

Mid-Market firms could unlock billions in revenues by increasing exports

- **Largest global study of mid-market enterprises finds only 15% of revenues are derived from exports**
- **MMEs in 14 countries currently contribute \$9trn to global GDP and directly employ 208m people**
- **Should MMEs boost their exports by just 1%, they could add a combined \$12.5billion to their economic impact**

HSBC today releases a report revealing that mid-market enterprises could take advantage of huge opportunities from international trade. In fact, exports currently account for only 15% of MMEs'^[1] revenues.

HSBC Commercial Banking, in conjunction with Oxford Economics, explored the views of 1,400 MME senior executives in 14 countries in addition to in-depth economic analysis. The findings reveal more leaders are focusing their growth strategies on domestic markets (18%) rather than international expansion (11%). Only 3% expect global operations will contribute to their business' financial performance in the next three years. This is despite domestic market volatility (55%) being their top concern. Regulatory changes (52%) and skills shortages (50%) were also identified as key concerns that are tempering MME growth appetites.

MMEs are the backbone of the economy, making significant contribution to growth and employment. It is estimated that the 433,000 MME companies across 14 countries covered by this study directly employed 208 million people – equivalent to the population of Brazil – and support \$3.4 trillion in exports. It is estimated that in just two years the direct contribution of MMEs to global GDP increased by 9% and the number of jobs they support grew by 3%.

Further economic analysis predicts that if mid-market enterprises (MMEs) boosted their export-based revenues by just 1%, they would increase their economic impact by \$12.5 billion across the 14 economies.

Noel Quinn, Chief Executive of Global Commercial Banking, HSBC said: *“MME firms make a huge contribution to their economies, and have the potential to deliver even greater growth if they considered going to new markets. Many of the concerns they have, could in fact be addressed with an international strategy – whether that’s overcoming local economic uncertainty or capitalising on new skills and expertise. In an environment of lower growth, we must help these companies reap the benefits of international commerce, and just as importantly work to raise their profile as major economic contributors, and potentially influential government stakeholders.”*

Eleni Vrettou, Head of Wholesale Banking, HSBC Greece commented: *“The survey reveals that while MMEs in many countries are the backbone of their local economies in terms of contribution to*

^[1] For the purpose of this study, mid-markets enterprises are defined as those with between 200 and 2,000 employees.

GDP and employment, they do not make the most of the opportunities arising from international trade. Especially in Greece, due to the economic crisis the need for international growth is imperative as businesses have to focus on new markets to further develop and counterbalance the impact of the shrinking domestic market.”

Half of all MMEs are estimated to be in China; a further quarter in India but per capita they have a larger profile in countries like Singapore, the UAE, Canada and Germany.

In our sample, the MME sector makes the most important contribution to local employment in United States (20% of market sector employment) and the UK (18% of market sector employment), while their share of local GDP is highest in the USA, followed by Mexico, the UAE, Australia and Canada.

Notes for editors

Country	Direct GDP contribution		Direct contribution employment	
	\$bn	% of market sector GDP	000s	% of market sector employment
Australia	291	24%	1,050	12%
Canada	346	24%	2,464	18%
China	2,251	23%	95,639	15%
France	404	18%	3,021	16%
Germany	699	22%	5,823	18%
Hong Kong	44	17%	409	15%
India	349	19%	52,667	12%
Indonesia	172	21%	12,170	13%
Mexico	296	25%	6,663	15%
Saudi Arabia	141	22%	1,054	14%
Singapore	58	20%	553	17%
United Arab Emirates	90	24%	847	16%
United Kingdom	519	21%	4,589	18%
United States	3,485	25%	20,743	20%
Total (14 countries)	9,144	23%	207,691	15%

End/more

Notes to editors

Methodology

The objective of HSBC and Oxford Economics' 2017 'Entrepreneurial heartland of MMEs' research is to estimate the direct contribution of MMEs in 14 countries, their openness to trade as well as their wider contribution through supply chain and consumption 'multiplier' effects.

The research covers the following 14 countries: Australia, Canada, China, France, Germany, Hong Kong, India, Indonesia, Mexico, Saudi Arabia, Singapore, the UAE, the UK and the US.

In this report, MMEs are defined as companies with between 200 and 2,000 employees. All sectors are covered with the exception of public administration, education and health, which are more vulnerable to policy-related factors and are therefore more difficult to compare across countries.

- MMEs' direct contribution to their local economy is measured according to their Gross Value Added (GVA) contribution to a country's Gross Domestic Product (GDP), and to the sales (turnover) and employment they support.
- MME's openness to trade is measured using OECD data on imports and exports, assuming that MMEs have a similar propensity to import and export as other firms in their country and sector.
- MMEs' contribution through supply chain and consumption 'multiplier' effects is estimated using detailed 'input-output' tables from the OECD and national statistical offices. The consumption impact reflects the economic activity supported when employees in MMEs and in their supply chains spend their wages on other firms' products and services.

In addition to the economic research, HSBC and Oxford Economics have conducted a qualitative survey – via phone – of senior executives at 1,400 MMEs (100 per country), between July and August 2017. Using a standard questionnaire, the survey aimed at exploring their views on external opportunities and threats, strengths and weaknesses, strategic priorities over the next three years and priorities for investment.

HSBC Commercial Banking

For over 150 years we have been where the growth is, connecting customers to opportunities. Today, HSBC Commercial Banking serves more than two million businesses across the world, ranging from small enterprises focused primarily on their home markets through to corporates operating across borders. Whether it is working capital, term loans, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. As the cornerstone of the HSBC Group, we give businesses access to a geographic network covering more than 90% of global trade and capital flows. For more information visit: <http://www.hsbc.com/about-hsbc/structure-and-network/commercial-banking>

About HSBC Group



HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,492bn at 30 June 2017, HSBC is one of the world's largest banking and financial services organisations.

In Greece, HSBC operates since 1981 with presence in Athens and Thessaloniki. HSBC offers banking services to individuals as well as to corporate and institutional clients.

The issuance of and details contained in this document, does not constitute an offer or solicitation for, or advice that you should enter into, the purchase or sale of any deposit, security, commodity or other investment product or investment agreement, HSBC BANK PLC is not advising you in respect hereof; does not undertake any obligation or responsibility towards the recipient whose decision has been based on this document

Ends/all