

Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership
June 2, 2020
Electronic Meeting via Teams Meeting Platform
Richmond, VA 23219

Call to Order

The meeting was called to order at 10:01 a.m. by Mike Ligon, Chairman of the Advisory Committee on International Trade.

Members Present: Bob Feeser
Nick Jiannas
Mike Ligon
Stuart Malawer
Ned Masee
John Milliken
Secretary Bettina Ring
David White
James Xu

Members Absent: Tag Greason

Staff Present: Stephanie Agee
Lindsey Bertozzi
Nicole David
Jason El Koubi
Carolyn Elliott
Sandi McNinch
Stephen Moret
Christy Morton
Mary Wood

Guests Present: JC Hernandez, Angela Hofmann, Charles Kennington, Kim McKay,
Brett Vassey

Welcome

Chairman Ligon welcomed everyone to the first electronic meeting of VEDP's Advisory Committee on International Trade. He said that due to the Governor's declared state of emergency regarding the potential spread of COVID-19, it is unsafe for the Committee to assemble in a single location. Chairman Ligon explained that the Committee is permitted by the Virginia Freedom of Information Act, as amended by the State Budget, to meet by electronic means without a quorum of the members being physically assembled at one location. Chairman Ligon noted that the Committee members were gathered in a Teams environment that was open to the public. Everything on the public Teams environment would be recorded and the recording would be posted on the VEDP website. The agenda suggests that the Committee will enter into a closed meeting for a portion of the meeting. When the Committee is ready to enter into a closed meeting, the Committee members and VEDP support staff necessary to support the closed meeting will leave the public Teams

environment and gather in a separate Teams environment. When the closed meeting is concluded, the Committee members will rejoin the public Teams environment and the public portions of the meeting will continue. Chairman Ligon stated that all votes would be taken by roll call.

Public Comments

Chairman Ligon solicited for public comments. There were none.

Review and Approval of February 4, 2020 Minutes

After review of the minutes, Chairman Ligon asked for a motion to approve the minutes. A motion was made by Bob Feeser to approve the minutes. The motion was seconded by Ned Masee. Sandi McNinch, VEDP General Counsel, conducted a roll call for approval of the minutes. The Committee unanimously approved the minutes via the roll call.

Yeas: Bob Feeser
 Nick Jiannas
 Mike Ligon
 Stuart Malawer
 Ned Masee
 John Milliken
 David White
 James Xu

Nays: None

Abstained: None

Absent: Secretary Bettina Ring
 Tag Greason

Closed Meeting – VEDP International Trade Plan Discussion

Chairman Ligon requested that the Committee move into a closed meeting for discussion about the International Trade Plan. Sandi McNinch, General Counsel, voiced the following motion for adoption by the Committee to enter into a closed meeting. The following motion was unanimously adopted by the Committee via roll call vote conducted by Sandi McNinch.

I MOVE THAT THE ADVISORY COMMITTEE ON INTERNATIONAL TRADE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY CONVENE A CLOSED MEETING PURSUANT TO VIRGINIA CODE §2.2-3711(A)(50) TO ENGAGE IN A DISCUSSION OR CONSIDERATION OF THOSE PORTIONS OF VEDP'S STRATEGIC PLAN, MARKETING PLAN OR OPERATIONAL PLAN, THAT MAY RELATE TO TARGET COMPANIES, SPECIFIC ALLOCATION OF RESOURCES AND STAFF FOR MARKETING ACTIVITIES, AND SPECIFIC MARKETING ACTIVITIES THAT WOULD REVEAL TO THE COMMONWEALTH'S COMPETITORS FOR ECONOMIC DEVELOPMENT PROJECTS THE STRATEGIES INTENDED TO BE DEPLOYED BY THE COMMONWEALTH, THEREBY ADVERSELY AFFECTING THE FINANCIAL INTEREST OF THE COMMONWEALTH.

Yeas: Bob Feeser
Nick Jiannas
Mike Ligon
Stuart Malawer
Ned Masee
John Milliken
David White
James Xu

Nays: None

Abstained: None

Absent: Secretary Bettina Ring
Tag Greason

Back in Open Meeting, Certification of Closed Meeting followed by Roll Call Vote

Following the closed session, Sandi McNinch voiced the following resolution for adoption by the Committee:

WHEREAS, THE ADVISORY COMMITTEE ON INTERNATIONAL TRADE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENED A CLOSED MEETING ON THIS DATE PURSUANT TO AN AFFIRMATIVE RECORDED VOTE AND IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT; AND

WHEREAS, THE ACT REQUIRES A CERTIFICATION BY THIS COMMITTEE THAT SUCH CLOSED MEETING WAS CONDUCTED IN CONFORMITY WITH THE ACT;

NOW, THEREFORE, BE IT RESOLVED, THAT THE COMMITTEE CERTIFIES THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, (I) ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE ACT WERE DISCUSSED IN THE CLOSED MEETING TO WHICH THIS CERTIFICATION RESOLUTION APPLIES, AND (II) ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING BY THE COMMITTEE.

The Committee approved the foregoing resolution unanimously by roll call vote, conducted by Sandi McNinch, bringing the Committee out of the closed meeting.

Yeas: Bob Feeser
Nick Jiannas
Mike Ligon
Stuart Malawer
Ned Masee
John Milliken
Secretary Bettina Ring
David White
James Xu

Nays: None
Abstained: None
Absent: Tag Greason

Maritime Community Update

John Milliken, ACIT Committee member and Chairman of the Virginia Port Authority Board of Commissioners, shared that John Reinhart's announcement about leaving the Virginia Port Authority, effective March 2021, was scheduled to be shared at their March meeting which was canceled due to Covid-19. The announcement was made at their electronic meeting in May. A search for John Reinhart's replacement is underway using a search consultant. There is much interest in this position and, hopefully, an announcement will be made around Thanksgiving.

David White, ACIT Committee member and Executive Vice President of the Virginia Maritime Association, noted that the tariff war with China and the Covid-19 pandemic have affected exports, especially agriculture. The port has seen an increase in blank sailing by steamship lines. This is where vessels are taken out of rotation. In April there were eight blank sailings and in May there were 23. David White noted that negative impacts have been muted by government cargo. An example involving a local coffee roaster was noted. Truck drivers, owner/operator (form 1099), are the majority who move cargo in and out of the port. They are faced with large monthly payments and when they turn in their trucks, they do not necessarily come back. David White said that Panama Canal reduced its workforce by a third due to Covid-19. If the pandemic continues, limitation on the canal could be seen but he does not anticipate this happening. Forecasting from their membership, there could be a lengthy recovery with fiscal year 2021 flat with fiscal year 2019 and fiscal year 2020 at a negative eight percent. He said that soybeans are a positive market now, there is optimism as curbside reverts to retail and the furniture market has a long lead-time supply chain. Reopening and getting back to work is key to restoring public confidence. Faster testing and contact tracing are needed. Employers are competing with unemployment benefits in regard to people returning to work. David White shared that a closer look should be taken at incentives, triggered by volumes and hiring as well as looking at retooling, new incentives, reshoring and investments in infrastructure and broadband. David White said that there may be a new landscape in the workforce with teleworking. Investments in automation may reduce hiring. Some companies expect to bring back about 80% of their employees due to automation that may be put into place.

Chairman Ligon asked James Xu to share his perspective on China. James Xu said that China has, for the most part, contained Covid-19. China is suffering, however, as it is export-focused, and demand is down from all around the world. He noted that soybeans and pork are subject to a trade war dispute, and with tension regarding Hong Kong, trade could be choppy for a while. He noted that there is a major trend to relocate manufacturing processes back the U.S. America recognizes the shortage for critical infrastructure.

Trade Builds Virginia/Trade Builds America

Stephanie Agee introduced Brett Vassey, President and CEO of the Virginia Manufacturers Association (VMA). Brett Vassey gave an overview of Trade Builds Virginia, telling the story of why international trade matters and why protectionism and tariffs harm American workers/businesses. A multi-media campaign will be developed to humanize the story of the small entrepreneur. What is missing is the story telling why and how small and medium companies go to market. Short, two- to three-minute videos will be shown over an eight-week period to include agriculture, maritime,

manufacturing, IT, etc. Brett Vassey said they want to educate the public and policy makers reaching out to peer associations, embassies and the press. The campaign will be open in July with a gathering of all participants at a factory site.

JC Hernandez, State Director of Virginia of Americans for Prosperity, spoke about the mom and pop businesses and what people are going through. JC Hernandez would like to share their stories and will promote this on digital platforms. This is being done in many other states.

Angela Hofmann, a partner with Trade Builds America, stated that the more organic and authentic the stories, the more they will resonate with policy makers. Small businesses are moving the products and they want to brand this group. Trade is important to rebuilding the economy. Angela Hofmann said that Colorado and New Mexico are doing this same program. The initiative is free, and she encourages participation.

Brett Vassey said that when we think of the International Trade Plan (ITP) for VEDP and the Commonwealth, providing a service is what comes to mind. There are points of contact in International Trade who can help companies network for exporting. He said that one thing that will be developed is sharing trade development services (VEDP resources). Almost every international trade show has been cancelled for the remainder of the year. Getting to market is difficult for small and medium-sized businesses. VMA is exploring creating software such as avatar-based virtual trade shows. The resources of VEDP are more invaluable now than they have been at any time in the past for companies to explore markets. Brett Vassey stated that there will be a prolonged delay for some markets that are just seeing the virus, such as South America.

Chairman Ligon thanked Brett Vassey for the collaboration and complementary nature of the work that he is doing with the Committee.

Chairman's Comments

Chairman Ligon said that he and Stephanie Agee had spoken with most of the Committee members about how Covid-19 has affected their operations. He said that when Governor Northam announced the ITP in November 2019, VEDP sought funding of slightly more than \$2 million. Unfortunately, the ITP was not funded in the Governor's final budget. Some companies have gone out of business due to the lack of outlets/markets for their products. Exporting could become important outlets for their products. We need to ensure that businesses keep their lights on. Chairman Ligon said that shutdowns and travel limitations have adversely affected business and international trade. The Committee will focus on ITP initiatives that do not require funding but looks forward to funding in the future.

Chairman Ligon asked for ACIT members, taking heed of what they heard during the meeting and their personal experience in trade, to impress the ITP on the administration and legislature. He emphasized that the ACIT is an advisory committee established by the legislature and needs to advise them on the need for trade. He also asked the committee members to make themselves available to the VEDP International Trade team for further advice.

Chairman Ligon asked for any comments from the meeting participants. Ned Masee agreed with Chairman Ligon in that there will be challenges to get out of the pandemic. It is important to impress significant importance of trade's impact on the economy and need for trade expansion to the General Assembly. The General Assembly needs to hear from the Committee. Ned Masee said that, as chairman of the VEDP Board, he extends thanks to each of the Committee members

for their continued commitment to international trade and to Stephanie Agee and her staff for staying focused and continuing to work toward goals.

John Milliken thanked everyone for their presentations and said that there will be significant changes for exporting. With sources for imports being re-examined, manufacturing reshoring, coming back to the U.S., there will be volatility and the Commonwealth can take this opportunity to attract new businesses to Virginia and move forward.

Stuart Malawer said that trade is still dominated by the federal government, protectionist policies of this administration have been hurtful and that there needs to be a focus on trade policy. Chairman Ligon agreed that the senators in Washington, D.C. need to be aware of the importance of trade.

Bob Feeser said that there was great progress on this call in terms of updates. David White made an important point about protecting the trucking industry and that steps should be taken to shore-up this area for the future. Bob Feeser highlighted that the Trade Builds Virginia program is a great opportunity to highlight companies that have participated in VALET. It would also be a good opportunity to make comments about the importance that VALET has made to their imports/exports. He expressed that the biggest concerns for the paper/packaging industry is post-pandemic recession and that unsettled trade environment is a great concern as well. ACIT should be much more involved in soliciting and providing feedback to policy makers in Virginia and nationally.

Stephanie Agee gave her appreciation all the discussions, comments and support to International Trade. She said that she would like to hear the Committee members' input. The next meeting will be Tuesday, August 4, 2020. It will be decided later if this meeting will be electronic or an in-person meeting. Communication will be shared as August 4 approaches.

Adjournment

With no other comments, Chairman Ligon moved that the meeting be adjourned. Sandi McNinch conducted a roll call to adjourn the meeting. By unanimous roll call, the meeting adjourned at 12:07 p.m.

Yeas: Bob Feeser
 Nick Jiannas
 Mike Ligon
 Stuart Malawer
 Ned Masee
 John Milliken
 Secretary Bettina Ring
 James Xu

Nays: None

Abstained: None

Absent: Tag Greason
 David White