

**Minutes
International Trade Committee
Virginia Economic Development Partnership
January 18, 2018
Omni Hotel Downtown Richmond – 100 South 12th Street
The Rappahannock Room
Richmond, VA 23219**

Call to Order/Welcome

The meeting was called to order at 1:39 p.m. by Hampton Dowling, Chairman of the International Trade Committee who noted that a quorum was present.

Members Present: Hampton Dowling, Bob Feeser, George Judd, Mike Ligon, Stuart Malawer, Art Moye, Secretary Bettina Ring, James Xu

Members Absent: John Pullen

VEDP Staff Present: Lindsey Bertozzi, Jason El Koubi, Carolyn Elliott, Paul Grossman, Stephen Moret, Mary Wood

Guests Present: None

Public Comment Period

Chairman Hampton Dowling solicited public comments. There were none.

Chairman's Comments

Chairman Dowling said that he and Secretary Bettina Ring had spoken via telephone and that she would attend the meeting with a late arrival. Chairman Dowling said that Secretary Esther Lee is very serious about the "Trade" portion of her title. Both Secretary Ring and Secretary Lee want to optimize Trade. He said that the VALET lunch, just prior to this Committee meeting, was a good opportunity to hear the personal impact that International Trade has on Virginia companies.

Mr. Ligon asked if both of the Secretaries were thinking of trade in terms of both export and import. Chairman Dowling confirmed both Secretaries were serious about imports as well as exports.

Mr. Judd said that one of the goals is to create an international business climate. He mentioned that Secretary Lee is also handling technology, a new role for her secretariat, and that this component is something that the Committee should keep in mind moving forward. This is an area that could help Virginia companies with exports/imports.

Approval of Minutes from November 30, 2017 Meeting

Chairman Dowling asked for approval of the minutes from the November 30, 2017 meeting. Mr. Ligon made a motion to approve the minutes and Mr. Malawer seconded. The minutes were unanimously approved.

Review of Virginia International Trade Corporation (VITC)

Chairman Dowling asked Paul Grossman to provide a briefing on the background and legislation creating the Virginia International Trade Corporation (VITC). Mr. Grossman explained that the McAuliffe administration was a champion of trade and that the bill was supported by the business community (Virginia Manufacturing Association, Virginia Maritime Association, Virginia Chamber of Commerce, etc.). The bill, introduced by Delegate Landes, was fashioned in the model of Virginia Tourism Corporation, which was a division of VEDP, pulled out and established as a separate state agency, by former Secretary of Commerce and Trade (SCT) Barry Duval. Mr. Moye confirmed that the support for the VITC legislation was broad based. The bill passed with virtually no opposition, in the 2016 session and was signed into law in June, 2016. Mr. Grossman discussed key points of the bill, including the VEDP MOU. Per the requirements of the legislation, SCT Maurice Jones submitted the business plan for VITC by the September 1, 2016 deadline. The two money committees of the General Assembly (GA) provided their review and comments to the Administration by the December 1, 2016 deadline. The Administration did not respond to questions of the GA committees. The current Committee on International Trade was created in the 2017 legislation that reformed VEDP.

Chairman Dowling noted that, in reading the legislation, much of what is included in the VITC enabling legislation is exactly what the Committee has talked about and would recommend. Chairman Dowling stated that his concern was that someone could question the General Assembly as to why the Committee on International Trade is doing the same thing that is already established in law of Virginia.

Mr. Moye noted that the Virginia Maritime Association supported the legislation as they were disappointed with how Trade was handcuffed by VEDP. He said that they still support the legislation.

Mr. Ligon commented that he served on the former VEDP Board during the time that VEDP was going through the JLARC audit. He commented that he was trying to get clarification but his personal perspective was to not separate Trade from VEDP.

Chairman Dowling suggested creating an ad hoc work group to examine the status of the VITC concept. Mr. Moye could lead the work group with Mr. Grossman and Mr. Malawer assisting. This group would report their findings to the Committee. Once better informed, the Committee can move forward. Chairman Dowling then asked if any of the Committee members had any comments.

Mr. Feeser asked what the next steps would be if VITC went forward. Mr. Grossman replied that appointments would have to be made.

Mr. Xu said that he was appointed to VITC and was told the Committee would replace VITC. He commented that it sounds like a huge overlap in the VITC and the Committee.

Mr. Malawer said that he received an appointment to the board of VITC and did not hear an update for a long time. Mr. Malawer suggested that Chairman Dowling ask the Secretary of Commerce and Trade about the status of VITC.

Mr. Moret stated that he joined VEDP toward the end of this situation and was not here for the whole history. When he was hired by the VEDP Board, his charge was to be supportive of the Trade Division. He said that he would be supportive of whatever direction the Committee recommends. He said that he felt that everything that was in the legislation could be done by having Trade remain in VEDP.

Mr. Judd commented that if the legislation was put into law, it was there for a reason – to increase the Commonwealth's trade posture. He recommended concentrating on the first six tasks of the bill.

Chairman Dowling made a motion to establish an ad hoc work group, chaired by Art Moye, to obtain more information on the status of VITC. Mr. Malawer seconded and all were in favor.

Comments from Secretary of Agriculture and Forestry – Bettina Ring

Chairman Dowling welcomed Secretary Ring (arrived at 2:09 p.m.) and asked her to give her perspective on International Trade.

Secretary Ring said that she looks forward to working with the Committee. She gave an overview of her background which included exposure to international trade in past positions. She said that Stephanie Agee, in her office, briefed her on the status of agricultural international marketing. She stated that Gov. Northam is very committed to Trade and wants to remove any barriers from the past in order to move toward a common goal. Secretary Ring said that she will be an advocate for the Committee with the Governor's office. She said she would like to know the Committee's thoughts as to how she can best serve the Committee. The Secretary said she attended her first Cabinet meeting on Monday, January 15, and looks forward to working and sharing information with SCT Lee. Secretary Ring encouraged the Committee to call her with any opportunities that they may see where she could be of assistance.

Review of Q&A from Briefing on Trade Programs during November 30, 2017 Meeting

Chairman Dowling turned the meeting over to Mr. Grossman to review questions raised during the in-depth briefing on Trade programs in the November 2017 meeting.

- Mr. El Koubi asked whether businesses in our programs are in traded sectors (sector traded outside Virginia). Mr. Grossman replied, yes, and explained trade sectors.
- Mr. Grossman stated that Trade does not do the best job of reporting successes due to the fact that many companies do not want information shared. Mr. Feeser commented that there is no required reporting from companies as to their sales and Mr. Grossman confirmed that was correct. Chairman Dowling stated that international accomplishments for companies can be subjective, not always objective, unlike FDI. How to monetize the value of trade is a challenge. Chairman Dowling stated that Trade should evaluate best practices used in establishing performance measures for trade programs, and consider going to an outside source for this. Mr. Judd added that when referencing measures and metrics, the number of truck drivers, the number of packages moving through airports, etc., needs to be included. Mr. Moyer added that more important than numbers is who makes up those numbers, i.e., what are the sectors. Mr. Grossman said that this needs to be studied. Mr. Judd concurred that there is more trade-related economic growth and, perhaps, there should be a committee to study this. Mr. Malawer replied that universities do this all the time and could do it again. Mr. Feeser stated it would be helpful to quantify the impact to the \$18 billion in trade of the Trade programs. Chairman Dowling said that the Trade programs need to be properly evaluated and asked Paul's team to do this. Mr. Grossman replied it would make sense to turn to a third party to evaluate the programs. Mr. Grossman said it would be interesting to know how China and Germany, for example, measure export success. Mr. El Koubi stated that he and Paul talked about how to use measures to evaluate economic growth, such as, how many jobs are we getting for every dollar put in for Trade, what do we get back? Mr. Grossman commented that in July, VEDP will have a new operating plan and that Trade staff will bring forth ideas for new/revised FY19 activities at the February Committee meeting. After further discussion, Chairman Dowling noted that there was consensus to have Mr. Grossman's group check on performance measures and report back to the Committee.

Update from Trade – Recent Initiatives and Preliminary Recommendations for FY2019 VEDP Operating Plan

Chairman Dowling asked Mr. Grossman to comment on the process for preparing the FY19 operating plan. Mr. Grossman said that the Committee should have input on the Trade components of the VEDP operating plan and that this will occur between February 1 and April 1, 2018.

Member's Comments Regarding the Committee

Chairman Dowling asked the committee members to please send him their input as to their view of what the Committee's purpose is, what they want to see accomplished, format of the meetings, how often to meet, etc. This input is needed to properly drive the Committee.

Presentation of VEDP Programs (less Trade)

Chairman Dowling turned the meeting over to Mr. El Koubi, to speak about points of intersection between the Trade program and the rest of VEDP. Mr. El Koubi handed out a presentation entitled, "*Overview of VEDP Programs, Focusing on Connections to International Trade*". Mr. El Koubi noted that International Trade is one of VEDP's core divisions and that it is the desire of VEDP staff for more collaboration across divisions. Mr. El Koubi noted that FDI cultivation could identify places that represent export opportunities, i.e., foreign offices. Chairman Dowling commented that foreign offices do not support trade, as presented in the presentation. Mr. Moret said that FDI announcements result in adding potential exporters for Virginia. Mr. Grossman explained that Trade does not use full-time staff in its Global Network due to cost inefficiencies which include overhead. For this reason, Trade uses the pay-as-you-go process. Chairman Dowling asked what the overall budget was. Mr. El Koubi stated that a shared goal is Virginia branding. Mr. El Koubi stated that VEDP has a dedicated Research team. Mr. Grossman clarified the different roles of the two Research teams, i.e., VEDP and Trade, with VEDP focused on in-state data that is provided to out-of-state prospective investors and Trade focused on out-of-country data that is provided to existing Virginia businesses. Mr. Feeser asked about the budget. Mr. Moret said that the VEDP budget is small compared to other states. The total budget is \$27 million with International Trade's budget at \$6 million. Mr. Moret commented that amendments are anticipated for site development and marketing. He requested the Trade Committee to lobby to the General Assembly indirectly in support of the Trade expansion included in the VEDP strategic plan.

Next Meetings

Chairman Dowling confirmed the next two meeting dates for the Committee as February 21 and March 21. Future meetings will be held on April 26 and June 7, 2018. Chairman Dowling said that the agenda for February would include performance measures, VITC report by Mr. Moye, Secretary Ring's thoughts, and the Trade Committee's directional thoughts for FY19.

Comments

Chairman Dowling asked if anyone had any comments.

Mr. Malawer said that he does not want to spend a lot of time tweaking Trade programs but rather focus on bigger items such as unrealized opportunities for new Trade initiatives. He said an option to consider is to coop with international university students. Additionally, Mr. Malawer asked that Governors Trade Mission add back in a component that involves business delegations.

Mr. Xu said that International Trade needs to shift the mindset of companies in favor of exports. While the government educates people as to why international is important, he says the paperwork is too complicated. Mr. Xu shared that he knows of two companies that export as a result of going on a mission trip with the McDonnell administration. A better job needs to be done of promoting international trade.

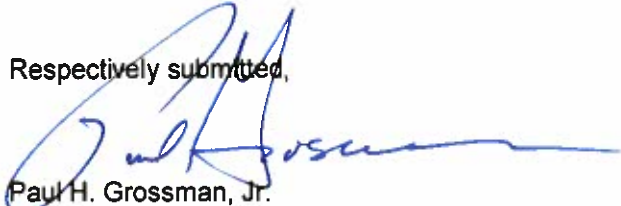
Mr. Feeser looks forward to feedback from the ad hoc work group in relation to VITC. He said he is supportive of the universities idea brought forth by Mr. Malawer.

Mr. Ligon said that his company works on Africa Growth and Opportunity Act at the federal level. He would like to use his experiences to help this group.

Adjournment

Chairman Dowling adjourned the meeting at 4:24 p.m.

Respectively submitted,

A handwritten signature in blue ink, appearing to read "Paul H. Grossman, Jr.", written over the text "Respectively submitted,".

Paul H. Grossman, Jr.
Vice President, International Trade
Virginia Economic Development Partnership