

# Small Business Export Financing Solutions in the Global Economy

Expanding Export Market Opportunities for  
Small Businesses in Michigan

Saginaw Valley State University  
Wednesday, November 14, 2012

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The global economy is more integrated than ever... If we're going to grow, it's going to be because of exports.

President Barack Obama  
November 12, 2011



## Export Market Growth Potential

- Local and regional growth in the global economy is directly tied to exports.
- Export growth potential at national level
  - Less than 1% of U.S. companies currently export.
  - 58% of exporters only operate in 1 country.
  - Must take strategic steps to capture this huge potential.

## U.S. Export Market Growth

Country	Export Value, 2011	% Change from 2010
Canada	\$280.9 billion	13%
Mexico	\$198.4 billion	21%
China	\$103.9 billion	13%
Japan	\$65.7 billion	9%
UK	\$55.9 billion	15%

Source: TradeStats Express, U.S. International Trade Administration

# Export Market Growth Potential

- Where's Michigan?
  - State exports grew 37% in value in 2010
  - In top 10 for export growth, 2010
  - Ranked 5<sup>th</sup> in growth of merchandise exports in the first half of 2012
    - Increased by \$3.1 billion

## More About Michigan Exports, 2010

- Exported \$56.7 billion in goods and services
- In top 10 for both export **growth** and **value**
- 392,900 jobs supported by exports (also top 10)
- Constitutes 15% of the state GDP.

## Top 5 Markets for Michigan Exports

Country	Export Value, 2011	% of Total Exports
Canada	\$23.6 billion	42%
Mexico	\$8.9 billion	16%
China	\$2.7 billion	5%
Germany	\$1.8 billion	3%
Japan	\$1.3 billion	2%

Source: TradeStats Express, U.S. International Trade Administration



# Export Market Growth Potential

- MSU CCED collaborating with East Michigan Council of Governments (EMCOG) to develop regional export strategies to:
  - Identify assets
  - Align resources
  - Prioritize infrastructure investments
  - Identify/reduce barriers
  - Raise knowledge of export opportunities.

## Export Opportunity Background

- 11,210 Michigan businesses exported goods and services in 2009.
  - 91% of these businesses had fewer than 500 employees (definition of small-medium-sized enterprise).
  - These companies exported to more than 200 countries on 6 continents.
- MSU International Business Center 2011 survey of 2,900 Michigan businesses found:
  - 86% plan to expand exports by 1% in next 3 years,
  - 37% plan to expand exports by 10% in next 3 years.

## Small Business/SME Export Barriers

- 74% cited at least one financial barrier to exporting in 2011 MSU CCED survey of East Michigan and Eastern UP SMEs, including:
  - Insufficient working capital and labor resources,
  - Prohibitive administration costs, and
  - Excessive financial risk and cost to compete.

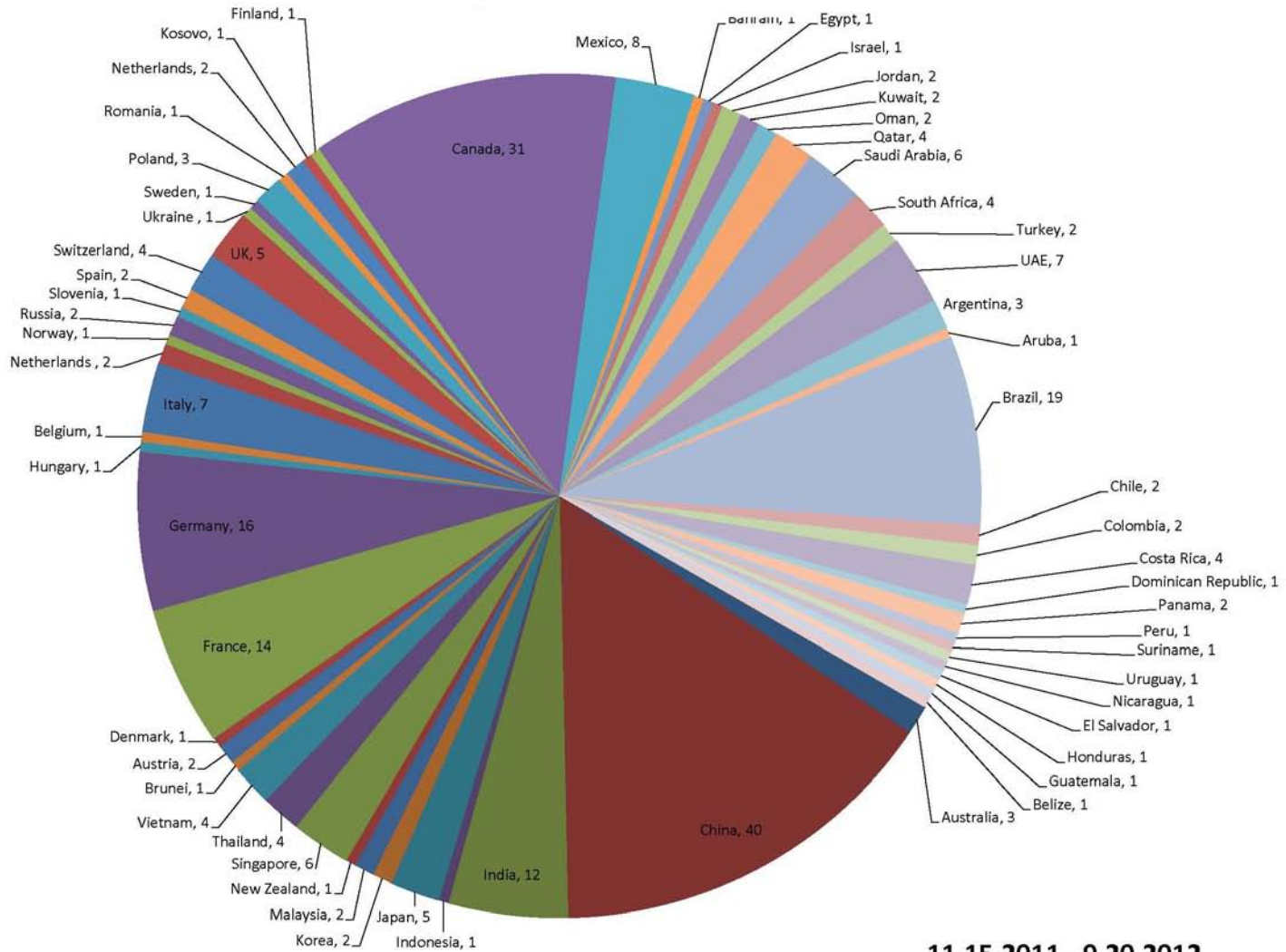
# Small Business/SME Export Opportunities

- Michigan Economic Development Corporation (MEDC) State Trade and Export Promotion (STEP) Program.
  - STEP provides direct reimbursement of 50% up to \$12,000 to qualified SMEs for export-related activities.
  - Helped Michigan companies increase exports by more than \$21 million in the second and third quarters of 2012.
  - Designed to increase:
    - Dollar value of exports,
    - Number of exporting businesses, and
    - Number of markets each business operates in.

## Small Business/SME Export Opportunities

- MEDC STEP program 2<sup>nd</sup> largest program in the U.S. in Year 2.
- In Year 1 (2012)
  - Over 130 companies completed grant process
  - Companies entered 62 new global markets.
- Opened office in Shanghai
  - Plan to open office in Toronto in 2013

### New Markets Entered 132 Companies in 62 Countries



11.15.2011 - 9.20.2012

# Federal Focus on Small Business/SME Export Opportunities

- 2010 National Export Initiative (NEI)
  - Announced by President Obama March 2010
  - Goal of doubling exports by 2014
  - Established an Export Promotion Cabinet
    - Developing programs designed to enhance export assistance to SMEs among its goals.
  - Emphasizes importance of strategic exporting.
  - Aligns federal agencies with export growth goal.

# Federal Focus on Small Business/SME Export Opportunities

- Recently Expanded SBA loan programs
  - Export Express
  - Export Working Capital Program (EWCP)
- Export-Import Bank Programs with New SME Focus
  - Loan Guarantees
  - Export Insurance
  - Working Capital Guarantee



# Thank you!

We want your feedback.

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