

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

MCDONNELL DECISION IN 2010

- *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*

COMMITMENTS 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*

EXPORT GROWTH & SUCCESSES

- *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 Instability*
- *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*

VIRGINIA'S TOP AG EXPORT MARKETS

- China, \$580m
- Canada, \$259m
- Switzerland, \$190m
- Russia, \$117m
- Indonesia, \$110m
- Vietnam, \$83m
- Saudi Arabia, \$80m
- Egypt, \$79m
- Venezuela, \$76m
- Taiwan, \$75m
- United Kingdom, \$69m
- Poland, \$56m
- Turkey, \$48m
- Mexico, \$45m
- Morocco, \$45m
- Ireland, \$44m
- Italy, \$41m
- Netherlands, \$40m
- Malaysia, \$39m
- Cuba, \$38m

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 $\geq 15\%$ 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*

DOMESTIC DEVELOPMENT: NEW CAPACITY

- *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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