

MSMEs

RESEARCH NOTES

November 2022

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WHAT ARE THE WTO MSME RESEARCH NOTES?

In 2022 the WTO MSME Group Secretariat launched a new series of research notes to:

- Update MSME-related trade statistics
- Review alternative sources of MSME information
- Investigate emerging trade issues for small businesses

RECENT EVOLUTION OF DEVELOPED-ECONOMY MSME PARTICIPATION IN INTERNATIONAL TRADE

Research note #1



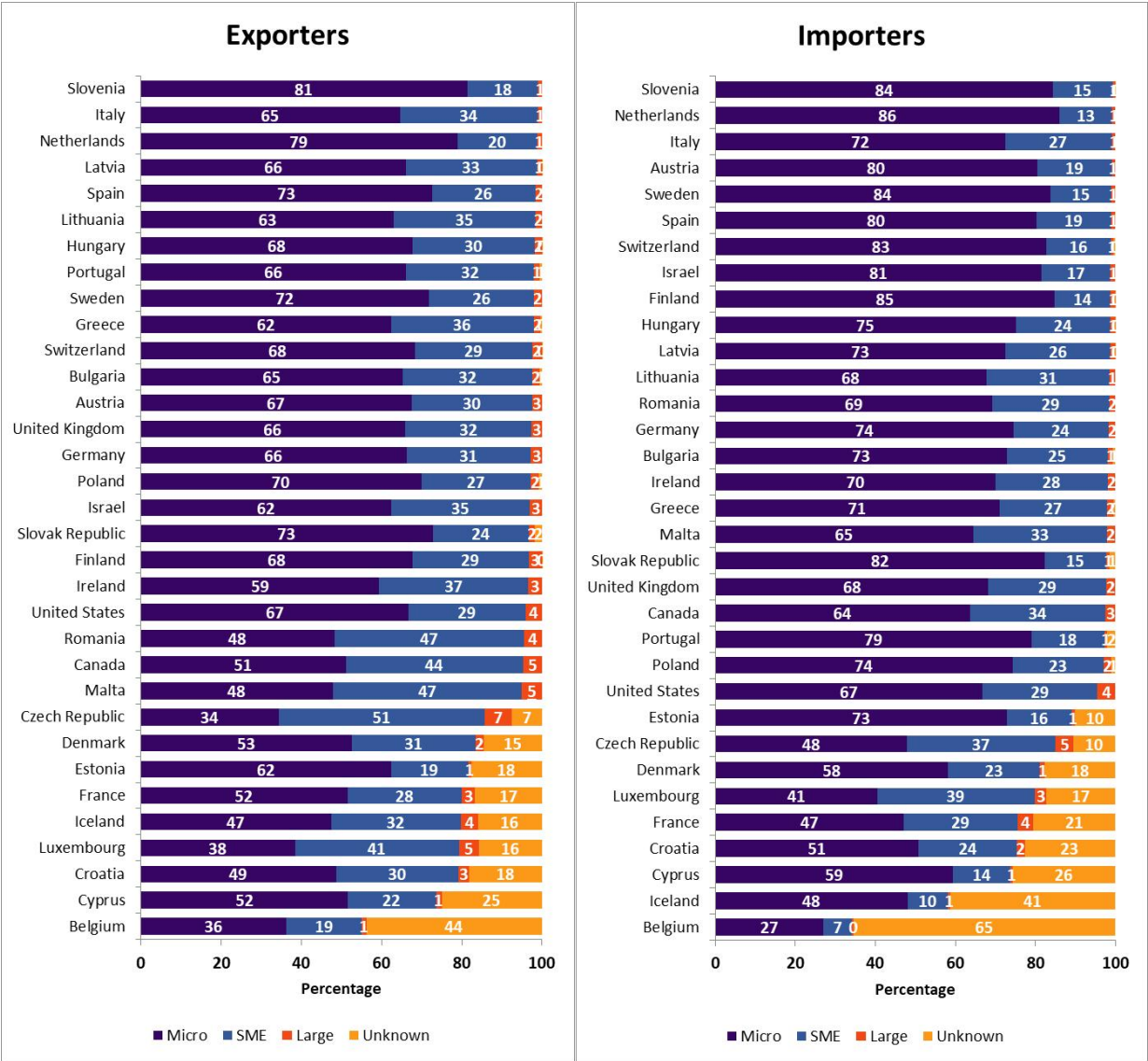
MSME RESEARCH NOTE 1

LINK: [ERSD_RESEARCH_NOTE1_MSMEs_IN_DEVELOPED_ECONOMIES.PDF](https://www.wto.org/Trade_Economics/Trade_Economics_files/ERSD_RESEARCH_NOTE1_MSMEs_IN_DEVELOPED_ECONOMIES.PDF) (WTO.ORG)

- Micro, small and medium-sized enterprises (MSMEs) comprise 94 per cent of industrial firms in the OECD
- But account for only 36 per cent of exports and 41 per cent of imports
- MSMEs have slightly increased their share of trade since 2016 (up from 34 per cent of exports and 38 per cent of imports in the 2016 World trade report)
- Large variability across economies – smaller economies (e.g., Cyprus, Latvia and Estonia) report larger shares of MSME exports

MSME SHARES OF EXPORTING AND IMPORTING COMPANIES IN AVAILABLE DEVELOPED ECONOMIES, 2018 OR LATEST YEAR (PER CENT)

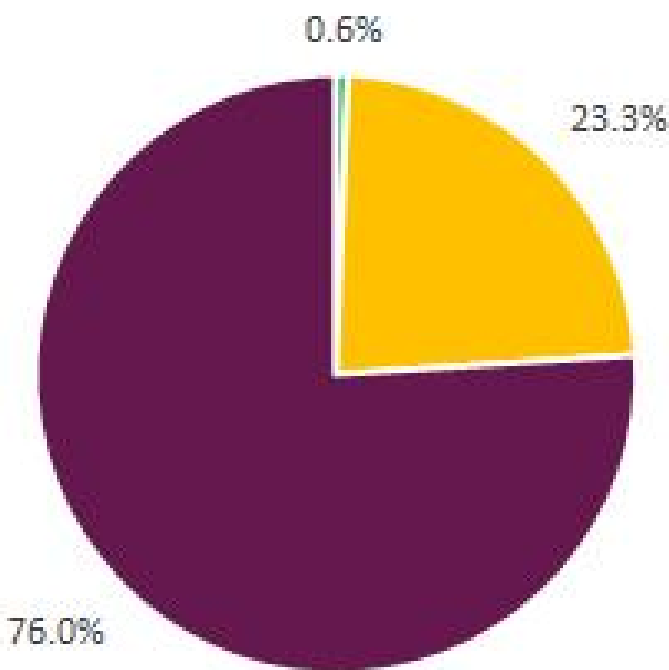
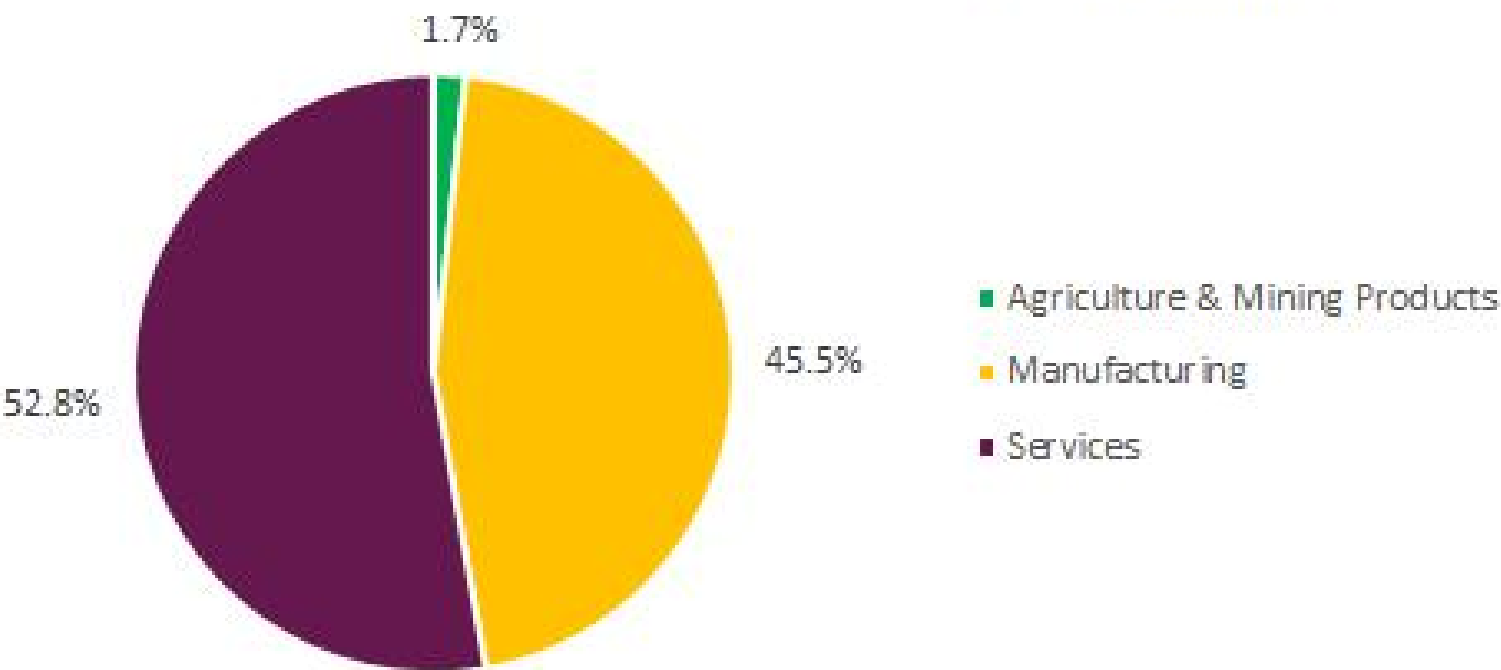
Despite their relatively small shares in the US dollar value of exports and imports, MSMEs represent the majority of trading firms in every developed economies



MSME TRADE
VALUES FOR
EXPORTS AND
IMPORTS BY
PRODUCT
CATEGORY, 2018
(PERCENTAGE)

Trade by sector varies substantially. Developed economy MSMEs import more services than any other economic sector; however, when it comes to exports, the value generated by MSMEs exporting manufactured goods and services is split almost evenly

Exports | 2018



SMALL AND MEDIUM MANUFACTURING ENTERPRISE TRADE PARTICIPATION IN DEVELOPING ECONOMIES

Research note #2

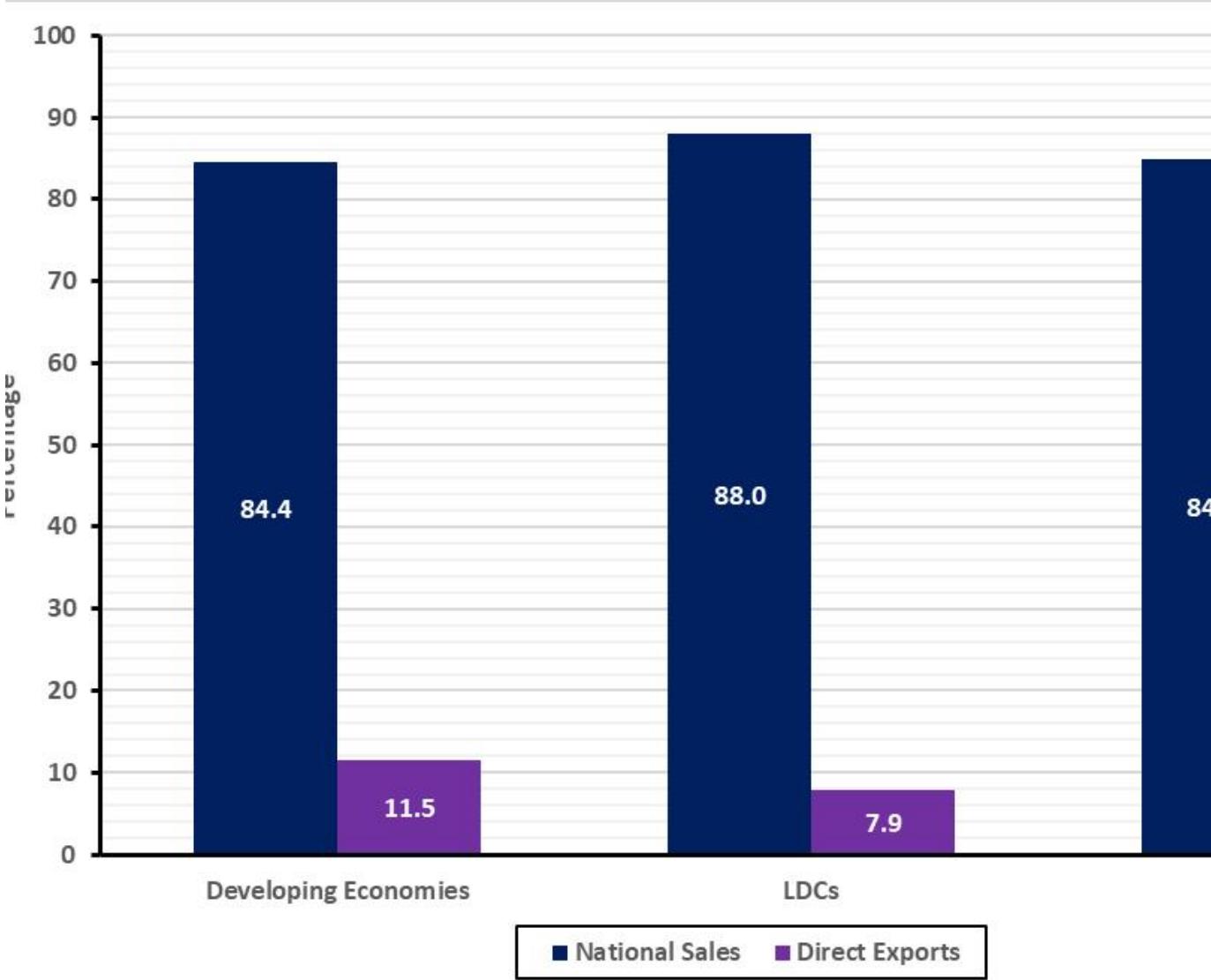


MSME RESEARCH NOTE 2

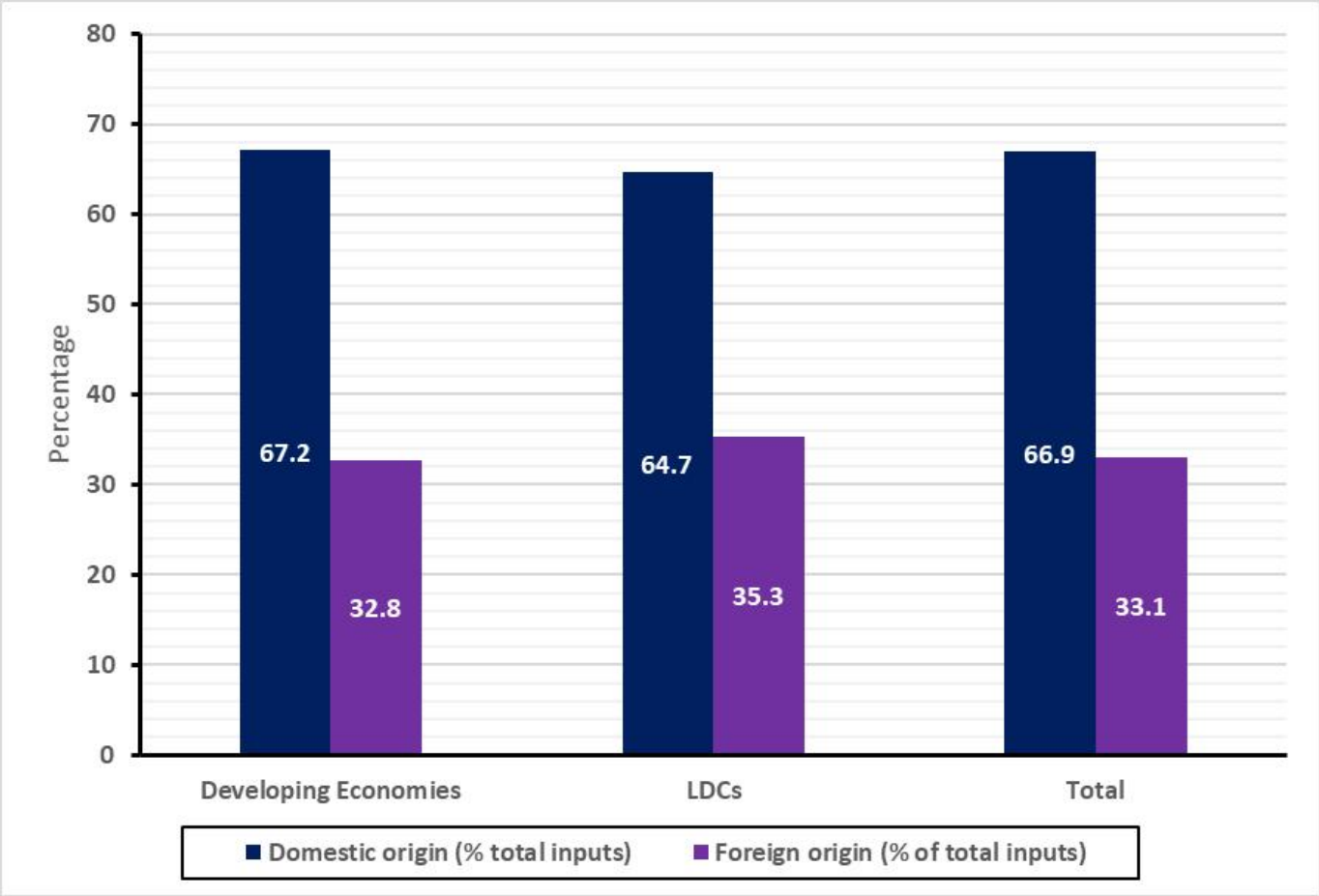
LINK: [ERSD_RESEARCH_NOTE2_MSMEs_IN_DEVELOPED_ECONOMIES.PDF](https://www.wto.org/Trade_Economics/Trade_Economics_files/ERSD_RESEARCH_NOTE2_MSMEs_IN_DEVELOPED_ECONOMIES.PDF) (WTO.ORG)

- World Bank Enterprise Survey (WBES) data from 2016-2021
- SMEs in developing economies and LDCs are primarily engaged in domestic sales rather than exports
- But roughly one third of inputs are imported (higher backward GVC links)
- SMEs in developing economies report higher participation in upstream less technology-intensive sectors.

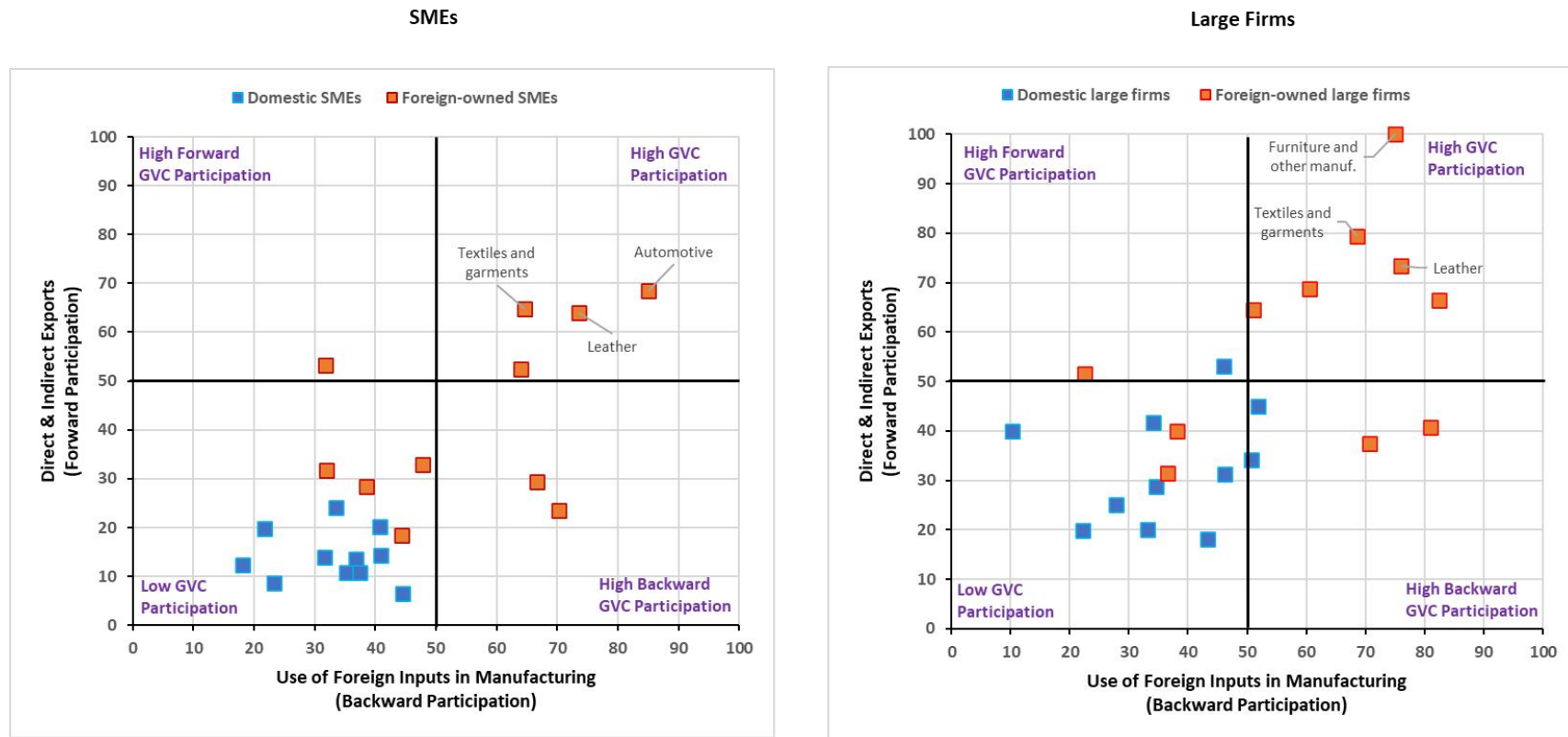
SMES IN LDCS AND DEVELOPING ECONOMIES ARE MORE FOCUSED IN NATIONAL SALES AS OPPOSED TO EXPORTS (PERCENTAGE OF TOTAL SALES) | 2016 – 2021



RELATIVELY HIGHER SHARES
OF FOREIGN ORIGIN INPUTS IN
DEVELOPING ECONOMY SME
PRODUCTION (PERCENTAGE) |
2016 – 2021



FOREIGN-OWNED SMES IN SECTORS LIKE TEXTILES AND GARMENTS, AUTOMOTIVE AND LEATHER DEMONSTRATE HIGH GVC PARTICIPATION| 2016 – 2021



SMALL BUSINESS AND CLIMATE CHANGE

Research note #3



MSME RESEARCH NOTE 3

LINK: [ERSD RESEARCH NOTE3 SMALL BUSINESS AND CLIMATE CHANGE.PDF \(WTO.ORG\)](https://www.wto.org/Research/ERSD/Research_Note3_Small_Business_and_Climate_Change.pdf)

- To address climate change, businesses of all sizes will need to contribute to decarbonization efforts by reducing behaviors harmful to the climate and environment and by engaging in sustainable practices.
- Survey data from 30 economies gathered by Meta
- MSMEs are concerned about climate change and their impact on supply chains
- But these firms need additional knowledge for how to make changes and they are worried about the impacts on operating costs

FEMALE AND MALE RESPONDENTS REPORTED SIMILAR SHARES OF CLIMATE CONCERN FOR THEIR BUSINESS, BUT WOMEN ARE MORE LIKELY TO BE UNFAMILIAR WITH THE IMPACTS OF CLIMATE CHANGE.

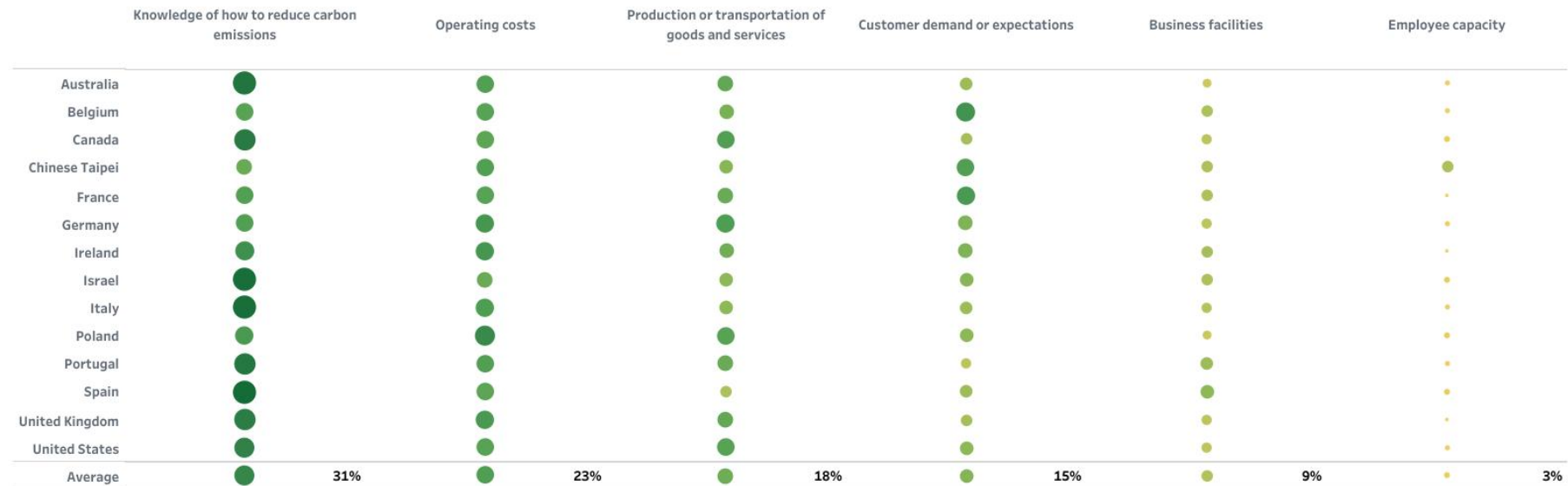
Concern for Climate Change by Gender



Question: How worried are you about the impacts of climate change on your business?
Source: Facebook Global State of Small Business Data - 2021

More than half of the economies covered by the survey cited knowledge of how to reduce carbon emissions as their largest barrier to decarbonizing

Barrier for Carbon Reduction



Question: What are the most significant barriers you are facing regarding carbon reduction?

Source: Facebook Global State of Small Business Data - 2021

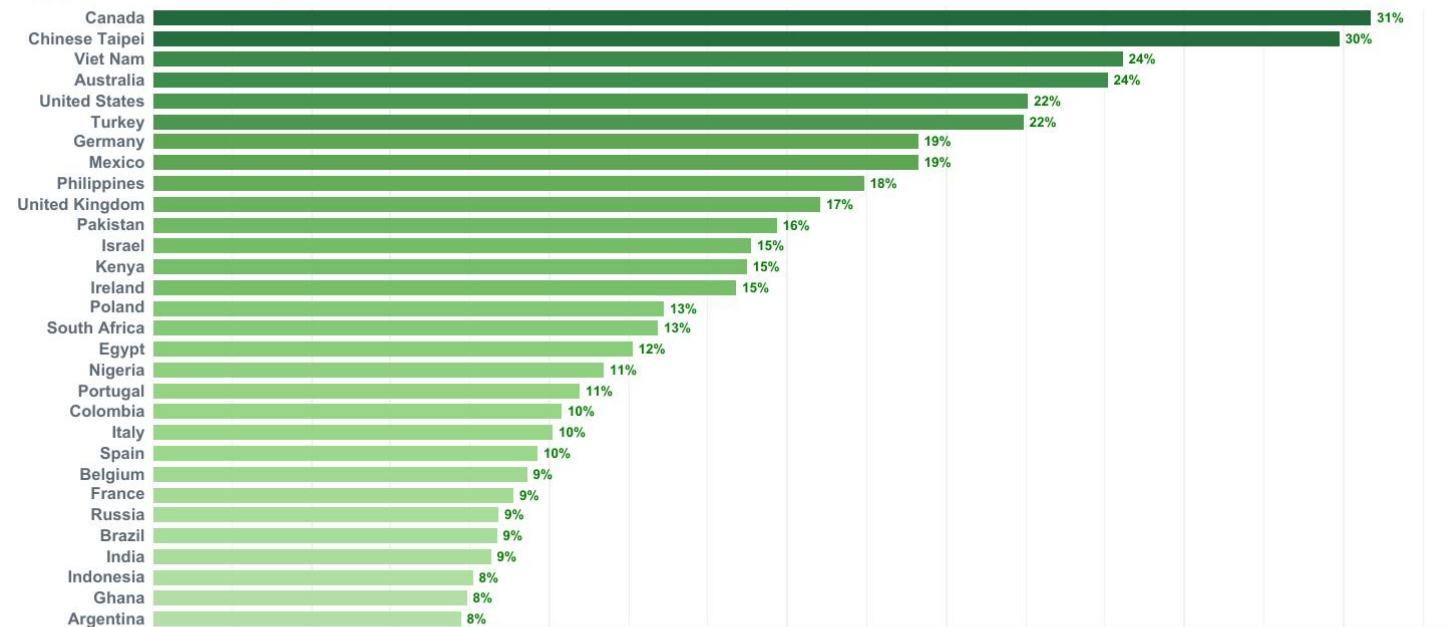
Measure Values

* 1% 10% 20% 30% 40%



Respondents in economies more closely linked to GVCs, like Canada, Chinese Taipei and Viet Nam (WTO, 2019), appear to be more concerned about the effects of severe weather on supply chains

Supply Chain Disruption Concerns Due to Weather



Question: Do you expect any of the following to be challenges for your business over the next 2-5 years? (Supply chain disruptions due to natural disasters and/or severe weather) - Yes

Source: Facebook Global State of Small Business Data - 2022

OTHER RESEARCH

WTO Small Business and Trade webpage

- Regional Trade Agreement (RTA) Database
- Trade Policy Review (TPR) Database
- Helping MSMEs Navigate the Covid-19 Crisis

MSME Group Working Documents

- RTA research
- INF/MSME/W/40
- INF/MSME/W/6/rev. 3

THANK YOU

Research Note Links:

- https://www.wto.org/english/tratop_e/msmes_e/ersd_research_note1_msmes_in_developed_economies.pdf
- https://www.wto.org/english/tratop_e/msmes_e/ersd_research_note2_msmes_in_developed_economies.pdf
- https://www.wto.org/english/tratop_e/msmes_e/ersd_research_note3_small_business_and_climate_change.pdf

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