

WRITTEN TESTIMONY FOR THE RECORD

OF

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ON

“RURAL EXPORT OPPORTUNITIES: ENABLING RURAL BUSINESSES TO GROW AT HOME WHILE COMPETEING ABROAD”

BEFORE THE

UNTIED STATES SENATE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

SUBCOMMITTEE ON TOURISM, TRADE, AND EXPORT PROMOTION

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Good morning, Chairwoman Rosen, Ranking Member Budd, and members of the Subcommittee,

I am Dillon Davidson, and while I serve as Vice Chair for the Nevada District Export Council and President for the North American Agricultural Marketing Officials, I am here in my capacity as the Senior Trade Officer for the Nevada Department of Agriculture.

From growing up on a tractor, to teaching advanced American farming techniques to rural farmers in Africa in college, to now striving daily to expand Nevada's agricultural reach into domestic and international markets. For over five years, I have overseen food and agricultural marketing, trade and economic development in the State of Nevada. I am here today to share my knowledge and experience on the impacts and challenges of rural exporters.

Although Nevada is most known for its tourism, gaming and mining, Nevada's agriculture industries are important to the state's overall economic culture. Outside of Nevada's urban counties of Clark, Washoe and Carson City, the remaining 14 counties make up approximately 87% of Nevada's land and have an average population of 2.5 people per square mile. This makes up the majority of the geographical region of Nevada rural.

There are 2,372 family-owned farms or about 76% of all farms in the state. There is limited export expertise of these family businesses and there is a substantial opportunity for growth posed by the assistance that is offered in growing foreign business opportunities.

Agricultural land production dominates these rural areas. In the state's desert climate and topography, the production of onion, hay and alfalfa flourish. 61% of this high-value alfalfa is exported outside of the United States, but these companies' successes do not come without hardship.

I'd like to share the importance of export support straight from one of Nevada's rural producers who works daily to overcome infrastructure and climate challenges:

I quote Mark Menezes, owner of hay packer Menezes Brothers in northern Nevada:

"I am a rural Nevada business working daily with other rural producers purchasing their hay and alfalfa to be exported, and we experience many challenges. The process of sending our product to the Port of Oakland for international export is not an easy task. I never know if there will be a shipping container for our product, or if my trucks will be able to get over the pass on I-80 due to the inclement winter weather. Assistance from state and federal agencies is critical to the daily operation of my business and livelihood," Mark sums up well the value our governmental resources add to small and medium sized businesses across my state and the nation. Their business is no exception, I see the positive impact of these programs daily.

In 2023, Nevada exported a total of \$9.53 billion worth of goods to foreign markets, with major trade partners being Canada, Mexico, western Europe and South Korea. Although agriculture makes up a significant portion of Nevada's rural export economy, the mining and manufacturing sectors are also significant contributors.

When speaking with other rural industries, I would like to share a quote from a mining company in Nevada:

“Nevada is endowed with tremendous natural resources and with mining as the bedrock industry of our state, it is the main driver of our rural economies. For example, Nevada Gold Mines – a joint venture between global mining companies Barrick and Newmont - alone pumped more than \$3 billion into the economy in 2023, which included approximately \$1 billion in high- paying jobs for rural communities. Close collaboration between the county, state, and federal governments on policies and regulations that protect our environment while allowing our rural industries to thrive must be a priority for Congress and the Administration”.

By opening one of nine U.S. Commercial Service Rural Export Centers in the United States in Las Vegas, Nevada has prioritized rural exporters in all areas through partnerships between federal and state agencies including, the Governor’s Office of Economic Development, the Nevada Small Business Development Center, the Nevada Department of Agriculture, the Nevada Department of Business and Industry and local economic development authorities.

As of December 2023, there are approximately 310,000 small businesses, making up 99.2% of all businesses in the state. These businesses employ 540,004 people, comprising 42.8% of Nevada’s workforce. Of those 310,000 small businesses, there are roughly 3,144 currently exporting, which is a 5.1% decline from 2022.

In recent years, we have seen many rural producers face significant challenges outside of general financial constraints, including lack of expertise and resources, transportation logistics, general foreign tariffs and trade barriers, broadband connectivity issues, and most pressing in Nevada, the decline of rural land due to continued growth of urban populations. The combination of these obstructions is impacting the ability for rural exports to enter or expand in new or existing foreign markets.

Senator Rosen’s support in 2021 on pursuing the ‘Infrastructure Investment and Jobs Act’ passed and signed into law, is a step in the right direction to ensuring that issues like broadband, airports and roads, which are all key components to rural producers, are maintained, repaired or expanded as needed.

Through federal and state partnerships, we can address the biggest challenges and concerns for rural Nevada exporters. The current state of the domestic and international economies makes rural exporters uncertain of the future, and sometimes prevents them from trying to enter the market. However, through the State’s participation in trade missions and trade shows, we are promoting Nevada rural businesses and placing them in front of international stakeholders with minimal impact on their operational costs.

Just recently, Nevada represented five food manufacturers at the 2024 Seoul Food & Hotel trade show in Seoul, South Korea and the recent delegation visits to Nevada from Vietnam and Japan where international stakeholders had business meetings with various Nevada rural producers. Funding programs like this are what embodies the growth of the American economy through the export of agricultural products to address the trade imbalance and ensure American

competitiveness in the current and future economic landscape across all sectors of rural businesses.

Opportunities like the State Trade Expansion Program (STEP), Market Access Program (MAP), Regional Agricultural Promotion Program (RAPP), Nevada Craft Beverage Passport, or Women's Farm2Food Accelerator Program on both state and federal levels allow us to tackle another concern of many rural producers, which is the lack of infrastructure in these regions. Grant funded projects, both large-scale, such as improving port and rail access; and smaller scale, such as packaging costs, give new opportunities for rural businesses to compete with larger corporations.

The Nevada District Export Council (DEC) also plays a major role in assisting all Nevada exporters, especially rural exporters, as they face continued challenges. As a leading organization serving the international business community, the Nevada DEC has the capacity to facilitate the development of an effective export assistance network and can assist in coordinating the implementation of trade assistance partners to leverage the available resources necessary.

In today's economy, it is the businesses that think and work globally that will thrive. Sources show that businesses involved in international trade outperform those that rely solely on domestic markets. Specifically, agricultural producers and manufacturers that export, on average, receive a higher revenue stream from sales than those that do not. When companies partner with organizations like the state and federal agencies and the DEC, they are better prepared to enter new markets or expand their existing markets around the world.

Thank you for your time and I look forward to your questions.