

Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership
November 30, 2018
Board Room, VEDP Offices - 901 East Cary Street
Richmond, VA 23219

Call to Order/Welcome

The meeting was called to order at 9:04 a.m. by Hampton Dowling, Chairman of the Advisory Committee of International Trade, who noted that a quorum was present.

Members Present: Hampton Dowling, Bob Feeser, Mike Ligon, Stuart Malawer, John Milliken, Ned Masee

Members Absent: Secretary Bettina Ring, Art Moye, James Xu

VEDP Staff Present: Lindsey Bertozzi, Jason El Koubi, Carolyn Elliott, Jennifer Garrett, Paul Grossman, Sandi McNinch, Stephen Moret, Christy Morton, Jaime Preusche, Mary Wood

Guests Present: Andy Karellas - Executive Director, State International Development Organization (SIDO), Adam Gregory – VEDP Legal Counsel Intern

Public Comment Period

Chairman Hampton Dowling solicited public comments. There were none.

Approval of Minutes from October 5, 2018 Meeting

Chairman Dowling asked for a motion for approval of the minutes from the October 5, 2018 meeting. Ned Masee made the motion, Bob Feeser seconded and the minutes were approved. Jason El Koubi stated that calendar invitations had been sent to committee members for the 2019 meetings.

Chairman's Comments

Chairman Dowling said that there was a lot going on in regard to trade, noting that the United States, Canada and Mexico signed a North American trade pact earlier that morning. This agreement replaces the 24-year old North American Free Trade Agreement. There were several states present at a G20 agreement signing but Virginia was not present. Given the emphasis placed on Trade at the national level, he stated that the development of an international trade plan for Virginia is a timely undertaking.

Chairman Dowling introduced Andy Karellas, Executive Director, State International Development Organization. Mr. Dowling invited Mr. Karellas to the meeting to bring a perspective on how state international trade programs are administered.

Discussion with Andy Karellas, Executive Director, State International Development Organization

Andy Karellas distributed a report, "Defining Success: Meaningful Metrics to Evaluate U.S. State International Trade Programs", dated July 2018. He explained that the purpose of SIDO is to represent state trade offices, to advocate for favorable trade policy, and to share best practices among state trade programs. Ned Masee questioned Mr. Karellas if this report was what SIDO recommended for each state. Mr. Karellas replied, yes, it is a means to identify state expectations and educate policy makers. Bob Feeser wanted more information about VEDP's international trade performance measurement process. Paul Grossman explained that when International Trade reports to the Advisory Committee on International Trade, that the numbers are based on what companies provide. Many companies do not share information. Mike Ligon shared that he hears a lot about export but not necessarily much on imports. He wanted to know how important Andy Karellas thought infrastructure was to trade. Mr. Karellas replied that it is critical and that it is important to involve business communities in the development of state trade plans. John Milliken questioned what is it that is being measured, i.e., increase in economic activity, export sales, jobs? Is each state measuring something different? Chairman Dowling replied that since every state has different economic bases, each state approaches trade differently. He stated that, for Virginia, a trade development plan is the piece missing. Ned Masee noted that 36 states do missions and wanted to know if states that don't do missions are any less successful. Mr. Karellas replied that those 14 states don't have capacity to do missions. This is a survey to see what states do, it is not a look at what makes them successful.

Jason El Koubi said his impression when a state economic development agency talks about trade, it is about helping businesses export for the first time and little attention is on imports. Jaime Preusche referenced rankings in the Trade Development Initiative and stated that Virginia's export potential is constrained by how reliant Virginia is on government spending and the low percentage of manufacturing jobs in Virginia. In regard to a Trade Plan, Jason El Koubi said most states will say that they have a trade plan but it does not include what the rest of the economic development organization does to contribute to trade. Stephen Moret said VEDP's goals are to reduce reliance on federal government and grow manufacturing.

VEDP International Trade Plan

Chairman Dowling shared that the Committee did not hear back from the VEDP Board for several weeks following the most recent Board meeting. Finally, he and Chairman Vince Mastracco had a conversation about the Committee's recommendations to the Board and Vince Mastracco had a very different, and favorable, impression of the Committee's recommendation following the conversation. After a summary email from Chairman Dowling to Vince Mastracco, Mr. Mastracco responded with an entirely different approach than was discussed. There was discussion regarding the Trade Committee receiving information from the VEDP Board less than 24 hours of the meeting. This is not beneficial and does not give everyone an opportunity to review information.

Ned Masee was concerned that there was no recognition of his suggestions in the recommendation. Chairman Dowling gave feedback to Mr. Masee as to why he did not incorporate his suggestions. He shared that organizations in the plan development should be engaged in international trade and the Virginia Chamber is not. Mike Ligon stated that he did not see his name mentioned or his comments being credited in an email from Chairman Dowling. Chairman Dowling stated that he reviewed this with Vince Mastracco and what was presented to the VEDP Board was not accurate. What was presented was Ned Masee's perspective. Chairman Dowling stated that Ned Masee represents the VEDP Board but did not

provide any feedback from the Board in email. Chairman Dowling stated that communication between the Trade Committee and the VEDP Board is important and the Committee's only recommendation to the VEDP Board has been to develop an international trade plan. Chairman Dowling reiterated the importance of communication between the Committee and the VEDP Board and stated that it took five (5) weeks to get a response from Vince Mastracco. Stephen Moret said that the Board did not have time at the last meeting to get into Trade. He said in January, the Board will get more involved with this. He stated that there is a desire for the Virginia Chamber to be involved and that the Secretary of Commerce and Trade and the Secretary of Agriculture want to co-chair the Trade Development Plan Committee. Mr. Moret stated that the only thing the Board pushed back on is making sure they are fiduciary responsible for the report.

Jaime Preusche distributed a two-page draft of the international trade plan. The idea is that the plan will include what other state agencies can do, not only VEDP. Mr. Preusche reviewed the handout/timeline. All organizations recommended by the Committee are included plus the Virginia Chamber of Commerce.

Stuart Malawer questioned the word "Advisory" in the name of the committee. Chairman Dowling explained that the name was changed to Advisory Committee in recent session. Mr. Malawer requested that George Mason University, Virginia Tech and VCU be added to the international trade plan.

Bob Feeser questioned if this plan would be staff-led. Jaime Preusche confirmed that the staff will handle recommendations.

Chairman Dowling stated that the next Committee meeting isn't until February 1. He requested Jaime Preusche provide a process for the development of the trade plan, with a structured role for the Committee. Chairman Dowling wants to be sure the Committee's role is defined.

John Milliken suggested getting a consensus of what the objectives need to be. Bob Feeser said that the Committee agrees on including exports and imports. Mike Ligon added that infrastructure needs to be considered. John Milliken asked what the ultimate objective of the trade plan was. He asked Stephen Moret and Jason El Koubi if the objective is job creation, dollars created economic activity, etc. Jason El Koubi replied that there are multiple performance measures for VEDP, i.e., jobs, capital investment, number of leads generated, number of leads converted. For International Trade, performance measures are number of companies served, increase in companies' total export sales, and number of trade-supported jobs. Chairman Dowling said there is no real definition of trade-supported jobs. Mike Ligon said that there needs to be focus on all regions of the state and that jobs created need to be sensitive to the Virginia regions. Ned Masseur said that not everyone on the Board can agree on what Trade means.

Chairman Dowling asked Stephen Moret if emails could be sent to the Trade Committee with a summary of VEDP Board meetings as it pertains to Trade. Mr. Moret requested Jason El Koubi to handle this communication in the future.

Paul Grossman reminded everyone that the Commonwealth of Virginia does not export, per se. Rather, it is Virginia companies that export. A plan should be designed that helps companies export – it is important to remember the companies and to talk with the companies to identify their needs. Regarding the question of measuring total state export volume, he states that Virginia exports are susceptible to influences beyond our control, such as trade wars, tariffs,

currency exchange rates, etc. As an example, exports to China are down beyond our control due to policy. Paul Grossman stated that the VEDP Board should be cautious in attempting to set a goal in the area of total export volumes, as declines will make the Board look bad even though the decline was beyond the Board's control.

Ned Masee stated that what educational facilities want is totally different from what industry wants. Stuart Malawer commented that there is public resistance to trade. Maybe one objective is greater public support for trade. The General Assembly needs to support trade as well. Stuart Malawer said that the VEDP Board also needs education about trade and it has not been engaging the international community and has not historically promoted trade. Ned Masee stated that there is not an interest in trade on the Board.

Chairman Dowling said that everyone on the VEDP Board should know what trade is and redirected the Committee to John Milliken's question – what should be main objectives of the international trade plan. A homework assignment was given to describe recommended objectives on a spreadsheet, send to Jaime Preusche and copy the Committee Chairman and Vice-Chairman.

Bob Feeser asked if the Trade plan will be stand-alone document or part of something else. Ned Masee replied that the international trade plan will be part of the VEDP plan, not a stand-alone document. Chairman Dowling stated that this is an opportunity to have an actionable international trade plan in the larger strategic plan where none currently exists. Chairman Dowling noted that a plan without funding goes nowhere. This all depends on funding.

Mike Ligon said that The Committee may need to look at metrics on a regional level and asked if the Trade Committee had a budget. Chairman Dowling stated that Vince Mastracco said that if the Committee needed something, it should ask for funds. Jason El Koubi stated that the Committee did not have a budget and if something was needed to ask the VEDP Board.

Chairman Dowling noted that the next VEDP Board meeting would be on January 26. There was discussion in regard to having a Committee meeting before the next VEDP Board meeting. The purpose of the meeting would be to review a draft of the staff recommendations for developing the international trade plan before the VEDP Board meeting. Mike Ligon made a motion for the Trade Committee to meet on January 14 for a working session. Bob Feeser seconded and the motion carried. Committee members were requested by Chairman Dowling and Jaime Preusche to send their recommendations for objectives of the plan directly to Jaime Preusche by December 10, 2018. The Committee wants to review the proposed work plan before it is presented to the VEDP Board and Chairman Dowling requested Jaime Preusche send the draft trade plan discussed at the meeting to the Committee.

New Business

John Milliken suggested that the Trade Committee meet at the port for its regular meeting in Hampton Roads, in order to get first-hand knowledge about incentives that the port offers. It was agreed to have the next regular committee meeting in Norfolk on February 1, 2019.

Chairman Dowling asked Andy Karellas for his thoughts about today's meeting and did the Committee miss anything. Mr. Karellas replied that plans such as the one discussed take time. He suggested looking at entrepreneurs and the broader business community to seek their input.

Schedule of Upcoming Meetings

Chairman Dowling confirmed that the Committee would meet for a working session on January 14, 2019. He stated that, looking back when the Committee met a year-ago, there was discussion at that time about having a trade plan. If there is no plan for FY21, then there is little need/role for a committee. Paul Grossman stated that this plan is an important, and positive, step for Virginia.

Adjournment

Chairman Dowling requested a motion to adjourn the meeting. Ned Masee motioned for the meeting to be adjourned. Stuart Malawer seconded. Meeting adjourned at 11:50 a.m.