

AG & FORESTRY SECRETARIAT ECONOMIC DEVELOPMENT FOCUS: BUILDING DOMESTIC CAPACITY, GROWING EXPORT MARKETS

*SENATE FINANCE SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT/NATURAL RESOURCES*

VIRGINIA SECRETARY OF AGRICULTURE & FORESTRY

TODD P. HAYMORE

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DOMESTIC DEVELOPMENT: NEW CAPACITY

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- *Governor's Agriculture & Forestry 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

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- *AFID Development Grants Launched in Late '12*
 - ▣ *29 Projects To Date: 26 Agricultural, 3 Forestry*
 - ▣ *Private Investment: \$324 million*
 - ▣ *Jobs Announced: 1,507 Across 23 Localities*
 - ▣ *Average Use Virginia Products: 76% = \$459 million*
 - ▣ *VA/AFID Facility Investment to Date: \$2.8 million*
- *Current Economic Development Pipeline*
 - ▣ *>\$4.8 million AFID "Commitments"*
 - ▣ *>50 projects; ~\$750m Cap Ex; ~2,600 jobs*

DOMESTIC DEVELOPMENT: NEW CAPACITY

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- *AFID Planning Grants Launched Spring '13*
 - ▣ *Assist Planning, Study, Local Initiatives to Grow, Support Ag, Forestry-based Businesses*
 - ▣ *33 Projects Covering 55 Localities*
 - ▣ *AFID Planning Investment to Date: >\$681k*
 - ▣ *Current Pipeline: Less Than a Dozen; Removing \$250k Spend Mandate Helpful*

DOMESTIC DEVELOPMENT: NEW CAPACITY

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- *Expand Upon AFID Successes (\$2 million)*
 - ▣ *AFID Remains Focused on Opportunities to Facilitate New Investment, Job Growth; ROI Must be Sufficient*
 - ▣ *Existing Needs Warrant Increased Funding Level*
- *Build AFID Infrastructure for the Future (\$400,000)*
 - ▣ *Currently, Two Project Managers Covering Entire State, One Compliance Position*
 - ▣ *2 FTEs: Assist Project Recruitment, Implementation, Verification*
 - ▣ *Secretariat Shouldn't be as Operationally Involved as Program Startup Phase Ends; Move Towards General Oversight*

DOMESTIC DEVELOPMENT: NEW CAPACITY

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- *Virginia Grown Foods Ambassador: Raise Profile of VA Ag Products in Schools, Restaurants, Institutions; Modeled After Successful FL Program (\$215k)*
- *Organic Specialist: Work Directly w/Farmers to Operate in Re-Emerging High-Margin Sector; Close Gap w/NC, PA (\$260k)*
- *Meat & Poultry Inspections: 3 FTEs; Leverage Federal Funds to Help Cover Growing Agribiz Sector (\$208k)*

DOMESTIC DEVELOPMENT: NEW CAPACITY

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- *Reforestation of Timberlands Fund (\$1.3 million)*
 - *GF Match of Forest Products Tax: Industry Accesses Itself to Support Reforestation of Harvested Timberland*
 - *Forestry Industry's No. 1 Priority; VA Hasn't Meet its Obligation Since Gilmore Administration*
 - *3 Regional Foresters Funding Included; Existing Positions*
- *Wildfire Emergency Equipment (\$3 million)*
 - *VA: Last Nationwide in Lifecycle of Replacing Wildfire Fighting Equipment (Dozers, Trucks, Transports)*
 - *MELP Funding Brings Lifecycle to Manageable Level*

IMPORTANCE OF AG, FORESTRY EXPORTS

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- ❑ *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*
- ❑ *>90% of World's Customers Outside of U.S.*

GROWING EXPORT MARKETS

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- *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 in China, India, UK, Russia, Mexico, Costa Rica, Canada; Support Existing HK Post*
- *Gubernatorial, Secretariat Trade Missions, Alone or Coordinated w/VEDP, VPA, VTC*
- *VDACS Trade Missions/Hosted Reverse Missions*
 - *Fill Gaps Where Governor, Secretary Can't Visit*
 - *Reverse Missions: "Invaluable" For Producers, Exporters*

GROWING EXPORT MARKETS

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- *More Than \$800m in VA Facilitated Export Deals Since Export Initiative Implemented*
- *Growth in Strategic Focus Regions*
 - *China: >125%; India: >90%; Latin America: >250%; EU, CH, Russia: >100%; Canada: >25%*
- *Governor Goal: “Make VA the East Coast Leader”*
 - *Moved from #5 to #2 Since 2010; GA is #1*
 - *2014: New Record of \$3.35 Billion in Exports*
 - *49% Increase in Ag, Forestry Exports Value*
 - *From \$2.24b in 2010 to \$3.35b in 2014*

GROWING EXPORT MARKETS

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- *Expand International Footprint (\$300,000)*
 - *S.E. Asia Trade Rep: Fastest Growing Region; \$305m in 2014, >15% Increase from 2012*
 - *Middle East/N. Africa Trade Rep: Greatest Growth Potential Region; \$340m, 30% Increase from '13*
- *International Marketing Enhancement (\$300,000)*
 - *Provides Support for Reverse Trade Missions*
 - *Growing Importance w/in Export Initiative*

OUTSTANDING PRIORITIES

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- *Virginia Farmers Development Program (\$750,000)*
 - ▣ *Provides Micro Grants to Farmers; Help Broaden Customer Base Locally, Domestically, Perhaps Internationally*
 - ▣ *Focus on Business Strategy, Marketing, Administration*
 - ▣ *\$5,000 Max Grant; 2 FTEs to Administer, Work w/Farmers*
- *International Marketing Support (\$500,000)*
 - ▣ *Provide Strategic, Managerial Direction to Global Network*
 - ▣ *Necessary to Solidify Work Done Over Last 6 Years*
 - ▣ *2 FTEs: Allows Trade Reps to Focus More Generating New Leads, Deals*

CONCLUSION

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Questions?

TODD P. HAYMORE

SECRETARY OF AGRICULTURE & FORESTRY

TODD.HAYMORE@GOVERNOR.VIRGINIA.GOV

(804) 692-2511