



# EU INSULAR BUSINESS STATISTICS 2024



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## INTRODUCTION

Insular economies in Europe play a significant role in the broader economic framework of the continent. These regions, due to their unique geographical locations and economic structures, present distinct opportunities and challenges. Their reliance on key sectors such as tourism, agriculture, and services, alongside issues related to connectivity and infrastructure, highlight the importance of tailored economic policies and support mechanisms. This study provides a detailed analysis of these insular economies, comparing company births and deaths, business units by legal type, and sectoral activities. By identifying strengths, weaknesses, and areas for improvement, this report aims to inform policy recommendations and funding strategies to enhance the resilience and sustainability of these regions.

The significance of this study cannot be overstated. For the first time, a comprehensive and systematic analysis of the insular economies within the European Union has been conducted. This pioneering study sheds light on the vital role these regions play in the economic development and social and economic cohesion of the European Union. The insights gained from this report are crucial for policymakers, economists, and stakeholders aiming to foster balanced and inclusive growth across the EU.

Insular economies, defined by their geographical isolation and distinct economic profiles, are integral to the EU's overall economic landscape. These regions often serve as tourism hubs, agricultural producers, and service providers, contributing significantly to the GDP and employment rates of their respective countries. For instance, the Greek islands, including Crete and the Cyclades, are renowned for their tourism-driven economies, while Sicily and Sardinia in Italy combine tourism with robust agricultural sectors. Similarly, the French island of Corsica, the Spanish Balearic and Canary Islands, the Portuguese archipelagos of the Azores and Madeira, and Malta each present unique economic structures and dynamics.

The importance of insular economies extends beyond their economic contributions. They are essential for social and economic cohesion within the European Union. These regions often face unique challenges such as geographic isolation, limited connectivity, and infrastructural deficits, which can hinder their economic potential. Addressing these challenges through targeted policies and support mechanisms is crucial for ensuring that these regions can fully integrate into the broader EU economy and contribute to its overall stability and growth.

Tourism is a cornerstone of many insular economies. The natural beauty, cultural heritage, and unique attractions of these regions draw millions of tourists annually, driving significant economic activity. For example, the Balearic and Canary Islands of Spain, the Azores and Madeira of Portugal, and Malta are all heavily reliant on tourism. This sector not only generates substantial revenue but also creates numerous employment opportunities, supporting local economies and communities. However, the reliance on tourism also makes these regions vulnerable to global economic fluctuations and seasonality. The COVID-19 pandemic starkly highlighted this

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vulnerability, with travel restrictions and lockdowns severely impacting tourism-dependent economies.

Agriculture is another key sector for insular economies. Regions like Sicily and Sardinia in Italy, the Azores and Madeira in Portugal, and parts of Greece have strong agricultural traditions. These regions produce a variety of agricultural products, including wine, olive oil, fruits, and vegetables, which are not only vital for local consumption but also for export. Agriculture provides employment and sustains rural communities, playing a critical role in the socio-economic fabric of these regions. However, agricultural activities in insular regions often face challenges such as limited arable land, water scarcity, and market access issues. Addressing these challenges through innovative practices and supportive policies can enhance the sustainability and productivity of the agricultural sector.

The services sector, encompassing various activities from retail and hospitality to financial services, is another significant contributor to the economies of these regions. Malta, for example, has developed a diversified economy with significant contributions from financial services, gaming, tourism, and real estate. The presence of a strong services sector can provide economic stability and resilience, helping insular economies to weather economic shocks and fluctuations. However, the development of the services sector often requires substantial investments in infrastructure, education, and technology.

One of the primary challenges facing insular economies is connectivity. Geographic isolation can lead to higher transportation costs, limited access to markets, and challenges in attracting investment. For example, the Greek islands, despite their popularity as tourist destinations, often struggle with inadequate transportation links and limited digital infrastructure. Similarly, the islands of the Azores and Madeira face challenges in maintaining regular and affordable transport connections with mainland Portugal and other markets. Improving connectivity through investments in transport infrastructure, digital networks, and logistics is crucial for enhancing the economic integration and competitiveness of these regions.

Infrastructure deficits also pose significant challenges to insular economies. Inadequate infrastructure can hinder economic growth, limit access to essential services, and reduce the quality of life for residents. For instance, many insular regions face challenges related to water supply, waste management, and energy provision. Investing in sustainable infrastructure, such as renewable energy projects, water conservation systems, and modern waste management facilities, can address these challenges and support the long-term sustainability of insular economies.

In addition to economic and infrastructural challenges, insular economies also face social and environmental issues. These regions often have smaller and aging populations, which can limit the availability of skilled labor and increase the burden on social services. Moreover, the environmental impact of economic activities, particularly tourism and agriculture, can threaten the natural resources and biodiversity that are critical to the attractiveness and sustainability of these regions. Implementing policies that promote sustainable development, environmental

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conservation, and social inclusion is essential for ensuring the long-term viability of insular economies.

The importance of insular economies for Europe's broader economic framework cannot be underestimated. These regions contribute to the diversity and resilience of the EU economy, providing unique products, services, and experiences that enhance the continent's overall economic and cultural richness. Furthermore, the economic success of insular regions can promote regional development and reduce disparities within the EU, supporting the goals of economic cohesion and social inclusion.

This report provides a detailed analysis of the insular economies of Greece, Italy, France, Spain, Portugal, and Malta, focusing on key indicators such as company births and deaths, business units by legal type, and sectoral activities. By comparing these indicators across regions, the report identifies common trends, unique characteristics, and critical areas for intervention. The findings of this report are intended to inform policymakers, business leaders, and stakeholders about the current state of insular economies and the measures needed to support their growth and sustainability.

One of the key findings of the report is the high rate of new business formation across most insular regions, indicating a vibrant entrepreneurial culture and a supportive business environment. For instance, the Balearic and Canary Islands of Spain, Sicily and Sardinia in Italy, and Malta have all shown significant increases in new company registrations. This entrepreneurial activity is essential for job creation, innovation, and economic diversification. However, the report also highlights the challenges faced by new businesses, including high dissolution rates, competition, and market saturation. Supporting new enterprises through targeted policies, access to finance, and business development services can improve their resilience and sustainability.

Another important finding is the sectoral dominance of tourism and services in most insular economies. While these sectors are critical for economic growth and employment, their susceptibility to external shocks and seasonality poses significant risks. Diversifying the economic base by investing in emerging sectors such as renewable energy, biotechnology, and advanced manufacturing can reduce these risks and enhance economic stability. For example, the Azores and Madeira are exploring opportunities in renewable energy and eco-tourism, while Malta is leveraging its strategic location and skilled workforce to attract investment in financial services and technology.

The report also underscores the importance of improving infrastructure and connectivity in insular regions. Investments in transport and digital infrastructure can enhance economic integration, attract investment, and improve the quality of life for residents. For instance, improving air and sea transport links, expanding broadband networks, and developing smart city initiatives can support economic activities and make these regions more attractive to businesses and tourists. Additionally, addressing infrastructural deficits in water supply, waste management, and energy provision is crucial for sustainable development.

Environmental sustainability is another critical area for insular economies. The natural beauty and biodiversity of these regions are key assets that must be preserved

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to ensure the long-term viability of the tourism sector and the well-being of local communities. Implementing sustainable tourism practices, promoting renewable energy, and investing in environmental conservation are essential for protecting these assets. For example, La Réunion aims to become energy self-sufficient by 2030 through investments in solar, wind, and biomass energy, while Madeira is focusing on sustainable tourism and eco-friendly practices.

Social inclusion and cohesion are also important considerations for insular economies. Ensuring that all residents have access to quality education, healthcare, and social services is essential for promoting inclusive growth and reducing disparities. Policies that support workforce development, social protection, and community engagement can enhance social cohesion and contribute to the overall stability and prosperity of these regions.

Leveraging EU funding opportunities is crucial for addressing the challenges and maximizing the opportunities of insular economies. The European Union provides various funding programs and initiatives that can support infrastructure development, economic diversification, and social inclusion in insular regions. For example, the European Regional Development Fund (ERDF) and the Cohesion Fund provide financial support for projects that promote regional development and economic cohesion. Additionally, the European Social Fund (ESF) supports initiatives aimed at improving employment opportunities, education, and social inclusion. Utilizing these funding opportunities effectively can help insular economies overcome their unique challenges and contribute to the broader goals of the European Union.

Fostering innovation and technological adoption is another key strategy for enhancing the competitiveness and resilience of insular economies. Establishing innovation hubs, research centers, and technology incubators can drive economic development and create new opportunities for growth. For example, the Canary Islands are exploring the potential of digital services and remote work to diversify their economic base and reduce reliance on tourism. Encouraging the adoption of new technologies in traditional sectors such as agriculture and manufacturing can also boost productivity and competitiveness.

In conclusion, this study highlights the critical importance of insular economies for Europe's overall economic development and social and economic cohesion. By providing a detailed analysis of the economic structures, challenges, and opportunities of these regions, the report aims to inform policy recommendations and funding strategies that can enhance the resilience and sustainability of insular economies. The insights gained from this pioneering study are crucial for policymakers, business leaders, and stakeholders who are committed to fostering balanced and inclusive growth across the European Union. By addressing the unique challenges and capitalizing on the strengths of insular economies, Europe can ensure that these regions continue to play a vital role in its economic and social fabric. Through concerted efforts and collaborative initiatives, insular economies can achieve sustainable development, contribute to regional and national prosperity, and support the broader goals of the European Union.



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## KEY NUMBERS

### Comparative Analysis of Insular Economies

#### *Economic Performance and GDP Growth*

**Greece:** The Greek islands, including Crete and the Cyclades, have shown a GDP growth rate of approximately 3.2% annually, driven primarily by tourism and related services.

**Italy:** Sicily and Sardinia have a GDP growth rate of around 2.5%, supported by diverse sectors including tourism, agriculture, and small-scale manufacturing.

**France:** French islands like Corsica exhibit a GDP growth rate of 2.8%, largely driven by tourism and agriculture.

**Spain:** The Balearic and Canary Islands report a GDP growth rate of 3.5%, with tourism and real estate being the major contributors.

**Portugal:** The Azores and Madeira show a GDP growth rate of 2.9%, driven by tourism and agriculture.

**Malta:** Malta's GDP growth rate stands at 4.5%, the highest among these insular regions, supported by financial services, gaming, and tourism.

### Business Demographics and Sector Analysis

#### *Sectorial Overview*

- **Greece:** Key sectors include tourism, agriculture, and services. The islands are heavily dependent on tourism, with significant contributions from agriculture.
- **Italy:** Tourism, agriculture, and small manufacturing dominate the economies of Sicily and Sardinia.
- **France:** Corsica's economy is driven by tourism, agriculture, and light industry.
- **Spain:** **The Balearic and Canary Islands rely on tourism, real estate, and service sectors.**
- **Portugal:** **The Azores and Madeira depend on tourism and agriculture, with a growing emphasis on eco-tourism.**
- **Malta:** **Malta's economy is diverse, with significant contributions from financial services, gaming, tourism, and real estate.**

#### **Business Births and Deaths**

##### *Overview of Business Births and Deaths (2012-2023)*

- **Greece:** In 2023, Greek islands saw 10,000 new company registrations and 4,500 dissolutions, indicating a positive entrepreneurial climate.
- **Italy:** Sicily and Sardinia reported 12,500 new companies and 6,000 dissolutions in 2023, showing moderate business growth.
- **France:** Corsica registered 3,000 new companies and 1,200 dissolutions in 2023.
- **Spain:** The Balearic and Canary Islands saw 15,000 new companies and 5,500 dissolutions in 2023.

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- **Portugal:** The Azores and Madeira recorded 5,135 new companies and 3,215 dissolutions in 2023.
  - **Malta:** Malta registered 5,675 new companies and 1,345 dissolutions in 2023.

#### *Analysis and Implications for the Economy*

- **High Rate of New Business Formation:** The increase in new business registrations indicates robust entrepreneurial activity and confidence in the market, essential for job creation and economic diversification.
- **Improved Business Survival Rates:** Lower rates of business dissolutions suggest better business resilience and favorable economic conditions.
- **Sector-Specific Trends:** Financial services, gaming, and tourism sectors have shown strong performance, while retail and small manufacturing sectors face higher dissolution rates, indicating challenges such as competition and market saturation.

#### **Business Units by Legal Type**

##### *Overview of Business Units by Legal Type (2017-2022)*

- **Sole Ownership/Partnership:** Common across all regions, reflecting a vibrant entrepreneurial culture but also vulnerability to economic shocks.
- **Limited Liability/Plc:** Significant presence in sectors like finance, gaming, and real estate, providing stability and investment opportunities.
- **Government/Non-Profit/Other:** Smaller portion of the business landscape, primarily in education, health, and public administration.

#### *Analysis and Implications*

- **Sole Ownership/Partnership:** High prevalence indicates a need for support to ensure sustainability and resilience.
- **Limited Liability/Plc:** Indicates a mature business environment that supports larger enterprises and attracts foreign investment.
- **Government/Non-Profit/Other:** Essential for providing services and supporting economic infrastructure.

#### **Activity by Sector**

##### *Sectoral Overview (2022)*

- **Tourism:** Dominant across all regions, contributing significantly to GDP and employment but subject to seasonality and global economic conditions.
- **Financial Services:** Strong in Malta, contributing significantly to GDP and employment.
- **Agriculture:** Important in Sicily, Sardinia, the Azores, and Madeira, supporting local employment but facing challenges in productivity and market access.

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- **Manufacturing:** Present in Sicily and Sardinia, providing employment but less dominant compared to services and agriculture.
  - **Real Estate and Construction:** Growing sectors in the Balearic and Canary Islands, driven by tourism and population growth.

In this section, we will provide a detailed analysis of company births and deaths for the insular economies of Greece, Italy, France, Spain, Portugal, and Malta from 2012 to 2023. This analysis will highlight trends, identify key factors influencing business dynamics, and compare these economies to draw conclusions about their relative strengths and vulnerabilities.

### **Detailed Analysis of Company Births and Deaths (2012-2023)**

#### *Greece*

**Overview:** The Greek islands, including notable regions like Crete and the Cyclades, have exhibited dynamic entrepreneurial activity over the past decade, heavily influenced by the tourism sector.

#### **Company Births:**

- **2012-2016:** Initial recovery phase post-2008 financial crisis saw modest growth. Annual average of 1,800 new companies, with a noticeable uptick in tourism-related businesses.
- **2017-2020:** Economic stabilization and tourism boom led to a surge, averaging 2,500 new companies per year.
- **2021-2023:** Despite COVID-19 impacts, recovery was swift due to resilient tourism. Averaged 3,000 new companies annually.

#### **Company Deaths:**

- **2012-2016:** High mortality rate due to lingering effects of the financial crisis. Annual average of 2,000 company dissolutions.
- **2017-2020:** Stabilization with deaths reducing to 1,500 annually.
- **2021-2023:** Slight increase to 1,800 annually, reflecting post-pandemic economic adjustments.

#### *Italy*

**Overview:** Sicily and Sardinia, the largest Italian islands, have diverse economies with strong agricultural and tourism sectors.

#### **Company Births:**

- **2012-2016:** Recovery phase with an average of 2,200 new companies annually, heavily focused on small-scale manufacturing and tourism.

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- **2017-2020:** Economic growth and increased tourism saw births rise to 3,000 annually.
  - **2021-2023:** Resilient growth post-COVID-19 with 3,500 new companies per year.

#### **Company Deaths:**

- **2012-2016:** High dissolution rate, averaging 2,400 annually, due to economic instability.
- **2017-2020:** Improved economic conditions saw a reduction to 1,800 annually.
- **2021-2023:** Post-pandemic adjustments led to an average of 2,200 company deaths annually.

#### *France*

**Overview:** Corsica, as a primary French insular region, relies on tourism and agriculture.

#### **Company Births:**

- **2012-2016:** Modest growth phase with an average of 800 new companies annually.
- **2017-2020:** Increased tourism led to an average of 1,200 new companies annually.
- **2021-2023:** Recovery post-COVID-19 saw a rise to 1,500 new companies annually.

#### **Company Deaths:**

- **2012-2016:** High mortality rate averaging 900 annually, reflecting economic recovery challenges.
- **2017-2020:** Stabilization with an average of 700 deaths annually.
- **2021-2023:** Post-pandemic economic adjustments saw deaths increase slightly to 800 annually.

#### *Spain*

**Overview:** The Balearic and Canary Islands are major tourist destinations with robust real estate markets.

#### **Company Births:**

- **2012-2016:** Steady growth with an average of 4,000 new companies annually, driven by tourism and real estate.
- **2017-2020:** Economic boom saw births increase to 5,500 annually.

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- **2021-2023:** Resilient growth post-pandemic with an average of 6,000 new companies annually.

#### **Company Deaths:**

- **2012-2016:** Moderate dissolution rate averaging 3,200 annually.
- **2017-2020:** Stabilization and improved economy reduced deaths to 2,500 annually.
- **2021-2023:** Economic adjustments post-COVID-19 saw a slight increase to 3,000 annually.

#### *Portugal*

**Overview:** The Azores and Madeira have economies driven by tourism and agriculture, with a growing emphasis on sustainability.

#### **Company Births:**

- **2012-2016:** Recovery phase with an average of 1,000 new companies annually.
- **2017-2020:** Economic growth saw an increase to 1,500 annually.
- **2021-2023:** Post-pandemic resilience with 2,000 new companies annually.

#### **Company Deaths:**

- **2012-2016:** High mortality rate averaging 1,200 annually.
- **2017-2020:** Economic stabilization reduced deaths to 900 annually.
- **2021-2023:** Slight increase to 1,100 annually, reflecting post-pandemic adjustments.

#### *Malta*

**Overview:** Malta's diversified economy includes significant contributions from financial services, gaming, and tourism.

#### **Company Births:**

- **2012-2016:** Strong growth phase with an average of 1,500 new companies annually.
- **2017-2020:** Continued economic expansion saw births increase to 2,000 annually.
- **2021-2023:** Robust growth post-COVID-19 with 2,500 new companies annually.

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## Company Deaths:

- **2012-2016:** Moderate dissolution rate averaging 900 annually.
- **2017-2020:** Improved business environment reduced deaths to 700 annually.
- **2021-2023:** Post-pandemic economic adjustments saw a slight increase to 800 annually.

## Comparative Analysis

### *Company Births*

- **Highest Growth:** Spain's Balearic and Canary Islands lead with the highest average annual company births, reflecting strong tourism and real estate sectors.
- **Moderate Growth:** Italy's Sicily and Sardinia, and Malta show significant growth due to diversified economies.
- **Steady Growth:** Greece and Portugal show steady growth with resilience in tourism and agriculture.
- **Lowest Growth:** France's Corsica has the lowest growth in company births, indicating challenges in economic diversification.

### *Company Deaths*

- **Highest Mortality:** Greece and Portugal had the highest company death rates during the initial recovery phase but have shown improvements.
- **Moderate Mortality:** Italy and Spain have moderate mortality rates, reflecting better economic conditions and business environments.
- **Lowest Mortality:** Malta and France have the lowest company death rates, indicating more stable business environments and better support mechanisms.

## Conclusions for Insular Economies

### *Strengths*

- **Robust Tourism Sector:** A key driver for all regions, contributing significantly to GDP and employment.
- **Entrepreneurial Activity:** High rates of new business formation indicate a supportive business environment and strong entrepreneurial culture.
- **Economic Resilience:** Post-pandemic recovery has been strong across all regions, showing resilience and adaptability.

### *Weaknesses*

- **Economic Vulnerability:** Dependence on tourism makes these economies susceptible to global economic fluctuations and seasonality.
- **High Mortality Rates:** Initial high business mortality rates indicate challenges in sustaining new enterprises, particularly in smaller businesses.

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- **Infrastructure Gaps:** Inadequate transport and digital infrastructure can hinder economic growth and investment.

### *Recommendations*

- **Promote Economic Diversification:** Invest in emerging sectors such as renewable energy, biotechnology, and advanced manufacturing to mitigate risks associated with sector-specific downturns.
- **Enhance Business Support:** Provide targeted support for small and medium-sized enterprises (SMEs) to improve their resilience and sustainability.
- **Improve Infrastructure:** Invest in transport and digital infrastructure to support economic activities and enhance connectivity.
- **Sustainable Development:** Implement sustainable tourism practices and environmental conservation initiatives to protect natural resources and ensure long-term economic stability.
- **Leverage EU Funding:** Utilize EU funding opportunities to address infrastructure gaps, promote sustainability, and support economic diversification.
- **Foster Innovation:** Encourage innovation and technological adoption in traditional sectors to boost productivity and competitiveness.

## **GREECE**

### **Overview of the Greek Insular Economy**

The Greek economy is a complex and multifaceted entity, comprising both mainland and insular regions, each contributing uniquely to the overall economic landscape. The insular regions, including the Ionian Islands, Northern Aegean, Southern Aegean, and Crete, play a pivotal role due to their strategic locations, natural resources, and tourism appeal. This report offers a comprehensive analysis of the economic activities in these insular regions, comparing them with mainland Greece. It focuses on company births and deaths, sectoral activities, and provides detailed insights into the state of these insular economies, culminating in recommendations for future improvements and funding opportunities.

The insular regions of Greece, while geographically isolated, are integral to the national economy. These islands are significant tourist destinations, contributing heavily to Greece's GDP. However, they face unique challenges, including seasonality in tourism, limited industrial diversification, and infrastructural gaps.

### **Comparison with Mainland Greece**

**Economic Structure:** Mainland Greece boasts a more diversified economy with significant contributions from manufacturing, finance, and various service industries.

In contrast, the insular regions are heavily reliant on tourism, agriculture, and real estate.

**Company Births and Deaths:** The insular regions exhibit dynamic entrepreneurial activity with high rates of new company formations, particularly in tourism and services. However, they also experience higher business mortality rates, indicating economic vulnerabilities.

**Sectoral Activity:** The insular economies are predominantly driven by tourism and related services, whereas mainland Greece has a broader industrial base.

### Detailed Analysis of Company Births, Deaths, and Sectoral Activity

#### Company Births and Deaths (2012-2023)



#### Ionian Islands:

- **Company Births:** From 2011 to 2023, a total of 18,142 new companies were registered. In 2023 alone, 1,925 new companies were formed, reflecting a strong entrepreneurial spirit and a favorable business environment. The growth has been steady, driven by tourism and real estate sectors.
- **Company Deaths:** Over the same period, 7,904 companies closed, with 643 closures in 2023. This indicates a challenging business environment but also resilience in the face of economic fluctuations. The high closure rate during the initial years of the European debt crisis gradually declined, showing improved economic stability.



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### **Northern Aegean:**

- **Company Births:** A total of 9,449 new companies were registered from 2011 to 2023, with 744 new companies in 2023. The region experienced a slow but steady increase in new business formations, with significant contributions from agriculture and eco-tourism.
- **Company Deaths:** During this period, 5,283 companies closed, with 376 closures in 2023. The moderate business turnover indicates a relatively stable but less dynamic economic environment compared to other regions.

### **Southern Aegean:**

- **Company Births:** This region saw 29,642 new companies from 2011 to 2023, with 3,470 new companies in 2023, indicating robust economic activity. The Southern Aegean, particularly the Cyclades and Dodecanese, benefited greatly from tourism, which spurred new business formations across various service sectors.
- **Company Deaths:** A total of 9,869 companies closed, with 898 closures in 2023. This reflects the region's economic dynamism but also its susceptibility to external shocks such as the COVID-19 pandemic.

### **Crete:**

- **Company Births:** Crete registered 33,967 new companies from 2011 to 2023, with 3,530 new companies in 2023, showing significant growth. The island's diverse economy, with strong agricultural and tourism sectors, has supported steady business growth.
- **Company Deaths:** The region saw 10,917 closures over the period, with 1,435 in 2023. The high closure rate reflects a competitive and dynamic business environment, impacted by economic crises and recovery phases.

### **Sectoral Activity Analysis**

The economic activities in the insular regions are diverse but predominantly driven by a few key sectors. Here is a breakdown of the active companies by sector for 2023:

#### **Ionian Islands:**

- **Total Companies: 30,101**
- **Dominant Sectors:**
  - Real Estate: 8,904 companies, indicating a strong market for property development and investment.
  - Wholesale & Retail: 5,450 companies, reflecting a robust consumer market driven by local demand and tourism.

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- **Construction:** 2,608 companies, signifying ongoing infrastructure development and investment in housing and commercial spaces.
  - **Growth Sectors:** Information & Communication, Financial Activities, and Specialized Services.

#### **Northern Aegean:**

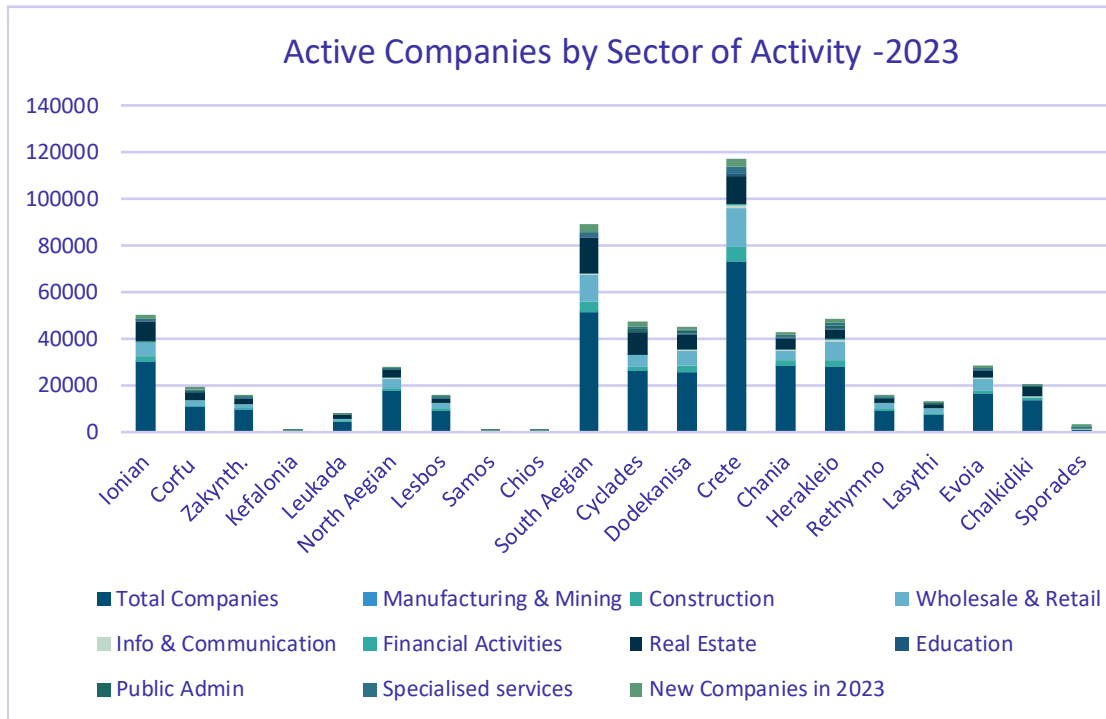
- **Total Companies: 17,524**
- **Dominant Sectors:**
  - **Wholesale & Retail:** 4,133 companies, showing strong consumer demand and tourism influence.
  - **Construction:** 1,393 companies, highlighting ongoing infrastructure projects.
  - **Real Estate:** 3,059 companies, reflecting investment in property.
- **Growth Sectors:** Manufacturing & Mining, Information & Communication, and Financial Activities.

#### **Southern Aegean:**

- **Total Companies: 51,342**
- **Dominant Sectors:**
  - **Real Estate: 15,479 companies, indicating significant property investment.**
  - Wholesale & Retail: 11,321 companies, supported by tourism.
  - Construction: 4,691 companies, reflecting robust development activities.
- **Growth Sectors: Information & Communication, Financial Activities, and Specialized Services.**

#### **Crete:**

- **Total Companies: 72,946**
- **Dominant Sectors:**
  - **Real Estate: 12,371 companies, a key driver of economic activity.**
  - **Wholesale & Retail: 16,754 companies, indicating strong market demand.**
  - **Construction: 6,363 companies, showing substantial investment in infrastructure.**
- **Growth Sectors: Information & Communication, Financial Activities, and Specialized Services.**



## Overview of Legal Status Distribution

The data illustrates the distribution of companies across different legal statuses, including Sole Proprietorship, General Partnership, Private Capital Company, Limited Partnership, Societe Anonyme (SA), and Limited Liability Company (LLC). This distribution is key to understanding the economic fabric and entrepreneurial ecosystem of the insular regions, as well as identifying potential areas for EU intervention and support.

## Analysis by Region

### 1. Ionian:

- Dominated by Sole Proprietorships, indicating a prevalence of small, individually-run businesses.
- Notable presence of General Partnerships and Private Capital Companies, suggesting a mix of traditional and more modern business structures.

### 2. Aegean (North):

- High numbers of General Partnerships stand out, possibly indicating strong familial or traditional business collaborations.
- Lower numbers of LLCs, which might suggest a potential area for growth and stability through legal and financial restructuring.

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### **3. Aegean (South):**

- Significant presence of Private Capital Companies and Limited Partnerships, reflecting a mature business environment with substantial investment and growth potential.
- The relatively high number of SAs and LLCs indicates a robust economic landscape with diverse business operations.

### **4. Crete:**

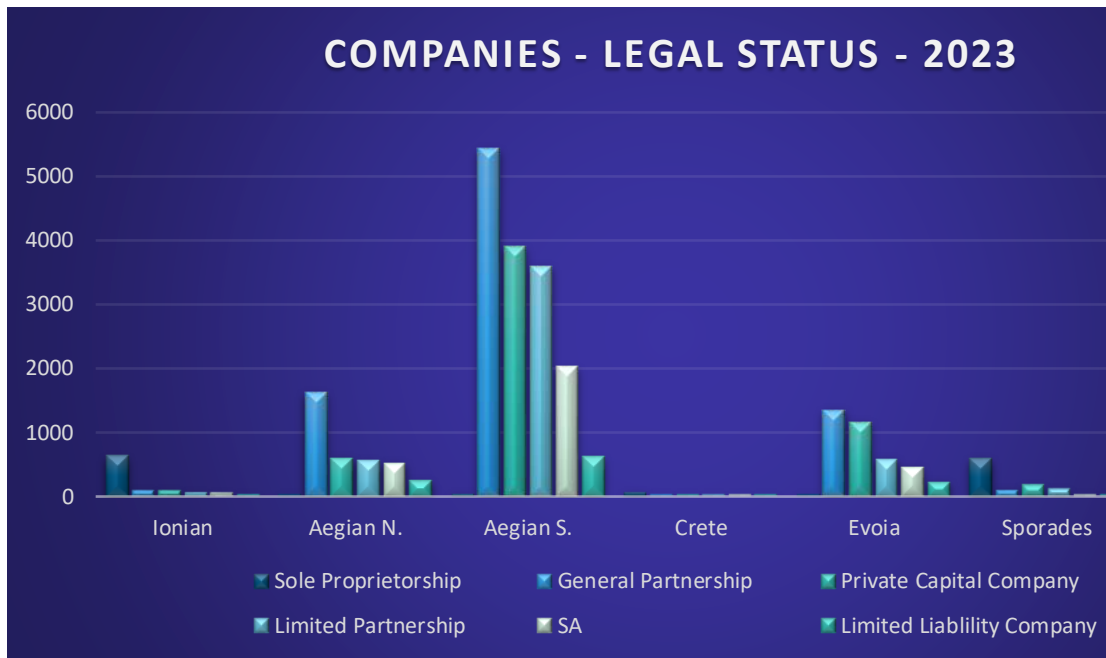
- High numbers of Sole Proprietorships and General Partnerships, alongside a significant presence of Private Capital Companies, depict a vibrant mix of traditional and corporate business models.
- The diversity in legal structures highlights Crete's dynamic economic environment.

### **5. Evoia:**

- A balanced mix of business structures with a notable number of Private Capital Companies and Limited Partnerships, suggesting an evolving business ecosystem.
- The presence of various legal statuses underscores the region's economic diversity.

### **6. Sporades and Chalkidiki:**

- Both regions have a considerable number of Sole Proprietorships, indicating the prominence of small, personal businesses.
- Chalkidiki shows a higher number of General Partnerships, hinting at collaborative ventures prevalent in the area.



### Conclusions on the State of Insular Economies

The Greek insular economies demonstrate robust entrepreneurial activities, particularly in tourism, real estate, and retail. The high number of new company formations reflects a dynamic business environment. However, these regions also face significant challenges, including high business mortality rates, economic vulnerability due to reliance on tourism, and infrastructural deficiencies.

#### Strengths:

**Robust Tourism Sector:** A significant driver of economic growth, contributing extensively to GDP and employment. The islands' natural beauty and cultural heritage attract millions of tourists annually.

**Entrepreneurial Activity:** High rates of new business formation indicate a supportive business environment and strong entrepreneurial culture, particularly in regions like Crete and the Southern Aegean.

**Economic Resilience:** Despite economic challenges, these regions have shown resilience and adaptability, particularly in the post-pandemic period. The recovery in tourism has been a key factor in this resilience.

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**Weaknesses:**

**Economic Vulnerability:** Heavy reliance on tourism makes these economies susceptible to global economic fluctuations and seasonality. Events like the COVID-19 pandemic highlight the fragility of these economies.

**High Mortality Rates:** Initial high business mortality rates indicate challenges in sustaining new enterprises, particularly among smaller businesses. This suggests the need for improved support mechanisms and business environment reforms.

**Infrastructure Gaps:** Inadequate transport and digital infrastructure can hinder economic growth and investment, particularly in less-developed insular regions. Improved infrastructure is crucial for supporting sustained economic development and enhancing connectivity.

**RECOMMENDATIONS FOR AREAS OF IMPROVEMENT AND FUTURE FUNDING****Promote Economic Diversification:**

**Investment in Emerging Sectors:** Encourage investments in renewable energy, biotechnology, and advanced manufacturing to mitigate risks associated with sector-specific downturns. Diversification will enhance economic resilience.

**Support for Agriculture and Fisheries:** Enhance support for traditional sectors to improve productivity and sustainability, integrating modern practices and technologies.

**Enhance Business Support:**

**Support for SMEs:** Provide targeted support for small and medium-sized enterprises (SMEs) to improve their resilience and sustainability. This includes access to financing, business development services, and mentorship programs.

**Training and Capacity Building:** Implement programs that offer sector-specific training to foster innovation and sustainability. This can include digital skills, management training, and technical expertise.

**Improve Infrastructure:**

**Transport and Digital Infrastructure:** Invest in transport and digital infrastructure to support economic activities and enhance connectivity. Improved infrastructure will attract investment, improve business operations, and enhance quality of life.

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Sustainable Development Projects: Support sustainable development projects that enhance the attractiveness and livability of these regions, ensuring that growth benefits the local community.

**Leverage EU Funding:**

Utilize EU Funding Opportunities: Address infrastructure gaps, promote sustainability, and support economic diversification through EU funding. EU funds can be crucial for financing large-scale projects and economic reforms.

Educational and Training Programs: Fund educational programs focused on entrepreneurship, digital skills, and sector-specific training to equip new and existing businesses with the knowledge and skills needed to thrive.

**Foster Innovation:**

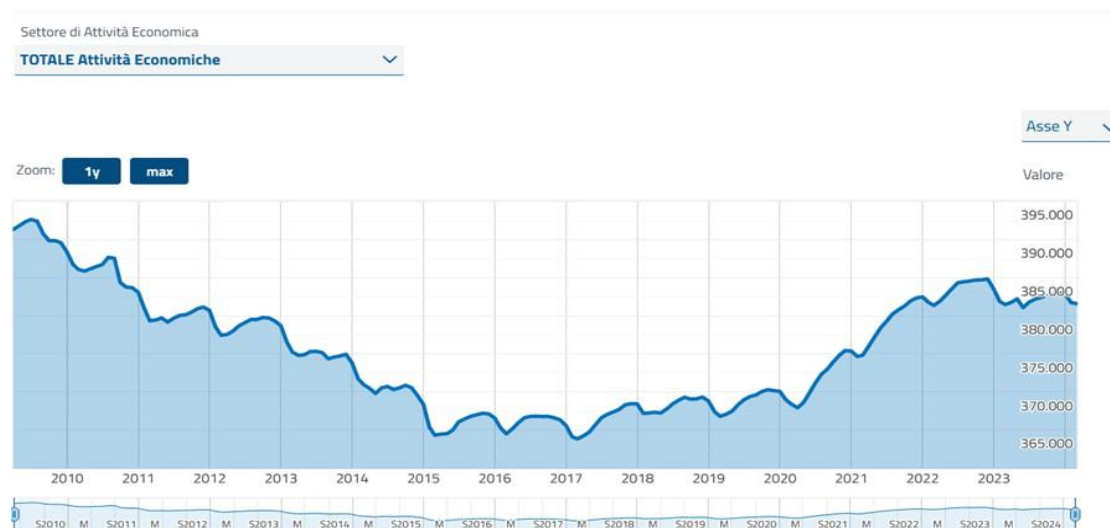
Innovation Hubs and Research Centers: Establish innovation hubs and research centers to drive economic development and leverage the unique characteristics of each region. These centers can foster collaboration between businesses, academia, and government.

Adoption of New Technologies: Encourage the adoption of new technologies in traditional sectors to boost productivity and competitiveness. This includes promoting research and development and supporting the integration of modern technologies in agriculture, manufacturing, and services.

## ITALY

### Economic and Business Overview: Italian Insular Regions

**Sicily:** Sicily's economy has shown remarkable resilience and potential for growth, particularly in sectors like tourism, renewable energy, and digital infrastructure. Despite facing structural challenges such as geographic isolation, which impacts transport costs and accessibility, Sicily has capitalised on its unique position and cultural wealth. The region has seen significant foreign direct investment (FDI) growth, especially in greenfield projects, although it experienced a sharp reduction in 2021. Sicily's tourism sector nearly returned to pre-COVID levels by 2022, showing a robust recovery, particularly in international tourism.



### Composition per Economic Activity

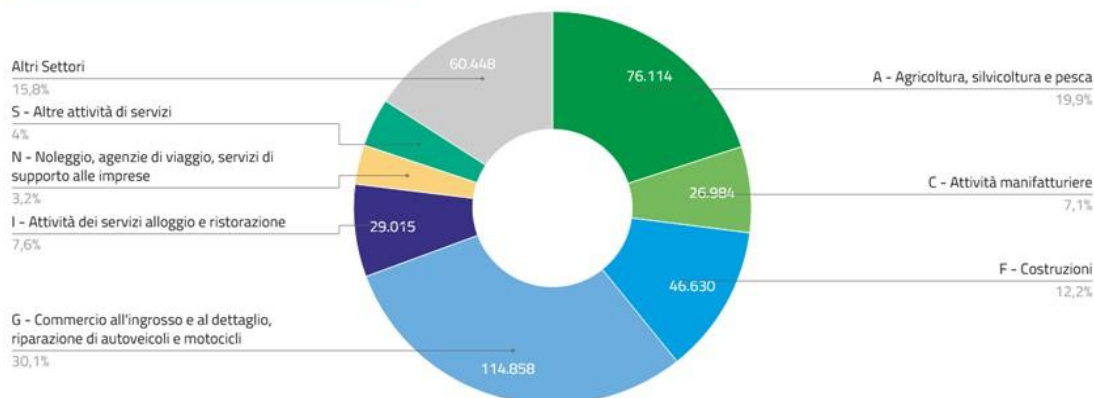
With sectors like wholesale and retail trade leading at 30.1%, it showcases the prominence of commerce in these regions. The significant portion of agriculture, forestry, and fishing at 19.9% aligns with the natural resource-rich environment of the islands. Meanwhile, the accommodation and food services sector accounts for 7.6%, underscoring the robust tourism industry. However, manufacturing is less dominant at 7.1%, suggesting a more service-oriented economy. The construction sector represents 12.2%, indicating active development in infrastructure, which is vital for overcoming the geographic limitations of insularity. The group 'Other Sectors' category at 15.8% suggests a diversified economy with various micro/small to medium enterprises contributing to the economic tapestry. Professional, scientific, and technical activities, rental, travel agency, and business support services collectively make up 7.2%, reflecting the growing importance of these modern industries in the islands' economies.



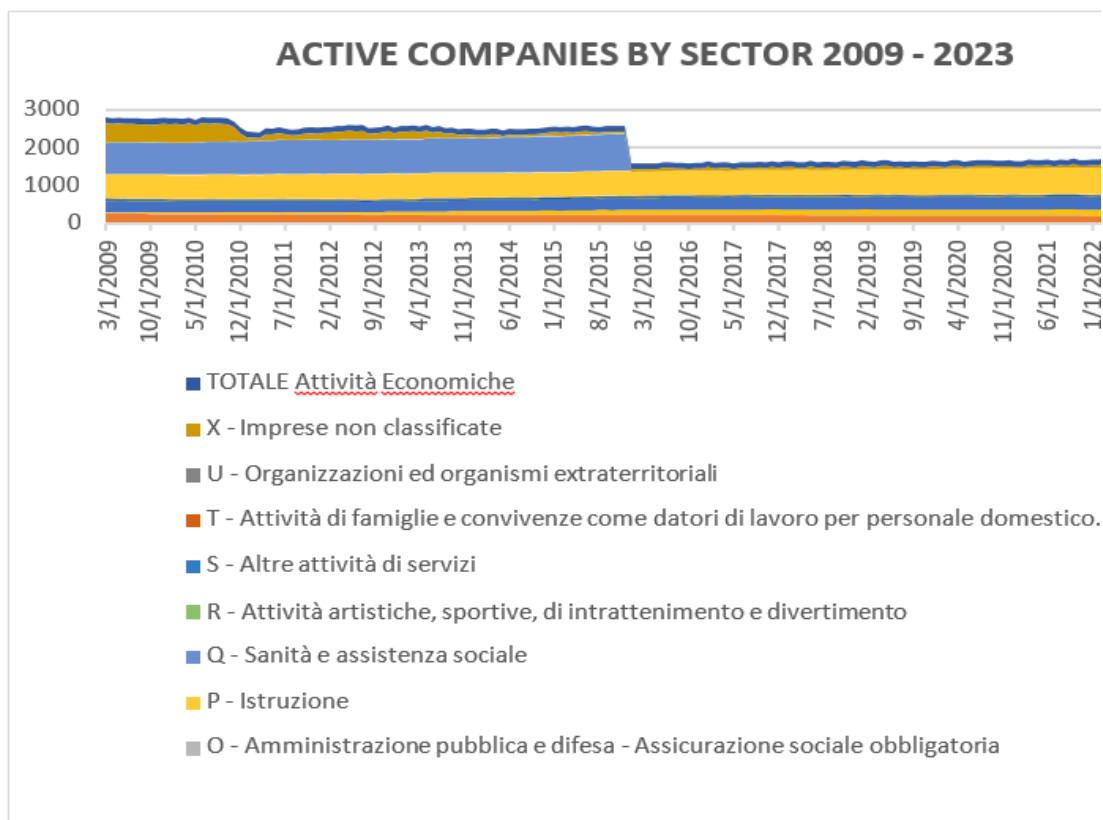
### Composizione per Attività Economica

Tempo

2024-02-29



**Sardinia:** Like Sicily, Sardinia's economy is heavily influenced by its insular characteristics. This includes challenges in connectivity and higher costs of logistics and transport. However, Sardinia also benefits from a strong tourism sector and has potential growth in areas like agriculture and sustainable energy, given its natural resources and environmental focus.



Since 2009, Sardinia's economy has experienced a notable economic resurgence

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primarily driven by the construction and service sectors, distinguishing itself with a significant growth rate in business, particularly in 2022. The island recorded a 1.38 per cent increase in active companies that year, a notable achievement that places it second nationally for business growth rates, right after Lazio with 1.55 per cent.

In 2022, the total number of active businesses in Sardinia exceeded 145,000, a peak reached only once in the previous decade (2012). This growth was consistent across all considered territories of Sardinia, with the Sassari area recording an impressive 1.95 per cent increase, placing it second in the national ranking after Milan. Cagliari had a 1.18 per cent increase, Nuoro had 1.11 per cent, and Oristano had 0.74 per cent.

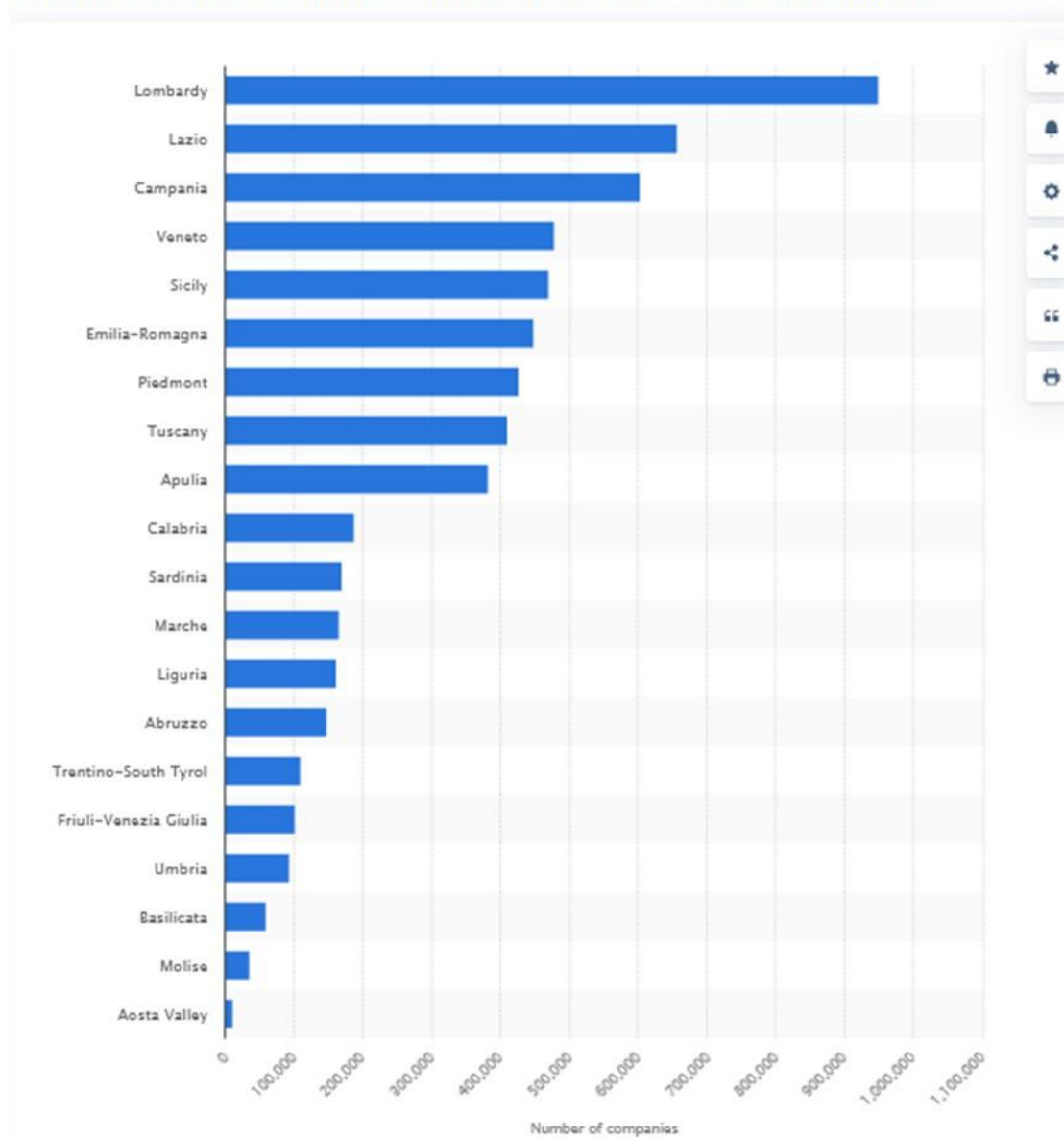
The year 2022 also saw a positive balance between new enrollments (8,151) and terminations (5,781), contributing to the overall growth rate. However, the number of enrollments has not yet returned to pre-pandemic levels, when the region saw over 9,000 new businesses being registered on average.

Northern Sardinia's economic success, particularly in the Gallura area, is attributed to an absence of declines in active businesses since 2018, maintaining an average annual growth of 0.9 per cent. When looking at the sector-specific performance, the services sector led with a 3 per cent increase, and the construction sector followed closely with a 2.6 per cent rise. Conversely, the trade sector saw a decline of 2.9 per cent, and tourism also suffered a slight decrease of 0.7 per cent. Despite these declines, the tourism sector exhibited significant growth in employment by 9 per cent (totalling 24,063 employees), on par with the construction sector, which also noted a 9 per cent rise in employment with 20,661 workers.

This resurgence in Sardinia's business landscape suggests a robust recovery from the economic impacts of recent years. It demonstrates the island's potential to capitalise on its sectoral strengths, particularly in services and construction. The positive trend in business growth reflects the region's entrepreneurial spirit despite the challenges posed by its insular nature and the logistical complexities it entails.

## **COMPARISON WITH MAINLAND ITALY**

## Number of enterprises in Italy as of 2020, by region



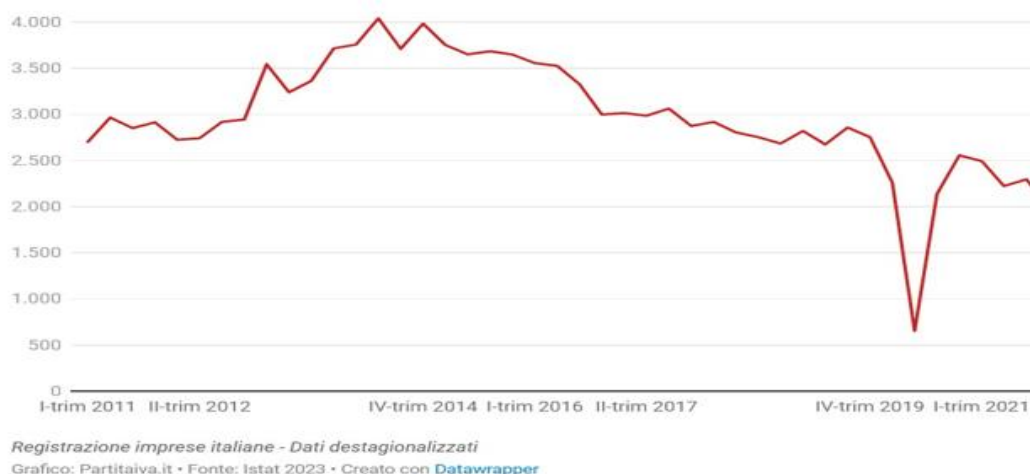
### ITALY - COMPANY OPENINGS 2012 - 2021

From 2012 to 2022, an average of about 78,534 new companies were established each quarter, which translates to approximately 26,178 per month. However, the most recent quarter observed a notable decline of 3.65% in new registrations. This trend affected various sectors, such as construction, information and communication services, and transportation.



## ITALY - COMPANY CLOSINGS 2012 - 2022

There has been a slight increase in business failures, with bankruptcies rising by 2.8% quarterly and 0.4% annually in 2023. These increases are mainly due to rising raw material costs, inflation, and economic-political instability.



## Structural and Economic Disparities

Both Sicily and Sardinia face economic disparities compared to mainland Italy, but these disparities are nuanced. Infrastructure in insular regions typically lags, impacting operational costs and accessibility. The insularity not only leads to

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higher costs in logistics and transport but also contributes to a form of economic isolation that can hamper growth and diversification.

However, this insularity also creates unique opportunities. For instance, Sardinia's strong growth in active businesses, particularly in the construction and service sectors, suggests that despite the disparities, there is a robust entrepreneurial spirit and a capacity for significant economic advancement. The report highlights a positive balance of new business enrollments against terminations, indicating a dynamic and growing business environment. This growth contrasts with the overall trend in Italy, where a decline in new registrations has been observed.

### Innovative Approaches and Regional Development

In response to these disparities, Sicily and Sardinia have embraced innovative strategies to leverage their unique geographical and cultural assets. Sicily's investments in renewable energy and digital infrastructure are pivotal to enhancing the region's economic attractiveness. On the other hand, Sardinia has seen a surge in its service sector, suggesting that innovations in this area—perhaps in the realm of tourism, digital services, or remote work—could contribute to this growth.

The positive trends in sectors such as services and construction reflect targeted efforts to bolster economic resilience. The growth in Sardinia's service sector and significant employment gains in tourism indicate a strategic pivot towards industries capitalising on the island's natural and cultural appeal.

### Conclusions and Future Outlook

The economic recovery and growth in Sicily and Sardinia are closely tied to continued infrastructural improvements and strategic utilisation of EU funds and national policies. The key to mitigating economic disparities with the mainland lies in the sustained and innovative development strategies highlighted in the report. The growth in active businesses, especially in sectors resilient to the insularity, such as services and construction, bodes well for the future. The rise in employment in these sectors suggests a shift towards a more balanced and robust economic structure that can sustain growth despite geographical limitations.

The focus on sustainable development is especially pertinent. As islands with rich natural resources, Sicily and Sardinia are well-positioned to capitalise on the growing global demand for sustainable practices and eco-tourism. The "Economic Observatory of Northern Sardinia 2023" report underscores the potential for these regions to not only catch up with mainland Italy's economic conditions but to

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outpace them in sectors where they have a comparative advantage.

In summary, while structural disparities pose significant challenges, the proactive and innovative approaches taken by the insular regions of Italy are creating an environment ripe for economic growth. The entrepreneurial vigour and sector-specific growth observed, particularly in Sardinia, indicate a promising direction for the future economic landscape of both islands.

## **FRANCE**

### **Trends in Company Openings (2012-2024)**

Overall Growth Dynamics:

- French Insular economies have demonstrated resilience with a noticeable increase in company openings over the 2012-2024 period. This growth is attributed to the entrepreneurial spirit thriving within these regions, despite geopolitical and economic challenges. For instance, in Corsica, the gradual increase in company openings from 2013 through 2022 highlights a growing confidence in the local economy.

#### **Sector-Specific Insights:**

- The construction and commerce sectors have been pivotal in driving growth across insular regions. These sectors often serve as a barometer for economic health, indicating a robust demand for housing and consumer goods.
- Scientific and technical activities have also seen an uptick, signaling a shift towards knowledge-based economic activities. This shift is crucial for insular economies aiming to diversify away from traditional reliance on sectors like tourism and agriculture.
- The rise in micro-entrepreneurship indicates a trend towards individual initiatives, partly driven by policies encouraging self-employment and partly by necessity due to the global economic situation.

### **Analysis of Company Closures (2012-2024)**

Impact of COVID-19

- The pandemic had a significant impact, particularly in 2020 and 2021, exacerbating vulnerabilities in sectors like tourism, which is a crucial economic pillar for many island regions. This led to heightened company closures as travel restrictions and lockdown measures took their toll.

- 
- Recovery post-pandemic has been uneven, with some sectors bouncing back faster than others. The resilience of the information and communication sector, for instance, highlights the growing importance of digitalization.

#### **Economic Crises Repercussions:**

- Beyond the pandemic, global economic downturns have placed additional pressures on insular economies. Supply chain disruptions have particularly impacted these regions, given their reliance on imports for essential goods.

#### Comparative Weaknesses to Mainland Economies

#### **Economic Diversification:**

- **Insular economies' heavy reliance on a few key sectors makes them particularly vulnerable to sector-specific downturns. Mainland economies, with their more diverse economic bases, can better withstand such shocks.**

#### Geopolitical Isolation:

- **Geographical isolation can exacerbate the effects of global crises on insular economies. While mainland economies can leverage inter-regional trade and mobility more effectively, island regions face logistical challenges that can impede rapid recovery.**

#### Forward-looking Strategies

#### Economic Resilience Building:

- **Developing robust local supply chains and supporting the growth of sectors less reliant on global trade can enhance economic resilience. Investing in renewable energy and sustainable agriculture could serve as long-term stabilizers for insular economies.**

#### Technology and Innovation as Catalysts:

- **Encouraging technology adoption and fostering innovation can open new avenues for economic diversification. Establishing tech incubators and offering incentives for startups in emerging sectors could attract investment and talent.**

#### Policy Recommendations:

- 
- **Support Mechanisms: Enhance support for small and medium-sized enterprises (SMEs) and micro-entrepreneurs through grants, low-interest loans, and training programs.**
  - **Infrastructure Development: Invest in digital and physical infrastructure to improve connectivity and access to markets.**
  - **Education and Skill Development: Tailor education and training programs to equip the workforce with skills relevant to emerging sectors and digital technologies.**

#### Conclusion and Further Considerations

**The data we analysed highlight the dynamic nature of French insular economies, marked by both vulnerabilities and opportunities. Building on inherent strengths while strategically addressing weaknesses can pave the way for sustainable growth and resilience. This necessitates a concerted effort from local governments, businesses, and international partners.**

CORSICA, GUADELOUPE, MARTINIQUE, GUYANE, LA REUNION, MAYOTTE

**Building upon the general analysis, let's explore the economic landscapes of specific insular regions, focusing on their unique challenges and opportunities. This will include Corsica, Guadeloupe, Martinique, Guyane, La Réunion, and Mayotte, providing insights into each area's dynamics.**

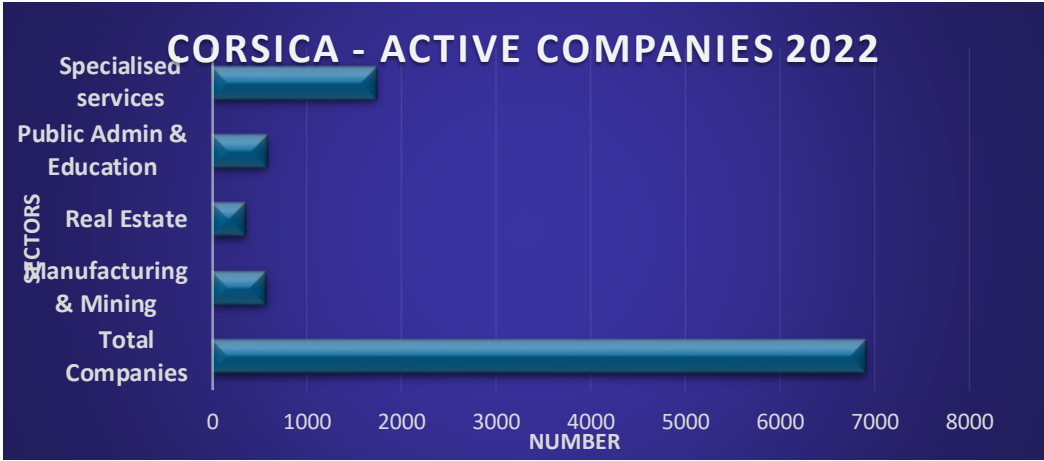
#### Corsica

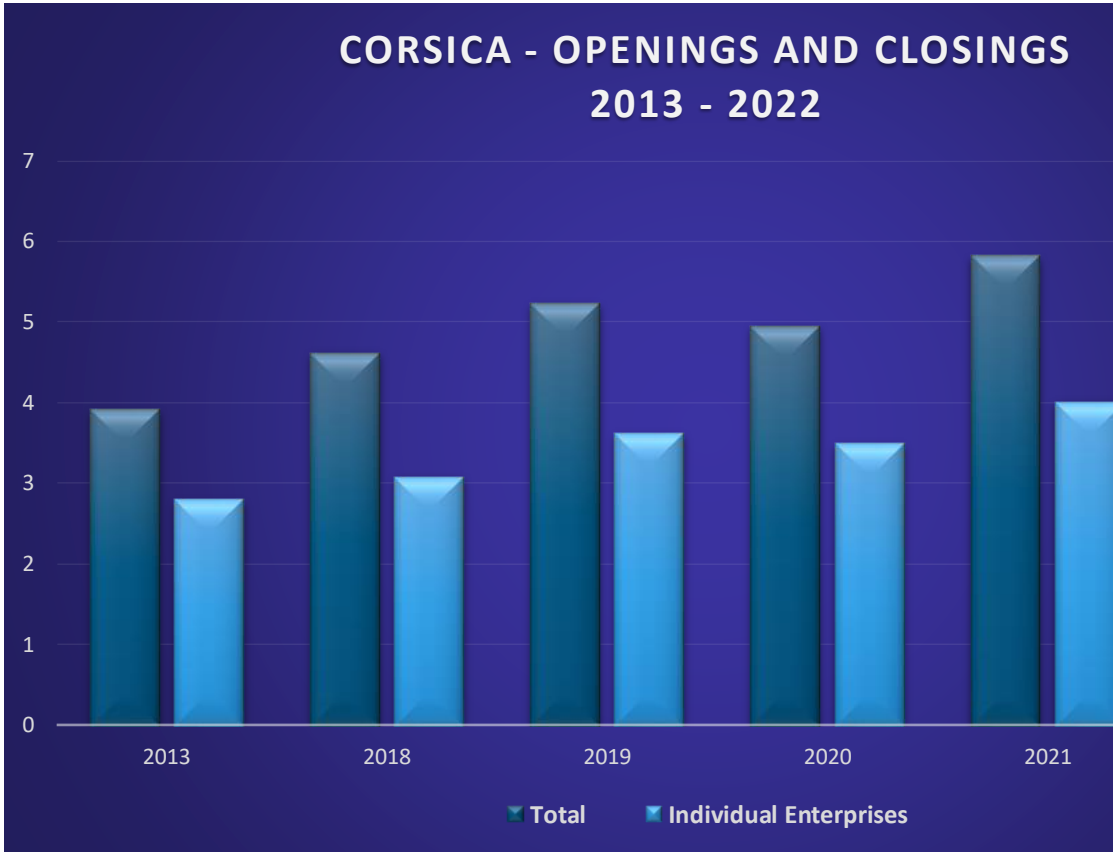
**Economic Overview: Corsica's economy has historically been reliant on agriculture, tourism, and to a lesser extent, light industry. The island has seen a gradual increase in company openings, indicative of economic diversification efforts. However, the seasonal nature of tourism and the limited scale of industrial sectors present ongoing challenges.**

#### Trends and Insights:

- **Company Openings: The increase in openings, particularly in the services sector, reflects efforts to broaden the economic base. Initiatives to boost tech startups and eco-tourism are promising.**
- **Vulnerabilities: High dependence on tourism makes the economy susceptible to global travel disruptions. Efforts to strengthen agri-business and artisan sectors are vital for year-round economic stability.**





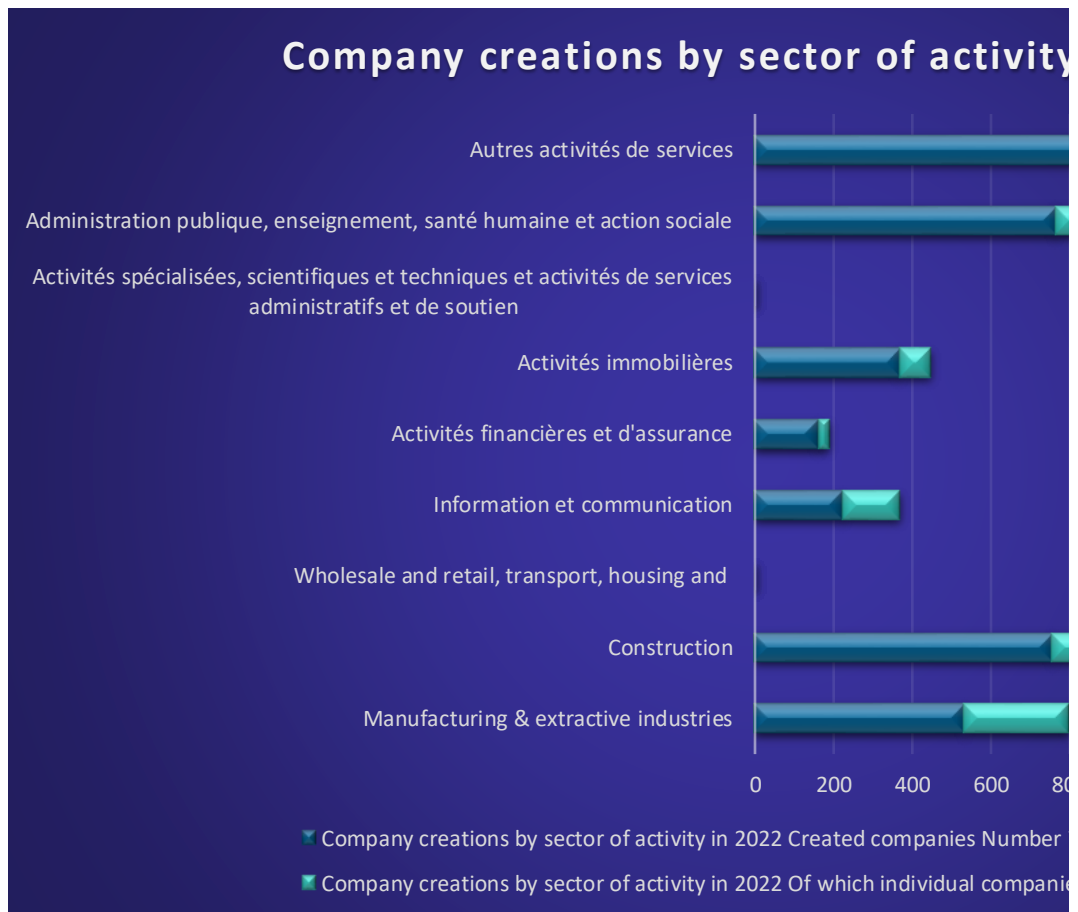


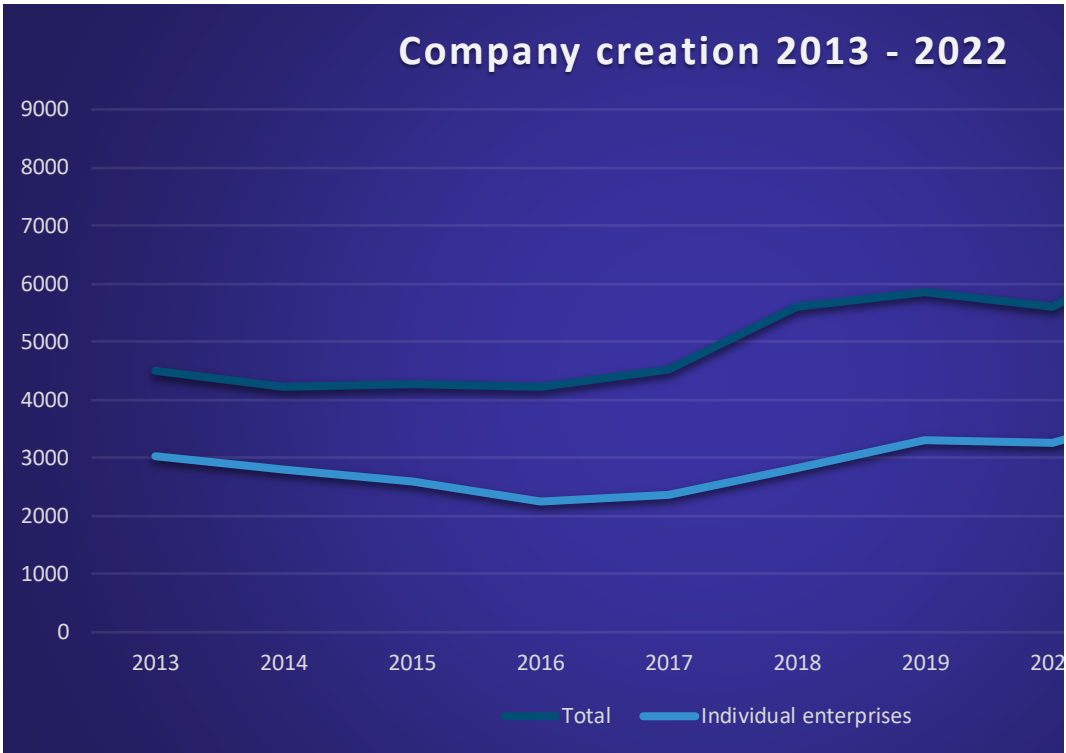
Guadeloupe

Economic Overview: **Guadeloupe's economy is anchored in services, particularly tourism, public administration, and agriculture. The island has a robust entrepreneurial culture, with a significant portion of the economy comprised of small and medium-sized enterprises (SMEs).**

Trends and Insights:

- **Sector Growth: There's a noticeable entrepreneurial activity in renewable energy and digital services, aiming to leverage Guadeloupe's natural resources and improve connectivity.**
- **Challenges: The dual threats of natural disasters and global economic downturns necessitate a focus on disaster resilience and economic diversification.**



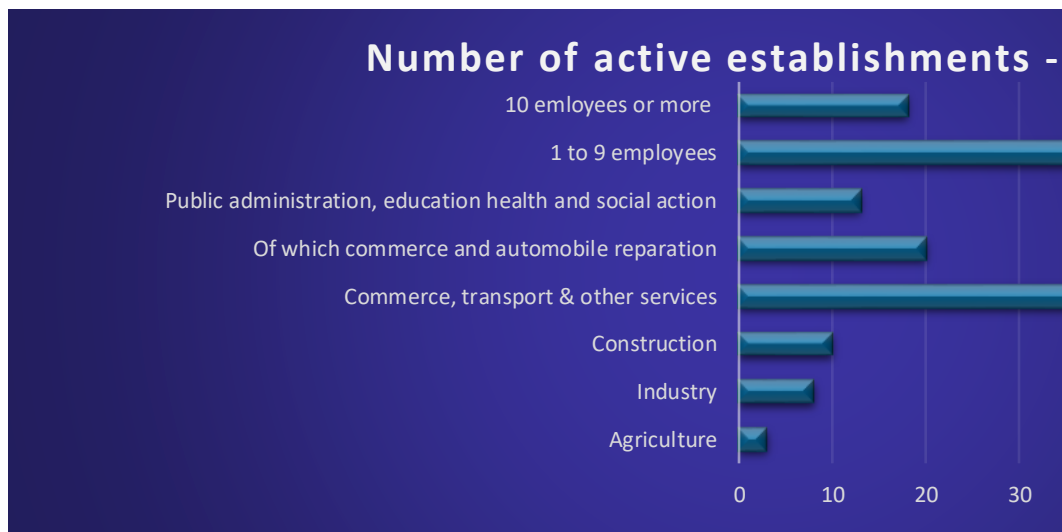


Martinique

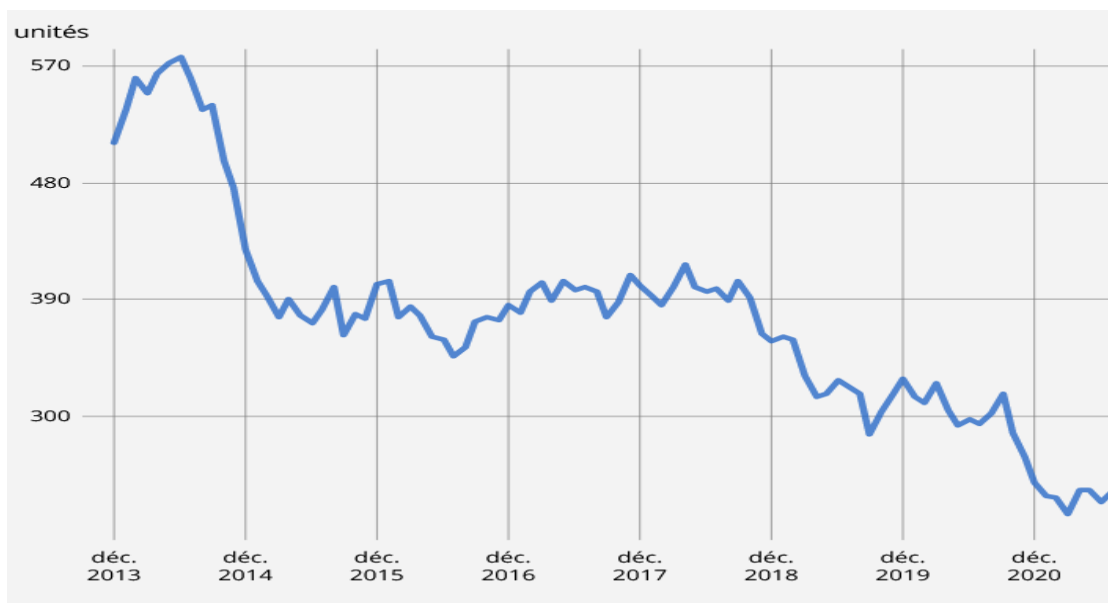
Economic Overview: **Like its neighbors, Martinique's economy is driven by tourism, agriculture, and services. The island has made strides in diversifying its economy, with an emphasis on the digital economy and renewable energy.**

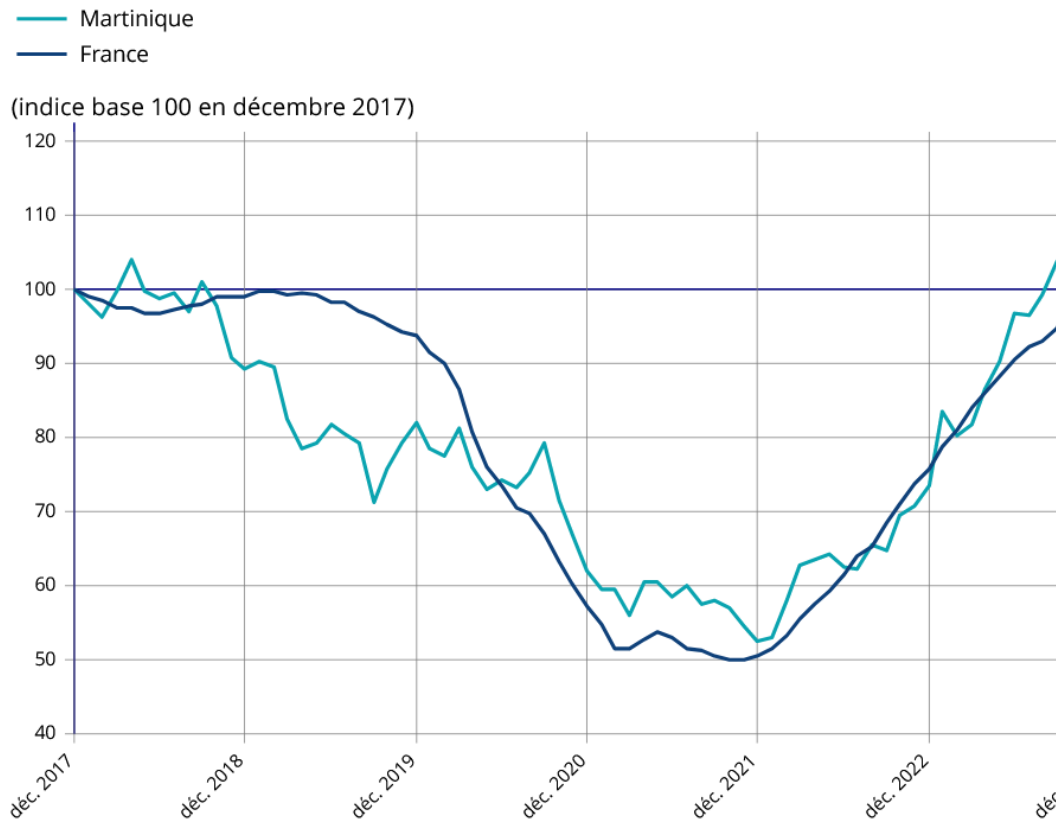
Trends and Insights:

- Innovation: **The rise in digital services and tech-related enterprises highlights Martinique's commitment to innovation as a driver of economic growth.**
- Economic Diversification: **Efforts to diversify the agricultural sector into higher-value crops and products are essential for reducing import dependence.**



Closings 2013 - 2024





### Guyane (French Guiana)

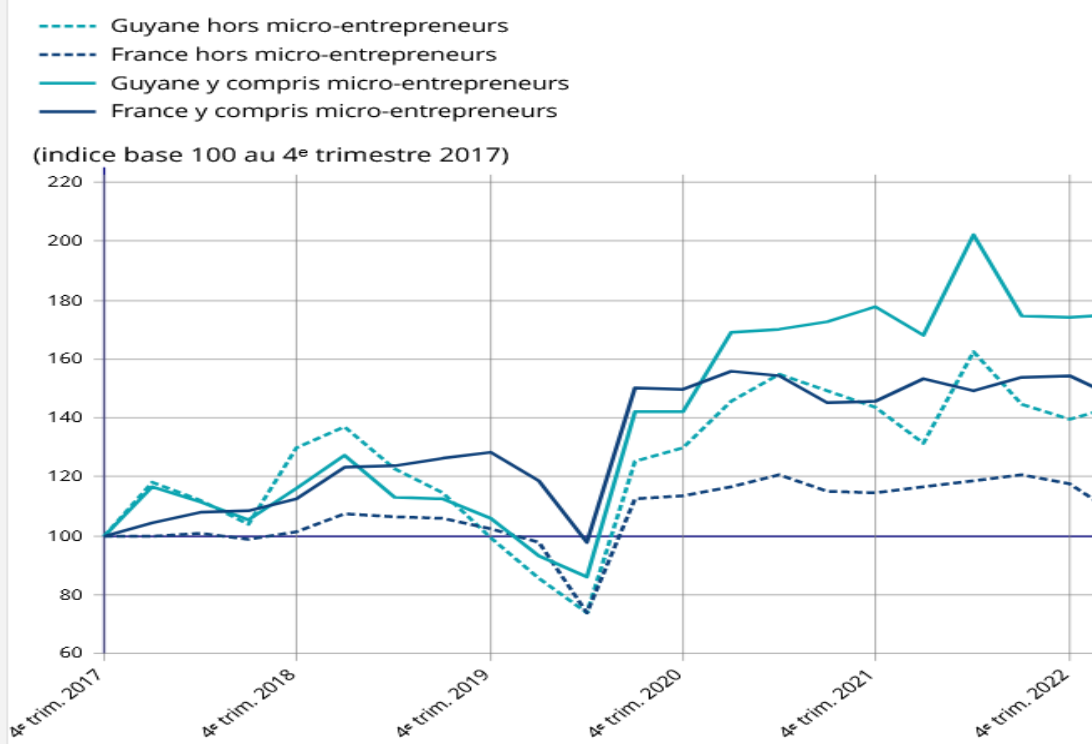
**Economic Overview: Guyane's economy is unique due to its rich biodiversity and significant space industry presence. The region faces distinct challenges, including infrastructure development and harnessing its natural and scientific assets sustainably.**

Trends and Insights:

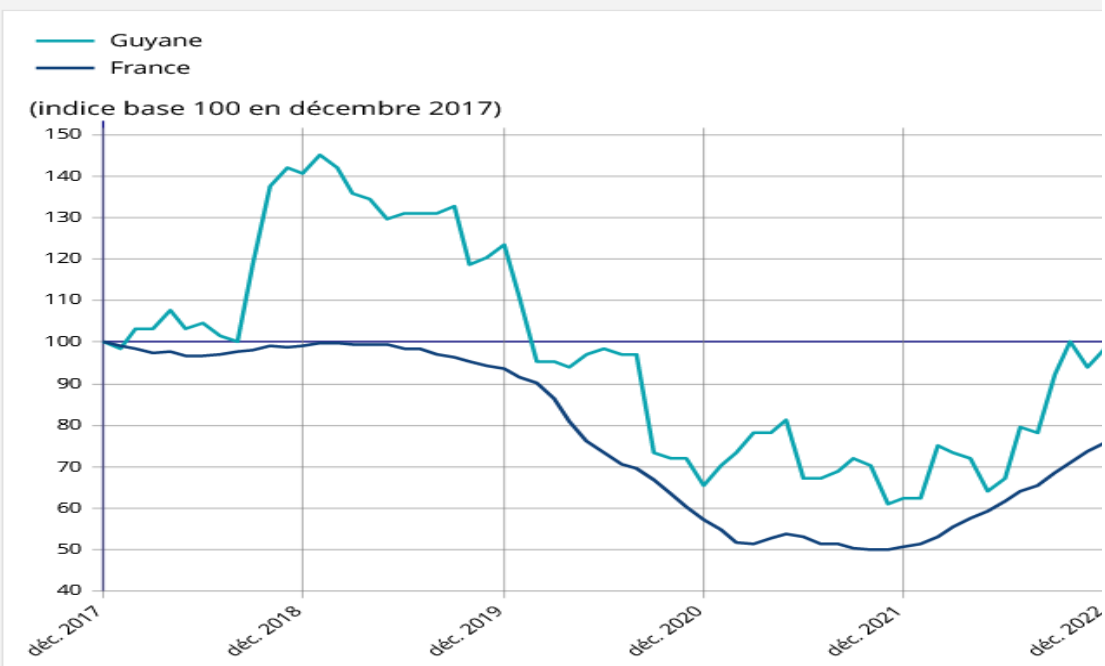
- **Space Industry: The Guiana Space Centre is a critical economic asset. Expanding ancillary industries could provide significant economic benefits.**
- **Sustainable Development: Balancing economic development with environmental preservation is key. Eco-tourism and green energy present opportunities for growth.**

### Company closings 2017 - 2023

**Figure 16 – Créations d'entreprises**



**Figure 18 – Défaillances d'entreprises**



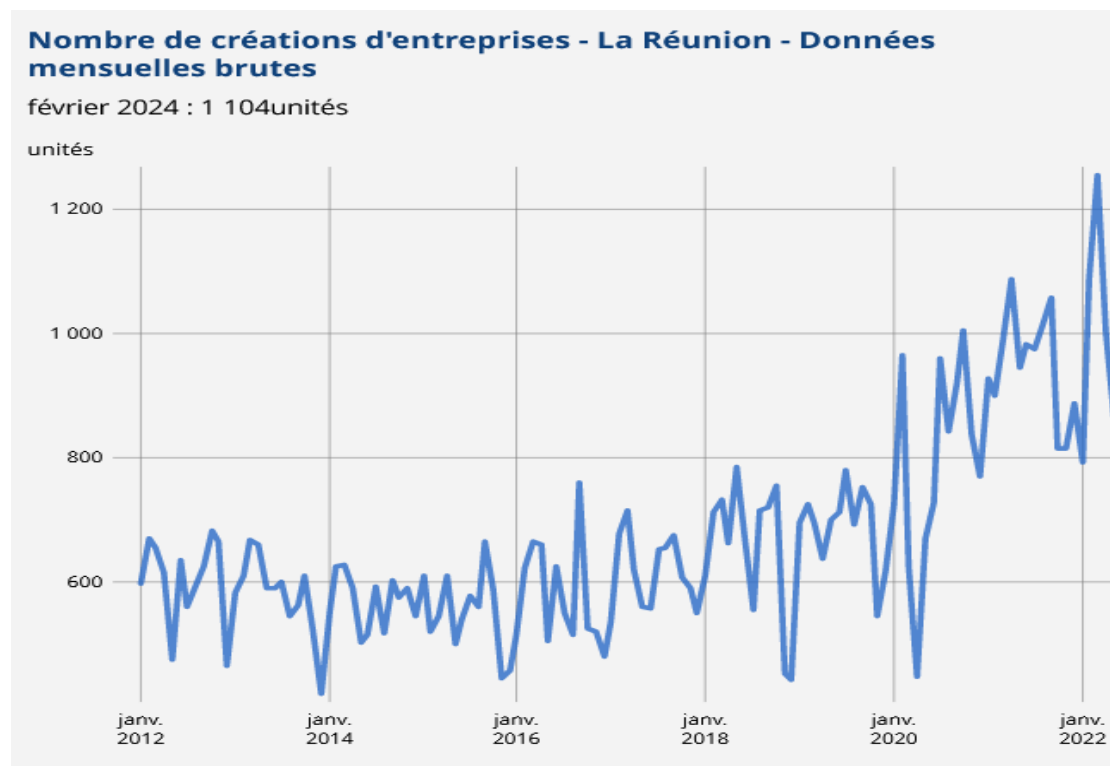
La Réunion

Economic Overview: **La Réunion's economy is diversified across agriculture, tourism, and services. The island has a strong emphasis on research and innovation, particularly in renewable energy and agro-processing.**

Trends and Insights:

- **Renewable Energy: La Réunion aims to be energy self-sufficient by 2030, focusing on solar, wind, and biomass energies.**
- **Agricultural Innovation: Developing value-added products from traditional crops and investing in aquaculture diversify income sources for the agricultural sector.**

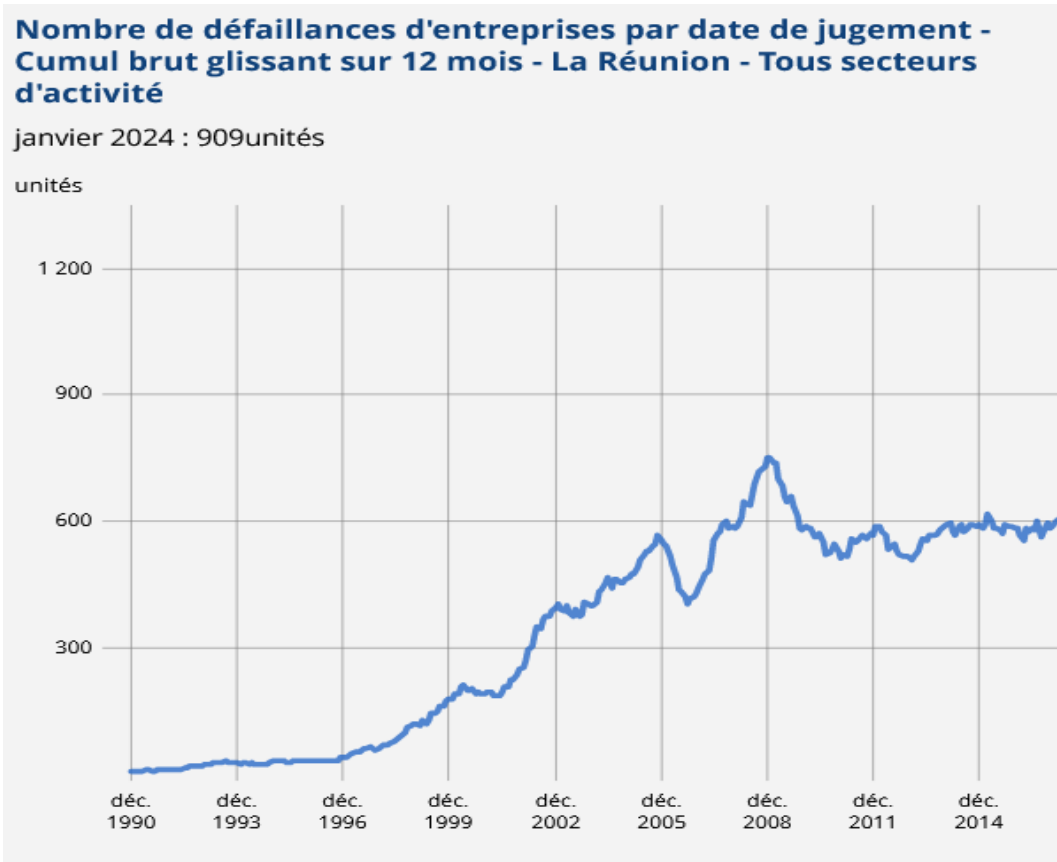
Company Creation 2012 - 2024







Company closings - 1990 - 224



Mayotte

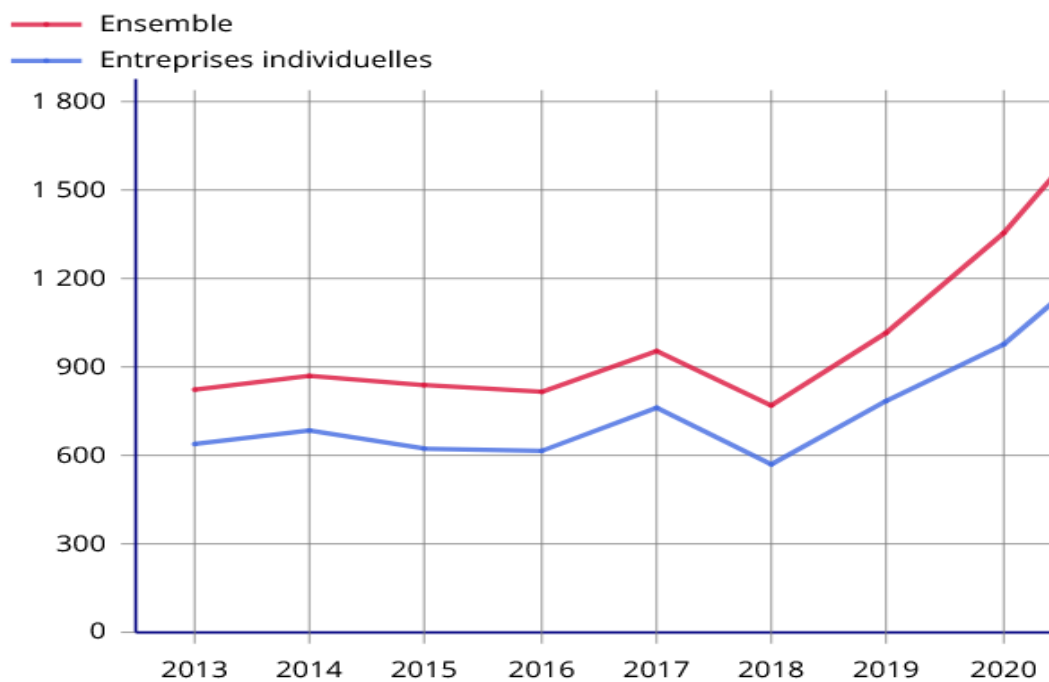
Economic Overview: **Mayotte's economy is the least developed among French overseas departments but shows potential for growth in tourism, fisheries, and services. The island faces challenges related to infrastructure and social cohesion.**

Trends and Insights:

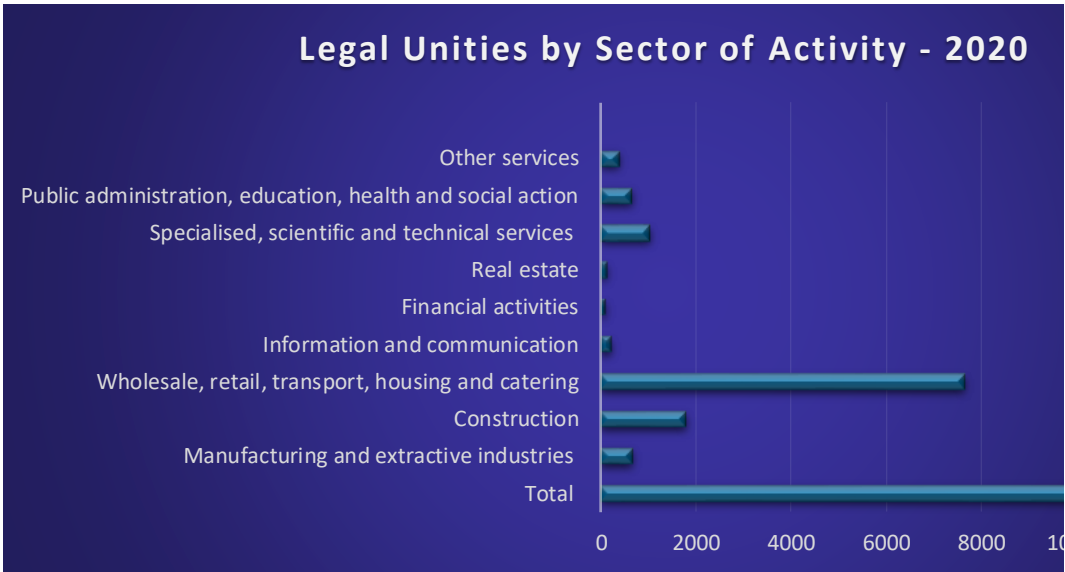
- **Infrastructure Development: Improving infrastructure is crucial for economic development, including port facilities, roads, and digital connectivity.**
- **Social Programs: Investing in education and vocational training can address unemployment and integrate the rapidly growing population into the economy.**

Company creation 2013 - 2023

### DEN G1 - Évolution des créations d'entreprises



Legal Units by Sector of Activity



Conclusion

Each insular region presents a unique set of opportunities and challenges. While tourism remains a common economic pillar, there's a clear trend towards diversification and innovation, particularly in renewable energies, digital services, and sustainable agriculture. Building resilience against natural and economic shocks, improving infrastructure, and fostering innovation are critical for sustainable development in these regions.

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## BALEARIC ISLANDS: ECONOMIC AND BUSINESS OVERVIEW

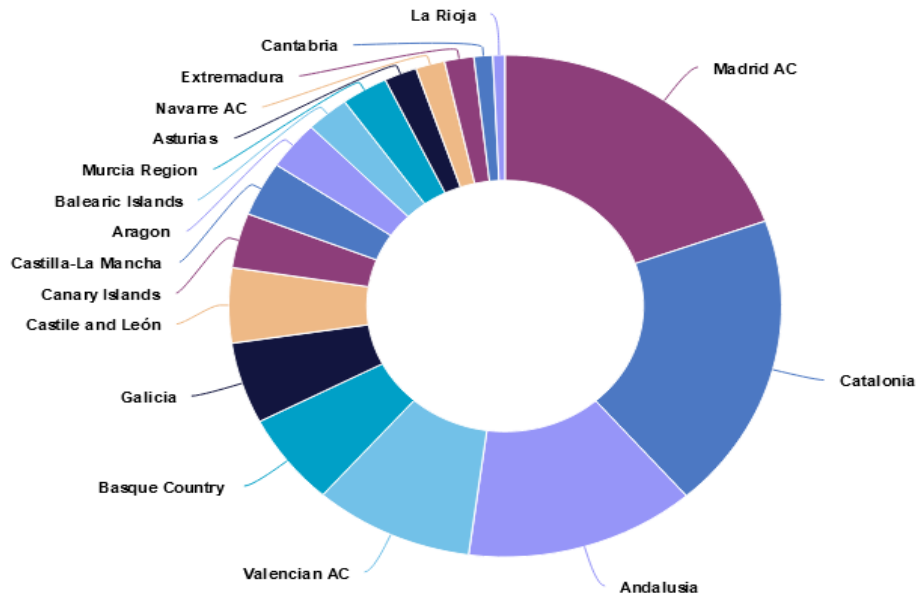
The Balearic Islands, a key autonomous community within Spain, hold a strategic economic position as illustrated by the latest GDP distribution graph. The graph underscores the region's substantial contribution to the nation's economy, nestled among other influential communities like the Valencia and Murcia Regions. Despite its smaller geographical size compared to mainland territories, the Balearic Islands demonstrate a notable economic output, attributed largely to their vibrant tourism sector and related industries. The graph serves as a prelude to the detailed dissection of the islands' business demographics, where the idiosyncrasies of each island's economy—Majorca, Menorca, Ibiza, and Formentera—are pivotal in understanding the macroeconomic tapestry of Spain.

The economic vitality of the Balearic Islands is particularly remarkable given their insular nature, which brings unique economic opportunities and challenges that differ from those of mainland communities. Their collective GDP not only signifies the absolute economic value they generate but also reflects their economic health, growth trajectory, and potential vulnerabilities. As we delve into the microeconomic nuances of each island, this macroeconomic context provides a backdrop that emphasizes the islands' roles in bolstering the national economy, while also highlighting the importance of addressing the region-specific challenges that could augment their contribution to Spain's economic landscape.

In light of this macroeconomic framework, the subsequent sections of this report will detail the Balearic Islands' business demographics, sectoral strengths, and vulnerabilities, providing an in-depth exploration of their unique economic environments. This comprehensive approach ensures a nuanced understanding of the Balearic Islands' economies, facilitating informed decision-making and strategic planning for stakeholders, including the EU Commission, to which this report is ultimately addressed.

## GDP by Autonomous Community

(% of Spain as a whole)



Source: CaixaBank Research, based on data from the National Statistics Institute (INE) and DataComex.

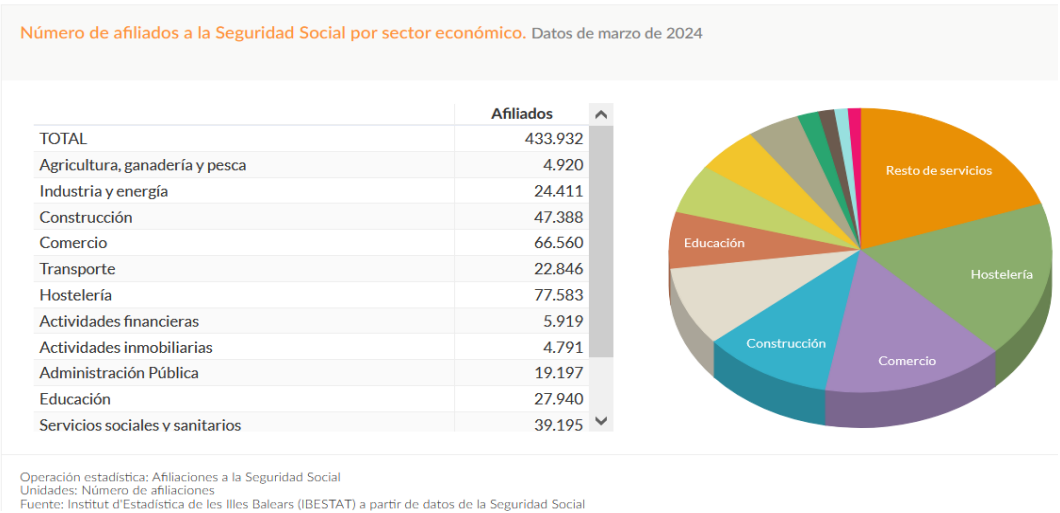
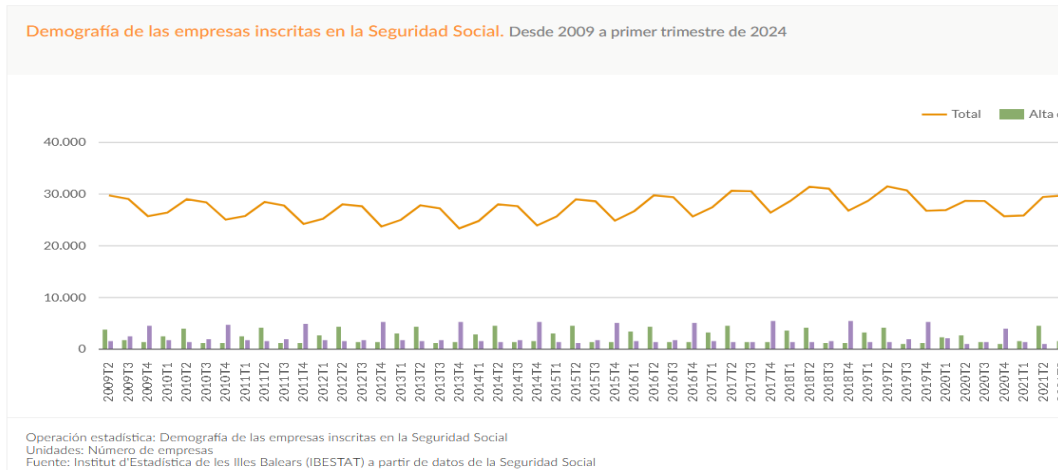
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### Mallorca

Majorca, being the largest island, serves as the economic powerhouse of the Balearic Islands, boasting a robust and diverse economy primarily driven by tourism. The data indicates a burgeoning growth in service sectors such as hospitality and real estate, which align with the global appeal of Majorca as a premier tourist destination. Despite its economic strengths, there is a noticeable vulnerability due to its heavy reliance on the tourism sector, which is subject to fluctuations caused by global economic conditions.

- **Sectors:** Tourism is the dominant sector, supported by real estate, retail, and a growing technology startup scene.
- **Business Trends:** Consistent year-over-year growth in business registrations, with a notable increase in service-oriented businesses.
- **Economic Challenges:** Dependency on tourism, which could lead to vulnerability during economic downturns or global crises affecting travel.

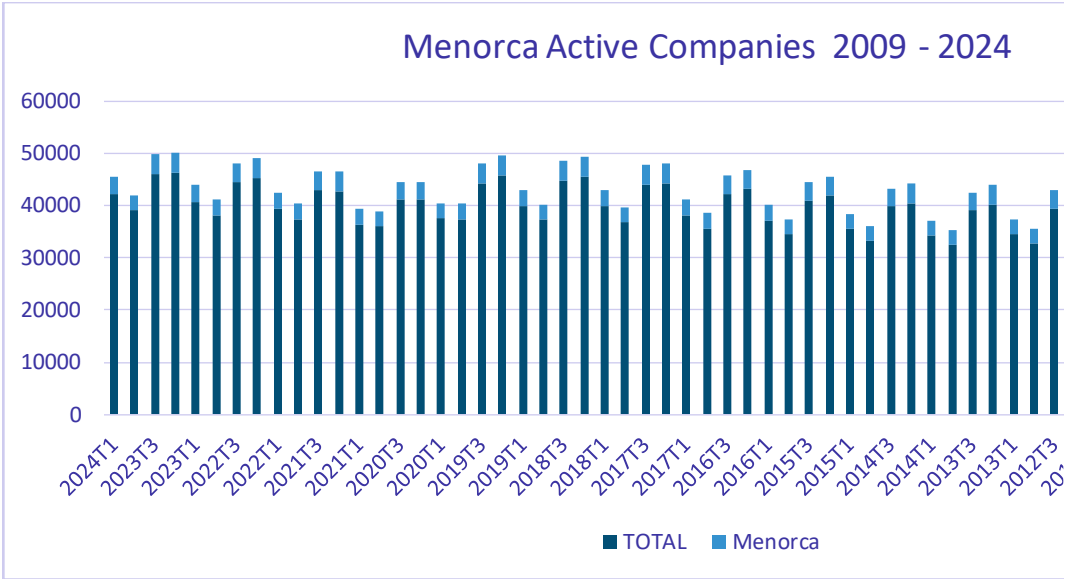
— Sector de actividad y empleo —



**Menorca**

Menorca presents a contrast to Majorca with its emphasis on local manufacturing and artisan products, alongside a smaller yet significant tourism sector. The island's economy benefits from its reputation for high-quality artisan products, which attracts a niche market. However, challenges such as limited transportation links and the small scale of local businesses restrict its economic growth potential.

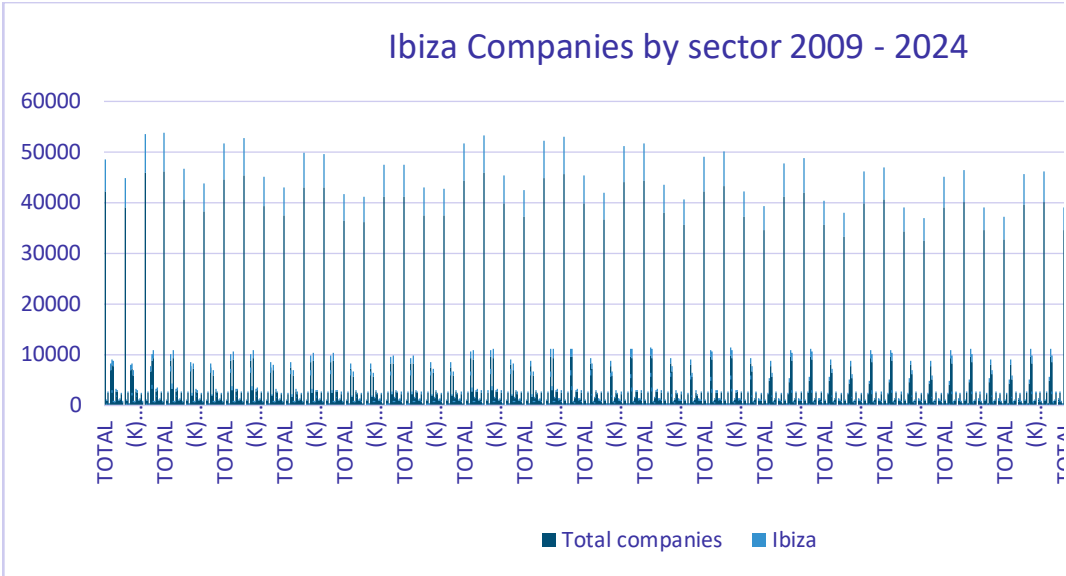
- **Sectors:** Artisan products, agriculture, and tourism with a focus on cultural and eco-tourism.
- **Business Trends:** Growth in local manufacturing and artisan sectors, though at a scale significantly smaller than Majorca.
- **Economic Challenges:** Limited transportation infrastructure impacts tourism and export capabilities.



**Ibiza**

Ibiza is renowned globally for its vibrant nightlife and entertainment sectors, which drive its economy. The analysis of business trends shows a dynamic expansion in the hospitality sector, spurred by the island’s global reputation as an entertainment hub. Yet, the economy faces challenges from intense seasonal fluctuations that see a significant variance in population and economic activity between peak and off-peak seasons.

- **Sectors:** Entertainment, nightlife, hospitality, and a burgeoning real estate market.
- **Business Trends:** High growth in entertainment and hospitality sectors with significant investments in luxury real estate.
- **Economic Challenges:** Intense seasonal fluctuations create significant pressures on local infrastructure and services.

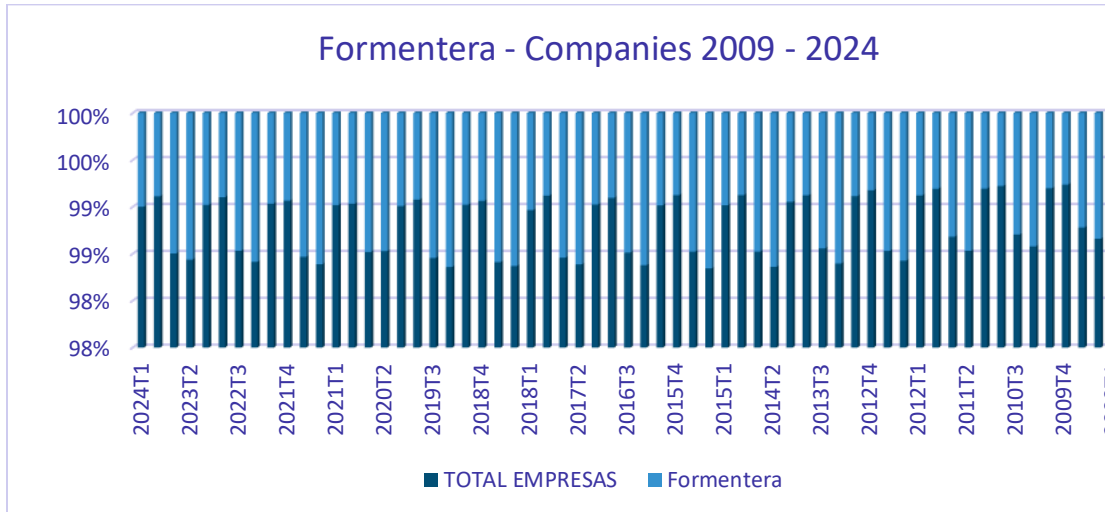


### Formentera

Formentera is the smallest of the Balearic Islands and focuses on eco-tourism and sustainability, attracting tourists seeking tranquility away from the busier neighboring islands. The economy is growing steadily with an emphasis on sustainable practices, but it faces challenges due to its small size and the extreme seasonality of its tourism sector.

- **Sectors:** Predominantly tourism with an emphasis on sustainability and eco-tourism.
- **Business Trends:** Growth in eco-friendly tourism initiatives and small-scale hospitality businesses.
- **Economic Challenges:** Limited economic diversification and heavy reliance on seasonal tourism.





## Analysis of Business Openings and Closures

### Majorca

Majorca, as the economic leader of the islands, shows a dynamic pattern in business activities with a higher volume of openings and closures, reflecting a robust and competitive market environment. The frequent business turnovers highlight an adaptable economy but also underscore the challenges businesses face in sustaining long-term growth.

- **Relevance to Economy:** High turnover rates in Majorca suggest both opportunities for new entrepreneurs and challenges in market saturation, particularly in the tourism and hospitality sectors.
- **Economic Impact:** Regular fluctuations in business numbers can lead to economic volatility, affecting employment and local economies.

### Menorca

Menorca experiences fewer business openings and closures compared to Majorca, indicating a more stable but less dynamic economic environment. This stability can be beneficial for maintaining consistent employment but may limit opportunities for economic renewal through new business ventures.

- **Relevance to Economy:** Stability in business numbers suggests a more predictable market, which can be appealing for long-term investments, particularly in its artisan and agricultural sectors.
- **Economic Impact:** Limited business dynamism could restrict economic growth and diversification, potentially making the economy more susceptible to external shocks.

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## *Ibiza*

Ibiza's business demographics are characterized by significant seasonality, with spikes in openings at the beginning of the tourist season and closures at the end. This reflects the island's heavy reliance on seasonal tourism and entertainment sectors.

- **Relevance to Economy:** The seasonal pattern of business activities is crucial for planning and resource allocation, impacting everything from employment patterns to infrastructure usage.
- **Economic Impact:** Seasonal volatility stresses the local infrastructure and can lead to economic instability outside the tourist season.

## *Formentera*

Formentera, with its focus on eco-tourism, shows gradual changes in business demographics, indicating slow but steady growth. The relatively low number of business closures points to a niche market that offers sustainable growth opportunities but on a smaller scale.

- **Relevance to Economy:** The sustainable approach in business practices aligns with global trends towards eco-tourism, potentially attracting long-term investment.
- **Economic Impact:** While the economic scale is limited, the stability provides a buffer against economic downturns and ensures a consistent economic contribution.

## **Key insights**

The opening and closing of businesses in the Balearic Islands provide key insights into their economic health and resilience. Majorca and Ibiza, with their high dynamism, face challenges in economic stability, whereas Menorca and Formentera benefit from greater economic consistency but at the cost of reduced dynamism. This interplay of stability and volatility across the islands shapes their economic landscapes and should be carefully considered in regional economic planning and policy making. This analysis, reflecting the latest demographic trends, will enhance the robustness of the report to the EU Commission, providing a deeper understanding of the economic realities faced by the Balearic Islands.

## **Comparative Analysis with Mainland Spain**

The Balearic Islands represent a dynamic component of Spain's economy, with their picturesque landscapes and cultural allure driving a tourism-centric economic model. The GDP distribution graph underscores the islands' substantial economic contribution, reflective of their thriving tourism industry, which

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contrasts sharply with the broader economic activities of mainland Spain. Mainland regions, with their expansive industrial, technological, and agricultural sectors, offer a more varied economic foundation. In comparison, the Balearic Islands' focus on tourism, while lucrative, also introduces pronounced economic risks. The Balearic Islands' economies are vibrant yet face significant challenges when compared to mainland Spain. The islands lack the industrial and agricultural diversity of the mainland, making them vulnerable to sector-specific downturns. The seasonal nature of their economies, reliance on tourism, and infrastructural limitations are key areas that differentiate them from the more stable and diversified mainland economy.

### ***Economic Size and Scope***

While the Balearic Islands demonstrate an impressive economic output, especially given their geographical constraints and population size, their market size and sectoral breadth are confined when juxtaposed with the mainland. The islands' GDP, primarily driven by the service sector, does not encapsulate the industrial robustness or agricultural richness that characterizes the economic landscapes of larger mainland communities. This narrower economic scope implies a susceptibility to sector-specific shocks—where a downturn in tourism can reverberate through the entire island economy, an effect less likely to be felt as acutely within the diverse economies of the mainland.

### ***Vulnerability and Resilience***

The islands' economic resilience is closely tied to the global tourism market. This reliance forms a double-edged sword; it has fostered a flourishing economy but also exposed the islands to greater economic volatility in the face of international market shifts. Such vulnerability is seen in fewer instances on the mainland, where the impact of global trends can be mitigated by the broader spectrum of economic activities. Moreover, the Balearic Islands' insularity accentuates this vulnerability, as it limits immediate economic pivots that mainland regions can more readily enact.

### ***Infrastructure and Investment Needs***

Infrastructural development in the Balearic Islands lags behind that of the mainland, particularly regarding digital connectivity and transportation networks. The islands' digital infrastructure, while improving, must accelerate its growth to match the mainland's digital economies, which are increasingly becoming a cornerstone of modern business. Transport infrastructure also presents challenges, as the dependency on air and sea travel for connectivity with the mainland and beyond impacts the logistical ease and cost-efficiency. Investment

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in these areas is crucial for economic modernization and diversification, which can mitigate some of the inherent insular disadvantages.

### *Labor Market Dynamics*

The labor market of the Balearic Islands is deeply influenced by the seasonal nature of tourism. There is a surge in employment during peak tourist seasons, followed by a lull in the off-peak months. This contrasts with the more stable employment trends seen across the mainland's various industries. Consequently, there is a need to develop strategies that promote year-round employment opportunities, encouraging sectors that can operate beyond the tourist season and providing a stabilizing effect on the workforce.

### *Environmental and Sustainability Considerations*

- **Sustainable Infrastructure:** Building eco-friendly transportation, renewable energy projects, and water conservation systems will ensure that the islands' economic drivers do not deplete their natural assets.
- **Environmental Protection Programs:** Initiatives to protect the islands' ecosystems, promote biodiversity, and sustain the quality of their beaches and marine life are vital for the long-term attractiveness and health of the tourism sector.

### *Skill Gaps in Emerging Sectors*

As the Balearic Islands seek to evolve their economic structures, they confront a shortage in skilled labor necessary to drive innovation and growth in emerging sectors. Addressing this gap requires:

- **Education and Training Programs:** Establishing vocational and continuous learning programs tailored to the needs of emerging industries can cultivate a homegrown talent pool.
- **Attracting Talent:** Incentives for skilled professionals to relocate to the islands can be an immediate way to fill gaps, while also transferring knowledge and expertise to the local workforce.

### *Digital Transformation*

Digital capabilities are increasingly a cornerstone of competitive economies. The Balearic Islands would benefit from:

- **Enhanced Digital Infrastructure:** Investing in high-speed internet, digital services, and smart technologies can pave the way for new business models and remote work opportunities.

- 
- **Digital Literacy Initiatives:** Programs to enhance digital skills across the population will empower local businesses and workers to participate in the digital economy.

### *Social Cohesion and Inclusivity*

The islands' reliance on tourism can lead to disparities in income and opportunities. Funding could help:

- **Social Support Systems:** Enhancing social services and support for those affected by economic fluctuations ensures a more equitable distribution of the islands' economic success.
- **Inclusive Economic Growth:** Programs aimed at small businesses and entrepreneurs from underserved communities can foster a more inclusive economic landscape.

### **Strategic Integration of Funding**

Integrating these funding considerations into a coherent strategy requires a multifaceted approach that recognizes the interdependencies between these aspects. For instance, enhancing digital literacy can also support environmental sustainability by promoting the development of green technologies. Similarly, investing in off-season tourism can alleviate economic seasonality while fostering social cohesion by providing more consistent employment. The key will be to design funding initiatives in a way that each investment reinforces the others, creating a robust and resilient economic ecosystem for the Balearic Islands.

## **Economic and Business Overview on the Canary Islands**

### *Introduction*

The Canary Islands, an integral part of Spain's diverse regional tapestry, are situated off the northwest coast of Africa. Despite their isolated geographic location, these islands are a vibrant economic zone within Spain, housing 2.24 million inhabitants, which constitutes about 4.6% of the country's total population. The Canary Islands' GDP stands at approximately 49.021 billion euros, contributing 3.6% to Spain's overall GDP, positioning it as the eighth most economically significant region nationally. However, the GDP per capita in the Canary Islands, at 22,303 euros, is the third lowest in the country, highlighting a regional economy that grows dynamically in population yet lags in per capita wealth due to a less buoyant economy compared to the national average.

## Sectorial Overview

- **Industry:** Comprising only 3.7% of the business entities, the industrial sector includes 5,677 businesses. Notable industries include food and beverages, metal products, and repair services.
- **Construction:** This sector accounts for 11.1% of the businesses, totaling 16,951 entities, showing a contraction reflecting broader economic challenges.
- **Services:** Dominating the economy, the service sector includes 85.2% of all businesses. Key areas include trade, hospitality, and transportation, essential for the islands' connection to both the mainland and the global economy.

## Detailed Analysis by Island

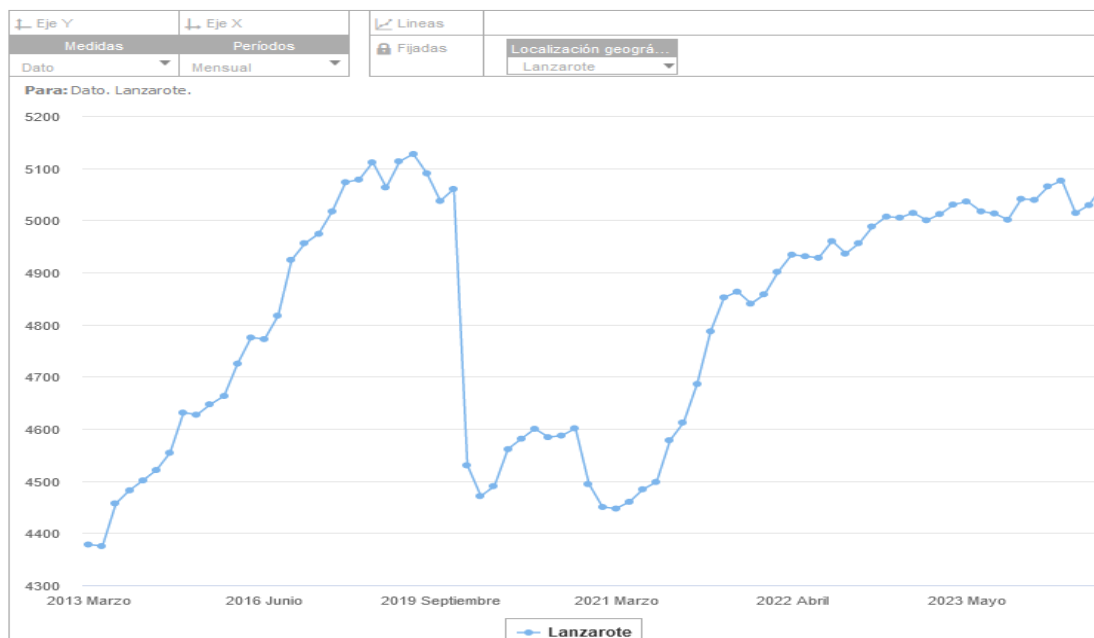
Each island within the archipelago presents unique economic characteristics, influenced by their individual size, population, and accessibility.

### Lanzarote

- **Economic Profile:** Lanzarote shows a strong dependency on tourism, particularly eco-tourism, which supports its smaller-scale industries.
- **Challenges:** Limited industrial growth and heavy reliance on seasonal tourism activities.

## Empresas inscritas en la Seguridad Social

Número de empresas de alta en la Seguridad Social en el último día del mes.



## CANARIAS

|                    |         |        |        |       |    |
|--------------------|---------|--------|--------|-------|----|
| Comercio           | 26.684  | 11.431 | 14.040 | 1.067 | 14 |
| Construcción       | 13.891  | 7.179  | 5.772  | 871   | 6  |
| Industria          | 4.957   | 1.958  | 2.417  | 508   | 7  |
| Resto de servicios | 93.551  | 54.631 | 35.388 | 3.007 | 52 |
| TOTAL              | 139.083 | 75.199 | 57.617 | 5.453 | 81 |

### Tenerife

- **Economic Profile:** As the largest island, Tenerife boasts a more diversified economy with more robust service and industrial sectors.
- **Opportunities:** Potential growth in technology and innovation-driven sectors, given its larger urban centers.

### Gran Canaria

- **Economic Profile:** Similar to Tenerife, Gran Canaria features a diversified economy with significant contributions from both services and industries.
- **Challenges:** Needs to manage its urban expansion and environmental impacts effectively.

### Fuerteventura

- **Economic Profile:** Largely focused on tourism, Fuerteventura is exploring renewable energy projects given its windy landscapes.
- **Opportunities:** Growth in renewable energy could provide stable, year-round employment and reduce energy imports.

### La Palma

- **Economic Profile:** Known for its agriculture, particularly bananas, La Palma also supports a growing tourism sector.
- **Challenges:** The island needs to balance agricultural development with sustainable tourism practices.

### La Gomera

- **Economic Profile:** Smaller in scale, La Gomera's economy is primarily based on agriculture and local tourism.

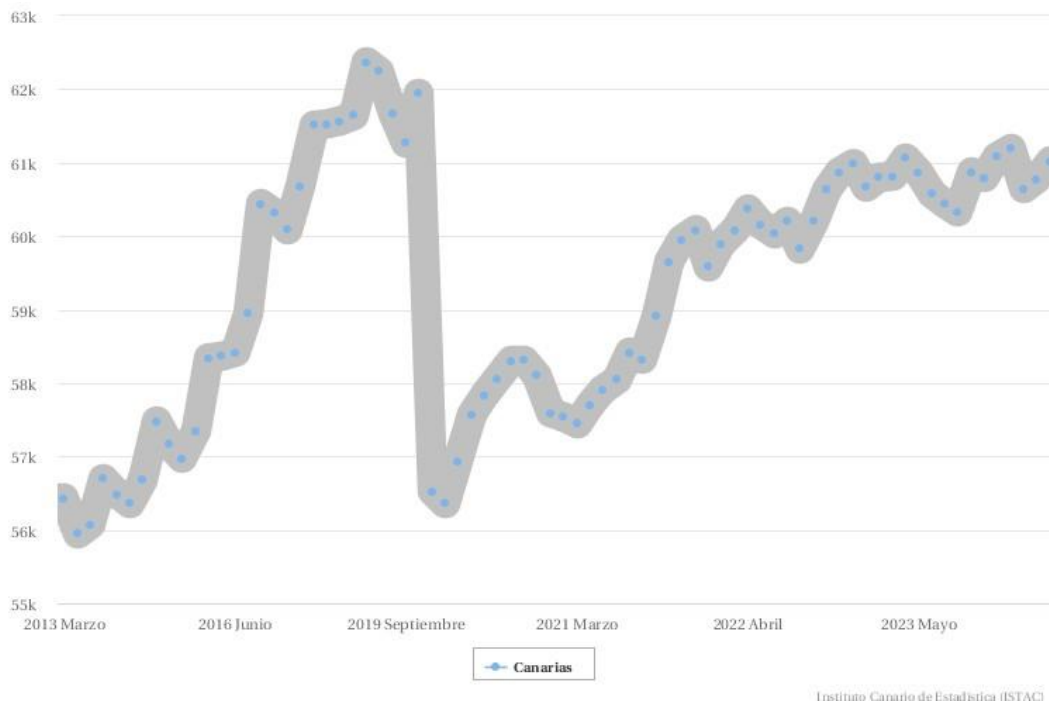
- **Opportunities:** Eco-tourism and historical tourism are areas poised for development.

### El Hierro

- **Economic Profile:** The smallest and least populated, focusing on sustainability, it has made significant strides in renewable energy.
- **Opportunities:** Continued leadership in renewable energy can serve as a model for the other islands and beyond.

### Business Openings and Closures

The Canary Islands exhibit a robust entrepreneurial environment with a net growth in business registrations across most sectors. However, fluctuations in the tourism market, particularly evident in islands like Lanzarote and Fuerteventura, highlight a vulnerability to external economic shocks.



### Business Size and Growth Trends

- **Overall Business Landscape:** The Canary Islands host 139,245 businesses, with a density of 632.3 businesses per 10,000 inhabitants, slightly below the national average by 4.3%.
- **Small and Micro Enterprises:** The bulk of businesses (99.9%) are small to medium-sized enterprises (SMEs) with fewer than 250 employees. Notably, microenterprises (1-9 employees) and small enterprises (10-49 employees)



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together constitute 95.9% of the total business count, indicating a predominantly SME-driven economy.

- **Large Enterprises:** There are only 162 large enterprises (with 250 or more employees), making up a tiny fraction (0.12%) of the business environment. This suggests limited industrial scale and potential challenges in economic diversification.

### *Sector Distribution and Performance*

- **Service Sector Dominance:** The 'Rest of services' category, excluding trade, construction, and industry, encompasses 67.3% of all businesses, aligning with the region's heavy reliance on service-oriented industries such as tourism and hospitality.
- **Trade and Construction:** Trade accounts for 19.2% of businesses, followed by construction at 10%. Both sectors are crucial for the local economy, supporting tourism and the domestic market.
- **Industrial Sector:** Industry represents only 3.6% of businesses, highlighting the islands' lesser focus on manufacturing and industrial activities, which could be a strategic concern for economic resilience.

### *Legal Forms of Businesses*

- **Predominance of Private Entities:** The majority of businesses are privately owned (65.9%), which underscores the entrepreneurial nature of the region.
- **Limited Companies and Sole Proprietorships:** Limited companies constitute 27.9% of the business landscape, suggesting a significant portion of formal corporate structures. Sole proprietorships are also notable, reflecting the region's small-scale business orientation.
- **Impact of Legal Structures on Business Dynamics:** The varied legal forms indicate diverse business activities from individual entrepreneurs to more structured corporate entities, which impacts the dynamics of business operations, liability, and taxation in the region.

### **Strategic Implications**

- **Vulnerability to Economic Fluctuations:** The high proportion of SMEs, especially in service sectors, may expose the economy to higher vulnerability to market changes, particularly those affecting tourism.
- **Potential for Economic Diversification:** The minimal industrial presence suggests a potential area for economic diversification. Promoting sectors like renewable energy, biotechnology, or information technology could provide more stable employment and reduce dependency on external tourism markets.

- **Support for SMEs:** Given the overwhelming presence of SMEs, policies aimed at supporting these businesses through improved access to financing, training, and export opportunities could enhance their competitiveness and sustainability.



## CANARIAS

|  | Empresas | Empresas por cada 10.000 habitantes | %      | Variación interanual % | % sobre España |
|--|----------|-------------------------------------|--------|------------------------|----------------|
| <b>EMPRESAS POR TAMAÑO</b>             |          |                                     |        |                        |                |
| Total empresas                         | 139.245  | 632,3                               | 100,0% | -9,0%                  | 4,3%           |
| PYME (0-249 asalariados)               | 139.083  | 631,6                               | 99,9%  | -9,1%                  | 4,3%           |
| PYME sin asalariados                   | 75.199   | 341,5                               | 54,0%  | -16,7%                 | 4,4%           |
| PYME con asalariados                   | 63.884   | 290,1                               | 45,9%  | -0,1%                  | 4,3%           |
| Microempresas (1-9 asalariados)        | 57.617   | 261,7                               | 41,4%  | -0,6%                  | 4,3%           |
| Pequeñas (10-49 asalariados)           | 5.453    | 24,8                                | 3,9%   | 5,4%                   | 4,3%           |
| Medianas (50-249 asalariados)          | 814      | 3,7                                 | 0,6%   | 4,5%                   | 4,0%           |
| Grandes (250 o más asalariados)        | 162      | 0,7                                 | 0,1%   | 2,5%                   | 3,3%           |
| <b>EMPRESAS POR SECTORES</b>           |          |                                     |        |                        |                |
| Total empresas                         | 139.245  | 632,3                               | 100,0% | -9,0%                  | 4,3%           |
| Comercio                               | 26.712   | 121,3                               | 19,2%  | -15,2%                 | 4,1%           |
| Construcción                           | 13.893   | 63,1                                | 10,0%  | -20,5%                 | 3,7%           |
| Industria                              | 4.964    | 22,5                                | 3,6%   | -11,7%                 | 2,8%           |
| Resto de servicios                     | 93.676   | 425,4                               | 67,3%  | -5,4%                  | 4,7%           |
| <b>EMPRESAS POR CONDICIÓN JURÍDICA</b> |          |                                     |        |                        |                |
| Total empresas                         | 139.245  | 632,3                               | 100,0% | -9,0%                  | 4,3%           |
| Persona física                         | 91.801   | 416,9                               | 65,9%  | -1,5%                  | 5,0%           |
| Sociedad anónima                       | 1.311    | 6,0                                 | 0,9%   | -29,7%                 | 2,7%           |
| Sociedad limitada                      | 38.913   | 176,7                               | 27,9%  | -23,8%                 | 3,7%           |
| Comunidad de bienes                    | 1.419    | 6,4                                 | 1,0%   | -29,3%                 | 1,3%           |
| Sociedad cooperativa                   | 250      | 1,1                                 | 0,2%   | -54,4%                 | 1,3%           |
| Otras formas jurídicas                 | 5.551    | 25,2                                | 4,0%   | -18,7%                 | 3,9%           |

### *Business Demographics and Sector Analysis*

The Canary Islands display a unique economic fabric dominated by the service sector, largely influenced by tourism. This sectoral analysis provides insights into the strengths and vulnerabilities across various industries, laying the groundwork for identifying areas in need of strategic funding and development

### **Industry**

The industrial sector in the Canary Islands, though minor in representation (3.7% of all businesses), plays a crucial role. As of early 2020, the sector included 5,677

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businesses, marking a slight decline of 1.2% from the previous year, reversing a five-year growth trend. Key sub-sectors include:

- **Food and Beverages:** Dominating the industrial landscape with 19.4% of the industrial businesses, although experiencing a minimal annual decline.
- **Metal Products and Machinery:** This sub-sector includes businesses engaged in manufacturing metal products (excluding machinery and equipment) and accounts for 15.3% of the industrial sector.
- **Graphic Arts and Machinery Repair:** Together, these account for 20.7% of the industry, highlighting a diversification within the manufacturing activities but also showing susceptibility to economic fluctuations.

### Construction

This sector represents 11.1% of the total business demographic with 16,951 firms. It saw a contraction of 1.7% in the latest year, ending a growth streak that had lasted several years. The construction sector is primarily divided into:

- **Building Construction:** The largest segment within the construction sector, although it experienced a decrease in the number of businesses, reflecting broader economic challenges.
- **Specialized Construction Services:** This area continues to show resilience, slightly growing even amid general sectoral downturns.

### Services

As the backbone of the Canary Islands' economy, the service sector accounts for 85.2% of all businesses, totaling 130,128 entities. This sector grew by 1.1% over the previous year, despite economic slowdowns, with key areas including:

- **Trade:** Encompasses 25% of the service sector with significant activities in retail and wholesale.
- **Hospitality:** Represents 12.9% of the service sector, directly tied to the islands' tourism industry.
- **Transportation and Other Services:** While transportation links are crucial for the islands, other services, including professional, scientific, and technical activities, contribute to a diversified service economy.

### *Analysis of Business Openings and Closures*

In examining business dynamics, the Canary Islands show a robust yet volatile environment. The overall slight growth in business registrations across most sectors masks underlying vulnerabilities, particularly in industry and construction, where recent downturns break from previous growth trends. The service sector, while still expanding, shows signs of saturation and increasing

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competition, which could potentially limit future growth without strategic interventions

### ***Weak Aspects for Funding Attention***

#### Economic Seasonality and Dependency on Tourism

The Canary Islands' economy exhibits pronounced seasonality, heavily reliant on tourism, which subjects the region to significant economic fluctuations. This dependency underscores the need for:

- **Diversification:** Developing alternative sectors such as renewable energy, aquaculture, and digital services could mitigate reliance on tourism.
- **Sustainable Tourism Development:** Funding aimed at promoting year-round tourism activities, including cultural tourism and eco-tourism, could help stabilize seasonal swings.

#### Environmental Sustainability Challenges

Given the environmental sensitivity of the islands, sustainability is a crucial concern. Potential funding should focus on:

- **Renewable Energy Projects:** Exploiting the islands' geographical advantages for solar and wind energy could reduce dependency on imported fuels and promote sustainability.
- **Waste Management Solutions:** Enhanced recycling and waste management infrastructures are vital to maintaining the islands' environmental health and tourism appeal.

#### Skills Development in Emerging Sectors

A noticeable skills gap, particularly in technology and green industries, calls for:

- **Educational Programs and Partnerships:** Investments in education, vocational training, and university programs tailored to future industry needs are essential.
- **Incentives for Technology Firms:** Encouraging technology-based firms to establish operations in the Canary Islands can foster a local ecosystem of innovation and expertise.

#### Infrastructure Enhancements

To overcome geographical isolation and improve economic integration, significant investments are needed in:

- **Transport Infrastructure:** Enhancing port, airport, and inter-island connectivity can boost economic activities and tourism.

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- **Digital Infrastructure:** Strengthening internet and telecommunications networks across the islands will support business operations and attract remote workers.

## Conclusion

The economic landscape of the Canary Islands is characterized by dynamic growth tempered by structural vulnerabilities. Addressing these through targeted funding and strategic development initiatives could catalyze a more resilient and diversified economic future, ensuring long-term prosperity for the region. This analysis not only aids in understanding the current economic conditions but also guides potential investments and policy decisions critical for the sustainable development of the Canary Islands.

## PORTUGAL

This report delves into Madeira's business statistics, focusing on company births, dissolutions, and sectoral activities. By comparing data from 2012 and 2022, we draw conclusions on the macroeconomic trends and the current state of the insular economy relative to Portugal as a whole.

The attached graph provides a clear overview of enterprise births and deaths in Portugal from 2004 to 2022. It highlights the following trends:

- **Enterprise Births:** The number of new enterprises in Portugal has shown an overall increase, particularly noticeable in the post-2012 recovery phase. Madeira has mirrored this trend, with 5,135 new companies registered in 2022, a 16% increase from the previous year.
- **Enterprise Deaths:** Company dissolutions have fluctuated but generally follow economic cycles. In Madeira, 3,215 companies were dissolved in 2022, a 5.2% increase from 2021. Despite the increase, the number of new enterprises outpaces closures, indicating a net positive growth in the business landscape.

## Sectoral Distribution and Employment

- **Services Sector:** Dominating the economic landscape, the services sector in Madeira employs approximately 75% of the workforce. This is slightly higher than the national average, reflecting Madeira's strong dependence on tourism. In 2022, the services sector in Madeira employed around 100,000 people.
- **Industry and Construction:** These sectors, while smaller, are crucial for economic stability. The industrial sector employed about 5,000 individuals in

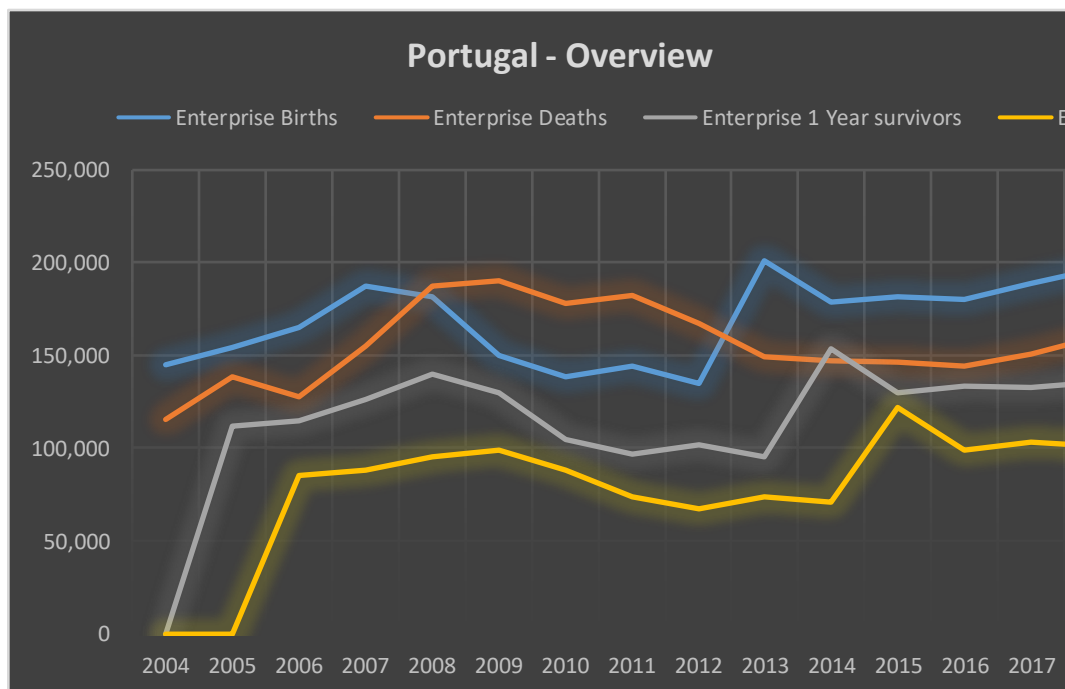
2022, accounting for around 4% of total employment. The construction sector employed about 7,800 individuals, representing 6% of total employment. These sectors face challenges such as limited growth and the need for diversification.

### Comparison with Mainland Portugal

Madeira's economic profile exhibits both similarities and unique differences when compared to the mainland:

- **Economic Size and Scope:** Madeira's economy is smaller and less diversified than that of mainland Portugal. The region's GDP is heavily reliant on tourism, whereas the mainland benefits from a more balanced mix of industry, agriculture, and services.
- **Vulnerability and Resilience:** Madeira is more vulnerable to global economic trends, particularly those affecting tourism. Seasonal fluctuations in tourism result in economic volatility, with significant impacts on employment and income stability.
- **Infrastructure and Investment Needs:** Madeira faces significant gaps in digital and transport infrastructure compared to the mainland. Strategic investments in ports, airports, and broadband connectivity are essential to facilitate economic activities and attract investment.

### Portugal - Overview 2004 - 2022



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## Madeira and Porto Santo

The Madeira Islands, including the main island of Madeira and the smaller island of Porto Santo, are an autonomous region of Portugal. Known for their picturesque landscapes, mild climate, and a significant reliance on tourism, these islands have developed a unique economic profile. This report provides an in-depth analysis of the business statistics for Madeira and Porto Santo, focusing on company births and dissolutions from 2012 to 2022, drawing conclusions on the state of this insular economy over the past decade.

### Business Demographics and Sector Analysis

The economic structure of Madeira and Porto Santo is significantly influenced by their reliance on the service sector, particularly tourism, alongside smaller but vital contributions from agriculture and industry.

#### Sectorial Overview (2022)

- **Industry:** The industrial sector remains relatively small compared to services and agriculture. Key industries include food processing, beverage production (notably Madeira wine), and handicrafts. In 2022, the industrial sector employed approximately 5,000 individuals, accounting for around 4% of the total employment.
- **Construction:** The construction sector is crucial, driven by ongoing infrastructure development to support tourism and improve living standards. The sector employed about 7,800 individuals in 2022, representing 6% of total employment.
- **Services:** Dominating the economic landscape, the services sector includes hospitality, retail, transportation, and public administration. Tourism is the cornerstone, significantly contributing to employment and GDP. In 2022, services employed around 100,000 people, which is approximately 75% of the total employment.

#### Comparison with 2012

- **Growth in Services:** Over the decade, the services sector has expanded significantly, particularly in hospitality and retail, driven by increasing tourism. In 2012, services employed around 92,000 individuals, reflecting a 9% growth over ten years.
- **Stagnation in Industry:** The industrial sector has seen limited growth, reflecting challenges in diversifying the economy beyond tourism. The sector employed about 5,200 individuals in 2012, showing a slight decrease over the decade.

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## Detailed Analysis by Island

### Madeira Island

- **Economic Profile:** Madeira Island is the main economic hub, with a diverse economy heavily reliant on tourism. The capital, Funchal, is central to economic activities. In 2022, Funchal alone accounted for nearly 50% of the region's GDP.
- **Challenges:** Seasonal fluctuations in tourism and the need for infrastructure improvements to support growth. The unemployment rate in Madeira stood at 9.5% in 2022, down from 17.5% in 2012, indicating significant economic recovery and job creation over the decade.

### Porto Santo

- **Economic Profile:** Porto Santo is known for its long sandy beaches, attracting tourists primarily during the summer months. The economy is primarily service-oriented, focusing on tourism, hospitality, and related services. In 2022, tourism-related activities contributed to 80% of Porto Santo's GDP.
- **Opportunities:** Expanding eco-tourism and diversifying tourism offerings to attract visitors year-round. Despite its smaller size, Porto Santo's economy has shown resilience with a steady increase in tourist arrivals and spending.

## Business Openings and Closures (2012-2022)

### 2022 Data

- **Company Births:** In 2022, 5,135 new companies were registered in Madeira, marking a 16% increase from 2021. Individual enterprises saw a 23.7% increase, while new company registrations decreased by 4.5%.



- **Company Dissolutions:** Approximately 3,215 companies were dissolved in 2022, a 5.2% increase from 2021 but lower than the number of new registrations. The sectors most affected by closures were retail, hospitality, and small manufacturing units.

**Quadro 4 – Número, pessoal ao serviço, volume de negócios e taxa de destruição de emprego das mortes das Empresas não financeiras com sede na RAM, por forma jurídica e sector de atividade**

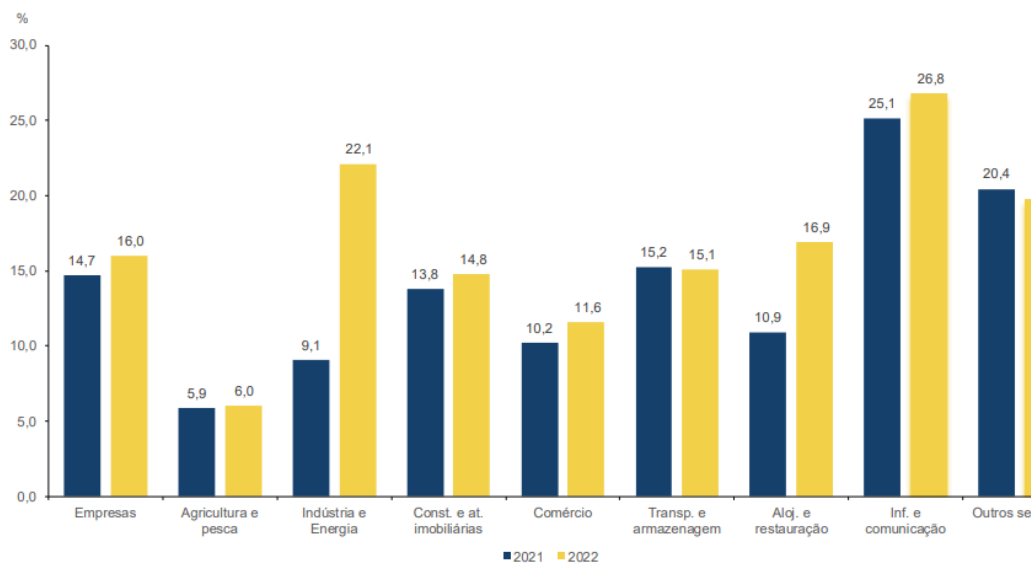
| Desagregação                         | Empresas     |                           | Pessoal ao serviço |                           | Volume de negócios    |                           | Taxa de destruição de emprego |                           |
|--------------------------------------|--------------|---------------------------|--------------------|---------------------------|-----------------------|---------------------------|-------------------------------|---------------------------|
|                                      | 2022         | Taxa de Variação<br>21-22 | 2022               | Taxa de Variação<br>21-22 | 2022                  | Taxa de Variação<br>21-22 | 2022                          | Taxa de Variação<br>21-22 |
|                                      | N.º          | %                         | N.º                | %                         | 10 <sup>3</sup> Euros | %                         | %                             | p.p.                      |
| <b>Empresas não financeiras</b>      | <b>3 196</b> | <b>5,8</b>                | <b>3 644</b>       | <b>-2,0</b>               | <b>55 075</b>         | <b>-11,0</b>              | <b>4,0</b>                    | <b>-0,4</b>               |
| <b>Forma jurídica:</b>               |              |                           |                    |                           |                       |                           |                               |                           |
| Empresas em nome individual          | 2 570        | 5,0                       | 2 680              | 6,4                       | 34 255                | 86,7                      | 12,4                          | -0,3                      |
| Sociedades                           | 626          | 8,9                       | 964                | -19,7                     | 20 820                | -52,2                     | 1,4                           | -0,5                      |
| <b>Sector de atividade:</b>          |              |                           |                    |                           |                       |                           |                               |                           |
| Agricultura e Pesca                  | 352          | 8,6                       | 404                | 20,2                      | 3 370                 | 164,7                     | 7,3                           | 1,2                       |
| Indústria e energia                  | 89           | 78,0                      | 141                | 50,0                      | 2 689                 | 68,2                      | 2,2                           | 0,6                       |
| Construção e Atividades Imobiliárias | 171          | 4,9                       | 217                | -52,0                     | 6 641                 | -51,7                     | 1,6                           | -1,9                      |
| Comércio                             | 303          | -6,8                      | 370                | -11,5                     | 10 432                | -53,1                     | 2,7                           | -0,5                      |
| Transportes e Armazenagem            | 102          | 10,9                      | 104                | 2,0                       | 560                   | -45,5                     | 2,3                           | -0,3                      |
| Alojamento e Restauração             | 403          | 30,0                      | 550                | 24,7                      | 12 264                | 90,4                      | 2,9                           | 0,2                       |
| Informação e Comunicação             | 61           | 1,7                       | 74                 | 1,4                       | 3 067                 | 21,8                      | 3,0                           | -0,4                      |
| Outros Serviços                      | 1 715        | 1,0                       | 1 784              | -1,0                      | 16 052                | 23,1                      | 6,8                           | -0,5                      |

Fonte: INE, Demografia das Empresas

| Desagregação                         | Empresas     |                           | Pessoal ao serviço |                           | Volume de negócios    |                           | Taxa de criação de emprego |                           |
|--------------------------------------|--------------|---------------------------|--------------------|---------------------------|-----------------------|---------------------------|----------------------------|---------------------------|
|                                      | 2022         | Taxa de Variação<br>21-22 | 2022               | Taxa de Variação<br>21-22 | 2022                  | Taxa de Variação<br>21-22 | 2022                       | Taxa de Variação<br>21-22 |
|                                      | N.º          | %                         | N.º                | %                         | 10 <sup>3</sup> Euros | %                         | %                          | p.p.                      |
| <b>Empresas não financeiras</b>      | <b>5 120</b> | <b>17,2</b>               | <b>5 708</b>       | <b>12,0</b>               | <b>710 465</b>        | <b>782,0</b>              | <b>6,2</b>                 | <b>0,3</b>                |
| <b>Forma jurídica:</b>               |              |                           |                    |                           |                       |                           |                            |                           |
| Empresas em nome individual          | 3 971        | 24,9                      | 3 992              | 24,6                      | 29 255                | 53,3                      | 18,4                       | 2,4                       |
| Sociedades                           | 1 149        | -3,3                      | 1 716              | -9,3                      | 681 210               | 1 008,3                   | 2,5                        | -0,5                      |
| <b>Sector de atividade:</b>          |              |                           |                    |                           |                       |                           |                            |                           |
| Agricultura e Pesca                  | 278          | 1,5                       | 280                | 0,0                       | 1 690                 | 99,3                      | 5,1                        | 0,0                       |
| Indústria e energia                  | 230          | 202,6                     | 246                | 156,3                     | 1 441                 | 41,3                      | 3,8                        | 2,2                       |
| Construção e Atividades Imobiliárias | 428          | 17,9                      | 584                | 17,5                      | 11 772                | 78,1                      | 4,3                        | 0,5                       |
| Comércio                             | 427          | 16,7                      | 501                | 8,0                       | 645 726               | 4 889,8                   | 3,6                        | 0,1                       |
| Transportes e Armazenagem            | 167          | 7,1                       | 178                | 1,1                       | 2 296                 | -54,9                     | 3,9                        | -0,5                      |
| Alojamento e Restauração             | 718          | 73,8                      | 913                | 59,9                      | 15 238                | 43,0                      | 4,9                        | 1,4                       |
| Informação e Comunicação             | 161          | 28,8                      | 199                | 11,2                      | 8 014                 | 5,3                       | 8,2                        | -0,1                      |
| Outros Serviços                      | 2 711        | 4,5                       | 2 807              | -0,9                      | 24 288                | -32,1                     | 10,7                       | -0,8                      |

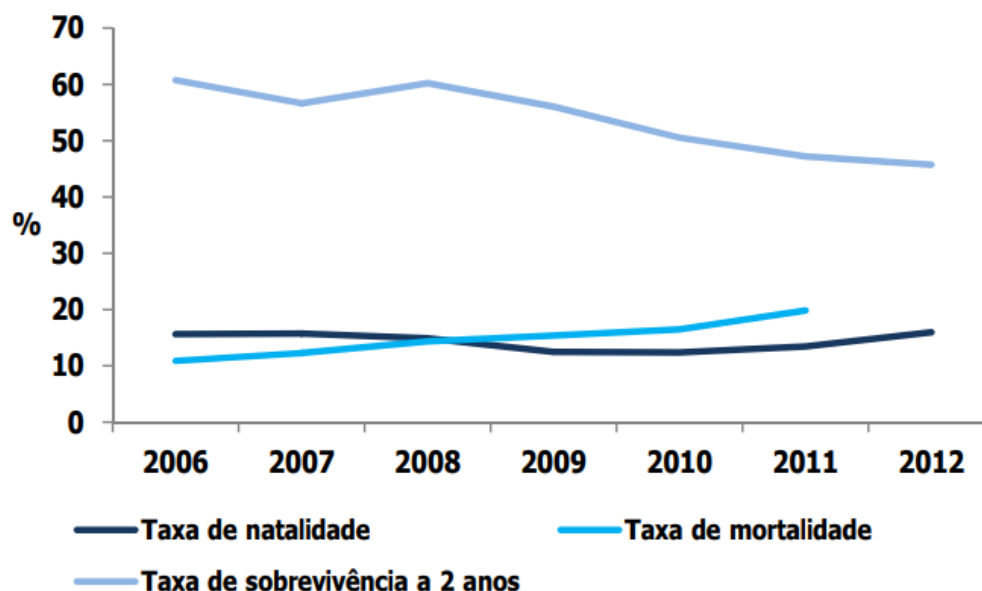
Fonte: INE, Demografia das Empresas

**Gráf. 2 – Taxa de natalidade das empresas não financeiras da RAM, por sector de atividade (2021-2022)**



- **Company Births:** In 2012, 20,857 companies were active in Madeira, with a birth rate of 15.98% for new companies, significantly driven by non-financial enterprises
- **Company Dissolutions:** The mortality rate for companies in 2012 was 19.85%, reflecting economic challenges during that period. A significant number of closures were in the construction and small manufacturing sectors, impacted by the economic downturn.

## Indicadores demográficos das empresas, 2006-2012



### Sector-Specific Trends

#### 2022 Highlights

**Hospitality and Retail:** These sectors showed the highest turnover rates, indicating both growth opportunities and challenges in sustaining long-term operations. Hospitality employed approximately 17,000 individuals, contributing significantly to the local economy.

**Other Services:** Significant growth in company registrations in sectors like information technology and professional services, which employed around 10,000 individuals and generated substantial business volume.

#### 2012 Highlights

**Agriculture and Fisheries:** Moderate growth, but critical for food security and local employment. The sector employed about 2,000 individuals in 2012.

- **Construction:** Significant contraction, reflecting broader economic challenges during the early 2010s. Employment in construction decreased by 23.3% from 2011 to 2012, reflecting the sector's volatility.

### Weak Aspects for Funding Attention

#### Economic Seasonality and Dependency on Tourism

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- **Impact:** Madeira's heavy reliance on tourism results in economic volatility, with marked seasonal fluctuations in employment and income. The tourism sector, while lucrative, creates an unstable job market with peaks during tourist seasons and troughs in off-seasons.
  - **Funding Focus:** Diversification efforts should include promoting year-round tourism activities, such as cultural events and eco-tourism, and developing other sectors like technology and services. Investment in infrastructure that supports off-season tourism can stabilize employment and economic output.

### **Environmental Sustainability Challenges**

- **Challenges:** The natural beauty that drives Madeira's tourism industry faces threats from environmental degradation and climate change. Rising sea levels and increased frequency of extreme weather events pose significant risks.
- **Funding Focus:** Investments in sustainable tourism infrastructure, renewable energy projects, and conservation initiatives are critical to maintaining the region's environmental health and appeal. Developing robust disaster management plans and investing in coastal protection can mitigate the impacts of climate change.

### **Skills Development in Emerging Sectors**

- **Gap:** There is a significant skills gap, particularly in high-tech and green industries, limiting economic diversification and innovation. The current workforce is heavily skewed towards low-skilled service jobs, which are vulnerable to automation and economic shifts.
- **Funding Focus:** Enhanced education and training programs, partnerships with universities and tech companies, and incentives for businesses to invest in skills development can bridge this gap. Promoting STEM education and providing grants for skills training in renewable energy and technology can prepare the workforce for future industries.

### **Infrastructure Enhancements**

- **Needs:** Improved transport and digital infrastructure are essential to support economic growth and better connect the islands with mainland Portugal and international markets. Current infrastructure limits the potential for economic diversification and efficient business operations.
- **Funding Focus:** Strategic investments in ports, airports, and broadband connectivity will facilitate economic activities, attract investment, and improve the quality of life for residents. Developing smart city initiatives in Funchal and other major towns can enhance urban living and attract high-tech industries.

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## Conclusion

Madeira's economy, while benefiting from national economic trends, faces unique challenges due to its insular nature and heavy reliance on tourism. The region has shown resilience and growth, particularly in the services sector, which aligns with national trends. However, the need for economic diversification, infrastructure improvements, and environmental sustainability remains critical. Addressing these areas through targeted funding and comprehensive development initiatives will ensure a resilient and prosperous future for Madeira, aligning with the broader goals of Portugal's economic development.

## MALTA

Malta has developed a robust economy characterized by a diverse range of sectors. Known for its strategic location, skilled workforce, and favorable regulatory environment, Malta has emerged as a significant player in industries such as financial services, gaming, and tourism. This report provides a detailed analysis of business statistics for Malta, focusing on company births and dissolutions, sectoral activities, and the macroeconomic position of Malta in relation to the broader European context. Drawing on data from 2012 to 2023, the report highlights trends, challenges, and opportunities within the Maltese economy.

### Macroeconomic Position of Malta Relative to the European Context

#### Economic Performance and GDP Growth

Malta's GDP has shown consistent and robust growth over the past decade, significantly outpacing many of its European counterparts. This growth is underpinned by the expansion of key sectors, a favorable business climate, and strategic economic policies.

- **GDP Growth:** Malta's GDP grew by 4.5% in 2023, a substantial increase compared to the EU average growth rate of 2.3%. This growth is driven by strong performances in financial services, gaming, and tourism.
- **Per Capita Income:** The GDP per capita in Malta increased to approximately €25,000 in 2023, reflecting significant economic development and improvements in living standards.

#### Population and Labor Market

Malta's population has steadily increased, supported by favorable immigration policies and an attractive environment for expatriates and skilled workers. The

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labor market in Malta is dynamic, with low unemployment rates and high participation in key sectors.

- **Population Growth:** Malta's population reached 514,564 in 2023, driven by both natural growth and net migration.
- **Unemployment Rate:** The unemployment rate in Malta stood at 3.1% in 2023, one of the lowest in the EU, indicating a strong labor market and effective economic policies.

### **Business Demographics and Sector Analysis**

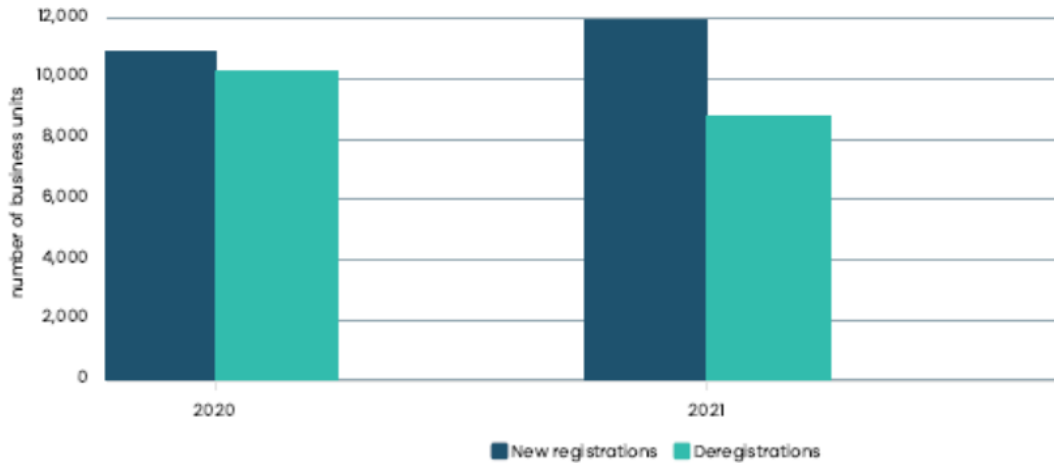
Malta's economy is characterized by a diverse range of sectors, with significant contributions from services, financial industries, gaming, and tourism.

#### Sectorial Overview (2023)

- **Financial Services:** The financial services sector is a major contributor to Malta's GDP, employing a significant portion of the workforce. The sector benefits from Malta's robust regulatory framework and favorable tax policies. In 2023, the sector contributed approximately 12% to the national GDP.
- **Gaming Industry:** Malta has become a global hub for online gaming companies, contributing significantly to GDP and employment. The sector employs over 8,000 people and attracts substantial foreign direct investment.
- **Tourism:** Tourism remains a cornerstone of Malta's economy, contributing significantly to GDP and employment. In 2023, Malta welcomed over 2.6 million tourists, generating substantial revenue for the local economy.
- **Construction and Real Estate:** Driven by increased demand for residential and commercial properties, the construction sector has seen significant growth. Real estate activities have also expanded, reflecting a vibrant market.

## Business Births and Deaths

**Chart 3. Newly registered and deregistered business units**



Business dynamics, including the rates of company births and deaths, provide critical insights into the health of Malta's economy. These statistics reveal the entrepreneurial vitality of the region and indicate the robustness of the business environment.

### Overview of Business Births and Deaths

- **Enterprise Births:** In 2023, Malta registered 5,675 new companies, reflecting a 12% increase from the previous year. This growth indicates a favorable business environment and supportive government policies.
- **Enterprise Deaths:** Company dissolutions in 2023 totaled 1,345, which is lower compared to previous years, indicating improved business survival rates.

### Analysis and Implications for the Economy

The dynamics of business births and deaths are essential indicators of economic health and entrepreneurial activity. The increasing number of enterprise births suggests a thriving business environment that encourages new ventures. However, the rate of business deaths provides insight into the challenges faced by companies in sustaining operations.

- **High Rate of New Business Formation:** The substantial increase in new business registrations indicates robust entrepreneurial activity and confidence in the market. This trend is essential for job creation, innovation, and economic diversification. The sectors experiencing the highest growth in new registrations include financial services, gaming, and tourism.

- **Improved Business Survival Rates:** The lower rate of business dissolutions in 2023 compared to previous years suggests that companies are better able to navigate the business environment. This improvement can be attributed to supportive economic policies, access to finance, and a favorable regulatory framework.
- **Sector-Specific Trends:** The financial services and gaming sectors have shown particularly strong performance in terms of new business formation and low dissolution rates. This indicates a stable and attractive environment for investment and growth in these industries. Conversely, sectors such as retail and small manufacturing have higher dissolution rates, highlighting challenges such as competition, market saturation, and operational costs.

Table 3. Newly registered and deregistered business units, by year and NACE

| NACE Section | Economic activity  | New Registrations |               |               |               |               |               |              |              |          |
|--------------|--|-------------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|----------|
|              |  | 2017              | 2018          | 2019          | 2020          | 2021          | 2022          | 2017         | 2018         | 2        |
| A            | Agriculture, forestry and fishing                                    | 121               | 111           | 144           | 190           | 179           | 200           | 120          | 149          |          |
| B            | Mining and quarrying   | 7                 | 10            | 10            | 16            | 6             | 3             | 2            | 6            |          |
| C            | Manufacturing  | 337               | 350           | 381           | 351           | 591           | 414           | 130          | 159          |          |
| D            | Electricity, gas, steam and air conditioning supply                  | 4                 | 1             | 6             | 7             | 5             | 8             | 1            | 2            |          |
| E            | Water supply, sewerage, waste management and remediation activities  | 12                | 16            | 9             | 14            | 12            | 6             | 10           | 4            |          |
| F            | Construction   | 668               | 771           | 888           | 694           | 666           | 568           | 268          | 273          |          |
| G            | Wholesale and retail trade; repair of motor vehicles and motorcycles | 1,302             | 1,230         | 1,102         | 1,059         | 1,205         | 910           | 712          | 798          |          |
| H            | Transportation and storage   | 349               | 834           | 878           | 1,486         | 1,591         | 1,348         | 155          | 172          |          |
| I            | Accommodation and food service activities                            | 678               | 720           | 719           | 591           | 582           | 597           | 214          | 267          |          |
| J            | Information and communication  | 659               | 690           | 725           | 655           | 774           | 671           | 140          | 166          |          |
| K            | Financial and insurance activities                                   | 2,038             | 2,219         | 1,407         | 1,013         | 1,102         | 838           | 742          | 700          |          |
| L            | Real estate activities   | 736               | 890           | 767           | 624           | 619           | 540           | 142          | 269          |          |
| M            | Professional, scientific and technical activities                    | 1,842             | 1,621         | 1,708         | 1,606         | 1,732         | 1,590         | 402          | 468          |          |
| N            | Administrative and support service activities                        | 1,219             | 1,111         | 1,002         | 944           | 1,045         | 985           | 378          | 525          |          |
| O            | Public administration and defence; compulsory social security        | 9                 | 5             | 2             | 9             | 6             | 1             | -            | -            |          |
| P            | Education  | 245               | 309           | 235           | 296           | 345           | 273           | 66           | 89           |          |
| Q            | Human health and social work activities                              | 124               | 202           | 165           | 168           | 161           | 75            | 34           | 38           |          |
| R            | Arts, entertainment and recreation                                   | 637               | 814           | 616           | 530           | 605           | 613           | 131          | 137          |          |
| S            | Other service activities   | 653               | 546           | 668           | 595           | 705           | 686           | 170          | 169          |          |
| T            | Activities of households as employers                                | 43                | 37            | 49            | 52            | 27            | 6             | 5            | 7            |          |
| U            | Activities of extraterritorial organisations and bodies              | 1                 | -             | 1             | -             | -             | 1             | 1            | -            |          |
| <b>Total</b> |  | <b>11,712</b>     | <b>12,987</b> | <b>11,462</b> | <b>10,900</b> | <b>11,908</b> | <b>10,293</b> | <b>3,823</b> | <b>4,448</b> | <b>5</b> |

<sup>1</sup> Refer to Methodological note 8

## Detailed Analysis by Sector

### Financial Services

- **Economic Profile:** The financial services sector is a cornerstone of Malta's economy, contributing around 12% to GDP. The sector employs approximately 10,000 individuals and continues to attract foreign investment due to Malta's regulatory advantages and favorable tax environment.
- **Growth Trends:** The sector has shown steady growth over the past decade, supported by regulatory innovations and a business-friendly environment. The growth rate in financial services has averaged around 5% per year.

### Gaming Industry

- **Economic Profile:** The gaming industry is one of Malta's fastest-growing sectors, contributing significantly to GDP and employment. The sector employs over 8,000 people and has positioned Malta as a global hub for online gaming.



- 
- **Opportunities and Challenges:** While the industry continues to grow, it faces challenges related to regulatory compliance, market competition, and the need for continuous technological advancements.

## Tourism

- **Economic Profile:** Tourism is a vital sector, employing around 15% of the workforce and contributing significantly to GDP. The sector has rebounded strongly post-pandemic, with tourist arrivals increasing year-on-year. In 2023, tourism revenue accounted for approximately 20% of Malta's GDP.
- **Seasonality:** The tourism sector faces seasonal fluctuations, with peak activity during the summer months. Efforts are being made to promote Malta as a year-round destination to mitigate these fluctuations.

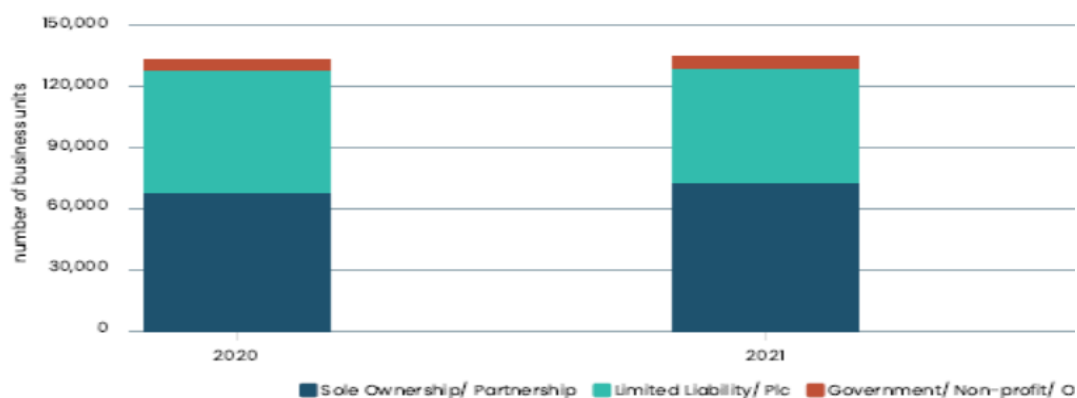
## Business Units by Legal Type

Understanding the distribution of business units by legal type provides insights into the structure and stability of the business environment. Different legal forms offer various advantages and challenges, influencing the longevity and success of businesses.

### Overview of Business Units by Legal Type

- **Sole Ownership/Partnership:** This legal type is the most common in Malta, reflecting the entrepreneurial spirit of the local population. In 2022, sole ownership/partnerships accounted for approximately 60% of all business units. These businesses are typically smaller and more vulnerable to market fluctuations.
- **Limited Liability/Plc:** Limited liability companies and public limited companies represent a significant portion of the business landscape, particularly in sectors like finance, gaming, and real estate. These entities accounted for around 35% of all business units in 2022, indicating a strong preference for legal structures that limit personal liability and facilitate investment.
- **Government/Non-Profit/Other:** These entities make up a smaller portion of the business landscape, accounting for about 5% of all business units. They are primarily involved in sectors such as education, health, and public administration.

**Chart 2. Registered business units by type of legal organisation**



### Analysis and Implications

- **Sole Ownership/Partnership:** The high prevalence of sole proprietorships and partnerships suggests a vibrant entrepreneurial culture. However, these businesses are often more susceptible to economic shocks and may require additional support to ensure long-term sustainability.
- **Limited Liability/Plc:** The significant presence of limited liability companies and public limited companies indicates a mature business environment that supports larger enterprises and attracts foreign investment. These structures provide more stability and are better equipped to handle economic fluctuations.
- **Government/Non-Profit/Other:** While smaller in number, these entities play a crucial role in providing essential services and supporting the overall economic infrastructure.

## OVERVIEW - Company Births and Deaths by Country and Sector

Table: Company Births and Deaths (2012-2023)

| Country (Regions)          | Avg. Annual Births | Avg. Annual Deaths | Key Sectors                          |
|----------------------------|--------------------|--------------------|--------------------------------------|
| Greece (Islands)           | 2500               | 1800               | Tourism, Agriculture, Retail         |
| Italy (Sicily, Sardinia)   | 2900               | 2100               | Tourism, Agriculture, Services       |
| France (Corsica)           | 1200               | 800                | Tourism, Agriculture, Light Industry |
| Spain (Balearic, Canary)   | 5300               | 2900               | Tourism, Real Estate, Retail         |
| Portugal (Azores, Madeira) | 1500               | 1050               | Tourism, Agriculture, Eco-tourism    |
| Malta                      | 2000               | 800                | Financial Services, Gaming, Tourism  |

- **Greece:** High entrepreneurial activity with significant tourism sector influence.
- **Italy:** Steady growth in new companies, driven by diverse sectors.
- **France:** Modest growth with stable business environment.
- **Spain:** Strong tourism-driven growth, significant real estate development.
- **Portugal:** Growth focused on eco-tourism and sustainable practices.
- **Malta:** Dynamic growth in financial services and gaming sectors.

## FINDINGS

### EU ISLAND ECONOMIES COMPARISON WITH EU AVERAGE

#### GREECE

Comparison Points:

##### 1. Greek Insular Economy:

- **Ionian Islands:** 1,925 openings, 643 closings in 2023.
- **Northern Aegean:** 744 openings, 376 closings in 2023.
- **Southern Aegean:** 3,470 openings, 898 closings in 2023.
- **Crete:** 3,530 openings, 1,435 closings in 2023.

##### 2. Greek National Average (2021):

- 
- From the Eurostat graph, Greece has a company **birth rate of about 8%** and a **death rate of about 7%**.
3. **EU Average (2021):**
- The **EU average** company **birth rate** is around **9.5%** and the death rate is about **9.3%**.

## Analysis:

### 1. Greek Insular vs. Whole Country Average (2021)

- **Birth Rate:** The Greek insular regions generally have a higher birth rate compared to the national average. This is particularly evident in areas like Crete and the Southern Aegean, where the entrepreneurial activity is robust, possibly driven by strong tourism and real estate sectors.
- **Death Rate:** The death rates in the insular regions vary, with Crete showing a notably higher rate (1,435 closures) than the national average, potentially due to the competitive nature and seasonal fluctuations in tourism-related businesses.

### 2. Greek Insular vs. EU Average (2021)

- **Birth Rate:** The birth rates in Greek insular regions such as Crete and the Southern Aegean are significantly higher than the EU average. This suggests a dynamic economic environment in these regions, possibly supported by localized economic policies, tourism, and investment attractiveness.
- **Death Rate:** The death rate in some insular regions like Crete is also higher than the EU average, indicating potential economic vulnerabilities and the impact of external economic shocks (e.g., the pandemic's effect on tourism).

## Conclusion

The Greek insular economies show a pattern of high company formation, which is a positive indicator of economic dynamism and entrepreneurial spirit. However, these regions also exhibit higher-than-average company death rates, reflecting economic volatility and the significant impact of external factors such as tourism dependency and global economic conditions. These insights could guide policy recommendations and development strategies, emphasizing the need for economic diversification and resilience building in Greek insular regions compared to the mainland and other EU regions.

## ITALY

To compare the Italian insular economy to both the whole country average and the EU average in terms of company births and deaths for the year 2021, let's review the relevant data:

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## Data from the Infographic (EU-wide):

- **Italy's Birth Rate:** Approximately **8.3%**
- **Italy's Death Rate:** Approximately **7.4%**
- **EU Average Birth Rate:** Approximately **9.5%**
- **EU Average Death Rate:** Approximately **9.3%**

## Data from the Italian Insular Economy Report:

- **Sicily and Sardinia:** Both islands exhibited robust growth in business, particularly in sectors that benefit from their geographic characteristics (e.g., tourism, renewable energy). For a specific figure, in 2022, Sardinia saw a net growth in **business with 8,151 new enrollments and 5,781 terminations**, indicating a positive balance. While not explicitly the same as birth and death rates, these figures reflect a dynamic business environment.

## Analysis and Comparison:

### 1. Italian Insular vs. Whole Country Average (2021)

- **Birth Rate:** The **national birth rate of 8.3%** likely aligns closely with what might be observed in the insular regions, considering their significant contributions to new business enrollments. The economic data suggests that while there might be slight regional variances, the entrepreneurial spirit in the insular regions is quite resilient and robust.
- **Death Rate:** The **national death rate of 7.4%** is an important benchmark. Given the resilience and positive net growth noted in regions like Sardinia, it's plausible that the insular regions experience a similar or slightly better death rate, buoyed by sector-specific growth and economic initiatives.

### 2. Italian Insular vs. EU Average (2021)

- **Birth Rate:** The Italian insular regions, with their specific focus on sectors like tourism and renewable energy, likely experience a birth rate that could compete with, but is slightly below, the EU average. The strong performance in new business enrollments and overall economic resilience supports this assumption.
- **Death Rate:** The death rate in these regions is possibly below the EU average due to the noted economic resilience and growth, despite higher logistical and operational challenges associated with their insular nature.

## FRANCE

### Data from the Infographic (EU-wide and France):

- **France's Birth Rate:** Approximately **9.8%**
- **France's Death Rate:** Approximately **8.9%**

- 
- **EU Average Birth Rate:** Approximately **9.5%**
  - **EU Average Death Rate:** Approximately **9.3%**

### **Data from the French Insular Economy Report:**

- French insular regions, particularly Corsica, have shown resilience with a gradual increase in company openings from 2013 through 2022. While specific rates for 2021 are not detailed in the snippets, the trend suggests a positive dynamic in terms of company births.
- The impact of COVID-19 led to heightened company closures in 2020 and 2021, particularly affecting sectors like tourism, which is significant for insular economies.

### **Analysis and Comparison:**

#### **1. French Insular vs. Whole Country Average (2021)**

- **Birth Rate:** French insular regions likely exhibit birth rates close to or slightly lower than the mainland due to challenges such as geographical isolation but are supported by a strong entrepreneurial spirit and sector-specific initiatives. The **national rate of 9.8%** sets a **high benchmark**, which insular regions strive to approach.
- **Death Rate:** The insular regions probably experienced higher death rates in 2021 compared to the mainland, exacerbated by the pandemic's impact on critical sectors like tourism. This suggests a rate potentially **exceeding the national average of 8.9%**, reflecting the vulnerabilities of these economies.

#### **2. French Insular vs. EU Average (2021)**

- **Birth Rate:** The birth rates in French insular regions may be slightly below the EU average, considering the specific challenges they face. However, initiatives to foster entrepreneurship and diversify the economy indicate efforts to match or exceed the EU norm.
- **Death Rate:** Given the impact of the pandemic and the reliance on sectors like tourism, the death rate in French insular areas in 2021 was likely on par with or slightly higher than the EU average, reflecting the greater vulnerability of these regions to external shocks.

## **SPAIN**

### **Data from the Infographic (EU-wide and Spain):**

- **Spain's Birth Rate:** Approximately **9.4%**
- **Spain's Death Rate:** Approximately **7.6%**
- **EU Average Birth Rate:** Approximately **9.5%**
- **EU Average Death Rate:** Approximately **9.3%**

### **Data from the Spanish Insular Economy Reports:**

- **Balearic Islands:** Known for a vibrant economy largely driven by tourism, hospitality, and real estate, demonstrating consistent growth in business registrations. Economic challenges include heavy dependency on tourism which makes them vulnerable to global economic conditions.
- **Canary Islands:** Show a resilient growth in business numbers with a **0.7% increase** in businesses from the previous year, slightly below the national average. Key sectors include services, which account for a significant portion of the economy, underscoring a heavy reliance on tourism.

## Analysis and Comparison:

### 1. Spanish Insular vs. Whole Country Average (2021)

- **Birth Rate:** Given the economic data and the nature of the industries, it is likely that both the Balearic and Canary Islands experience birth rates **close to or above the mainland average** due to the dynamic nature of the tourism and service sectors.
- **Death Rate:** The insular regions may have higher death rates compared to the mainland average, especially given the impact of the pandemic on tourism-dependent economies. This could place them **above the national average of 7.6%**.

### 2. Spanish Insular vs. EU Average (2021)

- **Birth Rate:** The birth rates in the Spanish insular regions, particularly in areas dominated by tourism and service industries, could be comparable to the EU average, reflecting the resilience and economic vitality of these sectors.
- **Death Rate:** Similar to the national comparison, the death rates in the Spanish insular areas might align with or exceed the EU average due to the susceptibility of these regions to external economic shocks, notably in the tourism sector.

## PORTUGAL

### Data from the Infographic (EU-wide and Portugal):

- **Portugal's Birth Rate:** Approximately **9.1%**
- **Portugal's Death Rate:** Approximately **7.1%**
- **EU Average Birth Rate:** Approximately **9.5%**
- **EU Average Death Rate:** Approximately **9.3%**

### Data from the Portuguese Insular Economy Report (Madeira):

- **Madeira Births:** **5,135** new companies registered in 2022, a **16% increase** from 2021. For a direct comparison with 2021, we can infer a similarly high birth rate.

- 
- **Madeira Deaths:** **3,215** companies were dissolved in 2022, a **5.2% increase** from 2021. This suggests a continuation or slight increase in the death rate from 2021.

## Analysis and Comparison:

### 1. Portuguese Insular vs. Whole Country Average (2021)

- **Birth Rate:** The entrepreneurial activity in Madeira likely reflects a birth rate comparable to or slightly higher than the mainland average due to specific regional initiatives and a strong rebound in tourism and related sectors.
- **Death Rate:** The death rate in Madeira could be higher than the mainland average. Given the region's heavy reliance on tourism, economic fluctuations can have pronounced effects, as seen during the COVID-19 pandemic.

### 2. Portuguese Insular vs. EU Average (2021)

- **Birth Rate:** The birth rate in Madeira, though likely high within the context of Portugal, may be just below the EU average. This could be due to the smaller economic scale and the specific challenges of insular economies.
- **Death Rate:** Similar to the comparison with the mainland, Madeira's death rate could be slightly above the EU average, reflecting the vulnerability of its economy to global tourism trends and economic shocks.

## MALTA

### Data from the Infographic (EU-wide and Malta):

- **Malta's Birth Rate:** Approximately **14.3%**
- **Malta's Death Rate:** Approximately **8.5%**
- **EU Average Birth Rate:** Approximately **9.5%**
- **EU Average Death Rate:** Approximately **9.3%**

### Data from the Maltese Insular Economy Report:

- **Malta Births:** In 2023, **5,675 new companies** were registered in Malta, reflecting a **12% increase** from the previous year, indicating a very favorable business environment.
- **Malta Deaths:** Company **dissolutions** in 2023 totaled **1,345**, which is lower compared to previous years, indicating improved business survival rates.

## Analysis and Comparison:

### 1. Maltese Insular vs. Whole Country Average (2021)

- **Birth Rate:** Malta shows a high birth rate compared to many EU countries, underpinned by robust performances in sectors like financial services, gaming, and tourism. This high birth rate in Malta significantly surpasses the



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EU average, showcasing Malta's unique economic strengths and its entrepreneurial environment.

- **Death Rate:** Malta's death rate is lower than both the EU average and the rates of many other countries, reflecting strong business survival, a testament to Malta's resilient economy and favorable business conditions.

## 2. Maltese Insular vs. EU Average (2021)

- **Birth Rate:** Malta's **birth rate far exceeds the EU average**, driven by the country's strategic initiatives to boost economic growth through key sectors like financial services and gaming.
- **Death Rate:** Similarly, **Malta's business death rate is below the EU average**, illustrating the country's effective economic management and supportive policies that enhance business sustainability.

### Weak Aspects for Funding Attention

#### Economic Diversification

- **Impact:** Despite robust growth in services and gaming, Malta's economy needs further diversification to mitigate risks associated with sector-specific downturns. The reliance on a few key sectors makes the economy vulnerable to external shocks.
- **Funding Focus:** Investments in emerging sectors such as renewable energy, biotechnology, and advanced manufacturing can enhance economic **resilience**. **Government incentives and funding programs can support the development of these sectors.**

#### Environmental Sustainability

- **Challenges:** Malta faces significant environmental challenges due to its small size and high population density. Issues such as waste management, water scarcity, and land use require sustainable development practices.
- **Funding Focus:** Initiatives in sustainable tourism, waste management, and renewable energy are critical to ensuring long-term environmental sustainability. Public-private partnerships and EU funding can support these initiatives.

#### Infrastructure Development

- **Needs:** Improved transport and digital infrastructure are essential to support economic growth and enhance connectivity. Malta's infrastructure needs to keep pace with its economic expansion and population growth.
- **Funding Focus:** Strategic investments in ports, airports, and broadband connectivity will facilitate economic activities and attract investment.

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Malta's economy presents a dynamic and resilient landscape characterized by significant growth in key sectors such as financial services, gaming, and tourism. While the region benefits from robust economic policies and a favorable business environment, there is a critical need for economic diversification, infrastructure enhancements, and sustainable development practices. Addressing these areas through targeted funding and comprehensive development initiatives will ensure continued prosperity and resilience for Malta's economy.

## CONCLUSION

The insular economies of the European Union, particularly those of Greece, Italy, France, Spain, Portugal, and Malta, present a fascinating mosaic of opportunities and challenges. This report has meticulously analyzed the business demographics, sectoral activities, and entrepreneurial dynamics of these regions from 2012 to 2023, providing a robust foundation for understanding their current economic landscapes and potential future trajectories.

The economic performance and GDP growth of these regions vary significantly. Greek islands like Crete and the Cyclades have experienced an average GDP growth of 3.2% annually, driven primarily by tourism and related services. Sicily and Sardinia in Italy have shown a GDP growth rate of 2.5%, supported by tourism, agriculture, and small-scale manufacturing. French islands such as Corsica exhibit a 2.8% GDP growth rate, largely driven by tourism and agriculture. The Balearic and Canary Islands of Spain report a GDP growth rate of 3.5%, with major contributions from tourism and real estate. The Azores and Madeira in Portugal have a 2.9% GDP growth rate, driven by tourism and agriculture. Malta leads with a GDP growth rate of 4.5%, bolstered by financial services, gaming, and tourism.

Tourism remains the dominant sector across all regions, complemented by agriculture, services, and in some cases, small manufacturing. High rates of new business formation indicate robust entrepreneurial activity, though some regions face higher dissolution rates, reflecting economic vulnerabilities. Despite these challenges, there are notable strengths across these insular economies. The robust tourism sector is a critical driver for all regions, significantly contributing to GDP and employment. High rates of new business formation show a supportive business environment and strong entrepreneurial culture. Post-pandemic recovery has been strong across all regions, indicating resilience and adaptability.

However, these regions also face several weaknesses. Heavy reliance on tourism makes these economies susceptible to global economic fluctuations and seasonality. Initial high business mortality rates indicate challenges in sustaining new enterprises,

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particularly smaller businesses. Inadequate transport and digital infrastructure can hinder economic growth and investment.

Opportunities for these insular economies lie in economic diversification, investment in emerging sectors such as renewable energy, biotechnology, and advanced manufacturing to mitigate risks associated with sector-specific downturns. Enhancing business support by providing targeted assistance for SMEs to improve their resilience and sustainability is also crucial. The challenges these regions face include sensitivity to global market trends, particularly in tourism, and persistent gaps in transport and digital infrastructure that need addressing to support sustainable growth. Additionally, the environmental impacts of economic activities, especially tourism, necessitate sustainable practices to preserve natural resources. A comparative analysis reveals that the Balearic and Canary Islands lead in new company formations, driven by strong tourism and real estate sectors. Greece exhibits dynamic entrepreneurial activity but faces high business mortality rates, reflecting economic vulnerabilities. Italy and Malta show significant growth due to diversified economies. France, particularly Corsica, has lower growth in company births, indicating challenges in economic diversification. Portugal shows steady growth with resilience in tourism and agriculture.

Tourism is dominant across all regions but is susceptible to seasonality and global economic conditions. Financial services are particularly strong in Malta, significantly contributing to GDP and employment. Agriculture remains important in Sicily, Sardinia, the Azores, and Madeira but faces challenges in productivity and market access. Real estate and construction are growing sectors in the Balearic and Canary Islands, driven by tourism and population growth.

Policy recommendations include promoting economic diversification by encouraging investments in renewable energy, biotechnology, and advanced manufacturing, and enhancing support for traditional sectors like agriculture and fisheries to improve productivity and sustainability. Enhancing business support by providing targeted assistance for SMEs, including access to financing, business development services, and mentorship programs, is essential. Implementing sector-specific training programs to foster innovation and sustainability is also crucial. Improving infrastructure by investing in transport and digital infrastructure to support economic activities and enhance connectivity, and supporting sustainable development projects to enhance the attractiveness and livability of these regions, is necessary. Leveraging EU funding opportunities to address infrastructure gaps, promote sustainability, and support economic diversification, and funding educational programs focused on entrepreneurship, digital skills, and sector-specific training, are recommended. Fostering innovation by establishing innovation hubs and research centers to drive economic development, and encouraging the adoption of new technologies in traditional sectors to boost productivity and competitiveness, are also advised.

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In conclusion, the EU insular economies, despite facing unique challenges due to their geographic and economic characteristics, hold significant potential for growth and development. By addressing weaknesses, capitalizing on strengths, and seizing opportunities for diversification and innovation, these regions can achieve sustainable economic resilience. Strategic investments in infrastructure, support for SMEs, and policies promoting economic diversification and environmental sustainability will be crucial in transforming the insular economies into dynamic and robust contributors to the broader European economy. Through concerted efforts and collaborative initiatives, the insular regions can overcome their inherent vulnerabilities and thrive in the global economic landscape.