

Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership Authority
November 27, 2023

9th Floor, Board Room
901 E. Cary Street
One James Center
Richmond, Virginia 23219

Call to Order

The meeting was called to order at 10:02a.m. by Mike Ligon, Chairman of the VEDP Advisory Committee on International Trade.

Members Present:

Hobey Bauhan
Michael Coleman
Bob Feeser
Mike Ligon
Secretary Lohr
David White
James Xu

Members Absent:

Tag Greason
Anne Marie Lacourse
Will Sessoms

Staff Present:

Stephanie Agee
Lindsey Bertozzi
Jamie Canup
Jason El Koubi
Julie Richmond
Mary Wood

Guests Present:

U.S. Senator Tim Kaine
Senator Kaine's Richmond Office Members: Taylor Thornhill, Heath Hubbard, and Lauren Oligino (University of Richmond Intern)
Wyatt Toehlke, Assistant Secretary of Commerce and Trade

Welcome and Chairman's Remarks

Chairman Mike Ligon welcomed everyone to the meeting at 10:02 a.m., including U.S. Senator Tim Kaine and his staff.

The Chairman commented that the Committee would appreciate direction from the Senator regarding federal funding opportunities that could be considered to further international trade growth in Virginia.

The Chairman announced that U.S. Representative Abigail Spanberger will attend the next ACIT meeting in February 2024.

Public Comments

Chairman Ligon solicited for public comments. There were none.

Review and Approval of October 3, 2023, Meeting Minutes

After a review of the October 3, 2023, minutes, Chairman Ligon asked for a motion to approve the minutes. A motion was made by David White to approve the minutes. The motion was seconded by Bob Feeser and was unanimously approved by all Committee members present.

Comments from the Honorable Tim Kaine, U.S. Senator

Senator Kaine opened the conversation by mentioning several opportunities he is invested in and challenges he foresees for trade. He stated he is on the Americas sub-committee in the Senate Foreign Relations Committee and the Armed Services Committee, which positions him to be a strong advocate for global trade. Senator Kaine emphasized the importance of international trade to him and to Virginia. He mentioned the enviable position that Virginia has as a state that can benefit from trade with both a major seaport and an international airport and that trade is a powerful part of the Virginia economic story.

He mentioned that trade deals can have both positives and negatives, but that it often gets a bad reputation and is perceived as politically unpopular. He talked about one particular small company he met in the Richmond area that has benefited greatly from international sales, and in turn that this growth has led to more jobs in Virginia. Despite that, Senator Kaine said, the Biden administration has absorbed the belief that trade is unpopular. He mentioned some of the initiatives the administration has promoted recently, including regional agreements in the Americas, but is concerned that these are just labels without substance behind them.

Senator Kaine then turned to opportunities he sees for trade in the future. He mentioned the major opportunities he sees in the Americas and the importance of putting resources there to counter the influence of China. Senator Kaine talked about the opportunities for Virginia related to the Australia-UK-US (AUKUS) agreement, which he has become familiar with as the chair of the Seapower subcommittee on the Armed Services committee. Via AUKUS, many Australian submariners will be trained in Virginia, as many as 500 per year, and there could be opportunities to capitalize on their time and training in Virginia.

Chairman Ligon thanked the Senator for his work and commented on the negativity towards International Trade and the misconceptions about exporting. He expressed his concern for the

lack of railway and road infrastructure in Virginia and questioned why more routes aren't being built. He commented that he understood the funding for these projects mostly needs to come from the federal level. Senator Kaine responded that Virginia and other states are getting a lot more money for these projects due to the infrastructure bill. As a result, the annual allocation of funds for roads and bridges has gone up dramatically. He mentioned several exciting upcoming infrastructure projects in Virginia, including the widening of Interstate 64 and an upcoming announcement about increasing high speed rail access. In terms of future projects, Senator Kaine said it was important for the Governor's Administration, VEDP, and other state-level organizations, such as the Virginia Freight Advisory Committee, to come together to prioritize projects and tell both him and Senator Warner about those priorities so that they can advocate for them.

David White mentioned his role as chair of the Virginia Freight Advisory Committee and expressed his appreciation for Senator Kaine's suggestion that Virginia needs to come together to set priorities. noting the funding streams were increased: freight; transportation; trade and economic development go hand in hand. The Commonwealth needs to prioritize to gain results.

Bob Feeser asked Senator Kaine if he had recommendations on particular areas of the world where VEDP should focus its efforts, given his knowledge of where the US is prioritizing trade deals and relationships. Senator Kaine stated that VEDP has been very successful in its approaches so far. He believes that areas of opportunity exist in the Americas, Australia, as noted earlier regarding AUKUS, and in NATO countries, including new NATO members Finland and Sweden. He also mentioned that with relations improving between Japan and Korea, which are both US allies but have not worked together well until recently, new opportunities could be in that part of the world, as well.

Stephanie Agee let Senator Kaine and the Committee know that these recommendations match well with some recent and upcoming trade missions and shows that VEDP already has on the calendar.

James Xu said that China is the US's largest trading partner and that it cannot be ignored. He asked the Senator if he could comment on how the relationship between the two countries might look long-term, as it is currently like a cold war. Senator Kaine suggested the removal of some of the tariffs placed on China during President Trump's presidency would help, signaling to China that our relationship is not one-sided, that we recognize China can be an adversary in some places and a partner in others. He suggested there is a dynamic currently where US politicians cannot be "anti-China" enough and we need to focus on areas where we can cooperate.

David White recognized that some of our supply chains are overly complex and leave us vulnerable in some areas. He asked if there are specific supply chains that are national priorities and where should we be focusing our efforts in Virginia. Senator Kaine answered that certain medical supplies, like those that will be manufactured by the new tech-hub in Petersburg, are a priority for reshoring or nearshoring. He also mentioned the incentives included in the Inflation Reduction Act for energy-focused businesses and that the CHIPS Act also includes incentives for nearshoring.

Mike Coleman asked if the Generalized System of Preferences (GSP) would be renewed. Senator Kaine did not have an answer but said he would report back.

Hobey Bauhan thanked the Senator for his work on trying to reduce the tariff on turkey exports to India. He stated that international markets are important to the agriculture sector and that the federal government had done a great job over the years opening new export markets for poultry

producers. He discussed the impact of the Avian Influenza outbreak in the US on US poultry exports, particularly to China. He questioned why China had authorized seven states to start shipping poultry to China again but did not include Virginia on that list. He also stated that Colombia was not adhering to trade rules with their restrictions on US poultry imports. Senator Kaine mentioned that he was aware of this and would be meeting with Colombian ambassador soon and would discuss the issue.

David White asked Senator Kaine who VEDP and the ACIT should prioritize engagement with at the national level, in order to stay informed about what is happening regarding trade nationally. Senator Kaine said that it makes sense to stay engaged with his office and Senator Warner's. He said that while the Biden administration has downplayed trade in his first term, if he is reelected he thinks there will be a different, more open posture toward trade, and at that point it would make sense to engage with federal agencies involved in trade.

Wyatt Toehlke, Assistant Secretary of Commerce and Trade, asked if Senator Kaine could offer any advice to the Governor's Administration as they meet with European trade partners who have some concerns about some of the rules and incentives introduced in the Inflation Reduction Act. Senator Kaine said that he tells these partners that his hope is that these incentives will result in virtuous competition, and he believes it is headed in that direction.

Secretary Lohr asked about the prospect of continuing to get fertilizer from Ukraine, an important source, as farmers head into the growing season. Senator Kaine said he doesn't see the war in Ukraine ending soon. He mentioned the debate over whether to provide Ukraine with supplemental aid. He predicts supplemental aid will come eventually, as if the US was to back away from support of Ukraine it would send a dangerous signal to other geopolitical actors.

Senator Kaine challenged the Committee to work on a campaign to do a better job of telling the trade story and the positive aspects of international trade.

David White provided a quick update relative to the widening of the channels at the Port of Virginia and thanked the Senator for his support for fully funding the program which will provide two-way ship traffic by the end of the year. Half of the widening is essentially complete, reducing the wait time for ships from a 3 hour wait down to 1.5 hours.

Stephanie and Chairman Ligon thanked the Senator for his insight and participation in the meeting.

Export and Import Data

Stephanie Agee provided VEDP's 2024 Trade Mission and Show schedule along with a detailed view on statistics regarding exported and imported goods to Virginia.

Ms. Agee stated that VEDP submitted a progress report on the implementation of the International Trade Program to the General Assembly October 31st.

2024 ACIT meeting dates were suggested and would be circulated via email for confirmation of availability by all members.

Committee Discussion

Chairman Ligon asked if Wyatt Toehlke could arrange a tour of North Carolina to investigate their transportation. He also asked the Committee to assist in preparing questions in advance of Representative Spanberger's visit in February.

David White commented on two subjects. First, he brought up the role of the Commonwealth Transportation Board and that requests for funding for infrastructure projects come through that entity. He mentioned that the Freight Advisory Committee, which he chairs, is working to have a larger say in the prioritization of projects. He said it's important that VEDP is represented on that committee by Eric Jehu, VEDP's Vice President of Logistics, to communicate the priorities of trade and economic development during the transportation planning process. Second, he suggested that it would be important to use the upcoming legislative session to meet with new state legislators to educate them on the importance of trade and of supporting VEDP's international trade programs.

Bob Feeser commented that it appears there is ample funding for transportation and infrastructure projects thru the Inflation Reduction Act and infrastructure bill and strongly feels senators Warner and Kaine would be supportive of priority projects presented to them. He suggested that Senator Kaine could potentially be helpful for certain trade missions, particularly in Latin America.

James Xu agreed that it seemed the funding sources were there for a range of projects and would likely continue, no matter who is in the White House.

Secretary Lohr commented that Governor Youngkin visits with the Virginia congressional delegation quarterly and that transportation and infrastructure priorities could be shared in those conversations, coordinated but the Secretary of Transportation's office.

Adjournment

There being no further business, the meeting adjourned at 12:07p.m.