

Date of Hearing: September 2, 2021

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

ACR 104 (Holden) – As Amended August 23, 2021

SUBJECT: Punjab, Pakistan: sister state relationship

POLICY FRAME: This resolution seeks the permission of the State Assembly and the State Senate to extend an invitation to the Legislature of Punjab, Pakistan, 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 the California government have the authority to establish sister state relationships.

The analysis includes information on the origins of sister state programs, a summary of the Legislature's sister state relationships, California's trade-based economy, and an economic profile on Pakistan, including the Punjab Province. There is no known opposition to this resolution.

SUMMARY: Memorializes the intent and commitment of the California Legislature to extend an invitation to formalize a sister state relationship with the Province of Punjab, Pakistan, 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. Specifically, **this bill:**

- 1) Makes the following findings and declarations:
 - a) Punjab is Pakistan's most populous province, with a population of about 110,000,000.
 - b) Punjab's capital, Lahore, is a cultural, historical, economic, and cosmopolitan center of Pakistan where the country's cinema industry and much of its fashion industry are based, similar to California.
 - c) Agriculture continues to be the largest sector of Punjab's economy. The province is the breadbasket of the country, similar to California.
 - d) There are over 250,000 Punjabi Americans in California, many of whom first settled in California's central valley to do agricultural work.
 - e) Punjab has the largest economy in Pakistan. In 2007, Punjab achieved a growth rate of 7.8%. During the period from 2002–03 to 2007–08, its economy grew at rates between 7% to 8% each year. During the 2008–09 fiscal year, Punjab's economy grew at a rate of 6%, substantially faster than the total gross domestic product growth of Pakistan.
 - f) A sister-state relationship between the State of California and the Province of Punjab would promote mutual trade and commerce and increase the potential for educational, environmental, and cultural relations between the Province of Punjab and the State of California.
- 2) Resolves the following:

- a) The California Legislature, on behalf of the people of California, extends to the people of the province of Punjab, Pakistan, an invitation to join with California in a sister state relationship until December 31, 2026, for the purpose of encouraging and facilitating mutually beneficial economic, educational, environmental, and cultural exchanges, which will lead to a more indelible and lasting relationship between Californians and the people of the province of Punjab, Pakistan.
- b) Any sister state agreement developed will identify objectives, areas of mutual interest, a list of potential activities, and an initial list of public and private partners that will help to advance the purposes of the sister state agreement, including one or more entities that will serve as facilitators and general points of contact; and be it further
- c) The Chief Clerk of the Assembly transmit copies of this resolution to the Governor of California, to the Governor of Punjab, to the Legislature of Punjab, and to each Senator and Representative from California in the Congress of the United States.

FISCAL EFFECT: None – The bill was incorrectly keyed fiscal, correction amendments are being drafted.

COMMENTS & CONTEXT:

- 1) **Origins of the Sister Programs:** Sister affiliations involving the US 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) **How are Sister State Programs Structured?** States differ from cities 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 asks for information on the prospective partner's economic structure, cultural resources, primary industries, and foreign trade and investment. Applications are reviewed by the Governor of Hawaii, who refers applications she or he supports to the Legislature for further review. The Legislature expresses their approval through the adoption of a concurrent resolution which authorizes 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 governors attended several special events including, "Kobe Day" at a Seattle Mariners baseball game, with 260 delegates from Hyōgo attending 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 states 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 Alberta-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 value-added food processing.

California has no formal structure for establishing, negotiating, or maintaining sister state relationships. ACR 105 addresses this lack of structure by requiring the final negotiated sister state agreement to include all of the following:

- Objectives and areas of mutual interest;
- A list of potential activities that are contemplated through the enactment of the agreement;
- An initial list of public and private partners that will help to advance the purposes of the sister state agreement; and
- Identification of one or more entities that will serve as a facilitator and general point of contact during the term of the agreement.

3) **Leadership 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-Japan Scholars Program.

While these offices may facilitate trips and other activities with foreign countries, neither SOIR nor AOIRP have any specific mandated duties in regards to sister state relationships.

4) **Sister State Relationships in California:** Although SOIR has no mandated duties relative to sister state agreement, the office does maintain a website that is the only known source for identifying sister state resolutions the California Legislature has approved. According to the website, the Legislature has passed 26 resolutions expressing an interest in establishing a sister state/friendship state relationship. **Chart 1** includes a list of currently authorized sister state agreements. It is important to note that not every resolution authorizing a sister state agreement culminates in a signed agreement.

Chart 1 – California Sister State Agreement Authorizations			
Country	Region	Legislation/ Agreement	Year
Argentina	Santa Fe Province	Resolution Ch. 91 (SCR 6 - Monning)	2015
Australia	State of New South Wales	Resolution Ch. 52 (SCR 19 - Brulte)	1997

Brazil	Parana State	Resolution Ch. 92 (SCR 8 - Costa)	1999
Canada	Province of Alberta	Resolution Ch. 29 (SCR 8 - Thompson)	1997
China	Guangdong Province	Sister State Agreement	2014
	Inner Mongolia Autonomous Region**	Resolution Ch. 93 (SCR 26 - Costa)	1999
	Jiangsu Province	Sister State Relationship Agreement and Framework Agreement on New Energy Cooperation	2011
Egypt	Governorate of Cairo	Resolution Ch. 130 (SCR 41 - Murray)	1999
El Salvador	San Salvador Department	Resolution Ch. 103 (SCR 81 - Hayden)	1998
France	Provence-Alpes-Cote d'Azur Region	Resolution Ch. 135 (SCR 115 - Roberti)	1990
Germany	State of Baden-Württemberg	SR 90 - Pan	2018
India	Gujarat State	Resolution Ch. 13 (SCR 4 - Burton)	2001
	Punjab State	Resolution Ch. 12 (SCR 3 - Burton)	2001
Indonesia	Special Province of Yogyakarta	Resolution Ch. 62 (SCR 23 - Marks)	1995
Italy	Umbria Region	Resolution Ch. 39 (SCR 4 - Petris)	1995
Japan	Osaka Prefecture*	Resolution Ch. 116 (ACR 113 - Vasconcellos)	1994
Mexico	State of Baja California (Norte)	Resolution Ch. 46 (SCR 5 - Kelley)	1999
	State of Baja California (Sur)	Resolution Ch. 131 (SCR 95 - Torlakson)	2002
	State of Jalisco	Resolution Ch. 70 (SCR 82 - Hueso)	2014
		Resolution Ch. 148 (ACR 183 - Firebaugh)	2000
	State of Nayarit	Resolution Ch. 185 (SCR 81 - Lara)	2017
State of Queretaro	Resolution Ch. 110 (ACR 137 - Cortese)	1988	
Portugal	Region of the Azores	Resolution Ch. 124 (SCR 84 - Costa)	2002
Korea	Chungcheongnam-do Province	Resolution Ch. 33 (SCR 54 - Marks)	1996
	Jeju Province	Resolution Chapter 80 (ACR 42 - Chu)	2005
	Republic of Korea**	Resolution Ch. 97 (SCR 6 - Montoya)	1987
Russia	Altai Republic	Resolution Ch. 45 (SCR 11 - Johnston)	1995
	Khanty-Mansiysk Autonomous District	Resolution Ch. 87 (SCR 49 - Rosenthal)	1994
South Africa	Western Cape Province	Resolution Ch. 2 (SCR 42 - Murray)	2000
Spain	Catalonia Region	Resolution Ch. 71 (SCR 71 - Mello)	1986
	Taiwan	Resolution Ch. 120 (SCR 40 - Polanco)	1983
<p><i>Areas marked with * denote a Cooperation Agreement</i> <i>Areas marked with ** denote a Friendship State Relationship</i></p>			

5) **Profile on Pakistan:** The Islamic Republic of Pakistan (Pakistan) is located in southern Asia, bordering the Arabian Sea, between India on the east and Iran and Afghanistan on the west and China in the north. It has a total land mass of 796,095 sq km, making it the 37th largest country in the world. It has over 1,000 km of coastline. For comparison, Pakistan is just slightly smaller than twice the size of California.

Pakistan can be divided into three major geographic areas: the northern highlands, the Indus River plain in the center and east, and the Balochistan Plateau in the south and west. Pakistan is recorded as having frequent earthquakes which can occasionally be severe, especially in north and west. Flooding along the Indus River after heavy rains (July and August) is not uncommon.

There are 238.1 million living in Pakistan with a majority of the population located in and around the Indus River and its tributaries. The largest cities in Pakistan are as follows:

- Karachi - 16.459 million people
- Lahore - 13.095 million people
- Faisalabad - 3.542 million people
- Rawalpindi - 2.281 million people
- Gujranwala - 2.290 million people
- Islamabad - 1.164 million people

While Urdu is the official language of Pakistan, the CIA World Factbook reports that only approximately 8% of the population speaks Urdu. Approximately 48% of the population speaks Punjabi 48%, 12% Sindhi, 10% Saraiki (*a Punjabi variant*), 8% Pashto (*alternate name, Pashtu*), 3% Balochi, 2% Hindko, 1% Brahui. English is also spoken and considered the “*lingua franca of Pakistani elite and most government ministries*”.



Muslim is the official religion of Pakistan with 96.5% of the population being either Sunni (85-90%) or Shia (10-15%). About 3.5% of the population is Christian and Hindu.

The executive branch of the Pakistani government is led by a president who serves as the chief of state and prime minister, who is the head of government. The Cabinet is appointed by the president upon the advice of the prime minister. The president is indirectly elected by the Electoral College consisting of members of the Senate, National Assembly, and provincial assemblies for a five-year term. Presidents are limited to two consecutive terms. President Arif Alvi was elected in September 2018 and Prime Minister Imran Khan was elected by the National Assembly in August 2018.

There is a bicameral Parliament or Majlis-e-Shoora which consists of a 100 member Senate and a 342 seat National Assembly. Senators are indirectly elected by the four provincial assemblies and the territories' representatives by proportional representation vote. Senators serve six-year terms with one-half of the membership renewed every three years. Members of the National Assembly serve for five-year terms. A majority, 272 Members, are directly elected in single-seat constituencies by simple majority vote. The remaining 70 members (60 women and 10 non-Muslims) are directly elected by proportional representation vote.

The Supreme Court of Pakistan consists of the chief justice and 16 judges. The justices are nominated by an eight-member parliamentary committee upon the recommendation of the Judicial Commission, which is a nine-member body of judges and other judicial professionals, appointed by the president.

According to the CIA World Factbook, “*decades of internal political disputes and low levels of foreign investment have led to underdevelopment in Pakistan...Despite some progress in recent years in both security and energy, a challenging security environment, electricity shortages, and a burdensome investment climate have traditionally deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for more than half of Pakistan's export earnings...*”

“*In an effort to boost development, Pakistan and China are implementing the "China-Pakistan Economic Corridor" (CPEC) with \$60 billion in investments targeted towards energy and other*”

infrastructure projects. Pakistan believes CPEC investments will enable growth rates of over 6% of GDP by laying the groundwork for increased exports. CPEC-related obligations, however, have raised IMF concern about Pakistan's capital outflows and external financing needs over the medium term."

Pakistan GDP in 2019, based on purchasing power parity, is estimated to be over \$1 trillion ranking it 25th highest in the world. Over 56% of GDP is driven by service sectors, agriculture (24.4% in 2016), and industry (19.1% in 2016). Top agricultural products include sugar cane, buffalo milk, wheat, milk, rice, maize, potatoes, cotton, fruit, and mangoes/guavas. Industrial production is led by textiles and apparel, food processing, pharmaceuticals, surgical instruments, construction materials, paper products, fertilizer, and shrimp.

There are 61.71 million (2017) workers in the Pakistani labor force, much of which is exported to other countries, primarily to the Middle East. Approximately 42.2% of jobs are in agriculture, 35.1% in services, and 22% in industry.

In 2019, Pakistan exported \$31.5 billion in goods, including textiles, clothing and apparel, rice, leather goods, and surgical instruments. Top export markets in 2019 include: US 14%, China 8%, Germany 7%, and the United Kingdom 6%.

California exported \$155.8 billion in goods in 2020. Over \$229.3 million in California goods were exported to Pakistan in 2020, making the state the 3rd largest exporter to Pakistan in the US. Pakistan is California's 53rd largest export market in 2020. **Chart 2**, shows California's top exports to Pakistan for 2016 through 2020.

Item	2016	2017	2018	2019	2020
Total for All Exports	\$301,191,846	\$278,439,165	\$191,680,559	\$20,114,5780	\$229,363,785
Agricultural Products	\$88,483,961	\$98,797,174	\$76,778,006	\$82,332,254	\$94,136,800
Waste and Scrape	\$28,911,114	\$47,699,787	\$25,660,442	\$31,222,931	\$50,680,222
Food Manufacturing	\$46,229,961	\$42,186,321	\$27,888,501	\$29,355,619	\$21,832,469
Transportation Equipment	\$13,901,988	\$17,752,115	\$8,765,168	\$7,706,765	\$15,918,496
Computer and Electronic Products	\$20,570,580	\$28,874,474	\$17,547,488	\$22,889,806	\$11,984,094
Machinery, Except Electrical	\$75,399,856	\$9,386,546	\$7,076,678	\$6,856,617	\$10,722,676

Source: International Trade Administration, accessed August 31, 2021

Pakistan imported \$42.2 billion in goods in 2019. In 2019, the largest categories of imports included refined petroleum, crude petroleum, natural gas, palm oil, and scrap iron. Key import partners in 2019 include China (28%), United Arab Emirates (11%), and the US (5%).

The US imported \$3.8 billion in goods from Pakistan in 2020. Imports into California from all nations were valued at \$398.8 billion in 2020. California imported the highest in dollar value of goods (\$446.8 million) from Pakistan than any other US state in 2020. **Chart 3** provides additional information of California's import activity with Armenia for 2016 through 2020.

Item	2016	2017	2018	2019	2020
<i>Total of All Imports</i>	\$486,241,458	\$481,001,770	\$445,520,102	\$497,238,475	\$446,875,925
Apparel Manufacturing Products	\$201,992,884	\$193,353,500	\$179,611,073	\$198,774,170	\$169,882,124
Textile Mills Products	\$199,591,852	\$195,733,363	\$165,870,154	\$179,162,981	\$133,785,560
Textiles & Fabrics	\$16,899,393	\$20,515,816	\$18,493,280	\$25,266,016	\$38,348,584

Chemicals	\$621,586	\$4,197,747	\$5,924,002	\$20,427,848	\$27,572,130
Food Manufactures	\$21,155,913	\$19,896,747	\$18,927,051	\$19,241,908	\$24,977,765
Miscellaneous Manufactured Commodities	\$23,607,006	\$21,867,726	\$27,587,838	\$29,103,872	\$24,636,797
Minerals & Ores	\$3,424,551	\$4,623,028	4,265,088	\$4,608,381	\$7,721,653

Source: <https://tse.export.gov/stateimports/TSIRReports.aspx> Accessed August 31, 2021

According to the CIA World Factbook, there is severe localized food insecurity due to “*population displacements, economic constraints, and high prices of the main food staples.*” COVID-19 has intensified the impacts of recurrent natural disasters, rising food prices, and limited employment opportunities. Pakistan has experienced severe floods in August 2020 in Sindh Province which affected the incomes of 2 million people and caused severe damage to housing and infrastructure. Pakistan has also served as hosts for an ever increasing number of registered and unregistered Afghan refugees. The World Factbook states that most of these refugees “*are in need of humanitarian assistance and are straining the already limited resources of the host communities.*”

- 6) **Spotlight on Punjab, Pakistan:** Punjab is located in eastern Pakistan and has an international border with India. It is largest province in Pakistan, based on population. There are over 110 million people living in Punjab, equivalent to 52.95% of the national population. Approximately 36.7% of the population lived in urban areas in 2017, up from 27.6% in 1981.

Economic activity within Punjab represented 54.2% of Pakistani economy in 2017-18. The per capita income in Punjab is 2% higher than the national average. GDP growth in Punjab was 4.9% annually between 2012-13 and 2017-18. Approximately 62.4% of the economy is comprised of service industries, 20% agriculture, and 17.6% industry.

According to the Punjab Growth Strategy 2023, the province’s economy has a higher share of private and public investment (17.7% v. 16.4% of GDP) and net income from abroad than the nation as a whole. However, the industrial sector in Punjab is slightly less than the nation (20%) and the net trade deficit of Punjab is somewhat higher than that at the national level.



Punjab has a higher labor force participation rate than the national average, which is primarily attributable to the higher participation rates of females in Punjab. **Chart 4** provides comparative data on the distribution of labor in Punjab as compared to Pakistan. Between 2013-14 and 2017-18, Punjab’s labor average participation rate was 48.4 as compared to national rate of 44.9. Punjab also has a higher employment rate than the country average.

Industry Sectors	Punjab		Pakistan	
	2012-13	2017-18	2012-13	2017-18
Agriculture, Forestry, and Fishing	44.7%	40.0%	43.7%	38.5%
Manufacturing	15.4%	17.7%	14.1%	16.1%
Construction	7.4%	7.0%	7.4%	7.6%
Wholesale and Retail Trade	15.3%	14.2%	14.4%	14.9%
Transport and Communications	4.4%	4.9%	5.5%	6.2%

Community, Social, and Personal Services	10.8%	10.8%		13.3	14.7%
Other Sectors	2.0%	5.4%		1.6%	2.0%
Total	100%	100%		100%	100%

Source: Punjab Growth Strategy 2023

Based on data obtained during the development of the Punjab Growth Strategy 2023, Punjab has the greatest comparative advantage in three sectors - major crops (37.5%), small-scale manufacturing (26.3%), and cotton ginning (24%). Other sectors with significant comparative advantage include livestock, social and community services, transport, storage and communications, minor crops, and construction. The report also identifies three emerging sectors of comparative advantage, which are finance and insurance, wholesale and retail trade, and public administration and defense.

Among other key recommendations, the Punjab Growth Strategy 2023 calls for a strategic shift in government development priorities by moving away from mega structures to investing more in human capital, water, small- and medium-size businesses, and on attaining regional balance. The vision for the Punjab Growth Strategy 2023 is for “A globally connected and competitive, equitable, culturally vibrant and technologically advanced Punjab with sustainable economic growth driven through a dynamic private sector, an efficient public sector, rich and productive human capital and, a regionally equalized development footprint by 2023.”

- 7) **Current Trade and Investment-Related Activities:** While sister state agreements are not intended to exclusively promote cross border trade and investment, economic development is generally an underlying consideration. California’s trade and foreign investment activities are statutorily placed within the Governor’s Office of Business and Economic Development (GO-Biz).

The GO-Biz 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 in 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 GO-Biz regional representatives leverage the relationships of the service desk hosts to maintain the state’s global presence. The state currently operates three trade service desks, including one in Yerevan, Armenia, which was [officially launched](#) on June 21, 2021. The Armenia trade and services desk serves as a resource to GO-Biz’ trade and investment activities throughout Europe.

The Shanghai, China, trade service desk opened in 2013 to support trade and investment leads originating from within China. Mexico is the location of California's third trade service desk, which opened in October 2019 and now supports trade activity throughout the Americas.

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. **Chart 5** provides additional information on the seven STEP-supported international activities in 2020.

Chart 5 – 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 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, some Export Training Network partners have continued to provide export-related 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 toward 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.

- 8) **International Affairs and Trade Development Interagency Committee:** In February 2019, Governor Newsom supplemented the statutory role of GO-Biz by issuing executive order N-19-08 which designated 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 Dee Dee Myers, who also serves as the director of GO-Biz.

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 work of the Interagency Committee is supported by the GO-Biz International Trade and Investment Office.

- 9) **California's Trade 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 tripled from 1992 (10.6%) to 2020 (nearly 30.3%).

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 15% to 20% higher wages than jobs in industries not tied to trade (2015 most recent data). California is second in the nation, just behind Texas, in the number of export-related jobs (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 6, 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.

Chart 6 – California Export of Goods, 2013-2020 (billions of dollars)									
	Partner	2013	2014	2015	2016	2017	2018	2019	2020
	World	\$168.1	\$173.8	\$165.3	\$163.2	\$171.9	\$178.1	\$173.7	\$155.8
1	Mexico	\$23.9	\$25.4	\$26.7	\$25.2	\$26.7	\$30.7	\$27.8	\$24.0
2	Canada	\$18.8	\$18.3	\$17.2	\$16.2	\$16.8	\$17.6	\$16.6	\$16.0
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	\$10.5
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

Between 2006 and 2020, the export of California services increased 59.8%, increasing from \$422 billion to \$705 billion in services. California's largest export service sectors in 2020 included:

- Other Business Services at \$183.1 billion
- Financial Services at \$144.3 billion
- Charges for the Use of Intellectual Property (*not included elsewhere*) at \$113.7 billion
- Travel Services at \$72.8 billion
- Telecommunications, Computer, and Information Services at \$56.6 billion
- Transport Services at \$56.7 billion

The United Kingdom has been California's largest service export market, having receiving \$62.6 billion in services in 2020 and supported an estimated 427,000 California jobs in 2015 (most recent data). California's second largest service export market has been Canada, with \$53.6 billion in services in 2020 and having supported 360,000 jobs in 2015 (most recent data). Service exports from California to Mexico ranked seventh among all countries, with \$23.4 billion in services exported in 2020, and having supported 201,000 jobs in 2015 (most recent data).

In addition to exporting goods and services, the California economy benefits from foreign-owned firms. The Federal International Trade Administration estimates that in 2015 (most recent data), 769,200 California workers have benefited from jobs with foreign-owned firms.

California has had the highest level of employment in foreign-owned firms in the nation since at least 1997. In 2015 (most recent data), jobs in California foreign-owned firms represented 5.1% of all private sector jobs in the state, up from 4.1% in 2013. Along with employment, foreign-owned firms own more property, plants, and equipment in California than in any other state.

- 10) **Related Legislation:** Below is a list of bills from the current and prior sessions. Not every authorization to establish a sister state relationship has been consummated.

- a) **ACR 105 (Holden) Relations with Syunik, Armenia:** This bill memorializes the intent and commitment of the California Legislature to extend an invitation to formalize a sister state relationship with Syunik, Armenia, 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. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy.
- b) **ACR 100 (Alejo) Trade Relationship 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 Chapter 172, Statutes of 2014.
- c) **SCR 6 (Monning) Sister State Relationship with 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 Chapter 70, Statutes of 2014.
- d) **SCR 81 (Lara) Sister State Relationship with Nayarit, Mexico:** This bill 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. Status: Adopted by the Legislature, Resolution Chapter 85, Statutes of 2017.
- e) **SCR 82 (Hueso) Sister State Relationship with Jalisco, Mexico:** 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 Chapter 70, Statutes of 2014.

REGISTERED SUPPORT / OPPOSITION:

Support

Consulate General of Pakistan, Los Angeles

Opposition

None on File

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