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Mexican MSMEs: The Engine of our Economy





Secretariat of Economy

Undersecretariat of Foreign Trade
Global Economic Intelligence Unit

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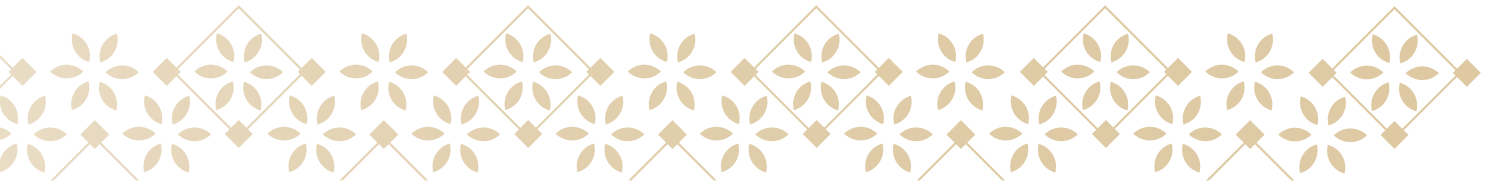
“Mexican MSMEs: The Engine of our Economy”

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**Mexican
MSMEs:
The Engine of
our Economy**

Over
90% 
of businesses in the
world are MSMEs¹



Mexico has
4.7 million
MSMEs²



**Visit us, get informed
and develop your business,**
the Secretariat of Economy will be there for you

¹ United Nations, (2023).

² INEGI, (2020).

TABLE OF CONTENTS



INTRODUCTION	8
01 MSMES IN THE WORLD	10
1.1 Main characteristics of MSMEs in the signatory countries of the Agreement between the United States, Mexico and Canada (USMCA/CUSMA/T-MEC/ACEUM)	12
02 MSMES IN MEXICO	14
2.1 MSME Diversity	16
2.2 MSME Life Expectancy	17
2.3 Participation of women in MSMEs	18
2.4 New Female Entrepreneurs with Internet Businesses (Nenis by their Spanish acronyms)	20
03 MSME PROMOTION POLICY	22
3.1 Institutional Inclusion	24
3.2 Digital Inclusion	25
3.3 Financial Inclusion	26
3.4 Commercial Inclusion	27
3.5 'Hand in Hand with your Business' Program	29
3.6 Programs to Strengthen MSMEs	31
3.6.1 Linkage with Government Programs	31
3.6.2 Linkage with State Programs	31
3.7 The MSME Promotion Policy as a State Policy	32
ANNEXES	36
REFERENCES	38

Interactive document

Interact with him index to navigate for the document. Click on the header of each page to return to the table of contents.





INTRODUCTION

Micro, small and medium-sized enterprises (MSMEs) are the group to which more than 99.8% of businesses in the country belong.³ They embody sociocultural qualities that, together with economic dynamics, show the world the diversity and wealth of Mexico, a tapestry that comprises family businesses devoted to age-old crafts such as weaving, ceramics, saddlery, gold and silversmithing, as well as businesses in manufacturing, tourist services, alternative medicine, suppliers, exporters and in specialized industries. They contribute to economic strengthening, promote regional development and positively impact social life. Mexico has an economic and sociopolitical context that favors their creation and strengthening.

Mexican MSMEs: The Engine of our Economy is an initiative of the Government of Mexico to highlight the importance of businesses in their different sizes and the value they contribute to the country, highlighting the participation of women leaders and the actions that are carried out in a coordinated way with public and private agents to promote their growth.

The goal of this document, on the one hand, is to visibilize and recognize the importance of MSMEs in the country's economy, and on the other, to provide everyone with a model built by the Secretariat of Economy in coordination with public agencies and Mexico's business sector, which when implemented by those who wish to create or strengthen an MSME, delivers the guarantee of having a clear and reliable navigation route in the development of their MSMEs.

³ Statistics on the occasion of the Day of Micro, Small and Medium-sized Enterprises, INEGI, (2020).

MSMEs play a determining role in the Mexican economy. This is why the **MSME Promotion Policy of the Secretariat of Economy** is aimed at creating an environment with better conditions to make them be competitive and increase their life expectancy.

It is the job of the Government of Mexico to create tools to provide them with timely support and facilitate their administrative journey so that they can seize their potential and join domestic and international markets, while considering the least represented communities at all times so that development is inclusive in order to leave no one behind and leave no one out.

At present, Mexico is recognized for its economic stability and as one of the safest countries to invest in, which creates an opportunity for MSMEs to take advantage of the nearshoring phenomenon.

In this context, our country is among the top ten countries that attract the most foreign investment with a historic influx, amounting to 36.058 billion dollars⁴ in 2023 alone, which shows that **nearshoring is not a future project, but rather a reality which we call the “Mexican moment.”** This is bolstered by other factors such as geographical location, political, economic and social stability and the Agreement between the United States, Mexico and Canada (USMCA/CUSMA/T-MEC/ACEUM).⁵

Likewise, implementing an Industrial Policy that promotes the development of priority sectors (medical devices and the pharmaceutical industry, agribusiness, electrical and electronics, semiconductors, automotive and electromobility), triggers the identification of specialized people from the time of their academic training to usher them into the current labor world, and raise industrial productivity and competitiveness levels, highlighting the importance of their talent.

"Mexican Talent" is precisely the strength necessary to seize nearshoring, since our human and labor capital are young, technical and specialized in STEM (science, technology, engineering and mathematics).⁶

Therefore, one of the goals of the Secretariat of Economy is to provide optimal conditions for the development of all MSMEs and, with it, democratize domestic and international trade in two ways: 1) realize export processes and 2) create domestic and international supply ecosystems, that is, **“without MSMEs, there is no nearshoring.”**

⁴ Secretariat of Economy, (2024).

⁵ “Mexican Talent”, Secretariat of Economy, (2023).

⁶ Idem.



01

MSMES IN THE WORLD

MSMEs IN THE WORLD

MSMEs are the backbone of economies and account for one of the main drivers of innovation and economic growth in countries.



in the world are MSMEs, that is, around 400 million.⁷

They are an important source of employment worldwide, on average, they create 70% of jobs. In countries like Colombia, they represent 80%⁸ of job sources; in Germany, 88%⁹ and in Turkey, above the average with 72%.¹⁰



Global Trade

- **41%** of world imports
- **36%** of world exports



World GDP

- **50%** contribution to the GDP in developed countries
- **35%** contribution to the GDP in developing countries

Source: Data from the United Nations, WTO, National Actions Plans on Business and Human Rights and WTO NEWS

MSMEs in Latin America



In Brazil
14.8 million
are MSMEs

- ▶ They represent 99.23% of all Brazilian businesses

Source: Data from the Brazilian Micro and Small Business Support Service.



In Uruguay
209 thousand
are MSMEs

- ▶ They represent 99.58% of all Uruguayan businesses

Source: Data from the National Development Agency.



In Colombia
495 thousand
are MSMEs

- ▶ They represent 99% of all Colombian businesses

Source: Data from the Bogota Chamber of Commerce.



In Chile
235 thousand
are MSMEs

- ▶ They represent 98% of all Chilean businesses

Source: Data from the Undersecretariat of International Economic Affairs

⁷ Data from the United Nations, WTO, National Actions Plans on Business and Human Rights and WTO NEWS.

⁸ ANIF, (2021).

⁹ OECD, Germany, (2021).

¹⁰ Ministry of Industry and Technology, Republic of Türkiye, (2023).

MEXICAN MSMEs: THE ENGINE OF OUR ECONOMY

1.1 Main characteristics of MSMEs in the signatory countries of the Agreement between the United States, Mexico and Canada (USMCA/CUSMA/T-MEC/ACEUM)

The Agreement between the United States, Mexico and Canada (USMCA/CUSMA/T-MEC/ACEUM) is the most advanced agreement including provisions for cooperation, exchange of information and promotion in various matters, such as MSME infrastructure and digitalization.

The USMCA/CUSMA/T-MEC/ACEUM agreement opens the possibility for businesses that settle in Mexico to access:

 **372 million**

potential consumers in the US and Canada¹¹

 **3.1 trillion:** value of North American trade

Likewise, this trade zone is at the forefront of labor and environmental standards.

The criteria for classifying MSMEs are specific to each country. Traditionally, the number of workers has been used to stratify businesses by size.

 **The USMCA/CUSMA/T-MEC/ACEUM agreement**

promotes the exchange and inclusion of MSMEs into value chains¹²

Regarding their contribution, the three signatory countries of the USMCA/CUSMA/T-MEC/ACEUM agreement carry out joint and individual actions to continue promoting the creation and strengthening of MSMEs, since they currently employ more than half of the population.¹³ In addition, the region's diversity is reflected in its main economic activities.

Chapter 25 of the USMCA/CUSMA/T-MEC/ACEUM agreement recognizes the relevance of MSMEs in the economic competitiveness of the signatory countries:

- It strengthens cooperation and promotes the growth and job creation of MSMEs.
- It represents a connection platform.
- It provides internationalization and consolidation resources.
- It promotes the exchange and analysis of best business practices.
- It provides training and advice.



The USMCA/CUSMA/T-MEC/ACEUM agreement stands for providing resources at customs, eliminating obstacles to trade, creating sources of decent, well-paid labor and proposing more sustainable trade.

Secretariat of Economy, 2023.

¹¹ TMEC Report, Secretariat of Economy, (2020).

¹² Small Business Administration, USA (2022) and Government of Canada, (2022).

¹³ Economic Census, Canada (2019) and United States Department of State, (2019).

MEXICAN MSMES: THE ENGINE OF OUR ECONOMY

MSME Categorization in the USMCA/CUSMA/T-MEC/ACEUM agreement



Mexico

- ▶ Micro (1 to 10 people)
- ▶ Small (11 to 50 people)
- ▶ Medium (51 to 250 people)



It has
4.7 million
MSMEs



68%

**of all people are
employed at MSMEs**

- They contribute 52% to Mexico's GDP
- Main economic activities: retail trade, services* and manufacturing.

Source: Data from INEGI.



U.S.

- ▶ Small (1 to 19 people)
- ▶ Medium (20 to 499 people)



It has
33 million
SMEs



46%

**of all people are
employed at SMEs**

- They contribute 44% to the U.S.'s GDP
- Main economic activities: professional, scientific and technical services, and construction.

Source: Data from the Small Business Profile.



Canada

- ▶ Small (1 to 99 people)
- ▶ Medium (100 to 499 people)



It has
1.2 million
SMEs



88%

**of all people are
employed at SMEs**

- They contribute 50% to Canada's GDP
- Main economic activities: professional, scientific and technical services, construction and commerce.

Source: Data from Key Small Business Statistics.

*Note: Private non-financial services.



02

MSMES IN MEXICO

MEXICAN MSMES: THE ENGINE OF OUR ECONOMY

MSMES IN MEXICO

Mexican MSMEs are the engine of our economy. They generate **52% of revenue and employ 27 million people**, which represent 68.4%¹⁴ of all people who work in the business sector.

Its distribution throughout the country is diverse, with MSMEs dedicated mainly to commerce concentrating in the Southern region, and MSMEs that carry out industrial activities concentrating in the Northern region, although the number is smaller.



Micro 95%

They employ 1 to 10 people
4.5 million businesses



Small 4%

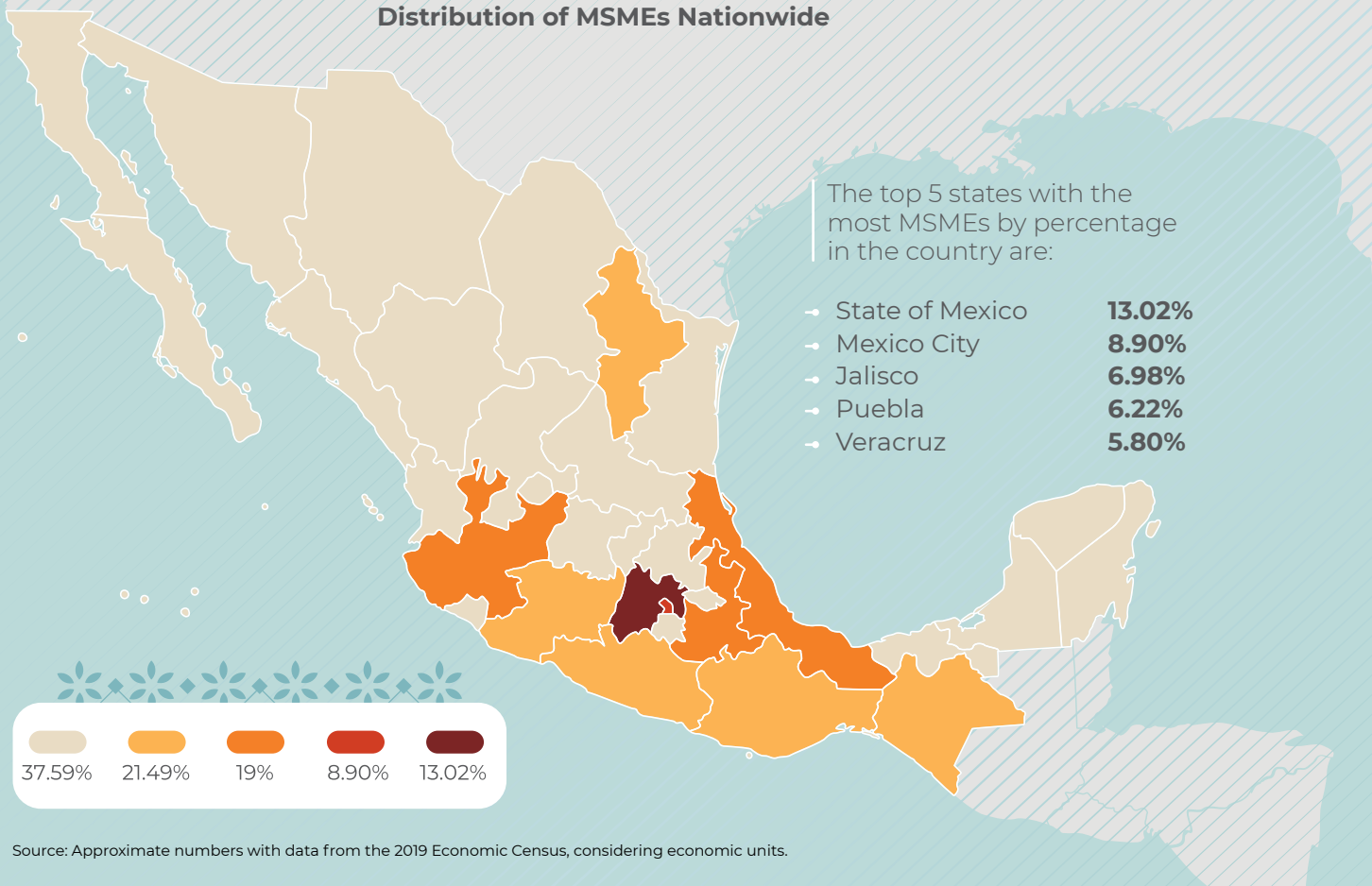
They employ 11 to 50 people
190 thousand businesses



Medium .08%

They employ 51 to 250 people
38 thousand businesses

Distribution of MSMEs Nationwide



¹⁴ Statistics on the occasion of the Day of Micro, Small and Medium-sized Enterprises, INEGI, (2020).

Note: Percentage of the sum of 37.8% of micro, 14.7% of small and 15.9% of medium-sized enterprises.

MEXICAN MSMES: THE ENGINE OF OUR ECONOMY

2.1 MSME Diversity

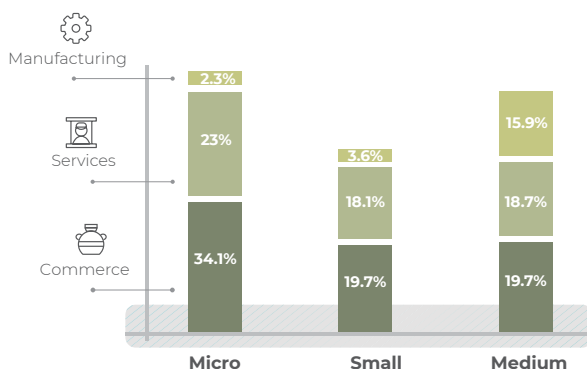
One of their strengths is the diversification and differentiation of their products, which support families and communities when sold.

The most significant sectors of economic activity in which Mexican MSMEs are developed are:



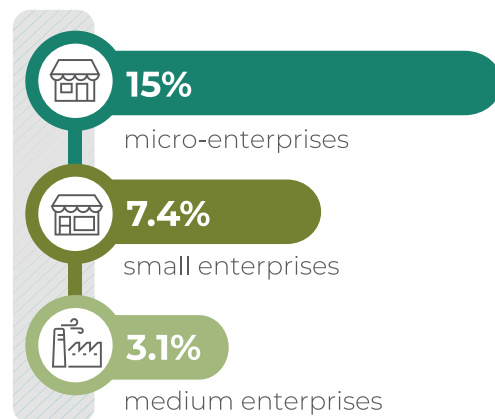
Commerce is the predominant activity, however, as the size of the business increases, the manufacturing sector grows as well, achieving greater participation in medium-sized businesses.

Distribution of MSMEs by sector



Source: Data from the Economic Census (2019).

Family businesses are relevant because families are related to decision-making.¹⁵ The percentage of MSMEs **in which a family member makes the decisions** is shown as follows:



Source: Data from the National Business Financing Survey, ENAFIN, (2021)

Businesses made up of family members are characterized by a leadership and management approach that ensures the successful continuity of the business. International research shows different evolutions with respect to family businesses, depending on the country and their peculiarities. For example, in Germany, as in Mexico, 90% of SMEs are family owned and operated, providing them with a strong sense of tradition and continuity.¹⁶



of businesses in Mexico are family-owned¹⁷

¹⁵ "X-ray of the family business in Mexico", UDLAP (2017).

¹⁶ Institut für Mittelstandsforschung, (2022).

¹⁷ Institute of Business Families, (2022).

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In this context, MSMEs also face challenges, some of which are:

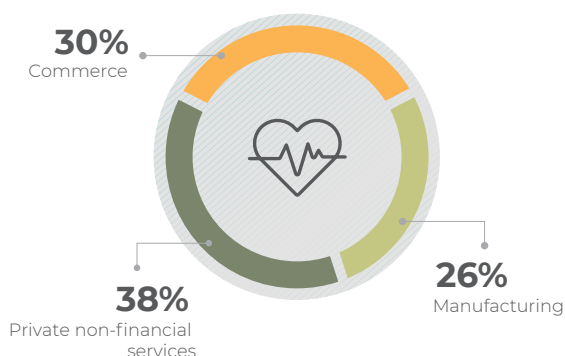
- **Low life expectancy.** 52 out of every 100 MSMEs close during their first two years.
- **Little digital skill knowledge.** Most MSMEs lack digital knowledge, as well as digital security to improve and protect their operations.
- **Administrative complexity.** 70% of MSMEs face obstacles when starting their business.
- **Limited access to digital and emerging technologies.** Of the micro-enterprises that represent 95% of MSMEs, only 19% have access to computer equipment.

These challenges require alternatives that comprehensively resolve each of their causes, mainly through the development of business skills, considering those skills related to social development and interpersonal skills.

2.2 MSME Life Expectancy

Life expectancy increases as businesses grow older.¹⁸ The Business Demographic Study (EDN by its Spanish acronym) recorded the following mortality probabilities, according to the main sectors MSMEs operate in:

Business mortality by sector



Source: Data from the Business Demographic Study, INEGI, 2021.

MSME mortality

Out of every

100
MSMEs



52 die
before the
age of 2



5
years

When a business
exceeds 5 years, its
average lifespan
doubles



8.4
years



National average
lifespan of an MSME
in Mexico



11.4
years



Oaxaca has an
average lifespan of
3 years above the
national average



Hidalgo

Hidalgo (36%) had more
business births in 2021, while,
in 2020, it was Tlaxcala (19%)

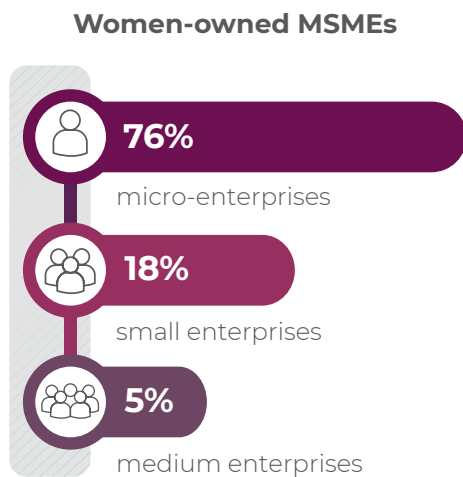
Source: Compiled with data from
INEGI, Business Demographics (2021).

¹⁸ Business Demographics, INEGI, 2021.

MEXICAN MSMEs: THE ENGINE OF OUR ECONOMY

2.3 Participation of women in MSMEs

In Mexico, 1.6 million MSMEs are women-owned.¹⁹ They represent 34% of all MSMEs.



Source: Data from the Economic Census (2019).

Women have little access to credit for their ventures. Only:



Women hire more women to work in their businesses and 86.1% of their staff remain employed year-round.

INEGI, 2021.

The main sources of financing are:



Banks
33.4%



Savings banks
25.8%

The destination of granted financing is:



Input acquisition
47.9%



Equipment or business expansion
58.9%

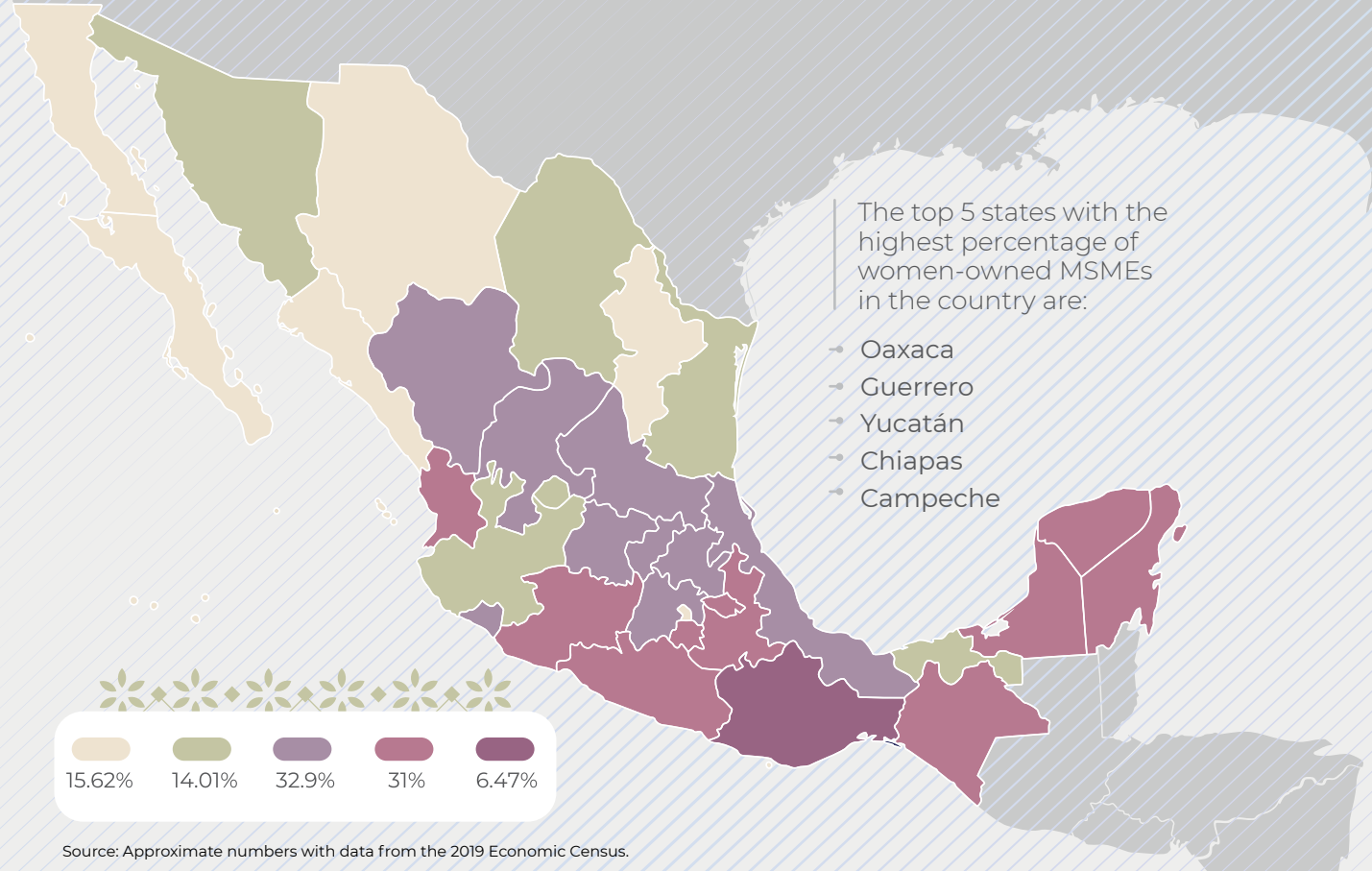
Source: Compiled with data from INEGI, Business Demographics (2022).

¹⁹ Statistics on the occasion of International Women's Day, INEGI, (2022).

²⁰ Idem.

MEXICAN MSMES: THE ENGINE OF OUR ECONOMY

Distribution of women-owned MSMEs



Note: Women-owned MSMEs are concentrated in South Southeastern States, which increases their economic potential. This potential, together with the Interoceanic Corridor of the Isthmus of Tehuantepec, is a trigger for the development of the area, where women play a determining role, as well as in the projection of Mexico in the world.

Oaxaca is
1st place

with more than 50% of MSMEs being women-led in the state and with the highest life expectancy in business²¹

In Mexico
5 in 10

women-led MSMEs are in commerce, since women spend more time in unpaid care activities²²

²¹ Government of the state of Oaxaca, (2020).

²² Statistics on occasion of International Women's Day, (2022).

2.4 New Female Entrepreneurs with Internet Businesses (Nenis by its Spanish acronym)

Although we have reached a moment in history in which governments seek to create greater conditions to promote gender equality in the economic sphere, women in Mexico still face a series of barriers that prevent them from joining the national economy in good conditions relevant to their personal development. One of the main reasons is the legacy of unpaid domestic and care work falling on many women.

Despite this, many women continue to find new ways to adapt their sources of income to new contexts. Such is the case of the **New Female Entrepreneurs with Internet Businesses (Nenis by its Spanish acronym)**, or women who, since the boom of social networks as means of e-commerce and, especially, during the COVID-19 pandemic, seized the benefits of Information and Communication Technologies (ICT) to create a new business profile to sell goods and/or services through social networks.

At least 7 out of 10 Nenis have the need to generate income as heads of household or partners of the head of household. There are 102 minors dependent on them in 60% of Nenis' homes.

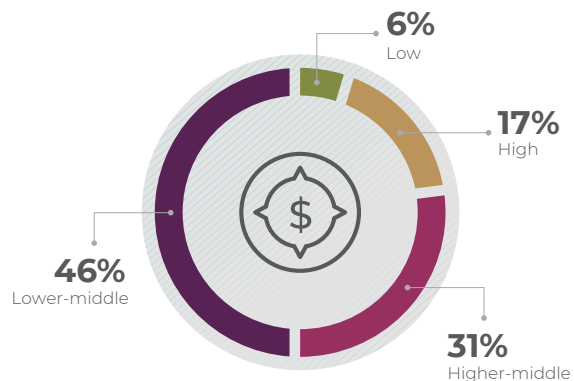
 **In 29%**
of households

Nenis have the obligation to generate income as daughters.²⁵

The monthly income of Nenis generally places them in the middle income group.

Nenis by income group


At least 7 out of 10 Nenis are positioned in the middle income group (lower-middle and higher-middle)



Source: Data from ENDUTIH, 2022

 **In Mexico, there are 1.2 million**

Nenis and they are between 20 and 54 years old.²³

 **91%**
of Nenis

live in urban areas and virtually all of them have a smartphone.²⁴

²³ IMCO, (2021).

²⁴ ENDUTIH, (2022).

²⁵ Idem.

MEXICAN MSMES: THE ENGINE OF OUR ECONOMY



Nenis represent a group of women who are very close to overcoming the inequality gap in ICT access, use or impact.

Secretariat of Economy, 2023.



close to 9.5 million pesos per day in 2021.²⁷

Nenis mainly use Facebook and WhatsApp to make and/or complete their sales, 52% of them make sales online daily or at least once a week. The impact of using social networks for purchasing and selling of products or services in Mexico has been so big, that since 2016:



buying and selling groups on Facebook, which is the reason why the Marketplace button was included in the main website.²⁶

Likewise, the pandemic and post-pandemic context increased the growth of social networks before marketing on social networks was led by Nenis.

Nenis can capitalize on this e-commerce trend and offer their products and services by taking advantage of large e-commerce platforms to reach a larger market. However, they themselves share that they need to have more consolidated businesses with greater stock inventories capable of responding to demand.



users of Internet services.²⁸

Most Nenis (93.5%), for example, are self-employed, but there are some who have double the income of average Nenis because their businesses accept electronic payments, issue invoices or even have a savings account and can employ other people, mainly other women.

²⁶ Latin American Journal of Environmental Humanities and Territorial Studies, Tekoporá, (2023).

²⁷ National Time Use Survey, INEGI, (2019).

²⁸ National Survey on the Availability and Use of Information Technologies in Homes, INEGI, (2022).



03

MSME PROMOTION POLICY

MSME PROMOTION POLICY

Under the principle established in the 2019-2024 National Development Plan of “leave no one behind, leave no one out” and in compliance with priority goal 3 of the 2020-2024 Sectoral Economy Program, related to promoting the creation and consolidation of micro, small and medium-sized businesses, the Secretariat of Economy designed and implements the MSME Promotion Policy, which promotes national economic development through the strengthening and greater participation of MSMEs in the domestic market and foreign trade.

Aware of MSMEs' importance in the national economy, this Policy seeks:

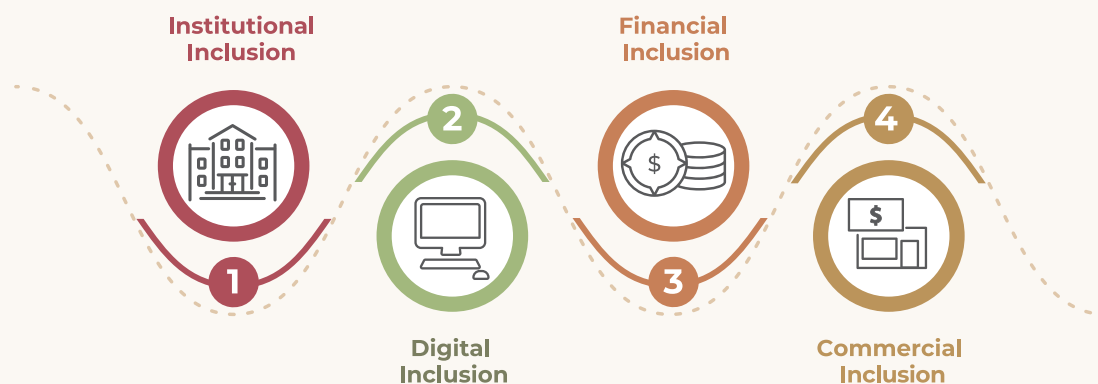
- To develop the competitiveness of MSMEs to enhance their role in national supply chains, linked to regional value chains being restructured due to the effect of nearshoring
- To promote the strengthening of women owned and led MSMEs, with special attention to the South Southeast region.

In addition, the Secretariat establishes strategic partnerships with the private sector to promote the transformation and increase the competitiveness of MSMEs, through cross-sectional and multi-sector collaboration, with the aim of fostering an environment conducive to the sustainable development and growth of MSMEs.

This promotes a more dynamic and resilient business fabric in the new context of the Mexican Moment triggered by the large investments that are coming to Mexico and its position as the twelfth largest economy in the world.

Within the framework of the implementation of this Policy, the Secretariat of Economy plays a crucial role as an articulating entity, comprehensively deploying collaborative efforts. In this context, synergies have been established with various institutions at different government levels that provide programs, procedures and services specifically oriented to micro, small and medium-sized enterprises.

The aforementioned goals of this work model are based on the following axes:



The Secretariat of Economy promotes support to encourage businesses to grow and increase their competitiveness during their first 5 years, a crucial period to extend their life expectancy and increase their business stability.



3.1 Institutional Inclusion

For decades, MSMEs were not a public policy priority and compliance with regulations was discouraged, thus affecting their chances of them surviving over time.

MSMEs were traditionally classified as “formal” and “informal” to indicate if they complied or not with procedures before public institutions; however, this view led to the stigmatization of people, when it should be the State that must provide all the administrative legal frameworks and alternatives to enhance people's abilities to have more solid and lasting businesses.



Is it “informal”

if a person gets up to work every day to provide financial support for their families?

One of the goals of the MSME Promotion Policy is to provide all MSME owners with administrative instruments to increase their sales, increase their competitiveness and ensure a greater life expectancy for their business.

MSMEs are one of the most important elements in the economy, not only the country's economy, but the economy of millions of families that make a living directly or indirectly from the jobs created by MSMEs.

The Secretariat of Economy acts as an articulating entity with various actors from the public, private, academic and social sectors. With a multidisciplinary approach, it focuses on MSMEs, Nenis and indigenous peoples, considering them economic, social, cultural and environmental stakeholders, and therefore, subjects of development that are fundamental for society. Cross-sectional collaboration in programs and projects currently lets MSMEs to position themselves in an international context.

Institutional inclusion promotes and encourages:

- The simplification of mandatory administrative procedures and processes that arise when starting a business.
- The coordination of efforts of all public and private institutions that offer procedures or services aimed at the creation or strengthening of MSMEs.
- The existence of support from the Government of Mexico in the business maturation process.
- The training of new generations of business people, providing them with the skills, abilities and attitudes to function in the development of society.
- Certainty for MSMEs in their creation and strengthening.



MSMEs are recognized as the backbone of the Mexican economy.

Secretariat of Economy, 2023.



MEXICAN MSMES: THE ENGINE OF OUR ECONOMY

3.2 Digital Inclusion

Incorporating technologies in MSME processes is key to increase their growth. It ensures equitable access to digital tools available and promotes users developing the necessary skills to strengthen their businesses and thus be part of the digital transformation.

The digital realm eliminates geographic boundaries, granting these businesses an unprecedented access to global markets.



It is inevitable to highlight the importance of digitalization as an agent of change that provides solid and effective alternatives, builds more inclusive economies and empowers Mexican MSMEs to remain in the international market and to be included in regional and global value and supply chains.

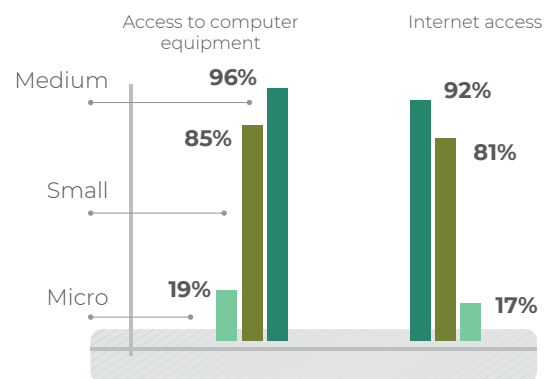
The Internet is not only a sales channel for MSMEs, it also allows them to multiply their consumer potential.



In 2022, there was an increase in the percentage of MSMEs that mentioned having a website with a business domain and/or social networks (from 57% to 76.8%).³¹ This behavior contributed to the growth of the added value of e-commerce, which went from 1 billion pesos in 2018 to 1.7 billion pesos by 2022, representing 5.9% of GDP.³²

Against this backdrop, the Government of Mexico, in coordination with other institutions, promoted the “Internet for All” program, which achieved more than 91.9% national Internet coverage in 2022.³³ To fight technological inequality, free internet and phone-service hotspots were implemented, with plans and rates with a social focus, which is reflected in the 93.8 million people registered as having a cell phone and the more than 63 million people who acquired products and services through the Internet.

Percentage of MSMEs with access to computer equipment and the Internet



Source: Data from INEGI, Business Characteristics, 2019.

²⁹ Approximate data from the Economic Census, INEGI (2019).

³⁰ AMVO, (2021).

³¹ Federal Communications Institute (2022).

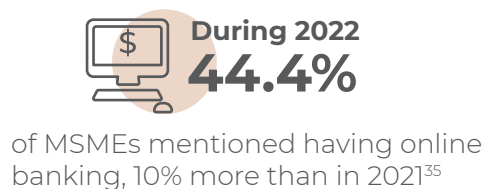
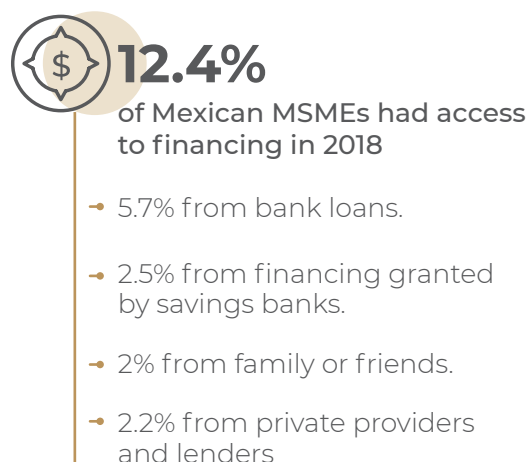
³² Added value of e-commerce, INEGI (2022).

³³ Federal Electricity Commission (2022).

3.3 Financial Inclusion

MSMEs in Mexico have difficulties accessing bank financing, mainly in their initial stages, due to the lack of reliable information about their activities and their high mortality rates³⁴. (See Annex 1).

To ensure that more MSMEs are subject to credit, efforts are made to promote fraud prevention and the strengthening of their economic activities, as well as skill development for financial decision-making.



Through financial inclusion, the Secretariat of Economy promotes access and use of quality financial products and services for MSMEs, in addition to administrative resources based on their needs that protect their financial health and teach how to prevent fraud.

Likewise, it has raised the processes that MSMEs must comply with up for discussion with the authorities that regulate and standardize financial institutions, in order for MSMEs to access financial products or services that adapt to their needs. At the moment, the National Banking and Securities Commission (CNBV by its Spanish acronym) has initiated a review and modification process of regulatory frameworks.

Developing financial skills allows people to make better decisions for their business. This is achieved through knowledge on existing tools and putting these skills into practice. To mention some examples, there are tools for:

- **Basic accounting.** In an easy and practical way, they show how much is spent and how much is earned to know if a business is profitable or not.
- **Accounts receivable.** They offer timely tracking of invoices, frequent customers, discounts, overdue accounts.
- **Investments in digital funds.** They make businesses diversify their investments and have other sources of income.
- **Financial education.** It reinforces acquired knowledge with new perspectives depending on business growth.
- **Preparation of balance sheets and income statements.** It shows the level of business health of a business and allows owners to know what adjustments to make in terms in its administration.

³⁴ INEGI, (2019).

³⁵ Federal Telecommunications Institute, (2022).

Note: In March 2023, the National Banking and Securities Commission (CNBV by its Spanish acronym) issued a letter of temporary regulatory facilities to encourage the granting of credit to MSMEs, allowing the ranges and requirements of newly-granted credit files to be adjusted for 18 months (National Financial Inclusion Council & Financial Education Committee, 2023. National Financial Inclusion Policy: 2023 Execution Report and 2023-2024 Work Plan).

3.4 Commercial Inclusion

MSMEs strengthening through digitalization and financial systems can lead to an increase in their sales and customers, which creates greater competitive advantages and promotes commercial diversification by including them in global value and supply chains.

Through the MSMEs Promotion Policy, essential tools are provided for MSMEs to access new markets, under a framework of participation in national and international supply chains.

The nearshoring phenomenon in Mexico is a tangible reality today. It is crucial to recognize the importance of MSMEs and highlight their relevance in the national and international economic landscape.

To achieve complete nearshoring, we must promote conditions that reduce administrative barriers and bring information on international trade agreements that benefit them closer to MSMEs, thus promoting their diversification and access to global markets.

For this reason, we seek to closely collaborate with driving companies and, likewise, with nearshoring companies, which together create a momentum that causes MSMEs of different sizes and sectors to economically and productively attract others to promote their development at the national and international levels.

The above promotes synergy within economic ecosystems and, at the same time, outward in the face of global demand for new products and services, allowing favorable and fair conditions for MSMEs to also access global markets, thus democratizing foreign trade.

The democratization of foreign trade refers to the opening, accompaniment and facilitation of access to international trade, allowing businesses of all sizes to actively and equitably participate in the exchange of goods and services at a global level, through administrative facilities, business digitalization, better conditions to access financing and progressive linkage to global value chains.

This concept seeks to overcome traditional barriers that have hindered the participation of various agents in international trade, providing broader and fairer opportunities.

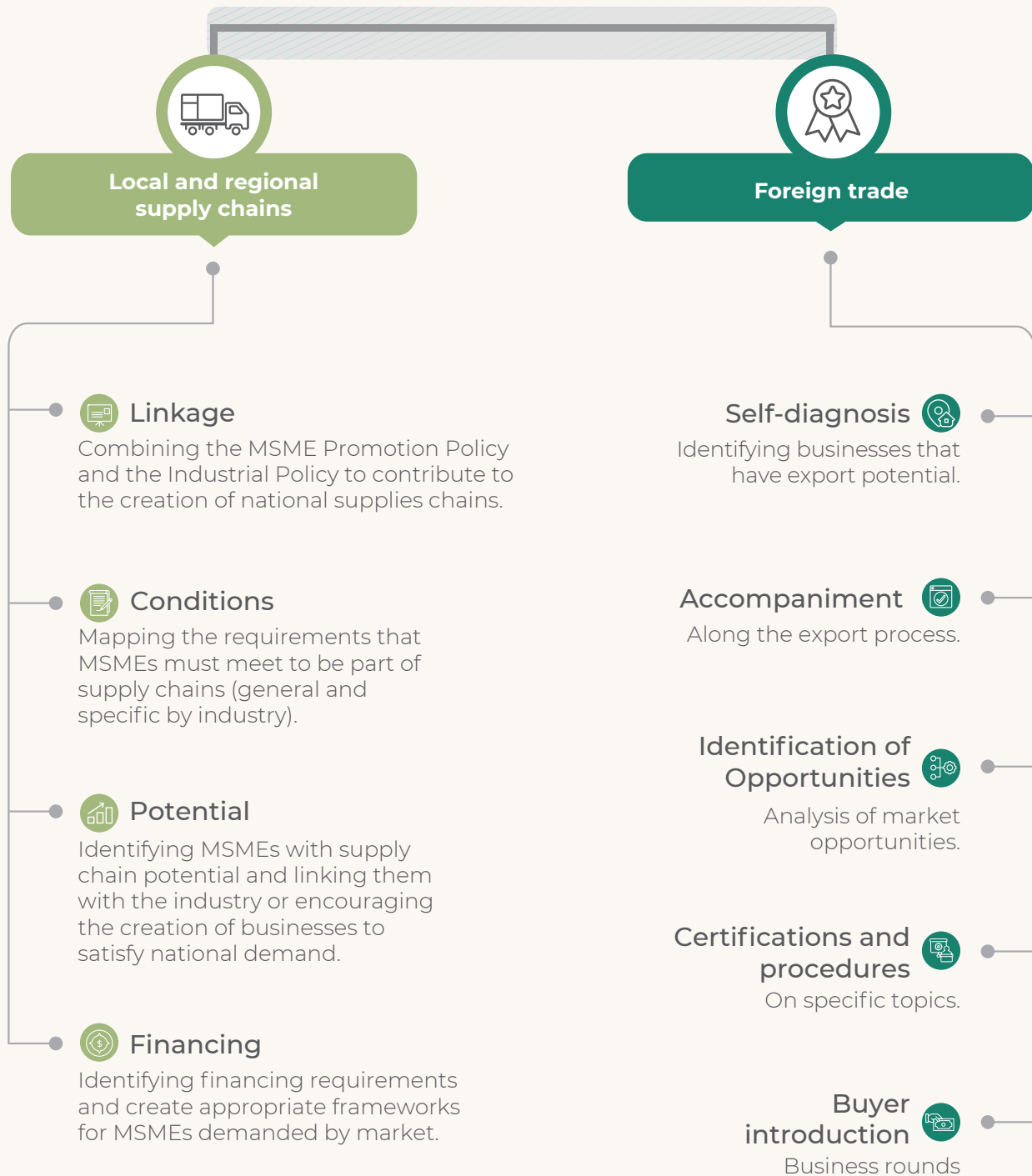
Based on the foregoing, the Secretariat of Economy aims to level the playing field, giving priority to MSMEs as the main actors in trade, from local to international, thus achieving the democratization of foreign trade. **(See Annex 2).**

 **4.6%**
is the national average
of SMEs that participate in global
value chains³⁶

³⁶ Mexico's Employers' Confederation, (2022).

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Commercial inclusion model



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3.5 'Hand in Hand with your Business' Program

Its goal is to balance access conditions for all MSMEs to resolve the challenges they commonly face and, thus, reduce the gap that exists between them.

By virtue of the above, the Program joins and reinforces actions of the various public and private institutions that promote optimal conditions in the MSME ecosystem.



Source: Compiled with data from the Secretariat of Economy (2023)

The Secretariat of Economy articulates the actions of the institutions that, within their scope, have an effect on MSMEs, in order to add efforts with particular impacts and obtain results with general impacts.

The program is made up of:



MIPYEMSMX

Digital tool that brings MSMEs closer:

- Training programs
- Information about procedures and services
- Commercial linkage mechanisms



Training of Trainers

Training workshops with:

- Public servants
- State Secretariats of Economic Development
- Public and private sector institutions



"Hand in Hand with your Business" Rounds

Space in collaboration with federal agencies:

- Procedures
- Training
- Dialogues with experts
- Business rounds



One-stop Shop for MSMEs

Digital mechanism to gather and facilitate the main procedures and services that MSMEs can carry out before the agencies of the Government of Mexico

- It links the websites of agencies and entities throughout the country, with programs and actions to benefit MSMEs

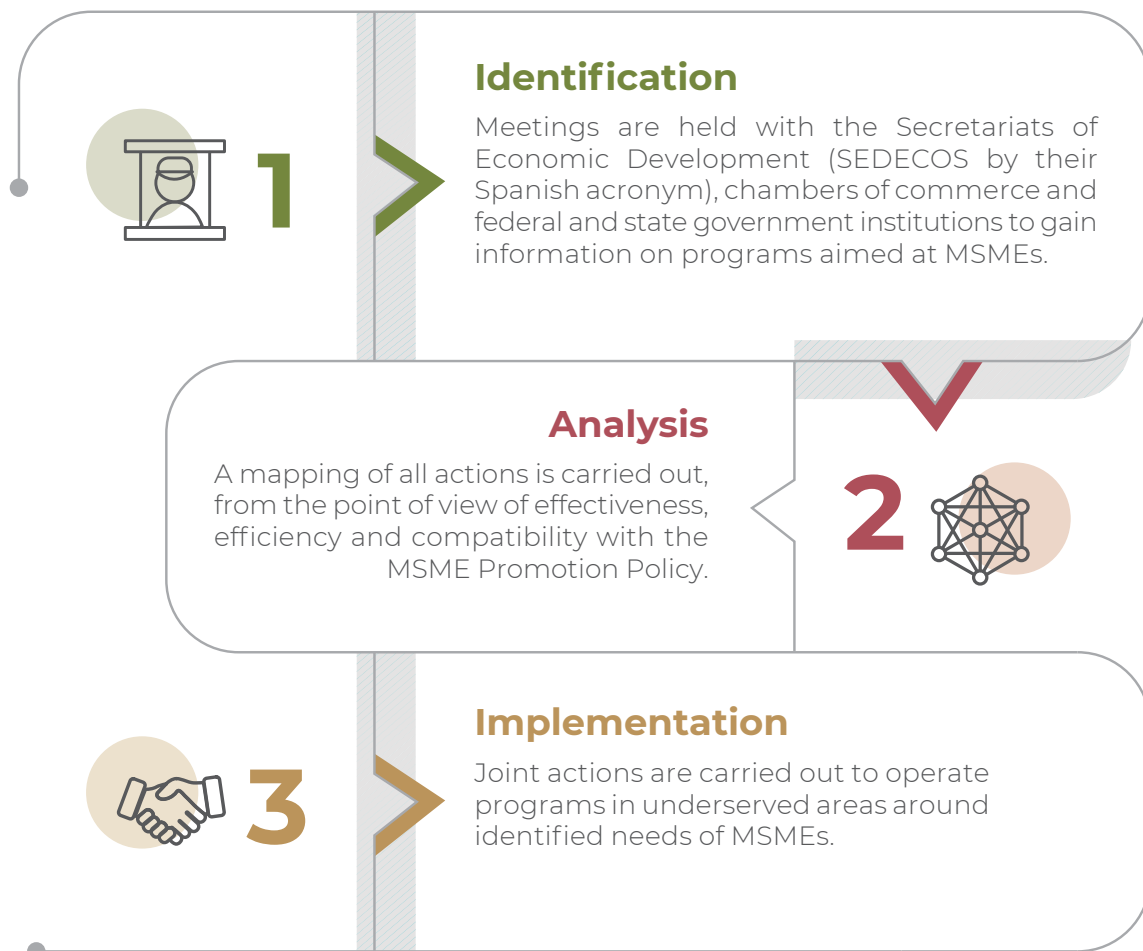
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3.6 Programs to Strengthen MSMES

They have the goal of articulating and visibilizing the initiatives, programs, strategies, schemes and/or policies carried out by the agencies and entities of the Federal, state and municipal Public Administration, as well as the private, social and academic sectors to develop micro, small and medium-sized enterprises, around the MSME Promotion Policy executed by the Government of Mexico through the Secretariat of Economy.

Collaboration and coordination between different government entities and the business sector allows everyone to be part of an accelerated momentum of economic development. MSMEs are the gears that create shared prosperity in the country.

The phases to carry it out are:



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3.6.1 Linkage with Government Programs

The Secretariat of Economy recognizes the role of the strategic programs of the Government of Mexico to focus on vulnerable groups, and contributes to enhancing their impacts on their beneficiary populations, which include MSMEs in agriculture and handcrafts, which create jobs and well-being for their communities, while contributing to the preservation of Mexico's cultural wealth.

This contribution focuses on adding value to MSMEs through business training and support to ensure that they develop productive strengths and more resilience, and that their products can have access to broader markets, both locally and internationally.




An example of this is the collaboration with the Sowing Life Program (*Sembrando Vida*), where the Secretariat of Economy contributed to the development of beneficiary MSMEs by preparing an assessment of their productive and virtual opportunities, as well as providing in-person training to people to add value to their products in the field and place them on the market.

The Secretariat of Economy also contributed to the business training of the master artisans participating in the "Original" program of the Secretariat of Culture, by joining with training programs, teaching workshops aimed at developing their business skills, facilitating their entry into e-commerce and providing an introduction to foreign trade.

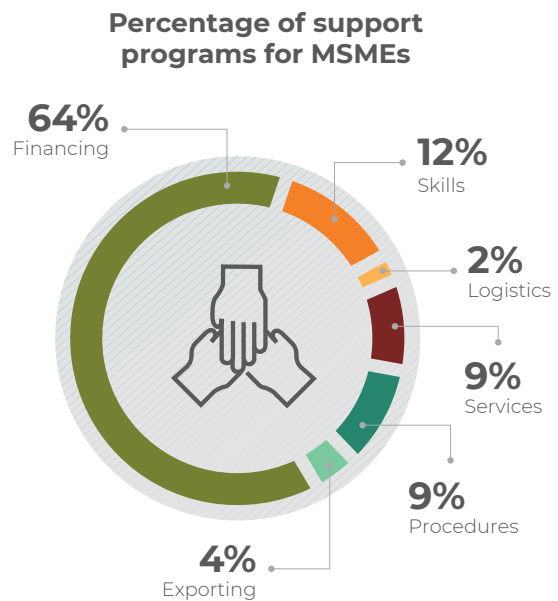
3.6.2 Linkage with State Programs

The Government of Mexico accompanies MSMEs to promote national economic development through programs that foster their creation, sustainability, development, competitiveness and continuity.

In this sense, the states with the greatest number of support programs for MSMEs are:³⁷

-  **Mexico City**
-  **Quintana Roo**
-  **Veracruz**

These are distributed as follows:



Source: Data from the Secretariat of Economy, (2022).

³⁷ Secretariat of Economy, (2022).

3.7 The MSME Promotion Policy as a State Policy

In order to achieve a high potential impact on MSMEs, the Secretariat of Economy, in coordination with other agencies of the Government of Mexico and its states, articulates attention strategies for MSMEs with the goal of facilitating and offering the same conditions for everyone who wishes it to be able to create or strengthen their MSMEs.

The sum of the efforts and actions offered jointly by the different public entities results in more comprehensive attention to MSMEs, avoids duplicity and promotes direct contact between the people and the Government, thus reducing intermediaries, in order to have the MSME creation or strengthening process be easier.



Although the Secretariat of Economy is responsible for economic development, since the MSME Promotion Policy is a State policy, the states and some public institutions support the country's business fabric from different perspectives and with specific actions.

Inter-institutional coordination is based on "inclusion", which is the starting point for institutions to become active with the premise: How can we make processes easier for MSMEs?, understanding their context and current needs.

The accompaniment offered by the MSME Promotion Policy consists of guiding them along procedures to achieve their inclusion into global value and supply chains, through digitalization and the development of financial skills.

The State Policy strategy is to promote collective work and to make it known in an open and constant dialogue, in order to make the necessary adjustments based on the specific needs of MSMEs in different sectors.

The programs of the Secretariats that are part of the Government of Mexico promote a particular economic or social activity, which cross-sectionally impacts the actions of other public institutions, fostering benefits for MSMEs.

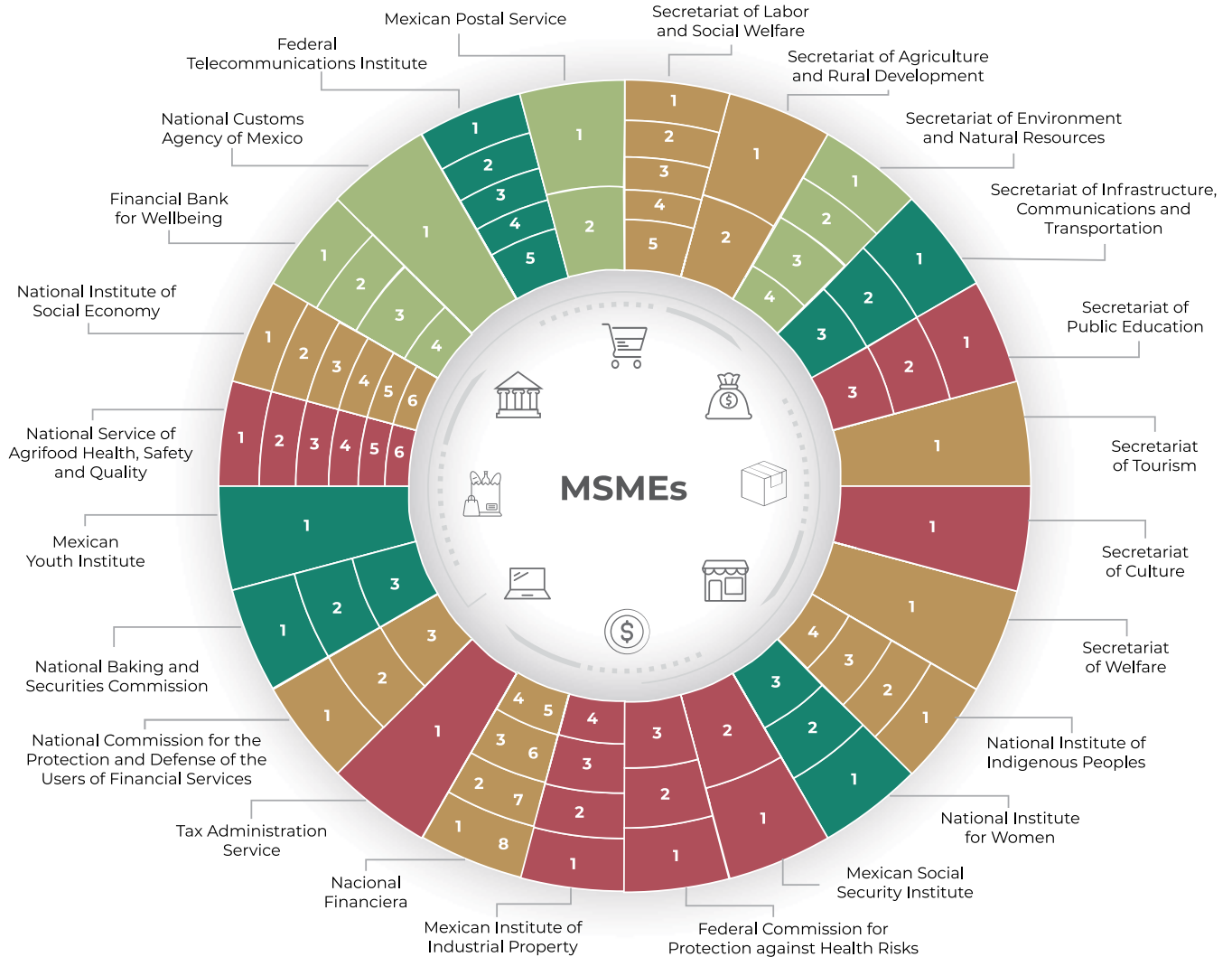
Currently, 74 actions have been identified with direct and indirect goals related to the creation and strengthening of MSMEs in Mexico. This shows that MSMEs are the engine of our economy and thus generate shared prosperity.

The following shows the way in which the Government of Mexico, through the coordination and synergy of its various entities, comes together around the common goal of promoting and fostering the MSME consolidation and development process.



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Strategies of the Government of Mexico to reach MSMEs in every corner of the country



Source: Compiled with data from government agencies.

Scan to get updates online
<https://mipymes.economia.gob.mx/>

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AGENCY / INSTITUTION	STRATEGIES OF THE GOVERNMENT OF MEXICO TO REACH MSMES IN EVERY CORNER OF THE COUNTRY
Secretariat of Welfare	"Sowing Life" Program
Secretariat of Environment and Natural Resources	<p>Wildlife (<i>Vida Silvestre</i>) Program to provide subsidies for the conservation and sustainable use of native wildlife</p> <p>National Forestry Commission (CONAFOR) Sustainable forest development program for well-being</p> <p>Federal Environmental Protection Agency (PROFEPA)</p> <ol style="list-style-type: none"> 2. National environmental audit program 3. Mexico's Environmental Quality Badge Program
Secretariat of Agriculture and Rural Development	<p>Technical, financial and economic analysis of agricultural production systems in Mexico in:</p> <p>Production of main grains (rice, beans, corn, sorghum, durum and bread wheat)</p> <p>Production of grains and oilseeds (corn, durum and bread wheat, soybeans, palay rice and sorghum)</p>
Secretariat of Infrastructure, Communications and Transportation	<p>Cybersecurity Guide to support teleworking</p> <p>Cybersecurity guide for the safe and responsible use of telecommunications networks and devices for MSMEs and entrepreneurs, in support of e-commerce</p> <p>Cybersecurity guide for the safe and responsible use of telecommunications networks and devices to support users and consumers who carry out online transactions</p>
Secretariat of Public Education	<p>Attention to businesses through different services offered by Higher Education Institutions, such as training, advice, laboratory tests, market strategy development, production chains, among others</p> <p>Promotion of organizations in the social sector of the economy</p> <p>Directory of MSMEs and Co-ops of the Open and Distance University of Mexico</p>
Secretariat of Labor and Social Welfare	<p>Employment Portal</p> <p>Job Bank</p> <p>Job Fairs</p> <p>Workshops for Employers</p> <p>Coverage of openings with migrant and displaced population</p>
Secretariat of Culture	"Original" Program
Secretariat of Tourism	Managing and linking tourism projects to obtain financing and investment
Tax Administration Service	Simplified Trust Regime (RESICO by its Spanish acronym)

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AGENCY / INSTITUTION	STRATEGIES OF THE GOVERNMENT OF MEXICO TO REACH MSMES IN EVERY CORNER OF THE COUNTRY
Nacional Financiera*	<ul style="list-style-type: none"> Productive Chains Business Financing Preferential Guarantee Federal Government Supplier Contracts <i>MujerEs Industria</i> (Women equals Industry) Impulso Nafin + Estados (Nafin + States Boost) Sustainable Eco-credit Massive Business Eco-credit Training and Technical Assistance
National Customs Agency of Mexico	Small Businesses, Great Achievements
National Banking and Securities Commission	<ul style="list-style-type: none"> Regulatory facilities to credit requirements for MSMEs Report on women-owned businesses Reduction of the credit risk capital requirement for MSMEs
National Commission for the Protection and Defense of the Users of Financial Services	<ul style="list-style-type: none"> Entrepreneurship Course "Protect your money" magazine Financial education courses for MSMEs
National Institute of Social Economy	<ul style="list-style-type: none"> Social Economy in times of change Discover the Social and Solidarity Economy Formation of consumer co-ops NOVEDADESS CONEXIONESS Nodes to Promote the Social and Solidarity Economy (NODESS) capital
National Service of Agrifood Health, Safety and Quality	<ul style="list-style-type: none"> Mexico's international electronic certification: ePhyto Issuance of the Zoosanitary Export Certificate (CZM by its Spanish acronym) and the National Phytosanitary Certificate (CFMN by its Spanish acronym) Good manufacturing practices Training for MSMEs on the procedures to use the Mobilization Notice (AM) scheme Training course on the use and management of the Mexican Digital one-stop Shop for Foreign Trade (VDMCE) for MSMEs in the agricultural sector, for export and import, with a focus on regulated agricultural products Participatory Organic Certification System (SCOP)
Financial Bank for Wellbeing	<ul style="list-style-type: none"> Financial education Network of Solidarity Small Markets Finabien Credit Support Promotion of people's savings (cetesdirecto)
Mexican Postal Service	<ul style="list-style-type: none"> CorreosClic Mexpost Messaging and Parcel Service
Federal Commission for Protection against Health Risks	<ul style="list-style-type: none"> Goodwill Meetings Health Regulation in your Territory EducaPRIS
Mexican Social Security Institute	<ul style="list-style-type: none"> IMSS Mailbox Social security for self-employed people

*Nacional Financiera has 9 actions, not all are reported in the table.

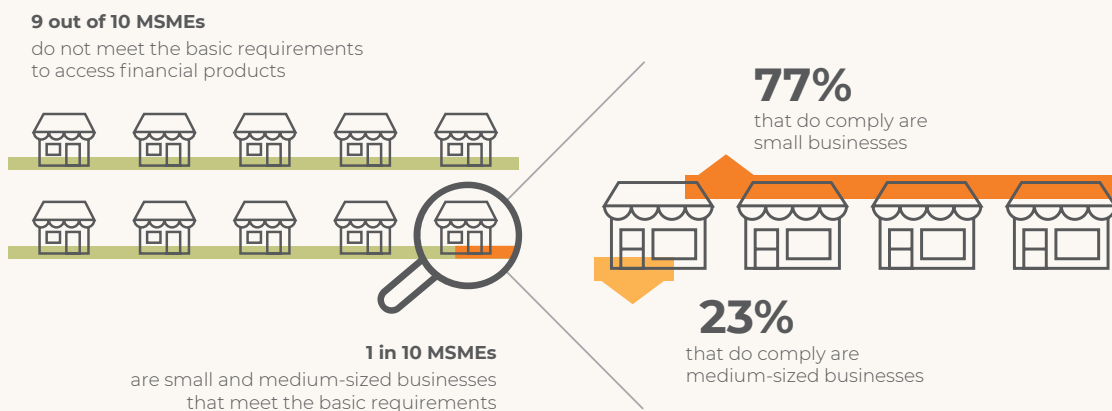


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AGENCY / INSTITUTION	STRATEGIES OF THE GOVERNMENT OF MEXICO TO REACH MSMES IN EVERY CORNER OF THE COUNTRY
Mexican Institute of Industrial Property	<ul style="list-style-type: none"> Training programs on Industrial Property Tradition with Value 2024 Differential price campaign for less favored groups Network of innovative women and industrial property
National Institute of Indigenous Peoples	<ul style="list-style-type: none"> Economic Projects with Community and Regional Impact Community and Regional Nature Tourism Projects Projects for the Implementation of Mitigation and Adaptation Actions to the Effects of Climate Change Marketing of Artisanal Products and Indigenous Tourist Services
National Institute for Women	<ul style="list-style-type: none"> Territorial Strategy for the Reactivation of the Autonomy and Economic Empowerment of Women Women in Digital Transformation "Made in Mexico by Women" online store
Mexican Youth Institute	<ul style="list-style-type: none"> Young Trade
Federal Telecommunications Institute	<ul style="list-style-type: none"> Surveys of Telecommunications Services Users in micro, small and medium-sized enterprises (MSMEs) Cybersecurity Microsite / MSME Section Training in digital skills for microbusinesses and entrepreneurs Reports of comparable data on plans and rates for non-residential fixed telecommunications services Microsite and tools for MSMEs

ANNEX 1. MSME FINANCING IN MEXICO

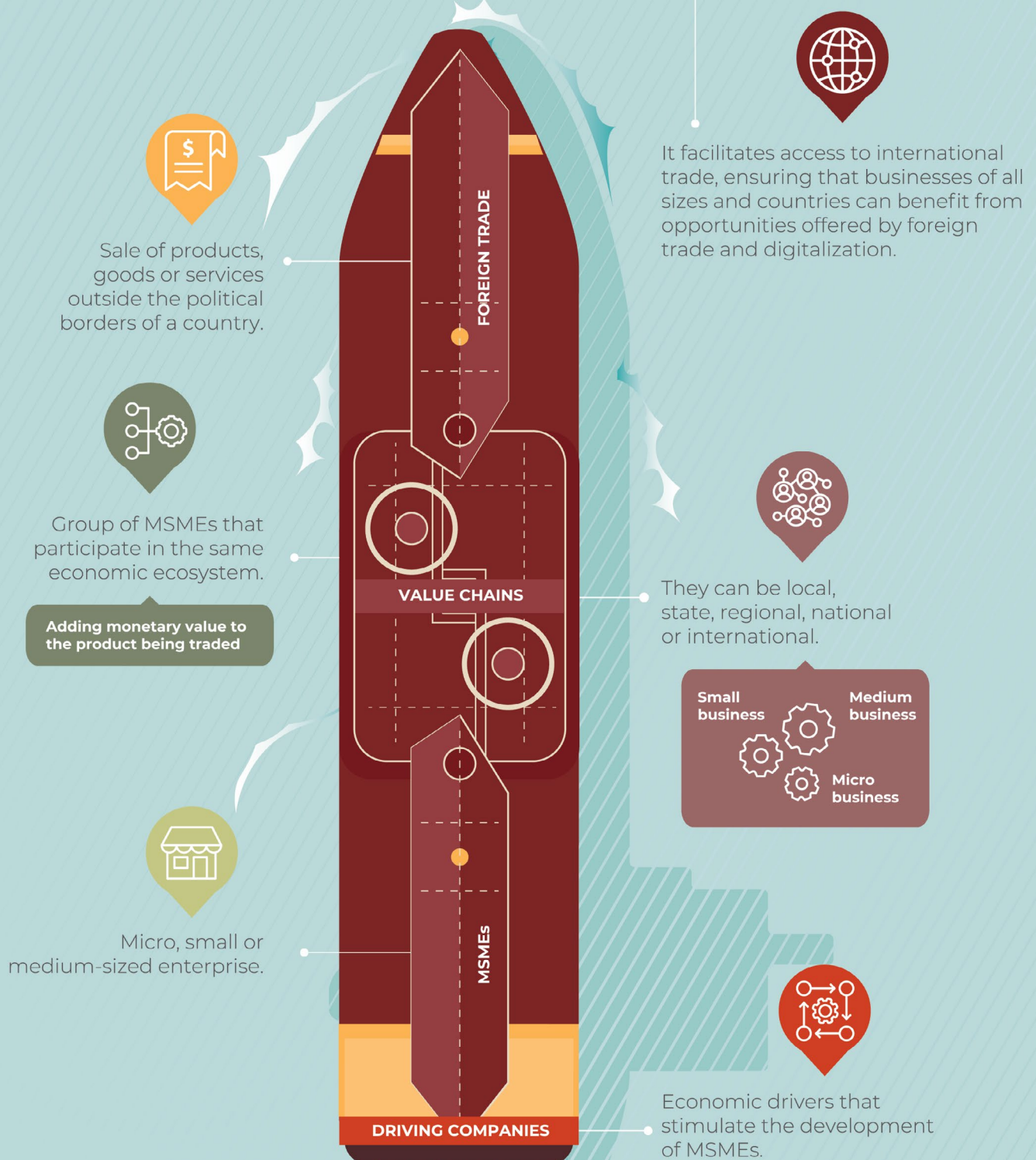
Most current credit products are designed for medium-sized businesses.



Source: Compiled by authors with data from NAFIN, 2013.

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ANNEX 2. DEMOCRATIZATION OF FOREIGN TRADE



Source: Compiled with data from the Secretariat of Economy (2023)

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