



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

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Manchester, New Hampshire Field Hearing
The Role of Exports in Small Business Growth and Job Creation

Thank you, Senator Shaheen and Senator Ayotte. I am honored to be testifying here this morning.

I'm especially pleased to be here in New Hampshire to talk about exporting, because your state is leading the way with regard to international trade. As has already been mentioned, exports increased by 40% in New Hampshire last year, the largest statewide increase in the country.

The SBA plays an important role in supporting New Hampshire's small businesses. Already in fiscal year 2011, our resource partners have assisted over 4,000 New Hampshire small businesses through loans and counseling.

I want to acknowledge Senator Shaheen, who has been a strong leader on international trade issues, starting with her time as governor where she gave her support to New Hampshire's International Trade Resource Center, and now in the Senate where she was a sponsor of the Small Business Jobs Act.

And Senator Ayotte has already established herself as a leader on exporting issues on the Senate Small Business Committee and in her work on the Commerce Committee.

As you know, small businesses are well poised for growth through exports, and the SBA has an important role to play.

With growth in technology and global connectivity, new markets are continually opening for small businesses. In fact, since 2003, America's small business exports have grown about 80%. They now account for nearly \$500 billion in annual sales. However, small businesses still only represent about 30% of export revenues, and more than half of small business exporters only ship to one country.

That's why at the SBA, our goal is to increase both the number of small business exporters and the number of countries to which they ship.

SBA has a variety of tools to support small business exporting. We have loan programs specifically designed for exporters, and we have staff co-located with the Department of Commerce at 20 US Export Assistance Centers (USEACs). Meanwhile, as the agency that serves America's small businesses, we support small business exporters through our traditional loan and counseling programs.

The Small Business Jobs Act gave the agency new tools to increase our support for exporting. It elevated our Office of International Trade, increased the size of our international trade loans, and provided funding for export counseling through our resource partners. The Jobs Act also gave SBA \$30 million a year for two years to award State Trade and Export Promotion grants (STEP grants). We expect to advise states of their awards in September.

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. In support of the NEI, SBA is working with our partners in the Trade Promotion Coordinating Committee (TPCC) to connect federal resources and make them accessible to small businesses.

Our plan has four components: Identify, prepare, connect, and support.

The first step is identifying small businesses that are ready to export.

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 also collaborated on a video contest to promote exporting, which recently launched.

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 registration on www.export.gov is identifying new-to-market and new-to export companies. New-to-market leads are 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.

The second step in our plan is preparing these small businesses with counseling and technical assistance.

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. SBA’s Office of International Trade and the TPCC have also created a training program for SBDC counselors that will serve as preparation for SBA 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.

The third step is connecting 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, the Department of Commerce, and SBA also worked together to launch a web tool that helps small businesses navigate tariffs and free trade agreements, available at export.gov.

Finally, the fourth step is continued support for these small business exporters with loans and counseling.

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 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. We know that interagency collaboration will be essential to our efforts.

These efforts are having a real effect on the ground in states like New Hampshire. Peter Kermond owns Burnham Boat Slings, in Hanover. They make uniforms for crew teams, boat covers, and other

accessories. Last year, the company used two SBA Export Express loans to support a number of foreign orders. Thanks to the Small Business Jobs Act, the loans carried a 90% guarantee. The new orders are helping employ four full time employees and three part-time sewers, and Peter plans on hiring two more workers.

Stories like that make me confident in our progress. Total US exports increased 17% from 2009-2010, and we are looking forward to building on that success. I would like to thank you both for your support for this important mission, and I am happy to take your questions.