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What Do We Know About Small Businesses that Export?

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Key takeaways:

- **Export Market:** The majority of businesses that export are small (97 percent). However, most small businesses do not export. Small business exports comprise roughly 35 percent of U.S. exports.
- **Prominent Sectors:** Most small businesses export wholesale goods and manufactured goods in the computer, chemical, and machinery industries.
- Small businesses export mostly to Mexico and Canada.
- The largest shares of small business exports come from Texas, California, and New York.
- During COVID-19, the number of small exporters declined by 9.3k while the value of exports increased by \$82 billion. The rebound by small exporters outweighed the gains made by large exporters.
- Small exporting businesses tend to outperform non-exporting businesses on a variety of performance measures.
- Selling abroad requires significant investment to overcome various types of trade barriers. These costs are disproportionately difficult for small businesses to overcome.
- While many small businesses rely on digital tools to export, a lack of knowledge on using digital tools is a limiting factor for many small businesses to enter the export market.

Small business exports comprise roughly one-third of all exports

In 2021, small business exports comprised roughly 35 percent of total goods exports.¹ Total U.S. known exports were \$1,554 billion, with \$542 billion coming from small businesses. Most small business exports are from the wholesale industry (\$248 billion). Figure 1 shows the value of exports by small and large-sized businesses between 2011–2021.² Over the past several years, the share of small business exports has remained between 30 and 35 percent.

Figure 1: U.S. Exports by Small and Large Enterprises, Billions USD, 2011-2021



Source: Profile of U.S. Exporting Companies, Various Years, U.S. Census Bureau

Figure 1 also shows that despite the COVID-19 shutdown, small businesses increased their share of exports to 34.9 percent in 2021. While both small and large business exports declined during the COVID-19 pandemic, the volume of large business exports declined by more. Between 2019 and 2020, small business exports declined by \$46 billion while large business exports declined by \$143 billion. This means that the decline in large business exports comprised a disproportionately high share of the total decline in exports (76 percent), relative to their share of total exports (65 percent).

Rebounding from the COVID-19 shock, total U.S. exports increased between 2020 and 2021 by \$288 billion. Small businesses continue to outperform large ones by having a larger share of the gain in exports. For instance, small business exports increased by \$128 billion, comprising 45 percent of the total increase in exports, which is larger than the share that small businesses tend to have of total exports (30–35 percent).

¹ Profile of U.S. Exporting Companies, 2021, U.S. Census Bureau.

² Data splits business sizes between small and medium sized enterprises (SME, 500 or fewer) and large.

Most exporters are small, but most small businesses don't export

In 2021, the U.S. Census Bureau reported that 271,241 out of 278,362 businesses (97 percent) that export are small-sized.³ This means that out of 33,271,644 small enterprises across the U.S., most do not export.⁴ Available statistics may not fully capture the true size of the small business export market. Census export statistics are limited to those enterprises that are identified exporters, which is dependent on a matching process between company names reported in export transactions and the Business Register. Additionally, Census export statistics must factor a low value estimation method for transaction levels below \$2,500, which would likely include many small business exports.⁵

Other surveys report a larger share of small business exporters. In 2019, the U.S. Chamber of Commerce and Google released the results of their small business survey.⁶ The report showed that as much as 9 percent of small businesses export, which is larger than the Census estimate. This survey is based on 3,818 businesses using a mixed mode data collection model.

A recent study by the U.S. Small Business Administration Office of International Trade showed that 2.6 million small businesses are or have the potential to become exporters (known as the total addressable market).⁷ Overall, there is evidence to suggest that the size of the small business export market is larger than official statistics capture.

The role of small business in facilitating indirect exports is likely to be considerable

The share of small business exports may be even larger than the 30–35 percent range. Using 2007 data, the U.S. International Trade Commission estimated that the share of small business exports could be as large as 41 percent of value-added exports. For instance, many small businesses sell online through intermediaries, such as Amazon or eBay, who directly export goods.

In 2020, the Office of Advocacy conducted a similar study measuring the value-added of small business exports.⁸ The Advocacy report found that small businesses exported \$639 billion in 2014, which is 33 percent larger than the \$482 billion reported by the census.⁹ More evidence on the prevalence of indirect exports comes from a 2019 survey conducted by the U.S. Chamber of Commerce and Google, showing that 17 percent of small business engage in indirect exports.¹⁰ Overall, the role of small business in facilitating indirect exports is likely to be considerable.

³ Profile of U.S. Exporting Companies, 2021, U.S. Census Bureau, Source defines small and medium sized businesses as having <500 employees, I refer to these businesses as small.

⁴ Latest data available, total small businesses in 2020 is the sum of non-employer businesses (27,151,987) from the U.S. Census Non-Employer Statistics and Statistics of U.S. Businesses on employer businesses with less than 500 employees (6,119,657).

⁵ ABS - U.S. Exporting Businesses by Demographics: 2022 Tables (Employer Businesses) (census.gov) <https://www.census.gov/data/tables/2021/econ/abs/2021-abs-exporting-firms.html>

⁶ "Growing Small Business Exports: How Technology Strengthens American Trade," American Innovators, 2019, https://americaninnovators.com/wp-content/uploads/2019/10/CTEC_GoogleReport_v7-DIGITAL-opt.pdf.

⁷ Report with Eight Deliverables for Project to Support Small Business Administration (SBA) to Identify the Total Addressable Market of Small Business Exporters, <https://www.sba.gov/document/report-sba-office-international-trade-identifies-total-addressable-market-small-business-exporters>

⁸ Small and Medium-Sized Enterprises: Characteristics and Performance (usitc.gov)

⁹ Kathryn Kobe, "Contribution of Small Business Indirect Exports to U.S. International Trade," U.S. Small Business Administration, Office of Advocacy, November 2020, <https://advocacy.sba.gov/wp-content/uploads/2020/11/Contributions-Of-Small-Business-Indirect-Exports-To-US-Trade.pdf>

¹⁰ Growing Small Business Exports: How Technology Strengthens American Trade," American Innovators, 2019, https://americaninnovators.com/wp-content/uploads/2019/10/CTEC_GoogleReport_v7-DIGITAL-opt.pdf, in reference to businesses with fewer than 500 workers.

Wholesale sales dominate small business exports

The next few sections describe the composition of small exporters by industry, location, trading partners and more information on business size. Table 1 shows how most export sales for small businesses are in the wholesale and manufacturing industries.¹¹

Table 1: Top Industries Small Businesses Export, 2021 (Billions USD)

Industry	Small Exports (Billions USD)	Share of Industry Exported by Small Businesses
Total	541.6	34.9%
Merchant Wholesalers, Nondurable Goods	123.6	67.5%
Merchant Wholesalers, Durable Goods	108.6	49.6%
Chemical Manufacturing	27.7	17.9%
Support Activities for Transportation	21.7	91.2%
Professional, Scientific, and Technical Services	20.9	30.1%
Primary Metal Manufacturing	17.8	51.7%
Computer and Electronic Product Manufacturing	17.3	25.2%
Machinery Manufacturing	15.9	17.7%
Transportation Equipment Manufacturing	13.2	6.6%
Fabricated Metal Product Manufacturing	10.4	40.1%
Food Manufacturing	10.3	14.4%
Petroleum and Coal Products Manufacturing	10.1	13.7%
Securities, Commodity Contracts, and Other Financial Investments	9.2	92.8%
Wholesale Electronic Markets and Agents and Brokers	8.8	78.8%
Miscellaneous Manufacturing	8.0	23.0%

Source: Profile of U.S. Exporting Companies 2021, U.S. Census Bureau, author's calculations

Table 1 is sorted by the first column, which is the volume of small business exports by industry. Wholesale export activities comprise the largest volume of small business exports. Second to wholesaler exports are chemical (\$27.7 billion), transportation support services (\$21.7 billion), and professional/technical services exports (\$20.9 billion).

Column 2 shows how small business exports makeup a substantial share of total exports across several industries. For instance, small business exports comprise 91.2 percent of transportation service exports and 67.5 percent of non-durable goods wholesale exports.

¹¹ Profile of U.S. Exporting Companies, 2021 Prelim data, Census Bureau

Small businesses export mostly to Mexico and Canada

Most small businesses export to countries that are closest to them. Table 2 below shows that most small businesses export to Mexico (18.4 percent) and Canada (13.3 percent). Next, most small businesses export to China (8.3 percent). On a regional basis, the second half of Table 2 shows that most small business exports are sent to European Organization for Economic Co-operation and Development (OECD) (62.3 percent) and Asia-Pacific Economic Cooperation (APEC) countries (60.7 percent).

Table 2: Small Business Export Destination Concentration, 2021

Country/Region	Small (Billions USD)	Small /Total Small Exports	Small/Total Exports to Country	Total Exports to Country/Total Exports
Mexico	99.6	18.4%	39.4%	16.3%
Canada	72.2	13.3%	30.1%	15.4%
China	44.8	8.3%	32.0%	9.0%
Japan	23.7	4.4%	34.3%	4.5%
United Kingdom	25.3	4.7%	44.8%	3.6%
Germany	15.2	2.8%	24.7%	4.0%
South Korea	19.5	3.6%	33.2%	3.8%
Netherlands	14.0	2.6%	28.1%	3.2%
Brazil	13.4	2.5%	31.6%	2.7%
France	7.9	1.5%	28.8%	1.8%
All countries	541.6	100.0%	34.9%	100.0%
Top 25 countries	446.1	82.4%	33.7%	85.1%
OECD - Europe	337.6	62.3%	33.4%	65.1%
APEC	328.9	60.7%	34.1%	62.1%
North America	171.8	31.7%	34.9%	31.7%
20 Latin America	156.1	28.8%	39.2%	25.6%

Source: Profile of U.S. Exporting Companies 2021, U.S. Census Bureau, author's calculations

The third column of Table 2 shows small exports as share of total U.S. exports to each country. The fourth column shows total exports per country divided by total U.S. exports. These two columns help show the relative magnitude of small to large business exports. For instance, total exports to Mexico as a share of total exports is 16.3 percent, small business exports makeup 39.4 percent of U.S. exports and large businesses 60.6 percent.

Most small business exports are from non-employers

Table 3 considers how different sized small businesses contribute to total small business exports. U.S. exports from businesses with no employees comprise the largest share of small business exports (10.5 percent), followed by businesses with 100–249 employees (7.2 percent) and businesses with 250–499 employees (5.3 percent).¹² Non-employer businesses tend to represent most small business exports across most countries and regions except in the United Kingdom where most small business exports are from businesses with 100–249 employees (20.9 percent).

Table 3: Share of Small Business Exports by Destination and Business Size, 2021

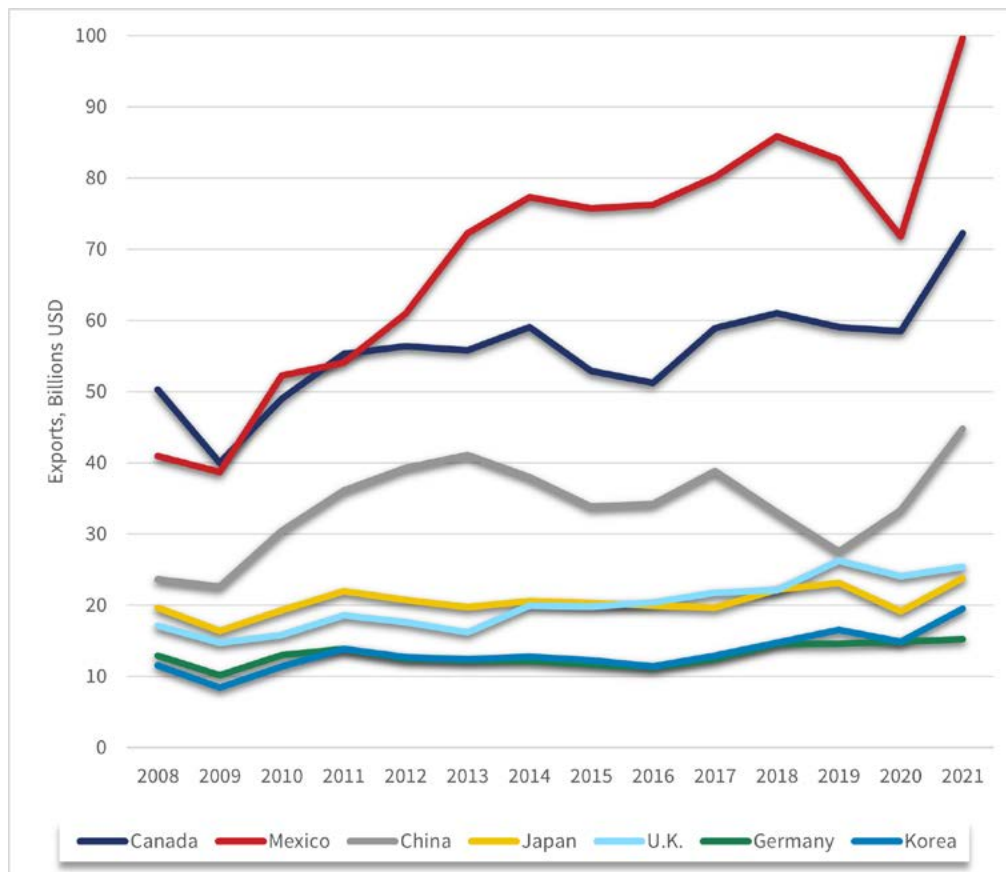
Country/Region	No. of Employees	1-19 Employees	20-49 Employees	50-99 Employees	100-249 Employees	250-499 Employees	Small Share
Mexico	13.6%	5.0%	3.3%	2.9%	10.3%	4.3%	39.4%
Canada	7.7%	5.2%	2.7%	3.2%	5.8%	5.4%	30.1%
China	8.4%	4.5%	2.3%	4.0%	8.1%	4.8%	32.0%
Japan	10.6%	6.1%	3.5%	3.4%	3.8%	6.8%	34.3%
United Kingdom	8.8%	4.7%	2.4%	4.0%	20.9%	3.9%	44.8%
Germany	7.7%	2.7%	3.1%	2.6%	3.7%	4.9%	24.7%
South Korea	7.7%	7.6%	2.5%	4.2%	5.6%	5.6%	33.2%
Netherlands	11.1%	2.4%	1.6%	1.8%	5.4%	5.9%	28.1%
Brazil	12.3%	2.9%	2.5%	1.8%	5.7%	6.5%	31.6%
France	10.8%	4.4%	2.8%	2.4%	4.6%	3.9%	28.8%
All countries	10.5%	5.5%	3.1%	3.2%	7.2%	5.3%	34.9%
Top 25 countries	10.0%	5.2%	2.9%	3.2%	7.2%	5.3%	33.7%
OECD - Europe	10.1%	4.9%	2.9%	3.2%	7.4%	4.9%	33.4%
APEC	10.0%	5.4%	2.9%	3.3%	7.1%	5.2%	34.1%
North America	10.8%	5.1%	3.0%	3.0%	8.1%	4.8%	34.9%
20 Latin America	13.8%	5.3%	3.5%	2.7%	9.3%	4.6%	39.2%

Source: Profile of U.S. Exporting Companies 2021, U.S. Census Bureau, author's calculations

The pattern of small business exports has not changed dramatically over time. Figure 2 shows the top export destinations for small businesses between 2008–2021. Most small business exports have gone to Mexico, Canada, and China. For some earlier years, most small business exports went to Canada however overall exports have largely gone to Mexico in the past decade.

¹² Businesses with no employees includes nonemployers, businesses with missing employment data, and companies that reported annual payroll but did not report any employees on their payroll during the specified period.

Figure 2: Small Business Exports by Destination, 2008-2021 (Billions, USD)



Source: Profile of U.S. Exporting Companies 2021, U.S. Census Bureau, author's calculations

In July 2020, the U.S. engaged in a new free trade agreement with Mexico and Canada (USMCA).¹³ Unlike other free trade agreements, the USMCA is the first to have a chapter on small businesses. Key outcomes of this chapter include a small business dialogue with stakeholders and provisions for information sharing tools. The USMCA has other components that are particularly helpful to small businesses, such as higher de minimis levels¹⁴, online publication of trade regulations and procedures, a new committee on intellectual property rights with attention to small businesses, and other provisions for online tools making the exporting processes easier for small businesses.

¹³ United States-Mexico-Canada Agreement Fact Sheet Supporting Americas Small and Medium-Sized Businesses, Office of the U.S. Trade Representative, <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement>

¹⁴ De minimis refers to a threshold value under which imported goods are exempt from being taxed

Which States Export the Most?

Table 4 shows the states with the largest export volume by small businesses. Table 4 shows how many U.S. small business exports are from Texas (\$147.8 billion), California (\$69.1 billion), and New York (\$37.8 billion). The share of small exports in these states is also notable: Texas (27.3 percent), California (12.8 percent) and New York (7 percent). Table 5 shows a similar pattern where most small businesses export from California (61k), Florida (54k) and Texas (37k).

Table 4: Largest Value of Exports by State

State	Small Exports (USD Billions)	State Small Exports / U.S. Small Exports
United States	541.6	100.0%
Texas	147.8	27.3%
California	69.1	12.8%
New York	37.8	7.0%
Florida	29.6	5.5%
Louisiana	25.3	4.7%
Illinois	17.1	3.2%
New Jersey	16.5	3.1%
Washington	15.4	2.8%
Pennsylvania	12.6	2.3%
Michigan	12.1	2.2%
Georgia	11.2	2.1%
Utah	11.1	2.0%
Ohio	11.0	2.0%

Table 5: Largest Number of Exporters by State

State	No. of Small Exporters	No. Small Exporters Per State/ All Small Exporters
United States	271,241	100.0%
California	60,700	22.4%
Florida	54,080	19.9%
Texas	36,984	13.6%
New York	30,707	11.3%
Illinois	20,134	7.4%
New Jersey	18,356	6.8%
Ohio	14,244	5.3%
Pennsylvania	13,661	5.0%
Georgia	12,785	4.7%
Michigan	12,688	4.7%
Washington	10,412	3.8%
North Carolina	9,642	3.6%
Massachusetts	9,191	3.4%

Source: Profile of U.S. Exporting Companies 2021, U.S. Census Bureau, author's calculations

Tables 4 and 5 show how the 22.4 percent of small exporters located in California comprise less than their share (only 12.8 percent) of total small business exports. Similarly, Florida exporters make up 19.9 percent of all small exporters but only 5 percent of all small business exports. Conversely, the 13.6 percent of small exporters located in Texas export substantially more than their share of total small business exports (27.3 percent).

Small exporting businesses tend to outperform non-exporting businesses

The U.S. Chamber of Commerce estimates that in 2017 small business exports contributed 2.8 percent to U.S. economic output and 3.1 percent to U.S. employment (6 million). Most of the jobs created by exports are services (5.8 million), which includes both supporting and producing exported goods.¹⁵

A 2010 report by the USITC examined the performance between exporting and non-exporting small businesses. The report showed that, like large exporting businesses, small exporting businesses outperformed non-exporting businesses in terms of revenue, labor productivity, and growth. The report also found that small exporting businesses tend to export directly rather than through foreign affiliates, consistent with the concern that small businesses are less connected to foreign markets.¹⁶

There is plenty of literature showing how large businesses tend to outperform small businesses in terms of business survival, productivity, wages, and overall performance, and further that large exporting businesses tend to outperform non-exporting. Research between different types of small businesses shows a consistent finding with that of large businesses. For instance, the USITC found that small exporting manufacturing businesses experienced an increase in revenue of 36.8 percent between 2005–2009, while non-exporting businesses experienced a decline in revenue of 6.8 percent over the same period.¹⁷ Moreover, the USITC also found that labor productivity was over 70 percent larger for exporting than non-exporting manufacturing businesses.

Finally, the USITC reports limited evidence for small businesses in the service industry. They observe that revenue increased 47.4 percent between 2005–2009 while non-exporting businesses grew by 43.4 percent over the same period. Revenue by businesses exporting financial, informational, and technical services were significantly larger than non-exporters.

¹⁵ “Growing Small Business Exports: How Technology Strengthens American Trade”, American Innovators, 2019, https://americaninnovators.com/wp-content/uploads/2019/10/CTEC_GoogleReport_v7-DIGITAL-opt.pdf

¹⁶ “Small and Medium-Sized Enterprises: Characteristics and Performance”, U.S. International Trade Commission, Investigation No. 332-510, 2010, <https://www.usitc.gov/publications/332/pub4189.pdf>

¹⁷ “Small and Medium-Sized Enterprises: Characteristics and Performance”, U.S. International Trade Commission, Investigation No. 332-510, 2010 <https://www.usitc.gov/publications/332/pub4189.pdf>

Change in Exports During COVID-19: No. of small exporters declined by 9.3k while the value of exports increased by \$82 billion.

Table 6: Change in Number of Exporters, 2019–2021 (Thousands of Exporters)

Country	2019	2021	Change (Percentage)
All countries	280	271	-3.3
APEC	188	181	-3.7
Mexico	53	48	-8.2
Hong Kong	20	18	-13.6
United Kingdom	39	36	-6.6
China	30	28	-6.0
Germany	29	28	-5.8
Singapore	17	16	-8.5
Japan	23	22	-5.6
South Korea	20	19	-4.1
Spain	11	10	-7.0
Taiwan	15	14	-4.3
Canada	87	88	1.4

Source: Profile of U.S. Exporting Companies 2021, U.S. Census Bureau, author's calculations

Number of Exporters

Table 6 shows the change in the number of exporters by export destination. While the overall number of exporters declined by 3.3 percent (9.3k), the decline was most substantial amongst trade with APEC countries. In 2019, there were 188k small businesses exporting to APEC countries. The number of exporters dropped to 181k in 2021. The largest contributors to this decline include Mexico, China, and Hong Kong. The number of small business exporters to Mexico declined during COVID-19 (8.2 percent), while exporters to Canada (1.4 percent) had the largest increase.

States with the largest decline were California (4.9k businesses), New York (2.6k), and Florida (644). Most declines occurred in the durable/nondurable wholesale market (2.9k businesses), fabricated metal manufacturing (473), and machinery manufacturing (430).

Export Value

While the overall number of exporters declined, the value of exports still increased by \$82 billion dollars and the small business share of exports rose from 31.6 percent to 34.9 percent. This means that small businesses increased their share of U.S. exports by 10.4 percent. Conversely, large businesses only had a \$16.6 billion dollar increase (1.67 percent). In total, U.S. exports increased by \$99 billion dollars between 2019 and 2021, with small businesses representing the lion's share (\$82 billion, or 83 percent).

A large part of this increase in exports went to APEC countries (\$58 billion), primarily China (\$17.3 billion). Second to this, U.S. small business exports increased to Mexico (\$17 billion) and Canada (\$13.2 billion). The share of small business exports by destination also changed during COVID. Small businesses increased their market share heavily in France (37 percent), the UAE (31.5 percent), India (36 percent), and Colombia (26 percent).

Why don't more small businesses export?

Selling abroad requires significant investment to navigate various types of trade barriers, and these costs are disproportionately difficult for small businesses to overcome. A key reason is that small businesses are less equipped to overcome trade barriers than their larger counterparts. Exporting challenges reported by small businesses often include domestic export processes, export logistics and transportation, knowledge of digital tools, international certifications, and foreign methods of doing business such as foreign governmental processes, distribution channels, informal channels, licensing, bribery/corruption, cultural barriers, foreign language, and forming partnerships costs.¹⁸

Many of these challenges were emphasized in the 2010 U.S. International Trade Commission report detailing the disproportionate impediments to trade facing small exporters. Typically, only the largest and most productive businesses can overcome these trade barriers and be competitive abroad.¹⁹

A small business survey conducted jointly by the Export-Import Bank of the United States and the National Small Business Association provides insights into the business export decisions of 530 small businesses. The survey showed that most businesses in the market are new exporters (39 percent), second to businesses exporting for more than 20 years (26 percent).²⁰ This suggests that most small exporters are new entrants, but they don't remain competitive enough to survive long periods of time on the international market.

The report supported commonly cited challenges that keep small businesses from exporting, such as a lack of knowledge of the export process (45 percent), regulatory barriers (28 percent), uncertainty about being paid (20 percent), and cost of exporting (14 percent). Moreover, 54 percent of small businesses don't have a website capable of processing international orders, and 69 percent don't have a website available in foreign languages. When asked about the largest challenge in growing their foreign operations, small businesses report difficulty finding foreign customers/identifying the foreign market (54 percent) and navigating foreign import rules (40 percent).

When asked about their business experience, most small businesses don't have experience with credit insurance (83 percent), international collections (64 percent), or foreign exchange billing (53 percent). Small businesses also report relying heavily (58 percent) on connections through their clients/customers to access foreign markets, web inquiries (51 percent), and trade shows (42 percent). As many small business exporters are very small, such as non-employers, 44 percent of small businesses report relying on freight forwarders and 29 percent on customs brokers to overcome export challenges.

Overall, the survey showed that 53 percent of non-exporting businesses would be interested in exporting in the future if these barriers were addressed. Many small businesses would find export training/assistance programs (47 percent) and export tax incentives (46 percent) helpful at overcoming export challenges.

The survey conducted by the U.S. Chamber of Commerce and Google shows similar results. When asked about major export business practices, such as finding country specific regulations or

¹⁸ "Growing Small Business Exports: How Technology Strengthens American Trade", American Innovators, 2019, https://americaninnovators.com/wp-content/uploads/2019/10/CTEC_GoogleReport_v7-DIGITAL-opt.pdf

¹⁹ "Small and Medium-Sized Enterprises: Characteristics and Performance", U.S. International Trade Commission, Investigation No. 332-510, 2010, <https://www.usitc.gov/publications/332/pub4189.pdf>

²⁰ 2022 Small Business Exporting Survey, Export-Import Bank of the United States and the National Small Business Association

identifying local customs and business practices, roughly 70 percent of all small businesses report having no or very little familiarity.²¹ When asked about the major challenges to exporting, small businesses reported communication/language (25 percent), tariffs/customs (25 percent), and regulations (17 percent) as major barriers.

These sentiments were echoed in the Office of Advocacy's report on the impact of NAFTA on U.S. small businesses. Trouble navigating customs and trade practices/rules in both the U.S. and abroad was voiced as one of the most difficult barriers to trade for small businesses interviewed by the Office of Advocacy.²²

Small businesses could benefit from digital tools knowledge

While many small businesses rely on digital tools to export, a lack of knowledge on using digital tools is a limiting factor for many small businesses to enter the export market. Successful small business exporters are more likely to understand and adopt digital tools. A recent report by the Office of Advocacy explains how digital tools can be a cost-effective mechanism to conduct business abroad for small businesses.²³ Factors that limit small businesses from adopting digital tools often include a lack of understanding of the benefits of digital tools, limited technological capacity, and investment constraints.

The U.S. Chamber of Commerce and Google survey found that small exporters tend to be more technologically advanced with digital tools than small non-exporters. For instance, 92 percent of small exporters use digital tools while only 73 percent of non-exporters are unfamiliar with digital tools.

Of the businesses that have digital tools, 31 percent sell through e-commerce websites such as Amazon, eBay, Etsy, and others. The survey also shows that 43 percent use online payment processing tools, 41 percent utilize online marketing/advertising and 29 percent use online translation tools, such as Google Translate, to help conduct their business.

The survey showed significant potential for digital tools in promoting small business exports. The survey showed that 61 percent of small businesses believe that greater adoption of new technology/digital tools could help overcome trade challenges, such as international finance/payment challenges (38 percent), tariffs/customs (33 percent), logistics/distribution issues (32 percent) and navigating unclear regulations (31 percent).

Summary

While most businesses that export are small sized (97 percent), the bulk of U.S. export sales comes from large-sized businesses (~65 percent). Small businesses export most to neighboring countries (Canada and Mexico) and most businesses export from Texas, California, and New York. Most exports

²¹ Growing Small Business Exports: How Technology Strengthens American Trade", American Innovators, 2019, https://americaninnovators.com/wp-content/uploads/2019/10/CTEC_GoogleReport_v7-DIGITAL-opt.pdf

²² "Section 502 Small Business Report on the Modernization of the North American Free Trade Agreement (NAFTA): Prepared for the Consideration of the United States-Mexico-Canada Agreement," U.S. Small Business Administration Office of Advocacy, December 2018, [Section 502 Small Business Report on the Modernization of the North American Free Trade Agreement \(NAFTA\) \(sba.gov\)](https://www.sba.gov/section-502-small-business-report-on-the-modernization-of-the-north-american-free-trade-agreement-nafta)

²³ [U.S. SME Access and Use of Digital Tools \(sba.gov\)](https://www.sba.gov/section-502-small-business-report-on-the-modernization-of-the-north-american-free-trade-agreement-nafta)

are concentrated in the wholesale market and manufactured goods in the computer, chemical and machinery goods markets.

Various exporter-level surveys suggest that small businesses have the potential and interest to export more than they currently do. However, small businesses struggle to overcome international business and technology barriers that requires greater resources and capacity that larger-sized businesses tend to have. Overcoming these barriers could be very rewarding as research has showed that small exporting businesses tend to outperform non-exporting on a variety of performance measures.

Trade provisions that reduce barriers and increase access to trade can encourage gains in small business exporting. Further, trade policies such as trade agreements between countries can make exporting easier. Some recent agreements include provisions designed to promote small business trade. Overall, small businesses have much potential to grow and expand on the international market. A stronger presence would be advantageous for U.S. interests as smaller businesses may be more agile and able to weather international economic crisis and supply chain shortages better than their larger counterparts.