



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 Portugal – a brief fact check:

There are approximately 81 SMEs per 1000 inhabitants in Portugal, which is more than double the EU-27 average of almost 40. In line with this, SMEs in Portugal have an exceptionally high importance for the domestic labour market compared to other EU Member States. More than four out of five jobs depend on SMEs and the contribution to the overall economy in terms of value-creation also exceeds considerably the EU average. In this context, a particular role is attributed to the micro businesses, accounting for 43% of all persons employed (EU-average less than 30%).

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	803.708	94,5%	91,8%	139.646	43,0%	29,6%	16.453	25,2%	21,1%
Small	40.127	4,7%	6,9%	755.658	23,2%	20,6%	14.960	22,9%	19,0%
Medium	5.666	0,7%	1,1%	528.254	16,3%	16,8%	14.322	22,0%	17,8%
SMEs	849.501	99,9%	99,8%	1.423.558	82,4%	67,1%	45.735	70,1%	57,9%
Large	794	0,1%	0,2%	570.015	17,5%	32,9%	19.489	29,9%	42,1%

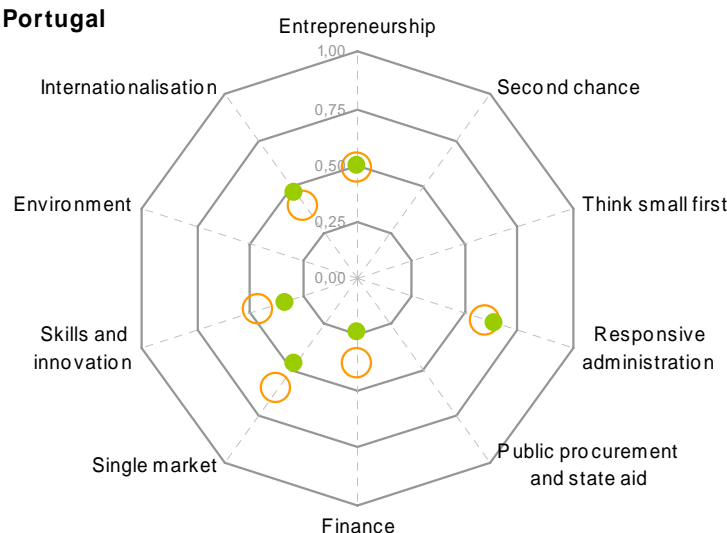
Source: Eurostat SBS data base, 2004 and 2005 data.

2. Portugal's SBA profile¹

The figures for Portugal are mixed. In some categories the available information shows that Portugal outperforms the EU average. On the other hand, in a number of areas there is room for improvement, when compared to the EU-average. The main profile's strength lies with "Internationalisation", While in "Entrepreneurship" and "Responsive Administration" the performances are in line with the EU-averages. The categories where Portugal trails furthest the EU-average include "Finance", "Single Market" and "Skills and Innovation". The rather mixed performance in the 4 sections where no category-average could be calculated rounds up this rather heterogeneous profile.

○ EU average

● Portugal



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: Overall, Portugal's performance in this category is in line with the EU average (indicators with above-EU values cancel out those with below EU-averages). The strongest performance in this segment relates to the degree to which schooling had an impact on developing an entrepreneurial attitude, where Portugal ranked number one in the EU. On the other hand, the participation rate in entrepreneurship education is rather low in Portugal (with 17% - only half of the EU-average) as well as the assessment of entrepreneurship as an opportunity, where figures for Portugal trail behind the EU-average (50% versus 58%). Other indicators measuring entrepreneurship aspects confirm the overall mixed performance in this sector: while the attitude towards entrepreneurship seems to be less positive in Portugal than in other EU countries (as expressed by low scores for media attention on new businesses and the status of persons growing a successful business), the country scores well on the female entrepreneurship rate.

II. Second chance: For the one available indicator – the degree of support for allowing a second chance – Portugal's performance was almost identical with the EU average.

III. Think small first: The information available for this section is not sufficient to allow the calculation of an average. The available indicators show values rather below the EU-average. This refers in particular to the comparatively long time it takes to comply with administrative obligations (17% of total SME working time as opposed to the EU-average of 8%).

IV. Responsive administration: Overall, Portugal performs in line with the EU-average, although individual indicators show mixed results. On the positive side, Portugal scores particularly high on start-up conditions, both, in terms of time and costs (it has to be noted, though, that data from other available sources - Worldbank and Directorate General for Enterprise and Industry - differ considerably, with the latter giving a higher score). E-government availability is another strong point (90% versus 58%). On the other hand difficulties in severing employment contracts and relatively high social security costs counterbalance the positive figures in this category.

V. Public procurement and State aid: For the one indicator existing in this section (the proportion of state aid devoted to SMEs), the data available places Portugal well below the EU-average (5% versus 11%).

VI. Finance: The information collected suggests that there is room for improvement in this area. The below par values can be found throughout the different financial aspects – ranging from venture capital to low shares foreseen for SME-related support measures in structural programmes. Also funding out of own sources is rendered difficult by relatively high delays in payment and lost payments. All this amounts to a higher than the EU-average share of Portuguese SMEs claiming to experience problems in accessing finance (24% to 21%).

VII. Single market: The three indicators related to the implementation and transposition of EU rules in national law do not provide a clear picture. While two of the three show above EU average performances, the third (the number of 2 years overdue directives) points in the other direction. What is clear, however, is that the share of enterprise exporting to the EU market in all SMEs is considerably smaller than the EU-average (0,6% to 2,8%).

VIII: Skills and innovation: In both areas the information available shows figures for Portugal considerably below the EU average. In the Education and Skills area all indicators measuring training and education aspects score below the EU-average. In the innovation bracket some more positive signs can be found. The most prominent of these may be the relatively high share of SMEs innovating in-house (24% as compared to 21% for the EU).

IX: Environment: This category does not allow for a general assessment, given that only two indicators are available. It only can be noted that there are relatively many Portuguese SMEs that have either invested in comprehensive systems for energy saving or apply at least simple energy saving measures. However, the average expenditure on environmental protection is less than a half of the EU-average (€405 to €900).

X: Internationalisation: Portugal performs well above EU-average in this segment. On a number of indicators Portugal leads the EU-average by a relatively large margin, as is the case with the share of SMEs gaining income from subsidiaries and joint ventures abroad. On the other hand, comparatively lengthy processes to export and import have a detrimental effect on the overall performance in this category (in both cases it takes 16 days for Portugal while the EU averages



are 12 and 13 days, respectively). It should also be noted that the share of SMEs exporting outside

the EU in all SMEs is relatively smaller (1,2% to 3,8% for the EU-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: Enterprise online

The purpose of the project is to create enterprises on-line. It requires the intervention of one person (lawyer or notary) who has been previously provided with one digital certificate to be recognised by the system.

For further information: www.portaldaempresa.pt

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