

**Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership
December 7, 2021**

**901 E. Cary Street
9th Floor Board Room
Richmond, Virginia 23219**

Call to Order

The meeting was called to order at 10:07 a.m. by Mike Ligon, Chairman of the VEDP Advisory Committee on International Trade.

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

Members Absent: Tag Greason
Ned Massee

Staff Present: Stephanie Agee Lindsey Bertozzi Jamie Canup Jason El Koubi Julie
Richmond Stephanie Florie

Guests Present: Stephen Edwards, CEO and Executive Director of the Virginia Port
Authority

Welcome

Chairman Mike Ligon welcomed everyone to the meeting at 10:07 a.m. He stated that during the meeting he would like to have a planning discussion. He said he felt the committee has built momentum and would like to see that continue. He commented that he wants the committee to remain an advisory committee, not an advocacy committee.

Public Comments

Chairman Ligon solicited for public comments. There were none.

Review and Approval of October 26, 2021 Meeting Minutes

After a review of the October 26, 2021 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 David White and was unanimously approved by all Committee members present.

Introduction to Stephen Edwards, CEO Port of Virginia via Zoom

Stephanie Agee welcomed Stephen Edwards, the CEO and Executive Director of the Virginia Port Authority, to the meeting. John Milliken introduced Mr. Edwards and commented that he has done a very good job since arriving at the port and is focused on growing the port and advancing maritime interests in general in the face of an unusual environment.

Mr. Edwards presented an update on port activities and performance. He mentioned the strong volumes of containers coming into and going out of the port, the modernization of service metrics, and the need for continued investment in facilities.

Regarding imports, the Port of Virginia is a big contributor to the transatlantic gateway with imports from Europe staying strong. However, China is the largest source of imports, as is true for most U.S. ports. They are seeing increased shipments from southeast Asia, including from Vietnam, and from south Asia.

Exports from the port are heading to northern Europe, but China remains the top destination. Mr. Edwards also noted that consumption patterns are moving west through Asia and that has led to a shift in trade, with countries like Indonesia, India, and Thailand now in the top ten as destinations for exports from Virginia.

In the last two years the port has invested in two major container terminals and automated many capabilities. These improvements were well timed and have allowed the port to operate efficiently during the surge in trade volumes since the pandemic. Modernizing facilities has contributed to year over year calendar growth for the port and international trade continues to grow extraordinarily.

Mr. Edwards mentioned that while imports tend to dominate exports at most U.S. ports, the Port of Virginia took measures to protect exporters and ensure that outbound shipments continued to flow even during times of heavy volume. Mr. Edwards said that in 2020 the port first took a hit due to the pandemic but swiftly recovered and kept operations running smoothly. One important factor was the confidence they were able to give customers that they could rely on the port to quickly and smoothly process their shipments.

He did say that the port's barge service to and from Richmond has stagnated due to ocean carriers not making the barge service cost competitive.

In answering a question about how the Port of Virginia is performing compared to other ports in the U.S., Mr. Edwards said that the port's growth is well above other East Coast ports, with 28% growth for the Port of Virginia in the last year compared to 16-19% growth for others.

Regarding rail operations, Mr. Edwards said that they fluctuated as there were capacity constraints in the mid-west, causing some longer rail dwell times at the port. The goal is to expand rail yards at the port by 2024.

In terms of future improvements, Mr. Edwards said the port will invest in more cranes, adding capabilities and capacity to handle extra large ships. The port will also be adding 18 shuttle trucks and adding to their chassis fleet as those are in high demand. Maintaining fluidity at all of the terminals is a top priority. They are aiming to finish the dredging project by 2024, but the costs are shared between Virginia and the federal government and the federal funding is still

pending. Dredging of the Thimble Shoals Channel is underway and is being funded entirely by Virginia.

Stuart Malawer asked Mr. Edwards to comment on trade policy differences between Presidents Biden and Trump, and whether Virginia trade with China had bounced back from lower levels during the Trump administration. Mr. Edwards replied that since all the tariffs put in place by President Trump still exist, the only real change has been with the recent relaxation of European tariffs on products, including steel. Exports to China have been strong and Edwards said he does not see that changing.

David White commented that growth is coming on faster than anyone expected and asked if, beyond facilities, are there issues outside of the port's control that could constrain growth. Edwards said that issues beyond their control that are contributing to the supply chain crisis and could impact port growth include labor constraints, particularly in the trucking industry, and warehousing and transloading capacity constraints. He said that he is seeing more development projects happening with developers and third-party logistics firms that will add warehousing and transloading space in the future.

Mr. White asked if the port had any concerns about Customs and Border Protection and their ability to keep up with demand in terms of inspecting and clearing shipments. Mr. Edwards said he did not have any concerns with regard to the number of officers, but that the main issue is ensuring consistency by CBP officers in terms of their rulings on shipments.

Bob Feeser commented that it seems the additional warehousing projects are being driven by the private sector. He asked if there is an opportunity for the state to take on an active role in these projects. Edwards said there could be, but he is not sure how. He commented that it's important not to disrupt the private marketplace, since this is something they do well. Most of these projects are not considered "megasites" and would not qualify for VEDP site preparedness funding. However, it's important for the port and localities to be involved in getting warehouse sites "pad ready" because of their strong local knowledge.

John Milliken stated that he has spent a lot of time with the Port Board talking about shifting the focus of their marketing efforts from a regional segmentation to an industry focus, including agriculture, e-commerce, and automotive. Their goal is to work more often and more directly with the ultimate port users and to become a supply chain facilitator. He asked Mr. Edwards how we can make sure that both the port and VEDP's efforts align to assist each other with goals such as winning business from North Carolina and attracting businesses to Virginia to fill the supply chain, particularly large retailers. Mr. Edwards said it was important for the port and VEDP to work together and create pipelines of opportunities and marry up the pipelines with each other. Mr. Milliken suggested that in January and February VEDP and VPA should sit together to discuss pipelines.

James XU asked whether with the high growth the port experienced last year if they have reached their full capacity. Edwards says that the port has at least 20% in capacity available before they would have to put restrictive measures in place. He said they need to continue to give customers confidence that the port can keep doing well and provide good service into the future.

Mike Ligon thanked Stephen Edwards for his presentation and for spending so much time with the committee. He invited him back for further discussions at a future meeting.

Stuart Malawer asked Secretary Ring how agricultural exports have been doing. She said they are up largely due to the port's support and prioritization of exports, as well as what she and VDACS have been able to do virtually to still help exporters find international buyers.

David White noted that this is a very unique moment in time, when other ports are experiencing so many challenges and the Port of Virginia is performing so well. He said we need to leverage this moment. John Milliken commented that it has been a challenge for the port to convince the shippers and ship lines that this is not a passing phenomenon and that the port can continue to handle the cargo volumes into the future.

Closed Meeting – VEDP International Trade Plan Discussion

Chairman Ligon requested that the Committee move into a closed meeting at 11:09 a.m. A motion was made firstly by John Milliken and seconded by David White to move into a closed meeting. Jamie Canup, Assistant General Counsel, voiced the following motion on behalf of Mr. Milliken for adoption by the Committee to enter into a closed meeting. The following motion was unanimously adopted by the Committee.

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.

Back in Open Meeting, Certification of Closed Meeting – Followed by a Roll Call vote:

WHEREAS, THE ADVISORY COMMITTEE ON INTERNATIONAL TRADE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENEED 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 certification by roll call vote, bringing the Committee out of the closed meeting.

Yeas: Bob Feeser, Mike Ligon, Stuart Malawer, John Milliken, Secretary Bettina Ring, David White, James Xu

Nays: None

Absent: Tag Greason, Ned Masee

VEDP Update and Planning for Future Meetings

Stephanie Agee provided several updates regarding VEDP International Trade activities. She advised that a new online export readiness assessment is now available on the exportvirginia.org website, which was an initiative included in the Virginia International Trade Strategic Plan. The assessment tool can be used by companies to assess themselves as to whether they are ready to begin exporting. She noted that while this initiative was considered “no cost,” VEDP did have to spend some money to get it set up, working with a third party vendor to have it built and to provide maintenance.

Stephanie shared the list of upcoming VEDP-sponsored trade missions and trade shows, noting that all but one have sold out. Companies have committed to traveling for these events and VEDP is ready to serve them.

Stephanie shared Virginia export and import statistics. Virginia exports are up 19% compared to last year, which is the trend we’re seeing throughout the U.S. Imports are also up 22%, which is the same for the rest of the country. David White requested that in the future statistics are compared with 2019 data.

Chairman Ligon moved on to discussing plans for the ACIT in 2022, requesting comments first from Secretary Ring, as she needed to leave the meeting early. Secretary Ring mentioned how much she enjoys working with the ACIT. She commented on how important it is that everyone on the committee is so engaged. She also noted the committee’s achievements in the last few years, including passage of the Virginia International Trade Strategic Plan, deepening relationships with the Port of Virginia, and providing guidance to all agencies that support trade in Virginia.

Chairman Ligon emphasized the importance of advisory versus advocacy when thinking about plans for the coming year. He also said he is proud of the work the committee has done so far and of the International Trade Plan. He then described an effort he and David White are working on to get opinion pieces into several newspapers throughout Virginia to highlight both the existence of the ACIT and the importance of international trade to Virginia, including the need for funding to implement the Virginia International Trade Strategic Plan. Chairman Ligon thanked David White for his input regarding the op-ed and for the Virginia Maritime Association’s financial contribution to the project. He asked for additional input from the committee.

Stuart Malawer commented that he thought the op-ed reads more like a short report rather than an opinion piece.

Bob Feeser said the content is great, but suggested bringing discussion of the ITP to the beginning since that part is the real “call to action.” He also noted the importance of tailoring the message to each region where it will be published. For example, service exports should be highlighted in the op-ed for the Northern Virginia region. John Milliken agreed and said that the Northern Virginia readers would not relate to the need for megasites.

David White discussed the timing of the op-ed and the need to identify signatories in each region. The committee agreed that publication should take place after the Governor’s budget is announced on December 16, and likely after the start of the new year.

Moving onto discussion of meeting dates for 2022, the committee considered moving to quarterly meetings, but decided to continue with meetings every other month beginning in February.

Adjournment

The meeting adjourned at 12:15 p.m.