

## Free Trade Agreements

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### **Problem:**

America's standing as a world leader depends directly upon our competitive success in the global economy. For the past half century, the U.S. has led the world in breaking down barriers to trade and in creating a fairer and freer international trading system based on market economics and the rule of law that has generated more American jobs and helped the growth of small and medium-sized enterprises (SMEs).

- Even in sound economic times, small businesses are at a distinct disadvantage in the global economy. NSBA and its international trade arm, the Small Business Exporters Association (SBEA) have been urging for years—decades, even—that more must be done to emphasize the needs of small business within the scope of U.S. trade.
- In 2020, the U.S. Census Bureau released the “Profile of U.S. Importing and Exporting Companies, 2017-2018” report showing that large exporters accounted for over two-thirds (\$1,005 billion) of the known export value, while SMEs accounted for the remaining \$473 billion. SMEs accounted for 17.4 percent of exports by manufacturers, 60.7 percent by wholesalers, and 47.6 by other exporters.
- The most recent NSBA data indicates that approximately one-third of small firms spent more than five percent of their annual operating revenue to begin exporting, and nearly half spent anywhere between a few months to a full year preparing before actually exporting.
- Among SMEs, there are a broad number of benefits reaped by free trade agreements (FTAs), including access to new foreign markets and opportunities to expand existing export operations. Furthermore, a majority of SMEs state they are more likely to enter a new market if it is covered under an FTA with the U.S.
- FTAs have eliminated nontariff barriers that small businesses cannot handle because of the high fixed costs they impose on their bottom line; as more of these agreements are implemented, small businesses will find greater opportunities to serve markets that, previously, only large multinational corporations could access.

### **Solution:**

Today, the U.S. has FTAs with 20 countries. These agreements have strengthened our economy and support millions of jobs. They have been successful deals for American workers, businesses, and families.

- NSBA supports trade and investment agreements that are fair, accountable, and create a level playing field; put American families and workers first; and benefit consumers and small businesses.
- NSBA supports expansion of international trade and investment, fair and equitable market access for SME products abroad, and elimination of disincentives that impede the international competitiveness of small exporters.
- Recognizing the important role SMEs play in the U.S. economy and trade, NSBA supports the inclusion of stand-alone chapters dedicated to SMEs for all future FTAs—similar to the one in the USMCA.