



Accomplishments and Challenges at the SBA's Office of International Trade
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AS PREPARED FOR DELIVERY

Good morning. I call this hearing to order.

Thank you all for joining us today to hear from the Small Business Administration's (SBA) Office of International Trade (OIT). Increasing small business exports has been a top priority for the Committee over the years and I am pleased to have the OIT here today and look forward to hearing an update on their efforts to better coordinate federal resources and help small businesses hoping to export.

There is no question that foreign markets hold incredible opportunities for America's small businesses. Ninety-five percent of all consumers live outside the borders of the United States, and yet, only one percent of United States small businesses actually export—about 300,000 of them.

Unfortunately, many small businesses consider exporting to be out of reach. Some small businesses believe it is too expensive or too complicated to find potential customers. Other small businesses that begin to explore the idea of exporting often just give up because the process becomes too confusing and complicated.

I believe that these are the real barriers to trade. If we want to unleash America's most significant economic force, then we must make it easier for small businesses to participate in the global marketplace.

It has become clear that we must compel the Executive Branch to continue its efforts to better coordinate federal resources so they are more efficient, streamlined, and better prepared to help businesses navigate the export process.

In recent years, my colleagues and I have taken steps to do just that. Congress has strengthened America's small business export activities by expanding the SBA's role in export promotion. In 2010, OIT was directed to increase coordination efforts between federal agencies engaged in export promotion, offer greater counseling and training to small businesses interested in expanding into foreign markets, and broaden its export finance counseling. Additionally, in 2015, Congress established the State Trade and Expansion Program (STEP). Replacing a three year pilot program, the STEP

program awards grants to states to strengthen their export agendas and assist small businesses beginning to export or expanding their operations.

The Government Accountability Office (GAO) and SBA Office of Inspector General (OIG) have identified a number of real shortcomings at OIT. Alarming, some recommendations made by GAO nearly 5 years ago still have not been addressed.

The STEP Grant program is of particular concern to the Committee. The OIG report, released just this month, found that the SBA was unable to provide consistent data regarding the program's awards and expenditures and that the SBA has not been updating its data accurately. Furthermore, the report indicates that the grant recipients left over 25 percent of their awarded funds unused. This leads me to believe that there were probably opportunities for small business exporters that were completely missed. What good is allocating this grant money if it isn't going to be administered properly—or worse—it is unused?

Finally, I would like to touch on another issue that has been raised in recent weeks, and that is the apparent lack of communication between the OIT and the SBA's Office of Advocacy. Last month, the United States and Argentina entered into a Memorandum of Understanding (MOU) on "Joint Cooperation or Regulatory Coherence and Meaningful Engagement with the Private Sector." I understand that the OIT did not make the SBA's Office of Advocacy aware of this agreement or ask for input on it until the agreement was nearly finalized. I am very concerned by this information. As I have made clear, one of the things OIT is tasked with is coordinating federal agencies export promotion efforts—if they are unable to coordinate within their own agency, I am led to believe that the OIT may be incapable of following through on its fundamental responsibilities.

So, today we will hear from OIT's Associate Administrator, Peter Cazamias, about how SBA plans to address the recommendations from GAO and OIG, and how they plan to more efficiently and effectively assist America's small businesses hoping to join the global marketplace.

I now yield to the Ranking Member for her opening remarks.

