

THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

June 19, 2014

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

New research has uncovered the arrival of a unique segment of exporter: the consumer-driven, technology-enabled small business exporters. These exporters include small U.S. businesses - often with only a handful of employees - that are finding their use of digital technology is quickly propelling their reach to meet demand from customers, businesses, and peers across the globe, just like larger corporations. These exporters differ from other small business exporters as their use of technology empowers them to reach consumers in many global markets, without scaling their operations or necessarily integrating into larger supply chains.

In January 2013, a study by the World Economic Forum found that the Internet and digital platforms are driving a transformation in goods flows. According to the report, technology has revolutionized traditional supply chains by allowing individual entrepreneurs and small businesses to reach across borders to access new markets. This technological capacity and the increased global reach means these small- to medium-size enterprises (SMEs) often have to react quickly to becoming a "new exporter" and getting their goods and services abroad. This growing trend also has given rise to wide-ranging "micro" trade, including cross-border microlending, microwork, micropayments, microcommerce and other "micro" trends.

Additionally, in August of 2013, the U.S. International Trade Commission found that digital technology is particularly beneficial to SMEs, as it improves access to products, services, and markets. Technology tools for currency conversion, logistics management, market analysis, and language translation are just some of today's online resources that have given rise to technology-enabled SME exporters.

Perhaps most exciting, in an April 2014 study, the McKinsey Global Institute found that the benefits of technology-enabled SME exporting are not just limited to small U.S. businesses. There is also evidence to show that individuals and small businesses in the developing world are benefiting from technology-enabled export markets. This means that technology has given rise to a global empowerment network, or a model for trade where businesses of all sizes can directly engage across borders and operate independently outside of the traditional supply chain model.

While technology is democratizing trade, there are still barriers to success for these consumer-driven, technology-enabled SMEs.

I. Challenge: Trade Rules and Procedures Must Be Streamlined and Digitized:

Implementation of the WTO trade facilitation agreement and efforts to streamline and digitize trade rules across borders, including customs procedures, are paramount to ensuring fair and full access to global markets by technology-enabled SMEs.

Recommendation #1: Increase Work with Trading Partners to Ease Barriers for Technology-Enabled SMEs. The PEC recommends that the Administration work with our trading partners to ensure that international policies break down barriers that prevent technology-enabled SMEs from reaching global markets.

Recommendation #2: Increase Collaboration among U.S. Agencies to Ease Domestic Barriers. Additionally, here at home, your Administration should use existing efforts to collaboratively ensure that agency policies do not create domestic barriers to technology-enabled SME trade.

II. Challenge: Federal Trade Tools and Resources Should Better Assist Technology-Enabled Small- and Medium-Sized Businesses: Many of the federal trade promotion programs that have been developed have not fully considered new technological innovations, such as the growth of online commerce, or what technology-enabled SMEs need to increase their exports.

Recommendation: Review and/or Revise U.S. Trade Tools to Boost Access and Use. We encourage your Administration to revisit U.S. trade promotion policies, tools, and resources to ensure they are both accessible and usable by technology-enabled SMEs. The PEC believes that the launch of the NEI/NEXT initiative creates an important opportunity to achieve this objective.

Private-sector partnerships and feedback will be essential to ensuring technology-enabled SMEs grow and continue to succeed. We look forward to working with your Administration to ensure that technology-enabled SME exporters have the support they need to achieve their full potential.¹

Sincerely,



Jim McNerney

¹ Please note this letter was prepared by the private sector appointed members of the PEC.