Statement of

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Regarding Reauthorization of the Export-Import Bank of the United States

Before the

SUBCOMMITTEE ON INTERNATIONAL TRADE AND FINANCE
COMMITTEE ON BANKING
UNITED STATES SENATE

Washington, DC

8 March 2006

The Small Business Exporters Association of the United States™

America's Premier Association for Small and Mid-Sized Exporters®

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Senator Crapo, Senator Bayh, members of the Subcommittee, thank you for inviting me to appear here today. I am Al Merritt, President of MD International, Inc., of Miami. MD exports medical equipment and related services to Latin America, the Caribbean and other markets. Areas of medical care that we address include general medicine, ENT obstetrics/ gynecology, ophthalmology, physical therapy, cardiology, surgery, critical care, anesthesiology and imaging. We also provide turn-key and on-going hospital renovation and remodeling projects throughout the world

Throughout its 19-year history, MD International has offered financing to foreign buyers, often with the support of the Export-Import Bank of the United States. Without Ex-Im's assistance, our company would have lost important sales, and individuals throughout Latin America would have gone without access to modern medical technology.

I also appear here today as a representative of the Small Business Exporters Association of the United States, on whose Board of Directors I serve. SBEA is the nation's oldest and largest nonprofit organization of smaller exporting companies. As the international trade council of the National Small Business Association, SBEA also represents NSBA's 22,000 exporting companies.

Let me begin by stating unequivocally – on behalf of MD International and SBEA – that we strongly urge Congress to reauthorize Ex-Im Bank.

We support Ex-Im and we want to make it even more effective.

The Need for Ex-Im Bank

Sales of products and services to developing nations involve a significant degree of foreign risk, especially when the foreign buyers finance their purchases over several years. Commercial banks historically have been reluctant to assume a major share of this risk. For one thing, the collateral securing the loans is often in another country, where recovery can be difficult.

Every exporting nation grapples with this risk. Nearly all of them address it by providing guarantees to commercial lenders and brokers that agree to finance exports using certain criteria, or by providing credit directly to exporters.

This is particularly vital for transactions by smaller companies. Not many banks are involved in export finance. And not many of those will handle smaller international transactions, especially when the exporter is a small business. Fewer still will accept "walk-in" small business exporters who are not long-time commercial customers. Without Ex-Im's (and SBA's) available backing for export finance, small business access to export finance would be close to zero. Congress envisioned Ex-Im as a "bank of last resort" for exporters; for small and medium-sized companies, it is frequently the "bank of only resort."

Our company is a good example. We have been exporting successfully for nearly 20 years. We ship to forty countries. We employ 111 people. Yet even with our history, reach and employees, many deals would be impossible for us without Ex-Im guarantees and insurance.

Maybe I can illustrate this with an analogy. If you buy a tire for your car, you probably will pay cash for it. If you buy a new transmission for your car, you may well charge the cost to your credit card and pay it off over three or four months.

But if you buy a new car, you probably aren't going to pay cash for it or even pay it off in a few months. You'll most likely want to finance it over a couple of years.

Lots of small exporters in effect sell tires. Tire sales can be a good business. Plenty of foreign buyers want the equivalent of tires, and that can form a pretty good trading relationship. You can do a lot of "tire exporting" as a cash business without having to find financing for your buyers.

With "transmissions" and products that cost more per unit, however, many buyers will want to take a few months to pay. Unless you as an exporter want to act like a bank – and most exporters can't and don't -- you'll need short-term export financing.

"Transmissions" and their equivalents are desirable exports that can support good jobs at home and form the foundation for solid and growing international trade channels. So it helps everybody when Ex-Im provides short-term guarantees and insurance for the financing of these exports.

"Cars" (in other words, higher value exports like capital equipment) are a much bigger deal. The buyers want to take years to pay, but the benefits to the exporters and the U.S. as the exporting country are huge. Companies that build "parts" for the "cars" get sales. Many jobs, both direct and indirect, get created and supported. "Car"-type exporting is a very good business. Sales are larger. Margins are usually healthy. And the buyers eventually come back for "tires" and "transmissions," not to mention servicing and training. "Car" transactions use medium term financing. Without Ex-Im backing, these transactions are extremely hard to put together.

(Ex-Im also provides long term financing for very big ticket items. Let's call them "airplanes." They are vital to the U.S. balance of trade, and necessary, but not a major focus for "SME's."[*] Few small business exporters want to extend payments out beyond seven years.)

In sum, American companies of all sizes would lose countless billions of dollars in export sales -- and the high-paying export-related jobs that go with them – without

[*] Here, as elsewhere in this testimony, "small and mid-sized enterprises" (or exporters or "SME's") refers to U.S. businesses with fewer than 500 employees, with certain limited exceptions as defined by the U.S. Small Business Administration (SBA).

Ex-Im, the official export credit agency of the United States.

But there's another side of it, too. I like to think that companies like mine help the U.S. put its best foot forward overseas. Companies that construct roads, purify water, build homes and schools, and improve health care. We show our neighbors that we care about the quality of their lives. We demonstrate that our government and our private sector want to help them achieve health and prosperity. Without Ex-Im, that capability, too, would be greatly diminished in the developing world.

Here are two examples of MD International transactions that Ex-Im financed.

- (A "transmission") We sold a fluoroscopic diagnostic device, manufactured in Utah, to a Mexican hospital for $150,000. Ex-Im provided the hospital with financing.

- (A "car") We completely outfitted a women's hospital in the Dominican Republic with $7 million worth of U.S. manufactured medical equipment. Thanks to 7-year financing from Ex-Im, we made the sale despite stiff competition from German and Spanish companies, selling EU-manufactured equipment, and backed by the export credit agencies of Germany and Spain.

So MD International and many other SBEA members keep a close watch on Ex-Im.

How To Improve Ex-Im

MD International and other SME exporters appreciate the assistance that Ex-Im has provided. But it's no secret that Congress gave Ex-Im a mandate in 2002 to allocate 20% of its financing dollars to SME transactions, and that the Bank has so far failed to meet that mandate.

SBEA would like to suggest some reasons why, based on the experiences of companies like mine, and to recommend steps that Congress and the Bank could take to meet this entirely achievable threshold.

Ex-Im starts with an great resource -- many dedicated, hard-working people. There are also several Ex-Im products that are well-suited to smaller companies. These include the agency's export working capital (pre-shipment) financing and its short-term insurance against buyer default.

While these products – and the SME awareness of them -- could always be improved, overall they tend to work well. The criteria for obtaining the financing are relatively transparent and the authority to get the transactions underway is delegated to a network of banks and brokers.

Ex-Im's principal challenge with these products is finding and educating its potential customers. A secondary challenge is making sure that those customers, once inside, are retained and return again.

So our first recommendation is to the Bank: broaden outreach to SME's on these products and use their feedback to make improvements in them.

While we would encourage Congress to stress this point in the Report accompanying the reauthorization legislation, we do not feel it is necessary to be included in the statute itself.

To its credit, Ex-Im has developed an ambitious plan for outreach, as part of its recent "Small Business Committee" initiative.

In terms of identifying further new SME customers, I would simply repeat what my SBEA Board colleague Jim Wilfong said at last week's Ex-Im Advisory Committee meeting. Over 60% of the SME's that are currently exporting ship to only one country. Getting them into a second or third country would increase the demand for Ex-Im products -- without the sometimes steep learning curve involved in a company's first export transaction. The Commerce Department's U.S. Export Assistance Centers, located in over 100 cities across the country, could be helpful partner to Ex-Im in this process.

Our second point is that the Bank's emphasis on SME transactions has tended to ebb and flow over the years, based on the priority that the Bank leadership has attached to them. Unfortunately, this has resulted in considerable SME management instability.

When we consulted with current and former Bank staffers about Ex-Im's approach to SME management over the past decade, a rather confused picture emerged.

By our count, Ex-Im has had 15 different management structures for addressing SME's since 1997, *or more than two a year, on average*. The point person for SME's has been at various times a Group Vice President, a Senior Vice President, a Vice President, and an Office Director. For at least two substantial periods of time since 1997, *no one* was in charge of SME responsibilities. "Business Development" has been included in and excluded from the small business operation (when the Bank has had one), at one point being separated into *international* business development, which was excluded, and *domestic* business development, which was included. The Ex-Im field offices have been told to concentrate on small business, to concentrate on large business, and again to concentrate on small business. The SME operation has been near the top of the organization chart, answering to the President, in the middle, answering to various Senior Vice Presidents, near the bottom, and for a while in 2004-5, essentially off the chart, directing no one and essentially directed *by* no one. The staffing levels have ranged from one to more than twenty. Sometimes the person in charge of SME's could intervene in specific transactions, but sometimes not. Sometimes the SME operation has handled insurance products, sometimes guarantee products, sometimes both and sometimes neither. Sometimes the SME operation has had the authority to approve credit and authorize transactions, but sometimes not. Sometimes the head of the Bank's SME operation has long been involved in the Ex-Im's small business transactions; sometimes the person has had *no* significant recent SME experience.

Ex-Im's SME management reached one of its "high points" -- with a Group Vice President answering directly to the Bank President -- prior to the Bank's 2002 reauthorization. Shortly afterward, the entire operation was abolished. What followed was one of the periods in which the Bank had *no* SME operation as such.

Our normal preference would be to let Ex-Im handle SME's on its own, and we certainly commend Chairman Lambright and the Bank's management and staff for the effort that went into the recent "Small Business Committee" proposal.

But we do believe that the lack of a permanent, stable structure with responsibility and accountability for the Bank's SME performance has reduced the effectiveness of the Bank's SME work. It also has confused commercial banks and exporters, as well as the Bank's own staff. So we request that Congress provide Ex-Im with additional guidance in this area.

We recommend that Congress:

- **create a permanent Small and Medium Size Enterprise Division at the Bank,**
- **direct this Division to have its own staff of underwriters and business development specialists, devoted exclusively to SME transactions,**
- **authorize the Division to create its own credit standards and to process its own transactions (subject to approval by the Ex-Im Board),**
- **require this Division to have a system of compensation, benefits, incentives and promotions comparable to other career tracks at the Bank,**
- **put a Senior Vice President or higher in charge of the Division,**
- **stipulate that the person holding that position have significant recent SME experience, and**
- **have this person report directly to President and Board of the Bank.**

We believe that this approach would offer significant advantages.

First, it offers a framework of transparency, responsibility and accountability for SME transactions at the Bank. It puts the Bank's senior SME management in charge of the Bank's SME products and transactions.

Second, it creates an environment of stability in a domain of Ex-Im management that has been subject to frequent upheavals. It permits planning and benchmarking.

Third, it provides a secure setting for Bank employees who want to focus on SME's but fear more sudden shifts in the winds.

Fourth it shortens the "feedback loops" between the Bank's SME customers and its SME policies, as well as between the Bank's SME officials and its Board. Process streamlining, turnaround time reduction and new product offerings will be simplified. Outreach becomes strategic and sustainable.

Fifth, it facilitates oversight by the Bank and Congress as Ex-Im carries out such Congressional mandates as the requirement to devote 20% of the Bank's financing dollars directly to SME's.

We suggest that the SME Division's funding allocation be left up to the Bank. Adjustments can be made, if necessary by Congress, according to the Division's success in hitting its benchmarks.

We believe that this approach to the management of Ex-Im SME transactions will be successful in part because we have seen something very similar to it succeed spectacularly at the Overseas Private Investment Corporation.

OPIC's mission is in many ways more difficult than Ex-Im's. Rather than finding American companies that want to *sell goods* overseas, OPIC must find ones that want to *invest* overseas.

These investments must promote American companies and not cost a single American job. They must aid in the progress of developing countries (OPIC was once part of USAID), and they must make economic sense on their own.

If the universe of SME's that export is small – 5-10% of all U.S. SME's – the universe of SME's that want to *invest* overseas, and with these stipulations, is a fraction even of that.

Five years ago, a debate raged within OPIC about whether to stop handling SME transactions altogether.

OPIC's President at the time, Dr. Peter Watson, made the decision to go in the other direction. He set up a Small and Medium Enterprise Finance Department, installed an focused and energetic leader to head it, allocated significant agency resources to it (including full-time dedicated underwriters), and gave it his strong public and private backing.

In FY 01, OPIC handled SME transactions valued at <u>$10 million</u>. Last week, the agency released its numbers from FY 05: <u>$347 million</u> in SME transactions.

At the same time, the agency announced a new Enterprise Development Network that will use delegated authority financing to raise these figures even higher.

A similar approach also had a dramatic impact at Canada's export credit agency, Export Development Canada (EDC). In 1994, the Canadian government decided to create an SME unit within EDC, with its own underwriters and business development staff, with full responsibility for EDC's SME products, and with its reporting directly to EDC's President.

Since then, EDC has grown from servicing fewer than 500 SME's to more than 7,000, -- or one-fifth of Canada's 35,000 total exporters. Providing export financing through commercial banks (80%) and directly (20%), EDC last year provided CAN$11 billion in SME export financing.

From a base of 220,000 SME exporters in the U.S., Ex-Im provided export financing to around 2,300, in the amount of US$2.7 billion. This is only about a *fourth* of the export financing that Canada provided to its SME's, despite the fact that the overall U.S. economy is *seven times larger* than the Canadian economy.

Ex-Im has the raw material -- in the U.S. economy and in its own staff -- to greatly expand its SME financing. It needs an appropriate management structure, the right allocation of resources, and strong backing from Congress.

On that note, our next recommendation relates to the Bank's allocation of staffing.

To step back a bit, Ex-Im as an institution reflects the environment in which it developed. Founded in the 1930's, the Bank evolved mainly in the 1950's through the 1970's – a time when larger companies represented nearly all of the demand for buyer financing instruments, especially those involving terms of longer than a few months.

As more American "SME's" have gone global in recent decades, that demand pattern has shifted. SME's here are finding overseas customers quite willing to place larger orders, and orders for more expensive items ("cars"), but in need of more flexible and longer term financing.

In 1986, the year before MD International began exporting, there were about 65,000 small business exporters in the U.S. Today there are nearly 220,000. The value of American small business exports now tops $200 billion annually. (And that's just counting merchandise exports, not most service exports. Many small businesses like MD International sell services separately or packaged with goods exports.)

Today over 97% of all U.S. exporters are small businesses. Their activity is broadly dispersed across the country. Take my home state of Florida. Over half the value of Florida's exports comes from SME's. The same is true, remarkably enough, in the economic powerhouse of New York state. In California, the figure is *almost* half – and the number of SME exporters tops 50,000. Across the nation, more than one-fourth of all U.S. zip codes show merchandise exports of over $500 million a year.

[See Chart 1, SME export levels by state.]

Ex-Im as a whole has not really reflected these changes in the business environment.

The Bank's staff is highly concentrated in Washington, DC. No more than 25 Bank employees – highly dedicated and overworked ones, we might emphasize – are in the field. And virtually none of them have the authority to underwrite and approve transactions.

In terms of "being where the customers are," the Bank is almost the polar opposite of the Small Business Administration, about 20% of whose staff is in Washington, with 80% in the field. Even SBA's modest Office of International Trade has only 6 people in Washington, with 17 in the field.

As noted, the Commerce Department maintains a network of over 100 U.S. Export Assistance Centers across the nation. These would be logical settings for Ex-Im personnel.

So our third recommendation to Congress is to have Ex-Im provide you with a report on how it could shift more underwriting and business development staff, especially those handling SME transactions, into the field.

But field staff alone cannot reach every SME exporter with financing needs. The Bank operates through a network of brokers and delegated authority lenders. Except when it doesn't.

And here I return to my point from earlier, about tires, transmissions and cars.

Companies like mine – capital equipment exporters with bundled services – are selling "cars." More and more SME exporters are migrating into cars – higher value equipment and service exports. But buyers want to take several years to pay for cars.

[See Charts 2 and 3: current and future capital equipment exports by SME's.]

This upside potential is extremely significant for several reasons. First, capital equipment exports support U.S. manufacturing. MD International, for example, buys from smaller U.S. manufacturers like Welch-Allyn in New York, Wallach Surgical in Connecticut, Miltex Surgical Instruments in Pennsylvania, Health–O–Meter Scales in Chicago, Gendex Del X-Ray Company in Chicago, Midmark in Ohio, Simmons in Atlanta, Mettler Electronics in California, Protocol Monitoring in Oregon, and Medical Research Labs in Illinois. Altogether, we buy from over 100 U.S. manufacturers based all across the country -- almost all of them SME's.

Second, these exports are closely linked to higher-paying jobs in the U.S. – jobs that pay 15-20% higher, on average, than comparable work in non-exporting companies, according the Commerce Department statistics.

Third, these exports establish longer-term buying relationships with foreign customers, as those customers order parts, upgrades, servicing, training and ancillary equipment over time.

Fourth, they also help establish American technical standards and specifications in overseas markets, a boon to a wide array of exporters.

Fifth, capital equipment exports are simply worth more money, on average, than most other types of exports.

So if the SME Division of Ex-Im that we are proposing needs an early focus, expanding SME capital equipment exports should be it, in our opinion. Nothing will get the Bank's SME numbers up above 20% faster, nothing will yield a quicker payoff in job creation, and nothing offers greater potential to make an early dent in the U.S. trade deficit.

But there's a rub.

Because foreign buyers of capital equipment ("car buyers") want and need to spread their payments over many months or even several years, exporters like me and quite a few other SBEA members need to access Ex-Im's "medium-term" financing, covering repayment periods of six months to seven years.

Ex-Im does not delegate authority for its medium-term products to private sector lenders. As a result, the agency's transparency and decision cycle times for these products leave much to be desired.

The Bank says that medium term transactions take about 40 days. I will have to tell you that just about every capital equipment exporter I know tells me they endure much longer waits – months and even years. I know I often do.

Given the many good transactions with Ex-Im that I've had, I hate to say this, but the Bank has developed a bad reputation among foreign buyers for its medium-term financing. Knowledgeable buyers that my company encounters often flinch when we say we want to finance through Ex-Im. They tell us stories of shuffling paper back and forth with Ex-Im for a year or 18 months – and then being turned down. They tell us they turn to the Europeans and Japanese and get their transactions settled in a matter of weeks.

SME's can't handle delays of this duration. Customers walk away. Cash flow problems develop. Business reputations get damaged.

While the Bank does not break out its figures for the small business share of medium term financing, we have heard Bank officials estimate it at about $100 million out of $1.7 billion in overall medium term financing. If this is correct, the SME share is less than 6%.

This medium term bottleneck will persist, in our opinion, as long as Ex-Im itself continues trying to handle the nuts and bolts of every transaction at its headquarters. There simply aren't enough people at 811 Vermont Avenue, and there never will be.

The only way to truly solve the problem is to make the commercial banks genuine partners by delegating more authority to them for medium term transactions.

If delegating authority works for SBA, with smaller transactions, and for OPIC, with larger transactions – as well as for Ex-Im itself with other products – it can be made to work with the Bank's medium term financing.

Accordingly, we urge Congress to direct the Bank to delegate more medium term export financing authority to commercial banks and export finance institutions.

I might note that this proposal is also strongly backed by the Bank's larger company customers.

What we are ultimately talking about here is <u>faster turnaround times, higher customer satisfaction levels</u> and <u>lower transaction costs</u>.

Those are three pretty good measures for service improvements at the Bank.

Another way to accomplish both is by putting more of the Bank's transactions online.

Happily, the Bank's new "Small Business Committee" plan anticipates this.

We would encourage Congress to hold Ex-Im to this commitment by stipulating, at least in Report language if not in the law, that the Bank's online system for exporters be up and running by July of 2006, as promised, and that it soon include a password-protected area of the Ex-Im website displaying:

- **where each exporter's application(s) for financing stand,**
- **what decisions have been made on the application(s) and what decisions remain,**
- **whether any further information will be needed from the applicant,**
- **the person or persons at the Bank responsible at each step of the process,**
- **the anticipated time-line for final action on the application, and**
- **the anticipated date for the disbursal of funds.**

Such a system would not only improve turnaround times and lower transaction costs, but would also enhance transparency at the Bank and provide a valuable benchmarking tool for senior management.

Finally, there is one Ex-Im metric that we believe Congress should *not* change.

It is the requirement for the Bank to devote 20% of its financing dollars directly to small business.

The Bank surpassed this percentage at least three times during the 1990's, and it is perfectly able to do so again, particularly if it manages for a goal of 21% or 22%.

For FY 2005, the Bank says the SME share is at 19.7%.

The SME share metric supplies a necessary spur to Ex-Im to keep a strong focus on SME financing. It works hand-in-glove with the SME Division that we are proposing. Each reinforces the other.

Other metrics have significant disadvantages, in our view. For example, the Bank's SME *dollar volumes*, while generally useful, reflect a mixture of factors. General trends in world trade and exchange rate variations can play as much of a role in shifting the Bank's dollar volumes as the efforts of the Bank itself.

Focusing too closely on *the number of transactions* will perversely incentivize the Bank to emphasize simple, very low risk transactions with rapid approval times. More complex transactions, particularly medium-term transactions with higher dollar values -– where the Bank's approval processes are already far too long – could well be pushed to the back burner. Yet, as noted, these types of transactions generally have far greater paybacks in high-paying U.S. export jobs.

A concern is sometimes expressed that the 20% requirement for SME's might cause larger exporters to be refused financing if their transactions occurred toward the end of a Fiscal Year and would thus drop the Bank's final SME percentage below 20%. While SBEA believes that the Bank could avoid such unforeseen difficulties by managing for a goal of 21% or 22% rather than 20% (which allows little room for error), we share the view that the Bank itself -- and not exporters -- should be held responsible for any failure to meet the 20% mandate.

Accordingly, we propose the following process for assuring Bank compliance with the 20% mandate:

- In any Fiscal year that the Bank fails to allot 20% of its transaction dollars to SME's, the Bank shall submit a report to Congress within 60 days acknowledging the shortfall and describing a specific plan of action for rectifying it. This plan must, at a minimum, specify additional funds that will be allocated from the Bank's administrative budget to the SME Division.

- Within 30 days after the above plan is submitted to Congress, the Bank shall report to Congress on its implementation.

- During the Fiscal Year following the one in which the Bank fails to meet the 20% mandate, it shall report quarterly to Congress on the percentage of its dollars that have financed SME transactions.

We believe that this approach will communicate the seriousness with which Congress views the Bank's SME responsibilities without adversely affecting any other exporters. The requirement for Ex-Im to allocate more administrative funds to the SME Division if the mandate is not met will help keep the agency's management focused on the SME goals. The quarterly reporting requirement assures that Congress does not have to wait till the end of the next Fiscal Year to see whether the Bank has corrected any deficiencies.

In sum, Ex-Im has inherent strengths and the Bank does some things very well. As a nation, we would be seriously set back without it.

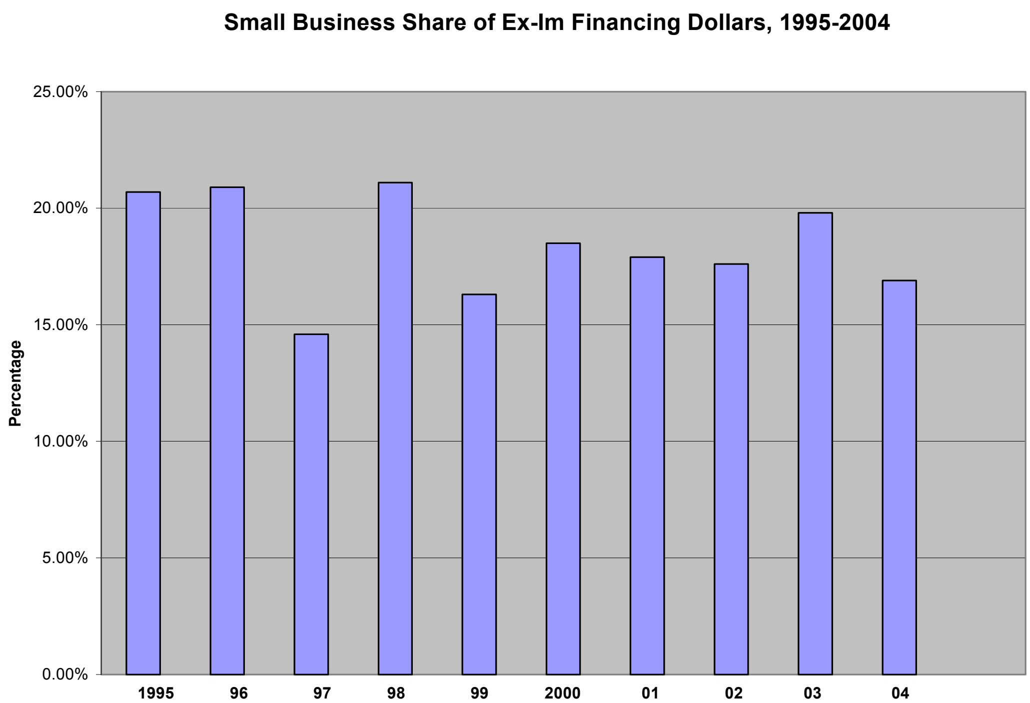
SBEA strongly supports Ex-Im's reauthorization, and we intend to strongly support it in the Appropriations process.

But Ex-Im can be improved, and we hope Congress will do so.

This concludes my testimony. I would be happy to take any questions at this time.

SBEA is the nation's oldest and largest nonprofit organization exclusively representing small and mid-size companies in international trade. SBEA is proud to serve as the international trade council of the National Small Business Association, the nation's oldest nonprofit advocacy organization for small business, whose 22,000 exporting companies SBEA represents on international trade issues.

Chart 2



Small Business Share of Ex-Im Financing Dollars, 1995-2004
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
Percentage
1995
96
97
98
99
2000
01
02
03
04

Chart 3

Can American business compete in selling capital equipment abroad? Can small business?

We *can* and *do*!

U.S. CAPITAL EQUIPMENT EXPORTS IN SELECTED MAJOR CATEGORIES, 2002, BY SIZE OF EXPORTING BUSINESS

In Billions of U.S. Dollars

NAICS Code	Description	Total receipts	SME Receipts	% SME
331	Primary metal manufactures	$14.3 billion	$4.4 billion	30.4%
332	Fabricated metal products	$15.9	$4.8	30.3%
333	Machinery manufactures	$65.5	$18.6	28.4%
334	Computers and electronic products	$133.3	$29.5	22.1%
335	Electrical equipment, appliances and parts	$19.5	$4.7	24.3%
336	Transportation equipment	$118.8	$17.5	14.7%
337	Furniture and related products	$1.6	$0.7	42%
339	Miscellaneous manufactures	$22.5	$10.0	44.6%
Totals		**$391.4**	**$90.2**	**23%**

(Sources: *2002 Economic Census* and *2002 County Business Patterns*, U.S. Census Bureau. SME's are small and mid-sized enterprises with fewer than 500 employees.)

Chart 4

Can Exports By American Small Businesses Be Increased? YES!
Examples of economic sectors where strong SME domestic performance could yield more exports -- with the help of export financing

U.S. Domestic Production, 2002, in Billions of Dollars (except as noted)

NAICS Code	Description	Total Receipts	SME Receipts	SME %
2213	Waste, Sewage & Water Systems	$8.3 billion	$4.0 billion	48%
233	Building and developing	$535	$411.4	77%
234	Heavy construction	$174.4	$119.7	69%
2358	Water well drilling	$3.2	$3.0	93%
421	Wholesale trade in durable goods	$2,332.2 (= $2.33 trillion)	$979.3	42%
441	Motor vehicle & parts dealers	$813.2	$683.5	84%
*44122**	*Motorcycle, boat and other motor vehicle dealers*	*$32.9*	*$31.0*	*94%*
4431	Electronic and appliance stores	$92.3	$37.6	41%
444	Bldg equipment, garden equipmt & supply dealers	$288.4	$146.8	51%
45393	Manufactured home dealers	$9.6	$7.2	75%
54136	Geophysical surveying and mapping svcs	$1.0	$ 0.785	78%
54151	Computer systems design and related svcs	$181.8	$93.0	51%
5416	Mgmt, scientific & technical consulting svcs	$130.8	$74.3	57%
5418	Advertising and related svcs	$60.4	$36.0	60%
5419	Market research & public opinion polling	$11.4	$5.5	48%
56	Administrative & support, waste management & remediation svcs	$457.4	$210.3	46%
Total		**$5.1 trillion**	**$2.8 trillion**	**55%**
Total, less 421		$2.8 trillion	$1.8 trillion	64%

Adding just 10% of these SME sales to the export market would increase U.S. SME exports by up to $280 billion annually.

(Sources: *2002 Economic Census* and *2002 County Business Patterns*, U.S. Census Bureau. SME's are small and mid-sized enterprises with fewer than 500 employees.)
* Subset of preceding (441) category, excluded from totals

James “Al” Merritt

Position

CEO and Founder, MD International, Miami, FL

Education

University of Cincinnati, Bachelor of Arts, Marketing, 1983

General Information

After an internship with a medical company in Spain, a job with a medical publisher in Denmark, and four years with Welch Allyn, a major US manufacturer of diagnostic instruments and equipment, Mr. Merritt founded MD International in 1987 with the long-term vision of improving healthcare in the developing world.

Since 1987, the company has grown to over 100 employees and $40 million in sales. As the exclusive representative of more than thirty major medical manufacturers, MD supports over 600 distribution and marketing partners in every country in Latin America and the Caribbean. Today MD International is the leading exporter of medical equipment to Latin America and the Caribbean.

In 1998 MD established a Projects Division. This unit provides services to turn-key and on-going hospital renovation and remodeling projects throughout the world. All MD business units are supported by inside sales, customer service, technical services, finance and shipping and logistics departments.

Beyond products and technology, the company is devoting more resources to professional consultation, helping healthcare professionals make decisions about *what* kinds of technology are needed to provide better healthcare, *where* the technology should be located, and *how* to get the technology implemented.

MD international has received numerous state, regional and federal awards for exporting, including the Presidential “E” award, the nation’s highest honor for an exporter.

In 2003, MD International was named as the Small Business Exporter of the Year by the Export-Import Bank of the United States.

Mr. Merritt is active in numerous civic, professional and church organizations, including the Small Business Exporters Association of the United States, where he serves on the Board of Directors.

He has traveled to over 80 countries for business and tourism. "Al", his wife Patricia, and their three children live in Miami.