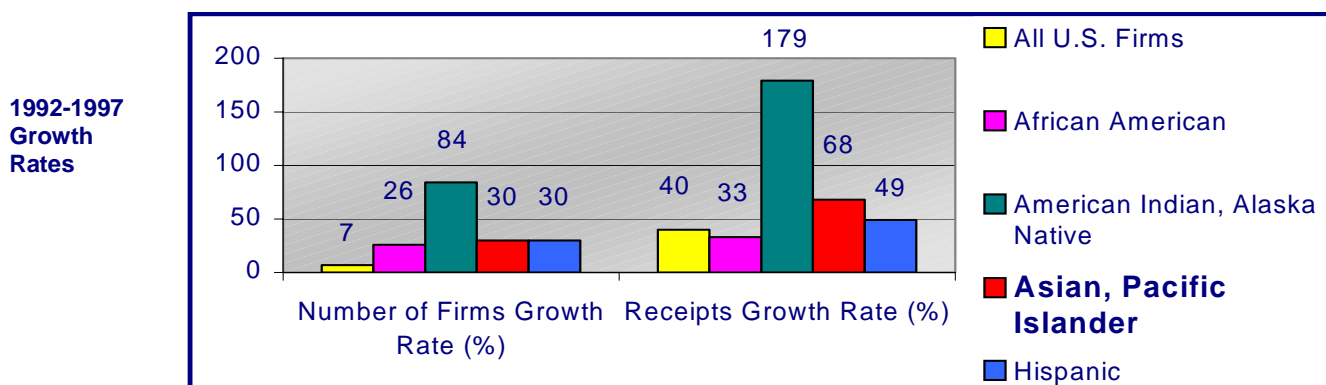


The State of Asian & Pacific Islander Business

On July 12, 2001, The U.S. Department of Commerce, through the Census Bureau and the Minority Business Development Agency, released the 1997 Survey of Minority Owned Business Enterprises (SMOBE) Report and MBDA's The State of Minority Business. MBDA's report noted (in brief):

High Growth Rates

Between 1992 and 1997 the number of Asian & Pacific Islander-owned businesses grew 30% and their gross receipts increased 68%. These growth rates compare favorably to the 7% and 40% rates respectively of all U.S. firms during that period.



Growth rates are the aggregate rate of growth for the five year period 1992 to 1997 for each group in accordance with methodology described in Census Bureau, *1997 Economic Census, Survey of Minority-Owned Business Enterprises*, pp 3-8.

Low Average Size

The average size of Asian & Pacific Islander-owned businesses is substantially lower than nonminority firms. Asian & Pacific Islander-owned firms averaged \$336,200 in sales and 2.2 employees per firm compared to \$1 million in sales and 99 employees for nonminority firms. [See below chart and Table 1]

1997 Asian & Pacific Islander Population and Business Shares of Total U.S. (percent)

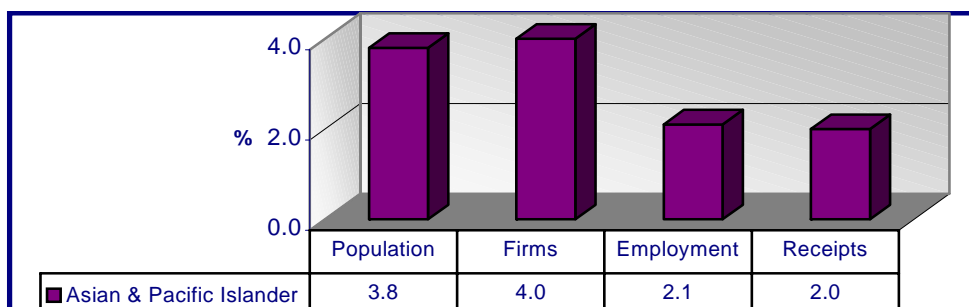


Table 1: 1997 Total Firms, Total Gross Receipts, Average Gross Receipts and Total Employees

| Group | Number of Firms | Gross Receipts | Average Gross Receipts | Employees (in millions) |
|-----------------------------------|-----------------|-----------------|------------------------|-------------------------|
| African American | 823,500 | \$71.2 billion | \$86,500 | 0.7 |
| American Indian and Alaska Native | 197,300 | \$34.3 billion | \$174,000 | 0.3 |
| Asian and Pacific Islander | 913,000 | \$306.9 billion | \$336,200 | 2.2 |
| Hispanic | 1,199,900 | \$186.3 billion | \$155,200 | 1.4 |
| All Minority | 3,039,000 | \$591.3 billion | \$194,600 | 4.5 |
| Nonminority | 17,782,900 | \$18.0 trillion | \$1,010,100 | 98.8 |
| All U.S. Firms | 20,821,900 | \$18.6 trillion | \$891,000 | 103.3 |

NOTE: Detail on this table does not add to total (All Minority and All U.S. Firms) because of duplication of some firms. A Hispanic firm may be of any race and, therefore, may be included in more than one minority group.

Prepared by Research and Innovation Team for Ronald N. Langston, National Director, MBDA. For full report, visit www.mbda.gov.
 Revised December 13, 2001

Lower Entrepreneurial Activity

Minority-owned business activity (measured by number of firms, receipts and employment) in the United States continues to be significantly smaller than minority representation of the Nation's population. [See Table 2]

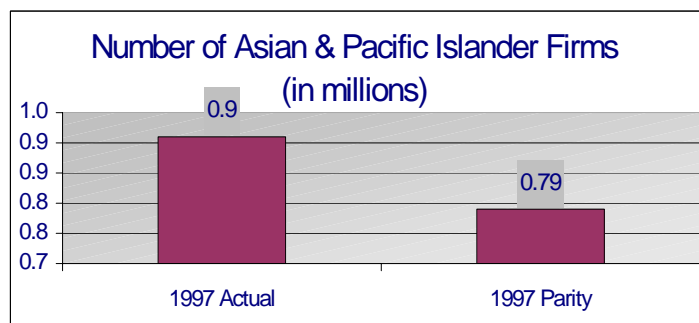
Table 2: Comparison of 1997 Demographic and Firm Characteristics Distributions

| Group | Percent of Total U.S. Population | Percent of Total U.S. Firms | Percent of Total U.S. Gross Receipts | Percent of Total U.S. Employees |
|-----------------------------------|----------------------------------|-----------------------------|--------------------------------------|---------------------------------|
| African American | 12.7 | 4.0 | 0.4 | 0.7 |
| American Indian and Alaska Native | 0.9 | 0.9 | 0.2 | 0.3 |
| Asian and Pacific Islander | 3.8 | 4.0 | 2.0 | 2.1 |
| Hispanic | 10.9 | 6.0 | 1.0 | 1.3 |
| All Minority | 27.3 | 14.6 | 3.2 | 4.4 |

NOTE: Detail on this table does not add to total (All Minority) because firms and individuals can be counted in multiple groups. A Hispanic firm may be of any race and, therefore, may be included in more than one minority group.

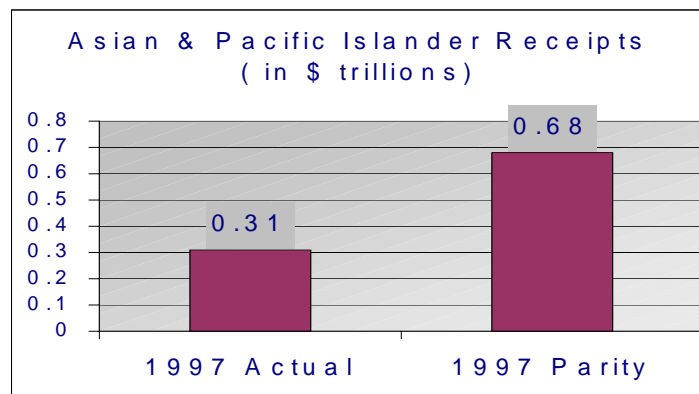
Achieving Entrepreneurial Parity – The Opportunity Gap

The state of Asian & Pacific Islander business in 1997 would look radically different if parity had been achieved. Parity is defined as reaching proportionality between the Asian & Pacific Islander population percentage and percentage share of Asian & Pacific Islander business development measures such as numbers of firms, gross receipts and employment.



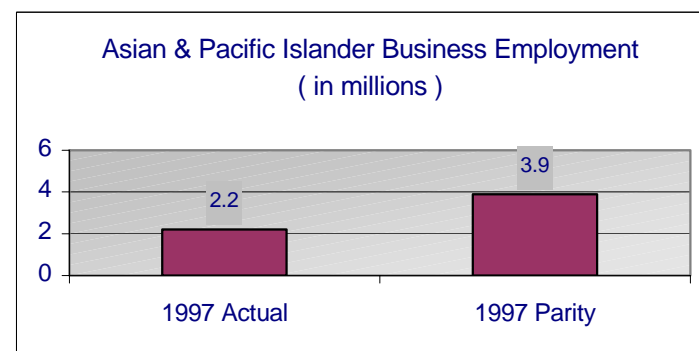
Number of Asian & Pacific Islander Firms, 1997 Actual and 1997 Parity

In this scenario, parity has been achieved in the number of Asian & Pacific Islander-owned businesses. If the number of firms were to reflect the Asian & Pacific Islander population share, there would have been 0.79 million firms, rather than the current 0.9 million firms.



Asian & Pacific Islander-owned Business Gross Receipts, 1997 Actual and 1997 Parity

Parity in Asian & Pacific Islander-owned business receipts would have doubled the actual number – from \$306.9 billion to \$684 billion.



Asian & Pacific Islander-owned Business Employment, 1997 Actual and 1997 Parity

Employment in Asian & Pacific Islander-owned firms would jump from 2.2 million to 3.9 million in the parity scenario.

