



Virginia International Gateway, Portsmouth

ADVISORY COMMITTEE ON INTERNATIONAL TRADE

March 10, 2026



Virginia International Gateway, Portsmouth

AGENDA

Public Comments, Review of Minutes, and Chairman's Comments

Comments from Secretary Frazier

Recorded Remarks from Senator Tim Kaine

Trade Policy Update

OSIG Audit Response Update

State Trade Expansion Program (STEP) Grant Update

VEDP's Global Defense Program

Advancing Virginia's Leadership in the Defense Sector



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SANDLER, TRAVIS & ROSENBERG, P.A.
International Trade, Customs & Export Law

US Supreme Court Ruling on IEEPA Tariffs and Implications



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PLEASE NOTE THAT THE INFORMATION CONVEYED IN THIS WEBINAR IS ONLY EFFECTIVE AS OF THE TIME OF PRESENTATION. THE CURRENT SITUATION ON TARIFFS IS QUICKLY EVOLVING AND COULD BE OVERTAKEN BY EVENTS. PLEASE CONTACT US FOR THE MOST UPDATED INFORMATION.



IEEPA Emergency Declarations

President Trump Declared Multiple Emergencies in 2025:

- February, Imposed 25% tariffs for fentanyl being smuggled across northern and southern borders and 10% on China for Fentanyl
- April, China Fentanyl increased to 20%; Global 10% Reciprocal tariffs with some countries subject to higher
- July, Brazil tariffs of 40%
- August, India tariffs 25% for importing Russian oil

What Happened in the Supreme Court?

The Supreme Court ruled that the President does NOT have the authority to impose tariffs under the International Emergency Economic Powers Act (IEEPA)

- IEEPA is the Law that gives the President of The United States authority to regulate foreign commerce in the face of a declared unusual and extraordinary foreign threat to the United States.
- IEEPA was enacted in 1977 to provide Presidential authority during peacetime emergencies.
- No President prior to President Trump used IEEPA to impose tariffs.

Supreme Court

- The Supreme Court heard two cases together:
 1. *V.O.S. Selections, Inc. v. Trump*. (in which CIT and CAFC has ruled IEEPA tariffs illegal) and,
 2. *Learning Resources, Inc. v. Trump*, (in which the District Court ruled IEEPA tariffs illegal)
- Review limited to whether IEEPA authorized the President to impose tariffs, and if so, whether this was constitutional.



What Does the Supreme Court Decision Mean?

- The President never had the authority to impose tariffs under IEEPA.
- All the IEEPA tariffs are unlawful—not just the Fentanyl and Reciprocal Tariffs, but also the Brazil and India Tariffs.
- Remanded the case back to the lower courts for further proceedings.
- All future challenges must be filed in the CIT.



What the Supreme Court Decision Doesn't Do

- Decide whether or how refunds should be issued.
 - “The Court says nothing today about whether, and if so how, the Government should go about returning the billions of dollars that it has collected from importers. But that process is likely to be a ‘mess,’ as was acknowledged at oral argument.” (Justice Kavanaugh, dissenting.)



What the Supreme Court Decision Doesn't Do

- Determine whether the President can use other authorities (Sections 122, 201, 232, 301, and 338) to replace the IEEPA tariffs.
 - “[These] statutes contain various combinations of procedural prerequisites, required agency determinations, and limits on the duration, amount, and scope of the tariffs they authorize. We do not speculate on hypothetical cases not before us.” (Chief Justice Roberts, majority opinion.)



What the Supreme Court Decision Doesn't Do

- Determine whether the revocation of de minimis was lawful.
 - “We do not attempt to set forth the metes and bounds of the President’s authority to ‘regulate ... importation’ under IEEPA. That interpretive question is not at issue in this case.”
 - Note that IEEPA also provides the President the authority to “regulate, ... prevent or prohibit ... exercising any ... privilege with respect to ... any property in which any foreign country or a national thereof has any interest.” 19 U.S.C. 1321(a) calls de minimis a “privilege.”

February 20, 2026 - Administration Actions



- Executive Order instructing agencies to cease collecting IEEPA tariffs by February 24, 2026.
- Executive Order confirming the suspension of duty free de minimis for all countries
- Presidential Proclamation establishing a 10% tariff under section 122 to address fundamental international payments problems effective February 24, 2026

De Minimis - International Post Shipments

- De Minimis still suspended but...
- Effective February 24, 2026, International Postal Shipments will be assessed a duty rate equal to that imposed under the Section 122 Proclamation.
- This duty rate will be assessed until the expiration date of the Section 122 tariff, or until the effective date of the new entry process for postal shipments established by CBP, whichever date occurs first.
- The country of origin of the article and its value must be declared to CBP.
- There will no longer be an option to pay a specific (flat) duty in lieu of the ad valorem duty.



De Minimis – Pending Court Case

- Detroit Axle case was “stayed” pending action by the Supreme Court
- On February 26, They asked the CIT to lift the stay and renew its motion for partial summary judgment seeking to:
 - Vacate all the agency actions that ended the de minimis exemption
 - A permanent party specific injunctions allowing its goods to enter duty free under the \$800 limit
- Detroit Axle is arguing “irreparable harm”.
- In the interim, a new law passed to end the \$800 de minimis by July 1, 2027 regardless.

Section 122 Tariffs

Tariff

A 10%* tariff on all countries' imports unless excepted

Effective

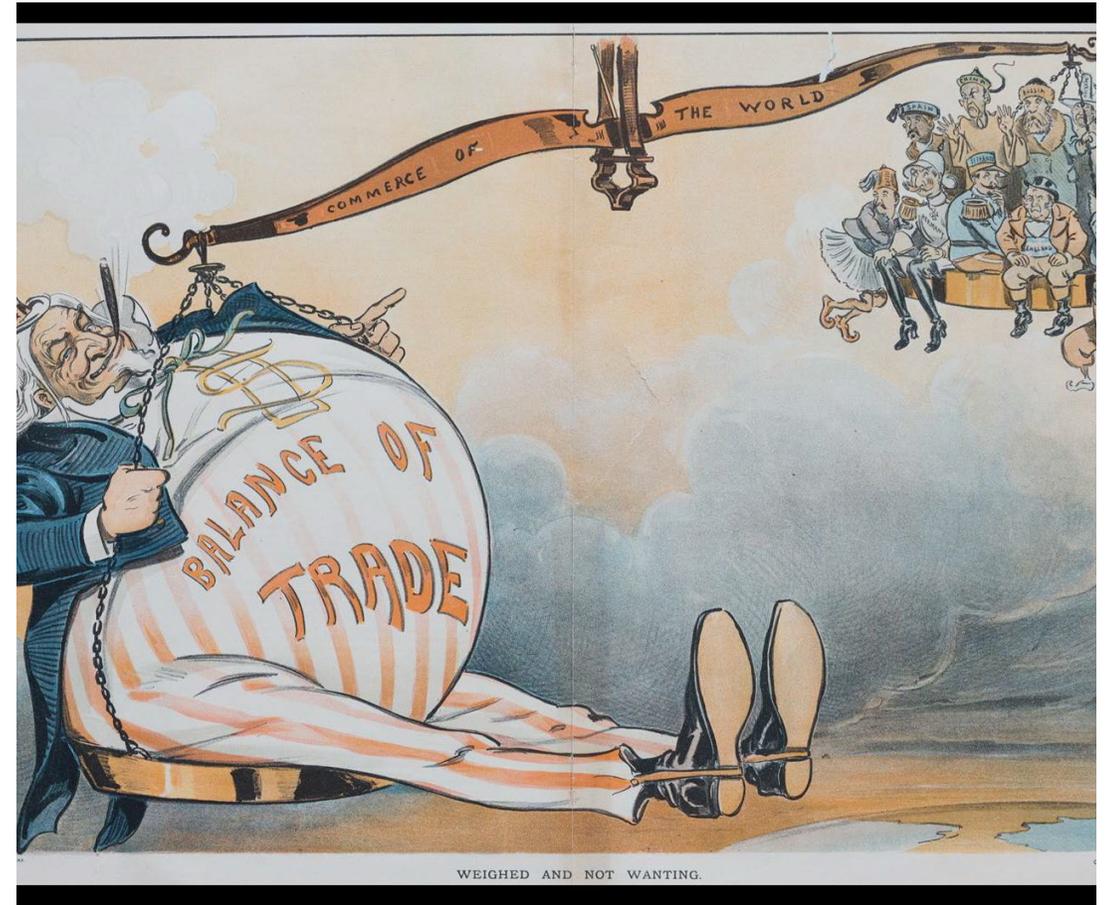
12:01 am February 24, 2026

Duration

150 days: The additional duty will remain in effect through 12:01 a.m. EDT on July 24, 2026, unless the President suspends, modifies, or terminates it earlier, or Congress agrees to extend it.

Section 122 – Lawful & Lasting?

- Allows up to 15% tariffs for balance of payments deficits for up to 150 days, extendable by Congress.
- Will Congress extend?
- Will Pres issue a new order at the expiration of 150 days?
- Is a trade deficit the same thing as a balance of payments deficit?



Section 122 Tariffs - Exceptions

- Products listed on Annex II to the Proclamation.
 - The list includes the same products that were exempt from the IEEPA Reciprocal tariffs under Annex II such as:
 - certain critical minerals, metals used in currency and bullion, energy, and energy products;
 - natural resources and fertilizers that are not produced in the U.S. or not available in sufficient quantities
 - certain agricultural products, including beef, tomatoes, and oranges;
 - pharmaceuticals and pharmaceutical ingredients;
 - certain electronics

Section 122 Tariffs - Exceptions

- Civil Aircraft and parts
 - This exception was previously available to Brazil under the IEEPA Brazil (40%) action, but not the IEEPA Reciprocal (10%) action
- All articles and parts of articles that are currently, or later become, subject to Section 232 actions.
 - For products subject to steel, aluminum, and copper tariffs, the additional Section 122 duty will apply to the non-steel/aluminum/copper content.
- Goods of Canada or Mexico that are USMCA-compliant.
- Textile and apparel articles that enter duty-free as goods of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, or Nicaragua under the DR-CAFTA.
- Donations and information materials.
- Chapter 98 goods “special classification provisions”



Section 122 Tariffs

- FTZ Goods
 - Products admitted to a Foreign-Trade Zone (FTZ) on or after February 24, 2026 must be admitted in privileged foreign status and will be subject to these duties upon entry for consumption.
 - Goods eligible for admission to an FTZ under domestic status are exempt from the tariffs.
- Duty Drawback
 - There is no express prohibition in the Proclamation to claiming duty drawback on these tariffs

Immediate Impact – Replacement Tariffs Cont.

- The new Section 122 tariffs may be challenged at the CIT.
- It is extremely unlikely that the courts will enjoin the administration from collecting these new tariffs, even if they were unlawful.
- A successful challenge to Section 122 tariffs could result in refunds.



10% or 15%?

- President Trump said on Feb. 21 that the tariff would go up to 15%
- USTR Greer said on Feb. 25 that we could see some revisions to 15% for “certain countries” in the coming “days”
- Treasury Secretary Bessent said on March 4 that the 122 tariffs would be raised to 15% “in days”
- Appears the administration is negotiating with the countries that already have agreements to minimize adverse impact
- Expects countries that have signed deals to hold to the terms
- Noted UK, EU and other countries have not implemented their commitments despite US adjusting applicable tariffs.

What about the Tariff Agreements?

- Framework or agreements have been announced for the following countries with text only available for 8 countries (*):

*Argentina

*Bangladesh

Ecuador

EU

India

Japan

Macedonia

Switzerland

Thailand

Vietnam

Australia

*Cambodia

*El Salvador

*Guatemala

*Indonesia

Korea

*Malaysia

*Taiwan

UK

Trump remarks on March 3

Indicating tariffs on deal countries may be somewhat higher

- *“I will say every country, every single country, wants to make the deal they already have. In other words, the deal we have using the other authority, they want to make the same deal. Actually, we're going to adjust it somewhat upward. They all want to stay in the deal, so we'll probably be able to do that pretty easily,”*



What about the Tariff Agreements?

- None of the 8 Agreements for which we have text have entered into force.
- Time frame for EIF ranges from the date of the last notification of the internal procedures required for EIF have been completed, to up to 5 days, 30 days, 60 days, or 90 days after the last notification.
- All but Cambodia agreement have the following text:
 - Nothing in this Agreement shall constrain, or otherwise prevent, a Party from imposing additional tariffs to remedy unfair trade practices, to address import surges, to protect its economic or national security, or for other similar reasons consistent with its law.
- EU Parliament held up ratification of US-EU tariff agreement due to section 122 tariffs



Can the President Impose Other Tariffs?

- Section 301
 - Duties imposed to counteract other countries' unfair trade practices. No limit on rate or duration. Requires an investigation by USTR.
- Section 232
 - Duties imposed for national security purposes on specific products. No limit on rate or duration. Requires investigation by the Secretary of Commerce.
- Section 201
 - Duties imposed to safeguard a domestic industry from a surge of imports. Cannot be more than 50% above the rate of existing duties and cannot last longer than 8 years. Requires investigation by the ITC.
- The President has used all these authorities previously and the courts have upheld those actions.



301 and 232 Tariffs – In Effect

| Country | Product | Type | Tariff Rate |
|-----------------------|---|-------------|---|
| China | List 1, 2, 3, 4a | Section 301 | 7.5, 25, 50, 100% |
| Nicaragua | Non-CAFTA | Section 301 | 0% - 2026; 10% - 2027; 25% - 2028 and beyond |
| All *UK | Steel/Aluminum | Section 232 | 50% *25% (quota system TBD) |
| All *UK, JP, EU,SK | Autos/parts | Section 232 | 25% *UK TRQ 10% max; 15% for JP/EU/SK |
| All | Copper | Section 232 | 50% |
| All *UK, JP, EU,SK | Lumber; Upholstered furniture; Kitchen cabinets/vanities/parts | Section 232 | 10% Softwood lumber 25% Upholstered furniture and kitchen cabinets/vanities/parts *10% UK; 15% JP/EU/SK |
| All | Medium/Heavy Duty Vehicles | Section 232 | 25% MDHV trucks/parts 10% buses |
| All | Semiconductors | Section 232 | 25% |

Pending Section 301 Investigations

| Investigation | Status and Outcome |
|---|---|
| Review of China's Compliance with the Phase One Agreement | Initiated on October 24, 2025 |
| Review of Brazil's Trade Practices | Initiated July 15, 2025 |
| Four-Year Review of Section 301 action on China related to forced technology transfer | Statutorily required to commence in May 2026 |
| Enforcement of U.S. rights in the WTO dispute involving large civil aircraft | Tariffs on EU and UK suspended until July 2026; USTR to consider whether to take action |
| Review of Foreign Digital Service Taxes | President directed on Feb. 21, 2025 to consider renewing investigations |
| Review of International Seafood Trade Practices | President directed USTR to initiate investigation on April 17, 2025 |



Pending Section 232 Investigations

| Investigation & Initiation date | Initiated | Report Deadline (270 days after initiation) | Presidential Decision (90 days after report) | Implementation (15 days after decision) | Congress Informed (15 days after implementation) |
|-----------------------------------|-----------|---|--|---|--|
| Pharmaceuticals | 4/1/2025 | 12/27/2025 | 3/27/2026 | 4/11/2026 | 4/26/2026 |
| Commercial Aircraft & Jet Engines | 5/1/2025 | 1/26/2026 | 4/26/2026 | 5/11/2026 | 5/26/2026 |
| Polysilicon | 7/1/2025 | 3/28/2026 | 6/26/2026 | 7/11/2026 | 7/26/2026 |
| Drones | 7/1/2025 | 3/28/2026 | 6/26/2026 | 7/11/2026 | 7/26/2026 |
| Wind Turbines | 8/13/2025 | 5/10/2026 | 8/8/2026 | 8/23/2026 | 9/7/2026 |
| Robotics | 9/2/2025 | 5/30/2026 | 8/28/2026 | 9/12/2026 | 9/27/2026 |
| PPEs | 9/2/2025 | 5/30/2026 | 8/28/2026 | 9/12/2026 | 9/27/2026 |

**Under Secretary of Commerce for International Trade William Kimmitt
2/23: "It's certainly likely that more 232s will come out"**



Can the President Impose Other Tariffs?



Section 301

- USTR Greer stated on February 20, they will launch section 301 tariff investigations on an expedited basis (normally about a 1 year process) on the following:

“to cover most major trading partners and to address areas of concern such as industrial excess capacity, forced labor, pharmaceutical pricing practices, discrimination against U.S. technology companies and digital goods and services, digital services taxes, ocean pollution, and practices related to the trade in seafood, rice, and other products.”

Can the President Impose Other Tariffs?

Section 232

- Undersecretary Kimmitt stated February 24, 2026 that Commerce would continue to roll out additional section 232 investigations on specific industries, but that it would be based on “national security concerns” and not driven by the Supreme Court ruling.



Can the President Impose Other Tariffs?

- Section 338
 - Duties imposed to counteract discrimination against US commerce by other countries. Tariffs can be no higher than 50% and there is a 30-day waiting period before they can take effect. No preceding investigation is required.
- The President has not used Section 338 so far but may turn to it when the 150-day Section 122 period runs out given Section 338's higher rate cap and unlimited duration.
- Section 338 has never been used before and will probably be challenged in court.

What about Tariff Refunds?

- CBP has already ceased collecting duties effective February 24.
- The case has not formally been returned to the Court of Appeal of the Federal Circuit (CAFC), but the CAFC has already remanded the case to the CIT
- On March 4, CIT assigned court Judge Eaton determined that tariff refunds need to be issued in a fairly straightforward manner for all importers. U.S. government likely to appeal.
- There are follow up procedural motions taking place this week

What about Tariff Refunds?

- The CIT has already decided in *AGS Co. Automotive Solutions v. United States* that the United States will be held to its representations that IEEPA tariff refunds will be available.
- The CIT will have to decide the appropriate procedural mechanism for refunding importers—lawsuits filed under 28 USC 1581(i), administrative protests, or some other court-directed procedure.
- The procedure may depend on the status of entries: unliquidated, liquidated but within the 90-day voluntary reliquidation window, liquidated but protested, or finally liquidated.

What about My Refunds?

- It may take the CIT months to decide how the refund process should work, and any order could theoretically be appealed by the government, further delaying the process.
- The CIT may look to the precedent of the Harbor Maintenance Tax(HMT) cases in formulating a refund process. That process took 5 months, and one of the judges served on the HMT case is also on the IEEPA case.

What Should Importers Do?

- Maintain entry data and proof of payment of tariffs to ensure refunds are processed.
- Continue protesting liquidations toward the end of the 180-day protest window.
- Consider filing a refund suit at the CIT under 1581(i).
- File a refund suit now if you have missed a protest deadline.

Will Congress Take Any Action?

- Senate

Senator Wyden (D-OR), Markey (D-MA), Shaheen (D-NH) and 19 other Democrats Introduced a bill on February 23 that:

- Requires CBP to pay refunds of all tariffs that were unlawfully imposed by the President under IEEPA and paid by importers—even if the importation has already been finalized and closed (“liquidated”) by CBP.
 - Sets a deadline of 180 days after enactment for CBP to process all refunds.
 - Requires CBP to pay interest on the refunded amount.
- Directs CBP to prioritize small businesses when paying refunds and to coordinate with the SBA to provide key information on the refund process to small businesses.
- Requires CBP to report every 30 days to relevant congressional committees on the status of refunds until CBP has completed the payment of all refunds.
- Directs CBP to issue guidance on how to address duty drawback claims.
- Expresses the Sense of Congress that importers, wholesalers, and large corporations should pass on those refunds to their customers.



Congressional Reaction

House of Representatives

- **RELIEF Act (H.R.7615) - Reps. Janelle Bynum (OR-05) and Steven Horsford (NV-04) & 26 cosponsors**
 - Require refunds within 90 days of enactment for covered tariffs collected since January 1, 2025;
 - Eliminate the need for individual applications or formal protests.
- **Illegal Tariff Refund Act (H.R.7636) – Rep. Mike Thompson (CA-04)**
 - Creates an “individual tariff refund credit” that would return money directly to American households instead of corporations

Congressional Mood on Trade

- On IEEPA Decision: Republicans mostly muted (in public) . Some want to codify tariffs, other want to codify that there can't be any tariffs under IEEPA
- Prior to decision, on February 11, House voted 219 – 211 to revoke IEEPA tariffs against Canada
 - Six Republicans voted in favor of the measure
 - Senate had previously voted in favor of a similar measure
 - Procedural hurdles in getting bill to the President
 - President will veto and legislation is not veto-proof
- House Democrats were planning to force a similar resolution overturning other IEEPA tariffs before the SCOTUS ruling came out
 - Senate passed a similar resolution in October 2025 with 5 republicans voting in favor



2026 Congressional Makeup?

- 435 House seats and 35 Senate seats are up in the 2026 election.
- Currently, House Republicans can only lose 1 vote on any bill.
- Could the House flip? Not likely but hard to move bills
 - NJ – 11: Leans D (April 16)
 - GA – 14: Strong R (March 10 or April 7)
 - CA – 01: Unsure (Aug. 4)

| | House | Senate |
|-------------------------------------|--|---------------------|
| Current Status | 218 R (+2 Vacant) 214 D (+1 Vacant) | 53 R 45 D 2 I |
| Not running for re-election in 2026 | 23 R 19 D | 6 R 4 D |
| Incumbents running in 2026 | 196 R 194 D | 22 R 13 D |
| Solid/uncompetitive seats | 185 R 167 D | 47 R 41 D |
| Likely/Lean seats | 24 R 40 D | 4 R 2 D |
| Toss-up | 13 R 6 D | 2 R 2 D |



What's next?



Watch for CIT actions on refunds



Watch entries and liquidation dates, note protest dates



Watch for new section 301, 232, 201 or 338 tariffs



Watch for possible legislation to mandate refunds

Questions?

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Email: dolave@strtrade.com



Resources

- The Supreme Court's Decision
- [24-1287 Learning Resources, Inc. v. Trump \(02/20/2026\)](#)

- The CIT's *AGS Co. Automotive Solutions* Decision
- [25-154.pdf](#)

- Section 122 Proclamation
- [Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems – The White House](#)

Additional Resources

- To view our upcoming webinars, please visit:
www.strtrade.com/training/events/upcoming-webinars
- To subscribe to ST&R Trade Report, please visit:
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Thank you for attending!





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VEDP IS ON TRACK TO COMPLETE ALL CORRECTIVE ACTIONS FOR THE RECENT AUDIT BY THE OFFICE OF THE STATE INSPECTOR GENERAL (OSIG)

| Corrective Action | Due Date | Status | Progress to Date |
|---|------------|--|---|
| Include report disclaimers to note that sales figures are based on participant estimates; Share methodology details | 10/1/2025 |  | Added disclaimers to reports and publications; Added methodology to VEDP website; OSIG confirmed this item is resolved |
| Consult with legal counsel to determine if survey completion affects funding eligibility | 12/31/2025 |  | Consulted with VEDP's General Counsel; OSIG confirmed VEDP's corrective actions |
| Review the feasibility of verifying participant self-reported sales figures | 12/31/2025 |  | Reviewed the feasibility of verifying sales; OSIG confirmed VEDP's corrective actions |
| Work with an external consultant to review calculation methodology | 3/31/2026 |  | External consultant completed work; Documentation sent to OSIG for review |
| Review trade performance measure methodology at least every five years | 6/30/2026 |  | Completed methodology review with VEDP Research team |
| Add supplemental guidance to International Trade's annual survey | 6/30/2026 |  | Developed draft guidance for the survey |
| Consolidate calculation methodology into a single document | 6/30/2026 |  | <i>Will begin after the external consultant review is completed</i> |
| Implement a formal, documented process to review performance measures | 6/30/2026 |  | <i>Will begin after the external consultant review is completed</i> |

Background

The audit of the International Trade team covered the VALET Program, reimbursement funds, and performance measures, and was completed in July 2025.

No findings were identified related to VALET and reimbursement funds.

Three findings and two improvement opportunities were identified related to limitations in the collection, calculation, and public reporting of outcome data.



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THE STATUS OF FEDERAL FUNDING FOR THE STATE TRADE EXPANSION PROGRAM (STEP) REMAINS UNCERTAIN

Background

- VEDP has received STEP funding from the U.S. Small Business Administration (SBA) for 11 of the last 12 years, most recently receiving \$900,000 in Sept. 2024
 - This funding supported Virginia small businesses with international trade mission and trade show travel costs, international website optimization, and other expenses
- VEDP has applied for \$900,000 in new STEP funding, but the status of the award is uncertain

Recent Updates

- The House Committee on Small Business sent a letter to SBA asking that it issue STEP reimbursements and distribute STEP awards to states
- \$20M has been appropriated for new STEP funding; it is unclear whether SBA will allow states to apply
- VEDP has redeployed its anticipated grant match and other funds to offset a portion of the lost funding and provide reimbursement support to businesses



Jody's Popcorn, Norfolk



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Hornets on Deck

VIRGINIA'S DEFENSE ECOSYSTEM & GLOBAL DEFENSE PROGRAM (GDP)

March 10, 2026

DEFENSE IS A SIGNIFICANT CONTRIBUTOR TO VIRGINIA'S ECONOMY (PART 1)*

Top 10 States by Total DoD Defense Spending

| RANK | STATE | DEFENSE SPENDING (billions) |
|--|---------------|-----------------------------|
| 1 | Virginia | \$76.2 |
| 2 | California | \$63.2 |
| 3 | Texas | \$47.4 |
| 4 | Florida | \$34.8 |
| 5 | Maryland | \$29.7 |
| 6 | Pennsylvania | \$24.3 |
| 7 | Connecticut | \$19.7 |
| 8 | Arizona | \$17.1 |
| 9 | Alabama | \$17.0 |
| 10 | Massachusetts | \$16.6 |
| Total for Top Ten States | | \$346.0 |
| Total for 50 States and District of Columbia | | \$606.7 |

Top 10 States by Defense Spending as % of State GDP

| RANK | STATE | PERCENTAGE |
|------|----------------------|------------|
| 1 | Hawaii | 10.3% |
| 2 | Virginia | 10.0% |
| 3 | Alaska | 6.5% |
| 4 | District of Columbia | 6.2% |
| 5 | Maryland | 5.5% |
| 6 | Connecticut | 5.4% |
| 7 | Alabama | 5.3% |
| 8 | Kentucky | 5.0% |
| 9 | Maine | 4.7% |
| 10 | Mississippi | 4.2% |

*Defense Spending by State FY 2024; U.S. Department of Defense, Office of Local Defense Community Cooperation

DEFENSE IS A SIGNIFICANT CONTRIBUTOR TO VIRGINIA'S ECONOMY (PART 2)*

Top 10 States by Defense Contract Spending

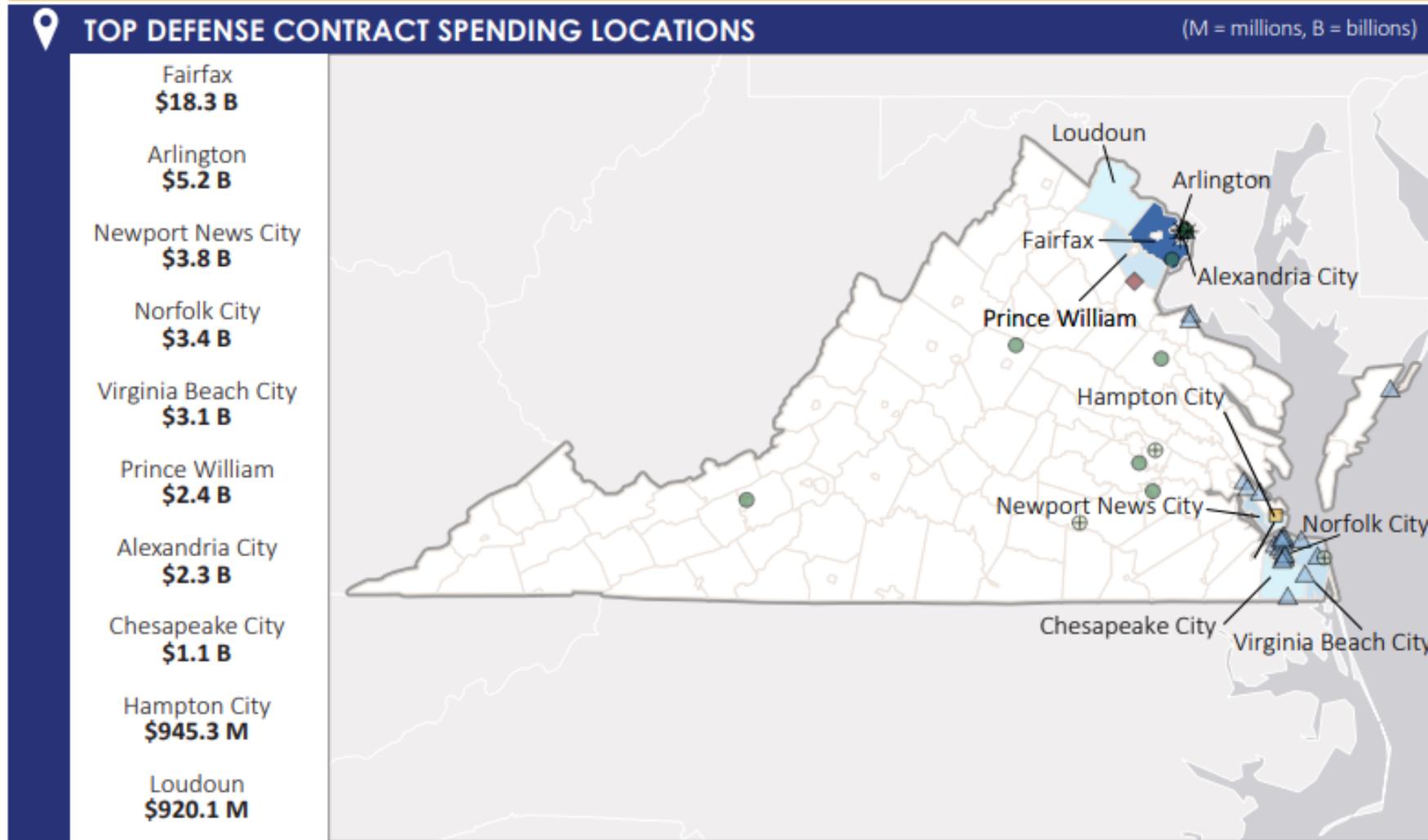
| RANK | STATE | DEFENSE SPENDING (billions) |
|--|---------------|-----------------------------|
| 1 | Virginia | \$53.7 |
| 2 | California | \$42.9 |
| 3 | Texas | \$34.0 |
| 4 | Florida | \$25.2 |
| 5 | Pennsylvania | \$20.6 |
| 6 | Maryland | \$19.7 |
| 7 | Connecticut | \$18.7 |
| 8 | Massachusetts | \$14.7 |
| 9 | Arizona | \$14.7 |
| 10 | Alabama | \$12.9 |
| Total for Top Ten States | | \$257.2 |
| Total for 50 States and District of Columbia | | \$423.3 |

Top 10 States by Defense Personnel Spending

| RANK | STATE | DEFENSE SPENDING (billions) |
|--|----------------|-----------------------------|
| 1 | Virginia | \$22.1 |
| 2 | California | \$19.3 |
| 3 | Texas | \$12.9 |
| 4 | Florida | \$9.3 |
| 5 | Maryland | \$9.1 |
| 6 | North Carolina | \$8.3 |
| 7 | Washington | \$8.0 |
| 8 | Georgia | \$7.9 |
| 9 | Hawaii | \$6.3 |
| 10 | Colorado | \$4.5 |
| Total for Top Ten States | | \$107.6 |
| Total for 50 States and District of Columbia | | \$173.7 |

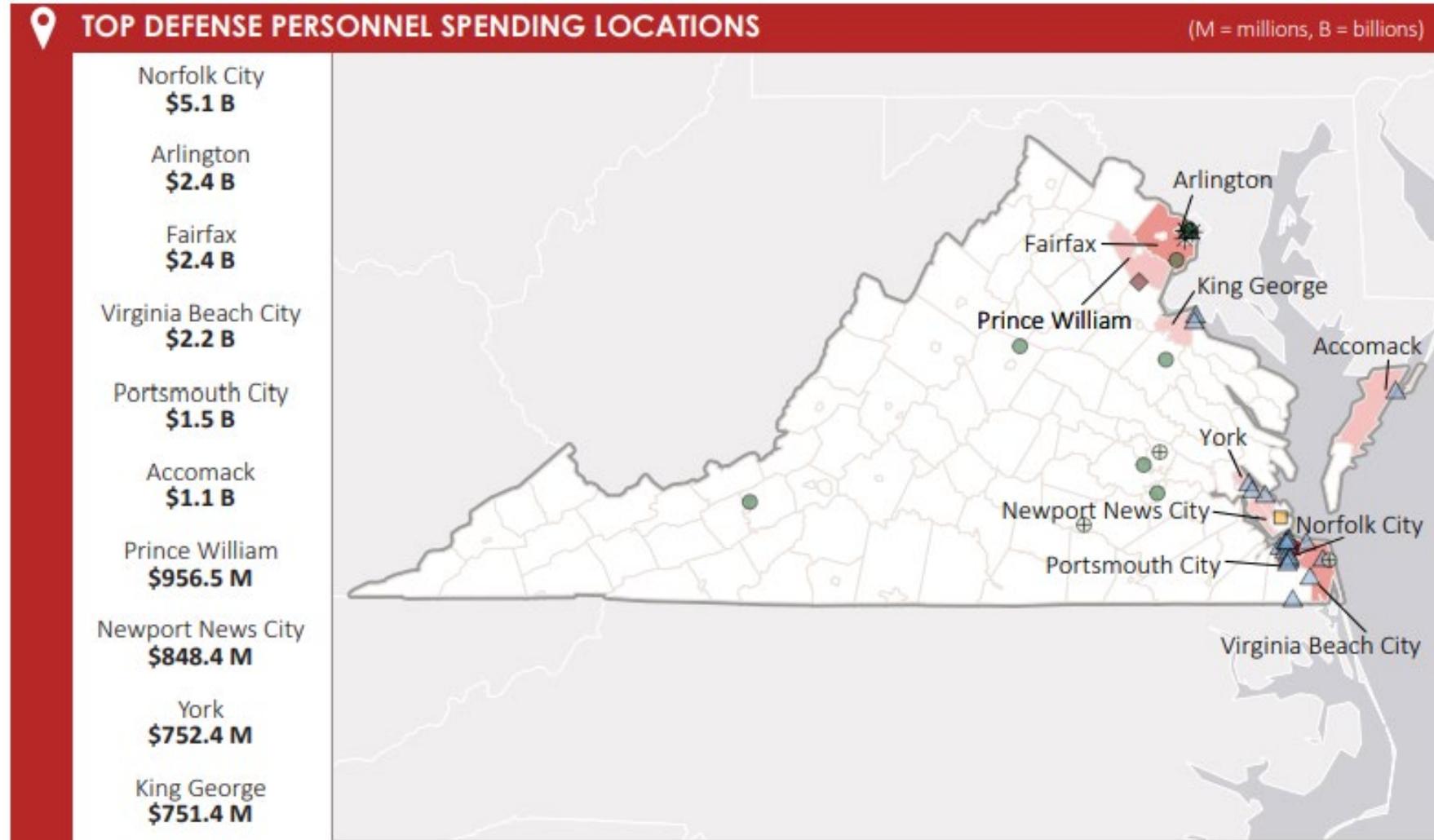
*Defense Spending by State FY 2024; U.S. Department of Defense, Office of Local Defense Community Cooperation

CONCENTRATION OF DOD CONTRACTS SPENDING WITHIN VIRGINIA



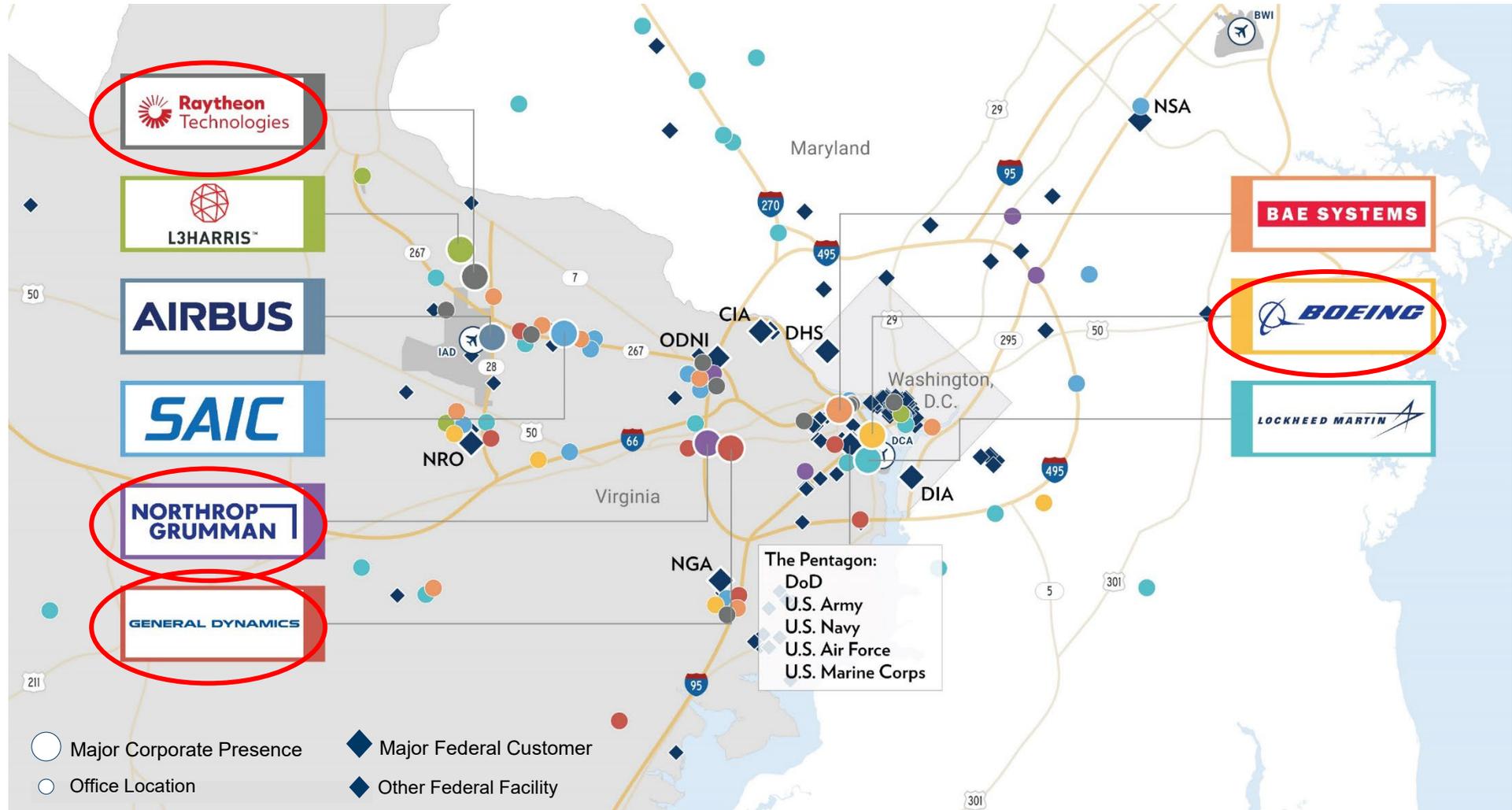
* Defense Spending by State FY 2023; U.S. Department of Defense, Office of Local Defense Community Cooperation

CONCENTRATION OF DOD PERSONNEL SPENDING WITHIN VIRGINIA



* Defense Spending by State FY 2023; U.S. Department of Defense, Office of Local Defense Community Cooperation

FOUR OF THE FIVE LARGEST DEFENSE FIRMS CALL VIRGINIA HOME*



*Source: D&B; VEDP analysis of company websites

AEROSPACE & DEFENSE HAS CREATED A MAJOR INDUSTRIAL ECO-SYSTEM PROVIDING SIGNIFICANT EMPLOYMENT AND REVENUE



NORTHERN VIRGINIA VS. HAMPTON ROADS: COMPLEMENTARY STRENGTHS



Northern Virginia's Digital Expertise

- NOVA excels in cyber security, software development, and intelligence support for global defense exports

Hampton Roads' Operational Strength

- Hampton Roads specializes in training, simulation, maintenance, and maritime and aviation sustainment for the defense services.

Complementary Regional Roles

- Together, these regions cover the full defense lifecycle from design and integration to training and maintenance

Statewide Benefits

- Coordinated policies can amplify regional strengths and avoid competition, fostering statewide defense exports



VEDP'S GLOBAL DEFENSE PROGRAM (GDP) ASSISTS DEFENSE COMPANIES WITH ACCESSING INTERNATIONAL OPPORTUNITIES

Recognizing the unique challenges faced by defense companies, Virginia's Global Defense Program (GDP) was specifically created to support their diversification into new international markets.

Eligible aerospace, defense, and security-related companies can receive assistance with strategy, export compliance, market research, training, and more.



F-18s in Formation

THE GLOBAL DEFENSE PROGRAM HELPS VIRGINIA'S DEFENSE COMPANIES DIVERSIFY INTO NEW INTERNATIONAL MARKETS

Eligible companies can receive:

- Defense export counseling
- \$12K in expense reimbursement
- Export compliance resources
- Matchmaking
- Market research
- Defense-related trade shows
- Training
- Events with U.S. Combatant Commands & NATO
- Liaison with DoC / ITA



TYPICAL VEDP TRADE SHOW STAND



Paris Air Show 2023

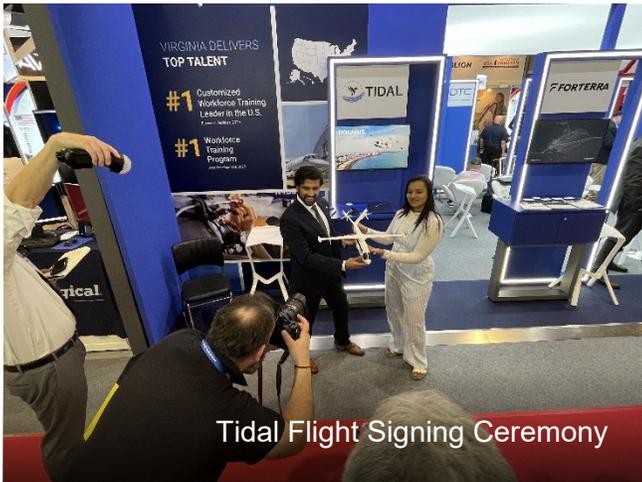
VEDP TRADE MISSIONS / SHOWS SCHEDULE FY 26

| Trade Mission or Event | Dates | Industry |
|--|-------------------------|---------------------------------|
| DSEI 2025 (London) | September 9-12, 2025 | Tri-Service |
| Mexico Trade Mission | September 22 – 26, 2025 | |
| It-sa Expo & Congress 2025 (Nuremberg) | October 7 – 9, 2025 | IT Security / Cyber |
| AUSA 2024 (Washington, DC) | October 13 – 15, 2025 | Army / Land Forces |
| Colombia Trade Mission | October 20 - 24, 2025 | |
| Poland & Romania Trade Mission | October 27 - 31, 2025 | |
| Indo Pacific 2025 (Sydney) | November 4 – 6, 2025 | Maritime |
| Exploratory AUKUS Trade Mission to Australia | November 10 - 14, 2025 | Maritime / Defense |
| Malaysia & Philippines Trade Mission | November 12 - 15, 2025 | |
| Expodefensa 2025 (Bogota) | December 1 - 3, 2025 | Defense & Security |
| Saudi Arabia & UAE Trade Mission | February 1 - 6, 2026 | |
| Singapore Air Show | February 3 – 8, 2026 | Commercial & Military Aerospace |
| WHX Dubai (Arab Health) 2026 | February 9 – 12, 2026 | |
| India 2026 Trade Mission | February 23 – 27, 2026 | |
| Winter Germany (Multiple Locations) | February 2026 | Defense & Security |
| Sweden & the Baltics 2026 Trade Mission | April 20 – 24, 2026 | |
| Chile & Peru 2026 Trade Mission | May 6 – 13, 2026 | |
| Australia | May 18 – 22, 2026 | |
| InfoSecurity Europe 2026 (London) | June 2 – 4, 2026 | IT Security / Cyber |
| Kenya & Tanzania 2026 Trade Mission | June 3 – 10, 2026 | |
| Eurosatory 2026 (Paris) | June 15 – 19, 2026 | Army / Land Forces |
| Farnborough Air Show 2026 (London) | July 20 - 24, 2026 | Commercial & Military Aerospace |

SINGAPORE AIR SHOW – VEDP’S SUCCESSFUL RETURN



VEDP Booth at Singapore



Tidal Flight Signing Ceremony

- **Premier Air Show in the far east, on par with Paris and Farnborough**
 - 65,000 attendees from 136+ countries
 - 11,000 participating companies from 50+ nations
 - 255 VIP delegations from 97+ countries
- **5 U.S. State pavilions, 26 States represented**
- **Eight clients participated from across Virginia**
 - Aery Aviation
 - Defense Technology Equipment (DTE)
 - DTC Communications (DTC)
 - Forterra
 - KIHOMAC
 - Logos Technologies
 - MELD Manufacturing
 - Tidal Flight
- Excellent feedback from clients based on both preplanned and walk-by engagements

SUCCESS STORY



DEFENSE MARITIME SOLUTIONS

- **Seeking a partner with large 3D printing capabilities for propellers using WAAM Technology**
- **VEDP Engagement**
 - Global Defense Program
 - Global Network Research
 - Travel: Indo Pacific 2025, Sydney, Australia
Exploratory AUKUS Mission to Australia 2025
- **Outcomes**
 - DMS has signed a long-term agreement with AML3D for the development/production of Navy Propellers using AML3D's patented technology Arcemy
 - Jointly working on a qualifications project at ILAR in Danville. Upon completion, these propellers will be printed, qualified, and finished in Virginia
 - Expanding manufacturing in VA, to enhance additive manufacturing expertise, and the ability to provide a second domestic propeller source for the U.S. Navy

SUCCESS STORY



- **Seeking a valve reseller to support the Royal Australian Navy and the maritime industrial base**
- **VEDP Engagement**
 - Global Defense Program
 - Global Network Research
 - Travel: IndoPacific 2025, Sydney, Australia
- **Outcomes**
 - FMD signed an MOU at IndoPacific with Chief Fluid Systems, based out of Singapore. CFS built a platform for inventory management that outlines what the needs are and what needs to be purchased to maintain the fleet.
 - With the new MOU in place, FMD's supply chain, in conjunction with Chief Fluid Systems' inventory platform, will ensure that they have the necessary valve products in inventory to support Class 3 Destroyers / Hunter Class Submarines, Naval Craft, and Frigates.

CASE STUDY



- **Sought to create direct manufacturing partnership in India vs. relying on then in-country broker sourcing. The result was greater quality control, increased profitability, and a more reliable supply chain.**
- **VEDP Engagement**
 - Global Defense Program
 - Global Network Research
 - Independent Market Visit to India
- **Outcomes**
 - Traveled to Pune, New Delhi, Hyderabad, Nagpur, and Mumbai over seven days
 - Reliance Defence Ltd. was signed as the company's exclusive partner to manufacture 155MM artillery rounds and military rounds explosives (TNT, RDX PBX) in India
 - The new contacts, routes to market, and gained industry intel have allowed the company to eliminate two layers of middlemen/brokers and increase profit by more than 100%

THANK YOU



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Virginia International Gateway, Portsmouth

AGENDA

Public Comments, Review of Minutes, and Chairman's Comments

Comments from Secretary Frazier

Recorded Remarks from Senator Tim Kaine

Trade Policy Update

OSIG Audit Response Update

State Trade Expansion Program (STEP) Grant Update

VEDP's Global Defense Program

Advancing Virginia's Leadership in the Defense Sector

APPENDIX

VEDP IS COLLABORATING WITH AND SUPPORTING VDACS AS IT DEVELOPS RECOMMENDATIONS FOR EXECUTIVE ORDER 5

Executive Order 5 directs VDACS to collaborate with VEDP and the Port of Virginia on strategies to grow Virginia agricultural and forestry exports

- VDACS, in consultation with VEDP and the Port, is developing a list of recommendations to grow Virginia agricultural and forestry exports and mitigate the impact of tariffs
- Since 2020, VEDP has supported 102 agriculture, forestry, food, and beverage companies from across the Commonwealth through its international trade programs and services. This list has been shared with VDACS.
- VEDP also collaborates with VDACS by allocating spaces for agriculture and forestry clients to receive funding from the State Trade Expansion Program (STEP) Grant.¹ Businesses have used this funding to participate in international trade shows and meet potential buyers, among other activities.



The Turman Group, Hillsville

¹The STEP Grant is funded by the U.S. Small Business Administration (SBA) and administered by VEDP.

EXPORTS FROM VIRGINIA WERE DOWN 12% FROM THIS TIME LAST YEAR

| Rank | Commodity | Export Value, Jan-Dec 2025 (\$) | Change 2024-2025 ¹ (%) |
|----------------------|-------------------------|------------------------------------|--------------------------------------|
| 1 | Coal and Other Minerals | 2.1B | -44 |
| 2 | Electrical Machinery | 2.1B | 12 |
| 3 | Mechanical Appliances | 1.9B | -4 |
| 4 | Plastics | 1.8B | -11 |
| 5 | Vehicles | 1.1B | -18 |
| 6 | Aircraft | 1.0B | -4 |
| 7 | Scientific Instruments | 910M | 7 |
| 8 | Oil Seeds | 620M | -28 |
| 9 | Meat and Edible Offal | 430M | 6 |
| 10 | Wood | 400M | -17 |
| Total Exports | | 19.0B | -12 |

¹This measure calculates the change in exports from January – December 2024 compared to January – December 2025.

Source: IHS Markit, Global Trade Analytics Suite, 2-digit level

EXPORTS FROM VIRGINIA IN A MORE DETAILED VIEW

| Rank | Commodity | Export Value, Jan-Dec 2025 (\$) | Change 2024-2025 ¹ (%) |
|----------------------|----------------------------|------------------------------------|--------------------------------------|
| 1 | Coal ² | 2.1B | -45 |
| 2 | Integrated Circuits | 710M | 33 |
| 3 | Soybeans | 510M | -33 |
| 4 | Civilian Aircraft, Engines | 500M | 11 |
| 5 | Self-Adhesive Plastics | 380M | -10 |
| 6 | Tractors | 360M | -27 |
| 7 | Motor Vehicle Parts | 360M | -16 |
| 8 | Polyamides | 310M | -19 |
| 9 | Telephones | 300M | 4 |
| 10 | Artificial Filament Tow | 290M | 10 |
| Total Exports | | 19.0B | -12 |

¹This measure calculates the change in exports from January – December 2024 compared to January – December 2025.

²100% of Virginia's coal export volume is comprised of bituminous coal. Source: WISERTrade, Unit of Quantity data.

Source: IHS Markit, Global Trade Analytics Suite, 4-digit level

IMPORTS INTO VIRGINIA WERE UP 7% FROM THIS TIME LAST YEAR

| Rank | Commodity | Import Value, Jan-Dec 2025 (\$) | Change 2024-2025 ¹ (%) |
|----------------------|-----------------------------------|------------------------------------|--------------------------------------|
| 1 | Mechanical Appliances | 11.8B | 13 |
| 2 | Electrical Machinery | 5.2B | 15 |
| 3 | Aircraft | 4.1B | 21 |
| 4 | Special Classification Provisions | 2.5B | 26 |
| 5 | Furniture | 1.6B | -11 |
| 6 | Plastics | 1.6B | 1 |
| 7 | Vehicles | 1.5B | -18 |
| 8 | Steel | 1.4B | 5 |
| 9 | Scientific Instruments | 1.1B | 4 |
| 10 | Toys, Games, and Sports Equipment | 800M | -17 |
| Total Imports | | 43.6B | 7 |

¹This measure calculates the change in imports from January – December 2024 compared to January – December 2025.

Source: IHS Markit, Global Trade Analytics Suite, 2-digit level

VIRGINIA'S TOP EXPORT DESTINATION IS CANADA AND TOP SOURCE FOR IMPORTS IS MEXICO

Top Export Destinations

| Rank | Country | Export Value, Jan-Dec 2025 (\$) | Change 2024-2025 (%) |
|------|-------------|---------------------------------|----------------------|
| 1 | Canada | 3.0B | -15 |
| 2 | Mexico | 1.4B | 5 |
| 3 | Germany | 930M | -16 |
| 4 | India | 930M | -34 |
| 5 | South Korea | 870M | 117 |
| 6 | Netherlands | 830M | -12 |
| 7 | Taiwan | 790M | 20 |
| 8 | China | 680M | -50 |
| 9 | Belgium | 670M | -6 |
| 10 | Japan | 660M | -8 |

Top Import Sources

| Rank | Country | Import Value, Jan-Dec 2025 (\$) | Change 2024-2025 (%) |
|------|----------------|---------------------------------|----------------------|
| 1 | Mexico | 5.8B | 53 |
| 2 | China | 4.6B | -20 |
| 3 | Canada | 3.3B | 3 |
| 4 | Germany | 2.6B | -8 |
| 5 | United Kingdom | 2.4B | 11 |
| 6 | Vietnam | 2.2B | 21 |
| 7 | Japan | 2.2B | 7 |
| 8 | India | 2.1B | 10 |
| 9 | Italy | 1.7B | 32 |
| 10 | Malaysia | 1.6B | -22 |