



This fact sheet is designed as an input for assessing the business and policy environment for SMEs in a given Member State, but it cannot however be considered as a comprehensive assessment of policies in MS on its own. Please refer to the methodological note before reading this fact sheet.

1. SMEs in Germany – a brief fact check:

There are approximately 20 SMEs per 1000 inhabitants in Germany, which is only about half of the EU average.¹ Since this is mainly due to an overall smaller relative number of businesses, the proportion of SMEs as compared to all enterprises is only slightly below the EU average. But within this size-class there are differences suggesting that the German micro enterprise sector is of less importance than the analogous EU average share. However, the German shares of small and medium-sized enterprises are higher than the corresponding EU shares. In terms of SME employment, German SMEs account for a smaller share of total SME employment than the EU average, although they are leading the EU-average in the categories “small” and “medium”. A similar picture emerges in terms of the value-added contribution to the economy.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	1.373.537	82,5%	91,8%	3.900.504	18,9%	29,6%	164.766	15,9%	21,1%
Small	244.016	14,7%	6,9%	4.565.380	22,1%	20,6%	189.009	18,2%	19,0%
Medium	39.641	2,4%	1,1%	3.971.022	19,2%	16,8%	199.453	19,2%	17,8%
SMEs	1.657.194	99,5%	99,8%	12.436.906	60,1%	67,1%	553.228	53,2%	57,9%
Large	8.135	0,5%	0,2%	8.235.305	39,8%	32,9%	486.118	46,8%	42,1%

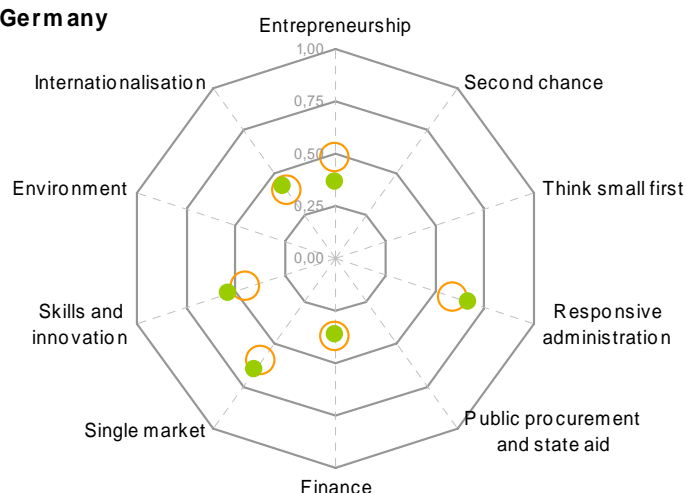
Source: Eurostat SBS data base, 2004 and 2005 data.

2. Germany’s SBA profile²

The SBA policy radar for Germany indicates a performance practically in line with the EU average: Germany is slightly above par in two of the six SBA sections with sufficient data for averages to be calculated (Responsive administration and Skills and innovation). In three areas (Finance, Single market and Internationalisation), Germany is almost exactly in line with the average. In one other area (Entrepreneurship) data available positions Germany somewhat behind its EU peers. In the four sections where no category-average could be calculated the existing indicators show mixed results.

○ EU average

● Germany



Source: European Commission, DG Enterprise

¹ It should be noted that national data (Umsatzsteuer-statistik) are not comparable with the EU-wide harmonised Eurostat-statistics. For the reference year 2005, for instance, the Umsatzsteuerstatistik counted 3,46 million SMEs - representing around 42 SMEs per 1000 inhabitants- with an average number of persons employed of 38,7 million of which 26,2 million were covered by social security schemes. The difference is largely, explained by the more comprehensive SME-definition of the national data as compared to the EU-level data.

² It should be noted that the different dimensions of the radar correspond to the set of 10 principles foreseen in the European Commission’s Small Business Act.



I. Entrepreneurship: The results for Germany in this category are, overall, lagging somewhat behind the EU average. However, among the indicators there are some considerable differences and the overall result is primarily due to two specific indicators: the desire to become self-employed (only 19% in Germany as compared to 30% on average) and the participation rate in entrepreneurship education (only 25% as compared to the EU average of ca 34%). The remaining five indicators for this section are more or less at par, suggesting that the entrepreneurial climate in Germany might not be too different from the rest of the EU.

II. Second chance: For the single available indicator for this section – degree of support for allowing a second chance, Germans seem to be slightly more supportive than the average EU citizen, with 84% in comparison with 80% on the European level.

III. Think small first: The two available indicators for this section – the degree of support among SMEs for current regulations and the time it takes to comply with administrative obligations - show inconclusive results, with the first being far below the EU average of 29% (only 15% in Germany, which is actually the lowest of all EU Member States) and the second posing somewhat less of a problem in Germany than elsewhere (7% as opposed to 8% of total working time).

IV. Responsive administration: For this category Germany performs better than the EU average. In terms of the specific indicators, data suggest a comparatively low cost to close a business (8% of the estate as compared to almost 11% as the EU average). Enforcing contracts is also cheaper in Germany, with costs amounting to ca 12% of the claim as compared to the EU average of almost 20%. The costs for registering property in Germany are in reach of the EU-average (for Germany they are ca 5% of the property value, while the EU average is slightly above 4%).

V. Public procurement and State aid: There are two indicators available for this section. Regarding the one used for public procurement (share in terms of value) the share of SMEs in public procurement contracts is relatively lower in Germany compared with the average of the Member States reviewed (37% vs 42% average). However, the data on hand only comprise contracts above the EU thresholds, whereas in Germany, due to the federal structure and the

system of decentralised procurement, the majority of public contracts are below the EU thresholds, these smaller contracts being typically more attractive to SMEs. The proportion of state aid devoted exclusively to SMEs is well below the EU average (3% as compared with 11%), though SMEs do also profit from schemes which are also open for large enterprises.. In general, it should be noted that the few EU-wide harmonised indicators available for this section may not provide a comprehensive overview of the status quo as regards public procurement and state aid in Germany.

VI. Finance: Germany's results for this section are at par with the EU average. However, on the level of individual indicators there are a few that stand out. Germany actually outperforms the EU average, (and all other EU Member States individually) in terms of having the “deepest”, i.e. most comprehensive credit information. The strength of the legal rights in Germany is also rather strong. On the other hand, data available places Germany behind other countries in terms of the extent of guarantees for SMEs (0,05% of GDP in Germany as compared to 0,18% on average). The average delay in payments is also higher (70% of the average number of contract days as opposed to 50% for the EU average).

VII. Single market: The four available indicators for this section taken together hint at a slightly above average performance of Germany. However, all three indicators related to the implementation and transposition of EU directives linked to the Single Market are above the EU average. On the other hand, the share of German intra-EU exporting SMEs is slightly smaller than the EU average (1,8% of all SMEs against an average of 2,9 %).

VIII: Skills and innovation: In this section Germany performs above the EU-level. This result seems to hold true in particular for the second policy area covered in this segment (innovation). For example, 52% of all German SMEs with 10-250 employees reported having purchased on-line over the last year, whereas the EU average is merely 28%. German companies also receive orders via the Internet more frequently than their European peers. Slightly more than half of all German SMEs also claim that they have introduced organisational innovation, against an EU average of 34%. In terms of continuous vocational training and learning activities, the



German results seem to be in line with the EU average.

IX: Environment: Three indicators are available for Germany for this section. It seems that the share of SMEs having comprehensive systems for energy savings, and the share of SMEs applying simple measures to save energy - hint at a performance on a par with the average (4% and 24% respectively, as compared to the EU average of 4% and 29% respectively). However, data suggest that German companies spend more resources on environmental protection than the EU average (ca €2.360 compared to ca €900).

X: Internationalisation: German results are on a par with the EU average in this section. In particular Germany seems to have comparatively efficient procedures for exporting and importing. The number of days required to import and export is substantially below the average (7 days as compared to ca 13 days). In terms of the share of turnover originating from export, however, the figures for Germany are somewhat below the EU-average (3,5% compared to 4,6%). The same holds for the share of SMEs gaining income from subsidiaries and/or joint ventures abroad (1,8% compared to 4,8%).

Example for a good practice in SME policy

To illustrate the efforts of the Government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a good practice in SME policy - as singled out in the European Commission's Communication on "Think small first – A Small Business Act for Europe":

Title of the project: EXIST Business Start-Up Grants³

The EXIST programme line "Business Start-Up Grants" supports the preparation of innovative business start-up projects at universities and research institutions. The grant aims to help scientists, university graduates and students develop their business ideas into business plans and to advance their ideas for products and services. Around 550 Start-Up Grants have been approved since the start of the programme in 2004.

For further information: [http:// www.exist.de/exist-gruenderstipendium/index.php](http://www.exist.de/exist-gruenderstipendium/index.php)

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³ It should be noted that this example has been provided directly by the German Government and is not (yet) included in the DG ENTR "Good practice" database.