

**United States Senate**  
**Committee on Commerce, Science, and Transportation**  
**Tourism, Trade, and Export Promotion Subcommittee**  
**Subcommittee Hearing: “Enabling Rural Businesses to Grow at Home While Competing  
Abroad”**  
**Testimony of Reed C. Westcott**  
**July 30, 2024**



***SBEA***<sup>™</sup>

**THE SMALL BUSINESS EXPORTERS ASSOCIATION OF THE UNITED STATES**  
*America's Premier Association for Small and Mid-Sized Exporters™*

Testimony of Reed C. Westcott  
On Behalf of the National Small Business Association

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Chair Rosen, Ranking Member Budd, Members of the Committee, thank you for holding today’s hearing on the experience of small and rural exporters, and for your ongoing commitment to pursuing policies which ensure these businesses can compete and thrive in the modern global marketplace.

My name is Reed Westcott, and I am the Senior Director of Government Affairs and Federal Policy for the National Small Business Association (NSBA), as well as Executive Director of the Small Business Exporters Association (SBEA), which is a council of NSBA.

Founded in 1937, NSBA is the oldest non-profit association representing small businesses, including small exporters. NSBA’s founding predates not only other private sector advocates, but also the establishment of many of our public-sector colleagues and partners, including the Small Business Administration (SBA), the United States Trade Representative (USTR), and several of the arms of the United States Department of Commerce (Commerce). Our association comprises more than 65,000 members which operate in virtually every Congressional District across the country and U.S. territories.

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At NSBA, we believe strongly in the role of American small and mid-sized export (SME) businesses in the international marketplace. These companies contribute significantly to the U.S. economy by expanding the reach of American products and services to global markets, increasing their own sales and revenue while also supporting the economic growth of the nation.

In addition to their broader economic contributions, small business exporters play a vital role in their local communities. They often source materials locally, support regional supply chains, and contribute to the development of ancillary industries. By engaging in international trade, these businesses bring innovative and diverse cultural and business practices back to their communities, fostering innovation and broadening local perspectives. As we at NSBA have seen time and time again, the success of small business exporters can transform local economies by increasing incomes, stimulating local investment, and promoting regional development.

According to estimates from the SBA, over 1.3 million small businesses are exporters, representing 97 percent of all U.S. businesses that export. These small businesses are directly responsible for over one-third of all U.S. exports, and believed to be indirectly responsible for even more. That amounts to \$542 billion in known exports from small businesses alone.<sup>1</sup>

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<sup>1</sup> Radwanski, Amanda. "Issue Brief: What Do We Know About Small Businesses that Export?" United States Small Business Administration Office of Advocacy. <https://advocacy.sba.gov/wp-content/uploads/2024/03/Issue-Brief-No.-19-Small-Business-Exports.pdf>.

Small businesses also represent approximately 85 percent of all businesses in rural areas, and provide more than half of all rural jobs.<sup>2</sup> Small businesses are a central thread weaving the fabric of smalltown American Main Streets from Nevada to North Carolina, and from Michigan to Alabama.

One example is a company called Air Tractor, which manufactures aircraft for agricultural use in Olney, Texas. Olney is a town of around 3,000 people, and Air Tractor provides 400 high-quality jobs in this rural area that are largely dependent on international sales. David Ickert, their recently-retired longtime Chief Financial Officer (CFO) put it to me recently:

“I would certainly tout the advantages of exporting. The advantage can be summed up in one word: JOBS! As Air Tractor exports have grown over the years, so have the jobs in Olney, Texas. The process is not fast but it pays huge dividends. When we became more involved in trying to do exports, our international sales were approximately 10% of total sales. That percentage has now grown to 60%. Jobs at Air Tractor over this period (beginning in 1985) have increased from 100 to 400. There are certainly impediments for rural small businesses to do exports, but if one is persistent and seeks help the payoff is big.”

Importantly, this excitement over the potential benefits of exporting is not simply limited to anecdotal evidence but is also borne out in the data. In 2022, NSBA conducted a survey in partnership with the Export-Import Bank of the United States (EXIM), which showed that more

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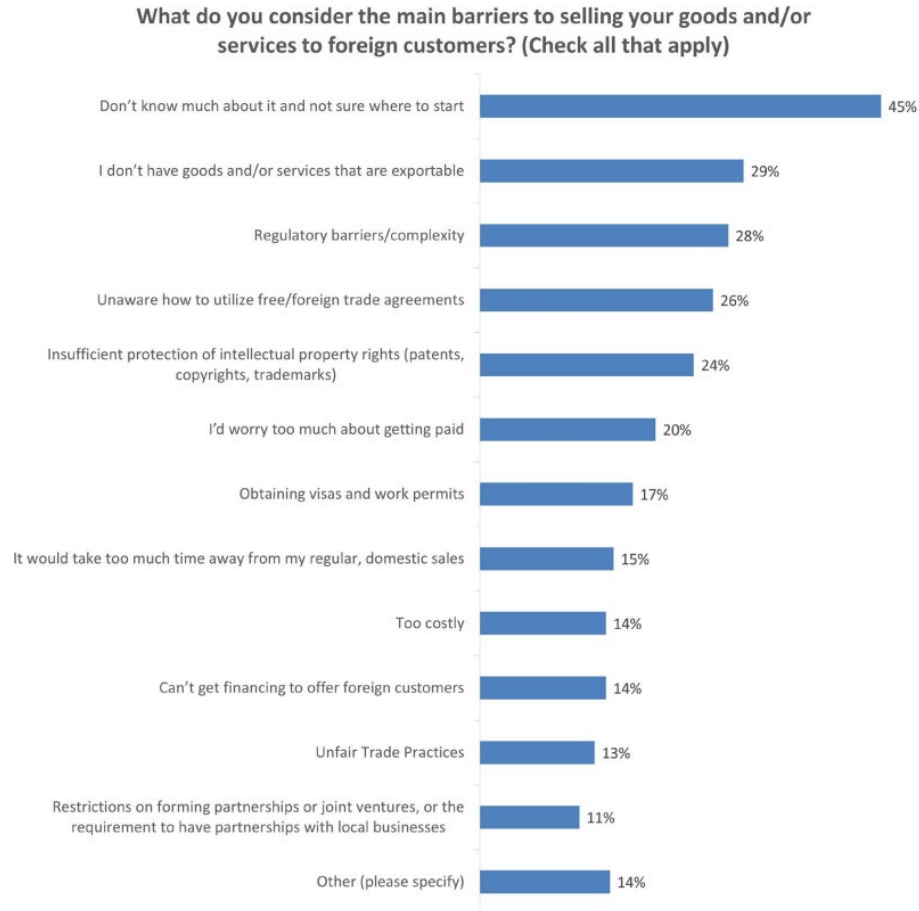
<sup>2</sup> Wilmoth, Daniel. “Small Business Facts: Small Businesses in Rural Areas.” United States Small Business Administration Office of Advocacy. <https://advocacy.sba.gov/wp-content/uploads/2023/08/Fact-Sheet-Small-Business-in-Rural-Areas-508c.pdf>.

than half of currently non-exporting SME firms would be interesting in selling goods and/or services to foreign customers if their concerns over barriers to entry could be addressed.<sup>3</sup>

Exporters, and especially small exporters, face unique challenges when compared to their purely domestic counterparts. Small exporters must navigate an intricate and complex web of customs, legal, and other requirements that can vary significantly from country to country; are inherently disadvantaged when it comes to the scale and capital that is typically required to service foreign markets; frequently struggle to find appropriate and effective financing mechanisms for their specific business models; and in general lack access to relevant information and resources, among countless other barriers.

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<sup>3</sup> National Small Business Association. “2022 Small Business Exporting Survey: How Small Firms Do Business Globally.” [https://www.nsba.biz/files/ugd/601769\\_a4889edf202049b1bd3cd1584f87b754.pdf](https://www.nsba.biz/files/ugd/601769_a4889edf202049b1bd3cd1584f87b754.pdf).



*-Figure 1-*

According to the aforementioned research conducted by NSBA, 45 percent of non-exporting small businesses surveyed cite a lack of information and understanding of where to begin as a primary barrier to selling goods and services internationally—making it far and away the number one obstacle studied (see Figure 1). In speaking with my members, I frequently hear stories about difficulties small business owners encounter in accessing the wealth of resources EXIM and others provide. For those that were able to access resources, there have also been concerns over the quality of information provided, with some of my members expressing frustration at the often limited understanding of export issues that small business mentors or even staff at their local Small Business Development Center (SBDC) possess.

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There is a valuable opportunity here for the federal government to increase its outreach to SMEs by highlighting the resources available through the International Trade Administration's Rural Export Centers, possibly by utilizing existing community-based help centers, such as SBDCs.

Interagency partnerships are also an ideal starting point to increase the distribution of information and uptake of resources by rural entrepreneurs. A great example of this is S.4764, the bipartisan *Coordinated Support for Rural Small Businesses Act*, introduced by Senators Shaheen (D-NH) and Kennedy (R-LA) late last week. This bill elevates the significance of the Office of Rural Affairs at SBA by creating an Assistant Administrator position to oversee the Office's work, and codifies the memorandum of understanding (MOU) signed by SBA and the United States Department of Agriculture (USDA) in 2023. That MOU helps ensure that entrepreneurs who have greater familiarity with—or rely more heavily on—one agency over another are made aware of, and able to access, the resources provided by both. Especially in rural areas, where the varying market penetration of different federal agencies can create information gaps, this goes a long way to reaching both budding and established business owners.

Moreover, strengthening the Office of Rural Affairs would give the federal government a robust tool to better match both new and existing federal programs and initiatives with rural entrepreneurs. The Congressional Research Service noted recently that while the Office of Rural Affairs was initially established by act of Congress in 1990, it, "...appears to have been

mostly dormant since.”<sup>4</sup> This underutilized office has the capacity to become “air traffic control” for federal small business resources in rural areas, serving as a vital central hub for the dizzying array of programs available to rural businesses.

There are also significant hurdles for small exporters when it comes to navigating complex trade regimes, which often impose a heavy administrative and financial burden. The intricacies of international trade laws, varying standards and regulations across different countries, and the need to comply with multiple sets of rules can be overwhelming for small businesses with limited resources. Tariff barriers, customs procedures, and the constant threat of regulatory changes add layers of complexity that can deter small businesses from entering or expanding in global markets. Addressing these challenges through streamlined regulations, clear guidelines, and supportive financial programs is essential to unlocking the full potential of small business exporters and ensuring their contribution to the economy remains robust and dynamic.

To take a first step towards tackling these issues, it is imperative that we work towards the harmonization of trade rules. Harmonization would involve standardizing regulations and procedures across different countries, making it easier for small businesses to engage in international trade. These standardized rules would reduce the complexity of compliance with differing regulatory regimes, making it easier for small exporters to understand—and meet—international requirements. SMEs lack the resources to comply with complex trade regulations—costs which can include legal counsel, certification processes, and modifications to existing products to meet foreign standards, just to name a few—a burden borne far more easily by their

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<sup>4</sup> Congressional Research Service. “In Focus: SBA’s Rural Activities.”  
<https://crsreports.congress.gov/product/pdf/IF/IF12639>.



large counterparts. By minimizing the need for multiple certifications and adjustments to meet varied standards, an effective harmonization regime can significantly lower compliance costs for small businesses, effectively democratizing the export space for all businesses who wish to participate. The promulgation of clearer and more predictable rules would further allow small business exporters to better compete on a level playing field with larger companies, thus enabling them to expand their market reach, grow their business, and reinvest in the communities they serve back home. Finally, harmonized trade rules would foster stronger trade relationships between countries, as businesses would have greater confidence in the consistency and fairness of international trade practices.

Looking beyond harmonization, small businesses would also greatly benefit from trade deals that establish clear “rules of the road.” These rules should be:

1. Transparent and accessible, offering clear guidelines on regulatory requirements, tariffs, and procedures;
2. Consistent and predictable so as to help businesses plan their operations and investments;
3. Should include provisions for support mechanisms such as training, resources, and assistance programs; and establish effective and efficient dispute resolution mechanisms to address any issues that arise and ensure fair treatment of small businesses.

Additionally, as previously mentioned, securing the necessary financing to support export activities is frequently a challenge. For example, several NSBA members have cited access to capital as a primary barrier, particularly in the context of traditional lending institutions who may

view SMEs as higher-risk ventures. Even for small companies who have secured guaranteed EXIM financing for their products, it can be a challenge to find downstream institutional buyers for those guaranteed loans. It is vitally important that as Congress examines potential legislation governing financial institutions, markets, and products, lawmakers consider the impacts of financial regulation on small companies' ability to access the capital they need.

In conclusion, while small and rural exporters face numerous challenges in entering global markets, we believe that by streamlining the distribution of information on existing federal resources, simplifying and harmonizing trade rules, and protecting access to capital, the federal government can ensure these companies thrive. On behalf of NSBA and SBEA, I'd like to reiterate the small business community's thanks to the Committee for its attention to these issues, and I look forward to answering your questions.