

Date of Hearing: September 2, 2021

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

ACR 105 (Holden, Nazarian) – As Amended August 23, 2021

SUBJECT: Sister state relationship with the Province of Syunik

POLICY FRAME: This resolution seeks the permission of the State Assembly and the State Senate to extend an invitation to the Legislature of Syunik, Armenia, 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 Armenia, including the Syunik Province. Information is also provided on the current political situation in Armenia relating to a military-engaged border dispute between Armenia and Azerbaijan, including concerns raised in a letter dated August 20, 2021, from the Consul General of the Republic of Azerbaijan to the Western United States. The bill has been amended since the submittal of this letter and further amendments to remove a "Whereas" relating to this transborder dispute will be proposed during the hearing. Comment 12 includes a selection of legislation related to sister state relationships and California's historic support for Armenia and condemnation of Armenian Genocide.

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

- 1) Makes findings and declarations, including, but not limited to, the following:
 - a) For decades, California has been a refuge and home to Armenian immigrants. Notable numbers of Armenians began arriving in California in the late 19th century. In the 1870s, a majority of Armenian immigrants in California settled in the City of Fresno. In the City of Fresno, Armenians flourished and made their mark on the fruit, dried fruit packaging, and shipping industries.
 - b) The success of the Armenian community in the City of Fresno attracted Armenians from across the United States to move to the City of Fresno and make California their home. A study from Stanford University revealed that in 1930, 84 percent of early Armenian settlers moved to the City of Fresno after living 5.7 years in some other United States city. By the outbreak of World War II, an estimated 10,000 Armenians resided in the City of Fresno, making up about 25 percent of the county's minority population.
 - c) Armenian success in agriculture led to the first and only United States-based Armenian community about 40 miles southeast of the City of Fresno.

- d) After World War II, the Armenian community was centered in southern California, including in the Cities of Pasadena and Glendale, and in the Boyle Heights and Hollywood neighborhoods in the City of Los Angeles.
 - e) While Armenians had settled in Hollywood much earlier in the 20th century, Hollywood became an Armenian enclave in the 1960s. This community became a refuge for Soviet dissidents in the 1970s, and in the 1980s became the ultimate destination for many post-Soviet Armenians.
 - f) In the 1980s, the City of Glendale became the epicenter of the Armenian community in southern California. The City of Glendale continues to be the epicenter of the Armenian community in southern California to this day, with Armenian shops, grocery stores, bakeries, and delis on every major artery through the city. Significant Armenian representation on the City of Glendale's city council has facilitated the establishment of Armenian cultural centers, Armenian language city voting materials, and dual immersion language programs in public schools.
 - g) California is home to the largest Armenian American population in the United States, and Armenians living in California, most of whom are direct descendants of the survivors of the Armenian Genocide, have enriched our state through their leadership and contributions in business, agriculture, academia, government, and the arts.
 - h) California has taken decisive action to acknowledge the Armenian Genocide and to work towards a more global recognition of historical facts. California recognizes the generational trauma caused by the Armenian Genocide, and acknowledges the pain and danger of any country's efforts to deny the Armenian Genocide.
 - i) In September 2019, Governor Gavin Newsom met with Armenian Prime Minister Nikol Pashinyan and signed an agreement to create a Trade and Services Desk in Armenia. This desk will be used to encourage trade and investment by Californian and Armenian businesses, and will foster economic cooperation and development by assisting entrepreneurs in connecting with their counterparts to engage in various trade and commercial activities.
 - j) The Armenian Province of Syunik is the southernmost province of Armenia. It is bordered by the Nakhchivan Autonomous Republic, the Islamic Republic of Iran, and the Republic of Artsakh or the Nagorno-Karabakh Republic. It is also one of the original provinces of the ancient Kingdom of Armenia.
 - k) On May 12, 2021, the Azerbaijani military crossed into the Republic of Armenia and moved 3.5 kilometers into Syunik Province, seizing the entirety of Sev Lake. The next day, the Azerbaijani military breached two other sections of the border and occupied more areas of Armenia. It was initially reported that, with Russian mediation, Azerbaijan agreed to withdraw to their pre-May 12 positions, but with two small military camps being established nearby. However, Armenian reports suggest that many Azerbaijani soldiers remain illegally in Armenia.
- 2) Resolves that:
- a) The Legislature, on behalf of the people of California, hereby extends to the people of the Province of Syunik in Armenia an invitation to join with California in a sister state relationship until January 1, 2026, in order to encourage and facilitate mutually beneficial educational, economic, and cultural exchanges.
 - b) It is the intent of the Legislature through a sister state relationship with the Province of Syunik to further promote the prosperity of both regions **and** to improve international understanding and goodwill between both regions.

- c) Any sister state agreement be developed through the mutual cooperation and engagement of the Legislature, the Legislature of the Province of Syunik, and Armenia.
- d) 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 a facilitator and general point of contact.
- e) The Chief Clerk of the Assembly transmit copies of this resolution to the Governor of California, the Lieutenant Governor of California, the Governor of the Province of Syunik, the Legislature of the Province of Syunik, and each Senator and Representative from California in the Congress of the US.

FISCAL EFFECT: None

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

- 5) **Profile on Armenia:** The Republic of Armenia (Armenia) was established as an independent nation in 1991, following the break-up of the former Soviet Union. There are 11 provinces in Armenia, with the capitol located in Yerevan.

Constitutional changes adopted in 2015 converted the government from a semi-presidential system to a parliamentary system. The unicameral National Assembly (Parliament) is comprised of at least 101 seats, with members serving 5-year terms. The President is indirectly elected to a single seven-year term by the National Assembly through up to three rounds of voting.



While many people view Armenia as part of Europe, the CIA World Factbook states that the country can be classified as falling within Europe, the Middle East, or both. Armenia is a landlocked country located in Southwestern Asia, with Turkey on its western border and Azerbaijan on the eastern. As a result of Armenia's ongoing conflict with Azerbaijan over the separatist Nagorno-Karabakh region, Armenia has only two open trade borders –Iran and Georgia.

Armenia's population is comprised of just over 3 million people, who are primarily located in the northern half of the country. Over 98% of the population are Armenian with 1.2% Yezidi and the remaining 0.7% being a mix of other ethnicities. A majority of Armenia's population lives in the northern half of the country, with the population of Yerevan, the nation's capital, being five times as many people as the second largest city in the country. In total, 63% of the population lives in an urban area. Nearly 60% of the land in Armenia is used for agricultural purposes.

While part of the former Soviet Union, Armenia developed a modern industrial sector, supplying machine tools, textiles, and other manufactured goods to neighboring republics in exchange for raw materials and energy. Since independence, Armenia has switched to small-scale agriculture, including the production of milk, potatoes, grapes, vegetables, tomatoes, watermelons, wheat, apples, cabbages, and barley.

Armenia's 2019 GDP was \$40.3 billion based on purchasing power parity, which ranks the economy as 122nd in the world. Percentage of GDP by sector in 2017 was as follows: agriculture 16.7%, industry 28.2%, and services 54.8%. Key components of GDP by end use (2017 estimates) are as follows:

- Household consumption: 76.7%
- Government consumption: 14.2%
- Investment in fixed capital: 17.3%
- Investment in inventories: 4.1%
- Exports of goods and services: 38.1%
- Imports of goods and services: -50.4%

It is estimated that there were more than 1.5 million workers in the labor force in 2017. Approximately 36.6% of employment is in the agriculture sector, 17.0% in industry, and 46.7% in services (2013 estimate). Major areas of industrial production include: brandy, mining, diamond processing, metal-cutting machine tools, forging and pressing machines, electric motors, knitted wear, hosiery, shoes, silk fabric, chemicals, trucks, instruments, microelectronics, jewelry, software, and food processing.

According to the CIA World Factbook: *“Armenia's geographic isolation, a narrow export base, and pervasive monopolies in important business sectors have made it particularly vulnerable to volatility in the global commodity markets and the economic challenges in Russia. Armenia is particularly dependent on Russian commercial and governmental support, as most key Armenian infrastructure is Russian-owned and/or managed, especially in the energy sector. Remittances from expatriates working in Russia are equivalent to about 12-14% of GDP.*

“Armenia joined the Russia-led Eurasian Economic Union in January 2015, but has remained interested in pursuing closer ties with the EU as well, signing a Comprehensive and Enhanced Partnership Agreement with the EU in November 2017. Armenia's rising government debt is leading Yerevan to tighten its fiscal policies – the amount is approaching the debt to GDP ratio threshold set by national legislation.”

As noted above, Armenia has only two open trade borders – Iran and Georgia – because its borders with Azerbaijan and Turkey have been closed since 1991 and 1993, respectively. In 2017, Armenia exported \$2.3 billion in goods, including unwrought copper, pig iron, nonferrous metals, gold, diamonds, mineral products, foodstuffs, brandy, cigarettes, and energy. Top export markets in 2019 included: Russia (22%), Switzerland (20%), China (7%), Bulgaria (6%), Iraq (5%), Serbia (5%), Netherlands (5%), and Germany (5%).

California exported \$155.8 billion in goods in 2020. Over \$6.3 million in California goods were exported to Armenia in 2020, making the state the largest exporter to Armenia in the US. Armenia was California's 125th largest export market in 2020. **Chart 2** shows California's top exports to Armenia for 2016 through 2020.

Item	2016	2017	2018	2019	2020
<i>Total for All Exports</i>	\$8,213,001	\$6,906,115	\$6,584,013	\$7,973,209	\$6,357,842
Special Classification Provisions, NESOI	\$2,633,079	\$1,708,355	\$1,398,641	\$802,746	\$1,291,963
Computer and Electronic Products	\$2,136,775	\$2,150,209	\$1,172,587	\$680,624	\$1,063,059
Used or Second-Hand Merchandise	\$1,069,497	\$475,774	\$365,930	\$2,856,193	\$885,570
Miscellaneous Manufactured Commodities	\$269,698	\$314,006	\$1,504,684	\$1,473,970	\$690,463
Primary Metal Manufacturing	\$219,462	\$120,651	\$132,036	\$4,922,038	\$440,445
Transportation Equipment	\$52,001	\$845,366	\$1,089,651	\$133,556	\$360,764

Source: International Trade Administration, accessed August 31, 2021

Armenia imported \$3.7 billion in goods in 2017. In 2019, the largest categories of imports included natural gas, cars, refined petroleum, broadcasting equipment, and diamonds. Key import partners in 2019 included Russia (29%), China (10%), Georgia (8%), Iran (6%), and Turkey (5%).

The US imported \$68 million in goods from Armenia in 2020. Imports into California from all nations were valued at \$398.8 billion in 2020, with Armenia being the state's 105th largest import market. California imported the second highest in dollar value of goods (\$17.6 million) from Armenia in 2020, with Georgia importing the highest (\$27.7 million). **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>	\$9,784,532	\$9,057,277	\$8,264,683	\$12,102,695	\$17,640,270
Beverages & Tobacco Products	\$3,982,581	\$4,070,250	\$3,719,010	\$4,897,951	\$6,297,940
Food Manufactures	\$2,653,865	\$2,913,986	\$2,470,350	\$2,781,125	\$3,419,673
Miscellaneous Manufactured Commodities	\$1,843,041	\$975,416	\$1,005,857	\$2,907,268	\$6,453,889
Apparel Manufacturing Products	\$271,922	\$296,728	\$366,517	\$561,066	\$304,289
Fish, Fresh/Chilled/Frozen & Other Marine Products	0	\$2,200	\$235,530	\$251,920	\$238,786
Used or Second-Hand Merchandise	\$258,836	\$303,434	\$109,715	\$104,890	\$161,731
Other Animals	\$113,239	\$133,544	\$100,778	\$185,551	\$104,637
Textile Mills Products	\$10,718	\$3,083	\$43,262	\$35,185	\$4,140
Nonmetallic Mineral Products	\$27,486	\$54,168	\$42,537	\$96,296	\$3,315
Agricultural Products	0	\$71,772	\$38,677	\$51,468	\$81,798
Machinery, Except Electrical	\$15,000	\$22,773	\$29,882	\$61,600	\$101,850
Leather & Allied Products	\$9,861	\$25,761	\$24,830	\$2,756	\$732
Goods Return to Canada (Exp); US Goods Return & Reimported (Imp)	\$83,624	\$110,000	\$24,740	\$9,799	\$12,031

Plastics and Rubber Products	\$1,797	\$19,696	\$2,808	\$39,413	\$8,568
Printed Matter and Related Products, NESOI	\$435,925	\$2,460	\$14,368	\$11,022	\$42,423
Fabricated Metal Products, NESOI	\$13,500	\$17,749	\$9,000	\$76,864	\$104,280
Furniture & Fixtures	0	\$1,080	\$8,827	\$5,500	\$234,279

Source: <https://tse.export.gov/stateimports/TSIReports.aspx>

6) **Profile on Syunik, Armenia:** Syunik is the southernmost province of Armenia’s 11 provinces. It is bordered by the Armenian province of Vayots Dzor from the north, Republic of Azerbaijan from the west, Nagorno-Karabakh Republic from the east, and Iranian Islamic Republic from the south.

Syunik covers an area of 4,506 km² (1,739 miles²), making it the second-largest province (15% of the total land) in Armenia, after Gegharkunik, in terms of the total area. The National Statistical Service of the Republic of Armenia (ARMSTAT) reports the population of Syunik was 137,300 (4.6% of population of Armenia) in 2021.ⁱ As a country, Armenia ranks 188th in the world with 2.9 million people estimated to live there in 2021.ⁱⁱ

Syunik is a mountainous region, mainly covered with thick green forests. The Zangezur Mountains occupy most of the territories of Syunik, with Mount Kaputjugh (height of 12,814.9 feet) being the highest peak within the range. Major water basins within Syunik include the rivers of Vorotan, Voghji, Sisian, Meghri, and Vachagan.ⁱⁱⁱ

A majority (67.8%) of the population in Syunik live in urban areas (2019 data).^{iv} The province has 6 urban and 66 rural communities. The largest urban community is the provincial capitol of Kapan, with a population of 43,190.^v The other urban centers are Goris, Sisian, Kajaran, Meghri, and Dastakert.^{vi} In these areas, the majority of citizens speak the modern Eastern Armenian language, while those who live in rural communities predominately speak the classic Armenian language.^{vii}

Syunik has a number of significant cultural and historical monuments, including the Zorac Qarer group of monuments comprised of stone-age megalithic complexes and observatories, which is sometimes referred to for tourist purposes as the “Armenian Stonehenge.”

According to a 2016 biodiversity report, Syunik Province also has many unique natural resources, including the world’s largest sycamore relict park, which occupies 120 hectares. Some trees within the park are hundreds of years old and reach diameters of 3 meters and the heights of 35 meters. A significant portion of the forests are protected by the government.



Syunik’s GDP in 2020 was \$139.5 million. Mining and electrical production are Syunik’s primary industries. According to the same 2016 biodiversity study, Syunik has significant mineral resources, including non-ferrous metals (copper, molybdenum, zinc, and others), precious metals (gold and silver), and non-metal useful minerals used in construction and for decorative stones (basalt raw materials, limestone, burnt shale marble, and granite).

Chart 4 – Export Volumes of Armenia and Syunik, 2011-2015					
	2011	2012	2013	2014	2015
Armenia	\$489,032.3	\$550,560.0	\$594,392.0	\$632,840.4	\$705,116.8
Syunik	\$103,329.5	\$106,332.4	\$116,906.3	\$113,320.5	\$127,261.3
Syunik Percent to Total Exports from Armenia	21.1%	19.3%	19.7%	17.9%	18.0%

Source: <https://biodivers-southcaucasus.org/uploads/files/5b6c35289a6d4.pdf> Accessed 8-31-21

Chart 5 – Import Volumes of Armenia and Syunik, 2011-15					
	2011	2012	2013	2014	2015
Armenia	\$1,482,396.3	\$1,638,843.6	\$1,705,848.2	\$1,735,308.6	\$1,500,295.3
Syunik	\$36,352.4	\$37,762.6	\$30,964.5	\$31,353.1	\$28,543.9
Syunik Percent to Total Imports from Armenia	2.5%	2.3%	1.8%	1.8%	1.9%

Source: <https://biodivers-southcaucasus.org/uploads/files/5b6c35289a6d4.pdf> Accessed 8-31-21

Overall, Syunik industrial production represents 13.3% (\$364.1 million in 2015) of total Armenian industrial production. Transport represents the largest of Syunik’s service sectors, comprising 52% of all services, followed by finance and insurance (29%) and information services (6%).

- 7) **International Military Disputes:** The jurisdiction of the Assembly Committee on Jobs, Economic Development, and the Economy includes business development and international trade. Military and transborder geopolitical disputes are outside the committee’s jurisdiction. Below are an articulation of information provided to the committee and a conflict summary prepared by the US Central Intelligence Agency (CIA).

Concerns have been raised by the Azerbaijani government as to the efficacy of certain statements in the resolution, specifically those related to the most recent military action. The Consul General of the Republic of Azerbaijan to the Western United States, in an opposition letter dated August 20, 2021, describes the certain statements in the resolution as “distorted,” including “several paragraphs targeting and dehumanizing Azerbaijan and its people.” In part, the letter also states, “*On Nov. 10, 2020, the war ended with a ceasefire, in accordance with which Armenia agreed to recognize the results of the war and retreat from additional three districts of Azerbaijan it had been occupying for nearly 30 years. Thus Azerbaijan’s internationally recognized territorial integrity was restored, and the U.N. Security Council resolutions were implemented. This will also allow for the now 1 million forcibly displaced Azerbaijanis to finally return to their ancestral lands.*”

Below is an excerpt of a “military note” from the CIA providing related background. Members may wish to seek additional information on this subject should they be interested in a more comprehensive review of the issue.

According to the CIA, “*Since November 2020, Russia has deployed about 2,000 peacekeeping troops to the area in and around Nagorno-Karabakh as part of a cease-fire agreement between Armenia and Azerbaijan; fighting erupted between the two countries over the Nagorno-Karabakh region in September of 2020; Nagorno-Karabakh lies within Azerbaijan but has been under control of ethnic Armenian forces (the “Nagorno-Karabakh Defense Army”) backed by Armenia since a separatist war there ended in 1994; six weeks of fighting resulted in about 6,000 deaths and ended after Armenia ceded swathes of Nagorno-Karabakh territory; tensions remain high, and Armenia has accused*

Azerbaijani forces of a series of border intrusions and of seizing pockets of territory including along a lake shared by the two countries since the fighting ended.”

The California Legislature approved [AJR 32](#) in 2014, which “*encourages and supports the Nagorno-Karabakh Republic’s continuing efforts to develop as a free and independent nation in order to guarantee its citizens those rights inherent in a free and independent society.*” The resolution further “*urges the President and Congress of the United States to support the self-determination and democratic independence of the Nagorno-Karabakh Republic and its constructive involvement with the international community’s efforts to reach a just and lasting solution to security issues in that strategically important region.*”

Committee staff understand that amendments will be proposed at the hearing to remove the “Whereas” clause relating to the May 12, 2021, military action.

- 8) **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 region.

The China Trade and Investment Network 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 6** provides additional information on the seven STEP-supported international activities in 2020.

Chart 6 – 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 \(CMTCC\)](#)
- [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.

- 9) **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.

- 10) **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 7, 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	\$178.1	\$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.

- 11) **Proposed Amendments:** Committee staff understand that amendments to delete the “Whereas” clause relating to the events of May 12, 2021, will be proposed at the hearing.
- 12) **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 104 (Holden) Sister State Relationship with Punjab, Pakistan:** This bill memorializes the intent and commitment of the California Legislature to extend an invitation to formalize a sister state relationship with 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. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy.

- b) **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 Chapter 172, Statutes of 2014.
- c) **AJR 3 (Nazarian and Friedman) Anniversary of the Armenian Genocide of 1915–1923:** This bill memorializes the Legislature's designation of the year of 2017 as "State of California Year of Commemoration of the Anniversary of the Armenian Genocide of 1915–1923," and the designation of April 24, 2017, as "State of California Day of Commemoration of the 102nd Anniversary of the Armenian Genocide of 1915–1923." In addition, the Legislature calls upon the US President and US Congress to formally and consistently reaffirm the historical truth that the atrocities committed against the Armenian people constituted genocide. Status: Adopted, Resolution Chapter 37, statutes of 2017.
- d) **AJR 32 (Gatto) The Nagorno-Karabakh Republic:** This bill memorializes the Legislature's support and encouragement of the Nagorno-Karabakh Republic's continuing efforts to develop as a free and independent nation, and urges the US President and Congress to support the self-determination and democratic independence of the Nagorno-Karabakh Republic and its constructive involvement with the international community's efforts to reach a just and lasting solution to security issues in that strategically important region. Status: Adopted by the Legislature, Resolution Chapter 168, Statutes of 2014.
- e) **AJR 37 (Friedman) Anniversary of the Armenian Genocide of 1915–1923:** This bill memorializes the Legislature's designation of the year of 2018 as "State of California Year of Commemoration of the Anniversary of the Armenian Genocide of 1915–1923," and the designation of April 24, 2018, as "State of California Day of Commemoration of the 102nd Anniversary of the Armenian Genocide of 1915–1923." In addition, the Legislature calls upon the US President and US Congress to formally and consistently reaffirm the historical truth that the atrocities committed against the Armenian people constituted genocide. Status: Adopted, Resolution Chapter 75, statutes of 2018.
- f) **HR 21 (Nazarian) Armenian Genocide and the Assyrian Genocide:** This bill memorializes the Assembly's commendation of the extraordinary service that was delivered by Near East Relief to the survivors of the Armenian Genocide and the Assyrian Genocide, including thousands of direct beneficiaries of American philanthropy who are the parents, grandparents, and great-grandparents of many Californian Armenians and Assyrians, and pledges its intent, through this resolution, to working with community groups, nonprofit organizations, citizens, state personnel, and the community at large to host statewide educational and cultural events and that the Assembly deplores the persistent, ongoing efforts by any person, in this country or abroad, to deny the historical fact of the Armenian Genocide. Status: Adopted, April 2021.
- g) **SB 302 (Portantino) Armenia Trade Office:** This bill would have required the establishment of an international trade and investment office in Yerevan, the Republic of Armenia (Armenia Trade Office) by January 1, 2023. Status: Died on the Assembly Inactive File, 2019.
- h) **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."

- i) ***SB-568 (Portantino) Public holidays and Armenian Genocide Remembrance Day:*** This bill authorizes Glendale Community College to close on April 24 to observe Armenian Genocide Remembrance Day. Status: Signed by the Governor, Chapter 648, Statutes of 2019.
- j) ***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.
- k) ***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 to increase their potential trade and investment within the State of Jalisco. Status: Adopted by the Legislature, Resolution Chapter 70, Statutes of 2014.
- l) ***SCR 81 (Lara) Relations 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.
- m) ***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.
- n) ***SR 29 (Archuleta, Atkins, Portantino, and Wilk) Armenian Genocide and the Assyrian Genocide:*** This bill memorializes the Senate's commendation of the extraordinary service that was delivered by Near East Relief to the survivors of the Armenian Genocide and the Assyrian Genocide, including thousands of direct beneficiaries of American philanthropy who are the parents, grandparents, and great-grandparents of many Californian Armenians and Assyrians, and pledges its intent, through this resolution, to working with community groups, nonprofit organizations, citizens, state personnel, and the community at large to host statewide educational and cultural events and that the Senate deplores the persistent, ongoing efforts by any person, in this country or abroad, to deny the historical fact of the Armenian Genocide. The resolution

further calls on the US President and the Congress to formally and consistently reaffirm the historical truth that the atrocities committed against the Armenian people constituted genocide and to work toward equitable, constructive, stable, and durable Armenian-Turkish relations, as specified. Status: Adopted, April 2021.

- o) **SR 31 (Borgeas) 104th Anniversary of the Armenian Genocide of 1915–1923:** This bill memorializes the Senate’s designation of the year of 2019 as “State of California Year of Commemoration of the Anniversary of the Armenian Genocide of 1915–1923” and designates the month of April 2019 as “State of California Month of Commemoration of the 104th Anniversary of the Armenian Genocide of 1915–1923.” Status: Adopted, April 2019.

REGISTERED SUPPORT / OPPOSITION:

Support

None on File

Opposition

Letter submitted August 20, 2021, by the Consulate General Of The Republic Of Azerbaijan Los Angeles (*please note that the resolution has been amended since this letter was submitted and additional amendments relating to issues raised in the letter will be proposed during the hearing*)

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ⁱ Integrated Biodiversity Management, South Caucasus, IBS, “Baseline Study for Sisian region of Syunik Region”, <https://biodivers-southcaucasus.org/uploads/files/5b6c35289a6d4.pdf>, accessed August 15, 2021, Statistical Committee of the Republic of Armenia, “Regional Statistics”, <https://www.armstat.am/en/?nid=111>, accessed August 16, 2021, and CIA World Factbook, “Country Comparison- Population”, <https://www.cia.gov/the-world-factbook/field/exports/country-comparison>, accessed August 17, 2021

ⁱⁱ Statistical Committee of the Republic of Armenia, “Economic and Financial Data for the Republic of Armenia”, <https://armstat.am/nsdp/>, accessed August 20, 2021.

ⁱⁱⁱ Integrated Biodiversity Management, South Caucasus, IBS, “Baseline Study for Sisian region of Syunik Region”, <https://biodivers-southcaucasus.org/uploads/files/5b6c35289a6d4.pdf>, accessed August 15, 2021

^{iv} Statistical Committee of the Republic of Armenia, “Regional Statistics”, <https://www.armstat.am/en/?nid=111>, accessed August 16, 2021

^v Integrated Biodiversity Management, South Caucasus, IBS, “Baseline Study for Sisian region of Syunik Region”, <https://biodivers-southcaucasus.org/uploads/files/5b6c35289a6d4.pdf>, accessed August 15, 2021

^{vi} Integrated Biodiversity Management, South Caucasus, IBS, “Baseline Study for Sisian region of Syunik Region”, <https://biodivers-southcaucasus.org/uploads/files/5b6c35289a6d4.pdf>, accessed August 15, 2021

^{vii} Must Go Travel, “Armenian Language”, <https://www.mustgo.com/worldlanguages/armenian/>, accessed August 17, 2021