

May 30, 2014

The Honorable Tom Udall
Chairman
Senate Appropriations Subcommittee on Financial Services and General Government
SD – 184 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Johanns
Ranking Member
Senate Appropriations Subcommittee on Financial Services and General Government
SD – 184 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Udall and Ranking Member Johanns,

On behalf of the Small Business Exporters Association (SBEA)—the largest and oldest nonprofit association in the country dedicated exclusively to small- and mid-size exporters, and our umbrella advocacy organization the National Small Business Association (NSBA), I encourage you to appropriate the necessary funds for the extension of the State Trade and Export Promotion (STEP) program. The STEP program, designed to help small businesses by awarding grants to states to help small businesses begin or expand exports of their product, helps reduce some of the key barriers and obstacles faced by small- and medium-sized enterprises (SME's).

Large companies in the U.S. are, for all practical purposes, fully globalized. They have a good sense of where their export markets are and what is needed to sell in those markets. They know where to go to finance their foreign sales and have the resources to handle common types of foreign trade barriers to U.S. exports. The situation among small and mid-sized companies in our country is dramatically different.

Even in sound economic times, small businesses are at a distinct disadvantage in the global economy. According to the NSBA/SBEA 2013 Small Business Exporting Survey, more small businesses are exporting today than just three years ago; and there has been a marked increase among non-exporters who said they would be interested in starting to export their goods and/or services from just 43 percent in 2010 to 63 percent in 2013. NSBA and SBEA have been urging for decades that more must be done to emphasize the needs of small business within the scope of U.S. trade. While an increase in exports helps boost GDP and stimulate growth, SME's rely heavily on exporting to reach new global markets and expand their customer base, but they need the resources to do it.

As you know, the STEP program was a three-year pilot trade and export initiative authorized by the *Small Business Jobs Act of 2010*, funded at \$30 million per year for the first two years, and \$8 million for the third year. However, it expired at the end of 2013 and has yet to be extended.

As demonstrated by the NSBA/SBEA exporting survey results, there is a growing openness to exporting—in 2010 non-exporters cited lack of goods and services to export was their main barrier to selling internationally, but in 2013, it was reported the main barrier is lack of information and an unclear understanding of where to start. This clearly shows the need for the STEP program, as it aims to increase the number of small businesses that are exporting and increase the value of exports for those small businesses that are currently exporting.

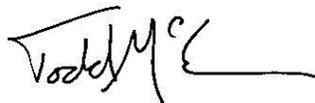
It is important to realize that for most small companies the first step in getting more information about exporting and finding out ways to get their products overseas is with a government official in federal offices across the country—they are not interacting with agency officials in Washington. States typically suggest that the easiest way for small exporters to gain knowledge and exposure to foreign partners is through foreign trade missions, market sales trips and trade show exhibits, all of which is funded by states who receive STEP grants to facilitate them.

SBEA and NSBA is pleased to support Small Business and Entrepreneurship Committee Chairwoman Maria Cantwell and Ranking Member Jim Risch's plan to introduce bipartisan legislation this year to not just extend but make it a full program. We would welcome Sens. Cantwell and Risch's efforts to make improvements to the program based on lessons learned from participating companies.

During the first year of grant distribution under the STEP program, which is administered by the U.S. Small Business Administration, \$30 million was awarded, supporting more than \$330 million in actual and projected state-reported export sales.

While U.S. exporting typically conjures images of large, massive firms, there is without a doubt an important and growing role small businesses play. We are pleased to endorse the STEP program as it helps create jobs while simultaneously expanding trade activities of small businesses. We encourage you to appropriate the necessary funds for its continuation.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken". The signature is stylized and written in a cursive-like font.

Todd McCracken
President & CEO

Cc: Sen. Maria Cantwell, Sen. James Risch