

MINUTES
HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Wednesday, January 30, 2013
TIME: 1:30 P.M.
PLACE: Room EW42
MEMBERS: Chairman Andrus, Vice Chairman Boyle, Representatives Bolz, McMillan, Batt, Bell, Agidius, Dayley, Miller, Romrell, Stevenson, VanOrden, Pence, Erpelding
**ABSENT/
EXCUSED:** None.
GUESTS: Kerry Ellen Elliott, IAC; Laura Johnson, ISDA; Eddie Yen, Taiwan Trade Office; Xu Fang, China Trade Office.

Chairman Andrus called the meeting to order at 1:32 p.m.

MOTION: **Laura Johnson**, Bureau Chief, Marketing Section, ISDA, introduced Idaho Asia Trade Office Managers **Eddie Yen**, Taiwan Trade Office, and **Xu Fang**, China Trade Office. **Ms. Johnson** explained how important exports are to Idaho's economy and how trade in the past couple years has surpassed previous sales records. Unfortunately the Trade Office Manager for Mexico was unable to be at the Committee meeting.

Eddie Yen, Idaho Asia Trade Office Manager, presented an overview of the last year, for Idaho's trade activity with Taiwan. He stated that this last year brought many changes which have turned into many opportunities for growth. Taiwan is about one sixth the size of Idaho, but their population is 23 million, with a Gross Domestic Product (GDP) of \$474 billion in trade with the U.S. This indicates growth up 1.13% in 2012 and +3.15% in 2013. Their foreign reserve is fourth in the world. Bilateral trade with the U.S. is close to \$60 billion for 2012. Reporting on trade and new successes, Idaho's exports to Taiwan in 2011 totaled \$760 million. This is 15% of Idaho's total exports for that year, placing Taiwan as the second largest export market for Idaho. Idaho companies include: Ray Core, a manufacturer of polyurethane panels; Outdoor Gourmet, which makes cedar planks for high-end chefs; Koenig and Snyder wineries, from the Sunnyslope and Twin Falls areas; Wild Touch Taxidermy; Dynamite Marketing, specializing in animal and pet feed products; and Boise Cascade, who recently employed a BSU graduate as their new sales person for China and Taiwan.

Supporting Project 60, **Mr. Yen** explained how investment seminars have promoted Idaho trade and investment opportunities to overseas investors, helped more companies participate in trade shows, and boosted tourism and education with press events, trade shows and presentations. Bilingual industry specific brochures have featured Idaho companies and three trade delegations have visited Idaho to explore investment opportunities. Last November, 11 states with more than 150 companies and over 200 people attended the Select USA Investment Seminar. This was a large event and was successful in getting Idaho's name out to other companies who may consider trade and investment opportunities or recruiting new companies to Idaho.

Mr. Yen detailed big changes with the Visa Waiver Program. Effective November 1, 2012, foreigners may spend five minutes online to obtain travel authorization to visit the U.S. This was in conjunction with Secretary Sanchez's visit. The old visa form took considerably longer to complete and the fee was dropped from \$140 to \$14 to attract more individual travelers and tour groups. They expect a 25% growth rate, which will positively affect Idaho as travelers come to spend money and in turn boost the state's economy. Other tourism promotions include an annual Taipei International Travel Fair; the My Dream Vacation USA Program, which offers travel themes of national parks, theme parks, sports and shopping; and Dennis Chin's photos exhibition. It is hoped that the Grand Tetons and Yellowstone National Parks will spark more interest in Idaho.

Mr. Yen submitted names of six new Idaho companies to join the Building Materials Show this past December: Boise Cascade, Ray Core, Wild Touch Taxidermy, Panhandle Forest Products, Idaho Timber Corporation, and PFB Custom Homes, which manufactures structural insulated panels in Meridian, Idaho.

Mr. Yen specified that Taiwan's previous policy banned the feed additive Ractopamine in beef. However, this was negotiated and legalized in 2012, so imports resumed in September. Demand for U.S. beef is high and Idaho stands to sell \$3.5 to 5 million, if supplies can increase to meet demand. This would benefit Idaho companies such as AB Foods and many cattle farmers. Pork is another hot commodity. Twin Falls' Snake River Farm ships black skin pork, which has a good market in Taiwan of \$1.5 to 3 million per year.

Mr. Yen commented that a special seminar for plank cooking was held in December 2012 and many chefs from high-end hotels and restaurants in Taiwan attended, showing strong interest in using planks from Idaho's Outdoor Gourmet Company. Another promotion held was at the Taipei International Food Show, showcasing Idaho's wine, beef, potato and huckleberry exports, which were well received.

Mr. Yen addressed the high growth of tourism and other Idaho opportunities, which have risen from \$4 million in 2008, to \$7 million in 2012, and a projected \$10 million in 2015. Idaho's meat products are a valuable commodity. Also one million tons of wheat have been shipped from Idaho to Taiwan, partly due to the popularity of their national pineapple cake, made from wheat and pineapple paste; wheat is also used there for noodles and bakery items. Fresh fruit and vegetables are greatly needed on their island, as well as dairy ingredients. Cell phone and computer components are additionally favorable markets, including HTC's purchasing of computer chips from Idaho's Micron.

Regarding industry specific marketing, **Mr. Yen** described the first ever bilingual, industry-specific brochure for both Chinese and non-Chinese speaking markets in Asia. Some of Idaho's natural, organic health and beauty products were featured on each page, as well as dairy products and wineries. New additions include brochures for forest products and Idaho agriculture. These are utilized at trade shows and in direct mailings.

For new opportunities in Idaho exports, **Mr. Yen** is optimistic for new technology in biomass and geothermal energy, as well as technology and equipment for "mega-fab" (ironworker tools), which could generate \$45 billion in the next three years. Other opportunities include green building materials, products and services for a rising senior population, pet related products, and health and beauty items. Higher end meat products will do well and EB-5 RC projects are also favorable. (EB-5 RC refers to Regional Center building projects in the U.S., drawing potential investors).

Mr. Yen outlined upcoming promotional programs for 2013. These include: the Governor Otter's trade mission to Korea, Taiwan and Vietnam in April; investment seminars, education and travel fairs throughout the year; food, bio-tech and SenCare (Senior Home Care Agency) shows in July; a furniture materials show in Vietnam in October; a building materials show Taipei in December; and buying missions to Idaho in the fall.

In answer to questions, **Mr. Yen** responded that Taiwan is a small, mountainous island with limited space. They grow plenty of rice, but need to import vegetables and fruit. In some specific products they are self-sufficient, but they do import many products from around the world. Idaho is a big source for agricultural products in Taiwan.

Xu Fang, Idaho China Trade Office Manager, presented an overview for Idaho's trade opportunities with China. China's GDP growth in 2012 was +7.8%. Bilateral trading with the U.S. was over \$500 billion in 2011. The U.S. is China's second largest trade partner and China is the first export market for U.S. agricultural products. China is also the fastest growing market for U.S. exports over the past decade. The main Idaho exports to China are: whey, hay, dehydrated potatoes, lactose, wheat, pork, and dairy. China had banned U.S. beef, but it continues to carry a high reputation among Chinese consumers, and may be repacked or imitated at times with U.S. beef branding. In last April's Idaho trade mission, Governor Otter visited Shanghai, Chengdu and Beijing, promoted 17 Idaho companies, attended two receptions with 400 participants total, and was engaged at over 50 business meetings. The Governor also witnessed the signing ceremony for a Moscow dairy company to provide research for prednazone testing in dairy and other animals to China. Mr. Fang also announced the first and recent shipment of 35,000 bottles of Idaho's "Rocks" brand water to China. Packaging was designed for the Chinese market and more orders may be forthcoming.

Mr. Fang said that China also held a dairy expo in 2012, in which Idaho products were showcased. Like Taiwan, China is publishing brochures to market and introduce Idaho's agricultural crops. Other upcoming events this coming year include SIAL, an outbound trade mission and huge food and beverage exhibition, including booths from Idaho. There is a proposed inbound mission as well, and horse shows are scheduled for Beijing and Shanghai. Lastly, the State of Idaho China office employs three full time staff members and one part time staff. They have spent a cumulative 18 years working with U.S. companies and industry groups, with relevant experience in marketing and market access.

Mr. Fang answered questions from the Committee, explaining that English is not an official language in China, but many people do speak it there. Regarding cell phone coverage and communications infrastructure, Mr. Fang believes that coverage in China is over 95%. Concerning China's population growth, he affirmed that this has slowed and is comparable to a decade ago. Experts are anticipating aging problems due to a rising average age.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 2:13 p.m.

Representative Andrus
Chair

Kim Jensen-Porter
Secretary