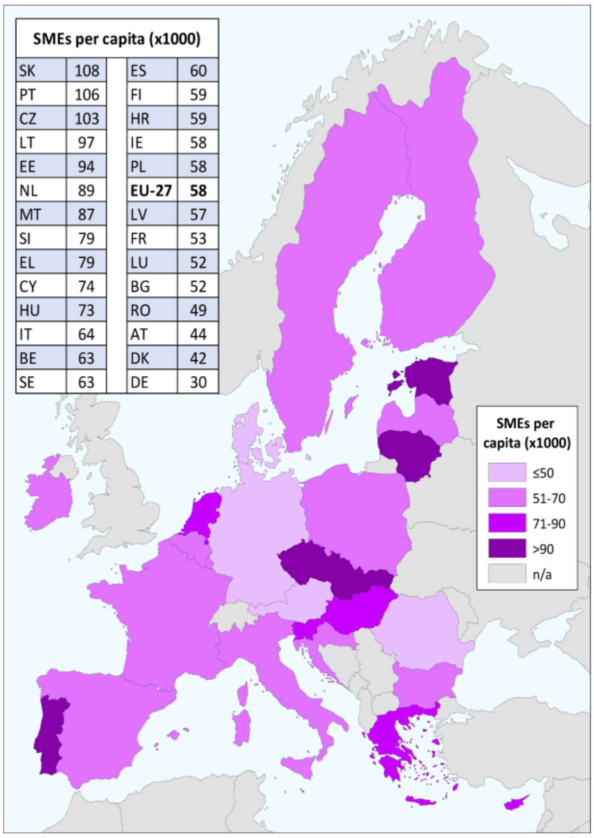
2 The role of SMEs in the EU

In 2024, SMEs were a cornerstone of the European Union's (EU) economy, comprising 99.8% of all enterprises in the non-financial business sector. With a total of 26.1 million SMEs providing employment to 89.8 million people, they made a substantial contribution to the EU's employment and value added. Notably, micro enterprises accounted for 94% of all SMEs in 2024 (Table 1). Furthermore, the prevalence of micro firms was a consistent feature across all 27 EU Member States and the 14 distinct industrial ecosystems, underscoring their pervasive presence and importance in the EU's economic fabric.

2.1 Snapshot of the importance of SMEs in the EU economy

According to the official definition[2] established by the European Commission (EC), SMEs are characterized by fewer than 250 employees and an annual turnover of up to EUR 50 million or a balance sheet total of up to EUR 43 million. However, for this report, the analysis is based solely on the employment criteria, as this is the definition utilized by the Structural Business Statistics (SBS) database, maintained by Eurostat, which serves as the primary data source. Within the SME population, micro-SMEs are defined as enterprises with fewer than 10 persons employed, while small SMEs employ between 10 and 49 staff, and medium-sized SMEs employ between 50 and 249 staff (for a detailed breakdown, please refer to Table 15 in Annex 1).

Map 1. Number of SMEs per Member State on per capita basis in 2024.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database, and Population Projections.

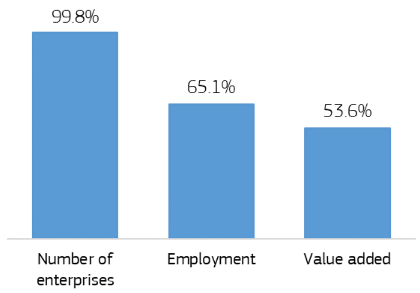
SMEs are a dynamic and integral component of EU society, deeply rooted in local communities, as illustrated in Map 1. Across the EU, the density of SMEs is notable, with 58 SMEs per 1,000 inhabitants. The Member States with the highest concentration of SMEs are the Slovak Republic and Portugal, with 108 and 106 SMEs per 1,000 inhabitants,

[2] Commission Recommendation of 6 May 2003 concerning the definition of micro, small, and medium-sized enterprises (2003/361/EC), Official Journal of the European Union, L 124/36, 20 May 2003.

respectively. In contrast, Germany and Denmark have the lowest proportions, with 30 and 42 SMEs per 1,000 inhabitants.

In 2024[3], the EU was home to approximately 26.1 million active SMEs, which accounted for 99.8% of all enterprises in the non-financial business sector (NFBS) (Figure 4)[4,5]. These SMEs played a vital role in the EU economy, employing 89.8 million people, which translates to nearly two-thirds of the NFBS employment, and generating slightly more than half of the NFBS value added.

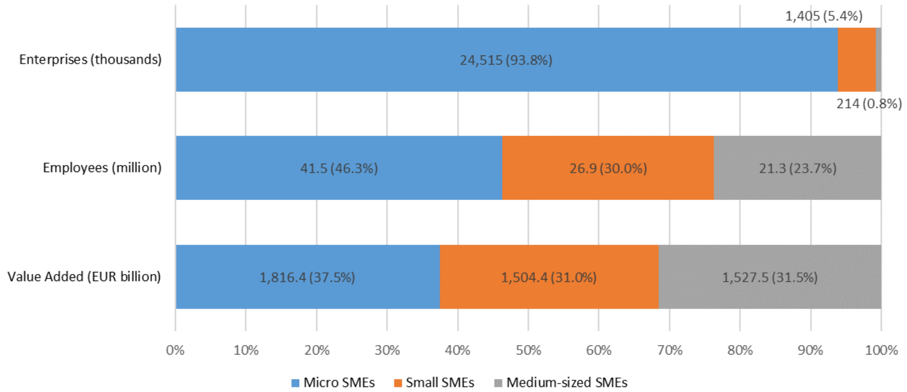
Figure 4. Share of EU SMEs by number of enterprises, employment, and value added within the NFBS in 2024.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

During the same year, micro-SMEs constituted the overwhelming majority of SMEs (Figure 5), contributing substantially to the sector's economic performance. Notably, they accounted for 38% of SME value added and 46% of SME employment in the NFBS. In terms of employment, micro enterprises dominated, representing a larger share of total SME employment (46%) compared to small SMEs (30%) and medium-sized SMEs (24%). Interestingly, the three SME size classes exhibited a relatively even distribution in terms of value added generation, with micro-SMEs generating a slightly larger share (38%) compared to small (31%) and medium-sized SMEs (32%). This parity in value added generation underscores the significant economic contributions of SMEs across all size classes.

Figure 5. Share of different EU SME size classes in the number of enterprises in the NFBS and of NFBS employment and value added in 2024.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

[3] The 2024 data are based on estimates derived from economic data available in December 2024.

[4] The non-financial business sector includes all sectors of the economy except the following: 'agriculture, forestry, and fishing' (NACE section A), 'financial and insurance activities' (NACE section K), 'public administration and defence; compulsory social security' (NACE section O), 'education' (NACE section P), 'human health and social work activities' (NACE section Q), 'arts, entertainment and recreation' (NACE section R), 'other service activities' (NACE section S), 'activities of households as employers; undifferentiated goods-and services-producing activities of households for own use' (NACE section T) and 'activities of extraterritorial organisations and bodies' (NACE section U). NACE is the Eurostat statistical classification of economic activities in the European Union.

[5] Information on the number of SMEs, their value added and their employment in various countries outside the EU is provided in Annex 9.

Box 1: SME population in the EU and data provided by Eurostat

Traditionally, the annual report on European SMEs has focused on the non-financial business sector (NFBS), which encompasses all sectors of the economy except those related to agriculture, forestry, and fishing (NACE section A), financial and insurance activities (NACE section K), public administration and defence; compulsory social security (NACE section O), education (NACE section P), human health and social work activities (NACE section Q), arts, entertainment, and recreation (NACE section R), other service activities (NACE section S), activities of households as employers; undifferentiated goods-and services-producing activities of households for own use (NACE section T), and activities of extraterritorial organisations and bodies (NACE section U). The NACE classification, developed by Eurostat, provides a statistical framework for categorising economic activities in the European Union.

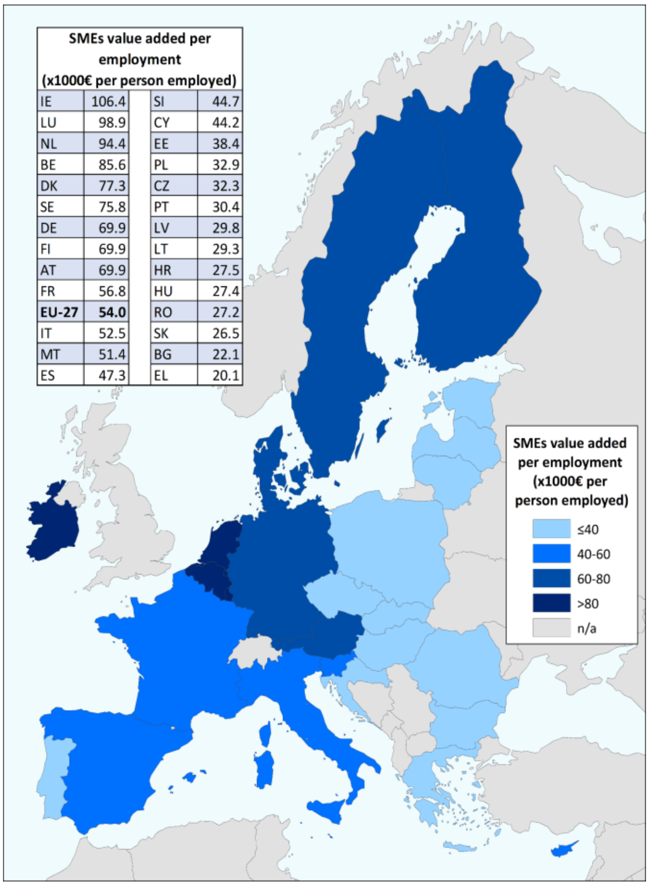
In recent years, Eurostat has expanded its coverage of NACE codes, moving beyond the traditional NFBS limitation. As of November 2023, the statistical authority now includes data on the entire NACE section K (financial and insurance activities) and its level 2 activities (K64, K65, and K66), as well as NACE section P (education) with its unique code P85. Additionally, NACE section Q (human health and social work activities) now includes all three relevant level 2 activities (Q86, Q87, and Q88), and NACE section R (arts, entertainment, and recreation) covers codes R90, R91, R92, and R93. The segment of NACE section S (other service activities) referring to activities S95 and S96 has also become available. With these additional NACE sections, Eurostat estimates that there are nearly 31 million SMEs in 2023. However, data for these newly included sections is currently only available for the period 2021-2023 regarding number of enterprises and persons employed and 2021-2022 concerning value added, but earlier years have not been updated. Furthermore, some NACE sections, such as A, O, T, and U, remain unavailable.

The current report presents nowcasted and forecasted figures for 2023 (value added only), 2024, and 2025, calculated based on several factors, including historical data from previous years. The lack of relevant historical data for the new NACE sections has limited the expansion of the now- and forecasting model to include these new NACE sections. As a result, the current (2024) provisional figures for the SME population are not directly comparable to those from previous years. In future analyses, once sufficient data are available to backcast figures for the period 2008–2020, revised aggregates incorporating the newly included NACE sections will be provided.

Further insights into the dominant role of micro-SMEs and the varying proportions of SMEs in terms of value added and employment across the EU Member States can be found in Map 11 (Annex 7). This supplementary information provides a more nuanced understanding of the SME landscape in each Member State.

Map 2 sheds light on the "productivity" of SMEs, measured by the value added created per person employed. A notable regional disparity emerges, with Northern and Central Member States outperforming their Eastern counterparts. In contrast, Southern Member States such as Italy and Spain, with values of 52 and 47 thousand EUR per person employed, respectively, are closer to the EU average of 54 thousand EUR per person employed. The highest value added per employment is observed in Ireland, with 106 000 EUR, nearly six times larger than the lowest value recorded in Greece, which stands at 20 000 EUR. This significant variation highlights the diversity of SME productivity across the EU, underscoring the need for tailored policies to support the growth and development of SMEs in each region.

Map 2. SMEs Value added per person employed in the NFBS of Member States in 2024.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Since 2020, the European Commission has decided to regroup all different industries into 14 industrial ecosystems, which are linked together and encompass all players operating in a value chain, from the smallest start-ups to the largest companies, from academia to research, service providers to suppliers[6]. Undoubtedly, SMEs play a key role in the evolution of these 14 ecosystems[7] (see Annex 3 for details on the composition of ecosystems).

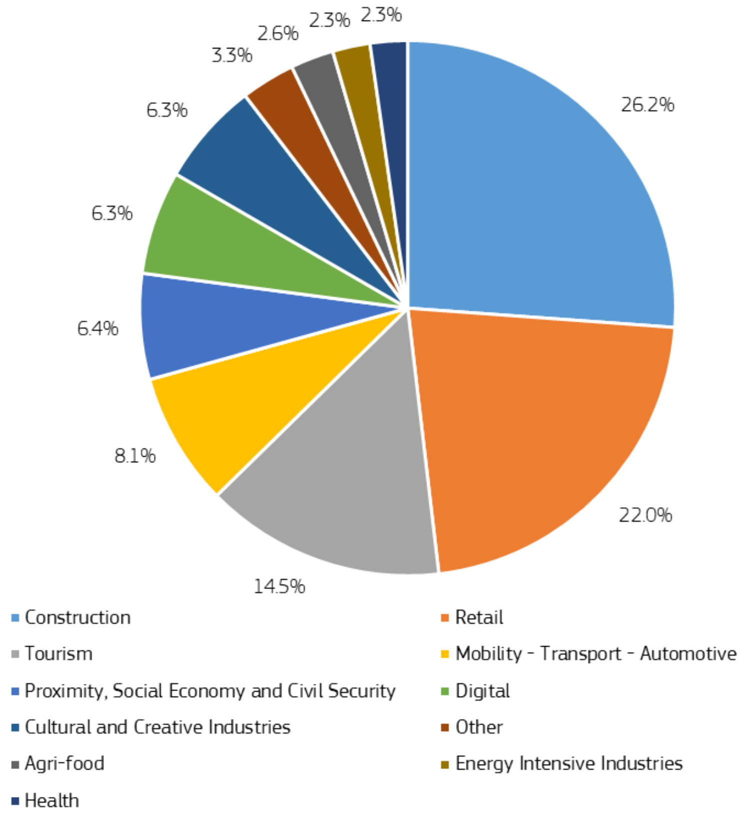
A breakdown of the distribution of EU SMEs across industrial ecosystems reveals that, as of 2024, SMEs were predominantly concentrated in a few key ecosystems, notably: 1) 'construction', which accounted for 26% of all EU SMEs, 2) 'retail' (22%), and 3) 'tourism' (Figure 6).

[6] European Commission (2020), Communication from the Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions, A New Industrial Strategy for Europe, Brussels, 10.3.2020, COM(2020) 102 final.

[7] European Commission (2023), Commission Staff Working Document, Annual Single Market Report 2023, Brussels, 31.1.2023, SWD (2023) 26 final.

In 2024, SMEs continued to account for the majority of total employment in most industrial ecosystems, with only three exceptions: 'aerospace and defence', 'electronics', and 'energy-renewables', where SMEs accounted for less than 50% of employment. In contrast, four ecosystems – 'tourism', 'construction', 'textiles', and 'cultural and creative industries' – had SME employment shares exceeding 70%. However, the share of value added generated by SMEs in every EU industrial ecosystem was lower than their corresponding employment share. Nevertheless, SMEs generated more value added than large enterprises in six ecosystems, with the 'construction' sector being a notable example, where SMEs accounted for over 72% of value added. Meanwhile, SMEs dominated the total number of enterprises in every industrial ecosystem, with micro-enterprises accounting for the largest share, ranging from 86% in 'electronics' to 97% in 'cultural and creative industries'. Further details on the composition of all ecosystems by size class and variable are discussed in Chapter 3.2.3.

Figure 6. Distribution of EU SMEs across the Industrial Ecosystems in 2024.



Note: Other includes 'aerospace and defence' (1.2%), 'electronics' (0.4%), 'energy-renewables' (0.5%) and 'textiles' (1.1%). Data are missing for some NACE codes that correspond to the following ecosystems: Agri-food (NACE sector A), cultural and creative industries (R, P, S94 and S95), health (Q), proximity, social economy and civil security (Q, S95, S96 and T), and tourism (R).

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

It is worth noting that the relative importance of SMEs across different industrial ecosystems remains relatively stable from year to year, as these differences are largely driven by the long-term structural characteristics of each ecosystem. A more in-depth examination of the role of SMEs in various ecosystems can be found in Chapter 3. For a more detailed breakdown of EU SMEs across NFBS industries in 2024, please refer to Annex 8. Additionally, a comparison of the role of SMEs in the NFBS of the EU with selected[8] non-EU countries is presented in Annex 9. Ultimately, the role of EU SMEs in knowledge-intensive and high-tech fields is explored in further detail in Figure 30.

[8] The selected non-EU countries are: Albania (AL), Armenia (AM), Bosnia and Herzegovina (BA), Iceland (IS), Moldova (MD), Montenegro (ME), North Macedonia (MK), Norway (NO), Serbia (RS), Switzerland (CH), Türkiye (TR), Ukraine (UA) and the United Kingdom (UK).

2.2 The economic environment in which SMEs operate

SMEs in Europe continue to navigate a complex and challenging economic landscape. The lingering effects of the COVID-19 pandemic have been compounded by Russia's ongoing war of aggression against Ukraine, resulting in a significant escalation of inflationary pressures and energy price volatility. Over the past few years, SMEs have faced soaring energy costs, with record-high prices for natural gas and electricity, and a broad-based increase in input costs, which has eroded their profit margins. Furthermore, the surge in global inflation, driven by supply chain disruptions, geopolitical tensions, and monetary policy adjustments, has forced SMEs to adapt to a rapidly changing environment characterised by rising production costs, decreased consumer purchasing power, and intensified competition for resources. As a result, SMEs are being pushed to reassess their business models, optimise their operations, and explore new strategies to mitigate the impact of these external shocks and remain competitive in a highly uncertain economic environment.

The European economy is expected to experience a mild acceleration of domestic demand, driven by a rebound in consumption and investment[9]. This trend may benefit SMEs, as it could lead to increased demand for their products and services. However, they must also navigate the challenges posed by the disinflationary process, which may impact their pricing strategies and profit margins. The moderating effect on inflation, particularly in non-energy goods, could provide some relief for SMEs, which often struggle with fluctuating input costs. Additionally, the stabilisation of food and non-energy industrial goods prices, as well as the expected slowdown in wage growth, may help SMEs better plan their production and labour costs.

The European Central Bank's (ECB) decision to cut policy rates and loosen its monetary stance, combined with the recovery of bank lending, may have a positive impact on SMEs. The easing of credit standards and the expected pickup in productivity could enable SMEs to access the funding they need to invest in their businesses and drive growth. Traditionally, access to finance has been a barrier for SMEs, especially for start-ups and scale-ups[10]. However, boosted venture capital, private equity, and public funding solutions may assist significantly in addressing this challenge. Furthermore, the strong corporate balance sheets, recovering profits, and improving credit conditions may set the stage for a robust rebound of investment. SMEs may benefit from these developments, as they often rely on external financing to support their growth plans. Nevertheless, ongoing geopolitical tensions, protectionist measures, and natural hazards, which can disrupt SMEs' supply chains and impact their operations, are potential risks.

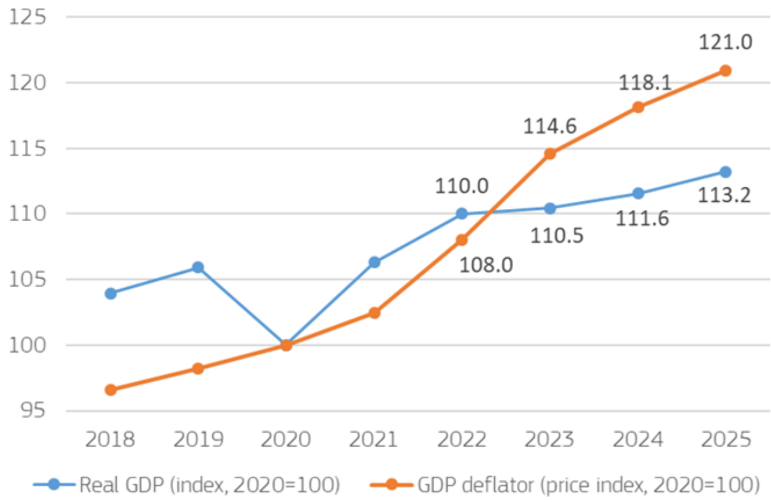
The green transition and digitalisation may introduce new uncertainties and challenges for SMEs, which must be addressed through strategic planning and investment in new technologies and skills. The recent Competitiveness Compass for the EU[11] aims to assist enterprises in adapting to an innovation and decarbonisation era, enabling enhanced competitiveness. Reducing administrative burdens is also a major priority, as it constitutes a significant problem for SMEs. By streamlining regulatory frameworks and reducing bureaucratic hurdles, SMEs can focus on innovation, growth, and job creation. Moreover, the green and digital transitions offer opportunities for SMEs to develop new products, services, and business models, which can drive growth and competitiveness. By embracing these trends, SMEs can stay ahead of the curve and capitalise on emerging opportunities.

[9] European Commission (2024). European economic forecast: Autumn 2024.
[10] https://single-market-economy.ec.europa.eu/access-finance_en
[11] European Commission (2025). A competitiveness Compass for the EU, COM (2025), 30.

A key challenge faced by SMEs is limited internationalisation and the lack of export opportunities[12]. Trade agreements and market access programs are recognized as best practices to tackle this issue. The recent EU-Mercosur[13] agreement and other bilateral agreements and partnerships provide a first-mover advantage to European SMEs, enabling them to expand their market reach and increase their exports. However, uncertainty emerges again as a major problem, as a variety of detrimental effects regarding dependencies, especially in raw materials, and unilateral tariffs imposed by third countries may harm SMEs[14]. The Economic Security Strategy[15] aims to mitigate these risks and boost the resilience of European firms. By promoting economic security and reducing dependencies, SMEs can better navigate the complex global landscape and leverage on emerging opportunities.

The EU Gross Domestic Product (GDP) grew by approximately 1.0% in 2024. Looking ahead, the growth rate is expected to accelerate further, with a projected increase of around 1.5% in 2025 (Figure 7). At the same time, inflation surged in 2022 and 2023, but a steady disinflationary trend has been underway since then. More detailed information on GDP growth and GDP deflators[16] across Member States can be found in Table 16 (Annex 2). It is important to note that the changes in SME value added reported in the next chapters will be adjusted for inflation[17].

Figure 7. Annual GDP growth and inflation rates in EU over the period 2018-2025.



Note: Values referring to 2025 stem from European Economic Forecast, Autumn 24 version.
Source: Eurostat, European Economic Forecast – Autumn 24.

[12] European Commission (2024). The future of European competitiveness (https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en)
[13] European Commission (2024). The upgraded EU-Mercosur agreement (https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en)
[14] https://ec.europa.eu/commission/presscorner/detail/en/statement_25_1025 https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1058,
[15] European Commission (2023). Joint communication "European Economic Security Strategy", JOIN (2023) 20.
[16] Value added is adjusted to 2020 prices according to the GDP deflator and not the Harmonized Index of Consumer Prices (HICP) since it includes all goods and services in the economy reflecting better the inflationary impacts faced by SMEs. Consequently, all growth rates between these two years have been calculated based on this computation.
[17] Value added is adjusted to 2020 prices according to the GDP deflator. Consequently, all growth rates between these two years have been calculated based on this computation. More information about the methodology behind real value added calculation can be found in the relevant technical report (https://publications.jrc.ec.europa.eu/repository/handle/JRC14127).

The challenging economic status quo throughout the previous years is reflected in the Survey on the Access to Finance of Enterprises (SAFE[18]), in which EU SMEs assess the importance of the various issues and challenges they are facing. In 2024, the two issues viewed by EU SMEs as the most important were “availability of skilled staff or experienced managers” and “costs of production or labour”. Those two challenges also stood out as the most crucial in the three previous surveys, since 2021. More information referring to a more profound analysis of those challenges and the change of assessment about them, including the particularities of all 27 Member States, are analysed in Figure 42 (Annex 4).

[18] For the full results of the SAFE survey see European Commission (2024) Survey on the access to finance of enterprises (SAFE), Analytical report, written by Verian, December 2024.

3 The evolution and prospects of EU SMEs performance: An analysis from 2018 to 2025

This chapter provides a comprehensive analysis of the evolution and prospects of EU SMEs between 2018 and 2025, focusing on the varying dynamics across different size classes and industrial ecosystems. The first section compares the performance of SMEs based on size class, offering a detailed analysis of micro, small, and medium-sized enterprises, along with large firms, in terms of the key indicators of employment, enterprise count, and real value added. Additionally, the economic performance projections of SMEs in 2024 and 2025 will be explored, alongside a breakdown by industrial ecosystems, emphasising the importance of sectoral diversity and its implications for future growth.

Following this, the performance of SMEs within specific industrial ecosystems, focusing on sectors of strategic importance to the EU will be examined, including high-tech and knowledge-based industries. Sectors such as 'aerospace and defence', 'digital', and 'energy-intensive industries' are expected to be critical to the EU's future competitiveness, even though the role of SMEs may be less prominent compared to more traditional sectors like 'tourism' or 'construction'. In particular, the chapter will explore the performance of knowledge and technology-intensive industries and their contribution to shaping EU SMEs' productivity trends, competitiveness, and decarbonisation efforts. Long-term productivity trends will also be assessed to provide insights into the sustainability and growth potential of SMEs in the EU. Furthermore, the chapter underscores the importance of the Single Market to the economic performance of SMEs. Finally, the analysis will consider the performance of SMEs across individual Member States, offering a comparative perspective on how regional factors influence SME outcomes.

3.1 A size classes comparison

3.1.1 Trends in performance over the past years by size class, 2018–2025

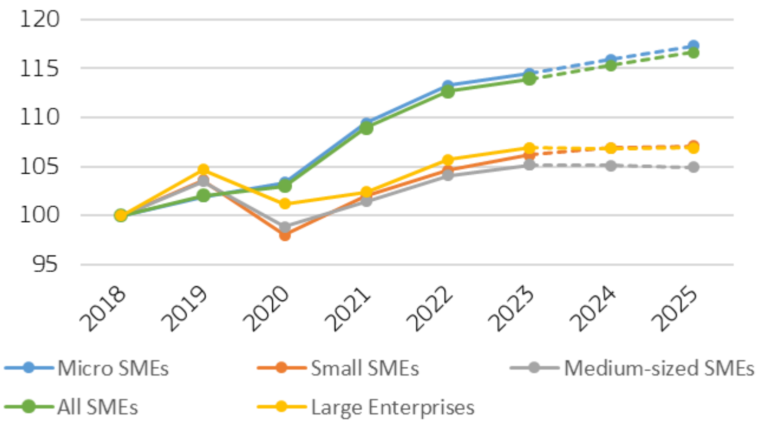
Figure 8 illustrates the evolution of firm populations in the EU from 2018 to 2025, categorised by size class. Over the past eight years—excluding the effects of the COVID-19 pandemic—a general upward trend has been observed across firms of all sizes, although the rates of growth have varied. The number of micro firms shows steady growth, with the highest jump of 3.9 percentage points following the Covid-19 pandemic from 2020 to 2021, and are projected to reach 115.9% of the 2018 level by 2024. Notably, micro-SMEs are the fastest-growing category, outpacing all other size classes with a total growth of 17.3% from 2018 to 2025. The sustained growth rate of micro enterprises following 2021 may suggest a degree of resilience; however, this pattern could also be influenced by external support measures, such as targeted state aid, rather than intrinsic characteristics like agility or adaptability. Moreover, it is important to consider the possibility of a "size-band effect", in which businesses that downsize and reduce their workforce are reclassified into the micro firm category. This reclassification could artificially inflate the growth rate of micro enterprises, although the magnitude of this effect remains uncertain.

The COVID-19 pandemic had a profound impact on small and medium-sized enterprises. Small SMEs experienced a significant decline, with their numbers falling to 98% of their pre-pandemic levels in 2018 by 2020, representing a 2% contraction. Although they subsequently recovered and stabilized, their growth trajectory was characterized by a slower pace of expansion compared to micro-SMEs. By 2025, small SMEs are expected to reach 107.1% of their 2018 levels, indicating a positive outlook.

Medium-sized SMEs also suffered a notable contraction, with their numbers declining by 1.2% in 2020 compared to their pre-pandemic levels in 2018. While they did recover, their growth was less robust than that of small SMEs. By 2025, medium-sized SMEs are projected to reach 104.9% of their 2018 levels, ranking them last among SME size classes in terms of growth performance. This suggests that medium-sized SMEs faced unique challenges in achieving a strong rebound, resulting in a relatively slower growth trajectory.

Finally, large enterprises exhibited a stable, albeit slower, growth trajectory, similar in magnitude to that of small SMEs, reaching a level around 7% above the 2018 baseline by 2024. This growth rate, consistent with that of 2023, is expected to continue through 2025.

Figure 8. Growth in number of enterprises by size class (2018-2025, indexed to 2018).



Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

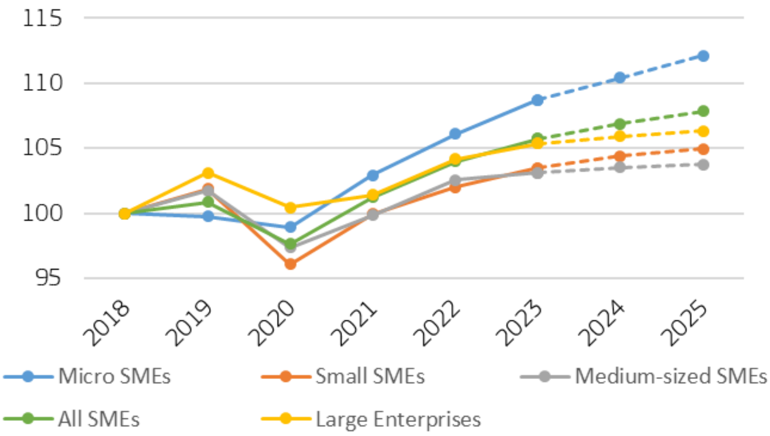
The evolution of employment and real value added in EU firms from 2018 to 2025, as depicted in Figure 9 and Figure 10, reveals also distinct trends and patterns across different size classes. While employment growth has been relatively modest across all size classes, with most exhibiting single-digit increases, real value added has experienced more significant growth over the years since 2018. Both figures indicate a notable decline in both employment and real value added in 2020, likely due to the adverse effects of the COVID-19 pandemic. This decline represented a considerable setback for EU firms, but the recovery trends observed in subsequent years are noteworthy.

In Figure 9, micro enterprises demonstrate a consistent upward trend in employment, with a notable acceleration in growth from 2020 to 2021. By 2025, employment for micro-SMEs is projected to have grown by 12.1% compared to 2018. Similarly, in Figure 10, micro firms exhibit a marked increase in real value added, with a projected growth of 23.8% by 2025 relative to 2018. These trends suggest that micro-SMEs are not only contributing to job creation but are also key drivers of value creation in the EU economy over the years.

Until 2022, growth in real value added was largely comparable across small and medium-sized SMEs and large enterprises, with micro-SMEs already showing stronger gains. Since then, the gap has widened, with micro-SMEs outpacing all other size classes. Small SMEs are expected to grow by 4.9% in employment and 11.5% in value added, while medium-sized SMEs show the weakest employment growth at 3.7%, though their value added is projected to increase by 13%, placing them slightly above small SMEs in this regard. Large enterprises are forecast to see a 6.4% rise in employment and a

16.3% increase in real value added by 2025 compared to 2018, indicating a notable expansion in their economic output.

Figure 9. Growth in employment by size class (2018-2025, indexed to 2018).



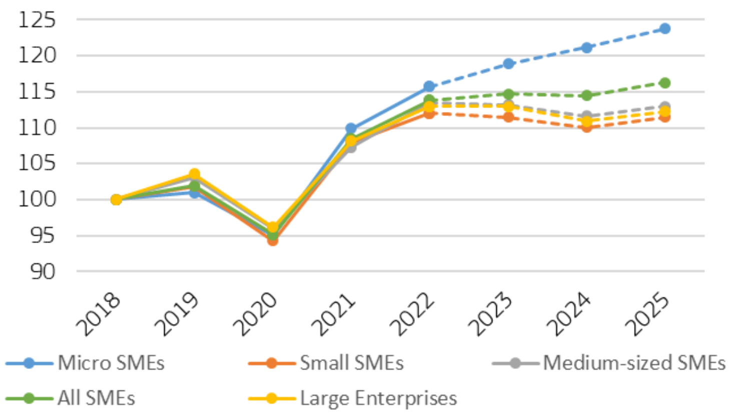
Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

In conclusion, the analysis of firm populations, employment, and real value added in EU firms from 2018 to 2025 reveals overall positive but distinct trends and patterns across different size classes. Micro-SMEs are driving the recovery and growth trends, while small SMEs and medium-sized SMEs face more significant challenges. Notably, micro firms are outperforming large enterprises in terms of relative growth across all three key indicators. Furthermore, the growth rate gap between micro-SMEs and large enterprises is widening over time, driven by the accelerating growth rates of micro-SMEs in these areas. The observed dynamism among micro-SMEs aligns with the recommendations of the Draghi report, which emphasizes the need for the EU to better capitalize on the growth potential of its most dynamic firms. This is also substantiated by recent findings from the Organisation for Economic Co-operation and Development (OECD), that smaller firms, and especially micro firms, are most likely to scale up (see also chapter 4 on scaleups).[19] Supporting micro-SMEs in scaling up could significantly enhance the EU's competitiveness — laying the groundwork for a stronger scale-up ecosystem across Europe.

[19] OECD 2025, "Unleashing SME potential to scale-up – part 2", p.8,mimeo.

Figure 10. Growth in real value added by size class (2018-2025, indexed to 2018).



Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.
Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

3.1.2 Economic performance by size class in 2024 and 2025

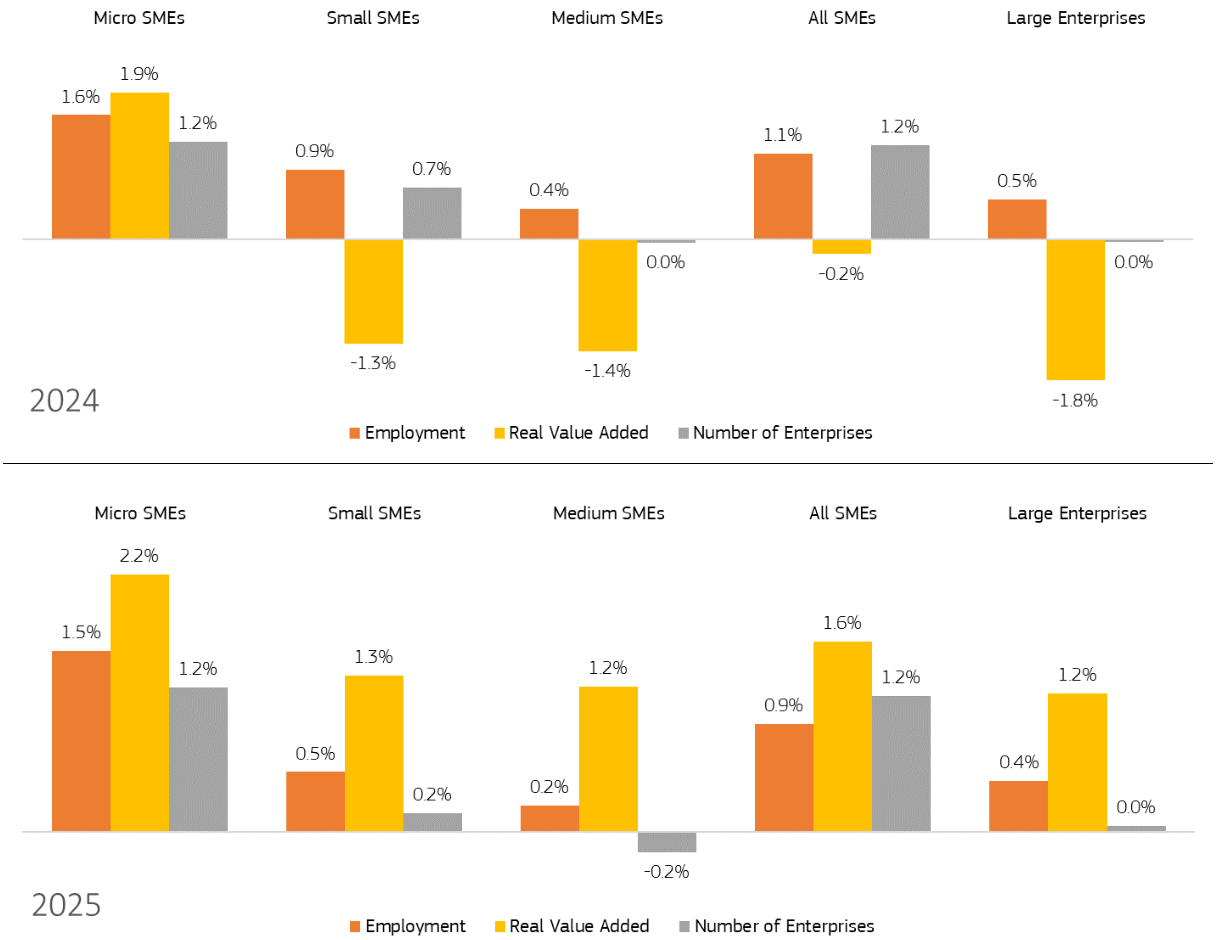
This section shifts the focus from long-term trends to the immediate perspective, analysing the annual growth rates of the key economic indicators for 2024 and 2025. The data reveal significant insights into the short-term dynamics and projected shifts in the economic performance of micro, small, and medium-sized SMEs, and large enterprises.

Employment

In 2024, employment growth was positive across all business size categories, with micro-SMEs leading the way at 1.6%. Small SMEs followed with a growth rate of 0.9%, while medium-sized SMEs experienced a more modest increase of 0.4%. Large enterprises saw an increase of 0.5%. Overall, the economy witnessed a 0.9% growth in employment, while SMEs outpaced this with a 1.1% increase (Figure 11 and Table 2).

In 2025, projections suggest continued employment growth albeit slightly lower than in 2024, with micro-SMEs expected to grow by 1.5%, and small and medium-sized SMEs experiencing growth of 0.5% and 0.2%, respectively. Large enterprises are predicted to have stable but slow employment growth of 0.4%, leading to an overall employment growth rate of 0.7% (Figure 11 and Table 2).

Figure 11. Annual growth in real value added, employment, and number of enterprises by size class in 2024 (upper section) and 2025 (lower section).



Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Real Value Added

In 2024, micro-SMEs were the sole size class to experience growth, with a 1.9% increase in real value added, contrasting with declines in small SMEs (-1.3%), medium-sized SMEs (-1.4%), and large enterprises (-1.8%). This short-term dynamic diverges from long-term trends, where small, medium-sized SMEs and large enterprises have shown relative positive growth (Figure 11, upper section).

However, moving into 2025, all size classes are expected to experience growth in real value added, indicating a broad-based recovery. Micro-SMEs are forecasted to continue growing at a slightly higher rate of 2.2%, aligning with their long-term role as consistent drivers of economic activity. Small and medium-sized SMEs are expected to recover with growth rates of 1.3% and 1.2%, respectively, while large enterprises are predicted to turn around their performance with a 1.2% growth. The overall growth rate for all SMEs is projected to be 1.6%, and 1.4% for the total economy, suggesting a robust recovery in real value added (Figure 11, lower section and Table 2).

Table 2: Annual growth by enterprise class size at the EU level in 2024 and 2025.

	Real Value Added		Employment		Number of Enterprises	
	2024	2025	2024	2025	2024	2025
Micro SMEs	1.9%	2.2%	1.6%	1.5%	1.2%	1.2%
Small SMEs	-1.3%	1.3%	0.9%	0.5%	0.7%	0.2%
Medium-sized SMES	-1.4%	1.2%	0.4%	0.2%	0.0%	-0.2%
Large enterprises	-1.8%	1.2%	0.5%	0.4%	0.0%	0.0%
All SMEs	-0.2%	1.6%	1.1%	0.9%	1.2%	1.2%
Total	-0.9%	1.4%	0.9%	0.7%	1.2%	1.2%

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Number of Enterprises

The number of enterprises shows steady growth across most size classes in both years. In 2024, micro-SMEs saw a 1.2% increase, with small SMEs at 0.7%, and no change in medium-sized SMEs and large enterprises, resulting in an overall 1.2% growth driven by micro and small SMEs (Figure 11, upper section and Table 2). In 2025, the forecast indicates continued growth, albeit with variations. Micro-SMEs are expected to maintain their 1.2% growth rate, while small SMEs see slower growth at 0.2%. Medium-sized SMEs are predicted to experience a slight decline of -0.2%, while large enterprises remain stable with no growth. The overall growth rate in the number of enterprises is forecasted to remain at 1.2%, suggesting continued new business formation, albeit with caution in the medium-sized segment (Figure 8, lower section and Table 2).

3.1.3 Small midcaps

Recently, there has been considerable debate surrounding the concept of SMEs that grow beyond the size limits of the SME definition. These companies find themselves in a challenging position where they are too big to be considered SMEs but not large enough to be classified as large enterprises. As a result, they may be denied access to certain benefits and support programs tailored specifically for SMEs to stimulate economic growth and innovation. Conversely, they may not yet be able to leverage the advantages that come with being a large corporation, such as increased resources, economies of scale, and market influence. This is particularly concerning since, as discussed above, the performance of medium-size SMEs is the lowest in terms of employment and real value added growth rates among all other size classes.

For this reason, there is growing policy interest[20] in this topic, and this is where the concept of midcaps arises, to encapsulate enterprises that are on the boundary between medium-sized SMEs and large enterprises. The most recent political guidelines[21] propose the introduction of this new category to better address their challenges.

[20] COM(2023) 535 final, COM(2025) 30 final.

[21] European Commission: Directorate-General for Communication and Leyen, U. v. d., Europe's choice – Political guidelines for the next European Commission 2024–2029, Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2775/260104

Although financial accounts need to be considered, following the headcount criteria used in SBS statistics, midcaps generally refer to entities with more than 250 employees and up to 1,500 and they can be split into two groups:

- Small midcaps: Enterprises with 250 to 499 employees.

- Large midcaps: Enterprises with 500 to 1,499 employees.

Although Eurostat recently provided figures about these enterprises based on a voluntary data collection, there is still a considerable lack of official EU-level data available. For this reason, figures from a more recent study[22] that explores the size of this population are used. The following Table 3 provides estimates[23] of the share of small and large midcaps among three key indicators.

Table 3: Share of small midcaps, large midcaps, and large enterprises within the large enterprises population at the EU level for the period 2021-2022.

	Share of enterprises			**Share of employment**			**Share of turnover**		
Enter-prise size	Mean	Lower bound	Upper bound	Mean	Lower bound	Upper bound	Mean	Lower bound	Upper bound
Small midcaps	57%	51%	63%	25%	19%	32%	26%	18%	37%
Large midcaps	33%	27%	39%	33%	25%	42%	33%	22%	47%
Large	10%	6%	14%	42%	28%	54%	40%	23%	57%

Note: Lower bound and upper bound refer to the 2.5th and 97.5th percentiles of the bootstrap distribution, representing the lower and upper bounds of the 95% confidence interval. These bounds define where the true value is likely to vary. Large refers to enterprises with more than 1,500 employees.

Source: Lagüera González et al., 2025.

The analysis shows that small and large midcaps contribute substantially to the EU business economy and that their contributions vary between Member States. In countries like Germany, Ireland, and the Netherlands, midcaps account for approximately 25% of total employment and 37% of total value added, demonstrating their strong economic impact. In contrast, midcaps in Estonia, France, and Czechia contribute around 16% of employment and 18% of value added, indicating a more modest role. Overall, their contribution constitutes approximately 21% of total employment and 30% of the total value added within the EU. The time series analysis from 2019 to 2022 shows only minor shifts in economic concentration between midcaps and larger firms.

In addition, some differences in financial performance are captured depending on the firm size, with labour productivity being higher as the enterprise size increases, something confirmed in this report. Moreover, evidence suggests that small midcaps are more engaged in innovation and operational

[22] European Commission: Joint Research Centre, Lagüera González, J., Di Bella, L., Katsinis, A., and Schulze Brock, P. (2025). A Comprehensive Analysis of Midcap Enterprises in the EU Business Economy. Publications Office of the European Union, Luxembourg. Available at: https://data.europa.eu/doi/10.2760/9616331, JRC141271.

[23] The report uses the latest available data, covering the period 2021 to 2022. Shares are calculated using the average number of employees of an enterprise across these two years.

improvements and encounter fewer financial access issues than smaller firms, although they still lag behind larger ones.

Overall, midcaps play a crucial role in the EU economy, contributing significantly to employment and turnover. These enterprises, positioned between SMEs and large corporations, face unique challenges. For this reason, supporting mechanisms, and better data coverage from official EU sources, are required to monitor and ensure these companies can smoothly transition as they scale up.

3.2 The performance of EU SMEs per industrial ecosystems breakdown

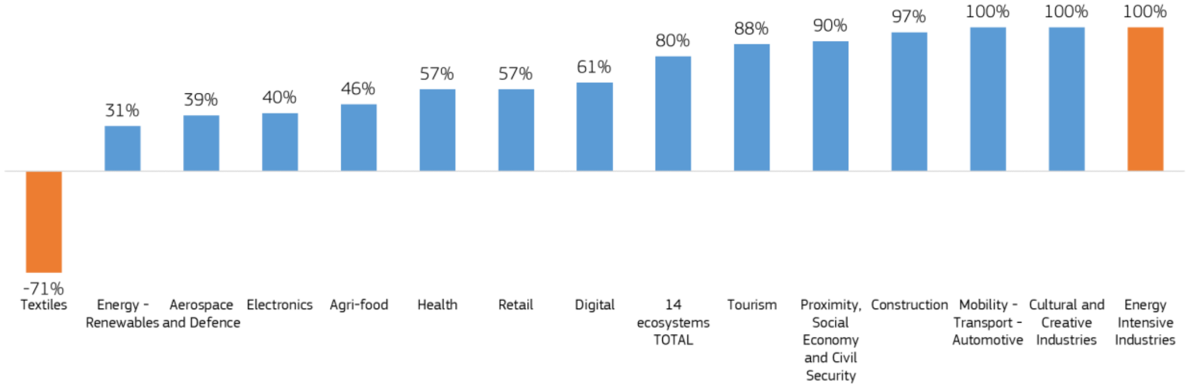
Having established the significance of size class differences, this section shifts its focus back, examining SMEs as a collective entity. The European industrial strategy[24] emphasizes the importance of SMEs in unlocking the full potential of the EU economy, and understanding their collective contribution and development within industrial ecosystems is vital to achieving this goal (see Annex 3 for details on the composition of ecosystems).

Across all 14 industrial ecosystems, SMEs contributed 80% of total net employment growth and 64% of total net real value added between 2014 and 2019. However, their contributions to employment and real value added varied significantly among the individual ecosystems (Figure 12 and Figure 13). In six ecosystems, SMEs accounted for nearly all net employment growth, with SME-driven growth reaching or approaching 100%. Importantly, in 'energy-intensive industries', SMEs were the sole source of net positive employment change—despite an overall contraction in total employment within the sector—underscoring their counter-cyclical resilience. Even in ecosystems where large enterprises dominate, such as 'energy-renewables', 'aerospace and defence', and 'electronics', SMEs contributed over 30% of employment growth, demonstrating adaptability across diverse sectors (Figure 12).

In contrast, the textiles ecosystem experienced a net decline in employment, with SMEs accounting for 71% of the reduction. It signals the acute challenges SMEs face in traditional sectors, driven by globalisation, technological change, and evolving consumer demand[25] (Figure 12).

[24] https://single-market-economy.ec.europa.eu/industry/strategy_en
[25] EMI WP4 Textiles industrial ecosystem report_NOVEMBER

Figure 12. Share of the cumulative change in total employment between 2019 and 2024 attributed to SMEs, by industrial ecosystem.

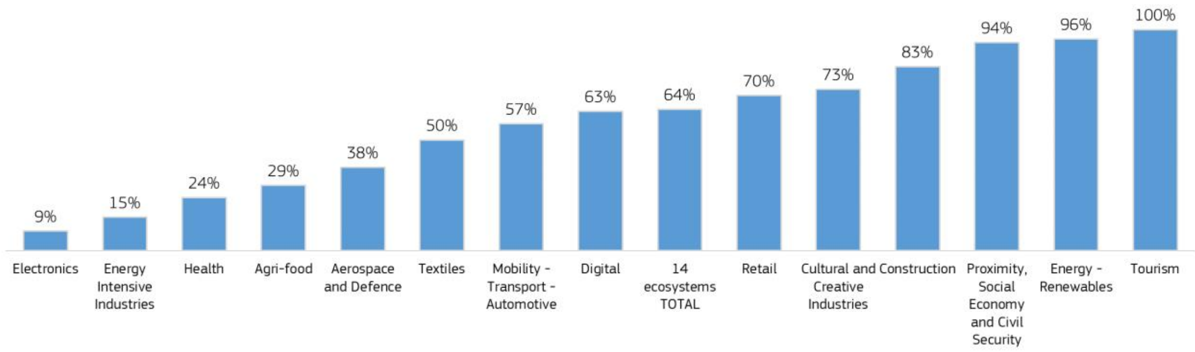


Note: Bars in orange indicate that total employment decreased in the ecosystem between 2019 and 2024, whereas bars in blue indicate that total employment increased in the ecosystem. Data are missing for some NACE codes that correspond to the following ecosystems: Agri-food (NACE sector A), cultural and creative industries (R, P, S94 and S95), health (Q), proximity, social economy and civil security (Q, S95, S96 and T), and tourism (R).

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

These results highlight that, over the past five years, SMEs accounted for the majority (or all) of cumulative growth in both employment and real value added across most industrial ecosystems, combining labour intensity with value creation in a balanced manner. In others they seemed to have a rather social and employment stabilising role, with a lower economic output.

Figure 13. Share of the cumulative change in total real value added between 2019 and 2024 attributed to SMEs, by industrial ecosystem.



Note: Bars in blue indicate that total employment increased in the ecosystem between 2019 and 2024. See figure 12 for missing data notes.

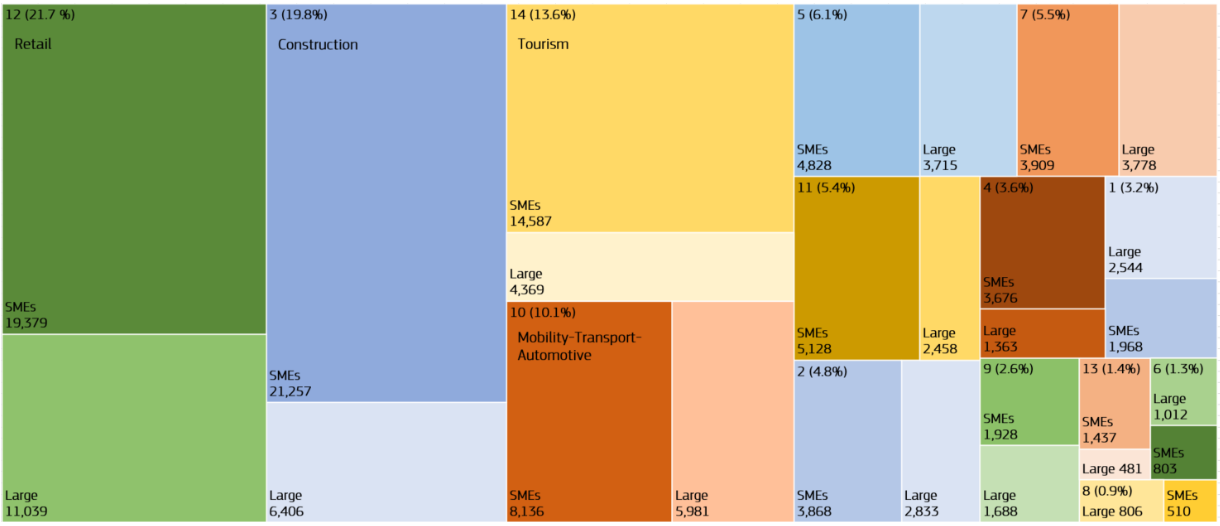
Source: JRC calculations based on Eurostat's Structural Business Statistics, Shor-Term Business Statistics and National Accounts Database.

3.2.1 SME employment in each of the 14 industrial ecosystems in 2024 and 2025

Shifting the focus from the five-year retrospective growth analysis, this section presents a snapshot of the employment situation in the 14 industrial ecosystems of the EU in absolute terms, along with expected short-term dynamics. It updates the role of SMEs in these ecosystems for 2024 and provides an outlook on their prospects for 2025.

In 2024, SMEs were the main employers in the EU's 'construction' and 'tourism' sectors—sectors accounting for 19.8% and 13.6% of total EU employment, respectively—employing approximately two-thirds of the workforce in both sectors. Similarly, in the 'retail' sector, which represented 21.7% of total EU employment, nearly half of all jobs were provided by SMEs. However, their role was more limited in sectors such as 'energy-renewables' and 'electronics' (Figure 14).

Figure 14. Number of persons employed (in thousands) in SMEs and large enterprises, and share of an ecosystem's employment in the total across all ecosystems in 2024.



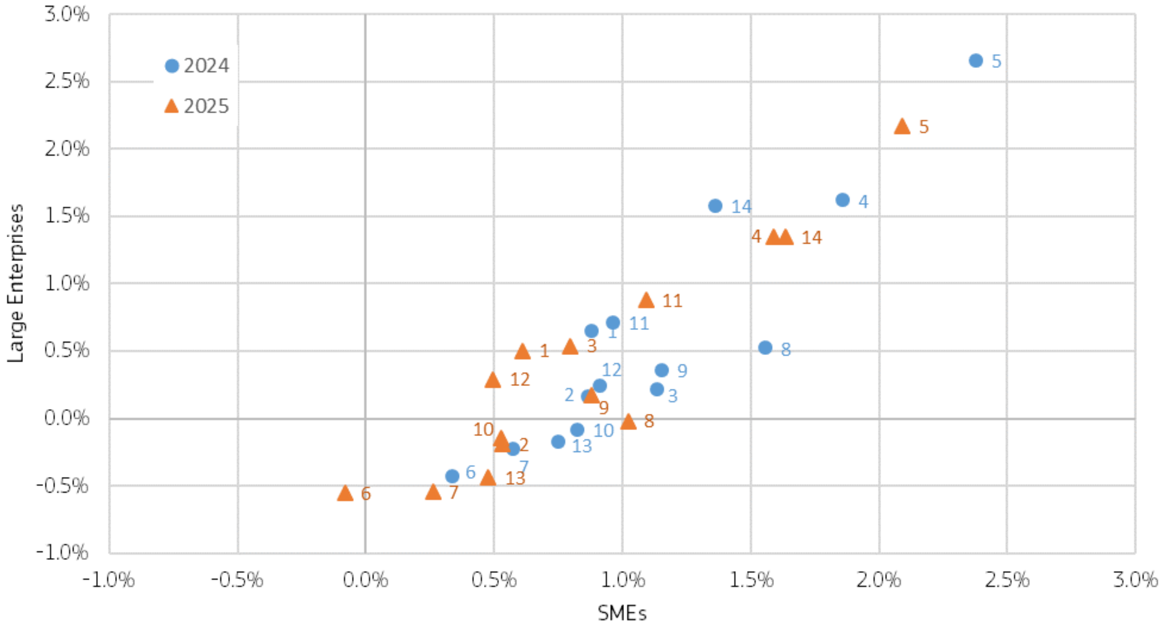
Note: Each ecosystem is represented by the same colours in with the darkest shading showing employment by SMEs and the lighter shading indicating the number of persons employed within large enterprises for the given ecosystem. The percentages in the top left corner of each ecosystem indicate the percentage of the total SME employment accounted for by that ecosystem. The industrial ecosystems are as follows: 1 – Aerospace and Defence, 2 – Agri-food, 3 – Construction, 4 – Cultural and Creative Industries, 5 – Digital, 6 – Electronics, 7 – Energy-Intensive industries, 8 – Energy-Renewables, 9 – Health, 10 – Mobility-Transport-Automotive, 11 – Proximity, Social Economy and Civil Security, 12 – Retail, 13 – Textiles, 14 – Tourism. See figure 12 for missing data notes.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

The annual changes in SME employment, as shown in Figure 15, reveal a nuanced picture. In 2024, SME employment growth is positive across all 14 ecosystems, ranging from 0.3% to 2.4%. In contrast, large enterprises in four ecosystems displayed negative annual changes in employment. Furthermore, the data indicate that SMEs are projected to outperform large enterprises in terms of annual growth rates in the majority of ecosystems. Specifically, SMEs are expected to have higher growth rates in 12 out of 14 ecosystems in 2024 and 13 out of 14 ecosystems in 2025 (Figure 15)

Three ecosystems, namely 'cultural and creative industries', 'digital', and 'tourism', are projected to experience the strongest annual growth, with both SMEs and large enterprises showing positive growth rates in both years. Conversely, 'electronics' is expected to experience negative annual growth for both SMEs and large enterprises, indicating a challenging outlook for this industry. While most ecosystems are expected to experience growth overall, compared to 2024, 'proximity, social economy, and civil security' and 'tourism' are forecasted to see even stronger growth in 2025, with other ecosystems continuing to grow, though at a slightly slower pace for SMEs.

Figure 15. Annual change (%) of SME and large enterprises employment in 2024 and 2025, by industrial ecosystem.



Note: The industrial ecosystems are as follows: 1 – Aerospace and Defence, 2 – Agri-food, 3 – Construction, 4 – Cultural and Creative Industries, 5 – Digital, 6 – Electronics, 7 – Energy-Intensive industries, 8 – Energy-Renewables, 9 – Health, 10 – Mobility-Transport-Automotive, 11 – Proximity, Social Economy and Civil Security, 12 – Retail, 13 – Textiles, 14 – Tourism. See figure 12 for missing data notes.

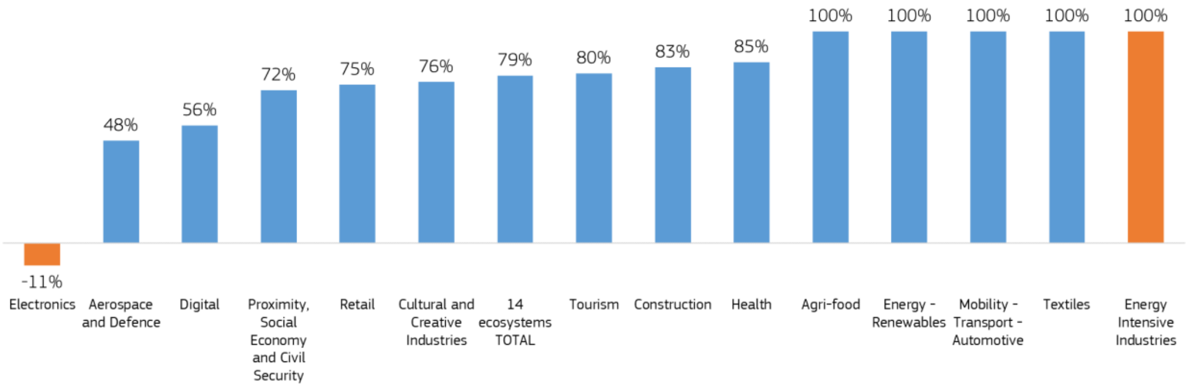
Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Across all 14 industrial ecosystems, SMEs are projected to contribute 79% of total net employment growth between 2024 and 2025. They are expected to be the primary drivers of positive employment growth in five industrial ecosystems, accounting for 100% of total net employment change in 'agri-food', 'energy–renewables', 'mobility-transport–automotive', 'textiles', and 'energy-intensive industries'. In other ecosystems—such as 'construction', 'health', 'cultural and creative industries', 'tourism', and 'proximity, social economy and civil security'—SMEs are also expected to contribute substantially, accounting for 72% to 85% of total net employment change (Figure 16).

A comparison with the cumulative employment growth from 2019 to 2024 highlights notable shifts in the role of SMEs in 2024–2025. For example, although SMEs were already key contributors in 'construction' and 'cultural and creative industries' during the previous period—accounting for nearly all employment growth—their share of employment change in these ecosystems is now slightly lower, at 83% and 76%, respectively (Figure 12 and Figure 16).

In contrast, SMEs' share of employment change has increased significantly in 'agri-food', 'energy – renewables', and 'textiles'. In 2024–2025, SMEs are expected to account for 100% of employment growth in these ecosystems, compared to 46%, 31%, and -71%, respectively, during the cumulative period (Figure 12 and Figure 16). These sharp increases signal a strengthening role of SMEs in ecosystems where their contribution was previously more limited or even negative.

Figure 16. Share of the change in total employment between 2024 and 2025 attributed to SMEs, by industrial ecosystem.



Note: Bars in orange indicate that total employment decreased in the ecosystem between 2019 and 2024, whereas bars in blue indicate that total employment increased in the ecosystem. See figure 12 for missing data notes.

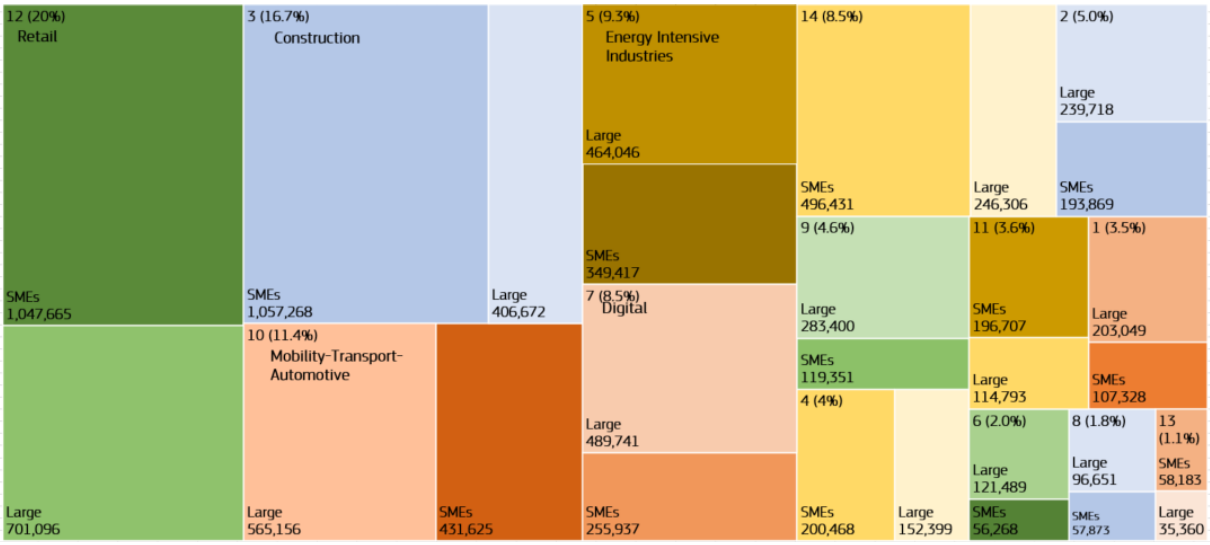
Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

As in previous years, within 'energy-intensive industries', SMEs alone drive positive employment growth, showcasing their ability to thrive during economic downturn. By contrast, the 'electronics' ecosystem presents a striking reversal. While SMEs accounted for 40% of employment growth in this sector between 2019 and 2024 -during a period of overall positive employment growth- they are now projected to account for -11% of the overall negative employment change in 2024–2025. This shift reflects an emerging contraction and signals a vulnerability of SMEs in this high-tech ecosystem (Figure 12 and Figure 16).

3.2.2 SME value added in each of the 14 industrial ecosystems in 2024 and 2025

SMEs made substantial contributions to real value added in key industrial ecosystems, playing a critical role in securing the EU's economic output. Notably, SMEs were the main generators of value added in the EU's 'construction', 'retail', and 'tourism' sectors—accounting for 16.7%, 20%, and 8.5% of total EU value added, respectively—contributing more than half of the total value in each of these sectors. However, their impact was less pronounced in other ecosystems such as 'digital', 'energy-intensive industries', 'electronics', 'health', and energy-renewables', where large enterprises contributed a significantly greater share of value added (Figure 17).

Figure 17. Real value added (in EUR million) generated by SMEs and large enterprises, and the share of an ecosystem's real value added in the total across all ecosystems in 2024.



Note: Each ecosystem is represented by the same colours in with the darkest shading showing employment by SMEs and the lighter shading indicating the number of persons employed within large enterprises for the given ecosystem. The percentages in the top left corner of each ecosystem indicate the percentage of the total SME employment accounted for by that ecosystem. The industrial ecosystems are as follows: 1 – Aerospace and Defence, 2 – Agri-food, 3 – Construction, 4 – Cultural and Creative Industries, 5 – Digital, 6 – Electronics, 7 – Energy-Intensive industries, 8 – Energy-Renewables, 9 – Health, 10 – Mobility-Transport-Automotive, 11 – Proximity, Social Economy and Civil Security, 12 – Retail, 13 – Textiles, 14 – Tourism. See figure 12 for missing data notes.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

The projected annual changes in SMEs' real value added, as shown in Figure 18, reveal a heterogeneous picture. In 2024, SMEs in almost half of the ecosystems, such as 'cultural and creative industries', 'digital', 'proximity, social economy, and civil security', 'retail', and 'tourism', experienced positive annual growth rates, ranging from 0.1% to 2.2%. In contrast, SMEs faced negative growth rates in the remaining ecosystems including 'electronics', 'energy-intensive industries', 'energy-renewables', and 'textiles', with declines ranging from –0.1% to –7.2%.

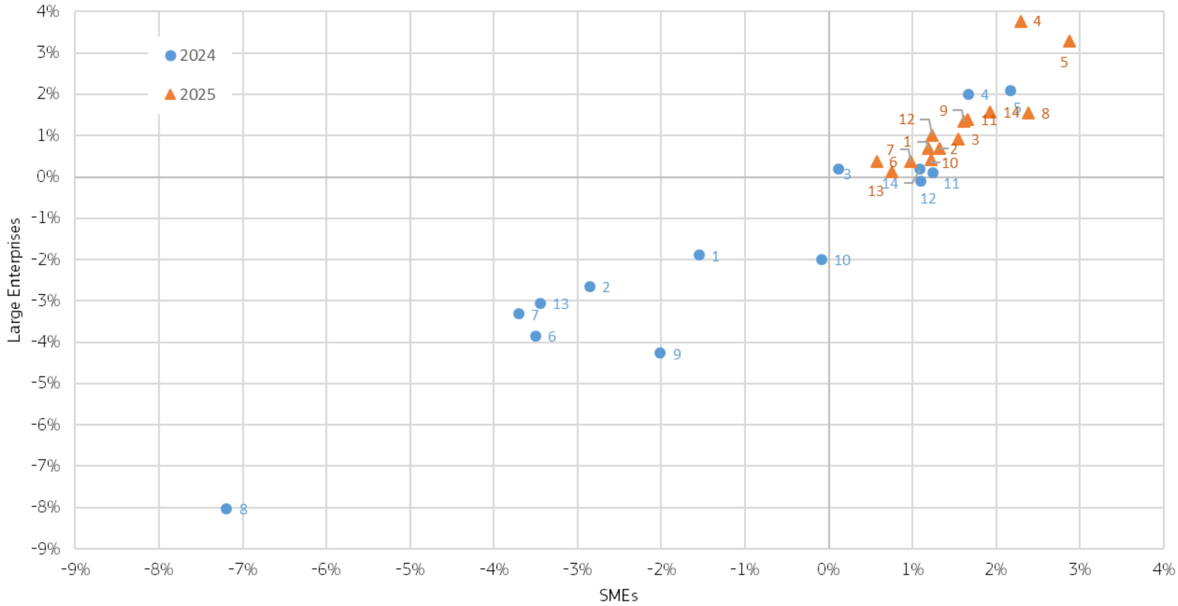
In 2025, the outlook for SMEs across all ecosystems improves, with each one expected to experience growth. Among these, the 'cultural and creative industries', and 'digital' sectors are projected to be the strongest performers, with growth rates exceeding 2%.

A noteworthy development is the 'energy-renewables' ecosystem, which is expected to experience a significant recovery, with a projected growth rate of 2.4% in 2025, following a decline of -7.2% in 2024. This improvement in the 'energy-renewables' sector may be indicative of a recovery phase, possibly driven by technological advancements and efficiency gains, although employment growth in this sector has remained relatively modest, as discussed in the previous section.

Compared to large enterprises, SMEs are expected to outperform in the majority of ecosystems in both 2024 and 2025. In both years, SMEs had higher growth rates than large enterprises in 12 out of 14 sectors. This suggests that SMEs are more resilient and better positioned to capitalise on growth opportunities in most sectors. For instance, in the 'health' sector, SMEs experienced a decline of -2.0% in 2024, which was less severe than the decline of -4.3% for large enterprises. In 2025, SMEs contributing to the 'health' ecosystem are expected to grow at a rate of 1.6%, outpacing the growth rate of large firms.

Overall, SMEs are expected to drive growth in most sectors in 2025, with their performance surpassing that of large enterprises in the majority of ecosystems.

Figure 18. Annual change (%) of SMEs' and large enterprises' real value added in 2024 and 2025, by industrial ecosystem



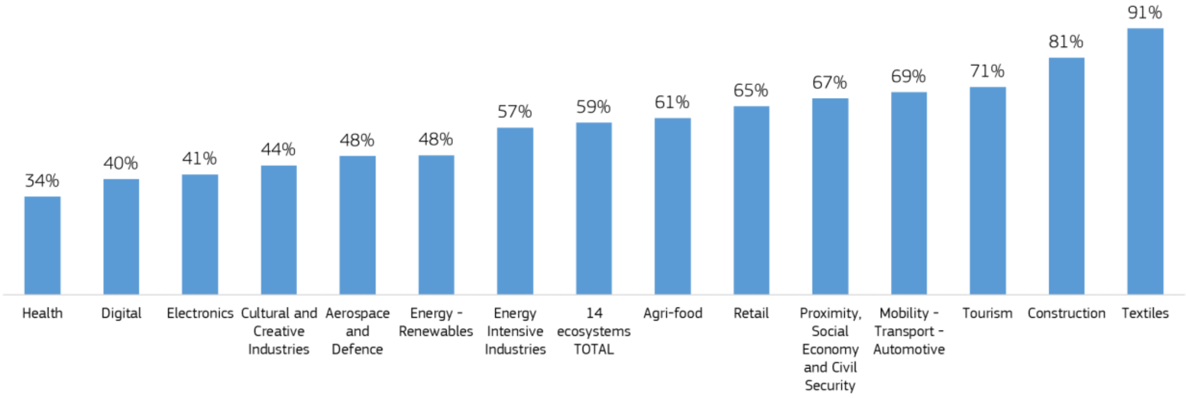
Note: The industrial ecosystems are as follows: 1 – Aerospace and Defence, 2 – Agri-food, 3 – Construction, 4 – Cultural and Creative Industries, 5 – Digital, 6 – Electronics, 7 – Energy-Intensive industries, 8 – Energy-Renewables, 9 – Health, 10 – Mobility-Transport-Automotive, 11 – Proximity, Social Economy and Civil Security, 12 – Retail, 13 – Textiles, 14 – Tourism. See figure 12 for missing data notes.

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Figure 19 shows the share of the change in total real value added between 2024 and 2025 attributed to SMEs, by industrial ecosystem. In eight out of 14 ecosystems, SMEs are expected to account for more than 50% of the increase in total real value added. The sectors where SMEs are expected to have the largest impact on value added growth are 'textiles' (91%), 'construction' (81%), 'tourism' (71%), 'mobility-transport–automotive' (69%), and 'proximity, social economy and civil security' (67%).

In contrast, the sectors where SMEs are expected to have a relatively smaller impact on value added growth are 'health' (34%), 'digital' (40%), 'electronics' (41%), and 'aerospace and defence' (48%). However, even in these ecosystems, SMEs are still expected to account for a significant share of the increase in total real value added. Furthermore, ecosystems with low cumulative growth (like 'electronics' and 'agri-food') over the last five years are expected to see strong annual recoveries, indicating a shift in their growth trajectories (Figure 13). These results suggest that SMEs are expected to play a crucial role in driving value added growth in most ecosystems, with a projected contribution of 59% of the total in 2024-2025. Some sectors, however, are expected to rely more heavily on SMEs for growth than others.

Figure 19. Share of the change in total real value added between 2024 and 2025 attributed to SMEs, by industrial ecosystem.



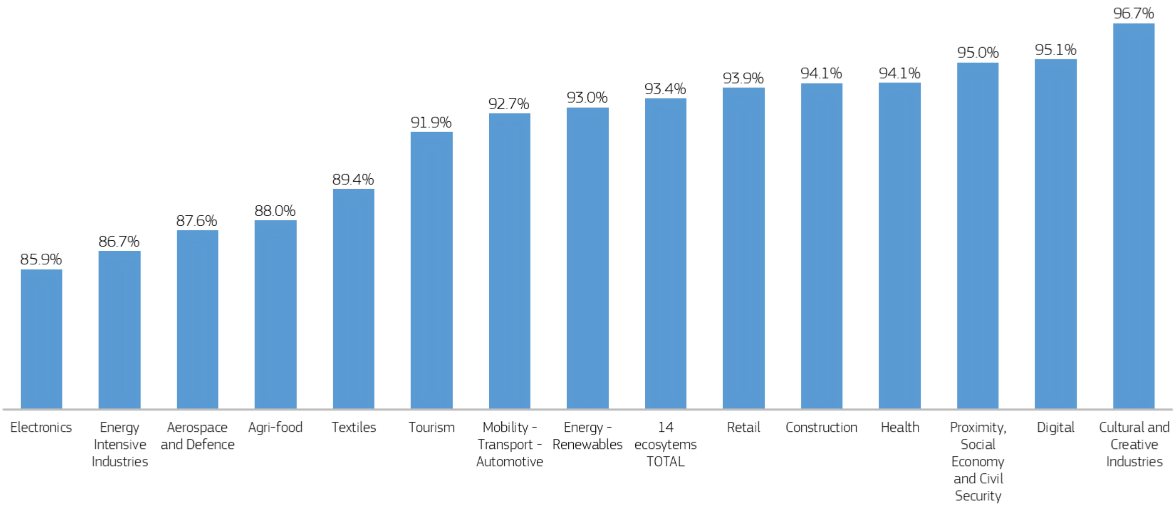
Note: Bars in blue indicate that total employment increased in the ecosystem. See figure 12 for missing data notes.

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

3.2.3 Industrial ecosystems by size class in 2024 and 2025

In 2024, micro-SMEs made up 93.4% of SMEs in all 14 industrial ecosystems, with varying shares across sectors: 'electronics', 'energy-intensive industries', 'aerospace and defence', 'agri-food', and 'textiles' had shares below 90%, while the remaining nine ecosystems had shares above 90% (Figure 20). This variation underscores the diverse roles of micro enterprises, as well as other size classes, within different industrial ecosystems.

Figure 20. Share of micro-SMEs in the number of enterprises in each of the industrial ecosystems in 2024.

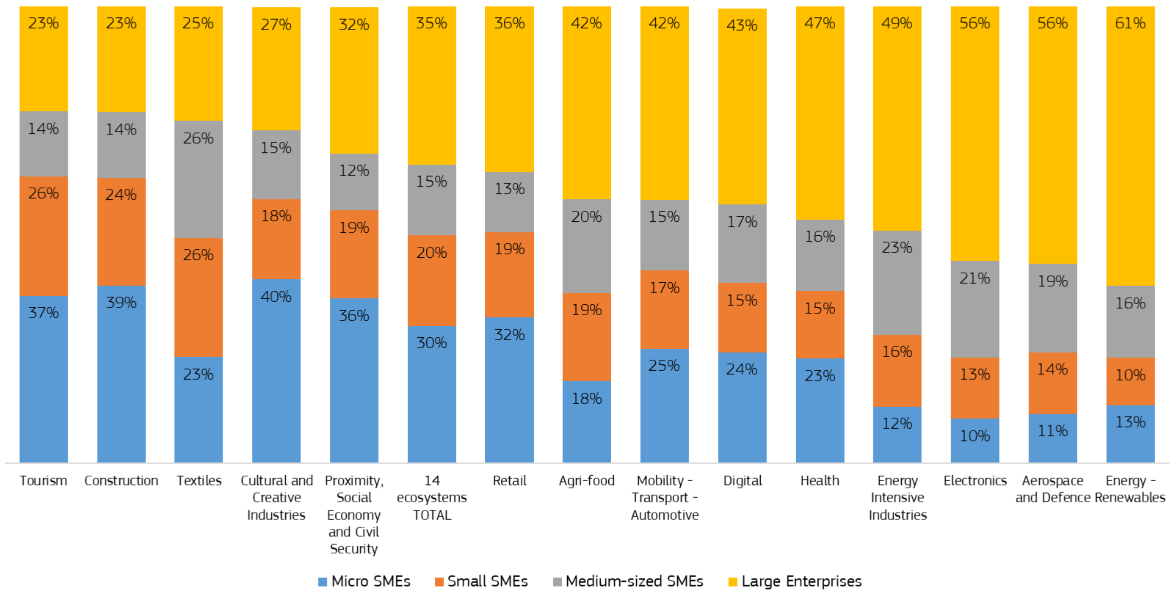


Note: See figure 12 for missing data notes.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

The distribution of employment across different enterprise size classes varied significantly within various industrial ecosystems in 2024. In some sectors, such as 'construction', micro-SMEs played a crucial role, accounting for 39% of total employment, whereas in others, like 'aerospace and defence,' their presence was notably smaller, at just 11%. Certain sectors, including 'textiles', 'agri-food', and 'mobility-transport–automotive', exhibit a more balanced distribution of employment across size classes. Large enterprises tend to dominate employment in sectors that require significant investments and technological expertise, such as ‘energy-renewables (61%) and ‘aerospace and defence’ (56%). In contrast, medium-sized SMEs hold a notable share of employment in sectors like ‘agri-food’ and ‘energy-intensive industries’, accounting for around 20% of the workforce. The ‘tourism’, ‘construction’, and ‘textiles’ sectors are notable for their high reliance on small SMEs, with these enterprises accounting for a significant proportion of employment, ranging from 24 to 26%. In contrast, their share is below 20% in other sectors. Meanwhile, micro-SMEs are the primary drivers of employment in several sectors, including ‘cultural and creative industries’, ‘construction’, ‘tourism’, ‘proximity services, social economy and civil security’, and ‘retail’, with each of these sectors relying heavily on micro-SMEs for over 30% of their workforce (Figure 21).

Figure 21. Proportion of total employment in each of the industrial ecosystems by size classes in 2024.



Note: See figure 12 for missing data notes.

Source: JRC calculations based on Eurostat’s Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

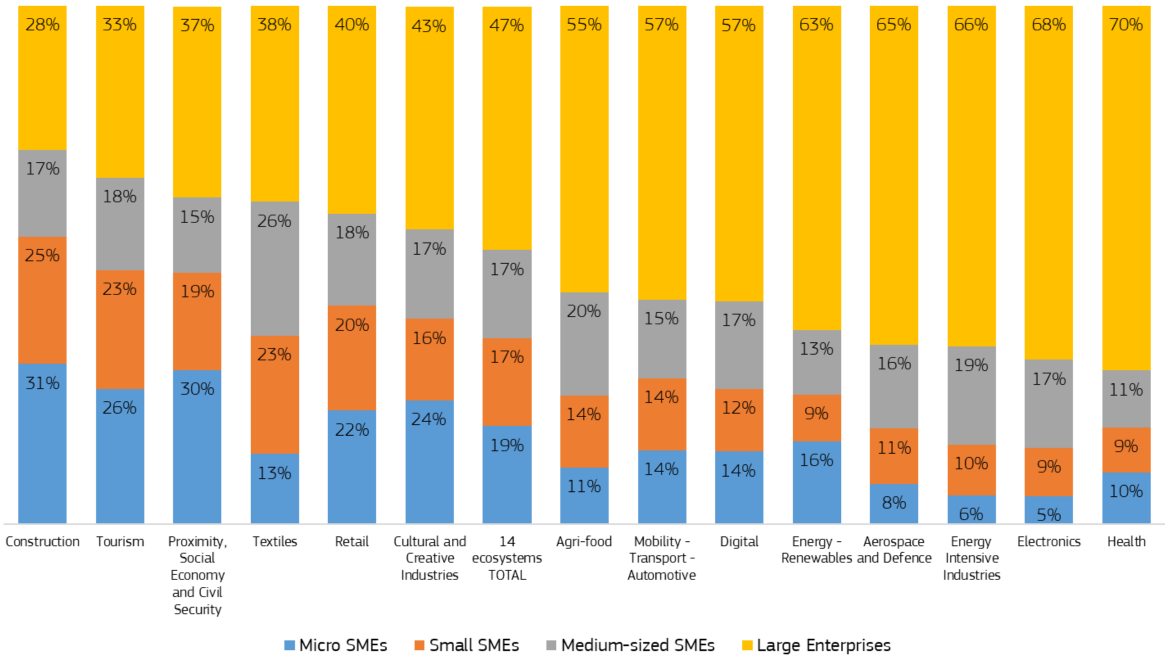
In terms of real value added in 2024, micro-SMEs and small SMEs made significant contributions to real value added in various sectors, including ‘construction’, ‘tourism’, and ‘proximity and social economy and civil security’. Micro-SMEs, in particular, emerged as key drivers of value creation, surpassing their small and medium-sized counterparts in four ecosystems. Medium-sized SMEs also play a notable role, achieving their highest proportion of real value added in the ‘textiles’ sector, at 26%. In contrast, a balanced distribution of real value added can be observed among micro, small, and medium-sized SMEs in the ‘mobility-transport-automotive', ‘digital’, and ‘health’ sectors. However, large enterprises dominated the value-added landscape in most sectors, with notable concentrations in ‘health’ (70%), ‘electronics’ (68%), and ‘energy-intensive industries’ (66%) (Figure 22).

Being the driver of employment creation in an ecosystem does not necessarily translate to being the driver of value creation for a particular size class. The size class that creates the most jobs in an ecosystem may not be the same size class that generates the most value added. However, the ‘textiles’ sector stands out as an exception, where small SMEs demonstrated a significant impact on both employment (26%) (Figure 21) and real value added (23%) (Figure 22), suggesting a unique synergy between job creation and value generation. This exception highlights the importance of considering the specific characteristics of each sector and the role of different size classes within them.

In conclusion, the 2024 distribution across ecosystems shows large enterprises leading in economic output (47% of real value added) but employing only 35% of the workforce. Meanwhile, micro-SMEs, small SMEs, and medium-sized SMEs contribute 19%, 17%, and 17% to real value added, respectively, while employing 30%, 20%, and 15% of the workforce,

The distribution of size classes in the number of enterprises, proportion of total employment, and real value added remains relatively stable over time across ecosystems, with minimal year-on-year changes, which is why the projected 2025 figures are almost identical to those of 2024 and previous years.

Figure 22. Proportion of total real value added in each of the industrial ecosystems by size class in 2024.



See figure 12 for missing data notes.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

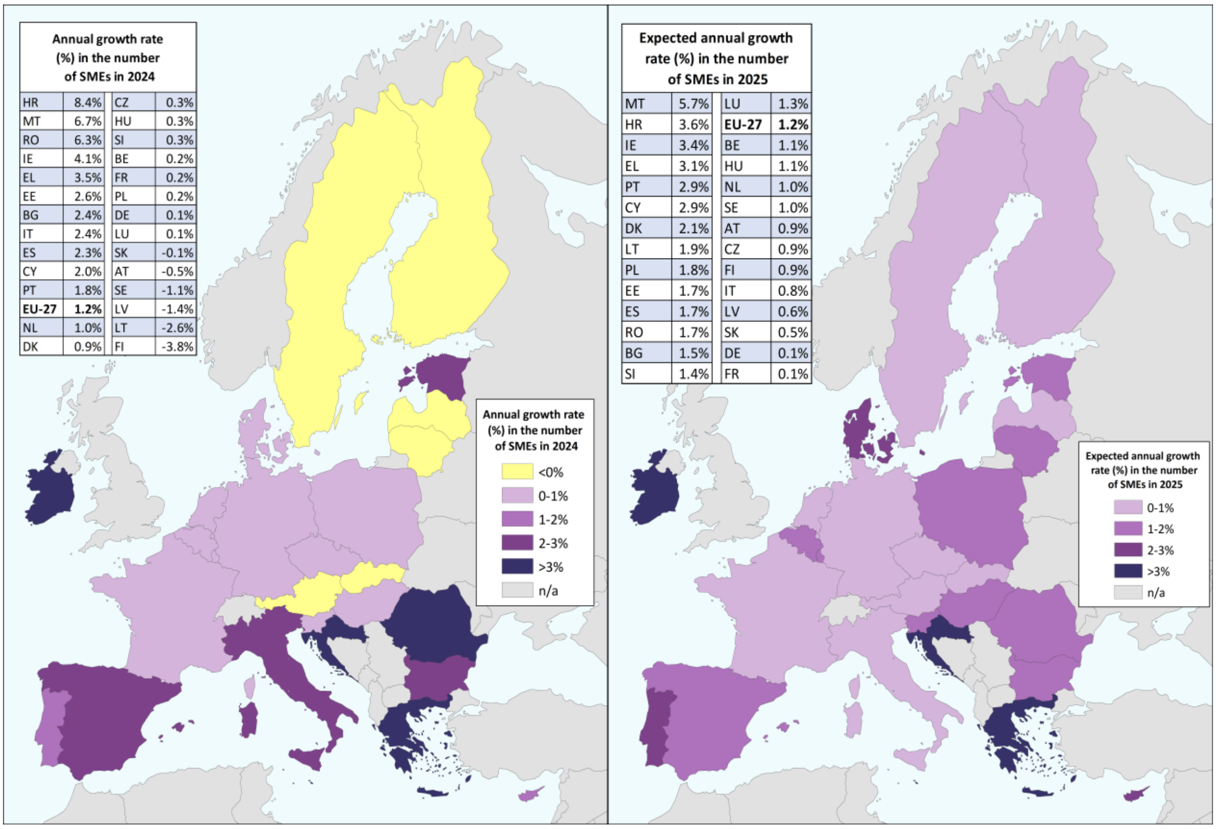
3.3 The Performance of SMEs across Member States in 2024 and 2025

The economic performance of EU SMEs, measured by the number of SMEs, real value added, and employment, can be spatially analysed to enhance our understanding of neighbouring Member States' economic performance and the formation of industrial clusters. This chapter describes the short-term dynamics of SMEs in 2024 and 2025 across EU Member States. Further details on the distribution of micro-SMEs and contributions of SMEs to national employment and economic output in 2024 are provided in the Annex 6 (Map 12 and Map 11).

In 2024, Malta, Croatia, and Romania recorded the highest growth rates in terms of the number of SMEs, with SME numbers increasing by more than 5%. This strong upward trend signals a dynamic entrepreneurial environment. Malta is expected to maintain this strong growth in 2025, with projections exceeding 5%, pointing to sustained business expansion. While Croatia's growth is projected to moderate to 3.6%, it remains among the top performers, suggesting continued resilience and SME-led growth.

In contrast, Finland, Latvia, Sweden, Austria, and the Slovak Republic experienced negative SME growth in 2024, with annual rates ranging from –3.8% to –0.5%. The outlook for 2025 shows only marginal improvement, with continued declines below 1% for all five countries. It suggests a minor slowdown in small business activity across these Nordic and Central European economies (Map 3).

Map 3. Annual growth rate of SME number of enterprises in the NFBS in 2024 (left) and 2025 (right) in the EU and across EU Member States.

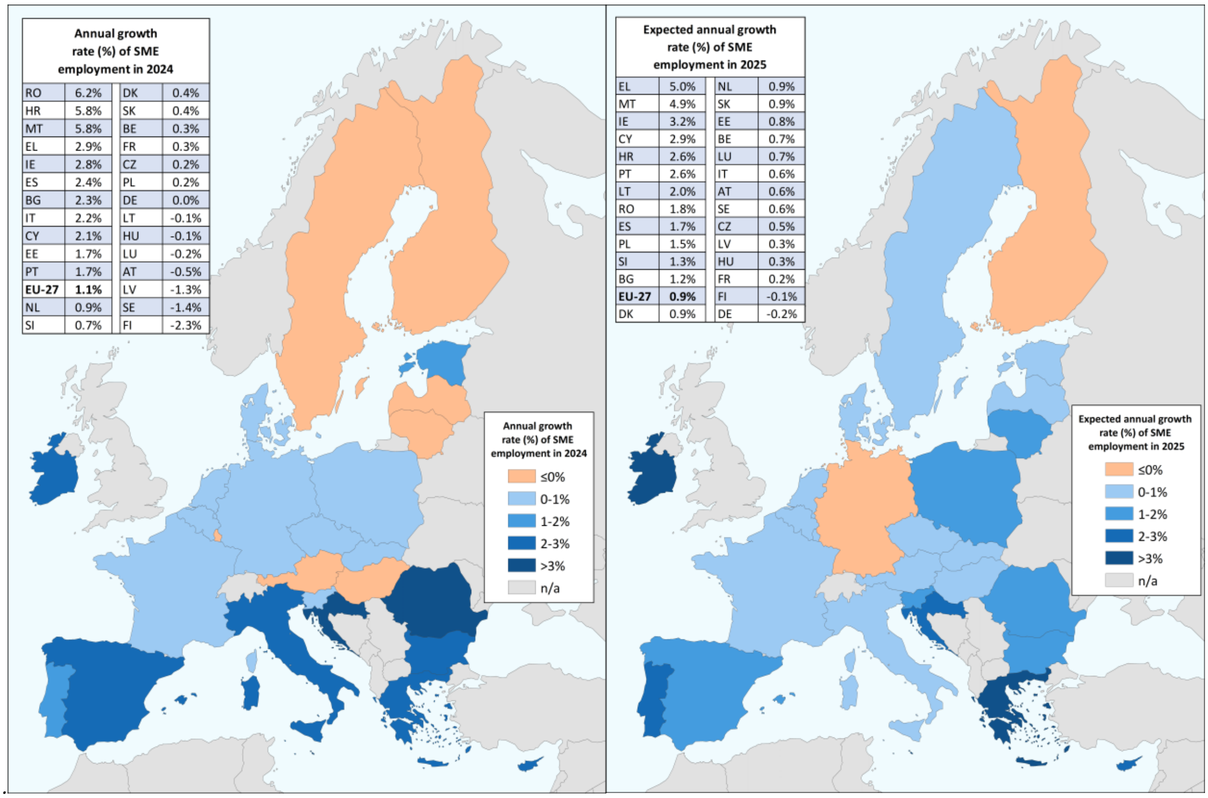


Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2024 Economic Forecast.

The strongest growth in SME employment in 2024 was observed in Romania, Malta, Croatia, Greece, and Ireland, with annual increases ranging from 6.2% to 2.8%. Looking ahead to 2025, Greece, Malta, and Croatia are projected to remain among the top performers, with growth in SME employment expected to range between 5% and 2.6%. It suggests a sustained momentum in job creation driven by the SME sector (Map 4).

In contrast, several Northern and Central European countries recorded declines in SME employment in 2024. These include Finland, Sweden, Latvia, Austria, Luxembourg, Lithuania, and Hungary, with contraction rates between –2.3% and –0.1%. Additionally, Germany showed no change (0%) in SME employment in 2024 and is projected to face a slight decline of –0.2% in 2025 (Map 4). Finland, which experienced a sharp decline of -2.3% in 2024, is anticipated to witness a more moderate decline of -0.1% in 2025. Importantly, all other countries that experienced negative SME employment growth in 2024 are projected to return to positive territory, with growth rates of at least 0.3% in 2025.

Map 4. Annual growth rate of SME employment in the NFBS in 2024 (left) and 2025 (right) in the EU and across EU Member States.



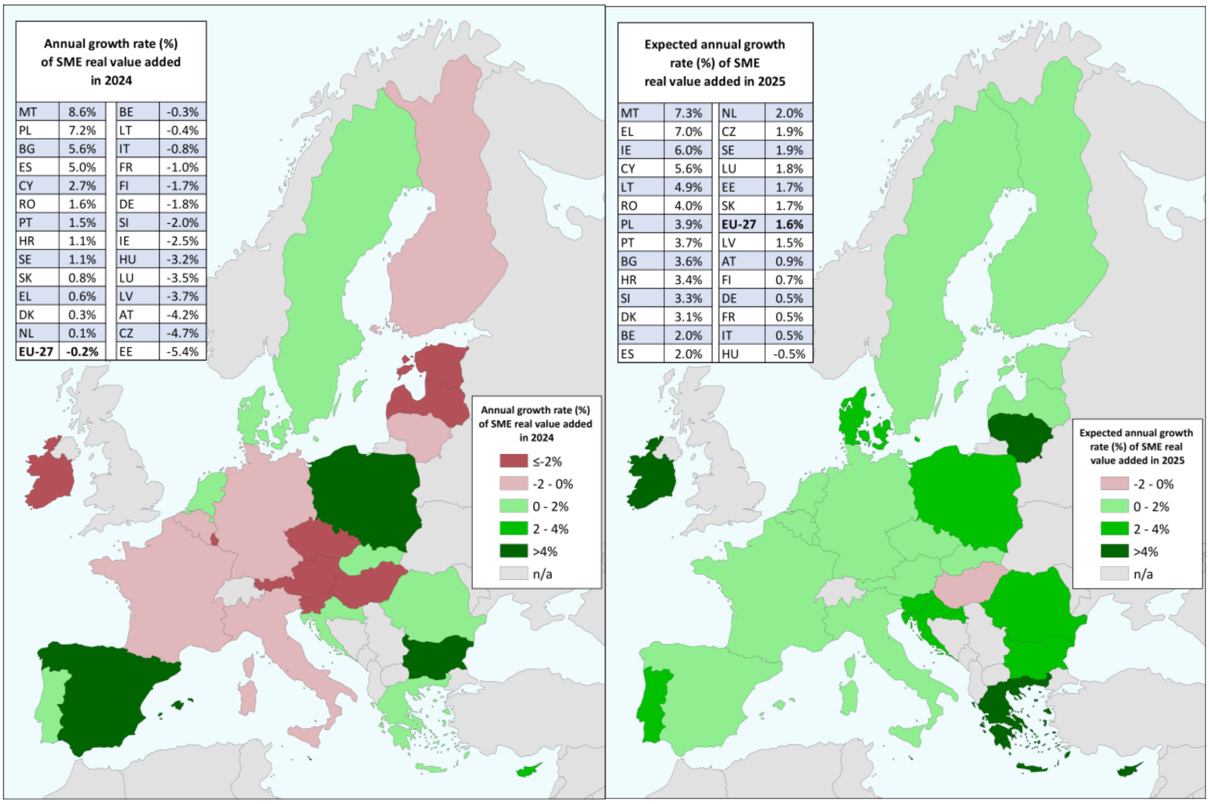
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2024 Economic Forecast.

In 2024, the real value added by SMEs across the EU declined by −0.2%, marking a year of subdued economic output for the small and medium-sized business sector. This contraction was especially pronounced in 14 Member States, with the steepest declines observed in Estonia (−5.4%), the Czech Republic (−4.7%), and Austria (−4.2%). These figures suggest that SMEs in several countries faced significant headwinds (Map 5). Despite the overall downturn, some Member States displayed robust SME growth in real value added. Malta (8.6%), Poland (7.2%), Bulgaria (5.6%), and Spain (5%) stood out for their resilient SME sectors (Map 5).

Looking ahead to 2025, a broad-based recovery is projected, with all Member States except Hungary expected to see positive growth in SME real value added. Importantly, 21 countries are projected to achieve growth rates above 1%, and the EU overall is forecasted to grow by 1.6%, signalling a turnaround in SME economic contribution.

Two countries stand out for their anticipated sharp rebounds: Ireland, which contracted by −2.5% in 2024, is expected to grow by 6% in 2025, and Greece, from a modest 0.6% in 2024, is projected to surge to 7% in 2025. In contrast, countries like Spain and Bulgaria, which posted high growth in 2024, are projected to moderate in 2025, with growth rates of 2% and 3.6%, respectively (Map 5).

Map 5. Annual growth rate of SME real value added in the NFBS in 2024 (left) and 2025 (right) in the EU and across EU Member States.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2024 Economic Forecast.

3.3.1 The economic performance of SMEs in EU Member States in terms of industrial ecosystems in 2024 and 2025

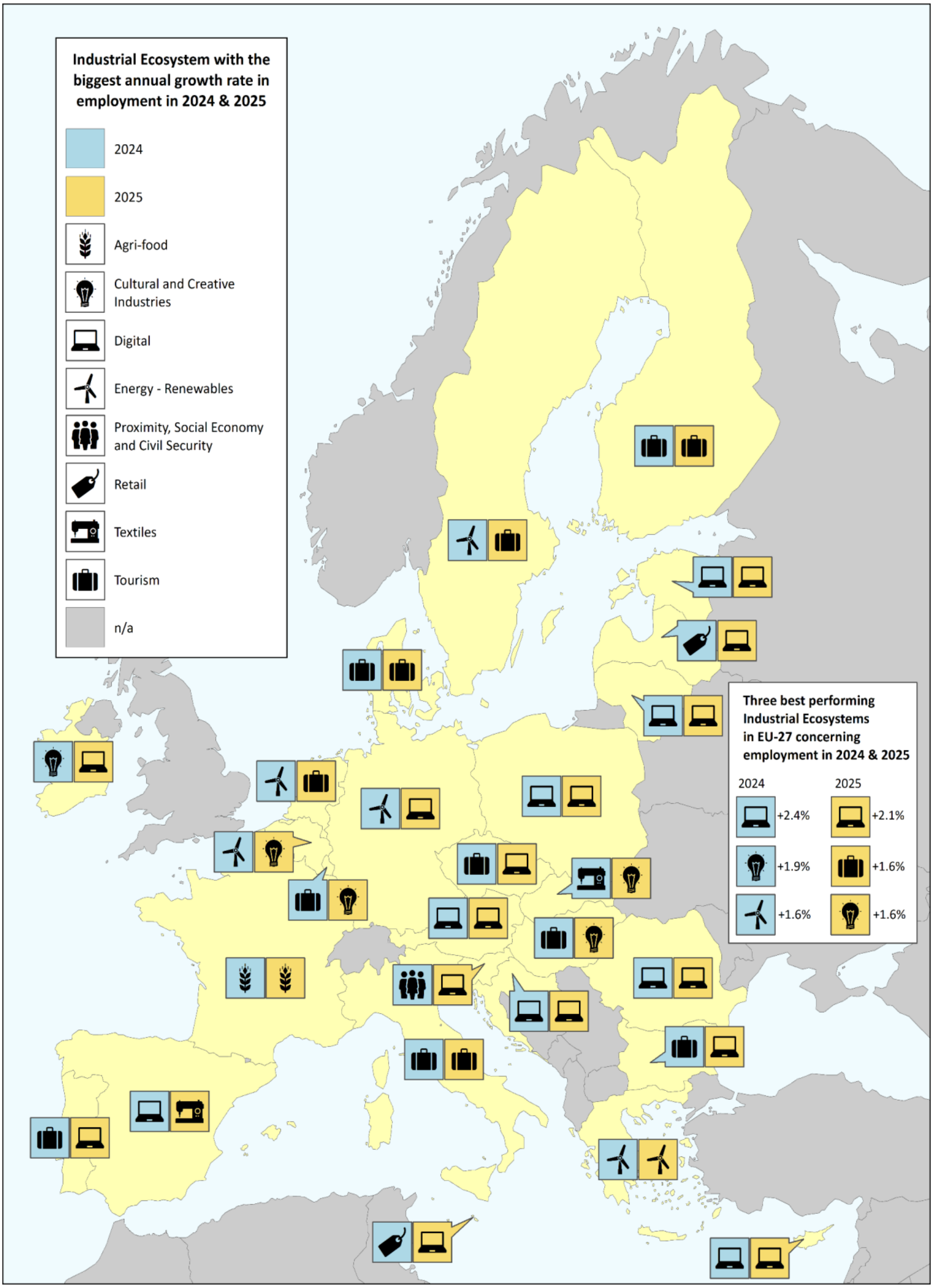
This section highlights the most dynamic industrial ecosystems among SMEs across EU Member States, focusing on employment and real value added growth in 2024 and 2025.

In 2024, the digital ecosystem stood out as the primary engine of SME employment growth, recording an annual growth rate of +2.4% across the EU. It was the fastest-growing ecosystem in eight Member States and is projected to maintain its momentum in 2025, becoming the top-performing sector in 14 Member States. This sustained expansion points to an ongoing digital transformation of the EU SME economy. In particular, Romania, Cyprus, Croatia, Lithuania, and Estonia recorded double-digit employment growth in their digital ecosystems in 2024 (Table 18)

Beyond 'digital', 'cultural and creative industries' (+1.9%) and 'energy-renewables' (+1.6%) also posted strong employment growth in 2024, underscoring the diversification of SME-led growth into green and creative sectors (Map 6).

Looking ahead to 2025, the digital ecosystem is expected to remain a top performer, alongside 'tourism' and 'cultural and creative industries', each projected to grow by 1.6% at the EU level. Notably, a clear geographic cluster of digital SME growth has emerged in Central and Eastern Europe, particularly in Bulgaria, Czechia, Estonia, Croatia, Cyprus, Latvia, Lithuania, Austria, Poland, Romania, and Slovenia (Map 6).

Map 6. Industrial Ecosystem with the biggest annual SME growth rate in employment for 2024 and 2025 in the EU and across EU Member States.



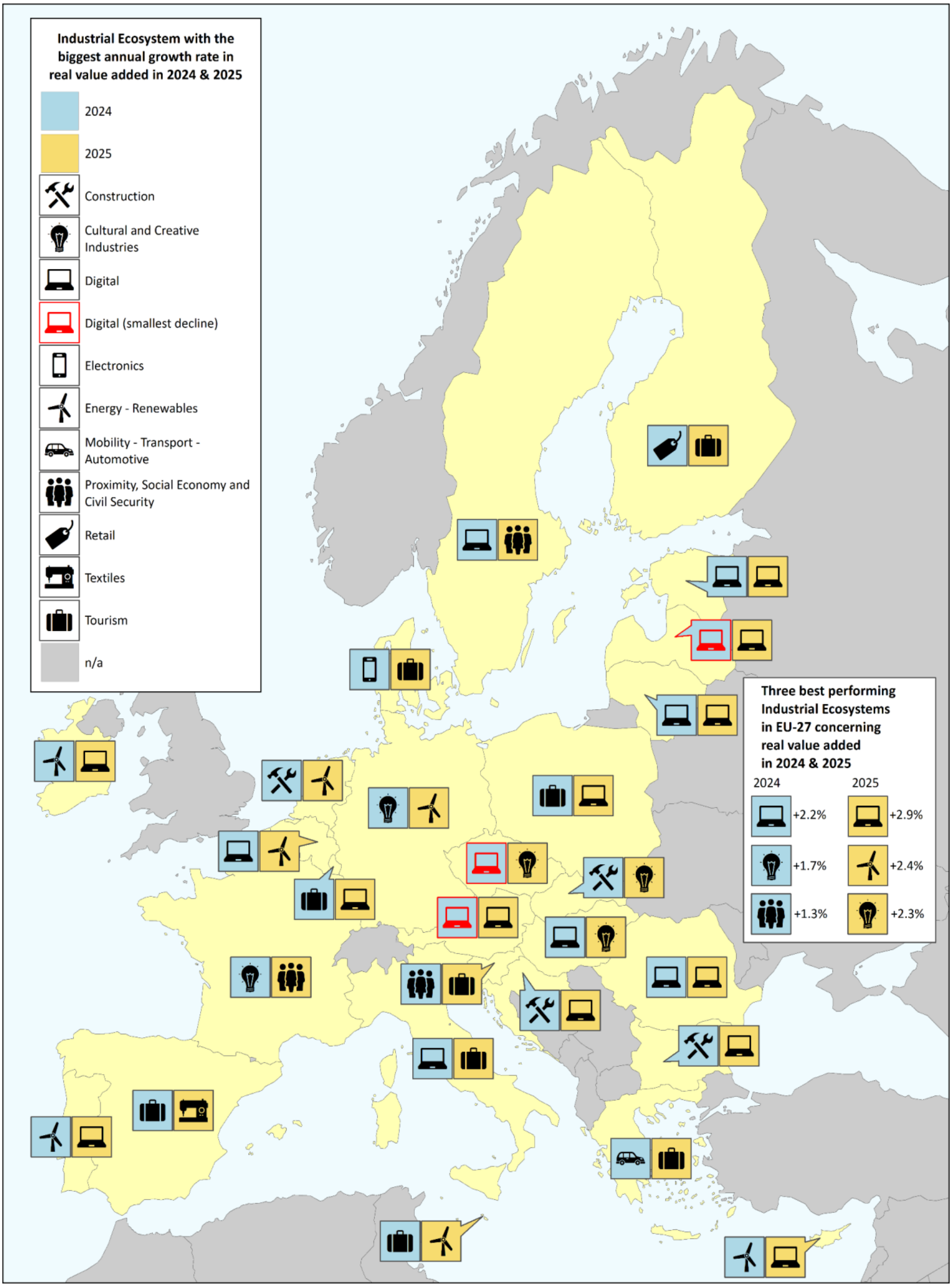
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2024 Economic Forecast. See figure 12 for missing data notes.

The digital sector continues to lead not only in employment growth but also in real value added. According to Map 7, it recorded the highest annual growth rate in real value added among SME ecosystems in 2024, at +2.2% across the EU, with growth projected to accelerate to +2.9% in 2025. This strong performance was observed in 14 Member States in 2024 and is expected to extend to 18 Member States in 2025.

However, unlike the employment data, real value added growth in the digital sector does not follow a clear Central and Eastern European clustering pattern. Notably, while digital SMEs are the top performers overall, several countries — including Czechia, Austria, and Latvia — experienced negative growth in digital value added in 2024. Still, the declines in these countries were the smallest among all ecosystems, indicating that even where the ecosystem slowed, it was more resilient than others.

The 'cultural and creative industries' also performed strongly, with real value added growing by +1.7% in 2024 and projected to rise to +2.3% in 2025. It mirrors the sector's robust employment gains, underscoring its growing economic significance. Other expanding ecosystems include the 'proximity, social economy and civil security' sector, which grew by +1.3% in 2024, and the energy-renewables ecosystem, which achieved a notable +2.4% growth rate — further reinforcing the importance of green sectors in the EU's SME landscape.

Map 7. Industrial Ecosystem with the biggest annual SME growth rate in real value added for 2024 and 2025 in the EU and across EU Member States.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2024 Economic Forecast. See figure 12 for missing data notes.

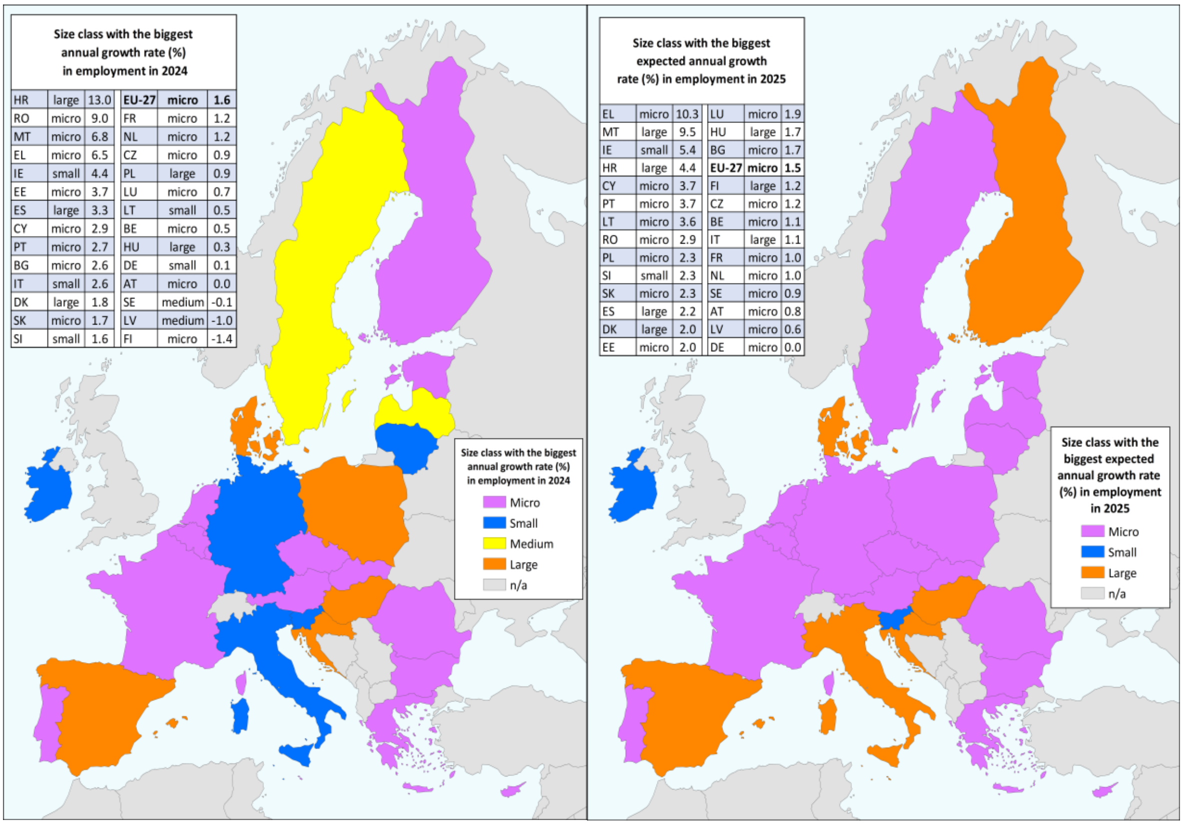
3.3.2 The economic performance of SMEs in EU Member States in terms of size classes in 2024 and 2025

A more granular breakdown of employment performance by enterprise size class (Map 8) reveals which size class led in terms of annual employment growth across Member States in 2024 and 2025. In 2024, micro-firms outperformed other size classes in 15 Member States, even if that meant the least decline rather than positive growth in some cases. This trend is projected to intensify in 2025, with micro-SMEs leading in 18 Member States. Small SMEs were the top performers in five countries in 2024 but are expected to lead in only two Member States in 2025. Meanwhile, Medium-sized SMEs led in just two countries in 2024 and in none in 2025. Interestingly, large enterprises were the best performers in five countries in 2024, and this number is projected to increase to seven in 2025 — signalling their growing role in driving employment in certain economies.

In Croatia, large enterprises experienced double-digit employment growth in 2024, while in many other countries the best-performing size class recorded growth below 2%. For 2025, Greece is projected to see micro-enterprises grow by over 10%, while Croatia's Large Enterprises are expected to slow down to 4.4% growth. In 2024, Sweden, Latvia, and Finland recorded employment declines across all size classes. However, the least severe declines were observed among medium-sized enterprises in Sweden and Latvia and micro-SMEs in Finland, indicating relative resilience despite the downturn.

The diversity in performance across Member States is projected to narrow in 2025, with most countries expected to see either micro-SMEs or large enterprises leading growth. The employment outlook is becoming less heterogeneous, with clearer patterns emerging.

Map 8. Size class with the biggest annual growth rate in employment for 2024 (left side) 2025 (right side) in the EU-27 and across EU Member States.



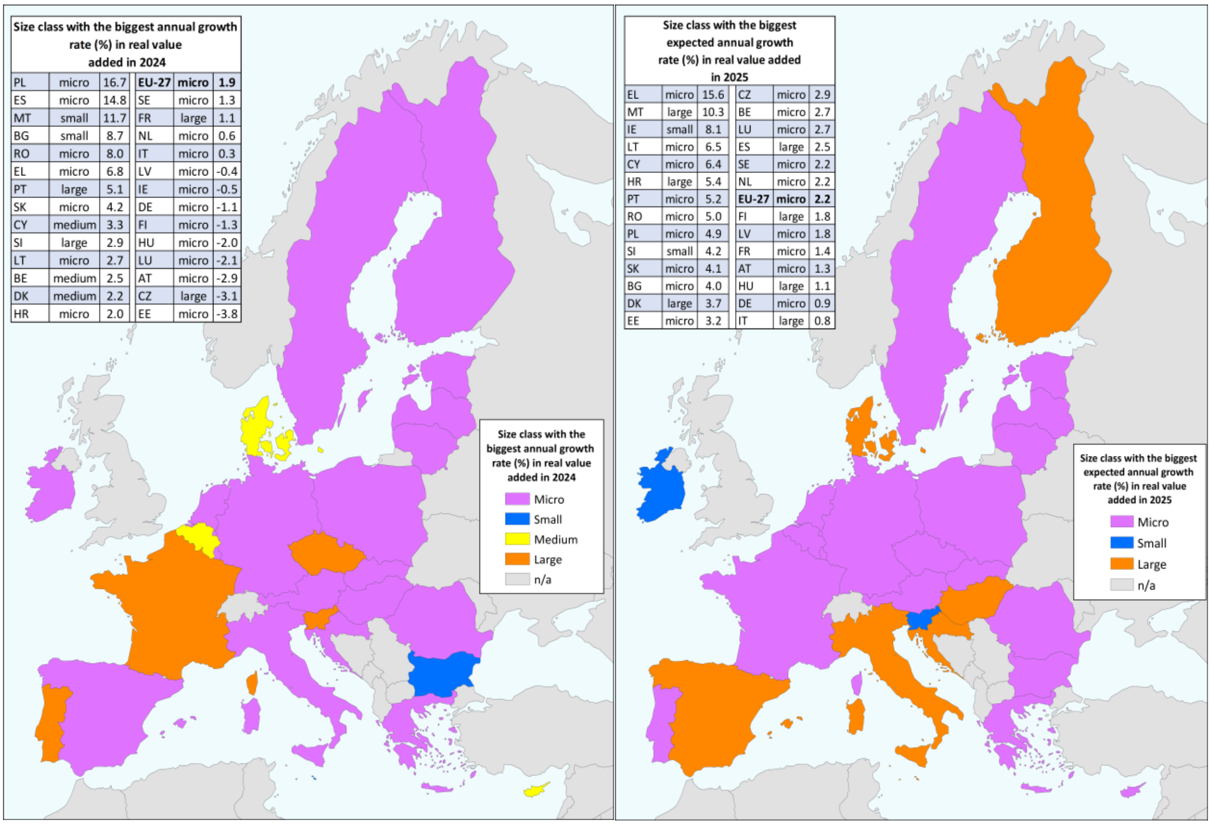
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2024 Economic Forecast.

In terms of real value added, micro-SMEs exhibited the highest annual growth rate of 18 Member States in 2024, and projections indicate a similar trend in 2025. Conversely, in Malta and Bulgaria, small SMEs recorded the highest growth rate in 2024, while 2025 projections suggest that small SMEs will have the most significant impact on economic growth in Ireland and Slovenia (Map 9). Medium-sized SMEs were the fastest-growing enterprise size class in Cyprus, Belgium, and Denmark in 2024. However, projections indicate that they will not be the fastest-growing size class in any EU country in 2025. Finally, large enterprises registered the highest growth rates in three countries in 2024 and are projected to do so in seven countries in 2025 (Map 9).

Nine countries recorded negative value added growth rates across all size classes in 2024. In contrast, projections for 2025 show only positive growth rates. Notably, micro-SMEs in Poland and Spain, as well as small SMEs in Malta, achieved double-digit growth in 2024. For 2025, large enterprises in Malta and micro-SMEs in Greece are projected to reach double-digit growth rates.

At the EU level, the growth rate is projected to increase from 1.9% in 2024 to 2.2% in 2025, indicating a modest acceleration in economic growth. The diversity among EU economies is reflected in their spatial distribution, as no clear clusters of a particular enterprise size class dominate any broader region. This highlights the heterogeneity of growth dynamics across the Union (Map 9).

Map 9. Size class with the biggest annual growth rate in real value added for 2024 (left) and 2025 (right) in the EU and across EU Member States.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2024 Economic Forecast.

3.4 Key ecosystems and their potential in the spotlight

Several strategic EU documents, including the Draghi Report[26], the Joint White Paper for European Defence Readiness 2030[27], and the Competitiveness Compass for the EU[28], outline a series of industrial ecosystems that are expected to play a critical role in the upcoming years (see Annex 3 for details on the composition of ecosystems). The subsequent sections examine the role, challenges, and perspectives of SMEs within these key industrial ecosystems, as shaped by the current political context.

[26] Draghi, Mario. (2024). The Future of European Competitiveness. https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en

[27] European External Action Service. (2025). White Paper for European Defence – Readiness 2030 https://defence-industry-space.ec.europa.eu/eu-defence-industry/introducing-white-paper-european-defence-and-rearm-europe-plan-readiness-2030_en

[28] European Commission. (2025). A competitiveness Compass for the EU https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34_en

3.4.1 Aerospace and Defence

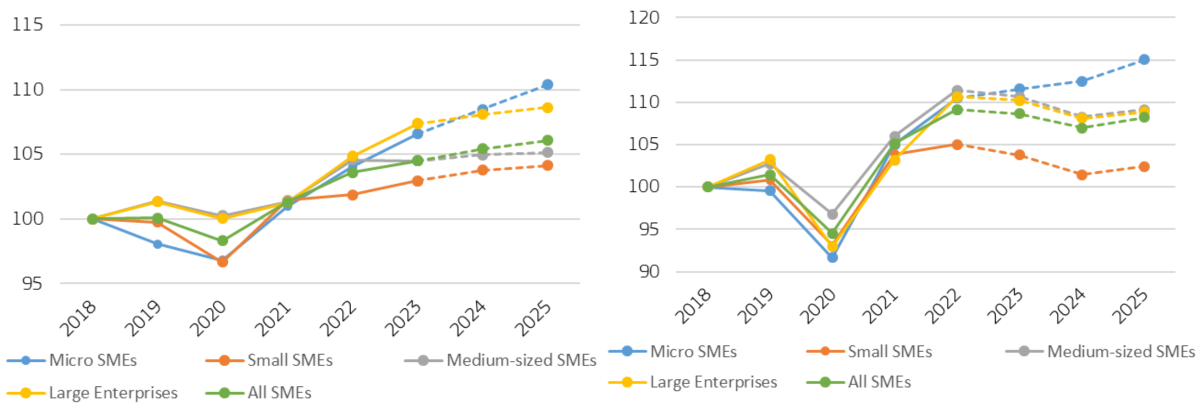
In response to the demanding geopolitical landscape, the EC has launched the ReArm Europe Plan/Readiness 2030 initiative[29], which includes a package allowing for over EUR 800 billion in defence-related spending. This financial commitment is intended to significantly enhance defence capabilities across Member States and reinforce the pan-European defence initiatives. Complementing this, the White Paper for European Defence Readiness 2030 introduces a renewed approach to defence planning, identifying key investment priorities and emphasising the role of SMEs. These enterprises are recognised as drivers of disruptive technologies and innovation within the defence sector. To support them, the EC has implemented several measures, including issuing European Defence Fund (EDF) calls and encouraging their participation in various projects.

Reflecting on this policy support and strategic emphasis, a detailed analysis of the evolution of real value added and employment is provided. Since 2018, SMEs and large enterprises have experienced growth in both indicators, successfully rebounding from the impacts of the pandemic. Notably, the pandemic's impact on employment was minimal for medium-sized SMEs and large enterprises. The most significant difference highlighted in Figure 23 is the contrasting behaviour of these two indicators across all enterprise size classes. While growth rates for real value added exhibited greater volatility and were more affected by the pandemic, employment trends followed a more stable trend.

However, projections for the period 2022 to 2025 indicate a more nuanced outlook, with growth rates diverging across different indicators and size classes. Employment is expected to grow for micro, small, and large enterprises, while medium-sized SMEs are projected to experience stagnation in employment growth. In contrast, the outlook for real value added is less optimistic for large, small, and medium-sized enterprises. Micro-enterprises stand out as the only group anticipated to show consistent growth in value added from 2022 onward. One of the most striking long-term trends is this widening gap in real value added between micro firms and other enterprise size classes. This positions micro-SMEs as the top performers.

[29] European Parliamentary Research Service. (2025). ReArm Europe Plan/Readiness 2030 (PE 769.566). European Parliament. https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/769566/EPRS_BRI(2025)769566_EN.pdf

Figure 23. Evolution of employment (left) and real value added (right) by enterprise size class for the aerospace and defence ecosystem.



Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

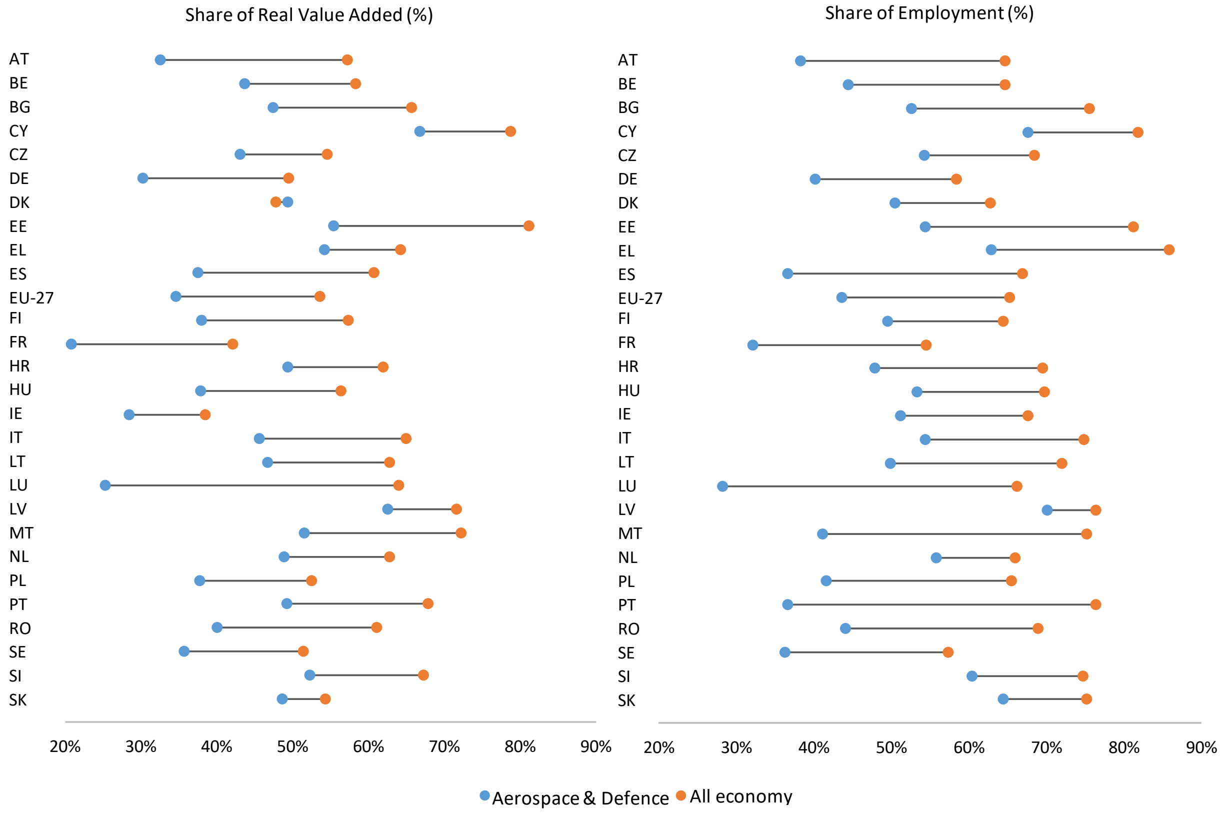
Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Figure 24 illustrates the forecasted share of SMEs in the aerospace and defence ecosystem for 2025 compared to the SMEs' share in the entire economy for each country. The figure reveals significant variations across Member States. In countries like Cyprus, Estonia, and Malta, SMEs are expected to have a higher share than the EU average for both employment and real value added indicators. Conversely, Member States such as Denmark, France, and Germany are projected to have lower SME shares compared to the overall EU economy.

In the aerospace and defence ecosystem, SMEs generally hold a significantly lower share of real value added compared to their presence in the overall economy. However, Denmark is an exception, where SMEs in the Aerospace & Defence ecosystem are expected to have a larger share than those in the entire economy.

Another important observation is that the gap between these shares varies by country. For Member States such as Denmark, Latvia, Czechia, and the Slovak Republic, the gap is smaller compared to Estonia, Portugal, and Luxembourg. Especially for the latter, the gap between SMEs in 'aerospace and defence' and SMEs in the whole economy is around 38 percentage points for both indicators. Only the shares of employment in Portugal have a larger gap of 39 percentage points.

Figure 24. Share of the total real value added (left) and total employment (right) held by SMEs in the aerospace and defence sector and SMEs across all industries in 2025.



Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

The observed disparities in SME shares between the aerospace and defence ecosystem and the total economy highlight the importance of targeted policies to bridge this gap. Time series trends show that, despite a post-pandemic rebound in employment and real value added, small and medium-sized SMEs have generally lagged behind micro enterprises in growth rates since 2018 and have also struggled to keep pace with large enterprises in some cases. Strategic initiatives, such as those outlined in the EC defence package, are crucial for enhancing the role of SMEs in this ecosystem and positioning them to drive innovation and develop disruptive technologies.

3.4.2 Energy-Intensive Industries

As outlined in the Competitiveness Compass for the EU, the energy-intensive industries ecosystem is crucial to the European Union's mission to become a decarbonised economy by 2050. This transition represents not only an environmental necessity but also a strategic opportunity to boost competitiveness through well-aligned objectives and policies. This is also mentioned in the Draghi Report, which highlights the potential for decarbonisation policies to serve as catalysts for growth. This vision will inform the new Clean Industrial Deal initiative, which aims to position the EU as a leading hub for manufacturing, including 'energy-intensive industries' while accounting for clean technologies and innovative circular business models.

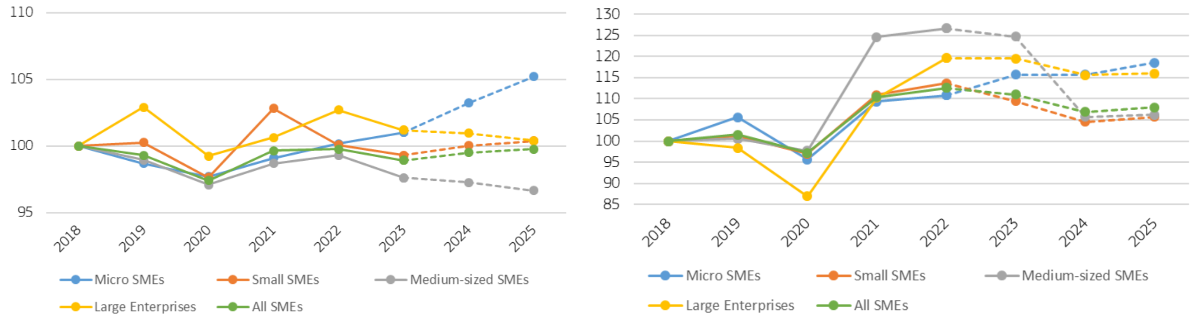
Regarding the evolution of the energy-intensive industries ecosystem, similarly to the 'aerospace and defence', time series trends show a consistent and widening performance gap between small and medium-sized enterprises compare to micro-SMEs, particularly for employment after 2022. While employment and real value added have increased for micro firms, the performance of the other SME size classes has remained relatively stable, with a slight increase in value added and a small decrease in employment for medium-sized firms.

Looking at the evolution of these indicators, the disparity of the performance across them is remarkable. For instance, real value added for large enterprises increased by approximately 20% from 2018 to 2022, whereas employment grew by about 2.7% during the same period. A similar pattern can be observed for all SME class sizes.

When examining forecasted values, it is notable that micro-SMEs are expected to achieve greater growth than other firms for both indicators. This contrasts with the trend for small and medium-sized enterprises, which are projected to see only a modest increase in real value added compared to 2018 levels. In terms of employment, small SMEs are expected to maintain levels similar to those in 2018, whereas medium-sized firms are forecasted to see a reduction of approximately -3%.

For large enterprises, the projected values indicate an unfavourable scenario, as they are expected to decline for both indicators. Nevertheless, the gap in growth rates between small and medium-sized SMEs compared to large enterprises is notable for real value added and anticipated to persist in the coming years.

Figure 25. Evolution of employment (left) and real value added (right) by size class for the energy-intensive industries ecosystem.



Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

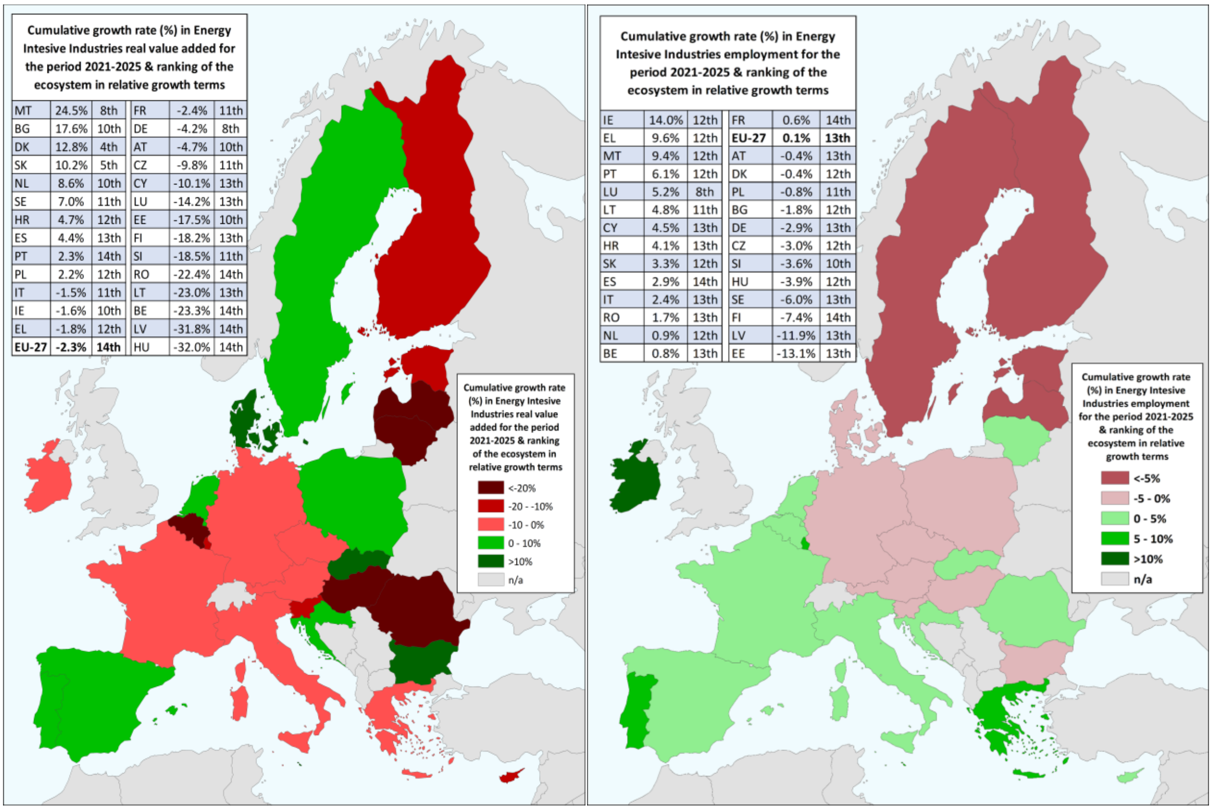
Only a limited number of Member States are expected to see substantial employment growth among SMEs in the energy-intensive industries ecosystem between 2021 and 2025, as illustrated in Map 10. Specifically, Luxembourg, Portugal, Malta, Greece, and Ireland are the only countries expected to achieve employment growth rates exceeding 5%.

The outlook for real value added is similarly constrained. While a few economies, including Malta, Bulgaria, Denmark, and the Slovak Republic, are expected to achieve double-digit growth, the overall trend across the EU is concerning. A significant majority of Member States are projected to experience declines, with ten of them facing a double-digit decrease. This trend is captured by the EU level values, which indicate an overall negative performance with an expected growth rate of -2.3% for that period.

A notable aspect of the energy-intensive industries ecosystem is the generally poor performance compared to other ecosystems in terms of both employment and real value added. As detailed in the table accompanying Map 10, this ecosystem ranks among the lowest in terms of expected growth rates for the period 2021 to 2025 in each Member State. This specific timeframe is significant as it coincides with the onset of the energy crisis, providing an opportunity to assess how the ecosystem has fared in terms of resilience and its response to the challenges that emerged as a result. In 20 countries, the expected growth rate for this ecosystem is among the bottom five, and for the EU economy, it is ranked as the worst-performing ecosystem. Only in two countries, Denmark and the Slovak Republic, it ranks among the top five.

Employment growth prospects are more positive than those for real value added, with 15 economies expecting job growth compared to only ten for value added. However, this ecosystem still ranks among the bottom five across all Member States –except Luxembourg, in which it ranks 8th out of 14 ecosystems.

Map 10. SME real value added (left) and employment (right) growth rates in the energy-intensive industries ecosystem, 2021-2025.



Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

The energy-intensive industries ecosystem faces significant challenges in the coming years. While a few Member States are projected to achieve double-digit growth in real value added, the broader trend across the EU is concerning, with many economies expected to see declines. Employment growth offers a slightly more optimistic outlook, with fewer Member States experiencing declines, yet remains limited to a handful of countries. Overall, the ecosystem ranks among the lowest in terms of expected growth rates compared to others, highlighting the need for targeted policies and support to enhance its performance and resilience.

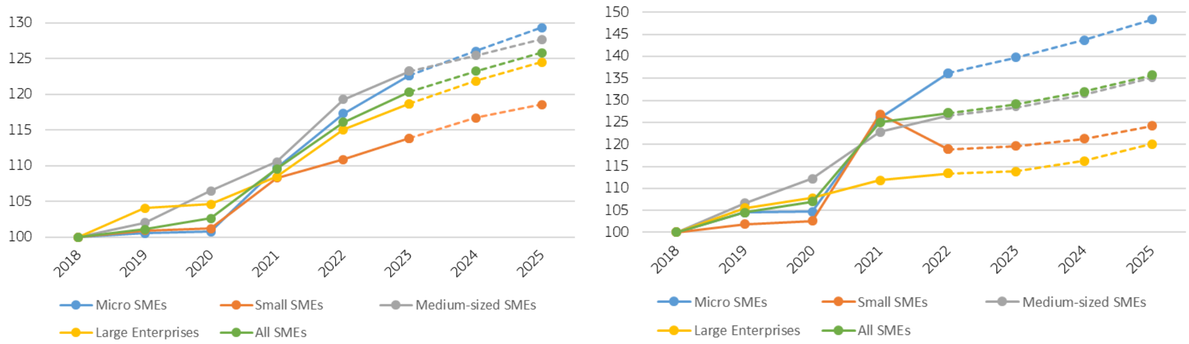
3.4.3 Digital

Digital technologies play a critical role in business environments. For this reason, a large variety of EU programmes aims to ensure the use of digital technologies across the economy and society and improve capacity areas in topics like: quantum computing, artificial intelligence, cybersecurity, or advanced digital skills. One of them is the Digital Europe Programme (DIGITAL) which provides strategic funding to support industry, SMEs, and public administration in their digital transformation with a reinforced network of European Digital Innovation Hubs (EDIH). The Digital Decade policy programme, with concrete targets and objectives for 2030, is one such initiative aimed at guiding Europe's digital transformation across skills, infrastructure, business, and government, setting up an annual cooperation cycle to achieve these targets[30].

In this ecosystem, the outlook for real value added and employment appears quite optimistic. As described in Figure 26, SMEs have experienced significant growth in both indicators, with micro enterprises outperforming again other SME size classes and even large enterprises. In terms of real value added, the gap in relative growth since 2021 between large enterprises and micro-SMEs (and SMEs as a whole) has become notably wide. An additional particularity is the reaction to the pandemic. As we have seen in the 'aerospace and defence' and 'energy-intensive industries', the pandemic had an overall negative impact on the evolution of real value added and employment for the period 2019 to 2020. For the digital ecosystem, the impact was minimal and only small SMEs decreased their real value added during the period from 2021 to 2022. This positive evolution appears to be supported by the emergence of new technologies and investments, which have significantly contributed to the growth of these two indicators.

When looking at 2025 projections, the evolution of these two indicators suggests a constant and steady growth, particularly for micro-SMEs, that are expected to keep outperforming large enterprises and the other SME size classes.

Figure 26. Evolution of employment (left) and real value added (right) per size class for the digital ecosystem.



Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

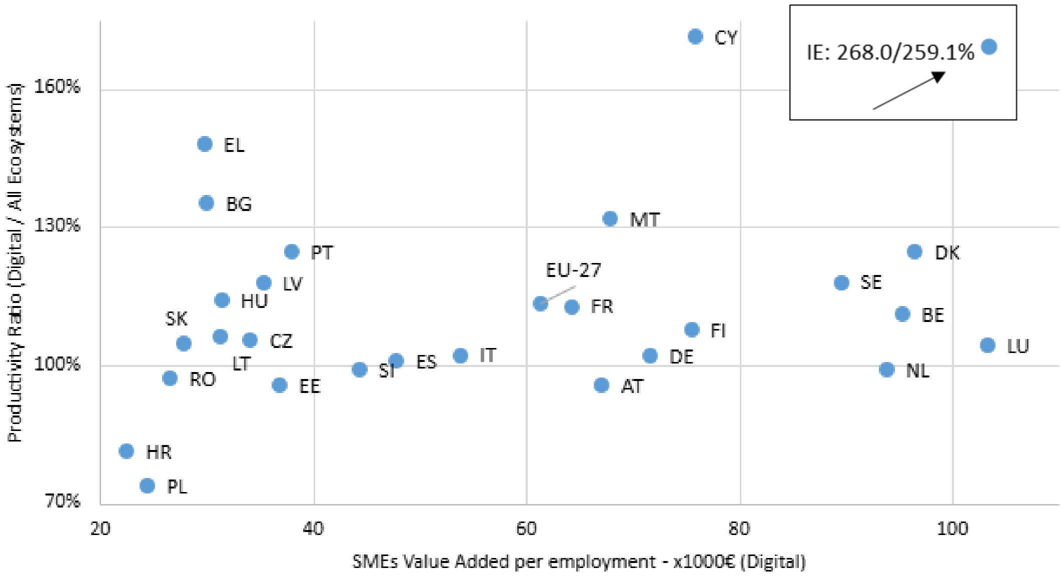
Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

A more detailed analysis of the productivity of SMEs at the Member State level for this ecosystem and for 2024, is presented in Figure 27, with the horizontal axis of the chart describing SME value added per unit of employment. The visualisation highlights a cluster of countries outperforming other Member States. This includes, Luxembourg, Denmark, Belgium, the Netherlands, and Sweden. Notably, Ireland is not visualised on the chart as it surpasses all economies with a productivity ratio of 268.

[30] European Commission: European Innovation Council and SMEs Executive Agency, IDEA Consult, Technopolis Group, Van de Velde, E., Kretz, D. et al., Monitoring the twin transition of industrial ecosystems – Digital industrial ecosystem – Analytical report, Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2826/166054.

When looking at the vertical axis of the chart, which measures the ecosystem's productivity relative to the others, it is observed that it tends to be more productive than other ecosystems in most economies. This gap is particularly pronounced for Cyprus, Greece, Bulgaria, and Malta. Only in seven economies, namely Poland, Croatia, Austria, Estonia, Romania, Slovenia, and the Netherlands the productivity of this ecosystem is lower than the respective performance of national economies as an overall.

Figure 27. Comparative analysis of SME productivity by country for the digital ecosystem in 2024.



Note: Values for Ireland are not provided in the figure as they are extreme observations. The productivity value for the ecosystem is of 268 and 251.9% over all ecosystems.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

The digital ecosystem exhibits a promising outlook, characterised by consistent growth in real value added and employment, particularly for micro-SMEs. Unlike other ecosystems, this one experienced minimal impact from the pandemic, with only a decrease in real value added among small SMEs from 2021 to 2022. Forecasts suggest continued steady growth, with micro-SMEs being expected to keep outperforming the other size classes. When looking at productivity, a cluster of countries, including Luxembourg, Denmark, Belgium, the Netherlands, Sweden, and Ireland present an outstanding performance. This ecosystem generally outperforms others in most economies, although there are exceptions in a few countries.

3.5 EU SMEs in knowledge and technology-intensive industries

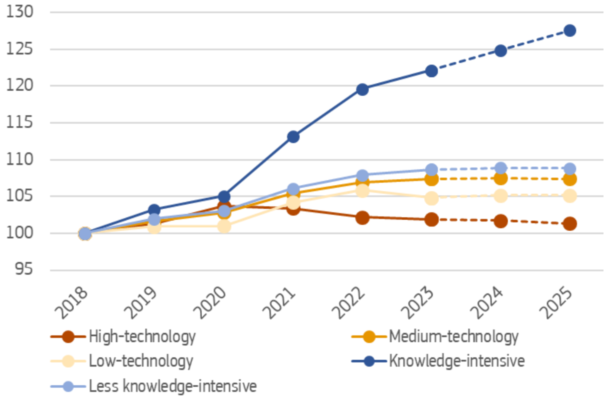
The Knowledge and Technology-Intensive (KTI) industries are a crucial component of the EU's economy, driving innovation and growth (see Annex 6 for a detailed description of KTI composition). Furthermore, the Draghi report identifies KTI industries as the primary driver of competitiveness. With their high research and development (R&D) intensity, innovative products and services, and highly skilled workforce, KTI industries are key for achieving the EU's strategic autonomy in critical technologies, reducing reliance on non-EU suppliers, and strengthening supply chain resilience, and are critical to achieve the EU's climate, digital, and security goals. This section will examine the long-term trends and current picture of EU SMEs in KTI industries, exploring their relevance and performance across the key indicators, as well as providing an overview of the variation among

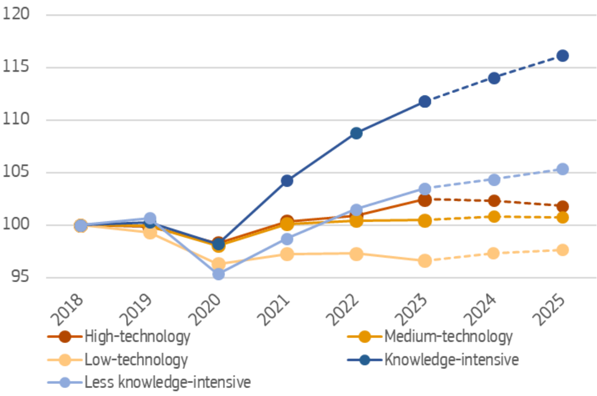
Member States. For additional context, comparisons with less knowledge-intensive and lower technology (non-KTI) industries are also provided.

3.5.1 Trends in performance over the past years, 2018–2025

Over the past years, the number of SMEs in knowledge-intensive industries increased by 19.6% in 2022 and is projected to reach a cumulative growth rate of 27.6% by 2025. This represents the highest growth rate, outpacing less knowledge-intensive industries. In contrast, the high-technology segment has shown no substantial long-term growth and is projected to grow by just 1.3% by 2025. For comparison, medium-technology industries are expected to stagnate, while low-technology sectors are projected to decline (Figure 28).

Figure 28. Evolution of number of enterprises (left) and real employment (right) for the EU SMEs across KTI and non-KTI industries.





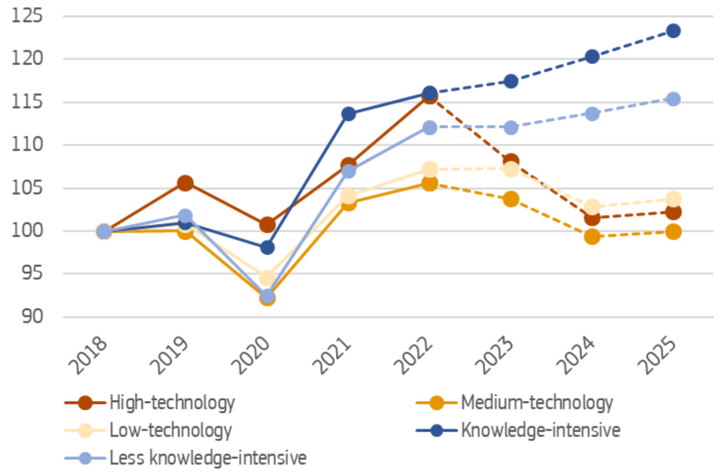
Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values. Medium-technology refers to medium-high-tech as well as medium-low-tech manufacturing as defined by Eurostat (see Annex 5).

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

EU SMEs in the knowledge-intensive sector have also seen a strong and sustained increase in employment following the pandemic, with a projected cumulative growth of 16.1% by 2025. This significantly outpaces less knowledge-intensive sectors, which are expected to grow by just 5.3% over the same period. High-technology SMEs have outperformed their medium- and low-technology counterparts, with employment rising by 2.4% in 2023. Although this growth is projected to slow to 1.8% by 2025, it is still expected to surpass that of the medium-technology sector. In contrast, employment in low-technology SMEs is projected to decline by approximately 2% below 2018 levels by 2025 (Figure 28).

Concerning the evolution of SMEs' economic output within the KTI sectors, it is also driven by knowledge, rather than high-tech manufacturing or innovation-heavy firms. SMEs operating in knowledge-intensive sectors are leading economic growth, with a projected cumulative increase of 23.3% by 2025—significantly outpacing the 15.5% growth expected in less knowledge-intensive industries. In contrast, the high-technology sector, despite showing strong post-pandemic recovery, experienced a sharp decline of over 14 percentage points, dropping from a 15.8% growth rate in 2022 to just 1.6% in 2024 compared to 2018 levels. Projections for 2025 suggest only a modest recovery, with growth reaching 2.2%. For comparison, the low-technology and medium-technology sectors are expected to show relative growth rates of 3.8% and 0%, respectively, by 2025 Figure 29.

Figure 29. Growth in EU SMEs' real value added across KTI and non-KTI industries (2018-2025, indexed to 2018).



Note: The values are indexed to 2018, meaning that the base year (2018) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values. Medium-technology refers to medium-high-tech as well as medium-low-tech manufacturing as defined by Eurostat (see Annex 5).

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

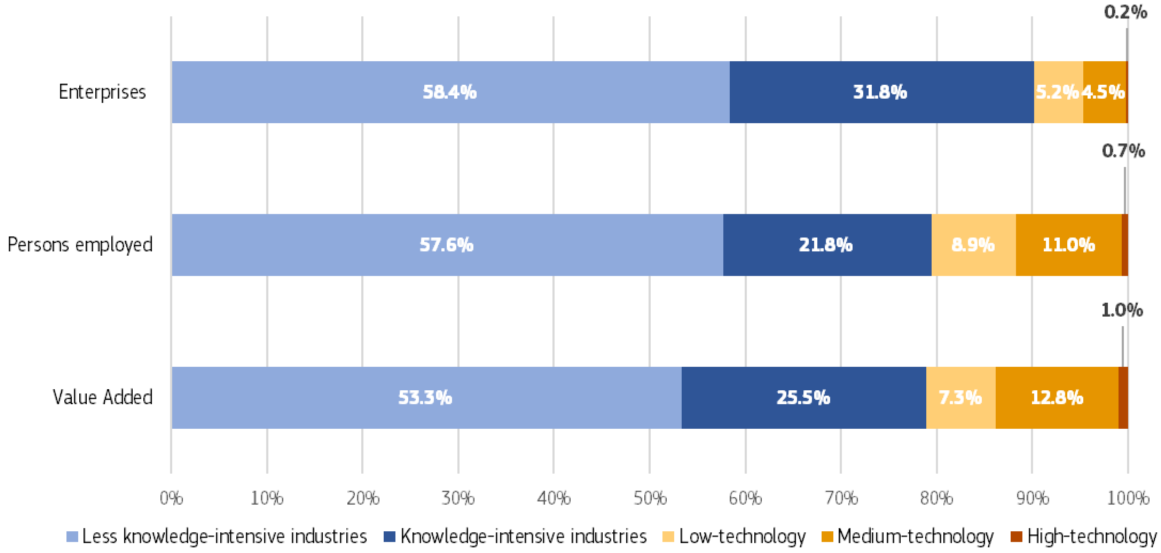
3.5.2 SMEs across knowledge and technology-intensive industries in 2024

Following a review of the development of EU SMEs across KTI and non-KTI industries from 2018 to 2025, Figure 30 provides a snapshot of the share of these industries in the total number of enterprises, employment, and real value added of EU SMEs in 2024, offering insights into the relative weight of each industry segment for SMEs.

Knowledge-intensive industries, which have been key drivers of growth in recent years, accounted for a significant share of real value added (25.5%), employment (21.8%), and the number of enterprises (31.8%) among EU SMEs in 2024. These sectors are typically characterized by higher levels of R&D investment, which contributes to stronger performance in terms of value added. Moreover, they tend to offer higher-skilled employment, further reinforcing their contribution to both economic output and job quality. In contrast, the other component of the KTI sector—high-technology industries—played a relatively minor role among EU SMEs in 2024, contributing just 1.0% to total value added, 0.7% to employment, and accounting for only 0.2% of enterprises. Given their development since 2018, a significant increase in their share appears unlikely in the short term. High-tech industries typically have high barriers to entry, including the need for specialized knowledge, substantial capital investment, and regulatory hurdles. As a result, the number of SMEs in these industries remains limited. Moreover, high-tech sectors generally employ fewer people due to automation and specialized skills, resulting in a smaller share of employment.

Hence, the majority of EU SMEs operated in non-KTI sectors—particularly in less knowledge-intensive industries. In 2024, these industries represented 53.3% of value added, 57.6% of employment, and 58.4% of enterprises, underscoring their dominant position in the SME landscape. While growth in these sectors has been comparatively slower, they continued to lead in absolute terms. This enduring presence is largely due to their greater accessibility for SMEs, given the lower barriers to entry, higher labour intensity, and reliance on simpler technologies. Medium-technology industries accounted for a higher share of value added (12.8%) and employment (11%) compared to low-technology counterparts (7.3% and 8.9%) in 2024, suggesting that medium-tech industries may have a more significant economic impact. These industries often represent a mix of traditional sectors and emerging technologies, contributing to higher productivity and growth potential. However, low-tech industries had a slightly higher share of enterprises (5.2% vs. 4.5%) among EU SMEs. Low-tech industries are more accessible to smaller firms and often employ a large workforce, especially in sectors like textiles, and basic manufacturing.

Figure 30. Share of KTI and non-KTI industries in the total number of enterprises, employment, and real value added of EU SMEs across all industry categories – 2024.



Note: Medium-technology refers to medium-high-tech as well as medium-low-tech manufacturing as defined by Eurostat (see Annex 6).

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

3.5.3 SMEs' role in high-tech manufacturing and knowledge-intensive services across Member States

Focusing on the role of SMEs in high-tech and knowledge-intensive industries, this section examines their specific contributions across Member States, without the comparative analysis of lower-tech and less knowledge-intensive sectors. In 2024, SMEs in high-tech manufacturing and knowledge-intensive services accounted together for 33% of the number of enterprises, 26% of employment, and 32% of real value added across the EU. However, the importance of SMEs in these sectors varies significantly between Member States. For example, the share of SMEs in high-tech manufacturing and knowledge-intensive services ranged from 50% in the Netherlands to 21% in Portugal based on the number of enterprises. The cluster is composed by countries with high shares includes Sweden (47%), Luxembourg (44%), Belgium (43%), Estonia (40%), and Slovenia (41%).

In terms of employment, the proportion of SMEs in high-tech and knowledge-intensive sectors varied from 37% in Luxembourg to 17% in Greece. Finland, the Netherlands, and Sweden had employment shares similar to Luxembourg's, while Portugal and Greece accumulated shares below 20%. The share of SMEs in real value added ranged from 43% in Ireland and 40% in Cyprus to low shares observed in Spain, and Portugal (24% each). (Table 4).

The relative importance of SMEs in high-tech and knowledge-intensive sectors tends to fluctuate only marginally on an annual basis. However, some countries have shown more pronounced growth in the weight of SMEs in these sectors. Notably, Cyprus exhibited the most significant growth between 2018 and 2024 across all indicators. The share of SMEs in the number of enterprises increased by 7.4

percentage points (from 24.6% in 2018 to 32% in 2024), the employment share grew by 8.6 percentage points (to 29.8%), and the real value added share rose by 10.8 percentage points (to 40.1%). Furthermore, the growth pattern across all three key indicators was steady, with a maximum annual increase of less than three percentage points over the same period (Table 4).

Similarly, Estonia demonstrated one of the highest improvements across indicators between 2018 and 2024. The share of SMEs in the number of enterprises increased by 6.7 percentage points (to 40.4% in 2024), the employment share grew by 6.2 percentage points (to 30.7%), and the real value added share rose by 5.9 percentage points (to 31.8%). Unlike Cyprus, Estonia's growth pattern slightly less consistent, with more annual fluctuations across indicators (Table 4). Overall, while SMEs in low-tech and less knowledge-intensive sectors dominate in most EU Member States, those in high-tech and knowledge-intensive sectors play a significant role in countries like the Netherlands, Sweden, Luxembourg, Ireland, and Estonia, where they make substantial contributions. This suggests that these Member States have successfully nurtured environments where high-tech and knowledge-intensive SMEs can thrive. The limited fluctuations in the relative importance of SMEs across Member States suggest that changes in the role of high-tech and knowledge-intensive SMEs are often driven by long-term structural factors rather than short-term market conditions, indicating a stable and technologically prosperous transition, fully compatible to the EC competitiveness strategic goals.

Table 4: SMEs share of high-tech manufacturing and knowledge-intensive services in 2024 and change in percentage points by EU Member States over time (2018-2025).

	Number of Enterprises				Persons Employed				Real Value Added			
	Share 2024	Change to 2018	Yearly Change 2018 – 2025		Share 2024	Change to 2018	Yearly Change 2018 – 2025		Share 2024	Change to 2018	Yearly Change 2018 – 2025	
			MIN	MAX			MIN	MAX			MIN	MAX
AT	36.2%	4.3%	-0.2%	2.6%	28.1%	2.3%	-0.3%	1.0%	27.9%	-0.3%	-0.8%	0.3%
BE	42.8%	5.4%	-0.9%	2.2%	31.8%	3.3%	-0.7%	1.9%	34.8%	2.0%	-0.7%	1.9%
BG	22.9%	2.5%	0.3%	0.5%	21.6%	2.5%	0.2%	0.9%	29.2%	2.2%	0.2%	0.9%
CY	32.0%	7.4%	-0.1%	2.1%	29.8%	8.6%	0.5%	2.8%	40.1%	10.8%	0.5%	2.8%
CZ	33.3%	0.4%	-0.3%	0.3%	29.5%	0.9%	-0.1%	0.5%	31.1%	0.8%	-0.1%	0.5%
DE	32.3%	0.4%	-0.3%	0.4%	28.1%	1.8%	-0.3%	0.7%	32.7%	-1.1%	-0.3%	0.7%
DK	33.5%	0.8%	-0.3%	0.4%	29.5%	1.5%	-0.2%	0.8%	37.5%	8.5%	-0.2%	0.8%
EE	40.4%	6.7%	0.2%	3.5%	30.7%	6.2%	0.3%	2.7%	31.8%	5.9%	0.3%	2.7%
EL	27.0%	1.6%	-1.7%	0.9%	17.4%	0.3%	-0.9%	1.2%	25.2%	0.2%	-0.9%	1.2%
ES	23.9%	1.1%	-0.1%	0.6%	20.8%	1.3%	-0.3%	0.8%	23.9%	0.0%	-0.3%	0.8%
EU	33.0%	0.4%	0.2%	0.7%	26.1%	0.2%	-0.2%	0.5%	31.6%	0.1%	-0.5%	1.1%
FI	34.6%	5.9%	-0.6%	4.4%	35.5%	1.7%	-0.4%	1.5%	36.8%	0.6%	-0.4%	1.5%
FR	31.9%	3.5%	-0.3%	1.9%	26.9%	-1.1%	-1.5%	0.6%	33.9%	0.6%	-1.5%	0.6%
HR	35.6%	7.1%	0.4%	2.4%	27.2%	3.4%	0.3%	0.8%	28.0%	1.4%	0.3%	0.8%
HU	37.8%	-0.7%	-1.9%	0.7%	29.1%	1.1%	-0.9%	0.7%	32.5%	4.2%	-0.9%	0.7%
IE	36.6%	4.6%	0.0%	2.2%	29.7%	3.4%	-0.5%	2.0%	43.0%	9.5%	-0.5%	2.0%
IT	32.8%	3.8%	-0.1%	1.3%	23.6%	1.6%	-0.1%	0.8%	28.4%	-0.1%	-0.1%	0.8%
LT	28.9%	4.3%	0.0%	2.5%	23.9%	4.5%	0.4%	1.5%	25.9%	4.1%	0.4%	1.5%
LU	43.8%	2.8%	0.0%	1.2%	36.9%	3.1%	0.1%	1.1%	37.6%	2.5%	0.1%	1.1%
LV	30.5%	0.3%	-0.7%	0.8%	23.0%	-0.2%	-0.6%	0.5%	26.6%	2.9%	-0.6%	0.5%
MT	30.9%	4.6%	0.3%	1.5%	31.7%	4.9%	-1.0%	3.0%	37.7%	-1.1%	-1.0%	3.0%
NL	49.6%	-0.4%	-0.8%	0.3%	34.9%	0.5%	-0.2%	0.6%	37.9%	3.2%	-0.2%	0.6%
PL	36.3%	6.9%	0.7%	1.8%	25.1%	3.1%	0.2%	0.8%	25.2%	1.3%	0.2%	0.8%
PT	20.5%	1.3%	-0.2%	0.7%	19.3%	1.9%	0.1%	0.8%	24.5%	3.2%	0.1%	0.8%
RO	26.6%	3.4%	-0.1%	1.5%	23.2%	3.0%	0.1%	1.2%	26.8%	1.8%	0.1%	1.2%
SE	47.0%	0.4%	-0.4%	0.4%	34.4%	2.2%	0.0%	0.7%	36.0%	1.4%	0.0%	0.7%
SI	40.1%	1.4%	0.0%	0.5%	31.7%	1.3%	0.0%	0.5%	32.6%	0.9%	0.0%	0.5%
SK	31.7%	2.1%	-0.2%	0.6%	28.5%	1.7%	-0.3%	0.8%	29.2%	-0.8%	-0.3%	0.8%

Note: Values refer to the share of high-tech (C21, C26) and medium-high-tech (C20, C27–C30) manufacturing, as well as knowledge-intensive services (as defined by Eurostat, see Annex 6), in total manufacturing and services for SMEs.

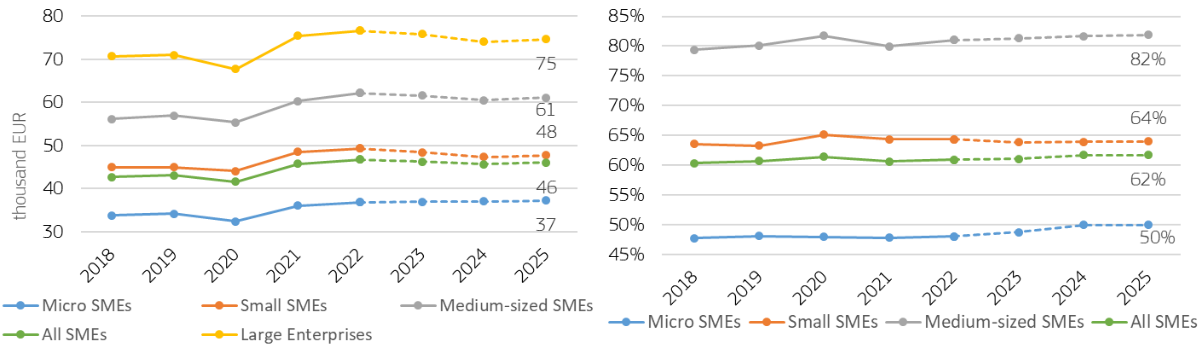
Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

3.6 Long term SMEs productivity trends

As outlined in Draghi's report, there is a strong connection between growth and productivity. The report emphasises that the EU can no longer rely on population growth, making productivity essential for sustaining economic growth. Without this focus on labour productivity, it will be challenging to maintain cherished social models, enhance competitiveness, and effectively address critical issues such as climate change. For this reason, the following section explores productivity trends by size class, highlighting the importance of understanding these patterns.

As described in Figure 31, productivity rates for both SMEs and large enterprises have increased steadily across all size classes up to 2022. Notably, there has been a significant recovery from the pandemic, with productivity levels surpassing those of 2019. This growth is especially pronounced for large enterprises, which showed a higher productivity growth rate than SMEs during the 2020 to 2021 period. Looking at the forecasted values, a slight decline in productivity is expected from 2022 to 2024, except for micro-SMEs, which are anticipated to maintain positive growth. A more optimistic scenario is projected for the year 2025, with a mild increase in productivity growth rates.

Figure 31. Productivity in EU (KEUR) (left) and compared to large enterprises (right) by size class since 2018.



Note: Left panel: Productivity is expressed as value added per person employed and refers to real values (in 2020 prices); Right panel: Every line represents the relative productivity of a certain size class versus large enterprises which are equal to 100%. Both legs: The solid lines turn into dashed lines as data from 2022 onwards is mainly derived by now-casts and forecasts.

Source: JRC calculations based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Another observation is that larger enterprises typically exhibit higher productivity values, a trend that has persisted since 2018 and is expected to be maintained from 2022 to 2025. This reflects a hierarchical model where medium-sized enterprises are closer to large ones in terms of productivity, followed by small enterprises, and finally micro-SMEs. In some cases, this gap is notably wide, with large enterprises projected to show double the productivity of micro-SMEs by 2025. While this projection represents an improvement for micro-SMEs, it is driven not only by a modest increase in their productivity but also by a slight decline in the productivity of large enterprises. Figure 31 provides a detailed illustration of this, showing the productivity of SMEs as a share of large enterprises.

From 2018 to 2022, the productivity of all SME size classes relative to large enterprises has remained stable, showing a slight increase. According to forecasted values beyond 2022, micro and medium-sized SMEs are anticipated to display a slightly smaller productivity gab with large enterprises by 2025. In contrast, small SMEs are anticipated to experience a slight increase in productivity gab. However, the cumulative changes are relatively small across all SME categories, which means that the existing productivity gabs with large enterprises are likely to persist.

A closer look at SME productivity growth rates for the EU at the industrial ecosystem level is presented in Table 5. During the analysed period, the results reveal a diverse pattern among them. Certain ecosystems, such as 'energy-renewables', 'textiles', and 'tourism' exhibit more significant fluctuations. In contrast, ecosystems like 'construction'", 'proximity, social economy, and civil security', 'retail', and 'cultural and creative industries' demonstrate a more stable trend. This variation highlights the differing dynamics and challenges each ecosystem faces as they adapt to changing market conditions.

Table 5: SME productivity growth rates (%) by industrial ecosystem the EU.

	2018	2019	2020	2021	2022	2023	2024	2025	2018-2025
Aerospace and Defence	-2.5%	1.4%	-5.1%	8.0%	1.5%	-1.3%	-2.4%	0.6%	2.0%
Agri-food	-4.1%	0.7%	-2.1%	7.4%	-0.2%	-0.4%	-3.7%	0.8%	2.0%
Construction	0.6%	1.3%	-3.4%	6.3%	0.1%	1.4%	-1.0%	0.7%	5.3%
Cultural and Creative Industries	-4.8%	2.1%	-3.3%	9.8%	-3.9%	-1.3%	-0.2%	0.7%	3.3%
Digital	-3.3%	3.4%	0.9%	9.4%	-4.1%	-2.0%	-0.2%	0.8%	7.9%
Electronics	-3.5%	-0.3%	-4.5%	8.8%	1.5%	-3.2%	-3.8%	0.7%	-1.5%
Energy-Intensive Industries	-3.9%	2.2%	-2.3%	11.0%	1.8%	-0.6%	-4.2%	0.7%	8.2%
Energy-Renewables	-2.1%	2.1%	-4.8%	11.2%	22.2%	-1.0%	-8.6%	1.3%	21.0%
Health	-4.4%	0.9%	-2.4%	6.4%	3.0%	-3.7%	-3.1%	0.7%	1.5%
Mobility-Transport-Automotive	-2.7%	1.1%	-6.1%	11.5%	3.0%	-2.9%	-0.9%	0.7%	5.7%
Proximity, Social Economy and Civil Security	-0.1%	0.9%	-4.8%	11.1%	0.9%	-1.1%	0.3%	0.6%	7.4%
Retail	-1.2%	1.6%	0.4%	13.0%	0.0%	-1.5%	0.2%	0.7%	14.6%
Textiles	-1.6%	2.4%	-6.8%	13.0%	1.8%	11.0%	-4.2%	0.3%	17.0%
Tourism	-0.9%	-0.7%	-19.0%	20.2%	12.6%	-2.6%	-0.3%	0.3%	5.9%

Note: See figure 12 for missing data notes.

Source: Calculations by the JRC based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Regarding forecasts, it is anticipated that by 2025, all ecosystems, except 'electronics', will have experienced an increase in their productivity values since 2018. Notably, three of these ecosystems, "retail," "textiles," and "energy-renewables," are expected to achieve double-digit growth.

An additional observation concerns the behaviour of the three key ecosystems analysed in Chapter 3.3 since 2018. In terms of productivity growth rates, all three ecosystems have shown SME productivity growth, but it ranged from a fairly modest 2.0% in the aerospace and defence ecosystem to a sizeable 8.2% growth in the energy-intensive industries ecosystem in 2025.

3.7 SMEs and the Single Market: Enhancing Growth and Competitiveness

The Single Market is one of the EU's greatest achievements, as the reduction of trade barriers and the harmonisation of legislation and regulations fuel growth and jobs, through the free movement of goods, services, capital and people[31]. To balance these greater freedoms, the EC works to safeguard fairness, consumer protection, and environmental sustainability. As a result, European businesses have been able to expand their operations, while increased competition has led to lower prices and a wider range of choices for consumers.

As SMEs are a cornerstone of the EU economy, the Single Market has had a profound impact on their development and growth. However, SMEs, start-ups, and young entrepreneurs often face significant hurdles, including limited access to finance, bureaucratic red tape, complex tax regulations, inadequate intellectual property protection, and other obstacles. To address these challenges, the European Commission has implemented a range of strategic policy tools, such as the Capital Markets Union[32] and the Single Market Programme (SMP)[33]. The SMP, in particular, aims to enhance SMEs' competitiveness and sustainability by facilitating access to markets, fostering entrepreneurship and entrepreneurial skills, supporting industrial modernisation, and helping SMEs to address global and societal challenges.

The Single Market constitutes a key parameter that impacts SMEs. All these areas are closely monitored on a yearly basis through the SME Performance Review and more specifically via the Small Business Act (SBA) scoreboard[34]. The SBA scoreboard comprises 100 indicators, organised into ten principles, which provide a comprehensive framework for evaluating the performance of each Member State. The evaluation process involves a complex scheme of data quality controls, normalisation, and weighting, resulting in an aggregate value per principle for each Member State. The outcomes of the scoreboard offer valuable insights into the achievements and challenges faced by each country. The latest scores for the principle, related to the Single Market, ranging from zero to one, are summarised in Figure 32, revealing notable trends: Austria, the Netherlands, and the Baltic States lead the ranking, whereas Bulgaria and Greece encounter significant challenges.

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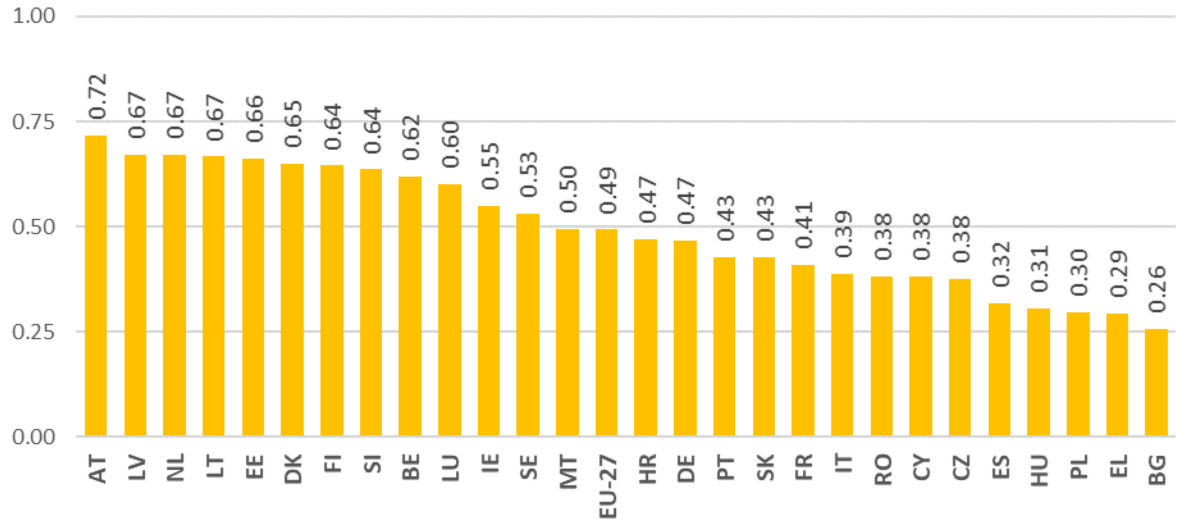
[31] More information can be found at Single Market - European Commission
[32] More information can be found at Capital markets union - European Commission
[33] European Commission (2024). Commission Implementing Decision, C (2024), 8194 Final
[34] More information can be found at https://ec.europa.eu/docsroom/documents/60636

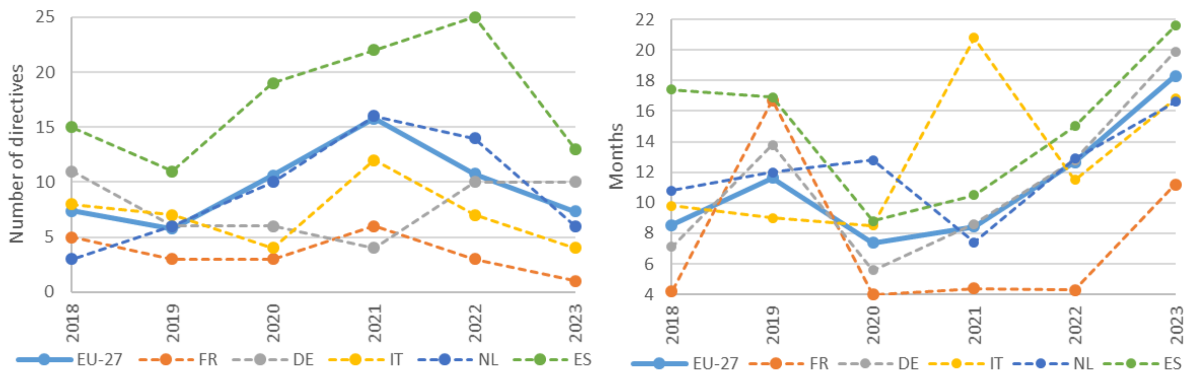
Figure 32. SMEs performance insight the Single Market by Member State based on the Small Business Act 2024 Scoreboard.



Note: Scale 0-1, where 1 means best performances
Source: SBA scoreboard 2024.

A more in-depth analysis of specific indicators and their trends over time provides a clearer understanding of the evolution of Member States in the Single Market. For instance, the compliance level with directives, as shown by Member States, is of paramount significance. If the number of directives that are not notified or not transposed into national legislation increases, then the development of the Single Market is put in peril. Similarly, time is a key parameter, as prolonged transposition delays for overdue directives hinder the Single Market's ability to thrive. As illustrated in Figure 33 – left side, the trend in the number of outstanding directives reveals an improvement across the EU as a whole since 2021. Four out of five key national economies share the same reduction pattern, while Germany has stabilized at ten directives. On the other hand, the average transposition delay, expressed in months Figure 33 – right side seems more volatile. The EU average has increased since 2020, a trend that is reflected, with minor discrepancies, in all five key national economies. In both indicators, France performs the best.

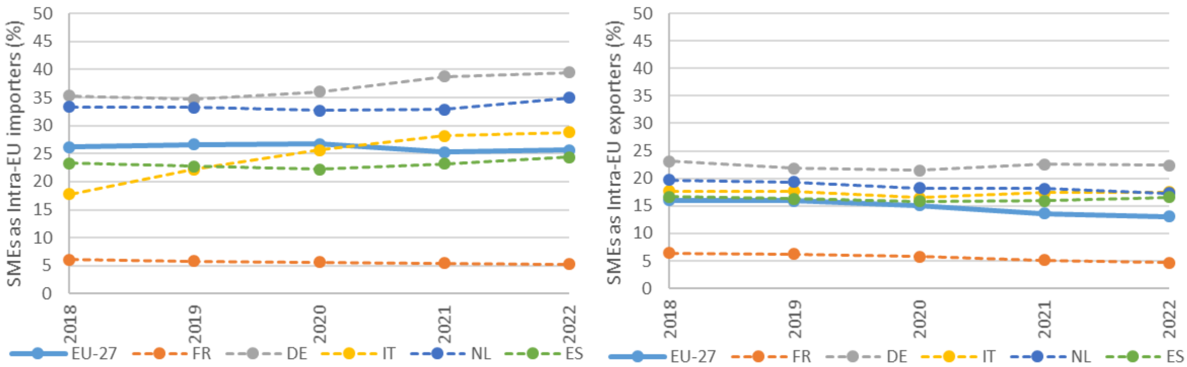
Figure 33. Evolution of outstanding Single Market directives (left) and transposition delay for overdue directives (right) for the period 2018-2023.



Source: SBA scoreboard 2024 based on Single Market Scoreboard data.

Intra-EU trade and its evolution signal the integration of the Single Market. Figure 34 clarifies the active role of SMEs in this topic. Since 2018, there have been no significant changes at either the national or EU level, except that Italian SMEs have become more active as importers, while EU SMEs show a mild decrease in exporting activities. The proportion of exporting SMEs is significantly smaller than that of importing SMEs. In both categories, Germany outperforms the remaining four key economies and the EU aggregate as well.

Figure 34. Evolution of SMEs in Intra-EU Goods Trade, 2018-2022: Imports (left) and Exports (right).



Source: SBA scoreboard 2024 based on Comext – Eurostat data.

Supplementary information on associated issues, such as SMEs' access to finance, internationalisation, and public procurement, can be found in Annex 5.

3.8 Competitiveness and Decarbonisation

One key dimension for the competitiveness of the EU's SMEs is their progress towards decarbonisation. OECD data reveals that green start-ups often outperform other start-ups on business success metrics such as securing venture capital or receiving grants, and they demonstrate a higher propensity to file patents for valuable innovations[35].

To shed further insights on how EU SMEs are engaging with decarbonisation, the European Commission carried out a Eurobarometer on SMEs, resource efficiency and green markets[36]. This follows other Eurobarometers on the same topic carried out since 2013.

The Eurobarometer shows that the most common resource efficiency actions undertaken by EU SMEs are minimising waste and saving energy (both mentioned by 66%). These are followed by saving materials (mentioned by 57%), saving water (49%) and recycling by reusing material or waste within their company (48%).

It also shows that EU SMEs have made progress towards sustainability. Compared to 2021, SMEs are now more likely to save energy (66%, +5 pp), save water (49%, +3 pp), design products that are easier to maintain, repair or reuse (29%, +3 pp) and use predominantly renewable energy sources (e.g. including own production trough solar panels, etc.) (24%, +5 pp).

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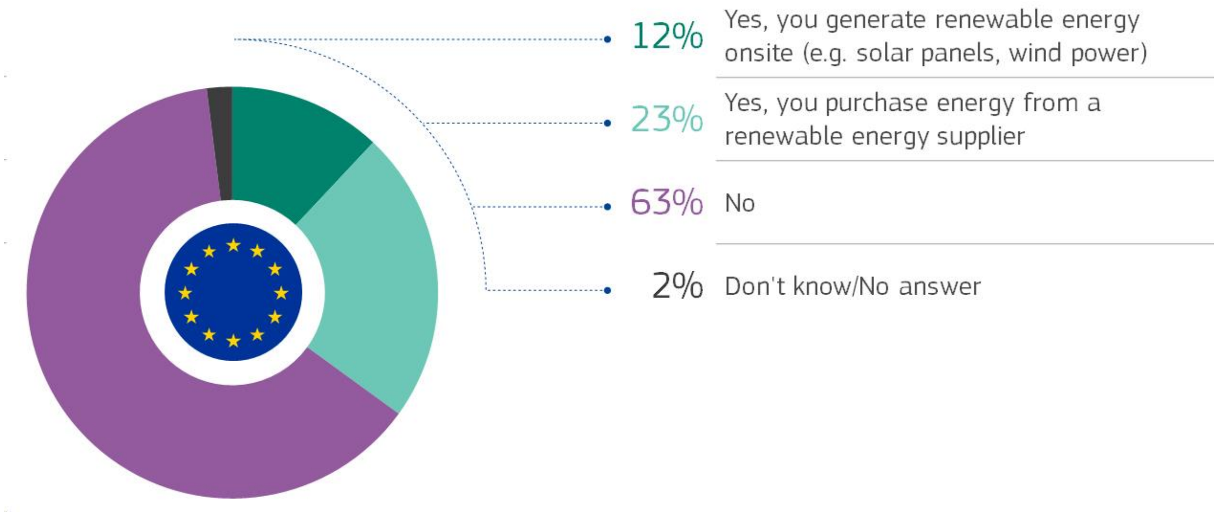
[35] https://www.oecd.org/en/blogs/2025/04/how-policymakers-can-better-support-start-ups-insights-from-oecd-research.html

[36] https://europa.eu/eurobarometer/surveys/detail/3221

The progress is particularly noticeable in the area of renewable energy. In the period from 2015 to 2024, the proportion of EU SMEs using predominantly renewable energy has more than doubled (from 11% to 24%). In 2024, just over one in ten SMEs (12%) generated renewable energy onsite (e.g. solar panels, wind power) and 23% report to purchase energy from a renewable energy supplier (but do not generate renewable energy onsite). Furthermore, 32% of SMEs generating renewable energy onsite report that the on-site energy production accounts for at least 50% of their energy consumption.

Figure 35. Does your company use renewable energy sources?



Source: 2024 Flash Eurobarometer F549, question N1a.

The results from the Eurobarometer also suggest that SMEs are planning for further steps towards sustainability in the future. A majority of SMEs (58%) plan to implement (further) energy savings in the next two years and 34% are looking to switch to use predominantly renewable energy sources (including e.g. own production trough solar panels). Over one in two SMEs (53%) will implement (further) measures to reduce waste, 47% will do so to save materials and 45% to save water.

21% of SMEs have a concrete strategy in place to reduce their carbon footprint and become climate neutral or negative and 4% report that they are already climate neutral. Another 19% of SMEs reply that they do not have a carbon reduction strategy in place but are planning to define one.

In terms of obstacles preventing SMEs from become more resource efficient, 35% of SMEs undertaking resource efficiency actions listed complex administrative or legal procedures setting up these actions and 26% refer to complex environmental reporting requirements. The cost of environment actions is mentioned by 28% of SMEs as a barrier encountered trying to set up resource efficiency actions.

However, on a more positive note, 26% of SMEs undertaking resource efficiency actions reply that they did not encounter any difficulties when setting up these actions.

Furthermore, the European Monitor of Industrial Ecosystems (EMI)[37] aims to inform EU policymakers, industry, and Member States about the evolutions of the twin transition across industrial ecosystems[38], notably by looking at some of its key enablers, and about EU competitiveness in key technologies for the twin transition, also compared to other foreign competitors.

On the progress of the green transition by individual ecosystems, the EMI results show the following:

Impact of industrial ecosystems on the environment

EMI finds that industrial ecosystems are making mixed progress in reducing their impact on the environment with faster reductions in service-based ecosystems compared to manufacturing. Cultural and Creative Industries is the ecosystem with lowest impact on the environment due to reduced GHG emissions. Health ecosystem had the largest drop over around 60% over the period from 2017 to 2022 in material extraction as a result of shifts towards digitalisation and technological advancements in pharmaceuticals and medical devices.

Industry efforts for a sustainable industry

There are considerable efforts to adopt green technologies, particularly in the Aerospace and Defence and Energy-Intensive ecosystems but several areas such as private investment in green technologies still require increased focus. EMI finds that only around 10% of businesses are spending above 5% of turnover on environmental measures and technologies, with 30% not investing at all. The weight of green technologies in total EU production has increased despite EU being a net importer hence, there is considerable potential for EU production in recycling and energy-saving technologies to expand and meet the internal demand.

EMI finds that on green technology generation, the EU27 continues to demonstrate global strength in its share of worldwide patent applications. However, a continuous decline in technological development leadership is evident, particularly in solar power and energy-saving technologies.

Framework conditions relevant for the green transition

Data indicates that employees across all industrial ecosystems are increasingly acquiring green transition skills whereas the demand of employees with these skills is skill low. In fact, only 1-2% of online job advertisements request explicitly employees having skills related to the green transition. Despite this, the demand of employees having knowledge on eco-friendly products and services is perceived to be increasing across EU ecosystems.

European Commission emphasises that a successful transition to a more sustainable and digital economy is contingent upon the active participation of SMEs, given their significant role in the European business economy. However, the challenge arises as smaller firms may encounter obstacles, potentially affecting their financial performance[39]. To mitigate these risks, the European Commission has implemented the SME Strategy[40] and the SME Relief Package[41], aimed at supporting

[37] https://monitor-industrial-ecosystems.ec.europa.eu/

[38] The definition of industrial ecosystems can be found in the 2020 EU Industrial Strategy. The methodology used to define each industrial ecosystem and the NACE rev.2 that each ecosystem encompasses are outlined in the Annual Single Market Report 2021.

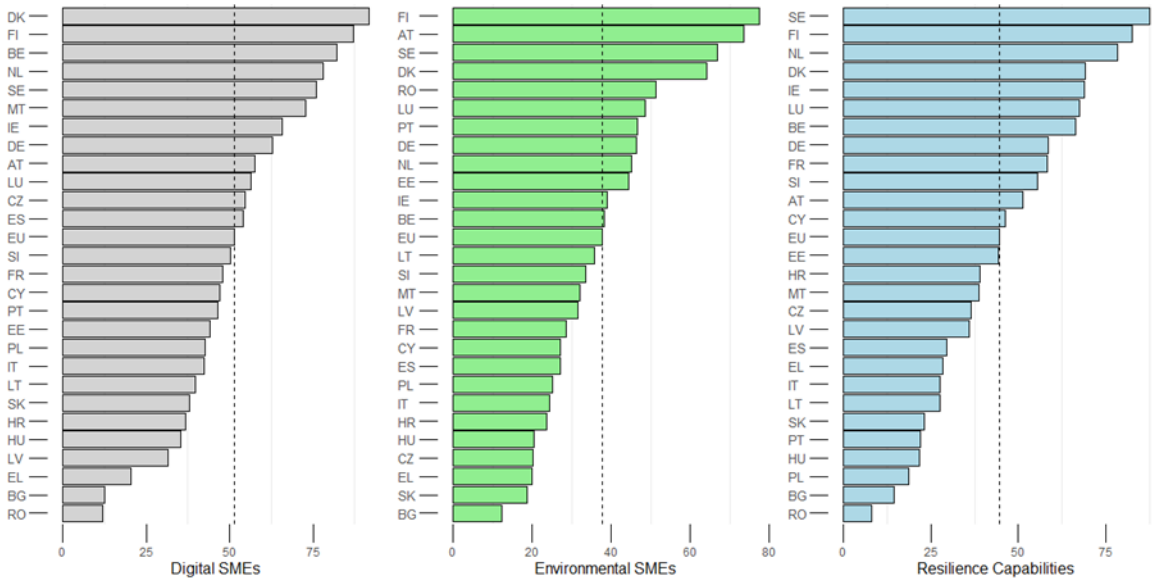
[39] Muench S, Stoermer E, Jensen K, Asikainen T, Salvi M, Scapolo F. Towards a green and digital future. Luxembourg: Publications Office of the European Union; 2022.

[40] European Commission (2020). The SME strategy, COM (2020) 103, Final.

[41] European Commission (2023). The SME Relief Package, COM (2023) 535, Final

SMEs in their efforts to navigate both transitions simultaneously. Furthermore, the SME Twin Transition Monitor[42] has been developed to assess the readiness of SMEs for these transitions. This monitoring tool consists of 33 indicators, organised into three sub-indexes, which capture not only the digital and environmental dimensions of SMEs, but also their resilience capabilities providing a comprehensive overview of all Member States. As illustrated in Figure 36, the readiness of SMEs for the twin transition varies across the EU, with Nordic and Benelux countries leading the way, while Southern and Eastern European countries face more significant challenges.

Figure 36. Member States' performance in the Twin Transition Monitor sub-indexes.



Source: Twin Transition Monitor 2024.

[42] European Commission (2025). JRC, Di Bella L. et al., The SME Twin Transition monitor for the EU (2025), https://data.europa.eu/doi/10.2760/678478, JRC137875.

4 Scale up

4.1 What are the scalers and why they are important?

Fast-growing and even exponentially expanding businesses have become the centre of attention of EU policy makers. This is based on the insight that the EU is more or less on par with partner countries, especially the United States, as regards startup activity, but there exists a substantial gap as regards scale-up firms that evolve from those startups[43]. In particular in the United States, the number of startups turning into scaleups or even “unicorns” is much higher. This difference carries economic significance not only because those scaleup firms make a substantial contribution to employment growth[44], but also because they often introduce game-changing innovation to the wider economy which in turn results in a boost to overall productivity[45].

Against this backdrop, the EU has announced a dedicated startup/scaleup initiative to be published in May 2025. This initiative in turn has to be seen against the broader strategic backdrop of the EU’s renewed focus on boosting the overall competitiveness of the EU’s economy inspired especially by the reports of Mssrs Draghi and Letta.

Hence, scaleup and startup firms have to be seen as the vanguard of a much broader push to reignite entrepreneurial spark and growth in the EU business economy. The EU needs more scalers, not just for the economic reason presented above, but also as symbols and evidence that the EU is still a place of world-class innovation and world-leading businesses. In turn, the creation of such high-profile frontrunners crucially hinges upon the reinvigoration of the overall business environment. In other words, the select group of exponentially growing firms is more likely to thrive in an environment marked by many more innovative and growing companies.

Within the EU there does not exist a formal and legally-binding definition of what a scale-up represents[46]. This situation is similar in most places outside the EU. The issue of developing a formal definition for such a relatively small group of firms, as compared to the overall SME and business population only came up in recent times as the economic, innovative and transformative potential of scalers became fully apparent. The European Commission is currently in the process of contemplating and discussing such definitions for “startups” and “scaleups” in the context of the forthcoming startups and scaleup strategy and the European Innovation Act. Against this backdrop, DG GROW has chosen together with OECD secretariat to engage in joint exploratory work regarding the analysis of scalers based on an approach which closely resembles Eurostat’s definition of high-growth enterprises (see e.g. OECD, 2021). Scale-ups for the purpose of the DG GROW – OECD cooperation work, are described as companies with at least 10 employees that have increased either their number of employees or their turnover by at least 30% over a three year period, i.e. an average of at minimum

[43] Quas, A., Mason, C., Compano, R., Gavigan, J. and Testa, G., Tackling the Scale-up Gap, EUR 30948 EN, Publications Office of the European Union, Luxembourg, 2021, ISBN 978-92-76-46712-0, doi:10.2760/982079, JRC127232.

[44] FLACHENECKER, F., GAVIGAN, J., GOENAGA BELDARRAIN, X., PASI, G., PREZIOSI, N., STAMENOV, B. and TESTA, G., High Growth Enterprises: demographics, finance and policy measures, Publications Office of the European Union, Luxembourg, 2020, https://data.europa.eu/doi/10.2760/34219, JRC119788.

[45] European Investment Bank, Fratto, C., Gatti, M., Kivernyk, A., Sinnott, E. et al., The scale-up gap – Financial market constraints holding back innovative firms in the European Union, European Investment Bank, 2024, https://data.europa.eu/doi/10.2867/382579.

[46] See Coad, A., Bornhäll, A., Daunfeldt, S., McKelvie, A. et al., Scale-ups and High-Growth firms, SpringerBriefs in business, 2024, ISBN 978-981-97-1379-0, doi:10.1007/978-981-97-1379-0 for a discussion on the key characteristics of scaleup and high-growth firms, respectively.

10% per year over a three year period. This definition has also been applied in recent studies focusing on characterising European high-growth firms across a different dimensions, including their internationalisation[47] or the impact of COVID-19[48], leveraging detailed survey data. Consequently, this definition allows for three different scenarios: 1. turnover scalers; i.e. firms that grew at least by 30% in turnover but not employment, 2: employment scalers that grew at least by 30% in employment but not in turnover, and 3. turnover and employment scalers which surpass the 30% threshold on both dimensions. It should also be noted that this approach encompasses organic growth, i.e. expansion based solely on the firm's own resources, and scaling by merger&acquisitions, meaning the takeover of another already existing firm. Both type of expansion have differing implications for the economy as a whole (i.e. growth by M&A is often seen as a zero-sum game employment-wise for the economy as a whole, while "organic" growth leads to a net positive increase in employment and turnover on the macro-level).

Many of the figures presented in this chapter are derived from a DG GROW-OECD cooperation project which defines scaleup firms as businesses with an average growth rate of at least 30% in employment and/or turnover over a period of three years It should be noted that the wider scope of the DG – OECD approach allows to define within this scope a dedicated subset of "high-growth" firms. Accordingly, for some aspects the project applied a 20% p.a. growth rate instead of a 10% p.a. threshold to identify these particularly dynamically expanding firms. Each of these different types of dynamically developing firms, including all listed in Table 6, have their own merit from the general economic viewpoint.

Table 6: Typology of fast-growing firms.

Type	Share in all European firms	Note
Scalers (10% avg growth, OECD)	12.06%	3 year period
High growth firms (20% avg growth, OECD)	4.08%	
Consistent high growth (20%, consistent)	1.13%	Growth period extends beyond 3 years
Consistent hyper-growers/hyper-scalers (40% consistent)	0.29%	Growth period extends beyond 3 years

Note: Data based on ORBIS database.

Source: European Scaleup Report 2023, European Scaleup Institute, 2023.

There are multiple reasons for applying a broader definition (i.e. 10% p.a. instead of a 20% p.a. growth threshold) for analytical purposes, though: first, even for unicorns, episodes of exponential growth are ultimately time-limited and often give way to still elevated but less exaggerated expansion phases; also, while it is true that there are industries where rapid scaling up is indispensable to obtaining a dominant position in the market, recent technological development (e.g. in Large Language Models) have shown that this should also not be taken for granted and is often subject to disruptive

[47] Teruel, M., Coad, A., Domnick, C., Flachenecker, F., Harasztosi, P., Janiri, M. L., and Pal, R., The birth of new HGEs: internationalization through new digital technologies, The Journal of Technology Transfer, Vol. 47, No. 3, 2021, doi:10.1007/s10961-021-09861-6.

[48] Teruel, M., De Carvalho Amaral Garcia, S., Bauer, P., Coad, A., Domnick, C., Harasztosi, P. and Pal, R., Productivity and HGEs: resilience and potential recovery from COVID-19 pandemic, INDUSTRY AND INNOVATION, ISSN 1366-2716, 30 (7), 2023, p. 895-918, JRC133412.

technological changes. Thirdly, and maybe most importantly, from the viewpoint of achieving wide-spread increases in productivity and innovation, policy has to cast its net beyond the select group of territorially clustered deep-tech hyper-scaler unicorns[49]. Having said that, both set of firms have their value for the EU economy and the EU Commission. Therefore, this chapter will also present select data on both groups wherever possible and appropriate.

4.2 Salient features as regards EU scalers

Before discussing the contribution of scalers to the EU economy and the specific problems they encounter it is important to provide a detailed picture of what EU scaling looks like in reality. Scalers have a number of salient features, some of which run counter to the predominant imagination.

4.2.1 Scalers occur in all sectors across the economy

The vast majority of businesses in the EU and elsewhere, and especially SMEs, do not grow. Scaling firms are, therefore a relatively small subset of the overall firm population. The precise share of firms scaling at an average rate of 10% as per the above description (see Box 2) in the overall business population tends to oscillate between 10% and 20%. The differences are typically explained by different observation periods and underlying databases. The recent DG GROW Eurobarometer results confirm this general picture (Table 7). Interestingly, the share of scaling firms remains stable as compared to the previous 2020 pre-COVID edition of this survey. Not surprisingly, among the different sub-categories of scalers, the ones that scale only in terms of turnover is clearly dominant (13% of a total of 18%). This is in line with findings that rapid deployment of digital, and in particular AI technologies, allow many SMEs to boost their turnover growth in the early stages of their expansion without hiring additional employees (see also section 4.3).

[49] COMPANO, R., TESTA, G. and FAKO, P., An Exploratory Comparison between Unicorns and lower valued Startups in Europe, Publications Office of the European Union, Luxembourg, 2024, doi:10.2760/1868333, JRC132791.

Table 7: Share of scale-ups by company's size – SMEs and small-midcap companies (%).

	2025 (fl 559)	2020 (fl 486, previous survey edition)	1-9 employees[50]	10-49 employees	50-249 employees	250-499 employees
Not a scale-up	82	82	84	75	76	78
Scale-up: revenue growth	13	11	13	11	10	8
Scale-up: size growth	3	3	2	8	9	8
Scale-up: revenue and size growth	2	3	1	6	5	6
Total scale-ups	18	18*	16	25	24	22

Note: *Rounded

Source: DG GROW, Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the main report of the Flash Eurobarometer. Sample size: SMEs: 12 653, Small midcap companies (250-499 employees): 480.

There are slight difference as regards the occurrence of scaling firms by industrial ecosystems (Table 8), with "energy-renewables" and "health" leading the way. Such difference should be expected though against the backdrop of ever shifting economic and industrial trends (e.g., since the survey covers the period over the last three years, the sectors in questions were substantially affected by both the pandemic and the energy crisis caused by the Russian war of aggression on Ukraine). Across all industrial ecosystems the figures show a rather consistent picture, especially when it comes to the shares of size growth scalers and of size-cum-revenue/turnover scalers.

[50] Note: For clarification, Eurostat defines micro HGEs using a different definition. The methodology applied to micro HGEs requires the growth in absolute numbers for a micro HGE to be more than 3.31 employees in three years. See here: https://ec.europa.eu/eurostat/web/experimental-statistics/micro-high-growth-enterprises#expandable-example-content-3

Table 8: Share of scale-ups by industrial eco-systems – SMEs.

	Construction	Cultural and creative industries	Digital	Energy-renewables	Health	Mobility-Transport-Automotive	Proximity, social economy and civil security	Retail	Tourism
Not a scale-up	84	82	82	76	76	80	85	83	82
Scale-up: turnover/revenue growth	12	11	13	16	17	14	12	14	14
Scale-up: size growth	3	5	3	5	4	4	2	2	3
Scale-up: revenue and size growth	1	2	2	3	3	2	2	2	1
Total scale-up	16	18	18	24	24	20	15	17	18

Source: Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the main report of the Flash Eurobarometer. Sample size: 12653.

The typical image of a scaling firm is one of a new business scaling against the backdrop of a groundbreaking innovation. To be sure, these firms do exist. However, the typical EU scaler is neither a knowledge-intensive nor a high-tech firm (Flachenecker et al., 2020). The propensity to scale up across sectors is highest in knowledge-intensive services but firms in this sector account for only a small share of all firms with at least 10 employees, i.e. 9% of firms in Italy and Portugal, up to 20% in Finland. Larger sectors such as less knowledge-intensive services represent 38% to 46% of all non-micro SMEs and, therefore, account for a higher number of scalers even if they are characterised by a lower propensity to scale. For instance, more than one-third of employment scalers in Portugal and 46% of employment scalers in Spain operate in less knowledge-intensive services.

SMEs in knowledge-intensive services have a high propensity to scale up in employment. In Finland, Portugal and Spain, 15% to 23% of firms in knowledge-intensive services are employment scalers – more than in any of the other five sectoral groups (high- and medium-high tech manufacturing; low- and medium-low tech manufacturing; less knowledge-intensive services; education, social, and health; and construction). In Italy and the Slovak Republic, the share of employment scalers in knowledge intensive services is the second-highest, with 18% and 12% respectively. Knowledge-intensive services include activities with high digital content, such as telecommunications and computer programming, consultancy and related activities, that have been able to grab the productivity benefits of information technologies over the last decade[51]. Knowledge-intensive services also include business service activities, such as management consultancy, advertising and employment activities, which employ many highly educated workers. Previous research shows that education and

[51] OECD, 2021

investments in human capital, such as training, play an important role in explaining firm growth and the probability of scaling[52].

The shares of scalers in other sector groups differ across countries and no common pattern emerges. For instance, the education, social and health service sectors are the group with the highest incidence of employment scalers in Italy and the lowest share in Portugal and the Slovak Republic. Given that these sectors are mainly producing non-tradable services[53], these differences may reflect the orientation toward the local internal market of Italian scalers and a stronger specialisation in tradable goods and services for Portuguese and Slovak scalers.

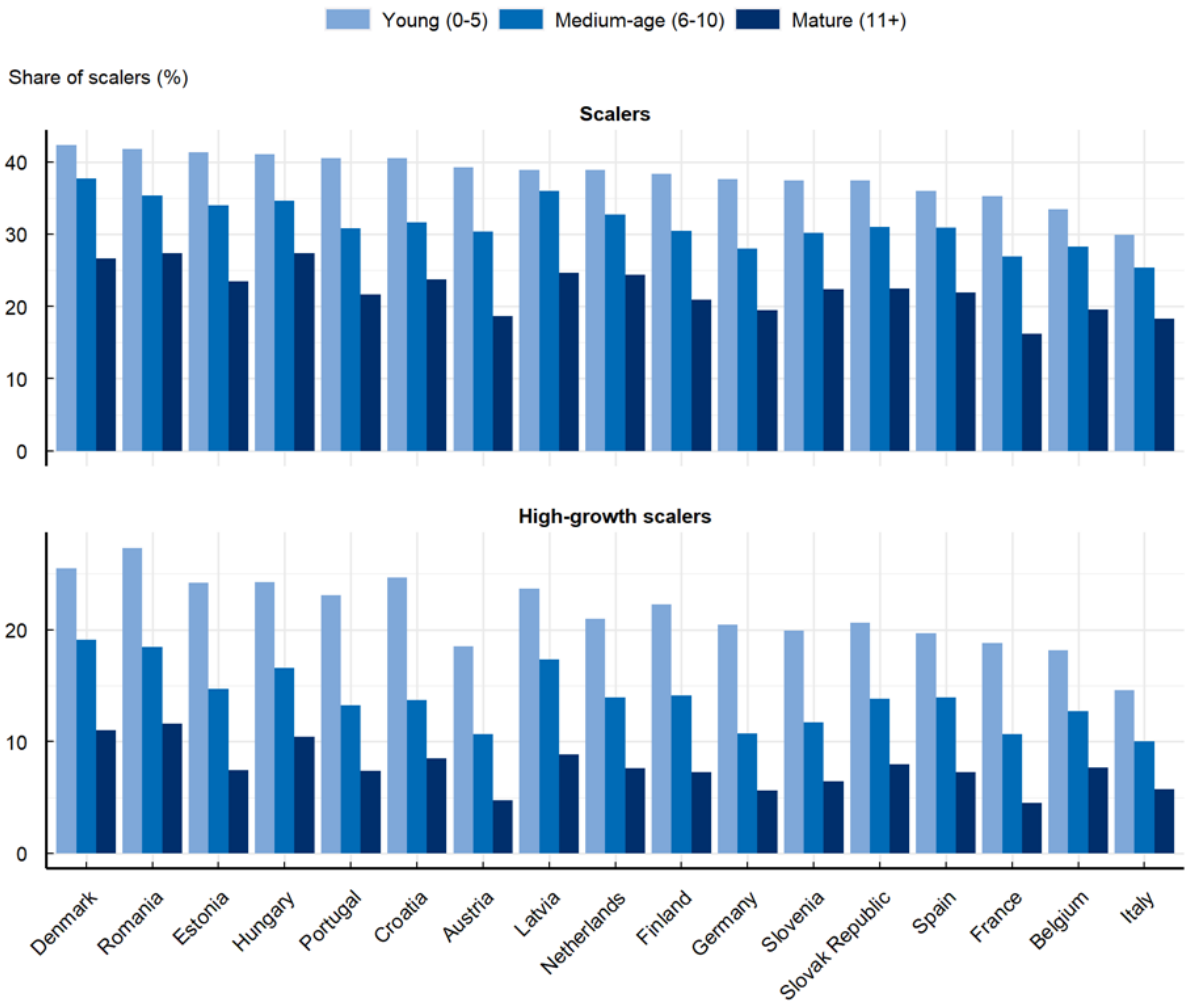
Construction and manufacturing firms have the highest probability of scaling in turnover. One in four firms scale up in turnover in construction and manufacturing[54]. The share in other sectors is slightly lower. About one in five SMEs in less knowledge-intensive services and education, social care and health services become a turnover scaler. There are, however, differences across countries. For example, SMEs in the education, social and healthcare sectors have a higher probability of scaling up in Finland and Italy than in the other countries[55].

4.2.2 Young firms are more likely to scaleup but the majority of active scalers are older firms

Young firms, i.e. those that are less than six years old, are about 2-3 times more likely to scale up than older firms, as the DG GROW-OECD evidence suggests (Figure 37). At the same time, though, the typical scaler is a mature SME in less-knowledge-intensive or low-tech sectors. Firms in knowledge-intensive sectors are 70% more likely to scale up in employment and 20% more likely to scale up in turnover than firms in the low- and medium-low tech manufacturing sector, the sector with the lowest share of scalers. However, only one-fifth of non-micro SMEs is young, and only around 15% of non-micro SMEs operate in knowledge-intensive services.

[52] Daunfeldt, Elert and Johansson, 2016
[53] OECD, 2018
[54] OECD 2021, https://www.oecd.org/en/publications/understanding-firm-growth_fc60b04c-en.html
[55] Ibid.

Figure 37. Young SMEs are more likely to become scalers than mature SMEs: Share of young, medium-age and mature SMEs that become scalers and high-growth scalers, 2014-2020.



Note: Average of the share of scalers in SMEs in 2014, 2017 and 2020. Scalers are defined as SMEs that grew in employment or turnover by at least 10%, on average, per year over 3 consecutive years. High-growth scalers are defined as SMEs that grew in employment or turnover by at least 20%, on average, per year over 3 consecutive years.

Source: OECD 2025, "Unleashing SME potential to scale up; Chapter 2 – Understanding scalers and the policies that support them "CFE/SME(2024)4/CHAP2, p. 8. Calculations based on microdata sources from 17 countries.

It should be noted, that even though young firms are the most likely to scale-up, the available evidence from the OECD as well as from the DG GROW Eurobarometer and other sources also demonstrate the vast majority of scalers are mature firms. This is simply owed to the fact that the vast majority of firms in the EU are of a mature age[56].

[56] Source: OECD 2025, "Unleashing SME potential to scale up; Chapter 2 – Understanding scalers and the policies that support them "CFE/SME(2024)4/CHAP2, p. 8. Calculations based on microdata sources from 17 countries.

4.2.3 EU-scalers tend to cluster in metropolitan areas, but a sizeable share also operate outside urban centres

Firms from all types of places can scale up. Across large regions, the share of scalers in employment in all non-micro SMEs ranges from 10% to 17% in Italy; 8% to 13% in Spain, 8% to 14% in Portugal, and 14% to 17% in the Slovak Republic. Importantly, scalers are not limited to the most economically developed parts of a country. Regions such as Andalucia and Murcia in Spain or Apulia and Campania in Italy, with per capita GDP below the national average, are also among the regions with the highest shares of scalers[57].

However, hyperscalers (i.e. those featuring an exponential growth performance over an extended period of time) are typically located in metropolitan areas. There is a difference between scalers and hyper-scalers, with the former more evenly spread geographically and between provincial and metro-areas, while the latter being the domain of large cities[58].

These features are important to note, because taken together, they demonstrate that scaling is a phenomenon that occurs literally everywhere in the EU and is not a niche phenomenon.

Most scalers remain true to their place of birth – the incidence of relocation of scalers is rather limited. This is an important fact as there is often a substantial fear of successful EU firms being lured way to other regions once they have proven successful. There is a widespread anxiety as regards the relocation of EU scalers, especially to the United States once they show clear signs of promise. Among the very prominent and select group of unicorns some 30% of these firms have been found to have changed ownership into foreign hands and with this to have relocated their headquarters outside the EU[59]. The picture among the more "normal" fast growth firms, seems different, though, based on the new GROW-OECD evidence.

According to a recent OECD study[60], around 95% of scale-ups in Nordic countries remain in their "home" region over the 2014-20 period, reflecting the importance of their personal local business networks in driving growth. Instead of relocating, many scale-ups create new plants or branches in different regions to serve new customers, tap into new markets, or to gain access to new resources and capabilities. Scale-ups that relocate or expand continue to grow. However, relocations and expansions can be a challenge for talent retention, as they may lead existing employees to find other opportunities in new places. Foreign capital appears to support the scale-ups' growth process. Across the five Nordic countries, between 6% and 20% of scale-ups became foreign owned between 2014 and 2020.

4.3 EU scalers contribution to the EU economy

Scaling companies have garnered increasing interest because they are seen as having the potential for an outsized contribution to the overall economic agenda of the EU, most notably as regards the

[57] Coad, A., Domnick, C., Santoleri, P., and Srhoj, S., Regional incidence and persistence of high-growth firms: testing ideas from the entrepreneurial ecosystems literature, Regional Studies, 2025, doi:10.1080/00343404.2024.2433498. See also Coad et al. (2024) for regional incidence and persistence of high-growth firms in Europe.

[58] See also Compano et al. (2024) for an analysis of locational patterns for unicorns vs. non-unicorn status startups.

[59] Testa, G., Compano, R., Correia, A. and Rückert, E., In search of EU unicorns -What do we know about them, EUR 30978 EN, Publications Office of the European Union, Luxembourg, 2022, ISBN 978-92-76-47058-8, doi:10.2760/843368, JRC127712.

[60] OECD, 2023.

creation of jobs, the boosting of productivity and the stimulation of innovation (Flachenecker et al., 2020). Recent evidence seems to, indeed, substantiate these claims.

4.3.1 Important contribution to employment growth

Scalers account for an oversized contribution to overall employment growth. A DG GROW/OECD study linked to 5 pilot countries (Finland, Italy, Portugal, the Slovak Republic and Spain) found that 13%-15% of SMEs with 10 to 249 employees (non-micro SMEs) scale up (measured on an employment basis, i.e. growing at an annual average rate of 10% or more over 3 years).

Between 2015 and 2017, these scalers accounted for 47% to 69% of all jobs added by non-micro SMEs. The fastest growing scalers with annual average employment growth of 20% over 3 years make a particularly important contribution. They account for about one-third of all scalers but over half of the jobs created by scalers. In Portugal, for example, over the 2015-17 period around 2000 of these high-growth scalers created 78 000 jobs.

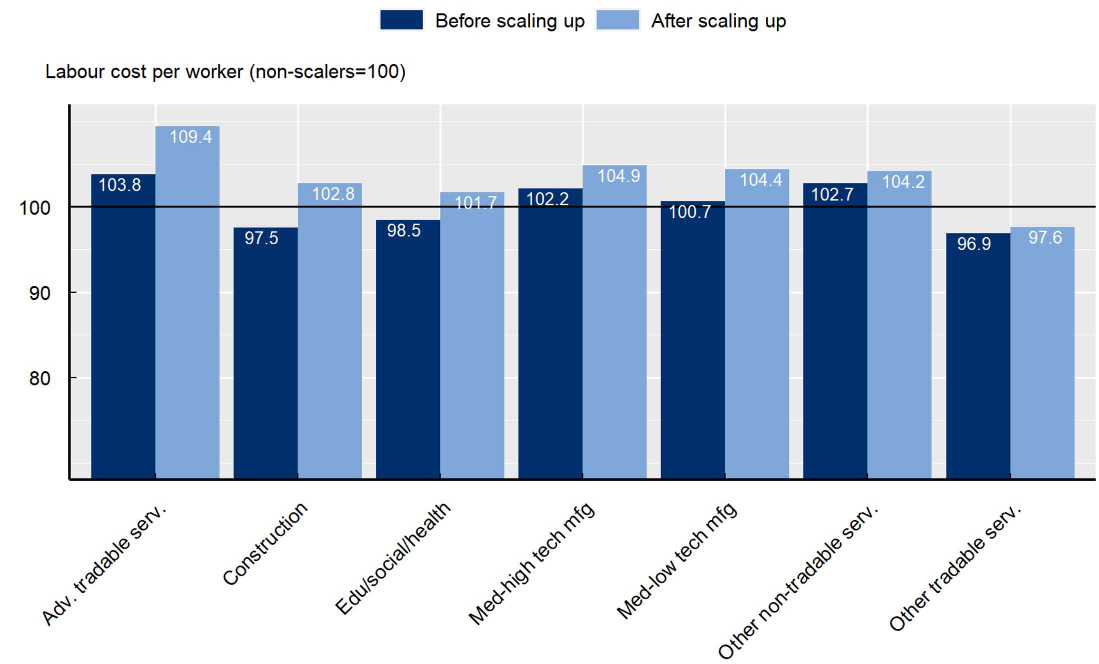
SMEs are as important as large firms in producing economic value and more important than large firms in creating new jobs. For every 10 jobs created by large firms, new and growing small and medium-sized enterprises (SMEs) have hired 16 additional employees, on average, across 13 OECD countries with available data. SMEs with 10 to 249 employees accounted for 40% of employment and 38% of economic value added across the 13 countries from 2014 to 2020. This compares with 29% of employment and 41% of economic value added in larger firms[61].

It should be noted that most scalers maintain their new size or even continue to grow but a larger scale also brings new challenges. According to recent work of the OECD[62], between 54% and 73% of scalers remain at their newly achieved scale or continue to grow in the three years after scaling up. One in five scalers even scale up for two consecutive three-year periods. Scalers are more likely to continue to scale up in turnover than in employment. Those that grew initially in employment are especially likely to seize productivity and further investment gains to scale up turnover. Between 22% and 40% of employment scalers become turnover scalers in the following three-year period.

Scalers tend to not only increase the number of jobs per se, but specifically also of high paying ones. This is in line with their elevated productivity performance (see following section) and reflects their need to attract qualified talent on a continuous basis. A good example are scalers in knowledge intensive-service sector industries. Hence, knowledge-intensive service firms typically emphasize hiring, retaining and investing skills before and after scaling up and feature average labour costs per worker 2-4% higher than in other SMEs before scaling up and 5-9% afterwards (Figure 38). The premium that scalers pay reflects the need to attract and retain skilled employees in a competitive labour market and is also evident in less knowledge-intensive sectors, albeit with smaller gaps between scalers and other SMEs.

[61] OECD, 2025, "Unleashing SME potential to scale up - draft final synthesis report", mimeo.
[62] OECD, 2025, "Scalers after scaling", p.1 mimeo.

Figure 38. Increasing labour costs show that scalers invest in skills during scaling up: Scalers' average labour cost per worker by industry compared to non-scalers before and after scaling up, 2014-2020.



Note: Labour costs before/after scaling up are measured in the year preceding/the final year of the three-year scaling-up period. Scalers are firms with 10 employees or more that grow in either turnover or employment by at least 10% per year over three years.

Source: OECD, 2025, "Scalers after scaling", p. 14, mimeo. Calculations based on microdata sources from 13 countries.

Part of the story is, though, that for a small minority of scalers, growth is only temporary. About 1 in 10 scalers reduce employment or turnover in the three years after scaling up to fully reverse their initial growth. And about 10% of scalers disappear – at least as independent companies - from the relevant databases after the three year growth spurt because they cease to exist, or, in some cases, due to a merger or being acquired by another company. This just confirms that occasional growth periods are no guarantee for the long-term prosperity of a firm.

Finally, there is evidence that scalers have an impact on the employment across all qualification levels. While they have been found to seek in their initial stage to employ more highly qualified personnel often with university degrees, at later stage they expand their hiring scope to also other qualification levels.

4.3.2 Scalers and productivity

Productivity is at the centre of the EU's economic policy focus. Boosting the rather stagnant EU productivity performance is central to make the EU as a whole and its individual firms more competitive again. Scaling-up firms can act as an engine of productivity growth as boosting productivity is at the heart of their growth process, although this can take on different shapes as shown below.

To begin with, scaling is most often not an accident but follows a strategic plan worked out in advance. Hence, a scalers' transformation begins before their high-growth phase materializes. The transformation is not confined to the years in which scaling up takes place. Overall, productivity growth tends to precede scaling up. For many dynamic factors, such as labour productivity, integration in foreign markets or access to credit, scalers differ from their non-scaling peers in the two years that precede their high-growth phase.

For instance, employment scalers in Finland, Italy, Portugal, and Spain are 5-15% more productive than their peers before scaling up (as measured in total factor productivity terms). Scalers also appear to prepare their expansion through different investments, e.g. by increasing the share of their workforce dedicated to research and development (R&D) by 15% to 40% compared to their peers. The investment focus is also evident on the financial side as scalers have higher ratios of debt than their peers. Overall, the evidence points to scaling up being predominantly driven by a firm's strategic investment in disruptive innovations in the way the firm operates or in the products and services that it sells.

Studies on French and Italian firms show that labour productivity, profitability and investment intensity is higher in firms that will scale up in the next period in either employment or turnover[63]. Another study on Italian firms also shows that businesses that start with higher productivity also tend to turn into high-growth firms in their lifetime[64]. Similarly, evidence from the UK shows that firms with higher productivity growth are likely to become turnover high-growth firms[65,66].

However, there tend to be sectoral differences. Hence, scalers in service sectors tend to have a higher multi-factor productivity than their non-scaling peers already before the scaling process commences.[67] By contrast, scalers in the manufacturing and construction sector are often less productive in the immediate time before the scaling phase. For instance, scalers in medium-low tech industries have been found to be 16% (for employment scalers) and 9% (for turnover scalers) less productive than their respective peer SMEs. This is caused by the often significant upfront investment in physical assets (machinery, etc) as the necessary pre-condition for growth. Hence, the median ratio of fixed assets over turnover has been found to be 10-15% higher in in other SMEs in manufacturing or construction sectors[68].

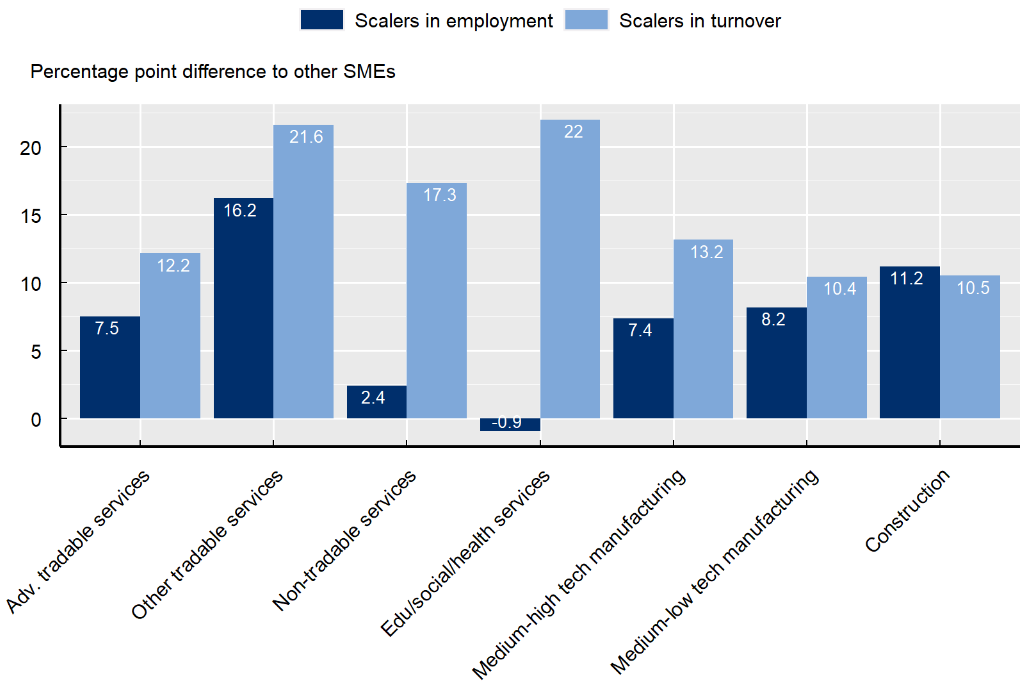
Focusing solely on employment growth excludes a large share of firms that reach another scale of economic activity without exceptional employment growth. Turnover scale-up is often generated via improvements in firm productivity, which increase the efficiency of resources used. Such a "scale without mass" business model is generated via process innovation or specific technology adoption that permits firms to scale their business with only minimal or no employment growth. [69] In fact, this type of scaling may gain in importance, as anecdotal evidence suggests that in particular the use of AI allows firms to substantially expand their business, at least in the early growth phases, without additional hirings due to the full use of AI-powered applications. This is substantiated by the fact that labour productivity of scalers in digital-intensive sectors is higher than in other sectors even in light of their lower level of investment in physical capital. According to the OECD, employment and turnover scalers in digitally intensive sectors create 10% of more-value-added per employee against the

[63] Moschella, Tamagni and Yu, 2019; Coad, 2010
[64] Arrighetti and Lasagni, 2013
[65] Du and Temouri, 2015
[66] OECD 2021, p.20
[67] OECD , "Unleashing SME potential to scale-up – part 2" , 2025, p. 27, mimeo
[68] OECD , "Unleashing SME potential to scale-up – part 2" , 2025, p. 31, mimeo
[69] OECD 2021, p.21

backdrop of a 60% lower capital intensity. This is partially a consequence of their focus on investing in human capitals and intangibles (intellectual property, digital infrastructure, etc)[70].

In sum, scalers, regardless of their sector, contribute directly to aggregate productivity growth by increasing their own productivity. In addition, this productivity growth tends to happen at a faster rate in scalers than in non-scalers (Figure 39), and seems to also spillover to non-scaling firms through e.g. the supply chain[71].

Figure 39. Scalers increase multi-factor productivity faster than other SMEs: percentage point difference in the average growth of multi-factor productivity between scalers and other SMEs in the same country and sector group, 2017-2020.



Source: OECD, "Unleashing SME potential to scale-up – part 2", 2025, figure 1.12, p. 32, mimeo.

4.3.3 The role of scalers in boosting innovation

As with productivity, improving the EU's innovation performance is at the heart of its attempt to a competitive renaissance. Also in this case, scale-up firms have shown to have the capacity to be at the vanguard of this effort. Not all fast growing firms do so on the heels of important innovations, but many do. In fact, scalers are not a homogenous group**.** Their transformation processes can be captured in four stylised models. They are stylised as, in reality, firms will rarely follow a single model but a combination of them, which may evolve as they grow. The first model is "disruptive innovators" that invest in technological innovations, typically research and development (R&D)-based, which result in disruptive changes to their product range or the ways they produce. The second model is "gradual innovators" that prepare to scale by investing in human capital and upgrading their

[70] OECD , "Unleashing SME potential to scale-up – part 2" , 2025, (bullet point 11), mimeo

[71] De Nicola, F., Muraközy, B., and Tan, S. W., Spillovers from high growth firms: evidence from Hungary, Small Business Economics, Vol. 57, No. 1, 2019, doi:10.1007/s11187-019-00296-w.

production processes with gains in new market shares arising from gradual improvements in the productivity of existing processes rather than from disruptive innovation. The third model is scalers that do “more of the same”, i.e. expansion without changes in the composition of the workforce. For example, a manufacturing firm might add a second production facility or a local retailer might add another store. The fourth model is “demand-driven scalers” that face an external and temporary increase in demand that translates into a sales windfall[72].

Evidence from Portugal and Finland points to the fact scalers grow their R&D employment in anticipation of their scaling-up phase. Hence, Portuguese scalers stock up their R&D staff by 15% as compared to their peers, while for Finnish scalers that number is up to 40% higher[73].

The same OECD data from Finland and Portugal also show that scale-up companies consistently have a higher share of employees working in Information Technology (IT) than non-scalers. So, scalers have 2-3 IT specialists for every 100 employees compared to 1 in non-scalers in Portugal. For Finland, the numbers are similar: 3-4 IT specialists for every 100 employees compared to 2-3 in non-scalers.

These results are further supported by evidence from a recent Eurobarometer (Flash Eurobarometer on start-ups, scale-ups and entrepreneurship[74]), that suggests that SMEs' growth is linked to innovation and adoption of digital technologies. In the EU, scale-up SMEs are more likely than non-scaling SMEs to report having adopted at least one form of innovation within the past 12 months (as shown in Table 9). This trend is particularly pronounced among SMEs that have experienced growth in employee numbers. Similarly, SMEs in the process of scaling up are more inclined to report the adoption of at least one of the listed digital technologies (Table 9).

Examining the types of innovation adopted, results from the Flash Eurobarometer (Table 9) show that scale-up SMEs are more likely than non-scale-ups to have adopted most of the listed types of innovations. However, regarding digital technologies, this trend is primarily driven by a higher uptake of cloud computing (i.e., storing and processing files or data on remote servers hosted on the internet) and big data analytics among scalers. Specifically, 45% of non-scalers report adopting these technologies, compared to 52% of SMEs that have increased their number of employees and 56% of SMEs that have scaled up both in terms of turnover and number of employees.

Also, SMEs scaling both in terms of number of employees and turnover (32%) are much more likely to report having introduced an innovation in the area of artificial intelligence than non-scaling companies (12%), which illustrates the potential of AI technologies for economic growth. This trend applies to most EU countries (Table 10). For example, scale-up companies are more likely than companies that are not scaling up to report having adopted at least one form of innovation in Estonia (73% vs 47%), Sweden (56% vs 35%), the Slovak Republic (82% vs 61%). In Lithuania (78% vs 56%), France (89% vs 71%), Czechia (70% vs 52%) and Bulgaria (69% vs 52%), scale-up SMEs are more likely to report having adopted at least one of the listed forms of digital technology.

The relationship between innovation, digitalization, and SMEs' growth is evident across all SME size - class categories. This correlation suggests that innovative practices relates to economic growth for enterprises ranging from micro through to medium-sized (Table 9). Investments in digitalisation is

[72] UNDERSTANDING FIRM GROWTH, OECD 2021, p.78
[73] UNDERSTANDING FIRM GROWTH, OECD 2021, p.84
[74] FLASH EUROBAROMETER 559, Start-ups, scale-ups and entrepreneurship, forthcoming.

linked to high growth phases for European firms[75], also by decreasing the cost of entering foreign markets and thus enabling firms to internationalise more easily[76], as discussed in more detail in the following subchapter.

Table 9: SME's adoption of new innovations or technologies, by scaling categories, size categories and industrial eco-systems.

	Adopted at least one form of innovation (%)			**Adopted at least one form of advanced technology (%)**		
	Not a scale-up	Scale-up	**Δ Scale-up – Not a scale-up**	Not a scale-up	Scale-up	**Δ Scale-up – Not a scale-up**
Size						
Micro companies	56	63	7	66	71	5
Small companies	60	66	6	66	71	5
Medium-sized companies	62	70	8	69	75	6
Industrial eco-system						
Construction	54	53	-1	65	70	5
Cultural and creative industries	57	70	13	60	71	11
Digital	63	71	8	80	80	0
Energy - renewables	62	50	-12	77	83	6
Health	66	69	3	62	66	4
Mobility - Transport - Automotive	54	63	9	63	59	-4
Proximity, social economy and civil security	57	45	-12	63	74	11
Retail	54	72	18	65	70	5
Tourism	59	70	11	71	86	15

Source: Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the main report of the Flash Eurobarometer. Sample size: 12 653.

The Eurobarometer also revealed that a majority of SMEs (72%) have encountered at least one barrier to innovation in their enterprise. This proportion remains relatively consistent across different categories of SMEs, including those not scaling up (71%), those scaling in terms of employee numbers

[75] Teruel, M., Bauer, P., Coad, A., Domnick, C., Harasztosi, P., Rückert, D., and Weiss, C., Digitalisation and high-growth enterprises in Europe, Technology Analysis and Strategic Management, 2024, doi:10.1080/09537325.2024.2394771.

[76] Teruel, M., Coad, A., Domnick, C., Flachenecker, F., Harasztosi, P., Janiri, M. L., and Pal, R., The birth of new HGEs: internationalization through new digital technologies, The Journal of Technology Transfer, Vol. 47, No. 3, 2021, doi:10.1007/s10961-021-09861-6.

(75%), those scaling up their turnover (73%) and those scaling both in terms of employee numbers and revenue (75%) (Table 10).

Table 10: SMEs barriers to innovation, by scaling categories (%).

	Not a scale-up	Scale-up: revenue growth	Scale-up: size growth	Scale-up: revenue and size growth
Difficulties in predicting the market response	35	37	37	37
Legal or administrative environment	29	31	25	26
Lack of skills, including managerial skills	23	23	23	23
Lack of private financial resources	20	23	14	25
Lack of public financial resources	20	19	13	26
Lack of technology infrastructure	15	16	21	15
Lack of collaboration partners, such as other enterprises, universities, research organisations, etc.	15	18	13	17
Difficulties in accessing or using technical standards	11	11	8	19
Difficulties with protecting intellectual property	9	7	10	9
None of these	19	21	18	19
Total 'Barrier to Innovation'	71	73	75	75

Source: Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the main report of the Flash Eurobarometer. Sample size: 12 653.

4.3.4 Access to global markets and SMEs growth

Internationalisation is an important stepping stone for would-be scalers to boost their expansion process which, in turn, is likely to drive employment, productivity and innovation as argued in the previous sections. Indeed, research indicates that companies engaged with international markets, be it within or outside the EU's single market, are more likely to become scale-up companies[77]. This connection exists because businesses that access global markets can reach a larger pool of consumers. Additionally, exporting can enhance product quality as companies refine their sourcing

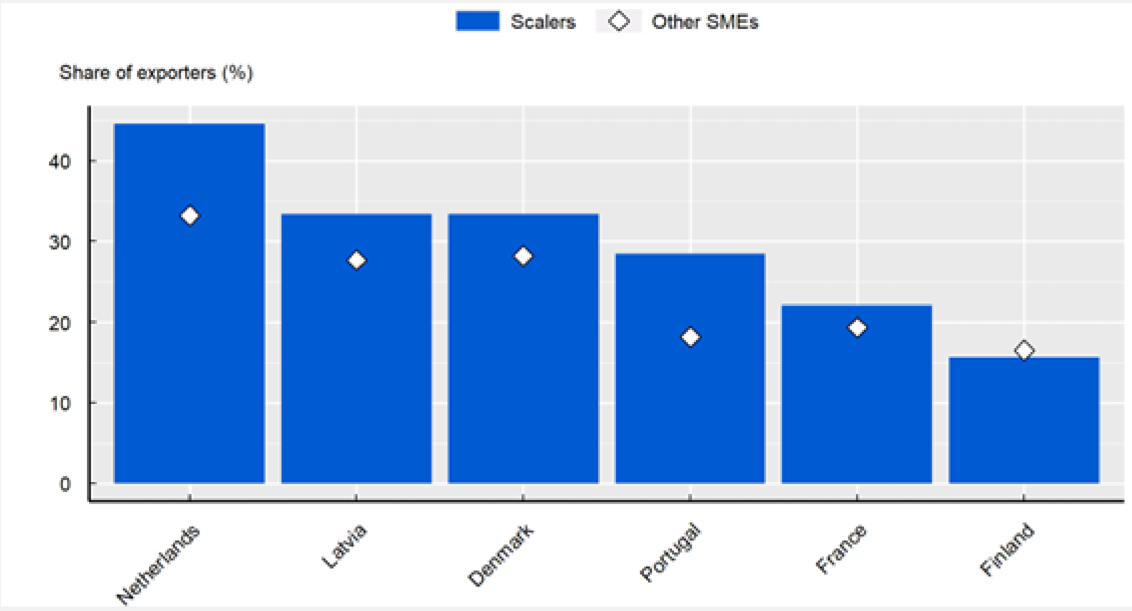
[77] Batrancea, 2022

strategies. OECD data reveals that prior to scaling, 20% of high-growth firms in Portugal and 15% in Finland are already exporting. The proportion of exporting scalers increases to 26% in Portugal and roughly 20% in Finland at the end of their growth phase[78].

Box 2: Scaling up and exporting.

Exports are important for the growth of scalers in manufacturing sectors. In five out of six countries with available data, scalers are more likely to be goods exporters than other SMEs. These scalers are, for the most part, manufacturing firms. For about one in four SMEs that scale up in turnover more than 50% of their growth comes from an increase in the export of goods. Similar data for service exports were not available but would further increase the importance of external markets for SMEs scaling up.

Figure 40. Goods exporters are more common among scalers than among SMEs that do not scale up: Share of Scalers and other SMEs that export goods, 2014-2020.



Note: Unweighted averages across six countries during 2014-20. Exporters are SMEs with goods export values exceeding EUR 1 000 euros at the end of the scale-up period considered. Due to data confidentiality restrictions, a more detailed breakdown of the available data is not possible. However, aggregate figures reveal that the majority of exporters are manufacturing SMEs or operate within the wholesale and retail trade sectors.

Source: OECD 2025, "Unleashing SME potential to scale up; Chapter 2 – Understanding scalers and the policies that support them "CFE/SME(2024)4/CHAP2, mimeo; Calculations based on microdata sources from 6 countries.

This trend also appears in this Flash Eurobarometer (Table 11). 28% of SMEs that are not scaling up say that they export products or services, a number that increases to 32% of SMEs that have increased their turnover by at least 30% in the past 3 years, 30% of SMEs that have increased their number of employees by at least 30%, and 35% of SMEs that have grown both in terms of number of employees and turnover.

[78] OECD, 2021

Table 11: SMEs access to global markets, by scaling categories (%).

	Not a scale-up	Scale-up: revenue growth	Scale-up: size growth	Scale-up: revenue and size growth	All scale-ups
None, your enterprise only operates in (OUR COUNTRY)	71	67	70	64	67
Other EU countries/EU countries	25	29	29	31	29
Other European countries outside of the EU (incl. e.g. UK and Russia)	10	12	9	17	12
North America	7	5	8	14	7
Latin America and the Caribbean	5	6	10	2	7
China	4	3	5	3	4
Rest of Asia and the Pacific	5	5	7	3	5
Middle East and Africa	6	6	7	3	6
Total 'Exporter'	28	32	30	35	32

Source: Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the main report of the Flash Eurobarometer. Sample size: 12 653.

In almost all EU countries, scaling up SMEs are more likely to report exporting goods or services (Table 12). In line with what has been noted in previous research[79], this trend tends to be less pronounced in countries with larger economies and internal markets and where SMEs can grow without having to export such as the Netherlands (-10%), Spain (-7%), France (-1%) and Italy (same share between scale-ups and non-scale-ups). On the contrary, it is accentuated in open economies with small internal markets such as Ireland (+15%), the Slovak Republic (+14%), Belgium (+13%), and Sweden (+11%). It should be noted that most available insights focus on goods-exporting firms, particularly those in manufacturing because of challenges related to the measuring of trade in services[80].

[79] OECD, 2021

[80] Note: Manufacturing accounts for 62% of goods exports, mining and quarrying for 4%, wholesale and retail trade; repair of motor vehicles and motorcycles for 22% and the remaining sectors for the missing 12%. Calculations based on Trade in goods by enterprise characteristics by activity sectors (OECD Database) for 2022. The average includes countries with available data (AUT, BEL, CAN, CRI, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, ISL, IRL, ISR, ITA, LVA, LTU, LUX, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, TUR and USA).

Table 12: SMEs access to global markets, by scaling categories and countries.

'Exporter'(%)	Not a scale-up		Δ Scale-up – Not a scale-up
EU27	28	32	4
BE	23	36	13
BG	30	30	0
CZ	19	23	4
DK	27	34	7
DE	20	38	19
EE	31	40	9
IE	17	32	15
EL	29	31	3
ES	40	33	-7
FR	31	30	-1
HR	31	38	7
IT	23	23	0
CY	23	33	10
LV	27	32	4
LT	28	38	10
LU	40	23	-17
HU	18	19	0
MT	17	24	7
NL	41	32	-10
AT	44	45	1
PL	34	42	8
PT	30	32	2
RO	16	18	3
SI	33	42	10
SK	34	48	14
FI	23	30	7
SE	19	30	11

Source: Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the main report of the Flash Eurobarometer. Sample size: 12 653.

According to the Eurobarometer, SMEs that export goods or services were asked concerning problems for their enterprise in terms of cross-border growth in other EU countries. Findings show that 77% of exporting SMEs face at least one form of problem, a number that is on average evenly distributed among scaling and non-scaling companies. However, the share of enterprises that encounter at least one obstacle is higher (88%) for exporting SMEs that have increased their number of employees by at least 30% in the past three years (Table 13).

Table 13: Biggest problem in terms of growing cross-border, by scaling categories (%).

	Not a scale-up	Scale-up: revenue growth	Scale-up: size growth	Scale-up: revenue and size growth	All scale-ups
Difficulties in understanding the different business environment, including due to language issues	34	26	49	13	28
Access to information on rules and requirements	31	25	41	31	29
Taxation issues	29	31	28	16	29
Business authorisations	29	29	23	30	28
Different national product rules	18	15	19	38	18
Authorisations applicable to staff, including recognition of professional qualifications	16	18	11	26	18
Differences in public procurement practices	15	16	25	10	17
Issues related to labour law, such as posting of workers or social security	10	11	6	11	10
At least one difficulty	77	74	88	82	77

Source: Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the main report of the Flash Eurobarometer. Sample size: 3 651.

Exporting SMEs that have been scaling are generally as likely to mention the listed problems associated with cross-border growth as their non-scaling counterparts. The only exception is 'difficulties in understanding the different business environment, including due to language skills' which is less likely to be mentioned by scaling SMEs (28%) than by SMEs that are not scaling (34%) (Table 13). Overall, these results suggest that scaling and non-scaling companies that are exporting goods or services tend on average to face the same type of obstacles in their cross-border growth process. Scalers are, according to the Eurobarometer, more likely to be part of a global value chain (GVC) than regular SMEs. Hence, almost one in five scalers (19%) is part of a GVC while only 15% of SMEs in general. While the differences are not enormous, they still suggest that scalers may be more vulnerable to distortions of and obstacles to GVCs than other SMEs[81]. It should be also noted that there are some subtle differences between the different types of scalers. For instance, scalers that grow are more often denouncing human resource- related issues such as "Authorisations applicable to staff, including recognition of professional qualifications" and "Issues related to labour law, such as posting of workers or social security" than those that have been expanding in size, i.e. by adding employees to their payroll. In turn, the latter report more often problems related to understanding

[81] Flash Eurobarometer 559 "Startups, scaleups and entrepreneurship", calculations not included in the forthcoming main report of the Flash Eurobarometer. Sample size: 12 653

the general business environment and specific national regulations related to, for instance, product rules and public procurement.

5 Conclusions

Over the past few years, EU SMEs have navigated a complex landscape of challenges. In 2024, the cumulative effects of inflationary pressure, energy price volatility, and supply chain disruptions persisted, as production costs continued to rise and consumer purchasing power remained partially diminished. Consequently, EU SMEs experienced a small decline of -0.2% in real value added terms. However, the modest acceleration of domestic demand, coupled with the ECB accommodative monetary stance and the recovery of bank lending, is expected to bolster investments and real value added, yielding a forecasted growth rate of 1.6% for the latter in 2025. However, it should be noted that these forecasts do not yet take into account the recent US tariff announcements, which have led a number of economic forecasters to reduce their projections for 2025.

In contrast, employment has followed a relatively stable, albeit modest, growth trajectory. Specifically, SME employment increased by 1.1% in 2024, building on the significant growth of 1.7% in 2023. According to forecasts, 2025 is poised to be another year of growth, with a 0.9% increase in employment, marking consecutive positive growth rates since 2021. Nevertheless, this narrative is not entirely optimistic, as growing employment combined with declining value added reflects a decline in productivity for SMEs.

Across all size classes, micro firms have demonstrated higher growth rates and greater resilience than other size classes, underscoring the vital importance of micro-SMEs to the European economy. They have emerged as the most dynamic players not only at the EU level but also in numerous Member States and industrial ecosystems. In contrast, large enterprises have outperformed small and medium-sized ones, highlighting the dual challenge of scaling up and enhancing competitiveness.

A closer examination of the economic performance of SMEs across industrial ecosystems reveals a diverse landscape. Certain ecosystems, such as the 'digital' and 'cultural and creative industries', have experienced notable growth rates in both value added and employment and are expected to perform well in the near future. In contrast, others, such as 'energy-intensive industries', are predicted to decline across all indicators in 2025.

The spatial analysis has revealed that certain neighbouring Member States within the EU share similar characteristics and challenges. Southern Member States experienced significant growth rates in employment in 2024, while Eastern Member States are expected to lead in real value added growth in 2025. Regarding ecosystems, the dominance of 'digital' industries in Eastern and Central Europe is prominent, while 'tourism' is poised to play a key role in development trends in Northern Europe.

To boost the EU economy’s competitiveness and productivity, the findings from the OECD-DG GROW study as well as the new Eurobarometer on start-ups, scale-ups and entrepreneurship highlight once more the crucial role of enabling SMEs to scale up. Scaling firms exist across all sectors and levels of innovative prowess, and are not limited to a select group of high-tech hyperscalers. Stimulating the EU’s growth and innovation can only happen by boosting the many scalers that exist across the EU SME population.

List of abbreviations and definitions

COVID-19	Coronavirus disease
DIGITAL	Digital Europe Programme
DG GROW	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
EC	European Commission
ECB	European Central Bank
EDF	European Defence Fund
EDIH	European Digital Innovation Hubs
EU	European Union
GDP	Gross Domestic Product
GVC	Global Value Chain
JRC	Joint Research Centre
IT	Information Technology
KIS	Knowledge-Intensive Services
KTI	Knowledge and Technology-Intensive
MERCOSUR	Mercado Común del Sur (Southern Common Market)
NACE	Statistical classification of economic activities in the European Union
NFBS	Non-financial business sector
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
SAFE	Survey on the Access to Finance of Enterprises
SBA	Small Business Act
SBS	Structural Business Statistics
SME	Small and Medium-sized Enterprise
SMP	Single Market Programme
SPR	SME Performance Review

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Annexes

Annex 1. Definition of SMEs

The official EC definition of SMEs takes account of three different factors (i.e. level of employment, level of turnover, and size of balance sheet). SMEs are enterprises which have fewer than 250 employees, and have either an annual turnover of less than EUR 50 million or a balance sheet total of less than EUR 43 million. The analysis in this report is based only on the employment definition of SMEs, since this is the definition used by the Structural Business Statistics (SBS) database maintained by Eurostat, the main data source for the report.

Table 15: Definition of SMEs.

Enterprise Category	Employees	Turnover	Balance sheet total
Micro SME	0 to < 10	≤ EUR 2 million	≤ EUR 2 million
Small SME	10 to < 50	≤ EUR 10 million	≤ EUR 10 million
Medium-sized SME	50 to <250	≤ EUR 50 million	≤ EUR 43 million

Source: Commission Recommendation of 6 May 2003 concerning the definition of micro, small, and medium-sized enterprises (2003/362/EC), Official Journal of the European Union, L 124/36, 20 May 2003.

Annex 2. Annual GDP growth and inflation rates per Member State over the period 2021 – 2025

Table 16: Annual GDP growth rates and GDP deflators per Member State in 2021, 2022, 2023, 2024 and 2025.

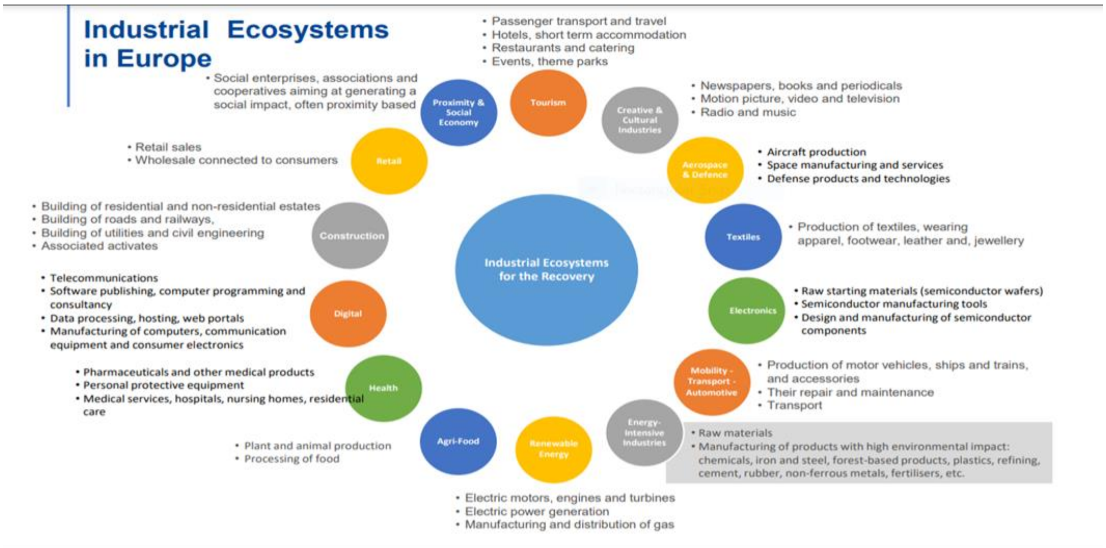
	Real GDP growth rate (%)					GDP deflator (price index, 2020=100)				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Austria	4.8	5.3	-1.0	-1.2	1.0*	101.9	106.8	113.9	118.7*	121.4*
Belgium	6.2	4.2	1.3	1.0	1.2*	102.7	109.8	114.7	117.8*	120.6*
Bulgaria	7.8	4.0	1.9	2.8	2.9*	107.0	124.0	133.9	140.3*	143.5*
Croatia	12.6	7.3	3.3	3.8	3.3*	102.2	110.3	123.3	131.4*	135.6*
Cyprus	11.4	7.4	2.6	3.4	2.8*	103.0	109.9	114.1	118.1*	120.9*
Czechia	4.0	2.8	-0.1	1.1	2.4*	107.3	121.7	134.8	140.2*	143.5*
Denmark	7.4	1.5	2.5	3.6	2.5*	103.0	112.3	107.9	109.6*	112.1*
Estonia	7.2	0.1	-3.0	-0.3	1.1*	105.4	122.0	131.8	138.6*	144.1*
EU	6.3	3.5	0.4	1.0	1.5*	102.5	108.0	114.6	118.1*	121*
Finland	2.7	0.8	-0.9	-0.1	1.5*	102.4	108.0	112.2	113.8*	116.2*
France	6.9	2.6	0.9	1.2	0.8*	101.2	104.5	110.0	112.4*	114.2*
Germany	3.7	1.4	-0.3	-0.2	0.7*	102.8	109.1	115.8	119.1*	122*
Greece	8.7	5.7	2.3	2.3	2.3*	101.4	108.0	114.3	118.3*	121.2*
Hungary	7.1	4.3	-0.9	0.5	1.8*	104.1	109.0	127.9	137.1*	142.7*
Ireland	16.3	8.6	-5.5	1.2	4.0*	101.1	107.9	111.8	115.5*	118*
Italy	8.9	4.8	0.7	0.7	1.0*	101.3	104.9	111.0	112.8*	114.9*
Latvia	6.9	1.8	2.9	-0.4	1.0*	103.3	113.5	120.7	123.7*	127.3*
Lithuania	6.4	2.5	0.3	2.7	3.0*	106.0	123.0	134.1	139*	143.8*
Luxembourg	7.2	1.4	-1.1	1.2*	2.3*	104.6	110.6	114.4	118.8*	122.4*
Malta	13.3	4.3	6.8	6.0	4.3*	102.4	107.6	113.3	116.3*	119.2*
Netherlands	6.3	5.0	0.1	0.9	1.6*	102.7	109.1	117.1	122.9*	126.6*
Poland	6.9	5.3	0.1	2.9	3.6*	102.5	110.6	124.9	129.8*	135.8*
Portugal	5.6	7.0	2.6	1.9	1.9*	102.0	107.5	114.9	119.2*	122.2*
Romania	5.5	4.0	2.4	0.9	2.5*	103.8	116.1	130.6	142.3*	150.7*
Slovak Republic	5.7	0.4	1.4	2.0	2.3*	102.2	109.9	121.0	126.4*	131.2*
Slovenia	8.4	2.7	2.1	1.6	2.5*	102.7	109.4	120.4	124*	128.6*
Spain	6.7	6.2	2.7	3.2	2.3*	102.6	107.4	114.1	117.6*	120.4*
Sweden	5.9	1.5	-0.1	1.0	1.8*	106.2	107.2	105.4	107.8*	109.3*

Note: All values marked with an asterisk stem from European Economic Forecast, Autumn 24 version

Source: Eurostat, European Economic Forecast – Autumn 24.

Annex 3. Industrial Ecosystems: Industrial composition and SME performance in number of enterprises, employment and value added

Figure 41. The 14 industrial ecosystems and their industries.



Source: European Commission

Table 17: Industrial Ecosystems: Proportion of Economic Activity by Size Class (2024).

	Value Added				Number of Enterprises				Number of Enterprises			
	Micro SMEs	Small SMEs	Medium-sized SMEs	Large Enterprises	Micro SMEs	Small SMEs	Medium-sized SMEs	Large Enterprises	Micro SMEs	Small SMEs	Medium-sized SMEs	Large Enterprises
Aerospace and Defence	7.8%	10.6%	16.2%	65.4%	10.7%	13.6%	19.3%	56.4%	87.6%	9.0%	2.6%	0.7%
Agri-food	10.9%	13.9%	20.0%	55.3%	17.9%	19.4%	20.4%	42.3%	88.0%	9.5%	1.9%	0.5%
Construction	30.9%	24.5%	16.8%	27.8%	38.9%	23.5%	14.4%	23.2%	94.1%	5.2%	0.6%	0.1%
Cultural and Creative Industries	23.9%	15.7%	17.2%	43.2%	40.2%	17.6%	15.2%	27.0%	96.7%	2.8%	0.5%	0.1%
Digital	14.0%	12.1%	16.9%	57.1%	24.2%	15.1%	17.2%	43.5%	95.1%	4.0%	0.9%	0.2%
Electronics	5.3%	9.3%	17.0%	68.3%	9.7%	13.4%	21.1%	55.8%	85.9%	10.1%	3.1%	0.9%
Energy Intensive Industries	5.5%	9.8%	19.0%	65.7%	12.3%	15.7%	22.8%	49.2%	86.7%	9.8%	2.8%	0.8%
Energy - Renewables	16.0%	9.0%	12.5%	62.5%	12.7%	10.4%	15.7%	61.3%	93.0%	5.0%	1.5%	0.5%
Health	9.9%	8.8%	10.9%	70.4%	22.9%	14.8%	15.7%	46.7%	94.1%	4.7%	0.9%	0.3%
Mobility - Transport - Automotive	14.2%	13.9%	15.2%	56.7%	25.1%	17.1%	15.5%	42.4%	92.7%	6.0%	1.0%	0.2%
Proximity, Social Economy and Civil Security	29.7%	18.7%	14.8%	36.9%	36.1%	19.2%	12.5%	32.4%	95.0%	4.8%	0.6%	0.1%
Retail	21.9%	20.2%	17.8%	40.1%	31.9%	18.7%	13.1%	36.3%	93.9%	5.3%	0.7%	0.1%
Textiles	13.5%	22.8%	25.9%	37.8%	23.2%	26.0%	25.7%	25.1%	89.4%	8.6%	1.7%	0.3%
Tourism	26.1%	22.9%	17.9%	33.2%	36.7%	26.1%	14.2%	23.0%	91.9%	7.2%	0.8%	0.1%
All Industrial Ecosystems	19.0%	17.0%	16.9%	47.1%	30.0%	19.8%	15.5%	34.7%	93.4%	5.6%	0.8%	0.2%

Note: Data are missing for some NACE codes that correspond to the following ecosystems: Agri-food (NACE sector A), cultural and creative industries (R, P, S94 and S95), health (Q), proximity, social economy and civil security (Q, S95, S96 and T), and tourism (R).
Source: JRC calculations based on Eurostat's Structural Business Statistics, Shor-Term Business Statistics and National Accounts Database.

Table 18: Annual growth rate in employment for 2024 in the EU and across EU Member States per Industrial Ecosystem

Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility – Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	-0.9%	-0.6%	-1.7%	0.5%	1.1%	-0.7%	-0.7%	-0.2%	-0.4%	-0.6%	-0.4%	-1.1%	-1.3%	0.7%
BE	0.4%	0.5%	0.6%	0.9%	0.1%	0.5%	0.3%	1.2%	0.9%	-0.1%	0.2%	-0.1%	0.4%	-0.1%
BG	1.8%	-0.6%	4.1%	3.4%	5.4%	-0.8%	-0.7%	0.2%	1.0%	0.9%	2.9%	1.0%	-1.0%	5.5%
CY	2.0%	-1.8%	1.4%	-9.9%	19.4%	-0.8%	-2.1%	-0.4%	-0.6%	1.2%	1.5%	1.4%	-0.9%	2.0%
CZ	-0.3%	-1.0%	-0.2%	0.5%	0.9%	-1.3%	-1.3%	-0.8%	-0.5%	-0.2%	1.5%	0.3%	-1.0%	3.2%
DE	-0.6%	-0.1%	-0.5%	0.9%	0.5%	-0.2%	-0.2%	1.3%	0.1%	-0.1%	-0.2%	-0.4%	-0.1%	0.8%
DK	0.1%	-0.1%	0.5%	0.0%	-1.2%	-0.2%	-0.1%	0.6%	0.2%	0.2%	0.4%	-0.1%	-0.4%	0.8%
EE	-3.5%	-5.5%	0.5%	3.1%	11.0%	-6.3%	-7.4%	-1.4%	-2.6%	0.8%	4.1%	3.1%	-7.3%	8.4%
EL	7.2%	1.2%	5.1%	-0.4%	-1.5%	-0.7%	0.3%	16.4%	0.2%	13.2%	-1.0%	14.5%	2.7%	-10.3%
ES	2.3%	1.9%	4.4%	3.9%	7.3%	2.0%	1.8%	3.5%	2.5%	1.4%	1.7%	1.4%	1.8%	2.0%
EU	0.9%	0.9%	1.1%	1.9%	2.4%	0.3%	0.6%	1.6%	1.2%	0.8%	1.0%	0.9%	0.8%	1.4%
FI	-2.3%	-2.8%	-5.2%	-2.1%	-0.4%	-2.9%	-2.9%	-3.3%	-2.8%	-1.3%	-0.8%	-1.2%	-2.5%	0.9%
FR	0.1%	1.7%	-0.1%	0.8%	-0.3%	-0.1%	0.3%	1.2%	1.6%	0.3%	0.4%	0.3%	1.5%	0.8%
HR	2.8%	1.9%	5.5%	8.1%	18.6%	2.0%	1.2%	2.5%	3.7%	4.4%	6.1%	4.5%	0.8%	7.5%
HU	-0.4%	-1.3%	-1.0%	0.6%	0.5%	-1.4%	-1.6%	-1.6%	-0.4%	-0.6%	1.3%	-0.2%	-1.5%	2.8%
IE	2.0%	2.4%	3.6%	7.4%	4.6%	2.4%	1.4%	6.4%	4.7%	1.6%	1.8%	-2.0%	3.1%	3.4%
IT	1.4%	1.1%	3.0%	2.2%	1.7%	1.0%	0.9%	1.2%	1.5%	1.4%	2.7%	1.7%	0.8%	3.7%
LT	1.6%	2.4%	2.5%	5.3%	13.8%	1.8%	2.7%	2.7%	3.5%	-1.3%	-3.6%	-2.7%	3.2%	1.0%
LU	0.3%	-1.0%	-2.9%	0.6%	1.4%	-0.4%	-1.7%	2.2%	0.7%	0.9%	1.2%	0.8%	-1.1%	2.4%
LV	-1.8%	-2.3%	-3.7%	-1.7%	-0.5%	-2.3%	-2.6%	-0.7%	-2.1%	-1.4%	0.5%	1.0%	-2.6%	0.4%
MT	4.1%	2.4%	5.1%	7.2%	3.2%	1.0%	2.2%	2.8%	3.9%	7.6%	6.0%	9.6%	-3.5%	3.4%
NL	0.5%	1.2%	1.3%	1.3%	-0.4%	1.3%	1.4%	1.6%	1.2%	0.6%	0.8%	0.4%	1.4%	1.6%
PL	1.6%	2.3%	-0.1%	2.9%	4.3%	2.4%	2.5%	2.4%	2.9%	-0.3%	-0.3%	-1.4%	3.0%	0.2%
PT	0.7%	-0.2%	2.9%	1.6%	2.3%	0.0%	-0.4%	1.7%	0.8%	1.4%	1.7%	-0.2%	-0.7%	3.1%
RO	7.5%	3.2%	8.0%	11.2%	15.0%	3.5%	2.7%	2.9%	5.9%	4.4%	5.8%	4.6%	2.0%	8.1%
SE	-0.7%	-0.6%	-3.4%	-0.8%	-1.6%	-0.4%	-0.5%	0.5%	-0.6%	-0.7%	-0.6%	-0.9%	-1.4%	-0.2%
SI	-0.3%	0.8%	0.2%	2.3%	2.6%	0.7%	0.9%	1.7%	1.0%	2.4%	3.7%	0.2%	0.7%	1.8%
SK	1.0%	0.8%	1.3%	-0.7%	0.3%	0.9%	1.7%	0.4%	1.2%	-0.5%	0.3%	-1.0%	1.8%	1.2%

Note: See table 17 for missing data note.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Shor-Term Business Statistics and National Accounts Database.

Table 19: Expected annual growth rate in employment for 2025 in the EU and across EU Member States per Industrial Ecosystem.

Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility - Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	0.3%	0.2%	0.8%	1.4%	1.8%	0.1%	0.0%	0.4%	0.7%	0.0%	0.6%	0.1%	0.3%	0.7%
BE	1.0%	0.4%	1.3%	1.9%	1.0%	0.6%	-0.1%	1.6%	1.8%	-0.1%	0.9%	-0.6%	0.2%	0.3%
BG	1.9%	0.1%	-0.2%	3.7%	6.7%	-0.1%	-0.1%	1.0%	1.5%	0.8%	1.6%	1.0%	-0.3%	1.9%
CY	3.7%	1.6%	2.3%	6.6%	8.5%	3.9%	1.9%	4.3%	4.5%	1.9%	2.8%	1.3%	3.6%	3.3%
CZ	0.5%	-0.1%	0.5%	1.4%	1.6%	-0.4%	-0.4%	0.0%	0.4%	0.0%	0.9%	0.5%	0.0%	0.7%
DE	-0.9%	-1.1%	0.6%	0.0%	0.8%	-1.2%	-1.2%	0.5%	-0.7%	-0.7%	-0.5%	-0.5%	-1.1%	-0.7%
DK	0.0%	-0.3%	0.4%	1.0%	1.0%	-0.6%	-0.7%	-0.2%	0.2%	0.2%	1.7%	0.4%	-0.5%	3.0%
EE	-0.4%	-0.5%	0.2%	3.5%	5.4%	-0.8%	-1.2%	-0.5%	0.7%	-0.4%	1.1%	0.0%	-1.1%	1.3%
EL	2.9%	3.3%	2.7%	3.7%	5.1%	3.8%	2.8%	14.4%	5.4%	4.9%	6.4%	3.5%	4.1%	7.8%
ES	2.0%	2.1%	0.6%	2.0%	1.9%	2.1%	2.2%	2.1%	2.1%	2.0%	2.0%	2.0%	2.2%	2.0%
EU	0.6%	0.5%	0.8%	1.6%	2.1%	-0.1%	0.3%	1.0%	0.9%	0.5%	1.1%	0.5%	0.5%	1.6%
FI	-0.8%	-1.1%	-0.2%	0.7%	0.6%	-1.8%	-1.9%	-1.4%	-0.2%	-0.5%	0.6%	0.0%	-1.4%	1.0%
FR	-0.1%	0.6%	0.1%	0.3%	0.2%	-0.8%	-0.5%	0.1%	0.6%	0.1%	0.3%	0.3%	0.5%	0.3%
HR	2.3%	2.2%	2.7%	3.8%	4.6%	2.4%	1.9%	2.1%	3.0%	2.0%	2.8%	1.5%	1.7%	3.3%
HU	-0.1%	-1.0%	1.1%	1.2%	1.0%	-1.1%	-1.3%	-1.3%	0.1%	-0.4%	0.4%	-0.1%	-1.2%	0.9%
IE	3.6%	3.5%	3.0%	4.7%	5.1%	3.4%	3.4%	4.3%	3.7%	2.1%	3.2%	1.7%	3.8%	3.9%
IT	0.4%	0.0%	0.1%	1.2%	1.1%	-0.1%	-0.2%	0.1%	0.4%	0.3%	1.2%	0.3%	-0.4%	2.0%
LT	2.4%	1.5%	1.9%	4.7%	6.9%	1.0%	1.5%	0.8%	3.5%	2.1%	1.5%	-0.2%	1.9%	3.2%
LU	0.7%	0.1%	0.6%	2.6%	1.7%	0.9%	-0.9%	1.5%	2.0%	0.0%	1.2%	0.2%	0.2%	1.1%
LV	1.0%	0.5%	0.0%	2.1%	3.7%	0.6%	0.2%	0.7%	1.0%	-0.2%	0.3%	-0.5%	0.3%	1.0%
MT	5.3%	1.5%	4.8%	6.3%	7.3%	0.3%	0.9%	9.0%	3.2%	5.1%	5.2%	3.9%	1.7%	5.0%
NL	0.5%	0.8%	0.9%	1.1%	1.3%	0.8%	0.8%	1.1%	0.8%	0.4%	0.8%	0.4%	0.9%	1.6%
PL	1.9%	1.5%	1.9%	3.0%	4.1%	1.6%	1.5%	1.6%	2.5%	0.9%	0.8%	0.1%	2.0%	1.5%
PT	2.3%	1.6%	1.4%	4.2%	6.6%	1.8%	1.3%	3.1%	2.5%	2.3%	3.2%	1.5%	1.0%	4.2%
RO	2.5%	1.3%	1.7%	3.6%	5.3%	1.1%	1.1%	1.0%	2.2%	1.5%	1.9%	0.6%	0.7%	3.4%
SE	-0.4%	-0.6%	0.8%	1.5%	1.3%	-0.8%	-1.1%	-0.1%	0.2%	-0.4%	1.3%	0.0%	-2.0%	2.1%
SI	2.3%	1.6%	1.1%	2.5%	3.2%	1.7%	1.5%	2.2%	2.1%	0.9%	1.5%	0.5%	1.3%	1.5%
SK	2.0%	1.4%	1.3%	3.2%	2.5%	1.3%	1.9%	0.7%	3.0%	-0.3%	1.1%	-1.6%	1.9%	1.9%

Note: See table 17 for missing data note.

Source: Calculations by the JRC based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Table 20: Annual growth rate in real value added for 2024 in the EU and across EU Member States per Industrial Ecosystem.

Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility – Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	-4.7%	-5.7%	-3.9%	-1.4%	-0.1%	-4.7%	-5.3%	-27.4%	-5.6%	-3.9%	-2.5%	-2.3%	-5.5%	-3.5%
BE	-1.7%	-6.7%	0.7%	1.7%	7.4%	-6.7%	-10.4%	-10.5%	-1.5%	-1.0%	2.5%	0.4%	-7.7%	2.1%
BG	4.8%	6.0%	5.8%	4.8%	4.3%	6.0%	6.2%	0.7%	4.9%	7.5%	6.0%	6.8%	6.5%	9.2%
CY	1.1%	1.6%	6.9%	2.2%	2.6%	1.6%	-5.6%	11.1%	1.0%	1.2%	1.2%	1.4%	-0.3%	1.1%
CZ	-4.8%	-5.1%	-6.0%	-3.2%	-2.6%	-5.2%	-5.1%	-2.9%	-4.7%	-4.3%	-4.7%	-4.8%	-5.1%	-4.1%
DE	-3.2%	-3.4%	-0.5%	0.2%	-0.2%	-4.0%	-4.1%	-6.2%	-2.7%	-2.4%	-1.0%	-1.5%	-3.6%	-1.8%
DK	2.6%	4.1%	1.6%	4.9%	4.4%	5.0%	4.7%	-14.8%	3.6%	-0.2%	3.1%	0.2%	4.2%	2.7%
EE	-7.4%	-7.9%	-5.8%	-2.3%	6.6%	-7.7%	-8.6%	-12.2%	-6.9%	-6.7%	-6.0%	-5.5%	-8.8%	-6.1%
EL	3.8%	-2.7%	-0.4%	1.0%	6.3%	-1.5%	-3.4%	-16.2%	0.5%	10.8%	-4.9%	3.6%	-3.1%	-5.5%
ES	3.5%	3.2%	3.2%	5.2%	4.2%	2.7%	2.7%	-1.2%	3.4%	6.3%	7.3%	6.8%	4.6%	7.5%
EU	-1.5%	-2.9%	0.1%	1.7%	2.2%	-3.5%	-3.7%	-7.2%	-2.0%	-0.1%	1.3%	1.1%	-3.4%	1.1%
FI	-3.1%	-4.3%	-4.9%	1.5%	1.7%	-5.4%	-6.2%	-4.7%	-2.6%	0.1%	0.2%	1.8%	-4.9%	0.2%
FR	-1.2%	-3.0%	-1.4%	1.2%	0.6%	-2.6%	-3.4%	-2.7%	-0.5%	-1.1%	0.0%	-0.6%	-2.9%	0.3%
HR	-4.1%	-7.4%	9.6%	0.4%	-0.1%	-7.0%	-8.6%	-8.0%	-4.4%	-1.2%	1.3%	0.4%	-8.5%	2.3%
HU	-5.2%	-14.0%	-3.9%	1.2%	5.9%	-15.4%	-18.6%	-9.9%	-8.2%	-5.0%	0.1%	-0.8%	-15.1%	1.0%
IE	-5.2%	-11.5%	-0.4%	1.9%	3.3%	-15.1%	-15.0%	445.3%	-11.1%	0.0%	2.5%	1.3%	-5.0%	1.8%
IT	-2.6%	-3.7%	-1.3%	0.5%	2.2%	-4.0%	-4.2%	-3.0%	-2.7%	-0.9%	0.6%	0.8%	-4.4%	0.6%
LT	-1.8%	-3.4%	2.5%	-2.1%	5.6%	-3.9%	-3.7%	-6.6%	-1.5%	-1.8%	-0.6%	-1.6%	-3.4%	-1.3%
LU	-2.6%	-4.1%	-6.3%	-3.3%	-5.1%	-6.6%	-8.2%	-9.8%	-1.8%	-1.7%	-0.2%	-2.7%	-5.4%	0.8%
LV	-9.3%	-5.3%	-1.3%	-4.3%	-0.4%	-8.4%	-2.4%	-10.3%	-2.3%	-14.8%	-0.5%	-9.9%	-2.3%	-7.1%
MT	13.8%	8.0%	7.2%	-0.3%	-0.1%	6.1%	8.7%	-0.5%	6.3%	11.7%	11.8%	8.4%	7.5%	15.4%
NL	0.5%	-0.9%	3.5%	2.2%	1.9%	-1.2%	-1.8%	-13.8%	0.9%	1.4%	2.0%	2.3%	-0.8%	2.0%
PL	2.8%	-2.9%	6.0%	10.0%	8.2%	-2.0%	-4.3%	1.8%	2.6%	9.3%	11.5%	10.6%	-2.9%	13.6%
PT	0.8%	0.8%	1.1%	2.3%	2.9%	1.0%	0.0%	11.8%	2.4%	0.5%	1.4%	0.4%	-0.4%	0.7%
RO	-2.0%	-8.4%	4.9%	1.3%	1.6%	-8.2%	-10.7%	2.1%	-3.9%	0.0%	4.2%	4.0%	-11.3%	2.6%
SE	0.8%	1.4%	1.8%	3.0%	4.4%	1.0%	0.8%	-1.0%	1.5%	-0.7%	1.3%	-0.5%	1.4%	-0.6%
SI	-1.0%	-4.3%	-2.5%	0.0%	7.1%	-6.2%	-6.4%	-47.1%	-2.7%	-0.1%	30.7%	3.1%	-6.9%	2.4%
SK	1.4%	2.2%	3.2%	2.9%	1.0%	2.8%	2.8%	0.9%	3.1%	-0.4%	0.1%	-2.0%	3.0%	-0.8%

Note: See table 17 for missing data note.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Shor-Term Business Statistics and National Accounts Database.

Table 21: Expected annual growth rate in real value added for 2025 in the EU and across EU Member States per Industrial Ecosystem.

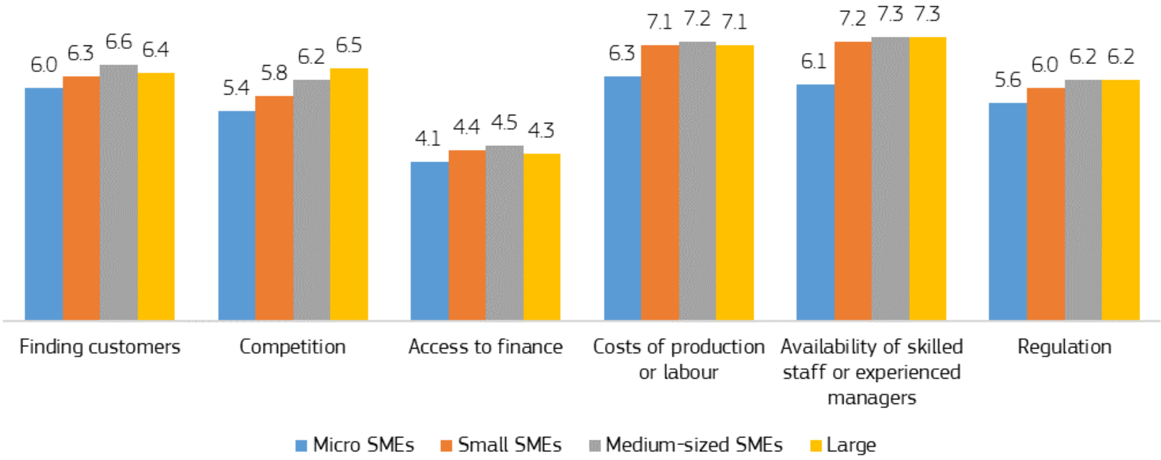
Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility - Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	0.5%	0.5%	1.1%	1.7%	2.0%	0.3%	0.2%	0.8%	0.9%	0.4%	1.2%	0.5%	0.5%	1.0%
BE	2.1%	2.3%	2.5%	3.0%	2.0%	2.3%	1.6%	4.5%	3.3%	1.0%	2.5%	0.4%	2.1%	1.7%
BG	3.2%	2.2%	1.8%	5.9%	9.0%	2.1%	2.0%	3.8%	3.5%	2.8%	3.7%	2.9%	2.0%	3.9%
CY	4.6%	4.6%	4.0%	9.6%	10.3%	4.1%	4.1%	8.0%	6.6%	4.0%	5.1%	3.4%	4.0%	5.6%
CZ	1.5%	1.0%	1.8%	2.7%	2.7%	0.9%	0.7%	1.8%	1.6%	1.4%	2.5%	1.8%	1.2%	2.0%
DE	-0.4%	-0.4%	1.2%	0.7%	1.4%	-0.8%	-0.7%	2.5%	-0.1%	-0.2%	0.2%	0.0%	-0.5%	-0.1%
DK	2.0%	1.7%	2.6%	3.2%	3.2%	1.4%	1.4%	2.1%	2.2%	2.3%	4.2%	2.7%	1.6%	4.3%
EE	0.5%	0.3%	1.1%	4.2%	6.5%	0.3%	-0.6%	0.7%	1.7%	0.5%	2.2%	0.8%	-0.1%	1.9%
EL	5.4%	6.6%	5.0%	6.5%	7.9%	6.7%	5.7%	8.9%	7.8%	6.5%	8.7%	5.6%	8.0%	10.1%
ES	2.3%	2.4%	0.8%	2.2%	2.1%	2.4%	2.3%	2.3%	2.3%	2.2%	2.2%	2.2%	2.4%	2.2%
EU	1.2%	1.3%	1.5%	2.3%	2.9%	0.6%	1.0%	2.4%	1.6%	1.2%	1.7%	1.2%	0.8%	1.9%
FI	-0.1%	-0.4%	0.6%	1.4%	1.4%	-1.0%	-1.4%	-0.2%	0.5%	0.4%	1.6%	0.9%	-0.7%	1.7%
FR	0.2%	0.5%	0.5%	0.6%	0.5%	-0.3%	-0.2%	0.4%	0.5%	0.5%	0.6%	0.6%	-0.1%	0.6%
HR	3.3%	3.2%	3.7%	4.5%	4.6%	3.3%	2.8%	3.7%	4.0%	2.8%	3.7%	2.5%	2.7%	3.8%
HU	-0.9%	-1.8%	0.2%	0.4%	0.1%	-2.0%	-2.4%	-2.5%	-0.7%	-1.0%	-0.1%	-0.6%	-2.0%	0.2%
IE	6.1%	5.8%	5.6%	6.6%	6.7%	5.6%	6.4%	-4.4%	6.2%	5.0%	5.8%	4.1%	6.6%	6.3%
IT	0.3%	0.1%	0.1%	1.3%	1.2%	-0.1%	-0.2%	0.5%	0.5%	0.4%	1.2%	0.4%	-0.3%	1.9%
LT	6.6%	6.0%	4.8%	7.7%	10.0%	5.9%	5.9%	3.8%	6.8%	5.2%	4.6%	2.1%	6.1%	6.4%
LU	3.5%	2.5%	1.7%	4.9%	9.4%	2.5%	0.7%	3.3%	3.6%	1.3%	0.7%	1.2%	2.1%	2.1%
LV	2.0%	1.8%	1.0%	3.1%	4.7%	1.9%	1.5%	1.8%	2.4%	1.0%	1.5%	0.6%	1.6%	2.3%
MT	5.6%	3.3%	5.7%	7.7%	8.6%	1.6%	1.4%	51.3%	4.9%	5.8%	6.9%	4.8%	1.9%	6.2%
NL	1.9%	2.2%	2.3%	2.4%	2.5%	2.3%	2.3%	3.0%	2.1%	1.7%	1.8%	1.7%	2.3%	2.3%
PL	4.3%	4.0%	4.5%	5.5%	6.1%	4.3%	4.0%	4.3%	4.7%	3.5%	3.5%	2.5%	4.5%	4.0%
PT	3.8%	2.5%	2.4%	5.7%	8.0%	3.0%	2.3%	6.3%	3.6%	3.4%	4.2%	2.4%	2.1%	5.1%
RO	4.8%	4.2%	4.0%	6.0%	7.4%	4.0%	3.9%	3.1%	5.0%	3.7%	4.1%	2.7%	3.6%	5.4%
SE	0.7%	1.0%	2.1%	2.8%	2.8%	0.3%	0.2%	1.1%	1.7%	0.8%	3.8%	1.3%	0.3%	3.0%
SI	5.1%	4.9%	3.4%	4.8%	5.7%	5.3%	5.2%	5.0%	5.1%	5.4%	3.8%	2.3%	4.2%	5.7%
SK	2.9%	2.3%	2.3%	4.2%	3.4%	2.9%	2.8%	1.9%	3.8%	0.8%	1.8%	-1.0%	3.3%	2.6%

Note: See table 17 for missing data note.

Source: Calculations by the JRC based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Annex 4. Perceived challenges by SMEs: Data from the Survey on Access to Finance of Enterprises (SAFE) in EU and Member State level

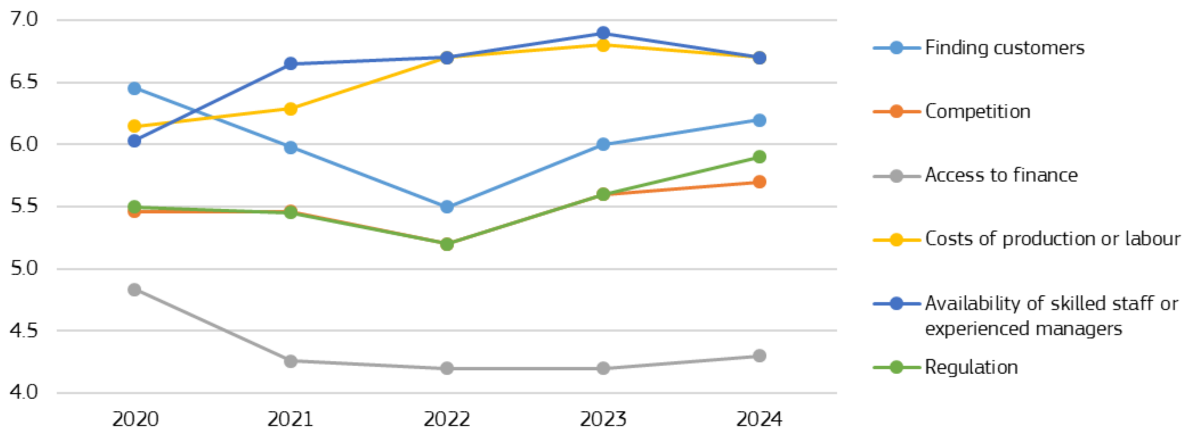
Figure 42. Economy-wide assessment by EU SMEs and large enterprises of importance (on a scale of 1 to 10) of various issues and challenges faced by firms in 2024.



Note: The assessment reported in the figure above reflects the views of SMEs in the period of September to October 2024 (when the SAFE survey fieldwork was undertaken).

Source: SAFE survey.

Figure 43. Evolution in the economy-wide assessment by EU SMEs of the importance (on a scale of 1 to 10) of various issues and challenges faced by SMEs through the last five annual SAFE surveys, from 2020 to 2024.



Note: Data refer to All SMEs.

Source: SAFE surveys of 2020, 2021, 2022, 2023 and 2024.

Table 22: Economy-wide assessment by SMEs in Member States of importance (on a scale of 1 to 10) of various challenges and issues faced by SMEs in 2024.

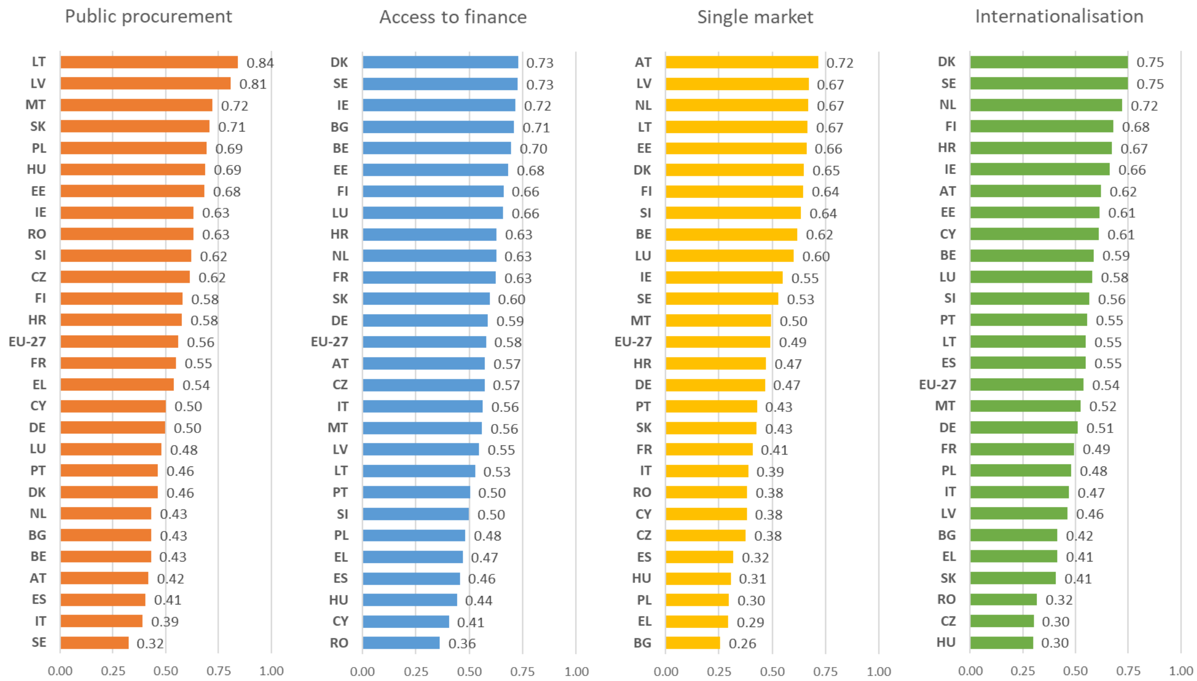
	Finding customers	Competition	Access to finance	Costs of production or labour	Availability of skilled staff or experienced managers	Regulation
AT	7.4	5.3	4.7	7	7.2	6.1
BE	5.5	5.4	3.7	6.4	7	5.9
BG	6.7	6.3	4.9	7.1	7.7	6.5
CY	5.6	6.5	4.2	6.3	6.5	5
CZ	6.6	5.5	3.9	6.5	6.9	5.8
DE	7.1	5.3	4.1	6.7	7.1	6.3
DK	6.3	5.9	3.7	5.8	6.1	5.6
EE	4.9	5.9	3.9	5.7	6	3.8
EL	5	5.7	5.2	6.6	6.7	5.4
ES	6.2	6.1	4.6	7.1	6.6	6.1
EU	6.2	5.7	4.3	6.7	6.7	5.9
FI	4.3	5.5	3.6	5.2	5.2	4.6
FR	5.3	5.4	4	6.3	6.3	5.3
HR	5.2	5.3	4.2	6.2	7.1	5.5
HU	6.5	6.2	5	6.8	6.6	5.2
IE	6.2	5.6	3.8	6.8	6.9	5.3
IT	6	5.9	4.3	6.9	6.6	5.5
LT	5.9	6.6	4	6	5.7	5
LU	5.5	5.3	3.7	6.2	6.3	5.7
LV	6.2	6.9	4.1	6.8	6.9	6.1
MT	4.8	6.6	4.1	6.7	7.5	5.7
NL	4.8	4.7	3.5	5.8	6.4	5.6
PL	6.2	5.7	4.3	7.3	6.5	6.2
PT	6.5	6.3	4.6	7.2	7.2	6.6
RO	7.5	6.8	6.5	8	8.1	7.6
SE	5.4	5.5	3.2	5.3	5.3	4.5
SI	6	5.9	4.3	6.6	6.5	5.9
SK	5.4	5.4	4	6	6.3	5.3

Note: The assessment reported in the table above reflects the views of SMEs in the period of September to October 2024 (when the SAFE survey fieldwork was undertaken). The colours in the table correspond to the following values: dark green: 0-3, green: 3-4, light green: 4-5, light yellow: 5-6, coral: 6-7, orange: 7-8, red: 8-10.

Source: SAFE survey.

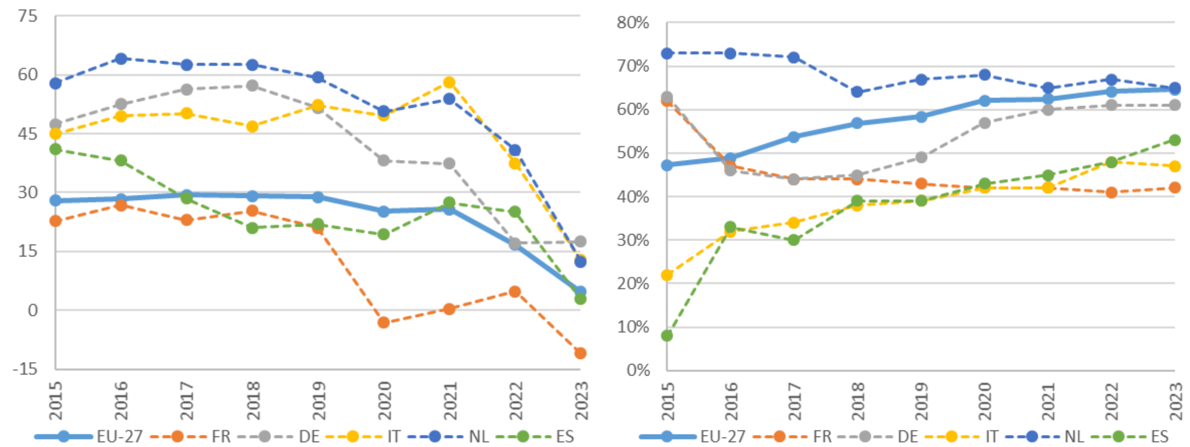
Annex 5. SMEs performance in Single Market, Access to finance, Public Procurement and Internationalisation

Figure 44. SMEs performance across key principles by Member State, based on the Small Business Act 2024 Scoreboard.



Note: Scale 0-1, where 1 means best performances.
Source: SBA scoreboard 2024.

Figure 45. Evolution of cost of borrowing for small loans relative to large loans (left) and percentage of awards of public procurement contract per country & year for which the winner was a SME (right) for the period 2015-2023.



Source: SBA scoreboard 2024.

Annex 6. Composition of grouping of industries of different technology and knowledge-intensities

Knowledge-intensive services

The group of knowledge-intensive services (KIS) is classified according to Eurostat and regroups the following service industries (NACE 2 classification):

High-tech services:

- J59 Motion picture, video and television programme production, sound recording and music publishing activities
- J60 Programming and broadcasting services
- J61 Telecommunications
- J62 Computer programming, consultancy and related activities
- J63 Information service activities
- M72 Scientific research and development

Market services:

- H50 Water transport
- H51 Air transport
- M69 Legal and accounting activities
- M70 Activities of head offices, management consultancy activities
- M71 Architectural and engineering activities; technical testing and analysis
- M73 Advertising and market research
- M74 Other professional, scientific and professional services
- N78 Employment activities
- N80 Security and investigation activities

Other KIS

- J58 Publishing activities
- M75 Veterinary activities

Low knowledge-intensive services

Market services

- G45 Wholesale and retail trade and repair of motor vehicles and motorcycles
- G46 Wholesale trade, except of motor vehicles and motorcycles
- G47 Retail trade, except of motor vehicles and motorcycles
- H49 Land transport and transport via pipelines
- H52 Warehousing and support activities for transportation
- I55 Accommodation
- I56 Food and beverage service activities
- L68 Real estate activities
- N77 Rental and leasing activities
- N79 Travel agency, tour operator reservation service
- N81 Services to buildings and landscape activities
- N82 Office administrative, office support and other business support activities

Other

- H53 Postal and courier activities

High-tech industries

- C21 Manufacture of basic pharmaceutical products and pharmaceutical preparations
- C26 Manufacture of computer, electronic and optical products

Medium-tech industries

Medium high-tech

- C20 Manufacture of chemicals and chemical products
- C27 Manufacture of electrical equipment
- C28 Manufacture of machinery and equipment n.e.c.
- C29 Manufacture of motor vehicles, trailers and semi-trailers
- C30 Manufacture of other transport equipment

Medium-low tech

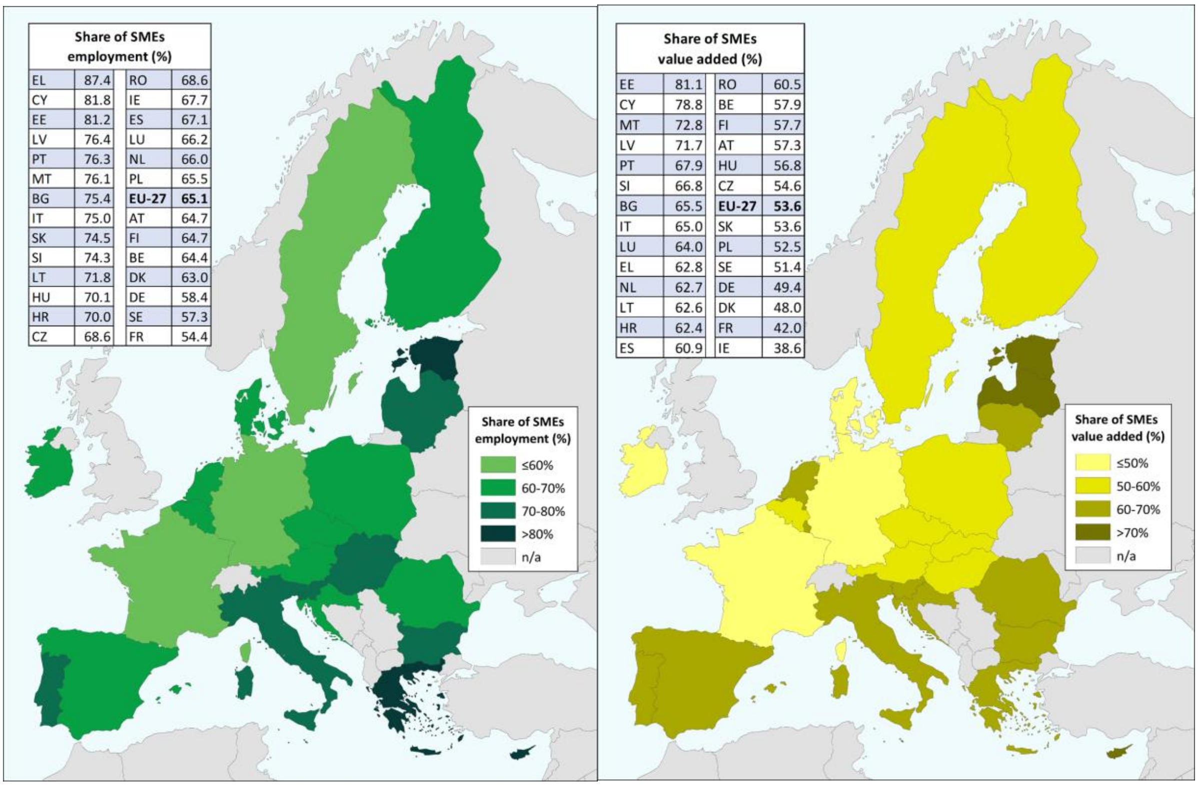
- C19 Manufacture of coke and refined petroleum products
- C22 Manufacture of rubber and plastic products
- C23 Manufacture of other non-metallic mineral products
- C24 Manufacture of basic metals
- C25 Manufacture of fabricated metal products, except machinery and equipment
- C33 Repair and installation of machinery and equipment

Low-tech industries

- C10 Manufacture of food products
- C11 Manufacture of beverages
- C12 Manufacture of tobacco products
- C13 Manufacture of textiles
- C14 Manufacture of wearing apparel
- C15 Manufacture of leather and related products
- C16 Manufacture of wood and of products of wood and cork, except furniture; Manufacture of articles of straw and plaiting materials
- C17 Manufacture of paper and paper products
- C18 Printing and reproduction of recorded media

Annex 7. SME performance indicators by SME size class and EU Member States in 2024 and 2025

Map 11. Share of SME employment (left side) and share of SME value added (right side) in the NFBS of Member States in 2024.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Table 23: Share in total employment and real value added in the EU NFBS of micro, small, and medium-sized SMEs and large enterprises by Member State – 2024.

Country	Employment				Real Value Added			
	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large
AT	24.6%	22.1%	17.9%	35.3%	16.5%	19.5%	21.3%	42.7%
BE	33.2%	16.5%	14.8%	35.6%	23.5%	16.3%	18.1%	42.1%
BG	31.0%	23.6%	20.8%	24.6%	21.8%	22.1%	21.7%	34.5%
CY	37.4%	25.3%	19.1%	18.2%	25.7%	29.0%	24.1%	21.2%
CZ	32.7%	17.5%	18.4%	31.4%	19.2%	15.4%	19.9%	45.4%
DE	20.3%	21.5%	16.6%	41.6%	16.5%	16.8%	16.2%	50.6%
DK	18.2%	23.2%	21.7%	37.0%	13.7%	15.3%	19.0%	52.0%
EE	38.8%	22.3%	20.1%	18.8%	32.2%	23.7%	25.2%	18.9%
EL	46.8%	24.0%	13.8%	15.3%	24.8%	19.2%	18.9%	37.2%
ES	34.6%	19.1%	13.3%	32.9%	28.8%	16.4%	15.7%	39.1%
EU	30.1%	19.5%	15.5%	34.9%	20.1%	16.6%	16.9%	46.4%
FI	22.6%	22.0%	20.1%	35.3%	18.6%	19.1%	19.9%	42.3%
FR	26.7%	15.8%	11.9%	45.6%	15.9%	14.0%	12.2%	58.0%
HR	31.7%	21.0%	17.2%	30.0%	22.1%	21.3%	19.0%	37.6%
HU	36.1%	19.0%	15.0%	29.9%	20.7%	18.5%	17.6%	43.2%
IE	25.8%	21.8%	20.1%	32.3%	19.4%	9.6%	9.6%	61.4%
IT	39.9%	21.2%	13.9%	25.0%	26.1%	20.8%	18.1%	35.0%
LT	31.9%	20.0%	20.0%	28.2%	17.7%	20.0%	25.0%	37.4%
LU	16.4%	24.3%	25.5%	33.8%	20.3%	17.5%	26.2%	36.0%
LV	30.5%	22.7%	23.2%	23.6%	23.7%	23.6%	24.4%	28.3%
MT	32.7%	22.5%	20.9%	23.9%	31.2%	25.2%	16.4%	27.2%
NL	29.4%	18.7%	18.0%	34.0%	21.8%	16.0%	25.0%	37.3%
PL	35.0%	16.1%	14.4%	34.5%	22.2%	14.3%	16.0%	47.5%
PT	39.7%	20.0%	16.5%	23.7%	24.5%	21.4%	22.0%	32.1%
RO	32.1%	19.6%	16.9%	31.4%	26.3%	19.0%	15.4%	39.5%
SE	23.4%	17.6%	16.3%	42.7%	16.7%	15.7%	18.9%	48.6%
SI	34.7%	20.3%	19.3%	25.7%	24.5%	21.0%	21.3%	33.2%
SK	45.8%	14.1%	14.6%	25.5%	22.4%	14.1%	17.2%	46.4%

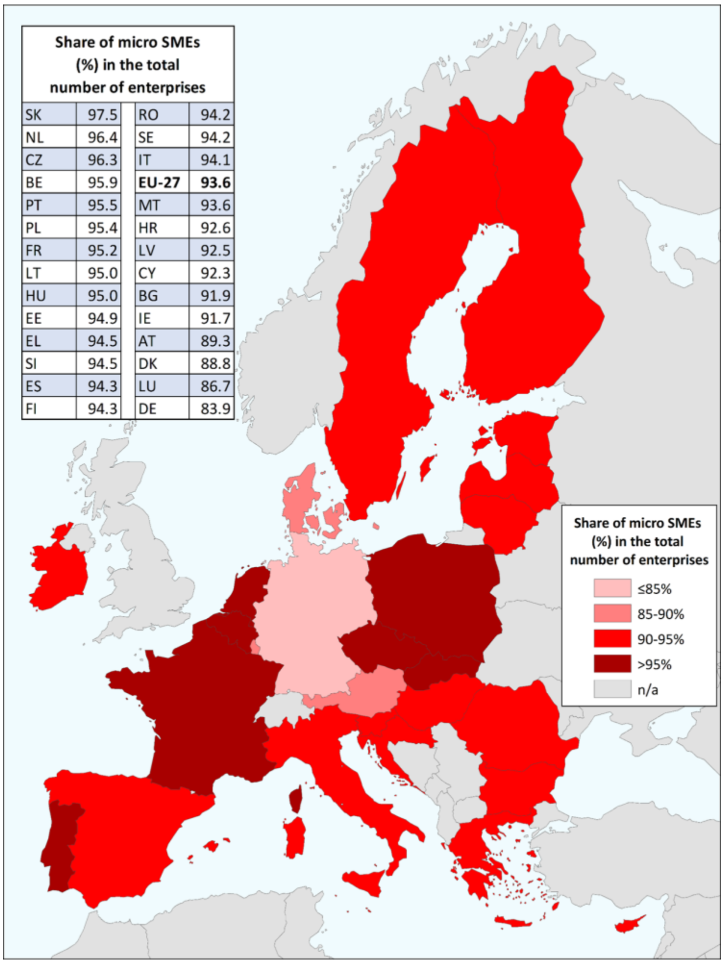
Source: Calculations by the JRC, based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Table 24: Projected share in total employment and real value added in the EU NFBS of micro, small, and medium-sized SMEs and large enterprises by Member State – 2025.

Country	Employment				Real Value Added			
	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large
AT	24.7%	22.1%	17.9%	35.3%	16.6%	19.4%	21.3%	42.8%
BE	33.5%	16.5%	14.8%	35.3%	23.9%	16.4%	18.1%	41.6%
BG	31.2%	23.5%	20.8%	24.4%	21.9%	22.1%	21.7%	34.3%
CY	37.7%	25.3%	18.9%	18.1%	25.9%	29.1%	23.8%	21.2%
CZ	32.9%	17.4%	18.3%	31.4%	19.4%	15.4%	19.8%	45.5%
DE	20.4%	21.5%	16.5%	41.6%	16.6%	16.8%	16.2%	50.4%
DK	17.9%	23.2%	21.6%	37.2%	13.6%	15.3%	18.9%	52.2%
EE	39.3%	22.1%	19.9%	18.7%	32.7%	23.5%	24.9%	18.8%
EL	49.9%	23.0%	13.0%	14.1%	27.4%	18.6%	18.3%	35.7%
ES	34.5%	19.1%	13.3%	33.0%	28.7%	16.4%	15.7%	39.3%
EU	30.4%	19.5%	15.4%	34.7%	20.2%	16.6%	16.8%	46.3%
FI	22.6%	21.9%	20.0%	35.6%	18.6%	19.0%	19.8%	42.6%
FR	27.0%	15.8%	11.8%	45.5%	16.1%	14.0%	12.1%	57.9%
HR	31.8%	20.9%	16.9%	30.4%	22.2%	21.1%	18.6%	38.1%
HU	36.1%	18.9%	14.8%	30.2%	20.7%	18.4%	17.4%	43.6%
IE	25.3%	22.2%	20.1%	32.4%	19.2%	9.8%	9.6%	61.5%
IT	39.8%	21.1%	13.9%	25.1%	26.2%	20.8%	18.0%	35.1%
LT	32.4%	19.9%	19.7%	27.9%	18.1%	20.0%	24.8%	37.2%
LU	16.6%	24.2%	25.4%	33.7%	20.5%	17.4%	26.2%	35.9%
LV	30.6%	22.6%	23.2%	23.6%	23.8%	23.5%	24.4%	28.3%
MT	32.5%	22.4%	20.4%	24.7%	30.9%	25.5%	15.9%	27.7%
NL	29.4%	18.6%	18.0%	33.9%	21.8%	16.0%	25.0%	37.2%
PL	35.4%	16.0%	14.3%	34.4%	22.4%	14.2%	15.9%	47.5%
PT	40.2%	19.7%	16.4%	23.6%	24.9%	21.1%	22.0%	32.0%
RO	32.6%	19.7%	16.7%	31.0%	26.8%	19.1%	15.3%	39.0%
SE	23.5%	17.6%	16.3%	42.6%	16.8%	15.7%	19.0%	48.5%
SI	34.5%	20.6%	19.6%	25.3%	24.4%	21.3%	21.6%	32.7%
SK	46.9%	14.0%	14.4%	24.8%	23.2%	14.1%	17.1%	45.6%

Source: *Calculations by the JRC based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.*

Map 12. Share of micro SMEs in the total number of Enterprises in the NFBS of Member States in 2024.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Table 25: Growth rates of SME number of enterprises, employment and real value added per size class in the EU and all member States in 2024.

Country	Number of Enterprises				Employment				Real Value Added			
	Micro	Small	Medium -sized	Large	Micro	Small	Medium -sized	Large	Micro	Small	Medium -sized	Large
AT	-0.4%	-1.4%	-1.7%	-2.2%	0.0%	-0.7%	-1.0%	-1.4%	-2.9%	-4.0%	-5.2%	-9.1%
BE	0.3%	-0.3%	-0.7%	-1.9%	0.5%	0.2%	-0.1%	-0.8%	-1.3%	-1.8%	2.5%	-3.6%
BG	2.5%	1.8%	1.1%	-1.3%	2.6%	2.2%	2.0%	0.0%	4.6%	8.7%	3.9%	2.4%
CY	2.1%	0.8%	0.6%	0.9%	2.9%	1.6%	1.4%	1.5%	3.0%	1.9%	3.3%	2.1%
CZ	0.4%	-0.4%	-1.6%	-1.9%	0.9%	0.0%	-0.8%	-0.7%	-3.8%	-6.3%	-4.4%	-3.1%
DE	0.1%	0.1%	-0.2%	-0.7%	0.0%	0.1%	-0.2%	-0.6%	-1.1%	-1.7%	-2.4%	-2.6%
DK	0.9%	1.6%	1.8%	3.7%	-0.2%	0.6%	0.6%	1.8%	-1.8%	-0.2%	2.2%	0.6%
EE	2.8%	-0.1%	-1.6%	0.7%	3.7%	0.7%	-0.9%	2.4%	-3.8%	-7.1%	-5.7%	-6.6%
EL	3.9%	-1.5%	-2.0%	-3.4%	6.5%	-1.6%	-0.5%	0.2%	6.8%	-4.1%	-2.1%	2.7%
ES	2.2%	3.0%	2.9%	3.5%	2.2%	2.8%	2.6%	3.3%	14.8%	-4.0%	-1.0%	-2.4%
EU	1.2%	0.7%	0.0%	0.0%	1.6%	0.9%	0.4%	0.5%	1.9%	-1.3%	-1.4%	-1.8%
FI	-3.7%	-4.7%	-4.7%	-6.6%	-1.4%	-2.8%	-2.7%	-4.8%	-1.3%	-1.7%	-2.0%	-2.6%
FR	0.2%	-1.2%	-2.1%	-1.2%	1.2%	-0.1%	-1.0%	0.1%	-2.4%	0.5%	-0.8%	1.1%
HR	8.6%	6.1%	4.4%	12.8%	7.3%	5.3%	3.6%	13.0%	2.0%	0.8%	0.2%	-1.0%
HU	0.4%	-0.2%	-0.9%	0.0%	0.3%	-0.2%	-0.9%	0.3%	-2.0%	-2.6%	-5.0%	-5.1%
IE	4.0%	5.5%	3.1%	3.0%	1.8%	4.4%	2.3%	2.2%	-0.5%	-2.0%	-6.6%	-4.8%
IT	2.4%	3.1%	2.3%	2.7%	2.0%	2.6%	1.9%	2.4%	0.3%	-1.4%	-1.6%	-0.9%
LT	-2.6%	-1.7%	-2.6%	-2.2%	-0.6%	0.5%	0.2%	0.4%	2.7%	-0.6%	-1.9%	-0.7%
LU	0.3%	-0.6%	-1.0%	0.0%	0.7%	-0.3%	-0.6%	0.5%	-2.1%	-4.2%	-4.1%	-3.4%
LV	-1.4%	-1.6%	-1.2%	-2.8%	-1.3%	-1.6%	-1.0%	-2.2%	-0.4%	-2.1%	-8.2%	-10.2%
MT	6.8%	6.6%	3.5%	5.2%	6.8%	6.6%	3.6%	5.7%	10.4%	11.7%	1.2%	1.2%
NL	1.1%	0.4%	0.2%	-0.7%	1.2%	0.7%	0.7%	-0.4%	0.6%	-0.5%	0.2%	-1.3%
PL	0.3%	-1.0%	-1.8%	-0.5%	0.5%	0.0%	-0.4%	0.9%	16.7%	1.8%	0.6%	-1.2%
PT	1.9%	-0.4%	-0.1%	-0.1%	2.7%	0.5%	0.9%	0.9%	1.3%	1.3%	2.0%	5.1%
RO	6.6%	2.0%	-0.8%	-0.5%	9.0%	5.0%	2.4%	3.1%	8.0%	-0.5%	-5.3%	-5.7%
SE	-1.2%	1.2%	1.6%	1.5%	-3.0%	-0.6%	-0.1%	-0.4%	1.3%	1.2%	0.8%	1.3%
SI	0.3%	1.4%	1.0%	-2.4%	-0.1%	1.6%	1.1%	-1.9%	-0.9%	1.7%	-6.6%	2.9%
SK	0.0%	-3.2%	-5.6%	-7.0%	1.7%	-1.0%	-2.0%	-2.9%	4.2%	-1.7%	-1.3%	-1.4%

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

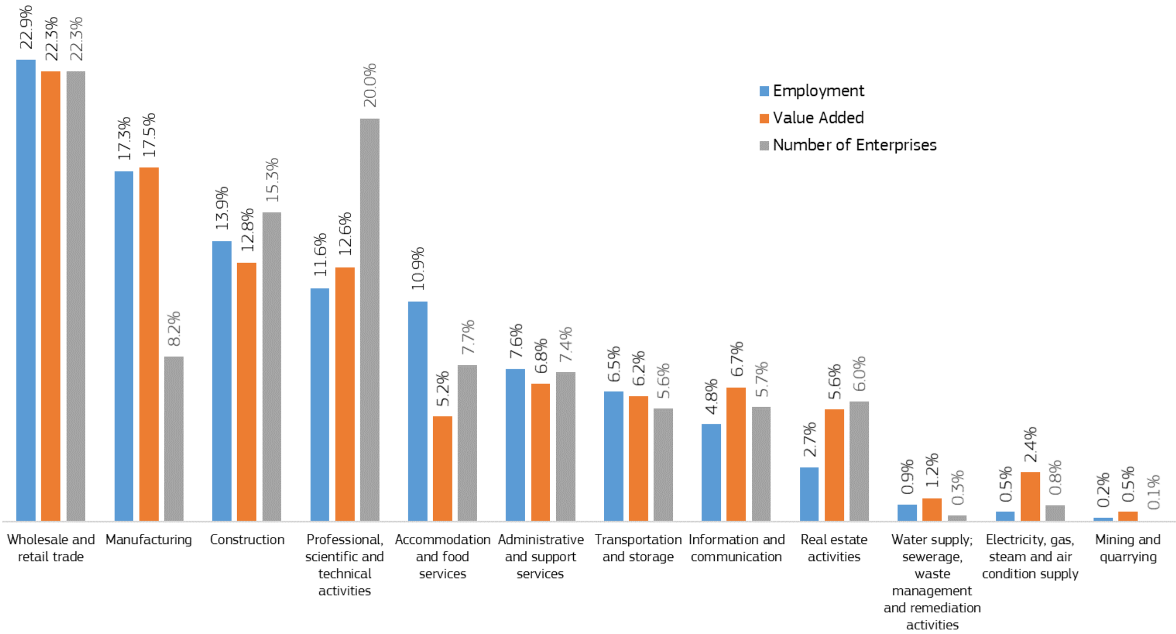
Table 26: Expected growth rates of SME number of enterprises, employment and real value added per size class in the EU and all member States in 2025.

Country	Number of Enterprises				Employment				Real Value Added			
	Micro	Small	Medium -sized	Large	Micro	Small	Medium -sized	Large	Micro	Small	Medium -sized	Large
AT	1.0%	0.4%	0.3%	0.5%	0.8%	0.4%	0.4%	0.6%	1.3%	0.8%	0.8%	1.0%
BE	1.1%	-0.2%	-0.5%	-1.7%	1.1%	0.3%	0.2%	-0.3%	2.7%	1.5%	1.5%	-0.1%
BG	1.6%	0.3%	0.1%	-0.9%	1.7%	0.9%	1.1%	0.3%	4.0%	3.2%	3.6%	2.6%
CY	3.0%	1.8%	1.3%	1.8%	3.7%	2.5%	1.8%	2.3%	6.4%	6.0%	4.4%	5.3%
CZ	1.0%	-0.2%	-0.7%	0.0%	1.2%	0.1%	-0.2%	0.5%	2.9%	1.6%	1.1%	2.0%
DE	0.1%	-0.1%	-0.4%	-0.4%	0.0%	-0.2%	-0.5%	-0.5%	0.9%	0.5%	0.2%	0.0%
DK	2.0%	2.9%	2.6%	3.9%	0.1%	1.4%	1.2%	2.0%	2.8%	3.4%	3.0%	3.7%
EE	1.8%	-0.8%	-1.1%	-0.6%	2.0%	-0.2%	-0.4%	0.2%	3.2%	0.9%	0.6%	0.8%
EL	3.6%	-6.2%	-8.4%	-10.7%	10.3%	-0.9%	-2.6%	-5.1%	15.6%	1.4%	1.5%	0.7%
ES	1.7%	2.0%	2.0%	2.4%	1.6%	1.9%	1.8%	2.2%	1.8%	2.2%	2.1%	2.5%
EU	1.2%	0.2%	-0.2%	0.0%	1.5%	0.5%	0.2%	0.4%	2.2%	1.3%	1.2%	1.2%
FI	0.9%	0.6%	0.5%	1.8%	0.0%	0.0%	-0.2%	1.2%	0.9%	0.7%	0.5%	1.8%
FR	0.2%	-1.2%	-1.9%	-1.4%	1.0%	-0.2%	-0.9%	-0.2%	1.4%	0.3%	-0.5%	0.2%
HR	3.7%	2.3%	0.9%	4.4%	3.5%	2.5%	1.1%	4.4%	4.5%	3.5%	2.1%	5.4%
HU	1.1%	0.3%	-0.3%	2.1%	0.8%	0.1%	-0.7%	1.7%	0.0%	-0.7%	-1.0%	1.1%
IE	3.1%	7.2%	4.7%	5.1%	1.2%	5.4%	3.3%	3.7%	4.8%	8.1%	6.2%	6.1%
IT	0.8%	0.6%	0.7%	1.1%	0.6%	0.4%	0.6%	1.1%	0.6%	0.2%	0.5%	0.8%
LT	2.1%	-1.0%	-2.3%	-2.3%	3.6%	1.2%	0.5%	0.9%	6.5%	4.5%	4.0%	3.8%
LU	1.5%	-0.1%	0.1%	0.0%	1.9%	0.3%	0.4%	0.6%	2.7%	1.1%	1.6%	1.4%
LV	0.6%	-0.5%	0.1%	0.5%	0.6%	-0.2%	0.5%	0.3%	1.8%	1.1%	1.7%	1.6%
MT	5.8%	5.4%	3.4%	4.9%	5.4%	5.6%	3.5%	9.5%	7.3%	9.1%	4.4%	10.3%
NL	1.0%	0.6%	0.6%	0.3%	1.0%	0.7%	0.8%	0.7%	2.2%	1.7%	2.1%	1.8%
PL	2.0%	-0.3%	-1.2%	-0.2%	2.3%	0.7%	0.2%	1.2%	4.9%	3.4%	2.9%	3.7%
PT	3.0%	0.1%	0.9%	0.8%	3.7%	1.0%	2.0%	2.0%	5.2%	2.3%	3.4%	3.5%
RO	1.9%	0.1%	-1.8%	-2.3%	2.9%	1.7%	0.1%	-0.1%	5.0%	3.7%	2.5%	1.6%
SE	1.0%	0.8%	1.4%	1.6%	0.9%	0.4%	0.6%	0.4%	2.2%	1.6%	1.9%	1.4%
SI	1.3%	2.9%	2.8%	-0.8%	0.2%	2.3%	2.3%	-0.9%	2.0%	4.2%	4.1%	0.9%
SK	0.6%	-2.8%	-5.2%	-6.8%	2.3%	-0.8%	-1.9%	-2.8%	4.1%	0.2%	-0.4%	-1.5%

Source: Calculations by the JRC based on the European Commission's Autumn 2024 Economic Forecast, Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Annex 8. SME performance indicators by 1 digit NACE sections over the period 2024 – 2025

Figure 46. Distribution of SME employment, SME value added and SME number of enterprises across EU NFBS industries in 2024.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Table 27: Proportion of total value added, employment and number of enterprises accounted for by SMEs in various EU NFBS industries in 2024.

	Value Added				Employment				Number of Enterprises			
	Micro SMEs	Small SMEs	Medium -sized SMEs	All SMEs	Micro SMEs	Small SMEs	Medium -sized SMEs	All SMEs	Micro SMEs	Small SMEs	Medium -sized SMEs	All SMEs
Mining and quarrying	5.9%	10.7%	25.0%	41.6%	8.4%	17.0%	17.5%	42.8%	77.9%	17.6%	3.7%	99.2%
Manufacturing	5.2%	11.1%	17.4%	33.7%	12.8%	17.5%	21.4%	51.7%	84.6%	11.8%	2.8%	99.3%
Electricity, gas, steam and air condition supply	22.6%	7.8%	9.4%	39.8%	15.0%	5.4%	9.7%	30.2%	97.1%	1.9%	0.7%	99.7%
Water supply; sewerage, waste management and remediation activities	8.9%	15.9%	20.3%	45.1%	8.6%	15.1%	23.4%	47.1%	81.0%	13.6%	4.3%	98.9%
Construction	35.9%	28.6%	15.6%	80.1%	47.2%	28.0%	12.4%	87.6%	94.0%	5.5%	0.5%	99.9%
Wholesale and retail trade; repair of motor vehicles and motorcycle	23.2%	21.6%	18.4%	63.2%	34.7%	19.9%	13.4%	68.0%	93.7%	5.4%	0.7%	99.9%
Transportation and storage	13.0%	14.7%	16.6%	44.3%	21.2%	17.7%	15.2%	54.2%	92.2%	6.5%	1.1%	99.8%
Accommodation and food services	34.1%	30.3%	16.6%	81.0%	40.3%	31.5%	13.5%	85.3%	89.1%	9.9%	0.8%	99.9%
Information and communication	13.7%	11.8%	17.0%	42.6%	24.2%	15.2%	17.3%	56.7%	95.0%	3.9%	0.9%	99.8%
Real estate activities	54.0%	14.9%	15.3%	84.2%	63.8%	15.0%	10.1%	88.9%	98.3%	1.5%	0.2%	100.0%
Professional, scientific and technical activities	39.2%	19.7%	14.9%	73.8%	52.3%	17.7%	11.3%	81.3%	97.3%	2.4%	0.3%	99.9%
Administrative and support services	19.3%	13.4%	17.8%	50.5%	18.9%	13.2%	16.1%	48.2%	93.8%	4.7%	1.1%	99.7%
All industries	20.1%	16.6%	16.9%	53.6%	30.1%	19.5%	15.5%	65.1%	93.6%	5.4%	0.8%	99.8%

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Annex 9. SME performance in number of enterprises, employment and value added per non-EU countries over the period 2022 – 2024

As in the EU, in 2022[82], SMEs accounted for 99.6% or more of the total number of enterprises in the NFBS in the Single Market Programme (SMP) participating countries of Albania (AL), Armenia (AM), Bosnia and Herzegovina (BA), Iceland (IS), Montenegro (ME), North Macedonia (MK), Norway (NO), Serbia (RS), Türkiye (TR) and Ukraine (UA), and the United Kingdom (UK) (Table 28). There are only two exceptional countries, Switzerland (CH) and Moldova (MD), in which SMEs represent the 99.2% of the total number of enterprises.

Table 28: Proportion (%) of the number of NFBS enterprises, employment and value added accounted for by SMEs in the EU, the SMP countries, and the UK in 2022.

Country	Number of Enterprises	Employment	Value Added (nominal)
AL	99.8%	81.7%	76.9%
AM	99.9%	69.5%	66.2%
BA	99.6%	68.7%	64.0%
CH	99.2%	64.2%	55.5%
IS	99.8%	77.1%	70.4%
MD	99.2%	65.6%	70.6%
ME	99.9%	76.3%	72.1%
MK	99.8%	73.8%	68.7%
NO	99.8%	67.5%	30.6%
RS	99.7%	65.4%	55.0%
TR	99.8%	73.1%	49.9%
UA	99.9%	80.9%	53.6%
UK	99.8%	59.3%	52.1%
EU	99.8%	64.9%	53.0%

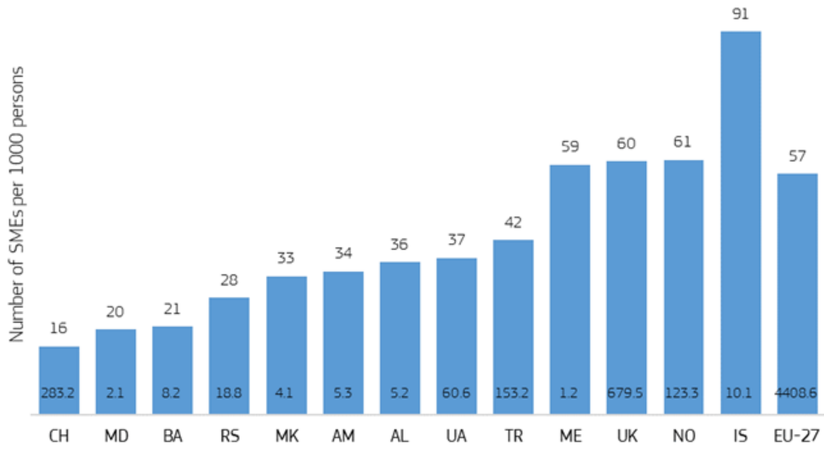
Note: Value added for ME and UA refer to 2021, value added for MD to 2017, employment for ME to 2018 and employment for AM to 2021.

Source: EU data is from calculations by JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations.

Compared with the EU, the prevalence of SMEs in the NFBS in 2022, on a per capita basis, was lower in all but three of the SMP countries and in the United Kingdom. Whereas, in 2022, there were 57 SMEs per 1,000 habitants in the EU NFBS, the corresponding figures ranged from 16 (Switzerland) to 42 (Türkiye) among the SMP countries, with the exception of Montenegro, Norway, Iceland and the United Kingdom (Figure 47).

[82] 2022 is the most recent year for which data on the performance of SMEs are available for the majority of the SMP countries.

Figure 47. Number of SMEs in the NFBS on per capita basis in the EU, SMP countries, and the UK, and value added generated by SMEs in EUR billion in 2022.



Note: The value added generated by SMEs in the NFBS is shown at the bottom of the bars. Source: EU--Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations. Population data was taken from Eurostat for all countries except UK, which was taken from the World Bank.

Over 90% of all SMEs in the NFBS of the EU, SMP countries (except Switzerland, Bosnia and Herzegovina, and Moldova) and in the United Kingdom, were micro firms in 2022 (Table 29). Switzerland constitutes a very particular case, as both small and medium-sized proportions are three times bigger than in the most notable cases of Bosnia and Herzegovina and Moldova. Furthermore, in these three countries, both small and medium-sized companies made up a larger proportion of the total number of NFBS SMEs in 2022 than in any of the other countries for which data are shown in Table 24.

Concerning employment, in the vast majority of countries, micro enterprises employed more workers than either small or medium-sized firms. There are two exceptions, Norway and Switzerland, where micro SMEs accounted for 25.0% and 33.3% of the total SME employment respectively, while small companies accumulated the highest rate, 40.4% for Switzerland and 37.5% for Norway. In particular, micro enterprises accounted for the majority of SME employment in the NFBS in Ukraine (80.2%), the United Kingdom (51.9%) and Türkiye (51.1%). In the same year, medium-sized companies accounted for over 30% in the NFBS in Bosnia and Herzegovina (32.8%) and Switzerland (40.4%). More generally, the proportion of NFBS SME employment accounted by medium-sized firms was lower in the EU (24.2%) than in all the other countries covered, except the United Kingdom, Ukraine and Türkiye (21.8%, 10.2% and 22.4% respectively).

Finally, in contrast to the EU, in which micro businesses generated the largest share of value added in the NFBS in 2022, this was not case for seven of the SMP countries (Albania, Bosnia and Herzegovina, Switzerland, Moldova, North Macedonia, Serbia and Türkiye) listed in Table 29.

Table 29: Share of the total number of SMEs accounted for by micro, small and medium-sized SMEs in the NFBS of the EU, the SMP countries and the UK in 2022.

	Number of Enterprises			**Employment**			**Value Added**		
Country	**Micro SMEs**	**Small SMEs**	**Medium-sized SMEs**	**Micro SMEs**	**Small SMEs**	**Medium-sized SMEs**	**Micro SMEs**	**Small SMEs**	**Medium-sized SMEs**
AL	93.4%	5.4%	1.2%	44.9%	26.1%	29.0%	32.3%	34.3%	33.3%
AM	95.0%	4.2%	0.7%	40.2%	31.1%	28.7%	43.6%	27.0%	29.5%
BA	89.9%	8.3%	1.8%	36.0%	31.2%	32.8%	29.7%	33.7%	36.6%
CH	67.2%	28.2%	4.7%	25.0%	40.4%	34.7%	18.6%	35.1%	46.3%
IS	94.1%	5.1%	0.8%	38.7%	33.7%	27.6%	34.2%	34.0%	31.8%
MD	89.3%	9.1%	1.7%	37.7%	35.3%	27.0%	27.6%	34.7%	37.7%
ME	95.6%	3.7%	0.7%	41.1%	31.7%	27.2%	62.9%		37.1%
MK	91.2%	7.5%	1.3%	42.5%	30.6%	26.8%	33.2%	35.2%	31.6%
NO	92.1%	6.8%	1.0%	33.3%	37.5%	29.2%	37.8%	30.5%	31.7%
RS	90.3%	8.1%	1.6%	43.4%	28.1%	28.6%	25.3%	32.9%	41.8%
TR	94.3%	4.9%	0.8%	51.1%	26.5%	22.4%	25.0%	32.0%	43.0%
UA	96.7%	2.7%	0.5%	80.2%	10.2%	9.5%	44.8%	26.3%	28.9%
UK	94.9%	4.4%	0.7%	51.9%	26.3%	21.8%	43.0%	27.6%	29.5%
EU	93.8%	5.4%	0.8%	45.7%	30.1%	24.2%	36.0%	31.8%	32.2%

Note: Value added for ME and UA refer to 2021, value added for MD to 2017, employment for ME to 2018 and employment for AM to 2021.

Source: EU data is from calculations by JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations.

Table 30 provides information on the recent performance of SMEs in Albania, Armenia, Bosnia and Herzegovina, Switzerland, Iceland, Moldova, North Macedonia, Norway, Serbia, Türkiye and the United Kingdom. Only North Macedonia experienced a decrease in employment in 2023, while three declined in 2024, namely Switzerland, Norway, and the United Kingdom. On the other hand, Iceland and Serbia witnessed an increase for both years. There are no available employment data for Albania, Armenia, Montenegro, Türkiye, and Ukraine.

Regarding real value added, the availability of data is again quite limited. Albania witnessed significant growth in both years, 2023 and 2024, while Bosnia and Herzegovina and Switzerland showed a stable but less emphatic increase. Norway's notable growth during 2023 was followed by a relatively mild decrease the following year and Türkiye experienced a remarkable decline in 2024, mainly driven by the national inflation pressure. The only country that fell in real value added terms for both 2023 and 2024 is the United Kingdom, nevertheless, the noteworthy drop of 2023 was followed by a negligible decrease, entailing a stabilising pattern.

Finally, number of enterprises grew during 2023 in all countries with available data (all of them except Albania, Montenegro, Türkiye and Ukraine). In 2024, Iceland, North Macedonia and Serbia maintained the positive growth rates while Switzerland and Norway witnessed a marginal drop. The sole country that experienced a more significant fall in 2024 comparing to the growth of the previous year is the United Kingdom (-1.9% and 0.9% respectively).

Table 30: Growth rates of SME number of enterprises, SME employment and SME real value added in the EU and selected non-EU countries in 2023 and 2024.

	Number of Enterprises		Employment		Real Value Added	
Country	2023	2024	2023	2024	2023	2024
AL	-	-	-	-	16.8%	16.4%
AM	7.9%	-	-	-	-	-
BA	3.1%	-	2.2%	-	4.3%	2.6%
CH	1.9%	-0.2%	2.4%	-0.5%	0.4%	2.3%
IS	2.6%	4.1%	2.1%	2.2%	-	-
MD	1.6%	-	1.1%	-	-	-
ME	-	-	-	-	-	-
MK	1.0%	2.6%	-1.1%	2.1%	-0.3%	1.7%
NO	2.4%	-0.2%	0.2%	-0.3%	15.1%	-2.3%
RS	2.4%	2.5%	1.5%	2.4%	-5.4%	1.0%
TR	-	-	-	-	2.0%	-32.2%
UA	-	-	-	-	-	-
UK	0.9%	-1.9%	2.0%	-1.4%	-9.6%	-0.6%
EU	1.1%	1.2%	1.7%	1.1%	0.8%	-0.2%

Note: Data for many of the SMP countries was not available, particularly regarding 2024.

Source: EU data is from calculations by JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations.

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