



DISCLAIMER: Please note that SME Fact Sheets are not standalone instruments, do not constitute a comprehensive assessment of Member States' policies and should be regarded as a supplement to, and not a substitute for, available national publications. **Please refer to the methodological note before reading this SME Fact Sheet.**

1. SMEs in Luxembourg – a brief fact check:

There are almost 47 SMEs per 1000 inhabitants in Luxembourg, exceeding the EU-27 average of ca 40. Accordingly - and not surprising for a country with a smaller economy- the importance of Luxembourg's SMEs to the overall economy is above the EU-average. This is most accentuated with value-added where they account for almost 70% to the country's overall value-added.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	18.903	87,6%	91,8%	37.137	20,6%	29,6%	2.745	26,6%	21,1%
Small	2.170	10,1%	6,9%	42.759	23,7%	20,6%	2.364	22,9%	19,0%
Medium	412	1,9%	1,1%	40.840	22,6%	16,8%	2.084	20,2%	17,8%
SMEs	21.485	99,6%	99,8%	120.736	66,8%	67,1%	7.193	69,7%	57,9%
Large	87	0,4%	0,2%	59.978	33,2%	32,9%	3.124	30,3%	42,1%

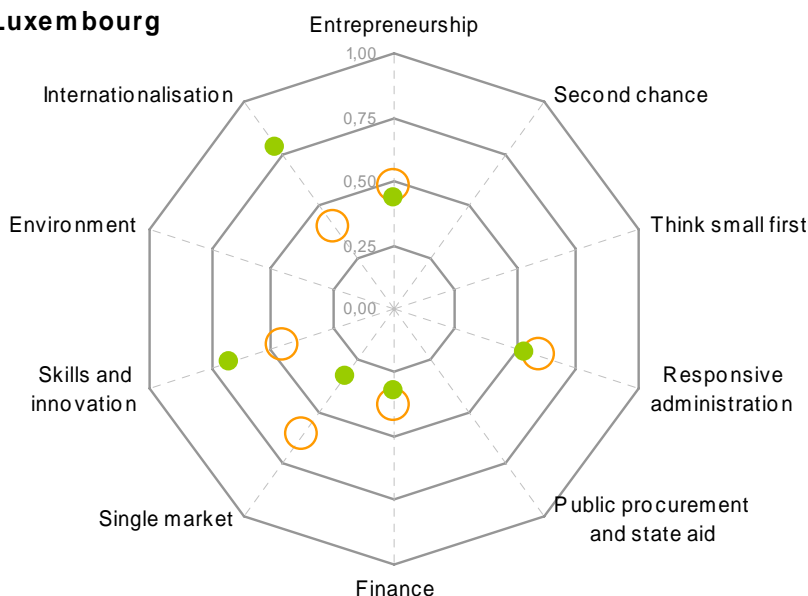
Source: Eurostat SBS data base, 2004 and 2005 data.

2. Luxembourg's SBA profile¹

Luxembourg's profile shows mixed results. It contains, side-by-side, dimensions where the country performance is in the top group of EU Member States and some where it trails the EU average by a significant margin. The available information indicates that Luxembourg excels in "Skills and Innovation" and "Internationalisation". "Responsive Administration", performs in line with the EU average, while the figures for "Entrepreneurship", "Finance" and "Single Market", suggest room for improvement. Also within each group the performance of the indicators is rather varied so each section merits a more detailed analysis. In this vein, it should be also noted that in the four sections where no category-average could be calculated the existing indicators consistently outperform the EU-average.

○ EU average

● Luxembourg



Source: European Commission, DG Enterprise

¹ 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 data available in this category place Luxembourg below the EU-average, as 4 out of 5 relevant indicators trail the EU average (by more or less the same margin). The only indicator with an above-average performance was the degree to which schooling had an impact on developing an entrepreneurial attitude. The picture is more positive as regards the indicators that were not taken into account into the section average. Two out of three were slightly better than the EU average, while the third – the share of high-growth enterprises was just below the EU-average by a very slim margin.

II. Second chance: On the one available indicator in this category – the degree of support for allowing a second chance –Luxembourg performs slightly above the EU average.

III. Think small first: The available indicators for this section point in different directions. The share of support for current regulations is substantially higher in Luxembourg than in the EU as a whole (47% to 29%). On the other hand, the indicator for the time it takes to comply with administrative obligations returns a value below the EU average.

IV. Responsive administration: The overall figures for this section see Luxembourg almost in line EU average. However, a more detailed analysis of the individual indicators reveals a set of rather mixed results. For instance, while Luxembourg has EU-wide the lowest costs for enforcing contrasts (8,8% versus 19,3%) the costs for registering property is one of the highest in the EU (10,2% of the property value as opposed to 4,4% EU average). Luxembourg fares well as regards some other administrative cost items such as social security, but figures are relatively less positive when it comes to certain administrative processes (time to start-up a business, hiring and releasing employees).

V. Public procurement and State aid: On both indicators in this section, the share of SMEs in public procurement contracts and the proportion of state aid devoted to SMEs, Luxembourg scores well above the EU-average. In fact, for state aid it ranks first within the EU.

VI. Finance: The overall score for Luxembourg in this category is lower than the EU average, (most individual indicators have values below EU-average). There are two outperforming indicators: venture capital for early stage entrepreneurial activity (where Luxembourg comes out on top in

the EU) and difference in interest rate levels on loans up to EUR 1 million and above. The indicators with values below the EU average include those measuring the share of support funds dedicated to SMEs purposes and the ones measuring the depth of credit information (ranking value of “0” for Luxembourg, as opposed to the EU average of 4,6, on a scale from 0 to 10).

VII. Single market: The information provided by the single market indicators for Luxembourg suggests that there is room for improvements, as compared to EU average results. However, there is a distinction to be made as the share of SMEs exporting within the EU among all SMEs is particularly high (8,6% to 2,8%), probably due to the country’s geographical setting, while the indicators measuring the administrative setting for creating the single market score below the EU average.

VIII: Skills and innovation: In this category, Luxembourg performs well above the EU average on both accounts, innovation as well as education and skills. For some indicators Luxembourg even ranks top among the EU Member States, for example the number of hours spent in Continuing Vocational Training (CVT) courses per employee (16 versus 9 hours per employee). With the indicators measuring the use of the internet by Luxembourg companies are either slightly above or even below the EU average.

IX: Environment: This category does not allow for a general assessment given that only two indicators are available. Both of them are well above the EU average; in particular when it comes to the share of SMEs having comprehensive energy saving systems, where Luxembourg comes out as number one in the EU (10% versus 4%).

X: Internationalisation: In this category Luxembourg performs strongly in all indicators and very much in line with its results in the single market section (also typical for other smaller EU member states). The indicators standing out most prominently are the relatively short times it takes to ex- and import (in both cases, the 6 days of Luxembourg are approximately 50% of what it takes in the EU on average).



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: eProcurement Portal

The objective of the eProcurement portal is that economic operators will find on one internet portal all the awarding notices of all the contracting authorities that underlie procurement law in Luxembourg. It permits searching and viewing contract notices, the consultation of contractual documentation, as well as a large part of legal and general information and procurement.

The eProcurement portal offers to all awarding authorities and all economic operators (= companies, suppliers) one single and common address for the consultation as well as the publication of all European and national contract notices. This means that the award notices for contracts below the European threshold are published, as well as those which are above the European threshold have to be published in the JOCE. The publication of contractual documentation is also possible. The portal offers a regular newsletter service which informs all subscribers about published notices. It also offers background information and advice on legal aspects of public procurement rules and possible remedies. There is for example a chapter on how to contact and how to bring a case before the Tender Commission, a consultative body that solves procurement problems.

For further information: www.mtp.public.lu