



Testimony of Dilawar Syed

Deputy Administrator

U.S. Small Business Administration

before the

Senate Committee on Small Business and Entrepreneurship

“Promoting a Resilient Economy for Hawaii Farm Businesses”

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Thank you, Senator Hirono, for holding this hearing. Before we begin today, I'd like to acknowledge the wildfires that impacted Maui earlier this month. SBA Administrator Isabel Guzman was on the ground last weekend with FEMA Administrator Deann Criswell to survey the damage and recovery.

SBA provides low-interest loans to businesses, individuals and nonprofits to help affected communities rebuild and recover. We have already accepted loan applications and on Wednesday we approved the first home loans with more being approved every day. SBA staff are on the ground and we opened a Business Recovery Center in Maui to help survivors navigate the recovery process. The fastest way to register is through [DisasterAssistance.gov](https://www.disasterassistance.gov). You can also apply through the [FEMA mobile app](#) or by calling the FEMA Helpline at 800-621-3362.

We offer our deepest condolences to those who have lost loved ones in Hawaii. Our prayers are with those who have seen their homes, businesses, and communities destroyed. The Administration will continue working with state and local partners on the ground to assess the ongoing needs and provide resources and personnel to support response efforts.

Turning to the subject of today's hearing, it's an honor to appear before you today as the Deputy Administrator at the Small Business Administration (SBA). Because of the support of leaders like Senator Hirono, I was confirmed by the Senate to this role in June and I am proud to serve our Nation's 33 million small businesses.

On behalf of Administrator Guzman and the entire SBA, I want to thank you for inviting me to discuss our agency's efforts to help small businesses in Hawaii receive the support they need to start and grow.

At the outset, I'd like to tell you about the background I bring to this role. Prior to joining SBA, President Biden appointed me as Special Representative for Commercial and Business Affairs at the State Department. In that role, I worked to drive commercial diplomacy globally, helping level the playing field for American companies to compete and win. In that role, I visited 24 countries, including important trading partners for Hawaii businesses in the Asia-Pacific.

Before entering public service, I spent the bulk of my career in the private sector. I built a career in Silicon Valley where I launched and scaled ventures in Artificial Intelligence (AI), healthcare, software, and consumer media, and ran large business operations at companies like Yahoo!. The teams I led and built created American jobs and delivered innovation across our Nation.

As an immigrant, I have lived the American Dream. I have also worked to bring the American Dream into reach for others. That is why Administrator Guzman and I are committed to ensuring that equity is rooted in everything we do at the agency. We want to enable businesses in every part of Hawaii – and every part of our Nation – to access the resources and services we provide.

The SBA District Office in Hawaii serves the largest geographic region of any district in the SBA.

They not only serve Hawaii, but also Guam, the Northern Mariana Islands and other U.S. territories. In total, our Hawaii-based staff serve small businesses across four time zones and across the international date line.

Hawaii – just like the rest of the United States – is experiencing a record boom in new small business starts. From 2021-2022, nearly 38,000 Hawaiians filed applications to start a small business. To put it in context, that’s 63 percent higher than before the pandemic.

President Biden said in his State of the Union Address that every time someone starts a business, it’s an act of hope. At the SBA, we want to help each of these hopeful entrepreneurs succeed.

One of the best ways that we can help small businesses is by plugging them into SBA services through our Resource Partner network. Right here in Hilo, the Hawaii Small Business Development Center (SBDC) is providing in-person customer service to business owners on the Big Island. Whether it’s advice on a business plan or helping a business find a lender in SBA’s network, the SBDC is a great starting place for helping small businesses.

Last year, the SBDC network in Hawaii served more than 1,250 clients and helped 67 new businesses get started. Their important work supported more than 3,300 jobs in Hawaii.

I’d like to highlight one of our success stories in Hilo. Emily Taaroa was born on the Big Island and studied Agriculture at the University of Hawaii. She and her husband, Yaric Taaroa, started Punachicks Farm, an organic chicken farm to provide fresh food options across the state. Their chicks hatch on Oahu and are raised in Hilo using all-natural methods without chemicals. Today, their operation encompasses more than 25 acres, and their chicken is sold across four different Hawaiian Islands.

Emily’s business benefited from the resources available through SBA’s resource partners like the SBDC. But there are many other agricultural entrepreneurs that we need to reach, especially when it comes to exporting.

According to the Hawaii Department of Agriculture, 39 percent of Hawaii firms export ; and an even smaller number of Hawaii firms, 11 percent, export internationally.

SBA’s Office of International Trade helps small businesses export their goods across the globe. During my time in the State Department, I met with American companies that faced challenges doing business abroad. I heard stories about navigating a new market and understanding the risks it entails – whether it’s navigating a different currency or duties and customs.

Fortunately, the SBA, in tandem with our Federal partners like the International Trade Administration, is here to help small firms access global customers. Our staff is prepared to provide the training and assistance necessary to export. And we offer financial products to help businesses bridge the long sales cycle of international trade.

The SBA’s Office of International Trade helps businesses access the capital necessary to take on new projects and offer competitive sales terms to buyers as they open foreign markets for their goods.

The SBA also focuses on providing grants to state organizations and territories to help small businesses export to international markets through the State Trade Expansion Program, or STEP. Since 2018, Hawaii has received \$2.6 million in STEP funding, which led to \$5.8 million in export sales and generated 360 jobs.

For example, Tea Chest Hawaii, a small business in Honolulu, knew that tourists from Japan enjoyed their tea products while visiting Hawaii, and were interested in buying their tea back home. Thanks to a STEP grant from the SBA, Tea Chest attended a trade show in Tokyo, found a distributor, and became exporters. Exporting was also a lifeline during the pandemic, when Tea Chest lost 80 percent of their revenue and were unsure if they would survive. Fortunately, a Paycheck Protection Program (PPP) loan helped Tea Chest keep their team together and they used a STEP grant to pivot to e-commerce as export orders from Japan kept the company afloat during the early part of the pandemic.

In addition to exporting, SBA is also focused on supporting agriculture-based businesses. SBA is partnering with the University of Hawaii to provide hands-on skills and resources for local farmers and entrepreneurs at the Value-Added Product Development Center facility in Wahiawa upon its opening. This partnership will encourage job creation in the agriculture sector and provide entrepreneurs the opportunity to sell directly to food manufacturers, helping small businesses expand beyond farmer's markets and grocery stores.

As Administrator Guzman and I travel across the country, we hear success stories from amazing entrepreneurs who are taking risks and building businesses that create jobs. But the number one challenge that we hear facing small businesses is access to capital. Last year alone, the SBA approved \$19,306,100 in 7(a) loans and \$19,094,000 in 504 loans to Hawaii businesses. Already in Fiscal Year (FY) 2023, we have seen an increase in loan volume between FY2022 and FY2023: To date, more than 115 businesses in Hawaii have accessed more than \$41 million in 7(a) loans.

While that progress is important, I believe we can do even more. Unfortunately, across the Nation over the past decade we have seen a decline in small dollar lending and large gaps arise in the availability of loans under \$150,000.

Significant gaps in access to capital have persisted across generations for many underserved communities—and these gaps have significant downstream consequences and opportunity costs.

Earlier this year, SBA unveiled two new rules to reduce the unnecessary burden that prevented some lenders from participating in our programs. We listened to the concerns of small businesses that wanted to utilize SBA loans but struggled with the complexity in our programs. Based on extensive feedback from our lending partners and community advocates, we streamlined and simplified the process for lenders to make an SBA loan to align with best practices.

We are also working to increase competition in the marketplace so that business owners in Hawaii can have more options when it comes to securing financing. SBA removed outdated moratoriums on the Small Business Lending Company (SBLC) program, which will expand access to capital in the underserved market and help reverse the decline in small dollar lending under \$150,000.

In closing, I learned early on that to be a successful entrepreneur requires hard work and grit. Many of the business owners in the room know, like I do, that the path to success is almost never straightforward, never without barriers and challenges. You need to be resilient, and ready to adapt

- yet focused on your end goal.

I'm privileged to be with you today to hear directly from Hawaii business owners about ways that we can help them grow and thrive. Thank you again to Senator Hirono for inviting me, and I look forward to your questions.