

## **IMPROVE SMALL BUSINESS ACCESS TO INTERNATIONAL MARKETS**

Greater small business access to global trade can improve international supply chains and increase United States economic competitiveness.<sup>1</sup> Congress must assert its role in negotiating and implementing free trade agreements including the U.S.-Mexico-Canada Agreement (USMCA) and advocate for small business needs throughout the lifecycle of all trade agreements. Additionally, Congress must also exercise oversight authority over multi-agency federal trade activities.

### **BACKGROUND**

Nearly 98 percent of exporting firms are small businesses; 287,835 small exporters generate \$440 billion of known export value.<sup>2</sup> However, small exporters represent only one percent of American small businesses and represent only 32.9 percent of total American export value.<sup>3</sup>

Public and private small business advocates have hailed the USMCA as a major win; The USMCA is the first U.S. trade agreement to include a chapter specifically for small and medium size exporters (SMEs). The chapter establishes a Committee on SME Issues comprised of government officials, and an annual SME Dialogue to facilitate stakeholder communication and participation.<sup>4</sup> American small businesses will rely on Congress to ensure implementation of SME provisions within USMCA.

The road to export markets is complex, and existing programs to reduce trade barriers for small businesses should not add to the confusion. The Trade Promotion Coordinating Committee (TPCC) is an interagency task force comprised of twenty agencies that administer and regulate federal trade promotion and financing programs. Six member agencies, the U.S. Small Business Administration (SBA), U.S. Department of Commerce (Commerce), Export-Import Bank (Ex-Im), U.S. Department of Agriculture (USDA), U.S. Trade and Development Agency (USTDA), and the U.S. Department of State provide direct assistance to small businesses exporting overseas.<sup>5</sup>

Streamlined cooperation between TPCC member agencies, state trade agencies, and private sector partners would improve service delivery and simplify processes for small business clients. Increased oversight of overlapping and duplicative trade promotion and financing activities would reassert congressional budget authority and conservative spending principles.

### **CONSTITUTIONAL AUTHORITY AND REPUBLICAN PRINCIPLES**

The Constitution gives Congress the authority to regulate trade with foreign nations.<sup>6</sup> To ensure global access to American goods and services, the United States must facilitate free and fair trade. Congress must ensure that taxpayer dollars allocated to federal trade promotion and financing programs are responsibly utilized.

### **Quick Take**

Congress must ensure that trade agreements provide paths to international markets for small businesses.

Streamlining regulation and providing clear information about available programs are critical to that effort.

## POLICY SOLUTIONS

To maximize global competitiveness, proactive trade policies and services should prioritize small business access to international markets. Congress may consider policies to alleviate trade burdens and barriers, which may include:

- Streamlining regulations to ensure that domestic industries experience as little operational disruption and additional costs as possible, while complying with various environmental, labor, and health safeguards.
- Clarifying authorities, resources, and services offered by trade promotion agencies to prevent duplication and overlap.

**Please contact Cameron Smith or Kelsey Wall with the Republican Policy Committee at (202) 225-4921 with any questions.**

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<sup>1</sup> Congressional Research Service, *Small Business Administration Trade and Export Promotion Programs* 16 (2016), <https://www.crs.gov/reports/pdf/R43155>.

<sup>2</sup> Office of the Chief Counsel for Advocacy, *Small Business Administration, Frequently Asked Questions* 1 (2018), <https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>.

<sup>3</sup> *Id.*

<sup>4</sup> Office of the U.S. Trade Representative, *United States-Mexico-Canada Agreement Fact Sheet Supporting America's Small and Medium-Sized Businesses* (Nov. 2018), <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2018/november/united-states%E2%80%93mexico%E2%80%93canada-agreement>.

<sup>5</sup> Government Accountability Office (GAO), *Export Promotion, Small Business Administration Needs to Improve Collaboration to Implement Its Expanded Role* 1 (2013), <http://www.gao.gov/assets/660/651685.pdf>.

<sup>6</sup> U.S. Const. art. 1, § 8.