

Date of Hearing: September 14, 2017

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE  
ECONOMY

Sharon Quirk-Silva, Chair

SCR 81 (Lara) – As Amended September 11, 2017

**SENATE VOTE:** 40-0

**SUBJECT:** Nayarit, Mexico: sister state relationship

**SUMMARY:** Memorializes the intent and commitment of the California Legislature to extend an invitation to formalize a sister state relationship with the State of Nayarit, Mexico, for the purpose of encouraging and facilitating economic, educational, and cultural exchanges that further promote the prosperity of both regions and to improve the international understanding and goodwill between the regions.

The sister state agreement will be developed through the mutual cooperation and engagement of the Legislatures of the State of Nayarit, Mexico, and the Legislature of California, including participation by the State Assembly and the State Senate.

Upon adoption, the Secretary of the Senate is to transmit copies of the resolution to the author for distribution.

**FISCAL EFFECT:** None

**POLICY FRAME:**

This resolution seeks the permission of the State Assembly and the State Senate to extend an invitation to the Legislature of Nayarit, Mexico, to establish a sister state relationship.

A sister state relationship is a formal declaration between two regions, states, or nations. Such an agreement is a symbol of mutual goodwill. Additionally, it is an effort to encourage and facilitate mutually beneficial social, economic, educational, and cultural exchanges. Both the Legislative and the Administrative branches of government have the authority to establish sister state relationships.

The analysis includes information on the origins of sister state programs, the Legislature's offices of international relations, and California's trade-based economy.

**COMMENTS:**

- 1) **Origins of Sister Programs:** U.S. sister affiliations began shortly after WWII and developed into a national initiative when President Dwight D. Eisenhower proposed the people-to-people program at a White House Conference in 1956. According to research on Maryland's Sister State webpage, President Eisenhower's intention was to involve people and organized groups at all levels of society in personal, citizen diplomacy with the hope that people-to-people relationships, fostered through sister city affiliations, would lessen the chance of future world conflicts. Many sister city relationships are coordinated through the nonprofit network, Sister Cities International.

- 2) **Sister State Programs:** States differ in their approach to selecting and implementing sister state relationships. Some states, such as Hawaii, require a detailed application from the foreign state wishing to enter into partnership. The application form includes information on prospective partner's economic structure, cultural resources, primary industries and foreign trade and investment. Applications are reviewed by the Hawaiian Governor, who refers applications he or she supports for further review by the Legislature. The Legislature expresses their approval through the adoption of a concurrent resolution authorizing the Governor to proceed in negotiating a sister state agreement with the applicant state.

One recurrent model for managing the sister state relationship is the establishment or designation of a sister organization. Iowa, for example, has Iowa Sister State, a non-profit, volunteer organization whose mission is to "develop and implement international programs that promote the interests of the State of Iowa and its citizens." Activities for each of Iowa's nine sister state relationships is coordinated through a special committee, which organizes events and exchanges.

Several states have information on their webpages regarding longstanding sister state relationships. Michigan, as an example, has had a sister state relationship with Shiga Prefecture, Japan, since 1968, and stills hosts several exchanges per year. For the 40th Anniversary of the sister state relationship between Hyōgo Prefecture, Japan, and Washington state, the two governor's attended several special events including "Kobe Day" at a Seattle Mariner's Game, with 260 delegates from Hyōgo and Governor Toshizo Ido throwing the first pitch.

Another core component of sister state relationships is education. Michigan and other states often emphasize educational exchanges, as well as cultural exchanges. South Carolina even offers fee waivers to foreign students from their sister state who wish to attend public universities.

Many sister state relationships also include economic and business development priorities, as well as cultural and educational exchanges. The Alberta, Canada, and Jalisco, Mexico, sister state relationship focuses on enhancing the economic cooperation between the two regions. The Albert-Jalisco sister state relationship is guided by the initial and 13 supplemental agreements including agreements that support joint research funding on micro and nanotechnology, e-health, radio-frequency identification and multimedia; and value added food processing.

California has no formal structure for establishing, negotiating, or maintaining sister state relationships. This resolution contains no provisions to track the development of a sister state agreement or be informed on future sister state activities between California and the Nayarit, Mexico.

- 3) **Offices of International Relations:** Both the Assembly and the Senate maintain respective offices that serve as the key point of contact for foreign relations and protocol for each House. The California Senate Office of International Relations (SOIR) was established in 1987 and the Assembly Office of International Relations and Protocol (AOIRP) was established in 2000. Through these offices Legislators find assistance in furthering strong economic and diplomatic ties between California and the rest of the world. Both SOIR and

AOIRP host international delegations at the State Capitol, as well as facilitate and occasionally host Member-delegations to foreign countries. Over the years, SOIR has also established special and longer term relationships between California and foreign countries including the California Brazil Partnership and the California and Japan Scholars Program.

SOIR additionally maintains a website, which is the only known source for identifying sister state resolutions the California Legislature has approved. According to the website, the Legislature passed 26 resolutions expressing an interest in establishing an sister state/friendship state relationship including resolutions related to State of Baja California Sur, Mexico; State of Jalisco, Mexico; Archipelago of the Azores, Portugal; and Catalonia, Spain. Neither SOIR nor AOIRP have any specific mandated duties in regards to sister state relationships. Not every authorization to establish a sister state relationship has been consummated.

- 4) **California's Global Economy:** International trade and foreign investment are important components of California's \$2.6 trillion economy supporting over 4 million California jobs. Workers in trade-related jobs earn on average 13% to 28% higher wages than the national

California Exports 2011 to 2016 (billions of dollars)							
	Partner	2011	2012	2013	2014	2015	2016
	World	159.4	161.7	168.0	174.1	165.3	163.5
1	Mexico	25.8	26.3	23.9	25.4	26.7	25.2
2	Canada	17.2	17.4	18.8	18.2	17.2	16.1
3	China	14.2	13.9	16.2	16.0	14.3	14.3
4	Japan	13.1	13.0	12.7	12.2	11.7	11.7
5	Hong King	7.6	7.8	7.7	8.5	8.7	9.6
6	South Korea	8.4	8.2	8.3	8.6	8.6	8.2

Source: International Trade Administration, accessed 04/11/2017

average. California leads the nation in export-related jobs. The U.S. Department of Commerce estimates that 775,320 California jobs were directly supported by the export of products in 2014, including 665,000 manufacturing jobs. Mexico has been California's top trade partner since 1999.

In today's globally linked economy, manufacturing utilizes products from across the U.S., as well as from other nations. In 2012, 61% (\$1.3 trillion) of the products imported into the U.S. were inputs and components intended for use by American producers. In addition, U.S. exports often include components. The Wilson Center estimates that Mexican imports contain 40% U.S. components, respectively. The Chart below shows the top 16 California exports from California to Mexico in 2016, many of which include components and partially assembled items.

California Trade with Mexico 2016 (Top 5 Products)	
NAICS Code – Product Type	Export Value in Dollars (\$)
334-Computer And Electronic Products	\$5,476,371,388
336-Transportation Equipment	\$3,117,953,937
333-Machinery, Except Electrical	\$2,015,808,955
325-Chemicals	\$1,729,665,250
335-Electrical Equipment, Appliances & Components	\$1,690,572,638

Source: International Trade Administration  
<http://tse.export.gov/TSE/ChartDisplay.aspx>

In addition to exporting goods and services, the California economy benefits from foreign-owned firms. The federal International Trade Administration estimates that in 2013 over 631,500 California workers benefit from jobs with foreign-owned firms, which accounts for 10.3% of all jobs in foreign-owned firms in the U.S. California has had the highest level of employment in foreign-owned firms in the nation since at least 1997. In 2013, jobs in California foreign-owned firms represented 4.1% of all private sector jobs in the state. Along with employment, foreign-owned firms own more property, plants, and equipment in California than in any other state.

- 5) **California Agreements with Mexico:** Existing law requires the state's International Trade and Investment Program to be focused on attracting employment producing direct foreign investment; to support California businesses' access to foreign markets; and to engage in other trade and foreign investment activities assigned by the Governor. One of the ways in which the Governor's O-Biz implements its trade program is through the development and enactment of MOUs between California and foreign governments.

While no trade office has been established, Governor Brown has been supportive of developing a deeper relationship with Mexico. Among other activities, he led a trade delegation in 2014, hosted two presidents of Mexico at the Capitol during his tenure, and entered into a half-dozen MOUs. The chart below summarizes these MOUs and includes links for additional information.

<b>California and Mexico MOU 2014 and 2015</b>		
<i>Date Signed</i>	<i>Title</i>	<i>Link to Related Governor's Press Release</i>
July 28, 2014	MOU to Enhance Cooperation on Climate Change and the Environment between the State of California of the United States and the Ministry of Environment and Natural Resources and the National Forestry of Commission of the United Mexican States	<a href="https://www.gov.ca.gov/news.php?id=18622">https://www.gov.ca.gov/news.php?id=18622</a>
July 29, 2014	MOU for Cooperation in Clean Energies Between the Ministry of Energy of the United Mexican States and the State of California of the United States of America	<a href="https://www.gov.ca.gov/news.php?id=18630">https://www.gov.ca.gov/news.php?id=18630</a>
July 29, 2014	MOU for Cooperation on Education, Research and Scholarly Activities Between the Ministry of Foreign Affairs, the Ministry of Public Education and the National Council for Science and Technology of the United Mexican States and the State of California	<a href="https://www.gov.ca.gov/news.php?id=18628">https://www.gov.ca.gov/news.php?id=18628</a>
July 30, 2014	MOU for Strengthening Trade and Investment Cooperation Between the Ministry of Economy of the United Mexican States and the Government of the State of California of the United States of America	<a href="https://www.gov.ca.gov/news.php?id=18636">https://www.gov.ca.gov/news.php?id=18636</a>
July 30, 2014	MOU Between the State of California and the Ministry of Communications and Transportation of the United Mexican States on the Establishment of An Oversight Committee for the New Otay Mesa East Port of Entry, California State Route 11 and Otay Highways and Port of Entry Projects	NA
August 26, 2014	MOU Between the Secretariat of Tourism of the United Mexican States and the Government of California of the United States on Cooperation in the Tourism Sector	<a href="https://www.gov.ca.gov/docs/8.26.14_MOU.pdf">https://www.gov.ca.gov/docs/8.26.14_MOU.pdf</a>
May 19, 2015	MOU on Subnational Global Climate Leadership with State of Baja California, Mexico State of Jalisco, Mexico	<a href="https://www.gov.ca.gov/news.php?id=18964">https://www.gov.ca.gov/news.php?id=18964</a>

September 24, 2015	MOU on Subnational Global Climate Leadership with Mexico City, Mexico	<a href="https://www.gov.ca.gov/news.php?id=19122">https://www.gov.ca.gov/news.php?id=19122</a>
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Key elements of these agreements promoting trade and investment missions, encouraging innovation, and strengthening the capacity of both parties to participate in business development activities that are mutually beneficial. Priority initiatives include work in the following industry and issues areas:

- Advanced Manufacturing;
- Alternative and Renewable Energy;
- Environmental Protection and other related Clean Technologies;
- Biotechnology;
- Medical Devices;
- Information Technologies;
- Agriculture and Agricultural Technologies;
- Education;
- Tourism;
- Cross-Border Goods Movement Infrastructure.

Bilateral working groups have been established by the Administration and Mexico to support the implementation of these MOUs. Amendments suggested in Comment 7 recommend the addition of provisions to support the development and implementation of SCR 81.

- 6) **Key Findings:** SCR 81 makes a number of key findings, including, but not limited:
- a) There are approximately 450,000 Nayaritas in the U.S., 350,000 of whom live in California, more than any other state in the nation;
  - b) Every year around 7,000 people emigrate from Nayarit to the U.S., ranking it 22nd among all of the states of Mexico from which people immigrate to California;
  - c) In 2015, more than \$399 million in remittances were sent by Nayaritas living in California to Nayarit, and Nayaritas in California are 22nd for sending remittances back to their home state;
  - d) From 2002 to 2015, the Consulate General of Mexico in Los Angeles issued more than 31,000 registrations to migrants from Nayarit, which constitutes 2.98% of the total number of consular registrations issued by the Consulate General of Mexico in Los Angeles, and Nayaritas are 11th among registrations issued to Mexicans by the Consulate General of Mexico in Los Angeles;
  - e) Taking into account the number of registrations in the U.S. issued to Nayaritas in 2014, Los Angeles County has the highest concentration of migrants from Nayarit, followed by the Counties of San Bernardino and Fresno;
  - f) In 2015, the 3x1 Program generated a total investment of \$1,500 million pesos of which 23.5% was managed in Los Angeles County, and Nayarita migrants achieved the approval of 45 projects that have a total investment of more than 25 million pesos. Nayarit ranks 4th among the 18 Mexican states that participated in the LA program;
  - g) The oldest and largest Nayarita migrant organization is the National and International Federation of Nayaritas in the United States (La Federación Nacional e Internacional de Nayaritas en Estados Unidos, or FENINE-USA), which was founded in 2003 as a nonprofit organization with the objectives of organizing migrant clubs, advising them, and guiding them in the U.S. and Nayarit, including promoting fundraising events that

help support Nayaritas with medical care, education, and sporting equipment, and encouraging culture, traditions, education, and sports in the Nayarita migrant community;

- h) FININE-USA is made up of 33 clubs and between 2014 and 2015, 10 new clubs for Nayarit natives were added to the association. FENINE-USA does not directly support any politics or actions of political groups or parties in Nayarit or in Mexico—its full support is for the Nayarita migrant community regardless of individual political affiliation, religion, or sexual preference;
- i) FENINE-USA, by working together with the government of Nayarit, has facilitated educational and sports exchanges between Nayarit and California, including summer courses in 2007 and 2008 with California State University Long Beach and an exchange with California State University Dominguez Hills in 2015;
- j) For 15 years, FENINE-USA and the government of Nayarit have sponsored La Feria de Nayarit in various locations in California to offer services to Nayarita migrants, its more than 30,000 visitors makes it the largest Mexican cultural fair in the United States;
- k) As part of the La Feria de Nayarit, Nayarita companies offer products from Nayarit such as handmade jewelry, coffee, dried fruits, jackfruit concentrates, and spicy sauces;
- l) FENINE-USA has worked to resolve cases with the U.S. Social Security Administration office in Guadalajara on behalf of the beneficiary families of Nayarita migrant workers that meet the requirements of that U.S. Federal Benefits Unit;
- m) FENINE-USA, from 2013 to 2017, inclusive, has arranged for the issuance of apostilles of birth certificates of American citizen minors deported with their parents to the State of Nayarit, helping with more than 1,800 cases at no cost, from the 58 counties of California and 33 states, so that governments can grant them double nationality and they are able to receive the necessary social services as citizens;
- n) Nayaritas are paying for meeting center facilities in Los Angeles and paid for the Mexican Consulate on Wheels in 2014, 2015, and 2016 to serve all Mexicans throughout the state;
- o) Henry Wadsworth Longfellow's 1882 poem The Bells of San Blas portrays the San Blas as a link between the past and present and more recently, the Mexican rock group Maná recorded a song, El Muelle de San Blas (The Pier of San Blas) about the city;
- p) The renowned painter Diego Rivera designed Nayarit's coat of arms in 1921. A corn plant fills the upper left portion of the emblem, symbolizing the state's capital, Tepic, the name of which comes from the Aztec word for corn, tepictu. At the upper right a golden bow and arrow represent Nayarit, the god of war worshipped by the Cora, the region's most prominent indigenous tribe; Nayarit is said to have invented the bow and arrow. At the bottom, white peaks signify the Sierra Madre Occidental, a mountain chain that was home to the Nayar kingdom in the 1500s. At the center of the coat of arms, a small shield depicts an eagle eating a snake on a cactus, the coat of arms of Mexico. Seven footprints encircle the small shield, representing the seven Aztec tribes that walked from the mythical Aztlán to their new home at Tenochtitlán;
- q) Ernesto Galarza was an exceptional Nayarita migrant in California. Born in Jalcoacán, Nayarit, on August 15, 1905, he documented the journey from his native village to San Jose, California. In his 1971 autobiographical work entitled "Barrio Boy," Mr. Galarza

paid homage to his Jalcoctense and Nayarita roots. In 1979, he was nominated for the Nobel Prize for Literature, the first Mexican American to receive this recognition; and

- r) Nayarita migrants are outstanding in different fields such as music, journalism, art, painting, poetry, education, sports, and politics. Political leaders with connections to Nayarit include Senator Ricardo Lara, Assembly Member Eduardo Garcia, Former Assembly Member Marco A. Firebaugh, Rosenda Bernal, Ezequiel Peña, Angel Ng, Luis Sandoval, Luis Villanueva, Jaime García-López, Carlos Gonzalez, and Mario Alberto Gonzalez.

7) **Related Legislation:** Below is a list of bills from the current and prior sessions.

- a) **ACR 100 (Alejo) Relations with El Salvador:** This bill memorializes the Legislature's commitment to work cooperatively with the Governor's Office of Business and Economic Development on trade promotion and foreign investment activities that enhance the state's economic relations with El Salvador, as specified. Status: Adopted by the Legislature, Resolution 172, Statutes of 2014.
- b) **SCR 6 (Monning) Santa Fe, Argentina:** This bill memorializes the Legislature's desire to recommit to the formalizing of a sister state relationship between California and the Province of Santa Fe, Argentina, for the purpose of promoting economic growth and well-being of small, medium, and large corporations and by increasing their potential trade and investment within the State of Jalisco. Status: Adopted by the Legislature, Resolution 70, Statues of 2014.
- c) **SCR 82 (Hueso) Jalisco, Mexico: Sister State Relationship:** This bill memorializes the Legislature's desire to recommit to the formalizing of a sister state relationship between California and the State of Jalisco, Mexico, for the purpose of promoting economic growth and well-being of small, medium, and large corporations and by increasing their potential trade and investment within the State of Jalisco. Status: Adopted by the Legislature, Resolution 70, Statues of 2014.

#### **REGISTERED SUPPORT / OPPOSITION:**

**Support** - None on File

**Opposition** - None on File

**Analysis Prepared by:** Toni Symonds / J., E.D., & E. / (916) 319-2090