

Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership
February 2, 2021
Electronic Meeting via Teams Meeting Platform
Richmond, VA 23219

Call to Order

The meeting was called to order at 10:00 a.m. by Mike Ligon, Chairman of the VEDP Advisory Committee on International Trade.

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

Members Absent: Tag Greason
 Ned Masee

Staff Present: Stephanie Agee
 Lindsey Bertozzi
 Jason El Koubi
 Carolyn Elliott
 Sandi McNinch
 Christy Morton
 Madeleine Waddoups

Guests Present: Rob Davenport
 Laura Smith

Welcome

Chairman Ligon welcomed everyone to the electronic meeting of VEDP's Advisory Committee on International Trade. He said that due to the Governor's declared state of emergency regarding COVID-19, it is unsafe for the Committee to assemble in a single location. Because an in-person meeting is unsafe and we wish to discharge our lawful purposes, duties and responsibilities, 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. 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. Should anyone from the public get disconnected from the public Teams environment and be unable to re-engage, he or she should call (804) 393-0290 and speak to Lindsey Bertozzi. Chairman Ligon said that they will do their best to re-engage and will halt the public portion of the meeting until the connection can be re-established.

The Chairman then shared a reminder of a few things that will be different than the in-person meetings:

- Everything on the public Teams environment will be recorded and the recording will be posted on VEDP's website.
- All votes will be taken by roll call.
- Please use the mute function, unless you are speaking—and remember to unmute at the appropriate time.
- During the public comment period, any member of the public wishing to make a comment may simply unmute and speak at that time or use the Chat function and ask to be given an opportunity to speak.
- Likewise, during the meeting, Committee members may simply unmute themselves to speak or use the Chat function.

Public Comments

Chairman Ligon solicited for public comments. There were none.

Secretary Bettina Ring requested a few minutes to introduce Rob Davenport, who recently joined VDACS as Director of Marketing and Development. She gave an overview of Mr. Davenport's experience, noting that he is very customer focused. Mr. Davenport stated that he is looking forward to working with the ACIT and to be a part of the drive to move the Commonwealth of Virginia to a #1 status ranking for international trade. Chairman Ligon welcomed Mr. Davenport aboard.

Review and Approval of December 1, 2020 Meeting Minutes

After review of the December 1, 2020 minutes, Chairman Ligon asked for a motion to approve the minutes. A motion was made by Nick Jiannas to approve the minutes. The motion was seconded by Bob Feeser. 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
 John Milliken
 Secretary Bettina Ring
 David White
 James Xu

Nays: None
Abstained: None
Absent: Tag Greason
Ned Masee

Closed Meeting – VEDP International Trade Plan Discussion

Chairman Ligon requested that the Committee move into a closed meeting. A motion was made by Mike Ligon to move into a closed meeting and was seconded by Bob Feeser. Sandi McNinch, VEDP 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)(39) TO ENGAGE IN A DISCUSSION OR CONSIDERATION OF PROPRIETARY INFORMATION, VOLUNTARILY PROVIDED BY PRIVATE BUSINESS PURSUANT TO A PROMISE OF CONFIDENTIALITY FROM A PUBLIC BODY, USED BY THE PUBLIC BODY FOR BUSINESS, TRADE, AND TOURISM DEVELOPMENT OR RETENTION; AND 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
John Milliken
Secretary Bettina Ring
David White
James Xu

Nays: None
Abstained: None
Absent: Tag Greason
Ned Masee

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

Following the closed session, Sandi McNinch, VEDP General Counsel, 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
 Secretary Bettina Ring
 David White
 James Xu

Nays: None

Abstained: None

Absent: Tag Greason
 Ned Masseur
 John Milliken (absent for vote)

Foreign Trade Zones in Virginia

Stephanie Agee noted that there was interest at the last ACIT meeting on December 1, 2020 in learning more about Virginia's Foreign Trade Zones. Mrs. Agee introduced Laura Smith with the Port of Virginia. Ms. Smith is Senior Manager of Economic Development and Foreign Trade Zone Administrator. Mrs. Agee noted that Ms. Smith served on the staff level working group that developed the International Trade Plan (ITP). Ms. Smith explained that in 1934 Congress enabled the FTZ Act to help American companies compete on a global scale. She further

explained the purpose of Foreign Trade Zones (FTZs) and listed the benefits companies gain by utilizing them. These benefits include duty deferral, duty elimination, inverted tariffs/duty reduction and logistical benefits. Virginia has six FTZs. Each year a report is submitted to Congress regarding who is using them and to what extent. The common thread among FTZ users is that they are all importers. Many products that move through and are manufactured in FTZs are machinery and electronics. Stuart Malawer asked how large are the FTZs. Laura Smith said the size is based on activated acreage.

Bob Feeser asked what drives the differences between the six FTZs. Ms. Smith said that Hampton Roads is the most active zone and that Richmond has increased utilization by adding two companies to the zone in the last year. There are a couple of users in the New River Valley area. She said that awareness of the FTZ program is mostly spread via word-of-mouth. She mentioned having presented information about FTZs during a panel at a recent Virginia Economic Developers Association conference.

Chairman Ligon asked if there are fees associated with FTZs to which Laura Smith replied, yes. While they do not publicize the fees, they are comparable around the state. The fees include an application fee, customs concurrence fee and an annual fee. The fees cap is \$10,000/year. David White asked if there was a way to identify businesses that may benefit the most. Ms. Smith said that if a company is importing 1,000 containers per year, they would be a good FTZ candidate. If the company is a manufacturing company, that is all the better. She said that she works with USDOC and VEDP to identify users.

In regard to David White's question about what is the biggest challenge, Laura Smith said it is finding the right person to speak to within the various companies. The best people to speak with are CFOs as they understand the benefits and cost savings.

Stephanie Agee asked how does Virginia's level of utilization of FTZs compare to other regions that also have a major port, such as Charleston and Savannah. Ms. Smith said that FTZs in North Carolina, specifically in the Raleigh and Triad area are very active. Some North Carolina companies also use the FTZ around the Port of Virginia. Baltimore has a lot of active users of the FTZ at the Port of Baltimore, consisting of car manufacturers assembling parts and parts carriers.

David White asked if access to FTZs is used as a business recruitment/retention tool at VEDP. Laura Smith replied that every incentive letter in the state package includes information about FTZs. However, as there are FTZs in every state, it is not a special benefit of locating in Virginia. A company can go to any state and participate in the FTZ program.

Bob Feeser asked how the ACIT could assist with growing the utilization of FTZs. Ms. Smith replied that word of mouth is how the FTZ has grown so far and opportunities to speak to companies to share information about FTZs would be helpful.

International Trade Update

Stephanie Agee said that she would provide an update on the ongoing and upcoming activities of the VEDP International Trade team. She shared that International Trade will host a sales training webinar series in February. Last March, International Trade transitioned to trade missions online and will stay with that model at least through June of this year. Mrs. Agee said that International Trade is starting to get a depth of experience in the virtual environment and

are seeing that companies struggle to connect and develop relationships via video and convey value. There will be three webinars to help companies with selling virtually. They are: 1) Master the Art of the Virtual Presentation on 2/11/2021; 2) Persuasive Communication on 2/18/2021, and 3) Perfecting Your Value Proposition on 2/25/2021. Over 80 registrants signed up for each of the seminars within the first 24 hours and over 100 have registered to-date. Due to budget constraints at the present time, many companies cannot afford to invest in this type of training for their employees on their own.

Stephanie Agee shared that all the remaining FY21 trade missions/events have sold out with the exception of one slot for the Southeast Asia trade mission. Commenting on why the events have been so popular, Agee said that companies are looking for any opportunity to grow their international business and this is how international business is done for now. Virtual trade missions/events are crucial lifelines until travel resumes.

In January, seven companies graduated from the VALET program and ten companies joined the program. Ms. Agee shared the list of graduating companies and the list of new companies joining the program. The graduation and orientation took place virtually over two days.

Stephanie Agee gave an overview of Virginia's export and import data as of November 2020. Overall, the numbers are consistent with the trends seen throughout 2020, with Virginia exports down by 11%. Total U.S. exports are down by 15%. The one export category, in the top ten, that increased was meat. Imports in Virginia are down by 5% from the same period last year. Total U.S. imports are down by 9%. A listing of Virginia's top export destinations showed Canada as the top ranking destination and China as the number one import market.

Chairman Ligon asked if a presentation on the USMCA would be possible for a future meeting in order to discuss impacts. Stephanie Agee replied that International Trade is working with the SBDC and US Commercial Service regarding a webinar series on the USMCA.

Stuart Malawer asked if the meat exports increase was due mostly to pork products going to China (Smithfield). Stephanie Agee said that pork and poultry are high on the meat list category and includes other animal parts. Rob Davenport from VDACS confirmed that the meat export number increase was due to pork products going to China.

Bob Feeser noted that there is a 15% decline in exports and asked if this could be linked to the declines in employment. Stephanie Agee was not certain that the numbers could be linked together due to the short time between the onset of the pandemic and the collection of this data. She said that she would look into what is available for data and that, perhaps, the export/job multiplier can be used. Mr. Feeser added that this should be incorporated as a key item in our message to the General Assembly when talking about funding for the ITP and job recovery.

Chairman's Update

Chairman Ligon said his closing comments consist of reiterations and highlights. He said that the ACIT continues to support the non-financial initiatives of the International Trade Plan and hopes that the legislature will provide funding to move forward with the other initiatives. At the federal level, trade continues to be impacted by EU retaliatory tariffs, especially in the agricultural community. He said we will continue our diligence with the federal area and talking to them about issues like this. He is hopeful that Senator Warner will join the ACIT meeting in

April. He hopes that other congressional leaders will follow Senator Kaine's lead, who set a high bar.

Bob Feeser, Vice Chairman, thanked Stephanie Agee and her team for doing their absolute best in tough times. He said that Nick Jiannas's presentation was outstanding, especially in regard as to how a company can fully utilize the FTZ.

Stuart Malawer suggested that as the gubernatorial race settles down, the ACIT should invite a couple of the candidates to speak at future meetings.

David White said that when the timing is right, the ACIT could ask someone to speak about where the Biden administration is coming from in terms of trade strategies.

Secretary Bettina Ring shared that Agriculture Commissioner, Dr. Jewel Bronaugh, has been nominated by the Biden administration for Deputy Secretary of USDA. She will remain the Virginia Agriculture Commissioner until hearings and nomination occur. Secretary Ring said that they have a save-the-date for the virtual Agricultural Trade Conference which will be March 30, 2021 from 1:00 – 4:00 p.m. She is hopeful that someone from the Biden administration will be present to speak.

Chairman Ligon thanked Secretary Bettina Ring for her support in writing a letter and sending it to Washington in regard to the EU retaliatory tariffs. He said that Kentucky and North Carolina have also written such letters.

General Comments by Members and Discussion of Topics for Next Meeting

Stephanie Agee commented that she is pleased that the Agricultural Trade Conference will take place and offered any support that VEDP could provide. She said that her team looks forward to hearing the presentations and being in the audience.

Chairman Ligon thanked Nick Jiannas and Laura Smith for their presentations.

Adjournment

With no other comments, Chairman Ligon moved that the meeting be adjourned. David White made the motion that the ACIT meeting be adjourned. Stuart Malawer seconded the motion.

Sandi McNinch, VEDP General Counsel, conducted a roll call to adjourn the meeting. By unanimous roll call, the meeting was adjourned at 11:58 a.m.

Yeas: Bob Feeser
 Nick Jiannas
 Mike Ligon
 Stuart Malawer
 Secretary Bettina Ring
 David White

Nays: None

Abstained: None

Absent: Tag Greason
Ned Massee
John Milliken (absent for vote)
James Xu (absent for vote)

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