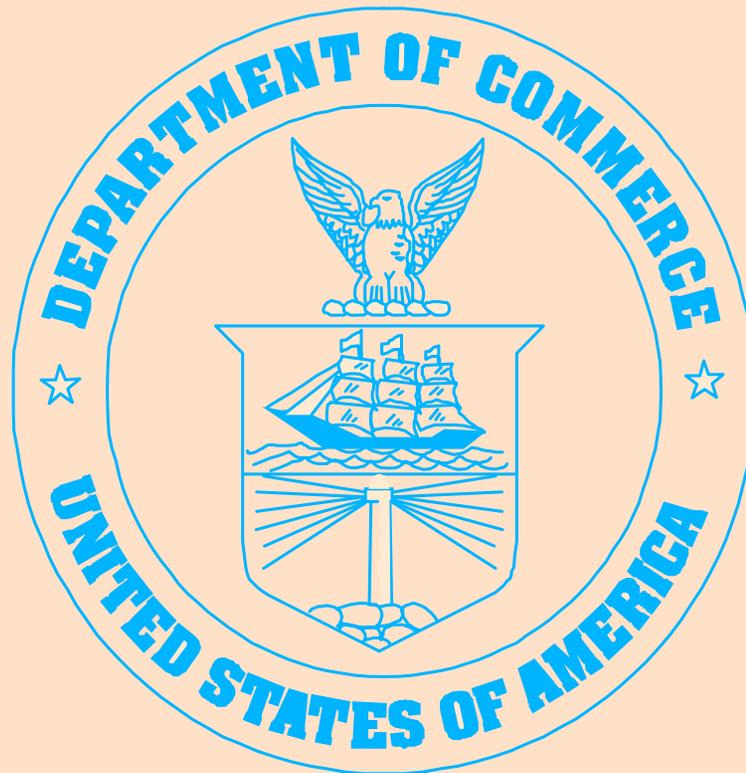


# THE ROLE OF SMALL & MEDIUM-SIZED ENTERPRISES IN EXPORTS TO CHINA: A STATISTICAL PROFILE

Results from the 1999 Exporter Data Base



International Trade Administration  
Trade Development  
Office of Trade and Economic Analysis  
March 2002

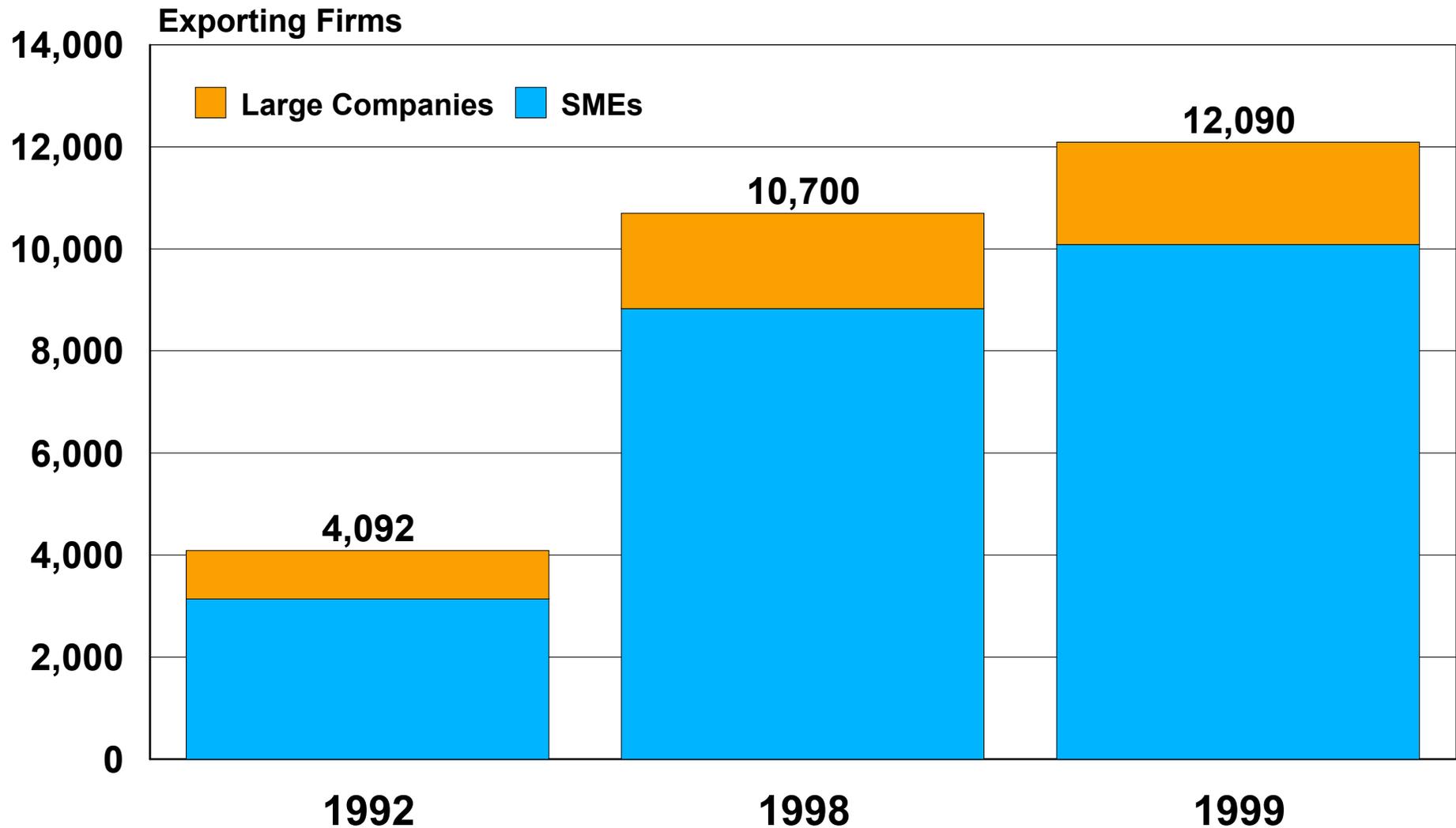
## **SMALL AND MEDIUM-SIZED ENTERPRISES PLAY A KEY ROLE IN EXPORTS TO CHINA**

- **A total of 12,090 U.S. firms are known to have exported merchandise to China in 1999 — the last year for which data are available.** This is almost triple the number in 1992, when 4,092 firms exported to China. The 1999 population is also 13 percent higher in than 1998, when 10,700 companies exported goods to China.
- **A dominant and growing share of U.S. exporters to China are small and medium-sized enterprises.** Eighty-three percent of all U.S. exporters to China in 1999 were SMEs. This is up significantly from 1992, when 77 percent of exporters to the China market were SMEs.
- **Very small companies — i.e., those with fewer than 20 employees — made up 46 percent (nearly half) of all U.S. firms exporting to China in 1999.** This is up from a 38 percent share in 1992.
- **The number of known SME exporters to China in 1999 totaled 10,086 — up from 3,143 SMEs in 1992.**
- **Over the 1992-99 period, the number of SMEs exporting to China rose faster than the number of SMEs exporting to any other major market except Mexico.**
- **The number of SMEs exporting to China has been rising much faster than the number of large companies.** From 1992 to 1999 the number of SMEs exporting to China surged by 221 percent, compared to 111 percent for large-company exporters.
- **A majority of exporters to China are non-manufacturers.** In 1999, wholesalers and other non-manufacturing firms made up 56 percent of all companies exporting merchandise to China. Furthermore, non-manufacturers constituted 62 percent of all SMEs exporting to China in 1999.
- **SMEs are responsible for a significant share of U.S. exports to China.** In 1999, SMEs generated 28.5 percent — more than one-fourth — of all known U.S. merchandise exports to China. This is roughly equal to the SME share of overall U.S. merchandise exports (28.8 percent) in 1999.
- **China is a growing market for SMEs.**
  - < From 1992 to 1999 the value of SME exports to China rose 85 percent, making China the seventh fastest-growing market for SMEs.
  - < Measurable SME exports to China rose by more than \$1.5 billion during 1992-99 — the eighth largest dollar gain posted by SMEs to any major market.

- **SMEs export a wide range of goods to China.**
  - < In 1999, exports of Chemical Manufactures to China generated the largest income for SMEs with sales of \$729 million. Chemicals were followed by Computers & Electronic Products (SME exports of \$604 million) and Machinery Manufactures (\$418 million).
  - < Other sizable SME exports to China included Paper Products, Processed Foods, Electrical Equipment, Appliances and Parts, and Fabricated Metal Products.

Prepared by: K. McCurdy/OTEA/TD/3-27-02

# THE NUMBER OF SMALL AND MEDIUM-SIZED ENTERPRISES THAT EXPORT TO CHINA SURGED FROM 1992 TO 1999



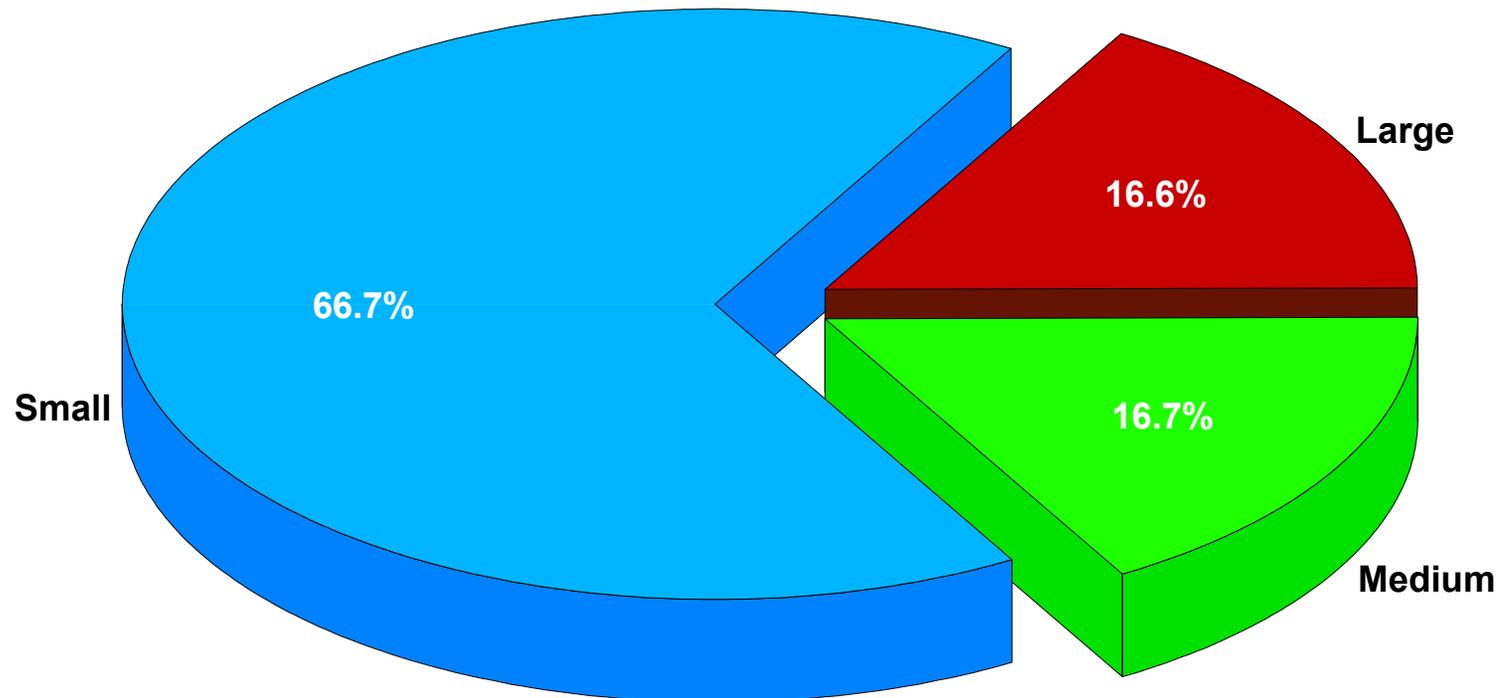
Notes: Small and medium-sized enterprises (SMEs) have fewer than 500 employees. Large companies have 500 or more employees.

Source: Exporter Data Base, U.S. Department of Commerce

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce

# MORE THAN 80 PERCENT OF ALL U.S. FIRMS THAT EXPORTED TO CHINA IN 1999 WERE SMALL OR MEDIUM-SIZED

Firms that Exported to China in 1999 that Were:



**12,090 U.S. Companies Exported Goods to China in 1999**

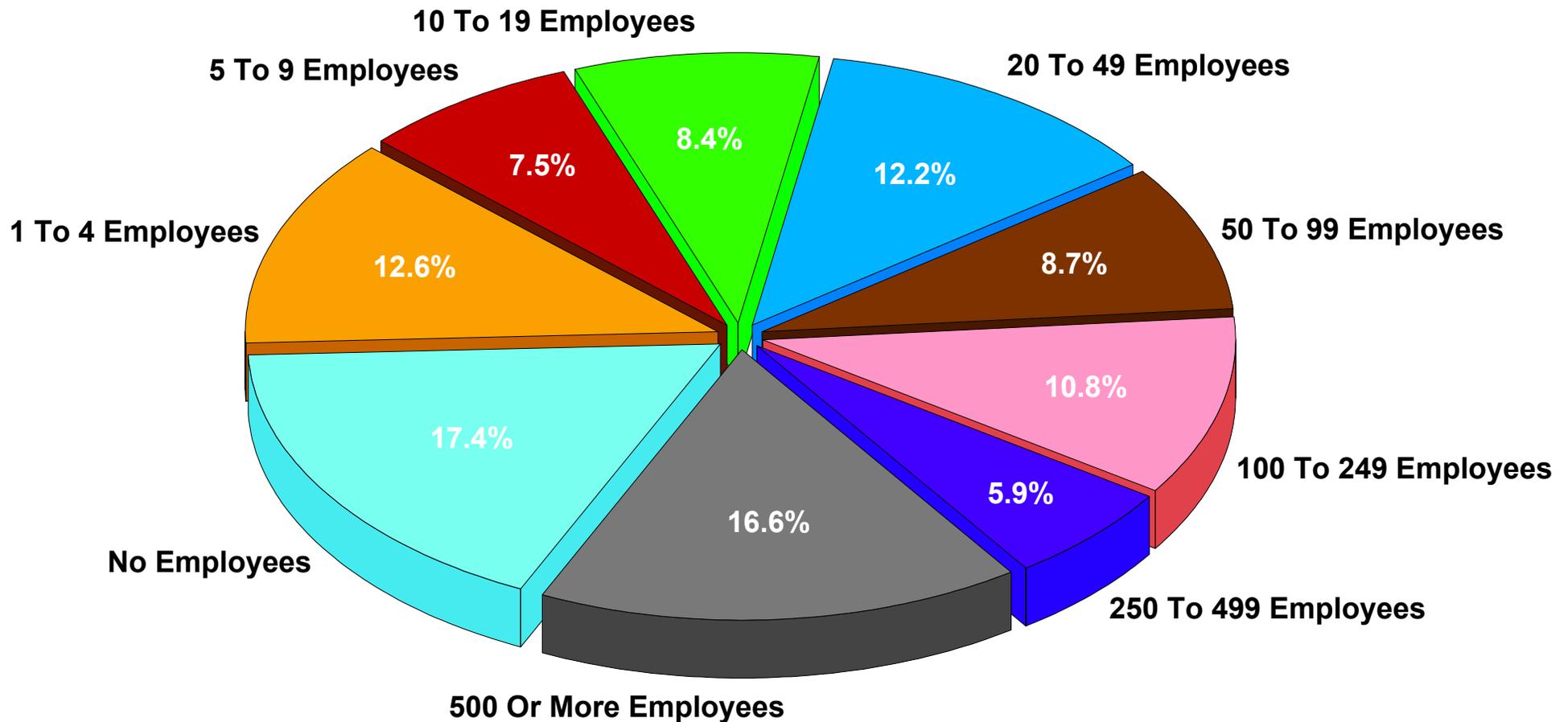
*Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees*

*Source: Exporter Data Base, U.S. Department of Commerce*

*Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce*

# NEARLY HALF OF ALL U.S. FIRMS THAT EXPORTED TO CHINA IN 1999 HAD FEWER THAN 20 EMPLOYEES

Firms that Exported to China in 1999 with:



**12,090 U.S. Companies Exported Goods to China in 1999**

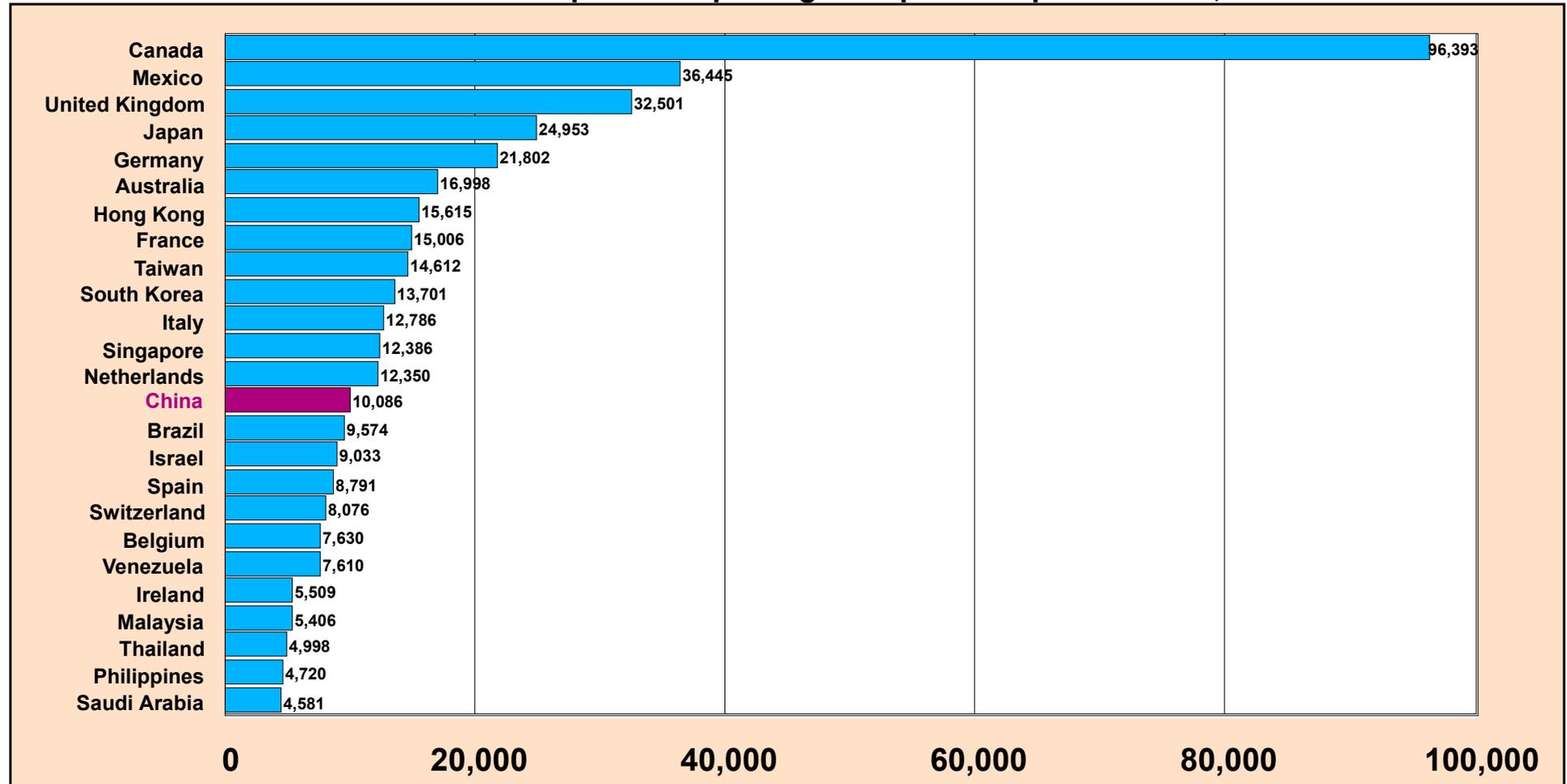
*Note: "No Employees" includes sole proprietorships, start-ups, and firms that rely exclusively on temporary or seasonal help.*

*Source: Exporter Data Base, U.S. Department of Commerce*

*Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce*

# MORE THAN 10,000 SMALL AND MEDIUM-SIZED COMPANIES EXPORTED GOODS TO CHINA IN 1999

Number of Small & Medium-Sized Companies Exporting to Top U.S. Export Markets, 1999



*Note: Because firms often export to more than one market, exporter counts for individual markets cannot be summed to arrive at meaningful totals.*

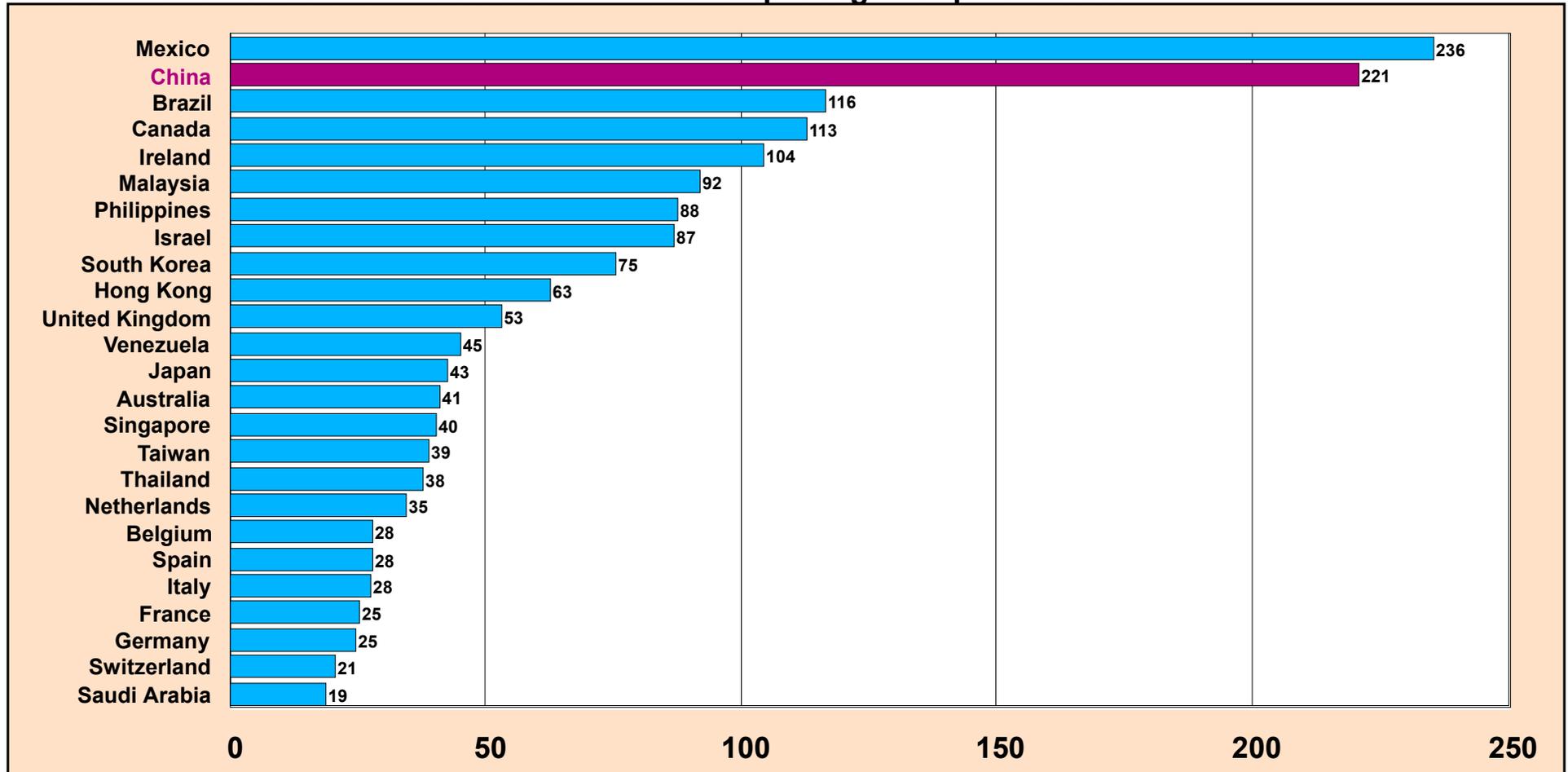
*Definitions: small = less than 100 employees; medium = 100-499 employees*

*Source: Exporter Data Base, U.S. Department of Commerce*

*Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce*

# THE NUMBER OF SMEs EXPORTING TO CHINA HAS BEEN GROWING RAPIDLY

1992-1999 Percent Increases in Number of SMEs Exporting to Top U.S. Markets



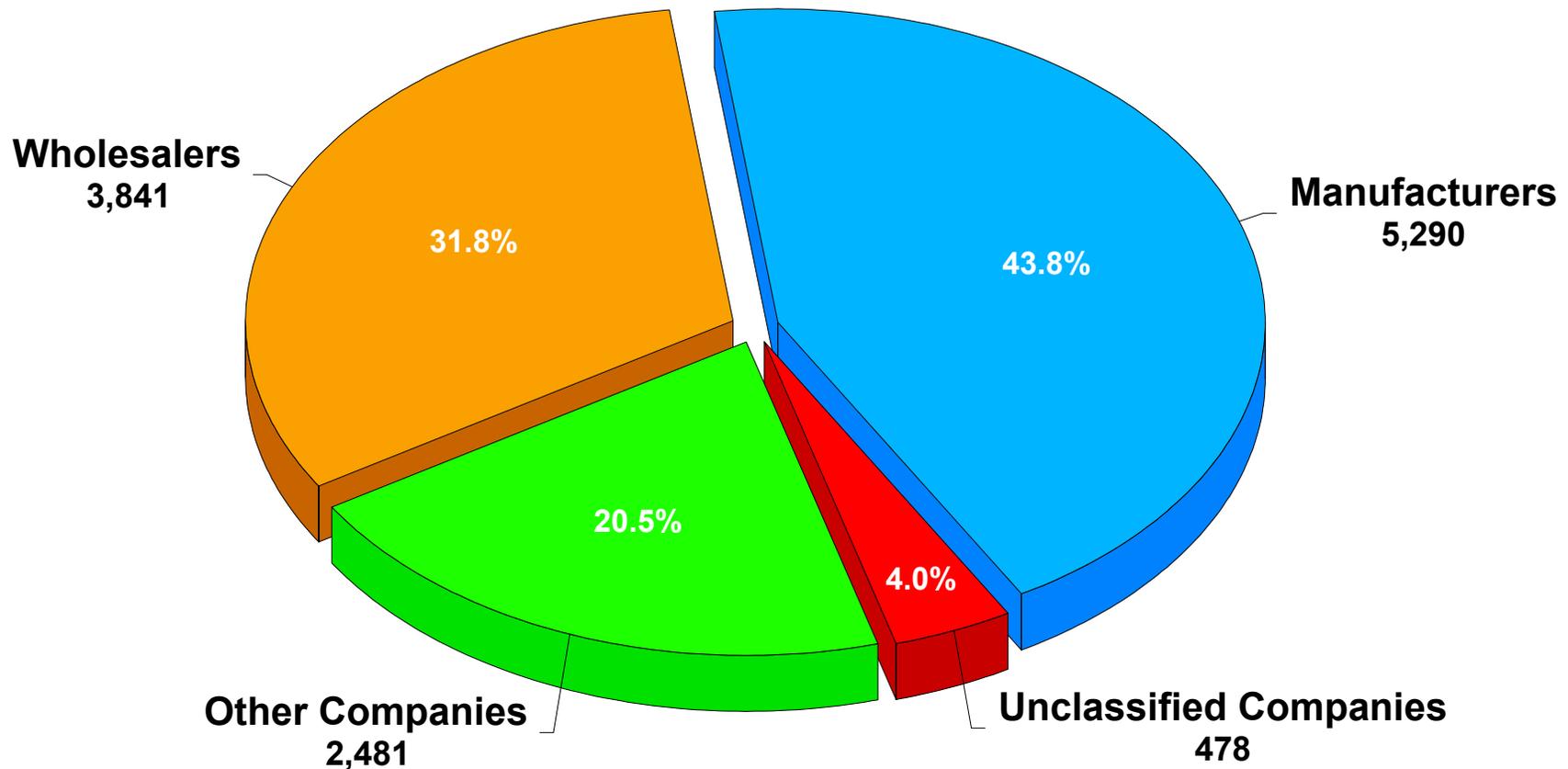
*Notes: Because firms often export to more than one market, exporter counts for individual markets cannot be summed to arrive at meaningful totals. Small and medium-sized enterprises (SMEs) have fewer than 500 employees.*

*Source: Exporter Data Base, U.S. Department of Commerce*

*Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce*

# NEARLY HALF OF ALL EXPORTERS TO CHINA ARE MANUFACTURERS

Industry Distribution of Firms Exporting to China, 1999



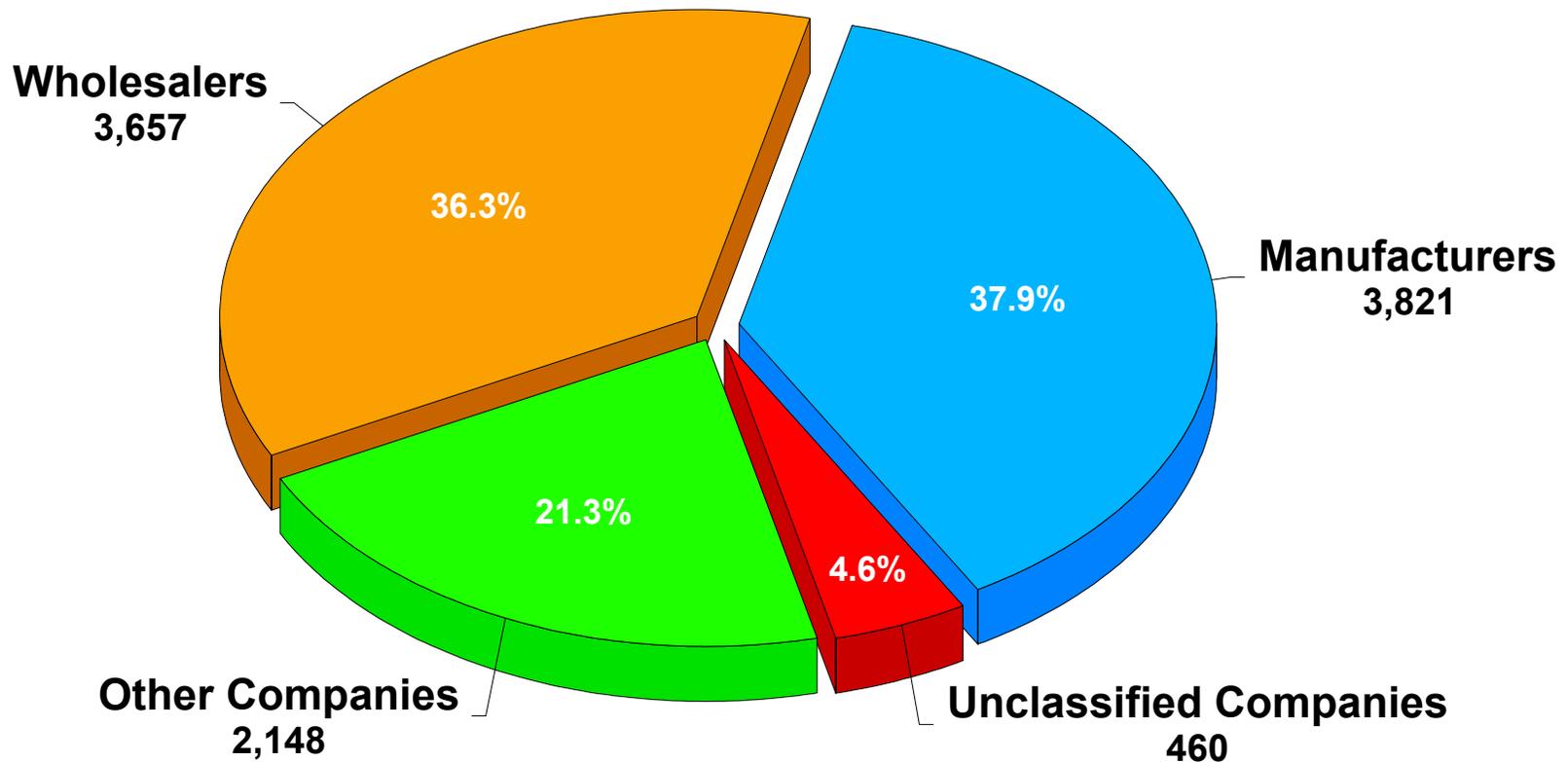
**12,090 Firms Exported to China in 1999**

Source: Exporter Data Base, U.S. Department of Commerce

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce

# NEARLY 60 PERCENT OF ALL SMEs THAT EXPORT TO CHINA ARE NON-MANUFACTURERS

Industry Distribution of SMEs Exporting to China, 1999



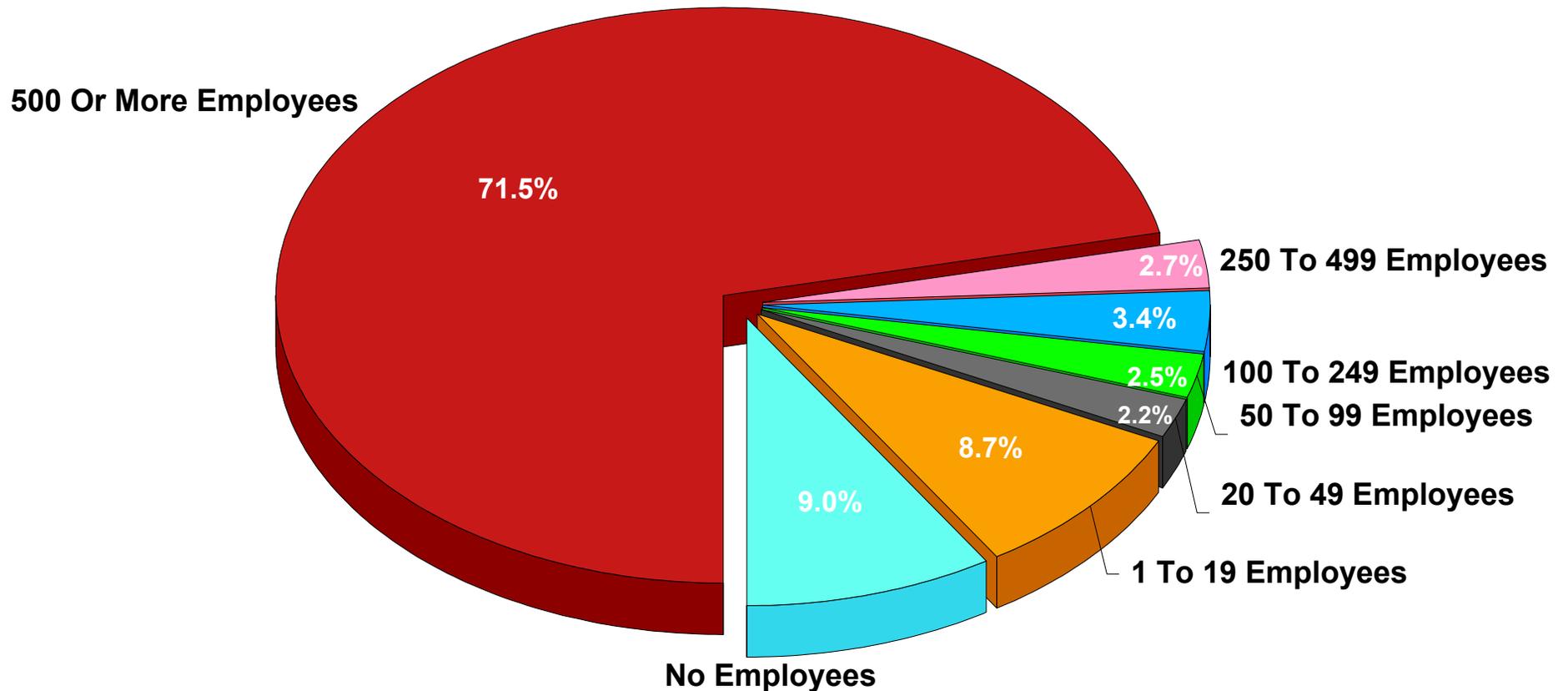
**10,086 Small and Medium-Sized Enterprises Exported to China in 1999**

Source: *Exporter Data Base, U.S. Department of Commerce*

Prepared by: *Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce*

# SMALL AND MEDIUM-SIZED FIRMS GENERATED MORE THAN ONE-FOURTH OF U.S. EXPORTS TO CHINA IN 1999

Share of 1999 U.S. Exports to China by Companies with:



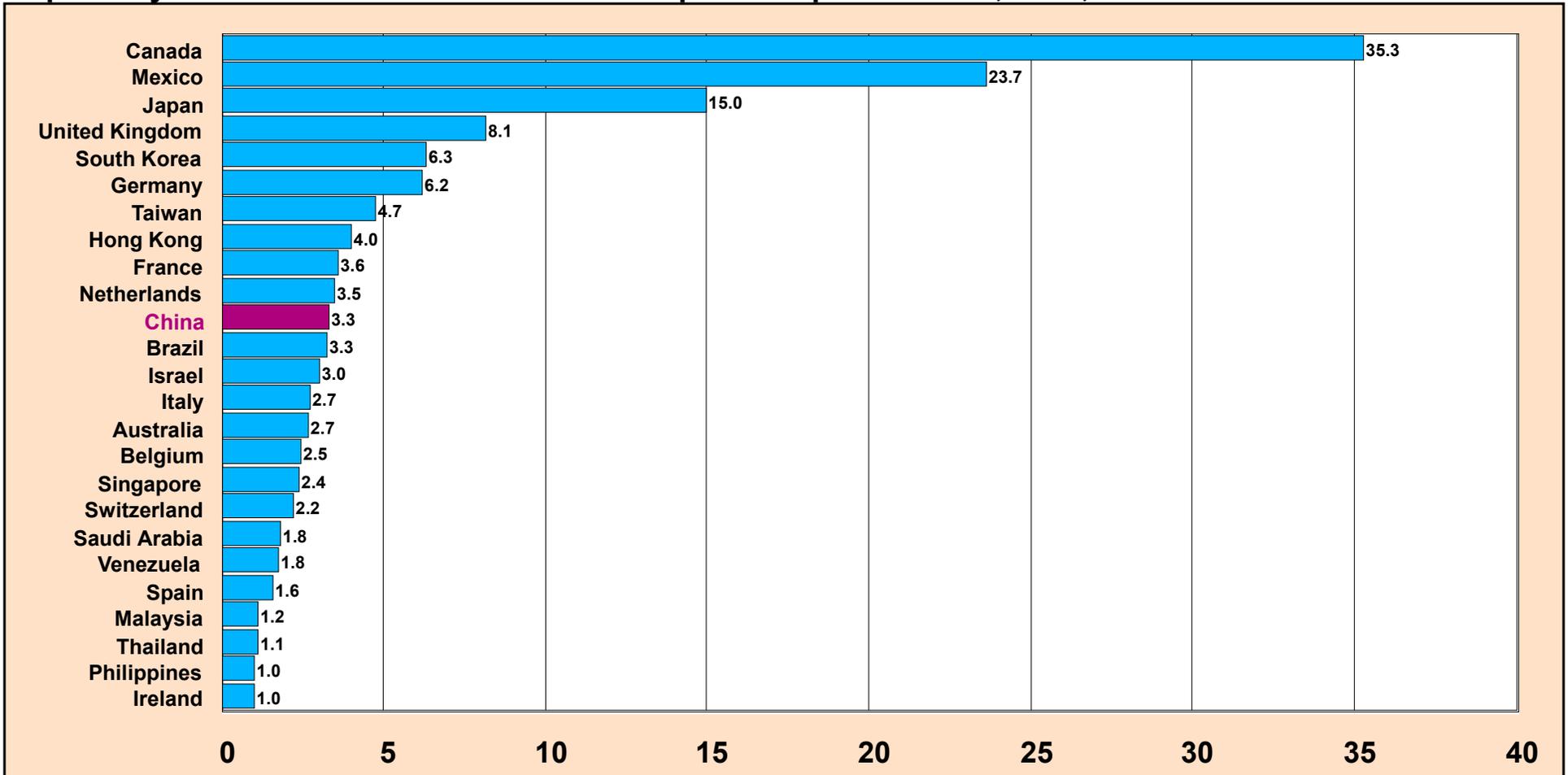
Notes: "No Employees" includes sole proprietorships, start-ups, and firms that rely exclusively on temporary or seasonal help. Values include only identifiable or "known" exports--i.e., 1999 exports that can be linked to individual companies utilizing information on U.S. export declarations.

Source: Exporter Data Base, U.S. Department of Commerce

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce

# CHINA WAS THE 11TH LARGEST FOREIGN MARKET FOR SMALL AND MEDIUM-SIZED COMPANIES IN 1999

Exports by Small & Medium-Sized Firms to Top U.S. Export Markets, 1999; \$ Billions



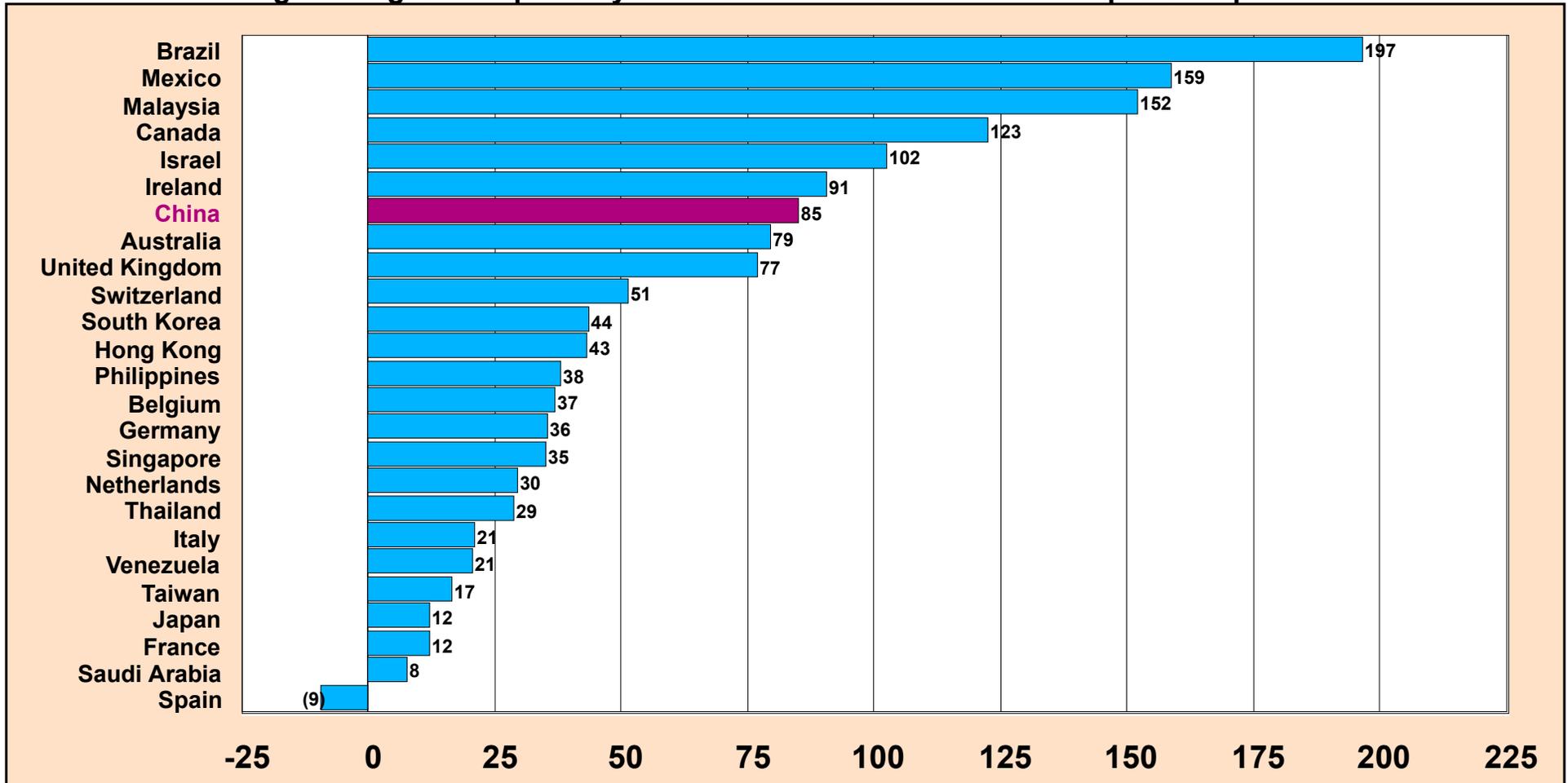
Notes: Values include only identifiable or "known" exports--i.e., 1999 exports that can be linked to individual companies utilizing information on U.S. export declarations. Small and medium-sized enterprises (SMEs) have fewer than 500 employees.

Source: Exporter Data Base, U.S. Department of Commerce

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce

# CHINA RANKS 7TH AMONG SME GROWTH MARKETS

1992-1999 Percentage Changes in Exports by Small & Medium-Sized Firms to Top U.S. Export Markets



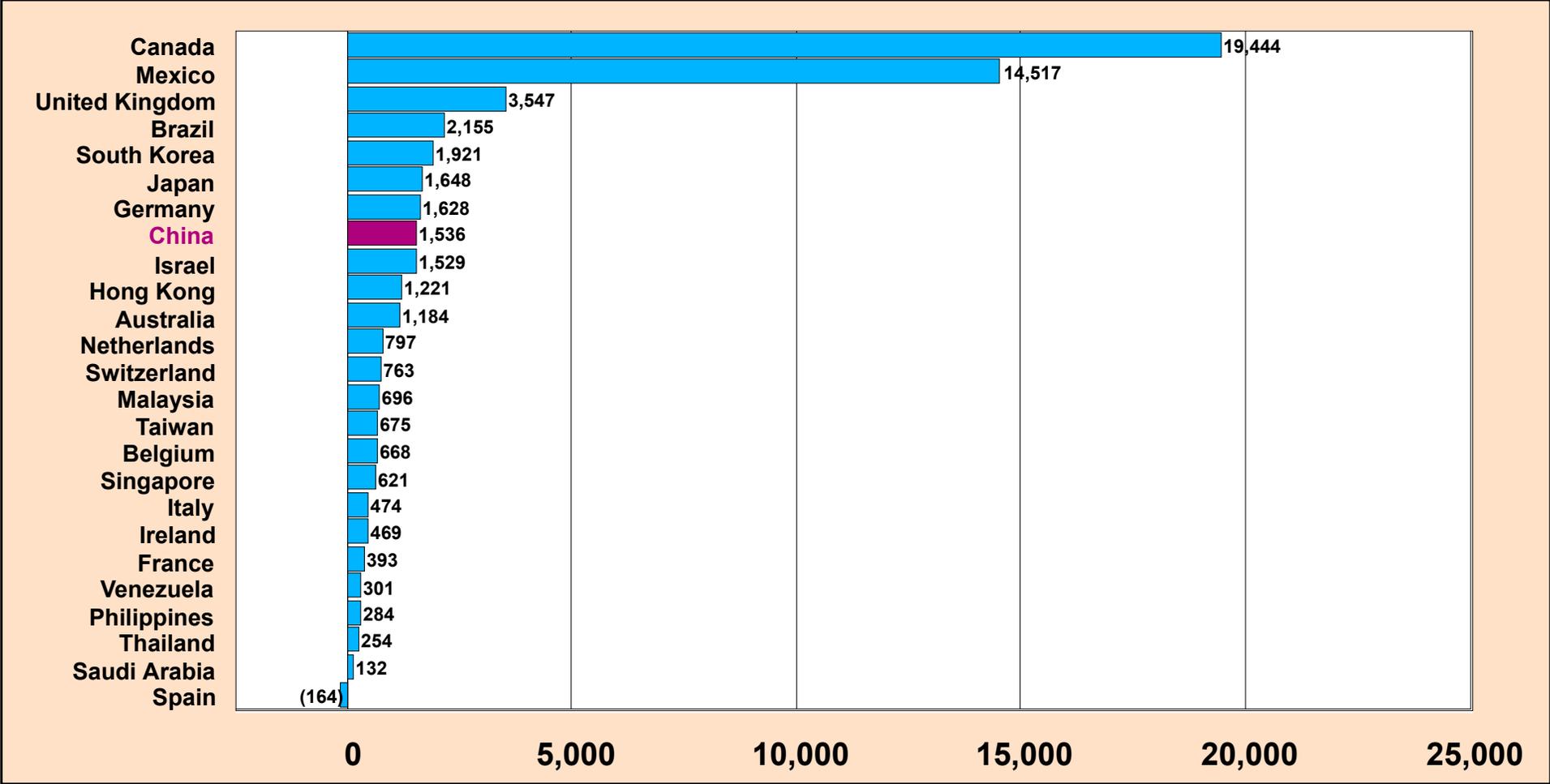
Notes: Values include only identifiable or "known" exports--i.e., exports that can be linked to individual companies utilizing information on U.S. export declarations. Small and medium-sized enterprises (SMEs) have fewer than 500 employees.

Source: Exporter Data Base, U.S. Department of Commerce

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce

# CHINA ACCOUNTED FOR THE 8TH BIGGEST DOLLAR GAIN IN SME EXPORTS FROM 1992 TO 1999

1992-1999 Dollar Export Changes by Small & Medium-Sized Firms to Top U.S. Export Markets; \$ Millions



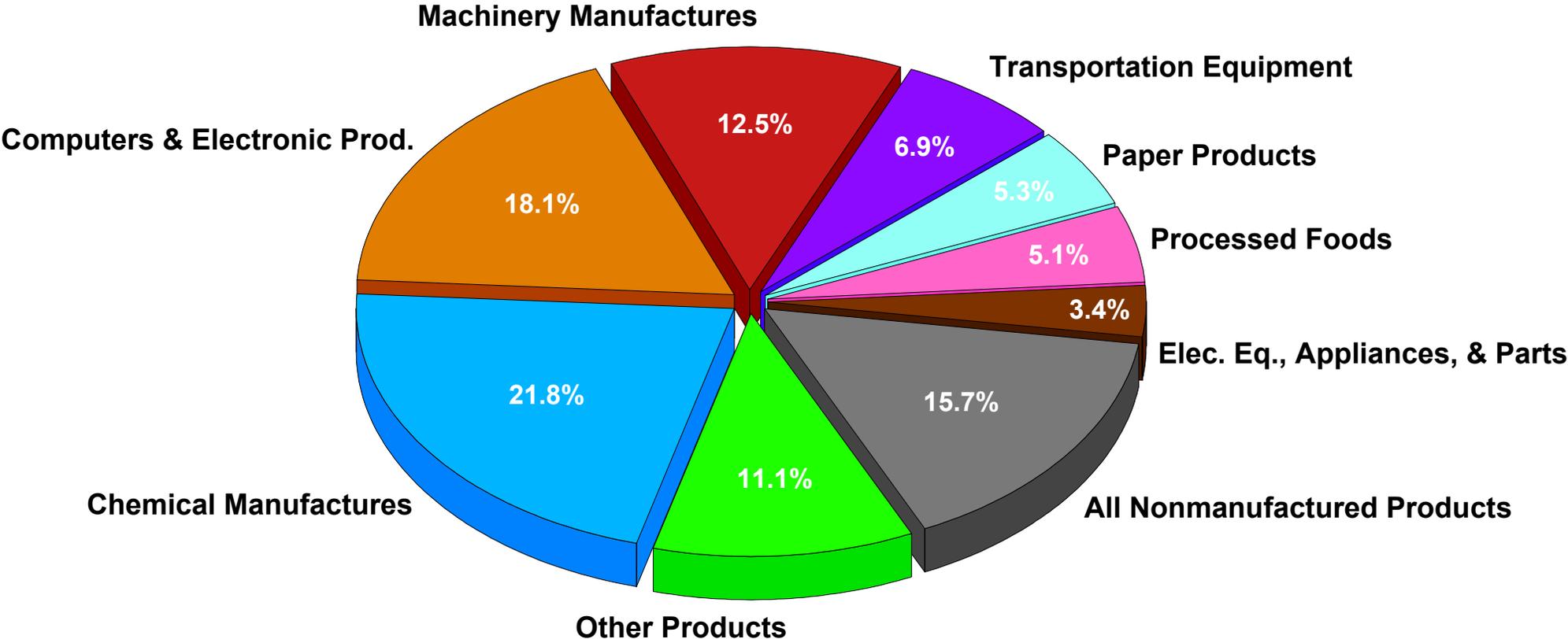
Notes: Values include only identifiable or "known" exports--i.e., exports that can be linked to individual companies utilizing information on U.S. export declarations. Small and medium-sized enterprises (SMEs) have fewer than 500 employees.

Source: Exporter Data Base, U.S. Department of Commerce

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce

# CHEMICAL MANUFACTURES LEAD SME EXPORTS TO CHINA

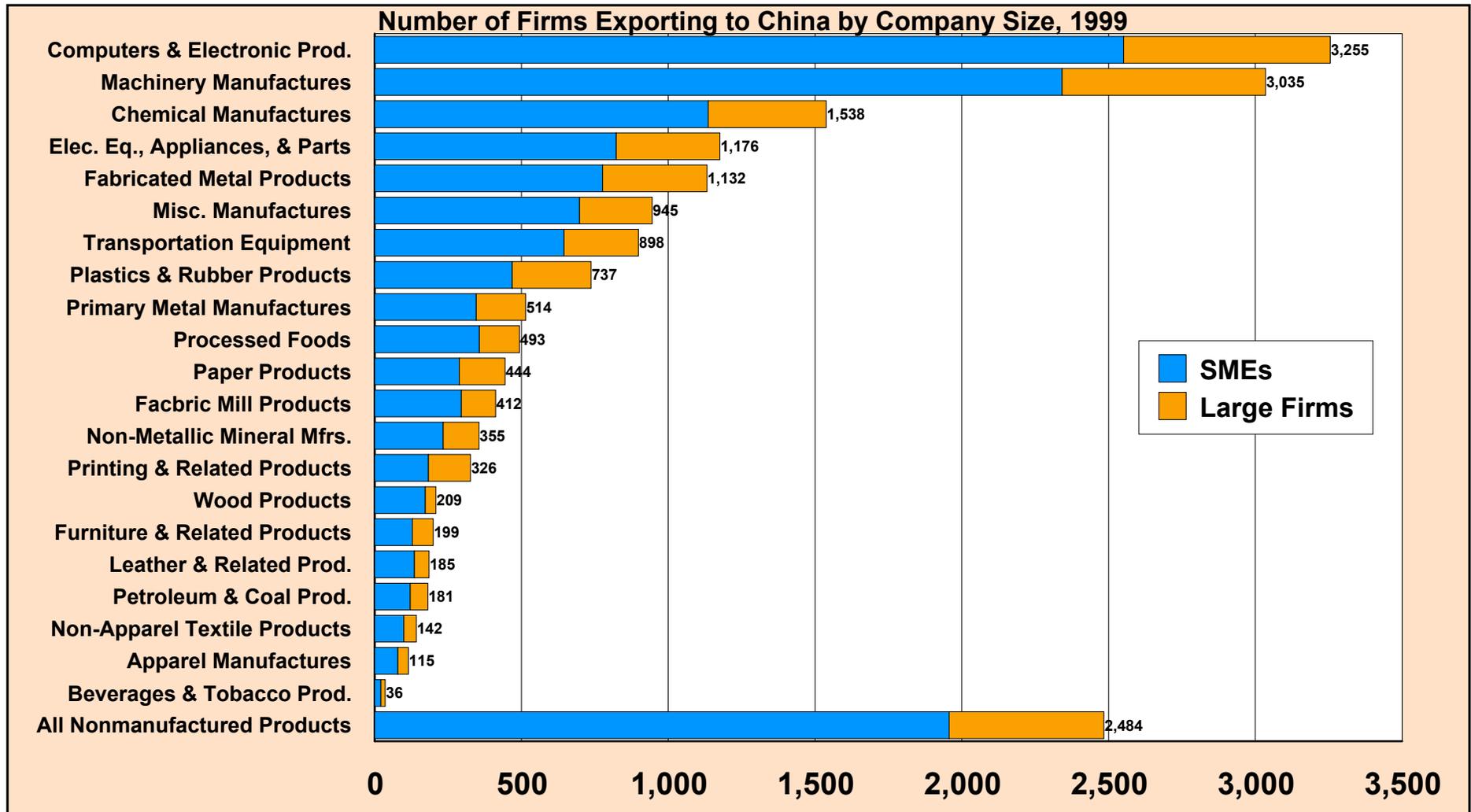
Percent of 1999 SME Exports to China That Were:



**SMEs Exported \$3.3 Billion in Merchandise to China in 1999**

Source: Exporter Data Base, U.S. Department of Commerce  
Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce

# IN MOST PRODUCT SECTORS, SMEs COMPRISE A MAJORITY OF EXPORTERS TO CHINA

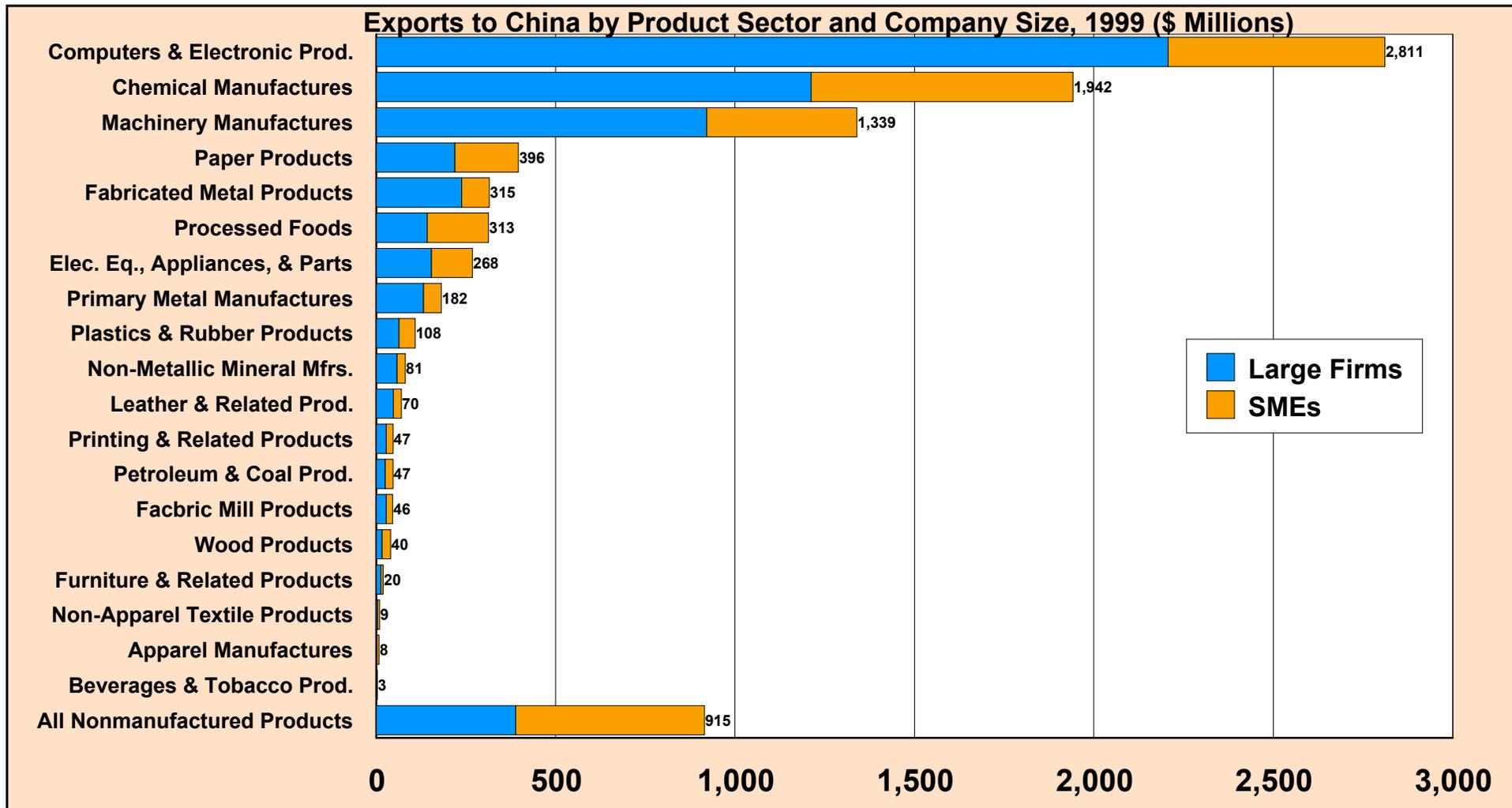


*Notes: Small and medium-sized enterprises (SMEs) have fewer than 500 employees. Large companies have 500 or more employees. Because firms often export from more than one category, exporter counts cannot be summed to arrive at meaningful totals.*

*Source: Exporter Data Base, U.S. Department of Commerce*

*Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce*

# IN MOST PRODUCT SECTORS, SMEs GENERATE A SIGNIFICANT SHARE OF EXPORTS TO CHINA



*Notes: Small and medium-sized enterprises (SMEs) have fewer than 500 employees. Large firms have 500 or more employees. Values include only identifiable or "known" exports--i.e., exports that can be linked to individual companies utilizing information on U.S. export declarations. The following export categories have been suppressed due to federal disclosure regulations: Transportation Equipment and Miscellaneous Manufactures.*

*Source: Exporter Data Base, U.S. Department of Commerce*

*Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce*

# WHAT IS THE EXPORTER DATA BASE (EDB)?

- Links Info on Export Declarations to Census Databases on U.S. Firms.
- Provides Reliable Way to Profile U.S. Exporters.
- Furnishes Number of Exporters, Exporter Locations and Characteristics.
- Data Available for 1999.
- 2000-2001 Update Underway.



# EXPORTER DATA BASE: LIMITATIONS

- Covers exporters of merchandise only; excludes exporters of services only.
- Covers only direct exporters; excludes companies that only export indirectly (i.e., supply inputs to direct exporters).
- Excludes exporters with no shipments over \$2,500.
- Covers exporters responsible for 84 percent of 1999 merchandise exports.
- May slightly understate total number of exporters because export declarations for 16 percent of 1999 export value could not be linked to firms that filed the forms.



## **EXPORTER DATA BASE: TECHNICAL NOTES**

**All statistics in this report are from the Commerce Department's Exporter Data Base (EDB), which provides an annual statistical profile of U.S. exporting companies--including their number, size, industry composition, and geographic distribution.** The EDB is a joint project of the Census Bureau and International Trade Administration (ITA).

**Latest available complete data from the EDB are currently for 1999.**

**The Exporter Data Base is comprised of all enterprises that could be identified from Shippers' Export Declarations (SEDs)** that were filed, per U.S. regulations, for merchandise exiting the country. To identify exporters from SEDs, the Census Bureau used Employer Identification Numbers (EINs) and other SED information to link these documents to the Bureau's Business Register (which contains information on company characteristics and locations).

**All EDB statistics on exporters refer to companies, not establishments.** Companies are legal entities which consist of one or more commercial establishments. Establishments are individual business units, or locations, where economic activity takes place. Establishments include, for example, factories, warehouses, and retailing facilities. The terms "company", "enterprise", and "firm" are used interchangeably in this report. Also, the EDB includes both U.S.-domiciled companies and U.S. affiliates of foreign firms that export goods from the United States.

**The linkage process outlined above yielded a 1999 Exporter Data Base consisting of 231,420 exporting firms, accounting for 84 percent of measurable merchandise export value.** Export documents accounting for 16 percent of export value could not be linked to the companies that filed the forms due to a variety of factors--e.g., misreporting by firms, errors in collection and processing, and coverage problems.

**Because of the inability to link all SEDs to the firms which filed the documents, the EDB may slightly understate the total number of exporters--especially as regards small companies with only a few export transactions.** Nevertheless, the EDB likely captures almost all significant exporters. This is because only one valid export declaration is needed to link an exporter to Census data bases. If a company submits 1,000 export declarations and all but one are invalid, the company is still captured by the EDB.

**Due to improvements in methodology and data collection, the 1999 match rate of 84 percent (by value) was 6 percentage points higher than the 1992 match rate of 78 percent.** As a result, changes in the number of exporters over the 1992-99 period should be interpreted with some caution. Some portion of the increase in the exporter population was undoubtedly the by-product of measurement enhancements--however, the extent of the effect is unknown. Whatever the impact, overall trends documented by the EDB are fully corroborated by a large body of anecdotal evidence reported in the media and by an upsurge in U.S. companies seeking assistance from government export promotion agencies.

**EDB data on individual firms--including company names and addresses--are not available to**

**the public due to federal regulations which prohibit public release of confidential business information provided to the U.S. Government.** All data in this report, as well as in EDB statistical tables available from Census, are in anonymous form. All numbers have been aggregated to a level where individual firms cannot be identified. For data users who desire exporter names and addresses, a number of commercial data base alternatives are available.

**The EDB only captures companies that have at least one export shipment during the year valued at \$2,501 or more.** Also, the EDB tracks only exporters of merchandise--i.e., goods. Firms that export services only are excluded. However, service companies (wholesalers, retailers, engineering and architectural firms, etc.) that also export goods are included.

**All businesses included in the EDB are *direct* exporters--i.e., entities that ship merchandise from their factories (or other facilities which they own) to a foreign destination.** Excluded from the EDB are so-called "indirect" exporters whose export role is limited to (1) providing components or other inputs to businesses engaged in export production and marketing, or (2) supplying goods to independent intermediaries which, in turn, market the products internationally.

**Companies in this report are classified according to employment size ranges.** There are no universally accepted guidelines for classifying companies by size. Classification criteria tend to vary with analytical purpose and organizational mission. For the purposes of this report, small firms are defined as those with fewer than 100 employees (very small firms are those with fewer than 20 employees). Medium-sized firms employ from 100 to 499 workers. Large firms are those with 500 or more employees.

**Companies in this report are divided into three categories--manufacturers, wholesalers, and "other companies."** Company type for single-location companies is based on the North American Industry Classification System (NAICS). Manufacturers are firms that fall into NAICS classifications 31 to 33. Wholesalers fall into classification 42, as do brokers, agents, and similar entities which are primarily engaged in the distribution of goods to businesses. The term "other companies" embraces all remaining NAICS categories. Included here are resource extraction companies, retailers, freight forwarders, engineering firms, and miscellaneous service companies which often market goods abroad and act as exporters of record. Firms for which a valid NAICS was not available are labeled "unclassified companies."

**Export product categories referenced in this report are on a NAICS basis.** For information on the types of products contained in individual NAICS categories, consult the Census Bureau's Internet site at <http://www.census.gov/epcd/naics/naicscod.txt>.

**Many companies export products that fall into more than one NAICS category.** It follows that such companies can be represented multiple times in tables and graphs that profile exporters by type of product exported. This means that one cannot simply sum up exporters in various product categories to arrive at totals.

**Any EDB statistics in this report that profile exporters at the state or local levels were compiled on an Exporter Location (EL) basis.** Tabulations on an EL basis assign exporters to sub-national jurisdictions based on the zip code location of the “exporter of record” as specified on export declarations. The exporter of record is the party principally responsible for effecting export from the United States.

**The exporter’s zip code location is very often the point of sale, or marketing location.** In some circumstances, the exporter’s location may also reflect the location of the company’s home office (“headquarters effect”) or the location where export paperwork was performed. While this introduces some uncertainty into interpretation of the data, it merits attention that 85.6 percent of all 1999 exporters, and 88.3 percent of small and medium-sized exporters, were single-unit companies. Thus, for the vast majority of exporters all corporate functions are typically conducted at the same site.

**Conclusions about export-related production or employment in a state, metro area, or zip code should not be made solely on the basis of data in this report.** While the locations of production, marketing, and export paperwork processing *often* coincide, they do not *always* coincide. This is especially true for non-manufacturing companies, which were responsible for 30.4 percent of U.S. goods exports in 1999. Single-unit wholesalers, for example, may perform export marketing and paperwork at one site but obtain export products from unaffiliated manufacturers located elsewhere. In the case of multi-unit exporters (manufacturers and non-manufacturers alike), production and sales activities are often separated geographically. Multi-unit firms, while in the minority among exporters, nevertheless generate about 80 percent of total U.S. merchandise export value.

**Exporter counts shown for states, metropolitan areas, or zip codes cannot be summed to arrive at national or regional totals.** To do so often results in double-counting, because some exporting companies--especially large multi-establishment firms--frequently export from multiple locations.

**All statistics in this report regarding the number of employees in exporting companies refer to the total number of workers, not just workers whose jobs are supported by exports.** “Employment” also refers to part-time as well as full-time workers on a firm’s payroll during Census Bureau reporting periods.

**All export value data in this report are on an f.a.s (free alongside ship) basis and include both domestic exports and re-exports of foreign merchandise.**

**Statistics in graphs and text have been rounded to enhance readability.** For this reason, details may sometimes not add exactly to totals.