# SBA Policy Notice

**TO:** All SBA Employees and 7(a) Lenders

**SUBJECT**: 7(a) International Trade Loan Program Updates

**CONTROL NO.:** 5000- 877629

**EFFECTIVE:** May 1, 2026

**PUBLICATION:** April 2, 2026

The purpose of this notice is to advise SBA employees and 7(a) Lenders that SBA is easing the burdens of participation in the 7(a) International Trade Loan (ITL) program, effective May 1, 2026. By expanding the ways in which lenders can utilize the program, SBA is positioning the ITL program and its enhanced 90 percent SBA guarantee to further expand access to capital for American small businesses.

Consistent with Executive Order 13806 ("Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States"), which supports a vibrant domestic manufacturing sector and resilient supply chains, and Executive Order 14364 ("Addressing Security Risks from Price Fixing and Anti-Competitive Behavior in the Food Supply Chain"), which seeks to remedy anti-competitive behavior that threatens the stability and affordability of America's food supply, SBA has re-evaluated how its policies can strengthen U.S. manufacturing and the domestic food supply chain.

In consideration of these Executive Orders, SBA conducted a review of the manufacturing and food supply chain industries to assess the current impact of international trade on both sectors. Based on this review, SBA found substantial, well-documented evidence that manufacturing sectors across NAICS Sectors 31–33 and certain food supply chain NAICS Industry Groups and National Industry Codes are confronting and being injured by increased competition from foreign firms in relevant markets. This impact has manifested in fewer operating firms, lower overall employment, and significant competitive pressure from foreign firms importing products that displace or undercut domestic production.

Consequently, pursuant to § 7(a)(16)(D) of the Small Business Act (15 U.S.C. § 636(a)(16)(D)), SBA has determined that the manufacturing sectors (NAICS Sectors 31-33) and certain food supply chain NAICS Industry Groups and National Industry Codes are being adversely affected by international trade. By determining that these NAICS Industry Groups and National Industry Codes have been adversely affected by international trade, thereby meeting the threshold eligibility criteria of 15 U.S.C. § 636(a)(16)(D), SBA is easing the burdens of entry into the ITL program and providing a new option for SBA Lenders to support these critical industries. SBA Lenders may rely on this determination when evaluating small business applicants for the ITL program and its enhanced 90 percent SBA guarantee.

Easing the burden of entry to the ITL program for U.S.-owned small manufacturers will enable productivity-enhancing investments, technology modernization, supply-chain diversification, and capacity expansion necessary to compete against lower-cost foreign producers and safeguard domestic industrial capacity that is critical to U.S. economic and national security. Similarly, easing burdens for U.S.-owned small businesses across the food supply chain will, in addition to enabling productivity investments and supply-chain diversification, support resilience-building necessary to counter international trade pressures, safeguard domestic food security, and improve economic competitiveness.

Historically, SBA has focused the ITL program on supporting the export expansion and development of small business concerns nationally. With this notice, SBA is addressing the impact of foreign competition on U.S. manufacturing and food supply chain sectors. While this update opens new support for the manufacturing and food supply chain sectors, export development and expansion remain integral components of the ITL program and continue to be available to firms seeking to open or grow international markets.

To implement these updates, SBA is revising Section B, Chapter 4 of SOP 50 10 8 – International Trade. Any sections not specifically amended by the text below remain unchanged. The revised text is as follows:

**Paragraph C.1., Eligibility for International Trade Loans, on pages 279 - 280, is revised to read:**

"1. Eligibility for International Trade Loans

SBA is authorized to guarantee International Trade Loans to small businesses that are engaged in or preparing to engage in international trade (i.e., in a position to expand existing export markets or develop new export markets) or are adversely affected by import competition to improve the small business's competitive position. In addition to the core requirements identified in Section A, to be eligible for these loans, the Applicant must either 1) be expanding existing or developing new export markets, OR the Applicant 2) be adversely affected by import competition. Within the credit memorandum and E-Tran, the Lender must state which category described in subparagraphs a. and b. below applies to the Applicant. In addition, the SBA Lender must demonstrate how the loan will help the Applicant improve its competitive position, as described in subparagraph c. below.

a. Development or Expansion of Export Markets:

The loan proceeds will expand existing export markets or develop new export markets. To establish this, the Applicant must submit an export business plan, including both a projection and narrative rationale that contains enough information to reasonably support the likelihood of expanded export sales.

i. The plan should identify the amount of expected export sales.

ii. Indirect exports are considered exports for purposes of determining eligibility. The term "indirect export" applies to situations where, although the Applicant's direct customer is located in the United States, that customer will be exporting the items/services it purchased from the Applicant to a foreign Buyer.

iii. In such cases, the Applicant must provide documentation to the Lender from the Applicant's domestic customer (typically in the form of a letter, invoice, order, or contract) that the goods or services are in fact being exported.

iv. For all of the Applicant's exports (including indirect exports), the Lender must determine if U.S. companies are authorized to conduct business with the country to which the goods or services will be shipped, pursuant to the Ex-Im Bank Country Limitation Schedule. A loan may not be made to a business that directly or indirectly exports to a foreign country which is listed as a prohibited country (Note #7) on the Country Limitation Schedule without approval from the federal government to export products to those countries; or

b. Adversely Affected by Import Competition:

The Applicant must demonstrate injury attributable to increased competition from foreign firms in the relevant market and submit an explanation and financial statements showing that imported products or services which are directly competitive with those produced or provided by the Applicant have contributed significantly to a decline in competitive position are required.

SBA, upon review of U.S. government data, has determined, pursuant to the authority set forth in 15 U.S.C. § 636(a)(16)(D), that small businesses in the following industries meet the threshold eligibility criteria of 15 U.S.C. § 636(a)(16)(D)(i & ii) of having been adversely affected and injured by international trade and increased import competition:

i. Manufacturing NAICS:

- Sectors 31, 32, 33

ii. Food Supply Chain – NAICS Groups and National Industry Codes:

- 1111 - Oilseed and Grain Farming
- 1112 - Vegetable and Melon Farming
- 1113 - Fruit and Tree Nut Farming
- 1121 - Cattle Ranching and Farming
- 1122 - Hog and Pig Farming

- 1123 - Poultry and Egg Production
- 1124 - Sheep and Goat Farming
- 1125 - Aquaculture
- 1129 - Other Animal Production
- 1141 - Fishing
- 1151 - Support Activities for Crop Production
- 1152 - Support Activities for Animal Production
- 423820 - Farm and Garden Machinery and Equipment Merchant Wholesalers
- 4244 – Grocery and Related Product Merchant Wholesalers
- 4245 – Farm Product Raw Material Merchant Wholesalers
- 424910 – Farm Supplies Merchant Wholesalers
- 445110 – Supermarkets and Other Grocery Retailers
- 484220 –Specialized Freight Trucking, Local – Food Only
- 484230 – Specialized Freight Trucking, Long Distance – Food Only
- 493120 – Refrigerated Warehousing and Storage
- 493130 – Farm Warehousing and Storage

  ***Note:** NAICS 484220 and 484230 are limited to refrigerated and frozen trucking, farm products, grain products, and livestock.

Loans made to small businesses in the abovementioned industries do not require any additional documentation demonstrating how the Applicant was adversely affected and injured by international trade and increased import competition.

c. Improve Competitive Position:

In addition to satisfying the criteria in either paragraph 1.a. or 1.b above, the loan must satisfy the statutory requirement that it will improve the Applicant's competitive position.

To satisfy this requirement, the SBA Lender must document in its credit memorandum how the loan will have a positive impact on the business. This is commonly accomplished by the Lender when summarizing the transaction and reason for the loan request in the credit memorandum.

d. Ineligible industries:

The following NAICS Industry Subsectors are **ineligible** for International Trade Loans, but may be financed using other SBA 7(a) financial assistance:

i. NAICS Industry Subsector Code 721 (Accommodation)

ii. NAICS Industry Subsector Code 457 (Gasoline Stations)."

**Subparagraphs C.2.a.i. and C.2.a.ii. on page 280 are revised to read:**

"2. Eligible Uses of Proceeds for International Trade Loans

a. Proceeds of an IT loan may only be used for the following eligible purposes (proceeds of an IT loan may not be used for any other purpose):

i. Acquire, construct, renovate, modernize, improve, or expand facilities and equipment to be used in the United States to produce goods or services;

ii. Working Capital (The maximum amount of working capital that can be included in an ITL is $2 million)."

**Subparagraph C.2.a.iii - Debt Refinancing with an International Trade (IT) loan remains unchanged.**

**Subparagraphs C.2.a.iv.c) on page 285 are revised to read as follows:**

"c) For ITL loans qualifying under the Export Development or Expansion criteria, the following changes of ownership are not eligible:

i) A change of ownership between existing owners of the Applicant.

ii) A change of ownership where the Applicant is purchasing less than 100% of the ownership of a business."

**Subparagraph C.2.a.iv.d) on page 285 is redesignated as subparagraph C.2.a.iv.e), and a new subparagraph C.2.a.iv.d) is added as follows:**

"d) For ITL loans qualifying under the Adversely Affected by Import Competition criteria, changes of ownership are not eligible, UNLESS the transaction is:

i) A change of ownership in which the Applicant business has been operating for at least two complete fiscal years and is expanding through an acquisition of another business in the same NAICS code;

ii) A partial change of ownership in which proceeds are used to fund the purchase of all or a portion of one or more owners' interests in the business or the business itself (e.g., the purchase of treasury stock) and where at least one of the original owners remains as an owner after the sale; or

iii) A change of ownership in which proceeds are used to fund the purchase of all or a portion of one or more owners' interest in the business or the business itself (e.g., the purchase of treasury stock) by current employees, including ESOP transactions."

**Previously published subparagraphs C.2.a.iv.e), C.2.a.iv.f), and C.2.a.iv.g) on pages 285 and 286 are re-designated as subparagraphs C.2.a.iv.f), C.2.a.iv.g), and C.2.a.iv. h), respectively.**

**Subparagraphs C.2.c.ii.and C.2.c.iii. on pages 300 and 301, are revised to read as follows:**

"ii. Required Lien Position

The Small Business Act, Section 7(a)(16)(B), requires that the Lender take a first lien on the assets financed with IT loan proceeds or other assets of the Applicant. A Lender may request a policy exception from the Director of Financial Assistance (D/FA) if it wishes to make an IT loan that is not in first position on the assets financed, provided the second lien provides adequate assurance of repayment of the loan.

For example, when the IT loan is to improve business real estate (such as financing an addition to an existing building), and the collateral securing the IT loan is subject to a first lien securing an existing loan used to acquire the business real estate or equipment, the Lender may request a policy exception for the IT loan. SBA Lenders may request this policy exception via email at 7adelegatedloanapps@sba.gov."

**Questions**

Lenders can submit questions on the International Trade Loan program to 7aQuestions@sba.gov.

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Administrator