

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 Spain – a brief fact check:

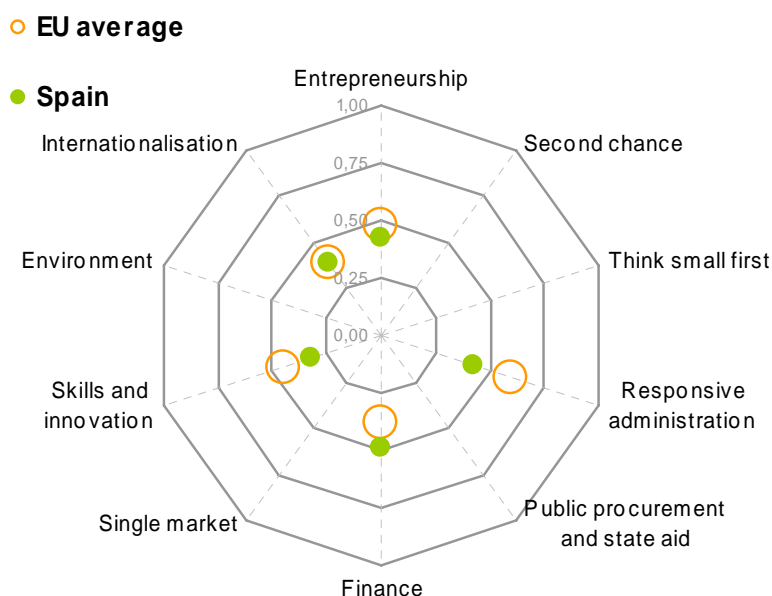
There are approximately 58 SMEs per 1000 inhabitants in Spain, which is substantially above the EU-27 average of ca 40. However, due to a high absolute number of businesses, the proportion of SMEs to all enterprises, it is only slightly above average. In terms of SME employment and value creation, Spanish SMEs represent a very important share of the economy, accounting for a far larger share of total employment and value added than the EU average. Spanish micro and small enterprises are of particular importance as places of employment and originators of value added, compared to the EU average.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	2,346,173	92.2%	91.8%	5,166,051	38.6%	29.6%	136,404	27.6%	21.1%
Small	175,716	6.9%	6.9%	3,436,451	25.7%	20.6%	119,678	24.2%	19.0%
Medium	20,131	0.8%	1.1%	1,935,282	14.5%	16.8%	82,906	16.8%	17.8%
SMEs	2,542,020	99.9%	99.8%	10,537,784	78.7%	67.1%	338,988	68.5%	57.9%
Large	3,032	0.1%	0.2%	2,849,049	21.3%	32.9%	155,619	31.5%	42.1%

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

2. Spain's SBA profile¹

The figures of Spain's profile suggest that there is some room for improvement in most SBA areas, as compared to the average situation in the rest of the EU: "Finance" is the only area where Spain outperforms its EU peers. In "Internationalisation" the country matches the EU average performance. In the remaining sections with sufficient data for averages to be calculated ("Entrepreneurship", "Responsive administration" and "Skills and Innovation") Spain is positioned below EU-average. The four sections where no category-average could be calculated, the existing indicators supply rather unfavourable scores.



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 information available in this area positions Spain slightly below the EU average. Less than half of the population regard entrepreneurship as an opportunity (compared to 58% on average in the EU) and only 59% agree that persons growing a successful new business receive high status (against 69,4 on average). On the positive side, female entrepreneurship is more widespread in Spain than in the average EU country.

II. Second chance: For the single available indicator for this section – degree of support for allowing a second chance, Spaniards seem to be significantly less supportive than the average EU citizen, with only 59% expressing such support compared to 80% at 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 – give an inconclusive picture. Spanish SMEs are more supportive of the regulations (44% compared to 29%), which is surprising in the light of the second indicator: Spanish enterprises have to invest more than twice the average EU time to comply with administrative procedures (17% as opposed to 8% of total working time).

IV. Responsive administration: The results for Spain in the category suggest that there is room for improvements as compared to the average situation in the EU. Most indicators in this segment trail the EU average, only a few of them show above-average results. Start up procedures seem to be complex and costly. In Spain it takes 47 days to start a business, more than twice the EU average of 20 days. However, it should be noted that these findings, based on World Bank data, differ from corresponding figures obtained directly from the Member States (through the Lisbon process), according to which it only takes 17 days (respective EU average is 9 days). The cost of setting up a business also amounts to more than 15% of the per capita income, compared to ca 7% on average. The procedures to hire new staff members are also among the most burdensome in the European context.

V. Public procurement and State aid: The two available indicators for this section come with values below the EU-average. The share of SMEs in public procurement contracts is comparatively low in Spain (35% vs 42%) and the proportion of state aid granted to SMEs is somewhat below the EU average (9% compared with 11%).

VI. Finance: Overall, Spain's performance is above the EU average in this category, which actually seems to be Spain's strongest area. Although Spain is characterised by a very limited availability of venture capital for early stage investments, the share of SMEs experiencing problems with access to finance is only 11% as compared to an average of 21%. Spain also has the best business climate in terms of payment conditions: the average payment delay is ca 20% of the average number of contract days compared to 50% on the EU level.

VII. Single market: The three available indicators for this section show inconclusive results. The average transposition delay for overdue directives seems to be much longer than the EU average, but on the other hand Spain has transposed or notified a higher share of Single market directives than its EU peers.

VIII: Skills and innovation: The figures for this section position Spain below the EU-level. This result seems to hold true for both policy areas covered in this segment. Only 15% of all Spanish SMEs with 10-250 employees reported having purchased on-line over the last year, whereas the EU average is 28%. Spanish companies also received orders via the Internet 50% less frequently than their European peers. In terms of continuous vocational training, the participation rate in learning activities in micro enterprises was only 22,5% in Spain, compared to almost 47% on average. This relationship is more favourable for SMEs in general, but remains below the EU-average (56% vs 67%).

IX: Environment: Three indicators are available for Spain 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 taken together hint at a performance more or less at par (5% and 26% respectively, as compared to the EU average of 4% and 29% respectively). Nevertheless, in terms of the average expenditure per SME on environmental protection, Spanish SMEs are lagging somewhat behind their EU peers (€675 against €900).



X: Internationalisation: Overall, Spain performs at par with the EU-average in this segment. Data suggest that Spain is characterised by somewhat more efficient procedures for exporting and importing than the EU average. The number of days required to export and import is below average (9/10 days as compared to ca 13 days).

However, this doesn't translate into foreign trade figures above average; (on the contrary the share of turnover from exports is only 3,6% in Spain compared to 4,6% on average). Spanish companies are also less engaged in subsidiaries and joint ventures than their EU peers.

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: PIPE - introduction plan to foreign promotion

Purpose: to increase the number of Spanish exporting SMEs and to spread Spanish exports among a wider number of companies.

PIPE offers tailor-made, specialised consultancy and economic support to help businesses design internationalisation strategies. The programme has three stages:

- (i) self-diagnosis of competitive position and internationalisation potential*
- (ii) defining the internationalisation process and market research,*
- (iii) implementing the designed internationalisation plan, plus financial support to hire a junior employee (a preselected candidate) to start the export department.*

The financial support covers 80% of expenses incurred. PIPE then offers a follow-up monitoring programme to ensure the companies consolidate their position as regular exporters

For further information: www.portalpipe.com



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