

International Trade

Foreign markets and capital are vitally important to many small businesses in the U.S.

Exporting is big business for many small firms. With more than 95 percent of the world's consumers living outside the United States and most foreign companies that import from the U.S., the trading opportunities for small businesses in America are enormous. Small- and medium-sized enterprises (SMEs) account for 97 percent of all U.S. exports, and more than two-thirds of all U.S. exporters employ less than 20 employees.

Since 1987, the number of SME exporting companies increased 228 percent, more than double the rate of increase of large businesses. Although they represent an ever-growing piece of American exports, small businesses still face unique challenges that need to be addressed. With access to technical assistance, technology, and financing, small exporters will further buttress small businesses as the "engine of growth" in the U.S. economy.

The federal government can and does assist smaller exporters in several ways. The U.S. Department of Commerce (DOC) offers fee-for-service programs like "Gold Key" and "Platinum Key" that help companies find buyers, dealers, and distributors. The DOC also offers technical assistance through a nationwide group of "U.S. Export Assistance Centers." The Overseas Private Investment Corporation helps smaller companies finance the purchase of foreign sales offices, showrooms, warehouses, and distributorships. Export working capital lending is offered by the U.S. Small Business Administration (SBA) and the Export-Import Bank of the United States (Ex-Im). The federal government's assistance in the financing of overseas sales also is important—such sales involve a degree of foreign risk that move commercial banks are reluctant to accept.

Thus, every major exporting nation offers its commercial banks government guarantees that insurance to support these sales. In the U.S., this guarantee is handled by Ex-Im, a financially self-sufficient agency of the federal government, and the SBA. In recent years, Ex-Im has been mandated by the U.S. Congress to develop a permanent small business division and to devote at least 20 percent of its financing dollars to small businesses. The SBA, in turn, also has expanded its range of financing products for exporting firms.

NSBA supports continuing efforts to ensure small-business participation in the growing export marketplace through:

- ◆ Better education for SME exporters on the programs offered by Ex-Im.
- ◆ Continued funding and support for the U.S. Export Assistance Centers (USEAC) to provide technical assistance to small exporters—the USEAC partnership between the SBA and the DOC is necessary to ensure that small-business expertise is melded with export advice from DOC.
- ◆ Strengthening the Office of International Trade at SBA.
- ◆ Firm adherence to the congressional mandate that 20 percent of all export financing through Ex-Im is allocated to small and medium-sized enterprises.

NSBA urges Congress and the administration to ensure that reasonable and fair consideration is given to small business when crafting trade policy and evaluating the effectiveness of existing programs.

ISSUE BRIEF