

Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership
May 10, 2021
Electronic Meeting via Teams Meeting Platform
Richmond, VA 23219

Call to Order

The meeting was called to order at 12:02 p.m. by Mike Ligon, Chairman of the VEDP Advisory Committee on International Trade.

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

Members Absent: Tag Greason
 Nick Jiannas
 Ned Masee
 John Milliken

Staff Present: Stephanie Agee
 Lindsey Bertozzi
 James Canup
 Jason El Koubi
 Carolyn Elliott
 Stephen Moret
 Mary Wood

Guests Present: Lauren Marshall
 Senator Mark Warner

Welcome

Chairman Ligon welcomed everyone to the electronic meeting of VEDP'S Advisory Committee on International Trade. He said that the nature of the state of emergency declared by the Governor regarding COVID-19 makes it unsafe for this 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, we are permitted by the Virginia Freedom of Information Act, as amended by the State Budget, to meet by electronic means without a quorum of our members being physically assembled at one location.

We are gathered now in a Teams environment that is open to the public. 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. We will do our best to re-engage and will halt the public portion of the meeting until the connection can be re-established.

Here is a reminder of a few things that will be different from our 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.

Public Comments

Chairman Ligon solicited for public comments. There were none.

Comments by Senator Mark Warner and General Discussion

Chairman Ligon thanked Senator Warner for taking time to be with the Advisory Committee on International Trade (ACIT). Chairman Ligon shared that the ACIT was formed in 2017 and gave an introduction of each ACIT member. He stated that the ACIT has sought funding for several years for the Virginia International Trade Plan (ITP) and will get some additional funding this year, although not all that was hoped for. The ACIT has reached out to his office and has spoken with Senator Kaine. Chairman Ligon said that the ACIT is looking for Senator Warner's support in Washington and that the ACIT supports him.

Senator Warner said that if ever there was a time when an initiative such as this should get funding, now is the time. The last COVID relief plan is sending \$4 billion to Virginia and the state is flush with one-time capital. He is hopeful that this will be the last of COVID relief funds.

In looking back at the previous administration, Senator Warner stated that there was some good and some bad in regard to international trade. He said that President Trump did a good thing by shaking up the status quo with how China is viewed. The America First policy, however, has led to a decline in trade and relationships with many U.S. allies. During the post-2015 time frame, China has developed authoritarian capitalism. He mentioned China's intellectual property theft. China's Communist party is robust in new technologies and provides the full backing of the Chinese state for companies that win out in creating new technologies, enabling them to become world export leaders in those technologies. In some cases, Chinese companies start with 75%-80% of the global market and no American company can compete with that. Where China hopes to dominate is the 5G market, artificial intelligence, and life sciences. China caught the rest of the world off-balance in each of these areas. What they did with 5G they are now doing with facial recognition. On another note, Senator Warner commented that there has been a willingness in some large American corporations to sacrifice their values and principles in order to get into the Chinese market. He sees China as an unparalleled economic threat (5G, AI, quantum computing, etc.) and thinks there will be a moment in time where there needs to be a realignment based around an alliance of the willing democracies to challenge China.

The Senate will be taking up these issues in the semi-conductor and 5G fields soon. Senator Warner shared thoughts as to how the Senate would act and said that this is industrial policy to compete against China. Virginia needs to stay in close touch to Micron and Virginia needs to get

more of these facilities and collaborate with ally countries around the world in these industry sectors.

The Senate will also be taking up new infrastructure proposals. Infrastructure funding has been cut in half since the 1970s and 1980s. In talking about potential funding for infrastructure projects, Senator Warner said it was a mistake for the Biden administration to take user fees off the table, as they should be part of the mix. He believes there will be a push to move the corporate tax rate to 25%, not to 28% as the Biden administration proposed. International tax issues will be a concern and he feels that the structure will change. There should be some global minimum tax so that the lowest common denominator does not always win out. Regarding Virginia infrastructure, Senator Warner noted that two of Virginia's biggest assets are Dulles Airport and the Port of Virginia. He recognized that the Virginia Port did not get the new "start" designation for additional enhancements and that dollars spent on the port are important.

Stuart Malawer asked about the relationship between national security and trade and should Congress re-access the delegation of authority or leave as is. Senator Warner referenced Section 232 (Trade Expansion Act of 1962). He feels that the previous administration abused Section 232 and constrained trade with Canada and Mexico. The Biden administration will try to put more constraints in place regarding national security and counterespionage. Senator Warner said that under the Trump administration, some industry sectors did not want to hear about intellectual properties being given out. He mentioned that some Chinese students studying in the U.S. are threatened by the Chinese government if they do not return to China with some kind of intellectual property. Senator Warner said that national security is very important and that some of these practices by China are a threat to it.

Chairman Ligon brought up U.S. relations with Africa, stating that we have strong ties with Africa on national security issues. However, regarding the African Growth and Opportunity Act of 2008 – 2016, he noted concern with certain products not being included as tariff-free under that policy and also noted concern about the level of investment from China in Africa. He asked if there are opportunities for us to bring more products from Africa through the Port of Virginia to help both Africa and our people here.

Senator Warner noted that China jumped into Africa with both feet by promising major infrastructure projects and related jobs, but then sent Chinese nationals to fill those jobs instead of hiring locals in Africa, which the African countries have started to understand. The African diaspora in Virginia is the fastest growing immigrant segment of our population. However, he noted that the Netherlands has a greater level of trade with Africa than the entire U.S. He did note that we have very strong ties with Africa on the national security and counter-terrorism front. Senator Warner said he is open to opportunities for increased trade with Africa and happy to support any ideas that would enable this.

David White said that the ACIT wants to find ways to better integrate and steer trade activities in Virginia that align with federal priorities. The ACIT wants to expand Virginia's exports by 50% over the next 15 years and this is a tremendous opportunity to increase participation in international trade, to better understand what some of the national priorities are, and how Virginia businesses can participate in those national priorities through trade.

Senator Warner shared that he is more than willing to get on the phone with prospects, etc. at the port or elsewhere, but that this is an area he will need to be educated on.

Bob Feeser shared that he was interested in infrastructure around the Port of Virginia. He said one carrier moved a good part of their business to the Port of Savannah because Georgia made investments in their roads leading out of the port. He asked Senator Warner for comments on an infrastructure bill and logistics around the port.

Senator Warner said to remember that \$4 billion available capital is coming to Virginia and that people will have to get in line for those monies. He thinks an infrastructure financing bank/authority would be helpful to get these projects started. Bob Feeser said that by taking advantage of the low interest rates we can leverage the private sector. It will be good for public-private partnerships to be involved. One of the ways to help is to combine expertise in a single location for transportation, water, and charging stations.

Chairman Ligon said that he would like to have an offline discussion about the technical issues in the tax plan that Senator Warner has introduced in the Senate. He said that the ACIT will receive around \$1.1 in funding from Virginia, noting that \$10 million had been requested on a continuous basis. If there is anything Senator Warner can do to encourage others to support Virginia in getting this funding, it would be appreciated.

James Xu agreed with Senator Warner on the China policy and that it is one of the biggest challenges, but is also the biggest opportunity and needs to be handled correctly. The biggest opportunity is for exports. The Chinese Communist party has a very high approval rating due to things like their handling of the pandemic and bringing so many people in China out of poverty. This is a huge challenge to the core values of the U.S. One major issue is that we have a China policy that changes back and forth with each new administration. The Chinese want to engage with the U.S. but they don't know how to. The U.S. needs a leader to figure out the long-term strategy in China.

Senator Warner stated that he does not agree with the idea of the U.S. decoupling from China, but that the U.S. needs to stand up for our values and to determine a long-term solution. We also need to stand up for the people of Hong Kong. He noted that the Chinese model has been successful and is attractive in other countries, which makes countering Chinese influence such a challenge.

Senator Warner said that he understands the ACIT's request for his assistance in pursuing the goals of the ITP and believes the initiative makes sense. He will be happy to help support it and additional funding to implement it.

Chairman Ligon thanked Senator Warner for his time.

Adjournment

The meeting ended at 12:54 p.m.