

VA AGRICULTURE & FORESTRY: BUILDING DOMESTIC CAPACITY, EXPORTING TO THE WORLD

*VIRGINIA ASSOCIATION OF COUNTIES
2014 ANNUAL MEETING*

VIRGINIA ASSISTANT SECRETARY OF AGRICULTURE & FORESTRY

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ECONOMIC DEVELOPMENT OVERVIEW



- *Economic Power of Agriculture & Forestry*
- *What We Did*
- *Successes Achieved*
- *Where We Go From Here*

STATEWIDE IMPACT OF AG & FORESTRY

- *Two of Commonwealth's Largest 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*

SECRETARIAT TOP PRIORITIES

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

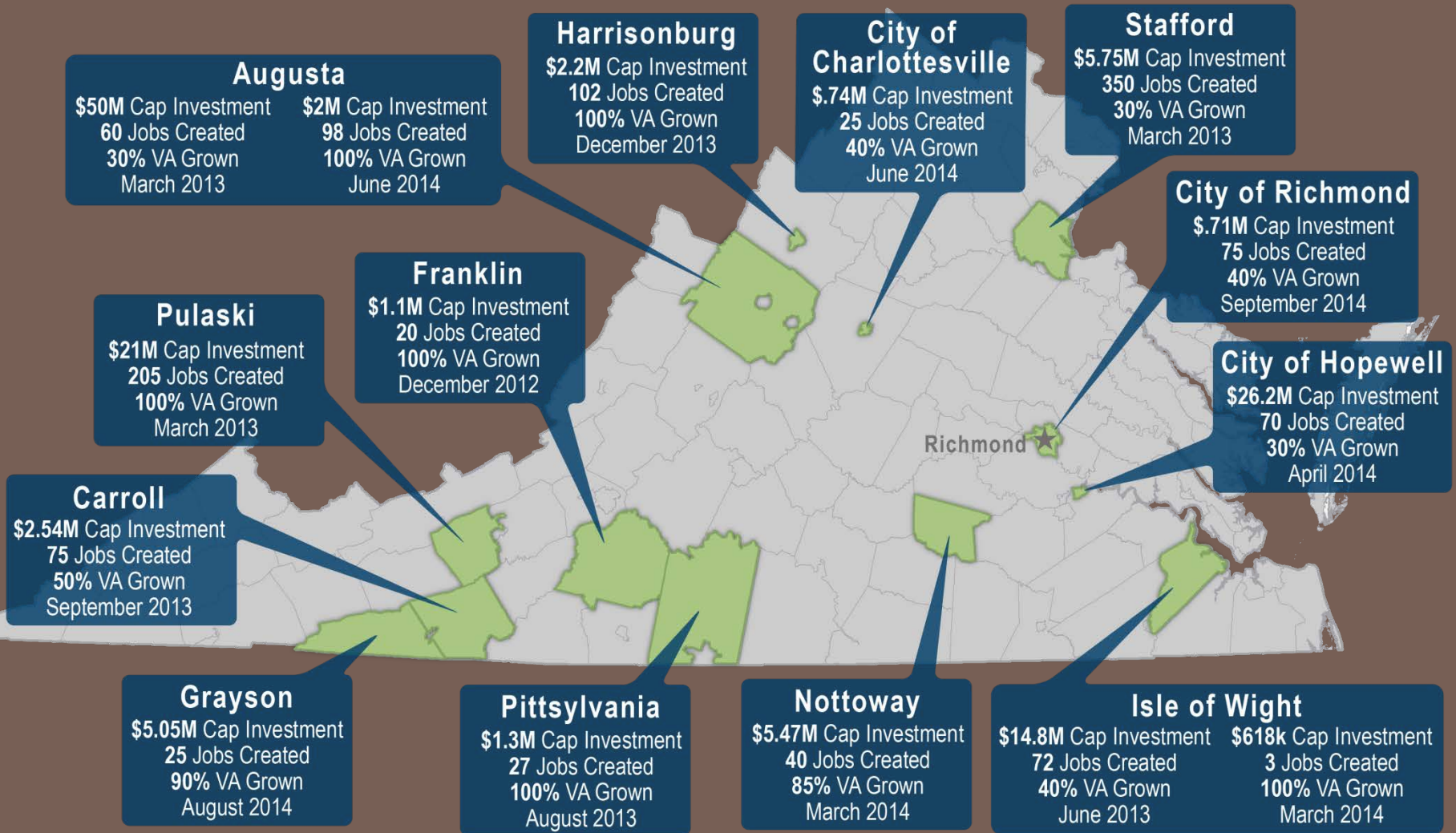
DOMESTIC DEVELOPMENT: NEW CAPACITY

- *Governor's Agriculture & Forestry Industries Development Fund (AFID)*
 - *Why? Ag, Forestry Were 'Falling Through Cracks'*
 - *\$2.5m Incentive Fund for Econ. Development, Planning*
 - *Use for Recruitment, Expansion of Businesses*
 - *Focus on Processing and Value-Added Projects*
 - *30% VA Grown Purchase Mandate Key for Ag Growth*
 - *No Export Directive, But Connections Are There*

DOMESTIC DEVELOPMENT: NEW CAPACITY

- *AFID Development Grants Launched Late '12*
 - *Fifteen Projects So Far: 12 Agricultural, 3 Forestry*
 - *Private Investment: Over \$139 million*
 - *Jobs Created: 1247, Mostly in Rural Areas*
 - *Average Use of Virginia Grown Products: 70%*
 - *Virginia/AFID Investment: \$1.45 million*

AFID FACILITY GRANTS



DOMESTIC DEVELOPMENT: NEW CAPACITY

- *AFID Planning Grants Launched Spring '13*
 - *19 Projects Covering 45 Localities So Far*
 - *AFID Investment: Approximately \$404,000*
 - *Up to \$250k annually awarded on a rolling basis*
 - *\$20k for Single Locality, \$35k for Regional Project*
 - *Assist Planning, Study, Local Initiative to Grow, Support Ag, Forestry-based Businesses*
 - *Implementation by Board, Committee, Working Group*

DOMESTIC DEVELOPMENT: NEW CAPACITY

- *New Specialty Crop Research Funds*
 - ▣ *Opportunities in Non-traditional Production: Sesame, Chickpeas, Barley, Hops*
- *New Purchase of Development Rights, Agricultural Stewardship Program Funds*
 - ▣ *Preserving Farmlands, Protecting Natural Resources*
- *New Boards of Director Memberships*
 - ▣ *VA Economic Development Partnership, VA Rural Center*

IMPORTANCE OF AG, FORESTRY EXPORTS

- *Globalized Economy: Jobs, Opportunities Here*
- *USDA: Exports Now Generate Nearly 30% of Annual Farm, Forest Cash Receipts*
- *Every \$1.00 From Exports Returns \$1.40 To In-State Support Activities: Processing, Packaging, Financing, Shipping, etc.*
- *Export Related Jobs Pay $\geq 15\%$ Than Other Jobs*
- *>90% of World's Customers Outside of U.S.*

VALUE OF AG & FORESTRY EXPORTS

- *Record \$2.85 Billion Exports in 2013*
 - *More Than 8% Increase Over 2012 Level*
 - *Challenges: Falling Commodity Prices, Political Instability*
- *Strategic Focus Region, Other Highlights*
 - *Lumber, Logs, Soy, Wine, Seafood to China, Hong Kong*
 - *Wood Pellets, Wine, Specialty Foods, Seafood, Leaf Tobacco to U.K., European Union, Switzerland*
 - *F.G. Soybeans, Specialty Foods to Japan, S. Korea*
 - *Lumber, Peanuts, Grains, Seafood to Vietnam*
 - *Lumber, Soybean Oil, Apples, Specialty Foods to India*
- *Gov. McAuliffe SOTC Address: “Make VA the East Coast Capital for Ag, Forestry Exports”*

VIRGINIA'S TOP A/F EXPORT MARKETS

- China, \$580 million
- Canada, \$259m
- Switzerland, \$190m
- Russia, \$117m
- Indonesia, \$110m
- Vietnam, \$83m
- Saudi Arabia, \$80m
- Egypt, \$79m
- Venezuela, \$76m
- Taiwan, \$75m
- United Kingdom, \$69m
- Poland, \$56m
- Turkey, \$48m
- Mexico, \$45m
- Morocco, \$45m
- Ireland, \$44m
- Italy, \$41m
- Netherlands, \$40m
- Malaysia, \$39m
- Cuba, \$38m

VIRGINIA'S TOP A/F EXPORTS

- Soybeans & Meal, \$986m
- Leaf Tobacco, \$272m
- Wood Products (logs, lumber, etc.), \$270m
- Grains (wheat, corn, barley, etc.), \$198m
- Poultry, \$186m
- Processed Food & Beverages, \$178m
- Soybean Oil, \$115m
- Animal Feed, \$91m
- Wood Pellets, \$73m
- Pork, \$72m
- Cotton, \$44m
- Seafood, \$39m
- Raw Peanuts, \$28m
- Animal Fats & Oils, \$27m

COMMITMENTS TO EXPORT GROWTH

- *New State Funds for Trade Reps in Key Markets*
 - ▣ *More Than \$3m in International Marketing Since '10*
 - ▣ *New Marketing Offices in China, India, UK, Russia, Mexico, Costa Rica, Canada*
 - ▣ *All Supplementing Existing Hong Kong Office*
- *Gubernatorial/Secretariat International Missions*
- *VDACS Division of Marketing & Development*
 - ▣ *Trade Missions/Reverse Trade Missions*
- *Creating Governor's Conference on Ag Trade*

NEW EXPORT GROWTHS, SUCCESSES

- *More Than \$750m in New Export Deals Since VA Ag/Forestry Export Initiative Implemented*
- *27% Increase in Ag, Forestry Exports Value*
 - ▣ *From \$2.24b in 2010 to \$2.85b in 2013*
- *Growth in Strategic Focus Regions*
 - ▣ *China – 210% Sales Increase in 4 Years*
 - ▣ *Latin America – 60% Increase Overall in 4 Years*
 - ▣ *European Union, Switzerland – 30% Rise*
 - ▣ *India – 61% Growth*

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*
 - *Commonwealth of Virginia*
 - *Agribusinesses, Railroads, Related Support Companies*

BUILDING DOMESTIC CAPACITY

- *Continue Growing AFID Facilities, Planning Grant Program*
- *Increased Exports: Building Domestic Capacity*
- *Other Emerging Opportunities:*
 - ▣ *Craft Beer*
 - ▣ *Industrial Hemp*
 - ▣ *Agri-tourism*
- *Competitive Forestry Industry Policies*

GOING FORWARD

- *Infrastructure for Continued Growth, Successes In Place for Virginia Agriculture, Forestry Sectors, Exports...*
 - *Top Quality Producers, Products, A/F Businesses*
 - *Ag, Forestry Industries Integrated Into Overall Economic Development, Jobs Creation Agenda*
 - *Governor Fully Committed to Building on Existing Network, Successes of Previous Administration*

GOING FORWARD

- *Infrastructure for Continued Growth, Successes In Place for Virginia Agriculture, Forestry, Sectors, Exports...*
 - *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



Thanks!

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