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# Supporting Exporters: Trade Promotion and Regional Collaboration

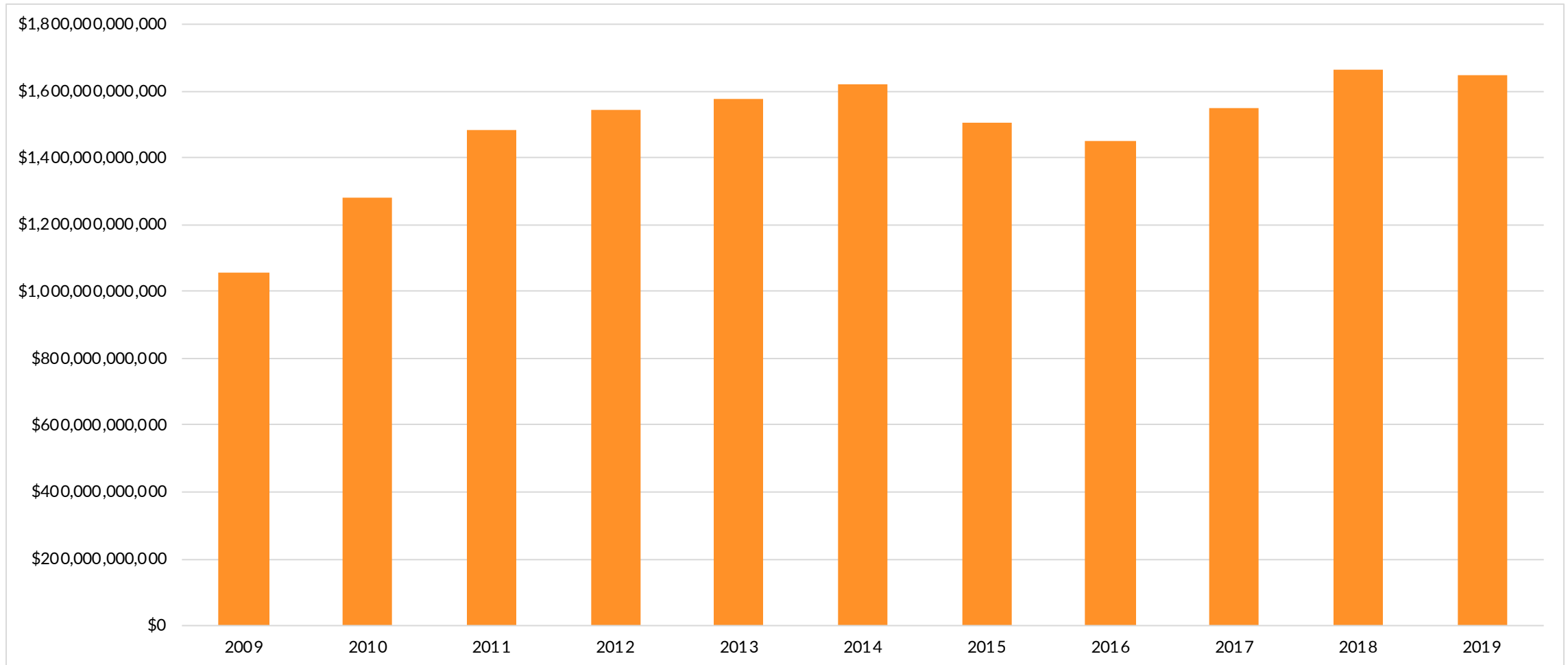
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# Regional Collaboration to Support Exporters

- **Why** should we support export growth?
- **Who** needs assistance to export?
- **What** structures are already in place to assist them?
- **Where** are key gaps in these structures?
- **How** do we achieve regional collaboration?

# Total U.S. Exports

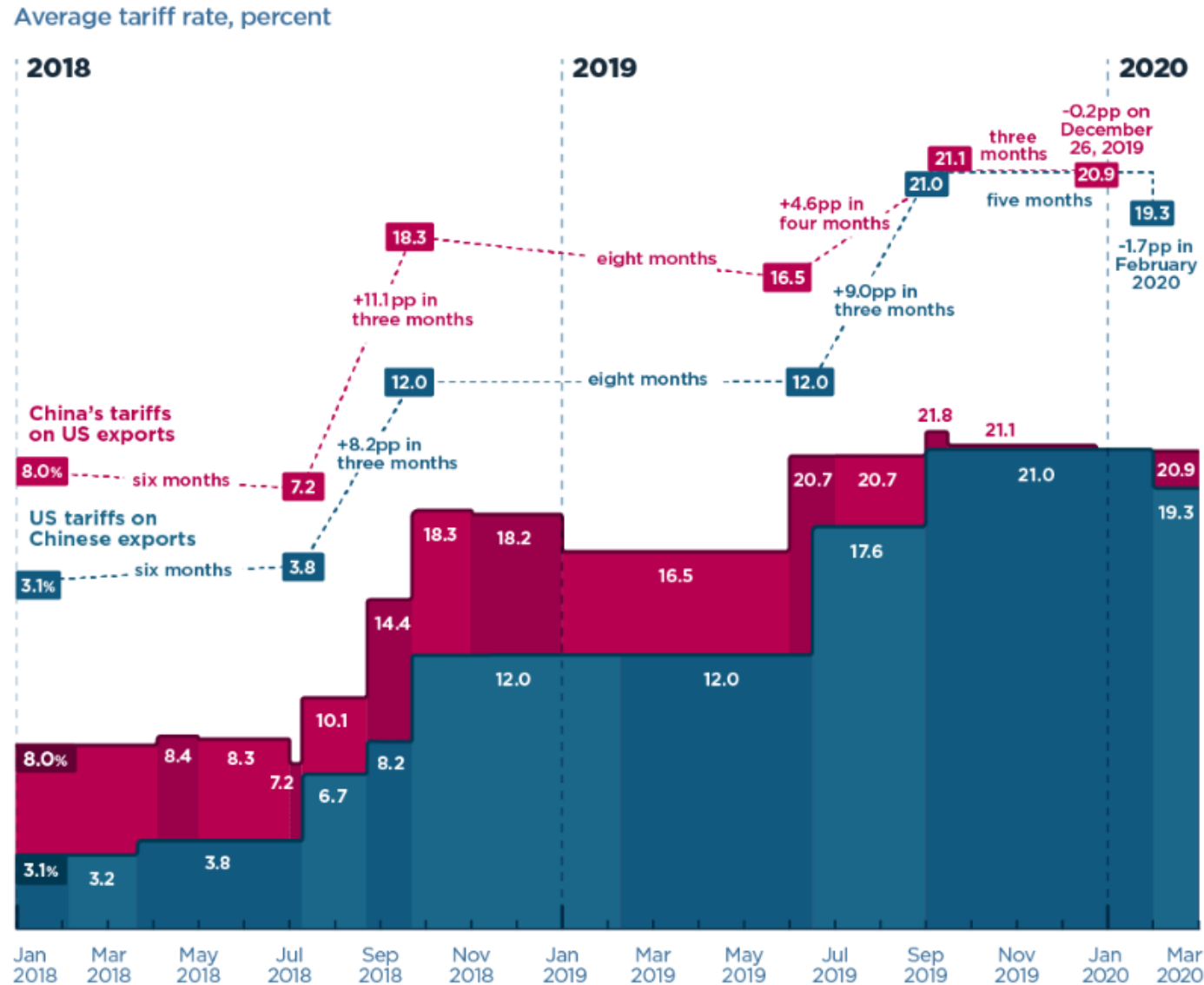


Note: Goods exports only. Source: U.S. International Trade Administration

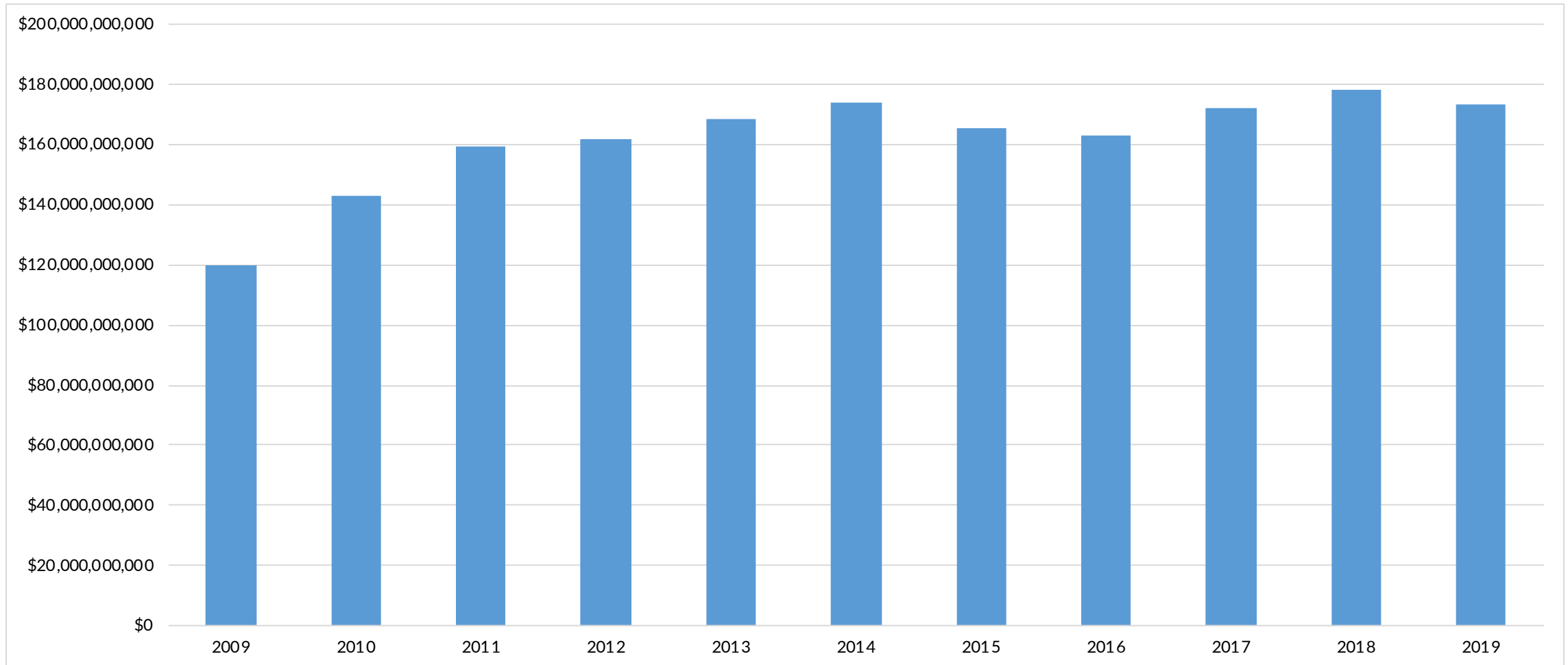


# U.S.-China Trade War

Source: Peterson Institute for International Economics

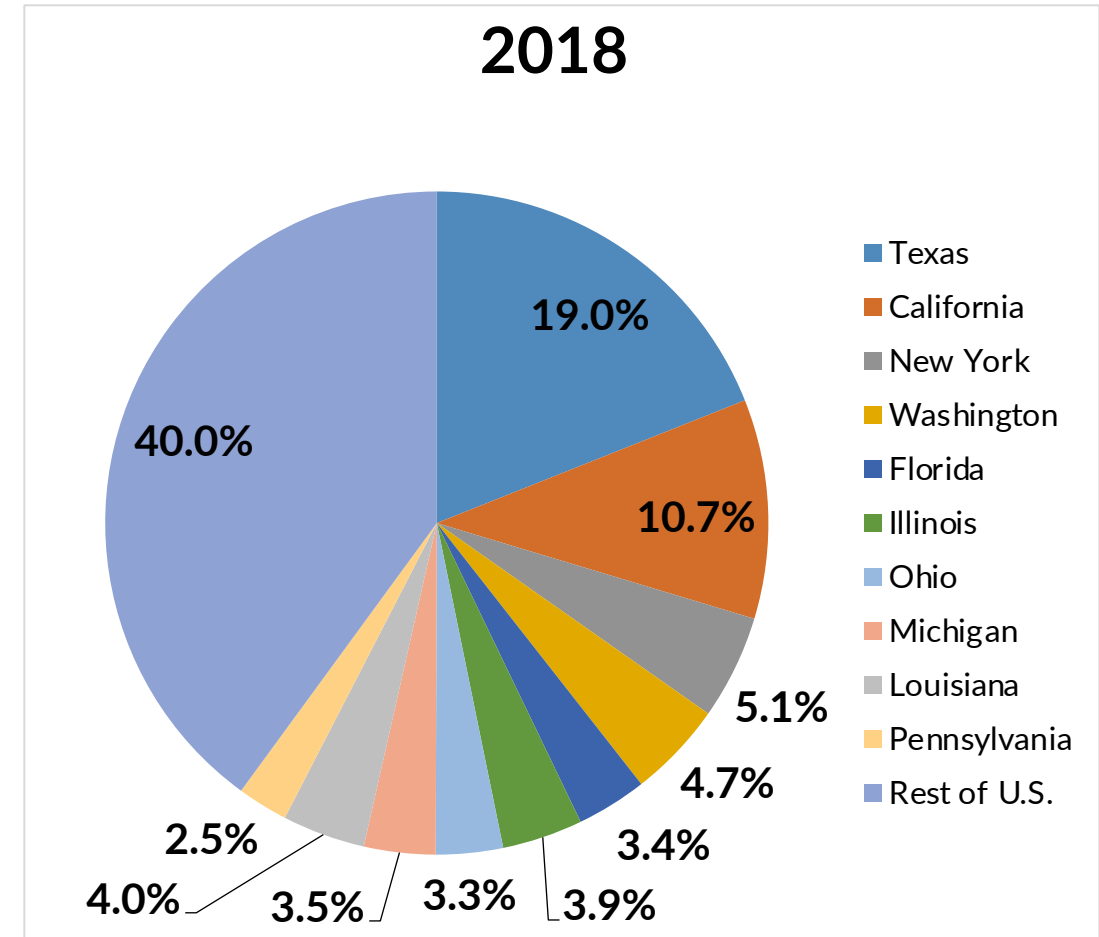
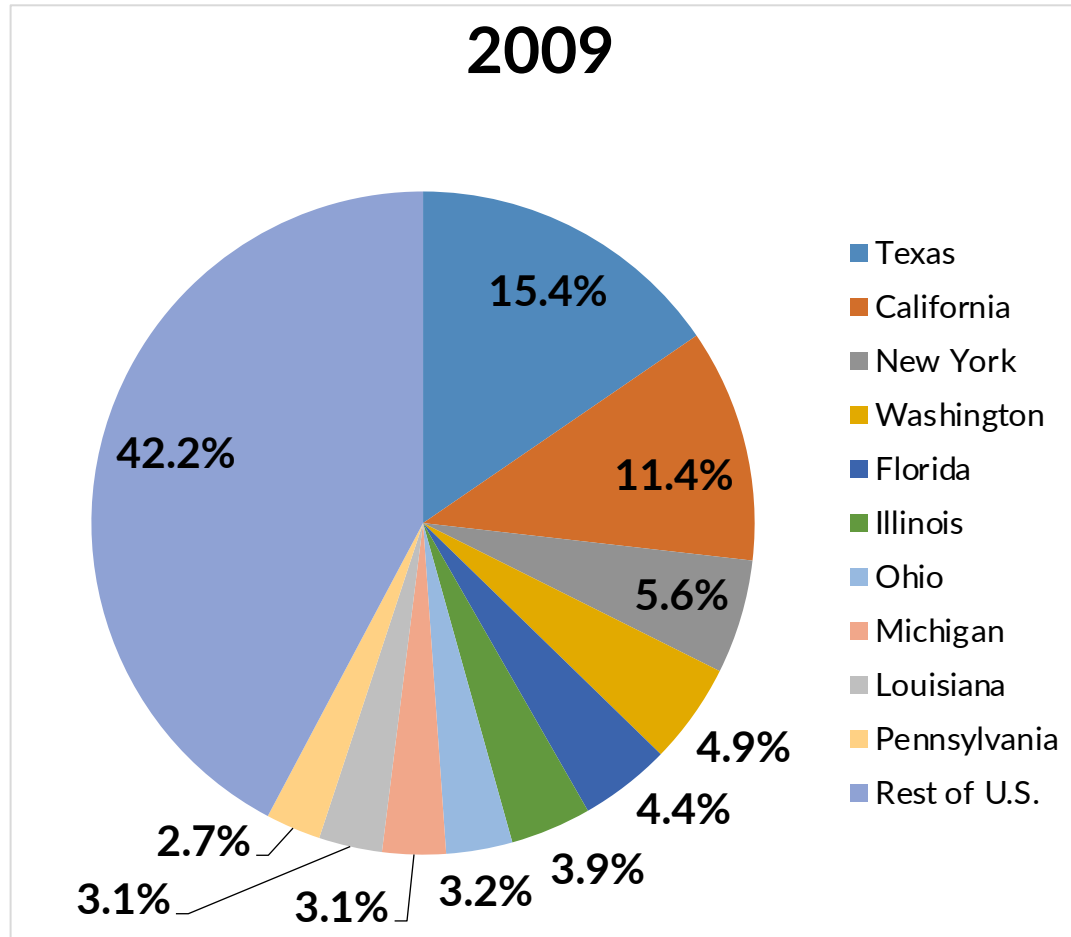


# Total California Exports



Note: Goods exports only. Source: U.S. International Trade Administration

# California's Share of U.S. Exports



Note: Goods exports only. Source: U.S. International Trade Administration

# Supporting Export Growth in California

- Exports up from \$120.1 billion in 2009 to \$178.2 billion in 2018
  - But facing tougher competition: lower share of U.S. total exports
- Opportunity for action to support exporters (especially small business)
  - Trade agreements have helped, but trade war created uncertainty
- State government committed to trade and investment promotion
  - Investing in GO-Biz staff and resources, but lacks regional strategy



# Milken Institute: California Trade Policy

- Rebuilding Trade Policy Infrastructure - May 2019
  - Technology, Trade, and Commerce Agency (TTCA) eliminated 2004
  - Office for Business and Economic Development (GO-Biz) created 2012
  - Lt. Gov. designated as Representative for Intl. Affairs and Trade Devt.
- California Policy Summit - January 2020
  - Convene stakeholders: both public and private sector
  - Trade panel session to discuss supporting export growth
  - Focus on developing policy recommendations for regional collaboration

# Opportunities for Export Growth

- New-to-Export Firms (NTE)
  - Barriers to export are low, but many firms aren't aware of opportunities
- E-Commerce
  - Allows companies to be born global, but they still need support
- Services Exports
  - Growing faster than goods exports, but few programs meet specific needs

# Milken Institute: New-to-Export 101

- Pilot Program: 23 SME clients in Los Angeles
  - Identified specific needs, provided seamless services delivery
  - Primary mentors: USEAC/SBDC export counselors
  - On-call mentors: Subject-matter experts (legal, finance, etc.)

STEP 1	BUILD EXPORT CAPACITY
STEP 2	IDENTIFY TARGET MARKETS
STEP 3	FIND BUYERS AND MAKE SALES
STEP 4	ACCESS FINANCIAL RESOURCES
STEP 5	FULFILL THE ORDER

# Reducing Risk through Trade Finance

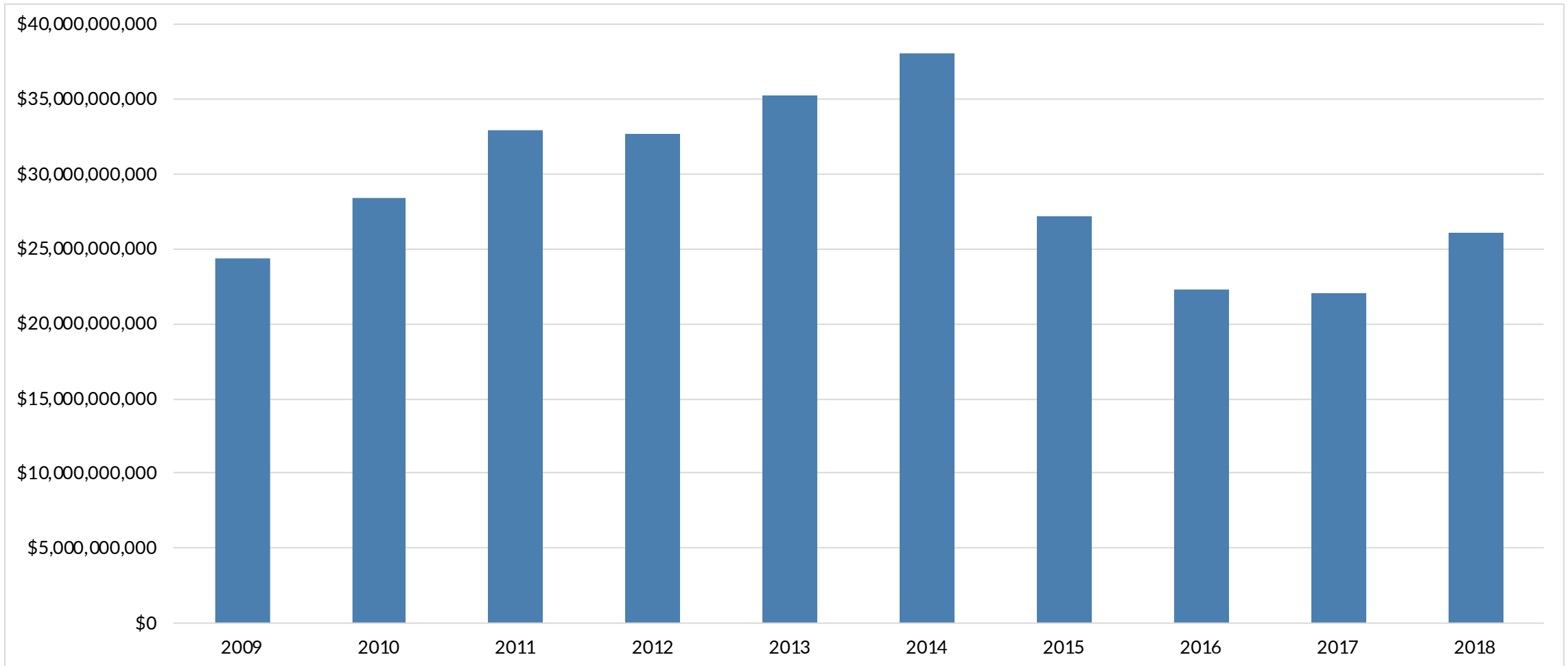
- Reduce **borrowers'** perception of risk (especially SME)
  - Trade credit can complement (not just substitute for) bank lending
  - Provides opportunity to assess quality of purchase before payment
- Reduce **lenders'** perception of risk
  - Reasonable returns on investment, very low default rates
  - But most transactions still conducted on paper



# Trade Finance Advisory Council (TFAC)

- Recommendations for U.S. Small Business Administration
  - Revise fee structure of EWCP
  - Increase limit on EWCP loan size
- Recommendations for U.S. Department of Commerce
  - Develop education & technology tools: videos, webinars, fintech
  - Expand data collection: trade credit insurance; trade in services
- Prosper Africa: State, Treasury, Commerce, USDA, SBA, EXIM, USAID

# U.S. Exports to Africa



Note: Goods exports only. Source: U.S. International Trade Administration

# Achieving Regional Collaboration

- Deliver high-quality services, and measure their impact
  - Gathering high-quality data is an important first step
- Trade and investment marketing – external and internal awareness
  - Local awareness of services, importance of trade lacking
- Coordinate private sector and federal, state, and local partners
  - Reduce duplication and multiply efforts; public-private partnerships

Top challenge for many programs is funding → **need to be strategic**