



U.S. Small Business Administration

TESTIMONY of

EILEEN SANCHEZ

Administrator, U.S. Small Business Administration

House Small Business Committee

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Chairman Curbelo, Ranking Member Meng, and distinguished members of the Subcommittee, thank you for this opportunity to testify about SBA's international trade programs and initiatives.

Small businesses are increasingly looking abroad for their next customer. Export sales contribute to a strong middle class by fueling economic opportunity and creating export-supported jobs in communities across the United States, while the foreign consumers that buy Made in America products gain access to some of the world's highest quality products and services. Today, 95% of all consumers and over two-thirds of the world's purchasing power reside outside the United States. Small businesses that can tap into this global market have the potential for vast expansion and growth, with small and mid-sized businesses now comprising 34% of total export sales. In SBA's Office of International Trade, we remain focused on our core mission of increasing the ability of small businesses to compete in international markets through access to finance and export development opportunities.

I want to share the important achievements SBA's Office of International Trade has made to increase the number of small business exports.

I am proud to say that in FY 2015 we guaranteed a record \$1.45 billion in SBA loans to small business exporters – 5.2% of all SBA guaranteed lending went to small business exporters. The Agency participated with 514 lenders to provide financing to 1,513 small business exporters, exceeding the goal we set of financing 1,480 small businesses. On my personal visits to small business exporters, their owners routinely express to me the importance of having access to financing.

We continue to target new lenders to support small business exporters in their communities so that more liquidity can flow to the market. Last year we trained more than 4,300 lenders, hosted the eighth Annual SBA Export Lenders Roundtable in Washington, D.C. and the second Annual West Coast SBA Export Lenders Roundtable in Los Angeles. We also provided a webinar for members of the National Credit Union Administration, as well other outreach and training events.

Recognizing that U.S. small business exporters are key to the nation's economic future, SBA's Office of International Trade will continue to collaborate with partners across the country to improve access and delivery of programs to small business exporters. One of the programs we continue to be excited about is the State Trade and Export Promotion, or STEP program. The STEP program helps small businesses tap global markets through cooperative agreement awards with state governments. STEP awards federal dollars to states and territories to fund eligible small business market development activities, including participation in trade missions and foreign market sales trips, trade shows, international marketing efforts, and training. Since the establishment of the program, we have supported international market development efforts across the states, and they have reported, great success from the first two rounds of awards.

In FY 2015, SBA awarded \$17.4 million in STEP grants to 40 states. Using the funding provided for STEP in the 2016 Consolidated Appropriations Act, SBA will announce a competitive process for additional STEP awards totaling \$18 million this year. SBA is dedicated

to running a competitive grant process ensuring these funds will support those projects with the greatest returns, while not duplicating the efforts of any other federal trade promotion activities.

Many untapped opportunities exist outside the United States, but small firms often do not have the resources and personnel to leverage them, and rely heavily on negotiated free trade agreements to reduce tariff and non-tariff barriers for their products or services. That is why free trade agreements have the potential to significantly benefit small businesses. In addition to the office's core functions, we are also increasingly engaged in creating market access opportunities for small businesses in key markets through trade negotiations.

Last year the SBA, along with USTR, represented small business interests in ongoing U.S.-EU Transatlantic Trade and Investment Partnership (T-TIP) negotiations and intercessional meetings, and will continue to do so in 2016. With regards to the recently concluded Trans-Pacific Partnership (TPP) Agreement, the SBA is excited that the agreement includes the first-ever small-medium enterprise chapter, as well as many other provisions that will help small business exporters. We believe TPP and its strong commitments will help to improve the environment for doing business overseas, and help more small businesses export Made In America goods and services to Asia Pacific customers, thereby fostering greater economic opportunity for U.S. companies and entrepreneurs.

In the 21st century, SBA's Office of International Trade must be as global, innovative and entrepreneurial as the small businesses we serve. We are more engaged on the international front than ever before by supporting export development efforts through the STEP program and guaranteed export lending, as well as through our active involvement in trade negotiations. Together these efforts increase the ability of small business exporters to compete in international markets and help create export-supported jobs in the United States.

Again, I want to thank all of you for your bipartisan commitment to small businesses.

Mr. Chairman, I would be happy to take your questions.