

Strategic Objective 1.4: Exports

Enhance the ability of current and future small business exporters to succeed in global markets by expanding access to financing, counseling, training, and other export tools

FY 2014 - 2015 Priority Goal: Expand access to export financing by increasing the number of lenders providing finance solutions from 430 to 555 and the number of small business exporters receiving financing through SBA loan programs from 1,346 to 1,480 by September 30, 2015

FY 2017 Performance Goal: Expand access to export financing by increasing the number of small business exporters receiving financing through SBA loan programs to 1,520 small businesses and by increasing the number of SBA core export loans to 580 in FY 2017

Objective Lead: Associate Administrator, Office of International Trade

Programs: International Trade (loan programs and counseling and training programs), Small Business Development Centers, State Trade and Export Promotion (STEP) program

Strategies:

1. Expand market export opportunities
2. Increase access to trade financing
3. Provide tailored training and counseling services to lenders and small businesses
4. Engage Trade Promotion Coordinating Committee and state and resource partners for export promotion and support

Export sales contribute to a strong middle class by fueling economic opportunity and jobs in communities across the U.S., while the countries that buy American products gain access to some of the highest quality products and services in the world. Today, nearly 96 percent of consumers and more than 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 businesses now constituting 34 percent of total export dollars.

Expanding the base of small business exporters and making the process as easy as possible is a key component of the National Export Initiative. To accomplish this initiative, the SBA continues to partner with the Department of Commerce and others on the Trade Promotion Coordinating Committee (TPCC) to promote exporting opportunities and trade shows, expand access to trade financing, and train business counselors and banks on exporting services.

The SBA also plays a central role in the implementation of the National Export Initiative through its chairmanship of the TPCC's Small Business Working Group (SBWG), which coordinates interagency cooperation on small business export promotion. The objectives of the SBWG are to identify potential small business exporters, connect them to export opportunities, prepare them to be successful, and support them once they find international opportunities. The SBA, as part of the Export Promotion Cabinet, is collaborating with other agencies to meet the goal of supporting 50,000 new small business exporters by FY 2017.

Progress Update: In FY 2015, the SBA guaranteed \$1.45 billion in loans to small business exporters. The Agency accomplished this result by continuing to train more than 4,300 lenders and hosting the Eighth Annual SBA Export Lenders Roundtable. The Agency participated with 514 lenders to provide financing to 1,513 small business exporters, exceeding the second goal of 1,480 small businesses financed.

Table 1.4a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

Table 1.4a International Trade Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 8,016	\$ 7,681	\$ 8,943	\$ 11,224	\$ 20,048	\$ 9,025	\$ 9,451	\$ 9,471

Table 1.4b shows progress toward the Agency Priority Goal.

Table 1.4b: International Trade Priority Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Lenders Providing Export Loans	Target	N/A	N/A	Baseline	492	523	555		
	Actual	N/A	430	497	483	513	514		
	Variance	N/A	N/A	N/A	-2%	-2%	-7%		
Additional Information: The goal tracks the sum of all lenders providing SBA-guaranteed export financing. This indicator is being discontinued in FY 2016.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Business Exporters Receiving SBA Financing	Target	950	990	990	1,349	1,415	1,480	1,520	1,520
	Actual	1,326	1,346	1,283	1,388	1,392	1,513		
	Variance	40%	36%	17%	3%	-2%	2%		
Additional Information: The metric Number of Small Business Exporters Receiving SBA Financing measures the sum of all small businesses receiving SBA-guaranteed export financing.									

Chart 1.4 shows the total dollar value and number of loans to exporters. The dollar value of export loans has more than doubled since FY 2010.

Chart 1.4: Loans to Exporters (\$ Millions and Number of Loans)

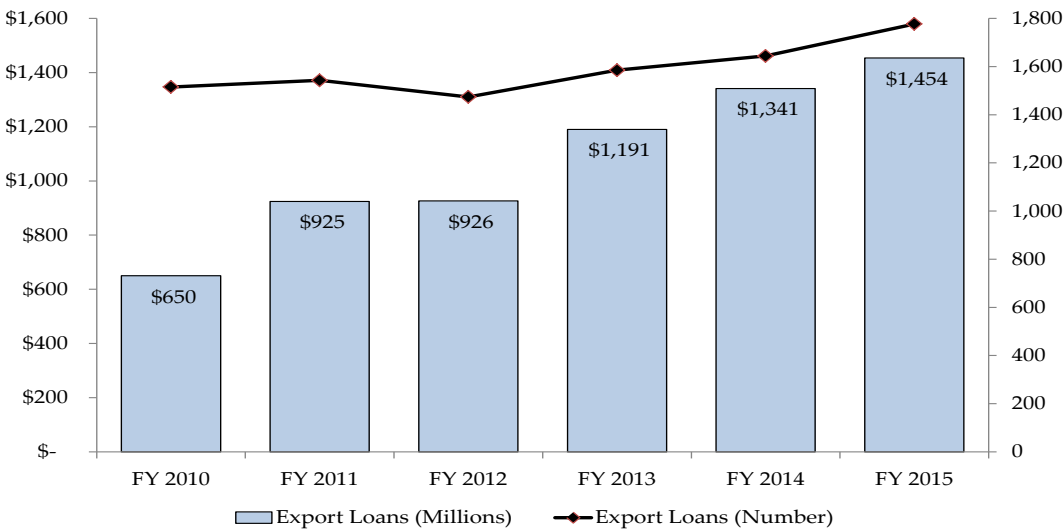


Table 1.4c shows progress toward the performance goal that tracks the number of core export loans.

Table 1.4c: International Trade Performance Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Export Core Loans	Target	N/A	N/A	N/A	N/A	N/A	Baseline	560	580
	Actual	386	485	405	502	502	547		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The Number of Export Core Loans is a new measure replacing the Number of Small Businesses Receiving Export Counseling. This metric measures the sum of core SBA-guaranteed export loans made to small businesses - Export Working Capital, International Trade, and Export Express loans.									

Strategy 1: Expand market export opportunities

Small businesses that can access the global market have the potential for substantial expansion and growth. Expanding the base of small business exporters and making the process as easy as possible for them is a key to increasing exports. To support this strategy, the **State Trade and Export Promotion (STEP)** program awards federal dollars to states and territories to fund eligible small business export development efforts, including participation in trade missions and foreign market sales trips, export trade shows, international marketing efforts, and export training. This program identifies and prepares small businesses for exporting and assists them in executing their export business plan. Table 1.4c tracks the progress of the STEP performance indicator that measures the average return on investment.

Table 1.4d displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs. Prior to FY 2013, STEP program funding is aggregated with international trade.

Table 1.4d STEP Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
N/A	N/A	N/A	\$ 1,681	\$ 9,462	\$19,563	\$20,163	\$17,163

Table 1.4e tracks the progress of the STEP performance indicator that measures the average return on investment.

Table 1.4e: STEP Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Average Dollar Return on Investment of STEP Cooperative Agreements	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	12
	Actual	N/A	11	28	N/A	Data Lag	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A			
Additional Information: The metric Number of Small Business Exporters Receiving SBA Financing measures the sum of all small businesses receiving SBA-guaranteed export financing. STEP cooperative agreements assist small businesses enter and succeed in the international marketplace. The average return on investment is calculated by dividing the reported total dollar export sales supported by the STEP Program by the STEP funds awarded for each fiscal year. Data for FY 2014 and FY 2015 will be available in FY 2016 and FY 2017, respectively.									

FY 2015 Accomplishments and Challenges

To support export development, the SBA administered \$8 million in cooperative agreements awarded in FY 2014 using upgraded processes and automated tool improvements. The Agency prepared for and executed a competitive process to award an additional \$17.4 million in cooperative agreements, which will be administered through FY 2016. These awards have supported several export development efforts across the states.

The SBA continued to refine STEP program operational processes, such as improving the quarterly performance progress reporting by the state awardees and the automation tool (STEP 360) which processes awardee payment requests and non-payment actions more quickly and accurately. The SBA maintained STEP program oversight and completed various management activities for the remaining 24 active awardees from the third round of STEP awards.

FY 2016 and 2017 Planned Performance

In FY 2016, the SBA received \$18 million for STEP. The Agency will announce a competitive process for additional STEP awards using these funds. During FY 2016 and FY 2017, the SBA will monitor the \$8 million in cooperative agreements awarded in FY 2014 and administer the \$17.4 million awarded in FY 2015.

In FY 2017, the SBA requests \$15 million for STEP to leverage new development opportunities to further increase the number of small business exporters and export sales.

Strategy 2: Increase access to trade financing

Access to trade finance for small businesses is one of the objectives of the Export Promotion Cabinet (EPC). The EPC has established goals and recommendations to help small businesses prepare for and participate more actively and effectively in international markets. The SBA fills market gaps that arise because the private sector is unable to provide adequate credit to support certain export transactions with greater real or perceived risk. Without access to trade finance, many small business exporters would not be able to complete export orders. In order to build a more extensive trade financing infrastructure to serve current and future small business exporters, the SBA collaborates with other agencies to simplify and expedite trade financing products, making them easier for community lenders to provide to their customers as they expand sales abroad.

FY 2015 Accomplishments and Challenges

While 7(a) and 504 loans can be used to support small business exporters, the SBA has three core export loan products targeted to support the development of small business exporters that directly support the National Export Initiative. The **Export Express** loan program is a delegated authority program with a \$500,000 maximum loan amount that is especially helpful for early stage exporters who can use the funds for a wide range of export development activities. For example, small businesses can use these loans to attend overseas trade shows and develop and enter new markets. With a 90 percent guaranty on amounts up to \$350,000 and a 75 percent guaranty on amounts up to \$500,000, the program offers lenders enhanced coverage in support of small business exporters. In FY 2015, 63 lenders made 156 Export Express loans for \$28 million to 122 small businesses.

The **Export Working Capital** loan program provides necessary financing to support an exporter's transactions, from purchase order to final payment, with a \$5 million maximum loan amount and 90 percent guaranty. The SBA trained a number of lenders on this export loan product and, as a result, the number of preferred lenders with delegated authority to approve new SBA Export Working Capital loans continued to grow in FY 2015. In FY 2015, 79 lenders guaranteed 176 Export Working Capital loans for \$307 million to 168 small businesses.

The **International Trade** loan program provides loans up to \$5 million in financing and offers a 90 percent guaranty. This loan provides financing to allow a successful export business to expand its production capacity, including those that want to bring production back from overseas or companies that have been adversely impacted by imports. In FY 2015, the SBA guaranteed 215 international trade loans for \$394 million made by 83 lenders to 199 small businesses.

FY 2016 and 2017 Planned Performance

Recognizing that U.S. small business exporters are key to the nation's economic future and job growth, the SBA will remain committed to working closely with other trade financing agencies and lenders in order to provide export trade financing solutions to small businesses in FY 2016 and 2017. The SBA will continue to collaborate with other federal agencies, state agencies, resource partners, internal partners, and other export assistance resources to expand the nation's export financial infrastructure, improve access to and delivery of export finance, and improve program delivery to small business exporters. Since trade financing support provided by the governments of competing nations, particularly in emerging markets, is a growing competitiveness issue, it is important that U.S. federal agencies work together.

Strategy 3: Provide tailored training and counseling to lenders and small businesses

Through its network of trade finance specialists located in 20 U.S. Export Assistance Centers throughout the country, the SBA provides training and consultation services on trade financing and U.S. government export financing programs to both lenders and small businesses. In addition to speaking at workshops on trade finance topics, SBA's trade finance specialists provide in-depth, in-bank training for lenders on U.S. government export financing programs. The Agency export field staff is a valuable resource for small business exporters, combining the international marketing expertise of Department of Commerce U.S. Commercial Service staff with the trade financing expertise of SBA staff in one location. The SBA specialist is frequently the only trade finance expert available at these locations to counsel businesses and lenders on how to get paid by foreign buyers and how to access trade financing options.

Table 1.4f shows progress toward the three international trade performance indicators, including small businesses and lenders receiving export training.

Table 1.4f: International Trade Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Receiving Export Training	Target	5,662	5,726	7,200	8,000	7,600	8,000	8,400	8,400
	Actual	9,151	8,717	10,598	8,244	8,273	8,120		
	Variance	62%	52%	47%	3%	9%	2%		
Additional Information: The metric tracks the sum of all small businesses that have received export training by SBA trade finance staff.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Lenders Receiving Export Training	Target	3,072	2,600	3,950	4,400	4,000	4,200	4,500	4,800
	Actual	3,708	3,518	4,119	4,868	5,097	4,329		
	Variance	21%	35%	4%	11%	27%	3%		
Additional Information: The metric tracks the sum of all lenders that have received export training by SBA trade finance staff.									

FY 2015 Accomplishments and Challenges

The SBA provided consultation services to 3,387 small businesses and trained 8,120 small businesses on export finance. The SBA provided consultation services to 3,938 lenders and trained 4,329 lenders on SBA export loan guaranty programs. The Agency also held two export roundtables.

The SBA continues to use its small business counselor training certification program in partnership with the U.S. Department of Commerce and the Trade Promotion Coordinating Committee. The certification program includes an extensive training track on international trade, which the SBA offers at the annual Association of Small Business Development Centers conference and a training and certification website (export.gov/sbcounselors). More than 600 international trade-certified counselors within the SBDC network have credentials to provide training.

The SBA also partnered with the U.S. Department of Commerce to provide trade financing experts at domestic and overseas trade shows to counsel U.S. small business exhibitors about various financing options. International trade shows take the U.S. exhibitors to foreign locations where they need to conduct business. Having trade finance expertise at the event supports businesses at events where U.S. exhibitors negotiate sales terms with foreign buyers who attend these shows. SBA export finance specialists provided counseling and training at 19 of the Department of Commerce International Buyer program (IBP) industrial shows and three international trade shows. At IBP events, small business exporters meet prospective buyers from around the world in one venue.

FY 2016 and 2017 Planned Performance

The SBA will provide in-depth lender training that includes SBA financing solutions to address specific exporter needs. In FY 2016, the SBA expects to train 4,500 lenders, and 8,400 small businesses on exporting, international methods of payments, and export financing solutions. In FY 2017, the SBA expects to train an additional 4,800 lenders and 8,400 small businesses.

The SBA will partner with the Department of Commerce to continue providing financing experts at domestic and overseas trade shows to counsel small business exhibitors about various financing options. SBA export finance specialists plan to provide counseling and training at 15 of Commerce's IBP domestic industrial shows and four international trade shows in FY 2016. In FY 2017, SBA export finance specialists plan to attend 17 of the IBP domestic industrial shows and five international trade shows.

Strategy 4: Engage Trade Promotion Coordinating Committee and state and resource partners for export promotion and support

The TPCC, established by Congress in 1992, is responsible for providing a unifying framework to coordinate agencies' export promotion activities and for developing a government-wide strategic plan to implement those activities. The TPCC is comprised of 20 agencies with seven core trade promotion agencies that take the lead in devising and implementing trade promotion policy and initiatives. The core agencies are the SBA, the U.S. Department of Commerce, Overseas Private Investment Corporation, U.S. Trade and Development Agency, U.S. Department of Agriculture, Export-Import Bank, and the Department of State. Currently, the TPCC, along with the EPC, is responsible for coordinating and reporting on the National Export Initiative (NEI/NEXT). The SBA Administrator chairs the TPCC's SBWG, which is primarily responsible for increasing exports by small businesses.

Much of the work of the TPCC SBWG and SBA's support of the NEI/NEXT involves marketing communication to small businesses throughout the country about the benefits of exporting and about resources available to small businesses to help them begin exporting, expand into new foreign markets, and finance exports.

FY 2015 Accomplishments and Challenges

The SBA Administrator convened the TPCC SBWG in February where she spoke of SBA efforts to engage foreign countries, including through the Global Entrepreneurship Conference in Milan, where leaders of SBA counterparts around the world convened to discuss best practices in the entrepreneurship environment. The Agency continues to place emphasis on marketing and outreach of the NEI/NEXT pillars.

The SBA continued to provide support to the U.S. Trade Representative throughout three rounds of Transatlantic Trade and Investment Partnership negotiations in FY 2015 and the Sixth Annual U.S.-EU Small and Medium-Size Enterprises Best Practices Workshop in April.

FY 2016 and 2017 Planned Performance

In coordination with the U.S. Department of Commerce, the SBA will direct export outreach teams in its 68 district offices to convene at least one business-facing event that includes all export outreach team members.

The SBA will continue to provide support to the U.S. Trade Representative throughout the Transatlantic Trade and Investment Partnership negotiations and the Seventh and Eighth Annual U.S.-EU SME Best Practices Workshops. The SBA will continue to convene TPCC SBWG meetings to advance the Administration's trade policy agenda for small-business exporters. The SBWG will continue to implement specific programs that encourage existing small business exporters to expand into new markets and encourage more small businesses to begin exporting.

The SBA will continue to promote targeted marketing communication programs like "Look South" and use social media and its extensive network of business counseling and trade specialists to educate small businesses about specific exporting opportunities and government services that support exporters.