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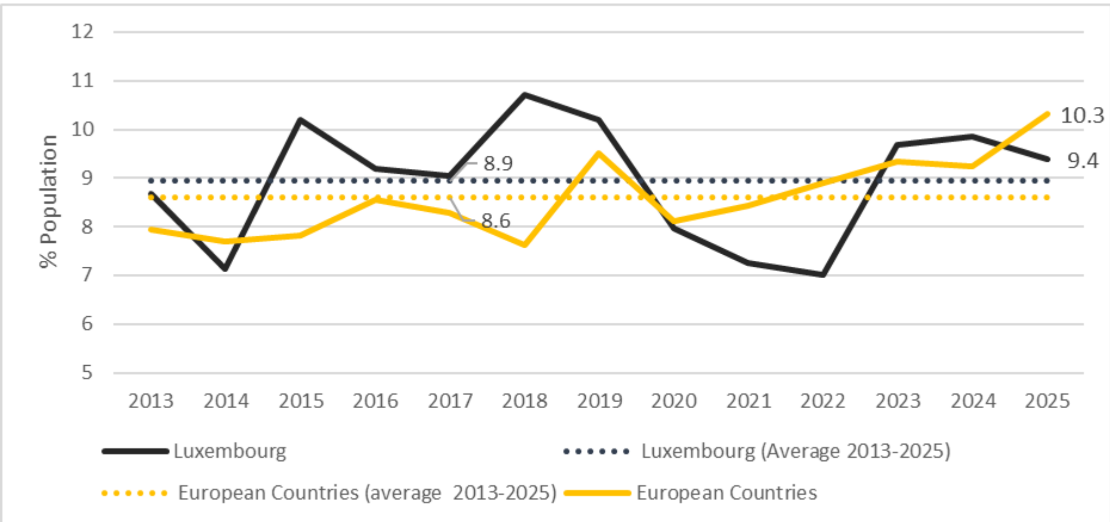
Luxembourg's Entrepreneurs Remain Resilient amid Growing Global Uncertainty

According to the Global Entrepreneurship Monitor (GEM) Luxembourg 2025/2026, entrepreneurial activity remained broadly stable in 2025 despite an increasingly uncertain economic environment. While early-stage entrepreneurial activity sees a slight decline compared to 2024, entrepreneurial intentions remain among the highest in Europe. At the same time, entrepreneurs report increasing concerns regarding access to finance and the global business environment.

In 2025, the share of residents actively involved in a new business decreased to 9.4% from the 9.9% recorded in 2024. The share of early-stage-entrepreneurs (TEA) is lower in Luxembourg than in other European countries (-0.9 percentage points) in 2025, but remains aligned with its long-term level (See Figure 1). *Fear of failure,* remains low.42% of respondents who see good business opportunities hesitate to start a business due to fear of failure. Despite this, some challenges lie ahead. 36% of early-stage entrepreneurs expect lower growth of their business, one of the highest share among observed countries.

FIGURE 1. TOTAL EARLY-STAGE ENTREPRENEURIAL ACTIVITY RATE (% OF POPULATION).



Source: GEM Report 2025-2026

Luxembourg’s entrepreneurs continue to regard AI as strategic for their business, while perceptions of AI risks and benefit evolve

Artificial Intelligence (AI) remains an important strategic priority for Luxembourg's entrepreneurs. In 2025, 32% of TEA entrepreneurs considered AI to be *very* important for their business model and strategy, compared with 34% in 2024, when Luxembourg ranked first among European countries. While Luxembourg's share has remained broadly stable, the European average increased from 22% to 30%, reducing Luxembourg's lead. As a result, Luxembourg no longer ranks first on this indicator, with the United Kingdom taking the top position in 2025 (49%).Perceived benefits and risks associated with AI adoption are evolving. The share of entrepreneurs expecting AI to have a strong positive impact on business growth stands at 24%, compared to the 47% recorded previously. At the same time, concerns related to data security and privacy are reported by 45% of TEA entrepreneurs, compared to the previous record of 58%.

Luxembourg's entrepreneurs remain committed to sustainability, although their leading position on sustainability indicators weakened in 2025

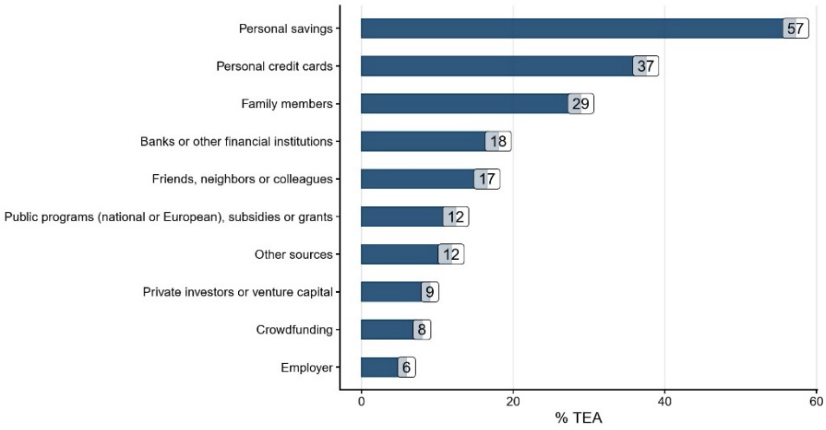
The share of early-stage entrepreneurs reporting actions to maximise social impact declines from the 56% recorded in 2024 to 45%, while the share of those reporting actions to minimise environmental impact falls from 61% to 53%. As a result, Luxembourg no longer ranks among the top-performing countries on these indicators. Nevertheless, early-stage entrepreneurs in Luxembourg continue to report levels of social and environmental sustainability that are above the 2025 European average (respectively at 44.6% and 52.1% for the two indicators).

Access to finance becomes the main obstacle

The 2025 survey highlights a marked increase in financing constraints. 52% of early-stage entrepreneurs report difficulties in access to finance. This makes the availability of funds one of the main barriers to business creation, together with the affordability of office space (57%) and the access to skilled workers (48%).

A new GEM Luxembourg questionnaire’s module also shows that entrepreneurs rely primarily on **personal savings**, followed by **family, friends and other informal funding sources**, while formal external finance plays a comparatively limited role during the early stages of business creation (see Figure 2).

FIGURE 2. SHARE OF TEA ENTREPRENEURS THAT USED THE SOURCE OF FUNDING (% OF TEA)



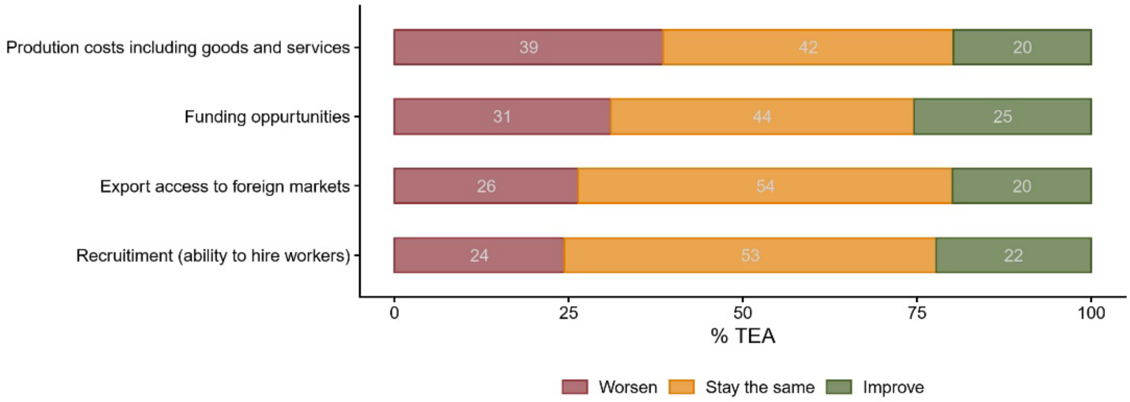
Source: GEM Report 2025-2026

The global uncertainty weighs on entrepreneurs

For the first time, GEM Luxembourg investigates entrepreneurs' perceptions of recent developments in international trade and migration policies.

Entrepreneurs expect recent changes in the international environment to increase production costs, reduce funding opportunities and make access to foreign markets more difficult. 40% of early-stage entrepreneurs expect production costs to worsen, while only 20% anticipate an improvement. (see Figure 3). These concerns are particularly pronounced among entrepreneurs whose export market is outside the European Union.

FIGURE 3. EXPECTED IMPACT OF CHANGES IN TRADE, TARIFF, AND MIGRATION POLICIES ON BUSINESS CONDITIONS (% OF TEA)



Source: GEM Report 2025-2026

Characteristics of Entrepreneurs in Luxembourg

Necessity: Luxembourg has a considerably lower-than-average necessity-driven entrepreneurship (36% of Luxembourg's entrepreneurs report a business due to a lack of available jobs compared to the EU average of 58%).

Entrepreneurship gender gap narrows but persists: Across the observed period, GEM consistently showed that women have a lower propensity to engage in entrepreneurship. In 2025, the share of female entrepreneurs was 7.2% compared to 11.5% for men, whereas in 2024 it stood at 6.47% for women versus 13.3% for men.

Immigrants have higher propensity to engage in entrepreneurship: 10.5% of immigrants are involved in TEA, compared to 7.5% of natives.

The Global Entrepreneurship Monitor (GEM) initiative is an international research program focused on entrepreneurship launched in 1999. Since 2013, STATEC, in collaboration with the Ministry of the Economy and the Chamber of Commerce, has been conducting a specific survey among 2,000 residents aged 18 to 64 years. GEM documents the intensity and evolution of entrepreneurial activities, the profiles of entrepreneurs, and the challenges they face. GEM collects and analyzes data to:

- Better understand the entrepreneurial spirit and its link with the economic performance of countries;
- Evaluate the evidence on the link between entrepreneurship and growth;
- Provide the necessary information to support policy actions.

The Global Entrepreneurship Monitor Luxembourg Report 2025/2026 was presented on July 2nd, 2026 at STATEC 12, boulevard du Jazz L-4370 Belvaux Luxembourg.

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