

Trade concentration

Key findings

- The share of enterprises participating in international trade varies significantly from country to country, ranging from 10% to 40% for exports and from 10% to 70% for imports. Small countries tend to have larger shares, reflecting the limited size of their internal market, although significant differences exist even among them.
- In nearly all economies, and across all size classes, the number of importing enterprises is typically higher than the number of exporters. The United States is a notable exception, with the number of exporting enterprises higher than importing enterprises across all SME size classes.
- Significant differences exist among SMEs of different sizes with regards to participation in international trade. On average 15% of micro-enterprises are traders, while the share is 60% for small enterprises and 80% for medium-sized enterprises.
- The top 100 exporting companies account for a significant share of exports in all countries, ranging from about one-quarter in Italy to over 90% in Luxembourg.

Relevance

In recent decades, international fragmentation of production has fuelled the growth in global value chains, characterised by increasing trade in intermediates. However, differences across countries in the scale of integration, particularly by SMEs, and the scale of market(s) penetration, remain. Diversity in markets can often indicate comparative advantages and resilience to demand shocks.

Definitions

Data on customs-based trade in goods aim to capture any movement of merchandise across a country's border, both outgoing (exports), and incoming (imports). This approach measures the two-way physical flow of commodities crossing the border, following the international standard established in "International Merchandise Trade Statistics: Concepts and Definitions 2010", United Nations (New York, 2010).

The key concepts for customs-based trade data are as follows: for exports, the final destination known to the company in a given country that is exporting a good determines the trading partner; for imports, the country within which the good was extracted, produced or last processed, known as the country of origin, determines the trading partner.

Conventional international trade statistics describe trade flows between countries, broken down by types of goods and services. The OECD Trade by Enterprise Characteristics (TEC) data break down international merchandise trade statistics by the characteristics of the trading enterprise.

The *incidence of exporters (importers)* is the ratio of the number of exporters (importers) to the total number of enterprises. The *incidence of two-way traders*, i.e. firms that both export and import, is the share of two-way traders among exporting (importing) enterprises.

The *concentration of exports by exporting enterprises* is calculated as the ratio of the value of exports by each rank (top 10, top 11 to 50, and top 51 to 100 exporting enterprises) divided by the total value of exports.

The *percentage of export value to x partner countries* is calculated as the ratio of the value of exports by enterprises who have x partner countries to the total value of exports.

Comparability

Data that reflect direct export (and import) channels only may understate the true underlying scale of integration within global value chains, particularly by size class. For example, upstream SME producers of intermediates may participate in global value chains by supplying goods and services to larger exporting firms. Similarly, many small firms may export (and import) via intermediary wholesalers. Not all firms are able to be matched in trade and business registers. Typically, unmatched cases relate to smaller enterprises, as the small average trade values for these unallocated firms suggests. For this reason, Figures 5.1 and 5.2 include all unallocated firms and values in the SME population.

Data shown in Figures 5.1, 5.2 and 5.4 result from the combination of the OECD SDBS and TEC databases. Coverage of firms in the two databases may differ, if different thresholds exist or different statistical units are used for recording the number of firms.

Source

OECD Structural and Demographic Business Statistics (SDBS) (database), <http://dx.doi.org/10.1787/sdbs-data-en>.

OECD Trade by Enterprise Characteristics Database (TEC), http://stats.oecd.org/Index.aspx?DataSetCode=TEC1_REV4.

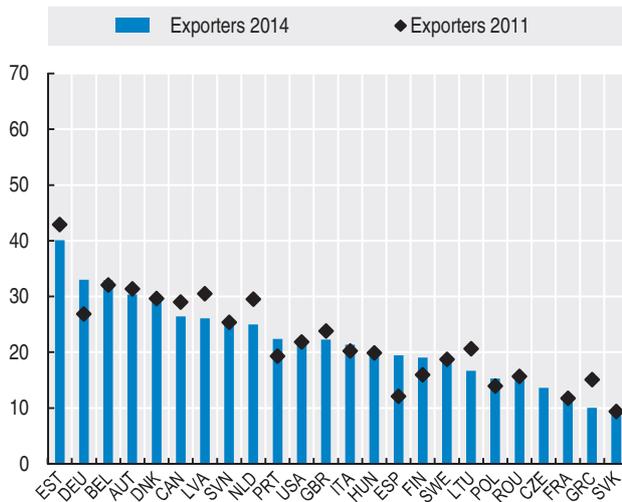
Further reading

Nordic Council of Ministers and OECD (2016), *Nordic Countries in Global Value Chains 2016*, <http://www.dst.dk/Site/Dst/Udgivelses/GetPubFile.aspx?id=28140&sid=nordglobchains>.

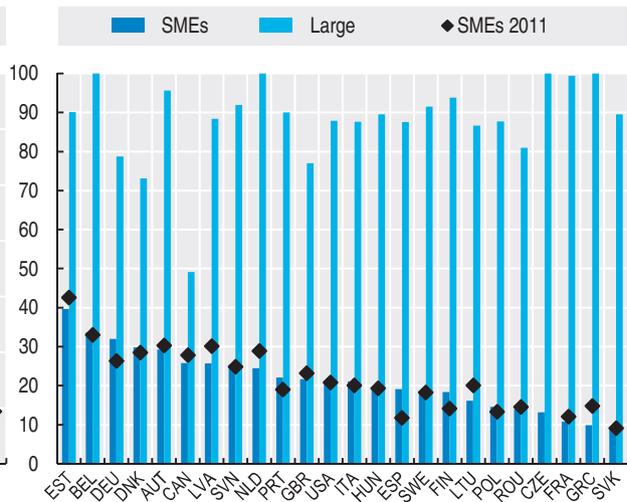
OECD and World Bank Group (2015) "Inclusive Global Value Chains. Policy options in trade and complementary areas for GVC. Integration by small and medium enterprises and low-income developing countries", <https://www.oecd.org/trade/OECD-WBG-g20-gvc-report-2015.pdf>.

Figure 5.1. Incidence of exporters, industry

Share of exporting enterprises in total enterprises



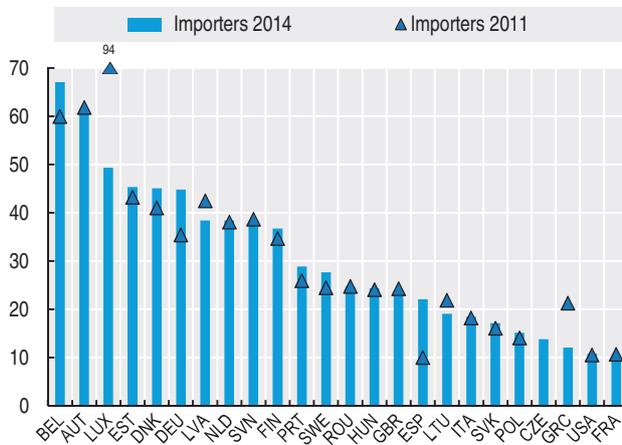
Share of exporting enterprises, by size class, 2014



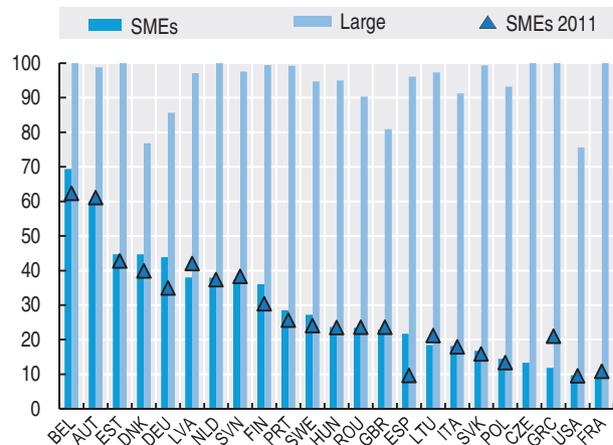
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Figure 5.2. Incidence of importers, industry

Share of importing enterprises in total enterprises



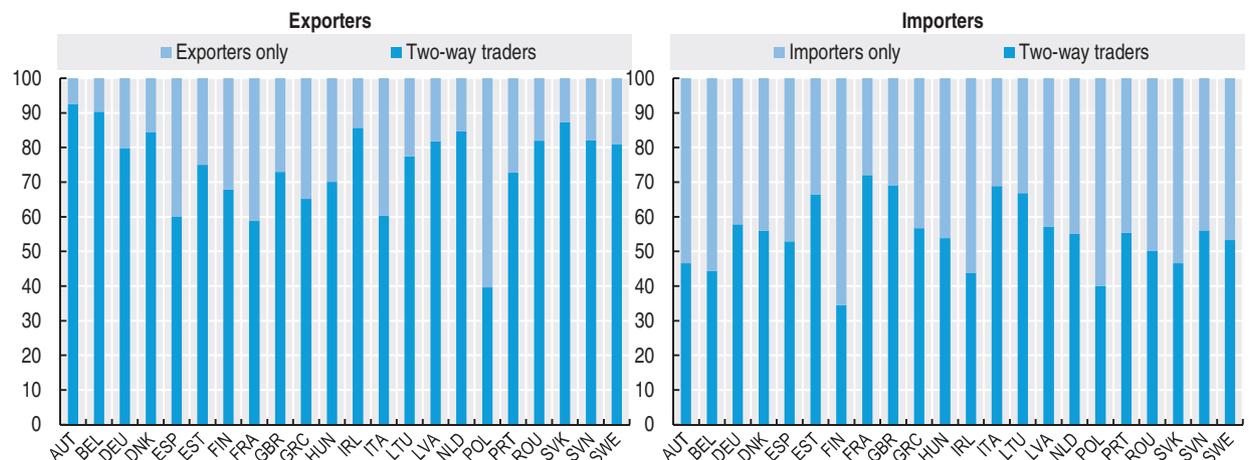
Share of importing enterprises, by size class, 2014



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Figure 5.3. Incidence of two-way traders, industry

Share of two-way traders among all exporting (importing) enterprises, 2015 or latest available year

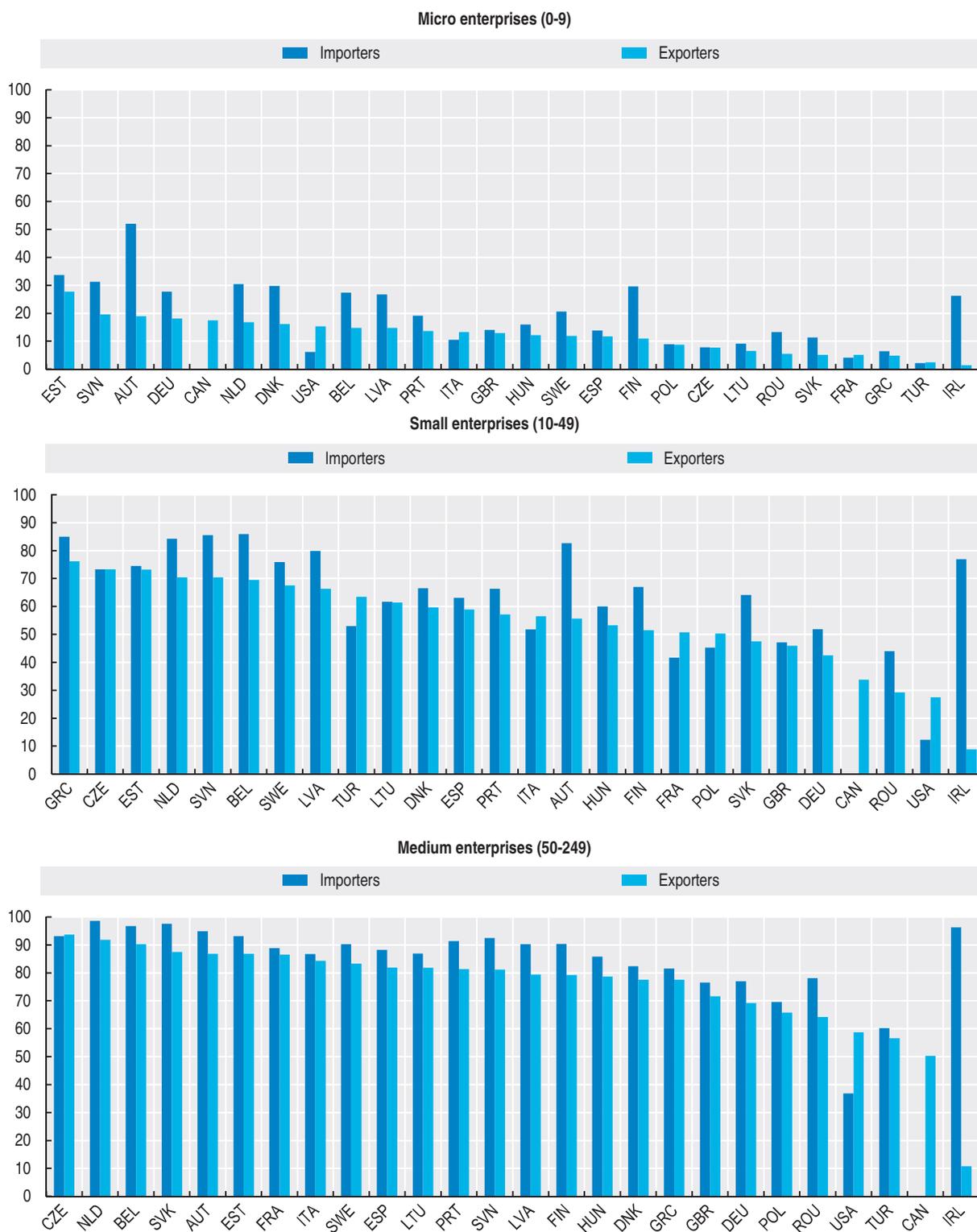


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5. SMES AND INTERNATIONAL TRADE

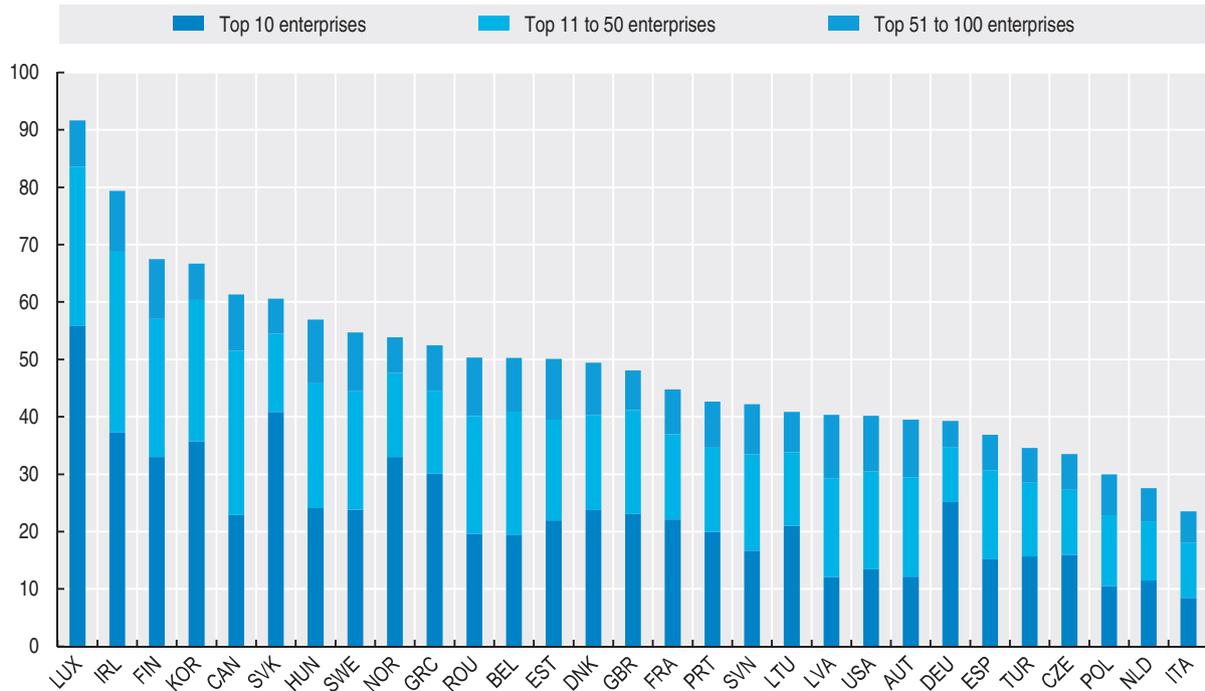
Trade concentration

Figure 5.4. **Incidence of SME traders, by size class, industry**
Percentage of all enterprises, 2014 or the latest available year



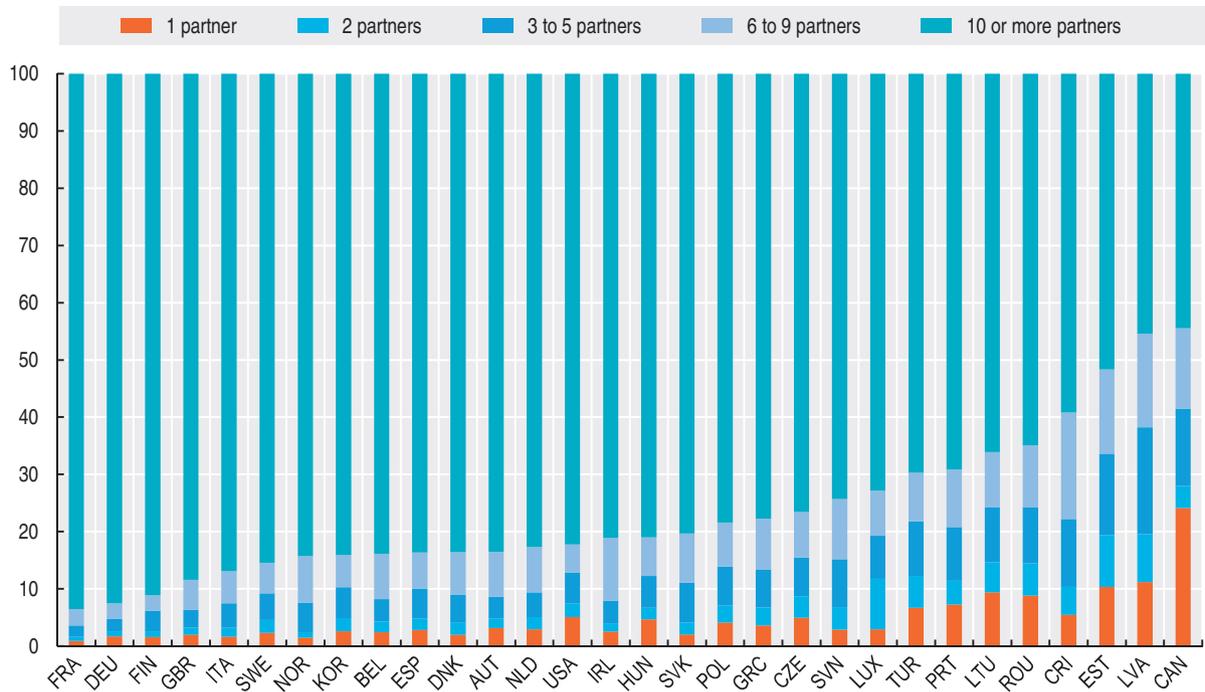
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Figure 5.5. **Concentration of exports by exporting enterprises, total economy**
 Percentage of total value of exports, 2015, or latest available year

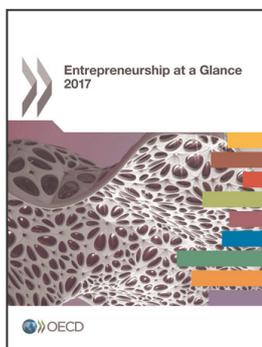


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Figure 5.6. **Concentration of the value of exports by number of partners, total economy**
 Percentage of total value of exports, 2015, or latest available year



StatLink <http://dx.doi.org/10.1787/888933564253>



From:
Entrepreneurship at a Glance 2017

Access the complete publication at:
https://doi.org/10.1787/entrepreneur_aag-2017-en

Please cite this chapter as:

OECD (2017), "Trade concentration", in *Entrepreneurship at a Glance 2017*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/entrepreneur_aag-2017-18-en

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