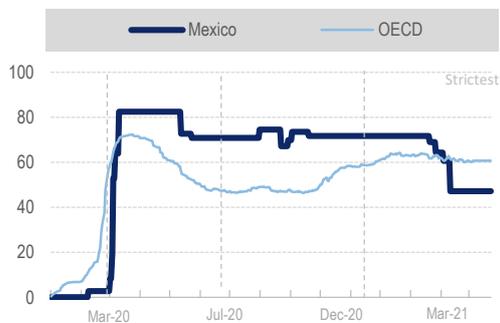


Mexico

Figure 6.73. COVID-19 impact on business dynamics and policy responses in Mexico

Stringency of government measures



The year 2020 was marked by strict restriction measures in Mexico, before some relax in 2021 Q2.

Business dynamics

The National Study on Business Demography (EDN) estimates that, from May 2019 to September 2020, more than 1 million MSMEs close operations definitely, i.e. 20.8% of the population at the beginning of the period.

The number of business units decreased by 8.06%, and SMEs experienced a slightly higher rate of permanent closures (21.2%) as compared to micro firms (20.8%).

During the same time period, 619 443 new firms were also created, representing 12.75% of the country's business population.

Policy spotlight

Key measures to support SME and entrepreneurs' liquidity include: the **Emergency Program for Economic Reactivation** providing loans at preferential rates to small firms (<50 employees) in priority industries, and the **National Economic Support Package**, including in particular **Credit Payments for Workers** from the National Institute for Workers' Housing (INFONAVIT); **MXN 25 billion (USD 1 billion) SMEs Support** from the National Development Bank, providing credit products and loans to businesses in the formal and informal economy; and **Financial Support Provisions** from the National Banking and Securities Commission (CNBV), consisting in partial or total deferral of capital and/or interest payments.

Structural measures have also been implemented:

- **MXN 3.4 billion "Tandas para el Bienestar" Programme** to reinforce existing social programmes to support SMEs through the Mexican Social Security Institute (IMSS).
- **Leveraging fintech solutions to support financial inclusion**, including participation from the private sector to channel funding to SMEs and support their digitalisation.
- **SME Telecommunications Financing Program** to support MSMEs linked to the digital industries and telecommunications infrastructure sectors.

National SME and entrepreneurship policy framework

SME&E policies in Mexico are defined as part of wider strategies and policy frameworks.

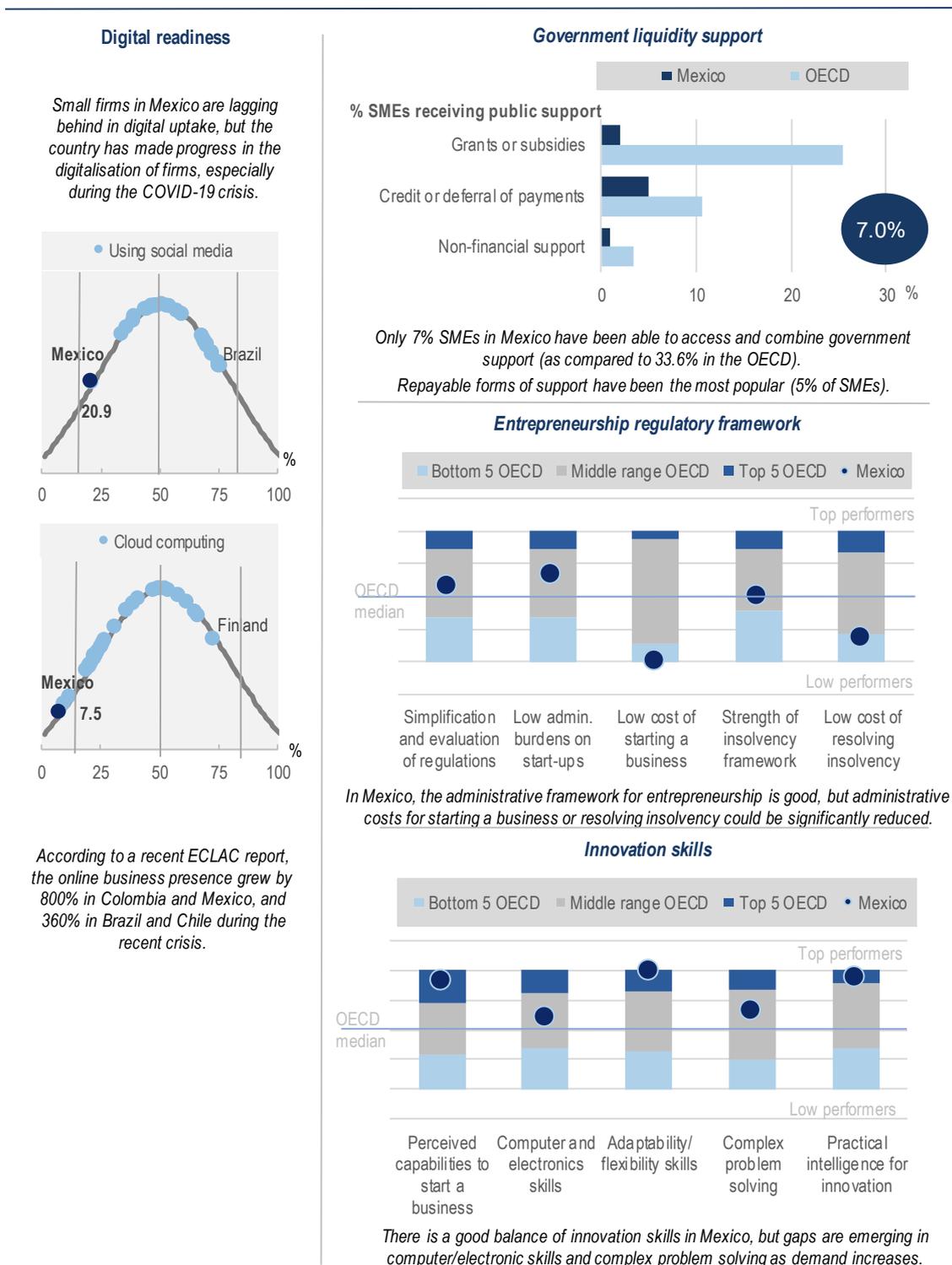
The "Economy's Sectoral Program 2020-24" is managed by the Ministry of Economy and is part of the National Development Plan 2019-24. The third objective of the Program is "to promote the creation and consolidation of productive MSMEs for greater productive inclusion". It focuses in particular on improving MSME access to finance, strengthening entrepreneurship competences, and fostering technological innovation.

The Unit of Productive Development (UDP) is in charge of promoting, designing, coordinating, executing and reviewing the public policy to support MSMEs, with a view of reducing inequality between people and regions. The UDP also operates various coordination bodies with different government agencies.

Source: Oxford stringency Index (April 2021); and national sources (see country-specific references and definitions).

StatLink  <https://doi.org/10.1787/888934251694>

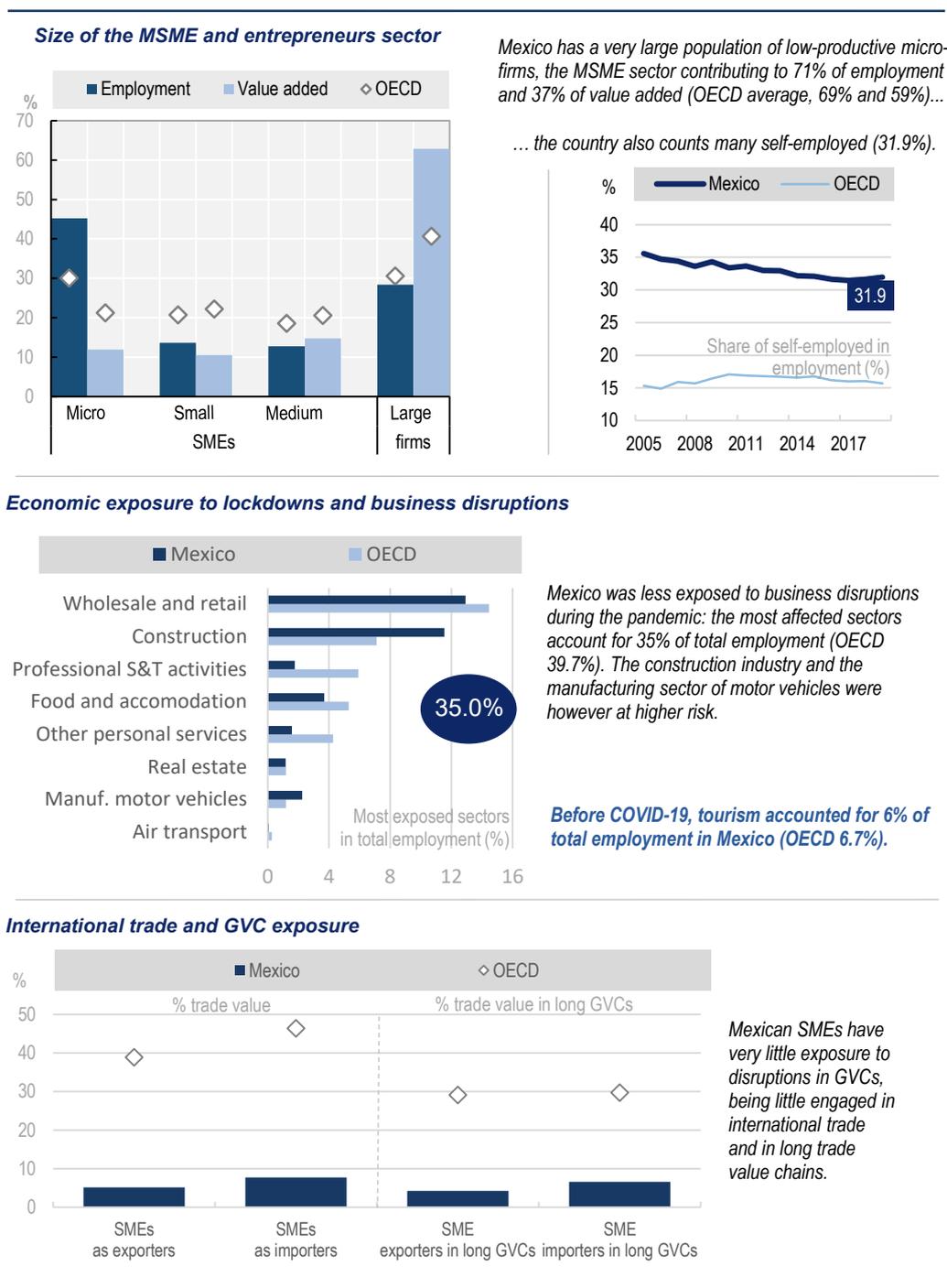
Figure 6.75. Sources of SME&E resilience in Mexico



Source: Social media (2012), cloud computing (2012): OECD ICT Usage by Businesses database 2021; Liquidity support (2020): Facebook/OECD/World Bank FBS Survey 2020; Entrepreneurship regulatory framework (2018 and 2019): OECD PMR database 2018 and WB Doing Business 2020; Innovation skills (2019 and 2015): GEM 2019 and OECD Skills for Jobs database 2018 (see country-specific references and definitions).

StatLink <https://doi.org/10.1787/888934251732>

Figure 6.74. Factors of SME&E structural vulnerability in Mexico



Source: Size of the MSME sector (2013): OECD SME&E Outlook 2019; Share of self-employed (2005-19): OECD LFS database 2020; Most exposed sectors (2018): (OECD, 2020), based on OECD ANA data; Tourism employment (2018): OECD Tourism database 2021; GVC exposure (2015): OECD TEC database 2021 (see country-specific references and definitions).

StatLink <https://doi.org/10.1787/888934251713>

Country notes

- Data on business dynamics come from national sources (INEGI, 2020).
- Tourism statistics refer to 2018 instead of 2019.
- Data on social media refer to 2012 instead of 2019. Data on cloud computing services refer to 2012 instead of 2020. Structural business statistics (profit) refer to 2013 instead of 2018. Data on digital uptake during the COVID-19 crisis are drawn from (ECLAC, 2021).

Country-specific sources

- Comisión Económica para América Latina y el Caribe (CEPAL) (2021), "Datos y hechos sobre la transformación digital", Documentos de proyectos (LC/TS.2021/20), Santiago, Comisión Económica para América Latina y el Caribe (CEPAL), available at : <https://www.cepal.org/es/publicaciones/46766-datos-hechos-la-transformacion-digital-informe-principales-indicadores-adopcion>
- Instituto Nacional de Estadística, Geografía e Informática (INEGI) (2020), COMUNICADO DE PRENSA NÚM. 617/2 2 DE DICIEMBRE DE 2020, available at : https://inegi.org.mx/contenidos/saladeprensa/boletines/2020/OtrTemEcon/ECOVIED-IE_DEMOGNEG.pdf
- OECD et al. (2020), "Mexico" in *Latin American Economic Outlook 2020: Digital Transformation for Building Back Better*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/e6e864fb-en>.

References

- Facebook, OECD and World Bank (2020), *Global State of Small Business Report*, [6]
<https://dataforgood.fb.com/wp-content/uploads/2020/07/GlobalStateofSmallBusinessReport.pdf>.
- OECD (2021), *SDBS Structural Business Statistics (ISIC Rev. 4)*, [4]
http://stats.oecd.org/Index.aspx?DataSetCode=SSIS_BSC_ISIC4.
- OECD (2021), *The Digital Transformation of SMEs*, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris, [3]
<https://dx.doi.org/10.1787/bdb9256a-en>.
- OECD (2021), *Timely Indicators of Entrepreneurship (ISIC4)*, [5]
http://stats.oecd.org/Index.aspx?DataSetCode=TIMELY_BDS_ISIC4.
- OECD (2020), "The territorial impact of COVID-19: Managing the crisis across levels of government", *OECD Policy Responses to Coronavirus (COVID-19)*, [1]
<http://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government-d3e314e1/>.
- OECD (2020), "*Tourism Policy Responses to the coronavirus (COVID-19)*", OECD Policy Responses to Coronavirus (COVID-19), OECD Publishing, Paris, [2]
<https://doi.org/10.1787/6466aa20-en>.
- OECD (2020), "Youth and COVID-19: Response, recovery and resilience", *OECD Policy Responses to Coronavirus (COVID-19)*, [11]
<http://www.oecd.org/coronavirus/policy-responses/youth-and-covid-19-response-recovery-and-resilience-c40e61c6/> (accessed 07 March 2021).
- OECD (2020), "The impact of COVID-19 on SME financing: A special edition of the OECD Financing SMEs and Entrepreneurs Scoreboard", *OECD SME and Entrepreneurship Papers*, No. 22, OECD Publishing, Paris, [8]
<https://dx.doi.org/10.1787/ecd81a65-en>.
- OECD (2020), *Women enterprise policy and COVID-19: Towards a gender-sensitive response - OECD webinar*. [10]

Annex A. Sources and definitions of benchmarking indicators

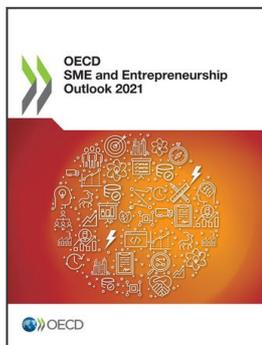
| COVID-19 impact | | | |
|---|--|--|---|
| Stringency of government measures | Oxford Government Stringency Index | Government response stringency index, as a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region. Country values from January 2020 to April 2021. | https://ourworldindata.org/grapher/covid-stringency-index |
| Business dynamics | Firm entries (%) | New enterprise creation January 2020-March 2021, year-on-year difference and cumulative year-on-year difference as a %. For the definition of enterprise creation, see methodology in primary source. | OECD Timely Indicators of Entrepreneurship (TIE) database |
| | Firm exits (%) | Bankruptcies, January 2020-March 2021, year-on-year difference and cumulative year-on-year difference as a %. For the definition of bankruptcies, see methodology in primary source. | OECD Timely Indicators of Entrepreneurship (TIE) database |
| Factors of vulnerability | | | |
| Size of the SME&E sector | Share of SMEs in total employment (%) | Employment by enterprise size as a percentage of all persons employed in business economy. Micro firms include firms with 1-9 persons employed; small firms: 10-49 persons employed; medium-sized firms: 50-249 persons employed; and large firms: more than 250 persons employed. Data refer to 2018 or latest year available. | OECD Structural and Demographic Business Statistics database (SDBS) |
| | Share of SMEs in total value added (%) | Value added by enterprise size as a percentage of total business economy value added. Micro firms include firms with 1-9 persons employed; small firms: 10-49 persons employed; medium-sized firms: 50-249 persons employed; and large firms: more than 250 persons employed. Data refer to 2018 or latest year available. | OECD Structural and Demographic Business Statistics database (SDBS) |
| | Share of self-employed in total employment (%) | Self-employment is defined as the employment of employers, workers who work for themselves, members of producers' co-operatives, and unpaid family workers. It is expressed as a percentage of total employment. Trends between 2005 and 2019. | OECD Annual Labour Force Statistics database |
| Economic exposure to lockdowns and business disruptions | Most affected sectors, share in total employment (%) | The most affected sectors by COVID-19 containment measures, share of total employment (%), 2018 or latest year available. | OECD Statistical Insights: Small, Medium and Vulnerable (2020) , calculations based OECD Annual National Accounts database. |
| | The region most at risk | Regions with the highest share of jobs at risk by country, TL2 regions, 2017. | OECD (2021), Regional Outlook 2021 based on OECD Job Creation and Local Economic Development 2020: Rebuilding Better |
| | Direct contribution of tourism in total employment (%) | Tourism as a % of total employment, 2019 or latest year available. | OECD Tourism database |
| International trade and GVC exposure | SMEs as exporters (%) | Share of SMEs in trade value, exports, 2015 or latest year available | OECD Trade by Enterprise Characteristics database |

| | | | |
|--|---|--|---|
| | SMEs as importers (%) | Share of SMEs in trade value, imports, 2015 or latest year available | OECD Trade by Enterprise Characteristics database |
| | SME exporters in long GVCs (%) | Share of SMEs in trade value, exports, long GVCs, 2015 or latest year available | Calculations based on OECD Trade by Enterprise Characteristics database |
| | SME importers in long GVCs (%) | Share of SMEs in trade value, imports, long GVCs, 2015 or latest year available | Calculations based on OECD Trade by Enterprise Characteristics database |
| | Foreign affiliates (FAs) sourcing locally (%) | Sourcing structure of foreign affiliates, percentage of foreign affiliates' sourcing that comes from domestic multinationals (MNEs) and non-MNEs, total economy, 2016. | OECD Analytical AMNE database |
| | FAs output used locally (%) | Output use of foreign affiliates, as a percentage of the output of foreign affiliates that is used by domestic MNEs and non-MNEs for intermediary consumption, total economy, 2016 | OECD Analytical AMNE database |

Sources of resilience

| | | | |
|---------------------------------------|--|---|---|
| Digital readiness | Broadband connection (%) | Percentage of small businesses [10-49] with a broadband download speed at least 100 Mbit/s (%). All activities in manufacturing and non-financial market services. Data refer to 2020 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021). | OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs . |
| | Use of social media (%) | Percentage of small businesses [10-49] using social media (%). All activities in manufacturing and non-financial market services. Data refer to 2019 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021). | OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs |
| | E-commerce (%) | Percentage of small businesses [10-49] receiving orders over computer networks (%). All activities in manufacturing and non-financial market services. Data refer to 2020 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021). | OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs |
| | Cloud computing (%) | Percentage of small businesses [10-49] purchasing cloud computing services (%). All activities in manufacturing and non-financial market services. Data refer to 2020 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021). | OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs |
| Cash reserves | SME profit, as a share of production (%) | Gross operating surplus of firms with less than 250 employees as a percentage of their production. Industry (excluding construction) only. Data refer to 2018 or latest year available. | OECD Structural and Demographic Business Statistics database (SDBS) |
| Liquidity support | SMEs receiving government support, total (%) | Percentage of SMEs with a Facebook page that received government support, December 2020. | Facebook/OECD/World Bank (2020), Future of Business Survey |
| | SMEs receiving grants and subsidies (%) | Percentage of SMEs with a Facebook page that received government support in the form of grants or subsidies, December 2020. | Facebook/OECD/World Bank (2020), Future of Business Survey |
| | SMEs receiving credits and deferrals (%) | Percentage of SMEs with a Facebook page that received government support in the form of credit or deferral of payments, December 2020. | Facebook/OECD/World Bank (2020), Future of Business Survey |
| | SMEs receiving non-financial support (%) | Percentage of SMEs with a Facebook page that received non-financial government support (e.g. information, technical assistance or advisory services), December 2020. | Facebook/OECD/World Bank (2020), Future of Business Survey |
| Entrepreneurship regulatory framework | Simplification and evaluation of regulations (index) | Composite index that captures the government's communication strategy and efforts to reduce and simplify the administrative burden of interacting with the government, including impact assessment on competition, interaction with interest groups and the complexity of regulatory procedures. Scores from 0 - least restrictive - to 6 - most restrictive. Data refer to 2018. | OECD Product Market Regulation Indicators |
| | Low administrative burdens on start-ups (index) | Component of the composite index "Barriers to domestic and foreign entry". Covers the administrative burden on joint-stock companies and personally-owned enterprises, as well as administrative burden related to licenses and permits procedures. Scores from 0 - least restrictive - to 6 - most restrictive. The indicator is | OECD Product Market Regulation Indicators |

| | | | |
|-------------------|--|---|--|
| | | <p>treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the administrative burdens are). Data refer to 2018.</p> | |
| | <p>Low cost of starting a business (in % of income per capita)</p> | <p>Captures the cost (in % of income per capita) for starting a business, registering property and to prepare, file and pay taxes. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the cost). Data refer to 2019.</p> | <p>World Bank Doing Business 2020 – Starting a business</p> |
| | <p>Strength of insolvency framework (index)</p> | <p>Measures the insolvency law de jure. Calculated as the sum of the scores on 4 other indices: i) commencement of proceedings index (with a range of 0–3), ii) management of debtor’s assets index (0–6), iii) reorganization proceedings index (0–3) and iv) creditor participation index (0–4). The strength of insolvency framework index ranges from 0 to 16, with higher values indicating insolvency legislation that is better designed for the rehabilitation of viable firms and the liquidation of nonviable ones. Data refer to 2019.</p> | <p>World Bank Doing Business 2020 – Resolving insolvency</p> |
| | <p>Low cost of resolving insolvency</p> | <p>Resolving insolvency (cost, % of estate). Indicator on the actual cost (in % of estate) to close a business. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the cost). Data refer to 2019.</p> | <p>World Bank Doing Business 2020 - Resolving insolvency</p> |
| Innovation skills | <p>Perceived capabilities to start a business (%)</p> | <p>Perceived entrepreneurial capabilities among adult population (%), as a percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who believe they have the required skills and knowledge to start a business. Scoring from 0 (low) to 100 (high). Data refer to 2019 or latest year available.</p> | <p>Global Entrepreneurship Monitor (GEM) - Adult Population Survey</p> |
| | <p>Computer and electronics skills</p> | <p>Skills shortage or surplus of computer and electronics skills, i.e. knowledge of circuit boards, processors, chips, electronic equipment, and computer hardware and software, including applications and programming. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</p> | <p>OECD Skills for Jobs Database</p> |
| | <p>Adaptability/ flexibility skills</p> | <p>Skills shortage or surplus of adaptability/flexibility skills. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</p> | <p>OECD Skills for Jobs Database</p> |
| | <p>Complex problem solving skills</p> | <p>Skills shortage or surplus of complex problem solving, i.e. developed capacities used to solve novel, ill-defined problems in complex, real-world settings. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</p> | <p>OECD Skills for Jobs Database</p> |
| | <p>Practical intelligence for innovation</p> | <p>Skills shortage or surplus of practical intelligence for innovation (workstyle). Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</p> | <p>OECD Skills for Jobs Database</p> |



From:
OECD SME and Entrepreneurship Outlook 2021

Access the complete publication at:

<https://doi.org/10.1787/97a5bbfe-en>

Please cite this chapter as:

OECD (2021), "Country Profiles", in *OECD SME and Entrepreneurship Outlook 2021*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/1fd332c9-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.