



## SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

Opening Statement for  
*“Keeping America Competitive:  
Federal Programs that Promote Small Business Exporting”*  
Tuesday, June 30, 2009 at 1:00 a.m.  
Room 428A of the Russell Senate Office Building

(As Prepared)

Good afternoon. I'm thrilled to be in New Orleans today – the artery of much of our nation's commerce. Before I begin I'd like to thank our witnesses for taking the time to testify before us. Expanding opportunities for small business trade is vital to the financial security of our entrepreneurs and the recovery of our economy. I'm looking forward to your comments.

I'd also like to thank the Port of New Orleans for hosting us today. It's no coincidence that we chose this location as the site of our hearing. This port sees more goods leave its docks each day than almost anywhere else in the nation. It pumps \$882 million into the state's economy and helps sustain more than 160,000 jobs.

The reality is Louisiana's ports are America's ports – and the gateway to the world. We're home to five of the country's top 13 ports, exporting more than \$42 billion in goods last year alone and making Louisiana the seventh largest exporting state in the country. Louisiana sends everything from sugar to oil to more than 200 countries worldwide.

But the recession has spurred a fall in oil and agriculture prices in Louisiana, contributing to a drop in exports here and throughout the nation. As is often the case in harsh times, small businesses have been hurt the hardest, but their stories often go untold.

### EXPORTING: A SOLUTION FOR SMALL BUSINESSES

With cash registers not ringing like they used to, exporting has become a practical solution for small businesses looking to survive and grow – like Xenetech (Zee-Na-Tek) in Baton Rouge. Xenetech's President, Guy Barone is here with us today and I had the pleasure of talking with him last night. Guy is also the Chairman of the state's District Export Council. Thanks for being here.

With the help of the SBA and other federal programs, Guy's family-owned business of just 21 employees ships goods to nearly 7,000 customers – customers as diverse as the Carnival Cruise Line, NASA and the Egyptian Army. Most recently, he supplied the engraving equipment to the company that provided the National Championship trophy to our LSU Tigers last week.

As Xenetech copes with the recession all Americans are facing, they've relied on exporting to make up for the decline in sales at home. If it weren't for their exporting activities, jobs would be lost and, Guy

himself says Xenetech might not be alive today. Xenetech, and small businesses like it across the country, has not only used exporting to weather the economic storm, they've proven that what helps our entrepreneurs helps our entire economy.

Last year, \$70 billion in exports maintained or created 600,000 high-paying American jobs. One of these successful exporters is Ralston Pittman Cole, who was recently named Louisiana's Small Business Exporter of the Year for his work at EMD Services International. Ralston, Guy and others like them are helping our country dig out of this recession.

Small businesses make up nearly 85 percent of exporters in this state and 97 percent nationwide. (*See Chart 1 attached.*)

While most of our exporters are small businesses, most of our small businesses are not exporting. (*See Chart 2 attached.*) In fact, small businesses make up just more than a quarter of the country's export volume – trade remains dominated by larger businesses. What's holding our entrepreneurs back?

#### SETBACKS FOR SMALL EXPORTERS

As Chair of the Committee on Small Business and Entrepreneurship, I've heard from small exporters across the country, like Guy Barone and Ralston Pittman Cole. They've told me that the programs and services at the Small Business Administration and other federal agencies are helpful – but they're not doing everything they could and should do. Better coordination and improvements to the programs are needed.

But perhaps more importantly, we need to understand the root of the problem. The tools we have today help solve problems caused by inequitable rules created during trade negotiations. These barriers – like burdensome regulations, excessive reporting requirements and unfair tariffs – force small businesses to act like big businesses. In healthy times, the successful businesses can handle this. But one stumbling block – such as a hurricane or a global recession – can essentially become a trade barrier for small firms. This shouldn't be the case.

Going forward, we need to be more proactive by ensuring that unjust rules and regulations don't stand in the way of our entrepreneurs. That's why we're here today, to discuss these barriers and propose possible solutions.

Some of the problems I've seen, and I hope my witnesses will elaborate on them, are reflected in changes I proposed earlier this month in the Small Business International Trade Enhancements Act. With more than 19 federal agencies involved in trade, small exporters often don't know where to turn for help – or even that help is available. It's time we bring small business trade to the forefront.

My committee has direct jurisdiction over one of the agencies involved in trade, the Small Business Administration. The SBA can and should be a more active partner in export promotion. We will also take a hard look at programs at other agencies here today to ensure they are meeting the changing needs of our small businesses – including better coordination among the agencies and an increased level of

advocacy in the government.

#### POSSIBLE SOLUTIONS TO ADDRESS

I, along with my Ranking Member on the Small Business Committee, Senator Olympia Snowe from Maine, and Senator Chuck Schumer from New York, have called for an Assistant Trade Representative focused solely on small business within the Office of the U.S. Trade Representative. This advocate would be in the room supporting small businesses during trade negotiations. I look forward to Ambassador Ron Kirk's testimony to hear what he is doing to address this concern.

It's refreshing to have a strong partner in the White House and it's been a pleasure to work with Administrator Karen Gordon Mills at the Small Business Administration. Like me, Administrator Mills has made trade a top priority. As part of this effort, I believe small business trade deserves a higher profile position within the SBA, reporting directly to the Administrator instead of to the SBA's Office of Capital Access. I'm interested to hear from Ms. Mills today what the SBA is planning to promote small business trade within their agency.

I'm also looking forward to hearing from the Department of Commerce on what they are doing to improve coordination with the SBA in staffing export assistance centers throughout the country. Because of cuts within the two agencies, the amount of small business trade counselors has significantly decreased since 2002, including here in New Orleans.

Finally, in light of the fiscal crisis, we need to make it easier for our small businesses to export. Complex regulations with high premiums need to be addressed. My good friend and Chairman of the Export-Import Bank, Fred Hochberg, is here to talk about the financing programs within his agency.

#### CONCLUSION

But ultimately, this hearing is about our Main Street businesses: our small businesses, ready to hang "for sale" signs because many of their American customers don't have the money to shop; our entrepreneurs facing the choice between closing or expanding beyond our borders but who don't know where to start; and our current small exporters, like Guy Barone, who are for the first time having trouble stocking their shelves or collecting payments from distributors. With a simpler, fairer process this could be largely avoided.

As our nation digs out of the economic crisis, small business trade should be a top priority. With more effective advocacy and better coordination among agencies, small businesses can lead us out of this recession by creating new and higher-paying jobs and lessening the trade deficit. But our entrepreneurs can go one step further. By entering into the arena of international trade, they will make our nation a stronger competitor in the global marketplace.

Thank you. I now turn to our first witness, Administrator Mills for her testimony.