

Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership
April 6, 2021
Electronic Meeting via Teams Meeting Platform
Richmond, VA 23219

Call to Order

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

Members Present: Mike Ligon
Stuart Malawer
Ned Masee
John Milliken
David White
James Xu

Members Absent: Bob Feeser
Tag Greason
Nick Jiannas
Secretary Bettina Ring

Staff Present: Stephanie Agee
Lindsey Bertozzi
James Canup
Carolyn Elliott
Sandi McNinch
Stephen Moret
Mary Wood

Guests Present: Delegate David Bulova
Brad Copenhaver
Charles Kennington

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.
- 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.

Chairman Ligon said that today we celebrate the inclusion of funding in the budget for the International Trade Plan (ITP) and await the Governor's signature of the budget. Chairman Ligon gave a special thanks to Delegate David Bulova, as well as Senators Marsden and Ruff. He also thanked David White, the Virginia Maritime Association, John Millikin and the ACIT members for their outreach to legislators in support of the new ITP funding. Chairman Ligon said the team would hear from Delegate Bulova today and from Stephanie Agee with more details about VEDP's plans to utilize the anticipated new funding (\$1.1 million). Chairman Ligon noted that if we show a strong ROI, the legislature will be more likely to increase funding in future years.

Public Comments

Chairman Ligon solicited for public comments. There were none.

Review and Approval of February 2, 2021 Meeting Minutes

After review of the February 2, 2021 minutes, Chairman Ligon asked for a motion to approve the minutes. A motion was made by Ned Masee to approve the minutes. The motion was seconded by John Milliken. 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: Mike Ligon
 Stuart Malawer
 Ned Masee
 John Milliken
 David White
 James Xu

Nays: None

Abstained: None

Absent: Bob Feeser
Tag Greason
Nick Jiannas
Secretary Bettina Ring

Comments from and Discussion with Delegate David Bulova

Chairman Ligon introduced Delegate David Bulova noting that Delegate Bulova saw the importance of trade and was a champion for new funding to implement the International Trade Plan. Delegate Bulova is from the 37th House District, which includes Fairfax, and has been in the legislature since 2006.

Delegate Bulova said that he was new to the Appropriations Committee, having served on the Committee for two sessions. He has served in the legislature for 16 sessions. He said that he likes to hear the words Virginia and international used together. He said that exports are critical to increasing the economy. He was delighted to be able to secure about \$1.3 million for the International Trade Plan (ITP) and that the plan provided a strategic manner in which to do this. The House was robust in support of the additional funding. This funding allowed Virginia to move out of the pandemic in a stronger position than when we began. The pandemic has changed the playing field, including technology. A big selling point for Virginia is that it is over-subscribed for what it can offer in programs in the international area. Delegate Bulova noted that he is a planner and that it makes no sense to see a good plan sit on a shelf. He said that when he presented the additional funding request in the legislature that he knew that he had a great team with the ACIT to give support to back the amendment and push it forward. He noted that international trade is not in the forefront for his constituents like other topics such as education, housing and transportation. He was delighted with Governor Northam's comments last week at the Governor's Conference on Agricultural Trade and his push to be in the top 20 in exports by year 2023. He noted that the Governor's comments about \$18 billion more in exports per year were not in the regular news such as *The Washington Post* or *The Fairfax Connection*. He read about it in the *Delmarva Farmer Newspaper*. He said that no one will vote for him based on his work on international trade.

Delegate Bulova discussed how to get legislators to prioritize this limited funding and how to push forward to get legislators' attention. Delegate Bulova said that he agreed with Chairman Ligon's opening comments that this is a beginning, it is about a matrix, the best use of limited resources and how to get the best bang for the buck. Another idea in the funding request that he fully supports is to create federal partnerships and draw down dollars from the federal level, including federal grants. Delegate Bulova said that coordination among stakeholders is very important. He noted that for this year's international funding request, what he saw from the Virginia Maritime Association (VMA) and VEDP did not match and that this created questions in Appropriations. He said that VEDP and VMA came forward and the matter was quickly resolved by providing a consolidated list of priorities, stating what was being asked for. Delegate Bulova noted that Kim McKay of the Appropriations Committee staff is worth her weight in gold. He encouraged the ACIT to take advantage of the fact that they have an Appropriations staff that gets it and it is important to get ideas in front of the Appropriations group in the early May/June timeframe, in order to get things rolling and get them invested in the solution.

Chairman Ligon commented that the ITP includes a focus on assistance with imports and the value-added processing that companies do with those importing, citing Stihl as an example and who presented at the last ACIT meeting. He noted the strong support that the ITP has with the Port and Virginia Maritime Association, as well as the support of Senator Kaine. Chairman Ligon said that with Delegate Bulova's support and others, a good partnership can be set up.

Stuart Malawer said that trade is not in the DNA or minds of most people. He posed the question as to how the General Assembly can change this culture and the mindset on trade in regard to trade for manufacturers, agriculture, etc.

Delegate Bulova said that legislators think about what trade means to their districts. He suggested that a one-page infographic, specific to the various legislators' districts, would be helpful and relate back to the legislators. He does not know if his constituents would be convinced that trade is that important. The key is to target individual legislators.

John Milliken thanked Delegate Bulova for his leadership in this area and said that most people do not know the importance that trade plays in their lives. A robust trade and port-manufacturing community depends on the Port to send products around the world and bring the economic benefit back to their home communities. The Port of Virginia is the fifth largest commercial port in the country and is a 50%/50% port with exports/imports. What is good for the Port of Virginia is good for Virginia and vice versa. We have to keep reinforcing this message.

Chairman Ligon shared that his company ships over 80% of their products through the Port. He said that maybe Delegate Bulova could help with future discussions about Dulles Airport.

Brad Copenhaver shared that agriculture exports have increased 22%, with \$3.3 billion in export sales in 2020. He thanked Delegate Bulova, on behalf of Secretary Ring, for his support to VDACS and for their additional funding, also connected to the International Trade Plan.

Ned Masee thanked Delegate Bulova, on behalf of the VEDP Board, for his support with International, but mentioned that, as chair of VEDP, there are many other aspects of the economy that affect VEDP's ability to be the number one place for business. He thanked Delegate Bulova for his participation in an early childhood development discussion as this is important to the economic development of Virginia. He also thanked Delegate Bulova for his open door and open dialog when Stephen Moret and Christy Morton want to come talk with him. He told Delegate Bulova that when he has questions, where VEDP could help, please contact them.

Delegate Bulova said that Virginia's resources come down to its talent pool and education process. The statistic is that 56% of our children come into kindergarten unprepared for what is offered. The first couple of years are spent getting the children up to speed.

David White thanked Delegate Bulova for being an advocate for the ITP. This is a wonderful start but he realizes that a lot more needs to be done to educate people about Virginia's international trade. Mr. White said that dialogue has begun with Virginia's two Senators to discuss trade-related matters that impact Virginia. The plan is to continue building dialogue and partnerships with federal-level officials. He also thanked Delegate Bulova for letting them know during the General Assembly session when there were different priorities coming from VEDP and VMA and for his participation in the VMA Chapter meeting. Mr. White said that there has

been talk about the need for communication to building trade but there has been no talk about services, just goods. Attention needs to be given to the importance of services exports.

Chairman Ligon noted that a few years ago there were some problem with the Port, which were significant because his company uses the Port for 80% of their export and import of products. They were looking for another option, but the legislature became involved and investments were made in the Port with great strategic decisions. Mr. White said that those investments could not have been more timely. Container operations are operating smoothly and cargo is being diverted from other ports to the Port of Virginia.

John Milliken shared that for FY21, the Port's business is up and continuing to go up because other U.S. ports cannot handle the volume of business coming to them. He said that the ship lines make their scheduling decisions annually, usually in April/May. He believes that businesses will benefit from the Port investments the General Assembly approved and from the private investment in their other terminal that they control under a long-term lease. One billion dollars of new money has gone into upgrading the maritime capabilities of Hampton Roads Harbor and the Port of Virginia.

James Xu stated that it is important to educate the people on the importance of international trade. Delegate Bulova agreed that it is important to educate the Senate and House and how it will benefit their constituents.

Stephen Moret thanked Delegate Bulova for his leadership in session and support of international trade. He noted that the vast majority of people do not realize the importance of international trade to Virginia's economy. Mr. Moret thanked Chairman Ligon for his leadership and the role the advisory committee played with the help of John Milliken, David White and others to make the case for the ITP. They are excited about the work that Stephanie Agee and her team are doing. He agreed with earlier comments about the great new leadership at the Port with Stephen Edwards. We will have the most advanced port on the east coast as well as the deepest channels. Mr. Moret thanked everyone for all they are doing to move the ball forward in regard to the ITP.

Chairman Ligon referred to the expansion of Route 58 and said he was open to future discussion regarding this topic. Delegate Bulova thanked everyone and said he was looking forward to working the ACIT.

Closed Meeting – VEDP International Trade Plan Discussion

Chairman Ligon requested that the Committee move into a closed meeting. A motion was made by Ned Masee to move into a closed meeting and was seconded by Stuart Malawer. 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)(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: Mike Ligon
Stuart Malawer
Ned Massee
John Milliken
David White
James Xu

Nays: None

Abstained: None

Absent: Bob Feeser
Tag Greason
Nick Jiannas
Secretary Bettina Ring

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: Mike Ligon
Stuart Malawer

Ned Massee
John Milliken
David White
James Xu

Nays: None

Abstained: None

Absent: Bob Feeser
Tag Greason
Nick Jiannas
Secretary Bettina Ring

U.S. Trade Policy Discussion – Stuart Malawer

Stephanie Agee reviewed the agenda for the remainder of the meeting and Chairman Ligon said that he had invited Stuart Malawer to make remarks about the anticipated direction of U.S. trade policy under the Biden administration. Mr. Malawer stated that he felt the new Biden administration would be less confrontational and unilateral than under the Trump administration and there would be a recalibration of trade policy. Mr. Malawer summarized what President Biden has done over the past ten weeks with regard to international relations, including sanctions on Saudi Arabian officials, Russian officials and retaining restrictions on Hong Kong. He noted that since Biden became President the U.S. had rejoined the UN Human Rights Council, the World Health Organization, and the Paris Climate Agreement. Still to be determined is if the United States will join the revised Trans-Pacific Partnership. Mr. Malawer noted that trade rules need to be negotiated and updated, especially concerning technology. Mr. Malawer noted that trade will be on the back page for a while, with the focus on rebuilding the U.S. economy. He also said there is a need to educate the General Assembly and general population on trade.

Chairman Ligon asked for Mr. Malawer's thoughts on infrastructure. Mr. Malawer commented that there are great infrastructures in other countries and Virginia governors have done a great job in funding the Port of Virginia over the years. He sees infrastructure as an investment, not an expense.

David White commented on an executive order that President Biden made on 2/24/2021, in regard to America's supply chains. He feels that this bears watching by the ACIT. This order looks to secure supply chains in America's defense sector and could mean some reshoring. In regard to infrastructure, there will be an effort to advance certain projects through Congress and it might be appropriate for the ACIT to weigh in on this.

Stuart Malawer said that bringing some supply chain back to the U.S. for domestic production is an idea that will get attention, but that there will likely be very little resulting from these supply chain studies.

John Milliken suggested that it would be good for the ACIT to have a discussion with Congressman Don Beyer on the Trade Subcommittee of the House Ways and Means Committee. Mr. Milliken said that in a discussion with Congressman Beyer, he talked about what the Biden administration and Congressional Democrats are working on and described it as

an American worker centric trade policy. Chairman Ligon concurred it would be good to invite Congressman Beyer to a future ACIT meeting. He said that he has read about what the EU is doing lately regarding supply chain due diligence. This will be a huge impact on a lot of areas. Mr. Malawer commented that it would be wise to watch the tax proposals coming from the Biden administration and taxation on multinationals. The EU has adopted various pieces of taxation. He noted that the ACIT should concentrate on international taxation, as state tax law does not have to follow what the federal government does in terms of its rules.

Stephanie Agee remarked that this was a fascinating topic and asked for thoughts on China. Since the rhetoric from the Biden administration has been strong on China, where do we go from here? Mr. Malawer said that he does not feel that there will be a dramatic change. We need a playing field where there is competitiveness. Mr. Malawer commented that there will be a focus on less confrontation regarding trade, more competition and more abiding by the rules of the road, more actions filed in the WTO as China has been responsive to actions filed against it within that body and see less war-like language being used. With China's huge economy, there is market opportunity for U.S. businesses. He said that Congress, not the President, has authority to rule over trade.

Chairman Ligon followed up on Mr. Malawer's comment on national security. In regard to how things work in South Africa, he noted how a country might come in and invest in the products and infrastructure there and how that could impact the U.S. from a national security standpoint down the road. Mr. Ligon said that we have to be very careful with illicit trade.

Chairman Ligon thanked Stuart Malawer for his comments and then turned the meeting over to Stephanie Agee.

International Trade Update and Virginia Economic Review International Trade Issue

Stephanie Agee said that total Virginia exports were down 8% in 2020, while the country's exports were down 13%. She noted that Virginia agriculture exports of grains, soybeans, and meat were up last year. Imports were down by 4% from 2019 while the country's imports were down 6%.

Stephanie Agee said that during the second quarter, VEDP's quarterly publication, the *Virginia Economic Review*, will be published and this issue will focus on international trade and its importance to Virginia's economy. Mrs. Agee covered a few of the top stories that will be featured in the *Virginia Economic Review*. David White questioned if the piece that would be done on the Port would focus solely on container terminals and other Port-owned infrastructure or if it would also cover some of the private bulk facilities that a lot of bulk cargo moves through. Mrs. Agee said that VEDP's Marketing and Communications team has been encouraged to talk about more than just the Port's terminal within Hampton Roads and to include the inland terminal in Front Royal, as well as barge service down the James River. Stephen Moret suggested that David White send a bullet item list of items he would like incorporated in the publication and VEDP will be sure those are covered.

Chairman's Comments

Chairman Ligon said he appreciates the committee members' input and efforts. Success is about being a team. As we begin to invest the \$1.1 million in additional funding, we need to look

at the return on that investment. He encouraged the team to invest the new funding in a sustainable manner.

Stephanie Agee reminded the committee of the upcoming meeting on April 20 with Senator Mark Warner.

Adjournment

Having no other comments from the team, Chairman Ligon declared the meeting adjourned at 12:00 pm.

DRAFT