

UNITED STATES
SMALL BUSINESS ADMINISTRATION

The Office of International Trade

Fiscal Year 2020 Annual Report to
Congress

As required by Section 22(f) of the Small Business Act

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Overview

Section 22(f) of the Small Business Act directs the U.S. Small Business Administration (SBA) Associate Administrator of the Office of International Trade (OIT) to submit an annual report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives. As required by the statute, this report contains the following information:

1. A description of OIT's progress in implementing the requirements of Section 22 of the Small Business Act;
2. A detailed account of the results of export growth activities of the SBA, including the activities of each district and regional office of the SBA, based on the performance measures described in Section 22(i);
3. An estimate of the total number of jobs created or retained as a result of export assistance provided by the SBA and resource partners of the SBA;
4. An account of any travel by OIT staff, including the destination of such travel and the benefits to the SBA and to small business concerns resulting from such travel; and
5. A description of the participation by OIT in trade negotiations.

Small Business Context

Nearly 95 percent of consumers and more than two-thirds of the world's purchasing power reside outside the United States. Small businesses selling into international markets have the potential to grow revenues, diversify customer bases, and increase profits. Exporting companies are generally more financially stable, able to expand faster, and create American jobs with higher wages. In fact, exporting companies pay an average of 18 percent higher wages than firms that do not export.¹

In the United States, small businesses comprise 97 percent of U.S. exporters and account for 40 percent of total U.S. export value.² U.S. small businesses are critical to U.S. export growth and are key suppliers in global and regional supply chains. Yet, many small businesses face challenges selling in international markets and do not feel prepared to take on such challenges. The 2016 Small Business Exporting Survey found that nearly half of the non-exporting firms surveyed would be interested in exporting if their concerns are addressed.³ Top challenges and barriers include lack of export knowledge, concerns with receiving payment, and regulatory barriers and complexity. For more than

¹ "Do Jobs in Export Industries Still Pay More? And Why?" July 2010. Department of Commerce International Trade Administration.

² "Contributions of Small Business Indirect Exports to U.S. International Trade." 2020. Office of Advocacy – U.S. Small Business Administration.

³ www.nsba.biz/wp-content/uploads/2016/04/Export-Survey-2016-Final.pdf

one-third of surveyed small business exporters, finding financing for their exporting operations is more difficult than for traditional business operations.

To address these challenges, the SBA provides export training, promotes international sales opportunities, guarantees international trade loans, and helps ensure that trade agreements afford small businesses equal access to international markets. The Agency, in cooperation with the U.S. Department of Commerce and other relevant state and federal agencies, works to ensure that small businesses receive greater access to federal and state export programs and services. Together with the Office of the U.S. Trade Representative (USTR), other federal trade agencies, and the Trade Policy Staff Committee (TPSC), the SBA participates in U.S. trade policy formation and negotiations to ensure that small business interests are adequately represented in bilateral and multilateral trade negotiations.

SBA's Progress

Throughout 2020, the SBA increased small business exports and leveled the playing field for American entrepreneurs seeking to enter foreign markets through its State Trade Expansion Program (STEP), international trade finance programs, export training and counseling services, and participation in bilateral and multilateral trade negotiations. In Fiscal Year (FY) 2020, the SBA supported \$794 million in small business export sales through its STEP Program, which helped 3,200 small businesses participate in more export promotion activities, such as international trade shows and trade missions. Similarly, the SBA supported small business export sales worth \$2.54 billion through its international trade finance programs, the highest level to date. The Agency also trained 4,136 lenders and counseled 3,078 small businesses. To further knowledge of export development, the SBA facilitated training for Small Business Development Center (SBDC) counselors and worked with the America's Small Business Development Center's (ASBDC) International Interest Section to hold an international trade track for the 2020 annual conference. The SBA continued to represent small business interests in trade discussions and negotiations, including the U.S.-Mexico-Canada Agreement. Due to the COVID-19 pandemic, the SBA is monitoring and identifying ways to help existing small businesses expand and new small businesses enter international markets given recent economic contractions.

In accordance with SBA's Strategic Plan (2018-2022), four strategies guide the Office of International Trade; the progress toward each is summarized below.

Strategy 1: Strengthen partnerships with state and territorial governments

Expanding the base of small business exporters and clarifying the process for exporters is crucial to increasing export sales. The SBA partners with states and territories through its **State Trade Expansion Program (STEP)** to support small business export development, including participation in trade missions and foreign market sales trips, export trade shows, international marketing efforts, and export training. In addition to administering STEP, the SBA plays an important role in networking export resources.

The SBA's District International Trade Officers (DITO), Export Finance Specialists assigned to U.S. Export Assistance Centers (USEACs), and local STEP administrators are key participants and drivers of local export promotion ecosystems.

The SBA administered STEP grants to support customized export development that increased the number of small business exporters and the value of small business exports in individual states and territories. The SBA awarded 48 new grants in FY2020, and also administered two sets of STEP grants from prior years – 41 from FY2019 and 47 from FY2018. The CARES Act extended FY2018 STEP grants for an additional year through September 2021, which requires that the SBA manage three fiscal years of active grants concurrently. Each grant supports customized export development with a goal to increase the number of small business exporters and the value of small business exports in individual states and territories. In FY2020, the SBA supported \$794 million in export sales from STEP as well as 21,578 jobs.

The SBA also made program improvements that became effective October 1, 2019. These improvements reduced the reporting burden on grant recipients, ensured that small businesses that use the program have information and access to all SBA export programs, and increased the use of STEP funds. The SBA also issued the Notice of Funding Opportunity three months earlier than in years past, and the SBA provided state grantees with three additional months to prepare their applications, which became essential during the COVID-19 pandemic.

Strategy 2: Provide tailored training and counseling to small businesses and lenders

Access to trade finance for small businesses remains one of the critical needs for small businesses hoping to succeed in global markets. According to a 2016 Small Business Exporters Association survey, 24 percent of the respondents were concerned with how they would obtain payment for export sales, while 35 percent said it was more difficult to obtain trade financing than conventional business financing.⁴ The SBA fills a market gap where the private sector is unwilling or unable to support certain export transactions because of greater real or perceived risk. While the 7(a) and 504 Loan programs are both used to support small business exporters, the SBA has three core 7(a) international trade finance programs that support the development of small business exporters: the **Export Express Loan Program**, the **Export Working Capital Program**, and the **International Trade Loan Program**. Without access to these international trade finance programs, many small businesses might have been unable to start exporting, compete for international buyers, fulfill export orders, or retool operations to sell into new international markets.

Through its network of Export Finance Specialists (EFS) assigned to USEACs, the SBA's DITOs, and SBDCs, the Agency provides training and consultation services on trade and export financing programs to both lenders and small businesses. The SBA works closely with the ASBDC to provide training and certification on international trade to SBDC counselors throughout the nationwide network so that they are better prepared

⁴ www.nsba.biz/wp-content/uploads/2016/04/Export-Survey-2016-Final.pdf

to provide international trade counseling to their clients and connect them to SBA programs and services.

In FY2020:

Export Express: 29 participating lenders made 37 Export Express loans totaling \$11.2 million, resulting in over \$89 million in export sales. 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 that can use the funds for a wide range of export development activities. For example, small businesses use these loans to participate in overseas trade shows and develop and enter new markets. With a 90 percent guaranty on loan amounts up to \$350,000, and a 75 percent guaranty on loan amounts over \$350,000 and up to \$500,000, the program offers lenders enhanced coverage in support of small business exporters.

Export Working Capital Program: 56 participating lenders guaranteed 138 Export Working Capital Program loans totaling \$272 million, which led to over \$1.8 billion in export sales. The Export Working Capital Program provides the necessary financing to support exporters' transactions, from purchase orders to final payment, with a \$5 million maximum loan amount and 90 percent guaranty. The SBA continues to train new and existing lenders on this export loan product.

International Trade Loan Program: The SBA guaranteed 168 international trade loans made to small businesses from 69 participating lenders totaling \$317 million, supporting over \$631 million in export sales. The International Trade Loan Program provides loans up to \$5 million and offers a 90 percent guaranty. These loans provide financing to allow successful export businesses to expand their production capacity, including those businesses that want to bring back overseas production, as well as companies that have been adversely impacted by imports.

Strategy 3: Support trade promotion policy through federal partnerships

The SBA advocates on behalf of small businesses in education and outreach, economic diplomacy, and trade policy engagement. Through the Trade Promotion Coordinating Committee (TPCC), the SBA supports a unifying export promotion framework with other agencies, including the U.S. Department of Commerce (DOC), U.S. International Development Finance Corporation (DFC), U.S. Trade and Development Agency, U.S. Department of Agriculture, Export-Import Bank of the United States (EXIM), and the U.S. Department of State.

The SBA chaired the TPCC Small Business Working Group and cooperated with the TPCC Secretariat to ensure effective communication and to promote inter-agency collaboration on outreach that provided small businesses with information and resources to begin exporting, expand into new foreign markets, and finance their export sales. The SBA worked closely with its inter-agency counterparts to develop an inventory of programs available to small business exporters. Created as a tool to facilitate

collaboration, the inventory provides information on the respective priorities and metrics of the agencies delivering the programs.

In FY2020, the SBA monitored compliance with Section 22(i)(3) of the Small Business Act requiring a minimum number of SBDC small business counselors be certified to provide export assistance to small business concerns. In October 2020, SBA's Office of Small Business Development Centers (OSBDC) advised that 60 of 62 SBDC networks met or exceeded counselor certification requirements with a total of 420 counselors certified. The two networks that did not meet the requirements were one counselor short. SBA OIT works closely with the ASBDC International Interest Section to provide training (including 17 international trade workshops at the ASBDC Annual Conference) and facilitates networking to support maintaining certification requirements and strengthening international counseling expertise.

In FY2020, the SBA worked closely with the State International Development Organizations (SIDO) and their members to provide timely information related to developments and requirements for STEP. The Agency participated in SIDO conferences and maintained active and open communication channels with SIDO leadership.

Strategy 4: Represent small business interests in bilateral and multilateral trade negotiations

The SBA participates in the TPSC, which develops interagency consensus on trade policy. The SBA helps ensure that small business interests are adequately represented in bilateral and multilateral trade agreement negotiations and commitments. Small businesses rely on trade agreement commitments in all matters of foreign customs procedures, requirements, standards, and intellectual property protection.

In FY2020, SBA subject matter experts represented small business interests in TPSC preparations and bilateral meetings in preparation for potential free trade agreements with the United Kingdom and Kenya. The Agency participated in public comment hearings and reviewed submissions to inform U.S. negotiating positions and provisions in several chapters in potential agreements, including but not limited to chapters dedicated to Small and Medium Enterprises (SME). The SBA also participated in the U.S.-Kenya SME Dialogue and organized two technical exchanges in bilateral meetings with Kenyan government counterparts.

To enable U.S. small businesses to leverage the U.S.-Mexico-Canada Agreement's entry into force in July 2020, the SBA launched a new web portal to assist exporters, www.sba.gov/tradetools. The SBA conducted extensive outreach to small businesses to raise awareness of the agreement and benefits to traders.

To fulfill its statutory mandate to enhance the ability of small businesses to effectively compete, the SBA assisted small businesses in navigating the regulatory framework applicable to imports, a particularly important service in light of trade disruptions caused by the COVID-19 pandemic. In addition, SBA's trade specialists served on several

section 301 investigation committees led by the USTR in order to understand, articulate, and address small business concerns regarding changes in trade conditions related to intellectual property rights violations by the People's Republic of China, large civil aircraft subsidies by the European Union, and foreign digital sales taxes. The SBA also counseled numerous small business manufacturers on trade finance loan guarantees, intellectual property protection, and trade enforcement actions.

The SBA also continued to support U.S. small businesses through the International Trade Inquiry Service, which responds to small businesses encountering customs transaction problems, trade enforcement questions, and other regulatory challenges. The SBA championed small business interests through activities to improve trade facilitation and engaged foreign government officials on methods to reduce burdens.

Section I. Description of OIT's Progress Implementing the Requirements of Section 22 of the Small Business Act.

This section contains an update of changes to SBA's international trade lending programs, an update on OIT's Lender Roundtables, updates on the STEP, updates on the SBDC counselor training and certification, an update on interagency cooperation, and updates on staffing requirements.

Changes to International Trade Lending Programs

There were a number of substantive changes to OIT's financing programs during FY2020.

SOP 50 10 6, effective October 1, 2020, contains a number of improvements to related to SBA's international trade lending programs. For example, guidance on SBA's three export finance programs is now consolidated within a single "Export Trade Finance" chapter. Each program contains new features. For the Export Working Capital Program (EWCP), SBA is no longer using EXIM Bank/SBA Joint Form 84-1. Instead, EWCP loan applications are now being processed using revised SBA Forms 1919 and 1920, which are used for all other 7(a) loans. International Trade Loans (ITLs), may be used to finance 100% changes of ownership, under certain conditions, where the applicant acquires from the seller facilities or equipment to be used in the United States in the production of goods or services involved in international trade and to develop and penetrate foreign markets. Export Express Loans may be used to finance 100% changes of ownership, under certain conditions, where the applicant acquires from the seller real estate, a production facility or equipment to be used in the United States in the production of goods or services for export. Additionally, SBA removed the longstanding policy restriction on Export Express eligibility that prevented small business exporters with overseas operations, facilities or offices, aside from those strictly associated with marketing and distribution, from obtaining an Export Express loan.

In addition, a major improvement to the EWCP took effect with the announcement of a new upfront guaranty fee structure for FY2021. On September 22, 2020, SBA issued Information Notice 5000-20048 that provides for reduced upfront guaranty fees for FY2021 for EWCP loans with maturities over 12 months. The SBA expects the new fee structure will promote additional EWCP lending, resulting in a significant increase in export working capital financing flowing to U.S. small business exporters. The new fee structure includes a continuation of the low 0.25% fee for EWCP loans with a maturity of 12 months or less, a slightly higher but reduced 0.525% SBA Guaranty Fee for EWCP loans with a maturity between 13 and 24 months, and a 0.80% SBA Guaranty Fee for EWCP loans with a 25-36-month maturity (the maximum term).

As required by the Section 7(a)(16)(F) of the Small Business Act, OIT published the annual list of participating export finance lenders on SBA's website at <https://www.sba.gov/document/report--participating-export-lenders>.

Lenders Roundtable

Since 2008, OIT has hosted an annual Export Lenders Roundtable in conjunction with the EXIM Annual Conference. However, due to COVID-19, the Export Lenders Roundtable event did not take place in 2020. OIT plans to host one or more Lender Roundtables in 2021. The OIT Export Lenders' Roundtable is a venue where decision-makers from participating lenders throughout the country can learn about SBA's international trade finance programs, receive updates on the programs, meet other lenders serving small business exporters, and get their questions answered.

State Trade Expansion Program

The Trade Facilitation and Trade Enforcement Act of 2015 (Public Law 114-125), signed into law on February 24, 2016, made the STEP a permanent provision of the Small Business Act to make grants to States, and the equivalent thereof, to carry out projects that help develop exports by Eligible Small Business Concerns (ESBCs).

Key Performance Measures of STEP are:

- To increase the number of ESBCs in the State that export;
- To increase the value of exports by ESBCs in the State; and
- To increase the number of ESBCs exploring significant new trade opportunities.

STEP activities are managed and provided at the local level by state government organizations. The program is managed at the national level by SBA's OIT. During the first nine years of the program, \$176,224,587 of total Federal funding was provided through STEP.

Under the statute, the 50 states, District of Columbia, Commonwealth of Puerto Rico, Virgin Islands, Guam, Commonwealth of the Northern Mariana Islands, and American Samoa, were eligible to compete for awards. By law, the ratio of Federal to state matching funds was 75% to 25%, except for high exporting states, for which the ratio was 65% to 35%, and territorial possessions of the Virgin Islands, Guam, Commonwealth of the Northern Mariana Islands, and American Samoa, for which matching funds requirements were waived. The states that are considered high exporting are the top three states by export sales based on Census data. For FY2020, the top three performing states by sales were Michigan, Texas, and New Jersey.

The total amount appropriated in FY2020 for STEP was \$19,000,000, which was awarded to 48 states and territories.

Section 22(1) of the Small Business Act requires the publication of an Annual Report on SBA's website (and notice to Congress of the publication) including the number and amounts of grants, list of states with activities, and effect of grants on small business exports by the State. The reports for FY2014 (Year 3), FY2015 (Year 4) and FY2016 (Year 5) and FY2017 (Year 6) are complete and are available at <https://www.sba.gov/document/support--state-trade-expansion-program-step-annual-report>. For FY2011 (Year 1) and 2012 (Year 2), the SBA did not produce reports because there was no aggregated data to report. The annual report for FY2018 (Year 7) will be sent to Congress in early FY2021⁵ and then published on the SBA website.

⁵ STEP has a two-year performance period. The STEP Year 7 awards made in FY2018 had a performance period of FY2019-2020, ending September 30, 2020; however, the CARES Act extended the period of performance for STEP Year 7 awards through September 30, 2021.

SBDC Counselor Training and Certification

A key goal of the Small Business Jobs Act of 2010 (P.L. 111-240) was to improve the quality of international trade counseling and training received by businesses through the SBDC network. Section 22(i) of the Small Business Act calls for the certification of SBA resource partner counselors as export trade counselors.

In FY2020, the SBA monitored compliance Section 22(i)(3) of the Small Business Act requiring a minimum number of SBDC small business counselors be certified providing export assistance to small business concerns. This included administration of an online platform for Intermediate Level testing. In October 2020 SBA's Office of Small Business Development Centers (OSBDC) advised that 60 of 62 SBDC networks met or exceeded counselor certification requirements with a total of 420 counselors certified. The two networks that did not meet the requirements were one counselor short. SBA OIT and OSBDC will work with those two networks to bring them in compliance.

The SBA continued training SBDC export counselors to achieve or maintain expertise and certification in international trade. SBA works closely with America's Small Business Development Centers (ASBDC) and the Trade Promotion Coordinating Committee (TPCC) to provide training on international trade.

In collaboration with ASBDC, the TPCC Secretariat, and SBA's OSBDC, OIT coordinated international trade training at the 2020 ASBDC Conference. The 2020 international trade training program offered 17 individual workshops and the first ever International Trade plenary session. SBA's Associate Administrator for International Trade provided the plenary keynote. SBA organized workshops on SBDC- STEP Collaboration Best Practices and SBA Export Financing from a Lender's Perspective. The SBA also participated in a workshop on Women in International Trade and another featured an exporting pilot for SBA Emerging Leaders.

Interagency Cooperation

The SBA, through OIT, chairs the TPCC Small Business Working Group (SBWG). The Inter-agency TPCC SBWG, which includes representatives from 15 agencies with international trade responsibilities, coordinates to share information and plan joint activities for small business export promotion. The group was launched in November 2009.

The Goals of the TPCC SBWG are to:

- Increase the number of small business exporters;
- Expand the markets of current small business exporters; and
- Link, leverage, and align Federal, state, and local government and resource partner trade promotion programs and services.

SBA OIT works closely with the TPCC Secretariat at the Department of Commerce's (DOC's) International Trade Administration (ITA) to plan meetings and coordinate interagency dialogue.

In FY2020, in collaboration with EXIM Bank, DOC's ITA and Census Bureau, and together with the National Association of Manufacturers (NAM), SBA coordinated the annual celebration of Manufacturing Day. A webinar featuring successful small business exporters that had utilized Federal export promotion services attracted 758 registrants, with 309 participating live. All registrants received the recording and additional information on available programs and services.

The SBA worked with the U.S. Commercial Service (USCS) on a Joint Field Communique focused on intensifying strategic collaboration, maximizing sharing of client successes, and generating a systematic protocol of referrals between the USCS and SBA's OIT.

The SBA developed a CARES Act resource guide to share with the USCS to enable the service to effectively provide guidance to their clients negatively impacted by the coronavirus crisis.

Export Finance Specialist (EFS) Staffing Requirements

Under Section 22(k) of the Small Business Act, SBA is mandated to ensure there are no fewer than three EFSs in each of the ten SBA regions. As of the end of FY2020, SBA had 22 EFSs and three vacancies. Since the passage of the Small Business Jobs Act which included Section 22(k) of the Small Business Act, improvements and efficiencies have been accomplished within existing resources. As part of SBA's emphasis on providing direct support for small businesses, OIT reallocated existing positions between headquarters and the field to increase EFS positions from 21 to 25.

Additionally, in FY2020, the SBA continued to re-orient certain field staff in SBA's district offices to increase their outreach efforts and promote exports as required by Section 22 of the Small Business Act. Progress made in the first half of FY2020 was interrupted by the COVID-19 nationwide disaster and recovery response. OIT's EFSs collaborated closely with district offices, the Office of Disaster Assistance, and partners from other agencies to provide businesses and lenders with assistance. The debt relief provisions of the CARES Act enabled SBA to pay six months of principal, interest and fees associated with existing SBA export loans in regular servicing status as well as new SBA export loans disbursed prior to September 27, 2020 and was of great benefit to small business exporters and lenders. As a result, despite challenges posed by the pandemic, SBA continued to enhance the ability of small business exporters to succeed in global markets through loans, training, and export promotion in line with Section 22 of the Small Business Act.

Section II. Detailed account of results of export growth activities.

This section provides a detailed account of the results of export growth activities of SBA, including the activities of each district and regional office, based on the performance measures required by Section 22(j) of the Small Business Act. This report presents all information available.

- The section responds to the request for “the number of small business concerns that—(i) receive assistance from the Administration; (ii) had not exported goods or services before receiving the assistance described in clause (i); and (iii) export goods or services[.]” During FY2020, through the SBDC network, the Office of Entrepreneurial Development assisted 132 firms that met this criterion. During FY2020, 1,305 STEP grant recipients were small business concerns that had not exported goods or services before receiving assistance.
- This section responds to “the number of small business concerns that receive assistance from the Administration that export goods or services to a market outside the United States into which the small business concerns did not export before receiving assistance.” During FY2020, through STEP grants, 3,993 ESBCs received STEP assistance to export goods or services to a market into which the small business concern did not before receiving assistance.
- This section responds to the request for “export revenues by small business concerns assisted by programs of the Administration[.]” During FY2020, the export revenues self-reported by small business concerns assisted by SBA’s loan programs was \$2.95 billion. Export revenues self-reported by small business concerns supported by the SBA’s entrepreneurial development programs was \$3,306,605,707. For grants completed in FY2020, the export revenues self-reported by small business concerns assisted by STEP grants was \$794 million.
- This section responds to the request for “the number of small business concerns referred to the Department of Commerce, the Department of Agriculture, the Department of State, the Export-Import Bank of the United States, the Overseas Private Investment Corporation [now U.S. International Development Finance Corporation], or the United States Trade and Development Agency by the staff of the Office, an Export Assistance Center, or a small business development center.” During FY2020, there were 292 small business concerns referred to the other agencies by SBA.
- This section provides additional data reporting for FY2020.
 - The number of export loans made under the International Trade Loan program established under section 7(a)(16) of the Small Business Act was 168.

- The number of export loans made under the Export Working Capital Program established under section 7(a)(14) of the Small Business Act was 138.
- Of the 138 Export Working Capital Program loans, the number of export loans made under the Preferred Lenders Program, as defined in section 7(a)(2)(C)(iii) of the Small Business Act, was 79.
- The number of export loans made under the Export Express program established under section 7(a)(34) of the Small Business Act was 37.
- The SBA provided counseling to 3,078 small businesses on export finance.
- The SBA trained 4,136 lenders on SBA export loan guaranty programs.

Section III. Estimate of the total number of jobs created or retained as a result of export assistance.

This section responds to the request for “an estimate of the total number of jobs created or retained as a result of export assistance provided by the Administration and resource partners of the Administration.” There were 12,179 jobs created or retained as a result of export-related loans in FY2020. Job created numbers are self-reported by the borrower and appear in the SBA loan application form. A filter was applied to reduce outliers and jobs associated with cancelled loans. This information was obtained from SBA’s Office of Program, Performance, Analysis & Evaluation, which is in the Office of Performance Planning and Office of the Chief Financial Officer. In addition, jobs created or retained in FY2020 as a result of STEP grants was reported by grantees to total 21,577.

Section IV. Travel report for OIT staff for FY2020.

There was no international travel completed by OIT staff members during FY2020.

Section V. Description of participation by OIT in bilateral and multilateral trade negotiations.

OIT participates in the USTR-led USG interagency TPSC, which is responsible for developing interagency consensus on U.S. trade and investment policy and relies on approximately 90 subcommittees responsible for work in specialized functional topics, regions, and international organizations. Pursuant to Section 2(b)(1)(F) of the Small Business Act, OIT helps to ensure that small business interests are adequately represented in bilateral and multilateral trade agreement negotiations.

OIT participation in bilateral and multilateral trade negotiations in FY2020 included: 1) formal U.S. trade negotiations; 2) international advocacy; and 3) trade remedies (import relief) actions. American small business exporters rely on trade agreement commitments to obtain reasonable certainty in all matters of foreign customs procedures, requirements, standards, and intellectual property protection.

In FY2020, the SBA also continued to support U.S. small businesses through the International Trade Inquiry Service, which responds to small businesses encountering customs transaction problems, trade enforcement questions, and other regulatory challenges. The SBA championed small business interests through activities to improve trade facilitation and engaged foreign government officials on methods to reduce burdens.

U.S. Trade Negotiations:

OIT expanded its efforts to build awareness and use of free trade agreement opportunities by small business. In conjunction with the entry into force of the U.S.-Mexico-Canada Free Trade Agreement (USMCA), OIT increased resources on www.sba.gov/tradetools and also conducted significant outreach, working with other U.S. Federal agencies, to small business, including webinars. OIT also recorded a training for Small Business Development Center (SBDC) counselors on USMCA and recruited SBDC counselors to participate in a pilot to strengthen trilateral small business counseling networks.

SBA subject matter experts also represented small business interests in TPSC preparations and bilateral meetings in preparation for potential trade agreements with the United Kingdom, Kenya, and Brazil. In particular:

- **United Kingdom.** The SBA's negotiation team provided input on negotiating text and participated in four rounds of U.S.-UK Free Trade Agreement negotiations to ensure small business issues were adequately represented.
- **Kenya.** The SBA's negotiation team provided input on negotiating text and participated in one round of U.S.-Kenya Free Trade Agreement negotiations to ensure small business issues were adequately represented.

- **Brazil.** The SBA’s negotiation team provided input in preparatory consultations for a U.S.-Brazil trade protocol to ensure small business issues were adequately represented.

International Advocacy:

OIT seeks to pre-empt trade barriers before they arise through international advocacy for U.S. small business concerns.

First, SBA’s International Trade Inquiry Point is available at +1 (855) 722-4877 and international@sba.gov to connect small businesses to international trade-related answers, counseling, and resources at SBA and other U.S. Federal agencies.

Second, SBA leverages innovative bilateral consultations and international arrangements to help “shape” the international marketplace, so that U.S. small business exporters may capture new middle-class consumer consumption in strategic, high growth emerging markets and “bring home” new international sales. In FY2020, the SBA exchanged small business best practices with foreign trading partners on a wide range of small business policies.

- **Kenya.** The SBA arranged two U.S.-Kenya Small Business Technical Exchanges on fostering small business ecosystems working with USTR under the auspices of the U.S.-Kenya Trade and Investment Working Group and U.S.-Kenya FTA negotiations. The SBA partnered with America’s SBDC and SBDC International Trade Counselors from Howard University, George Mason University, Morgan State University and the University of Texas at San Antonio to share best practices with Kenyan officials. A second U.S.-Kenya Small Business Technical Exchange was held on SME Covid-19 Recovery strategies.
- **Cote d’Ivoire.** The SBA hosted a trade delegation of government officials and businesses from Cote d’Ivoire for a Prosper Africa Business Development Forum in Philadelphia, PA. A bilateral government dialogue with other U.S. Federal Partners was held on the margins of the matchmaking event to discuss policies that can increase bilateral small business trade.

Trade Actions and Assistance for American Small Business:

OIT similarly fulfilled its statutory mandate (Section 2(b)(1)(C) of the Small Business Act) to aid and assist small businesses by “enhancing their ability to compete effectively and efficiently against imports,” by participating in several Administration-led trade actions. SBA trade specialists served on several Section 301 investigation panels of USTR-led public hearings in order to understand, articulate, and address small business concerns regarding unfair trade practices by the European Union and digital services

taxes in France. The SBA counseled numerous small business manufacturers on trade finance loan guarantees, intellectual property protection, and trade actions.