FAST FACTS

VIRGINIA COAL AND TOBACCO

COAL, TOBACCO, AND VIRGINIA'S ECONOMY

Coal and tobacco were historically Virginia's export staples. Over time, however, exports of these two commodities have been surpassed by manufactured goods like industrial machinery, which now account for roughly 80% of all Virginia exports. While international sales of Virginia coal are still relatively strong and have been on an upward trend in recent years, in dollar terms coal exports have been eclipsed by higher-value manufactured goods.

The decline of Virginia's tobacco industry and exports is largely due to the growing public awareness of the health dangers of smoking, as well as high-profile lawsuits against tobacco companies and the end of the federal government's price support system for tobacco growers. Unlike coal, Virginia's tobacco exports have been declining in real terms, not just relative to other exports. Over the past five years, Virginia's tobacco exports were down 40%, from $1.16 billion in 2004 to $697.9 million in 2008.

While Virginia's tobacco exports continue to plummet, coal is making a comeback due to strong economic growth in Asia, as well as rising energy needs in the world in general. Virginia coal exports account for one-fifth of all U.S. coal exports and Virginia was the second largest coal exporting state in 2008.

COAL - MAKING A COMEBACK

Since coal is abundant, affordable, and geographically dispersed, it will continue to make a significant contribution to meeting the world's energy needs, despite rising mining and transportation costs and "clean fuel" initiatives. Coal use has grown faster than any other fuel in recent years– world consumption rose about 7% in 2003 and is expected to rise 60% over the next 20 years. Coal is the most important fuel for steel production, and it is estimated that 40% of the world's electricity is generated from coal.

Total Coal Exports Over the Last Five Years with Year-Over-Year Change					
	2004	2005	2006	2007	2008
U.S. Coal ($US Millions)	$ 2,646.57	$ 3,313.91	$3,537.25	$ 4,150.15	$ 7,965.66
% Change	72.3 %	25.2 %	6.7 %	17.3 %	91.9 %
Virginia Coal ($US Millions)	$ 665.02	$ 826.03	$ 901.99	$ 1,147.22	$ 1,683.35
% Change	54.6 %	24.2 %	9.2 %	27.2 %	46.7 %

Source for Table: World Trade Atlas

FAST FACTS

VIRGINIA COAL AND TOBACCO

TOBACCO - AN INDUSTRY IN DECLINE

- From 2004 to 2008, U.S. tobacco exports dropped 21%, from $2.65 billion to $2.09 billion. During the same time period, Virginia's tobacco exports plummeted 40%, from $1.16 billion to $697.9 million.
- Despite falling production, Virginia was the fourth largest tobacco producing state in 2008 and is the country's second largest tobacco exporter, behind only North Carolina.
- Top Virginia tobacco destinations were Japan, Switzerland, Germany, Netherlands, Russia, Turkey, Mexico, Portugal, Philippines, Israel, Indonesia, France, and Poland.

Total Tobacco Exports Over the Last Five Years with Year-Over-Year Change					
	2004	2005	2006	2007	2008
U.S. Tobacco ($US Millions)	$ 2,654.2	$ 2,334.3	$ 2,507.3	$ 2,369.8	$ 2,099.2
% Change	- 9.3 %	- 12.1 %	7.4 %	- 5.5%	- 11.4 %
Virginia Tobacco ($US Millions)	$ 1,162.0	$ 881.5	$ 830.8	$ 907.5	$ 697.9
% Change	- 13.7 %	- 24.1 %	- 5.8 %	9.2 %	- 23.1 %

Source for Text and Table: World Trade Atlas

SERVICES AND MANUFACTURED GOODS- VIRGINIA'S FUTURE

As high-value services and manufactured goods increase their share of the Commonwealth's export profile, coal and tobacco will play an ever-diminishing role in Virginia's exports. This trend has the benefit of generating higher-paid jobs in Virginia as well as contributing to a more diversified industrial base.

- Virginia's manufactured goods exports increased 9.8% in 2008 and were valued at $14.9 billion. Machinery, electrical machinery (i.e., integrated circuits), vehicles and parts, gas turbines for aircraft, pharmaceutical products, organic chemicals, and medical devices are among the largest and fastest growing segments of Virginia's exports.
- U.S. exports of private services amounted to $455 billion in 2007, a sharp increase over 2006. Top markets for U.S. service exports are the United Kingdom, Canada, Japan, Germany, and Mexico. The most recent estimate for the annual value of Virginia's service exports is $11.9 billion.
- Professional, business and technical services are Virginia's strongest service export category. Subcategories that perform well include travel fares, royalties, accounting, advertising, engineering, legal, consulting, educational and medical services.

See VEDP Fast Facts– Exporting Services

FAST FACTS

VIRGINIA COAL AND TOBACCO

Virginia Coal Exports Growth Pattern				
Rank	**Country**	**2004 ($US)**	**2008 ($US)**	**% Change from 2004**
	Worldwide	$ 665,016,847	$ 1,683,347,321	153%
1	Brazil	$ 70,277,036	$ 283,675,279	304%
2	Netherlands	$ 77,791,407	$ 149,739,132	92.49%
3	Italy	$ 61,685,933	$ 142,408,684	131%
4	Belgium	$ 26,490,277	$ 130,731,205	394%
5	Slovakia	$0	$ 98,803,864	∞
6	Egypt	$0	$ 93,620,572	∞
7	Canada	$ 33,991,500	$ 84,167,419	148%
8	Croatia	$ 15,299,390	$ 84,089,754	450%
9	India	$ 46,860,810	$ 83,602,182	78.41%
10	France	$ 40,082,358	$ 79,611,593	98.62%

Virginia Tobacco Exports Changing Destinations and Volumes				
Rank	**Country**	**2004 ($US)**	**2008 ($US)**	**% Change from 2004**
	Worldwide	$ 1,162,026,388	$ 697,914,922	-39.94%
1	Japan	$ 424,498,443	$ 187,787,822	-55.76%
2	Switzerland	$ 24,289,587	$ 143,511,047	491%
3	Germany	$ 99,127,420	$ 56,028,803	-43.48%
4	Netherlands	$ 31,587,364	$ 53,412,854	69.10%
5	Russia	$ 66,308,376	$ 32,359,338	-51.20%
6	Turkey	$ 2,430,242	$ 22,599,014	830%
7	Mexico	$ 342,179	$ 18,370,561	5269%
8	Portugal	$ 5,822,340	$ 16,651,421	186%
9	Philippines	$ 8,569,806	$ 14,829,228	73.04%
10	Israel	$ 41,011,279	$ 14,668,703	-64.23%

Source for Tables: World Trade Atlas

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VIRGINIA COAL AND TOBACCO

VEDP Trade Events

The VEDP participates in many international trade events and hosts a number of market visits. All Virginia companies are welcome to attend.

For a complete listing of the VEDP's international trade events, please visit the "Events" tab on our website: www.ExportVirginia.org

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Additional Resources

- Australian Coal Association: http://www.australiancoal.com.au
- Coal Association of Canada: http://www.coal.ca
- Energy Information Administration. U.S. Department of Energy: http://www.eia.doe.gov/fuelcoal.html
- Tobacco Merchants' Association: http://www.tma.org
- Tobacco.org News and Information website: http://www.tobacco.org
- U.S. Department of Agriculture: http://www.fas.usda.gov
- Virginia Department of Agriculture and Consumer Services: http://www.vdacs.virginia.gov
- Virginia Farm Bureau: http://www.vafb.com/va_ag/facts_tobacco.htm

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