UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Smaller firms greater risks

How Strait of Hormuz disruptions could trigger an exclusion effect for small and medium-sized enterprises

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UN trade & development

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Introduction

**Trade disruptions hit all firms.
But they rarely hit them equally.**

The Strait of Hormuz disruptions are no exception.

Large companies can spread risk across suppliers, markets and financing sources. Small and medium-sized enterprises (SMEs)[1] typically cannot.

As energy, transport and financing costs climb, margins shrink and supply chains become disrupted. The pressure can force firms to scale back production, postpone investment or exit altogether. Exclusion becomes a constant risk.

The economic consequences extend beyond the firms themselves. SMEs generate much of the world's employment and entrepreneurial activity.

When SMEs falter, growth becomes less inclusive and less resilient.

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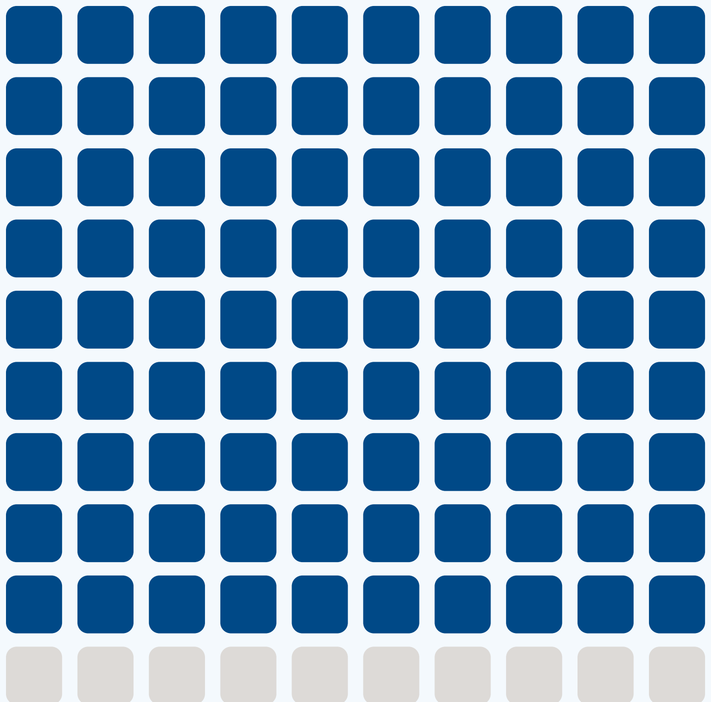
[1] In this analysis, firm size is defined by the number of workers (unless indicated differently):

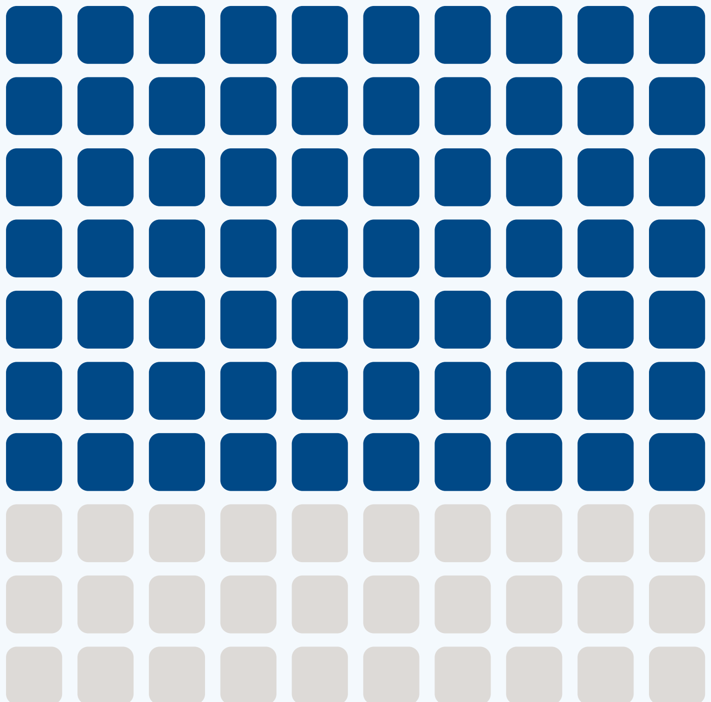
micro <5 small 5-49 medium 50-249 large 250+

Smaller firms are at the heart of the global economy.

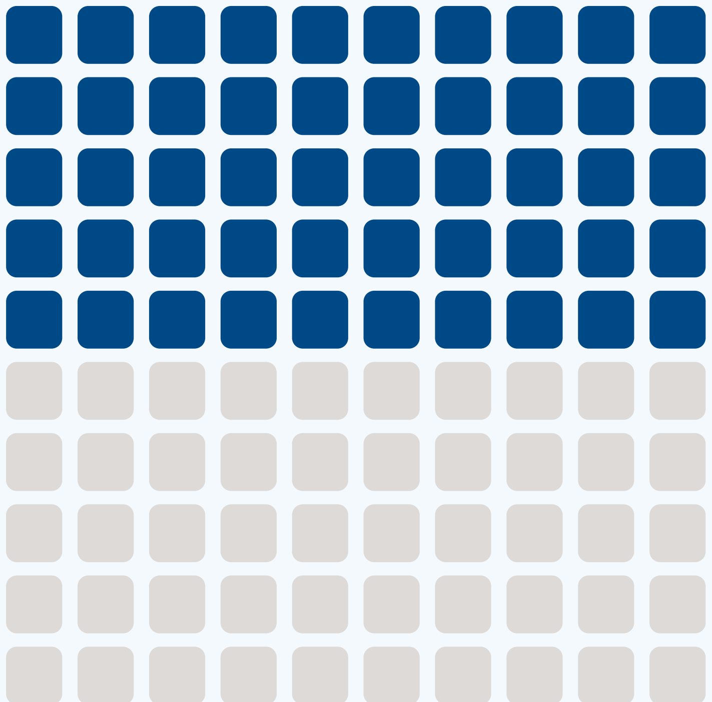
Importance of micro, small and medium-sized enterprises in the global economy



90%
of global businesses



70%
of global employment



50%
of global GDP

They are key providers of inputs and services along supply chains.

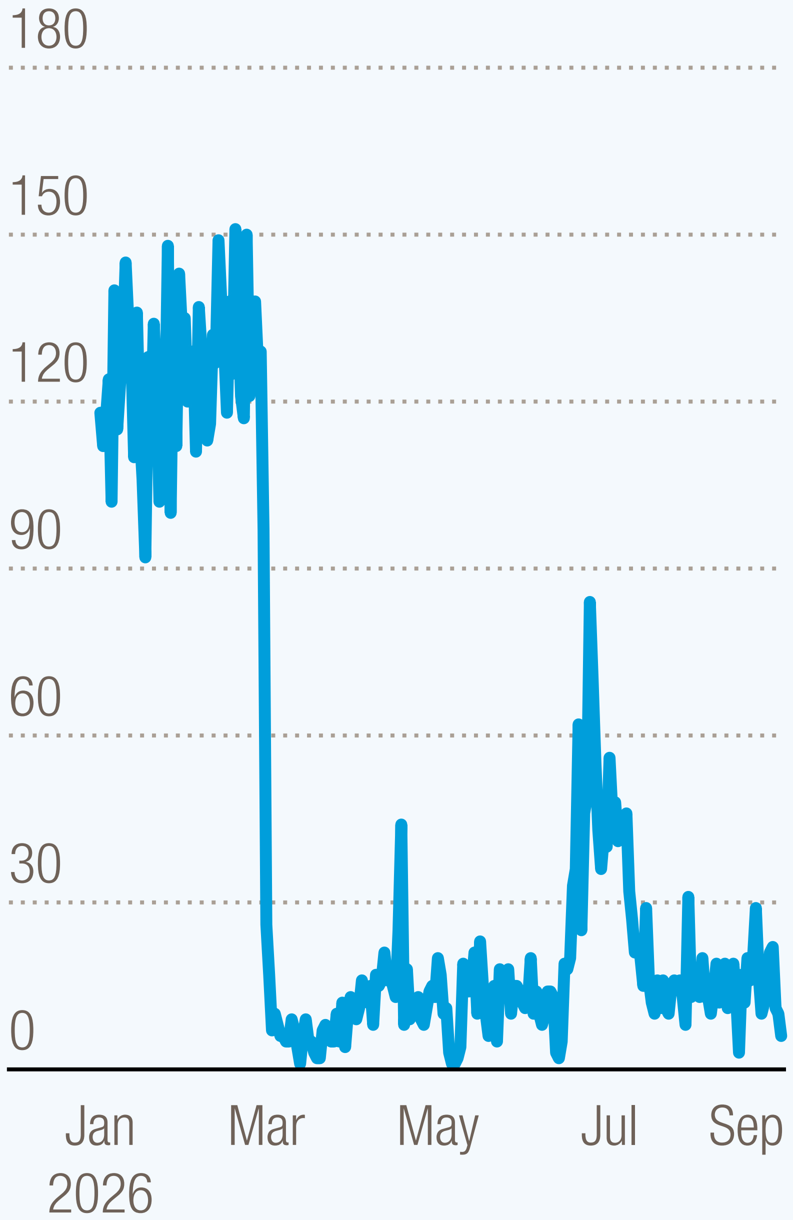
They fuel entrepreneurship, innovation and economic diversification.

Source: UN Trade and Development (UNCTAD). Figures based on the International Labour Organization (ILO).

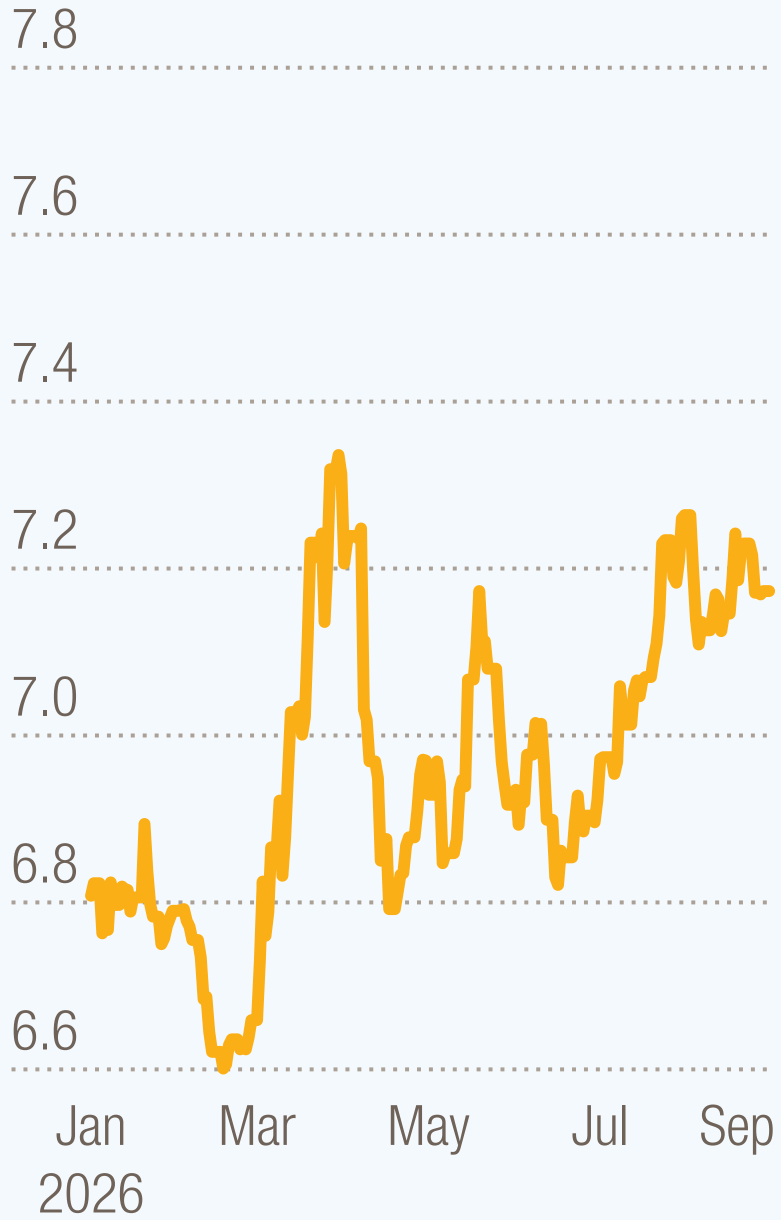
Recent trade shocks have hit firms through various channels.

Crude oil prices

Ship transits through the Strait of Hormuz



Emerging economies' bond yields



Source: UN Trade and Development (UNCTAD), based on Clarksons Research Shipping Intelligence Network, J.P. Morgan Emerging Markets Bond Index Global Diversified, and internal research on average benchmark prices for crude oil.

Notes: Data for the period from 1 January to 31 August 2026.


But the risk of exclusion is higher for smaller firms.
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What is the risk of an SME exclusion effect?

Smaller firms face the risk of exclusion from value chains even when global trade volumes recover from shocks.

Rising energy bills, freight rates, insurance premiums and financing constraints place heavier burdens on SMEs than on large firms.

Why it matters

When SMEs are pushed out from value chains:

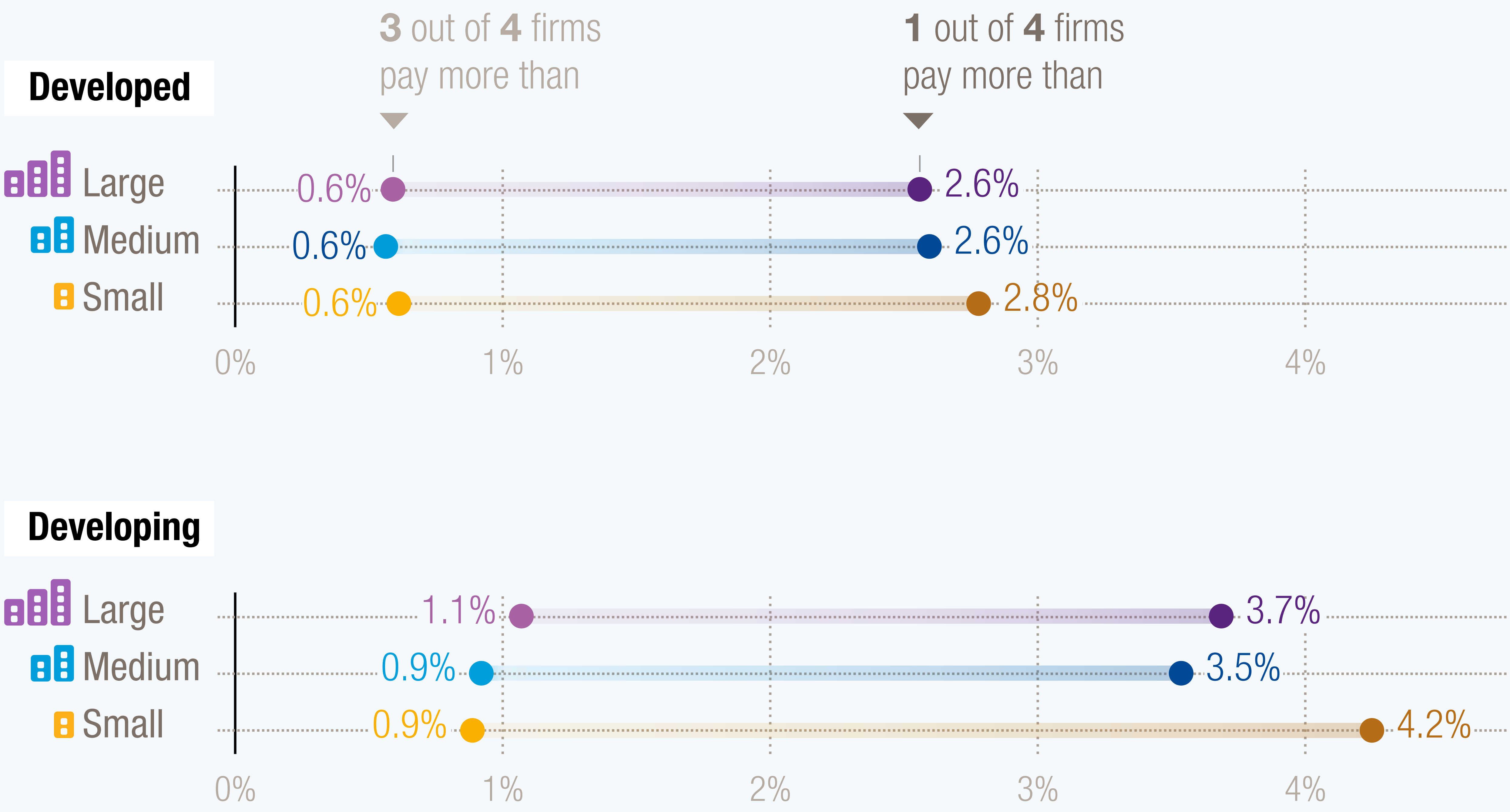
- Unemployment rises
- Household incomes decline
- Social vulnerability increases

Trade resilience requires SMEs to remain part of value chains; otherwise, recovery may simply mask greater concentration among larger firms.

Note: SMEs refer to small and medium-sized enterprises.

Smaller firms are more vulnerable to electricity price increases.

Interquartile range of the annual cost of electricity as a percentage of total sales, 2023–2025

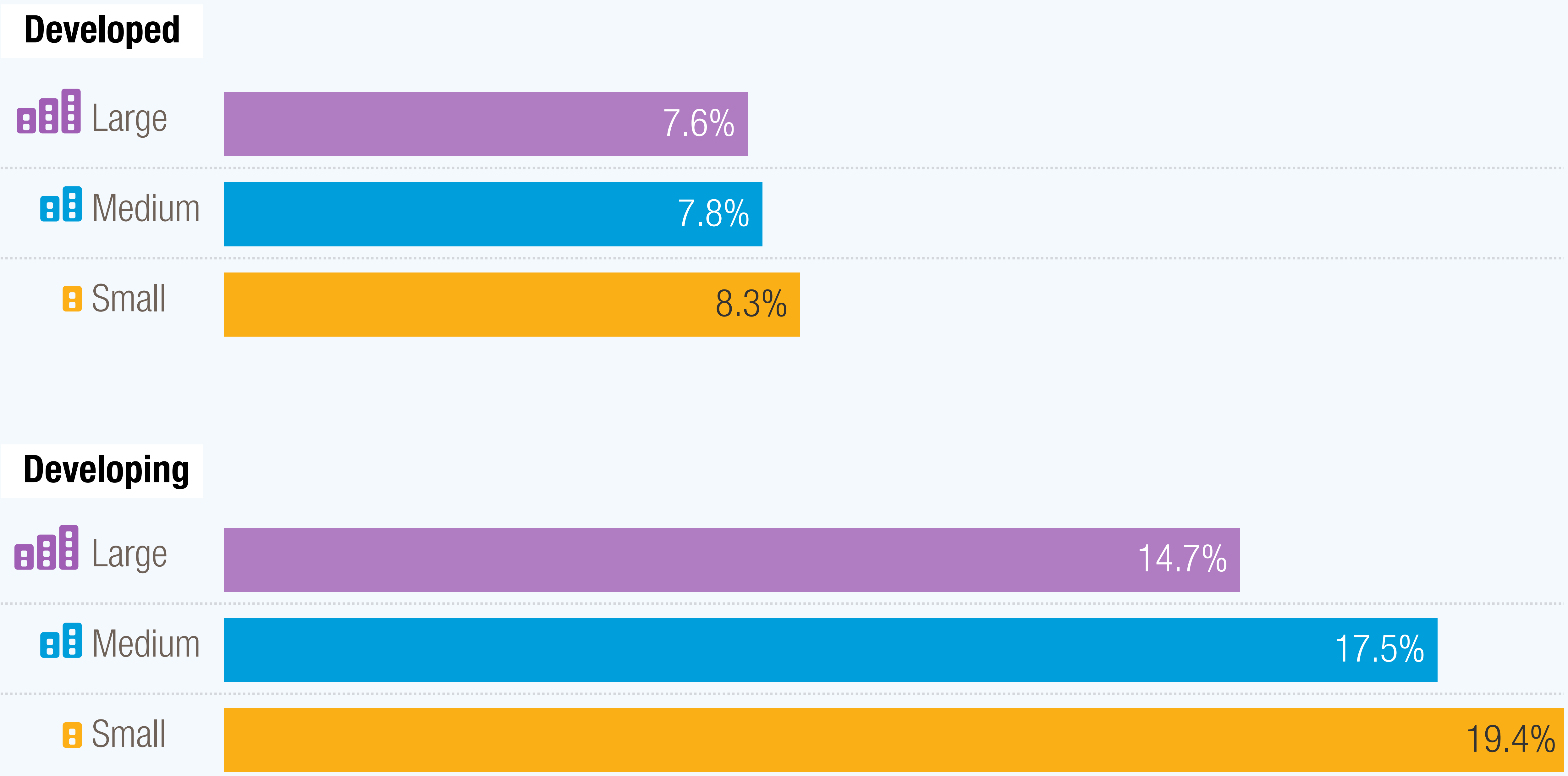


Source: UN Trade and Development (UNCTAD), based on World Bank Enterprise Surveys (WBES).

Note: Values correspond to the first and third quartiles across firms by country and simple averages across countries by development status. The figures are based on a sample of 20,727 manufacturing firms in 114 developing and 43 developed economies.

Importing goods costs twice as much for smaller firms in developing economies.

Cost of complying with import requirements as a percentage of the value of products directly imported, 2023–2025

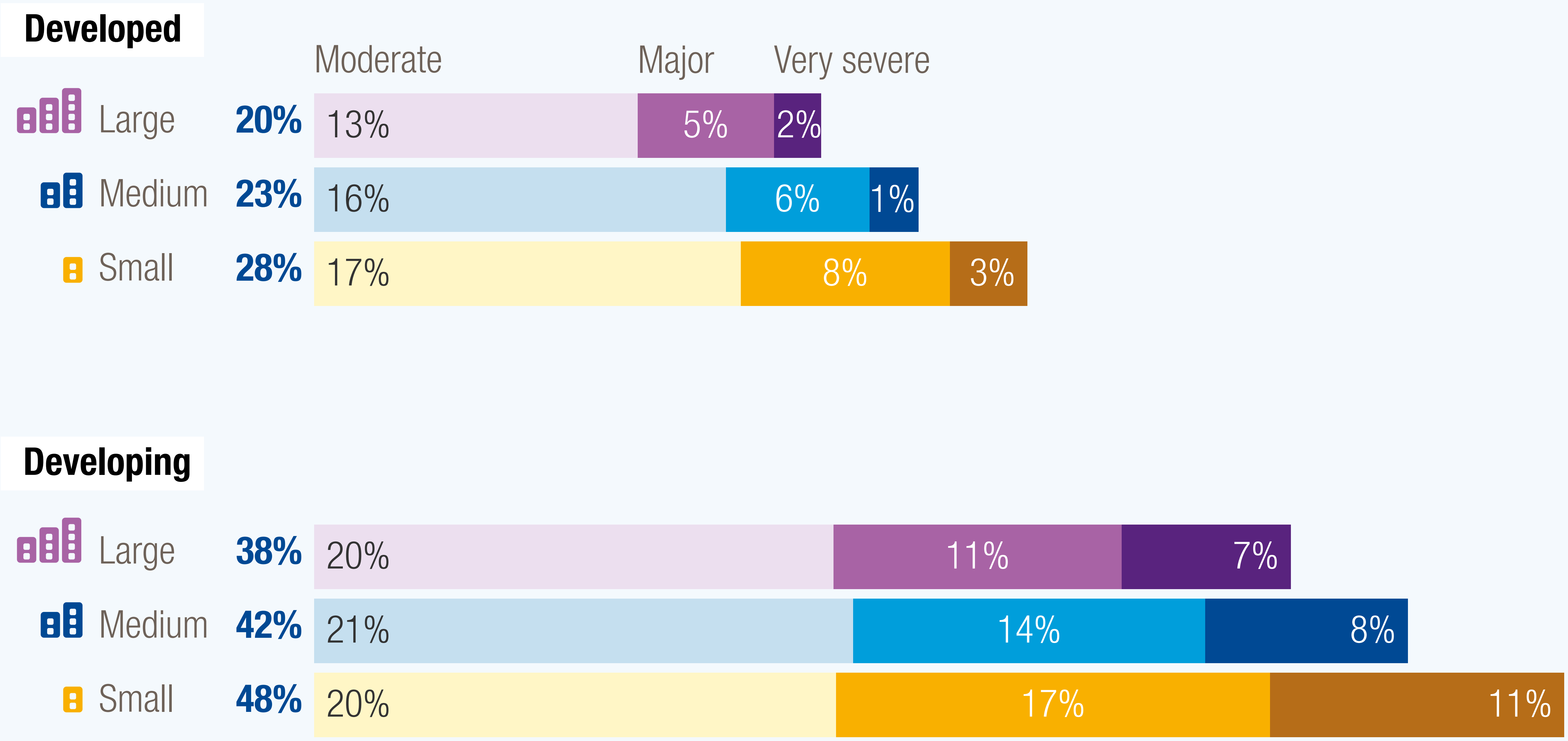


Source: UN Trade and Development (UNCTAD), based on World Bank Enterprise Surveys (WBES).

Note: Import requirements include customs fees, other required payments, and payments made to customs brokers or freight forwarders. Values correspond to median values by country across firms and simple averages across countries by development status. The figures are based on a sample of 90,120 firms in 114 developing and 43 developed economies. "Smaller firms" refer to small and medium-sized enterprises.

Smaller firms consistently face greater barriers to accessing finance.

Share of firms that perceived access to finance as an obstacle to their operations, 2023–2025

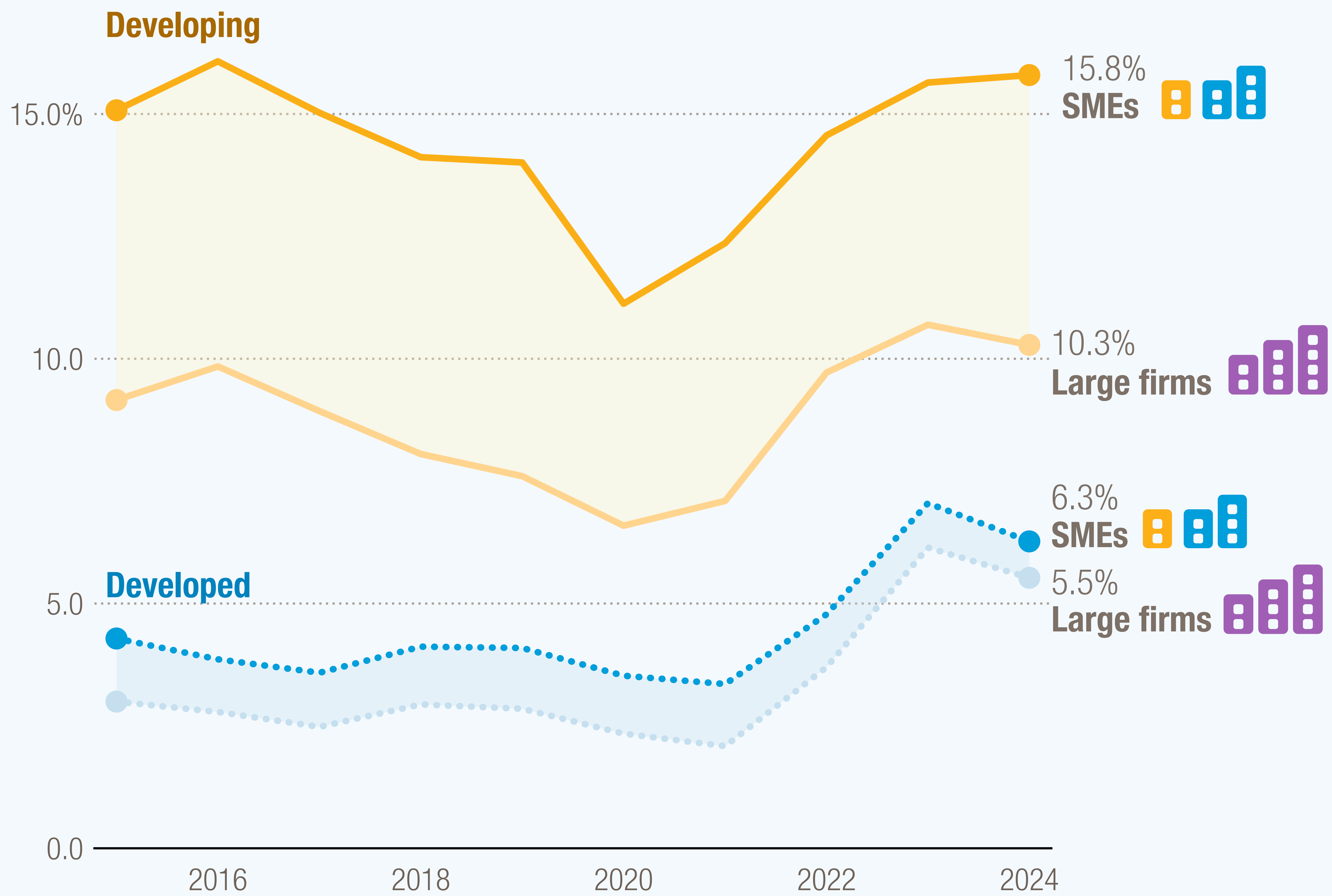


Source: UN Trade and Development (UNCTAD), based on World Bank Enterprise Surveys (WBES).

Note: Values correspond to median values by country across firms and simple averages across countries by development status. The figures are based on a sample of 90,120 firms in 114 developing and 43 developed economies. "Smaller firms" refer to small and medium-sized enterprises.

Smaller firms face higher borrowing costs, which can increase during crises.

Average annual interest rates by firm size across countries



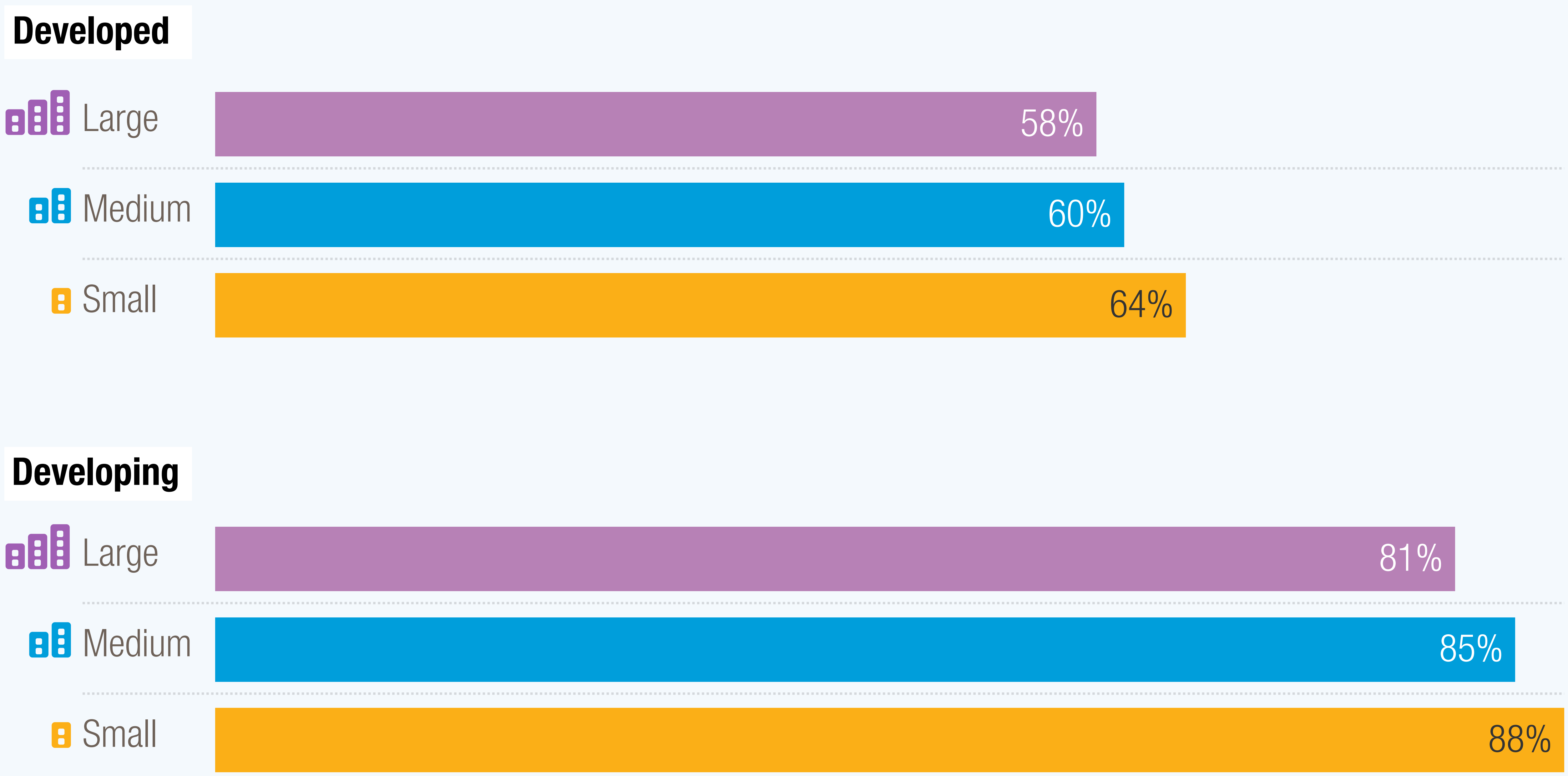
Source: UN Trade and Development, based on OECD Financing SMEs and Entrepreneurs Scoreboard.

Note: Small and medium-sized enterprises (SMEs) are defined as enterprises with 10 to 249 employees. The figures cover 7 developing and 25 developed economies, for which data were available for the full period.


Past shocks reveal the greater vulnerability of smaller firms

Smaller firms are more likely to experience declining sales during shocks.

Average share of firms reporting a decrease in sales during COVID-19, by firm size

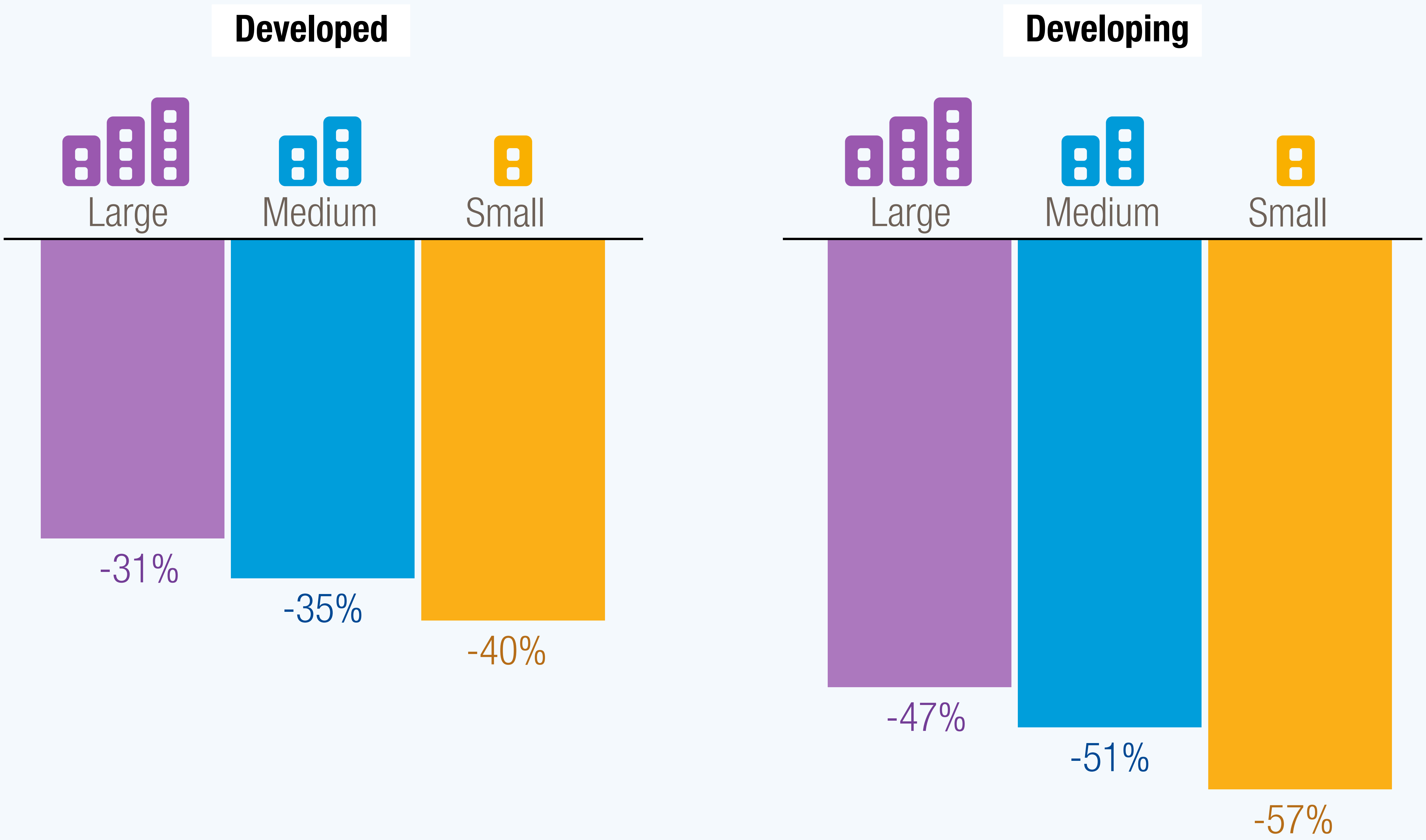


Source: UN Trade and Development, based on World Bank Enterprise Surveys (WBES) COVID-19 Follow-up survey, first round in 2020.

Note: Comparison of sales with the same month in 2019. The figures are based on a sample of 12,705 firms in 16 developing and 21 developed economies. “Smaller firms” refer to small and medium-sized enterprises.

Sales declines tend to be bigger for smaller firms in developing countries.

Average percentage decrease in sales during COVID-19, by firm size



Source: UN Trade and Development, based on World Bank Enterprise Surveys (WBES) COVID-19 Follow-up survey, first round in 2020.

Note: Comparison of sales with the same month in 2019. The figures are based on a sample of 12,705 firms in 16 developing and 21 developed economies.

Policy considerations

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Policy responses should address both continuity and inclusion of SMEs.

1. **Enhance monitoring of SMEs' trade participation during shocks.** Assess resilience not only through trade flows and sales, but also through SMEs' ability to maintain market connections and operations during and after disruptions.

2. **Safeguard SMEs' access to finance.**
Strengthen access to trade finance, liquidity and working capital, which become critical when costs rise and delivery times and payment cycles lengthen.

3. **Strengthen public support for trade and logistics services.**
Improve SMEs' access to reliable and affordable logistics, trade facilitation, market information and other business support services, particularly in developing economies.

4. **Foster SME resilience and market participation.**
Support SMEs' productivity and competitiveness, as well as their ability to maintain and diversify supplier and customer relationships, particularly in developing countries, to safeguard jobs, foster innovation and strengthen resilience to future shocks.

“As engines of job-creation, micro, small and medium-sized enterprises are critical to every country’s future.”

António Guterres
Secretary-General of the United Nations

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