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# Business demography in 10 Member States and Norway – results from 1997-2001

There have been two harmonised data collection exercises aimed at providing comparable data on business demography for countries within the European Economic Area (EEA). Although its aims are wider, the project contributes to meeting the requirements of the Structural Indicators project, which is used to monitor progress regarding the Lisbon process, through indicators on business births, deaths and survival. The business demography project was launched in co-operation with the European Commission's Enterprise Directorate-General.

Data presented in this short publication gather together the results from the first and second harmonised data collection exercises and cover the period 1997/1998 to 2000/2001. Differences between the first and the second data collections can be summarised as:

- the addition of a new breakdown by legal form;
- the addition of new indicators to help measure the impact on employment of enterprise deaths;
- the addition of a number of different activity headings, including: information and communication technologies (ICT); knowledge-intensive business services, professional services and operational services.

A more detailed publication on business demography will be released in September of 2004.

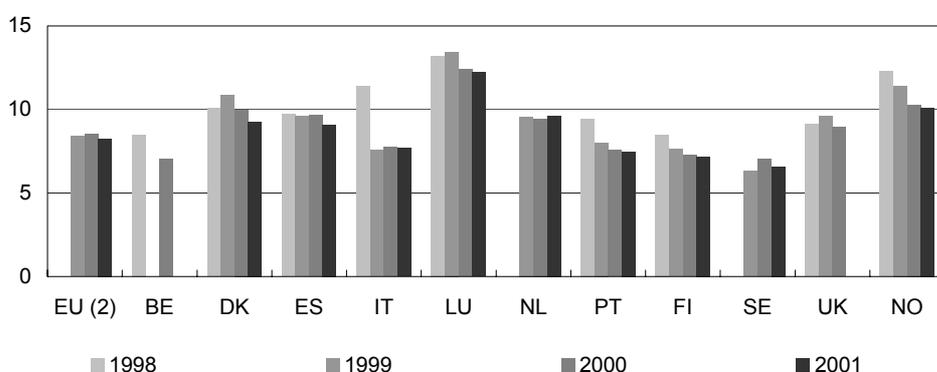


Figure 1: Birth rates in the business economy (NACE Sections C to K) (%) (1)

(1) EU, the Netherlands and Sweden, not available for 1998; Belgium, only available for 1998 and 2000; the United Kingdom, not available for 2001; the merging of administrative registers in Denmark in 1999 may have resulted in the over-evaluation of enterprise births in that year; the quality of 1998 Italian data is generally low, reflecting changes made to the business register.

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden; the EU aggregate used throughout this publication always refers to the sum or mean of data for this set of 7 countries (these were selected as they have the most complete data availability across indicators and reference years).

## Enterprise birth rates

Average birth rates of enterprises have generally been decreasing in recent years in the business economy, corresponding to a slow down of enterprise creation in relation to the total population of active enterprises – see figure 1 on the first page. Most countries reported enterprise birth rates below 10 % in 2001, while most approached or surpassed this level in 1998. Typically, the evolution of enterprise creation is analysed in parallel with the general economic climate, which indeed also witnessed a marked slowdown in 2001. Real GDP growth was only 1.6 % in the EU-15 that year, down from 3.5 % in 2000 and 2.9 % in both 1999 and 1998.

At a country level, the highest rate of enterprise births was recorded in Luxembourg for every year of the period considered (1998 through to 2001). In 2001, Luxembourg was the only EU country in the study where more than one enterprise was born for every ten active enterprises, with a birth rate of 12.2 %.

Among the remaining countries, the highest enterprise birth rate was reported by the Netherlands, at 9.6 %. It was joined by Denmark (9.3 %) and Spain (9.1 %), where rates were also over 9 %, while Sweden had the lowest birth rate, at 6.6 % in 2001. Denmark, Spain and Sweden were the three countries where birth rates decreased the most between 2000 and 2001.

Looking at birth rates across sectors, the number of newly born enterprises as a proportion of the total number of active enterprises was consistently lower in the industrial economy than in either the construction or services sector. This could, in part, be due to relatively high barriers to entry within a large number of industrial activities (for example, in terms of the capital investment required to start operations). As such, newly born enterprises within industry represented less than 6 % of the number of industrial enterprises in the majority of countries in 2001, with only Luxembourg (6.8 %), Spain (6.6 %) and the Netherlands (6.3 %) reporting rates above this level. This compared with rates as low as 4.7 % in Sweden.

In about half of the countries, the highest enterprise birth rates within the business economy were found in the services sector. Latest figures available show that birth rates in services for 2001 were equal to or exceeded 10 % in three countries, namely, Luxembourg (12.8 %), Norway (10.9 %) and Denmark (10.0 %), and were generally above 7 %, with the exception of Sweden (6.9 %).

Nevertheless, five countries reported that birth rates were higher for construction activities rather than for the services sector. This was the case in Spain, Italy, the Netherlands, Portugal and Finland. Three of the participating countries, the Netherlands, Portugal and Sweden, reported an increase in their respective birth rates for the construction sector between 1999 and 2001. Only Italy and Finland saw their birth rates in the construction sector decrease at a faster rate than in industry or services between 1999 and 2001.

		EU (2)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	1998	:	8.5	10.1	9.7	11.4	13.2	:	9.5	8.5	:	9.1	12.3
	1999	8.4	:	10.9	9.6	7.6	13.4	9.6	8.0	7.6	6.3	9.6	11.4
	2000	8.5	7.0	10.0	9.7	7.8	12.4	9.4	7.6	7.3	7.0	8.9	10.3
	2001	8.3	:	9.3	9.1	7.7	12.2	9.6	7.5	7.2	6.6	:	10.1
Industry	1998	:	5.4	5.9	7.7	8.2	8.1	:	8.0	6.6	:	6.7	7.7
	1999	6.0	:	5.9	7.3	5.4	7.4	6.8	7.7	5.5	5.0	7.2	7.7
	2000	6.0	4.4	5.6	7.1	5.5	7.5	6.3	5.8	5.4	5.3	6.9	5.8
	2001	5.6	:	5.1	6.6	5.2	6.8	6.3	5.6	5.2	4.7	:	5.3
Construction	1998	:	7.8	9.6	12.5	13.3	10.6	:	11.6	9.7	5.1	8.5	8.8
	1999	10.5	6.5	9.7	13.0	9.5	9.5	10.4	9.3	9.4	5.7	8.9	8.2
	2000	10.7	6.2	10.3	13.2	9.5	9.1	11.4	10.1	9.0	6.9	8.0	7.7
	2001	10.1	:	9.0	12.3	9.0	8.9	11.7	10.0	8.3	6.3	:	9.5
Services	1998	:	9.0	10.9	9.6	11.7	13.7	:	9.2	8.7	7.0	9.6	13.9
	1999	8.5	7.5	11.9	9.3	7.7	14.1	9.8	7.7	7.7	6.6	10.0	12.8
	2000	8.6	7.5	10.6	9.4	7.9	13.0	9.5	7.3	7.3	7.3	9.4	11.5
	2001	8.4	:	10.0	8.8	7.9	12.8	9.6	7.5	7.4	6.9	:	10.9

*Table 1: Birth rates (%) (1)*

(1) The merging of administrative registers in Denmark in 1999 may have resulted in the over-evaluation of enterprise births in that year; the quality of 1998 Italian data is generally low, reflecting changes made to the business register.

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

## Enterprise survival rates

Figure 2 shows the survival rates of the 1998 cohort of newly born enterprises within the business economy. The pace at which survival rates fell over time was reduced as a large number of newly born enterprises failed within their first year, somewhat fewer in their second year and fewer still in their third year.

After three years of existence, the proportion of enterprises born in 1998 that had survived to 2001 in the business economy ranged between 66.9 % in Norway and 53.5 % in Denmark (among the six countries for which data are available).

Table 2 presents a more detailed set of information broken down by economic activity. It is evident that enterprises operating within the industrial economy had a higher chance of survival than those within the services sector. For example, the three-year survival rate of enterprises born in 1998 in industrial activities ranged between 76.3 % in Luxembourg and 60.3 % in Denmark, while for the same six countries that have a complete set of data, survival rates within the services sector were considerably lower (between 67.4 % in Norway and 51.9 % in Denmark).

A limited amount of data exists for Sweden (for construction and services) and this consistently shows that Swedish survival rates were higher than those recorded in other countries.

For Portugal and the United Kingdom there is only information available for one and two-year survival rates. While the pattern in Portugal conforms to that displayed in most of the other countries, namely higher two-year survival rates for industry as opposed to services, the same was not true in the United Kingdom, where two-year survival rates were almost identical for industry, construction and services.

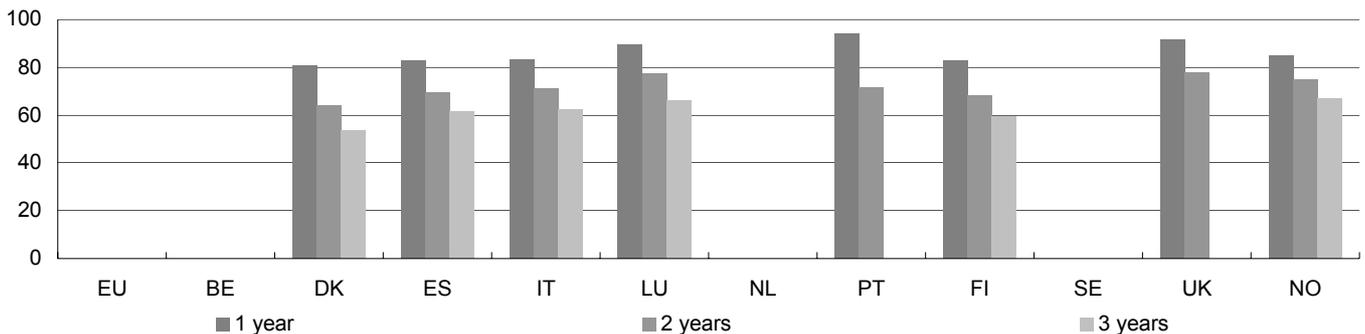


Figure 2: Survival rates in the business economy (NACE Sections C to K) for the cohort of enterprises born in 1998 (proportion of enterprises surviving 1, 2 or 3 years, %) (1)

(1) EU, Belgium, the Netherlands and Sweden, not available; Portugal and the United Kingdom, not available for 3 year survival rates.

		EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	1 year	:	:	80.6	82.8	83.3	89.4	:	94.1	83.0	:	91.8	85.1
	2 years	:	:	63.8	69.3	71.3	77.2	:	71.6	68.4	:	77.8	74.8
	3 years	:	:	53.5	61.6	62.3	66.2	:	:	59.2	:	:	66.9
Industry	1 year	:	:	83.2	86.7	83.6	92.5	:	95.0	86.3	:	90.4	85.7
	2 years	:	:	70.0	76.5	72.5	83.8	:	77.0	72.8	:	77.2	77.8
	3 years	:	:	60.3	69.2	64.5	76.3	:	:	64.3	:	:	65.8
Construction	1 year	:	:	83.6	81.3	84.6	95.1	:	92.3	84.6	97.4	92.4	85.2
	2 years	:	:	69.6	68.7	73.8	79.5	:	69.4	70.3	89.6	79.1	72.1
	3 years	:	:	60.6	60.9	66.4	69.7	:	:	61.1	80.6	:	64.6
Services	1 year	:	:	80.0	82.7	83.0	88.9	:	94.5	82.1	96.8	91.8	85.0
	2 years	:	:	62.4	68.7	70.6	76.9	:	71.3	67.3	86.4	77.7	75.0
	3 years	:	:	51.9	61.0	61.1	65.7	:	:	58.0	76.1	:	67.4

Table 2: Survival rates for the cohort of enterprises born in 1998 (proportion of enterprises surviving 1, 2 or 3 years, %)

## Enterprise death rates

Enterprise deaths in 2000 in the participating countries represented 7.3 % of the population of active enterprises (in the 7 countries that compose the EU average). The death rate was generally higher in 2000 when compared to 1997 in the majority of countries. The most notable change was reported by the Netherlands, where enterprise death rates in the business economy increased by almost one third to 10.2 % in 2000, up from 7.7 % in 1998. As such, the Netherlands, along with the United Kingdom (10.6 %), were the only countries to report a death rate in excess of 10 %. In contrast, Sweden recorded a death rate of 5.5 % in 2000, down from 5.9 % in 1998 and 7.1 % in 1997 (note that Sweden also reported relatively low birth rates too).

A breakdown for the main aggregates reveals the same patterns as those already witnessed for birth rates: namely that industrial activities consistently reported the lowest death rates, while the highest rate of enterprise deaths was generally found in the services sector, with rates exceeding 10 % in the Netherlands (11.0 %), the United Kingdom (10.9 %) and Denmark (10.6 %). Only Italy and Portugal reported higher death rates for construction activities than services in more than one of the years considered.

The cases where death rates exceeded birth rates tended to multiply over the period 1998 to 2000. In 1998, looking at the three broad sectors of industry, construction and services, the only

instance where the death rate was higher than the birth rate was recorded in the construction sector in Sweden. In 2000, death rates were higher than birth rates in industry and services in the Netherlands and Finland, and in industry in Denmark.

The evolution of death rates over the period 1998 to 2000 was mainly influenced by the services sector, where death rates accelerated faster than in industry or construction. The only exception was Denmark, where death rates for industry and construction grew at a faster pace. Hence, although the services sector generally reported the highest birth rates, it also had the highest rates of enterprise deaths.

		EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	1997	:	:	8.1	7.7	9.3	8.7	:	7.0	6.7	7.1	9.7	:
	1998	7.2	6.7	8.3	8.0	6.5	9.0	7.7	6.5	8.0	5.9	10.5	:
	1999	7.0	8.7	8.1	6.9	7.1	9.4	8.1	6.3	6.8	5.1	10.4	7.6
	2000	7.3	:	9.7	7.2	7.0	9.2	10.2	:	7.3	5.5	10.6	8.3
Industry	1997	:	:	5.1	6.8	7.4	5.2	:	6.2	5.9	5.6	8.9	:
	1998	6.1	4.9	5.4	7.5	5.6	5.8	5.9	6.6	6.6	5.0	9.4	:
	1999	5.7	6.3	5.2	5.9	5.8	6.3	6.0	5.5	5.6	4.3	8.7	6.4
	2000	5.7	:	6.6	6.0	5.4	5.9	7.8	:	6.1	4.7	9.4	8.5
Construction	1997	:	7.6	5.7	7.5	9.1	6.8	:	7.9	6.6	6.7	9.2	:
	1998	7.6	5.7	6.3	8.4	7.7	6.7	5.2	6.4	8.4	5.2	10.3	:
	1999	6.9	7.3	6.3	6.8	7.5	8.4	5.3	6.9	6.6	4.3	9.3	7.7
	2000	6.8	:	7.5	7.2	6.6	6.2	7.5	:	6.9	4.8	9.7	6.7
Services	1997	:	10.0	8.9	7.8	9.8	9.1	:	6.9	7.0	7.3	10.0	:
	1998	7.3	7.1	9.1	8.0	6.5	9.4	8.2	6.6	8.2	6.1	10.7	:
	1999	7.3	9.2	8.9	7.1	7.4	9.7	8.8	6.2	7.1	5.3	10.9	7.8
	2000	7.7	:	10.6	7.4	7.4	9.7	11.0	:	7.7	5.8	10.9	8.6

*Table 3: Death rates (%)*

(1) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

		EU (2)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	1999	2.5	:	1.8	3.1	2.7	1.9	2.1	3.0	0.5	1.4	:	1.4
	2000	2.6	:	2.1	3.1	2.5	1.6	2.8	:	0.5	1.7	:	1.4
Industry	1999	1.3	:	0.6	2.0	1.2	0.5	1.0	2.6	0.2	0.6	:	0.7
	2000	1.2	:	0.7	1.8	1.1	0.4	1.4	:	0.2	0.7	:	1.0
Construction	1999	3.3	:	1.7	3.7	3.9	2.5	1.8	3.5	1.1	1.7	:	1.7
	2000	3.2	:	2.0	3.8	3.3	1.7	2.7	:	0.9	1.8	:	1.6
Services	1999	3.0	:	2.5	3.4	3.4	2.1	2.5	3.1	0.6	1.8	:	1.6
	2000	3.1	:	2.8	3.5	3.2	1.8	3.2	:	0.6	2.1	:	1.5

*Table 4: Employment share of enterprise deaths*

*(as a proportion of the total number of persons employed in active enterprises, %) (1)*

(1) Denmark, the Netherlands and Finland, employment data are provided as full-time equivalents (FTEs).

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

## Enterprise demography broken down by legal form

As part of the second harmonised data collection exercise a new breakdown of business demography statistics was requested from the participating countries, namely a breakdown by legal form.

Figure 3 shows the proportion of enterprise births in the business economy that were accounted for by each legal form in 2001. With the exception of Luxembourg, sole proprietors accounted for more than 50 % of all enterprise births in 2001 in the eight countries for which data are available. Sole proprietors represented between 70.2 % of all births in Italy and just 20.5 % of all

births in Luxembourg (where limited liability companies were the most common legal form of newly born enterprises).

Generally the second most common legal form in 2001 was limited liability companies, which accounted for between 32.9 % of all births in Spain and 17.7 % in Italy (with the exception of Luxembourg). Partnerships and other legal forms accounted for around one in ten enterprise births in 2001. They were relatively important in the Netherlands, where they accounted for 17.4 % of all enterprise births, while in Luxembourg they had a

relatively low degree of importance (3.1 % of the total).

The average size of newly born enterprises (as measured by the number of persons employed) tended to be highest among limited liability companies and lowest among sole proprietors. This was particularly true in the industrial economy, whereas for the services sector four out of the eight countries for which data are available reported that their highest average number of persons employed was recorded by partnerships and other legal forms.

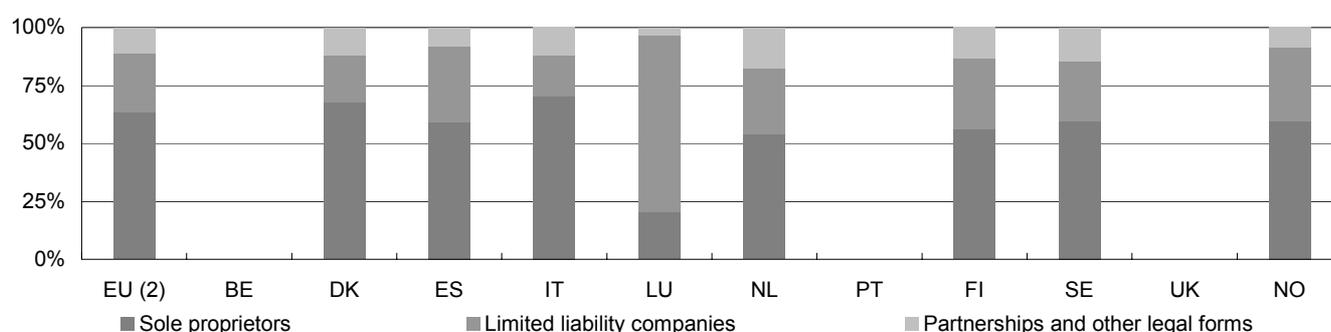


Figure 3: Proportion of enterprise births in the business economy (NACE Sections C to K), breakdown by legal form, 2001 (1)

(1) Belgium, Portugal and the United Kingdom, not available.

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

		EU (2)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Business economy	Total	1.7	:	1.4	2.0	1.5	1.7	2.2	3.7	0.3	1.3	:	1.3
	Sole proprietors	1.2	:	1.1	1.3	1.2	1.4	1.4	:	0.2	1.0	:	1.0
	Limited liability companies	2.6	:	2.2	3.1	2.1	1.8	2.8	3.7	0.7	1.6	:	1.8
	Partnerships and other legal forms	2.6	:	1.7	2.5	2.8	0.8	3.2	3.9	0.3	1.8	:	1.5
Industry	Total	2.4	:	1.6	3.3	2.1	2.1	3.1	6.6	0.3	1.3	:	2.1
	Sole proprietors	1.3	:	1.1	1.4	1.3	1.1	1.4	:	0.1	1.0	:	0.9
	Limited liability companies	3.8	:	2.6	4.5	3.3	2.2	6.2	6.6	0.9	1.8	:	3.7
	Partnerships and other legal forms	3.7	:	1.8	6.3	3.1	:	3.4	4.2	0.2	2.0	:	1.2
Construction	Total	2.0	:	1.3	2.8	1.6	3.3	1.6	5.0	0.4	1.4	:	1.2
	Sole proprietors	:	:	1.1	1.6	1.2	:	1.2	:	0.2	1.0	:	1.0
	Limited liability companies	3.8	:	2.3	5.2	2.3	3.3	4.2	5.0	1.0	2.0	:	2.0
	Partnerships and other legal forms	:	:	1.4	2.4	3.1	:	2.6	3.1	0.4	2.0	:	1.5
Services	Total	1.5	:	1.4	1.7	1.4	1.6	2.2	2.9	0.3	1.3	:	1.3
	Sole proprietors	:	:	1.1	1.2	1.1	:	1.6	:	0.2	1.0	:	1.0
	Limited liability companies	2.1	:	2.1	2.4	1.8	1.7	2.6	2.9	0.6	1.5	:	1.6
	Partnerships and other legal forms	:	:	1.7	2.0	2.7	:	3.3	4.0	0.3	1.8	:	1.5

Table 5: Average size of enterprise births, breakdown by legal form, 2001 (number of persons employed per enterprise) (1)

(1) Denmark, the Netherlands and Finland, employment data are provided as full-time equivalents (FTEs).

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

## Enterprise birth rates across economic activities

NACE (Section)		EU (2)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
Mining and quarrying (C)	1998	:	:	6.8	6.8	5.9	0.0	:	5.6	4.0	3.6	8.2	8.2
	1999	4.6	:	6.6	6.5	4.1	0.0	4.1	7.6	2.8	2.2	13.2	12.2
	2000	:	2.2	5.5	5.7	3.9	:	3.8	5.7	2.6	1.4	14.0	4.9
	2001	4.1	:	9.9	5.5	3.0	25.0	7.8	6.5	3.0	2.7	:	8.4
Manufacturing (D)	1998	:	5.4	6.5	7.8	8.2	7.7	:	8.1	6.8	5.3	6.7	7.7
	1999	6.0	4.6	6.6	7.3	5.5	7.4	6.8	7.7	5.6	5.1	7.2	7.6
	2000	:	4.4	6.0	7.1	5.5	:	6.3	5.8	5.5	5.4	6.8	6.0
	2001	5.7	:	6.0	6.6	5.3	6.6	6.3	5.6	5.3	4.8	:	5.0
Energy (E)	1998	:	:	2.5	7.5	10.4	18.9	:	10.6	5.4	:	11.5	6.7
	1999	4.3	4.1	2.2	6.8	4.2	10.0	15.8	10.9	5.8	3.7	12.2	6.0
	2000	:	4.5	3.6	6.3	8.5	:	9.0	10.8	4.8	3.2	14.1	2.9
	2001	3.6	:	0.4	7.8	3.8	6.4	10.6	5.9	5.1	3.6	:	6.9
Construction (F)	1998	:	7.8	9.6	12.5	13.3	10.6	:	11.6	9.7	5.1	8.5	8.8
	1999	10.5	6.5	9.7	13.0	9.5	9.5	10.4	9.3	9.4	5.7	8.9	8.2
	2000	10.7	6.2	10.3	13.2	9.5	9.1	11.4	10.1	9.0	6.9	8.0	7.7
	2001	10.1	:	9.0	12.3	9.0	8.9	11.7	10.0	8.3	6.3	:	9.5
Wholesale, retail trade and motor trade (G)	1998	:	7.2	9.9	8.4	9.9	12.0	:	7.9	9.3	6.2	7.0	10.1
	1999	7.3	5.8	10.1	8.1	6.8	11.5	7.2	6.7	7.7	5.6	7.9	9.4
	2000	7.2	5.6	9.3	8.2	6.6	9.9	6.6	6.1	6.6	5.9	7.5	8.2
	2001	6.9	:	8.7	7.8	6.4	9.0	6.5	6.7	6.8	5.6	:	8.6
Hotels and restaurants (H)	1998	:	10.1	7.7	10.2	10.7	11.1	:	10.0	8.6	7.0	9.6	9.9
	1999	8.5	8.1	8.2	10.2	7.1	11.2	6.6	7.6	8.2	6.6	11.5	9.0
	2000	8.2	7.9	8.6	9.9	6.6	10.0	6.5	8.3	7.2	7.0	11.5	8.5
	2001	8.2	:	8.1	9.6	6.9	11.0	7.0	5.5	7.0	7.3	:	7.6
Transport, storage and communication (I)	1998	:	10.6	9.7	6.1	11.2	14.5	:	7.1	4.9	4.0	9.1	8.1
	1999	6.7	8.4	11.6	6.1	7.3	15.0	9.7	6.5	4.6	4.1	10.3	8.5
	2000	6.4	8.4	9.0	5.7	7.5	15.3	8.8	4.8	4.2	5.1	9.9	8.4
	2001	6.1	:	8.3	5.5	6.7	11.5	9.0	8.4	4.4	4.9	:	6.7
Financial intermediation (J)	1998	:	10.7	8.8	13.4	16.4	16.5	:	6.8	12.3	9.8	8.3	10.7
	1999	11.3	8.3	13.0	14.0	8.5	19.2	15.4	7.4	10.8	8.1	8.5	15.6
	2000	12.1	9.2	9.2	13.1	11.2	17.9	14.4	5.1	10.7	8.6	7.9	26.9
	2001	10.4	:	7.9	10.5	9.0	18.7	15.6	5.2	12.0	5.3	:	6.2
Real estate, renting and business activities (K)	1998	:	11.3	12.7	12.8	15.1	16.2	:	16.1	9.4	8.1	12.1	20.9
	1999	10.5	9.9	14.1	12.0	9.3	16.8	13.2	13.2	8.8	7.7	11.5	18.0
	2000	11.1	10.1	12.5	12.5	10.3	15.4	13.3	12.9	9.0	8.7	10.3	15.5
	2001	10.8	:	11.7	11.4	10.7	15.7	13.1	10.4	8.9	8.0	:	14.5
Education (M)	1998	:	4.7	10.0	13.1	17.1	4.4	:	11.7	13.6	11.1	12.9	8.5
	1999	11.1	4.3	10.0	12.9	8.9	5.6	7.6	11.2	11.7	10.2	15.6	12.9
	2000	:	4.1	8.3	12.4	9.9	:	7.9	10.6	10.1	10.5	12.0	22.1
	2001	10.3	:	8.0	10.9	11.2	5.5	8.3	9.8	10.2	9.9	:	15.1
Health and social work (N)	1998	:	7.9	9.1	9.2	5.6	6.4	:	11.3	15.6	7.4	4.4	7.9
	1999	6.2	5.4	10.1	9.0	3.8	5.2	5.4	7.9	12.5	9.2	5.3	8.4
	2000	:	5.5	7.3	8.9	11.0	:	6.2	5.5	9.7	7.7	4.8	11.3
	2001	8.3	:	6.5	8.0	8.6	5.4	6.3	8.4	12.3	7.1	:	9.8
Other community, social and personal service activities (O) (3)	1998	:	8.0	8.5	10.3	11.8	:	:	8.3	11.3	9.5	8.4	9.9
	1999	:	6.6	9.8	10.2	7.1	12.4	9.7	7.6	10.4	:	9.0	8.4
	2000	9.0	6.1	8.2	10.5	7.9	11.1	9.8	8.5	9.3	9.5	8.8	7.7
	2001	:	:	7.8	10.1	7.7	:	9.5	7.4	10.5	9.1	:	16.5

*Table 6: Birth rates, breakdown by NACE Section (%) (1)*

(1) The merging of administrative registers in Denmark in 1999 may have resulted in the over-evaluation of enterprise births in that year; the quality of 1998 Italian data is generally low, reflecting changes made to the business register.

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

(3) Excluding NACE Division 91.

## Enterprise demography in ICT sectors

Birth rates in the ICT sector were noticeably higher than the average for the business economy, with rates generally exceeding 10 % and rising above 15 % in Denmark, Luxembourg and the Netherlands. Birth rates were usually higher in ICT services than in ICT manufacturing, with the only

exception being Portugal in 1999. Survival rates were more closely aligned with averages recorded for the whole of the business economy, although it is important to view these figures in the light of the high birth rates recorded for ICT sectors. In other words, the net result was a high number of enterprises being

created and surviving in ICT sectors. A comparison between birth and death rates shows that there were relatively fewer deaths, as birth rates for the ICT sector were higher than the corresponding death rate in each year during the period 1998 to 2000.

		EU (2)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
ICT total	1998	:	:	18.5	13.5	19.4	18.6	:	11.9	9.6	10.4	:	17.3
	1999	12.6	:	18.6	12.5	12.4	17.9	15.3	9.1	10.0	9.0	:	18.2
	2000	13.8	:	20.1	14.8	12.7	17.1	16.2	9.3	11.4	11.1	:	18.6
	2001	12.4	:	17.0	13.5	11.9	16.4	15.1	9.5	10.6	8.4	:	18.4
ICT manufacturing	1998	:	:	7.5	11.9	11.4	:	:	8.2	6.2	4.8	:	:
	1999	7.4	:	7.9	10.3	6.8	0.0	11.3	9.8	4.3	4.6	:	:
	2000	7.7	:	6.8	11.0	7.2	0.0	10.0	6.7	5.6	5.3	:	:
	2001	:	:	6.8	8.9	5.9	:	7.5	6.4	5.3	3.6	:	4.7
ICT services	1998	:	:	19.2	13.7	20.8	:	:	12.2	9.9	10.7	:	:
	1999	13.2	:	19.2	12.7	13.2	18.1	15.5	9.0	10.5	9.3	:	:
	2000	14.4	:	20.8	15.2	13.5	17.2	16.4	9.4	11.8	11.5	:	:
	2001	:	:	17.5	13.9	12.7	:	15.4	9.7	11.1	8.7	:	18.8

Table 7: Birth rates, breakdown by ICT sector (%) (1)

(1) The merging of administrative registers in Denmark in 1999 may have resulted in the over-evaluation of enterprise births in that year; the quality of 1998 Italian data is generally low, reflecting changes made to the business register.

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

		EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
ICT total	1998	:	:	78.6	82.5	84.5	90.0	:	97.5	80.7	97.9	:	81.6
	1999	86.4	:	77.3	79.8	89.4	88.9	83.2	97.3	84.0	99.1	:	72.6
	2000	86.5	:	78.3	80.1	89.6	92.6	82.5	:	85.9	98.6	:	73.2
ICT manufacturing	1998	:	:	80.3	84.2	86.1	:	:	93.3	90.7	100.0	:	:
	1999	88.8	:	84.4	82.3	90.5	:	87.9	98.5	91.9	98.9	:	:
	2000	85.7	:	83.9	84.5	85.7	:	79.7	:	93.6	98.1	:	:
ICT services	1998	:	:	78.5	82.3	84.3	:	:	97.7	80.4	97.9	:	:
	1999	86.2	:	77.1	79.7	89.3	88.9	83.0	97.2	83.6	99.1	:	:
	2000	86.6	:	78.3	79.9	89.9	92.6	82.6	:	85.8	98.6	:	:

Table 8: Survival rates for enterprises born in 1998, 1999 and 2000 respectively, breakdown by ICT sector (proportion of enterprises surviving one year, %)

(1) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

		EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
ICT total	1997	:	:	11.2	8.7	9.0	8.4	:	7.4	:	6.1	:	9.0
	1998	7.7	:	11.5	8.5	6.8	10.5	9.5	8.4	8.5	5.6	:	8.9
	1999	7.6	:	11.3	7.4	7.2	9.8	10.1	7.1	7.1	5.2	:	10.2
	2000	8.5	:	14.9	7.7	7.5	9.7	12.5	:	8.6	5.6	:	11.0
ICT manufacturing	1997	:	:	5.9	7.0	8.0	7.1	:	9.0	4.7	5.7	:	5.0
	1998	5.9	:	6.3	7.1	5.5	0.0	9.0	10.7	5.8	4.4	:	3.4
	1999	:	:	6.8	6.5	5.7	:	7.0	11.1	5.4	:	:	7.7
	2000	:	:	7.3	7.2	5.7	:	10.0	:	6.7	3.8	:	7.5
ICT services	1997	:	:	11.6	8.8	9.2	8.4	:	7.3	:	6.1	:	9.1
	1998	7.9	:	11.9	8.6	7.0	10.6	9.5	8.3	8.8	5.7	:	9.1
	1999	:	:	11.6	7.4	7.4	:	10.2	6.8	7.2	:	:	10.3
	2000	:	:	15.3	7.7	7.8	:	12.6	:	8.7	5.7	:	11.1

Table 9: Death rates, breakdown by ICT sector (%)

(1) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

## Enterprise demography broken down by size-class

A breakdown by enterprise size-class shows that the highest birth rates were recorded among enterprises with no employees, and that birth rates declined as a function of the average size of the enterprise. Among enterprises with no employees, 10.5 % were newly born enterprises in 2001, ranging from 8.7 % in Sweden up to 18.7 % in Luxembourg. Birth rates were approximately half as high among enterprises that were born with between 1 and 4 employees,

although the difference was less marked in Portugal (note that the Portuguese data exclude sole proprietors for 2001). At the other end of the scale, newly born enterprises with more than 20 employees generally represented less than 1.0 % of the active population of enterprises within this size-class.

The evolution of birth rates over the period 1998 to 2001 reveals that birth rates among enterprises with

less than 10 employees generally declined, while this pattern was less evident for the creation of enterprises with 10 or more employees.

Luxembourg generally recorded the highest birth rates for enterprises with less than 5 employees, but was surpassed by Spain and Portugal for enterprises with 5 or more employees.

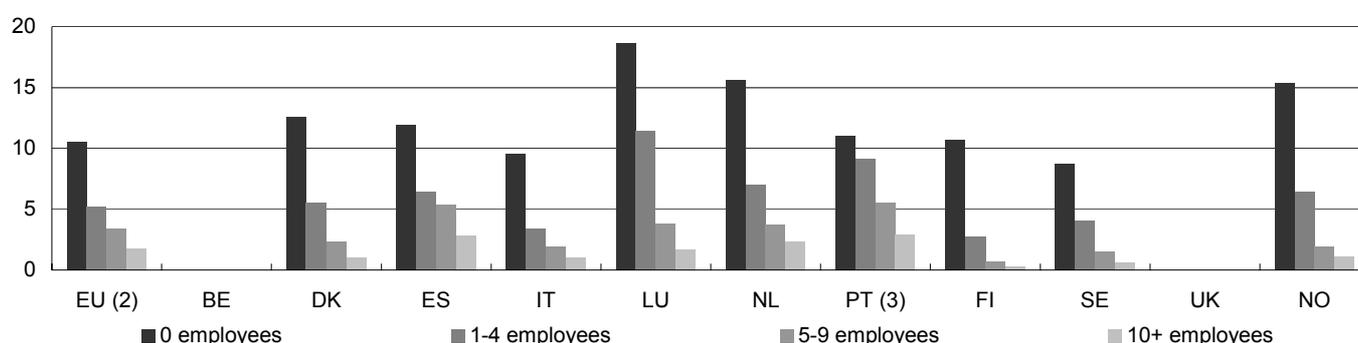


Figure 4: Birth rates in the business economy (NACE Sections C to K), breakdown by size-class, 2001 (%) (1)

(1) Belgium and the United Kingdom, not available.

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

(3) Data exclude sole proprietors.

		EU (2)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
0 employees	1998	:	10.9	14.3	10.9	14.4	19.0	:	11.1	12.3	8.7	9.7	15.1
	1999	10.6	8.8	15.4	12.1	9.3	20.2	15.5	10.2	11.3	9.3	10.9	16.7
	2000	:	8.9	13.6	12.5	9.6	18.9	15.2	9.0	10.7	:	10.5	:
	2001	10.5	:	12.6	11.9	9.5	18.7	15.6	11.0	10.7	8.7	:	15.4
1-4 employees	1998	:	:	5.5	9.2	:	12.8	:	8.3	4.0	3.5	11.2	13.6
	1999	:	4.9	5.4	7.0	3.4	12.5	7.2	5.8	3.3	:	11.2	9.3
	2000	:	:	5.8	6.9	3.3	11.3	7.0	6.9	3.2	:	10.0	:
	2001	5.2	:	5.6	6.4	3.4	11.5	7.0	9.1	2.8	4.0	:	6.5
5-9 employees	1998	:	:	1.5	:	:	5.8	:	6.0	1.2	:	3.9	:
	1999	:	:	2.1	:	1.6	4.4	3.2	3.4	0.7	0.9	4.9	:
	2000	:	:	2.4	:	1.9	4.3	3.6	3.2	0.9	:	5.1	:
	2001	3.4	:	2.3	5.4	1.9	3.8	3.7	5.5	0.7	1.5	:	1.9
10-19 employees	1998	:	:	1.2	:	:	2.8	:	4.5	0.5	1.4	2.6	:
	1999	:	:	1.6	:	1.2	2.7	2.7	3.7	0.4	:	3.3	:
	2000	:	:	1.9	:	:	2.5	3.6	2.5	0.5	:	3.6	:
	2001	2.6	:	1.7	4.2	1.4	2.7	4.0	4.0	0.5	0.7	:	1.3
20+ employees	1998	:	0.8	0.4	:	:	1.7	:	2.5	:	0.1	0.6	:
	1999	:	:	0.6	:	0.4	1.2	1.0	1.0	0.0	0.0	0.7	:
	2000	:	:	0.5	:	:	0.7	1.1	0.7	0.1	:	1.1	:
	2001	0.8	:	0.4	1.1	0.6	0.8	0.8	1.7	0.1	0.4	:	0.9

Table 10: Birth rates in the business economy (NACE Sections C to K), breakdown by size-class (%) (1)

(1) The merging of administrative registers in Denmark in 1999 may have resulted in the over-evaluation of enterprise births in that year; the quality of 1998 Italian data is generally low, reflecting changes made to the business register.

(2) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

## Enterprise demography broken down by size-class (continued)

Survival rates for enterprises appear to be linked to the average size of the enterprise. The general picture was that larger newly born enterprise (with 10 or more employees) recorded higher survival rates. Note, that the low number of enterprises that are born within the category of large enterprises (with 20 or more employees) means that

this size-class is subject to large deviations in growth rates as a result of even small numbers of enterprises dying.

Death rates also appear to decrease as a function of increasing average enterprise size. Indeed, micro enterprises (with no employees) reported a significantly higher death

rate (9.4 % for the EU average made-up of 7 countries in 2001) than larger enterprises with 20 or more employees (0.8 %). Death rates were generally lower than birth rates, with the notable exceptions of the Netherlands, Finland and the United Kingdom within most size-classes and for most years.

		EU	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
0 employees	1999	:	:	78.5	79.3	82.7	86.6	:	91.9	80.7	96.4	91.2	78.8
	2000	:	:	61.0	63.6	70.3	74.9	:	60.6	65.2	85.5	73.8	65.2
	2001	:	:	50.7	55.6	61.1	63.1	:	:	55.9	75.2	:	57.0
1-4 employees	1999	:	:	91.5	88.3	:	93.1	:	98.6	95.1	:	92.0	91.9
	2000	:	:	77.1	78.2	:	80.4	:	93.6	86.1	:	79.4	85.5
	2001	:	:	67.1	71.1	:	70.0	:	:	78.1	85.6	:	77.4
5-9 employees	1999	:	:	95.7	:	:	95.5	:	98.7	98.8	:	92.9	:
	2000	:	:	89.0	:	:	80.3	:	95.6	94.1	:	81.4	:
	2001	:	:	81.1	:	:	72.7	:	:	85.2	:	:	:
10-19 employees	1999	:	:	97.5	:	:	94.6	:	98.6	94.1	100.0	93.0	:
	2000	:	:	85.0	:	:	86.5	:	93.9	76.5	95.5	83.0	:
	2001	:	:	77.5	:	:	78.4	:	:	64.7	86.0	:	:
20+ employees	1999	:	:	89.7	:	:	100.0	:	97.2	:	100.0	50.5	:
	2000	:	:	76.9	:	:	86.4	:	94.9	:	87.5	50.5	:
	2001	:	:	64.1	:	:	81.8	:	:	:	75.0	:	:

Table 11: Survival rates in the business economy (NACE Sections C to K) for the cohort of enterprises born in 1998, breakdown by size-class (proportion of enterprises surviving 1, 2 or 3 years, %)

		EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO
0 employees	1997	:	11.9	11.8	9.9	12.0	12.5	:	8.8	10.2	9.4	11.2	:
	1998	:	8.4	11.9	10.3	8.0	13.8	11.2	8.2	12.2	:	12.9	:
	1999	:	11.1	11.4	8.7	9.0	13.0	11.6	8.1	10.1	:	13.1	11.8
	2000	9.4	:	13.7	9.2	9.0	13.9	14.9	:	11.1	7.6	12.3	13.1
1-4 employees	1997	:	:	3.7	5.5	2.6	8.5	:	5.0	2.1	:	10.1	:
	1998	:	:	4.1	5.9	3.0	8.2	6.7	4.8	2.5	:	10.7	:
	1999	:	:	4.4	:	2.4	9.9	7.3	4.1	2.7	2.1	11.0	5.5
	2000	4.5	:	5.0	5.7	2.1	8.7	8.7	:	2.5	2.7	11.4	5.6
5-9 employees	1997	:	3.2	1.1	:	1.2	3.1	:	3.7	0.8	:	7.5	:
	1998	:	:	1.5	:	1.5	3.1	3.3	3.3	0.9	:	7.8	:
	1999	:	:	1.6	:	1.2	3.9	3.4	2.7	1.2	:	6.8	1.5
	2000	2.3	:	1.8	3.4	1.0	2.9	4.4	:	1.0	1.7	7.1	1.5
10-19 employees	1997	:	:	0.7	:	0.8	2.1	:	3.8	0.3	:	6.3	:
	1998	:	:	1.0	:	1.0	1.8	2.5	4.0	0.7	:	7.0	:
	1999	:	:	1.0	:	0.9	2.5	2.8	3.6	0.7	:	5.7	1.1
	2000	1.9	:	1.4	2.7	0.7	1.8	4.4	:	0.8	1.3	6.2	1.0
20+ employees	1997	:	:	0.2	:	0.4	1.6	:	2.4	0.1	:	4.6	:
	1998	:	:	0.5	:	0.4	0.3	1.2	2.0	0.1	:	4.8	:
	1999	:	:	0.5	:	0.3	0.6	1.5	2.3	0.1	:	2.7	0.6
	2000	0.8	:	0.3	0.8	0.3	0.5	2.3	:	0.1	0.9	3.2	0.5

Table 12: Death rates in the business economy (NACE Sections C to K), breakdown by size-class (%)

(1) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

## Average size of surviving enterprises

Within the business economy, the average number of persons employed by surviving enterprises tends to grow as the years pass. There were no exceptions to this pattern in any of the Member States for all three cohorts of enterprises (born in 1998, 1999 and 2000). Note that these statistics only refer to surviving enterprises and that over the same period there are a number of enterprise deaths and related employment loss.

Enterprise growth (in terms of average employment) tended to be faster in the first year of operation, thereafter slowing down. Portugal was an exception to this rule, as average growth was often faster among two-year old enterprises.

Industrial enterprises were generally greater in size than construction or services enterprises. In addition, they also reported the highest increase in average employment

during the course of time, while the slowest expansion in the average number of persons employed was usually recorded for construction activities. This pattern did not hold in Spain or the Netherlands, where the most rapid increase in the average number of persons employed was registered within the services sector.

Cohort		EU (1)	BE	DK	ES	IT	LU	NL	PT	FI	SE	UK	NO		
Business economy	1998	Newly born enterprises	:	1.2	1.3	2.1	1.4	1.9	:	2.0	0.5	:	2.2	1.7	
		1-year old enterprises	:	:	1.6	2.6	1.7	2.6	:	2.1	0.8	1.4	2.3	2.2	
		2-year old enterprises	:	:	1.8	3.2	1.9	3.3	:	2.6	1.1	1.7	:	2.3	
		3-year old enterprises	:	:	1.9	3.4	2.1	4.0	:	:	1.2	1.8	:	4.6	
	1999	Newly born enterprises	1.7	:	1.3	2.1	1.4	1.8	2.1	1.7	0.4	1.1	:	1.4	
		1-year old enterprises	2.2	:	1.6	2.8	1.8	2.7	2.3	1.9	0.9	1.6	:	1.9	
		2-year old enterprises	2.5	:	1.9	3.2	2.1	3.5	2.7	:	1.1	1.8	:	2.7	
	2000	Newly born enterprises	:	1.2	1.4	2.1	1.4	1.6	:	1.6	0.4	1.4	:	1.3	
		1-year old enterprises	2.2	:	1.7	2.7	2.0	2.6	2.4	:	0.9	1.6	:	2.8	
	Industry	1998	Newly born enterprises	:	1.8	1.5	3.9	1.7	4.1	:	3.3	0.5	:	3.1	2.4
			1-year old enterprises	:	:	2.1	4.8	2.4	6.1	:	3.7	0.7	1.4	3.1	3.8
2-year old enterprises			:	:	2.1	5.4	2.8	8.3	:	4.9	1.1	1.7	:	3.9	
3-year old enterprises			:	:	2.3	5.7	3.2	10.7	:	:	1.2	1.9	:	6.5	
1999		Newly born enterprises	2.6	:	1.6	4.1	2.0	2.7	2.6	2.6	0.3	1.1	:	2.2	
		1-year old enterprises	3.5	:	2.2	5.3	3.0	4.8	2.9	2.8	0.9	1.7	:	3.0	
		2-year old enterprises	4.0	:	2.8	5.8	3.5	6.0	3.1	:	1.2	2.0	:	3.8	
2000		Newly born enterprises	:	1.9	1.6	4.1	2.0	2.4	:	2.4	0.3	1.3	:	1.9	
		1-year old enterprises	3.6	:	2.1	5.1	3.2	4.1	2.8	:	1.1	1.6	:	2.5	
Construction		1998	Newly born enterprises	:	1.1	1.4	3.0	1.4	4.7	:	1.8	0.6	1.3	1.9	1.6
			1-year old enterprises	:	:	1.8	4.0	1.7	6.0	:	2.0	1.0	1.5	1.9	2.2
	2-year old enterprises		:	:	2.0	4.6	1.9	7.6	:	2.4	1.3	1.8	2.3	2.4	
	3-year old enterprises		:	:	2.1	4.7	2.0	8.3	:	:	1.3	2.1	:	3.8	
	1999	Newly born enterprises	2.0	1.2	1.5	2.9	1.5	4.5	1.7	1.5	0.5	1.1	2.1	1.4	
		1-year old enterprises	2.7	:	1.8	4.1	1.9	5.6	1.8	1.7	1.1	1.5	2.2	1.8	
		2-year old enterprises	2.9	:	2.0	4.4	2.1	7.5	1.9	:	1.2	1.7	:	2.0	
	2000	Newly born enterprises	2.0	1.1	1.4	2.8	1.5	3.4	1.7	1.3	0.4	1.3	2.1	1.1	
		1-year old enterprises	2.7	:	1.8	3.9	2.0	5.7	1.7	:	0.9	1.6	:	2.1	
	Services	1998	Newly born enterprises	:	1.1	1.2	1.7	1.3	1.6	:	1.8	0.5	1.3	2.2	1.6
			1-year old enterprises	:	:	1.5	2.1	1.6	2.2	:	1.9	0.8	1.4	2.3	2.0
2-year old enterprises			:	:	1.7	2.6	1.8	2.8	:	2.2	1.1	1.7	2.6	2.2	
3-year old enterprises			:	:	1.8	2.8	2.0	3.4	:	:	1.2	1.8	:	4.6	
1999		Newly born enterprises	1.5	1.2	1.2	1.7	1.3	1.6	2.1	1.6	0.3	1.1	2.4	1.3	
		1-year old enterprises	1.9	:	1.5	2.3	1.6	2.4	2.4	1.7	0.9	1.6	2.5	1.8	
		2-year old enterprises	2.2	:	1.8	2.6	1.9	3.2	2.8	:	1.1	1.8	:	2.7	
2000		Newly born enterprises	1.5	1.1	1.3	1.7	1.3	1.5	2.3	1.5	0.4	1.4	2.6	1.3	
		1-year old enterprises	2.0	:	1.6	2.2	1.8	2.4	2.5	:	0.9	1.6	:	3.0	

*Table 13: Average size of enterprises (number of persons employed per enterprise)*

(1) Mean of Denmark, Spain, Italy, Luxembourg, the Netherlands, Finland and Sweden.

## ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

### LEGAL BASIS

The collection of basic data on business demography is foreseen in the Council Regulation (EC, EURATOM) No 58/97 of 20 December 1996 concerning structural business statistics. Variables such as the number of enterprise births and deaths have already been defined in Commission Regulation (EC) No 2700/98 of 17 December 1998 concerning the definitions of characteristics for structural business statistics. An amendment to the SBS Regulation, providing a more complete legal basis for business demography statistics, has been proposed to the Member States.

The development of a harmonised methodology, the testing, and the first and second harmonised data collection exercises are all part of a process that is aimed at providing more comprehensive and comparable statistics on business demography on an annual basis.

### BUSINESS REGISTERS

The main source of data for this development action is the statistical business register. Such registers are usually built from a number of different sources that may vary according to the Member State in question. The merging of administrative registers in Denmark in 1999 may have resulted in the population of enterprises being over-evaluated. The quality of 1997 and 1998 data for Italy is generally low, reflecting changes made to the business register which have resulted in the population of enterprises being over-evaluated. In Sweden, relatively high enterprise death rates in 1997 are likely to have resulted from the removal of non-active enterprises from the business register in that year. In Portugal, there is a break in data between 2000 and 2001, as information on sole proprietors are excluded from 2001 onwards.

### DEFINITIONS

An **active enterprise** is defined as: *an enterprise that had either turnover or employment at any time during the reference period, even for a limited time. If there is insufficient information to determine whether or not an enterprise is active, then national methods leading to this aim are accepted. A count of active enterprises during the reference period is referred to as the population of active enterprises.*

**Enterprise births** are defined as: *a count of the number of births of enterprises registered to the population concerned in the business register corrected for errors. A birth amounts to the creation of a combination of production*

*factors with the restriction that no other enterprises are involved in the event. Births do not include entries into the population due to mergers, break-ups, split-off or restructuring of a set of enterprises. It does not include entries into a sub-population resulting only from a change of activity. The enterprises must actually have started activity.*

**Enterprise deaths** are defined as: *a count of the number of deaths of enterprises registered to the population concerned in the business register corrected for errors. A death amounts to the dissolution of a combination of production factors with the restriction that no other enterprises are involved in the event. Deaths do not include exits from the population due to mergers, take-overs, break-ups and restructuring of a set of enterprises. It does not include exits from a sub-population resulting only from a change of activity.* Enterprise deaths for the reference year 2000 have not been corrected by all countries for subsequent reactivations. Enterprises that are dormant for less than two years are not considered as having died.

**Survival** is defined as: *the continuity of an enterprise over time. Thus an enterprise has survived from year  $t$  to year  $t + x$  if it is still active in year  $t + x$ , even if it had a change of ownership.*

The **number of persons employed** is defined as: *the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it (e.g. sales representatives, delivery personnel, repair and maintenance teams). The number of persons employed excludes manpower supplied to the unit by other enterprises, persons carrying out repair and maintenance work in the enquiry unit on behalf of other enterprises, as well as those on compulsory military service. Unpaid family workers refer to persons who live with the proprietor of the unit and work regularly for the unit, but do not have a contract of service and do not receive a fixed sum for the work they perform.* Employment indicators for Denmark, the Netherlands and Finland are provided in full-time equivalents (FTEs) and as such may show values that are lower than the corresponding data for the other Member States, especially for activities where the proportion of part-time work is high.

### STATISTICAL UNIT

The statistical unit used for this project on business demography is the enterprise. This

unit is defined in the statistical units Regulation (Council Regulation (EEC) No 696/93 of 15 March 1993 as *the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources.*

### LEGAL FORMS

**Sole proprietors:** enterprises personally owned with no limit to personal responsibility.

**Limited liability companies:** private or publicly quoted joint stock companies with limited liability for those owning shares.

**Partnerships and other legal forms:** include both unlimited and limited liability partnerships (owned by more than one natural person, as well as co-operatives, associations etc).

### ECONOMIC ACTIVITIES - NACE

NACE is a hierarchical classification of economic activities. Business demography indicators have been produced in this project for activities within NACE Rev. 1 Sections C to K and M to O, excluding NACE Class 74.15. NACE Sections C to K are referred to as the business economy, NACE Sections C to E are referred to as industry, NACE Section F is referred to as construction and NACE Sections G to K are referred to as services. No data are collected for management activities of holding companies (NACE Class 74.15) which is excluded from all higher aggregates (Group 74.1, Division 74, Section K, services and the business economy total). Note that the comparability of data for NACE Sections M, N and O is limited for several reasons, for example concerning different delineation of (non-)market units between countries.

### COVERAGE OF UNITS

No threshold in terms of the size of units has been set for this project. The coverage in general is very good, though differences in national administrative sources affects coverage of the smallest units (0 employees). The relatively high threshold for value added tax (VAT) in the United Kingdom may explain some of the differences, though in the United Kingdom, as in other countries, the impact of the VAT threshold is reduced by voluntary registrations and the use of additional sources.

### NON-AVAILABILITY

The colon (:) is used to represent data that is not available or confidential.

# Further information:

## ➤ Databases

NewCronos, Theme 4, Domain: sbs/bus\_demo

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