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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



INTERNATIONAL DIVISION

B-172255

JUN 22 1972

The Honorable Thomas S. Kleppe
Administrator, Small Business Administration

Dear Mr. Kleppe:

The enclosure to this letter summarizes our review of (1) the services needed to assist small businesses to export and (2) the Government's responsiveness to these needs.

We held discussions with officials of 48 small businesses, 10 export management companies (EMCs),¹ an EMC association, the Department of Commerce, the Small Business Administration (SBA), and the New York State Division of International Commerce. We interviewed SBA field office officials in Boston, Seattle, and San Francisco. We reviewed records at Commerce's Boston field office and SBA's Boston regional office. We also reviewed a number of studies on small business exports.

Although many small firms² manufacture products suitable for export, they do not do so, largely because they are unable to cope with export details and/or are unaware of overseas sales opportunities. Both Commerce and SBA have a number of programs designed to stimulate small firms' exporting, but these have had limited success. As of June 1972, 147 professional staff members, 67 of whom were international trade specialists, were assigned to Commerce's 42 field offices.

Commerce and GAO found that these specialists were repeatedly visiting certain companies but not reaching hard-core

¹EMCs handle a number of U.S. firms' foreign business, usually on a minimum-retainer-plus-commission basis. Their know-how and services particularly aid small companies not yet ready to set up their own export departments.

²SBA defines a small manufacturing firm according to the number of employees. Depending on the type of product produced, the maximum number of employees varies from 250 to 1,500.

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nonexporters. Officials of 21 of 22 firms visited by such specialists said that the visits resulted in no export action because the specialists did not provide the firms with personalized guidance in the various phases of the export cycle and/or with sales opportunities. (See pp. 9 to 10.)

Recognizing the need to better serve the small firm, Commerce recently revised its field office organization. Administrative and operational responsibilities formerly centralized in Washington have been divided among headquarters offices, six newly established regional offices, and existing field offices. The revised program emphasizes personal assistance to new-to-export, new-to-market firms¹ through field office professional staff, banks, EMCs, regional export expansion councils, chambers of commerce, and others. Specific goals have been established and monthly progress reports are required to be submitted to Washington. (See pp. 10 to 11.)

Because the revised program has been operating only a short time, we did not review its effectiveness. If properly implemented, however, it should increase field office capability to provide small firms with required personalized guidance in export details and should induce more such firms to enter into or expand export activities. (See pp. 10 to 11.)

In November 1967 Commerce entered into an agreement with SBA to cooperatively promote small-business exports. We believe that more effective coordination with SBA is needed. Commerce's promotion programs, personnel resources, and loan funds can be more effective if SBA's trade program is strengthened. (See pp. 8 to 9.)

Small firms are not receiving information on specific sales opportunities for their products. Commerce is, however, implementing an automated commercial reporting system which it hopes to have operative by September 1973. The system will permit Commerce to match U.S. suppliers with foreign buyers and more promptly disseminate overseas sales opportunities. By including more small U.S. suppliers in the system, Commerce will be better able to provide more such firms with the detailed market intelligence they need to export. (See p. 11.)

¹Firms which, although exporting, have not previously exported to the particular area or market.

A former member of the National Export Expansion Council's Small Business Advisory Committee and officials of 7 of 10 EMCs visited indicated that making sales opportunities available to EMCs would help stimulate small firms' exporting.

Commerce's revised field office organization should result in out-of-office visits by trade specialists focusing on providing the types of personalized guidance needed by companies to enter into or expand export activities.

To further enhance Commerce's capability, we are recommending that the Secretary of Commerce consider establishing a training program on export details for Commerce and SBA field personnel, bankers, regional export expansion council members, State government personnel, and others involved in export expansion.

We are also recommending that Commerce provide commercial intelligence and specific trade leads to export management companies which, for the most part, service smaller firms.

To assist Commerce, we are recommending that the Administrator, SBA, consider

- making available to Commerce the services of the Service Corps of Retired Executives (SCORE) and the Active Corps of Executives (ACE) volunteers with experience and/or training in international trade;
- providing Commerce with information on small firms interested in exporting and their product lines;
- insuring that firms which indicate interest in exporting are invited to attend SBA seminars and workshops on foreign trade; and
- designating, in its annual appropriation request, a specific amount to be used to make loans to small firms to participate in foreign trade.

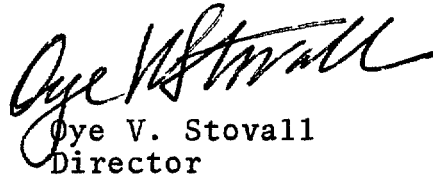
A separate letter and the enclosure are being sent to the Secretary of Commerce. Copies of both letters and the enclosure are being sent to the Senate Committee on Small Business, the House Permanent Select Committee on Small Business, the Senate Commerce Committee and the House Committee on Interstate and Foreign Commerce.

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We would appreciate receiving your comments on any actions taken or planned on these matters. We shall be happy to discuss our review with you or with members of your staff at your convenience.

We appreciate the cooperation and assistance furnished to us during this review.

Sincerely yours,


Oye V. Stovall
Director

Enclosure

INTRODUCTION

The U.S. balance-of-trade position has deteriorated in recent years. In 1971 the United States recorded its first trade deficit in 83 years when the value of imported foreign goods exceeded the value of U.S. exports by \$2.7 billion. The deficit increased in 1972 to \$6.8 billion.

The United States has devised a long-term strategy for achieving trade equilibrium, and the Council for International Economic Policy has established an export goal of \$125 billion by 1980. As one means of meeting this goal, Commerce estimates that at least 4,000 new-to-export, new-to-market firms, which are nearly always small and medium sized, must be induced annually to begin or expand export activities.

The Congress has repeatedly stressed the need to encourage small firms to export. Since 1968 the Senate and House Select Committees on Small Business have instructed SBA to emphasize more a program to develop strong support for small businessmen engaged in exporting and to encourage small businesses to enter the field.

The Subcommittee on Government Procurement October 1972 report, "The Role of U.S. Small Business in Export Trade", to the House Select Committee on Small Business, stated:

"The Government, in order to be effective in its efforts to restore the trade surplus position of the past, must encourage small business firms to enter the export field. The Subcommittee believes that it is appropriate and necessary for the Government to serve as the catalyst to reduce and eliminate obstacles which have for so long inhibited small business entry into the export field.

"The Subcommittee finds that the large business manufacturer generally has ample capital and facilities to promote foreign trade and therefore, can and will engage in exporting regardless of any outside assistance. On the other hand, the small business must of necessity utilize whatever services and assistance are made available by the Government. Without them, in most instances, the small businessman is unable to engage in foreign exporting."

The report further stressed that, "to preserve the economic well-being and security of the Nation," Government agencies were to "encourage and develop" small business potential in both domestic and foreign markets.

The Subcommittee stated that witnesses representing the private sector had testified that Commerce field office staff that perform vitally important work in assisting small firms to conduct and expand their export businesses had been cut. The Subcommittee said:

"Witnesses have told the Subcommittee that the small businessman is able to go into a field office with a specific question and leave with a specific answer. But these witnesses stress the point that the small businessman needs more than the answer to a specific question, more than the answer to all the questions of which he can possibly think; he needs actual and patient guidance to lead him into the export market. The small businessman unexposed to the world-wide market needs personal attention. (Underscoring supplied.)

"Cutting the staffs of field offices is surely not the answer to the problem."

Commerce has also stressed the need to encourage small businesses to sell abroad. In June 1972 a Commerce official offered the following statement during congressional testimony:

"In conclusion, the Bureau [Commerce's Bureau of International Commerce (BIC)] firmly believes that the role of small business in foreign trade and investment must be increased. Small business firms, which represent by number over 90 percent of total U.S. manufacturing companies have the greatest potential for increasing the export base of the United States. This increase in the export base will provide the incremental exports required for assisting in achieving a balance of payments equilibrium. It is these same firms that most need and can most benefit from the services provided by BIC."

In November 1967 Commerce entered into an agreement with SBA to cooperatively promote small business exports.

We tried to determine (1) the type of assistance required to induce small firms to export and (2) the success of Commerce and SBA efforts in providing such assistance.

WHAT SMALL BUSINESS NEEDS TO EXPORT

Although many small companies manufacture products which can be sold in overseas markets, they do not export, principally because of an inability to cope with export details and/or a lack of specific information on sales opportunities. Increasing the number of small firms engaged in exporting will require providing them with personal guidance and detailed market intelligence.

SMALL BUSINESS NEEDS

We used SBA's Boston regional office Facilities Inventory¹ to identify small firms interested in either beginning to export or increasing present exports. The file contained the names of about 2,200 small manufacturers in New England (excluding Connecticut), of which 385 had indicated interest in exporting. We selected, not on a statistical basis, 48 of these companies to survey.

In contacting officials of the 48 firms, we noted 14 firms whose company managements either believed their products did not have export potential or said that they were unwilling to export. Of the remaining firms, 22 did not export or exported less than 1 percent of sales; 9 exported between 1 and 10 percent of sales; and 3 exported more than 10 percent of sales.

Of the above 34 firms, officials of 31 indicated that their firms would begin to export or would export more if provided with guidance and/or specific market information: 11 indicated a need for guidance in one or more phases of the export cycle; 6 required detailed market information; and 14 stated they needed both. Their comments included:

--"If some one approached me with a definite sales lead and the assistance to make the sale I would export."

¹Contains information on small-business concerns having production, construction, and service capabilities to meet the needs of Government procuring agencies and prime contractors. The file for each company contains a registration form which identifies the firm and includes pertinent information including whether it exports or is interested in beginning to export.

--"[The company] does not export [but] is very interested in exporting [and] has had inquiries from Germany, France and India, however, due to lack of knowledge in the export field we did not follow them up."

--"I would like to have Commerce show me how to sell overseas."

--"the utility of the commercial intelligence provided by the Department of Commerce depends on the status of the firm. If a firm is small the intelligence is too voluminous and general and not specific enough for its needs. If the firm is fairly successful and could afford an aggressive marketing effort to promote overseas sales the intelligence would be very helpful.

--"[Company officials] believe the firm has a good product for exporting and all that is needed is to get out and obtain the orders. [They] currently do not know how to go about it."

--"We simply do not have the time to learn exporting on our own."

Guidance, to the small businessman, means assistance in one or more phases of the export cycle. It could mean showing him how to fill out export documents, to contact shippers, or to arrange for payment. Once shown how to perform these tasks, the firm should have no need for further assistance in that area.

Marketing intelligence, to the small businessman, means information on either specific sales opportunities or names of potential importers of his product. Generally, small businessmen do not have the time or resources necessary to convert general market data into sales.

Although our staff members are not specialists in international trade, we did attempt to assist some firms and found that they responded to our efforts and were willing to take actions on their own. Examples follow.

Case A. Company A is a small manufacturer (about 100 employees) of plastic extrusions. Founded in 1948, the firm produces both custom and off-the-shelf items. Although Commerce has classified the firm's products as exportable, the firm does not export because of a lack of time to investigate overseas markets. We suggested using an EMC, and, as a result, company officials are currently selecting one to represent their product overseas.

Although Commerce field office trade specialists visited the firm in 1968 to encourage exporting, company officials did not recall the visit. In 1969, the firm indicated to SBA its interest in exporting but was not contacted and received no assistance.

Case B. Company B, founded in 1961, manufactures custom-made radomes and antennas. The firm exports about 20 percent of its sales and would like to increase this amount.

When we informed company officials of the varied assistance Commerce will provide exporters, they visited the Commerce field office and obtained trade lists for several Latin American countries. They are contacting agents to secure overseas representation.

In 1969, the firm indicated to SBA its interest in exporting but was not contacted and received no assistance.

Case C. Company C manufactures fabricated steel and concrete products. The company does not export because the cost of delivering their products to the nearest port that has regularly scheduled cargo ship departures makes their prices noncompetitive. However, when we pointed out the profitability of exporting and the assistance the Government provides to would-be exporters, the company assigned a man to investigate the possibility. He is looking into the feasibility of exporting to Canada by rail.

In 1971, company officials indicated to SBA an export interest but were not contacted and received no assistance.

EMCs

Because establishing an export department costs an estimated \$40,000 to \$50,000, many small firms find it economical to use EMCs.

An EMC handles the overseas business of several companies. Its services are extensive and include market research, promotion, financing, setting up a distribution network, and fulfilling administrative obligations. In short, EMCs relieve smaller manufacturers of export details.

We interviewed officials of 10 EMCs and of the National Federation of Export Management Companies (NEXCO) to obtain their views on ways the Government can assist in increasing the numbers of small firms exporting. Officials of nine EMCs believe that many small firms, although manufacturing products which can be sold overseas, do not export. They acknowledge that such firms frequently do not understand the

mechanics of the export cycle and believe that, if the Government provided personal guidance, U.S. exports could be increased. A NEXCO official believed that small firms have export potential but lack awareness of the importance of exports and training in export procedures.

New York's export expansion program

New York State conducts an extensive export expansion program, which we discussed with officials of the State's Division of International Commerce. One of the program's most effective methods of assisting firms interested in selling abroad or in increasing present export sales is export expansion workshops. At these personalized sessions, experienced international trade consultants counsel manufacturers on export practices and on the whys and hows of exporting profitably. The consultants often present overseas sales opportunities for a particular company's products and continue to assist that company until it gains sufficient experience in selling to overseas customers to handle the operation on its own or through an agent.

For calendar year 1971, New York officials estimated that the program generated \$130 million in export sales. They further estimated the cumulative dollar volume of exports attributable to the program since its inception in 1962 at more than \$800 million. Although the reasons for the program's success are broad based, officials believe the chief one is the personal assistance provided manufacturers.

Commerce study

In 1971 Commerce commissioned a private research firm to study businessmen's awareness of and attitude toward exporting and export promotion. The study included 788 companies, of which 508 were exporters and 280 were nonexporters. Study data showed that 96 percent of the nonexporters were small firms, according to SBA criteria.

The study found that:

- A low level of export consciousness exists among small businessmen. Most companies that do export do so on a limited basis (less than 10 percent of sales).
- Small companies export less than large companies, and, although large companies are increasing their exports, the exports of smaller companies are static or decreasing.

ENCLOSURE

- Larger companies are generally more aware of specific Government services than are small companies. Moreover, nearly all of the nonexporters (mostly small businesses) have had no previous experience with Government services.
- The larger firms have used Government services the most. The service used most often is personal counseling at Commerce field offices, which indicates this particular service is the most beneficial.
- Nonexporters appear to be hardcore; 9 out of 10 have no immediate plans for entering the export market. This group would have to be subjected to an ambitious educational campaign before positive results could be expected.

GOVERNMENT EFFORTS TO INCREASE
SMALL FIRMS' EXPORTS

Commerce export expansion programs have been of limited success in inducing small firms to export, primarily because Commerce failed to emphasize assistance to small firms or to provide the personalized guidance and specific marketing intelligence which such firms indicate they need. Recently, however, Commerce has begun revising its field office and commercial intelligence activities. The revisions, if effectively implemented, should assist in resolving these difficulties.

Despite frequent admonitions by the House Select Committee on Small Business that SBA strengthen its foreign trade assistance to U.S. small businesses, SBA efforts have been minimal.

COMMERCE-SBA COOPERATION

In November 1967, because of the stated policy of the Congress that SBA counsel, assist, and protect the interests of small business, SBA signed an agreement of cooperation with Commerce on trade matters. This agreement details the responsibilities of each agency in an accelerated export program for small business. Under the agreement SBA will:

- Encourage small businesses to participate in U.S. commercial exhibitions, U.S. Trade Center exhibitions, trade missions and trade conferences.
- Further emphasize loans to small business for participating in foreign trade.
- Seek to stimulate export trade in its counseling and assistance to small business and refer interested persons to Commerce for substantive counseling.
- Include trade subjects in its administrative management courses with public and private educational institutions and business associations.

Also, Commerce will:

- With SBA, develop publications, audiovisual aids, and promotional materials on foreign trade.
- Channel selected foreign trade opportunities to SBA, and SBA will seek to encourage, especially in depressed areas, joint ventures in the United States Between foreign manufacturers of specialized goods and small business concerns.

The following section discusses Commerce and SBA activities which could meet small business needs for (1) personal guidance in one or more phases of the export cycle and/or (2) information on overseas sales opportunities.

COMMERCE ASSISTANCE

Personal service

Commerce's international trade specialists provide personal attention to interested exporters. As of June 1972 there were 42 field offices throughout the United States and Puerto Rico carrying out various Commerce programs, including export promotion. Of the 147 professionals assigned to the field offices, 67 are international trade specialists. The specialists spend a substantial portion of their time visiting firms which manufacture products Commerce believes have export potential. During such visits the specialists provide general exporting information, including details of Commerce programs.

Commerce trade specialists had visited 22 of the small firms we reviewed. Officials of all but one of the companies stated the visits resulted in no export actions, generally because the specialists failed to provide the firms with personalized guidance in the various phases of the export cycle and/or with detailed sales opportunities which such firms indicated they need to export.

In June 1972 a task force of representatives from the Office of the Secretary of Commerce and the Bureaus of Domestic and International Commerce released a study on field offices. Among the study's major findings was:

"Field Offices are largely servicing those firms with precommitments to export. 'Hard core' nonexporting firms are not being reached as effectively or often as planned."

In our report, "Ways to Increase Field Office Contributions to Commerce's Export Expansion Efforts" (B-172256, Nov. 14, 1972), we stated that field office efforts to provide international trade information and services to U.S. business firms needed improvement. We found that the manner of selecting firms for field office visits was poor. Because of unrealistic guidelines on the number of visits to be made, trade specialists frequently made repeat visits to firms without adequately considering actual need. We recommended that Commerce clearly define goals and priorities and improve its method of measuring field-office effectiveness.

Revised field-office activities

In July 1972 Commerce's Bureau of International Commerce and its Office of Business Services, Bureau of Domestic Commerce, agreed to engage in a cooperative effort to plan, implement, and evaluate export programs designed to produce a \$3 billion increase in exports in fiscal year 1973 and a further substantial increase in future years. Administrative and operational responsibilities formerly centralized in Washington were distributed among the headquarters office, six newly established regional offices and its field offices. Specific goals have been established and monthly progress reports are required to be submitted to Washington. The target audience of this effort will be new-to-export, new-to-market firms which are chiefly small and medium sized. The vehicles to be used to reach this audience include the 147 individuals of the field office professional staff, banks, EMCs, State development agencies, trade associations, transportation companies, universities, regional export expansion councils, chambers of commerce, and conferences, workshops, seminars, miscellaneous informational forms, and domestic trade shows.

In August 1972 the field offices were advised of the above program and of the regionalization of field-office efforts. A national export marketing director was to supervise the efforts of six regional sales managers and coordinate regional programs. Each field office professional was to be assigned a specific number of target industry firms and a quota of export accomplishments for the year.

Since these revisions were only recently implemented, we did not evaluate their impact. We believe, however, that if the revisions are effectively implemented, they will assist in inducing small firms to initiate or expand export activities.

Overseas sales opportunities

In addition to producing numerous publications containing general statistical information on overseas markets, Commerce conducts a Trade Opportunities Program to collect and report specific overseas sales opportunities for U.S. products. The program relies on U.S. embassies and consultants to identify and report opportunities to Commerce, which then disseminates the information through its field offices and publications to business firms and trade associations.

In our report, "Ways to Increase U.S. Exports Under the Trade Opportunities Program" (B-135239, Jan. 28, 1972), we pointed out the need for improvement in the program. Among other things, the report noted that files for identification of potential U.S. suppliers were incomplete, outdated, or otherwise inadequate.

During this review, officials of 34 of 48 small firms said they had never been apprised of overseas sales opportunities for their products. Thus, even though some firms were being provided sales opportunities, a considerable potential exists for greater information distribution.

Commerce is currently developing an improved computerized system, which it hopes to have operative by September 1973, for matching overseas sales prospects with U.S. suppliers. The system should help the greater number of small firms included in it to become aware of overseas sales opportunities.

Officials of 7 of the 10 EMCs we visited indicated that exports could be increased if Commerce were to furnish EMCs with timely sales opportunities. They noted that listing firms manufacturing products with export potential would also be helpful. A former member of the National Export Expansion Council's Small Business Advisory Committee stated that he believed making information on trade opportunities and potential exporters available to EMCs would be a useful tool to increase small firms' exports.

SBA ASSISTANCE

SBA's foreign trade program has been sporadic and haphazard. It was established in 1961, abolished in 1965, and re-established in 1968 with one professional and no clerical help assigned. In 1969 it was shifted to the technical planning staff and had one professional assigned. The program today is virtually nonexistent.

Personal service

SBA has conducted foreign marketing workshops and seminars at which various experts have provided instruction on the export cycle. Such activity, according to SBA officials, has been of limited success in inducing small firms to export. Although the firms included in our review had indicated to SBA their interest in exporting, only one official had been invited to attend an SBA workshop or seminar.

As previously indicated, SBA field offices maintain lists of small businesses. These lists indicate, among other information, firms interested in exporting. These firms, however, were not contacted to determine their needs, and the lists were not routinely transmitted to the Commerce field office for follow-up.

SCORE and ACE

SBA provides business management counseling to prospective and operating small business owners. The counseling is coordinated by SBA personnel and furnished by SCORE and ACE volunteers. The volunteers are executives from major industries, trade associations, educational institutions, and the professions. Businessmen using their services reimburse the volunteers for out-of-pocket expenses. SCORE has 190 chapters with over 3,000 members throughout the Nation; ACE has about 2,250 members. Although many of these individuals have experience in foreign trade, SBA is not promoting their use in this area.

Officials of 8 of the 10 EMCs we visited stated that SCORE and ACE volunteers could provide small firms with the guidance they need to export. Commerce officials (1) felt that the volunteers could help stimulate exports of small firms and (2) said they would like to use them for this purpose. Approximately 275 SCORE volunteers have specific international trade expertise. This is over four times the present number of international trade specialists staffing Commerce field offices. SBA and Commerce have not worked out the ground rules for using the SCORE personnel pool for trade matters.

Foreign trade loans

In its 1972 report, "The Role of U.S. Small Business in Export Trade," the Subcommittee on Government Procurement stated:

"Another major problem of the small businessman contemplating establishment of export trade is financing. The average small businessman does not have the necessary cash available to plan and finance long range overseas transactions; he must depend a great deal on outside financing for his operations."

Although SBA agreed to emphasize loans to small business for participating in foreign trade, SBA has not set aside a specific amount for this purpose and has no records indicating the number and/or amount of loans made for foreign trade. Companies seeking funds for exporting apparently have^{not} received special consideration.

CONCLUSIONS AND RECOMMENDATIONSCONCLUSIONS

The deterioration of the U.S. balance of trade in recent years has focused attention on the need to increase exports. Because most of the approximately 300,000 small manufacturing companies in the United States do not participate in the Nation's foreign trade, the Congress and the executive branch believe this segment of the business community is most in need of Government assistance.

Many small firms manufacture products with potential for sales overseas. Two important reasons for their failure to export are that they either (1) lack knowledge on export details or (2) are unaware of overseas sales opportunities. If the Government wants to increase the number of small firms engaged in foreign trade, it will, to a greater extent, have to direct its export promotional activities toward such firms. The Government will have to emphasize and exhibit its capability to provide personal assistance in all phases of the export cycle and make small firms aware of specific overseas sales opportunities for their products.

Commerce is the principal Government agency responsible for export expansion programs, and it has agreed to cooperate with SBA to stimulate exports of small businesses. We found that neither agency was providing the required type of assistance to small firms having export potential. In most instances, those firms which indicated to SBA an interest in exporting were not contacted to determine their problems and their interest was not communicated to Commerce. When Commerce trade specialists visited firms, they left general export information which company officials stated was of little value. Although such information may be useful to large firms having export departments, small firms do not have the resources or expertise necessary to convert general market information into sales.

Officials of EMCs we visited indicated that receiving timely information on trade opportunities would be of assistance.

Many SCORE and ACE volunteers have experience in foreign trade, and Commerce believes they could play an important role in stimulating exports of small firms.

SBA has not set aside a specific amount of loan funds to be used by small businesses which wish to participate in foreign trade.

RECOMMENDATIONSPersonal service

To enhance its revised field-office program of export guidance to small firms, we recommend that Commerce consider:

- establishing a training program encompassing all aspects of the export cycle; and
- making such training available to SBA field personnel, bankers, regional export expansion council members, State Government personnel, and others involved in export matters.

To assist Commerce in servicing larger numbers of small firms, we recommend that the Administrator, SBA consider

- providing Commerce with information on small firms interested in exporting and their product lines;
- insuring that firms which indicate interest in exporting are invited to attend SBA seminars and workshops on foreign trade;
- making available to Commerce the services of SCORE and ACE volunteers having experience and/or training in international trade; and
- designating in requesting its annual appropriation, a specific amount to be used to make loans to small firms to participate in foreign trade.

Sales opportunities

Commerce recently began implementing an automated commercial reporting system which it hopes to have operative by September 1973. This system will permit Commerce to match U.S. suppliers with foreign buyers and more promptly disseminate overseas sales opportunities to U.S. suppliers. If SBA provides Commerce with recommended information on small firms interested in exporting and on their product lines, these firms can be incorporated in the automated system.

We recommend that Commerce provide its commercial intelligence and sales opportunities to EMCs, which, for the most part, service small firms. Such information should stimulate EMCs to more actively solicit clients.