

National League of Cities: Cities Facilitate Small Business Exports to Build Local Economy

OCTOBER 26, 2009

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This is the third article in a series focusing on entrepreneurship and small business development. This part focuses on small business export promotion and highlights programs in San Antonio and Colorado Springs, Colo.

Export growth has long been touted as a key to overall economic growth. According to the Export-Import Bank, the official export credit agency of the U.S., in the past 25 years, U.S. exports increased five-fold from \$224 billion to more than \$1.1 trillion in 2004. Former Dallas Mayor and current U.S. Trade Representative Ron Kirk noted that export-led growth will be the country's pathway out of the current recession toward a more stable, globally integrated economy and that local governments have an important role to play in promoting and expanding export opportunities, particularly for smaller businesses.

Although smaller businesses account for 97 percent of U.S. merchandise exporters, they represent only about 30 percent of the total export dollar value of U.S. goods, according to figures from the Export-Import Bank. Exporting benefits small businesses by enabling them to grow into new markets, become more competitive, and diversify their portfolios. However, they face serious hurdles to finding and financing foreign export opportunities. Local governments can provide export assistance to small businesses by serving as information conduits, nurturing an infrastructure for entrepreneurship, and establishing trade relationships.

Information Conduit

A local government acts as information conduit when it provides a central location for information and enables networks of local businesses interested in trade and exporting. The local government does not necessarily need to be the primary source of knowledge, but it does need to know where and how to direct businesses to important resources. These resources may include details about:

- which local players and partners have global connections, such as other businesses, universities, immigrant communities, chambers of commerce and regional and civic organizations;
- where to find specific and highly focused expertise uniquely relevant to international commerce, such as information provided by the state department of commerce and investment, the federal Export Assistance Centers, the Export-Import Bank and the Trade Data Center;
- what general information and financial resources are available from the many agencies within the U.S. Department of Commerce and the Small Business Administration; and

- how dynamic is the existing local-global mix in a particular community, including the percentage of the local economy engaged with or dependent on global trade and investment and the primary countries with which local businesses engage.

Nurturing Entrepreneurship Infrastructure

Local governments can also nurture an infrastructure for export-oriented entrepreneurship in their communities by utilizing existing local assets. One of the most practical assets for businesses in any region is the presence of a Free Trade Zone (FTZ). Often associated with a regional airport, warehouse district or light industrial park, free trade zones provide unique cost-savings benefits relating to the importation, manufacturing, assembling or exportation of goods. At present there are 256 general purpose trade zones approved in the U.S.

Local governments can initiate the establishment of an FTZ, often in collaboration with cross-sectoral and cross-governmental partners. For more information or to apply for an FTZ in your community, contact the U.S. Foreign-Trade Zones Board at <http://ia.ita.doc.gov/ftzpage/>.

Other key local resources are business incubators, which are often linked to a university campus. Incubators serve local businesses and represent a great source of home-grown innovation. Students, many of whom have a vested interest in the success of their hometown, have the opportunity to test their ideas and refine their business skills while helping other local businesses better understand the marketplace and turn concepts into commercial products or services.

Local governments can and should be active partners with local incubators. For example, the operations at the Louisiana Business and Technology Center at Louisiana State University are integrally linked to the economic development strategies of the city of Baton Rouge, which helped establish the center.

Establish Trade Relationships

Communities have many more global connections than they might think. While large multinational corporations are the most obvious international presence in a community, it's wise not to underestimate the value of foreign students, recent immigrants, civic organizations and volunteers engaged in programs such as Sister Cities. The power of such connections, especially the likes of Sister Cities, is that they create bonds of friendship and trust that can be translated over time into entrepreneurial opportunities.

In addition, new immigrants represent a natural link to a different country of origin. To strengthen these relationships city officials can arrange to meet at city hall with foreign business and political leaders when they visit the region and invite relevant community members to participate.

City officials who can travel to other countries, whether on vacation, with a Sister Cities delegation, on an NLC-facilitated trade mission or as part of a state trade mission, have an additional opportunity to scout foreign market conditions and open doors for hometown businesses by virtue of relationships made with counterparts in the foreign city. For example, key municipal leaders from cities with a large export base are often the logical partner when the state government is seeking international commercial opportunities.

Two good examples of cities that offer a variety of supports to local businesses that want to reach into the global market are San Antonio and Colorado Springs, Colo.

San Antonio

The City of San Antonio has embraced its role as a promoter of small business export. Its Casa San Antonio program is a direct link to Mexico for all partners in the San Antonio business community. The program assists companies interested in exporting products and services to Mexico, and facilitates imports and investment opportunities by developing international partnerships. In addition to the Casa program, San Antonio has an established The Export Leaders program. This program cultivates manufacturing or service companies seeking to expand their skill set to export successfully. The training sessions provide a hands-on understanding of how to enter foreign markets, marketing strategies, pricing, customs regulations, shipping and transportation, export financing and legal issues.

For more information about San Antonio's export promotion programs, visit <http://www.sanantoniotrade.org/>.

Colorado Springs

The Colorado Springs Office of International Affairs (OIA) is a coordinating agency for international activities and programs in the city and is a "one-stop-shop" for local companies interested in international business and trade. The OIA seeks out opportunities for local businesses in Colorado Springs to increase their sales in international markets, encourages investments from overseas in Colorado Springs and brings prominent officials from other countries to Colorado Springs through the International Visitors Program of the U.S. Department of State.

Using a series of monthly seminars, a high-profile Mayor's International Luncheon event, strategic partnerships with the Chamber of Commerce, and unique trade promotion events OIA is adding value for those businesses that have neither the global networks nor the technical expertise to be competitive in the global market. For more information about Colorado Springs' export promotion programs, visit www.springsgov.com/Page.aspx?NavID=1659.

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