European Commission

Annual Report on European SMEs 2025/2026








SME Performance Review 2025/2026

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Contents

Abstract

The Annual Report on European SMEs 2025/2026 analyses the performance of SMEs in 2025 and their expected performance in 2026 and identifies key developments in SME productivity in its special chapter.

In its main part, this report provides an empirical analysis of the performance of SMEs in 2025, as well as a forecast of their performance in 2026. Performance is measured based on three key variables: the number of enterprises, employment, and real value added. The analysis is introduced by an overview of the SME and corresponding economic and policy landscape in the EU. After a presentation of medium-term performance trends of EU enterprises by size class from 2021 to 2026, SME performance is analysed across firm size classes, industrial ecosystems and Member States. One key novelty of this report lies in the expanded range of NACE sections estimated, which is now fully compatible with Eurostat's Structural Business Statistics dataset, which expands the report's coverage of SMEs from approximately 26 million to 34 million.

This analysis shows that EU SMEs continued solid growth in 2025, with real value added and employment growing by 2.5% and 1.0% respectively, and that all size classes are projected to expand in 2026, led by micro enterprises. Within specific industrial ecosystems, SMEs are set to remain dominant, particularly in the 'retail', 'construction' and 'textile' ecosystems, where they represent the majority of employment and real value added. However, their growth across both economic indicators is expected to see the strongest increases in the 'cultural and creative industries', 'digital', 'health', and 'tourism' ecosystems. The performance analysis then zooms into three strategic ecosystems for Europe ('aerospace and defence', 'energy-renewables', and 'digital'), where SMEs hold a minority output share yet are projected to outpace large enterprises in value-added growth in 2026. Finally, the report examines knowledge and technology-intensive industries, where SMEs have a solid performance across most segments but face persistent employment and value added headwinds in high-technology sectors. The first part ends with an analysis highlighting the importance of the Single Market for the performance of SMEs.

The special chapter of the report examines the role of SME productivity for the EU economy. It shows that productivity is a key driver of EU competitiveness and growth, with SME productivity playing a central role in this dynamic. While SMEs often lag behind larger firms due to structural factors, productivity is not determined by firm size alone. Geographic conditions and sector-specific characteristics can partly or even fully offset these disadvantages. For instance, across the EU, a clear pattern emerges, with the 'energy-renewables' ecosystem displaying a clear lead in productivity performance.

However, while the single firm productivity angle is important, industrial strength also depends on how well the firms interact together within the value chain. This chapter examines also the role of SMEs in value chains in times of technological change, using the automotive industry as a case study. It suggests that firm-level productivity improvements are not sufficient to ensure industrial success during periods of rapid technological change and that the structure of the value chain can matter.

The main takeaways are presented in the Executive Summary.

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Executive summary

European small and medium-sized enterprises (SMEs) are central to the Union's economic strength and resilience, representing 99.8% of the total business population, two-thirds of employment and half of the EU's value added. The Annual Report on European SMEs 2025/2026 analyses the performance of SMEs in 2025 and their expected performance in 2026 and identifies key developments in SME productivity in its special chapter.

The report opens with an overview of the economic and policy landscape in which European SMEs operate. While the immediate economic impacts of recent crises - including the COVID-19 pandemic, Russia's war against Ukraine and the related peak of inflation - have passed, their influences on SMEs are still very much present, even though in a more moderated manner. However, SMEs continue to face significant headwinds. Persistent energy price volatility, geopolitical tensions, particularly in the Middle East, rising global tariffs, and uneven access to finance continue to drive up SME's operational costs and constrain their investment capacity. At the same time, SMEs face significant investment needs in the context of the green and digital transitions.

The report provides an empirical analysis of the performance of SMEs in 2025, as well as a forecast of their performance in 2026. Performance is measured based on three key variables: the number of enterprises, employment, and real value added.

This report marks a new chapter in the measurement of SME performance in the EU. In fact, a key methodological novelty of this edition is the expanded sectoral coverage, now fully compatible with Eurostat's Structural Business Statistics dataset and incorporating additional NACE sections, including healthcare. This analysis therefore provides the most comprehensive baseline of EU SME activity to date. This expansion results in a substantial one-off increase in headline figures: the total number of EU SMEs rises from around 26 million, as reported in last year's edition, to around 34 million in the present one (Table 1). This represents a structural break with earlier editions and should be borne in mind when interpreting trends and year-on-year comparisons.

In addition, it should be noted that the projections for 2026 were produced prior to the escalation of geopolitical conflict in the Middle East and therefore do not incorporate the associated economic repercussions. As such, the outlook is subject to heightened uncertainty and is likely to be significantly affected by these developments.

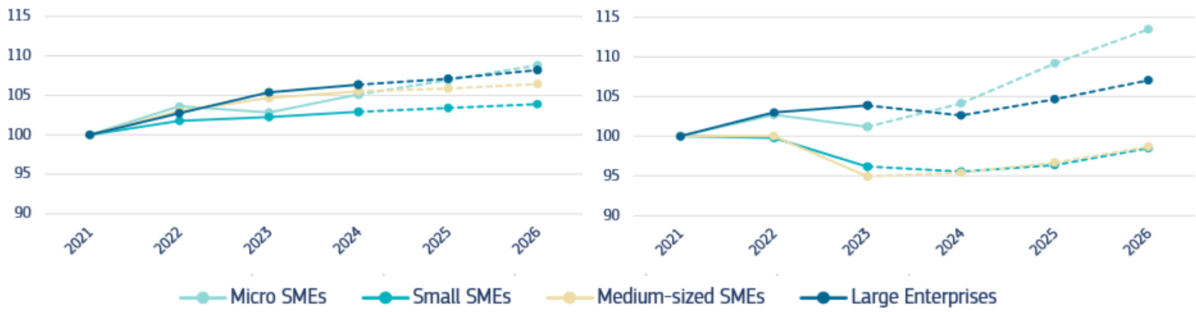
Table 1. Economic structure of enterprises per size class in the EU for 2025.

	Number of enterprises		Number of persons employed		Value Added	
Class size	**Number**	**Share**	**Number**	**Share**	**Billion €**	**Share**
Micro	32,171,787	94.5%	50,293,181	30.4%	2,323	20.5%
Small	1,575,265	4.6%	30,318,902	18.3%	1,714	15.2%
Medium-sized	251,118	0.7%	25,004,675	15.1%	1,810	16.0%
SMEs	**33,998,170**	**99.8%**	**105,616,758**	**63.7%**	**5,847**	**51.7%**
Large	55,000	0.2%	60,083,839	36.3%	5,465	48.3%
Total	**34,053,170**	**100%**	**165,700,597**	**100%**	**11,312**	**100%**

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Over the past five years (2021 – 2026), post-pandemic developments in employment and real value added are broadly positive but reveal heterogeneity within the SME sector (Figure 1). While employment gains remain moderate across size classes (increasing between 1% and 8% above 2021 levels depending on firm size), real value added diverges more sharply, with micro enterprises projected to reach 13.5% growth above 2021 levels by 2026, compared to 7.1% for large firms. Small and medium-sized SMEs, by contrast, are expected to remain slightly (around 1.5%) below their 2021 real value added.

Figure 1. Evolution in employment (left) and real value added (right) by size class (2021-2026, indexed).



Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Recent European economic growth in general was sound, driven by steady investment, a resilient labour market and strategic deployment of e.g. the Recovery and Resilience Facility (RRF) and other EU funding schemes. SMEs have benefited from the gradual easing of borrowing costs. Relatively modest employment growth, combined with the accelerating economic activity, reflects a rise in productivity. Moreover, the environment composed by all reforms as implemented in the competitiveness agenda, the higher defence spending focused on EU production, and ultimately, the new trade agreements with partners like Mercosur and India, creates an advantageous ecosystem where EU SMEs are well-positioned to thrive.

EU SMEs demonstrated continued solid performance in 2025, with real value added growing by 2.5%, employment by 1.0%, and the number of enterprises by 1.8%, a trend projected to continue in 2026. Growth is forecast to accelerate modestly, with real value added reaching 2.9% and employment 1.1%. In contrast with fragmented growth patterns in recent years, all size classes are projected to expand simultaneously, with micro enterprises as the standout performers. It should be noted, however, that part of the micro segment's expansion in enterprise numbers may reflect firms being reclassified as micro enterprises following downsizing, rather than organic growth of that segment. Overall, SMEs are projected to account for 65.4% of new jobs created in the EU economy in 2026 (over 1.1 million positions) and for 57.1% of the total forecast increase in real value added, equivalent to approximately EUR 136.9 billion.

Within industrial ecosystems, SMEs retain their dominant position particularly in 'retail', 'construction', 'tourism', 'textiles', and 'proximity, social economy and civil security', where they account for the majority of employment and real value added. Micro SMEs were especially prominent in 'construction', accounting for 38% of total real value added and surpassing all other size categories. Overall, SMEs outperformed large enterprises in real value added in six of the 14 ecosystems and led employment in 11 out of 14, although the magnitude of this difference varied considerably. SMEs remained more prevalent in labour-intensive sectors, while playing a comparatively smaller role in capital-intensive or highly regulated industries such as 'energy-intensive industries' and 'health'.

Notably, the strongest growth in real value added was recorded not in SMEs' traditional strongholds but in ecosystems where SMEs and large enterprises play more balanced roles. In 2025, SMEs recorded notable real value added growth in 'cultural and creative industries' (4.5%), 'proximity, social economy and civil security' (4.4%), 'health' (3.1%), 'tourism' (3.1%), and 'digital' (2.4%), while contractions were recorded in 'agri-food', 'electronics', 'energy-intensive industries', and 'textiles'. Projections for 2026 point to a broad-based recovery, with SMEs expected to return to positive real value added growth across all ecosystems, including those previously in decline. Moreover, while SMEs account for a minority share of output in most strategic sectors, including 'aerospace and defence', 'digital', 'energy-intensive industries', 'energy-renewables', and 'health', they demonstrate high structural resilience and are projected to outperform large enterprises in real value added growth across nearly all of these ecosystems in 2026.

Employment patterns tell a similar story. SMEs remained a key source of employment in 'construction' and 'tourism', where they accounted for more than three-quarters of total jobs, yet the strongest employment gains were concentrated in 'cultural and creative industries' (2.7%) and 'proximity, social economy and civil security' (2.1%). SMEs recorded negative employment growth in 'electronics' (-0.4%) and 'energy-intensive industries' (-0.1%), though contractions were more pronounced among large enterprises in these sectors. More broadly, large enterprises fared worse overall, with half of all ecosystems recording negative year-on-year employment growth, and the strongest large-enterprise gains concentrated in 'health' (3.1%) and 'proximity, social economy and civil security' (2.8%). Looking ahead, SME employment is expected to accelerate in nine of the 14 ecosystems in 2026.

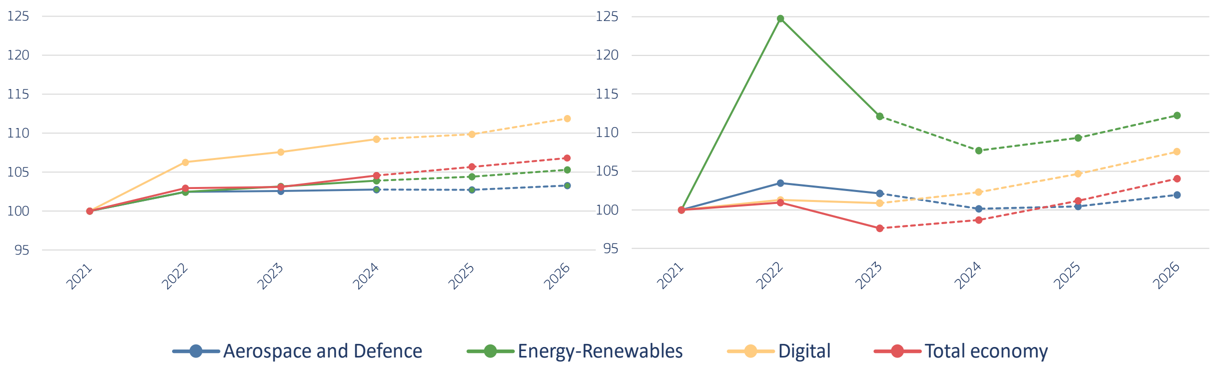
SME performance varied considerably across Member States, revealing diverging patterns even among neighbouring economies. In terms of employment, growth in 2025 was strongest in Malta, Bulgaria, Portugal, Spain, and Greece (between 2.8% and 4.2%), while Romania, Germany, Austria, and Latvia recorded declines; Germany, Austria, and Slovenia are however anticipated to recover in 2026, and Poland, the Baltic states, and Sweden are forecast for significant employment growth. Bulgaria, Greece, and Cyprus are anticipated to maintain outstanding growth rates across both years, with Greece and Portugal expected to remain among the leading performers in 2026.

Real value added growth in 2025 was strongest in Ireland, Slovenia, Czechia, Greece, and Malta (between 5.3% and 18.4%), whereas Hungary, Germany, and Latvia experienced contractions. Ireland recorded the highest growth in 2025, with Poland expected to take the lead in 2026, while Czechia and Greece continue to show steady and significant expansion. By 2026, all Member States are projected to return to positive SME real value added growth.

The report also discusses three strategic ecosystems (‘aerospace and defence’, ‘energy-renewables’, and ‘digital’) that are at the forefront of EU policy priorities under the next Multiannual Financial Framework (MFF). While these ecosystems are typically characterised by a strong presence of large enterprises, they also provide important opportunities for SMEs and for the recently established category of Small Mid-Caps (SMCs) (Figure 2).

In the 'aerospace and defence' ecosystem, SMEs are growing in absolute terms, with real value added and employment reaching 1.9% and 3.3% above 2021 levels by 2025 respectively. However, SME growth cannot keep up with the pace of expansion of large firms in this ecosystem: the SME share of both real value added and employment is projected to decline across most Member States by 2026, with only the Netherlands and the Slovak Republic deviating from this trend.

Figure 2. Relative growth in EU SMEs' employment (left) and real value added (right) across 'aerospace and defence', 'energy-renewables', 'digital', and total economy (2021-2026).



Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

In the 'energy-renewables' ecosystem, SMEs have experienced a mixed trend over the past five years. Real value added is expected to increase by 12.2% by 2026 compared with 2021 levels, albeit with considerable volatility along the way, while employment is projected to grow by 5.3% over the same period (Figure 2). Compared with the other two ecosystems presented in Figure 2, 'energy-renewables' records the highest growth rate in terms of real value added. Despite this strong performance, the evolution of both indicators remains highly volatile across firm size classes, and sectoral development is uneven across Member States: Ireland, Malta, Denmark, and Greece are expected to see stronger SME employment growth, while the Netherlands, Cyprus, Portugal, and Romania are projected to record the highest real value added growth.

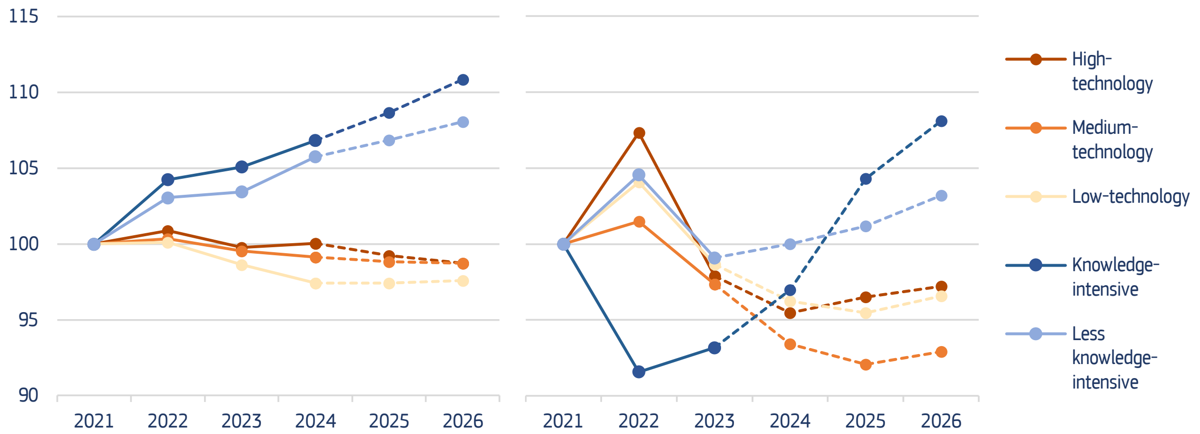
The 'digital' ecosystem demonstrated strong and sustained growth, with employment and real value added projected to increase by 11.9% and 7.5% respectively by 2026 relative to 2021 (Figure 2), the highest employment growth rate among the three ecosystems. This growth is particularly strong among medium-sized SMEs in employment terms, which are expected to outpace all other size classes including large enterprises, achieving double-digit growth by 2026. In terms of real value added, micro enterprises are leading the growth trend. Across almost all Member States, SMEs are expected to experience growth in both indicators, with Cyprus, Greece, and Portugal among the strongest performers.

The report subsequently turns to knowledge and technology-intensive (KTI) industries[1], which are central to strengthening the EU's strategic autonomy and supply chain resilience. SMEs perform well

[1] Knowledge-intensity categories apply to service activities, whereas technology-intensity categories apply to manufacturing industries. The two Eurostat classification frameworks are complementary and non-overlapping. A detailed overview of the sectoral groupings is provided in Annex 5.

across most segments (Figure 3). Employment in knowledge-intensive services is projected to reach cumulative growth of 10.9% by 2026 relative to 2021, exceeding that of less knowledge-intensive activities, which are expected to grow by 8.1% over the same period. By 2025, SMEs account for 35.7% of employment and 45.2% of real value added in high-tech manufacturing and knowledge-intensive services combined, with high-tech and knowledge-intensive SMEs particularly significant in the Netherlands, Ireland, and Slovenia. In contrast, employment in high-, medium-, and low-technology manufacturing SMEs is expected to contract slightly, declining by between -1.3% and -2.4% relative to 2021, and real value added in high-tech manufacturing has followed a downward trend since 2021. High-technology sectors thus remain a persistent challenge: SME employment is expected to contract for a second consecutive year, and real value added recovers only marginally relative to 2021 levels. However, given SMEs' currently limited footprint in high technology, these headwinds are unlikely to destabilise the broader SME landscape.

Figure 3. Relative growth in EU SMEs' employment (left) and real value added (right) across KTI industries and less knowledge and lower technology-intensive (non-KTI) industries (2021-2026).



Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

The report's general overview is rounded out by a discussion of SMEs operating in the EU's Single Market. This includes a summary update of the most burdensome barriers faced by SMEs in conducting cross-border operations.

This year's special chapter examines SME productivity as a driver of EU competitiveness and long-term growth. As the Draghi Report underlines, reviving the EU's relatively stagnant productivity growth is essential to address the simultaneous challenges of climate change, the digital transition, demographic ageing, and heightened geopolitical tensions. Given that SMEs represent 99.8% of all businesses and generate over half of EU GDP, their productivity performance has a direct bearing on aggregate economic outcomes.

While larger firms typically generate more output per worker than smaller ones (reflecting economies of scale, better access to capital and technology, and more diversified markets), firm size alone does not always determine productivity outcomes. Sometimes, technological, sector-specific as well as geographic factors can, partly or fully, offset company size-induced disadvantages. For example, even though the majority of EU SMEs are still relatively slow in harnessing the possibilities offered by the new IT technologies, there is, especially as regards AI, evidence that those SMEs that decide to adopt these technologies, might actually be swifter and more flexible in doing so and, thus, faster in realising productivity improvements than larger firms. At the sectoral level, SME productivity performance varies considerably across industrial ecosystems: 'energy-renewables' ranks first in 21 Member States and records the second-highest cumulative productivity growth since 2021 (6.6%), while 'tourism' is the only ecosystem projected to achieve double-digit growth (12.3%) over the same period. The productivity gap between SMEs and large enterprises also varies widely across the EU, ranging from 86.6% in Belgium to 25.5% in Greece. These disparities are also evident in the significantly varying SME productivity levels between Member States, with Northern and Western European countries - such as Ireland, Belgium, Luxembourg and the Netherlands - recording the highest SME productivity levels, exceeding EUR 80,000 per worker per year, while Southern and Eastern Member States often fall below EUR 30,000. From a SME policy perspective, the analysis of the mentioned factors is very relevant, as some of these factors, albeit not all of them, can be influenced by policy intervention. This refers in particular to stimulating the SMEs' adoption of advanced IT technologies (AI) as well as to the improvement of the business environment, including by reducing regulatory burden and improving access to finance for productivity-enhancing investments. Essentially, SME's can indeed provide a significant contribution to the EU's productivity and growth agenda discussed in the Draghi report on European competitiveness.

1. Introduction

As a core element of the SME Performance Review (SPR), the Annual Report on European SMEs is published alongside the second SPR component, the SME Country Fact Sheets. For those seeking the methodology behind the data in both segments, comprehensive technical reports are available for consultation on the SPR website[2].

Acknowledging the vital role SMEs play in the EU's economic fabric, the second chapter provides an in-dept analysis of their contribution to the EU economy. In a fundamental shift for SME statistics, this year's report marks a milestone moment by expanding its analytical horizon to include previously unexplored sectors of the economy, providing the most comprehensive baseline of SME performance to date. The chapter evaluates their impact through key indicators such as number of enterprises, employment, and real value added, enhanced by this new, more inclusive data coverage. This section further explores the broader business climate, identifying the primary obstacles and strategic advantages currently shaping the SME operational environment.

The third chapter adopts a longitudinal perspective, charting the evolution of the EU SME landscape within the EU total business economy from 2021 to the present. Beyond analysing historical trends and 2025 figures, it offers foresight into 2026 via data-driven projections. The analysis breaks down performance by size class, ecosystem, and Member State, while also highlighting how SMEs navigate in the Single Market and naming the most significant obstacles that prevent their thrive.

The fourth chapter offers a comprehensive overview of the study on SMEs and productivity, including their role in value chains, and highlights their strengths and weaknesses across the EU economy.

Rounding out the report are nine annexes containing specialised data. These supplements include a detailed breakdown of all industries that compose the EU total business economy, granular data per size class, Member State, industrial ecosystem and knowledge intensity segregation, as well as a performance review of non-EU countries participating in the Single Market Programme (SMP).

[2] All relevant publications can be found at: https://ec.europa.eu/growth/smes/sme-strategy/performance-review_en.

2. The role of SMEs in the EU

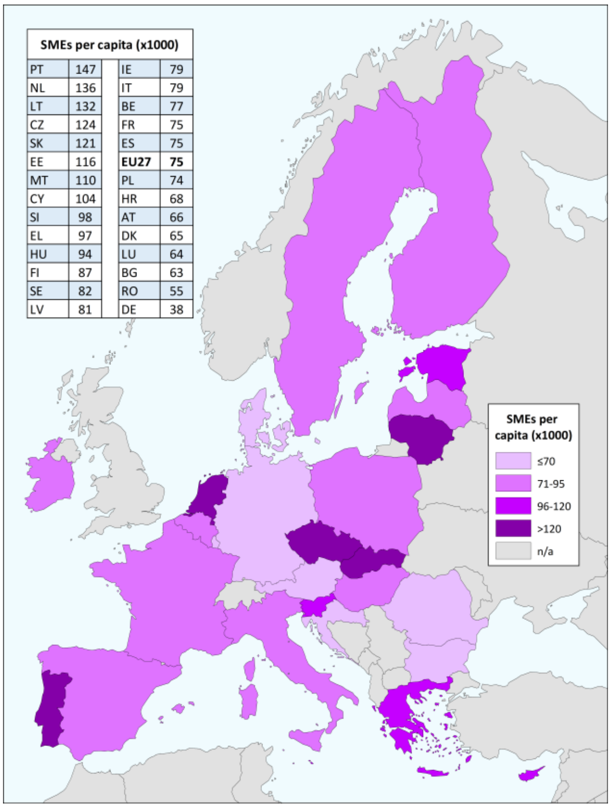
In 2025, small and medium-sized enterprises (SMEs) formed the backbone of the European Union's (EU) economy, accounting for 99.8% of all enterprises in the total business economy (Box 1). With a total of 34 million SMEs providing employment to approximately 105.6 million people, they made a substantial contribution to the EU's employment landscape and value added. Notably, micro enterprises constituted 94.5% of all SMEs in 2025 (Table 1), underscoring their dominant presence. Furthermore, the pivotal role of micro firms was evident across all 14 distinct industrial ecosystems and the 27 EU Member States, highlighting their integral influence and significance in the EU's economic fabric.

It is important to note that this edition introduces a key methodological novelty, which consists of the expansion of sectoral coverage through the inclusion of additional NACE sections. The newly included sections are K (financial and insurance activities), P (education), Q (human health and social work activities), R (arts, entertainment and recreation), and partially S (other service activities), thereby ensuring full compatibility with Eurostat's Structural Business Statistics (see Box 1). As a result, this enhancement provides the most comprehensive picture of EU SME activity to date and leads to a **one-off increase in the estimated number of EU SMEs, from around 26 million in last year's edition to approximately 34 million in the current edition.**

2.1. Snapshot of the importance of SMEs in the EU economy

According to the official definition[3] established by the European Commission (EC), SMEs are characterised by having fewer than 250 employees and an annual turnover of up to EUR 50 million or a balance sheet total of up to EUR 43 million. However, for the purposes of this report, the analysis is based exclusively on the employment criteria, as this is the definition used by the Structural Business Statistics (SBS) database, maintained by Eurostat, which serves as the primary data source. Within the SME population, micro enterprises are defined as those with fewer than 10 employees, while small enterprises employ between 10 and 49 staff, and medium-sized enterprises employ between 50 and 249 staff (see Table 7 in Annex 1 for a detailed breakdown).

Figure 4. Number of SMEs per Member State on a per capita basis in 2025.



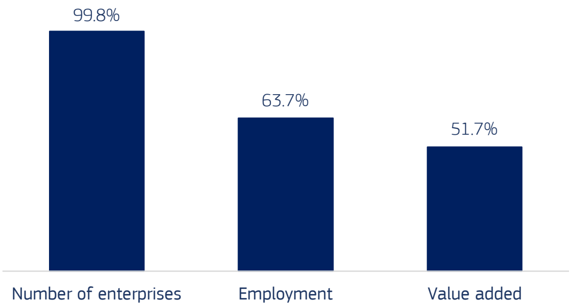
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics,

SMEs are an indispensable and vital component of EU society, deeply rooted in local communities, as illustrated in Figure 4. Across the EU, the density of SMEs is remarkable, with an average of 75 enterprises per 1,000 inhabitants. However, the involvement of SMEs is not uniform across all Member States. In eight cases, the concentration ratio is particularly high, exceeding 100 SMEs per 1,000 inhabitants, with Portugal and the Netherlands having the highest densities, at 147 and 136 SMEs per 1,000 inhabitants, respectively. In contrast, Germany and Romania have the lowest proportions, with 38 and 55 SMEs per 1,000 inhabitants.

[3] Commission Recommendation of 6 May 2003 concerning the definition of micro, small, and medium-sized enterprises (2003/361/EC), Official Journal of the European Union, L 124/36, 20 May 2003.

As of 2025[4], the EU was home to approximately 34 million active SMEs, accounting for 99.8% of all enterprises in the total business economy (Figure 5)[5]. These SMEs were a cornerstone of the EU economy, employing around 105.6 million people, which represents nearly two-thirds of the total business economy employment. Furthermore, they generated slightly over half of the total business economy value added, underscoring their substantial contribution to the EU's economic output.

Figure 5. Share of EU SMEs by number of enterprises, employment, and value added within the total business economy in 2025.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

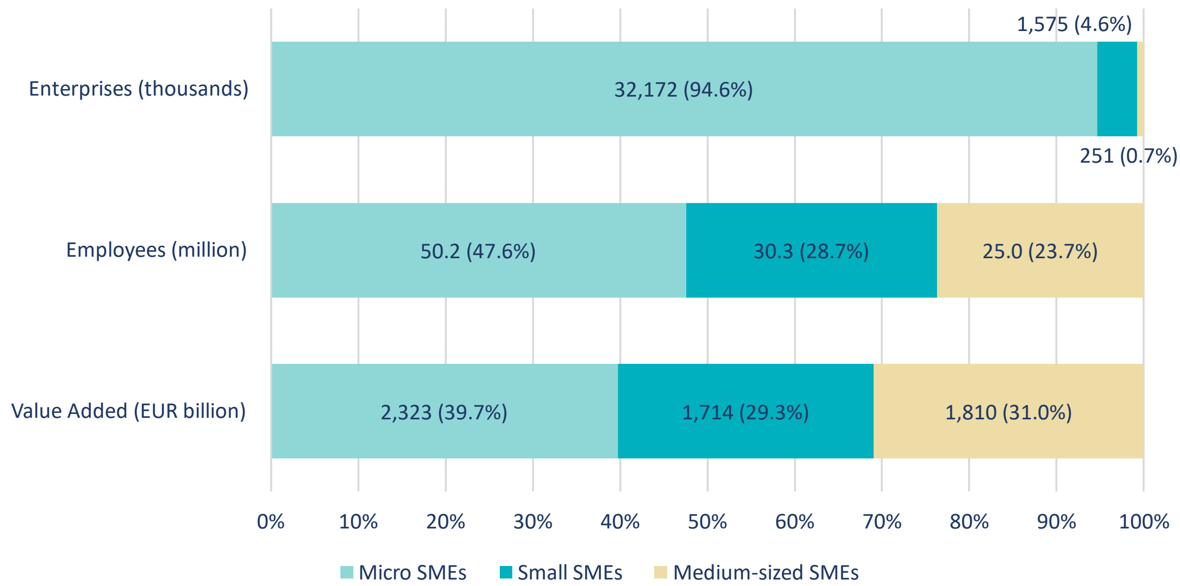
In the same year, micro SMEs emerged as the dominant size class among SMEs, outperforming their peers in all three key indicators and driving the sector's economic performance (Figure 6). Notably, they accounted for 47.6% of SME employment, while small SMEs and medium-sized SMEs contributed 28.7% and 23.7%, respectively. Interestingly, the distribution of value added generation was relatively even across the three SME size classes, with micro SMEs capturing a slightly larger share (39.7%), followed by medium-sized SMEs (31.0%) and small SMEs (29.3%). Overall, SMEs across all size categories demonstrated a substantial contribution to the economy, underscoring their importance as a driving force behind the economic momentum.

Further insights into the dominant role of micro SMEs and the varying proportions of SMEs in terms of value added and employment across the EU Member States can be found in Figure 52 and Figure 53 (Annex 6). This supplementary information provides a more nuanced understanding of the SME landscape in each Member State.

[4] The 2025 data are based on estimates derived from economic data available in December 2025.

[5] Information on the number of SMEs, their value added, and their employment in various countries outside the EU is provided in Annex 9 Table 20.

Figure 6. Share of EU SME size classes in the number of enterprises, the employment, and the value added in the total business economy, for 2025.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Since 2020, the European Commission has decided to regroup all different industries into 14 industrial ecosystems, which are linked together and encompass all players operating in a value chain, from the smallest start-ups to the largest companies, from academia to research, service providers to suppliers[6]. Undoubtedly, SMEs play a key role in the current state of these 14 ecosystems[7].

[6] European Commission (2020), Communication from the Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions, A New Industrial Strategy for Europe, Brussels, 10.3.2020, COM(2020) 102 final.

[7] European Commission (2023), Commission Staff Working Document, Annual Single Market Report 2023, Brussels, 31.1.2023, SWD (2023) 26 final.

Box 1. SME population in the EU and data provided by Eurostat.

The current Annual Report on European SMEs 2025/2026 marks a significant departure from previous iterations, as it considers the total business economy rather than the traditional non-financial business sector (NFBS). The NFBS excludes sectors such as agriculture, forestry, and fishing (NACE[8] section A), financial and insurance activities (NACE section K), public administration and defence; compulsory social security (NACE section O), education (NACE section P), human health and social work activities (NACE section Q), arts, entertainment, and recreation (NACE section R), other service activities (NACE section S), activities of households as employers; undifferentiated goods-and services-producing activities of households for own use (NACE section T), and activities of extraterritorial organisations and bodies (NACE section U). The total business economy, instead, expands on the NFBS and includes also the abovementioned NACE sections K, P, Q, R, and section S partially (division S94 - activities of membership organisations - is still not included).

In recent years, Eurostat's Structural Business Statistics have expanded the coverage of NACE codes, moving beyond the traditional NFBS limitation, and this impacts the sector coverage of SME data in this report. As of November 2023, and in regard of reference year 2021 and onwards, the statistical authority includes data on the entire NACE section K and its level 2 activities (K64, K65, and K66), as well as NACE section P with its unique code P85. Additionally, NACE section Q now includes all three relevant level 2 activities (Q86 (human health activities), Q87 (residential care activities), and Q88 (social work activities without accommodation)), and NACE section R covers codes R90 (creative, arts and entertainment activities), R91 (libraries, archives, museums and other cultural activities), R92 (gambling and betting activities), and R93 (sports activities and amusement and recreation activities). The segment of NACE section S referring to activities S95 (repair of computers, personal and household goods) and S96 (other personal service activities) has also become available, although some NACE sections, such as A, O, T, and U, remain unavailable.

Despite the relatively short time series available for the expanded NACE codes, the current report presents nowcasted and forecasted figures for 2024 (value added only), 2025, and 2026, calculated based on several factors, including historical data from previous years, reflecting the total business economy[9]. In previous editions, the exclusion of aforementioned sectors was necessitated by the absence of a sufficiently robust historical data series required to produce statistically reliable estimates and forecasts. It is essential to note that any direct comparison of absolute figures between the current and previous reports would be misleading due to the changes in the involved NACE codes. However, the current report is fully compatible with Eurostat datasets, ensuring consistency and accuracy in the analysis, and captures an additional 8 million SMEs. This expansion bridges a major data gap, increasing the total number of covered SMEs from roughly 26 million to about 34 million, and providing a far more comprehensive picture of the European SME landscape.

Transitioning from the limited coverage of NFBS to the broader total business economy provides a more robust and comprehensive reflection of the EU's economic status quo. This shift significantly enhances the analysis of industrial ecosystems; several, such as 'health', are now captured in their entirety without omissions. Furthermore, the data quality for other ecosystems has been substantially upgraded.

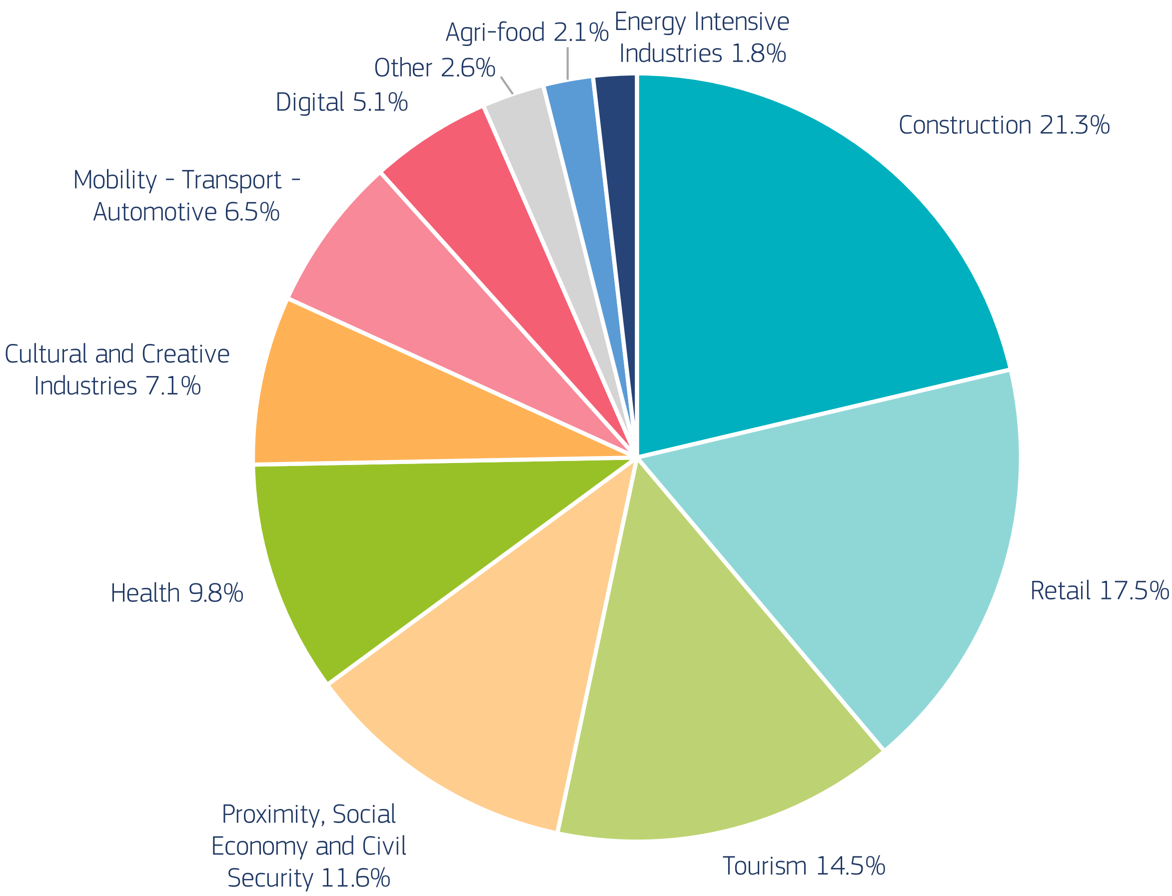
Viewed as an aggregate, the distribution of EU SMEs in 2025 reveals an obvious concentration within a few core ecosystems that are among the largest ecosystems in general. Specifically, SMEs maintained a prominent presence in 'construction' (accounting for 21% of all EU SMEs), 'retail' (18%) and 'tourism' (15%) (Figure 7). Concurrently, across the vast majority of industrial ecosystems, SMEs held the preponderant share of total employment. There were only three exceptions, 'energy-

[8] The NACE classification, developed by Eurostat, provides a statistical framework for categorising economic activities in the European Union (https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/ks-ra-07-015).

[9] Schulze Brock, P., Di Bella, L., Katsinis, A. and Lagüera González, J., SME Performance Review 2026 - Methodological note on Nowcasting and Forecasting, Publications Office of the European Union, Luxembourg, 2026, https://data.europa.eu/doi/10.2760/1626981, JRC145813.

renewables', 'aerospace and defence', and 'electronics', where the SME employment share is below 50%. Conversely, in four ecosystems ('tourism', 'construction', 'cultural and creative industries', and 'textiles'), SME employment shares exceeded 70%.

Figure 7. Distribution of EU SMEs across the Industrial Ecosystems in 2025.



Note: Other includes 'aerospace and defence' (1.0%), 'electronics' (0.4%), 'energy-renewables' (0.4%) and 'textiles' (0.9%). Data are missing for some NACE codes that correspond to the following ecosystems: 'agri-food' (NACE sector A), 'cultural and creative industries' (S94), and 'proximity, social economy and civil security' (T).

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Regarding real value added, the SME share across all 14 ecosystems was consistently lower than their corresponding employment share, with the gap varying from 4 percentage points (in 'retail' and 'construction') to 19 percentage points (in 'cultural and creative industries'). Nevertheless, SMEs generated more value added than large enterprises in six ecosystems. The most notable case is 'construction', where SMEs accounted for 72% of value added, followed by 'tourism' with a share of 65%. Finally, SME prevalence in the total number of enterprises was universal, with micro enterprises claiming the primary portion; even in 'electronics', the ecosystem with their smallest presence, they still exceeded 86%. Further details on the composition of all ecosystems by size class and variable are discussed in subsection 3.2.3.

Of particular note is the fact that the weight of SMEs within various industrial ecosystems exhibits high year-on-year stability, a consistency driven chiefly by the enduring structural nature of each sector. A more comprehensive exploration of SME contributions across these ecosystems is provided in section 3.2. For a granular disaggregation of EU SMEs within all total business economy industries for the 2025 - 2026 period, please consult Annex 8. Furthermore, Annex 9 offers a comparative analysis of SME prominence within the EU's total business economy relative to several selected non-EU countries[10]. Finally, the involvement and impact of EU SMEs in knowledge-intensive and high-tech sectors are illustrated in subchapter 3.5.

2.2. The economic environment in which SMEs operate

The evolving economic and geopolitical landscape continues to reshape every facet of EU society, and SMEs are no exception. Following years dominated by "crisis management", marked by the pandemic, Russia's ongoing war of aggression against Ukraine, the energy price volatility, and the escalated inflationary pressures, the focus has shifted toward a new era of global competitiveness.

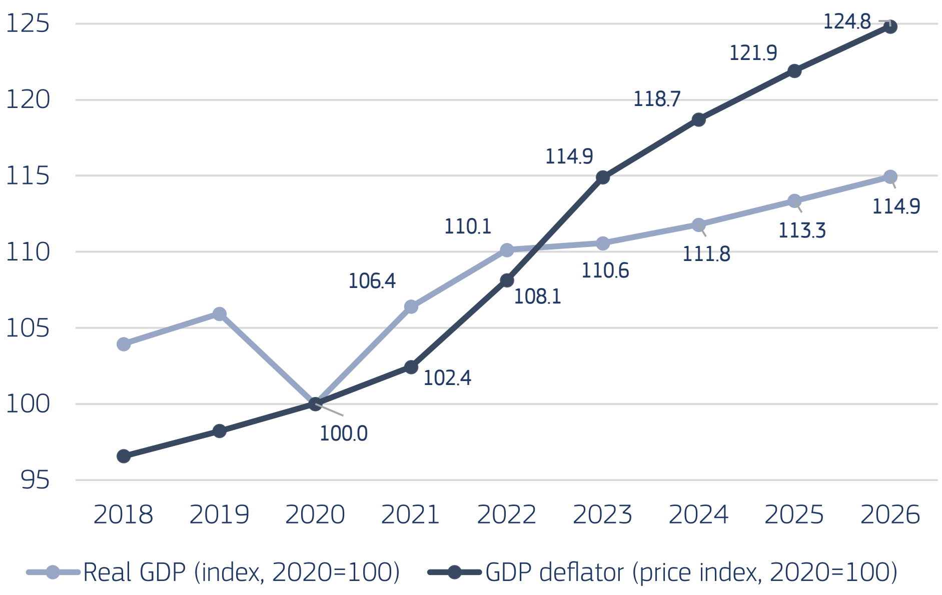
Against the recent volatile economic and political background, the European Union's Gross Domestic Product (GDP) recorded a growth rate of approximately 1.4% in 2025, with a similar rate forecasted for 2026 (Figure 8), providing SMEs with a slightly improved economic backdrop as compared to previous years. The trajectory of GDP growth and corresponding deflators varies across countries; nonetheless, it is notable that all 27 Member States recorded positive real GDP growth in 2025, a trend expected to continue in 2026. A more detailed breakdown of GDP growth and GDP deflators[11] can be found in Table 8 (Annex 2). All references to SME value added changes in subsequent chapters are adjusted for inflation[12].

[10] The selected non-EU countries are Albania (AL), Armenia (AM), Bosnia and Herzegovina (BA), Georgia (GE), Iceland (IS), Kosovo (XK), Moldova (MD), Montenegro (ME), North Macedonia (MK), Norway (NO), Serbia (RS), Switzerland (CH), Türkiye (TR), Ukraine (UA) and the United Kingdom (UK).

[11] Value added is adjusted to 2020 prices according to the GDP deflator and not the Harmonized Index of Consumer Prices (HICP) since it includes all goods and services in the economy, reflecting better the inflationary impacts faced by SMEs. Consequently, all growth rates between these two years have been calculated based on this computation. More information can be found here: Inflation measurement and its assessment in the ECB's monetary policy strategy review, European Central Bank, 2021, https://data.europa.eu/doi/10.2866/292406.

[12] Value added is adjusted to 2020 prices according to the GDP deflator. Consequently, all growth rates between these two years have been calculated based on this computation. More information about the methodology behind real value added calculation can be found in the relevant technical report (https://www.stlouisfed.org/publications/page-one-economics/2023/01/03/adjusting-for-inflation).

Figure 8. Evolution of GDP and inflation (2020 = 100) in the EU over the period 2018-2026.



Note: Values referring to 2026 stem from the European Economic Forecast, Autumn 25 version.

Source: Eurostat, European Economic Forecast – Autumn 25.

European economic growth has been sound, driven by steady investment, a resilient labour market and strategic deployment of e.g. the Recovery and Resilience Facility (RRF) and other EU funding schemes[13,14], though inflation remains subject to volatility from Middle East tensions. Furthermore, the Joint Statement on a US-EU trade framework has provided much-needed stability, granting EU exporters a distinct competitive edge[15]. While the growth of goods and services exports is expected to decelerate slightly, the broader outlook remains robust. Stabilising and modestly decreasing energy prices, accompanied by a sophisticated "financing inventory", including the Recovery and Resilience Plans, the European Defence Industry Programme, and incentives streamed by InvestEU, are providing the leverage necessary to drive investment[16,17]. The modest employment growth, combined with the accelerating economic activity, reflects a rise in productivity. Moreover, the environment composed by all reforms as implemented in the competitiveness agenda[18], the higher defence spending focused

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[13] European Commission (2025). European economic forecast: Autumn 2025 (https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2025-economic-forecast-shows-continued-growth-despite-challenging-environment_en#document).

[14] European Commission (2024), Recovery and Resilience Facility – How the RRF supports businesses (https://reforms-investments.ec.europa.eu/technical-support-instrument-0/publications-0/recovery-and-resilience-facility-how-rrf-supports-businesses_en)

[15] European Commission (2025), Joint Statement on a United States-European Union framework on an agreement on reciprocal, fair and balanced trade (https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en)

[16] European Commission (2025), Recovery and Resilience Facility Annual Report 2025 (https://reforms-investments.ec.europa.eu/technical-support-instrument-0/publications-0/recovery-and-resilience-facility-annual-report-2025_en)

[17] European Commission (2024), Staff Working Document on EDIP (https://defence-industry-space.ec.europa.eu/commission-staff-working-document-edip_en)

[18] European Commission (2025). A competitiveness Compass for the EU, COM (2025), 30.

on EU production[19], and ultimately, the new trade agreements with partners like Mercosur[20] and India[21], creates an advantageous ecosystem where EU SMEs are well-positioned to thrive.

The European Central Bank (ECB) has pivoted its policy to support a fragile economic recovery, shifting its focus from combating high inflation as seen in previous years. As a result, SMEs have benefited from the gradual easing of borrowing costs. However, the prevailing economic outlook, which remains stagnant or has even slightly deteriorated compared to the situation of large firms, continues to hinder access to finance. Furthermore, SMEs have faced a net increase in secondary financing costs, including bank charges, fees, and stricter collateral requirements[22]. The European Commission is also supporting SMEs through a range of policy instruments, either already implemented or planned under the next multiannual financial framework (MFF), set to start in 2028 (see Box 2).

Box 2. Policy initiatives addressing SME challenges.

The EU has deployed a suite of targeted support measures to support SME recovery; for instance, the 2026 SME Fund[23] offers a "first-mover advantage" by providing vouchers that cover up to 75% of intellectual property protection costs, enabling SMEs to secure their innovations and expand into the competitive global market environment. This approach is fully aligned with the Commission's political guidelines[24], which prioritise supporting SMEs in their internationalisation efforts.

Also, the planned European Competitiveness Fund (ECF) aims to enhance the competitiveness and resilience of SMEs in the face of rapid technological change and evolving global market dynamics. The ECF will also contribute to building European value chains and leverage the potential of SMEs for resilience. It will adopt a value chain approach to developing ecosystems and supply chains across the four policy windows (clean technologies, health and biotechnologies, digital technologies and resilience and defence technologies). It foresees horizontal coordination tools, such as the Single Market Value Chain builder, EU Tech Frontrunners, Important Projects of Common European Interest (IPCEIs) top-ups and cross-border industrial projects. These tools will allow to design specific calls targeted to vulnerable segments and SMEs with the potential to increase resilience and facilitate the participation of SMEs in large-scale and cross-border industrial projects. It also foresees SME specific actions in work programmes, such as higher co-funding rates, bonus systems, as well as advisory services such as the EU4Business Network that will further support SME participation, innovation and scaling-up.

[19] European Commission (2025). European economic forecast: Spring 2025, The economic impact of higher defence spending (https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2025-economic-forecast-moderate-growth-amid-global-economic-uncertainty/economic-impact-higher-defence-spending_en).

[20] European Commission (2025). EU-MERCOSUR Partnership Agreement (https://ec.europa.eu/commission/presscorner/api/files/attachment/882169/Factsheet%20EU-Mercosur%20Trade%20Agreement%20-%20Key%20facts-%202025.pdf).

[21] European Commission – Press release (2026), EU and India conclude landmark Free Trade Agreement (https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_26_184/IP_26_184_EN.pdf).

[22] ECB (2025), SAFE Survey (https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202504~3839a2deca.en.html).

[23] European Union Intellectual Property Office (2026). https://www.euipo.europa.eu/mt/news/launch-of-the-2026-sme-fund-to-help-smes-protect-their-intellectual-property.

[24] European Commission: Directorate-General for Communication and Leyen, U. v. d., Europe's choice – Political guidelines for the next European Commission 2024–2029, Publications Office of the European Union, 2024, (https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf).

3. The evolution and prospects of EU SMEs performance: An analysis from 2021 to 2026

This chapter provides a structured assessment of developments in the performance of SMEs in the EU over the period 2021–2026. It examines trends across different firm size classes and industrial ecosystems, with a view to identifying structural patterns, medium-term developments, and future growth prospects within the EU economy.

The first section analyses performance by firm size, including micro, small, medium-sized enterprises, and large firms. Key economic indicators -employment, enterprise numbers, and real value added- are used to assess the scale, activity dynamics, and economic impact of firms. Particular attention is paid to differences in the pace and pattern of performance developments across size categories, highlighting whether activity is expanding, stagnating or contracting across firm classes. The section also presents estimates for 2025 and 2026 and reviews performance patterns across industrial ecosystems, emphasising the contribution of sectoral structure and diversification to balanced economic development. Moreover, this section presents a comparative overview of SME developments across Member States, illustrating how national economic structures and regional conditions shape performance outcomes across the EU.

The chapter then focuses on SME performance within selected industrial ecosystems of strategic importance for the EU economy, with a specific emphasis on high-technology and knowledge-intensive service activities. Ecosystems such as 'aerospace and defence', 'digital industries', and 'energy–renewables' are especially relevant given their role in technological transformation, the green transition, supply chain resilience, and strategic autonomy. Although SMEs have a smaller relative presence in these ecosystems compared with other sectors, they remain economically significant through their contributions to innovation, value creation, and integration into industrial value chains.

Finally, this chapter ends with an analysis highlighting the importance of the Single Market as a framework condition influencing SME performance.

3.1. A size classes comparison

Before turning to the size class analysis, Box 3 informs about the recently introduced "small mid-cap" category for contextual reference. This size class is not included in the subsequent analysis due to data limitations.

Box 3. The small mid-cap (SMC) definition.

Following the latest political guidelines, as of 21 May 2025, the European Commission adopted a recommendation[25] to establish a new enterprise category positioned between SMEs and large corporations, called small mid-caps. The aim is to ensure more proportionate regulation for these enterprises, by reducing existing regulatory burdens that may affect their competitive development, an issue already discussed in the Competitiveness Compass for the EU[26].

The annex of the recommendation sets out the criteria for this new category. Under the proposed thresholds, small mid-caps are defined as enterprises which are not SMEs that employ fewer than 750 persons and have either an annual turnover not exceeding EUR 150 million or an annual balance sheet total not exceeding EUR 129 million. It is noteworthy that, as for SMEs, there are additional criteria on the ownership structure of these enterprises.

Currently, data covering these enterprises are very limited, as Eurostat's Structural Business Statistics relies on the headcount criteria and only covers nine Member States[27] in 2024 for the key indicators of employment and number of enterprises. Nevertheless, these countries account for approximately half of the large (i.e. non-SME) enterprises within the overall EU population for both indicators across the recently extended list of NACE sectors. Using this information, a preliminary estimate of the weight of small mid-caps can be derived. The following table summarises their role with regards to these indicators.

Table 2. SMEs, small mid-caps, large enterprises and the share of small mid-caps over large enterprises in 2024.

Indicator	SMEs	Large	Small mid-caps	Small mid-caps (% of Large)
Number of enterprises	12,618,333	27,453	18,427	67.12%
Employment	48,491,748	29,846,972	7,344,877	24.61%

Note: Values are calculated based on the nine Member States for which data are available (see footnote 27).

Source: JRC calculations based on Eurostat's Structural Business Statistics.

The introduction of this new class size breakdown will have substantial impact on the composition of the large enterprise population as, using as a reference this subset of Members States, more than two thirds could potentially be included in this new category, affecting almost one quarter of people employed by them.

For the purposes of this report, given the limited data available, no distinction has been made between large enterprises and small mid-caps. Therefore, all findings referring to large enterprises also include this new category.

[25] Commission Recommendation (EU) 2025/1099 of 21 May 2025 on the definition of small mid-cap enterprises, Official Journal of the European Union, L 1099, 28 May 2025, https://eur-lex.europa.eu/eli/reco/2025/1099/oj.

[26] See footnote 18.

[27] Bulgaria, Germany, Spain, Croatia, Lithuania, Malta, Poland, Portugal, and Finland.

3.1.1. Trends in performance over the past years by size class, 2021–2026

As noted previously, the report expands its analytical scope through the inclusion of additional NACE sections, resulting in an enlarged SME population compared to previous editions. This methodological enhancement provides a more comprehensive picture of SME activity in the total EU economy. Furthermore, it is important to emphasise that projections for 2026 were produced prior to the escalation of geopolitical conflict in the Middle East and therefore do not incorporate the associated economic repercussions. As such, the projections presented here are subject to heightened uncertainty and are likely to be significantly affected by these developments.

Figure 9 presents the enterprise growth indices for micro, small, medium-sized SMEs, and large enterprises, illustrating changes from the base year of 2021 to forecasted numbers for 2026. By 2026, the relative growth index of micro SMEs is expected to stand 12.2% above the 2021 baseline, signalling sustained expansion in this category. However, part of this growth may reflect a "size-band effect", whereby firms that have downsized are reclassified into the micro category, potentially inflating the figure. The scale of this effect is uncertain.

Small SMEs display limited growth over the historical period. In 2024, growth in the number of enterprises was 2.9% above the 2021 baseline. Looking ahead, the relative growth index is projected to reach 3.6% by 2026, indicating continued stability rather than significant expansion.

Medium-sized SMEs show steady growth up to 2024, reaching 6.3% above the 2021 level. Thereafter, projections suggest a period of relative stagnation, with enterprise growth expected to rise only marginally to 6.9% by 2026. This points to consolidation within this size category.

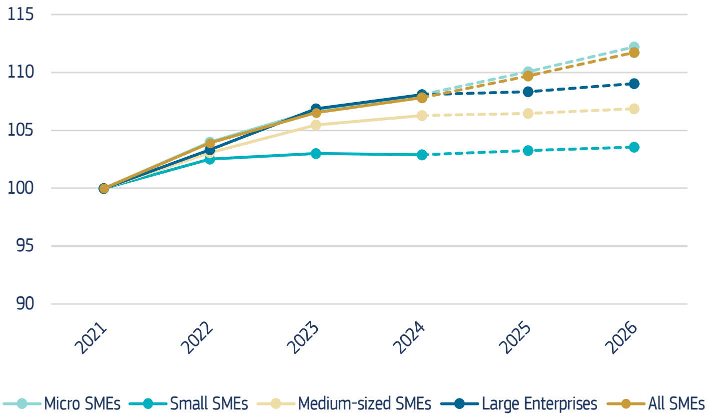
Large enterprises also exhibit gradual growth. The relative growth index is projected to reach 9.1% by 2026, suggesting ongoing expansion.

Taken together, over the past five years following the COVID-19 pandemic, both observed growth data and forecasts indicate an overall upward trend across all size categories, albeit at differing rates. Growth is most pronounced among micro enterprises, while medium-sized and large firms expand steadily and small firms remain largely stable.

The development of employment and real value added in EU enterprises between 2021 and 2026, as illustrated in Figure 10, reveals differentiated trends across firm size categories and indicators.

Employment growth is comparatively modest throughout the period, with all size classes recording or expected to record single-digit increases relative to their 2021 levels. Micro SMEs are expected to marginally outperform large enterprises, with employment projected to rise by 8.8% by 2026, compared with large firms, which are expected to be

Figure 9. Relative growth in number of enterprises by size class (2021-2026).



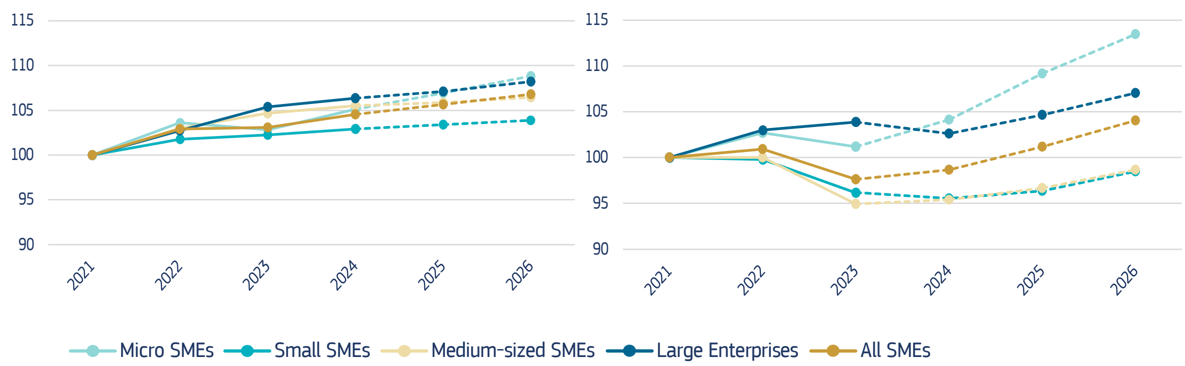
Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

8.2% above the 2021 level. Medium-sized SMEs are forecast to achieve an increase of 6.5%, while small SMEs are projected to record a more limited rise of 3.9% above the 2021 baseline by 2026. Overall, these figures point to restrained workforce expansion.

In contrast, developments in real value added are more uneven across size classes. Micro SMEs and large enterprises have both recorded growth and are projected to maintain index levels above their 2021 baseline through to 2026. By 2026, micro firms are expected to stand 13.5% above their 2021 level, while large enterprises are forecast to be 7.1% higher. This indicates sustained gains in economic output and a comparatively robust medium-term outlook, particularly for micro SMEs.

Figure 10. Relative growth in employment (left) and real value added (right) by size class (2021-2026).



Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

By contrast, small and medium-sized SMEs perform worse. Both groups experienced noticeable declines in real value added, falling below their 2021 benchmark, particularly in 2023. In that year, the index for small SMEs was approximately 4% below the 2021 baseline, while medium-sized SMEs were around 5% lower. Although projections point to gradual improvement towards 2026, neither category is expected to return fully to its 2021 level within the forecast horizon. By 2026, both remain marginally below baseline, with the gap narrowing to less than 2%. This pattern suggests persistent structural pressures and comparatively slower growth among these firms.

Overall, developments between 2021 and 2026 are broadly positive but uneven across firm sizes. Micro SMEs are projected to outperform other categories, with the growth differential vis-à-vis large enterprises widening over time. While employment increases are relatively modest and broadly comparable across firm sizes, real value added shows a clearer divergence. In particular, micro firms are projected to record double-digit growth in real value added alongside only single-digit employment growth, suggesting a favourable relationship between output and employment growth. By contrast, while employment in small and medium-sized SMEs is projected to increase relative to 2021, real economic output does not rise commensurately. The divergent developments in real value added across SME size classes point to pronounced heterogeneity within the SME sector. As 2021 already reflects partial post-pandemic recovery, these trends represent structural adjustment rather than rebound from the crisis trough.

3.1.2. Economic performance by size class in 2025 and 2026

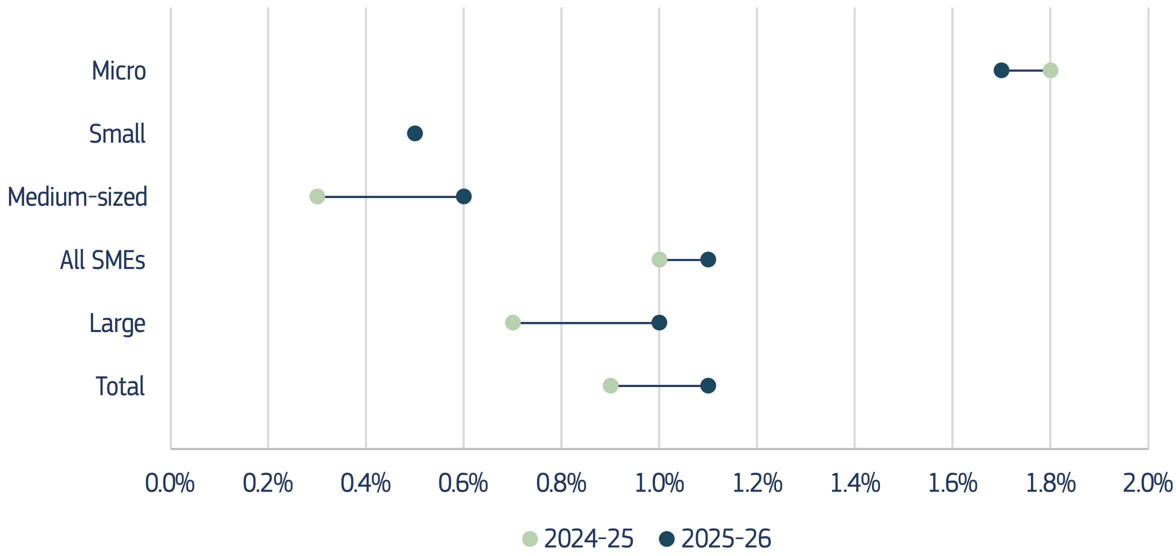
This section moves from an examination of longer-term developments to a more immediate outlook, focusing on the annual growth rates of the key economic indicators for 2025 and 2026. The evidence provides important insights into short-term economic dynamics and the anticipated changes in performance across micro, small and medium-sized SMEs, as well as large firms.

Employment

Employment expanded across all firm sizes in 2025, with micro SMEs acting as the principal driver of annual growth (1.8%). Small and medium-sized enterprises recorded more moderate increases of 0.5% and 0.3%, respectively, while large firms saw employment rise by 0.7%. In aggregate, total employment grew by 0.9%, marginally below the 1% increase observed within the SME sector (Figure 11).

For 2026, forecasts point to continued, albeit slower, employment growth. Micro SMEs are expected to retain their leading role despite a slight deceleration to 1.7%, compared to 2025. Large enterprises are anticipated to experience a stronger expansion of 1%, supporting an overall employment growth rate of 1.1% (Figure 11).

Figure 11. Annual growth in employment by size class in 2025 and 2026.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Real Value Added

In 2025, annual growth in real value added was broad-based across firms of all sizes. Micro SMEs recorded the strongest expansion (4.8%), followed by large enterprises (2.0%), while small and medium-sized SMEs registered more moderate gains of 0.8% and 1.3%, respectively. As a result, aggregate real value added in the overall economy increased by 2.3%, compared with 2.5% in the SME sector, indicating that SMEs slightly outperformed the overall economy (Figure 12).

The outlook for 2026 suggests continued expansion with a partial rebalancing across firm sizes. Annual growth among micro SMEs is projected to moderate to 3.9%, marking the only deceleration relative to the previous year. By contrast, small firms are expected to strengthen markedly (2.2%), narrowing the performance gap within the SME segment, and medium-sized enterprises are forecast to expand at 2.1%. Large enterprises are anticipated to record a more robust increase of 2.3%. Overall, real value added is projected to rise by 2.6%, with SMEs collectively advancing at a stronger rate of 2.9% (Figure 12). The continued outperformance of the SME sector relative to aggregate growth underscores its central role in driving value creation.

Figure 12. Annual growth in real value added by size class in 2025 and 2026.

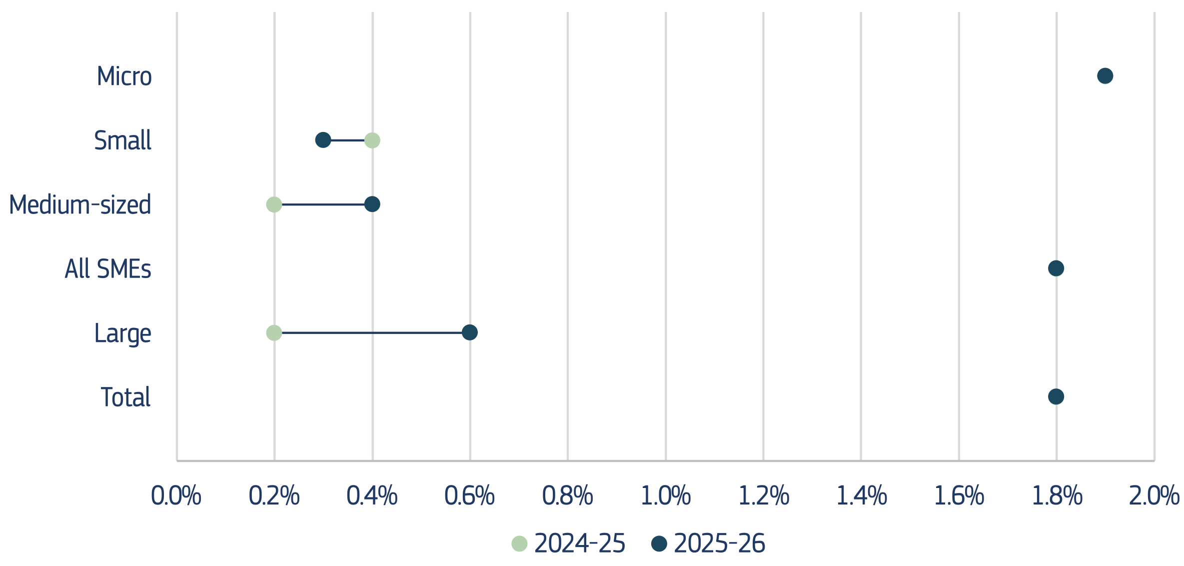
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Number of Enterprises

The number of enterprises has exhibited steady upward momentum across size classes in both years. In 2025, micro SMEs recorded a 1.9% increase, surpassing other classes once again. This sustained growth rate may be indicative of continued entrepreneurial dynamism or relatively favourable conditions for micro enterprises. Meanwhile, small SMEs grew by 0.4%, while medium-sized SMEs and large enterprises each saw a relatively subdued rise of 0.2% (Figure 13).

In 2026, the forecast indicates continued positive annual growth with variations. Micro SMEs are expected to maintain their 1.9% growth rate, whereas small SMEs see slower growth at 0.3%, making it the only size class to decelerate. Medium-sized SMEs are predicted to experience an increase of 0.4% and large enterprises an increase of 0.6%. Consequently, growth in the total number of enterprises and in the SME sector is projected to remain unchanged at 1.8% compared with the previous year, with micro SMEs being the key contributors to this growth (Figure 13).

Figure 13. Annual growth in number of enterprises by size class in 2025 and 2026.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

3.2. The performance of EU SMEs per industrial ecosystems breakdown

Following the assessment of size-specific differences, the focus shifts to SMEs as a collective pillar of the European economy. The European Industrial Strategy[28] underscores SMEs contribution to competitiveness, resilience, strategic autonomy, and the green and digital transitions. Assessing their aggregate performance and positioning within industrial ecosystems is therefore essential for tracking progress in achieving the European Industrial Strategy's objectives (see Annex 3 for details on the composition of ecosystems).

3.2.1. SME employment in each of the 14 industrial ecosystems in 2025 and 2026

This section examines employment patterns within the EU's 14 industrial ecosystems, highlighting the contribution of SMEs in 2025. It presents the current employment situation in absolute terms and considers short-term dynamics, offering insights into the expected evolution of SME employment in 2026.

Across the EU in 2025, the employment footprint of SMEs differed between ecosystems from commanding in large sectors such as 'construction' and 'tourism' to maintaining a more modest lead in 'health' and 'energy-intensive industries'. In the 'construction' and 'tourism' ecosystems, comprising 16.7% and 12.9% of total EU employment respectively, SMEs employ more than three-quarters of workers. Similarly, in the 'retail' sector, which contributes 18.3% to EU employment, SMEs uphold nearly three-quarters of all job opportunities, emphasising their critical role in this sector. Within the 'health' ecosystem, with a 10.7% share of total EU employment, SMEs manage to maintain a slight

[28] European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (2021). https://single-market-economy.ec.europa.eu/industry/strategy_en

majority, employing just over half the workforce. In smaller ecosystems, where each represents under 10% of total EU employment, SMEs typically dominate employment as well. Notable examples include 'proximity social economy and civil security', where SMEs account also for almost three quarters of employment. In 'energy-intensive industries', employment is roughly evenly split between SMEs and large enterprises, reflecting the sector's capital-intensive structure (Figure 14).

Broadly speaking, the data underscore the vital contributions of SMEs and highlight the typical pattern, with SMEs more prevalent in labour-intensive sectors (e.g. 'tourism') and less dominant in capital-intensive (e.g. 'energy intensive') or highly regulated industries (such as 'health').

Figure 14. Employment in SMEs and large enterprises (thousands) and each ecosystem's share of total employment across all ecosystems, 2025.

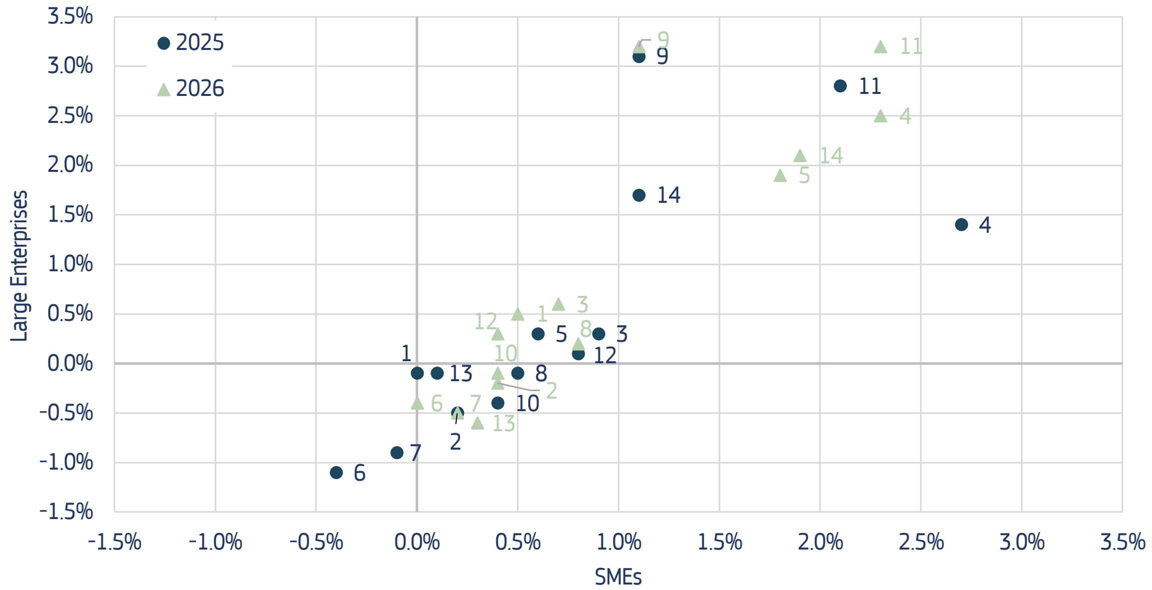
Note: The category "Other" aggregates ecosystems representing less than 4% of total employment. This group comprises 'aerospace and defence', 'cultural and creative industries', 'electronics', 'energy – renewables', and 'textiles'.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Next, Figure 15 illustrates annual employment change (%) across the 14 ecosystems, highlighting developments from 2025 to the projected change for 2026. SMEs recorded negative employment change in the 'electronics' (-0.4%) and 'energy intensive industries' (-0.1%) ecosystems in 2025. Large enterprises experienced even stronger contractions in these sectors, with employment declining by -1.1% and -0.9%, respectively. Conversely, several ecosystems experienced employment expansion for SMEs, with 'cultural and creative industries' leading at 2.7%, followed by 'proximity, social economy and civil security' at 2.1%.

Overall, employment developments were weaker for large enterprises in 2025, with half of the ecosystems showing negative year-over-year growth. The sharpest declines were observed in 'electronics' (-1.1%) and 'textiles' (-1%). At the same time, the strongest employment increases among large enterprises occurred in 'health' (3.1%) and 'proximity, social economy and civil security' (2.8%) (Figure 15).

Figure 15. Annual change (%) of SME and large enterprises employment in 2025 and 2026, by industrial ecosystem.



Note: The industrial ecosystems are as follows: 1 – aerospace and defence, 2 – agri-food, 3 – construction, 4 – cultural and creative industries, 5 – digital, 6 – electronics, 7 – energy-intensive industries, 8 – energy-renewables, 9 – health, 10 – mobility-transport-automotive, 11 – proximity, social economy and civil Security, 12 – retail, 13 – textiles, 14 – tourism.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Looking ahead to 2026, SME employment is projected to be higher than in 2025 in 9 out of the 14 ecosystems, while the remaining ecosystems are projected to record either lower or unchanged positive growth. SMEs in 'electronics' (0.0%) and energy intensive industries' (0.2%) are expected to move out of negative territory, although growth in these ecosystems remains comparatively modest. The most notable acceleration for SMEs is projected in the 'digital' ecosystem, where employment growth is expected to reach 1.8%, marking a clear improvement compared with 2025.For large enterprises, all ecosystems are expected to record improved year-over-year growth rates in 2026 compared with 2025. Nevertheless, negative employment growth is still projected in five ecosystems, namely 'agri-food', 'electronics', 'energy intensive industries', 'mobility - transport - automotive', and 'textiles' (Figure 15).

Overall, in several ecosystems, year-over-year employment growth appears to be broadly aligned across firm sizes. In particular, the 'health' and 'proximity, social economy and civil security' ecosystems show strong employment expansion for both SMEs and large enterprises, indicating sector-wide growth dynamics rather than firm-size-specific effects. At the same time, even when growth is modest, SMEs are still expanding while large enterprises stagnate or contract in some ecosystems.

3.2.2. SME real value added in each of the 14 industrial ecosystems in 2025 and 2026

As shown in Figure 16, SMEs represent a key source of real value added in many industrial ecosystems and were an essential component of the EU's economic structure in 2025. Among the ecosystems with the highest shares of total EU real value added, 'retail', 'construction', and 'health' stand out, accounting for 16.6%, 14.8%, and 12.0% of total EU value added, respectively. In both 'retail' and 'construction', SMEs were the dominant contributors, generating more than three-quarters of the real value added. On the other hand, the 'health' ecosystem displays a different structure. Although SMEs contribute slightly more than one-quarter of total real value added, large enterprises accounted for the majority share. This likely reflects the capital-intensive nature of parts of the 'health' ecosystem, such as pharmaceuticals and medical technology, where scale, research capacity and regulatory compliance favour larger firms.

SMEs are also the primary drivers of value creation in several other ecosystems, particularly 'cultural and creative industries', 'proximity social economy and civil security', and 'tourism', where they generate more than half of the total value added. In 'tourism', SMEs are especially dominant, contributing almost three-quarters of total value added. This strong SME presence reflects the service-oriented and locally embedded nature of tourism activities, which are predominantly organised as small, medium-sized, and family-owned enterprises[29].

By contrast, SMEs play a more limited role in ecosystems such as 'digital', 'energy-intensive industries', 'electronics', and 'energy-renewables', where large enterprises account for a significantly greater share of real value added (Figure 16).

[29] Schuster, A., Kanbach, D. K., Kallmuenzer, A., Kraus, S., & Rumstadt, F. (2026). Measuring entrepreneurial potential in fast-paced industries: Scale development for the tourism industry. *International Journal of Hospitality Management*, 132, 104297.

Figure 16. Real value added (in EUR million) generated by SMEs and large enterprises, and each ecosystem's share of total real value added across all ecosystems, 2025.

Note: The category "Other" aggregates ecosystems representing less than 4% of total economic activity. This group comprises 'aerospace and defence', 'cultural and creative industries', 'electronics', 'energy – renewables', and 'textiles'.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

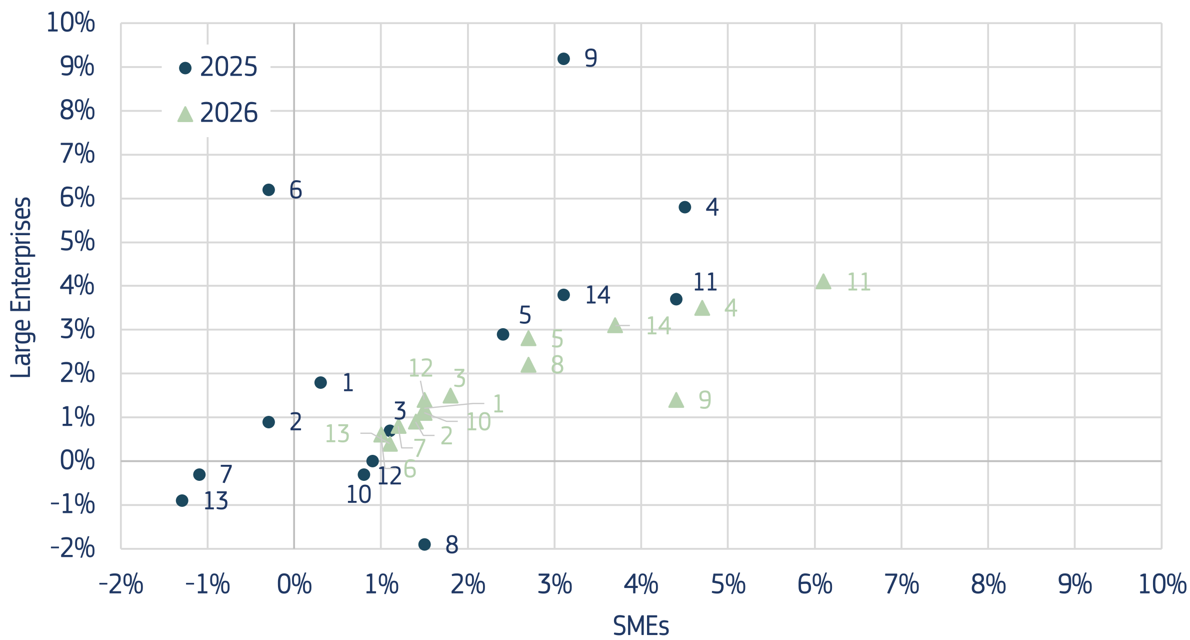
Following this, the projected annual changes in SMEs' real value added, as illustrated Figure 17, present a dynamic picture for the years 2025 and 2026. In 2025, SMEs in several ecosystems, including 'cultural and creative industries' (4.5%), 'proximity, social economy and civil security' (4.4%), 'digital' (2.4%), 'health' (3.1%), and 'tourism' (3.1%), demonstrated notable increases. The gains observed in the 'digital' and 'health' sectors are particularly notable, given that these industries are dominated by larger enterprises in terms of economic output. In addition, employment growth within these sectors was robust, as outlined in the previous section, suggesting economic resilience. Furthermore, in several sectors typically led by SMEs in terms of real value added, relative growth rates surpassed those of larger firms, except in 'tourism', where large enterprises slightly outpaced SMEs with annual growth rates of 3.8% versus 3.1%.

Conversely, SMEs in certain ecosystems such as 'agri-food', 'electronics', 'energy intensive industries', and 'textiles' faced challenges, experiencing negative growth rates for SMEs, with 'textiles' particularly adversely affected at -1.3%. However, forecasts for 2026 suggest a moderate recovery, with SMEs projected to achieve positive year-over-year growth across all sectors, including those previously in decline. A notable resurgence is expected in the 'energy intensive industries'' sector, projecting a robust growth rate of 1.2% in 2026, signalling a potential recovery (Figure 17).

In 2025, large enterprises achieved higher annual growth rates in 9 ecosystems compared to SMEs. However, this pattern is expected to reverse in 2026. SMEs are poised for substantial progress in 2026, with anticipated year-over-year growth surpassing that of large firms in 13 out of the 14 ecosystems. This includes sectors traditionally dominated by larger enterprises, such as 'mobility - transport – automotive', 'agri-food', and 'energy intensive industries'. The only exception is 'digital', where large enterprises are expected to record stronger growth.

Overall, forecasts point to a broad-based strengthening of SMEs in 2026, with projected positive growth across all ecosystems and clear outperformance relative to large enterprises in nearly all ecosystems, except in 'digital'. The highest SME growth projections in 2026 are observed in 'proximity, social economy and civil security', 'cultural and creative industries', 'health', and 'tourism'. The largest positive growth differentials vis-à-vis large enterprises are recorded in 'health' and 'proximity, social economy and civil security'. This suggests that SMEs are leveraging widely distributed growth opportunities across sectors, while large firms retain growth advantages in the 'digital' ecosystem. As a result, SMEs are projected to remain key contributors to economic dynamism across ecosystems.

Figure 17. Annual change (%) of SMEs' and large enterprises' real value added in 2025 and 2026, by industrial ecosystem.



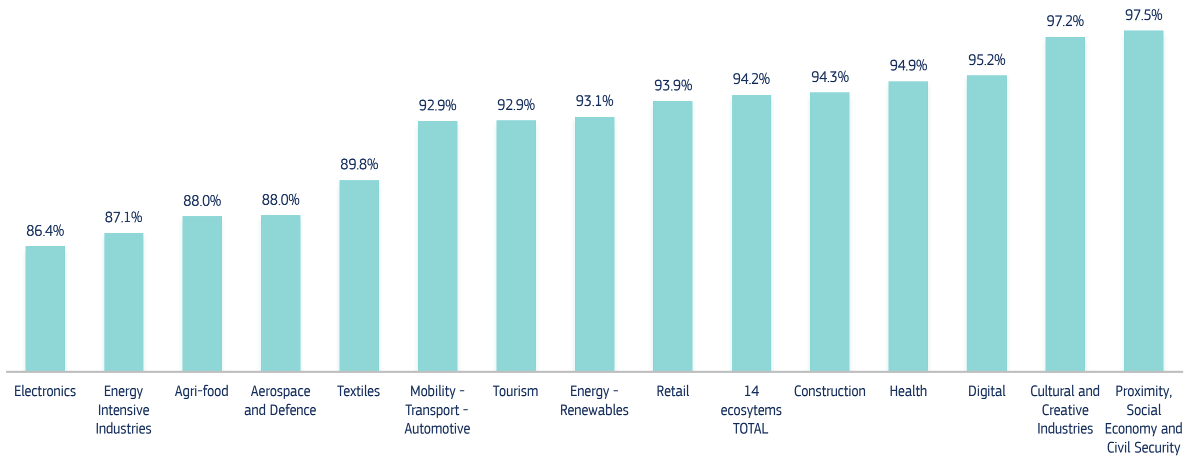
Note: The industrial ecosystems are as follows: 1 – aerospace and defence, 2 – agri-food, 3 – construction, 4 – cultural and creative industries, 5 – digital, 6 – electronics, 7 – energy-intensive industries, 8 – energy-renewables, 9 – health, 10 – mobility-transport-automotive, 11 – proximity, social economy and civil Security, 12 – retail, 13 – textiles, 14 – tourism.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

3.2.3. Industrial ecosystems by size class in 2025 and 2026

Although micro SMEs form the overwhelming majority, comprising 94.2% of firms within the EU's industrial ecosystems, their presence across ecosystems differs somewhat. In 2025, in 'electronics', 'energy-intensive industries', 'aerospace and defence', 'agri-food', and 'textiles', micro SMEs accounted for less than 90% of SMEs, whereas in the remaining nine ecosystems their share exceeded 90% (Figure 18). This pattern confirms the strong predominance of micro enterprises across most ecosystems, while also pointing to some sectoral variation in their relative importance.

Figure 18. Share of micro SMEs in the number of enterprises in each of the industrial ecosystems in 2025.



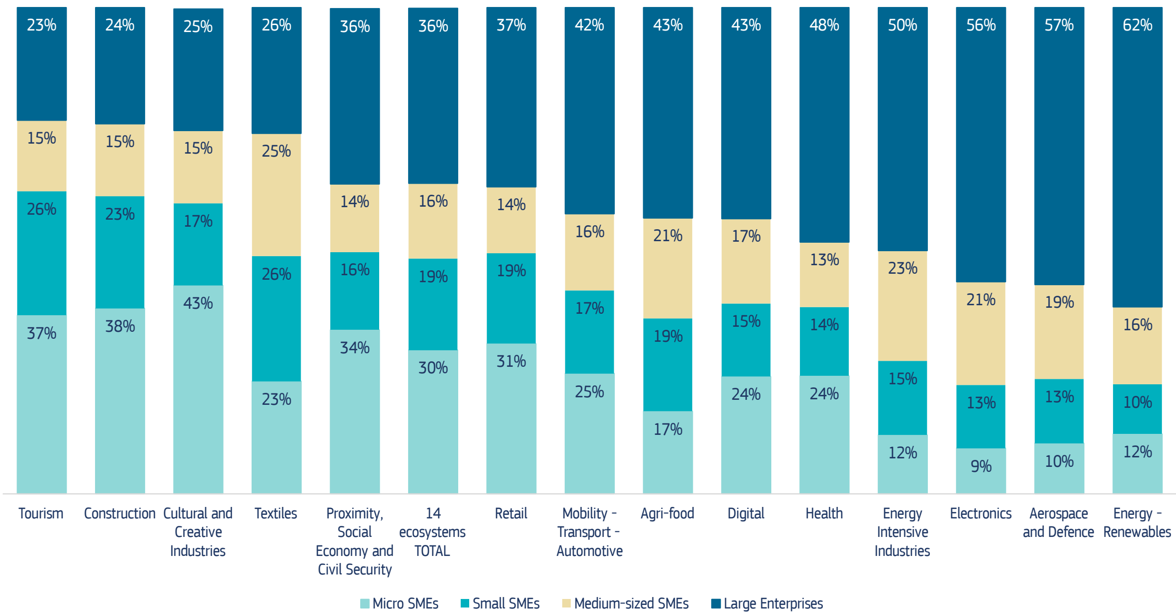
Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

When it comes to employment, the distribution across enterprise size classes varied considerably between industrial ecosystems in 2025. Overall, large enterprises accounted for the largest share of employment (36%), followed by micro (30%), small (19%), and medium-sized enterprises (16%) (Figure 19). However, the relative importance of each size class differed notably across sectors. Micro SMEs played a particularly prominent role in the 'cultural and creative industries', where they accounted for 43% of employment, while their contribution was far more limited in 'electronics', where they represented just 9%. In comparison, small SMEs were most influential in 'textiles' and 'tourism', each contributing 26% of employment, whereas their role was smallest in 'energy-renewables' (10%). Medium-sized enterprises were especially important in 'textiles', accounting for 25% of employment, but had a much smaller presence in 'health', where they represented only 13%. Large enterprises, by contrast, dominated employment in 'energy-renewables' (62%), while their share was lowest in 'tourism', at 23% (Figure 19).

A broader pattern also emerges across the ecosystems. In sectors such as 'energy-renewables', 'electronics', 'aerospace and defence', and 'energy-intensive Industries', employment is concentrated in large enterprises. On the other hand, SMEs collectively accounted for more than half of employment in the remaining ecosystems. The 'textiles' ecosystem stands out for its relatively balanced distribution of employment across all firm sizes, whereas most other sectors show a stronger concentration in particular size classes (Figure 19).

Taken together, these patterns underline the diverse role played by firms of different sizes across industrial ecosystems, reflecting sector-specific production structures and labour needs.

Figure 19. Proportion of total employment in each of the industrial ecosystems by size classes in 2025.



Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Regarding real value added in 2025, as presented in Figure 20, the distribution among SMEs was more evenly spread across SME size classes than employment, meaning that micro SMEs played a slightly less dominant role in value creation than in job generation.

Generally, SMEs generated more value added than large enterprises in six of the 14 industrial ecosystems. Micro SMEs were particularly important in 'construction', where they contributed 38% of total value added, exceeding the contribution of all other size classes, including large enterprises. By contrast, their role was far more limited in 'energy-intensive industries', 'aerospace and defence', and 'electronics', where their shares remained in single digits (Figure 20).

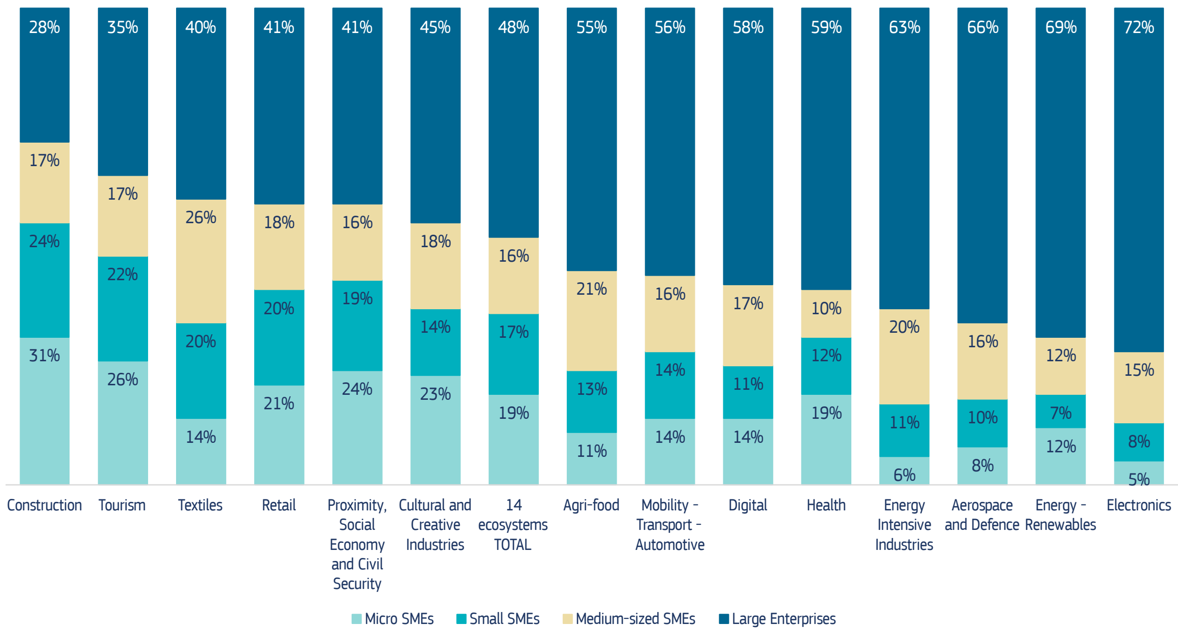
In several ecosystems, medium-sized enterprises emerged strong in value creation, notably in 'textiles' (26%), 'agri-food' (21%), and 'energy-intensive industries' (20%). Small SMEs also made notable contributions, particularly in 'construction' (24%) and 'tourism' (22%).

Across ecosystems, the distribution of real value added by firm size was generally uneven, with large enterprises dominating in several sectors, especially 'electronics' (72%), 'energy-renewables' (69%), and 'aerospace and defence' (66%).

As expected, the employment share of a given enterprise size class within a sector does not necessarily correspond to its contribution to real value added. For example, micro SMEs accounted for 43% of employment in the 'cultural and creative industries' but generated only 23% of real value added in 2025. In contrast, 'construction' shows a broadly similar distribution of employment and real value added across firm sizes. Other differences can also be observed. Medium-sized enterprises in 'retail' contributed a larger share to real value added (18%) than to employment (14%), while large enterprises in 'electronics' accounted for 56% of employment but 72% of value added in 2025. These examples illustrate that the relationship between employment and value creation varies across sectors and enterprise size classes (Figure 19 and Figure 20).

On the whole, large enterprises remain the main contributors to economic output, generating 48% of real value added while employing 36% of the workforce. Micro, small, and medium-sized SMEs add 19%, 17%, and 16% to real value added, respectively, compared with 30%, 19%, and 16% of employment.

Figure 20. Proportion of total real value added in each of the industrial ecosystems by size class in 2025.



Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

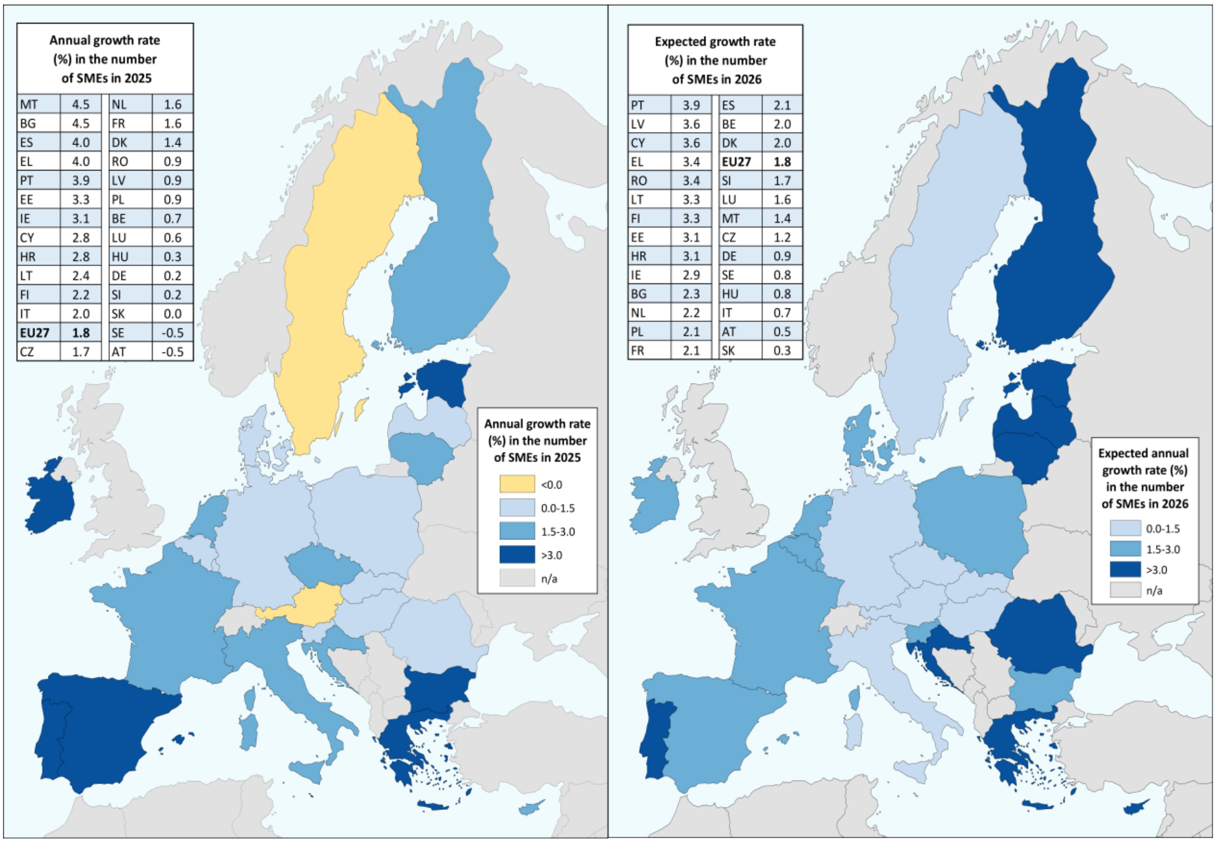
3.3. The Performance of SMEs across Member States in 2025 and 2026

This section describes the short-term performance of SMEs across EU Member States in 2025, as well as their projected 2026 performance. To facilitate a better understanding of regional economic trends and the potential formation of industrial clusters, this section uses maps to illustrate the economic performance of the EU Member States. While clear regional aggregates do not emerge, substantial differences are observable between individual countries. For the number of enterprises and the level of employment, most Member States are estimated to experience growth rates ranging of up to 4%, both in 2025 and 2026. By contrast, real value added shows a wider dispersion, with some economies achieving double-digit growth and others declining.

In 2025, Malta, Bulgaria, Spain, Greece, and Portugal recorded the highest growth rates in terms of the number of SMEs, with SME enterprises increasing by 3.9% or more (Figure 21). Portugal and Greece are expected to maintain strong growth in 2026, with projections exceeding 3% for both, pointing to sustained business expansion for those two countries.

In contrast, the number of SMEs in Sweden and Austria declined, with negative growth rates of -0.5%. Slovak Republic's growth was stagnant, with a rate of 0%, while Slovenia and Germany recorded minimum expansion, at 0.2% for both. The outlook for 2026 is still modest, with expected growth rates ranging between 0.3% and 0.8% across the aforementioned countries, except Slovenia which is expected to grow more substantially by 1.7%.

Figure 21. Annual growth rate of SME number of enterprises in the whole business economy in 2025 (left) and 2026 (right) in the EU and across EU Member States.



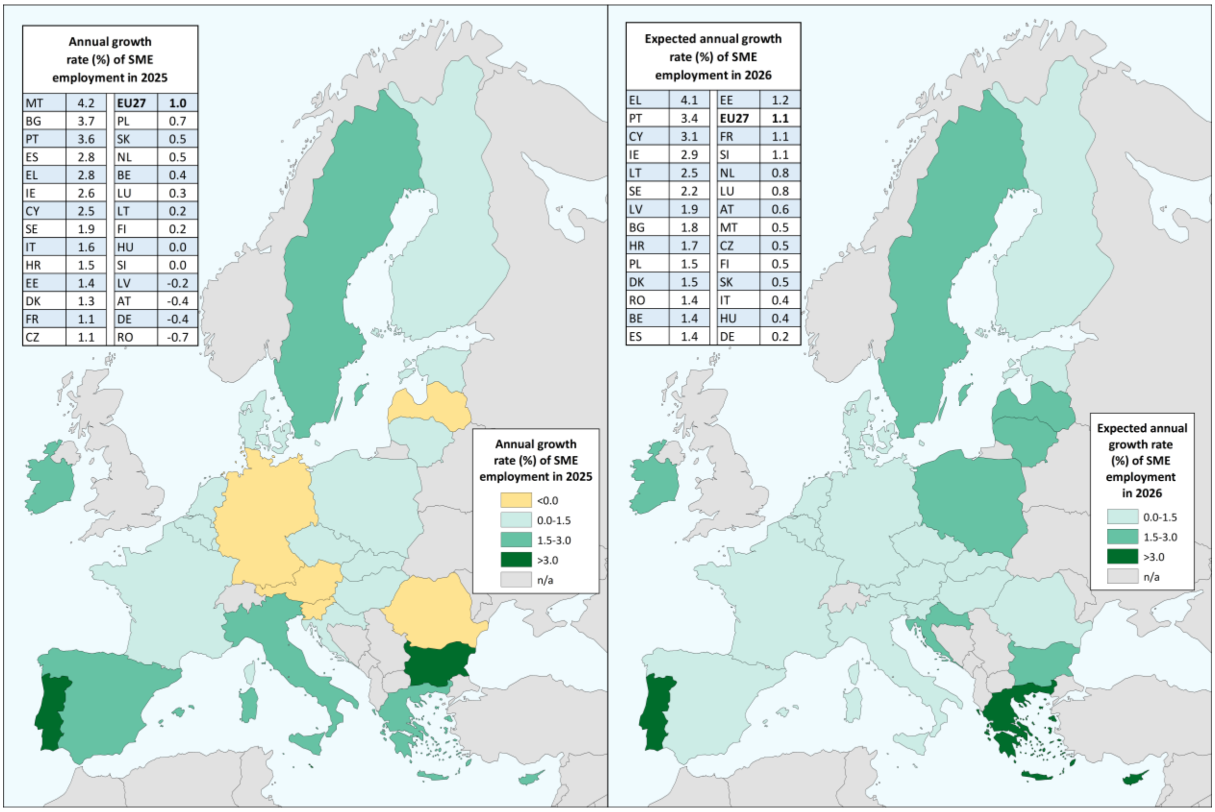
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

The strongest growth in SME employment in 2025 was observed in Malta, Bulgaria, Portugal, Spain, and Greece, with annual increases ranging from 2.8% to 4.2% (Figure 22). Notably, Greece and Portugal are projected to remain among the top performers in 2026, with expected growth rates of 4.1% and 3.9%, respectively. Given that these two countries are projected to perform well also in terms of the number of enterprises, as discussed previously, this trend possibly signals the presence of a vibrant entrepreneurial environment.

In contrast, several countries recorded declines in SME employment in 2025. These include Romania, Germany, Austria, and Latvia, with contraction rates between -0.7% and -0.2% (Figure 22). Additionally, Slovenia and Hungary recorded no change in SME employment. Germany is expected to be amongst the worst performers in 2026 with a projected growth rate of only 0.2%. With its weak performance also in the number of SMEs indicator, Germany stands out as a country facing significant challenges in its SME sector. Indeed, this is linked to years of economic stagnation and accelerating structural change, which have left a lasting imprint on the labour market[30]. However, a positive sign for the EU economy is that no country is expected to experience negative growth in 2026, suggesting a stabilising trend.

[30] Country report - Germany. (2026, June 3). Economy and Finance. https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages-including-country-reports/country-report-germany_en

Figure 22. Annual growth rate of SME employment in the whole business economy in 2025 (left) and 2026 (right) in the EU and across EU Member States.



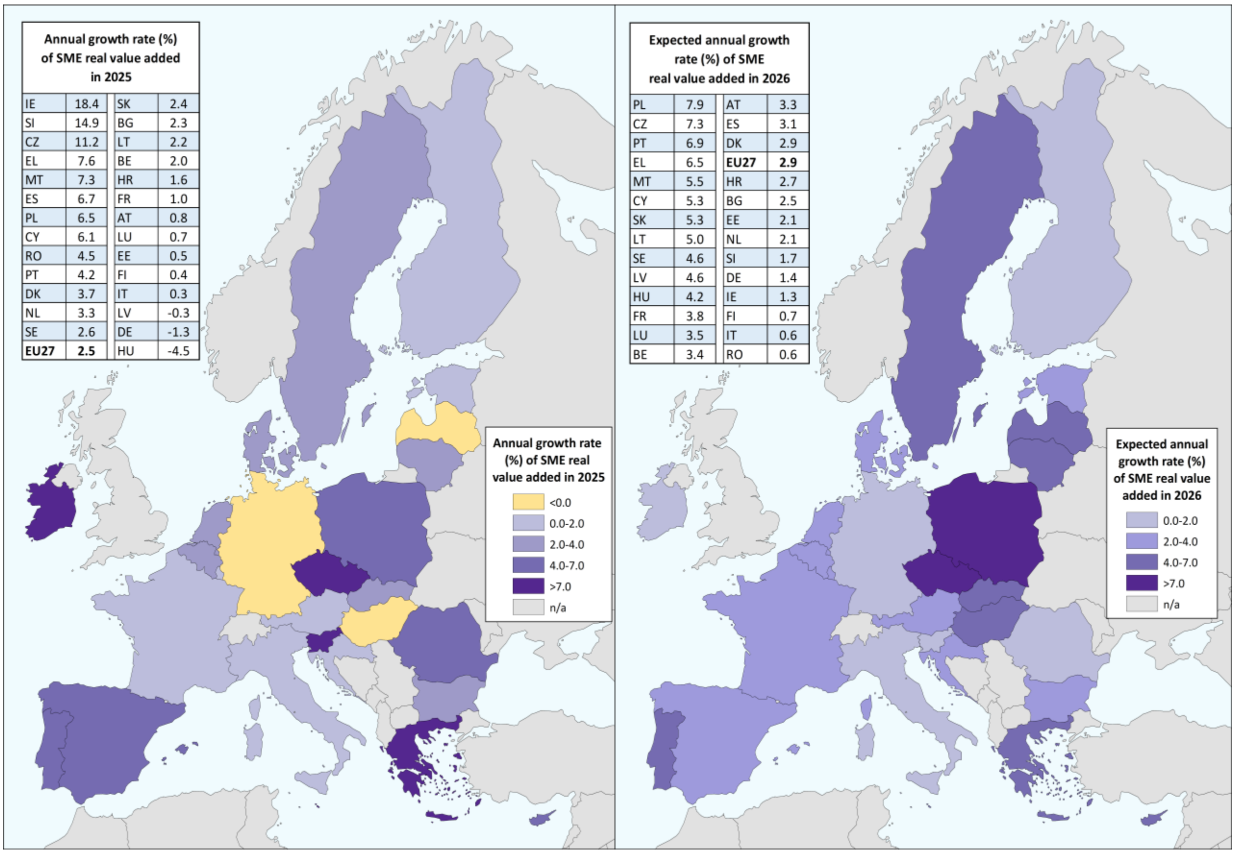
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

In 2025, the EU's SME sector experienced a notable increase in real value added, rising by 2.5% and marking a year of positive economic growth (Figure 23). The strongest performers were Ireland, Slovenia, Czechia, Greece, and Malta, with growth rates ranging from 7.3% to 18.4%. In Ireland, the double-digit growth rate of 18.4 % was largely driven by the Financial and Insurance Services sector (NACE section K), Manufacturing (NACE section C), and Information and Communication Services (NACE section J). Slovenia and the Czechia also achieved double digit growth, and in each case the increase was mainly attributable to the Financial and Insurance Services sector (NACE section K).

Not all countries shared this success. In 2025, Hungary, Germany, and Latvia registered a decline in SME real value added, with negative growth rates between -4.5% and -0.3%. Meanwhile, Italy and Finland reported only modest gains, with growth rates of 0.3% and 0.4%, respectively.

Looking ahead to 2026, all Member States are expected to see positive growth in SME real value added (Figure 23). Importantly, 24 countries are projected to achieve growth rates above 1%, and the EU overall is forecasted to grow by 2.9%. This suggests a sustained upward trend in the economic contribution of SMEs, underscoring the sector's continued growth and resilience.

Figure 23. Annual growth rate of SME real value added in the whole business economy in 2025 (left) and 2026 (right) in the EU and across EU Member States.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Further information on the contribution of SMEs to national employment and economic output in 2025 is provided in Figure 52 (Annex 6).

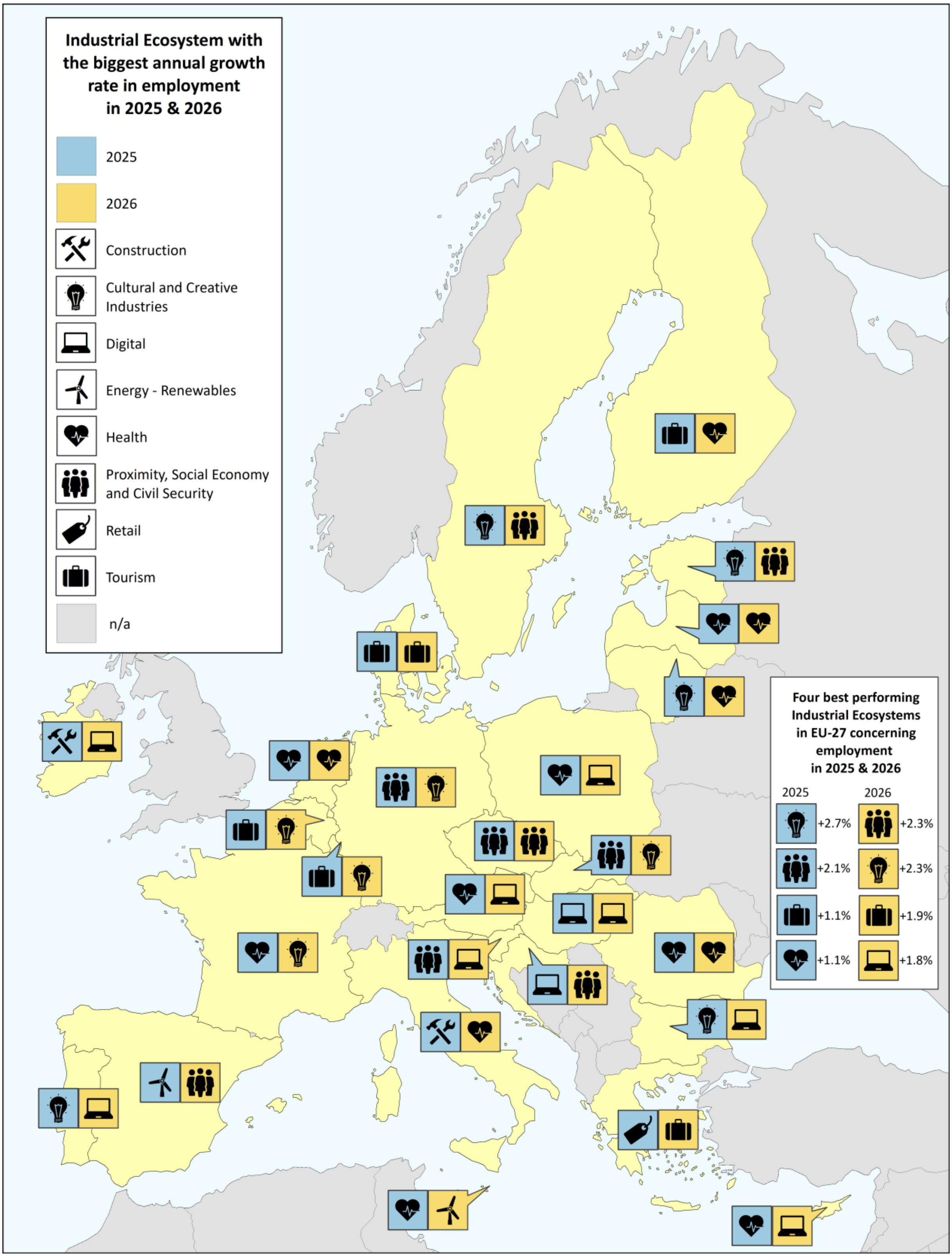
3.3.1. The economic performance of SMEs in EU Member States in terms of industrial ecosystems in 2025 and 2026

This section highlights the fastest-growing industrial ecosystems among SMEs across EU Member States, focusing on employment and real value added growth in 2025 and 2026. Across the two dimensions, the same industrial ecosystems dominate the performance of EU SMEs: 'cultural and creative industries' and 'proximity, social economy and civil security' cluster are the only ecosystems that lead both employment and real value added growth in 2025 and 2026. Beyond these two consistently leading ecosystems, the group of top performers is relatively diverse across countries: eight of the fourteen ecosystems appear among the leaders for employment growth at least once in any given country, and seven for value added. Nevertheless, the magnitude and evolution of the two trends diverge. Real value added growth consistently outpaces employment growth – reaching a maximum of 4.5 % in 2025 and accelerating to 6.1 % in 2026, whereas the highest employment increase is 2.7 % in 2025 and 2.3 % in 2026.

In 2025, the 'cultural and creative industries' ecosystem stood out as the primary engine of SME employment growth, recording an annual growth rate of 2.7% across the EU (Figure 24). It was the fastest-growing ecosystem in five Member States and is expected to maintain its top position in 2026, alongside the ‘proximity, social economy and civil security’ ecosystem, with projected growth rates of 2.3% for both. Notably, the 'cultural and creative industries' ecosystem recorded negative growth rates in four countries, namely Cyprus, Finland, Romania, and Slovak Republic, whereas the ‘proximity, social economy and civil security’ ecosystem had only one negative growth rate in 2025 (Luxembourg). Looking ahead to 2026, both ecosystems are expected to exhibit positive growth rates across all EU Member States (Annex 3, Table 10 and Table 11).

Beyond the top performers, Figure 24 shows that in 2025 the ‘health’ ecosystem recorded a lower growth rate of 1.1% at the EU level, however, it was the fastest-growing ecosystem in eight individual Member States. In 2026 the 'digital' ecosystem is expected to gain momentum, with an employment growth rate of 1.8% and becoming the fastest-growing ecosystem in eight different Member States. Additionally, the 'tourism' ecosystem is also a notable performer, with a growth rate of 1.1% across the EU in 2025 and 1.9% in 2026, making it the fastest-growing ecosystem in four countries in 2025 and two countries in 2026.

Figure 24. Industrial Ecosystem with the biggest annual SME growth rate in employment for 2025 and 2026 in the EU and across EU Member States.

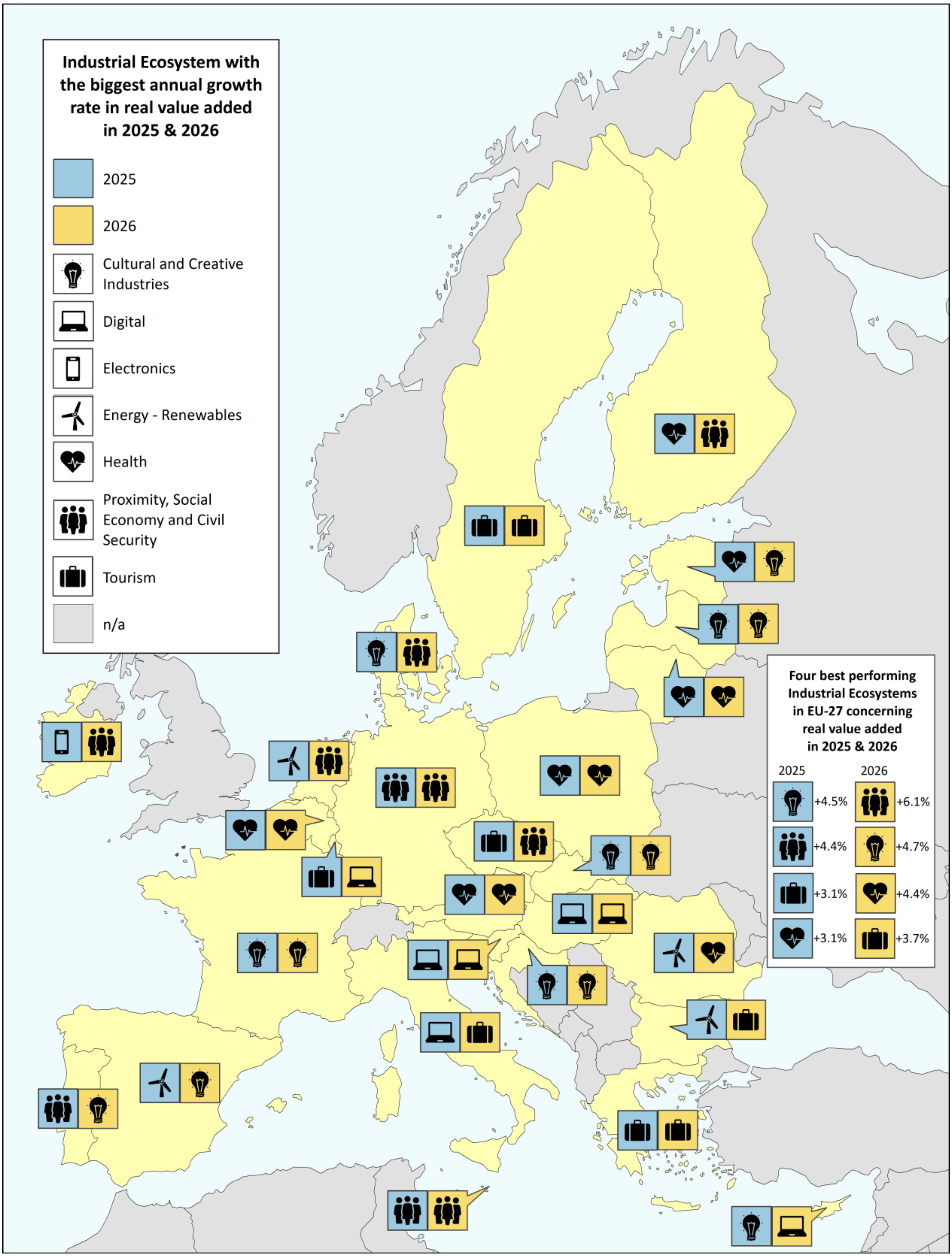


Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Concerning real value added, and based on Figure 25, ‘cultural and creative industries’ and ‘proximity, social economy and civil security’ are the top two ecosystems, with EU growth rates of 4.5% and 4.4% in 2025. They were the fastest growing ecosystems in five and two countries, respectively. Looking ahead to 2026, they are projected to maintain their strong performance, with growth rates of 4.7% and 6.1% at the aggregate EU level, solidifying their positions as the top two fastest-growing ecosystems. Moreover, the 2026 projections indicate that these two ecosystems are expected to exhibit growth across all individual Member States, except for Luxembourg, where the 'proximity, social economy and civil security' ecosystem is projected to decline (Annex 3, Table 13).

Additionally, the 'tourism' and 'health' ecosystems continue to perform well, with SME real value added growth rates of 3.1% for both in 2025. In 2026, they are expected to grow by 3.7% and 4.4%, respectively (Figure 25). Notably, these ecosystems were the fastest-growing in three and six countries in 2025, respectively, and are projected to be the fastest-growing in four countries each in 2026. Finally, while ‘tourism’ is expected to exhibit growth across all Member States, ‘health’ is expected to grow everywhere except Luxembourg and Sweden (Annex 3, Table 13).

Figure 25. Industrial Ecosystem with the biggest annual SME growth rate in real value added for 2025 and 2026 in the EU and across EU Member States.



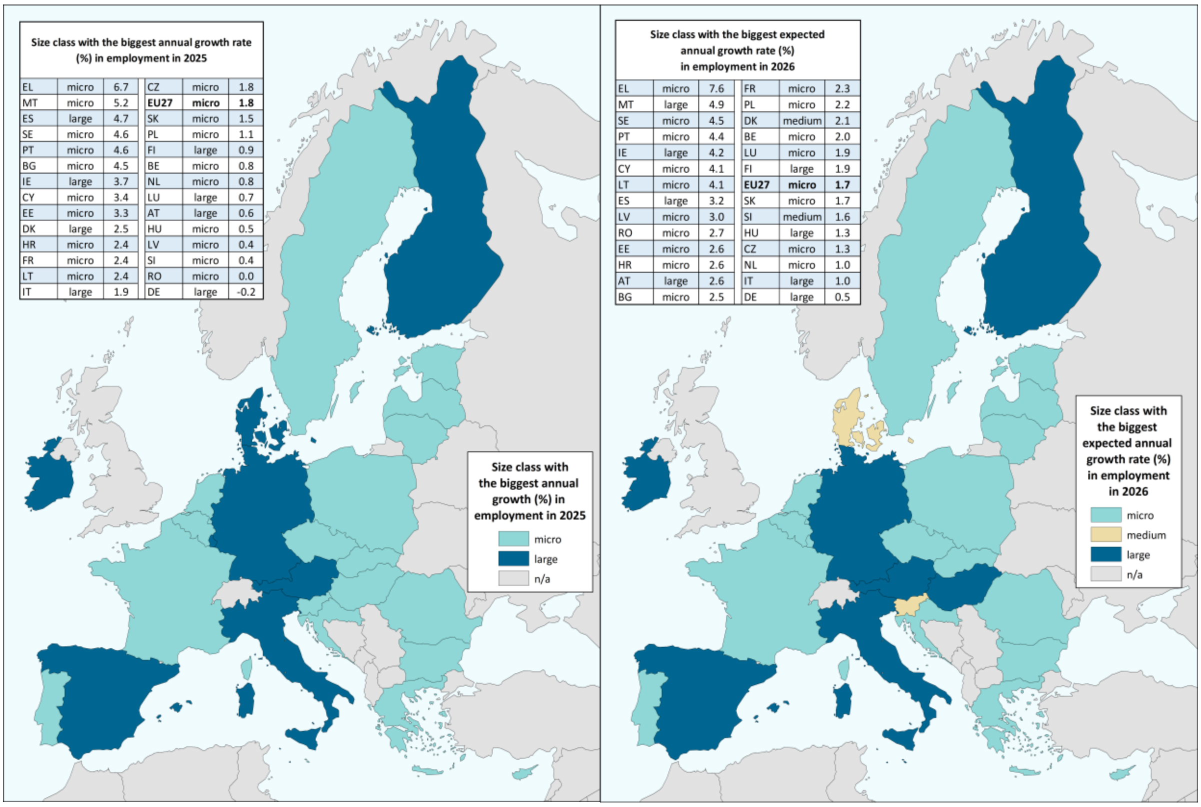
Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

3.3.2. The economic performance of SMEs in EU Member States in terms of size classes in 2025 and 2026

A more granular breakdown of employment performance by enterprise size class reveals which size classes had the most prominent role in terms of annual employment growth (Figure 26) and real value added growth (Figure 27) across Member States in 2025 and 2026.

In 2025, micro firms outperformed other size classes in 19 Member States, whereas large firms were the top performers in the remaining seven countries. Small and medium-sized enterprises, on the other hand, did not dominate in any Member State in 2025. Germany is the only country where the best growth rate was negative, at -0.2% for large enterprises. The outlook for 2026 suggests a shift, with medium-sized enterprises expected to play a more significant role, particularly in Denmark and Slovenia, where they are projected to be the dominant size class. Otherwise, micro firms are still expected to be the most dominant size class, followed by large enterprises.

Figure 26. Size class with the biggest annual growth rate in employment for 2025 (left side) 2026 (right side) in the EU-27 and across EU Member States.



Size class with the biggest annual growth rate (%) in employment in 2025

EL	micro	6.7	CZ	micro	1.8
MT	micro	5.2	**EU27**	**micro**	**1.8**
ES	large	4.7	SK	micro	1.5
SE	micro	4.6	PL	micro	1.1
PT	micro	4.6	FI	large	0.9
BG	micro	4.5	BE	micro	0.8
IE	large	3.7	NL	micro	0.8
CY	micro	3.4	LU	large	0.7
EE	micro	3.3	AT	large	0.6
DK	large	2.5	HU	micro	0.5
HR	micro	2.4	LV	micro	0.4
FR	micro	2.4	SI	micro	0.4
LT	micro	2.4	RO	micro	0.0
IT	large	1.9	DE	large	-0.2

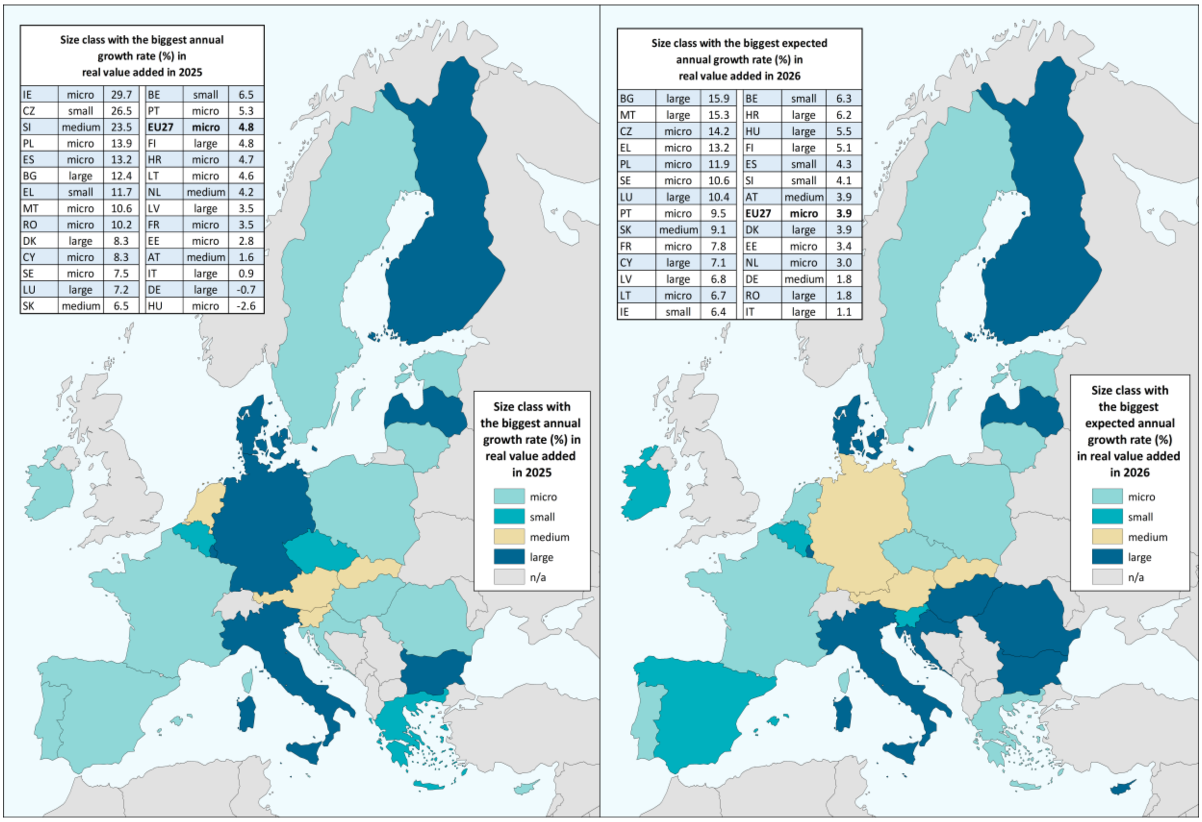
Size class with the biggest expected annual growth rate (%) in employment in 2026

EL	micro	7.6	FR	micro	2.3
MT	large	4.9	PL	micro	2.2
SE	micro	4.5	DK	medium	2.1
PT	micro	4.4	BE	micro	2.0
IE	large	4.2	LU	micro	1.9
CY	micro	4.1	FI	large	1.9
LT	micro	4.1	**EU27**	**micro**	**1.7**
ES	large	3.2	SK	micro	1.7
LV	micro	3.0	SI	medium	1.6
RO	micro	2.7	HU	large	1.3
EE	micro	2.6	CZ	micro	1.3
HR	micro	2.6	NL	micro	1.0
AT	large	2.6	IT	large	1.0
BG	micro	2.5	DE	large	0.5

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

In terms of SME real value added, the pattern is more complex, with all size classes emerging as dominant in at least one country (Figure 27). At the EU level, micro enterprises are expected to have the greatest impact, with aggregate growth rates of 4.8% and 3.9% in 2025 and 2026, respectively. However, the picture varies across countries, with small enterprises being the fastest-growing size class in three countries (Czechia, Belgium, and Greece), while medium-sized enterprises are the fastest-growing in four other countries (the Netherlands, Austria, Slovenia, and Slovak Republic). Micro enterprises dominate in 13 countries, and large enterprises in seven others. Looking ahead to 2026, a shift is expected, with large enterprises projected to be the fastest-growing size class in 11 individual Member States, while micro firms are projected to be the fastest-growing in only nine countries. Small enterprises are expected to play a dominant role in Ireland, Spain, Slovenia, and Belgium, while medium-sized enterprises are expected to lead in Austria, Slovak Republic, and Germany.

Figure 27. Size class with the biggest annual growth rate in real value added for 2025 (left) and 2026 (right) in the EU and across EU Member States.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

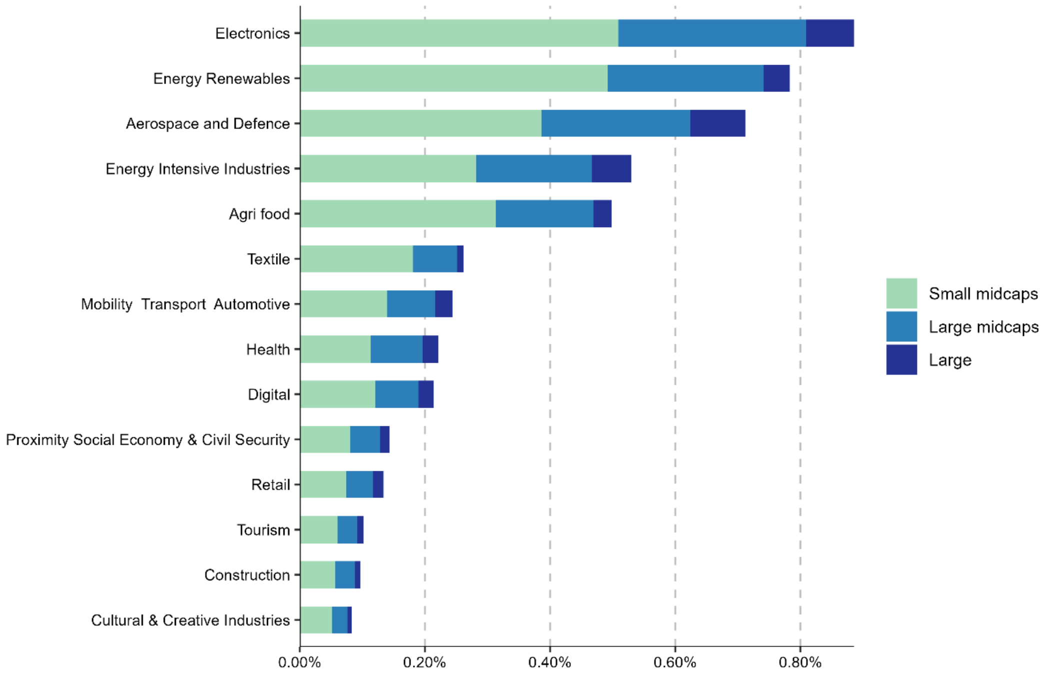
3.4. Key ecosystems and their potential in the spotlight

On 16 July 2025, the Commission presented its proposal for an ambitious and dynamic Multiannual Financial Framework (MFF)[31] of EUR 2 trillion and, on 3 September 2025, a second package of sectoral proposals, completing the framework for the period from 2028 to 2034. As part of the new MFF, the European Commission proposed the European Competitiveness Found, designed to boost EU strategic autonomy, around four key pillars focusing on critical, future-oriented areas: clean transition and decarbonization; digital transition; health, biotech, agriculture and bioeconomy; defence, and space.

[31] European Commission (2025), communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, a dynamic EU budget for the priorities of the future - the multiannual financial framework 2028-2034, Brussels, 16.7.2025, COM(2025) 570 final, (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0570&qid=1753978048542).

Building on these priority areas and the current political context, the following section examines the role and expected performance of SMEs across three strategic ecosystems: 'aerospace and defence, 'energy-renewables', and 'digital'. As shown earlier in this chapter, these three ecosystems tend to be dominated by large enterprises, particularly in the 'aerospace and defence' and 'energy–renewables' sectors, although SMEs play an important contributory role. Notably, recent findings[32] indicate that the newly defined category of small mid-cap firms constitutes a significant share of the large enterprise population (Figure 28). This suggests that these firms are likely to play a critical role within these ecosystems.

Figure 28. Proportion of small midcaps, large midcaps, and large enterprises in the different industrial ecosystems at the EU level.



Note: In this report small mid-caps are defined as enterprises with a headcount between 250 and up to 499, large mid-caps between 500 and 1,499, and large enterprises above 1,500.

Source: Lagüera González, J. et al. (2025).

It should be noted that the data presented in the figure were generated using an earlier size-class breakdown, encompassing only firms with a headcount of 250 to 499 employees. This narrower range, compared with the current SMC definition (250–749 employees), may therefore underestimate the true contribution of these firms.

[32] European Commission: Joint Research Centre, Lagüera González, J., Di Bella, L., Katsinis, A., and Schulze Brock, P. (2025). A Comprehensive Analysis of Midcap Enterprises in the EU Business Economy. Publications Office of the European Union, Luxembourg. Available at: https://publications.jrc.ec.europa.eu/repository/handle/JRC141271.

3.4.1. Aerospace and Defence

More than four years have passed since the start of Russia's war of aggression against Ukraine. During this time, the Council of the EU mobilised EUR 6.1 billion, between 2022 and 2024, under the European Peace Facility[33] to address Ukraine's pressing military and defence needs. In March 2024, the Council decided to increase by EUR 5 billion for a dedicated Ukraine Assistance Fund, bringing the total financial support allocated to EUR 11.1 billion. Moreover, due to the current geopolitical landscape, initiatives like the White Paper for European Defence Readiness 2030[34] and the ReArm Europe Plan/Readiness 2030 initiative[35], proposed by the European Commission, which includes over EUR 800 billion in defence spending, aim to enhance Europe's defence industrial capacity.

It is the former initiative that highlights the role of SMEs as providers of disruptive technologies and innovation within this ecosystem. To enhance their contribution, the European Defence Fund (EDF) provides dedicated calls targeting these enterprises. For example, in the 2023 EDF calls, SMEs accounted for 30% of the total requested grant amount, and for the period 2023–2027[36], it is estimated that the EDF will allocate up to EUR 840 million to support SMEs. Given the role of these enterprises, the following section analyses their performance within this strategic ecosystem.

Between 2021 and 2023, SMEs — and particularly large enterprises — experienced growth in both real value added and employment (Figure 29). Small enterprises were an exception, showing a decline in real value added and only a modest increase in employment, thereby underperforming the other size classes and the overall SME trend in both indicators. In contrast, large enterprises recorded the largest growth, with growth rates of 8% for real value added and 6% for employment. Over the 2023–2025 period, a clear divergence between these indicators emerged. While employment remained broadly stable, real value added declined across most enterprise size classes, with the exception of micro SMEs, which recorded a modest increase in both indicators.

When looking at projections, growth is expected to resume in 2026 for most size classes. However, small SMEs recorded growth only in this latter period and did not return to their 2021 levels. Notably, the performance of micro SMEs, which have gradually been catching up with that of large enterprises, is expected to significantly narrow the gap by 2026. A similar pattern can be observed in employment, although the fluctuations are less pronounced.

When examining the projections, real value added is expected to decline in 2024 and 2025 across most enterprise size classes, with the exception of micro SMEs, which are the only category projected to experience a slight increase. From 2025 to 2026, growth is expected to resume for most size classes. However, small SMEs are projected to record growth only between 2025 and 2026 and are not expected to return to their 2021 levels by the end of the projection period. Notably, the performance of micro SMEs, which are gradually catching up with the growth of large enterprises, is

[33] Council Decision (CFSP) 2021/509 of 22 March 2021 establishing a European Peace Facility, and repealing Decision (CFSP) 2015/528, Official Journal of the European Union, L 509 24 March 2021, http://data.europa.eu/eli/dec/2021/509/oj.

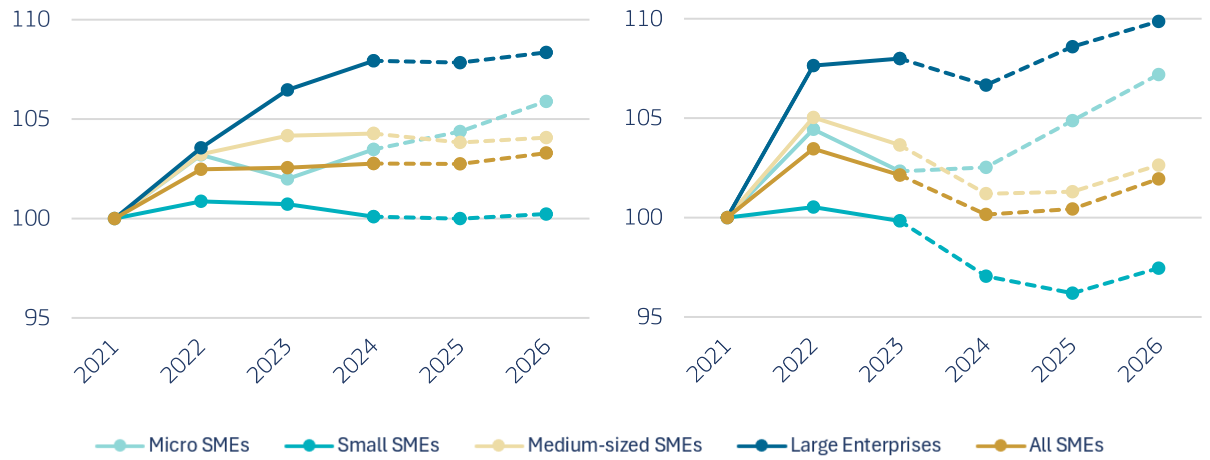
[34] European External Action Service. (2025). White Paper for European Defence – Readiness 2030 (https://defence-industry-space.ec.europa.eu/eu-defence-industry/white-paper-european-defence-readiness-2030_en).

[35] European Parliamentary Research Service. (2025). ReArm Europe Plan/Readiness 2030 (PE 769.566). European Parliament. (https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/769566/EPRS_BRI(2025)769566_EN.pdf).

[36] Ibid.

expected to significantly narrow the gap by 2026. A similar pattern can be observed in employment, although the fluctuations are less pronounced.

Figure 29. Relative growth in employment (left) and real value added (right) by size class for the aerospace and defence ecosystem (2021-2026).



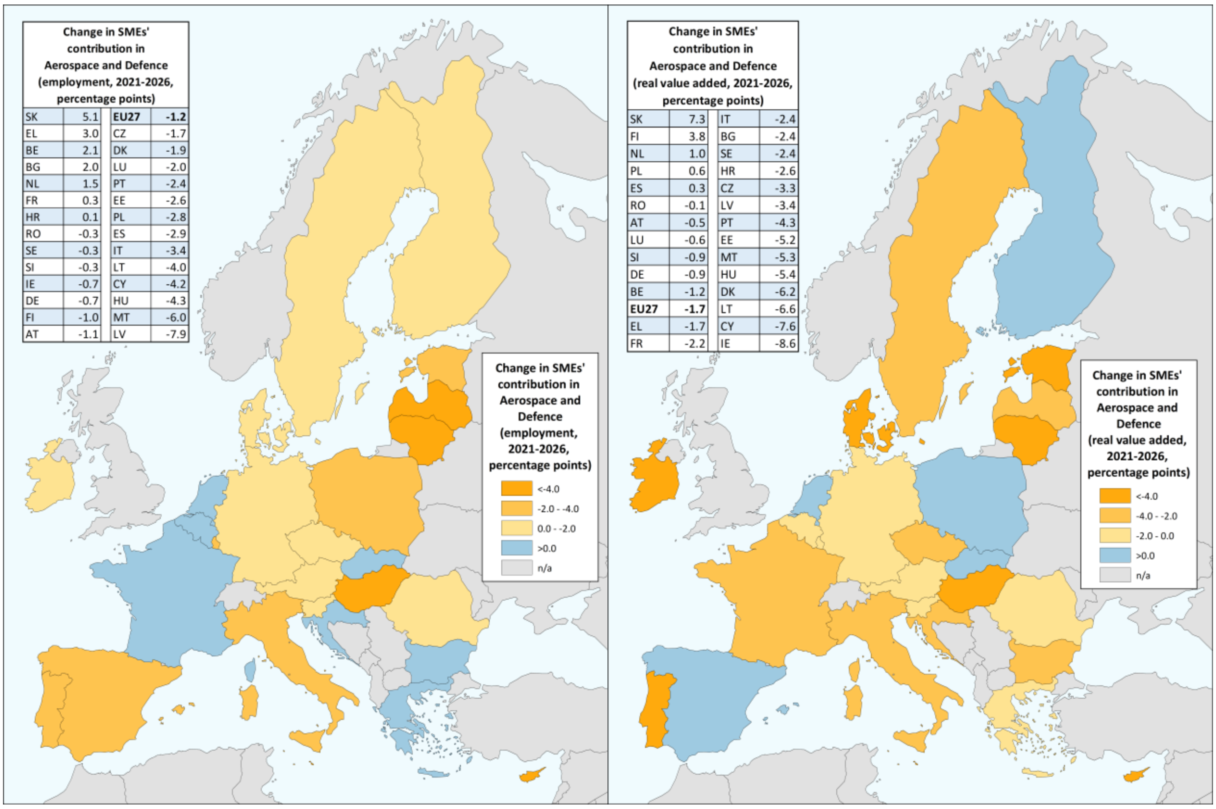
Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Although there is a general positive trend of EU SMEs, apart from small enterprises, within the ecosystem during the study period, large enterprises continue to outperform them in employment and real value added. This dynamic is also reflected in Figure 30, which illustrates the evolution of SMEs' contribution to both indicators across Member States. As shown in the map, by 2026, SMEs in 22 out of the 27 Member States are expected to experience a decline in their share of total real value added. This decrease is particularly pronounced in Ireland, Cyprus, Lithuania, and Denmark, where SME shares are projected to fall by more than 6 percentage points. Similarly, the SME share of total employment is projected to decline in 20 Member States. The largest decreases are expected in Malta and Latvia, where their contribution to employment is projected to fall by -7.9 and -6 percentage points, respectively.

Despite this overall declining trend, a few Member States present more nuanced developments. In several countries — namely Belgium, Bulgaria, Croatia, Finland, France, Greece, and Spain — SMEs are expected to record an increase in one of the two indicators while simultaneously experiencing a decline in the other, indicating mixed dynamics in their relative economic contribution. Only two countries, the Netherlands and the Slovak Republic, are projected to see an increase in the share of SMEs in both employment and real value added. This trend is particularly pronounced in the latter, where SMEs are expected to significantly strengthen their role in the economy, increasing their contribution to total employment and real value added by 5.1 and 7.3 percentage points, respectively.

Figure 30. Change in SMEs' contribution to employment (left) and real value added (right) in the aerospace and defence ecosystem (2021–2026, percentage points).



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Overall, compared to 2021, most enterprise size classes within the ecosystem are expected to improve their performance, with the notable exception of small SMEs. However, this growth remains more modest than that observed in the other ecosystems analysed in this section. At the same time, projections indicate that large enterprises are likely to further increase their share across most Member States, reinforcing their already dominant position. In this context and considering the introduction of the new enterprise definition highlighted in Figure 28, small mid-caps are expected to play a particularly important role. Positioned between SMEs and large enterprises, these firms may become key contributors to strengthening the EU's industrial capacity and addressing its growing military and defence needs.

3.4.2. Energy-Renewables

The energy transition has also gained urgency, considering the recent energy crisis triggered by geopolitical tensions and disruptions to global energy markets, particularly following the Russian invasion of Ukraine in 2022 and the current instability in the Middle East. These events exposed the need for the EU to rely less on imported fossil fuels and highlighted the need for greater energy security and system resilience. In response, the REPowerEU Plan[37] was launched to accelerate the deployment of renewable energy, improve energy efficiency, and diversify energy supplies.

Moreover, the energy sector is responsible for 75% of the EU's greenhouse gas emissions[38]. Given the sector's environmental impact and the EU's 2030 climate targets[39], the share of energy generated from renewable sources is critical to achieving these goals. To this end, the Renewable Energy Directive[40] sets a binding target of at least 42.5% renewable energy in the EU's energy mix by 2030, an increase from the previous target of 32% established in 2018. These initiatives complement the broader framework of the European Green Deal, reinforcing the European Commission's commitment to a sustainable, secure, and resilient energy system while advancing toward its 2030 climate targets and long-term objective of climate neutrality by 2050.

In parallel to these regulatory efforts, other initiatives aim to support businesses in this energy transition. The Energy Efficiency for SMEs programme[41], led by the European Investment Bank Group and supported by the European Commission, provides dedicated funds of EUR 17.5 billion to enhance their resilience and competitiveness through the adoption of proven energy-saving technologies. Given the strategic importance of the renewable energy ecosystem, the central role of SMEs in the EU economy, and their necessary contribution to the success of the energy transition, this section aims to analyse and assess their performance in the coming years.

Regarding the evolution of real value added and employment (Figure 31), a clear distinction emerges between the volatility and performance of these two indicators. Employment appears to follow a relatively steady growth trajectory across all size classes, whereas real value added is more volatile and varies considerably by enterprise size. For instance, medium-sized SMEs experienced a steady increase in real value added of 10%, while micro SMEs saw a sharp rise of 45% in 2022, followed by a decline to 21% in 2023.

Estimations for the upcoming years suggest a more stable evolution compared to previous periods. In terms of employment, medium-sized SMEs and large enterprises experienced a slight decline, while micro and small SMEs grew. Among these, micro SMEs are expected to achieve the highest growth, reaching a double-digit increase of 11% compared to 2021 levels. Regarding real value added, a decline was experienced from 2023 to 2025, but an increase is estimated in 2026 for all size classes, except for micro SMEs, which are forecasted to grow throughout the entire period. Despite some

[37] European Commission (2022), communication from the Commission to the European Parliament, the European council, the Council, the European Economic and Social Committee and the Committee of the Regions, REPowerEU Plan, Brussels, 18.5.2022, COM(2022) 230 final, (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A230%3AFIN&qid=1653033742483).

[38] European Commission - Directorate-General for Energy (2023). (https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en).

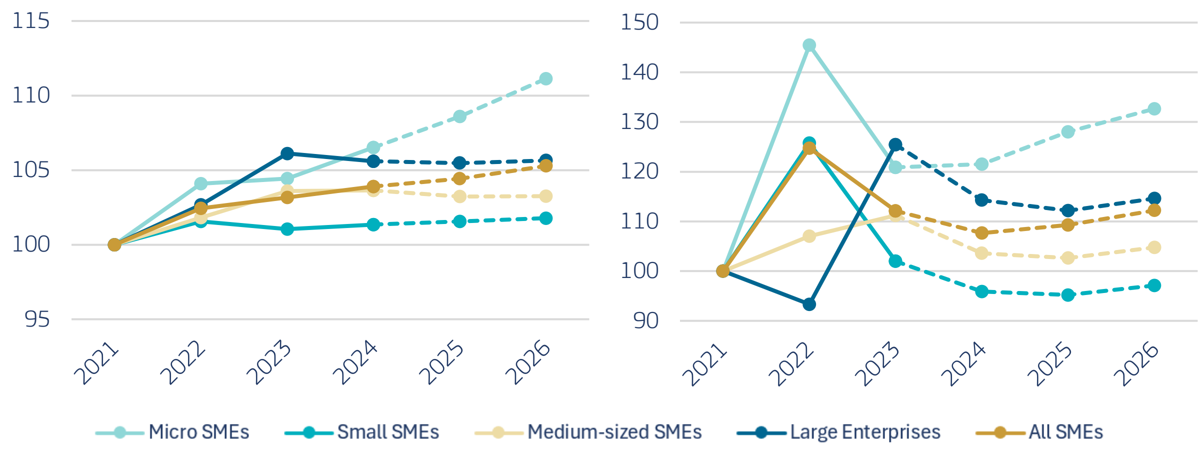
[39] European Commission (2020), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Stepping up Europe's 2030 climate ambition Investing in a climate-neutral future for the benefit of our people, Brussels, 17.9.2020, COM(2020) 562 final, (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562).

[40] Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652, Official Journal of the European Union, L 2413, 31 October 2023, (http://data.europa.eu/eli/dir/2023/2413/oj).

[41] European Commission - Directorate-General for Energy (2023) (https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en).

volatility and short-term decreases, only small SMEs are expected to record a net decline, with their real value added projected to fall by -3% relative to 2021.

Figure 31. Relative growth in employment (left) and real value added (right) by size class for the energy renewable ecosystem (2021-2026).



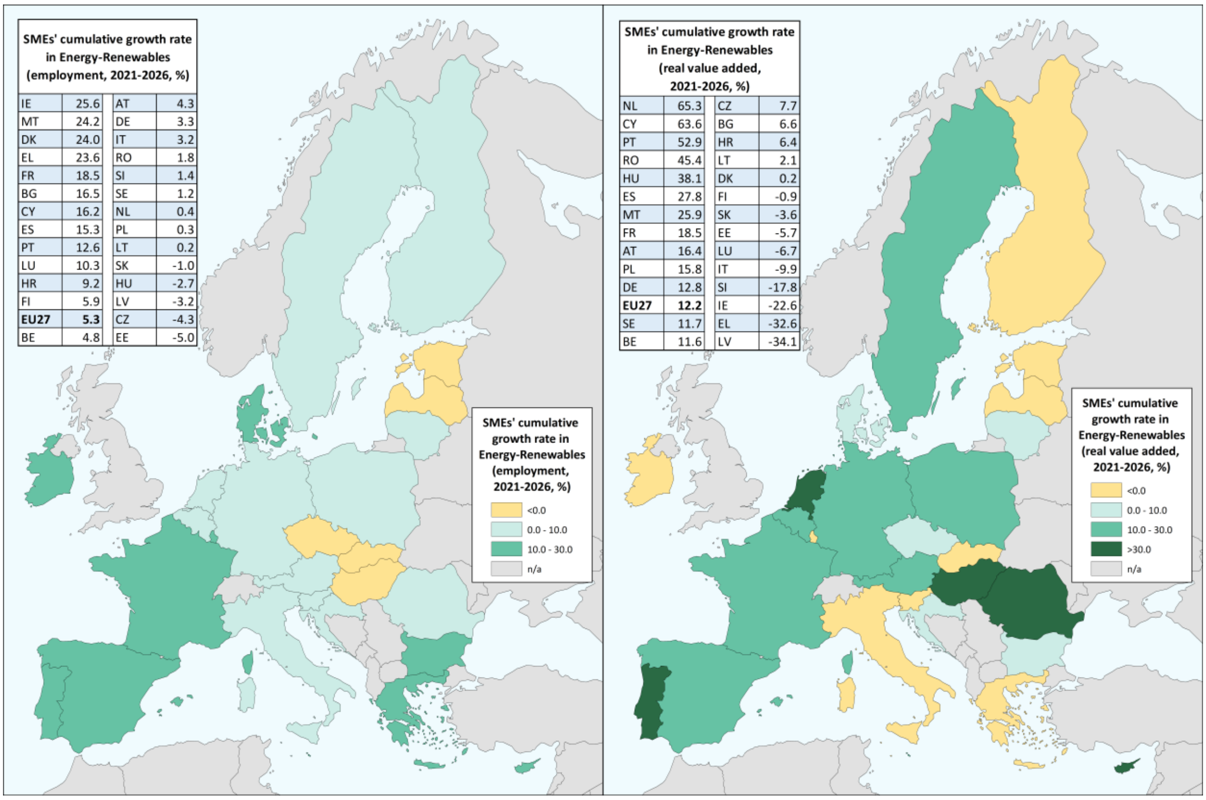
Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

As shown in Figure 31, growth rates in this ecosystem are substantially higher compared to the other key ecosystems analysed in this section, a pattern that is also reflected in the performance of individual Member States illustrated in Figure 32. As shown by the map, most Member States are projected to experience growth in SME performance between 2021 and 2026. Only nine countries are expected to see a decline in real value added, and five countries in terms of employment. The distinction in the volatility of these indicators is also captured by the figure, as employment growth rates vary between 25.6% and -5% while real value added moves from 65.3% to -34.1%, having a larger range.

In terms of real value added, the Netherlands and Cyprus are the top performers, with growth rates higher than 60%. On the contrary, Greece and Latvia are expected to decrease by more than -30%. Regarding employment, it is particularly remarkable the performance of Ireland, Malta, Denmark, and Greece, where SMEs are forecasted to grow by more than 20%. But among all Member States, it is notable the behaviour of two countries, Ireland and Greece, as their employment values are experiencing the largest growth rates, but at the same time are expected to decline in terms of real value added.

Figure 32. Cumulative growth rate (%) for employment (left) and real value added (right) in the energy-renewables ecosystem (2021-2026).



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

The outlook of the 'energy-renewables' ecosystem is positive, with several Member States expected to experience significant variations in SME performance, although the overall trend points toward substantial growth. Compared with 2021, and relative to the other key industrial ecosystems analysed in this section, the 'energy-renewables' ecosystem exhibits the highest growth rate in terms of real value added. Despite this strong performance, the evolution of this indicator remains highly volatile across all firm size classes. Given the characteristics of the ecosystem, its past performance, and the current geopolitical context, considerable fluctuations may continue to occur in the coming years.

3.4.3. Digital

In addition to the EU's 2030 climate targets, the Digital Decade Policy Programme[42], which shares the same time horizon, aims to accelerate Europe's digital transformation across key areas, including digital skills, infrastructure, business, and public services. Together, the green and digital transformations constitute the EU's strategic approach known as the Twin Transition, which seeks to decarbonise the economy while leveraging advanced digital technologies. Ideally, these two

[42] Decision (EU) 2022/2481 of the European Parliament and of the Council of 14 December 2022 establishing the Digital Decade Policy Programme 2030, Official Journal of the European Union, L 323, 19 December 2022, http://data.europa.eu/eli/dec/2022/2481/oj.

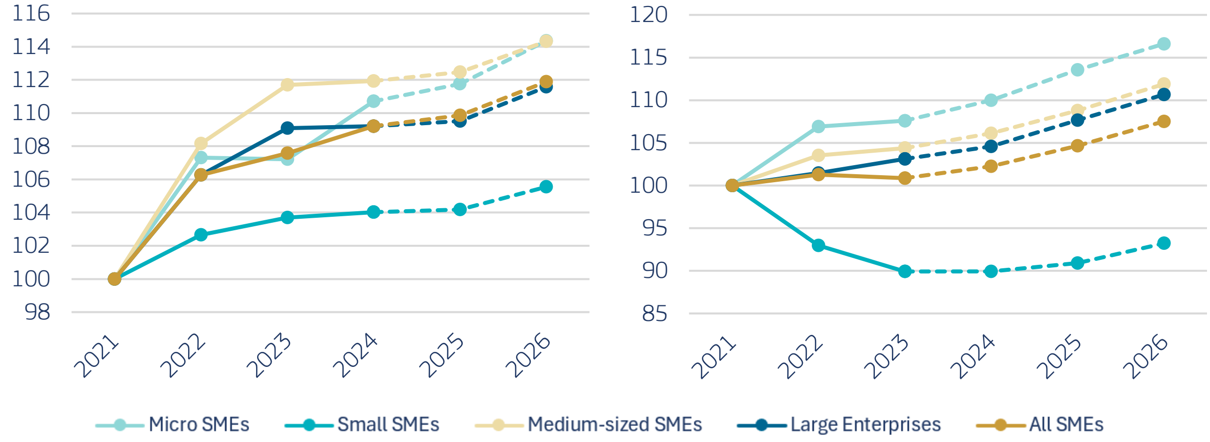
transitions are mutually reinforcing, with digital solutions enabling more effective climate action and resource management.

In recent years, major technological advancements, particularly the rise of artificial intelligence (AI), have highlighted the importance for EU businesses to adapt and benefit from these developments. The Digital Decade Policy Programme emphasises that the digital transformation of businesses largely depends on their ability to adopt and integrate emerging technologies. It also underlines the particular importance of this process for SMEs, while recognising the challenges they currently face in adopting new digital solutions. For this reason, a detailed analysis of this ecosystem is presented below.

When examining the temporal evolution of employment and real value added (Figure 33), a general upward trend can be observed across all size classes, except for small SMEs in terms of real value added. Employment growth is particularly outstanding among medium-sized SMEs, which are expected to outpace all other size classes, including large enterprises, achieving double-digit growth relative to 2021 levels. Regarding real value added, the divergence between small SMEs and the other size classes is particularly noticeable, as they are the only group experiencing a decline, with a contraction of around 10%. For the remaining size classes, real value added shows a more stable trajectory up to 2023 compared to employment.

Looking at the period from 2023 to 2026, all size classes are expected to grow across both indicators, with the exception of real value added for small SMEs. Although a recovery is anticipated for this size class after 2023, it is not expected to return to 2021 levels. Notably, micro and medium-sized SMEs are projected to outperform large enterprises in both employment and real value added. This makes it the only key ecosystem among the three discussed in this section where SMEs, as a unique category, consistently surpass large firms in both indicators.

Figure 33. Relative growth in employment (left) and real value added (right) by size class for the digital ecosystem (2021-2026).



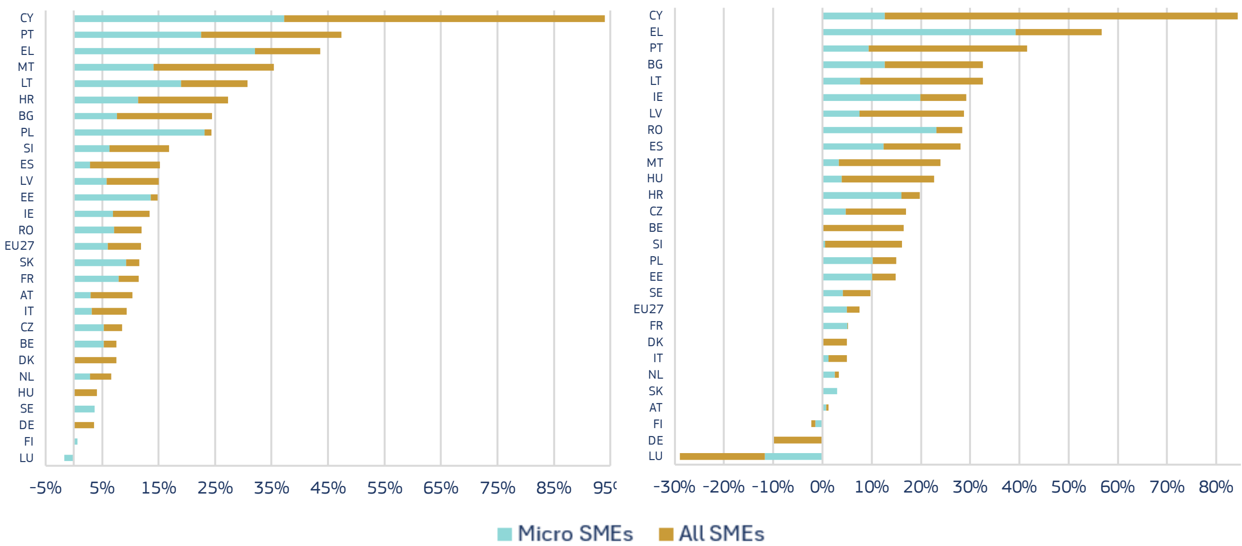
Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Among all size classes, the outstanding performance of micro SMEs is particularly remarkable. This is also reflected in their contribution to the overall growth dynamics of the SME ecosystem. Figure 34 describes the growth of SMEs per Member State and the extent to which micro SMEs drive this evolution. As shown, in almost all Member States, SMEs are expected to experience growth in both indicators. Exceptions include Luxembourg, where a decline is projected, and Germany with respect to real value added. Among the top performers, Cyprus, Greece, and Portugal are expected to record substantial increases in both indicators.

Regarding micro SMEs, despite their relatively small size in terms of employment and value added, they are expected to make large contributions to the overall growth of the ecosystem. This is particularly evident in employment, where they account for around 50% of total SME job creation. However, in terms of real value added, their contribution varies across countries. In economies such as Greece and Romania, they play a significant role in driving growth, while in others, such as Denmark and Belgium, their contribution remains more limited.

Figure 34. Share of the cumulative change in employment (left) and real value added (right) between 2021 and 2026 attributed to Micro SMEs.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

3.5. EU SMEs in knowledge and technology-intensive industries

Knowledge and Technology-Intensive (KTI) industries play a crucial role in the EU economy, serving as key engines of innovation and growth (see Annex 5 for a detailed description of KTI composition). The Draghi report further identifies these industries as the main drivers of competitiveness[43]. Characterised by high research and development (R&D) intensity, innovative products and services, and a highly skilled workforce, KTI industries are essential for advancing the EU's strategic autonomy

[43] European Commission - Directorate-General for Communication (2025). (https://commission.europa.eu/topics/competitiveness/draghi-report_en).

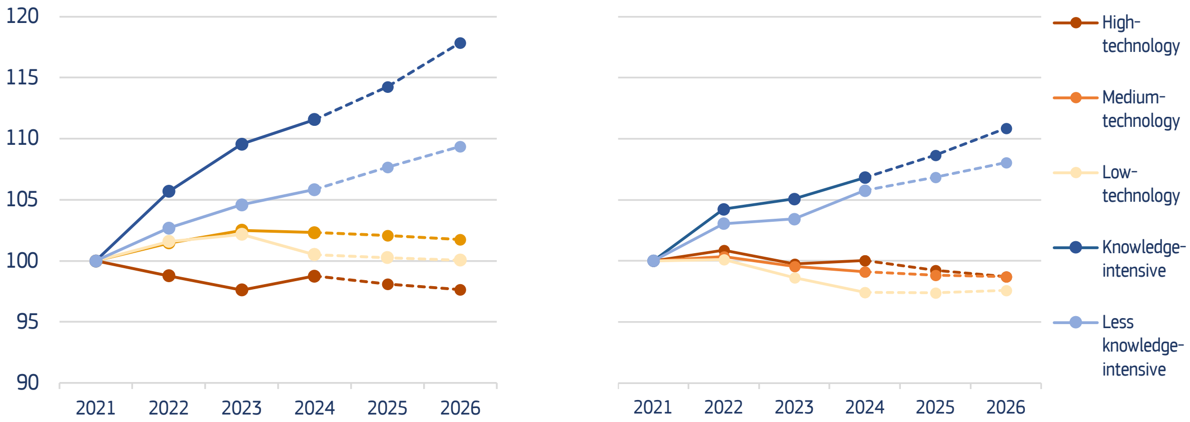
in critical technologies, reducing dependence on non-EU suppliers, and reinforcing supply chain resilience. They are also central to achieving the EU's climate, digital, and security objectives.

This section analyses long-term trends and the current landscape of EU SMEs operating in KTI industries. It assesses their relevance and performance across key indicators and examines differences across Member States. For additional context, comparisons with less knowledge-intensive and lower-technology (non-KTI) industries are also provided.

3.5.1. Trends in performance over the past years, 2021–2026

Over the past years, the number of SMEs in knowledge-intensive services increased by 11.6% in 2024 and is projected to reach a cumulative growth rate of 17.9% by 2026. Knowledge-intensity classifications apply to services, while technology-intensity classifications apply to manufacturing industries (see Annex 5). This represents the highest growth rate, outpacing SMEs in less knowledge-intensive services. In contrast, the high-technology industries segment has shown no long-term growth and is actually projected to decline by −1.2% by 2026. For comparison, SMEs in low and medium-technology industries are expected to remain broadly stable and in line with 2021 figures (Figure 35).

Figure 35. Relative growth in number of enterprises (left) and real employment (right) for the EU SMEs across KTI and non-KTI industries (2021-2026).



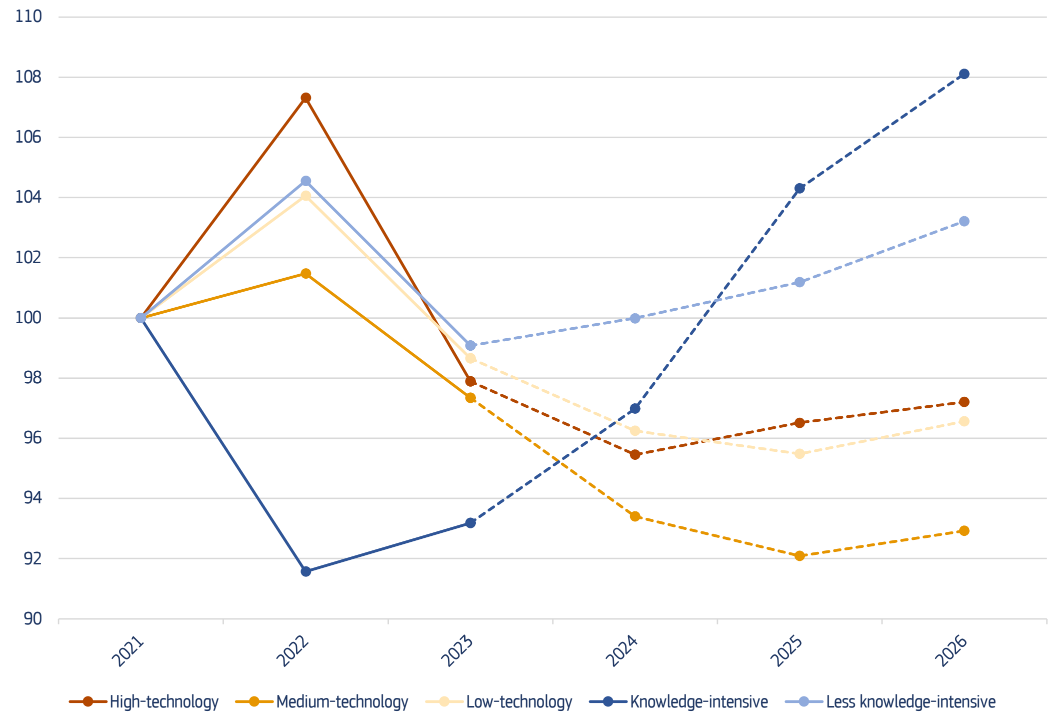
Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values. Medium-technology refers to medium-high-tech as well as medium-low-tech manufacturing as defined by Eurostat (see Annex 5).

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

EU SMEs in the knowledge-intensive sector have also seen a sustained increase in employment since 2021, with a projected cumulative growth of 10.9% by 2026. This outpaces less knowledge-intensive sectors, which are expected to grow by 8.1% over the same period. On the other hand, SMEs in high-technology, medium-technology, and low-technology industries are declining, with employment projected to reduce between -1.3% and -2.4%, as compared to 2021 (Figure 35).

Concerning the evolution of SMEs' economic output within the KTI sectors, this is also driven by knowledge services, rather than high-tech manufacturing or innovation-heavy firms (Figure 36). SMEs operating in knowledge-intensive services are leading economic growth, with a projected cumulative increase of 8.1% by 2026 — outpacing the 3.2% growth expected in less knowledge-intensive services. In contrast, the technology industries, all experienced a decline since 2021. Finally, high and low-technology industries are expected to decline by -2.8% and -3.4%, respectively, whereas medium-technology industries are expected to decline by -7.1% as compared to 2021.

Figure 36. Relative growth in EU SMEs' real value added across KTI and non-KTI industries (2021-2026).



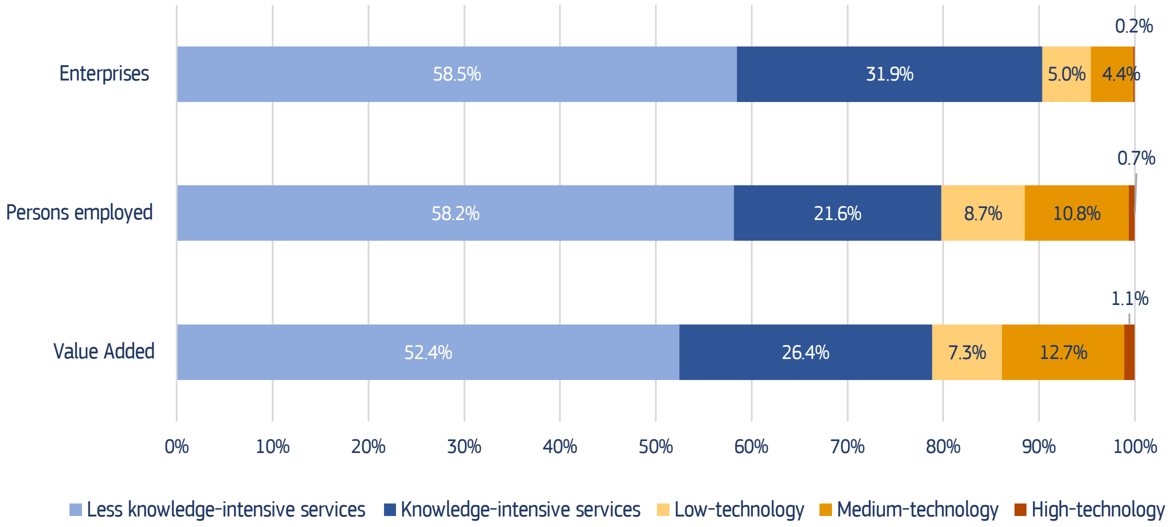
Note: The values are indexed to 2021, meaning that the base year (2021) is set at 100, and all subsequent years are expressed as a percentage of this base. The dashed lines indicate estimated values. Medium-technology refers to medium-high-tech as well as medium-low-tech manufacturing as defined by Eurostat (see Annex 5).

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

3.5.2. SMEs across knowledge and technology-intensive industries in 2025

Following the quick overview of the development of EU SMEs across KTI and non-KTI industries over time, this section provides insights into the relative weight of each industry segment for SMEs, in 2025. Figure 37 provides the details of this breakdown.

Figure 37. Share of KTI and non-KTI industries in the total number of enterprises, employment, and real value added of EU SMEs across all industry categories – 2025.



Note: Medium-technology refers to medium-high-tech as well as medium-low-tech manufacturing as defined by Eurostat (see Annex 5).

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Knowledge-intensive services, which have been key drivers of growth in recent years, accounted for a significant share of real value added (26.4%), employment (21.6%), and the number of enterprises (31.9%) among EU SMEs, in 2025. These sectors are typically characterised by higher levels of R&D investment, which contributes to stronger performance in terms of value added. Moreover, they tend to offer higher-skilled employment, further reinforcing their contribution to both economic output and job quality. In contrast, high-technology industries played a minor role among EU SMEs, contributing just 1.1% to total value added, 0.7% to employment, and accounting for only 0.2% of enterprises. Given their development since 2021, a significant increase in their share appears unlikely in the short term. High-tech industries typically have high barriers to entry, including the need for specialised knowledge, substantial capital investment, and regulatory hurdles[44], which are more likely to affect SMEs[45]. As a result, the number of SMEs in these industries remains limited.

The majority of EU SMEs, however, operated in non-KTI sectors — particularly in less knowledge-intensive services. In fact, in 2025, SMEs in less knowledge-intensive services accounted for 52.4% of value added, 58.2% of employment, and 58.5% of enterprises among EU SMEs. Medium-technology industries also had a notable presence, representing 12.7% of value added, 10.8% of employment, and 4.4% of enterprises. Low-technology industries, on the other hand, accounted for

[44] Kreydenko, T., Bogdanova, J., Prozorov, D. (2020). Global Competitiveness of High-Tech Companies: Factors, Barriers, Government Support. In: Kovalchuk, J. (eds) Post-Industrial Society. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-59739-9_14

[45] Blees, J., Kemp, R., Maas, J., Mosselman, M., & May, Z. (2003). Barriers to entry. *Zoetermeer, Scientific Analysis of Entrepreneurship and SMEs*.

7.3% of value added, 8.7% of employment, and 5.0% of enterprises. While growth in these sectors has been stagnant if not declining, their enduring presence is largely due to their greater accessibility for SMEs, given the lower barriers to entry.

3.5.3. SMEs' role in high-tech manufacturing and knowledge-intensive services across Member States

We now examine the specific contributions of SMEs in high-tech and knowledge-intensive industries across EU Member States. In 2025, SMEs in high-tech manufacturing and knowledge-intensive services accounted together for 43.3% of the number of enterprises, 35.7% of employment, and 45.2% of real value added across the EU. However, the importance of SMEs in these sectors varies significantly between Member States, as can be seen in Table 3.

For example, the share of SMEs in high-tech manufacturing and knowledge-intensive services ranged from 61.5% in the Netherlands to 32.3% in Romania. The share of SMEs in these sectors is broadly stable year-on-year, with small changes detected. When looking at the wider timeline from 2021 to 2026, the largest growth was observed in Cyprus, Estonia, and France, with SMEs in these sectors increasing their share by 4.9 to 5.9 percentage points.

In terms of employment, the contribution of SMEs in high-tech and knowledge-intensive sectors differed significantly across countries, ranging from a high share of 47.5%, observed again in the Netherlands, to a low share of 27.2% in Bulgaria. The largest 2021-2026 growths were again observed in Cyprus and Estonia (4.7 and 4.1 percentage points increase, respectively), with Lithuania and Malta also showing significant growth (4.0 percentage points increase). As was the case for the number of enterprises, year-on-year changes were again relatively small.

Finally, when it comes to real value added figures are less stable as compared to the other two indicators. The share of SMEs in this indicator varies significantly, with Lithuania having the lowest share at 32.8%, in contrast to substantial contributions of 64.7% and 64.3% from Ireland and Slovenia. Between 2021 and 2026, Slovenia experienced the largest growth rate, with an impressive 23.9 percentage point increase. In contrast, the Netherlands saw a notable decline of -19.1 percentage points, which is particularly interesting given that the country has the largest SMEs share in the EU for the other two indicators, signalling a potential productivity slowdown in these sectors. Furthermore, year-on-year variations in real value added are also relatively larger: beyond the Netherlands and Slovenia, Ireland and Latvia also registered larger year-on-year variations (6.0 and 5.9 percentage points, respectively).

Table 3. SMEs share of high-tech manufacturing and knowledge-intensive services in 2025 and change in percentage points by EU Member States over time (2021-2026).

	Number of Enterprises				Persons Employed				Real Value Added			
	Share 2025	2021-2026	Yearly change Min	Yearly change Max	Share 2025	2021-2026	Yearly change Min	Yearly change Max	Share 2025	2021-2026	Yearly change Min	Yearly change Max
AT	50.2%	0.3	0.2	1.2	38.8%	1.0	0.1	0.6	44.1%	6.6	0.1	2.1
BE	47.7%	2.5	0.4	2.6	41.3%	1.0	0.2	1.5	48.1%	3.1	-0.9	3.6
BG	27.4%	1.6	0.2	0.5	27.2%	1.8	-0.1	0.6	46.2%	6.8	0.5	2.9
CY	45.1%	5.9	0.4	2.7	39.3%	4.7	0.0	1.4	54.2%	4.8	0.5	2.2
CZ	38.6%	1.8	0.1	0.6	34.6%	0.6	0.0	0.8	48.5%	8.7	0.0	4.7
DE	41.6%	0.7	-0.1	0.3	40.5%	0.3	0.1	-0.2	47.3%	3.0	0.4	2.2
DK	55.8%	-0.3	-0.1	0.5	39.6%	1.6	0.1	0.5	46.2%	3.5	0.1	1.3
EE	46.7%	5.3	0.8	1.3	37.1%	4.1	0.7	1.0	41.4%	1.6	0.2	-5.3
EL	39.2%	2.7	0.2	0.9	28.3%	0.6	0.0	1.3	34.4%	2.3	-0.1	1.4
ES	34.2%	1.4	0.0	0.6	29.9%	-1.6	-0.2	-1.2	40.6%	5.7	0.0	3.7
EU 27	43.3%	2.0	0.2	0.7	35.7%	0.8	0.0	0.3	45.2%	1.1	0.4	-2.9
FI	47.0%	4.9	0.7	1.3	43.3%	-0.1	-0.1	-0.4	50.1%	3.8	-0.6	1.4
FR	47.5%	2.9	0.3	1.2	37.2%	2.1	0.4	0.5	48.6%	3.5	-0.1	1.4
HR	38.0%	2.5	0.0	0.7	31.4%	1.3	0.1	0.4	45.3%	0.7	0.5	-5.0
HU	44.1%	-2.0	0.0	-1.7	35.0%	-0.3	0.1	-0.8	36.5%	1.3	0.3	2.9
IE	46.2%	2.3	-0.1	2.5	41.2%	0.0	0.2	-0.8	64.7%	9.6	-0.2	6.0
IT	41.4%	2.5	0.1	1.2	31.1%	1.3	0.0	0.5	35.5%	1.4	0.0	0.6
LT	36.1%	2.5	0.1	0.9	31.5%	4.0	0.4	1.5	32.8%	2.9	-0.5	2.7
LU	50.9%	3.5	-0.2	1.0	45.8%	0.7	0.1	-0.7	62.1%	9.9	0.0	3.5
LV	38.7%	3.9	0.1	1.2	32.1%	3.3	0.4	0.8	35.7%	10.0	-0.2	5.9
MT	40.1%	4.1	0.2	1.9	41.5%	4.0	0.0	1.5	53.0%	-9.0	-0.2	-4.9
NL	61.5%	0.7	0.1	-1.1	47.5%	0.4	0.0	0.2	46.9%	-19.1	0.0	-19.8
PL	45.2%	3.9	0.3	1.2	33.1%	2.5	0.2	0.7	39.4%	10.5	-0.5	3.2
PT	34.8%	0.0	0.0	-0.4	30.1%	1.2	0.0	0.4	37.0%	5.3	0.5	1.6
RO	32.3%	3.3	-0.3	1.2	27.9%	2.2	-0.2	0.7	40.2%	9.3	1.2	3.0
SE	54.3%	0.6	0.0	0.5	45.1%	3.5	0.0	1.7	48.7%	-2.0	-0.6	-0.7
SI	47.1%	1.6	0.0	0.6	38.0%	1.2	0.1	0.5	64.3%	23.9	-0.9	13.1
SK	36.0%	1.3	0.2	0.6	33.2%	1.0	0.3	0.5	43.6%	7.5	0.9	2.4

Note: Values refer to the share of high-tech (C21, C26) and medium-high-tech (C20, C27–C30) manufacturing, as well as knowledge-intensive services (as defined by Eurostat, see Annex 5), in total manufacturing and services for SMEs.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

3.6. SMEs and their internal market related challenges

3.6.1. SMEs and the Single Market: the Competitiveness objective

Europe's competitiveness is currently navigating a complex landscape of global headwinds, ranging from escalating tariffs and the weaponisation of economic dependencies to export controls and currency fluctuations. Furthermore, the market-distorting effects of third-country overcapacities underscore the urgent need to enhance the resilience and autonomy of EU supply chains[46]. In this volatile environment, the Single Market remains the Union's most formidable asset against external pressure, offering a stable, rules-based business ecosystem anchored by strong institutional frameworks. While its contribution to EU growth and development is undeniable, the persistence of structural barriers, particularly those disproportionately affecting SMEs, start-ups, and the next generation of entrepreneurs, remains a critical hurdle to fully unlocking Europe's economic potential.

While the Single Market serves as a vital growth engine, the degree of SME integration remains unevenly distributed. Preliminary observations suggest that SMEs are increasingly engaging in cross-border activities, yet this trend is most pronounced in high-tech and service-oriented industrial ecosystems, whereas traditional sectors continue to face higher entry barriers. This variation is further reflected across Member States, where SMEs in smaller, export-driven economies often show higher levels of Single Market participation than those in larger, more domestic-focused markets. Consequently, while the overall gradual expansion becomes prominent, it is composed by sectoral and geographical disparities that necessitate targeted policy interventions. According to the latest relevant Eurobarometer survey, nearly half of all EU SMEs reported an increase in their total turnover and employment since 2021, and 67% expect further overall growth[47]. However, this economic recovery hasn't automatically triggered more cross-border business. The survey confirms that 70% of SMEs still operate only domestically, showing that business growth is happening within borders rather than across them.

To address these multifaceted challenges, the European Commission has deployed a suite of strategic policy instruments. Central to this effort is the updated SMP, which safeguards the internal market's functionality while empowering citizens and SMEs alike[48]. This is further reinforced by the 2025 Single Market Strategy[49], which aims to deepen integration and remove persistent cross-border friction. Beyond the continuous prioritisation of barrier removal, the Commission is placing a renewed emphasis on innovation and digitalisation, through initiatives such as the European Innovation Act. Furthermore, the introduction in 2026 of the proposal for a '28th Regime' – 'EU Inc.' - represents a transformative step, providing also SMEs in general with a simplified legal framework to operate across all Member States[50]. This works in parallel with the Digital Network Act, and a robust

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[46] European Commission (2026), COM(2026) 46 final, The 2006 Annual Single Market and Competitiveness Report (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52026DC0046)

[47] European Commission (2025), Flash Eurobarometer 559: Startups, scaleups and entrepreneurship. Eurobarometer Report, February-April 2025 (https://europa.eu/eurobarometer/surveys/detail/3359)

[48] European Commission - Directorate-General for Communication (2025). (https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/single-market-programme-performance_en).

[49] European Commission (2025), COM(2025) 500 final (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025DC0500).

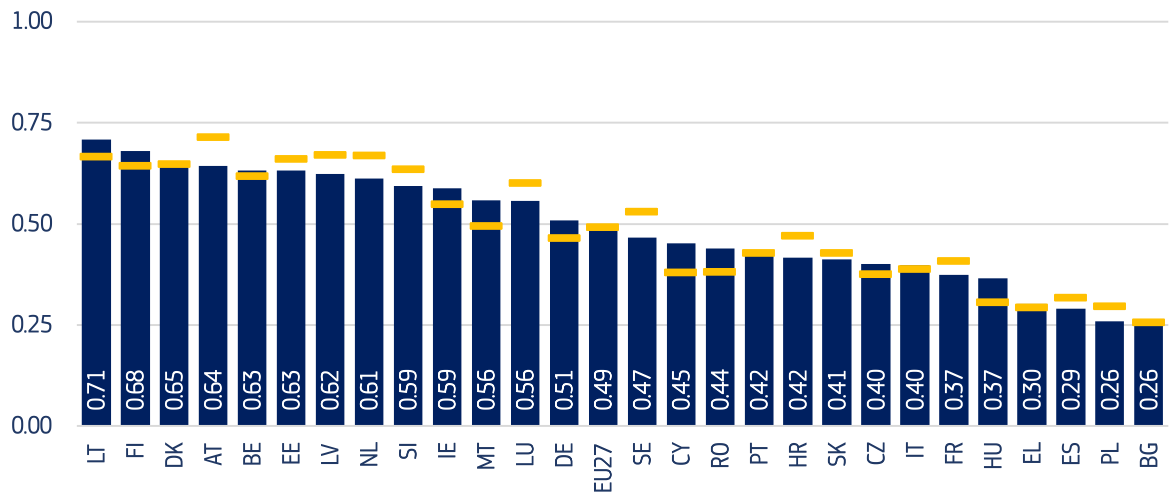
[50] European Commission (2026), COM(2025) 30 final. (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025DC0030).

framework comprising the Cybersecurity, Quantum, Cloud, and AI Development Acts is being established to bolster the security and technological sovereignty of Europe's critical infrastructure.

The Single Market remains a fundamental determinant of SME success. The Annual Single Market and Competitiveness Report evaluate this environment by categorising the primary drivers of EU competitiveness into four strategic pillars. By monitoring the progress of the Single Market Strategy and using targeted Key Performance Indicators (KPIs)[51], the report identifies critical bottlenecks and proposes concrete measures to dismantle persisting national barriers. This dual focus on tracking implementation and addressing structural impediments ensures a comprehensive overview of the market's functional health.

The SME Performance Review, underpinned by the SME Scoreboard[52], provides a robust framework for monitoring national SME policy implementation. By synthesising 102 indicators across ten distinct principles, the Scoreboard offers a granular evaluation of the SME microcosm through a rigorous process of data quality controls, normalisation, and weighted aggregation. Figure 38 illustrates the latest scores for the 'Single Market' principle, where Lithuania, Finland, and Denmark currently lead the rankings. In contrast, Bulgaria and Poland continue to face structural hurdles.

Figure 38. SME performance insight the Single Market by Member State based on the SME 2025 Scoreboard.



Note: Scale 0–1, when 1 means best performances. Yellow dashes indicate the respective performance from the previous version of the scoreboard, SME Scoreboard 2024.

Source: SME scoreboard 2025 based on Single Market Scoreboard data.

In comparison to last year, a notable shift occurred in Austria's standing, which fell from first to fourth place; this decline was driven not only by the ascendancy of the top three performers but also by a deterioration in absolute terms of Austrian indicators linked to Member State ownership. Conversely,

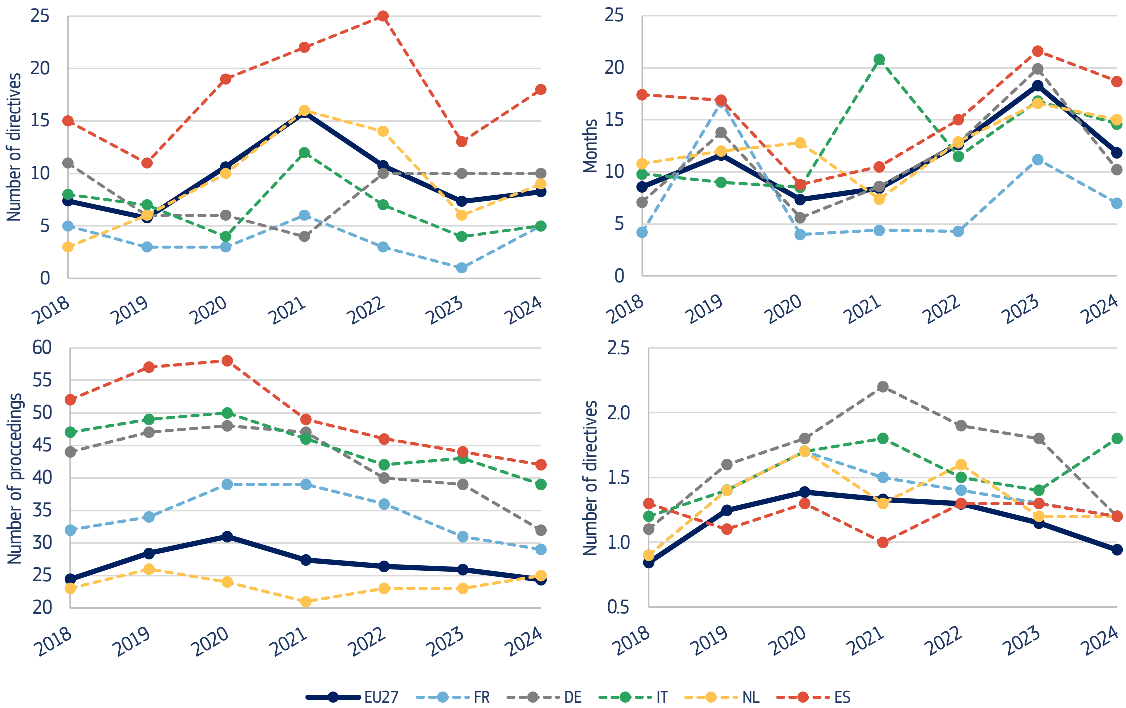
[51] European Commission (2026), SWD(2026) 30 final, Key Performance Indicators – Implementation Trackers. (https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2026)30&lang=en).

[52] Katsinis, A., Lagüera González, J., Schulze Brock, P., and Di Bella, L. Monitoring SMEs' performance in Europe – Methodological assessment of the SBA Scoreboard 2025, Publications Office of the European Union, Luxembourg, 2026, https://data.europa.eu/doi/10.2760/2204754, JRC146458.

Romania achieved a significant upward shift in the rankings, bolstered by targeted improvements in key metrics such as the Conformity Deficit.

A granular analysis of key indicators and their trends over time reveals the shifting compliance landscape across Member States. Central to the Single Market's integrity is the timely and accurate transposition of directives; any surge in non-notified or incorrectly implemented legislation directly jeopardises market cohesion. While Figure 39 (top left) indicates that the previously promising reduction in outstanding directives has stagnated at the EU level, and notably deteriorated in economies like Spain and France, other metrics offer a more optimistic outlook. For instance, the universal decline in average transposition delays during 2024 (top right) effectively reversed the preceding year's upward trend. Furthermore, the steady contraction of pending infringement proceedings continued across the EU (bottom left), with the Netherlands being the sole major economy to see a marginal increase, though its absolute figures remain favourable compared to its peers. Most significantly, the EU's qualitative compliance reached a milestone: the average conformity deficit (bottom right) fell below one directive for the first time since 2018, signalling a marked improvement in the precision of national implementations.

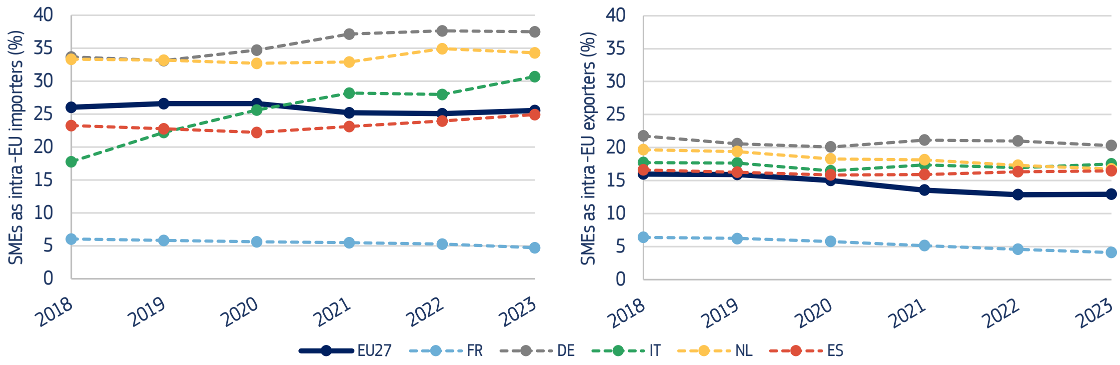
Figure 39. Evolution of outstanding Single Market directives (top left), transposition delay for overdue directives (top right), pending infringement proceedings (bottom left) and conformity deficit (bottom right) for the period 2018 – 2024, in regard of EU and its five biggest national economies.



Source: SME scoreboard 2025 based on Single Market Scoreboard data.

Intra-EU trade dynamics serve as a primary barometer for Single Market integration, with Figure 40 highlighting the pivotal role of SMEs in both intra-EU importing and exporting. Since 2018, performance has remained largely stagnant across national and EU benchmarks; however, Italian SMEs have emerged as increasingly active importers. While the broader EU SME landscape reflects only marginal growth in both sides in 2023, a persistent gap remains, as the share of exporting SMEs continues to trail significantly behind importers. Across both metrics, Germany maintains a commanding lead, consistently outperforming the EU aggregate and its four largest economic peers.

Figure 40. Evolution of SMEs in Intra-EU Goods Trade, 2018–2023: Imports (left) and Exports (right).



Source: SME scoreboard 2025 based on Comext – Eurostat data.

3.6.2. Tackling the 'Terrible Ten' Single Market barriers

The Single Market Strategy published in May 2025, has identified a set of 'Terrible Ten' Single Market barriers, often acknowledged as unintended consequences of legitimate policy concerns. Addressing these problems does not put in peril the Single Market's commitment to high social and environmental standards, which protect citizens and workers. On the contrary, it leads to innovative and well-planned actions that favour prosperity of EU economy, while preserving socio-ecological commitments. Table 4 outlines the barriers and provides a summary of each.

The 'Terrible Ten' barriers constitute a disruptive factor that prevents enterprises from expanding and realising their fully business potential in the single market. Due to their nature, SMEs are more vulnerable, a fact that minimises their chances of thriving. The detection of each barrier at the national level is crucial, as it highlights the strengths and weaknesses of each Member State and signals the areas that require urgent intervention. The SME Scoreboard accumulates a broad variety of indicators that can be used as assessment standards for most of the barriers analysed above. For instance, the four indicators illustrated in Figure 39 address the second barrier, "Lack of Single Market ownership by Member States", providing a solid understanding of the evolution of the situation.

Table 4. The “Terrible Ten” Barriers.

	Barrier	Brief explanation
1	Overly complex EU rules	Complicated rules slowing down and raising the costs of cross-border business, overlapping directives and regulations increase the cumulative burden for enterprises, especially SMEs, that do not know which rules apply to them
2	Lack of Single Market ownership by Member States	National rules and the failure to implement EU directives disproportionately restrict Single Market fundamental freedoms and create economically harmful barriers in the Union, as they neutralise the benefits of the harmonisation
3	Complicated business establishment and operations	Businesses face complex and burdensome procedures to establish and operate in another Member State, including complicated notary systems, registration fees and physical presence requirements that oppose the digital approach.
4	Recognition of professional qualifications	National systems remain protective and fragmented, posing impediments at many professional categories that move to another Member State in terms of massive paperwork and additional exams, despite the integration acquired
5	Long delays in standard-setting that weigh on innovation and competitiveness	The process for creating harmonised European standards is currently too slow, often lagging years behind technological innovation, jeopardising the thrive of entrepreneurship concentrated in strategic fields
6	Fragmented rules on packaging, labelling and waste	Difficulties selling one product in different Member States due to different labelling, packaging, and recycling rules, and complex waste trade procedures, entailing massive costs and preventing unhampered moving
7	Outdated harmonised product rules and lack of product compliance	Obsolete product laws which are unable to tackle emerging issues and novelties like AI or software-as-a-product. The current framework has to adapt into the high rate of non-compliant, and often unsafe, goods entering the market from third countries
8	Restrictive and diverging national services regulation	High regulatory, administrative national services rules and divergent national requirements keep the services sector fragmented, forbidding services providers from other Member States to compete under the same conditions
9	Burdensome procedures for temporary posting of workers	Complex administrative tasks and numerous "prior declarations" add bureaucratic burden and prevent an enterprise send provisionally an employee to another Member State, forcing the firms, especially SMEs to lose their versatility
10	Territorial supply constraints	Retailers face limitations imposed by certain large manufacturers that make it very difficult or impossible for them to buy products in one Member State and resell them in another

Source: EU Single Market Strategy 2025, JRC.

Furthermore, Table 5 focuses on the third barrier, ‘Complicated business establishment and operations’, and demonstrates the relative performance of all 27 across 10 indicators selected for their close alignment with and relevance to this barrier. The z-scores comparison, which takes into account the EU average, indicates the fields where each country lags behind. The illustrative data suggests that while the Netherlands, Sweden, and Denmark demonstrate higher relative efficiency in mitigating this barrier of ‘complicated business establishment and operations’, Czechia and Bulgaria continue to face more pronounced structural challenges.

Table 5. Country-level assessment of the 'Terrible Ten' Barrier no.3: Complicated business establishment and operations.

Country	Average delay in payments – public authorities (days)	New and growing firms can enter markets without being unfairly blocked by established firms (1-5)	Online availability (%)	Formalities – procedures (0-2)	New and growing firms can easily enter new markets (1-5)	Involvement of trade community (0-2)	Information availability (0-2)	Digital strategy (%)	Formalities – automation (0-2)	Border Agency Cooperation (internal) (0-2)
NL	15.1	3.6	90.9	1.9	3.7	1.9	2	39	2	1.8
SE	12.5	2.2	96.1	1.9	2.3	2	1.9	22	1.8	1.8
DK	14.5	3.4	99.3	1.7	3.3	1.8	2	30	1.8	1.8
FI	13.4	3.5	94.8	1.7	3.5	1.9	2	32	1.9	1.9
EE	18	3.2	98.4	1.8	3.3	1.8	2	29	1.8	1.7
LV	12	3.1	95.1	1.7	3.4	1.5	1.8	41	1.9	1.7
IE	14	3	82.2	1.6	3.1	1.7	1.9	40	1.9	1.6
HR	7.9	2.5	89.1	2	2.8	2	1.8	25	1.9	1.6
BE	13.8	3	92.9	1.7	3.3	1.9	1.8	37	1.8	1.6
LU		2.8	94.7	1.8	2.7	2	1.8	44	1.8	1.7
SI	12.4	2.7	93.2	1.9	2.6	1.8	1.8	18	1.8	1.6
ES	14.7	2.7	99	1.7	2.3	1.8	1.8	43	1.8	1.8
LT	19	3.6	95.7	1.8	3.6	2	1.7	25	1.8	1.6
PT	15.2	2.5	96.3	1.7	2.3	1.9	1.9	41	1.8	1.7
CY	24	2.3	86.1	1.9	2.6	2	1.9	37	1.7	1.5
HU	15.1	3.1	94.6	1.6	2.5	1.6	1.6	39	1.8	1.5
SK	14.6	2.5	95.1	1.8	2.7	1.7	1.7	38	1.8	1.6
PL	15	2.5	82.6	1.8	2.6	1.6	1.9	24	1.7	1.6
DE	14.6	3	90.8	1.7	2.9	1.9	1.9	33	1.7	1.8
AT	14.8	3	93.5	1.7	2.9	1.9	1.8	33	1.8	1.7
FR	13.8	2.3	96	1.8	3	1.8	1.8	32	1.6	1.8
IT	13.2	2.7	97.1	1.8	2.8	1.5	1.7	10	1.7	1.6
MT			100	1.8		2	1.8	28	1.6	1.5
RO	16	2.8	73.6	1.7	2.9	1.7	1.9	40	1.4	1.4
EL	15.9	2.8	95.6	1.9	2.7	1.6	1.7	34	1.5	1.5
BG	10.8	2.8	94.6	1.7	3.1	1.9	1.8	26	1.5	1.3
CZ	11.3	2.7	93.5	1.7	2.6	1.5	1.7	21	1.7	1.5
EU27	14.2	2.8	89.7	1.7	2.9	1.7	1.7	32	1.7	1.6

Note: Each column hosts an indicator originating from the SME Scoreboard 2025, that reflects an aspect of the third barrier (Complicated business establishment and operations). The values represent the most recent score per country and indicator, and the colours are indicative of the z-score and how close to the average EU performance it is: the green stands for better (>0.5), the orange for similar (between -0.5 and 0.5) and the red for worse performance (<-0.5). In a few cases there is no value (grey cells). Z-score is the subtraction of the EU average from the MS score, divided by the standard deviation. Indicators' direction has been taken into account.

Source: SME Scoreboard 2025, JRC.

Some of the key actions to address these barriers are already included in the Single Market Strategy. However, fully tackling them may require additional complementary measures at both EU and national levels. To this end, DG GROW is establishing a monitoring process aimed at addressing these barriers more concretely, by identifying specific issues under each of the ten barriers, analysing their underlying causes, developing targeted solutions and overseeing their implementation. The Single Market Enforcement Taskforce (SMET), comprising senior officials from Member States responsible for the Single Market, will oversee the overall progress in addressing the “Terrible Ten” barriers.

Nevertheless, all actions designed by the Commission to tackle the 'Terrible Ten' barriers cover a wide spectrum and address the problem holistically. SMEs and small mid-caps are at the centre of this strategy, as they lack the resources and depth to deal with these challenges on their own. For instance, the European-level 28th Regime alleviates SMEs in terms of the 3rd barrier ("complicated business establishment and operations"), as it envisages a 48-hour digital setup for incorporation and addresses governance, insolvency, national paperwork and other factors that consume SMEs' limited time and capital. Moreover, the Commission is in the process of implementing the SME ID tool, based on a self-assessment available in all EU languages, which leads to a digital "passport", specifically aimed at enabling all SMEs to benefit from a harmonised SME status certification, allowing them to avoid repetitive administrative procedures and thereby save time and costs.

Overall, EU SMEs face diverse challenges and strive to adapt to a demanding and fast-moving environment, which can be hostile in some cases. The efforts of the Commission and other stakeholders aim to provide equal opportunities for all players in the private sector to grow in an unbiased and competitive landscape. According to the latest SAFE survey wave[53], SMEs cite the availability of skilled staff and managers, labour costs, and finding customers as their major concerns, leaving regulation, competition, and access to finance as less significant matters. This indirectly confirms that all initiatives taken or designed so far are moving in the right direction. Annex 4 provides a detailed breakdown of the latest SAFE survey results, categorised by enterprise size and country.

[53] ECB (2025), SAFE Survey Q4 2025 (https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202602.en.html#toc1).

4. SMEs and Productivity

4.1. SMEs and the productivity challenge

Europe's productivity growth remains on a relatively low level. This is bad news for the EU's economy, as productivity - defined as the efficiency with which inputs are transformed into outputs, typically measured in this report as output per employee - is a key driver of long-term growth and innovation[54]. Yet, for two decades, EU productivity has been growing more slowly than the one in the US[55]. This sluggish development is further exacerbated by demographic ageing, which constrains labour force growth[56], as well as by persistent productivity weaknesses at the firm level. In this context, the Draghi Report on EU Competitiveness[57] clearly emphasises that productivity must become the central objective of Europe's economic strategy.

Given SME's prominent role in the European economy, the productivity performance of SMEs has a direct impact on the overall EU productivity growth and competitiveness. Consequently, any strategy aimed at strengthening long-term economic performance and addressing Europe's productivity challenges must consider the factors influencing SME productivity and the conditions enabling SMEs to improve their efficiency, innovation capacity, and scalability.

At the same time, there is a widespread perception that EU SMEs' productivity is low - indeed, significantly lower than that of larger firms - and that it is stagnant, with very limited, if any, scope for improvement if firms remain small. If this were true, it would seriously undermine the EU's prospects of substantially improving its growth and competitiveness performance. This chapter reviews this pessimistic narrative, pointing out evidence that SME productivity is not low across the board and that, even where gaps vis-a-vis larger firms exist, there are possibilities, including via political intervention, to boost it. To this end, the following sections review the existing evidence on SME productivity and the most important factors influencing it. After a brief overview of SME productivity performance relative to large firms, the chapter first examines innovation and technological adoption as key drivers of productivity, followed by an analysis of sectoral factors, and finally geographical and locational ones.

4.2. Key factors related to SME productivity

4.2.1. Productivity gaps between large enterprises and SMEs

First off, the notion that there is - generally speaking - a correlation between firm size productivity is correct. As shown in Figure 41, and in line with the long-established trend, larger enterprises do usually exhibit higher productivity levels. A pattern that has remained evident and has persisted in recent years, as illustrated in the figure since 2021. However, even though the size-productivity nexus

[54] Blanchard, O., & Ubide, Á. (2026, May 7). Essential issues raised, but not fully answered by the Draghi report. PIIE. https://www.piie.com/blogs/realtime-economics/2024/essential-issues-raised-not-fully-answered-draghi-report

[55] Redoulès, O. & European Employers' Institute AISBL. (2025). Understanding the EU-US labour productivity gap #3 – The amplified divergence (2019–2024) [Report].

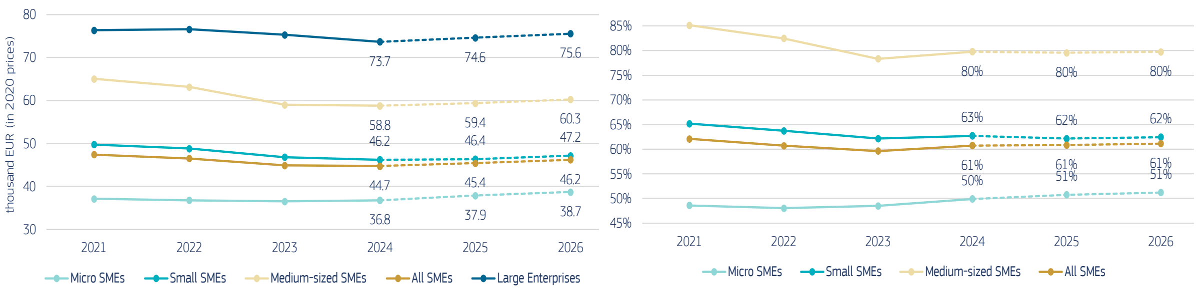
[56] The Draghi report on EU competitiveness. (2025, 16 septembre). European Commission. https://commission.europa.eu/topics/competitiveness/draghi-report_en.

[57] Ibid.

seems to hold generally, this does not rule out that, overtime, smaller firms keep catching up, resulting in a narrowing gap between small and large firms' productivity.

In general, productivity rates for both SMEs and large enterprises experienced a slight decline from 2021 to 2023, except for micro-SMEs, which remained relatively stable since 2021. Indeed, significant differences exist even within the SME category: medium-sized firms tend to be more productive than micro and small enterprises. Looking at the forecasted values, a modest increase in productivity is expected from 2024 to 2026 across all size classes.

Figure 41. Productivity in EU (in thousands of EUR, constant 2020 prices) (left) and compared to large enterprises (in percentage) (right) by size class since 2021.



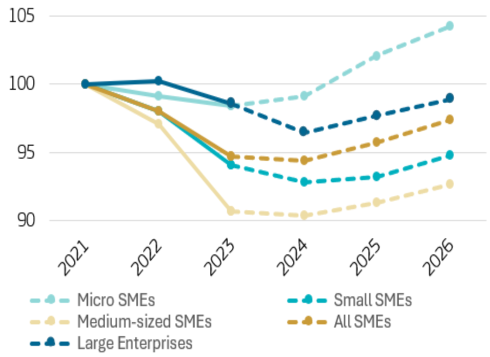
Note: Left panel: Productivity is expressed as value added per person employed and refers to real values (in 2020 prices); Right panel: Every line represents the relative productivity of a certain size class versus large enterprises which are equal to 100%. Both legs: The solid lines turn into dashed lines as data from 2024 onwards is mainly derived by now-casts and forecasts.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Regarding the productivity of all SME size classes relative to large enterprises, between 2021 and 2024, it has remained relatively stable, with the exception of medium-sized SMEs, which experience a notable decline until 2023, followed by a slight increase in 2024. According to forecasted values, beyond 2024, micro-SMEs are anticipated to display a slightly smaller productivity gap with large enterprises by 2026. However, the cumulative changes are relatively small across all SME categories, which means that the existing productivity gaps with large enterprises are unlikely to close any time soon.

Nevertheless, there may be early signs that productivity dynamics across firm sizes could be changing. As illustrated in Figure 42, from 2021 to 2023, there was a slight decline in productivity growth across all size classes. However, looking at forecasted values, since 2023, micro firms have exhibited stronger productivity growth, suggesting an early signal of potential convergence towards the productivity levels of larger enterprises. As a result, the relative gap between these two categories has slightly narrowed in favour of micro firms. In this context, a narrowing productivity gap may indicate that micro SMEs are gradually improving their efficiency, potentially through increased digitalisation, innovation, and enhanced adaptation to market conditions, including as a result of supportive regulatory policies. If sustained, this could enhance the overall dynamism of the EU economy by strengthening the role of smaller firms in value creation. However, as of now, the observed changes appear relatively gradual. The precise reasons for this uptick for especially the smallest firms are not known, although different speeds in adaption to new technologies and especially AI might play a role (see also section 4.2.2). In absence of a full understanding of the underlying dynamics, it is also not yet certain whether this uptick will give way to a long-term convergence process.

Figure 42. Productivity growth by size class since 2021.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

4.2.2. Technological adoption as a driver of SME productivity

The degree of digitalisation and technology adoption plays a crucial role in shaping productivity outcomes nowadays[58.] For instance, frontier technologies, such as artificial intelligence (AI), machine learning, and advanced automation present significant opportunities to boost SME productivity across all sectors. These tools can help small businesses optimise operations, personalise customer experiences, and create new products or services. However, despite their potential, adoption remains relatively uneven. Europe continues to lag in the global AI race (Box 4), with only about 19.95% of EU enterprises having used in 2025 any form of AI technology, which is mostly concentrated in larger firms[59.]. Among SMEs, the gap is even more pronounced: only around 20% of small companies used AI (versus 55% of large firms)[60], and less than half adopted cloud services, compared to more than 85% of large enterprises.[61] While approximately 71% of EU SMEs have reached a basic level of digital intensity, nearly one-third still exhibit very low digital uptake[62], limiting their ability to fully benefit from these technologies. However, even though the share of SMEs adopting new IT technologies might be smaller than among larger firms, there is evidence - from the US - that those SMEs that integrate AI and related technologies into their business operations do so at a faster rate than larger firms.[63] Given that this is a very dynamic environment, it is difficult to predict whether and how these

[58] OECD. (2019). OECD SME and Entrepreneurship Outlook 2019. In OECD SME and entrepreneurship outlook. https://doi.org/10.1787/34907e9c-en

[59] Eurostat. (2025, January). Use of artificial intelligence in enterprises. Ec.europa.eu. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Use_of_artificial_intelligence_in_enterprises

[60] Ibid.

[61] Eurostat. (2023). Cloud computing - statistics on the use by enterprises. Ec.europa.eu. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=

[62] Eurostat. (2026). Digitalisation in Europe – 2026 Edition. Europa.eu. https://ec.europa.eu/eurostat/web/interactive-publications/digitalisation-2026

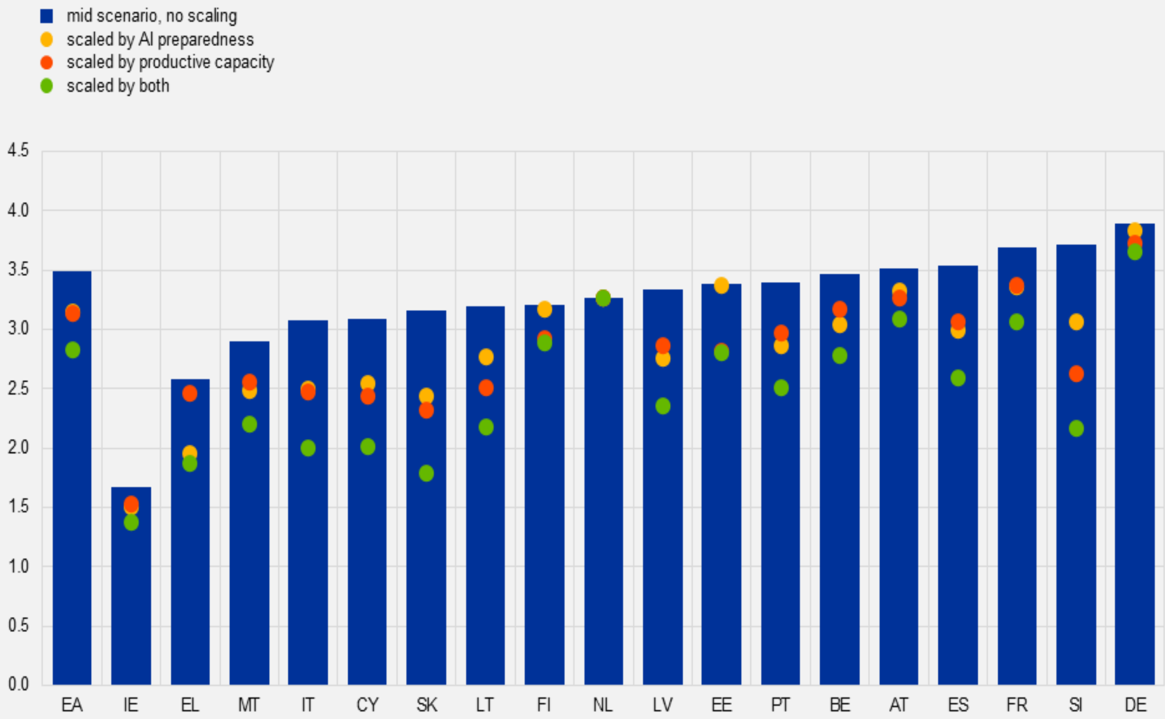
[63] See, for instance, JPMorgan Chase, *Understanding the Use of AI Among Small Businesses* (JPMorgan Chase Institute); Capsule CRM, *SMEs Outpacing Large Firms: Small Business AI Adoption Statistics for 2026* (2026); and U.S. Small Business Administration, Office of Advocacy, *Research Spotlight: Small Firms Closing In* (September 2025).

trends will further develop. Nevertheless, the fact that AI technologies enable especially SMEs via, for instance, the so-called "force multiplier effect" to overcome the limited access to qualified staff, suggests that SMEs might have an extra incentive to deploy these new productivity-boosting techniques at a faster rate than larger firms.

Box 4. Productivity gains of AI adoption.

When assessing productivity gains, a key question is the extent to which these gains depend on "AI readiness" and the underlying "productive capacity" of firms. Figure 43 illustrates how the original estimates of productivity gains would change under less favourable conditions for AI adoption compared to the optimal scenario (blue bar). Across half of the countries in the study[64], the results show that the potential gains depend on the AI adoption by firms.

Figure 43. Estimated productivity gains from AI.



Notes: The bars show the estimated productivity gains over a period of 10 years in percentage points; the dots show the gains that remain when taking into account AI preparedness, productive capacity, or both.

Source: ECB (AI can boost productivity – if firms use it) and Brynjolfsson, E. (2026, February 15). The AI productivity take-off is finally visible. Financial Times.

4.2.3. SME productivity across sectors

Another important factor for productivity variations is related to industry specificities. Hence, the question of which industrial sector a firm is located in might be more important to determine its

[64] ECB (AI can boost productivity – if firms use it). https://www.ecb.europa.eu/press/blog/date/2025/html/ecb.blog20250328~60c0a587f7.en.html.

productivity than its size. A closer look at SME productivity growth rates in the EU at the industrial ecosystem level is presented in Table 6. During the analysed period 2021-2026, the results reveal diverse patterns. Certain ecosystems, such as ‘energy-renewables', ‘textiles', and ‘tourism', exhibit more significant fluctuations. In contrast, ecosystems like ’construction’ and ‘proximity, social economy, and civil security’ demonstrate a more stable trend. This variation highlights the differing dynamics and challenges each ecosystem faces as they adapt to changing market conditions.

Table 6. SME productivity growth rates (%) by industrial ecosystem in the EU.

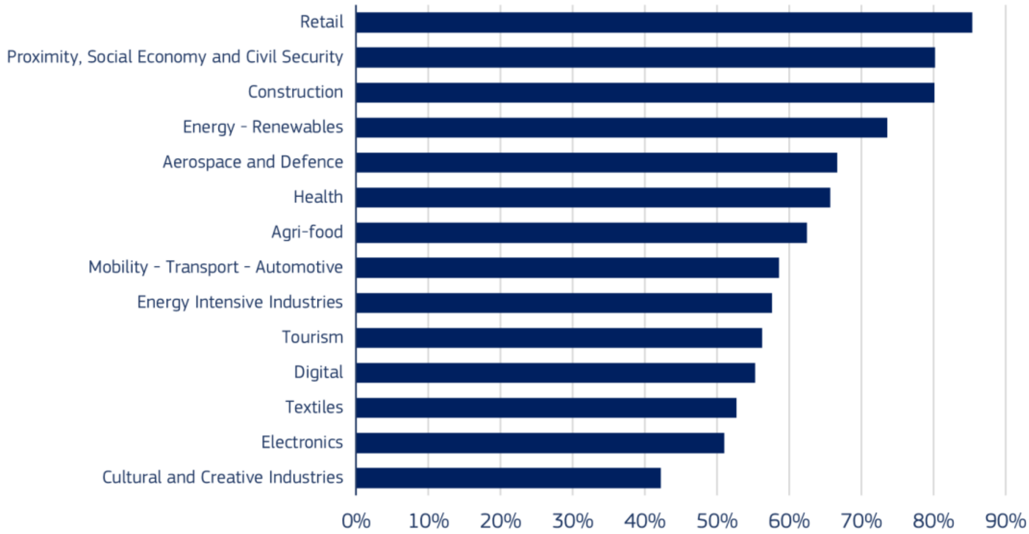
	2022	2023	2024	2025	2026	2021-2026
Aerospace and Defence	1.0%	-1.4%	-2.1%	0.3%	1.0%	-1.3%
Agri-food	0.4%	1.2%	-2.6%	-0.4%	1.0%	-0.5%
Construction	-0.4%	1.0%	-0.9%	0.2%	1.1%	1.0%
Cultural and Creative Industries	-2.7%	-1.4%	1.6%	1.7%	2.4%	1.6%
Digital	-4.7%	-1.6%	-0.1%	1.8%	0.9%	-3.9%
Electronics	0.9%	-1.9%	-3.9%	0.1%	1.0%	-3.8%
Energy-Intensive Industries	0.9%	-7.5%	-2.3%	-1.0%	1.0%	-8.8%
Energy-Renewables	21.8%	-10.7%	-4.7%	1.0%	1.8%	6.6%
Health	-3.4%	0.3%	0.9%	2.0%	3.3%	3.0%
Mobility-Transport-Automotive	2.4%	-1.4%	-1.9%	0.5%	1.1%	0.6%
Proximity, Social Economy and Civil Security	-0.6%	-0.8%	0.9%	2.3%	3.7%	5.6%
Retail	-0.2%	-7.2%	-0.3%	0.1%	1.0%	-6.7%
Textiles	3.8%	-3.5%	0.2%	-1.4%	0.8%	-0.3%
Tourism	12.0%	-2.5%	-1.0%	2.0%	1.8%	12.3%

Source: Calculations by the JRC based on Eurostat’s Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission’s Autumn 2025 Economic Forecast.

Looking ahead, it is estimated that by 2026 seven out of the 14 EU industrial ecosystems will have experienced an increase in their productivity values since 2021. Notably, ‘tourism’ is the only ecosystem that is expected to achieve double-digit growth (12,3%) over this period. Concerning the evolution of the three key ecosystems analysed in the report since 2021, in terms of SME productivity growth rates, the ‘energy-renewables’ ecosystem has recorded the second-highest performance (6.6%). By contrast, the other two ecosystems have shown negative growth rates, i.e. -1.3% in ‘aerospace and defence’ and -3.9% in ‘digital’ in 2026.

Additionally, an analysis of the 14 industrial ecosystems provides further insight into the role of SMEs in shaping productivity across sectors. Overall, as shown in Figure 44, SMEs appear to be relatively more competitive in the ‘retail’ sector, closely followed by the ‘proximity, social economy & civil security’ and ‘construction’ ecosystems. In contrast, the productivity gap is significantly more pronounced in ‘cultural and creative industries‘ and ‘electronics’, where SMEs lag further behind larger enterprises.

Figure 44. The level of productivity of all SMEs compared to that of large firms in 2025.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Looking more closely, the OECD Compendium of Productivity Indicators study, which provides a sectoral perspective, also highlight that the productivity gap between large and small firms varies considerably across sectors, particularly between manufacturing and services[65]. For instance, in the manufacturing sector, this gap is, on average, more pronounced than in the business economy as a whole. This reflects stronger returns to scale associated with capital-intensive production processes, which tend to favour larger firms[66]. On the contrary, in the business services, differences in labour productivity between firm size classes are less pronounced, and firm size tends not to be the sole determinant of firm's performance[67]. In some OECD countries, smaller firms even outperformed large ones in terms of labour productivity (see Annex 7 Figure 54 and Figure 55).

Incidentally, it should be noted that beyond firm-level productivity and the productivity gap between the manufacturing and services sectors, the degree to which SMEs are integrated into broader EU value chains also plays a crucial role in shaping productivity, while at the same time demonstrating the limits of the effectiveness of boosting the productivity in an individual firm when it is closely integrated in an industrial value chain. This is illustrated in Box 5 through the case study of the automotive sector.

[65] OECD (2025), OECD Compendium of Productivity Indicators 2025, OECD Publishing, Paris, https://doi.org/10.1787/b024d9e1-en.

[66] Ibid.

[67] Berlingieri, Giuseppe, Sara Calligaris, and Chiara Criscuolo (2018)."The Productivity-Wage Premium: Does Size Still Matter in a Service Economy?" *AEA Papers and Proceedings* 108: 328–33.

Box 5. Beyond firm-level productivity: the importance of value chain structures for industrial success.

While it is important to analyse productivity development at the firm level, the success of European industries also depends on other factors, such how well the firms interact together within a value chain. Even if many different firms are productive from an individual point of view, the strength of a sector also depends on the capacity of the firms to cooperate and coordinate along a value chain. In this regard, the automative sector in the context of the transition to electronic vehicles (EV) provides a good illustration of the importance of value chain structures for industrial success.

For decades, the competitive position of the European automative sector has been built on a complex network of Original Equipment Manufacturers (OEMS), large Tier 1 system integrators, as well as specialised Tier 2 and Tier 3 suppliers, many of which are SMEs. This model thrived under the internal combustion engine (ICE) paradigm, where incremental innovation - refined over generations in powertrain engineering, emissions control, and mechanical precision - drove both productivity and competitiveness.

Yet in the current context of the green and digital transition towards battery powered vehicles, EU manufacturers have seen their competitiveness and market shares erode, with foreign, especially Chinese competitors gaining ground. Importantly, this is despite rising productivity in the EU automative sector over the past two decades[68], with sectoral productivity increasing by around 60% between 2010 and 2026.[69]

At the heart the European automotive sector's technological lag arguably lies its insufficient agility in entering new technological domains such as batteries, software, or power electronics.[70] Rather than merely firm level productivity deficits or structural cost disadvantages per se, the sector's weakness reflects a failure to redirect existing technological capabilities toward the new architectural requirements of the EV value chain.[71]

This suggests that, in the context of technological change, the difficulties of the automotive manufacturing sector cannot be reduced to a firm-level productivity problem. Part of the answer might instead lie in the structure of the value chain. The fragmented structure of the European supplier network, while a source of strength under the stable ICE technological regime, might have become a coordination liability in the transition to electric and software-intensive vehicles[72]. This could suggest that EU industrial policy, in addition to improving the conditions for competitiveness and productivity growth of individual firms, also needs to address coordination failures and bottlenecks across value chains, including ensuring effective integration between SMEs and large players in strategic industries, and thereby unleashing the potential of SMEs for the overall competitiveness and resilience of the EU economy.

Understanding the role of the value chain and unleashing the potential of SMEs for industrial success requires a granular understanding of the value chain structure. This is why the Commission is strengthening its efforts to map SMEs in strategic value chains in the context of the upcoming European Competitiveness Fund, which will allow the design of financial support measures targeted to SMEs active in European segments subjects to bottlenecks.

At Member State level, productivity performance also varies across ecosystems, indicating that outcomes are influenced by geographic and national contexts in which these ecosystems are

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[68] BBVA Research, "Deep dive in the EU automotive industry", May 2025, mimeo.

[69] Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

[70] Perez, C., Value Chain Structures and Technological Change: The Case of Electric Vehicles in Germany and Korea, Working Paper, 2026.

[71] Ibid.

[72] Ibid.

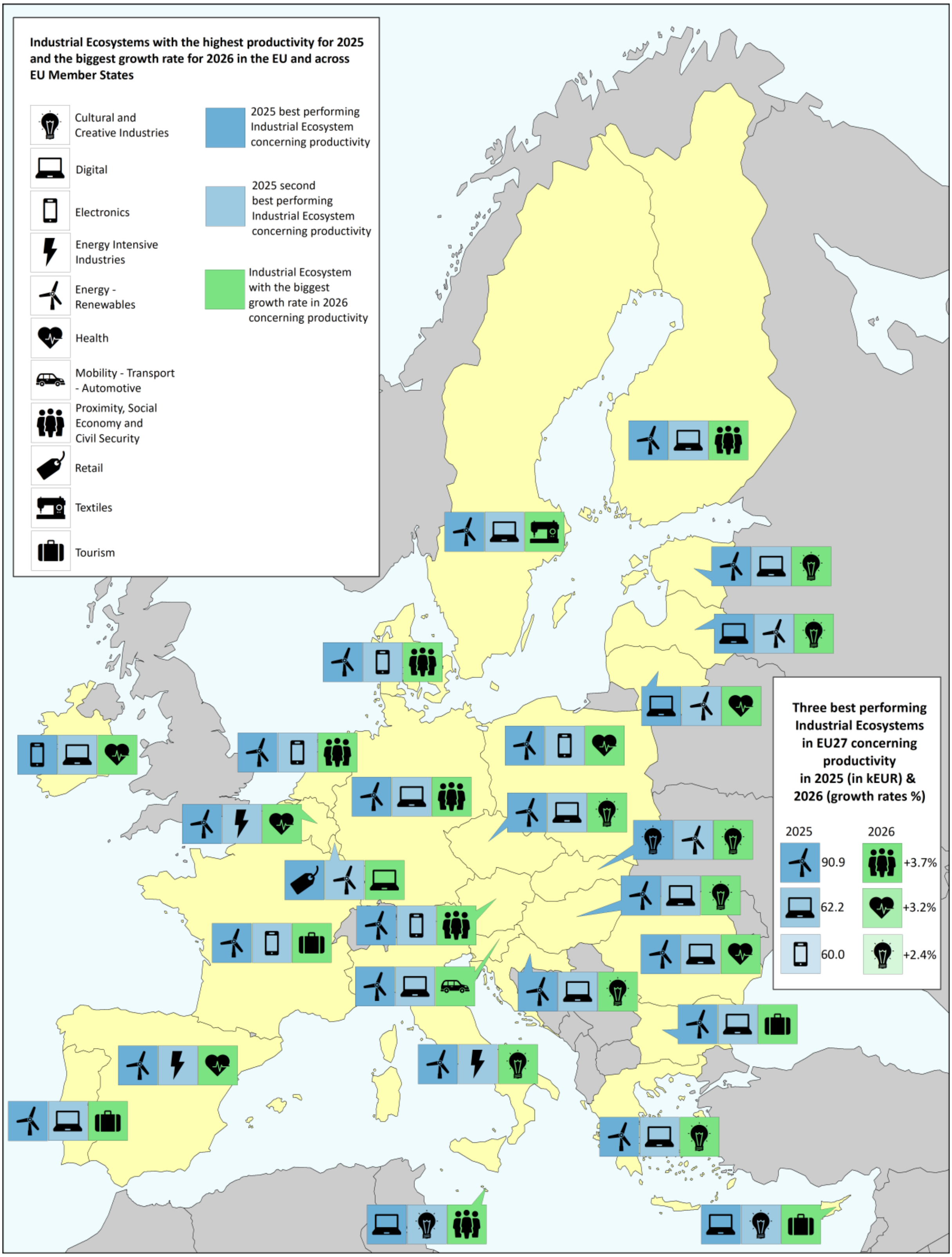
embedded. In this context, Figure 45 presents the most productive ecosystem in each country (in absolute terms), as well as the ecosystem that has recorded the strongest growth.

Overall, across the EU, a clear pattern emerges, with the ‘energy-renewables’ ecosystem displaying a near-monopoly in productivity performance, ranking first in 21 Member States. The exceptions are Cyprus, Lithuania, Luxembourg, Latvia, and Malta. The second position is shared among five ecosystems: ‘cultural and creative industries’, ‘digital’, ‘electronics’, ‘energy-intensive industries’, and ‘energy-renewables’. On the contrary, the highest growth rates are more dispersed, reflecting a wider variation in dynamic performance across sectors and countries.

These findings also highlight an important observation regarding the productivity levels across sectors. As shown in Figure 45, in 2025, ‘energy-renewables’ emerges as the most productive ecosystem, not only at Member State level but also across the 14 industrial ecosystems. Alongside it, the ‘electronics’ and ‘digital’ ecosystems also rank among the top three.[73] This can be explained by the intrinsic characteristics of these sectors, in particular their high capital intensity and high value-added activities.

[73] Calculations by the JRC based on Eurostat’s Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission’s Autumn 2025 Economic Forecast.

Figure 45. Industrial Ecosystems with the highest productivity for 2025 and the biggest growth rate for 2026 in the EU and across EU Member States.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

4.2.4. SME productivity disparities by geographical location

A final factor to be mentioned is a geographical one. At national level, significant disparities in productivity are evident among EU Member States. As illustrated in Figure 46, in 2025, European SMEs indeed display substantial differences in value added per employee across countries, highlighting a fragmented productivity landscape.

Northern and Western European countries - such as Ireland, Belgium, Luxembourg and the Netherlands - display the highest productivity levels, exceeding EUR 80,000 per worker. Moreover, OECD studies show that in some of these countries[74], even small firms can exhibit relatively high productivity. This is often linked to their integration into high-value sectors such as finance and energy, as well as their proximity to multinational enterprises[75]. Indeed, some of these economies have a very concrete and well-defined economic structure that may help explain their high levels of productivity. Other countries, such as Denmark or Sweden, also show clearly high productivity levels without an immediately identifiable pattern. In contrast, Southern and Eastern Member States - such as Greece and the Baltic countries - tend to lag behind, often below EUR 30,000 per worker. This geographic divide underscores persistent structural differences in economic composition, reflecting variations in scaling, innovation capacity, firm structure and market conditions across regions.

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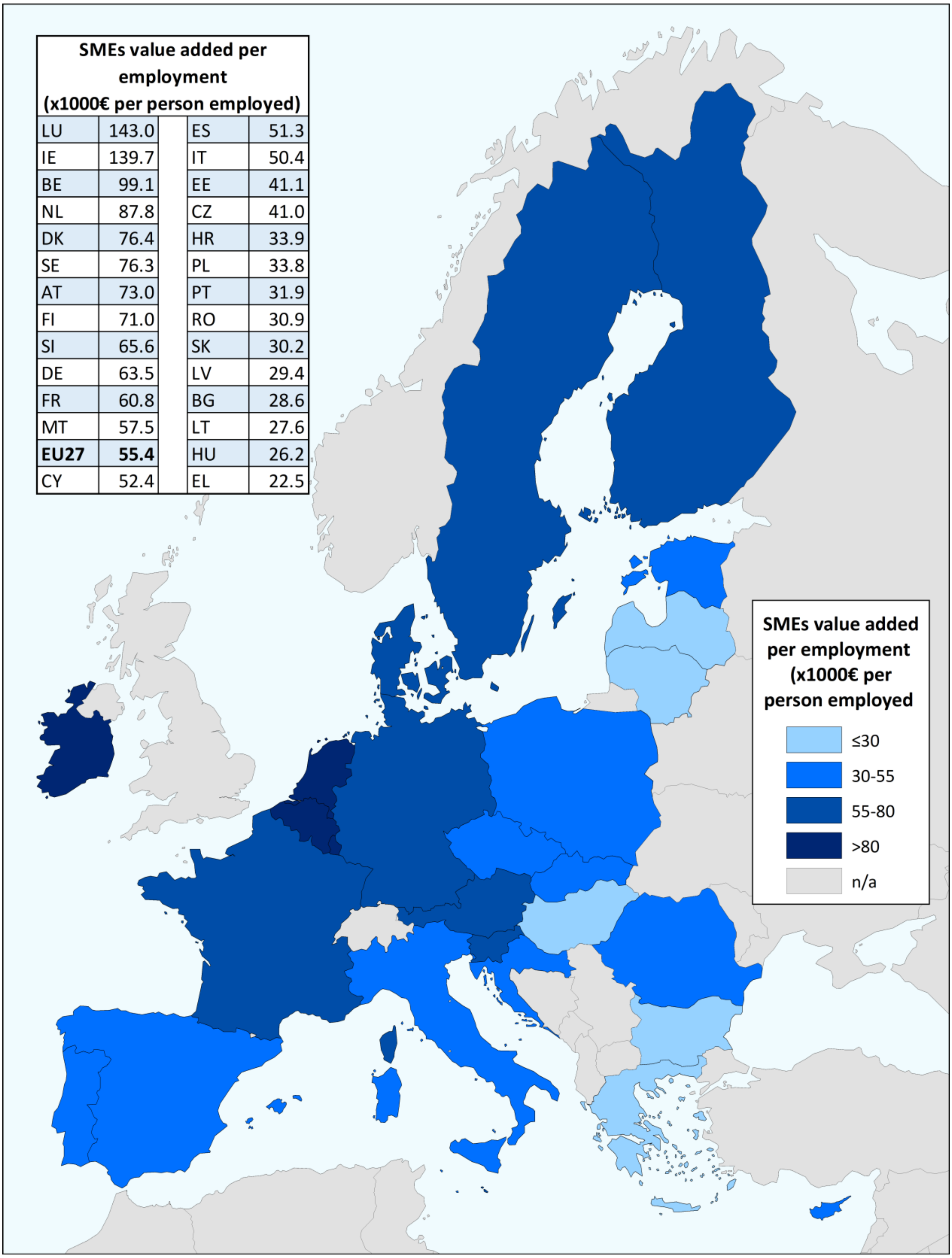
[74] Such as Luxembourg, Norway, and Ireland.

[75] OECD (2025), OECD Compendium of Productivity Indicators 2025, OECD Publishing, Paris, https://doi.org/10.1787/b024d9e1-en.

Figure 46. SME value added per employment across the EU Member States.



SMEs value added per employment (x1000€ per person employed)			
LU	143.0	ES	51.3
IE	139.7	IT	50.4
BE	99.1	EE	41.1
NL	87.8	CZ	41.0
DK	76.4	HR	33.9
SE	76.3	PL	33.8
AT	73.0	PT	31.9
FI	71.0	RO	30.9
SI	65.6	SK	30.2
DE	63.5	LV	29.4
FR	60.8	BG	28.6
MT	57.5	LT	27.6
EU27	**55.4**	HU	26.2
CY	52.4	EL	22.5

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

The degree of integration of SMEs within the broader economic fabric of EU-wide value chains also plays a crucial role. Northern and Western European countries (e.g. Germany, Denmark, Sweden) tend to show more balanced productivity across firm sizes, indicating robust SME ecosystems. For example, the "Mittelstand" model in Germany is based on highly specialized SMEs, which are deeply integrated in the supply chains of large firms[76]. These companies produce upstream and downstream products that enable large corporations to develop innovative and complex products, services, and system solutions. By contrast, Southern and Eastern countries (e.g. Greece, Hungary, Slovak Republic) often exhibit wide gaps between SMEs and large firms, pointing to persistent barriers to scale, low digital uptake, and weaker innovation systems[77].

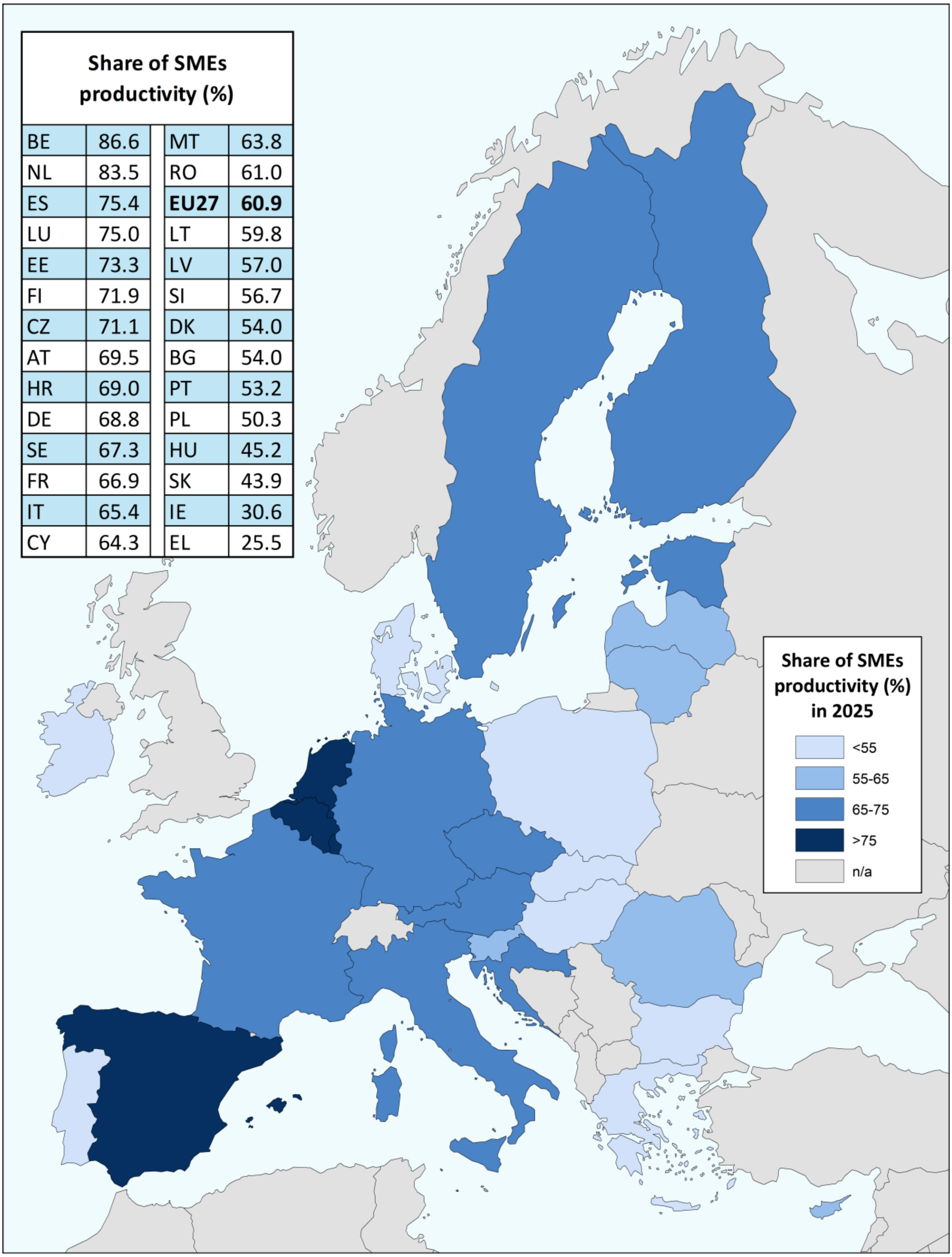
Another relevant observation across EU countries concerns the relative productivity performance of SMEs compared to large firms. As shown in Figure 47, the variation is notably wide, ranging from 86.6% in Belgium to 25.5% in Greece. This highlights that Member States do not share a uniform internal productivity structure, with significant differences in how SMEs perform relative to their large counterparts. Overall, the data underscores substantial disparities in SME productivity across the EU, reflecting diverse national economic structures and competitive environments. Evidence from the OECD and the World Bank clearly demonstrates the importance of an efficient business environment, i.e. low regulatory burden, easy access to finance, good infrastructure and competitive market for the productivity of businesses in general, and SMEs in particular.[78]

[76] Federal Ministry for Economic Affairs and Energy (2026). The German Mittelstand as a model for success | *BMWE*. https://www.bundeswirtschaftsministerium.de/Redaktion/EN/Dossier/sme-policy.html

[77] OECD (2021), The Digital Transformation of SMEs, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris, https://doi.org/10.1787/bdb9256a-en.

[78] Dethier, J.-J., Hirn, M., & Straub, S. (2010). Explaining enterprise performance in developing countries with business climate survey data. *The World Bank Research Observer, 26*(4792),

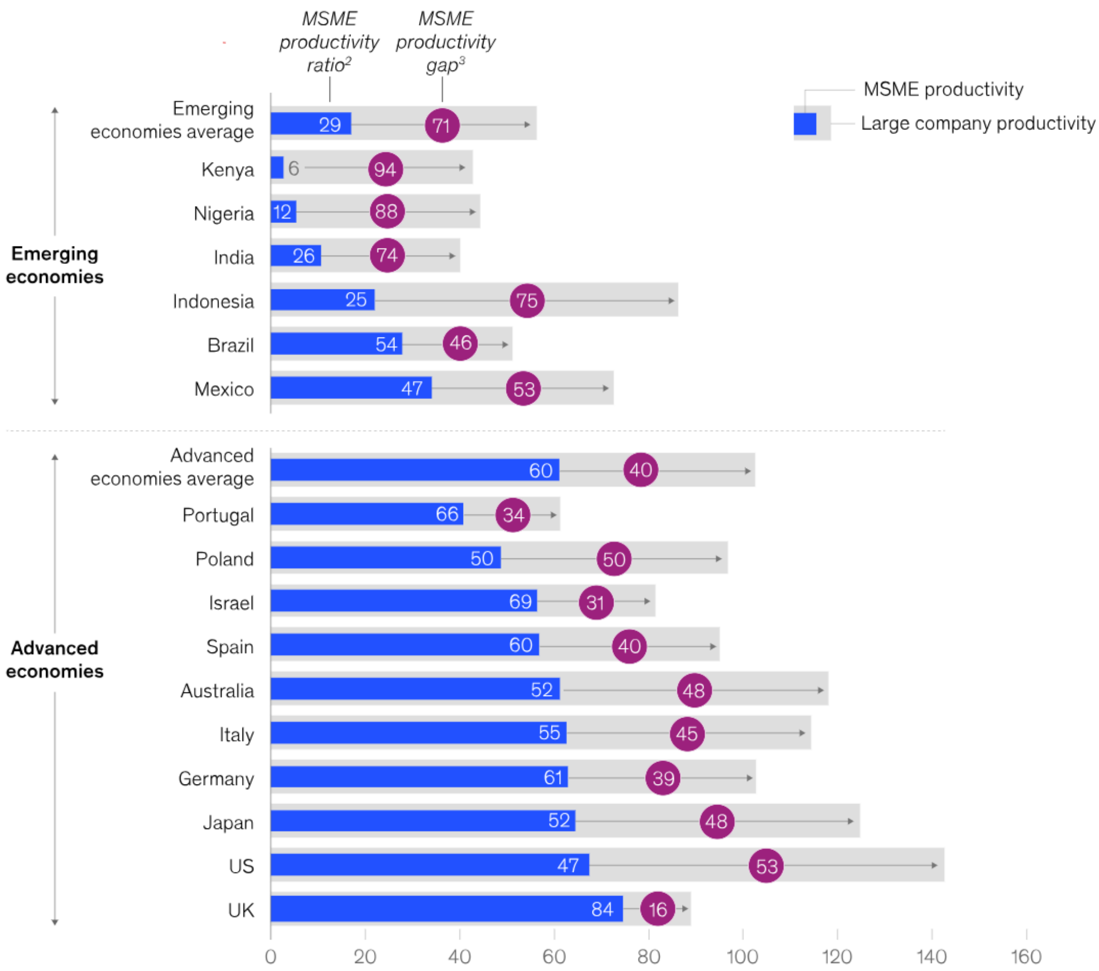
Figure 47. Share of SME productivity in the total business economy of Member States in 2025.



Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Moreover, it should be noted that the discrepancies in productivity levels between larger firms and SMEs are even more significant beyond the EU, underlying that domestic GDP levels are an important marker (Figure 48).

Figure 48. Comparison of productivity between large firms and SMEs across emerging and advanced economies.



Source: McKinsey Global Institute: "A microscope on small businesses: Spotting opportunities to boost productivity", May 2, 2024.

The geographical discrepancies in turn can potentially be explained by a host of different factors such as differences in sectoral composition (e.g. manufacturing versus services)[79], variations in regulatory frameworks, and the role of innovation capacity and digital adoption. In this context, the integration of firms into domestic and global value chains also plays a key role, as positioning within higher-value segments of these chains can significantly enhance productivity performance regardless of firm size.

[79] OECD (2025), OECD Compendium of Productivity Indicators 2025, OECD Publishing, Paris, https://doi.org/10.1787/b024d9e1-en.

To sum up, this chapter shows that excessive pessimism about the prospects for improving SME productivity is misplaced. SME productivity cannot be explained solely by firm size; it is also influenced by a range of other factors. While it is true that small firms are often less productive than large firms and that some factors, such as the sectoral composition of the SME landscape in a given country, cannot be directly influenced by policy in the short run, there are still some factors that policy makers can look for to boost SME productivity. Helping SMEs in adopting new technologies, and especially AI, seem to hold substantial potential even in the short-term perspective. Likewise, policies to support the SME business environment in a given country, including through the reduction of bureaucratic burden and by improving access to finance for productivity-enhancing investments, are the factors that are within the control of policymakers.

5. Conclusions

The EU's economic environment has been shifting towards a focus on global competitiveness and creating favourable conditions for SMEs. Thanks to factors such as resilient labour markets, improved trade stability with the United States and better access to Mercosur markets, as well as due to increased investments supported through various EU funding instruments, SMEs recorded solid real value added growth of 2.5% in 2025 and are projected to expand it further by 2.9% in 2026. Overall, significant increase in value added entails a boost in productivity, which is a key objective. Employment also follows an upward trajectory, albeit at a slightly slower pace, rising by 1.0% in 2025 and with estimated employment growth of 1.1 % in 2026. It shall however be noted that 2026 estimates were done prior to the economic tensions arising from the Middle East crises. The challenges persist: geopolitical turmoil, tighter financing conditions, rising global tariffs, supply chain disruptions and the strategic demands of the green and digital transitions all require additional targeted focus and support.

Micro enterprises have proven to be crucial players of the European economy, not only because they constitute the vast majority of EU firms and account for a remarkable share of total employment and real value added, but also because they spearhead the growth, consistently outperforming other size classes. Their dynamism is evident across the EU and also within specific industrial sectors. Conversely, while large enterprises keep progressing well, small and medium sized businesses continue to struggle in relative terms, as their growth rates are below those of the larger players, thus highlighting the persistent difficulties these firms face in scaling their operations and remaining competitive.

A detailed analysis of SME economic performance across various industrial ecosystems reveals a highly fragmented landscape. Sectors such as 'proximity, social economy, and civil security', 'cultural and creative industries,' and 'tourism', have seen significant growth in both employment and value added, with strong performance projected to continue. Conversely, 'electronics' and 'energy-intensive industries' emerged as the weakest performers, experiencing declines in both metrics during 2025. However, the outlook for 2026 is more favourable, as both of these sectors are expected to transition into a recovery phase.

Spatial analysis indicates that adjacent EU Member States often share comparable economic profiles and challenges. Southern Member States are projected to maintain superior employment growth rates throughout 2025 and 2026. Meanwhile, Eastern Member States are forecast to lead in real value added growth in 2026, despite facing higher inflation rates than their peers. Most encouragingly, every Member State is expected to record positive growth across both employment and value added in 2026.

The special chapter on SME productivity shows that firm size does not always explain productivity outcomes. In some cases, technological, sector-specific, and geographic factors can partly or fully offset company size-induced disadvantages. From an SME policy perspective, analysing these factors is highly relevant, as some of them - though not all - can be influenced by policy interventions.

List of abbreviations and definitions

Abbreviations	Definitions
AI	Artificial intelligence
COVID-19	Coronavirus disease
DIGITAL	Digital Europe Programme
DG GROW	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
EC	European Commission
ECB	European Central Bank
ECF	European Competitiveness Fund
EDF	European Defence Fund
EDIH	European Digital Innovation Hubs
EDIP	European Defence Industry Programme
EIC	European Innovation Council
EU	European Union
EV	Electric vehicle
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GVC	Global Value Chain
JRC	Joint Research Centre
IAA	Industrial Accelerator Act
ICE	Internal Combustion Engine
IPCEI	Important Projects of Common European Interest

Abbreviations	Definitions
IT	Information Technology
KIS	Knowledge-Intensive Services
KPI	Key Performance Indicator
KTI	Knowledge and Technology-Intensive
MERCOSUR	Mercado Común del Sur (Southern Common Market)
MFF	Multiannual Financial Framework
NACE	Statistical classification of economic activities in the European Union
NFBS	Non-financial business sector
NoE	Number of enterprises
NSO	National statistical office
OECD	Organisation for Economic Co-operation and Development
OEMs	Original Equipment Manufacturers
R&D	Research and Development
RRF	Recovery and Resilience Facility
SAFE	Survey on the Access to Finance of Enterprises
SBS	Structural Business Statistics
SME	Small and Medium-sized Enterprise
SMC	Small Mid-Cap
SMET	Single Market Enforcement Taskforce
SMP	Single Market Programme
SPR	SME Performance Review

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Annexes

Annex 1. Definition of SMEs

The official EC definition of SMEs takes into account three different factors (i.e. employment, turnover and balance sheet). SMEs are enterprises which have fewer than 250 employees and have either an annual turnover of less than EUR 50 million or a balance sheet total of less than EUR 43 million (Table 7). The analysis in this report is based only on the employment definition of SMEs, since this is the definition used by the Structural Business Statistics (SBS) database maintained by Eurostat, the main data source for the report.

Table 7. Definition of SMEs.

Enterprise Category	Employees	Turnover	Balance sheet total
Micro SME	0 to < 10	≤ EUR 2 million	≤ EUR 2 million
Small SME	10 to < 50	≤ EUR 10 million	≤ EUR 10 million
Medium-sized SME	50 to <250	≤ EUR 50 million	≤ EUR 43 million

Source: Commission Recommendation of 6 May 2003 concerning the definition of micro, small, and medium-sized enterprises (2003/362/EC), Official Journal of the European Union, L 124/36, 20 May 2003.

Annex 2. Annual GDP growth and inflation rates per Member State over the period 2021 – 2026

Table 8. Annual GDP growth rates and GDP deflators per Member State for the period 2021-2026.

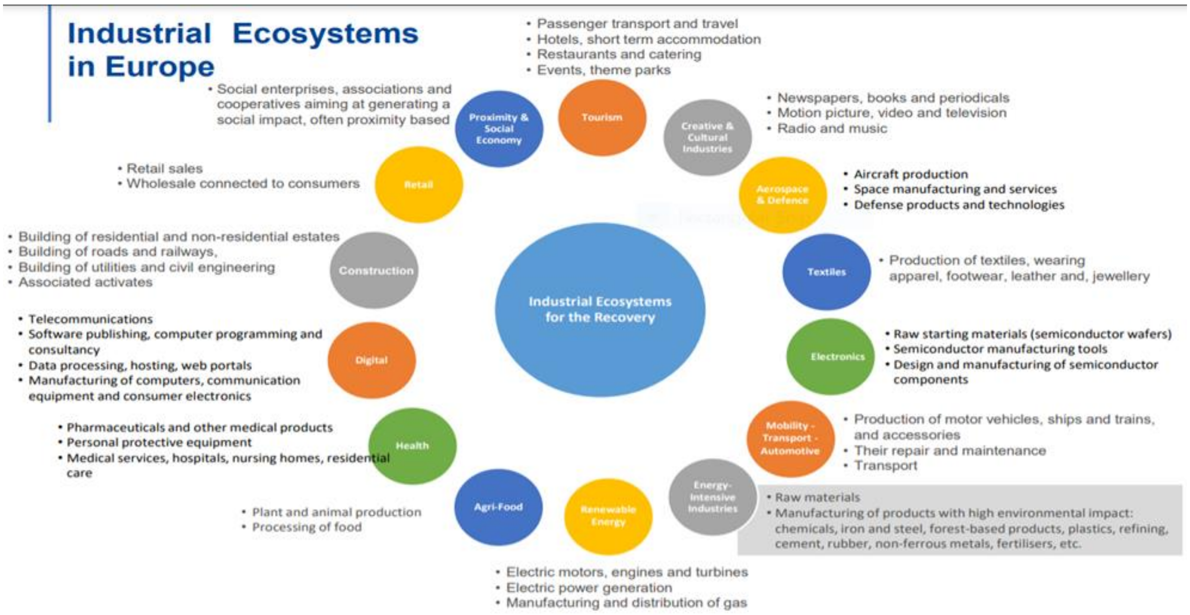
	Real GDP growth rate (%)						GDP deflator (price index, 2020=100)					
	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026
Austria	4.9	5.3	-0.8	-0.7	0.3*	0.9*	101.8	106.9	114.6	119.3	123.6*	127.0*
Belgium	6.3	4.0	1.7	1.1	1.0*	1.1*	102.7	109.6	115.6	117.8	120.7*	123.0*
Bulgaria	7.8	4.1	1.7	3.4	3.0*	2.7*	107.0	124.0	133.9	143.6	151.9*	157.2*
Croatia	12.6	7.3	3.8	3.8	3.2*	2.9*	102.2	110.3	124.5	130.1	136.1*	141.0*
Cyprus	11.4	8.3	3.6	3.9	3.4*	2.6*	103.0	109.9	116.0	119.6	121.5*	123.6*
Czechia	4.0	2.8	0.0	1.3	2.4*	1.9*	107.3	121.7	135.3	134.4	138.9*	143.1*
Denmark	6.5	0.4	0.6	3.5	2.9	2.3*	103.3	114.0	111.4	112.9	114.5*	116.0*
Estonia	8.3	-1.2	-2.7	-0.1	0.6*	2.1*	104.3	121.9	132.4	137.7	143.2*	149.3*
EU27	6.4	3.5	0.4	1.1	1.4*	1.4*	102.4	108.1	114.9	118.7	121.9*	124.8*
Finland	2.7	0.8	-1.3	0.4	0.1*	0.9*	102.5	108.8	112.6	113.4	114.5*	116.4*
France	6.9	2.7	1.4	1.2	0.7*	0.9*	101.2	104.3	109.5	111.8	113.4*	115.4*
Germany	3.9	1.8	-0.9	-0.5	0.2	1.2*	102.7	109.3	116.6	120.2	123.8*	127.2*
Greece	8.7	5.5	2.1	2.1	2.1*	2.2*	101.4	107.8	114.5	118.2	121.5*	124.5*
Hungary	7.2	4.2	-0.8	0.6	0.4*	2.3*	104.0	108.6	128.1	133.1	141.6*	147.7*
Ireland	16.3	7.5	-2.5	2.6	10.7*	0.2*	101.0	109.1	112.8	118.0	120.4*	122.8*
Italy	8.9	4.8	1.0	0.7	0.4*	0.8*	101.3	104.8	111.3	113.5	115.9*	118.0*
Latvia	6.9	1.9	-0.9	0.0	1.0*	1.7*	103.3	113.3	125.4	128.0	134.1*	139.0*
Lithuania	6.4	2.5	0.7	3.0	2.4*	3.0*	106.0	122.4	134.6	138.9	143.8*	149.4*
Luxem-bourg	6.9	-1.1	0.1	0.4	0.9*	1.9*	105.9	112.5	120.3	125.8	129.5*	133.4*
Malta	13.3	2.6	10.6	7.0	4.0*	3.8*	102.5	107.7	113.2	117.0	120.1*	122.8*
Nether-lands	6.3	5.0	-0.6	1.1	1.9	1.3*	102.7	109.1	115.9	122.6	126.5*	130.7*
Poland	6.9	5.3	0.2	3.0	3.2*	3.5*	102.5	110.6	125.3	137.2	142.2*	146.6*
Portugal	5.6	7.0	3.1	2.1	1.9*	2.2*	102.0	107.5	115.5	121.1	124.9*	128.4*
Romania	5.6	4.2	2.3	0.9	0.7*	1.1*	103.8	116.1	130.0	141.7	152.7*	163.1*
Slovak Republic	5.7	0.5	2.1	1.9	0.8*	1.0*	102.2	109.7	120.7	124.8	129.6*	134.3*
Slovenia	8.4	2.7	2.4	1.7	1.0*	2.4*	102.7	109.3	120.3	124.4	129.2*	132.6*
Spain	6.7	6.4	2.5	3.5	2.8	2.3*	102.6	107.4	114.1	117.4	120.3*	122.8*
Sweden	5.2	1.3	-0.2	0.9	1.5*	2.6*	106.1	107.4	105.3	108.9	110.6*	112.2*

Note: All values marked with an asterisk stem from European Economic Forecast, Autumn 25 version.

Source: Eurostat, European Economic Forecast – Autumn 25.

Annex 3. Industrial Ecosystems: Industrial composition and SME performance in number of enterprises, employment and value added

Figure 49. The 14 industrial ecosystems and their industries.



Source: European Commission

Table 9. Industrial Ecosystems: Proportion of Economic Activity by Size Class (2025).

	Value Added				Employment				Number of Enterprises			
	Micro SMEs	Small SMEs	Medium-sized SMEs	Large Enterprises	Micro SMEs	Small SMEs	Medium-sized SMEs	Large Enterprises	Micro SMEs	Small SMEs	Medium-sized SMEs	Large Enterprises
Aerospace and Defence	7.5%	10.3%	15.8%	66.5%	10.4%	13.2%	19.4%	57.0%	88.0%	8.7%	2.6%	0.7%
Agri-food	10.9%	13.6%	20.6%	54.9%	17.0%	19.1%	20.7%	43.2%	88.0%	9.5%	2.0%	0.5%
Construction	30.8%	23.8%	17.1%	28.2%	38.2%	23.1%	14.9%	23.9%	94.3%	4.9%	0.6%	0.1%
Cultural and Creative Industries	23.6%	14.4%	17.5%	44.5%	42.9%	16.8%	15.0%	25.3%	97.2%	2.3%	0.4%	0.1%
Digital	13.7%	11.3%	16.9%	58.1%	24.2%	15.0%	17.5%	43.4%	95.2%	3.7%	0.9%	0.2%
Electronics	4.8%	8.0%	15.4%	71.7%	9.4%	13.0%	21.2%	56.4%	86.4%	9.6%	3.1%	0.9%
Energy Intensive Industries	6.2%	10.5%	19.9%	63.4%	12.1%	15.2%	22.7%	49.9%	87.1%	9.3%	2.8%	0.8%
Energy – Renewables	12.4%	7.0%	12.1%	68.5%	12.3%	10.2%	15.9%	61.6%	93.1%	4.9%	1.5%	0.5%
Health	19.4%	12.1%	9.9%	58.7%	24.3%	14.2%	13.3%	48.2%	94.9%	4.1%	0.7%	0.2%
Mobility – Transport – Automotive	14.1%	14.3%	16.0%	55.7%	24.7%	17.1%	15.8%	42.4%	92.9%	5.9%	1.0%	0.2%
Proximity, Social Economy and Civil Security	24.0%	19.0%	15.9%	41.7%	33.7%	16.0%	14.3%	36.5%	97.5%	3.7%	0.6%	0.1%
Retail	21.4%	20.1%	17.9%	40.6%	30.9%	18.6%	13.6%	36.9%	93.9%	5.2%	0.8%	0.1%
Textiles	14.0%	20.6%	25.6%	39.8%	23.2%	25.8%	25.2%	25.8%	89.8%	8.3%	1.6%	0.3%
Tourism	25.8%	22.1%	17.3%	34.9%	36.7%	25.5%	14.6%	23.1%	92.9%	6.3%	0.7%	0.1%
All Industrial Ecosystems	19.4%	16.5%	16.5%	47.7%	29.6%	18.8%	15.5%	36.2%	94.2%	5.0%	0.8%	0.2%

Note: Data are missing for some NACE codes that correspond to the following ecosystems: Agri-food (NACE sector A), cultural and creative industries (S94), and proximity, social economy and civil security (T).

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database.

Table 10. Annual growth rate (%) in employment for 2025 in the EU and across EU Member States per Industrial Ecosystem.

Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility - Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	-1.5	-1.5	-0.9	0.0	-0.1	-2.0	-2.0	-1.0	0.7	-0.5	0.1	-1.0	-1.9	0.4
BE	0.3	-0.2	0.4	1.1	-0.9	0.0	-0.5	1.0	-0.1	-0.3	0.0	-0.6	-0.3	1.3
BG	2.2	-1.0	4.7	15.8	3.8	-1.1	-1.1	0.1	3.6	3.4	7.5	4.3	-1.4	7.9
CY	0.0	-1.2	1.1	-2.2	0.0	-1.0	-1.2	-0.3	3.1	1.0	2.8	1.6	-0.1	2.0
CZ	0.5	-0.2	1.3	0.4	0.2	-0.4	-0.3	-0.2	1.1	0.0	3.6	0.4	0.1	2.6
DE	-1.4	-1.6	-1.0	0.7	-0.5	-1.8	-1.7	0.2	-0.8	0.0	0.8	-0.4	-1.6	-0.7
DK	0.4	-0.1	1.3	1.8	0.1	-0.2	-0.1	0.3	2.7	0.2	2.4	0.3	-0.4	3.1
EE	-0.5	-0.5	0.1	4.6	-2.2	-1.0	-1.8	-3.0	3.8	1.5	3.9	2.3	-1.6	3.7
EL	1.2	3.9	7.5	5.9	7.0	5.8	3.5	3.5	3.1	2.4	2.4	13.5	4.9	-7.7
ES	3.6	3.6	3.9	2.6	1.8	3.7	3.6	4.4	-1.1	2.9	3.0	2.4	3.5	2.0
EU	0.0	0.2	0.9	2.7	0.6	-0.4	-0.1	0.5	1.1	0.4	2.1	0.8	0.1	1.1
FI	-0.6	-1.3	-0.2	-1.0	-1.1	-1.4	-1.4	-1.3	2.4	0.0	1.9	-1.4	-1.3	3.0
FR	-0.2	0.5	-0.3	3.1	-0.5	-0.6	-0.4	0.6	3.8	0.2	3.2	0.0	0.5	2.2
HR	0.3	-0.2	1.8	2.6	3.5	-0.2	-0.6	0.0	1.2	1.1	3.2	0.7	-0.7	1.7
HU	-1.1	-1.9	-0.5	1.0	2.6	-2.1	-2.3	-2.1	-0.3	-0.7	2.0	-0.1	-2.2	2.0
IE	2.2	1.5	4.7	0.7	0.8	1.6	2.1	1.1	0.2	2.0	0.0	0.7	1.6	1.1
IT	0.7	0.5	2.3	1.9	1.4	0.5	0.4	0.6	1.9	0.9	1.8	0.9	0.2	1.7
LT	-1.8	-1.8	-1.9	9.0	4.4	-2.0	-2.2	-2.8	5.8	-3.6	4.3	-2.3	-2.3	0.5
LU	-0.2	-1.5	-1.5	0.7	-4.4	-1.1	-1.4	0.2	0.2	0.1	-0.5	-0.2	-1.2	2.7
LV	-2.6	-1.5	-0.9	1.6	0.7	-1.5	-1.9	1.5	5.4	-3.0	4.0	-2.2	-1.8	3.2
MT	2.5	1.0	3.0	4.7	4.2	0.5	1.5	-1.3	6.5	5.6	6.2	4.8	1.0	3.3
NL	0.3	0.4	0.8	0.9	0.8	0.3	0.3	0.9	1.2	0.0	1.0	-0.7	0.4	0.8
PL	0.4	1.0	1.3	1.4	1.4	1.1	1.3	1.0	2.4	-1.0	1.4	-1.5	1.8	-0.3
PT	2.3	1.6	4.4	5.1	4.9	1.8	1.3	1.9	3.8	2.5	4.6	1.9	1.1	4.4
RO	-2.9	-4.5	-1.7	-2.2	-3.6	-4.8	-4.5	-3.5	5.5	-2.2	4.4	-0.2	-4.4	-0.3
SE	-1.2	-1.6	-2.1	23.7	-0.6	-1.6	-1.9	-0.7	0.5	-0.4	6.6	-1.0	-2.7	11.7
SI	-1.7	0.0	-1.7	1.6	1.2	-0.2	-0.1	0.3	5.5	1.8	5.7	-0.8	-0.1	1.7
SK	0.6	0.6	0.0	-0.7	-1.6	0.7	1.8	0.4	1.1	-0.5	2.7	0.0	1.9	1.9

Note: See Table 9 for missing data note.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Shor-Term Business Statistics and National Accounts Database.

Table 11. Expected annual growth rate (%) in employment for 2026 in the EU and across EU Member States per Industrial Ecosystem.

Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility - Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	0.1	0.0	0.7	1.3	1.8	-0.2	-0.3	0.3	1.6	-0.1	1.0	0.0	0.2	0.8
BE	1.6	0.8	2.0	2.9	1.6	1.0	0.3	2.1	1.6	0.5	0.7	-0.1	0.6	1.5
BG	1.8	-0.1	0.1	4.8	5.8	-0.1	-0.2	0.8	3.3	1.0	5.2	1.3	-0.4	2.8
CY	3.3	1.3	1.9	5.8	7.0	3.3	1.5	3.8	4.9	1.5	3.5	1.0	3.2	3.2
CZ	0.2	-0.4	0.1	1.2	1.2	-0.7	-0.6	-0.2	1.8	-0.3	1.9	0.1	-0.2	0.7
DE	-0.4	-0.4	0.9	1.3	0.9	-0.6	-0.6	1.2	-1.1	-0.3	1.1	0.0	-0.5	0.0
DK	0.1	-0.2	0.4	2.7	0.9	-0.4	-0.5	0.0	3.0	0.2	2.8	0.4	-0.4	4.3
EE	-0.6	-0.6	-0.2	2.9	3.8	-0.9	-1.3	-0.9	3.1	-0.7	4.1	-0.4	-1.2	1.4
EL	3.3	3.3	2.8	3.8	5.0	4.1	3.0	5.7	1.7	4.1	5.5	3.3	4.0	7.3
ES	1.9	1.9	0.4	1.9	1.8	1.9	1.9	1.9	-0.6	1.9	2.1	1.9	1.8	1.8
EU	0.5	0.4	0.7	2.3	1.8	0.0	0.2	0.8	1.1	0.4	2.3	0.4	0.3	1.9
FI	-0.7	-1.0	-0.1	1.0	0.5	-1.6	-1.6	-1.1	3.4	-0.4	2.8	-0.1	-1.2	1.0
FR	-0.2	0.2	0.0	3.3	0.1	-0.9	-0.7	-0.2	3.2	0.0	3.2	0.1	0.2	1.5
HR	1.2	1.1	1.6	3.2	2.7	1.1	0.8	1.0	1.9	0.9	3.5	0.6	0.7	2.6
HU	0.2	-0.9	1.0	1.0	1.5	-1.0	-1.2	-1.0	-0.1	-0.4	1.4	-0.1	-1.1	1.0
IE	2.8	2.6	2.7	3.3	3.4	2.6	2.6	3.3	-0.1	1.4	0.2	1.1	2.8	3.2
IT	0.0	-0.4	-0.2	1.2	0.6	-0.4	-0.5	-0.2	1.7	-0.1	1.4	-0.1	-0.7	1.5
LT	1.9	1.0	1.5	5.3	5.6	0.7	0.9	0.2	7.3	1.5	5.1	-0.3	1.3	3.4
LU	0.1	-0.5	-0.1	4.6	1.0	0.3	-1.7	0.9	0.6	-0.7	1.7	-0.4	-0.4	1.8
LV	1.8	1.4	1.1	4.8	4.6	1.5	1.0	1.8	5.7	0.2	5.1	0.0	1.1	3.2
MT	-1.1	-4.1	-1.1	2.9	1.0	-3.5	-4.8	10.4	6.8	-1.4	5.1	-2.5	-4.9	1.5
NL	0.4	0.6	0.7	1.1	1.2	0.6	0.6	0.9	1.7	0.3	1.4	0.3	0.7	1.2
PL	1.7	1.5	1.9	2.8	3.8	1.6	1.5	1.6	2.6	0.7	1.8	0.0	1.8	1.3
PT	2.6	1.8	1.8	5.9	6.9	2.0	1.5	3.0	3.7	2.6	4.7	1.8	1.2	5.1
RO	1.3	-0.3	0.6	3.7	3.5	-0.2	-0.4	0.0	5.7	0.6	4.9	0.0	-0.6	3.1
SE	-0.6	-0.9	0.8	1.7	1.4	-1.2	-1.7	-0.6	1.7	-0.3	10.6	0.1	-2.3	3.7
SI	1.5	1.0	0.4	2.5	2.6	1.1	0.9	1.4	1.9	0.4	1.6	0.0	0.8	1.5
SK	1.1	0.4	0.4	3.2	1.4	0.5	1.2	-0.1	1.9	-1.2	2.6	-2.3	1.2	2.0

Note: See Table 9 for missing data note.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Table 12. Annual growth rate (%) in real value added for 2025 in the EU and across EU Member States per Industrial Ecosystem.

Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility - Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	-1.1	-1.5	-3.9	2.6	-0.6	-1.0	-1.0	-4.6	4.1	0.2	2.9	0.5	-1.4	1.2
BE	2.0	-1.2	3.6	6.0	2.3	-0.4	-3.1	2.0	6.9	0.7	4.1	-0.4	-0.6	1.1
BG	-3.2	-7.2	9.1	7.5	6.2	-7.1	-7.9	16.8	5.4	-5.1	1.2	-5.5	-8.4	1.2
CY	3.0	2.8	3.7	18.8	5.9	1.8	1.4	8.8	1.9	3.8	5.4	4.4	2.3	17.2
CZ	1.1	0.2	5.4	9.5	8.9	-0.1	-0.4	2.5	5.9	2.3	9.9	3.3	-0.4	10.1
DE	-2.0	-2.6	-1.1	1.2	-0.5	-3.0	-3.0	-1.7	0.7	-1.2	5.6	-1.6	-2.7	-1.6
DK	6.7	6.9	1.4	16.9	7.7	6.8	7.0	1.9	7.6	5.3	9.0	1.7	6.7	9.0
EE	-0.3	0.3	-0.3	3.6	4.8	-0.1	-0.6	-1.8	6.3	-2.4	2.6	-3.3	-1.6	3.4
EL	-3.6	-4.3	8.0	7.5	4.3	-1.6	-4.7	-16.9	5.6	-10.3	18.6	-0.5	-6.0	27.6
ES	5.5	4.0	6.0	9.0	5.5	3.3	3.0	14.9	4.5	8.0	6.4	7.7	4.7	9.3
EU	0.3	-0.3	1.1	4.5	2.4	-0.3	-1.1	1.5	3.1	0.8	4.4	0.9	-1.3	3.1
FI	0.1	0.5	-2.1	3.0	3.0	0.3	0.3	0.3	6.7	-0.8	6.2	-1.2	-0.2	-0.3
FR	-1.9	-2.9	-2.2	2.0	-1.2	-2.5	-2.9	-1.1	1.1	-1.6	1.7	-1.5	-2.7	0.9
HR	-0.3	0.0	5.5	9.7	1.5	-0.2	-0.9	-3.1	4.8	1.2	6.7	1.3	-0.9	2.2
HU	-8.1	-14.1	-4.6	-2.2	0.2	-14.2	-16.6	-10.7	-5.6	-5.0	-1.0	-2.0	-14.1	-0.5
IE	9.1	18.0	5.7	7.0	13.1	22.1	16.7	3.3	10.6	1.1	0.5	-0.4	9.1	-1.5
IT	-0.7	-1.2	0.2	1.9	2.1	-1.3	-1.5	-0.4	1.1	0.1	1.4	0.7	-1.7	1.0
LT	-0.1	-1.1	-0.4	2.2	7.8	-1.1	-1.3	0.1	8.3	0.7	7.2	1.6	-1.7	1.3
LU	-4.0	-3.4	-3.1	-5.8	-11.3	-6.0	-4.4	-16.1	-7.1	-1.7	-2.1	-0.5	-5.3	1.3
LV	-1.4	-2.5	3.2	6.4	-1.6	-3.5	-1.4	-1.8	1.7	-3.0	-16.2	-3.1	0.5	4.2
MT	4.4	0.4	0.6	14.0	8.0	-1.9	0.2	1.7	12.4	8.7	16.8	6.0	0.3	13.5
NL	3.2	3.2	4.6	5.2	2.6	3.2	3.3	10.2	5.7	3.4	5.7	2.6	2.8	5.0
PL	3.1	-0.1	4.1	9.6	-1.3	0.7	-0.8	4.5	18.9	4.5	8.7	4.6	0.4	10.2
PT	1.1	0.0	2.5	5.0	0.8	0.6	-0.5	-0.7	0.5	1.4	5.1	1.9	-0.8	4.9
RO	-6.2	-14.0	5.9	-2.4	2.4	-15.0	-17.1	21.8	5.8	-2.6	1.6	-0.7	-18.4	2.4
SE	2.1	2.6	2.3	3.1	2.7	2.0	1.8	1.4	-2.0	1.8	0.6	2.2	2.8	3.2
SI	-3.5	-5.2	1.1	0.6	2.5	-6.9	-8.4	-15.2	-0.1	-0.6	0.7	0.7	-9.6	0.0
SK	0.3	1.9	0.0	18.9	-3.8	2.3	2.6	4.9	5.9	-1.3	4.1	-2.9	2.8	11.9

Note: See Table 9 for missing data note.

Source: JRC calculations based on Eurostat's Structural Business Statistics, Shor-Term Business Statistics and National Accounts Database.

Table 13. Expected annual growth rate (%) in real value added for 2026 in the EU and across EU Member States per Industrial Ecosystem.

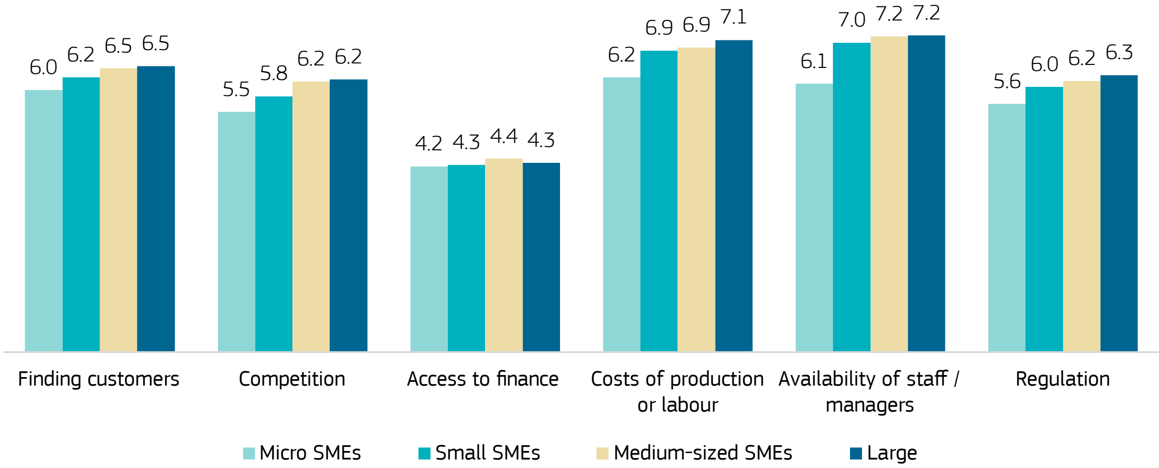
Country	Aerospace and Defence	Agri-food	Construction	Cultural and Creative Industries	Digital	Electronics	Energy-intensive Industries	Energy – Renewables	Health	Mobility - Transport – Automotive	Proximity, Social Economy and Civil Security	Retail	Textiles	Tourism
AT	0.4	0.5	1.1	3.8	2.2	0.1	0.1	0.9	6.2	0.4	5.7	0.5	0.4	2.0
BE	2.3	1.9	2.5	3.2	2.2	2.2	1.3	4.5	8.3	1.2	6.0	0.5	1.9	2.3
BG	2.6	1.6	1.6	11.6	7.6	1.5	1.2	3.1	10.0	2.4	6.8	2.7	0.7	13.0
CY	3.8	3.4	3.1	6.9	9.1	4.3	3.4	6.4	3.0	3.1	6.2	2.5	2.8	6.6
CZ	3.3	2.8	3.5	10.5	4.5	2.8	2.6	3.7	6.9	3.1	11.2	3.5	3.1	8.1
DE	0.7	0.8	2.1	3.3	2.1	0.5	0.5	3.4	3.3	0.8	9.2	1.1	0.7	1.9
DK	1.4	1.2	2.0	5.1	2.4	1.0	1.0	1.7	7.3	1.7	10.6	2.0	1.0	6.7
EE	0.5	0.9	1.2	8.8	5.0	0.2	0.0	0.2	7.0	0.7	3.8	0.8	1.4	5.5
EL	5.2	6.0	4.9	10.4	7.4	6.6	5.5	8.0	7.5	5.2	10.5	4.8	6.9	10.6
ES	2.7	2.7	1.2	5.4	2.6	2.8	2.8	2.5	3.9	2.7	3.1	2.7	2.7	4.0
EU	1.5	1.4	1.8	4.7	2.7	1.0	1.2	2.7	4.4	1.5	6.1	1.5	1.1	3.7
FI	-0.6	-0.9	0.1	1.4	0.5	-1.3	-1.6	-0.8	6.5	-0.2	6.9	0.1	-0.9	1.4
FR	0.4	0.5	0.7	4.0	0.7	-0.2	-0.2	0.9	1.3	0.6	3.1	0.8	0.0	3.1
HR	3.0	2.9	3.2	14.8	3.5	3.8	2.4	2.9	5.4	2.4	8.0	2.0	2.4	6.5
HU	4.0	2.9	5.0	5.7	5.7	3.0	2.3	2.9	2.5	3.7	5.6	4.1	2.7	5.6
IE	1.2	0.6	1.3	1.4	1.0	0.5	0.6	1.1	2.5	0.3	2.6	-0.1	0.9	1.6
IT	0.3	0.1	0.1	1.8	1.0	0.0	-0.1	0.4	1.3	0.4	1.7	0.4	-0.2	2.1
LT	5.0	3.7	4.1	7.2	8.6	3.8	3.6	2.8	11.3	4.4	8.3	2.1	3.7	6.3
LU	2.5	1.4	0.6	3.9	7.4	1.3	-0.4	2.1	-3.9	0.3	-1.2	0.3	0.9	1.1
LV	4.0	3.8	3.5	21.8	7.0	4.6	3.7	4.5	2.8	2.6	5.0	2.4	3.0	14.1
MT	-0.9	-2.0	-0.6	0.3	2.0	-2.4	-4.0	-1.6	14.0	-0.3	23.0	-1.6	-2.7	0.7
NL	1.4	1.7	1.7	4.6	1.9	1.7	1.7	2.8	5.4	1.2	5.7	1.2	1.8	4.6
PL	4.9	4.7	5.2	8.0	6.4	5.0	4.7	5.1	21.0	4.0	7.5	3.2	5.2	4.6
PT	4.2	2.8	3.1	9.2	8.5	2.9	2.6	5.9	2.2	3.9	6.8	2.9	2.4	8.7
RO	1.2	0.1	0.6	3.0	3.3	0.4	-0.3	0.3	16.9	0.4	3.3	-0.3	-0.2	1.6
SE	2.4	2.7	3.9	4.3	4.6	1.6	1.2	2.1	-1.4	2.8	1.8	3.3	1.5	5.4
SI	5.4	5.3	3.8	5.6	6.5	6.0	5.6	5.8	3.4	6.1	3.2	2.8	4.7	6.2
SK	2.7	2.3	2.2	22.7	3.1	2.7	2.3	2.6	6.8	0.4	8.7	-1.0	2.8	18.0

Note: See Table 9 for missing data note.

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Annex 4. Perceived challenges by SMEs: Data from the Survey on Access to Finance of Enterprises (SAFE) in EU and Member State level

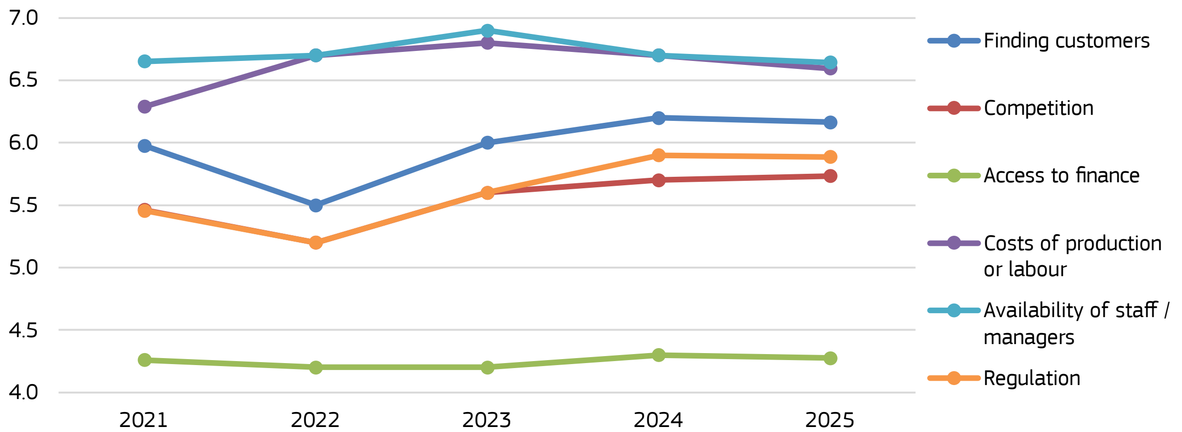
Figure 50. Economy-wide assessment by EU SMEs and large enterprises of importance (on a scale of 1 to 10) of various issues and challenges faced by firms in 2025.



Note: The assessment reported in the figure above reflects the views of SMEs in the period of November to December 2025 (when the SAFE survey fieldwork was undertaken).

Source: SAFE survey.

Figure 51. Evolution in the economy-wide assessment by EU SMEs of the importance (on a scale of 1 to 10) of various issues and challenges faced by SMEs through the last five annual SAFE surveys, from 2021 to 2025.



Note: Data refer to All SMEs.

Source: SAFE surveys of 2021, 2022, 2023, 2024 and 2025.

Table 14. Economy-wide assessment by SMEs in Member States of importance (on a scale of 1 to 10) of various challenges and issues faced by SMEs in 2025.

	Finding customers	Competition	Access to finance	Costs of production or labour	Availability of staff / managers	Regulation
AT	6.7	5.3	4.0	6.8	6.9	5.7
BE	5.5	5.8	4.0	6.4	6.8	6.0
BG	7.5	7.0	5.3	7.3	7.5	6.6
CY	3.8	5.9	3.3	5.6	6.4	4.2
CZ	6.0	5.6	3.9	6.2	6.8	6.0
DE	6.8	5.3	4.1	6.6	7.1	6.2
DK	5.0	5.2	3.0	5.2	5.6	6.0
EE	5.2	6.4	3.5	6.3	6.2	4.7
EL	5.0	5.9	5.0	6.7	6.9	5.6
ES	6.5	6.3	4.5	7.0	6.9	6.3
EU	6.2	5.7	4.3	6.6	6.6	5.9
FI	4.3	5.5	3.6	5.3	5.1	4.8
FR	5.5	5.6	4.0	6.2	6.1	5.5
HR	4.7	5.0	4.2	6.2	6.5	5.9
HU	6.5	5.3	4.9	6.7	6.5	5.3
IE	6.5	5.9	3.8	6.6	6.7	5.5
IT	6.3	5.9	4.3	6.8	6.6	5.5
LT	5.5	6.6	4.6	6.4	5.3	5.0
LU	5.9	5.7	4.0	5.9	6.6	5.7
LV	5.4	6.5	4.6	6.3	6.1	5.2
MT	7.5	7.1	5.9	7.3	7.8	6.8
NL	4.9	4.8	3.1	5.6	6.0	5.7
PL	6.1	5.8	4.7	6.9	6.7	6.1
PT	6.3	6.1	4.4	7.0	7.0	6.5
RO	7.4	6.5	5.7	7.9	7.4	6.8
SE	5.2	5.5	3.1	5.1	5.4	4.4
SI	6.4	6.4	4.3	6.9	7.2	6.5
SK	5.4	5.3	4.1	6.4	6.4	5.6

Note: The assessment reported in the table above reflects the views of SMEs in the period of November to December 2025 (when the SAFE survey fieldwork was undertaken). The colours in the table correspond to the following values: dark green: 0-3, green: 3-4, light green: 4-5, light yellow: 5-6, coral: 6-7, orange: 7-8, red: 8-10.

Source: SAFE survey.

Annex 5. Composition of grouping of industries of different technology and knowledge-intensities

Knowledge-intensive services

The group of knowledge-intensive services (KIS) is classified according to Eurostat and regroups the following service industries (NACE 2 classification):

High-tech services:

- J59 Motion picture, video and television programme production, sound recording and music publishing activities
- J60 Programming and broadcasting services
- J61 Telecommunications
- J62 Computer programming, consultancy and related activities
- J63 Information service activities
- M72 Scientific research and development

Financial services:

- K64 Financial service activities, except insurance and pension funding
- K65 Insurance, reinsurance and pension funding, except compulsory social security
- K66 Activities auxiliary to financial services and insurance activities

Market services:

- H50 Water transport
- H51 Air transport
- M69 Legal and accounting activities
- M70 Activities of head offices, management consultancy activities
- M71 Architectural and engineering activities; technical testing and analysis
- M73 Advertising and market research
- M74 Other professional, scientific and professional services
- N78 Employment activities
- N80 Security and investigation activities

Other KIS

- J58 Publishing activities
- M75 Veterinary activities
- P85 Education
- Q86 Human Health Activities
- Q87 Residential Health Activities
- Q88 Social work activities without accommodation
- R90 Creative, arts and entertainment activities
- R91 Libraries, archives, museums and other cultural activities
- R92 Gambling and betting activities
- R93 Sports activities and amusement and recreation activities

Low knowledge-intensive services

Market services

- G45 Wholesale and retail trade and repair of motor vehicles and motorcycles

- G46 Wholesale trade, except of motor vehicles and motorcycles
- G47 Retail trade, except of motor vehicles and motorcycles
- H49 Land transport and transport via pipelines
- H52 Warehousing and support activities for transportation
- I55 Accommodation
- I56 Food and beverage service activities
- L68 Real estate activities
- N77 Rental and leasing activities
- N79 Travel agency, tour operator reservation service
- N81 Services to buildings and landscape activities
- N82 Office administrative, office support and other business support activities
- S95 Repair of computers and personal and household goods

Other

- H53 Postal and courier activities
- S96 Other personal service activities

High-tech industries

- C21 Manufacture of basic pharmaceutical products and pharmaceutical preparations
- C26 Manufacture of computer, electronic and optical products

Medium-tech industries

Medium high-tech

- C20 Manufacture of chemicals and chemical products
- C27 Manufacture of electrical equipment
- C28 Manufacture of machinery and equipment n.e.c.
- C29 Manufacture of motor vehicles, trailers and semi-trailers
- C30 Manufacture of other transport equipment

Medium-low tech

- C19 Manufacture of coke and refined petroleum products
- C22 Manufacture of rubber and plastic products
- C23 Manufacture of other non-metallic mineral products
- C24 Manufacture of basic metals
- C25 Manufacture of fabricated metal products, except machinery and equipment
- C33 Repair and installation of machinery and equipment

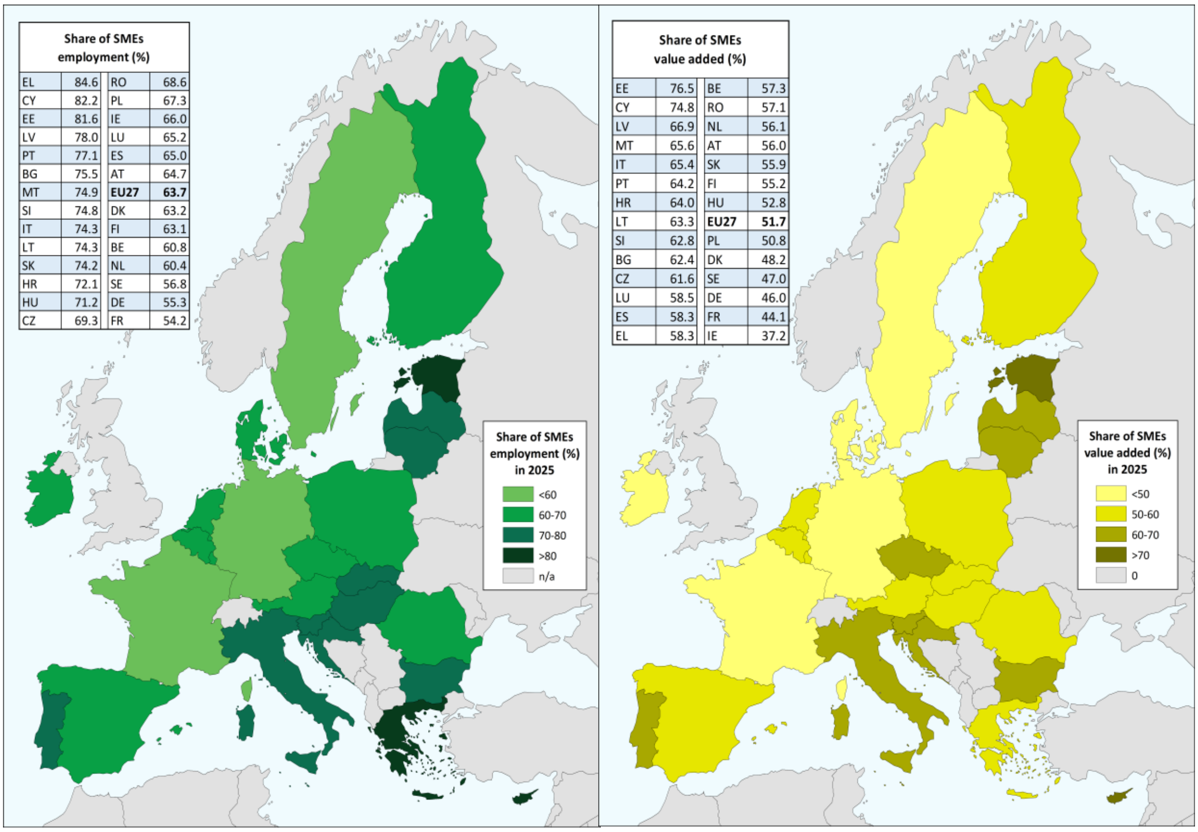
Low-tech industries

- C10 Manufacture of food products
- C11 Manufacture of beverages
- C12 Manufacture of tobacco products
- C13 Manufacture of textiles
- C14 Manufacture of wearing apparel
- C15 Manufacture of leather and related products
- C16 Manufacture of wood and of products of wood and cork, except furniture; Manufacture of articles of straw and plaiting materials
- C17 Manufacture of paper and paper products
- C18 Printing and reproduction of recorded media

- C31 Manufacture of furniture
- C32 Other manufacturing

Annex 6. SME performance indicators by SME size class and EU Member States in 2025 and 2026

Figure 52. Share of SME employment (left side) and share of SME value added (right side) in the NFBS of Member States in 2025.



Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Table 15. Share (%) in total employment and real value added in the EU total business economy of micro, small, medium-sized SMEs and large enterprises by Member State – 2025.

Country	Employment				Real Value Added			
	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large
AT	27.8	20.2	16.7	35.3	17.9	18.1	20.1	44.0
BE	31.4	14.6	14.8	39.2	22.4	15.1	19.8	42.7
BG	32.8	22.3	20.5	24.5	27.6	18.9	16.0	37.6
CY	39.7	23.6	18.9	17.8	24.2	24.7	25.9	25.2
CZ	34.1	17.2	18.0	30.7	23.6	18.8	19.2	38.4
DE	18.9	20.2	16.2	44.7	14.2	16.4	15.3	54.0
DK	18.9	23.1	21.2	36.8	12.7	15.5	19.9	51.8
EE	41.3	21.6	18.7	18.4	30.0	21.9	24.6	23.5
EL	47.5	23.9	13.2	15.4	23.5	19.3	15.5	41.7
ES	33.4	18.0	13.5	35.0	27.3	15.1	15.9	41.7
EU	30.4	18.3	15.1	36.3	20.5	15.2	16.0	48.3
FI	22.8	20.7	19.7	36.9	18.7	17.6	18.8	44.8
FR	28.0	14.2	12.0	45.8	20.7	12.1	11.4	55.9
HR	33.8	20.9	17.3	27.9	30.3	17.7	16.1	36.0
HU	39.2	17.9	14.1	28.8	20.0	16.5	16.3	47.2
IE	26.1	20.4	19.5	34.0	22.3	5.6	9.3	62.8
IT	40.5	20.0	13.7	25.7	27.2	20.3	17.9	34.6
LT	36.0	19.2	19.1	25.7	18.3	19.8	25.2	36.7
LU	17.4	23.5	24.3	34.8	12.1	16.5	29.9	41.5
LV	33.3	23.6	21.1	22.0	19.4	23.6	23.9	33.1
MT	31.5	21.1	22.3	25.1	28.3	20.0	17.3	34.4
NL	29.1	15.9	15.5	39.6	22.5	13.4	20.2	43.9
PL	37.9	15.6	13.8	32.7	23.8	13.0	14.0	49.2
PT	42.8	18.8	15.5	22.9	24.3	19.2	20.7	35.8
RO	32.6	19.0	16.9	31.4	23.9	16.3	16.9	42.9
SE	25.5	15.7	15.6	43.2	16.8	12.8	17.4	53.0
SI	37.5	18.7	18.6	25.2	27.9	12.5	22.4	37.2
SK	46.8	13.4	14.0	25.8	21.7	13.0	21.2	44.1

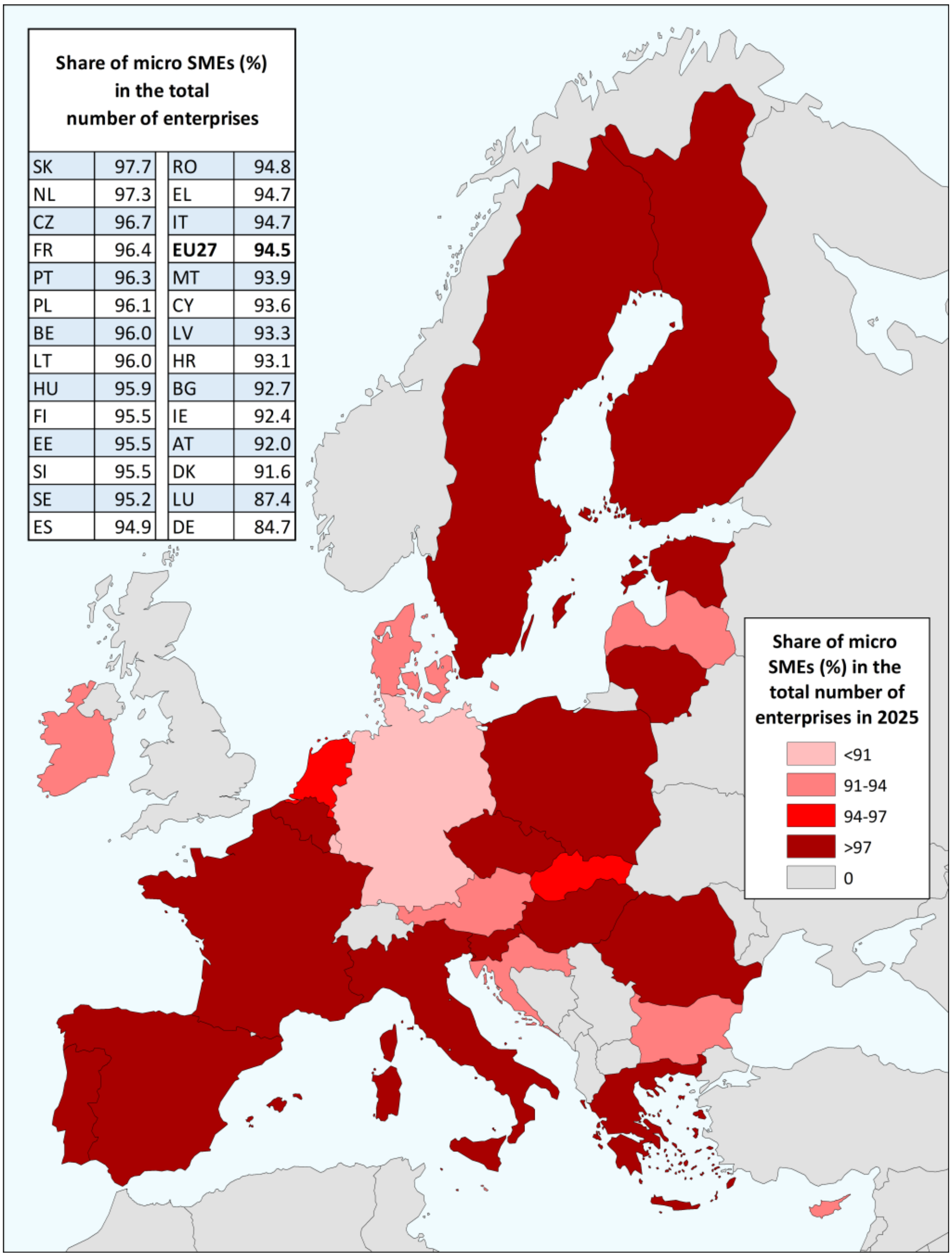
Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Table 16. Projected share (%) in total employment and real value added in the EU total business economy of micro, small, medium-sized SMEs and large enterprises by Member State – 2026.

Country	Employment				Real Value Added			
	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large
AT	27.6	20.1	16.6	35.7	17.8	18.0	20.2	44.0
BE	31.6	14.5	14.7	39.2	22.5	15.6	19.5	42.4
BG	33.0	22.2	20.4	24.4	26.1	17.9	15.5	40.5
CY	40.1	23.5	18.6	17.9	24.0	24.3	26.1	25.6
CZ	34.5	17.1	17.8	30.6	24.8	17.7	18.3	39.3
DE	18.9	20.1	16.2	44.8	14.1	16.4	15.4	54.0
DK	18.6	23.2	21.3	36.9	12.6	15.5	19.8	52.1
EE	41.9	21.3	18.4	18.4	30.5	21.7	24.6	23.2
EL	49.6	23.2	12.7	14.5	25.2	18.6	14.9	41.3
ES	33.2	17.8	13.5	35.4	27.1	15.3	15.9	41.6
EU	30.6	18.2	15.0	36.2	20.8	15.1	15.9	48.2
FI	22.6	20.5	19.6	37.2	18.5	17.3	18.3	45.9
FR	28.4	14.1	11.8	45.7	21.8	12.0	11.1	55.0
HR	34.0	20.9	17.1	28.0	30.0	17.5	15.7	36.7
HU	39.2	17.9	14.0	28.9	19.9	16.4	16.2	47.5
IE	25.8	20.5	19.4	34.3	22.0	5.9	9.2	62.9
IT	40.5	19.9	13.7	25.8	27.2	20.2	17.9	34.7
LT	36.7	19.0	18.9	25.4	18.7	19.8	25.1	36.4
LU	17.6	23.5	24.2	34.7	11.3	15.7	29.9	43.1
LV	33.6	23.3	21.0	22.1	19.2	23.2	24.0	33.5
MT	30.9	21.0	22.2	25.9	27.1	19.4	17.0	36.4
NL	29.2	15.9	15.5	39.5	22.8	13.4	20.1	43.7
PL	38.2	15.5	13.6	32.7	24.8	12.7	13.6	48.9
PT	43.3	18.6	15.5	22.7	24.9	18.7	20.7	35.8
RO	33.2	19.0	16.7	31.1	24.1	16.2	16.5	43.2
SE	26.2	15.5	15.4	42.9	17.9	12.5	17.0	52.6
SI	37.6	18.9	18.8	24.7	27.7	12.9	22.6	36.8
SK	47.8	13.3	13.8	25.1	22.1	12.6	22.4	42.8

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Figure 53. Share of micro SMEs in the total number of Enterprises in the NFBS of Member States in 2025.



Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Table 17. Growth rates (%) of SME number of enterprises, employment and real value added per size class in the EU and all Member States in 2025.

Country	Number of Enterprises				Employment				Real Value Added			
	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large
AT	-0.5	-0.5	-1.3	-0.5	-0.3	-0.1	-0.9	0.6	0.1	0.6	1.6	1.6
BE	0.7	-0.2	-0.9	-0.7	0.8	0.1	-0.3	0.7	-3.0	6.5	4.8	2.4
BG	4.6	3.2	2.4	-0.3	4.5	3.3	2.9	1.1	0.3	9.7	-2.0	12.4
CY	2.9	1.7	1.0	4.6	3.4	1.9	1.3	2.5	8.3	2.7	7.2	6.9
CZ	1.7	0.2	-0.5	-0.3	1.8	0.6	0.1	0.6	9.3	26.5	1.4	-17.7
DE	0.3	-0.5	0.0	-0.2	-0.3	-0.6	-0.4	-0.2	-2.0	-1.2	-0.8	-0.7
DK	1.3	3.0	3.5	5.0	0.1	1.7	2.1	2.5	2.6	2.2	5.5	8.3
EE	3.5	-0.6	-1.4	0.0	3.3	0.0	-0.8	0.7	2.8	-1.0	-0.8	-1.4
EL	4.3	-2.2	-3.4	-3.7	6.7	-1.8	-1.9	-1.8	10.4	11.7	-0.7	6.9
ES	4.0	2.7	3.3	4.2	3.0	2.4	3.0	4.7	13.2	-0.7	3.8	0.2
EU	1.9	0.4	0.2	0.2	1.8	0.5	0.3	0.7	4.8	0.8	1.3	2.0
FI	2.3	0.1	0.4	0.5	0.1	0.0	0.3	0.9	0.9	0.0	0.3	4.8
FR	1.7	-0.8	-1.2	-0.6	2.4	0.1	-0.4	0.7	3.5	-0.8	-1.4	0.1
HR	3.0	0.9	-0.9	0.7	2.4	1.4	-0.1	0.9	4.7	-1.3	-0.7	1.9
HU	0.4	-0.1	-1.5	-0.7	0.5	0.0	-1.2	-0.2	-2.6	-2.9	-8.1	-2.7
IE	3.0	4.6	3.3	3.7	1.9	3.4	2.5	3.7	29.7	3.4	5.6	24.7
IT	2.0	1.9	1.7	2.3	1.6	1.5	1.4	1.9	0.6	-0.1	0.4	0.9
LT	2.5	-1.8	-3.6	-3.9	2.4	-1.1	-2.3	-2.3	4.6	1.5	1.0	1.4
LU	0.7	-0.1	-0.3	0.0	0.3	0.3	0.3	0.7	-4.6	-1.0	4.0	7.2
LV	1.1	-1.3	-0.4	-2.1	0.4	-1.0	-0.2	-1.2	-1.6	3.2	-2.4	3.5
MT	4.6	3.0	2.3	1.8	5.2	3.7	3.1	2.9	10.6	6.6	3.0	8.7
NL	1.6	0.2	0.2	-0.1	0.8	0.2	0.3	-0.1	3.2	2.1	4.2	1.5
PL	1.0	-0.5	-1.6	-1.4	1.1	0.4	-0.3	0.0	13.9	1.1	0.5	2.6
PT	4.0	0.8	1.5	0.9	4.6	1.9	2.8	2.1	5.3	3.3	3.8	4.9
RO	1.1	-1.0	-2.3	-4.5	0.0	-0.7	-1.9	-3.9	10.2	-0.8	2.2	-0.5
SE	-0.6	0.8	1.3	1.8	4.6	-0.4	0.0	0.7	7.5	0.5	-0.3	5.4
SI	0.3	-1.5	-1.2	-4.0	0.4	-0.5	-0.4	-2.3	16.3	-0.2	23.5	18.3
SK	0.1	-2.5	-5.0	-6.0	1.5	-0.5	-1.8	-2.4	1.2	-1.8	6.5	-2.3

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

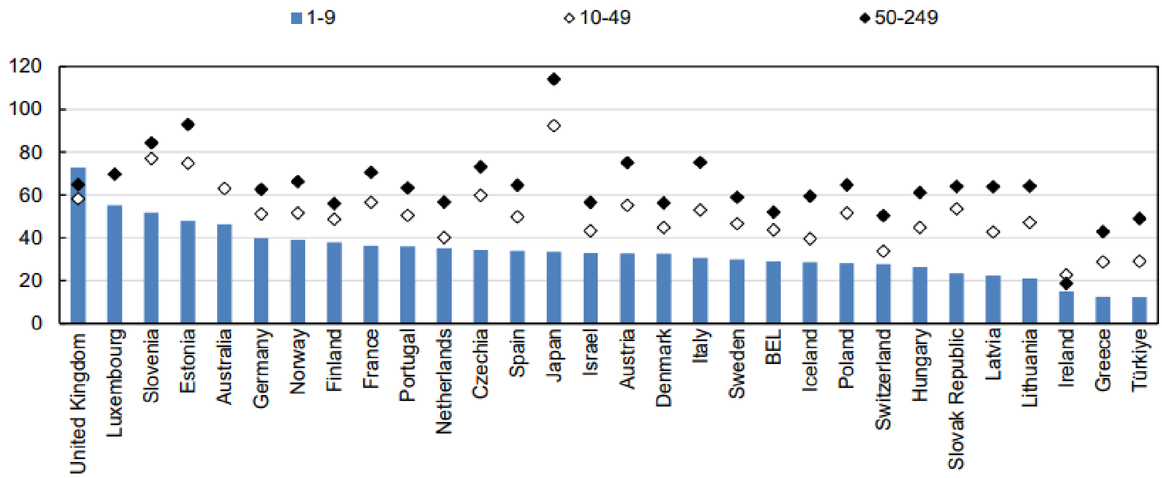
Table 18. Expected growth rates (%) of SME number of enterprises, employment and real value added per size class in the EU and all Member States in 2026.

Country	Number of Enterprises				Employment				Real Value Added			
	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large	Micro	Small	Medium-sized	Large
AT	0.4	0.8	1.0	1.9	0.4	0.8	0.9	2.6	3.0	3.0	3.9	3.5
BE	2.0	0.5	0.1	0.2	2.0	0.8	0.7	1.5	3.4	6.3	1.3	2.4
BG	2.4	0.9	0.8	-0.1	2.5	1.2	1.4	0.9	1.9	2.0	4.1	15.9
CY	3.7	2.6	1.1	5.1	4.1	2.5	1.5	3.2	5.0	4.2	6.7	7.1
CZ	1.3	-0.6	-1.1	-0.9	1.3	-0.1	-0.4	-0.1	14.2	2.3	3.7	11.4
DE	1.0	0.1	0.6	0.5	0.4	0.1	0.2	0.5	0.9	1.5	1.8	1.4
DK	1.9	3.0	3.4	4.6	0.3	1.8	2.1	2.0	2.0	3.4	3.1	3.9
EE	3.3	-0.8	-1.0	1.7	2.6	-0.3	-0.4	1.3	3.4	0.9	1.5	0.4
EL	3.8	-3.3	-4.8	-4.2	7.6	0.1	-1.2	-3.0	13.2	2.2	1.7	4.7
ES	2.1	1.7	2.1	2.8	1.4	1.1	1.9	3.2	2.4	4.3	3.3	2.7
EU	1.9	0.3	0.4	0.6	1.7	0.5	0.6	1.0	3.9	2.2	2.1	2.3
FI	3.4	0.6	1.3	2.1	0.4	0.2	0.8	1.9	1.4	0.9	0.0	5.1
FR	2.2	-0.8	-1.2	-0.6	2.3	0.1	-0.4	0.6	7.8	0.7	0.0	0.4
HR	3.2	1.2	0.0	2.3	2.6	1.6	0.3	2.2	3.0	3.1	1.7	6.2
HU	0.8	0.5	0.0	1.8	0.6	0.3	-0.3	1.3	4.4	4.4	3.9	5.5
IE	2.7	5.5	4.5	4.7	1.9	3.8	3.2	4.2	0.0	6.4	1.3	1.8
IT	0.8	0.3	0.6	1.0	0.5	0.1	0.5	1.0	0.8	0.3	0.7	1.1
LT	3.5	-0.6	-1.0	-1.8	4.1	1.1	1.1	0.7	6.7	4.6	4.1	3.7
LU	1.8	0.1	-0.1	0.9	1.9	0.6	0.2	0.6	-0.4	1.2	6.4	10.4
LV	3.8	0.4	1.4	1.7	3.0	0.7	1.5	2.4	4.4	3.6	5.8	6.8
MT	1.4	2.2	2.6	2.6	-0.4	1.1	1.4	4.9	4.2	6.0	7.0	15.3
NL	2.3	0.7	0.8	0.7	1.0	0.5	0.7	0.5	3.0	1.7	1.3	1.1
PL	2.2	-0.1	-0.6	-0.1	2.2	0.7	0.5	1.3	11.9	4.7	4.1	7.0
PT	4.0	0.7	1.6	1.0	4.4	1.7	2.7	2.4	9.5	4.0	6.5	6.8
RO	3.6	-0.6	-1.5	-1.9	2.7	0.6	-0.1	-0.3	1.7	0.7	-1.2	1.8
SE	0.8	0.7	1.1	1.9	4.5	0.3	0.4	1.3	10.6	1.6	1.1	3.1
SI	1.7	1.5	1.9	-1.1	0.8	1.2	1.6	-1.2	0.5	4.1	1.8	-0.3
SK	0.4	-3.3	-4.7	-5.7	1.7	-1.6	-1.7	-2.8	4.8	-0.1	9.1	-0.4

Source: Calculations by the JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, National Accounts Database and the European Commission's Autumn 2025 Economic Forecast.

Annex 7. Labour productivity in SMEs and large firms, OECD

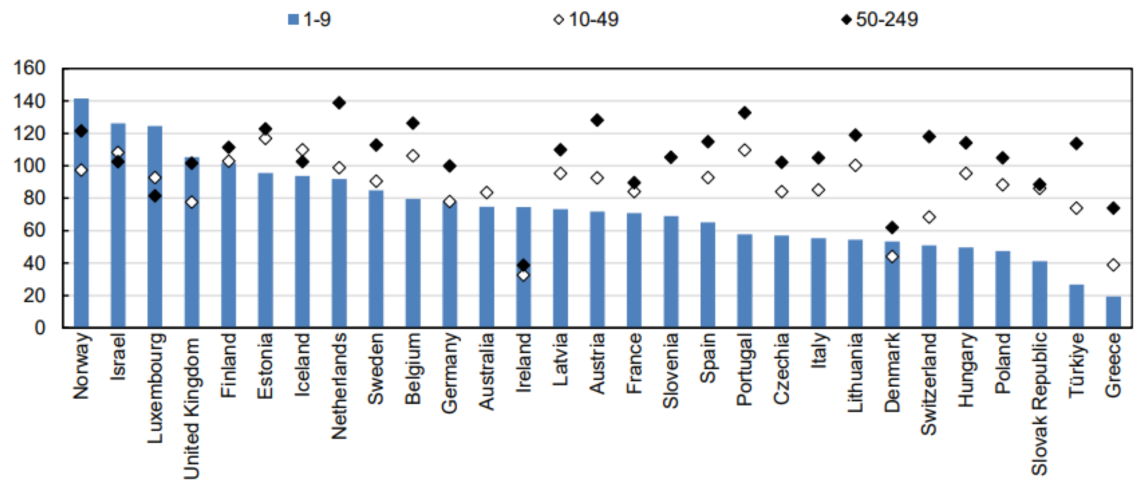
Figure 54. Labour productivity in SMEs and large firms, manufacturing Index = 100 for firm size 250+, 2023 or latest available year.



Note: 1-9 corresponds to firms with less than 10 employees, 10-49 corresponds to firms having more than 10 but less than 50 employees, 50- 249 corresponds to firms with more than 50 but less than 250 employees.

Source: OECD Structural and Demographic Business Statistics (database) / OECD (2025), OECD Compendium of Productivity Indicators 2025, OECD Publishing, Paris, https://doi.org/10.1787/b024d9e1-en.

Figure 55. Labour productivity in SMEs and large firms, business services Index = 100 for firm size 250+, 2023 or latest available year.

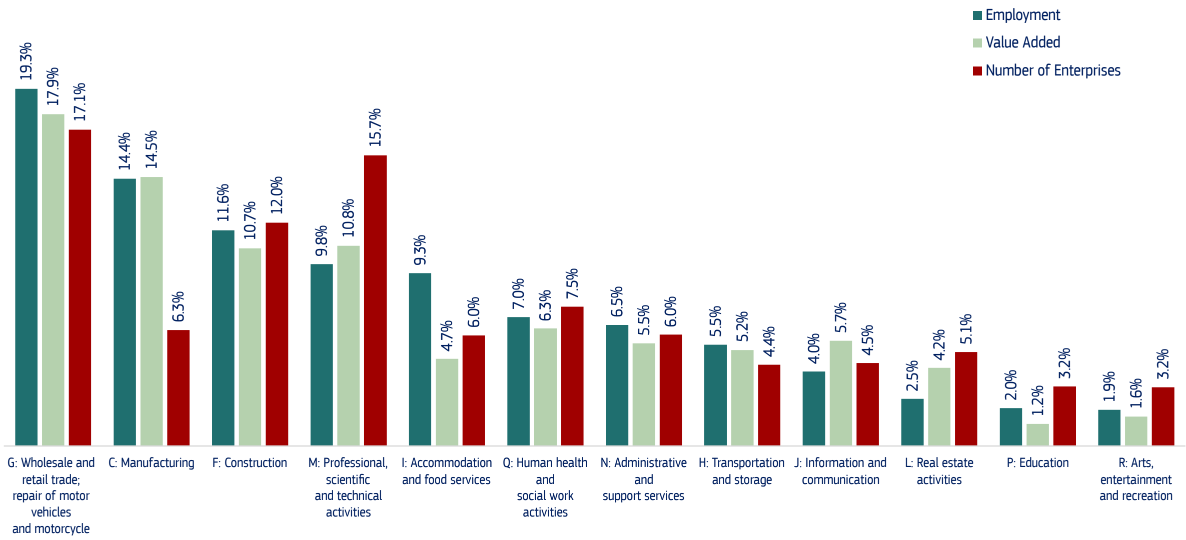


Note: 1-9 corresponds to firms with less than 10 employees, 10-49 corresponds to firms having more than 10 but less than 50 employees, 50- 249 corresponds to firms with more than 50 but less than 250 employees.

Source: OECD Structural and Demographic Business Statistics (database) / OECD (2025), OECD Compendium of Productivity Indicators 2025, OECD Publishing, Paris, https://doi.org/10.1787/b024d9e1-en.

Annex 8. SME performance indicators by 1 digit NACE sections over the period 2025 – 2026

Figure 56. Distribution of SME employment, SME value added and SME number of enterprises across EU total business economy industries in 2025.



Note: Distribution of SME employment, value added, and number of enterprises is less than 1% in E: Water supply, sewerage, waste management and remediation activities (0.72%, 0.88%, 0.24%); D: Electricity, gas, steam and air condition supply (0.42%, 1.89%, 0.60%); and B: Mining and quarrying (0.15%, 0.55%, 0.05%).

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Table 19. Proportion (%) of total value added, employment and number of enterprises accounted for by SMEs in various EU total business economy industries in 2025.

Country	Value Added				Employment				Number of Enterprises			
	Micro	Small	Medium-sized	All SMEs	Micro	Small	Medium-sized	All SMEs	Micro	Small	Medium-sized	All SMEs
Mining and quarrying	5.5	8.6	27.0	41.2	8.3	16.3	18.0	42.7	78.6	16.7	3.9	99.2
Manufacturing	5.3	10.3	17.0	32.7	12.4	17.1	21.4	50.9	84.8	11.6	2.9	99.3
Electricity, gas, steam and air condition supply	15.5	5.0	9.1	29.6	14.4	5.5	10.1	30.0	97.1	1.9	0.7	99.7
Water supply; sewerage, waste management and remediation activities	9.7	15.4	22.4	47.4	8.0	14.3	22.8	45.2	81.0	13.5	4.4	98.9
Construction	36.3	27.9	15.8	80.0	46.7	27.2	12.8	86.7	94.3	5.1	0.5	99.9
Wholesale and retail trade; repair of motor vehicles and motorcycle	22.2	21.2	18.6	62.0	33.6	19.7	13.9	67.2	93.7	5.4	0.7	99.9
Transportation and storage	13.0	16.1	17.2	46.3	21.2	18.0	15.8	54.9	92.3	6.3	1.1	99.8
Accommodation and food services	31.8	29.9	17.4	79.1	38.8	31.7	14.0	84.5	88.9	10.1	0.9	99.9
Information and communication	13.4	11.1	17.1	41.6	24.2	15.2	17.5	56.9	95.3	3.6	0.8	99.8
Financial and insurance activities	20.6	7.1	12.4	40.1	18.4	5.9	9.7	34.0	97.3	1.8	0.6	99.7
Real estate activities	55.4	14.7	14.7	84.8	64.9	14.1	9.4	88.4	98.4	1.4	0.2	100.0
Professional, scientific and technical activities	38.3	19.4	15.3	73.1	51.2	17.6	11.8	80.6	97.4	2.3	0.3	99.9
Administrative and support services	19.3	13.7	16.4	49.4	19.1	13.2	16.2	48.5	94.1	4.5	1.1	99.7
Education	33.3	19.2	20.8	73.3	44.2	19.1	16.5	79.8	97.5	2.4	0.4	100.4
Human health and social work activities	28.2	14.8	10.6	53.6	25.0	14.1	12.8	51.9	95.0	4.1	0.7	99.8
Arts	26.5	13.7	17.4	57.6	46.7	18.9	14.2	79.9	97.3	2.3	0.3	99.9
All industries	20.5	15.2	16.0	51.7	30.4	18.3	15.1	63.7	94.5	4.6	0.7	99.8

Source: JRC calculations based on Eurostat's Structural Business Statistics, Short-Term Business Statistics, and National Accounts Database.

Annex 9. SME performance in number of enterprises, employment and value added per non-EU countries over the last years

As in the EU, in 2025[80], SMEs accounted for 99.7% or more of the total number of enterprises in the NFBS[81] in the Single Market Programme (SMP) participating countries of Albania (AL), Armenia (AM), Bosnia and Herzegovina (BA), Georgia (GE), Iceland (IS), Montenegro (ME), North Macedonia (MK), Norway (NO), Serbia (RS), Türkiye (TR), Ukraine (UA), and Kosovo (XK) and the United Kingdom (UK) (Table 20). There are only two exceptional countries, Switzerland (CH) and Moldova (MD), in which SMEs represent the 99.2% of the total number of enterprises.

Table 20. Proportion (%) of the number of NFBS enterprises, employment, and value added accounted for SMEs in the EU, the SMP countries and the UK in 2025.

Country	Number of Enterprises	Employment	Value Added	Reference Year: 2025 Exceptions below
AL	99.9%	82.6%	79.6%	2024 (NoE & EMP)
AM	99.9%	69.8%	72.2%	2024 (All)
BA	99.7%	69.5%	67.6%	2024 (NoE & EMP)
CH	99.2%	64.0%	53.3%	-
GE	99.8%	63.8%	66.9%	2024 (All)
IS	99.8%	74.4%	70.9%	2023 (VA)
MD	99.2%	66.1%	70.6%	2024 (NoE, EMP), 2017 (VA)
ME	99.9%	82.4%	72.2%	2024 (NoE, EMP), 2021 (VA)
MK	99.7%	71.0%	74.2%	-
NO	99.8%	65.7%	41.6%	-
RS	99.7%	64.6%	55.1%	-
TR	99.8%	72.0%	52.9%	2024 (NoE & EMP)
UA	99.9%	66.0%	60.3%	2023 (All)
UK	99.8%	58.3%	55.1%	-
XK	99.8%	75.5%	44.7%	2020 (ENT, EMP), 2016 (VA)
EU	99.8%	64.0%	53.3%	-

Note: NoE: Number of Enterprises; EMP: Employment; VA: Value Added; ALL: all three indicators.

Source: EU data is from calculations by JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations.

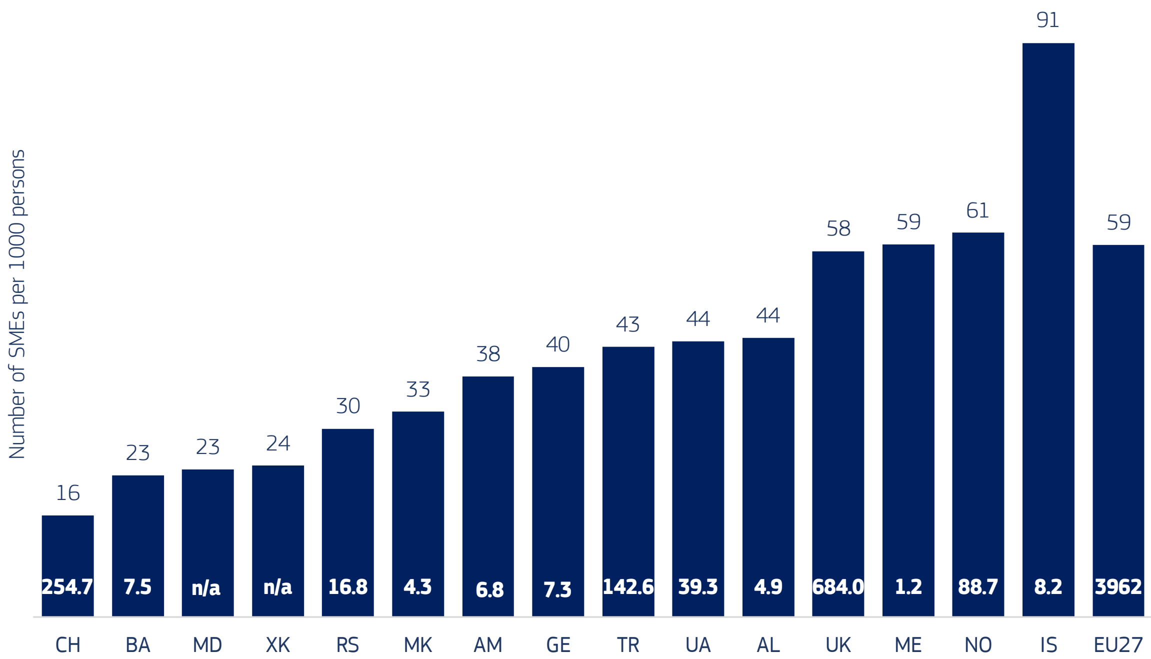
Compared to the EU, the per capita prevalence of SMEs in the NFBS in 2025 was lower in all but three SMP countries: Iceland, Norway, and Montenegro. While there were 59 SMEs per 1,000 inhabitants in

[80] 2025 is the most recent year for which data on the performance of SMEs are sufficiently available, at least for the relative majority of SMP countries. All exceptions and proportions that refer to previous years are highlighted in the relevant column in Table 20.

[81] Unlike the 27 EU Member States, national data for SMP countries do not refer to the total business economy, but to NFBS. In order to reach accurate conclusions all EU proportions in this Annex do not refer to the total business economy (as this happens for the entire Annual Report), but exclusively for NFBS.

the EU NFBS, the corresponding figures for most other countries ranged from 16 (Switzerland) to 44 (Albania), with the exception of the United Kingdom, Montenegro, Norway, and Iceland (Figure 57).

Figure 57. Number of SMEs in the NFBS on per capita basis in the EU, SMP countries and the UK, and value added generated by SMEs in EUR billion in 2025.



Note: The value added generated by SMEs in the NFBS is shown at the bottom of the bars. Reference year is differentiated for BA, MD, AL, TR, GE, AM (2024), IS, UA (2023), ME (2021) and XK (2020). For the latter two the relevant value added information is unavailable.

Source: EU data is from calculations by JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations. Population data was taken from Eurostat for all countries except UK, which was taken from the Office for National Statistics.

In 2025, micro firms accounted for over 90% of all SMEs in the NFBS across the EU, the United Kingdom, and most SMP countries, with the exceptions of Switzerland and Moldova (Table 21). Switzerland represents a unique case: the proportions of its small and medium-sized enterprises are five times higher than the EU average and three times higher than those in Bosnia and Herzegovina and Moldova. These three countries, followed by Serbia, maintained a larger share of small and medium-sized companies within their total NFBS SME population[82] than any other country listed in Table 21.

[82] Again, 2025 is indicative as it reflects the relative majority of cases. A detailed overview of the year representation is illustrated in the last column of Table 21.

Table 21. Share of the total number of SMEs accounted for by micro, small and medium-sized SMEs in the NFBS of the EU, the SMP countries and the UK in 2025.

	Number of Enterprises			Employment			Value Added			
Country	**Micro SMEs**	**Small SMEs**	**Medium-sized SMEs**	**Micro SMEs**	**Small SMEs**	**Medium-sized SMEs**	**Micro SMEs**	**Small SMEs**	**Medium-sized SMEs**	**Reference Year: 2025 Exceptions below**
AL	93.4%	5.5%	1.1%	45.4%	26.5%	28.1%	37.0%	32.0%	31.0%	2024 (NoE & EMP)
AM	94.7%	4.5%	0.7%	38.7%	33.2%	28.1%	43.5%	26.3%	30.3%	2024 (All)
BA	90.2%	8.2%	1.7%	36.5%	31.5%	32.0%	34.6%	32.8%	32.5%	2024 (NoE & EMP)
CH	70.2%	25.4%	4.4%	24.6%	40.1%	35.3%	19.7%	36.0%	44.4%	-
GE	94.1%	4.9%	1.0%	41.0%	28.9%	30.2%	32.7%	30.6%	36.8%	2024 (All)
IS	93.6%	5.5%	0.9%	33.5%	37.5%	29.0%	35.4%	34.8%	29.8%	2023 (VA)
MD	89.6%	8.8%	1.6%	38.2%	35.5%	26.3%	27.6%	34.7%	37.7%	2024 (NoE, EMP), 2017 (VA)
ME	96.1%	3.4%	0.5%	56.4%	23.5%	20.1%	62.9%		37.1%	2024 (NoE, EMP), 2021 (VA)
MK	91.1%	7.5%	1.3%	42.1%	30.5%	27.4%	32.4%	34.8%	32.8%	-
NO	92.5%	6.4%	1.0%	32.7%	36.8%	30.5%	38.5%	29.2%	32.3%	-
RS	90.3%	8.1%	1.6%	43.5%	28.2%	28.3%	24.2%	33.2%	42.6%	-
TR	94.2%	4.9%	0.9%	50.0%	26.4%	23.6%	27.4%	31.4%	41.2%	2024 (NoE & EMP)
UA	97.0%	2.5%	0.5%	60.2%	19.8%	20.0%	39.4%	36.0%	24.7%	2023 (All)
UK	94.8%	4.5%	0.7%	50.6%	26.7%	22.7%	48.9%	24.3%	26.9%	-
EU	94.0%	5.2%	0.8%	45.8%	29.8%	24.3%	37.1%	30.7%	32.1%	-

Note: Last column cites all exceptions in regard of the most recent reference year by country and variable.

Source: EU data is from calculations by JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations.

Regarding employment, micro enterprises in the vast majority of countries employed more workers than either small or medium-sized firms. However, Switzerland, Norway, and Iceland are notable exceptions. In these cases, small SMEs ranked first and accounted for 40.1%, 37.5%, and 36.8% of employment, respectively. Interestingly, micro SMEs rank last in employment share only in Switzerland, whereas they rank second in the other two countries. Only four non-EU countries exceeded the EU average for micro SME employment (45.8%): Ukraine (60.2%, though this is declining from over 80% a few years ago), Montenegro (56.4%), the United Kingdom (50.6%), and Türkiye (50.0%). Conversely, medium-sized companies played a more significant role in Bosnia and Herzegovina, Georgia, Norway, and Switzerland, each exceeding a 30% employment share, though only Switzerland surpassed 35%. In contrast, the employment contribution of medium-sized firms was less pronounced in Ukraine, Montenegro, the UK, and Türkiye, where shares remained below the EU average.

Finally, while micro businesses generated the largest share of value added in the EU NFBS in 2025, this trend did not hold for six SMP countries. In Switzerland, Georgia, Moldova, Serbia, and Türkiye, medium-sized SMEs were the dominant contributors to value added. North Macedonia stood out as the only country where small firms accounted for the highest proportion of value added among all SME size classes.

Table 22 outlines the recent performance of SMEs across all SMP countries, with the exceptions of Ukraine and Kosovo due to data unavailability. Performance is measured by annual growth rates for the years 2024, 2025, and 2026. Regarding employment in 2024, six countries experienced a decline: Albania, Switzerland, Iceland, North Macedonia, Norway, and the United Kingdom. These contractions ranged from -0.8% in the UK to -10.0% in Switzerland. However, the sharp decline in Switzerland is primarily due to the integration of data from different sources (Eurostat and NSO) that follow diverging methodological rules. The second-steepest decline occurred in Albania, where employment dropped by -2.1%. Conversely, all other SMP countries saw growth, which was exceptionally high in some cases. For instance, employment grew by 7.1% in Georgia, 6.1% in Montenegro, and 4.5% in Armenia. For the subsequent years leading up to 2026, data coverage is limited to six non-EU countries; all recorded positive growth except for North Macedonia, which saw a 5.1% decline in 2025.

Table 22. Growth rates of SME number of enterprises, employment and real value added in the EU and selected non-EU countries in 2024, 2025 and 2026.

	Number of Enterprises			Employment			Real Value Added		
Country	2024	2025	2026	2024	2025	2026	2024	2025	2026
AL	1.3%	-	-	-2.1%	-	-	4.0%	6.3%	-
AM	4.6%	-	-	4.5%	-	-	15.3%	-	-
BA	3.0%	-	-	0.8%	-	-	3.9%	-0.6%	-
CH	-55.4%	-9.7%	2.8%	-10.0%	0.2%	2.5%	-0.7%	3.1%	4.5%
GE	7.2%	-	-	7.1%	-	-	10.6%	-	-
IS	3.0%	0.6%	1.8%	-0.9%	0.0%	1.1%	-	-	-
MD	7.8%	-	-	2.3%	-	-	-	-	-
ME	9.1%	-	-	6.1%	-	-	-	-	-
MK	0.9%	-3.8%	1.6%	-1.4%	-5.1%	2.2%	7.7%	6.3%	-
NO	0.8%	0.2%	0.8%	-1.4%	0.1%	0.3%	3.4%	0.9%	0.8%
RS	1.6%	-0.1%	6.0%	0.8%	0.2%	5.9%	3.6%	2.7%	8.9%
TR	4.6%	-	-	2.9%	-	-	5.1%	-15.0%	-
UK	-1.8%	2.3%	2.9%	-0.8%	3.6%	4.8%	0.6%	0.9%	3.6%
EU	1.0%	1.1%	1.0%	1.3%	0.7%	0.8%	-0.1%	1.0%	1.9%

Note: Data for many of the SMP countries were not available.

Source: EU data is from calculations by JRC based on Eurostat's Structural Business Statistics, Short-Term Business Statistics and National Accounts Database. Data for the other countries was provided by JRC, based on data from national statistical offices and estimations.

Regarding real value added, data availability is more limited; three additional countries, Montenegro, Moldova, and Iceland, lack the necessary values for growth rate calculations. In 2024, Armenia and Georgia witnessed substantial growth of 15.3% and 10.6%, respectively. Norway, Serbia, and the United Kingdom recorded growth in 2024 and are forecast to maintain this trend through 2026. A similar pattern was observed for Albania and North Macedonia through 2025, though forecasts are unavailable due to data gaps. In contrast, the growth seen in 2024 for Bosnia and Herzegovina and Türkiye reversed into a decline the following year; for the latter, this contraction reached -15.0%. Finally, Switzerland followed the EU pattern, where a mild decrease in 2024 is followed by accelerating growth in subsequent years.

The number of enterprises grew during 2024 in all countries except the United Kingdom, which saw a decline of -1.8%. Data for Switzerland are considered unreliable due to the use of differing sources, and the decrease shown in Table 30 does not reflect the actual market reality. The strongest growth was experienced by Montenegro (9.1%), Moldova (7.8%), and Georgia (7.2%). In 2025, the United Kingdom bounced back to its pre-2024 levels, with further growth anticipated for 2026. A relatively steady upward trend is observed in Norway and Iceland throughout the entire period. Conversely, North Macedonia and Serbia experienced declines in 2025 (-3.8% and -0.1%, respectively), but both are forecast to return to positive growth by 2026, reaching 1.6% for the former and 6.0% for the latter.

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