



SMALL BUSINESS EXPORTING SURVEY

2016



IN PARTNERSHIP WITH



FOREWORD

Since 1937, the National Small Business Association (NSBA) has been the nation's leading small-business advocate. NSBA and the Small Business Exporters Association (SBEA), the international trade arm of NSBA, have more than 100 combined years in advocating for America's small businesses and small exporters. As the country's leading small-business advocate and premier small-business exporting organization, we are pleased to announce this 2016 Small Business Exporting Survey in partnership with trade experts Livingston International, North America's number one company focused on customs brokerage and compliance.

As part of NSBA's mission to address the needs and represent the concerns of the U.S. small-business community, we conduct a series of surveys throughout the year, including our semi-annual Economic Reports and a host of more targeted surveys. NSBA, SBEA and Livingston recognize that exporting is a growing marketplace for small businesses, making this survey a critical update to our 2013 Small Business Exporting Survey, and a valuable resource to determine the costs and challenges to current and potential exporters.

Even in sound economic times, small businesses are at a distinct disadvantage in the global economy. NSBA and SBEA have been urging for years—decades, even—that more must be done to emphasize the needs of small business within the scope of U.S. trade. In the past few years, there has been a concerted effort by the administration, Congress and regulators to improve and enhance exporting opportunities for small businesses. While important steps forward have been made and this survey shows growth in small-business exporting, more can and should be done.

Fifty-eight percent of the small-business respondents to this survey say have exported goods and/or services, and nearly half of non-exporting firms surveyed said they would be interested in exporting if some of their concerns could be addressed – chief among those concerns were lack of knowledge and how to get started; concerns over getting paid; and regulatory barriers and complexity.

Among the small- and mid-sized exporters (SMEs) surveyed, 47 percent said less than 10 percent of their sales are from exporting while 33 percent said that between 10 and 50 percent of their overall sales were due to exporting. Unfortunately, SMEs reported increased stagnation when it comes to export volume with just 39 percent—down from 52 percent in 2013—citing increases in their export volume, likely due to a more stable U.S. economy and stronger U.S. dollar, as well as overseas market volatilities.

The survey also examined entry into exporting and found that SMEs are driven to exporting to increase sales and/or profits. Unfortunately, starting up can be difficult and costly. This time and cost is likely a primary reason that more SMEs today report they handle the bulk of their exporting activities than at any point in the last six years, often without the help of external resources that could ease the process.

The number one challenge facing current SMEs is getting paid, making payment enhancement products a key component for many small firms. And while the majority of SMEs do not use any payment enhancement products, there was a jump among respondents who said they had utilized Export-Import (Ex-Im) Bank products, despite major turbulence in the program following a politically-motivated shut-down of the program in the latter half of 2015.

Among SMEs, there are a broad number of benefits reaped by free trade agreements (FTAs), including access to new foreign markets and opportunities to expand existing export operations. Just five percent report actually being hurt by FTAs.

When asked what types of federal government support would be most beneficial to their company, the top answers were: establish export tax incentives; enhanced technical assistance; and a competitive U.S. dollar exchange.

While U.S. exporting too often conjures images of large firms, there is without a doubt an important and growing role small businesses play. Small exporting firms actually account for 98 percent of all exporting firms and 34 percent of U.S. exporting value, according to the International Trade Administration.

The 2016 Small Business Exporting Survey was conducted on-line Feb. 22 – March 14, 2016 among 530 small-business owners, we hope you find the 2013 Small Business Exporting Survey informative.

Please contact NSBA at press@nsba.biz for any questions or follow-up on this survey.

Sincerely,



Todd McCracken
NSBA President and CEO



Steve Preston
Livingston International CEO

DEMOGRAPHICS

How many total full-time employees are currently employed by your business?

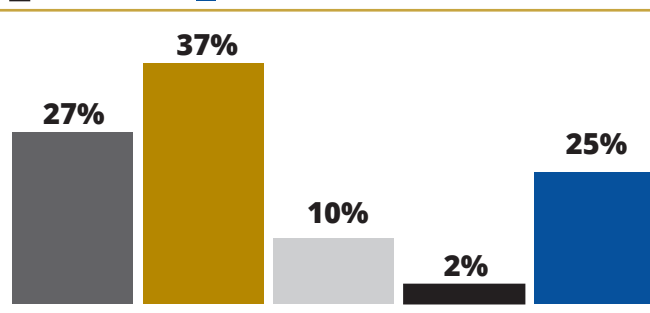
| | |
|-----------|-----|
| 0 | 9% |
| 1 – 5 | 36% |
| 6 – 9 | 17% |
| 10 – 19 | 13% |
| 20 – 49 | 13% |
| 50 – 99 | 5% |
| 100 – 499 | 5% |

Please estimate the total value, including assets, of your company today?

| | |
|----------------------|-----|
| 0 to 500,000 | 41% |
| 500,000 to 2 million | 24% |
| 2 to 5 million | 12% |
| 5 to 10 million | 8% |
| 10 to 20 million | 5% |
| 20 to 50 million | 5% |
| More than 50 million | 3% |
| N/A | 3% |

Which of the following best describes the structure of your business?

CORPORATION
 S-CORP
 SOLE PROPRIETORSHIP
 PARTNERSHIP
 LLC



In what region is your business located?

| | |
|--------------|-----|
| New England | 6% |
| Mid-Atlantic | 24% |
| Great Lakes | 17% |
| Farm Belt | 6% |
| South | 22% |
| Mountain | 12% |
| Pacific | 13% |

How many years has your firm been in business?

| | |
|--------------------|-----|
| Less than 5 years | 12% |
| 6 to 10 years | 15% |
| 11 to 20 years | 25% |
| More than 20 years | 49% |

Which of the following best describes the industry or sector in which your business operates?

| | |
|---|-----|
| Manufacturing | 27% |
| Scientific and Technical Services | 9% |
| Wholesale Trade | 9% |
| Construction | 9% |
| Professional | 8% |
| Other Services (except Public Administration) | 6% |
| Retail Trade | 5% |
| Information (IT) | 4% |
| Agriculture, Forestry, Fishing and Hunting | 4% |
| Transportation and Warehousing | 3% |
| Health Care and Social Assistance | 3% |
| Educational Services | 2% |
| Arts, Entertainment, and Recreation | 2% |
| Insurance | 2% |
| Finance | 1% |
| Management of Companies and Enterprises | 1% |
| Real Estate, Rental and Leasing | 1% |
| Utilities | 1% |
| Administrative and Support | 1% |
| Mining | 1% |
| Public Administration | 1% |

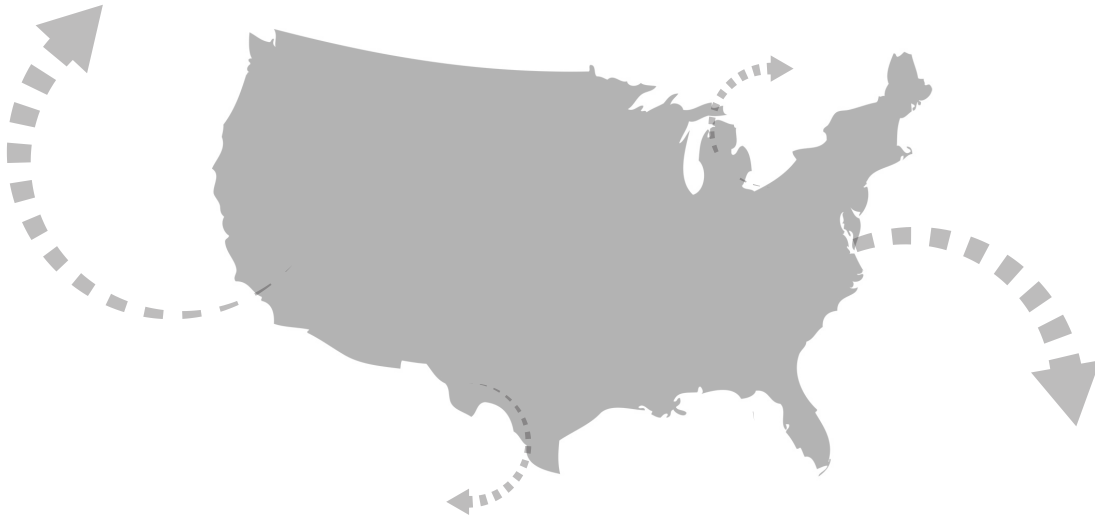
What was your total payroll for the most recent fiscal year?

| | |
|---|-----|
| Less than \$100,000 | 33% |
| \$100,000 to less than \$500,000 | 32% |
| \$500,000 to less than \$1,000,000 | 13% |
| \$1,000,000 to less than \$5,000,000 | 13% |
| \$5,000,000 to less than \$25,000,000 | 6% |
| \$25,000,000 to less than \$75,000,000 | 1% |
| \$75,000,000 to less than \$150,000,000 | 0% |
| \$150,000,000 or more | 2% |

What were your gross sales or revenues for your most recent fiscal year?

| | |
|---|-----|
| Less than \$100,000 | 20% |
| \$100,000 to less than \$250,000 | 8% |
| \$250,000 to less than \$500,000 | 10% |
| \$500,000 to less than \$1,000,000 | 12% |
| \$1,000,000 to less than \$5,000,000 | 26% |
| \$5,000,000 to less than \$25,000,000 | 15% |
| \$25,000,000 to less than \$75,000,000 | 4% |
| \$75,000,000 to less than \$150,000,000 | 2% |
| \$150,000,000 or more | 3% |

Have you ever sold merchandise or services to a customer outside of the United States?



YES



58%

NO



42%

Small exporting firms account for 98 percent of all exporting firms and 34 percent of U.S. exporting value, according to the International Trade Administration.

EXPORTING OPINIONS AMONG NON-EXPORTERS ONLY

Nearly half of non-exporting firms surveyed said they would be interested in exporting if some of their concerns could be addressed. The top reason cited for not exporting is a lack of goods and services that could be exported. The next three top challenges/barriers to exporting, as reported among non-exporters, were: lack of knowledge and how to get started; concerns over getting paid; and regulatory barriers and complexity. In terms of government assistance to address these barriers, most non-exporting small firms recognized the Small Business Development Centers (60 percent) followed by SBA export lending programs (40 percent) and U.S. Department of Commerce export programs (30 percent) as go-to resources for exporting.

Would you be interested in selling merchandise or services to a foreign customer in the future, if some of your concerns could be addressed?



What do you consider the main barriers to selling your goods and/or services to foreign customers? (Check all that apply)

| | |
|---|-----|
| I don't have goods and/or services that are exportable | 39% |
| Don't know much about it and not sure where to start | 37% |
| I'd worry too much about getting paid | 24% |
| Regulatory barriers/complexity | 24% |
| Unaware how to utilize free/foreign trade agreements | 22% |
| Can't get financing to offer foreign customers | 17% |
| It would take too much time away from my regular, domestic sales | 15% |
| Insufficient protection of intellectual property rights (patents, copyrights, trademarks) | 14% |
| Too costly | 13% |
| Obtaining visas and work permits | 11% |
| Restrictions on forming partnerships or joint ventures, or the requirement to have partnerships with local businesses | 9% |
| Unfair Trade Practices | 7% |
| Other | 13% |

Which of the following government exporting programs have you heard of? (Check all that apply)

| | |
|--|-----|
| Small Business Development Centers | 60% |
| SBA export lending programs | 40% |
| U.S. Department of Commerce export assistance | 30% |
| U.S. Export-Import (Ex-Im) Bank financing | 28% |
| Trade Missions | 28% |
| U.S. Trade Representative's Office | 26% |
| U.S. Department of Agriculture exporting assistance and/or financing | 16% |
| U.S. Export Assistance Centers (USEAC) in major cities | 14% |
| Overseas Private Investment Corporation (OPIC) loans and insurance | 10% |
| U.S. Commercial Service personnel assigned to U.S. embassies abroad | 10% |
| Export promotion programs offered by my state | 8% |
| U. S. Department of Commerce Gold Key Program | 6% |
| District Export Council (DEC) | 5% |
| Bidding on foreign projects funded by multilateral organizations/banks | 3% |
| Other | 14% |

EXPORTING ACTIVITY AMONG EXPORTERS ONLY

The majority of small, exporting firms (59 percent) only export goods while 41 percent say they export services as well. Interestingly, this survey appeared to have a slightly more experienced group of exporters than past respondents as shown by three key indicators: their proportion of export sales to overall business sales; the number of years they have been exporting; and the number of countries to which they are exporting.

The overwhelming majority of SMEs cite that less than 10 percent of their exports are made from imported goods or materials.

Canada once again maintained its number one spot in terms of countries to which small firms exported, with Mexico, the U.K. and China rounding out the top four. When it comes to emerging markets, SMEs cited North America, Northern Asia/Pacific Rim, and South America as the regions that hold the most potential for their future exports, and, notably, regions in which the U.S. has many free trade agreements.

SMEs reported increased stagnation when it comes to export volume with just 39 percent—down from 52 percent in 2013—citing increases in their export volume. This shift is likely due to a more stable U.S. economy and stronger U.S. dollar, as well as overseas market volatilities.

How many countries are you exporting to?

| | 2016 | 2013 | 2010 |
|--------------|------|------|------|
| Less than 5 | 44% | 55% | 54% |
| 5 to 10 | 22% | 18% | 25% |
| 11 to 20 | 16% | 12% | 11% |
| More than 20 | 18% | 15% | 10% |




What are the top three countries to which you export ?

| | 2016 | 2013 | 2010 |
|-----------|------|------|------|
| Canada | 1 | 1 | 1 |
| Mexico | 2 | 4 | 7 |
| U.K | 3 | 3 | 2 |
| China | 4 | 2 | 8 |
| Australia | 5 | 5 | 4 |
| Germany | 6 | 6 | 3 |
| Japan | 7 | 7 | 6 |
| Brazil | 8 | 9 | n/a |
| India | 9 | 8 | n/a |
| Israel | 10 | 10 | n/a |

What region of the world do you believe to be the greatest emerging market for your business in the next three years?

| | |
|--|-----|
| North America | 23% |
| Northern Asia & Pacific Rim (China/Japan/Taiwan) | 18% |
| South America | 15% |
| Western Europe | 14% |
| Southern Asia (India/Indonesia/Malaysia) | 9% |
| Middle East | 7% |
| Central America | 6% |
| South Africa | 5% |
| Eastern Europe | 3% |

What kind of merchandise or services have you sold to a customer outside the U.S.?

| | 2016 | 2013 |
|--|------|------|
|  Goods & Services | 26% | 30% |
|  Goods | 59% | 52% |
|  Services | 15% | 18% |

What percentage of your business sales is from exporting?

| | 2016 | 2013 | 2010 |
|----------------------|------|------|------|
| Less than 10 percent | 47% | 54% | 52% |
| 10 to 20 percent | 20% | 17% | 21% |
| 21 to 50 percent | 13% | 17% | 17% |
| More than 50 percent | 19% | 12% | 10% |

What percentage of your exports are from raw materials, components or parts that are of foreign origin (imported)?

| | |
|----------------------|-----|
| Less than 10 percent | 72% |
| 10 to 20 percent | 9% |
| 21 to 50 percent | 13% |
| More than 50 percent | 6% |

How many years have you been exporting?

| | 2016 | 2013 | 2010 |
|--------------------|------|------|------|
| Less than 5 years | 23% | 25% | 22% |
| 6 to 10 years | 20% | 29% | 24% |
| 11 to 20 years | 32% | 23% | 25% |
| More than 20 years | 24% | 23% | 18% |

In the last 5 years, how much has your export volume changed?

| | 2016 | 2013 | 2010 |
|----------------|------|------|------|
| Increased | 39% | 52% | 46% |
| Decreased | 19% | 20% | 27% |
| About the same | 42% | 28% | 27% |

PREPARING FOR EXPORTING AMONG EXPORTERS ONLY

Small exporting firms are driven to begin exporting primarily to address their bottom line: they see an opportunity to increase sales and/or profits -- unfortunately, beginning to export can be difficult. Approximately one-third of small firms said they spent more than five percent of their annual operating revenue to begin exporting, and nearly half said they spent anywhere between a few months to a full year preparing before actually exporting.

What was/is your primary reason for entering new foreign markets?



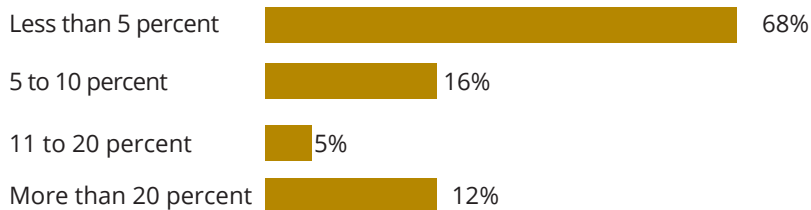
| | |
|--|-----|
| To increase company's sales/profits | 65% |
| Follow our clients | 21% |
| Wanting to explore emerging markets | 6% |
| To manufacture overseas in order to remain competitive in domestic markets | 1% |
| Other | 7% |

Approximately how much time did you have to spend up-front before engaging in exporting?

| | |
|--------------------------------------|-----|
| A little time (a few weeks) | 48% |
| A fair amount of time (a few months) | 25% |
| A lot of time (several months) | 11% |
| A year or more | 7% |
| Other | 8% |

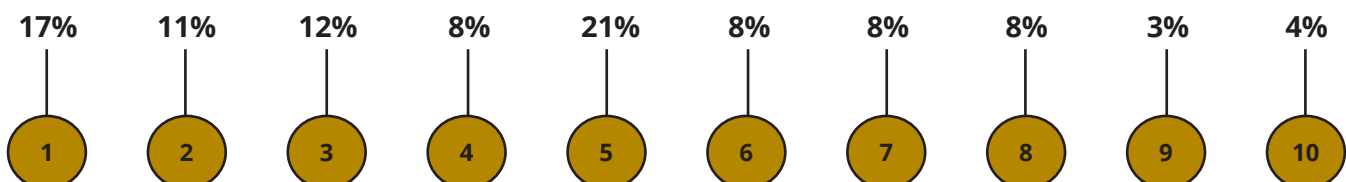


Roughly what percent of your annual operating revenue did you devote to getting ready to export?



Nearly half of SMEs report having to spend a few months or more preparing to export - something that is increasingly falling to the owner of the business.





On a scale of 1 to 10, with 10 being the most difficult, how difficult was entering the exporting arena for your business?



OPERATIONS OUTSIDE THE U.S.

The overwhelming majority of SMEs do not have employees or facilities outside the U.S., and among the 16 percent that do, the number one reason is to be closer to major customers, followed by creating stronger international relationships.

When it comes to doing business outside the U.S., does your company have:

| | |
|---|-----|
|  Operating facilities outside the U.S. | 2% |
|  Employees outside the U.S. | 5% |
|  Both | 9% |
|  Neither | 84% |

Among firms who do have facilities or employees outside the U.S., what is your primary reason?



| | |
|---|-----|
| To be closer to our major customers / suppliers | 45% |
| To create stronger international relationships | 35% |
| To lower our overall business operating costs | 14% |
| To have access to a more affordable workforce | 3% |
| To have access to specific workforce skill-sets | 3% |

ADMINISTRATION OF EXPORTING

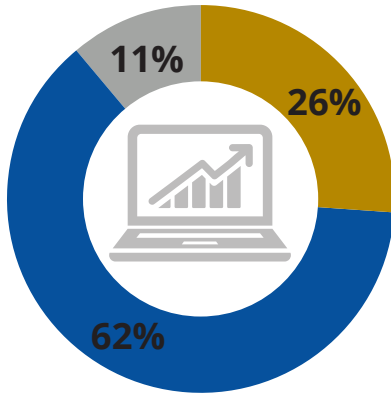
Today, more small-business owners report they handle the bulk of their exporting activities than at any point in the last six years. Interestingly, nearly half of SMEs handle all export activities themselves, without the help of external resources that could help verify the information, ensure compliance with various international rules and regulations and take full advantage of free trade agreements or identified partners or new markets.

When it comes to distribution, most SMEs utilize the Internet and wholesalers to sell their goods and services. In terms of marketing and establishing new trade markets, online inquires, customer referrals and trade shows are the top three resources SMEs use.

While small firms' export marketing relies heavily on the Internet, just one-in-four small exporter's websites are capable of processing international orders and even fewer provide online translations. This isn't surprising given the high number of small-business owners who also serve as the chief export officer as well.

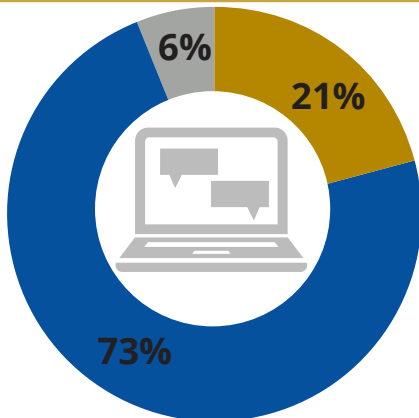
Is your company's website capable of processing international orders?

■ Yes ■ No ■ Working on it

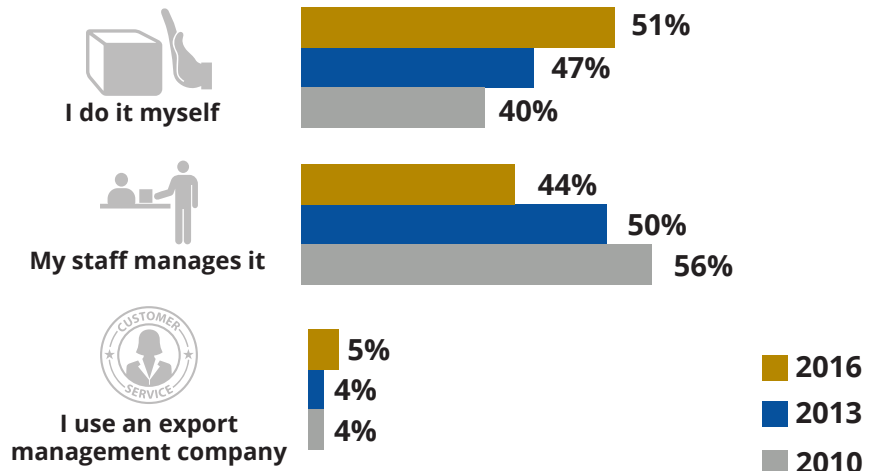


Does your company's website provide for online content to be translated into foreign languages?

■ Yes ■ No ■ I don't know




Who manages the bulk of your exporting activities?



How do you manage the bulk of your export activities?


| | |
|---|-----|
| I or my staff process them manually | 45% |
| I or my staff process them using software | 24% |
| Outsource to freight forwarder | 18% |
| Outsource to customs broker | 5% |
| Outsource to consulting firm | 1% |
| Other | 7% |

What is the primary distribution channel you use to sell your exported goods/services?



| | |
|---|-----|
| Direct / Internet | 25% |
| Wholesaler / Distributor | 25% |
| Direct / Sales Team | 19% |
| Sales Agent / Manufacturer's Representative | 7% |
| Dealer | 5% |
| Consultant / Export Management Company | 3% |
| Direct / Catalog | 2% |
| Other | 16% |

What resources and tools do you use for determining and establishing new international trade markets? (Check all that apply)



| | |
|---|-----|
| Web inquires | 59% |
| Connections through other clients/customers | 56% |
| Trade shows and meetings | 44% |
| Agents/trade representatives | 28% |
| State and federal resources | 17% |
| Cold calls | 15% |
| Other | 9% |

CHALLENGES OF EXPORTING AMONG EXPORTERS ONLY

The number one challenge facing current SMEs is getting paid—in-line with past exporting surveys, followed by limited goods/services available to export and regulatory complexity. And while not formally offered as one of the responses to this question, many respondents cited the strong U.S. dollar as a key challenge to selling their goods and/or services internationally under the “other” category.

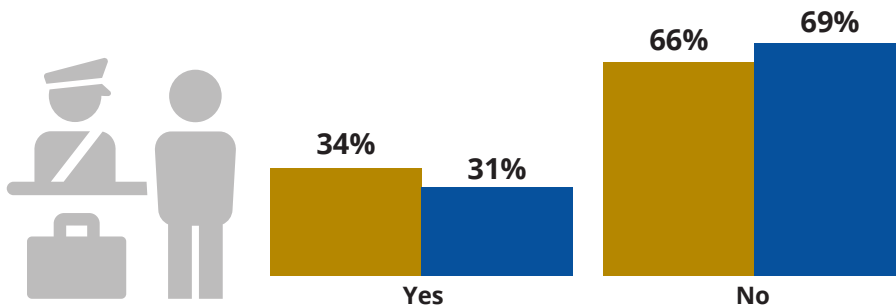
Significant numbers of small firms relied on freight forwarders, state and federal resources, and customs brokers to help them address those challenges.

Who helps you overcome export related challenges? (Check all that apply)

| | |
|--|-----|
| Freight forwarder | 48% |
| State or federal government resources (SBDC, USEAC, Dept. of Commerce, etc...) | 37% |
| Customs broker | 34% |
| Trade associations | 15% |
| Consulting firm | 10% |
| Chambers of Commerce | 9% |
| Law firm | 7% |

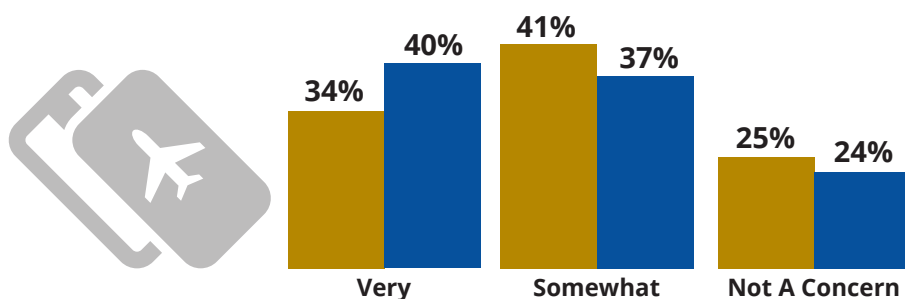
Have you ever had trouble exporting your product to any countries due to foreign import restrictions?

2016 2013



How significant a concern is receiving payment from a foreign customer to you?

2016 2013



What do you consider the largest challenges to selling your goods and/or services to foreign customers? (Check all that apply)

| | |
|---|-----|
| I worry about getting paid | 44% |
| I have limited goods and/or services that are exportable | 21% |
| I don't understand the regulations and policies | 17% |
| It is very costly | 16% |
| It is confusing and difficult to do | 16% |
| It takes time away from my regular, domestic sales | 14% |
| I can't get financing to offer foreign customers | 11% |
| Inability to generate certificates of origin for the goods I manufacture and export | 7% |
| I have all the business I want domestically | 2% |
| Other | 35% |

EXPORT FINANCE AMONG EXPORTERS ONLY

Given the major concern SMEs expressed about getting paid, it is no wonder that two-thirds only ship their product/services upon payment in full. Just under half allow 30-day payment terms and one-in-four ship under a bank-issued letter of credit. Although the majority of SMEs do not use any payment enhancement products, there was a jump among respondents who said they had utilized Export-Import (Ex-Im) Bank products.

Regarding funding sources, large banks took the top slot—not surprising given the increased risk and complexity associated with export financing—followed by community banks and Ex-Im Bank products.

Which of the following methods of payment do you accept from foreign customers? (Check all that apply)

| | 2016 | 2013 |
|---|------|------|
| Ship on receipt of full payment in advance | 66% | 69% |
| Ship on 30 day open account | 44% | 43% |
| Ship under a bank issued letter of credit | 27% | 32% |
| I provide extended payment terms to my foreign customers | 18% | 17% |
| I provide payment terms to my customer with acceptable (to my bank) payment enhancements in place | 6% | 12% |
| I sell my foreign receivables to a factoring entity | 3% | 4% |
| My bank will advance funds to me upon shipment | 3% | 2% |
| Other | 16% | 16% |

How important is it for your company to have access to export financing?



| | 2016 | 2013 |
|------------|------|------|
| Extremely | 16% | 15% |
| Very | 10% | 10% |
| Somewhat | 26% | 29% |
| Not at all | 48% | 47% |

Which of the following payment enhancement options do you use? (Check all that apply)

| | 2016 | 2013 |
|---|------|------|
| I do not utilize payment enhancement options | 76% | 84% |
| Export-Import Bank products (Ex-Im Bank) | 18% | 13% |
| Private credit insurance | 6% | 6% |
| Overseas Private Investment Corporation products (OPIC) | 1% | 3% |
| Other | 5% | 2% |

Would you say securing financing for your firm's exporting operations is more or less difficult than securing financing for traditional business operations?

2016

35%

61%

4%



More Difficult



About The Same



Less Difficult

2013

35%

63%

2%

From which of the following sources have you secured financing for your exporting operations? (Check all that apply)

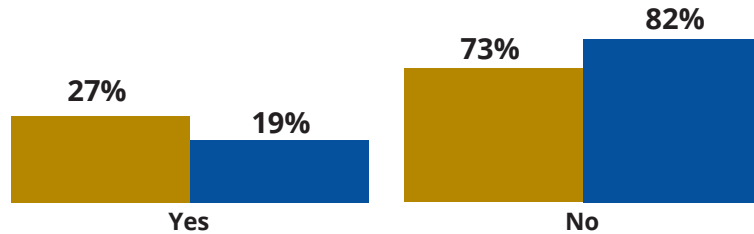
| | |
|--------------------------|-----|
| Traditional, large bank | 30% |
| Small, community bank | 20% |
| Ex-Im Bank products | 14% |
| SBA Lending Program | 5% |
| Credit union | 2% |
| Online, non-bank lenders | 3% |
| Venture capital funds | 2% |
| Angel investors | 4% |
| Crowdfunding | 1% |
| Other | 40% |

EXPORT FINANCE AMONG EXPORTERS ONLY - EXPORT-IMPORT BANK

Speaking more specifically to Ex-Im Bank, there was an increase in familiarity with their products in addition to an uptick in usage. Some of the awareness could be driven by the drawn-out reauthorization battle and subsequent six-month shut-down of the Bank, but there also were some significant shifts in the products used by the SMEs surveyed. Those shifts were due in part to volatility in foreign markets causing the Short Term Credit Insurance program to be utilized more than previously. However the notable drops in utilization for other programs, including the Working Capital Guarantee Program and the Medium Term and Long Term Programs was surely driven by the lapse in Ex-Im and insecurity on the part of banks about the longevity and stability of these programs.

Has your bank or other lender ever discussed Ex-Im Bank products with you?

2016 2013



Have you ever used any Ex-Im products?



| | 2016 | 2013 |
|---------------------------|------|------|
| Yes | 21% | 12% |
| No | 64% | 64% |
| Never heard of Ex-Im Bank | 13% | 22% |
| Not sure | 2% | 2% |

Among exporters who do use Ex-Im Bank products, which of the following have you used? (Check all that apply)

| | 2016 | 2013 |
|-----------------------------------|------|------|
| Short Term Credit Insurance | 77% | 52% |
| Working Capital Guarantee Program | 25% | 36% |
| Medium Term Program | 10% | 26% |
| Long Term Program | 2% | 13% |
| Other | 8% | 16% |

FREE TRADE AGREEMENTS AMONG EXPORTERS ONLY

Among SMEs, there are a broad number of benefits reaped by free trade agreements, including access to new foreign markets and opportunities to expand existing export operations. Just five percent report actually being hurt by FTAs. Furthermore, a majority of SMEs say they are more likely to enter a new market if it is covered under an FTA with the U.S.

Unfortunately, there exists a knowledge gap between current FTA efforts and SMEs. Nearly half of current exporters report they are unsure or unaware of the Trans-Pacific Partnership (TPP); and one-in-four don't know anything about the Transatlantic Trade and Investment Partnership (TTIP).

How would approval of the Transatlantic Trade and Investment Partnership (TTIP) with the European Union ease cost and complexity when it comes to doing business with EU countries?

| | |
|-------------------------|-----|
| Significantly | 8% |
| Somewhat | 20% |
| Minimally | 20% |
| Not at all | 27% |
| Don't know what TTIP is | 26% |

The Trans-Pacific Partnership Agreement (TPP) is a trade agreement between the U.S., Japan, and ten other Pacific nations. If signed, would this motivate you to do business in these countries?

| | |
|-------------------------------------|-----|
| Yes | 25% |
| No | 29% |
| Not sure | 32% |
| I'm unaware of what the TPP is/does | 15% |
| Don't know what TPP is | 26% |

A small-business chapter in TPP requires countries to create a user-friendly website targeted at small- and mid-sized exporters to find easily accessible information on the TPP. Please rank in order (with 1 being the most important) the following items in terms of their usefulness to your business.

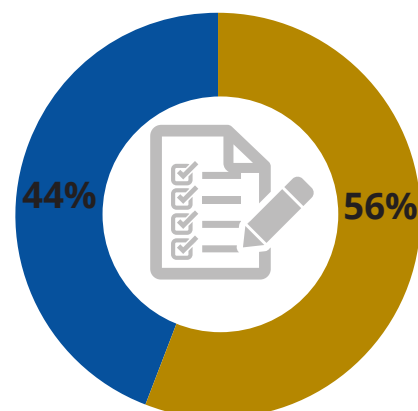
| | |
|--|---|
| A description of the provisions of TPP relevant to SMEs | 1 |
| Business registration procedures and requirements of each country | 2 |
| Regulations and procedures concerning Intellectual property rights | 3 |
| Taxation information | 4 |
| Foreign investment regulations | 5 |
| Employment regulations | 6 |

Which of the following has your company benefited from as a result of free trade agreements? (Check all that apply)

| | |
|--|-----|
| Access to new foreign markets | 31% |
| Opportunity to expand existing export operations | 23% |
| Increased business profitability by removing barriers and investment in market | 19% |
| Access to foreign standards and technical regulations | 7% |
| Access to new investment opportunities | 5% |
| Access to foreign government contacts | 6% |
| Enhanced ability to set up foreign operations/bases | 4% |
| There have been no benefits to my company | 47% |
| My company has been hurt by free trade agreements | 5% |
| Other | 11% |

Are you more inclined to enter a new market if the U.S. and that country has a free trade agreement in place?

■ Yes ■ No



EXPORT CONTROLS AMONG EXPORTERS ONLY

Currently, there exists a national security-based program that requires exporters to obtain government permission before exporting controlled items—munitions and commercial items with military applications. There has been significant ambiguity, confusion and jurisdictional disputes between the various departments overseeing these programs, causing the administration to launch their Export Control Reform Initiative. And while this survey doesn't show major shifts in ease when dealing with these products, there was a drop in every indicator when asked how the Export Controls system has negatively impacted business.

Does your exportable product contain any equipment, software services or technology, or information and instructions thereof that are on either of the following lists?

| | 2016 | 2013 |
|--|------|------|
| Yes - U.S. Munitions List (USML) | 1% | 2% |
| Yes - Commerce Control List (CCL) | 7% | 7% |
| Yes - I have products on both lists | 4% | 6% |
| I have no exportable products on either list | 77% | 75% |
| Not sure | 11% | 11% |

If you do have goods on the export controls list, under our current Export Controls system, which of the following issues have you encountered? (Check all that apply)

| | 2016 | 2013 |
|--|------|------|
| Complexity | 66% | 75% |
| Time-consuming | 62% | 75% |
| Dealing with a multitude of agencies | 48% | 53% |
| Outdated items are still needlessly included | 38% | 50% |
| Unpredictability | 35% | 39% |
| Not sure | 7% | 3% |
| Other | 0% | 14% |

How has the administration's Export Reform Control Initiative impacted your firm?

| | |
|--|-----|
| It has made the process easier | 11% |
| It has made the process more difficult | 11% |
| There has been no change for my business | 71% |
| Other | 7% |

FEDERAL TRADE POLICY AMONG EXPORTERS AND NON-EXPORTERS

When asked what types of federal government support would be most beneficial to their company, the number one answer among small-business respondents was “establish export tax incentives,” which underscores the slightly more experienced survey sample. Enhanced technical assistance and a competitive U.S. dollar exchange also rated very highly among SMEs.

Although the majority of respondents said they haven't taken advantage of a government export program, there was an uptick in usage for nearly every export assistance program listed.

Which of the following government programs have you taken advantage of? (Check all that apply)

| | 2016 | 2013 |
|---|------|------|
| U.S. Department of Commerce presentations or websites | 29% | 21% |
| Exporting advice from a Small Business Development Center | 19% | 10% |
| Exporting assistance offered by my state government | 16% | 9% |
| U.S. Commercial Service personnel assigned to U.S. embassies abroad | 13% | 8% |
| Trade Missions | 11% | 9% |
| U.S. Department of Commerce Gold Key Program | 9% | 9% |
| Exporting advice from an SBA District Office | 8% | 7% |
| A U.S. Export Assistance Centers (USEAC) in a major U.S. city | 7% | 7% |
| Export-Import (Ex-Im) Bank financing, through a commercial bank | 6% | 5% |
| SBA export lending programs, through a commercial bank | 5% | 4% |
| The District Export Council (DEC) in my area | 3% | 4% |
| I have used these services but still have not exported | 3% | 4% |
| U.S. Department of Agriculture exporting assistance and/or financing | 2% | 1% |
| Bidding on foreign projects funded by multilateral organizations/banks | 2% | 2% |
| Ex-Im Bank's Medium Term Delegated Authority loans | 1% | 1% |
| Overseas Private Investment Corporation (OPIC) financing, directly or through a commercial lender | 1% | 2% |
| Other | 4% | 7% |
| N/A – Never used any of these services | 55% | 59% |

What types of federal government support for exporting would be most useful to you and your company as an exporter or as a potential exporter? (Check all that apply)

| | |
|--|-----|
| Establish export tax incentives for small exporters | 47% |
| Make more export training and technical assistance readily available to small-business exporters | 43% |
| Maintain an export competitive U.S. dollar exchange rate | 39% |
| Consolidate various exporting assistance offerings from different federal agencies (create a one-stop shop) | 38% |
| Have a strong small business advocate within the U.S. Trade Representative Office, which handles trade negotiations with other countries | 31% |
| Assist with required in-country documentation | 30% |
| Help exporters with the protection of their intellectual property | 29% |
| Make sure foreign countries don't violate their trade agreements with the U.S. | 29% |
| Increase assistance to small businesses seeking to establish joint ventures in foreign countries | 28% |
| Improved connection with customers | 26% |
| Helping states promote exports | 25% |
| Providing better market research | 23% |
| Have loan officers available around the country who can underwrite SBA and Ex-Im Bank export loans | 21% |
| Offering more domestic trade shows where buyers come to U.S. | 16% |
| Negotiate and pass additional Free Trade Agreements | 16% |
| Reduce fees on “Gold Key” services overseas, to help U.S. sellers find foreign buyers and distributors | 15% |
| Expedite the visa process for visiting foreign buyers and distributors of U.S. products | 14% |
| Pass the TPP Agreement | 13% |
| Modify the Export Control laws | 11% |
| Other | 14% |

METHODOLOGY

The 2016 Small Business Exporting Survey was conducted on-line Feb. 22 – March 14, 2016 among 530 small-business owners, both members and nonmembers of NSBA and SBEA, representing every industry in every state in the nation.



SMALL BUSINESS EXPORTING SURVEY

2016



IN PARTNERSHIP WITH

