



U.S. Small Business
Administration

**Statement of David M. Glaccum
Associate Administrator
Office of International Trade
U.S. Small Business Administration**

**before the
Senate Committee on Small Business and Entrepreneurship**

Hearing on “Reauthorization of SBA’s International Trade Programs”

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Chairman Rubio, Ranking Member Cardin, and members of the Committee. It is an honor for me to be here with you today to discuss the Small Business Administration's Office of International Trade. I am still fairly new in my role as Associate Administrator, this being my eighth week, but over that time, with Administrator McMahon's leadership and strong support, I feel we have set a new tone and direction to accomplish our mission of helping small businesses export and enhancing their ability to compete in international markets.

Prior to joining the SBA, I served as Chief of Staff and Counselor to United States Ambassador to the United Nations, Nikki Haley, and before that I was Governor Haley's Deputy Chief of Staff and Policy Advisor in South Carolina. Prior to joining Governor Haley's team, I had the great honor and pleasure to work in the United States Senate, when I served as Chief Counsel to South Carolina Senator Lindsey Graham on the Senate Judiciary Committee. In that capacity, I worked with many of your offices on important pieces of legislation. Namely, Ranking Member Cardin, it was a proud day for me when the National Blue Alert legislation was signed into law in 2015, a bill I worked very closely with your office on over many years and one that I still have the gold-line framed at my house. I have great respect for this institution, and the work that both the Senators and staff do to guide our country in the right direction, and I look forward to working with you as you look to improve some of our program areas.

Under Administrator McMahon's leadership, the SBA has a renewed focus on our international programs as she stated when she was before this committee in February. My mission at the SBA is easy to explain: help small businesses export more and expand the number of small businesses that export. We know that small businesses that export grow faster, pay higher wages, and have greater economic stability, and we believe there is tremendous growth potential.

The statistics are known, but I believe they are worth repeating because they provide the backdrop for what we seek to accomplish. Nearly 96 percent of consumers live outside the United States and two-thirds of the world's purchasing power is in foreign countries. 98 percent of U.S. exporters are small businesses, accounting for a third of total export value – roughly \$730 billion. That sounds significant, and in fact is significant, but with a global GDP of nearly \$85 trillion, 28 percent of which is export related, it's only the tip of the iceberg. With only about 1 percent of America's small businesses exporting, our job is to find out what's holding the rest of them back and break down those barriers.

We have information on this. According to the National Small Business Association's 2016 Small Business Exporting Survey, 37 percent of small businesses said they don't know where to start. Another 24 percent said the regulatory environment is too complex. And 17 percent said they can't get financing. These are all solvable problems. In fact, the SBA's Office of International Trade is mandated to address these very challenges.

One of my goals for my time at SBA is to better connect the distinctive divisions within my office so that they are more purposefully linked and mutually supportive, creating a value chain for small businesses. We do this through three main pillars.

First, our International Affairs & Trade Policy Division helps open global markets to small businesses. U.S. small business exporters, often without even realizing it, depend and rely on the outcomes of negotiated trade agreements for access to key global and emerging markets. So, our team, working with other federal agencies, seeks input from the small business community ahead of negotiations and then represents their interests as part of the interagency team at the negotiation table led by USTR. Our team also seeks to foster open small business ecosystems in key growth markets, such as Latin America, the Gulf-states, and Southeast Asia to promote sales opportunities for American small businesses abroad.

Second, our Federal & State Trade Development division supports international business growth in a different way. Their focus is working with our resource partners to identify small businesses with global sales potential, prepare them for success, and facilitate new market opportunities. This entails training and certifying small business counselors on international trade so they are better prepared to identify clients with potential for global market growth, and leading the interagency TPCC Small Business Working Group to align resources to assist export promotion.

We also seek to expand small business global market entry through the State Trade and Export Promotion grant program, or STEP, which I know all of you here today are aware of. STEP provides matching-fund awards to states and U.S. territories to assist small businesses to succeed in the international marketplace. The states use these to encourage and support global market growth through participation in trade shows or other export promotion activities. In seven program years, STEP has supported export activities in 127 countries. Over the last three completed years, \$44.25 million has been awarded, resulting in almost \$1.5 billion in U.S. export sales reported. This translates to a federal taxpayer return on investment of more than \$30 in export sales for every \$1 awarded. If you look solely at dollars used versus dollars awarded, that return on investment grows to more than \$40 to \$1.

Third and finally, we have our International Trade Finance Division, which in partnership with our private sector lenders, helps finance export sales through three programs that can guarantee up to 90 percent of export-focused loans – the International Trade Loan, Export Working Capital Loan, and Export Express Loan. In Fiscal Year 2018, we booked 476 export finance loans for nearly \$735 million, supporting over 10,900 jobs and \$2.6 billion in reported export sales.

While the work we do has been impactful, we can and will expand our reach to improve this small business value chain. We will be more strategic with what markets we target to ensure they align with growth sectors in the United States. We will be more aggressive in our marketing campaign so that lenders and small businesses are aware of not just our programs, but all U.S. government programs that could help them export. And we are reviewing our finance products to make sure we implement necessary changes to adapt them to current market conditions.

To successfully accomplish all three, it will be important that we continue to partner with the small business committees in both the House and Senate. The effort underway to reauthorize Small Business Administration programs provides an opportunity for us to identify results-based updates to our programming that will recalibrate and modernize our toolkit to accomplish our mission. And in my case, that mission is to help small businesses reach global customers.

Again, it is an honor to be before you here today. When I started as a Senate staffer seven years ago, I couldn't have imagined sitting on this side of the dais. I truly look forward to working with you to reach our shared goals.

Thank you, and I look forward to answering any questions you have.