VIRGINIA AGRICULTURAL & FORESTRY EXPORTS: “WHERE DO WE GO FROM HERE?”

6TH ANNUAL GOVERNOR’S CONFERENCE ON AGRICULTURAL TRADE

VIRGINIA SECRETARY OF AGRICULTURE & FORESTRY
TODD P. HAYMORE
MARCH 7, 2014
Full Integration of Ag, Forestry Industries Into Overall Economic Development, Jobs Agenda

First Governor in Modern VA History to Create Strategic Plan for State’s Largest Industries

Use Virginia’s “Best for Business” Ranking to Highlight State’s Pro-Agriculture Environment
SECRETARIAT TOP PRIORITIES

- **International Marketing & Exports**
  - Expand Virginia’s Global Footprint
  - Enhance Virginia’s Ability to Act
  - Increase Exports to Key Growth Markets

- **Agricultural & Forestry Development**
  - Expand Existing Operations
  - Recruit New Businesses to Virginia
  - Build Capacity in Virginia for New Exports
COMMITMENTS TO EXPORT GROWTH

- New State Funds for Trade Reps in Key Markets
  - More Than $2m in International Marketing Since ‘10
  - New Marketing Offices in China, India, UK, Russia, Mexico, Costa Rica, Canada
  - All Supplementing Existing Hong Kong Office

- Gubernatorial/Secretariat Trade Missions

- VDACS Division of Marketing & Development
  - Trade Missions/Reverse Trade Missions
  - Fill Gaps Where Governor, Secretary Can’t Visit
COMMITSMENTS TO EXPORT GROWTH

- Advocating Open & Fair Trade Policies
  - Directly Engage Federal Partners, Foreign Governments
  - Colombia, Panama, S. Korea FTAs
  - Trans-Pacific Partnership Negotiations

- Battling Artificial International Trade Barriers
  - China: Poultry, Hard/Soft Logs (VA Specific); Beef
  - India: Leaf Tobacco, GMO Products

- Creating Governor’s Conference on Ag Trade
More Than $700m in New Export Deals Since Governor’s Ag Export Initiative Implemented

27% Increase in Ag, Forestry Exports Value
- From $2.24b in 2010 to $2.85b in 2013

Growth in Strategic Focus Regions
- China – 210% Sales Increase in 4 Years
- Latin America – 60% Increase Overall Since 2010
- Europe – 30% Rise on Wood, Seafood, Wine Exports
- India – 61% Climb on New Apple, Lumber Exports
VALUE OF AGRICULTURAL EXPORTS

- **Record $2.85 Billion Exports in 2013**
  - More Than 8% Increase Over 2012 Level
  - Challenges: Falling Commodity Prices, Political Instabiliy

- **Strategic Focus Region Highlights**
  - Soybeans, Wine, Seafood to China, Hong Kong
  - Wine, Specialty Foods, Seafood to European Union
  - F.G. Soybeans, Specialty Foods to Japan, S. Korea
  - Lumber, Soybean Oil, Apples to India
  - Livestock to Russia, Canada
  - Apples to Israel, Panama
<table>
<thead>
<tr>
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<th>Value</th>
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<tr>
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## Virginia’s Top Agricultural Exports

- Soybeans, Soy Meal
- Wood Products (logs, lumber, veneer, etc.)
- Poultry
- Leaf Tobacco
- Soybean Oil
- Grains (wheat, corn, barley, etc.)
- Pork
- Animal Feed
- Processed Food & Beverages
- Animal Fats & Oils
- Wood Pellets
- Cotton
- Seafood
- Raw Peanuts
INFRASTRUCTURE FOR GROWTH IN PLACE

- Top Quality Producers, Products, Agribusinesses
- Ag, Forestry Industries Integrated Into Overall Economic Development, Jobs Agenda
- Global Network of Trade Offices
- Governor’s Agriculture & Forestry Industries Development Fund (AFID)
- World-Class Sea, Inland, Air Port System
- Virginia “Best for Business” Rankings
SECRETARIAT EMPHASIS IN 2014

- Gov. McAuliffe SOTC Address: “Make Virginia the East Coast Capital for Agricultural Exports”

- Facilitate New Export Opportunities
  - Move from “Building to Utilizing” Global Infrastructure
  - Trade Missions, Reverse Trade Missions
  - Examine Future Targeted Growth Regions

- Promote Further Domestic Economic Development

- Increase Port Utilization, Development Efforts
IMPORTANCE OF AG, FORESTRY EXPORTS

- Why? Exports Mean More Jobs, Opportunities
- USDA: Exports Now Generate Nearly 30% of Annual Farm Cash Receipts
- Every $1.00 From Exports Returns $1.40 To In-State Support Activities
- USTR: Export Related Jobs Pay ≥15% Than Other Jobs
- >90% of World’s Customers Outside of U.S.
Network of International Offices

- Existing Hong Kong – S.E. Asia Focus Office
- Trade Representative Offices Created Since ‘10
  - Mainland China
  - Europe: Great Britain, Russia
  - Latin America: Mexico, Costa Rica
  - Canada
  - India: New Delhi, Mumbai, Bangalore
- Real, Virtual Extensions of Your Business’ International Marketing, Sales Efforts
FOCUS OF TRADE OFFICES

- **Southeast Asia – Hong Kong**
  - Feed Components: Containerized Grain, Soybeans; Animal, Marine By-Products
  - Lumber, Other Wood Products

- **Mainland China – Shanghai**
  - Soybeans, Grains, Raw Peanuts
  - Meat Products, Including Poultry
  - Leaf Tobacco, Wood Products
  - Seafood, Wine
FOCUS OF TRADE OFFICES

- **Canada — Toronto**
  - High-Value Food Products, Wine
  - Fresh Produce
  - Seafood
  - Live Cattle

- **India — New Delhi, Mumbai, Bangalore**
  - Apples
  - Soybean Oil vis-à-vis Existing Palm Oil Imports
FOCUS OF TRADE OFFICES

- **Europe — Surry (UK) & St. Petersburg**
  - Specialty Grains, Soy Products
  - High-Value Processed Foods, Wine
  - Raw Peanuts
  - Seafood

- **Latin America — Mexico City & San Jose**
  - Poultry, Pork
  - Apples, Wine
  - Wheat, Other Grains
2014 Trade Missions

- **Gubernatorial Missions**
  - Europe – United Kingdom, France
  - Southeast Asia – China, Japan, South Korea

- **Secretariat, VDACS Missions**
  - China, Japan, Vietnam, Hong Kong, Malaysia, India, United Kingdom, France, Spain, Belgium, Canada, Cuba, Costa Rica, Others?

- **Reverse Trade Missions**
  - Delegations from China, Japan, Canada, Europe
Future Targeted Growth Regions

- Mediterranean – Northern Africa
  - Turkey, Morocco, Egypt

- Southeast Asia
  - Vietnam, Indonesia, Malaysia, Philippines, Thailand

- Central Europe
  - Outreach from Eastern Bloc, Baltic Region Countries

- Caribbean Nations
DOMESTIC DEVELOPMENT: NEW CAPACITY

- Governor’s Agriculture & Forest Industries Development Fund (AFID)
  - Why? Ag, Forestry Were ‘Falling Through Cracks’
  - $2.2m Incentive Fund for Development & Planning
  - Use for Recruitment, Expansion of Businesses
  - Focus on Processing and Value-Added Projects
  - 30% VA Grown Purchase Mandate Key for Ag Growth
  - Increased Funding Coming in 2014
  - No Export Directive, But Beginning to See Connections
AFID Development Grants Launched in Late ‘12
- Eight Projects So Far: 7 Agricultural, 1 Forestry
- Private Investment: Almost $100 million
- Jobs Created: 910, Mostly in Rural Areas
- Average Use of Virginia Grown Products: 70%
- AFID Investment: $835,000

AFID Planning Grants Launched in Spring ‘13
- 16 Projects Covering 41 Localities So Far
- AFID Investment: Approximately $344,000
PORT UTILIZATION, DEVELOPMENT

- Partner w/Transportation Secretary, VPA to Promote “State’s Top Asset” Here, Abroad
- Support Existing Agribusiness Growth Efforts
- Recruit Agribusinesses, Related Industries
- Turn Non, Under-Utilized Port Terminals, Facilities into Working Assets
- New Investments in Working Assets
  - Commonwealth of Virginia
  - Agribusinesses, Railroads, Related Support Companies
CONCLUSION

THANKS & BEST WISHES FOR A PRODUCTIVE & SUCCESSFUL 2014

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