



Expanding horizons

South Dakota image, courtesy Dalton Coffey





Joe Beck
Chairman
Board of Directors
South Dakota Trade



Greetings, fellow South Dakotans,

I would like to take a moment to reflect on South Dakota Trade's incredible year. While it is difficult to fully capture the extent of the team's achievements and milestones, I would like to share a few key highlights that truly showcase the journey during our inaugural year:

- *Over 30 organizations in South Dakota came together to establish South Dakota Trade.*
- *South Dakota's first trade mission in a decade, to Mexico City, yielded an astounding 65x return on investment.*
- *The formation of the South Dakota Trade team, consisting of 5 trade experts, in a state that has never seen a statewide international trade organization.*
- *Our diverse board, representing various geographic and industrial interests, collectively reflecting South Dakota's export potential.*
- *Luke Lindberg, our President & CEO, getting South Dakota "back at the table" through heightened media presence and the promotion of our high-quality goods and services.*

Much like the breathtaking landscapes of our beloved South Dakota, we, as board members, have a duty to look beyond the horizon. Our mission is to ensure that South Dakota's exporters have the necessary tools to thrive in an ever-changing global economy. With a foundational year behind us, we are determined to build upon this momentum and expand the reach and services of South Dakota Trade.

Our strategic vision includes the following:

Reaching East Asia and Africa:

Populations and incomes are rising in these markets, and we need to build relationships with key buyers today, so that we can secure future sales. Our investment today will pay dividends tomorrow.

Promoting Manufacturing & Financial Services:

South Dakota is an agricultural export powerhouse. However, manufacturing exports have lagged behind other states. We need to increase our support for this industry which includes defense, munitions, and aerospace, among other segments. Additionally, our strong banking and trust administration sectors have strategic advantages on which we must capitalize.

Investing for the Future:

Our investment in South Dakota Trade is an investment in organic economic development. Every dollar of new exports brings new capital into our state's ecosystem which then gets recycled many times over. The State of South Dakota and the business community need to outline a long-term plan for maintaining South Dakota Trade, which in turn supports our farmers, small businesses owners, and workers.

In closing, the remarkable journey of South Dakota Trade has only just begun, and together, we are poised to write a compelling story of economic prosperity and global success for our great state. Thank you for your dedication and unwavering support as we forge ahead into a promising future.



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Dear Champions of South Dakotan Exports,

South Dakotans love the endless horizons in our beautiful state. Indeed, its heartland and its vistas have captured hearts and imaginations for generations. South Dakota's optimism has helped us to create one of the most productive economies in the world. Hard work, mutual respect, business with handshakes: together, we thrive. Yet even the most mature economies must pursue diversification.

Today, exports represent only 10% of our state's economy, a figure lower than many states. Additionally, the world is increasingly complex; the global pandemic and recent conflicts have altered supply chains and distribution networks. The buyers of today will not be the buyers of tomorrow.

South Dakota Trade was launched to make sure the future of our export markets — those beyond the horizon — will be brighter tomorrow. Allow me to provide three reasons why South Dakota Trade is vital to our state:

First, our state is overly reliant on a few top agricultural export markets. South Dakota Trade can play a key role in diversifying our foreign buyer mix. In response to bipartisan calls for 'strategic derisking', China is actively buying more soybeans and corn from other countries including Brazil and Argentina. Likewise, we **MUST** strategically hedge against this risk, which can only happen by forging new relationships.

Second, South Dakota has a robust manufacturing sector. America hit an all-time high in manufacturing exports last year. Unfortunately, on an inflation-adjusted basis, manufacturing exports from South Dakota have trended downward in the past decade. The world is growing more competitive and, right now, South Dakota stands at 49th or 50th in goods exports. South Dakota Trade can collaborate with the manufacturing sector to locate new foreign markets.

Third, federal trade policy is at a standstill. Since the bipartisan U.S.-Mexico-Canada Agreement (USMCA) was signed, there has been little to no activity on new trade agreements. The lack of a cohesive trade agenda in Washington means that states, including South Dakota, need to take matters into their own hands.

I am proud of the way South Dakota Trade has been launched. While 41 state governments fully-fund their respective trade promotion organization (i.e., using taxpayer dollars), South Dakota Trade charted a different course as a public-private partnership. ***And in the first nine months, we generated a return on investment (ROI) of roughly 7x for our investors. The ROI on our first trade mission was 65x.***

The momentum is only beginning. As I think about the South Dakota we want to build for future generations, I am confident the work we are engaged in today will lay the groundwork we need for tomorrow. Together, we will grow beyond the horizon.



Luke J. Lindberg
President, CEO
Board of Directors
South Dakota Trade





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Expanding Horizons

South Dakota Trade officially opened for business in April of 2023. In eight short months, South Dakota Trade has begun to forge a path for innovative and sustainable economic growth and global engagement. This year-end summary, appropriately themed "Expanding Horizons - The First Year," will provide insight into South Dakota Trade's programs and related success stories.

South Dakota has strategically decided to invest in international trade at a critical juncture. The odds are real - we can no longer be the only state in the country without a state trade agency. This report chronicles the fulfillment of our promise to create pathways, engage with the business community, and foster partnerships beyond our state's borders.

This document provides a window into our early successes and the cultivation taking place to fertilize the future. We know the work has just begun, but the potential is huge.

Come join us as we explore beyond the horizon!



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South Dakota Trade Statistics at a Glance

Trade statistics showcase South Dakota's historic dominance in agricultural exports, but also reflect a need for growth in key sectors like manufacturing and financial services. Overall, the numbers demonstrate the importance of trade for South Dakota's economy.

Overall Trade

Total Imports: \$1.9 billion

Total Exports: \$6.7 billion (an outstanding trade balance!)

Jobs Supported by Exports: 27,075 (a significant number of excellent jobs for the state)

Exports share of GDP: 10.9% (demonstrating significant contribution to the state's economy)

Export Breakdown

Agricultural Exports: \$4.92 billion (the dominant sector, with soybeans, pork, and beef as key products)

Manufacturing Exports: \$1.73 billion (including food & kindred products, machinery, transportation equipment, and beverages)

Top Destinations: Canada, Mexico, Japan, China, and South Korea

Growth and Trends

10-year Export Growth: 29.3% (indicating a healthy and expanding trade sector)

Small Business Contribution: 82% of exports come from small businesses

2nd in the nation in per capita agricultural exports

Sources: United States Trade Representative: <https://ustr.gov/>

The Observatory of Economic Complexity: <https://ustr.gov/map/state-benefits/sd>

IMPORTS
\$1.9B

EXPORTS
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10yr
GROWTH
29.3%

EXPORT-RELATED
JOBS
27,075



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Trade Missions

South Dakota Trade coordinates trade missions and reverse trade missions on behalf of the state to develop important relationships with foreign buyers and those looking to do business in South Dakota.

2023 Highlights

In September 2023, South Dakota Lt. Governor Larry Rhoden and Secretary of Agriculture Hunter Roberts led a delegation of 6 South Dakota companies to Mexico City, the first trade mission in 10 years. The trade mission encompassed numerous networking opportunities, including meetings with prominent agricultural associations and participation in the Food Tech Summit & Expo, one of the largest in Latin America. South Dakota Trade partnered with the U.S. Grains Council, the U.S. Dairy Export Council, and the U.S. Soybean Export Council to ensure high quality and robust exchanges, and firmly planted the South Dakota flag in Mexico and opened many doors for future growth and collaboration. **The trade mission earned an impressive 65x return on investment (ROI).**

On the horizon: Trade missions to Southeast Asia and India are planned for 2024.



President & CEO Luke J. Lindberg (L) and SD Secretary of Agriculture and Natural Resources Hunter Roberts (C) present at the 2023 Mexico Trade Mission



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Export Education

South Dakota Trade offers seminars and courses that enhance a company's export-readiness. Classes range from beginner to advanced and can often be covered by STEP grant funds.

2023 Highlights

In partnership with the **University of South Dakota's Beacom School of Business**, South Dakota Trade hosted **two co-branded trade seminars** in June and October of 2023. The seminars, targeting business leaders from companies either new-to-exporting or expanding exports, covered numerous topics including international trade, global supply chains, and the regulatory environment. The seminars, which hosted over 70 participants, also featured export-related resources from the private sector.

On the horizon: three international trade seminars are planned for 2024, to be held in both Sioux Falls and Rapid City.



International Trade Consulting

South Dakota Trade offers free and confidential consultations to South Dakotan businesses which need advice, strategic support, and problem-solving while conducting or planning to conduct international trade.

2023 Highlight

Over 400 hours of free consulting were spent assisting more than 90 businesses on a variety of issues, including customs paperwork, clearance and broker inquiries, logistics issues, market research, and legal referrals.

On the horizon: two staff from South Dakota Trade will be obtaining their Certified Global Business Professional (CGBP) certification, to provide additional accumen and authority for its role.





**“We now
have resources...”**

Alisa Turner
Ruff Land Kennels



**“Exports are
critical!”**

Dennis Harstad
Houdek



**“We’re a state
on the grow.”**

Larry Rhoden
Lt. Governor of South Dakota



**“Our quality
is appreciated.”**

Cesar Garcia
Advanced Sunflower



**“If we can,
we will!”**

Tim Houghton
H-S Precision



**“International trade
is our focus.”**

Kathleen Ireland,
South Dakota Trade



State Trade Expansion Program (STEP)

South Dakota Trade was designated by Governor Kristi Noem as the host for the State Trade Expansion Program (STEP) for South Dakota. This U.S. Small Business Administration program reimburses eligible small businesses for allowable expenses related to export development.

2023 Highlight

South Dakota Trade applied for and was awarded two STEP grants during 2023 totaling \$375,000. Each grant is for a two-year period, with the **grant money provided to eligible businesses interested in growing exports from South Dakota.** During the first 8 months of operations, more than \$100,000 in STEP grant funds were disbursed to nine companies, encompassing 19 eligible activities. And it is important to note the following: **STEP grand funds are Federal monies, supported by South Dakota taxpayers, that had previously been 'left on the table', as the state had no designated host organization prior to South Dakota Trade.**

On the horizon: South Dakota Trade will apply for a 3rd STEP grant in May of 2024.



Establishing SD Trade's Thought Leadership

In August of 2023, South Dakota Trade hosted the annual Midwest Agricultural Export Summit. The event had a record attendance, with over 170 attendees and 20 sponsors, and built upon the two objectives of regional collaboration and market diversification. The Summit had many high-quality speakers, substantive content on numerous relevant topics, and great opportunities for networking.

On the horizon The Midwest Agricultural Export Summit 2024 will be held in Sioux Falls on August 14, 2024.





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