

**TESTIMONY OF
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BEFORE THE BANKING, HOUSING, AND
URBAN AFFAIRS COMMITTEE
UNITED STATES SENATE**

**HEARING ON
THE TRADE PROMOTION COORDINATING
COMMITTEE'S
NATIONAL EXPORT STRATEGY**

MAY 21, 2003

Mr. Chairman, Ranking Member and distinguished Members, thank you for inviting me to testify on the Trade Promotion Coordinating Committee's (TPCC) National Export Strategy and the role that the U.S. Small Business Administration (SBA) plays in the federal government's export promotion strategy.

I would first like to recognize the outstanding leadership of Secretary Evans. The SBA has been working closely with the Department of Commerce, Export-Import Bank of the United States (Ex-Im Bank), the Overseas Private Investment Corporation (OPIC), and other TPCC agencies in developing recommendations for the National Export Strategy . . . and we feel that our work, together, will help ensure that American small businesses will be competitive in a global marketplace.

Small businesses create two-thirds of new U.S. jobs, are responsible for much of our economy's innovation, and generate over half of our private gross domestic product. But while approximately two-thirds of U.S. exporters have fewer than 20 employees, fewer than one percent of our small businesses are exporting their products.

That percentage is too small, especially when you consider the fact that desire to engage in trade is strong. A survey done by the Department of Commerce to more than 2,000 non-exporting firms last year indicated that 30 percent of them would be interested in exporting if someone pointed the way. In order to meet the needs of small and medium-sized firms and create a “one-stop-shop” approach, over the past year we have enhanced our working relationships with our partners in such a way that will guide and assist small businesses to have an even greater opportunity to trade abroad.

Before we began to strengthen our relationship with other TPCC agencies, SBA reviewed the 2002 National Export Strategy recommendations and looked at the areas in which change could be made quickly, hopefully having instant results for our small-business export community.

I am pleased to announce that SBA was able to increase the limit of our Export Express Business development loan guarantee program from \$150,000 to \$250,000 . . . an enhancement which quickly created a greater amount of capital for small business to finance their export development costs such as participation in foreign trade shows or translation of product catalogs, as well as the financing actual export orders.

Over the past year, SBA and Ex-IM have been very active since we entered into a “Small Business Initiative” Memorandum of Understanding. To leverage marketing resources and raise awareness among lenders and exporters, we have done a number of things.

First, we held joint export symposia throughout the U.S., focusing on showing a streamlined approach to exporters.

We have also been working on a joint marketing initiative over the past year.

Although these are great accomplishments, we are still not done yet. We have established a task force to look at further integrating SBA/Ex-Im Bank working capital programs.

Coordination with other federal agencies is one of the best ways to achieve an increase in small-business trade participation.

Another example of inter-agency coordination is our work with the Overseas Private Investment Corporation. Just recently, SBA participated in a Trade Investment Forum in Arizona that reached out to our small business exporters and introduced them to all the products and services that are available. We see this as just the beginning to this very important partnership and only see it getting stronger. For example, SBA intends to detail one of our employees to OPIC to work with their new small business center.

The ability to work very closely with the Department of Commerce in reaching out to the small business community has been very rewarding and has shown results. I have had the opportunity to participate with Secretary Evans on several trade missions abroad which focused on opening new market opportunities for small business.

One example of a success story is that of a business owner from Chicago, Illinois, who received a significant order for his products as the result of a trade mission that took place in Mexico last year. SBA helped the business owner attend that mission.

Reaching out domestically to the export community has also been a high priority between SBA and Department of Commerce. For instance, we have successfully participated in major domestic trade shows, trade finance seminars, and direct mail campaigns.

SBA looks forward to continuing its work with other TPCC agencies to make sure the coordination of trade promotion and financing programs meet the needs of our small business exporter's needs. We are also fully committed to supporting the President's overall trade agenda abroad as it sets up opportunities for small business.

An example of our commitment is the fact that we currently have representative from the agency participating within the Central America Free Trade Agreement and the Southern African Customs Union trade capacity building group to make sure small business concerns are addressed and implemented with the trade negotiations. Another sign of our commitment to trade has been the recent assignment of one of my senior staff to work closely with the U.S. Trade Representative office to represent small business on a daily basis and assure that as U.S. Trade increases global that so due the opportunities to small business that wants to trade abroad.

There has never been a better time to make sure U.S. small businesses continue to be the most competitive companies in the world.

I look forward to SBA's ongoing contribution to the TPCC and our commitment to evaluate and better coordinate our programs. I would be happy to answer any questions you may have. Thank you.