



U.S SMALL BUSINESS ADMINISTRATION

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BEFORE THE

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON SMALL BUSINESS

Bureaucratic Obstacles for Small Exporters: Is our National Export Strategy Working?

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Thank you Chairman Graves, Ranking Member Velázquez, and members of this committee. It is an honor to be here to testify today.

In his first State of the Union address, President Obama announced the National Export Initiative, and his goal of doubling US exports in five years. This is an important goal. Increasing exports will strengthen our economy, bolster our global competitiveness, and create good jobs.

As the agency that serves America's small businesses, the SBA has an important role to play. We are working with our partners across the federal government to leverage federal resources in support of small businesses. Meanwhile, Administrator Mills chairs the Small Business Working Group of the Trade Promotion Coordinating Committee (TPCC), which is the main federal body working to encourage more U.S. businesses to export.

Small businesses are well poised for growth through exports. With growth in global networks and communications, new markets are continually opening for small business. Since 2003, America's small business exports have grown about 80%. They now account for nearly \$500 billion in annual sales. However, small business only represent about 30% of export revenues, and more than half of small business exporters only ship to one country.

The SBA, along with our partners in the TPCC, is working to increase both the **number of small business exporters** and the **number of countries to which they ship**.

Our plan, which has been incorporated into in the 2011 National Export Strategy, has four components:

- First: Identify small businesses that are ready to export.
- Second: Prepare these small businesses with counseling and technical assistance.
- Third: Connect small businesses with export opportunities.
- Fourth: Support these small business exporters with loans and counseling.

SBA and our partner agencies have done extensive outreach to identify and motivate small business exporters. For example, the administration launched a video series in partnership with Inc.com and ATT. SBA and Visa are also working together on a video contest, which will be out in August, to promote exporting.

In addition, the Department of Commerce and SBA have worked closely together to identify and refer new clients to the most appropriate resource. An improved client registration on www.export.gov is identifying new-to-market and new-to export companies. New-to-market leads are being distributed to USEACs for follow-up. SBA is designing a results-driven process to direct new-to-export companies to the appropriate local resource partner, to help them take the next step in the export process.

To better prepare small businesses for successful exporting, federal agencies have collaborated to “train the trainers”—offering export training for SBA resource partners, such as counselors at the Small Business Development Centers, Women’s Business Centers, and SCORE. The Small Business Jobs Act contained additional funding for this training. SBA is tapping into that funding to train District International Trade Officers on the variety of federal resources available to small business exporters. SBA’s Office of International Trade and the TPCC have also created a training program for SBDC counselors that will serve as preparation for SBJA required international trade certification.

At the same time, we have launched online trainings such as the “Six Steps to Begin Exporting” tool on export.gov, and the Export Business Planner on sba.gov.

Meanwhile, the NEI is working to connect small businesses with export opportunities. In September of 2010, we launched a series of export matchmaking events. The first of these events in New Jersey drew participation from approximately 150 small businesses, lenders, and others. The results of a participant evaluation were overwhelmingly positive, and many attendees indicated an interest in future events. There will be two more of these events in 2011, and the program will be expanded throughout the rest of the country in 2012.

USTR, DOC, and SBA also worked together to launch a web tool that helps small businesses navigate tariffs and free trade agreements, available at export.gov.

Lastly, SBA and other agencies continue to support small businesses once they have begun exporting. This includes an increased presence at international trade shows, coordination of marketing materials, and ongoing outreach to lenders to encourage their participation in export financing programs.

The SBA received support from the Small Business Jobs Act, which contained many new tools and enhancements to existing programs that support small business exporting.

For example, the SBA's international trade loans were enhanced by the Jobs Act. The act raised the size of these loans to \$5 million, and made the quick turnaround Export Express pilot permanent. Thanks to increased guarantee percentages, increased loan limits and an improving economy, SBA export loan programs have seen a major uptick over last year's levels.

In Missouri, Environmental Dynamics, Inc took advantage of an Export Working Capital Loan once the limit was raised to \$5 million. The increased loan size made the program much more appealing to the company. The firm, which has sold internationally for twenty years, is using the loan to finance an expansion.

Meanwhile in New York, TurboFil Packaging Machines used an Export Working Capital loan to help the company complete a large overseas contract that came to them through a web search.

The agency is also reviewing applications for the State Trade and Export Promotion grants program, created by the Jobs Act. The STEP grants will provide \$30 million to states for export assistance. We expect to advise states of their awards in September.

These and other new initiatives will provide more resources to small businesses as they begin to grow and create jobs through exporting.

The success of the NEI depends on the work of more than a dozen agencies across the federal government. Each agency has staff dedicated to working on NEI initiatives, who meet and communicate regularly with their colleagues throughout the administration. We have worked to reduce bureaucratic barriers and make our efforts as cross cutting as possible. For example, every agency involved has committed to using export.gov as the main point of entry for exporting online. We know that interagency collaboration, and cutting down on bureaucracy, is essential to our efforts. Overall, our goal is to link, leverage, and align federal resources and make them work for small businesses.

Thank you, and I look forward to answering your questions.