

Date of Hearing: April 27, 2021

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

AB 475 (Muratsuchi) – As Amended April 20, 2021

SUBJECT: GO-Biz: trade and investment desk: Japan

POLICY FRAME: As economies now look for paths to recovery from the COVID-19 crisis, new evidence reaffirms that policies for more open and trade-integrated economies could significantly benefit domestic competition and ultimately may help lower costs for consumers in emerging and developing economies. Since March 12, 2020, 26.5 million unemployment insurance claims have been filed with the state’s Employment Development Department.

On April 16, 2021, US President Biden signed a new memorandum of understanding (MOU) with Japan, in which the two countries pledged to take practical steps to jointly address the pandemic, combat the climate crisis, and advance innovation technologies. As part of these activities, they launched the [US-Japan Competitiveness and Resilience \(CoRe\) Partnership](#), which lays the framework for joint engagement on climate change and “green, sustainable global growth and recovery making full use of our technologies in the clean energy and other relevant sectors.”

As a highly integrated global economy with 5.5 million workers engaged in economic activities linked to foreign trade and investment, California is in a unique position among US states, to quickly leverage these new agreements into economic and investment opportunities for California businesses. AB 475 proposes the establishment of a definitive California presence in Japan, the state’s fourth largest trade partner, representing over \$31 billion in two-way goods exchanged in 2020. The new trade and investment desk is intended to provide California businesses greater access to the Japanese marketplace and encourage new private investment to California. California currently has no official presence in Japan.

Trade-based strategies offer many advantages, including, but not limited to, trade-based industry sectors paying higher wages than other nontrade-related employment, expanded supply chains and other multiplier effects spreading benefits to many business and multiple communities, and the significant number of small and medium-sized businesses participating within trade-based industries.

The analysis includes information on the California and Japan trade relationship, the current duties and activities of the Governor’s Office of Business and Economic Development (GO-Biz), a profile on Japan, and other trade related data. There is no known opposition to this bill.

SUMMARY: AB 475 requires the establishment of an international trade and investment desk in Japan by January 1, 2024, subject to appropriation of sufficient funding for this purpose. Specifically, **this bill:**

- 1) The Legislature finds and declares all of the following:
 - a) California continues to be one of the top exporting states to Japan, accounting for over 10.9% of total US exports in 2020.
 - b) Japan has remained California’s fourth largest export market since 2010.
 - c) California exports to Japan totaled \$10.6 billion in 2020.
 - d) Japan ranks first in all aspects of direct foreign investments to Southern California.

- e) California is currently the top importing state in the US for products from Japan. In addition, California buys more products from Japan than any other country besides China and Mexico.
 - f) California and Japan signed in 2014, and concurred to renew in 2016, a memorandum of cooperation to coordinate efforts on, among other things, climate change, zero-emission vehicles, and trade and investment.
- 2) Requires, no later than January 1, 2024, and upon appropriation of sufficient funds for this purpose, the Governor's GO-Biz to establish an international trade and investment desk in Tokyo, Japan (Japan Trade Desk).
 - 3) Requires that the Japan Trade Desk be under the control of GO-Biz.
 - 4) Requires that the Japan Trade Desk have powers and duties prescribed by the Director of GO-Biz as being necessary to promote and facilitate the state's international trade activities.
 - 5) Requires the Japan Trade Desk to do all of the following:
 - a) Facilitate access to educational exchange programs between California and Japan.
 - b) Promote the export of California goods and services into Japan.
 - c) Encourage and facilitate capital investment from Japan into California.
 - 6) Authorizes GO-Biz to contract with the Japan External Trade Organization (JETRO), consistent with subdivision (f) of Section 13996.41, to provide office and meeting space for the Japan Trade desk to reduce costs to the state.
 - 7) Requires the Director of GO-Biz to include information regarding the Japan Trade desk within existing annual reports prepared by GO-Biz.

EXISTING LAW:

- 1) Establishes GO-Biz within the Governor's Office for the purpose of serving as the state's principal entity for issues relating to international trade and foreign investment, excluding agricultural issues. GO-Biz is led by a director, which is appointed by the Governor.
- 2) Authorizes the GO-Biz Director to establish and terminate foreign trade offices as the Director determines appropriate, if certain conditions are met, including:
 - a) The GO-Biz Director is able to make a determination that the country where a foreign trade office would be located is among those with the greatest potential for direct foreign investment in California, export growth, or both.
 - b) GO-Biz prepared and published a separate budget for the foreign trade office, which includes a description of how funding will be obtained and the positions and staffing levels necessary to operate the office.
 - c) GO-Biz has included certain specified information in its annual review of the overall International Trade and Investment Program and proposed budget, strategy, and business plan for the following year. Information on the proposed foreign trade office is required to include a description of how

the office will facilitate an increase of direct foreign investment in California or an increase in California exports, or both.

- 3) Authorizes foreign trade offices to be funded in whole or in part by non-state funds.
- 4) Authorizes GO-Biz to contract with a nonprofit entity to operate a foreign trade office. The contract is required to include, among other provisions, the requirement that the nonprofit entity is to provide GO-Biz with information sufficient to satisfy the donor reporting requirements, as specified. Each donation is required to be reflected on a donor disclosure list maintained by GO-Biz within 30 days of receipt.
- 5) Requires that the International Trade and Investment Program's annual budget, strategy, business plan, and review of the prior year's activities be submitted to specified legislative offices in the Assembly and the Senate, as specified.

FISCAL EFFECT: Unknown

COMMENTS & CONTEXT:

- 1) **Establishment of Foreign Trade Offices:** Over the past several decades, the state has used a variety of methods for establishing trade offices. In 2003, when the Legislature and the Governor agreed to eliminate the Technology, Trade, and Commerce Agency (TTCA), the state directly operated or contracted for the operation of 12 trade offices, including offices in Shanghai, Mexico City, Buenos Aires, London, Frankfurt, Jerusalem, Johannesburg, Seoul, Tokyo, Hong Kong, Taipei, and Singapore. With the closure of TTCA, nearly all related programs were removed from statute, including the authority to engage in international trade activities and operate trade offices. One trade office remained, that being a "self-supporting" office in Armenia, which had been established through a separate statute, *SB 1657 (Scott), Chapter 863, Statutes of 2002*, and later extended through *SB 897 (Scott), Chapter 604, Statutes of 2005*. In 2008, the authority to operate a trade office in Armenia lapsed.

It was not until 2006 that the Governor and Legislature were able to come to agreement about a new trade framework, which was included in *SB 1513 (Romero), Chapter 663, Statutes of 2006*. As a condition for re-granting trade office authority, the Legislature required the Governor to obtain its pre-approval in the form of a resolution or statute and that the five-year International Trade Investment Strategy remain current. Should the Administration fail to submit a five-year International Trade Investment Strategy in a timely fashion, SB 1513 directed the State Controller to withhold trade activity funding.

Governor Brown, however, did not believe it was appropriate for the Legislature to be directly involved in the establishment of foreign trade offices nor be required to have a current strategy in order to expend funds. With the enactment of *AB 2012 (John A. Pérez), Chapter 294, Statutes of 2012*, the Legislature's pre-approval authority and the enforcement mechanism were eliminated.

In April 2013, Governor Brown opened a trade office in Shanghai, China, which is the first trade office opened under the AB 2012 flexible rules. The California-China Office of Trade and Investment (China Trade Office) utilized a public-private partnership agreement between the state and the Bay Area Council to operate. Over time, the private nonprofit partners have expanded to become a network of organizations that focus on promoting trade and investment between California and China.

As of January 2021, the China Trade and Investment Network is comprised of the Bay Area Council (founding member), the World Trade Center Los Angeles, the California Asian Pacific Chamber of Commerce, the City of Sacramento, American Chamber of Commerce Shanghai, GlobalSF, World Trade Center San Diego, and Fresno Economic Development Corporation. The operation of the China Trade Office is dependent on private donations, and the collection of those donations is the responsibility of the Bay Area Council and other nonprofit partners.

- 2) **GO-Biz Administration of Trade Desks and Trade-Related Activities:** The International Trade and Investment Office is one the nine primary functional areas that comprise GO-Biz. The International Trade and Investment Office is led by a Deputy Director and staffed by a foreign direct investment (FDI) specialist, three regional trade and investment representatives (regional representatives), and a special advisor for international affairs and trade. GO-Biz hosts a monthly conference call and publishes a monthly newsletter to keep connected to economic developers, businesses involved in trade, foreign investment professionals, and members of the consular corp.

The three regional representatives each cover one or more of the major trade regions in the world. Trade activities in Asia are assigned to one regional representative; another trade representative covers Europe, the Middle East and Africa; and the third trade representative oversees Mexico, and Central, and South America. While based in California, the regional representatives have the authority to travel in order to solicit investment leads, support California businesses on regional trade shows, and undertake other activities designed to increase export opportunities and FDI. Total funding for the three positions in 2019-20 was \$592,000: \$427,000 in wages and benefits and \$165,000 in operating expenses, including \$72,000 for travel. Funding for the overall International Affairs and Trade unit within GO-Biz amounted to \$992,007 for Fiscal Year 2019/2020.

In implementing its trade and foreign investment activities, GO-Biz also relies on a “service desk” model, which is described by GO-Biz as partnering with local organizations to make physical space available to California Trade and Investment Specialists at no cost to the state. The regional representatives leverage the relationships of the service desk hosts to maintain a global presence. The state currently operates a service desk in Mexico (opened in October 2019) and another in China, the state’s initial foreign trade office under the AB 2012 model (opened in 2013).

A third service desk in Armenia is in the process of being officially launched. The Armenia Trade and Services Desk is a resource available to the GO-Biz Trade and Investment Representative for Europe, along with California officials in the region on state business. The desk is intended to be a tool to support trade and investment activity and spur business innovation between California and Armenia. The Mexico Desk supports the trade representative serving the Americas and trade and investment leads in Asia may be supported through the China Desk in Shanghai.

The federal Small Business Administration supports California’s trade and investment program through its State Trade Expansion Program (STEP). In calendar year 2020, California received \$600,000 in STEP, which required a committed match of \$323,076. There were six STEP-supported international activities in 2020, including one in Asia.

2020 California State Expansion Program Activities			
Date	Activity	Companies supported	STEP funds allocated
Jan 2020	Arab Health Show	10	\$75,000
Feb 2020	Singapore Airshow	4	\$24,000

Aug 2020	Chile Virtual Trade Mission	19	\$21,600
Sept 2020	Colombia Virtual Trade Mission	24	\$21,600
Sept 2020	Mexico Virtual Trade Mission	22	\$21,600
Oct 2020	Virtual Trade Show of the Americas	6	\$2,280
On-going	Individual Company Export Stipends	10	\$30,000
Total:		95	\$196,080

Source: GO-Biz, accessed April 23, 2021

In January 2020, GO-Biz joined other trade and investment partners to launch the California Export Training Network (Training Network) to expand the state’s exports and export training efforts. With a goal of promoting, supporting, and increasing the number of California exporters in all regions of California, the Training Network includes over 14 organizations, including, but not limited to:

- [California Manufacturing Technology Consulting \(CMTC\)](#)
- [Economic Development Collaborative \(EDC\), Ventura County](#)
- [Fresno Center for International Trade Development](#)
- [GlobalSF](#)
- [Inland Empire Center for Entrepreneurship, CSU San Bernardino](#)
- [International Trade Center powered by the California Community Colleges](#)
- [Los Rios CCD Center for International Trade Development \(now closed\)](#)
- [Mission College Business and Workforce Engagement](#)
- [Northern California World Trade Center](#)
- [Butte College Small Business Development Center \(SBDC\)](#)
- [North Coast Small Business Development Center \(SBDC\)](#)
- [Tuolumne County Economic Development Department](#)
- [World Trade Center San Diego](#)

The Training Network is supported by a number of business development partners, including:

- [U.S. Commercial Service, U.S. Department of Commerce](#)
- [U.S. Small Business Administration Office of International Trade](#)
- [Export Import Bank of the United States](#)
- [California Department of Food and Agriculture](#)
- [California Office of the Small Business Advocate](#)
- [California Small Business Development Centers](#)

According to GO-Biz, like many foreign trade activities during COVID-19 pandemic restrictions, Export Training Network some partners have continued to provide export technical assistance, while others have had to limit support given funding and staffing impacts related to COVID-19. Overall, GO-Biz believes that the network partners remain committed and are slowly moving back towards normal operations. The network lost one partner during COVID-19, when the Los Rios Community College District’s Center for International Trade Development closed their doors in August 2020.

In addition to the International Trade and Investment Office, GO-Biz has historically used a service delivery model that flows across and through different GO-Biz units, depending on the business’ needs. As an example, a foreign company planning to expand in California may have initially become acquainted with GO-Biz through an in-bound trade mission hosted by the International Trade and Investment Office but may ultimately also be assisted by the California Business Investment Program, and the Permit Assistance Office.

3) **California Trade Agreements with Japan:** California’s international trade and investment activities are mandated by statute to be guided by a published trade and investment program, which is reviewed and updated at least every five years. Statute further requires the state's 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 GO-Biz implements its current trade program is through the development and enactment of MOUs between California and foreign governments.

California governors have long recognized the importance of developing strong economic and foreign relationships with Japan. Among other activities, California’s cooperative relationship with Japan focuses on sharing technologies and insights related to climate change and especially zero emission vehicles. On March 5, 2021, California and Japan signed a further cooperative agreement and are currently working a possible additional MOU in the near future.

Chart 1 summarizes several of these MOUs and includes links for additional information.

Chart 1 – California Agreements with Japan		
Government of Japan	<ul style="list-style-type: none"> Memorandum of Cooperation on Climate Change, Renewable Energy, Trade and Investment, Vehicles, High Speed Rail, and Water Between California, the US and Japan. Designates GO-Biz as one of four state agencies responsible for implementing the agreement. Primary areas of cooperation: climate change, renewable energy, trade and investment, vehicles, including electric vehicles (EV), high speed rail, and water conservation and management. 	Entered into on September 5, 2014, and remained in effect until 2018: https://s3-us-west-1.amazonaws.com/gobiz-iaas/gobiz-business-ca-wp-content-media/wp-content/uploads/2019/10/CA-Japan-MOC-20160905.pdf
Osaka Prefecture, Japan	<ul style="list-style-type: none"> Memorandum of Understanding and Cooperation Between California, the US, and the Osaka Prefecture, Japan. Designates GO-Biz as California’s lead agency. Primary areas of cooperation: clean energy, environmental protection, information technology, bio-technology, manufacturing, and tourism. 	Entered into on June 11, 2013: https://s3-us-west-1.amazonaws.com/gobiz-iaas/gobiz-business-ca-wp-content-media/wp-content/uploads/2019/10/MOU-Osaka_Japan.pdf
New Energy and Industrial Technology Development Organization of Japan (NEDO)	<ul style="list-style-type: none"> Memorandum of Understanding between NEDO and GO-Biz. Designates GO-Biz as California’s lead agency. Purpose: Demonstrate that it is possible to change EV driving behavior and that EVs are suitable for long-distance trips in order to promote EV use and thereby reduce greenhouse gas emissions, criteria pollutants, and fossil fuel use. 	Entered into on September 10, 2015, and remained in effect until June 30, 2020: https://s3-us-west-1.amazonaws.com/gobiz-iaas/gobiz-business-ca-wp-content-media/wp-content/uploads/2019/10/NEDO-MOU-Japan-CA-09-10-15.pdf
NEDO Redox Flow Battery	<ul style="list-style-type: none"> Memorandum of Understanding between NEDO and GO-Biz. Designates GO-Biz as California’s lead agency. Purpose: Demonstrate that a redox flow battery can be used for both fast response and long duration applications, which would provide significant assistance for issues caused by increased use of renewable energy 	Entered into on September 10, 2015, and remains in effect until June 10, 2020: https://s3-us-west-1.amazonaws.com/gobiz-iaas/gobiz-business-ca-wp-content-media/wp-content/uploads/2019/10/MOU-Japan-CA-Redox-Flow-Battery2017.pdf

	resources. For purposes of this MOU a redox flow battery is a megawatt scale energy storage device that acts as a grid asset by storing and disbursing electricity at optimal times.	
Source: GO-Biz website accessed 5/2/20		

- 4) **California’s Interagency Committee on International Affairs:** In February 2019, Governor Newsom issued executive order (N-19-08) designating Lieutenant Governor Eleni Kounalakis as the Governor’s top representative for international affairs and trade development.

As part of those duties, Lieutenant Governor Kounalakis, who formerly served as the United States Ambassador to Hungary, chairs a cabinet-level International Affairs and Trade Development Interagency Committee (Interagency Committee). The Interagency Committee is vice chaired by the Governor’s Chief Economic and Business Advisor (position currently vacant).

The executive order charges the Interagency Committee with advising the Governor and facilitating the coordination of state activities relating to the promotion and expansion of trade, investment, and international relations. Other members of the Interagency Committee include representatives of the California Energy Commission, California Department of Food and Agriculture, Governor’s Office of Emergency Services, California Environmental Protection Agency, California Natural Resources Agency, California Transportation Agency, Visit California, and GO-Biz.

The California Trade and Service Office Advisory Group, consisting of private sector and nongovernmental leaders, is also required to be established under the provisions of the executive order for the purpose of exploring options to establish trade promotion offices using non-state funds.

A review of the minutes of the Interagency Committee found that Japan was substantively discussed at two-out-of-four of its meetings. At each of the four meetings, however, Japan’s important trade relationship, in general, was stated. As an example, at the March 2020 meeting of the Interagency Committee, Lieutenant Governor Kounalakis reported that her office is continuing to enhance and focus on California’s strong relationships with Canada, Japan, and the European Union. She noted that she recently spoke at the Japanese Consulate General’s National Day celebration to underline the historic relationship between California and Japan. She also said she welcomed the opportunity to increase the California-Japan relationship and noted that she would meet with the Japanese Ambassador to the U.S. the following week.

In addition, Helen Lopez, International Liaison at the Governor’s Office of Emergency Services (CalOES) reported at the March 2020 meeting that CalOES had hosted a delegation from Japan that included two members of the cabinet. The visit’s focus was discussing Japan’s resiliency plan given the 2011 tsunami. At the September 2020 meeting, David Kim, Secretary at the California State Transportation Agency, updated the Interagency Committee on the Agency’s current negotiations of an MOU with Japan.

- 5) **Profile on Japan:** Japan is located within eastern Asia on a chain of islands that lie between the Pacific Ocean and the Sea of Japan, and east of the Korean Peninsula. With a total land mass of 364,400 square kilometers, Japan is just slightly smaller than California with unique contrasts of highly population-dense cities and open, rugged, and mountainous rural areas. Forests occupy a majority (68.5%) of the land. One-third of Japan’s 125.5 million people reside in and around Tokyo on the central plain. Japan is the 11th most populous country in the world with over 41% of the population over the age of 55.

Japan is led by Prime Minister Shinzo Abe, who was elected to office in December 2012 and in November 2019 became Japan's longest-serving post-war prime minister.

Japan has the 3rd largest economy among nations with a 2019 GDP of \$5.1 trillion (most recent). For comparison, 2019 GDP for the US is \$21.4 trillion, \$14.3 trillion for China, and \$3.1 trillion for California. The primary drivers of Japan's GDP are services, comprising 68.7% by sector origin, and household consumption, comprising of 55.5% based on the end use (2017 most recent data). There were 65.5 million workers in Japan's labor force in 2020 (most recent) with 70.9% of workers having service-related occupations (2015 most recent data).



Japan exported \$1.0 trillion of products in 2019 (most recent) with the US receiving 19.4%, China 18%, and South Korea 6% of goods. The most common export of goods were cars and vehicle parts, integrated circuits, personal appliances, ships (2019 most recent data). Japan imported \$1 trillion in goods in 2017 with 23% of imports being from China, 11% from the US, 6% from Australia. The most common imported goods were crude petroleum, natural gas, coal, integrated circuits, broadcasting equipment (2019 most recent data).

Product Category	Value
336–Transportation Equipment	\$6,914,578,485
325–Chemicals	\$9,516,945,603
334–Computer and Electronic Products	\$7,247,468,458
211–Oil and Gas	\$5,674,439,920
311–Food Manufactures	\$6,016,493,830
111–Agricultural Products	\$5,083,751,129
339–Miscellaneous Manufactured Commodities	\$4,389,462,161
333–Machinery, Except Electrical	\$5,028,073,201
335–Electrical Equipment, Appliances and Components	\$2,107,686,946
All Other Products	\$12,118,822,023
Total	\$64,097,721,756

Source: International Trade Administration accessed 03/26/2021

Japan is the US' 4th largest export market, exporting \$64.0 billion in 2020. **Chart 2**, above, shows 2020 exports from the US to Japan by product type. In 2020, the US imported \$119.5 billion in products from Japan.

- 6) **California's Pre-Coronavirus Global Economy:** International trade and foreign investment are important components of California's \$3.1 trillion economy (2019 most recent data) supporting nearly 5 million California jobs (2020 most recent data). The importance of trade to the California economy is increasing, as reflected in the percentage of California jobs tied to trade having more than doubled from 1992, 10.6%, to 2020, nearly 25%.

California’s largest industry sector by employment is Trade, Transportation, and Utilities, which encompasses everything from major retail outlets, to import-export businesses, to transportation and warehousing. Workers in trade-related jobs earn on average 10% to 28% higher wages than the national average. California is second in the nation in the number of export-related jobs (Texas led in 2016 most recent data).

Advances in transportation and communication technologies are encouraging the development of previously undeveloped markets and expanding multinational business opportunities for California firms. With more than 95% of consumers located **outside** the US and emerging economies experiencing a growing middle class, accessing these global markets is key to California’s continued economic growth. Today, four of California’s top five exports include component parts, which leave the state to be combined and assembled into final products in foreign countries.

Chart 3, shows data of the export of goods to the state’s top six trade partners, based on origin of movement. [Please note that federal reporting separates data from China and Hong Kong.] California’s largest export market in 2020 was Mexico, who received over \$24.0 billion in California products. Top-ranking export destinations not shown on the chart include Germany, the Netherlands, and the United Kingdom.

	Partner	2013	2014	2015	2016	2017	2018	2019	2020
	World	\$168.1	\$173.8	\$165.3	\$163.2	\$171.9	\$178.4	\$174.0	\$156.1
1	Mexico	\$23.9	\$25.4	\$26.7	\$25.2	\$26.7	\$30.7	\$27.9	\$24.0
2	Canada	\$18.8	\$18.3	\$17.2	\$16.2	\$16.8	\$17.6	\$16.6	\$15.9
3	China	\$16.2	\$16.0	\$14.3	\$14.3	\$16.4	\$16.3	\$15.8	\$15.0
4	Japan	\$12.7	\$12.2	\$11.7	\$11.7	\$12.8	\$13.0	\$11.8	\$10.6
5	South Korea	\$8.3	\$8.6	\$8.6	\$8.2	\$9.5	\$9.9	\$9.1	\$9.7
6	Taiwan	\$7.5	\$7.4	\$7.7	\$6.9	\$6.3	\$6.8	\$7.2	\$7.3

Source: International Trade Administration, accessed 3/26/21

Japan is consistently one of California’s top export markets. In 2020, California exported \$10.6 billion in goods to Japan, making California the top exporting state into Japan. **Chart 4** shows that nearly 50% of California goods exported to Japan are comprised of technology-based products, including electronics, machinery, and transportation equipment.

	Value	Percent
Computer and Electronic Products	\$2.0 billion	18.9%
Transportation Equipment	\$1.4 billion	13.7%
Machinery, Except Electrical	\$1.3 billion	12.5%
Food Manufacturers	\$1.1 billion	10.8%
Chemicals	\$1.0 billion	10.3%
Agricultural Products	\$903 million	8.4%
All Others	\$2.7 billion	25.3%
<i>Grand Total</i>	\$ 10.6 billion	100%

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

- a. **AB 29 (John A. Pérez, Feuer and V. Manuel Pérez) Office of Business and Economic Development:** This bill establishes the Governor’s Office of Business and Economic Development, to be administered by a director appointed by the Governor. The bill also moves the Office of the Small Business Advocate to the Office of Economic Development. Status: Signed by the Governor, Chapter 475, Statutes of 2011.
- b. **AB 337 (Allen) Economic Development: International Trade and Investment Strategy:** This bill adds specificity to the development and content of the state international trade and investment strategy (ITI Strategy), which is an existing report requirement of the Governor’s Office of Business and Economic Development (GO-Biz). This bill requires the ITI Strategy to be based on current and emerging market conditions and the needs of investors, businesses, and workers. Specific new content requirements include the addition of a framework, which can be used by GO-Biz to evaluate the changing needs of business during the five-year term of the ITI Strategy. Status: Signed by the Governor, Chapter 776, Statutes of 2014.
- c. **AB 1137 (V. Manuel Pérez) Small Business Assistance and Attracting Private Investment:** This bill would have facilitated local economic development and job creation by assisting small businesses to access new export markets for their goods and services, updating the law relating to free trade zones, and authorizing the use of new federal funds under the Small Business Jobs Act of 2010. Status: Held in the Senate Committee on Appropriations, 2012.
- d. **AB 1409 (Jobs, Economic Development, and the Economy Committee) International Trade and Investment Strategy:** This bill, as it passed JEDE, would have required the next update by the Business, Transportation, and Housing Agency of the international trade and investment strategy to include policy goals, objectives, and recommendations from the state Goods Movement Action Plan. The measure was amended in the Senate to relate to other subject matter. Status: Held in the Senate Committee on Rules, 2012.
- e. **AB 1696 (Chau and Cervantes) Process for Establishing Foreign Trade Offices:** This bill establishes a process and timeline for submitting proposals to the Governor’s Office of Business and Economic Development on the establishment of a partnership agreement to operate an international trade and foreign investment office. Status: Pending in the Senate Committee on Business, Professions, and Economic Development.
- f. **AB 1715 (Quirk-Silva, Berman, Cervantes, and Rodriguez) Process for Establishing Foreign Trade Offices:** This bill would have established a process and timeline for submitting proposals to the Governor’s Office of Business and Economic Development on the establishment of a partnership agreement to operate an international trade and foreign investment office. Status: Vetoed by the Governor, 2018. The veto message stated: *“This bill establishes a process for the Governor’s Office of Business and Economic Development to accept proposals from public and private entities that are interested in collaborating with the state to operate an international trade and investment office in a foreign country. Nothing prohibits any public or private entity from submitting a letter of interest for establishing an international trade and investment office in a foreign nation. I am not convinced the legislatively mandated process sought by this bill to establish trade offices will improve the state’s ability to pursue successful partnerships with other countries.”*
- g. **AB 1727 (Assembly Committee on Jobs) Trade Omnibus Bill:** This bill makes technical changes to update the content and the statutory placement of the codes relating to Foreign Trade Zones and the California Foreign Investment Program. Status: Signed by the Governor, Chapter 13, Statutes of 2017.

- h. **AB 2012 (John A. Pérez) Economic Development Reorganization:** This bill transfers the authority for undertaking international trade and foreign investment activities from the Business, Transportation, and Housing Agency to the Governor's Office of Business and Economic Development (GO-Biz). In addition, the bill transfers the responsibility for establishing an Internet-based permit assistance center from the Secretary of the California Environmental Protection Agency to GO-Biz. Status: Signed by the Governor, Chapter 294, Statutes of 2012.
- i. **AB 2135 (Muratsuchi) Japan Trade Office:** This bill would have required the establishment of an international trade and investment office in Japan by January 1, 2023, subject to appropriation of sufficient funding for this purpose. Status: Held in the Assembly Committee on Jobs, economic Development, and the Economy, 2020.
- j. **SB 357 (Hueso and De León) Mexico Trade Office:** This bill would have required the establishment of a California foreign trade and investment office in Mexico City, Mexico. Status: Vetoed by the Governor, 2017. The veto message stated: *"This bill directs the Governor's Office of Business and Economic Development to establish and operate a trade and investment office in Mexico City. California and Mexico have a proven partnership of trade, commerce, and the exchange of culture that runs long and deep. Our relationship with Mexico is fundamental to our mutual prosperity. Through memorandums of understanding, we are directly working with the Mexican government and business community on climate change, trade, transportation, tourism, and education. As I stated in 2014 when I vetoed a nearly identical bill, I remain unconvinced that California needs a legislatively-mandated trade office to continue our ongoing and enduring partnership with Mexico."*
- k. **SB 460 (Price) International Trade Marketing and Promotion:** This bill would have required the Secretary of the Business, Transportation, and Housing Agency to convene a statewide business partnership for international trade marketing and promotion. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2011.
- l. **SB 515 (Scott) Armenia Trade Office:** This bill would have extended the sunset date by two years (January 1, 2008, to January 1, 2010) for the operation of the California international trade and foreign investment office in Yerevan, the Republic of Armenia. Status: Vetoed by the Governor, 2007. The veto message stated: *"California is fortunate to be home to one of the largest populations of Armenians outside the Republic of Armenia, and the Armenian-American community contributes much to our state and nation. The creation of an Armenia trade office was prudent in 2002 when the Legislature instituted the office. Since then, the Legislature has closed all other trade offices throughout the world and last year passed legislation mandating the creation of a state international trade strategy. The Business, Transportation, and Housing Agency is required to complete an International Trade and Investment strategy to recommend priorities for state activities by February 1, 2008. Also, the state is prohibited from establishing any new foreign office until the Legislature receives a strategy to guide the operation and activities of the office and provides statutory authority for implementing the strategy. The State's involvement in foreign trade offices should be determined by the process set forth by the Legislature last year. This bill is premature before that process is completed."*
- m. **SB 897 (Scott) Armenia Trade Office:** This bill extends the sunset date allowing for the creation and operation of an international trade and investment office, on a contractual basis, in Yerevan, Republic of Armenia, from January 1, 2006, to January 1, 2008, and extends the reporting deadline regarding the success of this office from March 1, 2005, to June 1, 2007. Status: Signed by the Governor, Chapter 604, Statutes of 2005.

- n. ***SB 928 (Correa and Huff) Mexico Trade Office:*** This bill would have required the establishment of a trade and investment office in Mexico City by January 1, 2016. Status: Vetoed by the Governor, 2017. The veto message stated: *“This bill requires the Governor’s Office of Business and Economic Development to open a trade and investment office in Mexico City. I agree that trade with Mexico is of significant economic importance which is why I led a trade mission to Mexico City in August and hosted the President of Mexico in Sacramento shortly afterwards. We are working directly with the Mexican government and the business community on increasing bilateral trade and other initiatives. I am not convinced we need a legislatively-mandated trade office to continue our growing partnership with Mexico.”*
- o. ***SB 1657 (Scott) Armenia Trade Office:*** This bill requires the establishment of an international trade and investment office in the Republic of Armenia; requires the State Technology, Trade, and Commerce Agency to report to the Legislature by March 1, 2005, on specified items; and sunsets on January 1, 2006. Status: Signed by the Governor, Chapter 863, Statutes of 2002.

REGISTERED SUPPORT / OPPOSITION:

Support

California Asian Pacific Chamber of Commerce (CAPCC)

Opposition

None on File

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