

Tariff Impacts on Vermont Agriculture & Related Products

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Export Overview

Export to World: \$241,811,000

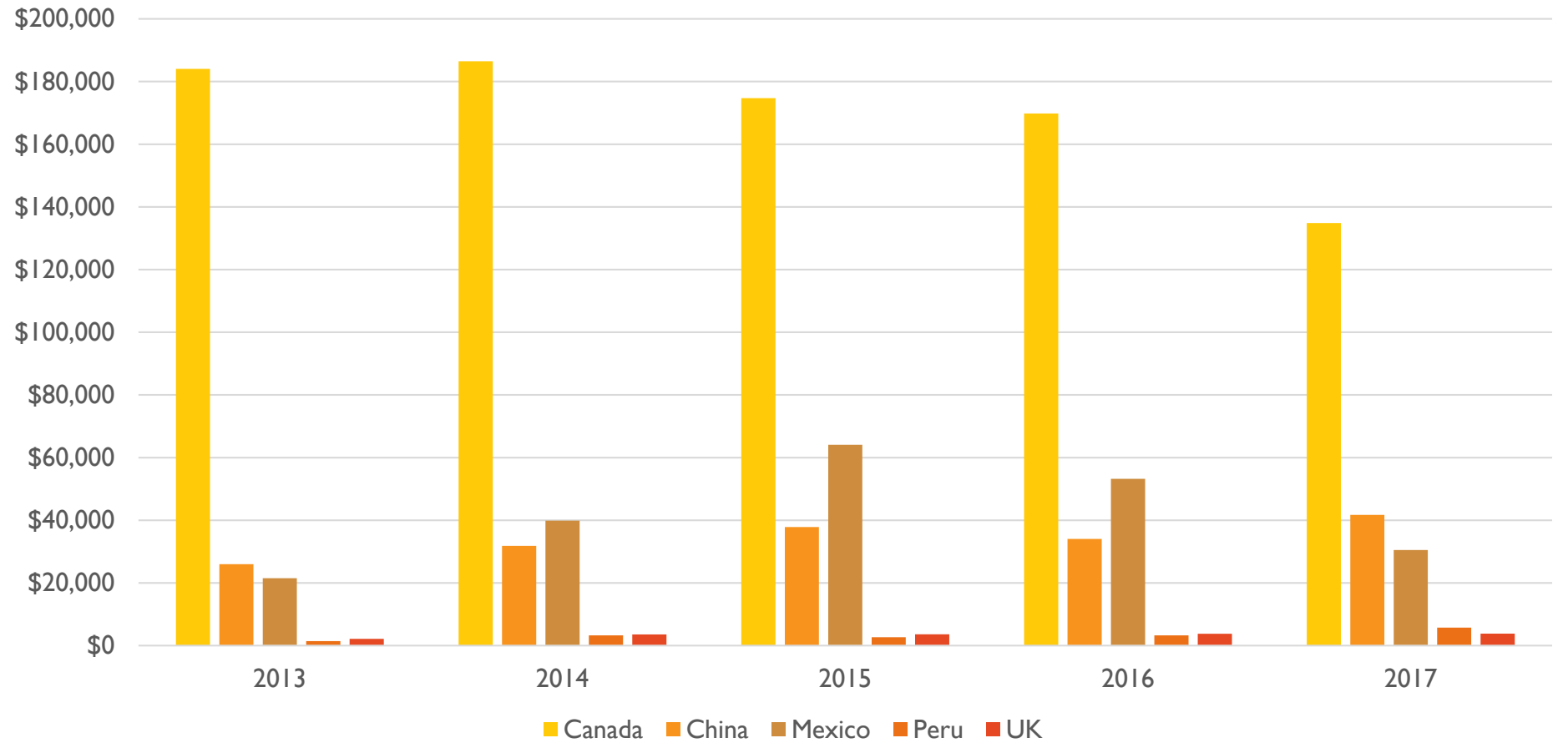
Top 5 Trading Partners:

1. Canada: \$134,874,000 (55%)
2. China: \$41,708,000
3. Mexico: \$30,507,000
4. Peru: \$5,763,000
5. United Kingdom: \$3,848,000

In 2017, Canada represented over 50% of our Agriculture and Related Products exports.

Vermont Jobs Supported by Trade: 95,300

Vermont's Top 5 Export Markets



Vermont Exports to Canada

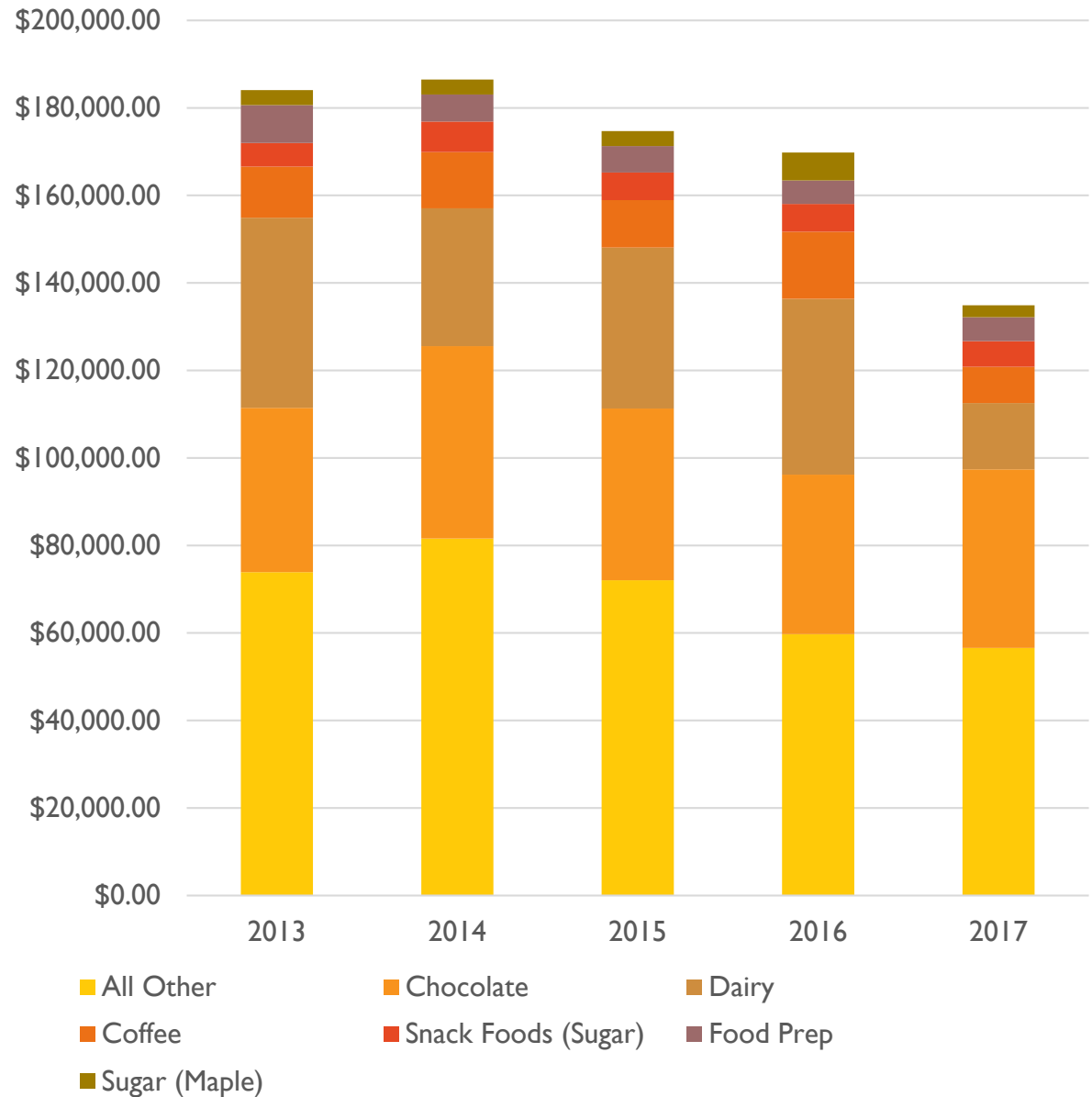
Significant decrease in the dairy category between 2016 and 2017 due to the decline of infant food exports, milk, 0-6% fat and milk albumin.

Milk 0-6% fat, and milk albumin has declined from 2017 to 2018 by 80% and 46% respectively. Though neither are subject to the surtax.

Fresh cheese has increased in exports between by 60% between 2017 and 2018. Again, fresh cheese is not subject to the surtax.

Maple declined significantly between 2016 and 2017 from \$6,402,000 to 2,699,000 and we are tracking at 25% over 2017 despite the surtax.

Vermont Exports to Canada in thousands



Retaliatory Tariffs: Canada 10- 25%

2017 Exports: \$134,874,000 in VT Ag and Related Products

Exports are down 11% comparing same period from 2017 to 2018

Some of the tariff impacts include a 10% surtax on the following:

- 0901.21 Coffee, roasted: Not decaffeinated (\$7,723,000) -57%
- 1704.90.90 Other sugar confectionary (\$5,850,000) -11%
- 1702.20 Maple sugar and maple syrup (\$2,267,000) +49%
- 1806.32 Other chocolate, in blocks, slabs or bars: Not filled (\$81,000) -100%
- 2103.90 Sauces Nes, (\$227,000) +93%

Infant formula dropped significantly between 2016 and 2017 from \$28,027,000 to \$7,408,000. Interestingly, this is not subject to the 10% surtax.

State - Vermont	Country - Canada				
Time	2018 through August	2017	2016	2015	2014
Commodity					
170490 Sugar, Correction (incl. W/n choc), No Cocoa, Nesoi	3,338,947	5,849,843	6,320,469	6,282,499	6,904,668
090121 Coffee, Roasted, Not Decaffeinated	2,527,027	7,723,342	15,017,960	9,815,613	11,133,454
170220 Maple Sugar And Maple Syrup	2,477,792	2,267,154	6,080,848	3,303,746	3,377,915
210390 Sauces Etc. Mixed Condiments And Seasonings Nesoi	299,664	242,995	163,916	33,344	82,208
220830 Whiskies	41,418		47,087	59,298	79,404
190590 Bread, Pastry, Cakes, Etc Nesoi & Puddings	30,862	25,087	317,510	135,079	60,803
210320 Tomato Ketchup And Other Tomato Sauces	28,143	72,761	157,383	25,348	24,199
220210 Waters, Incl Mineral & Aerated, Sweetnd Or Flavord	18,739	7,261			
160232 Prepared Or Preserved Chicken Meat Or Offal, Nesoi	10,026				
040310 Yogurt, W/n Sweetened, Flavored Or Cntg Fruit/coco					9,084
160250 Prepared Or Preserved Bovine Meat Etc. Nesoi					
180631 Chocolate & Othr Cocoa Preps, Not Bulk, Filled					
180632 Chocolate & Othr Cocoa Preps, Not Bulk, Not Filled		81,404		30,584	
200110 Cucumbers, Greenkms, Prep/Pres					
Vinegar/acetic Acid					
200799 Jams, Fruit Jellies, Pastes Etc Nesoi, Nut Pastes		3,028			16,406
200912 Orange Juice, Not Frozen, of A Brix Value Not Ov 20					
210310 Soy Sauce					
210410 Soups And Broths And Preparations Therefor				22,282	31,325

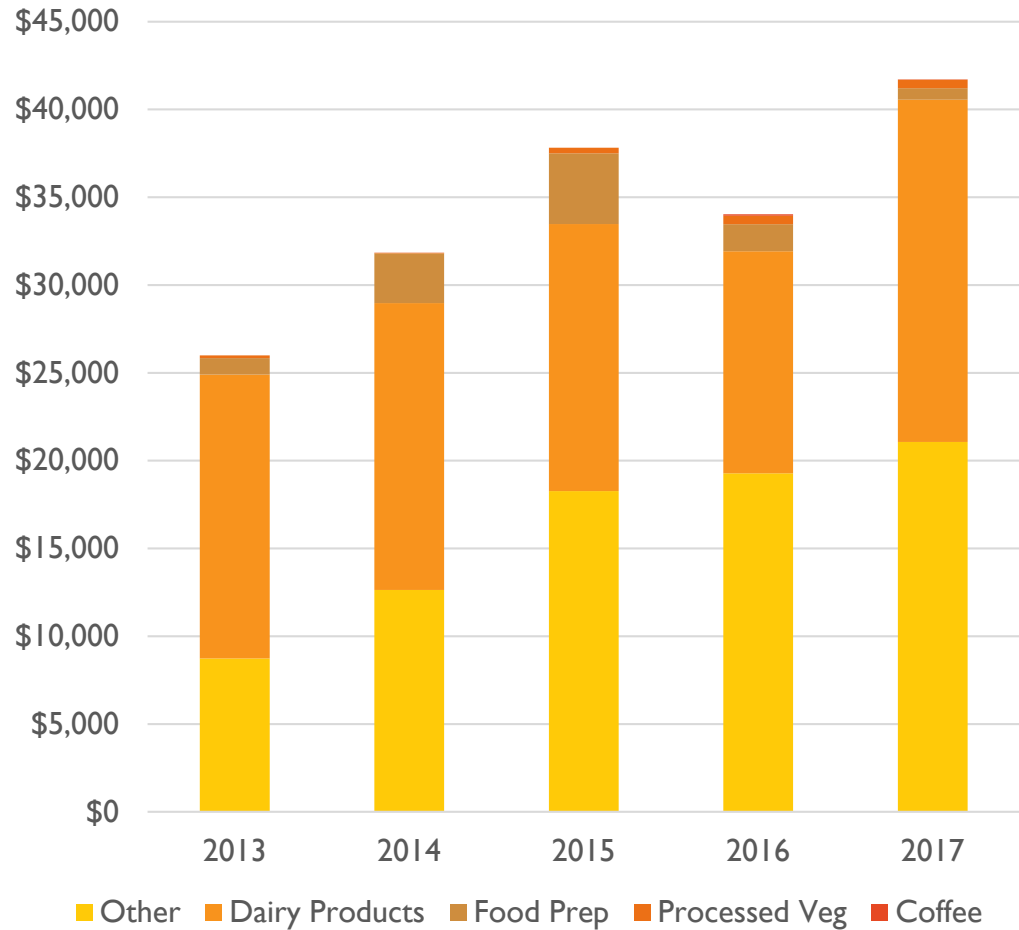
Vermont Exports to China

Dairy Products, primarily whey, milk albumin, and infant food, make up the bulk of all Vermont exports to China.

Diary Products is projected to decline of 50% in 2018 from 2017.

The value of forest products exports to China are roughly equal to dairy products. The bulk of “other” is forest products.

Vermont Exports to China
in thousands



Retaliatory Tariffs: China & Hong Kong

2017 Exports: \$42,421,000 in VT AG products

12,000 HTS codes are impacted by retaliatory tariffs on all shipments over \$800.
\$100B in Chinese exports expected to be impacted.

Some of the tariff impacts include:

- 040410 – Whey (\$11,453,000) -18%
 - Duty on whey has increased from 2% to 27%
- 350220 - Milk Albumin (\$5,708,000) -100%
- 190110 - Infant Foods (\$2,295,000) – 100%
- 210690 - Food Preps, Nesoi (\$100,000) -22%

State - Vermont	Country - China				
Time	2018 through August	2017	2016	2015	2014
Commodity					
040410 Whey & Modfd Whey Whet/nt Cncntrtd Cntg Add Sweetn	5,820,618	11,452,543	5,688,115	6,305,189	10,934,975
071021 Peas, Raw Cooked In Boiling Water, Frozen	53,550	109,141	24,476	23,460	
040610 Cheese (unrpnd/uncurd) Frsh Incl Whey Cheese Curd	30,000	30,000			461,064
090121 Coffee, Roasted, Not Decaffeinated		17,797	36,110		5,367
090112 Coffee, Not Roasted, Decaffeinated		8,506			
090230 Black Tea Fermted & Partly Fermted Tea,packg Nov 3kg		4,028			
010129 Horses, Live, Other Than Purebred Breeding					
010690 Animals, Live, Nesoi					

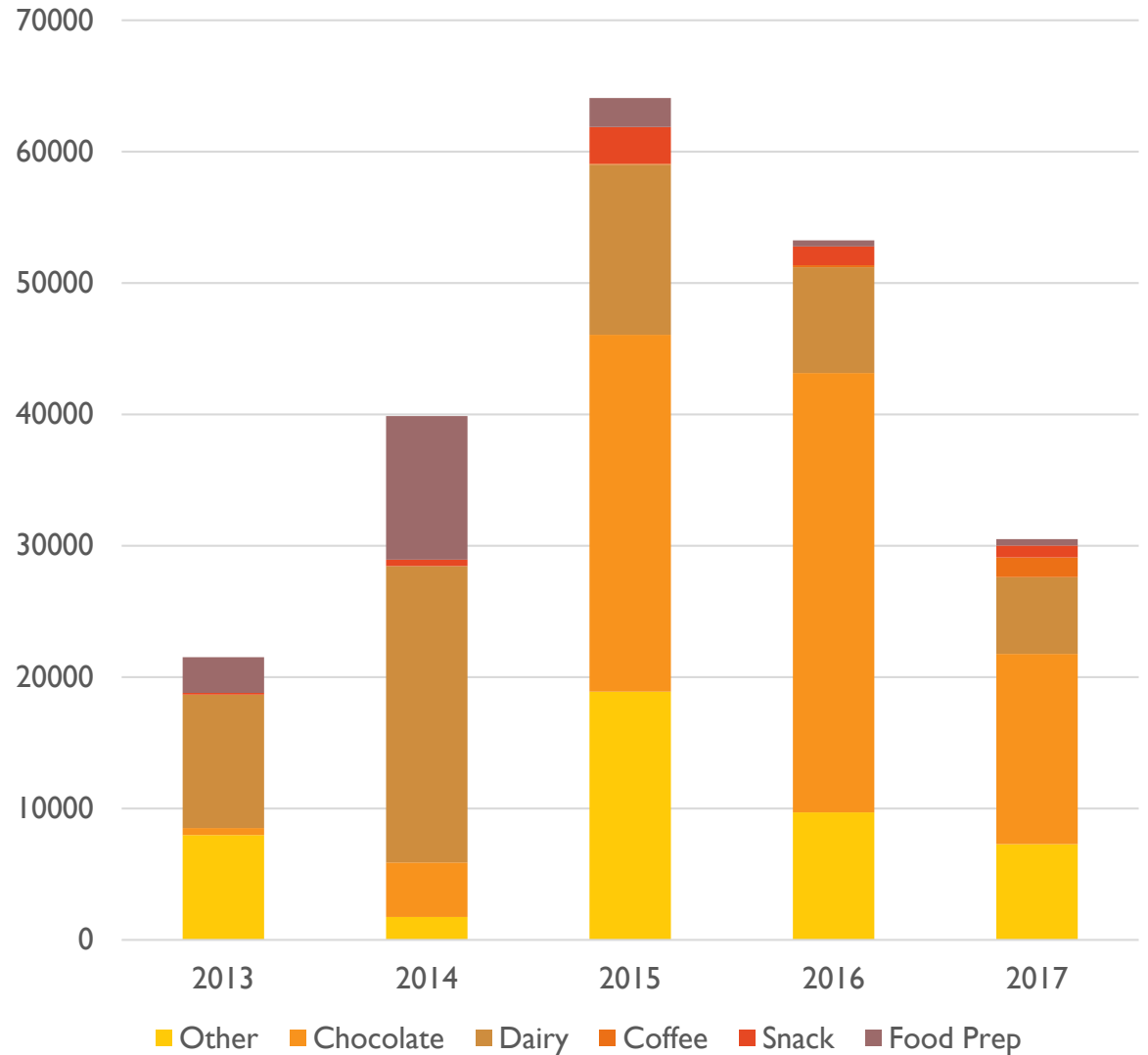
Vermont Exports to Mexico

Both Chocolate and Dairy are projected to be down 92% and 98% respectively for 2018.

Coffee appears to be a fast growing export market for Vermont to Mexico and is projected at 102% over 2017.

Food Prep NESOI

Vermont Exports to Mexico
in thousands



Retaliatory Tariffs: Mexico

2017 Exports: \$30,507,000 in VT AG products

Some of the tariff impacts to Vermont include:

- 210690 - Food Preps, Nesoi (\$487,000) -59%

State - Vermont	Country - Mexico				
Time	2018 through August	2017	2016	2015	2014
Commodity					
210690 Food Preparations Nesoi	163,593	510,166	467,757	2,189,932	10,932,934
020322 Meat, Swine, Hams, Shoulders Etc, Bone In, Frozen	43,216				
020312 Meat, Swine, Hams, Shldrs, Bone In, Frsh Or Chlld				429,644	
020319 Meat Of Swine, Nesoi, Fresh Or Chilled				35,574	
020329 Meat Of Swine, Nesoi, Frozen					
040610 Cheese (unrpn/uncurd) Frsh Incl Whey Cheese Curd					
040620 Cheese Of All Kinds, Grated Or Powdered					
040690 Cheese, Nesoi, Including Cheddar And Colby					
080810 Apples, Fresh					
160100 Sausages, Similar Prdt Meat Etc Food Prep Of These					
160241 Prepared Or Preserved Swine Nesoi, Hams Etc					
160242 Prepared Or Preserved Swine Nesoi, Shoulders Etc					
200410 Potatoes, Prepared Etc., No Vinegar Etc., Frozen					
200893 Cranberries, Prepared Or Preserved, Nesoi					
220830 Whiskies					

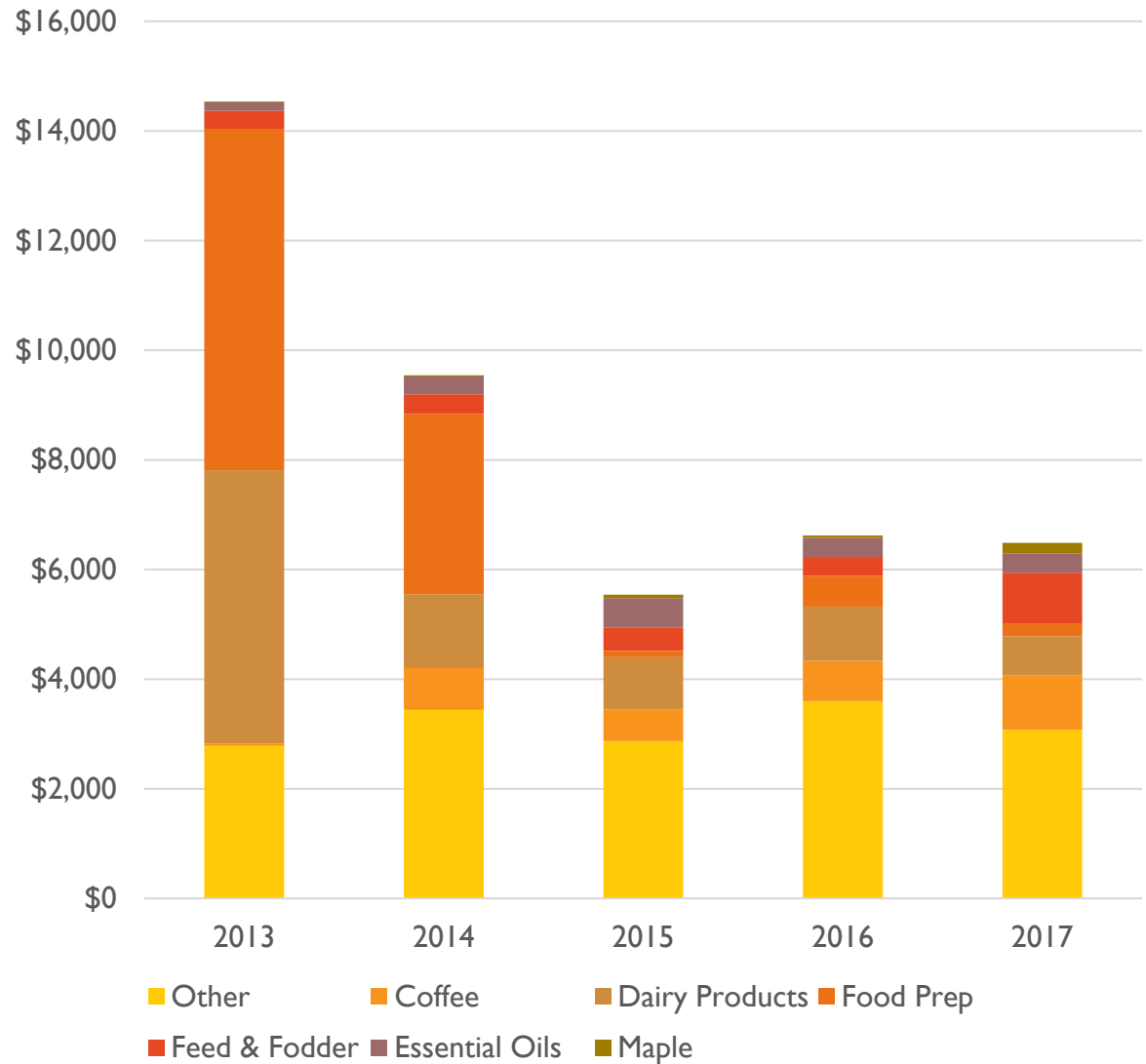
Vermont Exports to European Union

Exports are on the decline.

VAT, or duties, are very high, but give you access to 28 countries.

Very strict food regulations – especially for meat, dairy, colors and dyes, and different claims for non GMO than the US.

Vermont Exports to the European Union in thousands



Retaliatory Tariffs: European Union (28 Countries)

2017 Exports: \$6,487,000 in VT AG products

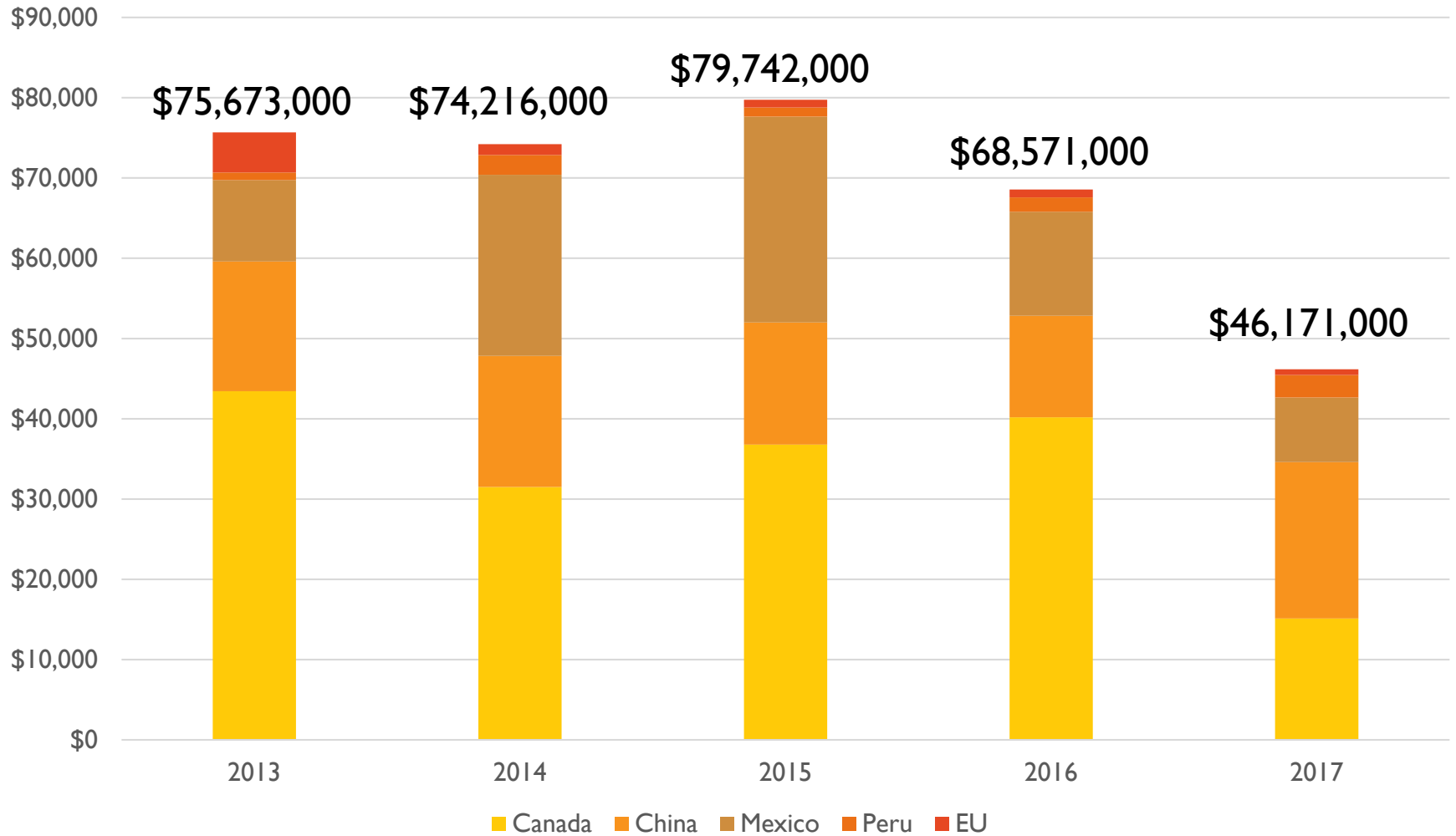
Duties to EU are already high at up to 25% VAT. The products VT exports are not subject to the additional up to 25% tariffs.

Unfortunately, Canada has a free trade agreement, which gives them an 8% leg up on VT for products such as maple.

Brexit leaves the trade scenario with the EU completely unknown.

State - Vermont	Country - European Union				
Time					
Commodity	2018 through August	2017	2016	2015	2014
220830 Whiskies	14,385	13,750	36,175	24,050	5,000
071040 Sweet Corn Raw/cooked By Steam/boiling In Water Fz					
071190 Veg Nesoi, Veg Mix, Provisionally Pres, Inedible					
071333 Kidney Beans & White Pea Beans, Dri Shel, Inc Seed					
100590 Corn (maize), Other Than Seed Corn					
100630 Rice, Semi- Or Wholly Milled, Polished Etc Or Not					19,799
100640 Rice, Broken					
190410 Prep Food, Swelling/roasting Cereal/cereal Product					
190490 Cereals (not Corn) In Grain Form, Prepared, Nesoi					
200190 Vegt/fruit/nuts Etc Nesoi Prep/pres By Vinegar Etc					
200490 Vegetables Nesoi, Prep Etc., No Vinegar Etc, Frozn					
200811 Peanuts, Prepared Or Preserved, Nesoi				7,015	
200912 Orange Juice, Not Frozen,of A Brix Value Not Ov 20					
200919 Orange Juice, Other Than Frozen, Sweetened Or Not					
200981 Cranberry Juice Nt Fortified Unfermented No Spirit					

Dairy Exports Top 5 Markets in thousands



Population Indicators: Vermont Value Added Food Manufacturing Increased from 2004 to 2013;

**Dairy Product
Manufacturing
Accounts for Half of
Total or 67% in 2013.**

**\$657M = dairy
processing**

**\$92M is being
exported to our top 5
markets**

Vermont's dairy industry generates the lion's share of the market value of raw agricultural production. It also tends to generate the majority of value added food manufacturing: from 2004 to 2013 value added dairy manufacturing fell below 50% of value added Vermont food manufacturing one time. Except for 2009--in the heart of the Great Recession and the lowest year on record for milk prices--value added food manufacturing in Vermont has increased over the past decade and has increased as a percent of total value added manufacturing.

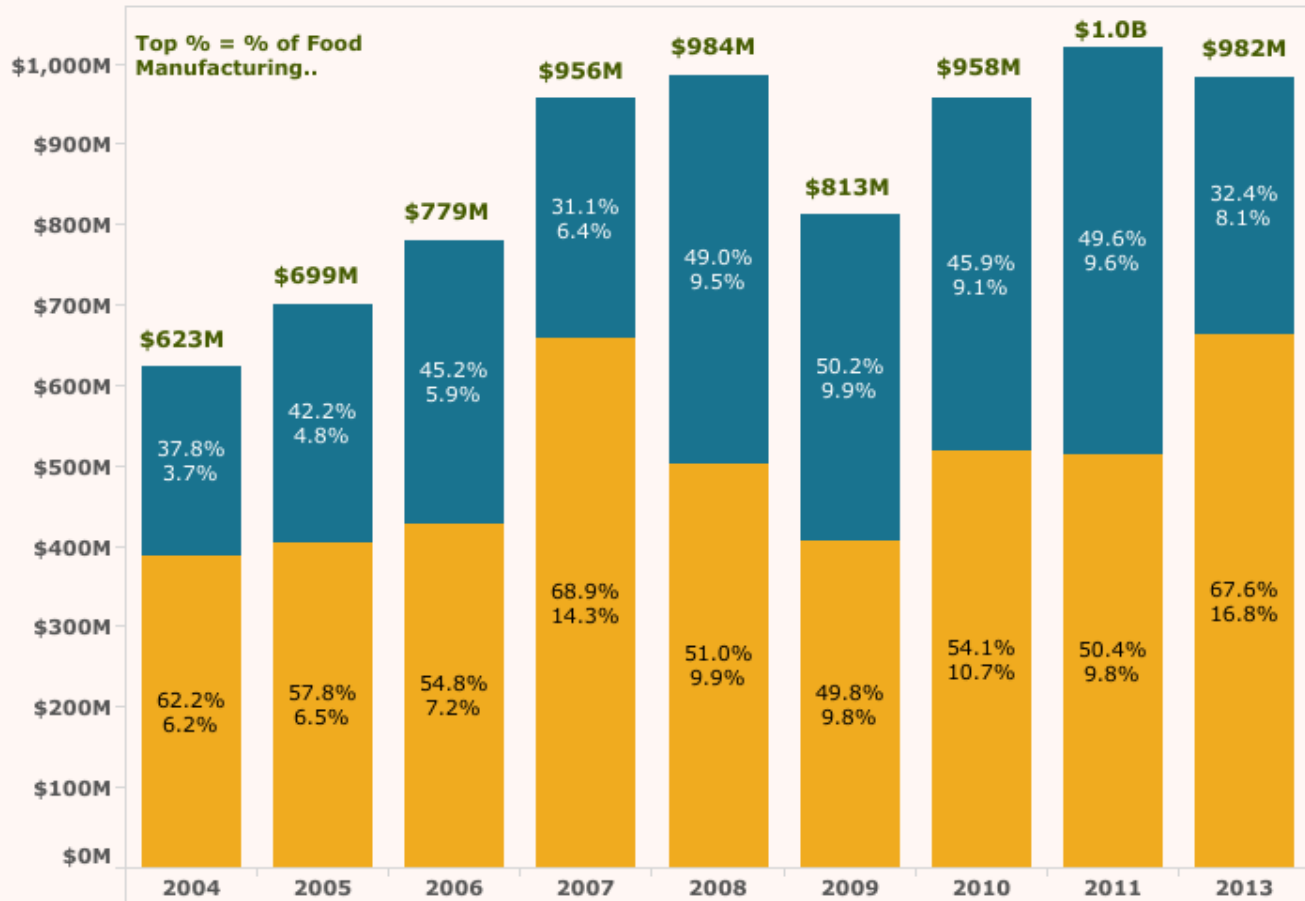
POSITIVE



TREND

Legend

■ All Other Food Manufacturing ■ Dairy Product Manufacturing



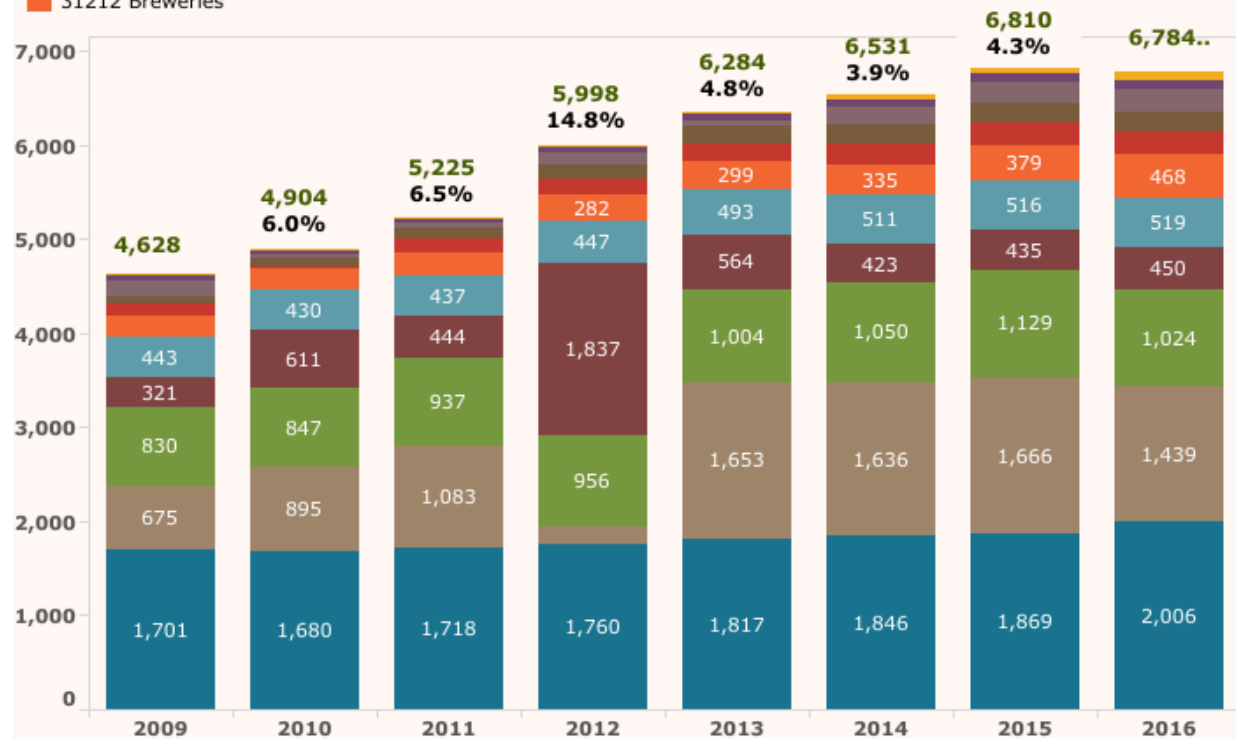
Source: U.S. Census Bureau, Annual Survey of Manufactures, <http://factfinder.census.gov/>, and U.S. Census Bureau Nonemployer Statistics, <http://www.census.gov/econ/nonemployer/>. Adjusted for inflation to 2014 dollars. 2012 data was not available.

Population Indicators: Food and Beverage Manufacturing Employment in Vermont Increased from 2009 to 2015 (NAICS Code Detail)

Dairy product manufacturing (e.g., fluid milk manufacturing, ice cream, cheese, and dry, condensed, and evaporated products) is the biggest employer in Vermont's food manufacturing sector. However, dairy product manufacturing employment as a percentage of total food manufacturing has decreased from 37% in 2009 to 28% in 2014. *Note: Data not disclosed for animal slaughtering in 2010, for fruit and vegetable preserving and specialty food manufacturing in 2010 and 2011, and other food manufacturing in 2012 are captured in the "All Other Food Manu..*

Legend

- 3115 Dairy product manufacturing
- 3119 Other food manufacturing
- 3118 Bakeries and tortilla manufacturing
- All Other Food Manufacturing
- 3113 Sugar and confectionery product manufact..
- 31212 Breweries
- 3116 Animal slaughtering and processing
- 31213 Wineries
- 3114 Fruit and vegetable preserving and specialty
- All Other Beverage Manufacturing
- 31214 Distilleries



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, http://www.bls.gov/cew/apps/data_views/data_views.htm#tab=Tables; and U.S. Census Bureau Nonemployer Statistics, <http://www.census.gov/econ/nonemployer/>.

What can we do?

Explore new markets

Producers can re-examine their HS codes.

Request an exclusion