

Micro, Small and Medium Enterprises and the Trade between Brazil and Germany

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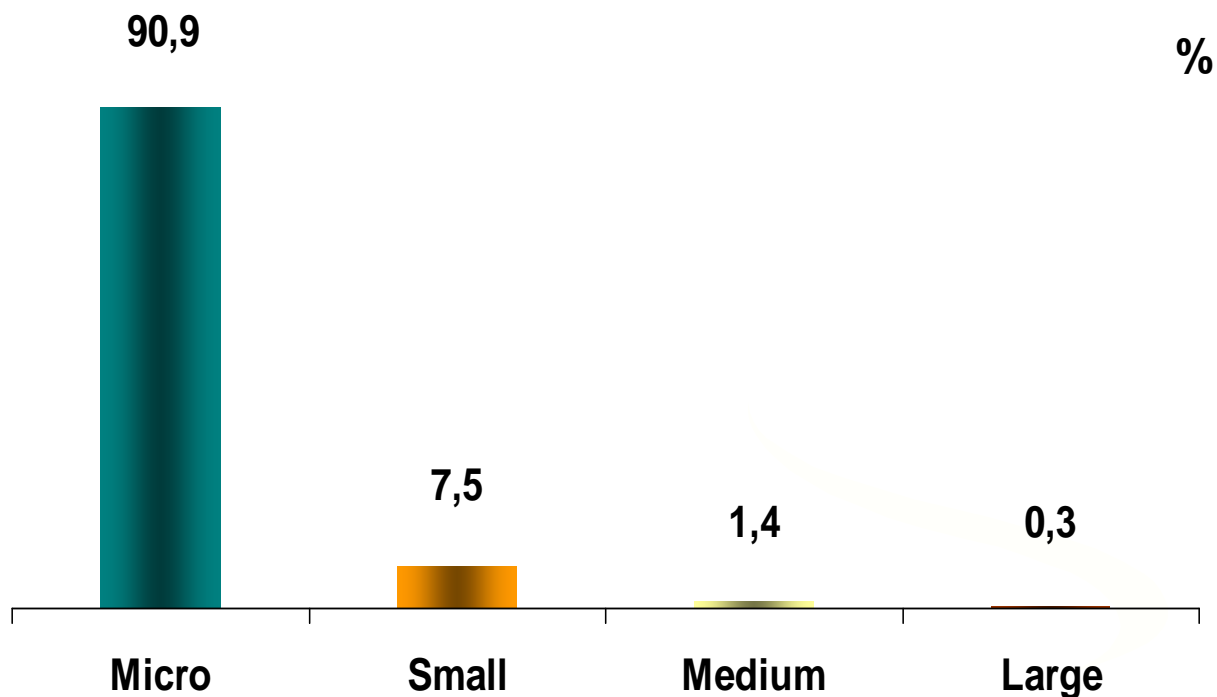
Profile of Brazilian enterprises

In 2005:

- 5.5 million micro enterprises (96,8%)
- 146 thousand small enterprises (2,6%)
- 26 thousand medium enterprises (0,5%)
- 7 thousand large enterprises (0,1%)

Profile of the Brazilian industry

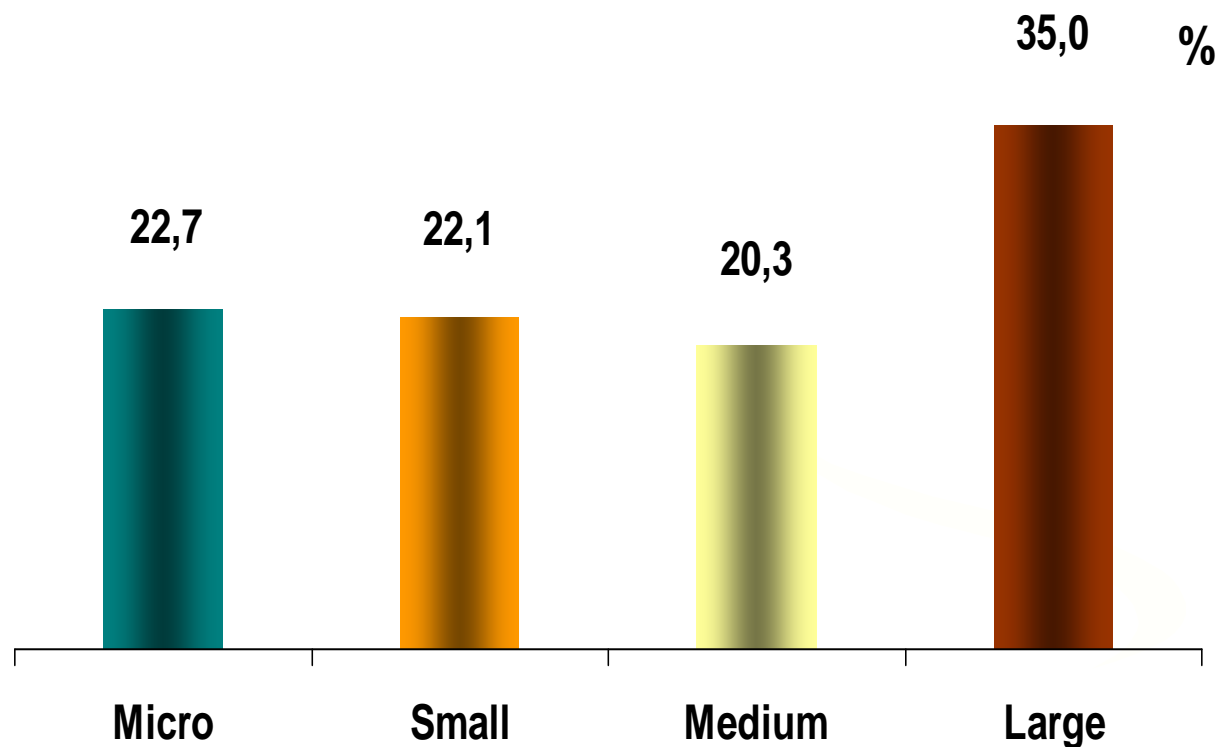
Of a total of 674,000 industries, 99.7% are micro, small, or medium enterprises (MSME) that...



Source IBGE

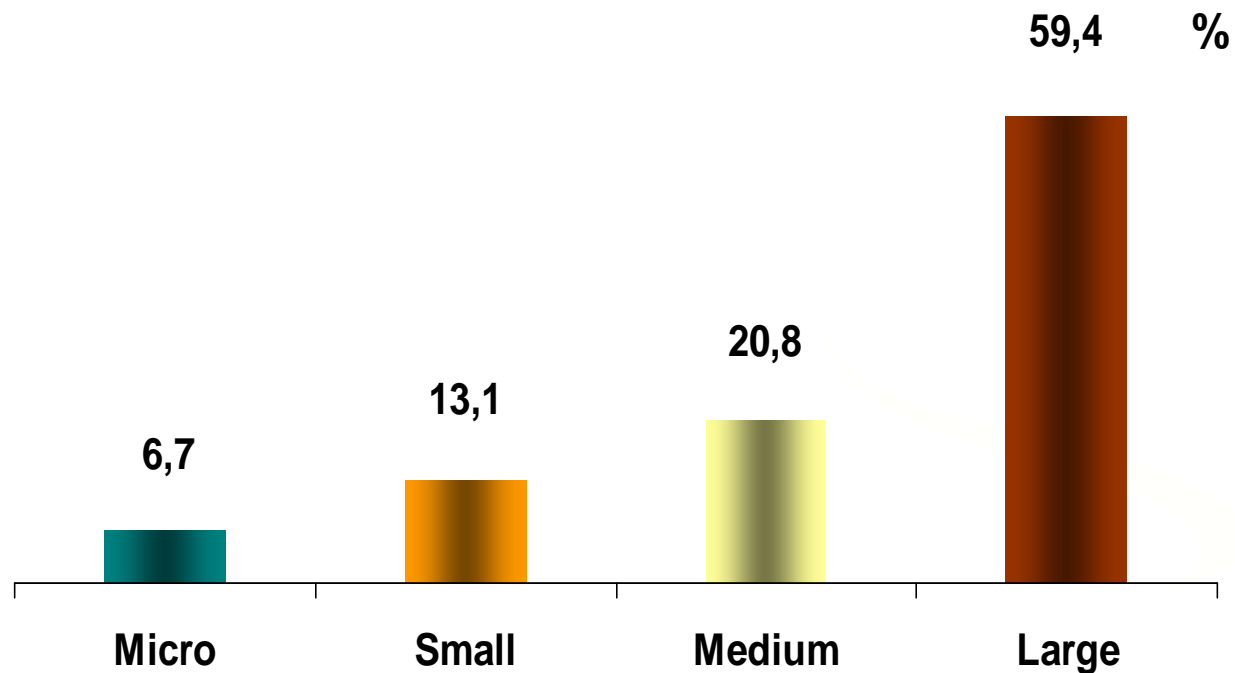
Profile of the Brazilian industry

... employ 2/3
of all
employed
people, but...



Profile of the Brazilian industry

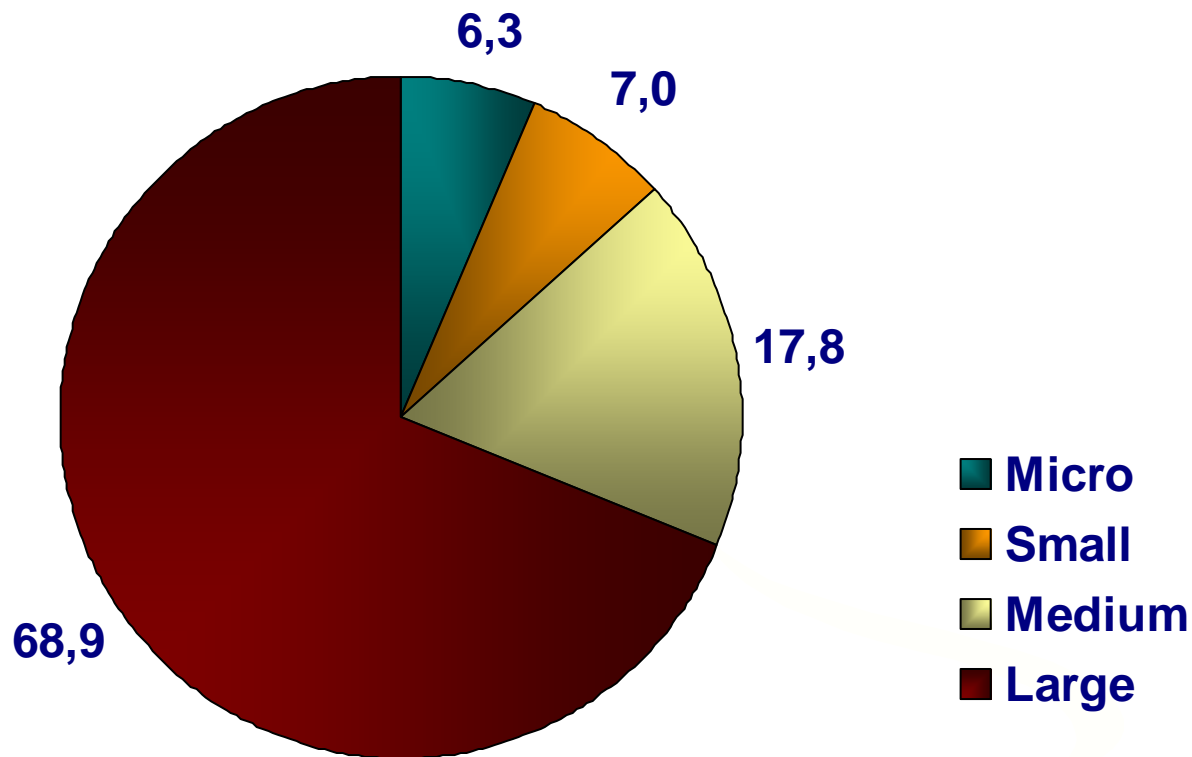
...account for
40.6% of all
wages being
paid and...



Source: IBGE

Profile of the Brazilian industry

... for less than 31.1% of the industrial GDP.



Source: Estimate based on the 2005 PIA / IBGE.

Profile of the Brazilian industry

Four sectors respond for half of Brazilian MSME: Apparel, Food and Beverages, Metal manufacturing and Furniture, but ...

Total sectors: 25

Sectors with most MSME		
Sectors	Number over total	
	Sector	Accumulated
Apparel	17.5%	17.4%
Food and Beverages	15.5%	33.0%
Metal Manufacturing	9.5%	42.5%
Furniture and Miscellaneous Industries	8.5%	51.0%
Edition and Printing	8.2%	59.2%
Non-metallic Minerals	6.5%	65.7%
Wood	6.2%	71.9%
Leather and Footwear	4.8%	76.6%
Machines and Equipment	4.2%	80.8%
Textiles	3.6%	84.4%
Rubber and Plastic	3.2%	87.6%
Chemical Products	3.1%	90.7%

Source: CNI, based on IBGE data.

Profile of the Brazilian industry

... sectors with the highest concentration of MSME are Apparel, Recycling, Edition, Furniture, Wood and Metal

Total sectors: 25

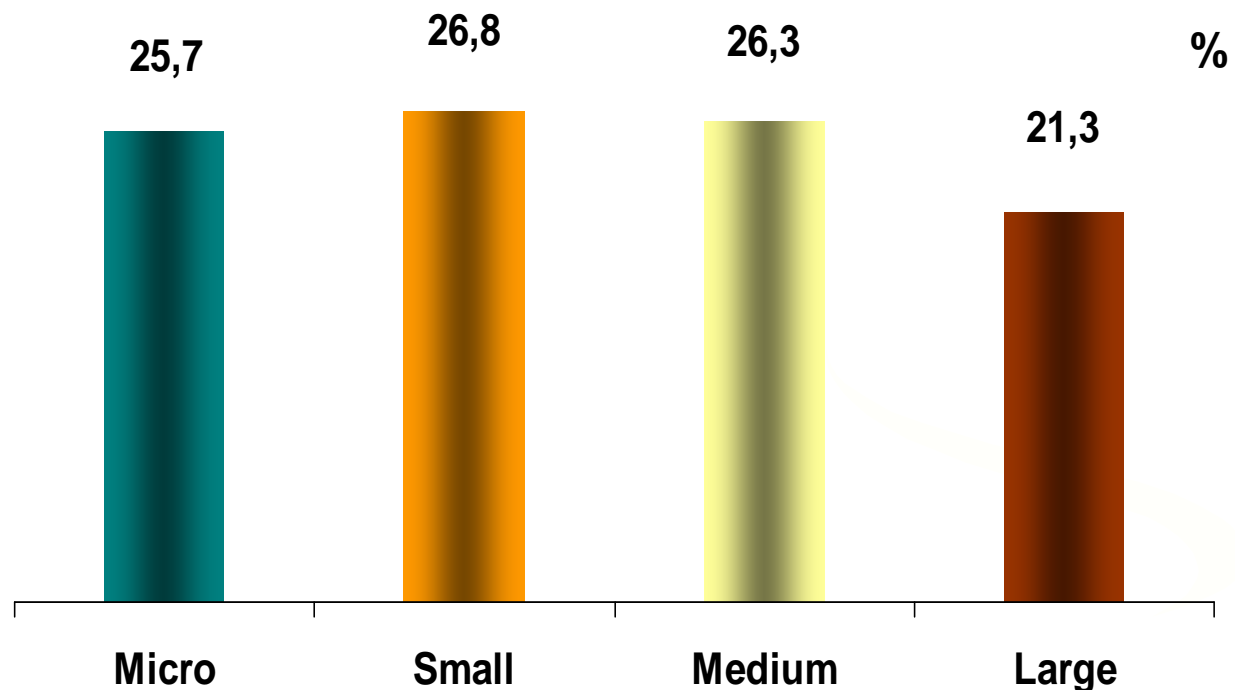
Sectors with the highest ratio of MSME

Sectors	Ratio
Apparel	99.9%
Recycling	99.9%
Edition and Printing	99.9%
Furniture and Miscellaneous Industries	99.9%
Wood	99.9%
Metal Manufacturing	99.9%
Non-metallic Minerals	98.8%
Hospital and Precision Equipment	99.7%
Leather and Footwear	99.7%
Food and Beverages	99.5%
Textiles	99.5%
Machines and Equipment	99.5%

Source: CNI, based on IBGE data.

Exporting Enterprises - 2006

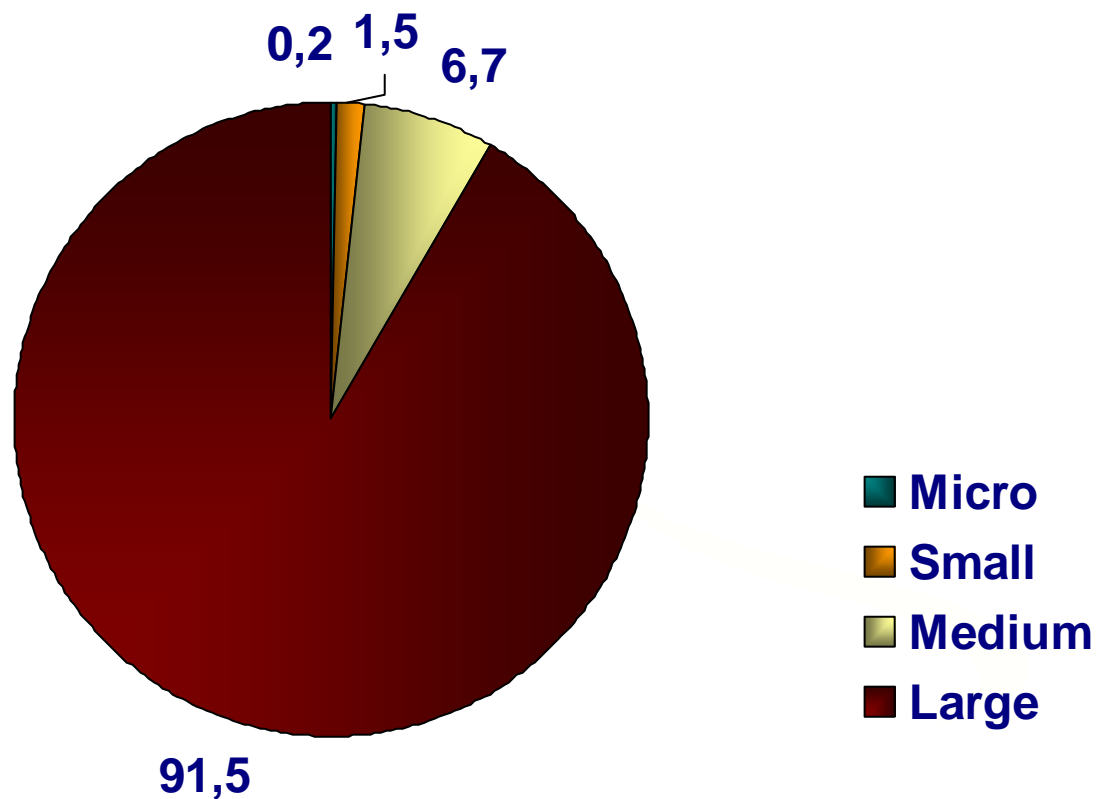
80% of
Brazilian
exporting
enterprises are
MSME, but ...



Source Secex/MDIC

Brazilian Exports - 2006

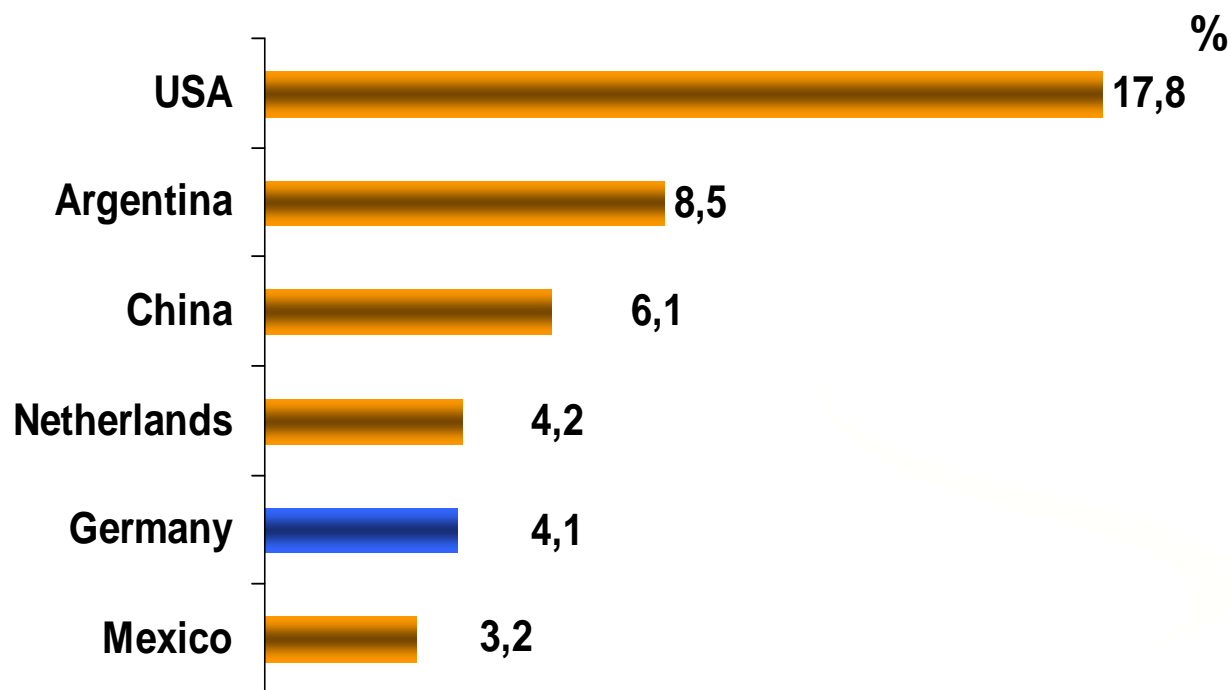
... they
respond for
less than
10% of total
export value.



Brazilian Exports – 2006

By country

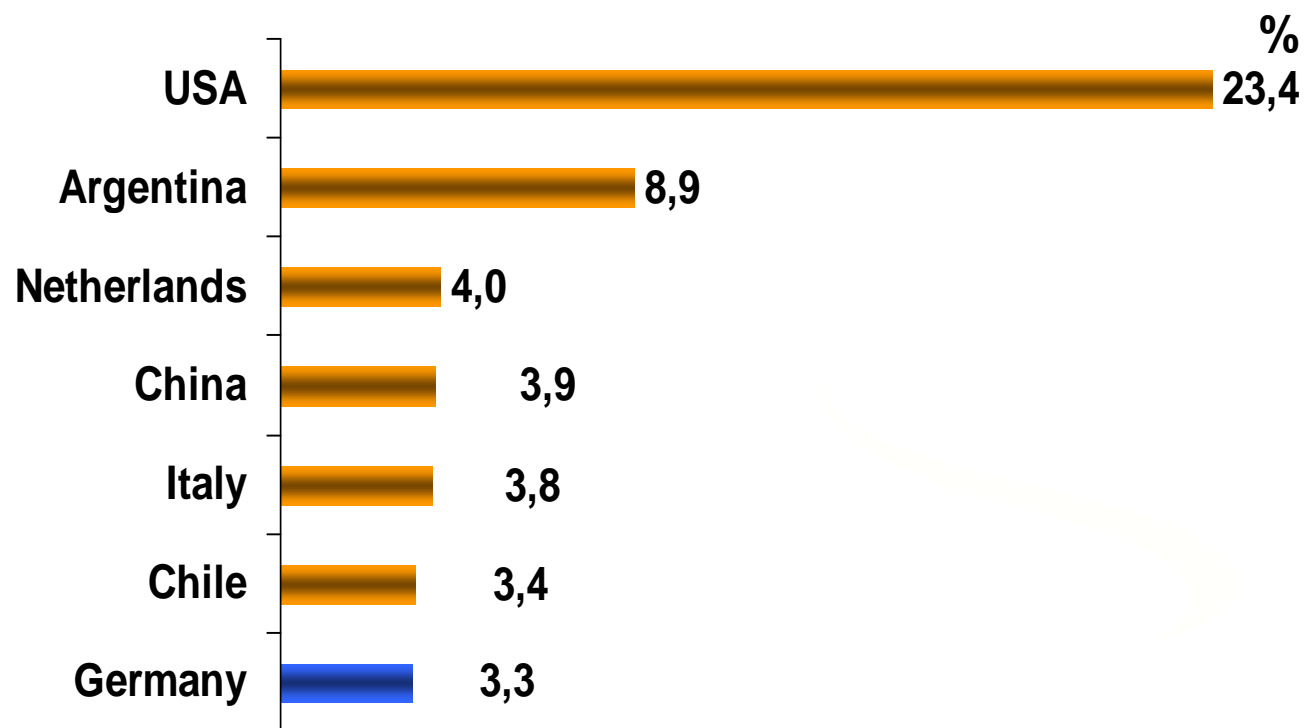
Germany is the
5th biggest
market for
Brazilian
exports, but ...



Brazilian Exports – 2006

MSME exports – By country

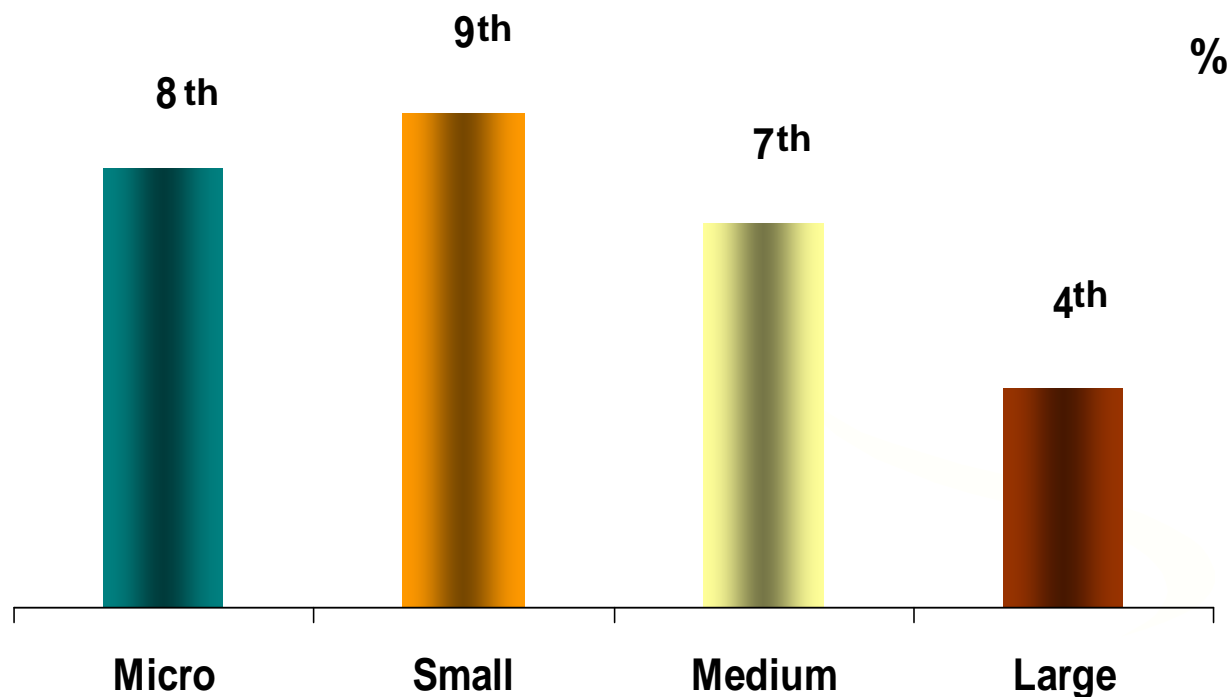
... lose two positions when large enterprises are excluded



Brazilian Exports – 2006

Germany: *position by destination country*

There is significant room to increase the number of MSME exporters to Germany



Source: Secex/MDIC

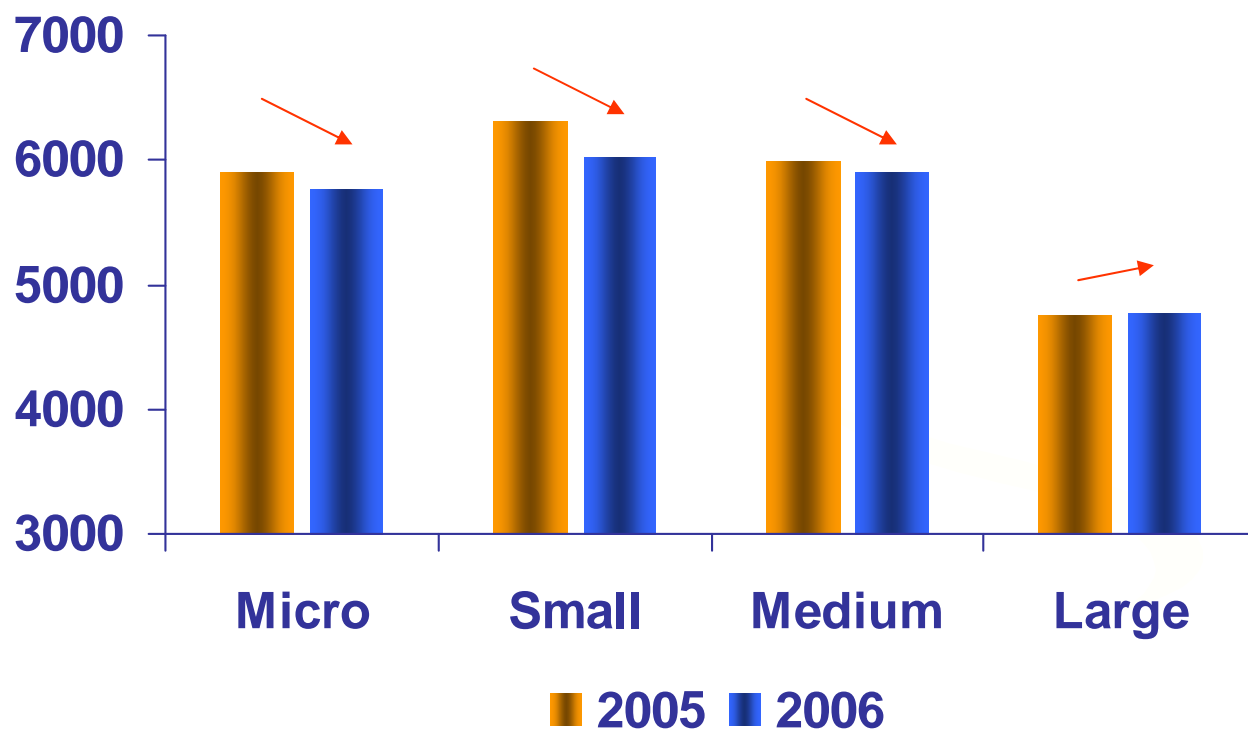
Opportunities for MSME

- In addition to direct exports, MSME can participate in the foreign trade (indirectly) supplying inputs to exporting companies.
- It is also important to promote the integration of MSME in export production chains.

Currency Appreciation Effect

The competitiveness loss due to the domestic currency appreciation is stronger to MSME

Number of Exporting Enterprises



Difficulties of MSME

- Despite the domestic currency appreciation problem, the MSME have difficulties with credit access, lack of information and low manager qualification.
- It is necessary to promote policies to increase MSME's share on foreign trade and their contribution to Brazilian economy growth.

COMPEM has defined five priority areas

- **Credit**
- **Red tape**
- **Qualification**
- **Inovation**
- **Exports**

Helping MSME to Export

The main difficulties are:

- Poor knowledge about exporting activity
- Small production scale of MSME
- Poor knowledge on financing opportunities and difficult access to credit
- Red tape

Helping MSME to Export

It must:

- Improve credit access conditions
- Spread knowledge about financing programs
- Develop corporate training
- Support enterprises on export procedures
- Promote MSME association to export
- Stimulate MSME participation in production chains

Final Considerations

- Entrepreneurship stimulation is the best way to decrease poverty and inequalities, both social and regional
- Different from public assistance, entrepreneurship stimulation policies result in human development with dignity

Thank you

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