



**Statement of Gary J. Salamido  
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*Submitted to the*

**U.S. Senate Committee on Commerce, Science, and Transportation  
Subcommittee on Tourism, Trade, and Export Promotion**

*Hearing on*

**Enabling Rural Businesses to Grow at Home While Competing Abroad  
July 30, 2024**

## Introduction

Chair Cantwell, Ranking Member Cruz, Subcommittee Chair Rosen, Ranking Member Budd, and Members of the Committee, thank you for the opportunity to offer testimony on behalf of the business community of North Carolina today.

North Carolina's economy was long known for tobacco, textiles, and furniture. We have been able to take our past strengths and create an environment for them to evolve into different opportunities in technology, pharmaceuticals, financial services, food processing, and vehicle parts. In the financial sector, Charlotte became the second-largest banking center by income in the country by the end of the twentieth century. Deregulation in banking positioned North Carolina for a robust expansion of an already important industry.<sup>1</sup>

We are a manufacturing-heavy state with affordable, reliable energy, a right-to-work status, and competitive tax climate. While we see growth in our urban counties daily, we are seeing jobs announcements in the rural and suburban areas surrounding our major population centers as businesses look for the land required to build significant manufacturing operations.

According to the U.S. Small Business Administration, North Carolina is home to one million small businesses employing 1.8 million North Carolinians. Small businesses represent 99.6 percent of North Carolina businesses, and their employees are almost 45 percent of our state's workforce.<sup>2</sup>

With a \$111 billion annual contribution to our state's economy, agriculture helps drive a major share of North Carolina's economic success — representing one-sixth of our state's overall income.<sup>3</sup> It is a powerhouse industry that continues to be a major employer for the state, providing jobs to 16% of employees in North Carolina.

Our quality of life, bolstered by easy access to our mountains and coastline, a temperate climate, and low cost living only add to the reasons employers and their employees want to invest in North Carolina.

## A Top State for Business

For a number of years now, North Carolina has been recognized as a top state for business.<sup>4</sup> That recognition is possible because of a deep commitment to understanding and prioritizing the dignity of work.

Our members understand this deeply. Providing a person with a job connects them with better health outcomes, gives them a sense of purpose and pride, and leads to increased engagement and investment in their local community.

North Carolina's business community and policymakers have worked hard to cement our position as a competitive state for business, nationally and globally. We take great pride in our diverse economy and private-sector job growth.

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<sup>1</sup> <https://uncpress.org/book/9781469635729/north-carolina-beyond-the-connected-age/>

<sup>2</sup> <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-NC.pdf>

<sup>3</sup> <https://cals.ncsu.edu/agricultural-and-resource-economics/wp-content/uploads/sites/46/2017/07/AgricultureAgribusinessReport-2023-digital.pdf>

<sup>4</sup> <https://ncchamber.com/nc-competitive-accolades/>

Reaching this competitive position was intentional. The leadership of North Carolina's dynamic business community charged the NC Chamber with creating and executing a plan for North Carolina that is focused on education and talent supply, a competitive business climate, and infrastructure and growth.

That plan has worked but we know that we cannot be complacent if we want to remain competitive nationally and globally. Our state has experienced frequent and consistent growth, and we must continue to prioritize the policy work that made us competitive for those investments.

## **Identifying Threats and Opportunities**

North Carolina boasts a robust manufacturing base, but this strength must not be taken for granted. To help rural businesses access international markets, they need an available and qualified workforce. Unfortunately, many rural areas in our state are experiencing population decline, and birth rates aren't keeping up.

Our members have ranked workforce availability as the number-one issue impacting their business for nine years in a row. Federal, state, and local policies that alleviate the cost of living, enable workforce participation, improve quality of life, and grow talent pools are crucial. Key issues holding our workforce back include housing, child care, transportation, and thoughtful criminal justice reform. Forward-looking investments in rural areas that reinforce a sense of place and belonging are essential, and employment-based immigration is a necessary tool.

Aligning our education systems with business needs is a critical opportunity for our state's residents and citizens. One of the best ways to achieve this is by creating a demand-driven workforce system that is genuinely employer-led, leveraging the U.S. Chamber Foundation's Talent Pipeline Management framework.

Addressing these issues and supporting growth across all industries, particularly those that ensure a high quality of life for all North Carolinians, will yield tremendous opportunity for our state.

In many of North Carolina's rural communities, agriculture plays an outsized role in the economy, in addition to the essential role that North Carolina agriculture plays in national food security.

With that in mind, The Golden LEAF Foundation and the NC Chamber Foundation, in partnership with North Carolina Farm Bureau and Google, are championing NC Ag Leads, a strategic planning effort for North Carolina agriculture to promote the industry's continued growth and to help the industry address the challenges it faces.

Over the last six months, the NC Ag Leads team traveled the state to facilitate 23 focus groups, reaching 68 counties and more than 340 members of North Carolina's agriculture industry. This discernment phase identified opportunities and threats, as well as the following key themes.

**Talent Pipeline:** Workforce continues to be a top concern across industries and agriculture is no different. There is a tremendous appetite for workers at all points of the agriculture supply chain. A shortage of workers in our fields, repair shops, labs, and research institutions is impacting both production and productivity across the industry.

While technology is being leveraged to address this problem, the reality is even more people are needed to work on the development, deployment, and maintenance of technology in agriculture.

**Land Competition:** North Carolina is the third-fastest growing state in the country, and competition for land is fierce and expected to increase. Development pressure is driving up the cost of land and impeding the ability to use property freely. Policies limiting the ease of growth inside our cities contribute to the problem as it is often easier to build in rural areas than inside municipal limits.

**Market Access:** Producers are increasingly concerned about how to get what they are producing to the consumer. Aggregation, processing, and distribution are constant bottlenecks, especially for smaller producers, and while cold-storage infrastructure is growing, more is still needed, making distribution of perishable products challenging.

**Generational Concerns:** North Carolina is facing an aging farming population and many farm operations will change hands in the next 10 to 15 years. Additionally, the agriculture industry must adapt to the changing preference of the next generation of consumers. North Carolina already has programs that can be used to address generational concerns, but we must make these systems more effective.

**Farm Support Systems:** Representatives across the agriculture industry raised consistent concerns about unresponsive and overregulated farm support systems. While the programs and efforts are well-intentioned, farmers noted they do not always produce the support promised.

Infrastructure emerges in several of these key themes. Today, the biggest challenge to rural business growth is adequate infrastructure.

### **Investment in Infrastructure is the Key to Competitiveness**

A focus on infrastructure is not unique to agriculture. This message is echoed across North Carolina's business community, no matter the size, location, or industry of the business. North Carolina's businesses increasingly work to find the most efficient way to bring goods to market.

North Carolina Ports recognize the opportunity our state has to lead, and they have made significant investments to help businesses capitalize on ideal distribution channels, including water, interstate, and rail. The Port of Wilmington boasts the fastest turn times and one of the highest crane productivity rates on the East Coast.

Cold chain has been a focus for the North Carolina Ports and they are working to make transporting refrigerated cargo faster and more cost-efficient than ever. With the recent completion of Phase 2 of its refrigerated container yard, NC Ports now offers more than 1,500 reefer plugs with the ability to increase that number as they expand the Port of Wilmington's container terminal.<sup>5</sup>

There has been meaningful industry investment and substantial growth around the ports that will be instrumental in increasing volumes through our ports. Near the Port of Wilmington, more than one million square feet of new cold storage space is set to come online soon.

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<sup>5</sup> <https://ncports.com/port-capabilities/refrigerated-cargo/>

These capabilities have broad reaching significance. As one of the nation's fastest growing states, North Carolina sees a rising demand for year-round access to fruits, vegetables, and proteins. We are now strategically positioned to meet this demand while supporting the continued growth in the export market for our region's pork, poultry, fruits, vegetables, and specialty crops.

Given North Carolina's significant grocery sector footprint, and the perishable import distribution that service this growing demand, NC Ports serves as an ideal gateway for central U.S. and east coast locations. This saves businesses time, money, and distance in reaching consumers.

Many North Carolina farmers have figured out that we cannot have exports without imports. The family farms and multinationals that are producing traditional, seasonal crops have been able to leverage their infrastructure to partner with other companies to bring in produce, package it, and sustain a 12-month operation that keeps workers attached.

Cold-chain capabilities have implications beyond food. The life sciences industry sees advantages to shifting from air to sea transport. While planes have more restrictions on space, ships allow the product to be containerized and moved at a higher volume. This could be a key piece of expanding our pharmaceutical footprint.

Rail is another essential tool and addressing freight rail infrastructure needs and prioritizing collaborative partnerships is a critical component in advancing North Carolina's economic prosperity. The North Carolina Railroad Company (NCRR) has been instrumental in securing new and expanded locations for multiple manufacturing facilities across North Carolina. Overall, NCRR has committed more than \$18 million of its private revenue, resulting in new or expanded locations for 18 manufacturing facilities and supporting the creation of over 14,400 new jobs.<sup>6</sup>

The availability of sites is another key piece to keeping our state competitive. Oftentimes companies do not have the time or budget to wait for municipalities to create infrastructure improvements. NCRR's Build Ready Sites initiative provides essential funding and support to rail-served sites, transforming them into "build-ready" spaces primed for attracting new businesses. The program eliminates common roadblocks to advancement by ensuring the availability of sites that are ready for immediate development, significantly reducing the time and resources required for new business setups. By addressing these foundational needs, NCRR empowers communities to proactively attract new businesses, create jobs, and bolster local economies. To date NCRR has committed more than \$8.3 million to 17 sites in 14 counties across North Carolina.<sup>7</sup>

### **Built on a Strong Foundation**

The success of North Carolina's infrastructure and workforce systems, poised for growth, can be attributed to the strong business climate on which they are built. The overall business atmosphere and cost of doing business are essential to job growth.

We will continue to protect competitive aspects of our legal climate, such as contributory negligence, our workers' compensation system, medical malpractice reform and others, while

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<sup>6</sup> <https://ncrr.com/economic-impact/ncrr-invests/>

<sup>7</sup> <https://ncrr.com/economic-impact/build-ready-sites/>

also advancing reforms that reestablish North Carolina's position as a top-10 state for legal business climate. We will act swiftly on harmful practices such as third-party litigation investment and proposals that would relax our statutes of repose and product liability limitations.

North Carolina leads the nation with one of the broadest-based and most competitive tax structures for business and individuals of all income levels, while maintaining reliable and stable revenues. We continue to advance tax modernization efforts that further improve North Carolina's overall business climate by streamlining burdensome regulations, ensuring fair tax administration, improving outdated systems, and simplifying complicated policies.

To be as competitive as possible in attracting new companies and enhancing the economic prospects of all North Carolinians, we will advocate to protect North Carolina's right-to-work statute and ensure every person in North Carolina can pursue gainful employment without the requirement to join a union or pay union dues.

When it comes to trade, we will continue to look to our federal delegation and our federal partners to revive Miscellaneous Tariff Bills to provide import duty relief on manufacturing inputs that are not made in America and consider how to close the De Minimis Rule loophole. Most importantly, for our state's businesses to be competitive trading partners, we must provide them with a level playing field, which includes combatting bad actors that circumvent fair trade and U.S. trade restrictions.

North Carolina's success has been made possible – and will continue to grow – through the commitment of our statewide business community with a clear vision, and state and federal leaders willing to act on it.

Thank you for your time today and for your leadership on this issue.