

***VA AGRICULTURE & FORESTRY
SECRETARIAT STRATEGIC FOCUS:
“BUILDING DOMESTIC CAPACITY,
GROWING GLOBAL EXPORTS”***

***PLANNING FOR AN AGRICULTURE FUTURE
IN SOUTHWEST VIRGINIA CONFERENCE***

VIRGINIA SECRETARY OF AGRICULTURE & FORESTRY

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DISCUSSION OVERVIEW

- *Economic Power of VA's Agricultural & Forestry Industries*
- *What We Did & Why We Did It*
- *Successes Achieved From Initiatives*
- *Where We Go From Here*

STATEWIDE IMPACT OF FORESTRY & AG

- *Two of Virginia's Largest Private Industries*
- *Economic Impact: \$70b Revenue Annually*
 - *>\$52b from Agriculture; >\$17b from Forestry*
- *Provide >400k Jobs Via Production, Value-Added & Ripple Effect Industries*
- *More Than 10% of all VA Jobs; Every Industry Job Supports 1.5 Jobs Elsewhere*

MCDONNELL 2010 DECISION

- *Full Integration of Ag, Forestry Industries into Economic Development, Jobs Creation Agenda*
- *First Governor in Modern VA History to Create Strategic Plan for State's Largest Industries*
- *VA Ranked "Best for Business" Already: Make State the Most Pro-Ag & Forestry in U.S.*

MCAULIFFE MANDATE

- *“Do Everything Better Than You Did Before”*
- *“Break Every Record You Set Before”*
- *“This Is Just An Appetizer For What’s To Come”*
- *“Make Virginia The Most Pro-Agribusiness and Forestry Industry State In U.S.”*
- *“Make Virginia the East Coast Capital For Ag, Forestry Exports”*
- *“...You Can Sleep When You’re Dead”*

SECRETARIAT TOP PRIORITIES

- *Enhance Domestic Economic Development*
 - *Expand Existing Operations*
 - *Recruit New Businesses to Virginia*
 - *Build Domestic Capacity for New Exports*
- *Increase International Marketing & Exports*
 - *Expand Virginia's Global Footprint*
 - *Increase Exports to Key Growth Markets*
 - *New Exports Build Domestic Capacity*

DOMESTIC DEVELOPMENT: NEW CAPACITY

- *Governor's Agriculture & Forest Industries Development Fund (AFID)*
 - *Why? Ag, Forestry Were 'Falling Through Cracks'*
 - *Incentive Fund for Econ. Development, Planning*
 - *Use for Recruitment, Expansion of Businesses*
 - *Focus on Processing & Value-Added Projects*
 - *30% 'VA Grown' Mandate Key for Ag Growth*
 - *No Export Directive, But Connections Are There*

DOMESTIC DEVELOPMENT: NEW CAPACITY

- *AFID Development Grants Launched in Late '12*
 - *28 Projects To Date: 25 Agricultural, 3 Forestry*
 - *Private Investment: >\$317 million*
 - *Jobs Announced: 1,576 Across 23 Localities*
 - *Average Use of Virginia Grown Products: 75%*
 - *AFID Facility Investment to Date: >\$2.66m*
- *Current Economic Development 4 Mo. Pipeline*
 - *>\$500k Allocated*
 - *8 Projects, >\$27m CapEx, >108 Jobs*

AFID FACILITY GRANTS

Since Inception

1,576 New Jobs

\$317,240,000 Capital Investment

\$2,661,700 AFID Grants

75% VA Grown Sourcing

23 localities • 28 projects



DOMESTIC DEVELOPMENT: NEW CAPACITY

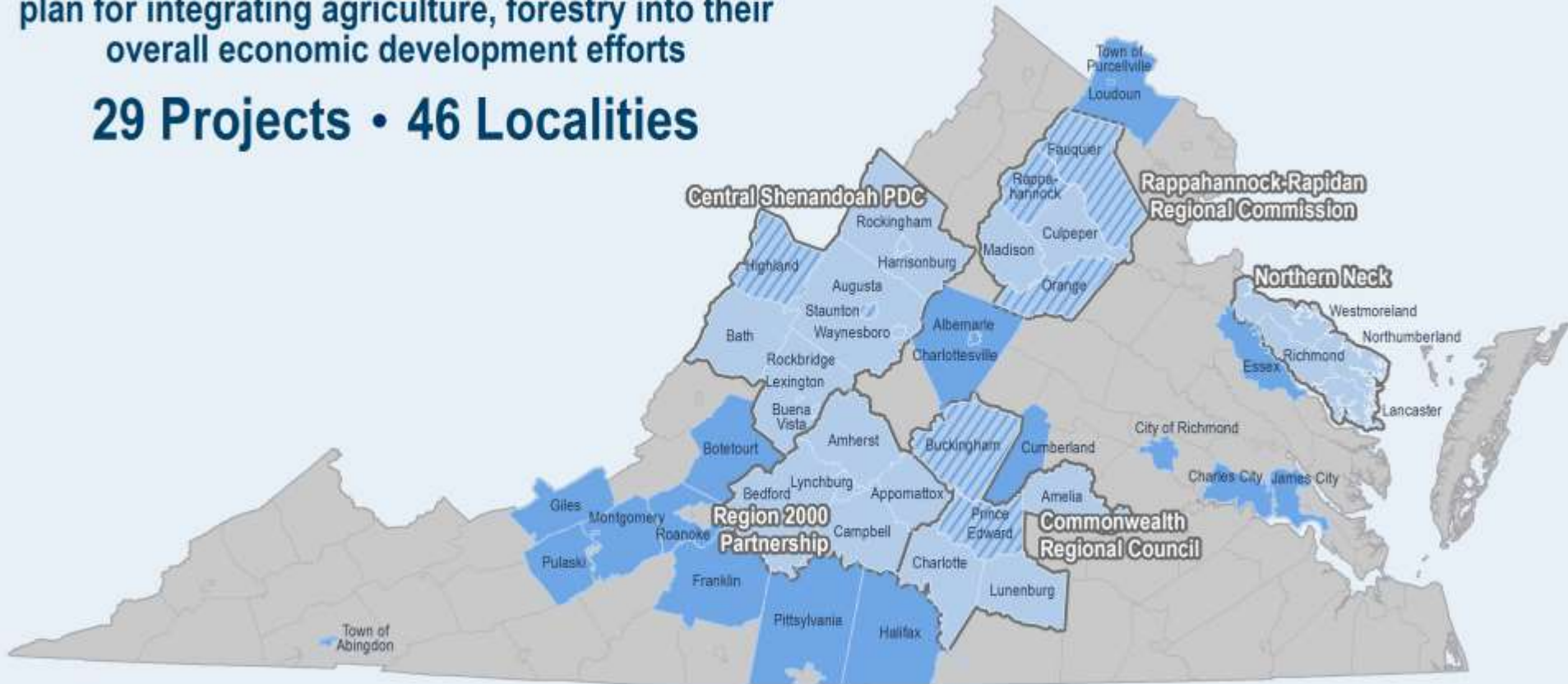
- *AFID Planning Grants Launched Spring '13*
 - *Assist Planning, Study, Local Initiative to Grow, Support Ag, Forestry-based Businesses*
 - *29 Projects Covering 46 Localities*
 - *AFID Planning Investment to Date: >\$590k*
- *Current Planning Grant 4 Month Pipeline*
 - *\$100k Allocated*
 - *5 Projects Covering 10 Localities*

AFID PLANNING GRANTS

AFID Planning Grants

Designed to encourage localities to strategically plan for integrating agriculture, forestry into their overall economic development efforts

29 Projects • 46 Localities



Grant Recipient Type



IMPORTANCE OF AG, FORESTRY EXPORTS

- *Globalized Economy: Jobs, Opportunities Here*
- *USDA: Exports Now Generate Nearly 30% of Annual Farm, Forest Cash Receipts*
- *USDA: Every \$1.00 From Exports Returns ~\$1.30 To In-State Support Activities: Processing, Packaging, Financing, Shipping, Storing, etc.*
- *Export Related Jobs Pay $\geq 15\%$ Than Other Jobs*
- *>80% of World's Customers Outside of U.S.*

GROWING EXPORT MARKETS

- *Launch VA Ag/Forestry Export Initiative in 2010*
- *New State Funds for Trade Reps in Key Markets*
 - ▣ *>\$3m in International Marketing Since '10*
 - ▣ *New Marketing Offices: China, India, UK, Russia, Mexico, Costa Rica, Canada; Support Existing HK Post*
- *Gubernatorial, Secretariat Trade Missions, Alone or Coordinated w/VEDP*
- *VDACS Trade Missions/Hosted Reverse Missions*
 - ▣ *Fill Gaps Where Governor, Secretary Can't Visit*
 - ▣ *Reverse Missions: "Invaluable" For Producers, Exporters*

GROWING EXPORT MARKETS

- *More Than \$750m in VA Facilitated Export Deals Since Initiative Launched in 2010*
- *Solid Growth in Strategic Focus Regions*
 - ▣ *China: >125%; India: >90%; Mexico, Latin America: >250%; EU, CHE, Russia: >100%; Canada: >25%*
- *Battling Artificial International Trade Barriers*
 - ▣ *China: Hardwood Logs, Poultry**
 - ▣ *India: Lumber, Leaf Tobacco*
 - ▣ *EU: Wood Pellets*
 - ▣ *Morocco: Soybean Oil*
- *Creating Governor's Conference on Ag Trade*

GROWING EXPORT MARKETS

- *McAuliffe '14 SOTC Address: “Make VA the East Coast Capital for Ag, Forestry Exports”*
 - ▣ *'15 SOTC: Record \$3.35 Billion Exports in 2014*
 - ▣ *≥49% Growth in Ag, Forestry Export Value Since '10*
 - *From \$2.25b in 2010 to \$3.35b in 2014*
- *Advocating Fair/Open Trade Practices*
 - ▣ *Trans-Pacific Partnership; Transatlantic Trade & Investment Partnership*
- *Facilitate New Export Opportunities*
 - ▣ *Expand Existing Markets, Target Growth Regions: SE Asia; Mediterranean/Middle East; Cuba*

VIRGINIA'S TOP A/F EXPORT MARKETS

- China, \$691m
- Canada, \$279m
- Switzerland, \$174m
- Mexico, \$150m
- Russia, \$123m
- Japan, \$114m
- United Kingdom, \$110m
- Venezuela, \$103m
- Morocco, \$98m
- Indonesia, \$94m
- Vietnam, \$88m
- Tunisia, \$84m
- Saudi Arabia, \$83m
- Taiwan, \$80m
- Dom. Rep., \$67m
- Turkey, \$58m
- Hong Kong, \$52m
- Netherlands, \$47m
- Thailand, \$46m
- Jamaica, \$45m

VIRGINIA'S TOP A/F EXPORTS

- Soybeans, \$794m
- Wood, \$326m
- Soy Meal, \$305m
- Pork, \$258m
- Leaf Tobacco, \$204m
- Poultry, \$195m
- Processed Food & Beverages, \$169m
- Soy Oil, \$150m
- Corn, \$146m
- Wheat, \$123m
- Animal Feed, \$118m
- Wood Fuel, \$114m
- Seafood, \$35m
- Raw Peanuts, \$30m
- Cotton, \$24m
- Animal Fats, \$22m

SECRETARIAT 2015 & BEYOND EMPHASIS

- *Meet Governor's East Coast Capital for Ag, Forestry Exports Goal; Build "New VA Economy"*
- *Facilitate New Export Opportunities*
 - ▣ *Move from "Building to Utilizing" Global Network; Add to Existing Infrastructure?*
 - ▣ *Trade Missions, Reverse Trade Missions*
 - ▣ *Examine Targeted Growth Regions, Commodities*
- *Promote Domestic Development = New Capacity*
- *Increase Port Utilization, Development Efforts*

2015 TRADE MISSIONS

- *Gubernatorial Missions*
 - *Europe – United Kingdom, France, Sweden, Others?*
 - *Asia – India, China?*
 - *Middle East – Kuwait?, Qatar?, Oman?, UAE?*
 - *Latin America – Cuba, Others?*
 - *Canada*
- *Secretariat, VDACS Lead Missions*
 - *China, Japan, Vietnam, Hong Kong, Malaysia, Philippines, France, Spain, Belgium, Canada, Cuba, Others?*
- *Reverse Trade Missions*
 - *Delegations from China, Japan, Canada, Europe, Others?*

FUTURE TARGETED GROWTH REGIONS

□ *Southeast Asia*

- *Vietnam, Indonesia, Malaysia, Philippines, Thailand*
- *Fast Growing, Reasonably Stable Markets*
- *\$305m in VA Ag, Forestry Exports in 2014*
- *Up >15% Over Last Two Years; Region Led by Indonesia, Vietnam*
- *Lumber, Logs, Peanuts, Containerized Soy, Other Feed Products Fueling Growth*

FUTURE TARGETED GROWTH REGIONS

- *Mediterranean, North Africa, Middle East*
 - *Turkey, Morocco, Egypt, Tunisia, Saudi Arabia, Kuwait, Qatar, UAE, Oman*
 - *Lucrative, Volatile, Politically Sensitive Markets*
 - *>\$340m in VA Ag Exports in 2014*
 - *Region Up 30% in 2014 vs. 2013*
 - *Soy Oil Exports Fueling Growth; Up 60% '14 v. '13*
 - *Corn, Other Grains, Poultry Gaining Status*

BUILDING DOMESTIC CAPACITY

- *Continue Growing AFID Facilities, Planning Grant Program: \$500k in New Resources*
- *Increased Exports: Building Domestic Capacity*
- *Other Emerging Opportunities:*
 - ▣ *Craft Beer, Distilled Spirits, Cider*
 - ▣ *Industrial Hemp Production*
 - ▣ *Agri-tourism: Wineries, Pick-Your-Own, etc.*
 - ▣ *Agricultural Biotechnology*

PORT UTILIZATION, DEVELOPMENT

- *Partner w/Transportation Secretary, VPA to Promote “State’s Top Asset” Here, Abroad*
- *Support Existing Agribusiness Growth Efforts*
- *Recruit New A/F Businesses, Related Industries*
- *Turn Non, Under-Utilized Port Terminals, Facilities into Working Assets*
- *New Investments in Working Assets*
 - ▣ *VA, Agri-biz, Railroads, Related Support Companies*

CONCLUSION

- *Infrastructure for Continued Growth, Successes In Place for Virginia Agriculture, Forestry Sectors:*
 - *Top Quality Producers, Products, A/F Businesses*
 - *Ag, Forestry Industries Integrated Into Commonwealth's Overall Economic Development, Strategic Planning: New Virginia Economy*
 - *Governor Fully Committed to Building on Existing Network, Successes of Previous Administration*

CONCLUSION

- *Infrastructure for Continued Growth, Successes In Place for Virginia Agriculture, Forestry Sectors:*
 - *Global Trade Office Network; Add New Regions?*
 - *World-Class Port System; Potentially Expanding?*
 - *Governor's AFID Fund Building Capacity*
 - *Commitment to New Production, Sustainability*
 - *Virginia "Best for Business" Rankings, Reputation*

CONCLUSION



Questions?

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