Key points

**Past & future SME performance**: SMEs in Spain generate 62.2% of overall value added, against an EU average of only 56.8%. They account for 72.4% of employment, well above the EU average of 66.4%. Micro firms play a particularly important role in the Spanish labour market. They account for 41% of overall employment in the 'non-financial business economy', 11.5 percentage points higher than the average for the EU. SME value added is expected to increase by 8.2% in 2017-2019. In the same period, SME employment is forecast to rise by 4.6%. This is likely to result in roughly 405,600 new SME jobs by 2019, almost two thirds of them in micro firms.

**Implementing the Small Business Act for Europe (SBA)**: Spain’s SBA profile shows that it performs below the EU average in 6 out of 9 principles, i.e. entrepreneurship, state aid & public procurement, access to finance, single market, environment and internationalisation. In the areas entrepreneurship and single market, Spain is in fact the third weakest and the worst performer, respectively. The country's performance in internationalisation has also deteriorated since last year. On a positive note, on 'second chance', 'responsive administration' and skills & innovation Spain is in line with the EU average. Similar to last year, there is no area in which Spain performs above the EU average.

**SME policy priorities**: Spain has adopted crucial SBA-related policy measures in the past few years. However, implementation of the national law on 'market unity' has not progressed. Greater public investment in research and innovation and in cooperation between education and businesses is needed. Spain needs to take measures to help SMEs to incorporate innovation in their products and to address skills mismatches. It needs to continue the efforts and the progress made in the six areas where it performs below the EU average, for example by further improving entrepreneurship education, by developing alternative funding (particularly equity funding), by reducing backlogs in transposing EU Single Market Directives and by further focusing on SMEs’ difficulties with late payment and with access to public procurement.

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**Number of persons employed in SMEs**

(Index: 2008=100, estimates as from 2016 onwards)

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**Value added of SMEs**

(Index: 2008=100, estimates as from 2016 onwards)

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**About the SBA fact sheets**

The Small Business Act for Europe (SBA) is the EU’s flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and ‘responsive administration’ to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.
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1. SMEs — basic figures

<table>
<thead>
<tr>
<th>Class size</th>
<th>Number of enterprises</th>
<th>Number of persons employed</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spain</td>
<td>EU-28</td>
<td>Spain</td>
</tr>
<tr>
<td>Micro</td>
<td>2 530 964</td>
<td>95.0 %</td>
<td>83.1 %</td>
</tr>
<tr>
<td>Small</td>
<td>115 001</td>
<td>4.3 %</td>
<td>5.8 %</td>
</tr>
<tr>
<td>Medium-sized</td>
<td>15 826</td>
<td>0.6 %</td>
<td>0.9 %</td>
</tr>
<tr>
<td>SMEs</td>
<td>2 661 791</td>
<td>99.9 %</td>
<td>99.8 %</td>
</tr>
<tr>
<td>Large</td>
<td>3 193</td>
<td>0.1 %</td>
<td>0.2 %</td>
</tr>
<tr>
<td>Total</td>
<td>2 664 984</td>
<td>100.0 %</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>

These are estimates for 2017 produced by DIW Econ, based on 2008-2015 figures from the Structural Business Statistics Database (Eurostat). The data cover the ‘non-financial business economy’, which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L and M), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

SMEs contribute significantly to the ‘non-financial business economy’ in Spain. They generate 62.2 % of overall value added, against an EU average of only 56.8 %. They account for 72.4 % of employment, well above the EU average of 66.4 %. Micro firms play a particularly important role in the Spanish labour market. They account for 41.0 % of overall employment in the non-financial business economy, 11.5 percentage points higher than the average for the EU. The average of 3.3 people employed in SMEs is lower than the EU average of 3.9.

The Spanish economy has made significant progress in recent years. SMEs in the non-financial business economy have grown steadily since 2014, though regional disparities exist. In 2013-2017, SME value added rose by 20.2 % and SME employment by 14.0 %. Most recently, SME value added increased by 4.9 % in 2016-2017, when SME employment grew by 2.8 %. Nevertheless, SMEs in the ‘non-financial business economy’ have not yet fully recovered from the global financial crisis. In 2017, value added and employment were still 17.1 % and 14.4 % below their respective 2008 values.

SME value added in transportation and storage has grown strongly since 2013, outperforming overall SME growth in the non-financial business economy. In 2013-2017, SME value added in the sector increased by 28.7 %, exceeding its 2008 pre-crisis level by 6.6 % in 2017. SME employment rose more moderately, by 7.7 %, in the same period. However, SME employment has not yet recovered from the global crisis,
remaining 11.9% lower than in 2008. One factor behind this subdued growth in employment compared to value added is a rise in productivity. The overall improvement in SME performance in the transport and storage sector is largely due to the boom in e-commerce. In 2016, the volume of e-commerce trade totalled EUR 25.4 billion, an increase of 73.5% compared with 2013. This rise translated into increased demand for transport and storage and affected the logistics landscape by creating new challenges regarding, for example, distribution channels and customer expectations such as ‘just-in-time’ delivery. SMEs in the sector coped well with these challenges, producing an above-EU-average prevalence of high-growth firms in 2015. Increasing tourist flows have also created rising demand for passenger transport, while recent moves towards liberalisation of rail freight legislation may have increased that sector’s competitiveness.

Another sector in which SMEs have generated strong growth is professional activities. In 2013-2017, SME value added increased by 33.3%. In the same period, SME employment rose by 17.5%. SME value added and employment in the sector recovered fully from the crisis in 2017, exceeding 2008 levels. In 2014-2015, this sector also achieved the highest net growth in new businesses, at 10.3%. Since professional activities depend on the economic cycle, this growth also stems from the progress of the overall Spanish economy, which was initially led by exports and then broadened to include domestic demand. Several government reforms undertaken in response to the crisis, such as labour market reform in 2012, encouraged job creation, helping to drive up SME performance.

The upturn in economic growth is also evident in new business registration. In 2015-2016, registration rose by 10.8%, totalling 419,504 new companies in 2016. However, company deregistration increased as well, by 16.1% in 2015-2016, totalling 385,165.

The following segment presents data that has been collected for the EU Startup Monitor and refers mainly to the population of online and technology based start-ups. The start-up ecosystem has been rapidly developing over the past five years. The typical founder is male (84.4%) and holds a university degree (83.3%). Start-ups are to be found in many sectors, such as ‘fintech’ (7.3%, against a 5.9% average) and ‘software as a service’ (18.8%), with the bio/med-tech sector in top position in the EU (at 9.4%, against 6.5% in the EU as a whole). Spanish start-ups employ 12.7 people on average and are looking to hire 6.1 more within the next 12 months. They are unique for their open and entrepreneurial culture: not only do Spanish founders form teams (on average 3.1 founders per startup) but they think in teams, too. For example, the respondents completely agreed with sharing critical information with their staff (47.8%) and with seeking advice on strategic business decisions from their employees (41.3%, against an EU average of 30.1%). Unlike most EU start-ups, Spanish start-ups are generating revenues both through business-to-business (67.5%) and business-to-customers (17.5%, against an EU average of 13.4%). The geographic start-up hub for Spain is Madrid.

In 2015, 13,597 firms successfully scaled up their operations. 11.9% of all firms in the business economy with at least 10 employees were high-growth firms, exceeding the EU average of 9.9%. High-growth firms are particularly prevalent in information and communication, with a percentage share of 15.7% and in transportation and storage, at 14.4%. The positive SME growth trend in the non-financial business economy is expected to continue. SME value added is predicted to increase by 8.2% in 2017-2019. In the same period, SME employment is forecast to rise by 4.6%. This is likely to result in roughly 405,600 new SME jobs by 2019, almost two thirds of them in micro firms.
Spain performs below the EU average in 6 out of 9 principles — including entrepreneurship, state aid & public procurement, access to finance, single market, environment and internationalisation. In the areas entrepreneurship and single market, Spain is in fact the third weakest and worst performer respectively. The country performs in line with the EU average in ‘second chance’, ‘responsive administration’ and skills & innovation. The country’s performance in internationalisation has deteriorated since the last reference period. As last year, there is no area in which Spain performs above the EU average.

In 2017 and the first quarter of 2018, which is the current reference period for policy measures in this year’s fact sheets, Spain adopted 21 policy measures addressing 8 out of 10 policy areas under the Small Business Act.

Spain also took into consideration some recommendations from the SME action programme. For example, an expert group on alternative finance has been created to provide motivation and guidance. Regarding skills & innovation, the European Social Fund is used to finance digital skills and training and Spain has created a common methodology for a long-term outlook for jobs and skills in each industry to forecast training and labour needs.

The most significant progress during 2017 and the first quarter of 2018 was in the areas of state aid & public procurement, and skills & innovation.

Although the efficiency of public administration has improved, more policy measures are needed to reduce the amount of red tape that SMEs face. Furthermore, Spain still lacks a one-stop-shop to support SMEs in accessing funding and has yet to introduce green public procurement sufficiently.
SBA performance of Spain: state of play and development from 2008 to 2018

Performance

Variation from the EU average (in standard deviations; EU average = 0)

Legend:
1. Entrepreneurship
2. ‘Second chance’
3. ‘Responsive administration’
4. State aid & public procurement
5. Access to finance
6. Single market
7. Skills & innovation
8. Environment
9. Internationalisation

Note: The scores presented in the chart above are not fully comparable to those displayed in previous versions of the fact sheet. This is due to a review of the framework of indicators used to assess performance across the SBA principles. Only the aspects with sufficient background data are presented. The value for progress over time was set to 0% in case of insufficient data, and marked in the above chart by a diamond shape. For more details, please consult the methodological note on the webpage of the SME Performance Review:
3. SBA principles

3.0 ‘Think Small First’

The ‘Think Small First’ principle is meant to be a guiding principle for all policy- and law-making activities. It requires policymakers to consider SME interests at the early stages of the policymaking process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

Since 2008, Spain has made progress in implementing the ‘Think Small First’ principle. In 2014, a ‘Manual of administrative simplification and burden reduction for the General State Administration’ was published to facilitate the economic recovery of SMEs.

The ‘SME Test’ for new legislation was introduced alongside the adoption of “Law 40/2015 on the legal regime of the public sector”. However, its implementation was delayed until the necessary guidelines were adopted. Regional governments also have legislative powers to incorporate the ‘SME Test’ into their procedures. The Regulatory Impact Assessment is in place and its results are used effectively to amend the proposed legislation. SMEs are consulted for legislative procedures and the SME envoy continues to play an important role.

However, common commencement dates for new legislation and amendments to existing legislation are still not in place. During 2017 and the first quarter of 2018, one significant measure was adopted. The ‘Royal Decree 931/2017 on Normative Impact Analysis Report’ (Real Decreto 931/2017, por el que se regula la Memoria del Análisis de Impacto Normativo) strengthens the “implementation of the ‘SME Test’ including the assessment of economic impacts on SMEs.”
3.1 Entrepreneurship

Spain continues to perform well below the EU average in the area of entrepreneurship, with the third weakest score in the EU. Against the previous reference period, the percentage of opportunity-driven entrepreneurial activity has fallen. Entrepreneurial intentions in Spain remain among the lowest in the EU, with the second worst score. Furthermore, successful entrepreneurs are often not perceived well — despite the increasing media attention given to entrepreneurship since 2013.

On a positive note, the proportion of high-growth companies has increased since 2012 and now is performing above the EU average. Moreover, entrepreneurship education is perceived as being much better incorporated within the education and training system at post-secondary levels than in last year’s fact sheet.

Since 2008, Spain has introduced a significant number of policy measures to promote entrepreneurship. A majority of SBA recommendations have been addressed — notwithstanding the relatively weak performance.

During the current reference period, two additional significant measures were adopted:

- The programme on ‘development and implementation of equality plans’ (Programa para la elaboración e implantación de planes de igualdad) provides subsidies to SMEs that aim to improve gender equality and non-discrimination at work.

- The ‘business growth programme’ (Programa de Crecimiento Empresarial) provides up to 50 hours of professional guidance to SMEs with growth potential. The services provided include: organisation and business analysis; individualised consultation plan; follow-up and evaluation of the consultation plan; marketing and commercialisation; and visits to business premises. The measure aims to improve the growth capabilities and competitiveness of Spanish SMEs.
3.2 ‘Second chance’

‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Similar to the previous reference period, Spain performs in line with the EU average in this area, but little or no progress has been registered across most of the indicators. The cost to resolve insolvency remains the same since 2011, while the strength of the insolvency framework index remains the same since 2014. The time to resolve insolvency is still shorter than the EU average — taking just 1.5 years. The percentage of entrepreneurs who fear failure is slightly higher than in the previous reference period, although since 2008 it has declined by around 8 percentage points.

Since 2008, major policies have been introduced under the ‘second chance’ principle. In addition, most of the SBA recommendations have been implemented. For instance, there is a fast-track bankruptcy procedure for entrepreneurs. The most remarkable measures implemented in this area have been the Royal Decree-Law 4/2014 and Law 25/2015, which help SMEs before and after bankruptcy situations. At the end of 2016, a new online tool was introduced via the CIRCE platform\(^\text{21}\) that groups several procedures linked to the creation or removal of companies into one\(^\text{22}\).

During the current reference period, a new measure was adopted in this area. The ‘Business Health Tool’ (Herramienta de salud empresarial) aims to help SMEs assess their financial status.
3.3 ‘Responsive administration’

‘Responsive administration’ refers to public administration being responsive to the needs of SMEs. Overall, Spain performs in line with the EU average. It has made good progress since 2008. No indicators particularly stand out, with the exception of the ‘level of competency and effectiveness of government staff in supporting new and growing firms’, which has increased steadily since 2015. While there are four procedures less than in 2014, the number of procedures to start a business could be further reduced to get closer to the EU average. However, it takes just 3 days to start a business in Spain. Neither fast-changing legislation and policies nor complex administrative procedures are perceived to be a major problem for doing business in Spain.

Policy-wise, Spain has put in place several measures to reduce red tape and to make it easier for businesses to deal with public authorities. For instance, the creation of the CIRCE platform introduced a single point of contact for SMEs in dealing with public administrations and helped to standardise and simplify administrative procedures.

The effective application of the legislation adopted to achieve market unity and harmonise regional laws (Ley 20/2013, de 9 de diciembre, de garantía de la unidad de mercado) is crucial to facilitating business across Spain. However, poor regulatory practices, the structural division of powers between the national government and regional and local governments, and the rapid proliferation of new regulations, is still a barrier to business growth. The Ministry of Economy, Industry and Competitiveness identified various regulations that are unnecessary or discriminatory, which lead to barriers to market access or doing business in Spain. No additional significant measures were adopted or announced during 2017 and the first quarter of 2018.
3.4 State aid & public procurement

Spain performs below the EU average in the area of state aid & public procurement — but has improved since the last reference period. This progress is partly driven by the increase in the percentage share of businesses participating in public tenders by 12 percentage points against the previous reference period. Although Spain is still performing below the EU average, the average number of days that public authorities delay in making their payments has also reduced from 33 days to 19 days against the last reference period.

Since 2008, there has been moderate policy progress and certain issues need further attention. For instance, the requirements for tendering are disproportionate for SMEs. Furthermore, the practise of using large contracts, rather than cutting them into smaller lots, makes the tendering process more difficult for SMEs participation.

However, during the current reference period, a new important measure was introduced to address some of the remaining shortfalls. The “Public sector contracts — Act 9/2017” (Ley 9/2017 de Contratos del sector público — LCSP) was published and entered into force transposing the 2014 EU Directive on public procurement. This measure aims to improve SME access to public contracts with more simplified and transparent procedures. In addition, the Act establishes a new regulation on the division of contracts into smaller lots and provides payment protections to subcontracted SMEs.
3.5 Access to finance

Overall, Spain continues to perform below the EU average in the area of access to finance. Equity funding for new and growing firms has significantly worsened since 2015. In addition, business angels funding for new and growing firms does not progress. Overall, small companies heavily rely on bank financing and the availability of alternative financing is underdeveloped in Spain. Furthermore, despite a steady reduction in recent years, the total amount of time it takes for SMEs to be paid still remains far higher than the EU average. On a positive note, Spanish banks are now far more willing to provide loans than in 2013 and this is continuing to improve. Similarly, the percentage share of rejected loan applications continues to fall — dropping by around 15 percentage points since 2012.

However, since 2008, Spain’s policy progress has been significant. For instance, grants and risk capital measures are in place to support SMEs and start-ups. However, the government lacks a one-stop-shop to support SMEs in accessing available funds. In addition, funding is available for the start-up phase — but is lacking at the scale-up phase for SMEs to expand.

During 2017 and the first quarter of 2018, several significant new measures were introduced under this principle:

- The ‘ENISA growth’ (ENISA crecimiento) provides financial support to SMEs to grow and improve competitiveness.
- The ‘ICO line FOND-ICOSME’ (línea ICO FOND-ICOPYME) also provides financial support to SMEs to put a long-term growth plan in place. Funding is available either in the form of equity financing or through participative loans.
- The ‘Financing Industry’ (Financia Industria) measure provides personalised advisory services to industrial companies on how to access public financing.
- ‘With a Guarantee, Yes’ (Con Aval Sí) is an electronic platform that aims to facilitate SME financing through mutual guarantee societies.†
### 3.6 Single market

Spain is among the weakest performing EU Member States in the area of the single market. The number of single market directives not yet transposed is the highest among all EU Member States, despite the number of outstanding directives falling by six against the previous reference period. Similarly, the average transposition delay for overdue directives is higher than the EU average. Spain also has the highest number of pending infringement proceedings in the EU. More policy measures are also needed to facilitate market access for new and growing firms where Spain is among the weakest performers in this indicator. On a positive note, the proportion of SMEs with intra-EU online imports and exports has increased moderately since 2011.

Since 2008, policy progress in this area has been moderate. The government adopted measures targeting some SBA recommendations. These measures include the introduction of a single point of contact to support SMEs within the single market. An ‘Internal Market Information System’ and SOLVIT centre are in place. Furthermore, the ‘CEVIPYME’ (Centro de Apoyo a la PYME en materia de gestión de Propiedad Industrial, Intelectual e Innovación) helps SMEs to overcome the difficulties in acquiring patents and trademarks within the single market.

However, during the current reference period, no new significant measures were adopted or announced under the single market principle.

#### Variation from the EU average

(measured in standard deviations, EU average=0)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017 Spain</th>
<th>EU avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of single market directives not yet transposed</td>
<td>18</td>
<td>9.2</td>
</tr>
<tr>
<td>Average transposition delay for overdue directives (in months)</td>
<td>12.1</td>
<td>8.7</td>
</tr>
<tr>
<td>Number of pending infringement proceedings</td>
<td>51</td>
<td>24</td>
</tr>
<tr>
<td>Public contracts secured abroad by SMEs (percentage of total value of public contracts)</td>
<td>4.4</td>
<td>2.6</td>
</tr>
<tr>
<td>SMEs with intra-EU exports of goods (percentage of SMEs in industry)</td>
<td>16.78</td>
<td>16.57</td>
</tr>
<tr>
<td>SMEs with intra-EU imports of goods (percentage of SMEs in industry)</td>
<td>20.42</td>
<td>25.39</td>
</tr>
<tr>
<td>Intra-EU online exporters (% of SMEs)</td>
<td>7.09</td>
<td>8.39</td>
</tr>
<tr>
<td>Easy market access for new and growing firms (1-5)</td>
<td>2.14</td>
<td>2.75</td>
</tr>
<tr>
<td>Market access for new and growing firms without being unfairly blocked by established firms (1-5)</td>
<td>2.34</td>
<td>2.73</td>
</tr>
</tbody>
</table>

**Note:** Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.
3.7 Skills & innovation

Spain continues to perform in line with the EU average in the area of skills & innovation. Since 2008, the country has made good progress. Since 2015, the percentage share of SMEs selling and purchasing online has been growing — with an increase of 3.5 and 5 percentage points respectively. The indicators that measure skills show a mixed picture. Whereas the percentage share of people employed that have ICT specialist skills has dropped by 4 percentage points against the previous reference period, the percentage share of all companies that train their employees increased by around 11 percentage points between 2010 and 2015 — currently remaining above the EU average. However, the national R&D funding available to SMEs has fallen against the previous reference period and is now below the EU average.

Spain’s policy progress in this SBA area has been moderate. The government has adopted measures to support SMEs in reskilling their employees and mechanisms are in place to assess labour market needs in order to adapt education and vocational training. However, Spain urgently needs to develop and put in place policy measures to help SMEs introduce innovations into their products, services and processes.

During 2017 and the first quarter of 2018, several significant measures to address some of the key issues in this area were adopted:

- The ‘OEPM’ resolution for grants on patent and licenses in Spain and abroad (Resolución OEPM de subvenciones para patentes y licencias en España y el exterior) aims to help companies by way of grants to acquire patents and licenses for their products in Spain and abroad.

- The ‘National programme for research, development and innovation on the challenges for the society’ (Programa Estatal de Investigación, Desarrollo e Innovación Orientada a los Retos de la Sociedad) supports projects that aim to foster the cooperation between companies and research institutions for developing new technologies for innovative products and services.

- The ‘MINETAD programme 2017 under the strategic action for digital economy and society framework’ (Programa MINETAD 2017 en el marco de la Acción Estratégico de Economía y Sociedad Digital) aims to improve research,
technology development and innovation in the digital economy.

- The ‘Training Programme for youth employment in the digital economy’ (Programa de formación para el empleo juvenil en la economía digital) is aimed at young unemployed people that are interested in increasing their knowledge about the digital industry.

- The ‘CDTI NEOTEC 2017 for Technologic businesses’ (CDTI NEOTEC 2017 para empresas de base tecnológica) measure aims to support and fund the development of new technology.

- The ‘Activate Industry 4.0 Programme’ (Programa Activa Industria 4.0) provides a personalised consultancy service to SMEs on digitalisation.

- The ‘Advanced digital self-assessment tool’ (Herramienta de Autodiagnóstico Digital Avanzado — HADA) assesses the level of digital maturity of companies. By using this tool, companies are able to find out their level of digitalisation compared to other companies. The report that is generated provides recommendations on improving their digital performance.

- The objective of the ‘Business Leadership State Programme for R+D+I (INNOGLOBAL Programme)’ (Programa INNOGLOBAL, del Programa Estatal de Liderazgo Empresarial en I+D+I) is to ensure Spanish companies participate in research, development and innovation activities in collaboration with non-EU countries through bilateral, multilateral and unilateral certification programmes.

3.8 Environment

Spain continues to perform below the EU average under the environment principle. The percentage share of SMEs that have benefited from public support measures for their resource-efficiency activities is one of the lowest in the EU — falling by 7 percentage points over the last 4 years. Despite the lack of public support, the proportion of Spanish SMEs that have put in place resource-efficiency measures is one of the highest in the EU. However, the majority of indicators have slightly improved against the previous reference period. The percentage share of SMEs that have benefited from public support measures for the production of green products has increased by 8 percentage points against last year’s fact sheet. The percentage share of SMEs with turnover share of more than 50% generated by green products or services also grew by 6 percentage points against the previous reference period.

However, overall policy progress in this SBA area has been limited since 2008. The country has not introduced incentives for SMEs to acquire EMAS certification\(^2\). In addition, there is no organisation specifically responsible for providing advice and support to SMEs to help them comply with environmental and energy efficiency regulations.

During the current reference period, the ‘Employ green programme’ (Programa Emplea Verde) was adopted to increase employment and business growth in the green economy. In addition, ‘ICO IDAE line for energy efficiency 2017-2018 / Industry and Commerce Sector’ (línea ICO IDAE para la eficiencia energética 2017-2018 / Tramo Industria y Comercio) provides credit for up to 100% of the investment costs in energy efficiency measures.
Spain performs below the EU average in the area of internationalisation. Advance rulings\textsuperscript{28} in Spain are underused. Similarly, the involvement of the trade community has also deteriorated against the previous reference period. On a more positive note, formalities in automation, which mainly focus on (i) electronic exchange of data, (ii) automated border procedures and (iii) the use of risk management, have improved against last year’s fact sheet. In addition, the proportion of SMEs exporting goods outside the EU shows a steady positive trend since 2008.

Despite underperforming in this area, Spain has put in place a significant number of measures addressing most of the SBA recommendations. An umbrella organisation, ICEX\textsuperscript{29} was established to provide internationalisation support to SMEs and to stimulate trade and exports. Dedicated financial support for SMES to internationalise is available as well as contact points to provide information on foreign markets.

During 2017 and the first quarter of 2018, two significant new measures were adopted under internationalisation:

- The ‘SME invests (COFIDES)’ (PYME invierte, COFIDES) is a measure aimed specifically at Spanish SMEs that are willing to make productive investments abroad and require mid to long-term funding needs.

- The ‘Exterior investment operational fund for small and medium-sized enterprises’ (Fondo para operaciones de inversión en el exterior para la pequeña y mediana empresa — FONPYME) provides direct equity investment in Spanish companies for their international business activities. Each project can receive up to EUR 5 million.
4. Interesting initiative

Below is an example of an initiative from Spain to show what governments can do to support SMEs:

‘Business Growth Programme’ (Programa de Crecimiento Empresarial)

The ‘Business Growth Programme’ is promoted and supported by the Ministry of Industry, Energy and Tourism, through the School of Industrial Organisation (Escuela de Organización Industrial — EOI). This programme was created to improve Spanish SMEs’ competitiveness and their ability to grow in the industrial sector. In particular, the programme provides up to 50 hours of professional guidance (almost completely subsidised) to Spanish SMEs with growth potential, that belong to one of the following sectors: food and beverages; clothes and shoes; textile industry, leathery (tanning) and basic supplies; jewellery; and perfumes and cosmetics. The services available within the programme include:

- organisation and business analysis,
- an individualised counselling plan,
- follow-up and evaluation,
- marketing and commercialisation,
- visits to business premises.

Some 154 companies have benefited from the programme since it was introduced. So far, the programme has received positive feedback from its participants. The programme has excelled in fostering a deeper knowledge of available financing opportunities, supporting the development of new e-commerce tools and websites for SMEs ‘going digital’ and increasing the acceptance of SMEs into the ICEX Next programme.

Reference:

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

grow-spr@ec.europa.eu

Small Business Act:


Entrepreneurship and SMEs:

https://ec.europa.eu/growth/smes

Endnotes

1 The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2016, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2015 figures from Eurostat's Structural Business Statistics Database. The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/


5 Estudio de caracterización del sector del transporte y la logística en España, available at: https://www.ontsi.red.es/ontsi/sites/ontsi/files/Dossier%20de%20Indicadores%20de%20Comercio%20electr%C3%83%82%83nico%20%28abril%202018%29.pdf, last accessed 22.5.2018.

6 In line with the Commission implementing regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees in the beginning of their growth and average annualised growth in number of employees greater than 10 % per annum, over a 3-year period. The share of high-growth enterprises is the number of high growth enterprises divided by the number of active enterprises with at least 10 employees. Source of the data on high-growth enterprises is Eurostat (http://ec.europa.eu/eurostat/web/products-datasets/-/id_3pm_r2, last accessed 13.4.2018).


15. The data presented was collected by the EU Startup Monitor project, www.startupmonitor.eu.

16. Due to data availability, the data on high-growth firms refers to the ‘business economy’ only, which covers sections B-N including section K (financial activities, except activities of holding companies). The ‘non-financial business economy’ excludes section K.

17. In line with the Commission implementing regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees in the beginning of their growth and average annualised growth in number of employees greater than 10 % per annum, over a 3-year period. The share of high-growth enterprises is the number of high growth enterprises divided by the number of active enterprises with at least 10 employees. Source of the data on high-growth enterprises is Eurostat (http://ec.europa.eu/eurostat/web/products-datasets/-/bd_9pm_r2, last accessed 13.4.2018).

18. The 2018 SBA fact sheets benefited substantially from input from the European Commission’s Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

19. The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2018. These are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2018. All SBA principles, with the exception of the ‘Think Small First’ principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/.

20. The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2017 and the first quarter of 2018. The national SME policy expert that PwC (DG GROW’s lead contractor for the 2018 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year’s fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.

21. The “Centro de Información y Red de Creación de Empresas (CIRCE):” is a portal created by the Spanish authorities to ease the different procedures for the constitution and operation of firms through electronic procedures.


24. Number of days of delay before payments are made by the public authorities, in addition to the days stipulated in the contract, European Payment Index 2017, Intrum Justitia, www.intrumjustitia.com.
25 Mutual Guarantee Societies are private guarantee institutions created by beneficiary SMEs. They typically have a cooperative or mutual statute. This means that the MGS’ capital is provided directly by the SMEs that apply for a loan guarantee in form of cooperative or mutual shares. Each member has an equal voting right and participates in electing the General Assembly and Board of Directors. The Mutual Guarantee Societies are usually run by entrepreneurs, bringing an SME perspective to the risk assessment process.

26 OEPM stands for “Organismo Público responsable del registro y la concesión de las distintas modalidades de Propiedad Industrial” is the spanish body in charge of the registration and operation of the various forms intelectual property.

27 The EU Eco-Management and Audit Scheme (EMAS) is a premium management instrument developed by the European Commission for companies and other organisations to evaluate, report, and improve their environmental performance.

28 OECD Trade facilitation indicators (TFI): Advance rulings are binding decisions by Customs at the request of the person concerned on specific particulars in relation to the intended importation or exportation of goods. Advance rulings can be requested with regard to either the classification, the origin or the Customs value of the goods in preparation for importation or exportation. Advance rulings facilitate the declaration and consequently the release and clearance process, as critical assessments in relation with the goods have already been made in the advance ruling. Advance rulings are binding throughout the Customs territory at all Customs offices and valid for a specific period of time, e.g. 3 months or 1 year.

29 ICEX, “España Exportación e Inversiones” is a Spanish public enterprise that promotes the internationalisation of Spanish firms.