



U.S. Small Business Administration

TESTIMONY of

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Chairman Chabot, Ranking Member Velazquez, and other distinguished members of this committee; thank you for inviting me here to speak with you today.

Three weeks ago, I was honored to accept Administrator McMahon's appointment and begin my service as Associate Administrator for International Trade at the Small Business Administration (SBA). Today, I am honored to be able to meet with you and listen to your important views on small business and trade.

Since starting at the SBA, I have been familiarizing myself with the role of the Office of International Trade (OIT), and its role in helping small businesses grow and thrive through exports and involvement in global commerce.

Administrator McMahon believes that exporting is an essential component of small business growth, because 95% of the world's consumers and over three quarters of all existing purchasing power are located outside the United States.

Just a few weeks ago, I accompanied Administrator McMahon to the United Nations, where she signed a proclamation naming June 27th as "Micro, Small & Medium-sized Enterprises International Day," and in so doing, brought international recognition to the vital role small businesses play in promoting innovation, creativity and job growth.

Yet today, among our over 28 million U.S. small businesses, less than 5% can claim the title of "exporter." The Office of International Trade is charged, by statute, to improve upon this number. Its stated mission involves: (i) Increasing the number of U.S. small businesses that export, and (ii) Increasing the volume of exports by U.S. small businesses. The SBA, under the leadership of Administrator McMahon, will address this dual mission by focusing on three critical needs small business have when attempting to export:

1. The need for information. The SBA OIT recognizes that guidance and support for small businesses is crucial to achieving a foothold in the international marketplace. As such, the Office of International Trade has a network of 21 Export Finance Managers, based in U.S. Export Assistance Centers, who provide counseling on international payment risks and U.S. government export financing options.
2. The need for capital. Small businesses cannot trade and export to these new markets unless they have access to capital, specifically trade finance. Small businesses are hardest hit by trade finance gaps and compliance challenges. In the United States, over one-third of all small businesses find financing harder to obtain for foreign sales than for domestic sales. Given this challenge, SBA works with lenders to provide tailored trade finance loan guarantees so that small businesses can finance their foreign sales and growth. SBA's three targeted export loan guarantee programs—Export Express, Export Working Capital and the International Trade Loan—are designed to support small businesses throughout the exporter life cycle, from developing new markets, to financing export transactions, to expanding plant and equipment due to exporting success.

3. The need among small businesses for overseas promotional services and market access. The SBA OIT emphasizes the importance of "small business export promotion" by strengthening its partnership with state and territory governments through the State Trade Expansion Program (STEP) and its involvement chairing the Trade Promotion Coordinating Committee's (TPCC) Small Business Working Group – a group of inter-agency representatives dedicated to the mission of increasing the number of small business exporters. And, because the Office of International Trade is also charged by statute with ensuring that the interests of small businesses are adequately represented in bilateral and multilateral trade negotiations, we actively participate in developing small business-beneficial trade commitments for transparency, flexibility, and evidence-based decision-making, so that foreign regulations do not unnecessarily burden U.S. small business exporters.

Today, I am able to attest to the dynamic power exporting and international trade has on small businesses and local economies. I hail from the South Texas border city of Laredo. Located on the North bank of the Rio Grande, Laredo's economy is virtually entirely based on international trade and it serves as one of the largest land ports in the United States. I witnessed the burgeoning growth that international trade had on my native city.

After graduating from Yale University, I served as an intern for the U.S. Commercial Service in Mexico City, where the negotiation of the North American Free Trade Agreement (NAFTA) was at the time a pressing issue. As a law student at the University of Texas, I studied and examined NAFTA's dispute resolution mechanisms. More recently in my professional life, I drove the Asia Pacific financial operations as a regional CFO for Insituform Technologies, an U.S.-based pipeline company. I then lived in Delhi, India and led a turnaround of Insituform's flagship Asian operating company. I mention these background facts only to convey to you, that I possess a long-standing interest in and familiarity with international trade and international business issues, and intend to bring the benefit of my experience to bear to help small businesses in our country grow and prosper.

To conclude, I wish to say that under the able leadership of Administrator McMahan, I will be committed to ensuring that our small business exporters find all the support they need to expand into international markets. I furthermore will endeavor to effectively and efficiently administer the Office of International Trade. My goal is to enable the SBA to help expand the footprint of small businesses in the overseas marketplace, thereby spurring innovation and employment growth.

With that I wish to thank you for the opportunity to speak with you today, and I look forward to answering your questions.