

***VA AG & FORESTRY:
CATALYSTS FOR ECONOMIC
DEVELOPMENT & JOB CREATION IN
THE COMMONWEALTH***

*VIRGINIA ASSOCIATION OF COUNTIES
COUNTY OFFICIALS SUMMIT*

VIRGINIA DEPUTY SECRETARY OF AGRICULTURE & FORESTRY

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CURRENT STATE OF AG IN VIRGINIA

- According to 2012 USDA Ag Census:
 - Market value of production sold increased 29 percent to \$3.8 billion while the average value of products sold per farm increased 33 percent to \$81,540.
 - Virginia reversed losses of farmland, with a gain of 3%, rising to 8.3 million acres.
 - Number of farms decreased to just over 46,000, with the average size of farms increasing to 181 acres.
 - Average age of VA farmer – 59.5 years (a year older than national average)

STATEWIDE IMPACT OF AG & FORESTRY

- *UVA's Weldon Cooper Center Study: Two of Virginia's Largest Three Industries*
- *Economic Impact: \$70b Annual Revenue*
 - *>\$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 Overall Economic Development, Jobs 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-Agriculture in U.S.*

SECRETARIAT EMPHASIS IN 2014

- *Gov. McAuliffe SOTC Address: “Make Virginia the East Coast Capital for Agricultural Exports”*
- *Facilitate New Export Opportunities*
 - ▣ *Move from “Building to Utilizing” Global Infrastructure*
 - ▣ *Trade Missions, Reverse Trade Missions*
 - ▣ *Examine Future Targeted Growth Regions*
- *Promote Domestic Development = New Capacity*
- *Increase Port Utilization, Development Efforts*

SECRETARIAT TOP PRIORITIES

- *International Marketing & Exports*
 - *Expand Virginia's Global Footprint*
 - *Enhance Virginia's Ability to Act*
 - *Increase Exports to Key Growth Markets*
- *Agricultural & Forestry Development*
 - *Expand Existing Operations and Diversify*
 - *Recruit New Businesses to Virginia*
 - *Build Capacity in Virginia for New Exports*

SECRETARIAT FOCUS, STRATEGIES

- *Act as Chief Marketing & Recruitment Officer*
- *Push “Best for Business” Designations*
- *Utilize State Government Partners: “No Silos”*
- *Partner w/Private Sector Here, Abroad*
- *Engage Foreign Governments*
- *Capitalize on Diverse Market, Product Portfolios*
- *Increase VDACS Staff, Global Presence*

IMPORTANCE OF AG, FORESTRY EXPORTS

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

COMMITMENTS TO EXPORT GROWTH

- *New State Funds for Trade Reps in Key Markets*
 - *Approx \$3 m 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 Trade Missions*
- *VDACS Division of Marketing & Development*
 - *Trade Missions/Reverse Trade Missions*
 - *Fill Gaps Where Governor, Secretary Can't Visit*

NEW EXPORT GROWTHS & SUCCESSES

- *More Than \$700m in New Export Deals Since Virginia 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*
 - ▣ *Europe Union, Switzerland – 30% Rise*
 - ▣ *India – 61% Growth*

INFRASTRUCTURE FOR GROWTH IN PLACE

- ❑ *Top Quality Producers, Products, Agribusinesses*
- ❑ *Ag, Forestry Industries Integrated Into Overall Economic Development, Jobs Creation Agenda*
- ❑ *Global Network of Trade Offices*
- ❑ *Governor's Agriculture & Forestry Industries Development Fund (AFID)*
- ❑ *World-Class Sea, Inland, Air Port System*
- ❑ *Virginia "Best for Business" Rankings*

DOMESTIC DEVELOPMENT: NEW CAPACITY

- *Governor's Agriculture & Forest Industries Development Fund (AFID)*
 - *Why? Ag, Forestry Were 'Falling Through Cracks'*
 - *\$2 m Incentive Fund over budget biennium for Development & Planning*
 - *Use for Planning, Recruitment or Expansion of Businesses*
 - *Focus on Processing and Value-Added Projects*
 - *30% VA Grown Purchase Mandate Key for Ag Growth*

DOMESTIC DEVELOPMENT: NEW CAPACITY

- *AFID Development Grants Launched in Late '12*
 - ▣ *Thirteen Projects So Far: 11 Agricultural, 2 Forestry*
 - ▣ *Private Investment: Over \$133 million*
 - ▣ *Jobs Created: 1,147; Mostly in Rural Areas*
 - ▣ *Average Use of Virginia Grown Products: 70%*
 - ▣ *Virginia/AFID Investment: \$1.3 million*
- *AFID Planning Grants Launched in Spring '13*
 - ▣ *19 Projects Covering 45 Localities So Far*
 - ▣ *AFID Investment: Approximately \$404,000*

DOMESTIC DEVELOPMENT: PLANNING

- *AFID Planning Grants*
 - *Up to \$250k annually awarded on a rolling basis*
 - *Up to \$20k for single locality, \$35k for regional project (match required)*
 - *Assist with planning, study, or local initiative to grow and support ag and forestry-based businesses in their community and region.*
 - *Implementation by a board, committee or working group representing agriculture and/or forestry interests*

DOMESTIC DEVELOPMENT: PLANNING

□ *AFID Planning Grants*

- Awards based on impact on locality's ag and forestry industries; improving local capacity to support industry development
- *Projects include*
 - Strategic plan for agriculture and forestry economic development
 - Creating new local policies and zoning ordinances that better support these industries
 - Feasibility studies and predevelopment work for new facilities

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*

DIVERSIFYING AG BUSINESSES

- Direct Sales and Agri-tourism are small, but growing component of Virginia farm income
 - Virginia 10th in nation in direct consumer sales - \$41.7 million
 - Virginia farm income from Agri-tourism and recreational services grew by \$2.3 million from 2007-2012, totaling \$15.2 million
 - Virginia farms engaged in Agri-tourism and recreational services rose almost 60% to 814

DIVERSIFYING AG BUSINESSES

- Important promotional and regulatory role played by state and local government
 - ▣ VDACS and local government promotion of the 250 Farmers Markets in Virginia
 - ▣ AFID Planning Grants
 - ▣ Farm Winery Act, Farm Brewery Act, On-Farm Activities
- As farms continue to diversify their income, state and local governments must find proper balance in regulating for safety and promoting growth

CONCLUSION

- *Infrastructure for Continued Growth, Successes In Place for Virginia Agriculture, Forestry Sectors, Exports...*
 - *Top Quality Producers, Products, Agribusinesses*
 - *Ag, Forestry Industries Integrated Into Overall Economic Development, Jobs Creation Agenda*
 - *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, Exports...*
 - ▣ *Global Trade Office Network; Add New Regions?*
 - ▣ *Governor's AFID Building Capacity*
 - ▣ *World-Class Sea, Inland, Air Port System; Potentially Expanding Capacity?*
 - ▣ *Virginia "Best for Business" Rankings, Reputation*

CONCLUSION



QUESTIONS?

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