Assembly Committee on Jobs, Economic Development, and the Economy

DATE: May 31, 2019

TO: Interested Parties

FROM: The Assembly Committee on Jobs, Economic Development, and the Economy

RE: Briefing on the June 4, 2019 Hearing – *Impact of the U.S. Trade Dispute with China on the California Economy*

On Tuesday, June 4, 2019, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) will be convening the first in a series of informational hearings and meetings on the impact of the U.S. and China trade dispute on the California economy. This hearing, held jointly with the Assembly Committee on Agriculture (AG) and the Assembly Select Committee on International and Regional Agreements (IRA), builds upon the committee's prior activities to track and monitor international trade and foreign investment.

This briefing memorandum has been prepared to assist committee members in preparing for the hearing. In addition to providing an overview of the hearing and witness biographies, the memo includes information on California's trade-based economy, as well as information on some initial findings as to the impact of the trade dispute on the California economy.

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Hearing Overview

During the hearing, members will have an opportunity to hear from the Governor's chief advisor on foreign affairs and trade promotion, two economists who have been monitoring agriculture trade for decades, and industry leaders, including several representing agriculture.

Speakers' remarks will focus on the impact of the current trade dispute between the U.S. and China, including potential actions the state and/or businesses can take to mitigate the impact of a protracted resolution of trade issues.

A preliminary hearing agenda is included in ***Appendix A (page i)*** and biographies of speakers which were available at the time of publication are listed in ***Appendix F (page xiii)***.

Issues Framework

[*In proposing the joint hearing to AG and JEDE, the IRA prepared a framework for the hearing. It is included below, without edits, except format changes necessary to be included within the briefing memorandum*.]

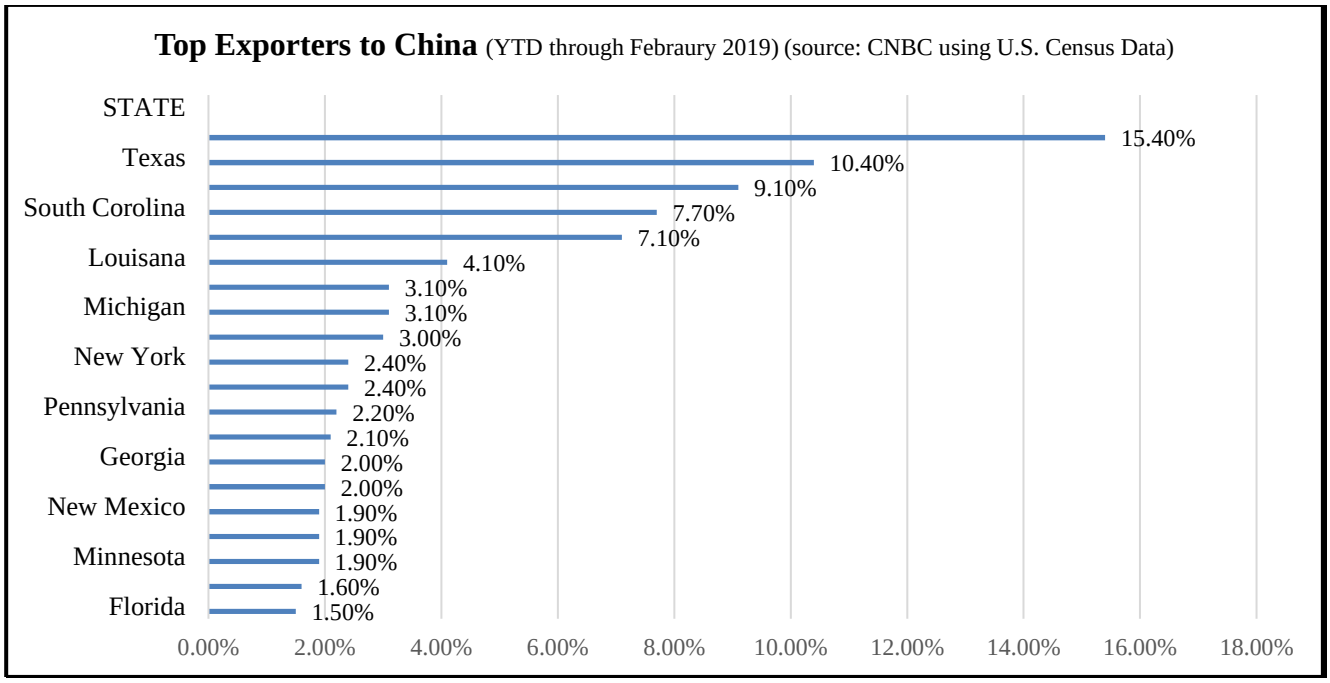
The Tariff Hikes by the U.S. and China Began in the Summer of 2018

At the direction of President Donald Trump, during July of 2018, the U.S. began collecting a new and exclusive 25 percent tariff on 818 imported Chinese products valued at $34 billion. Since that time, the list of products subject to tariffs, which includes steel, electronic items and machinery, has increased significantly, and the value of those products has grown to over $200 billion. (*For a complete timeline, please see attachment*)

China retaliated by imposing, as of mid-May 2019, $110 million in tariffs exclusively on U.S. products, with agricultural goods and a wide array of other commodities taking the biggest hits. Both countries have engaged in discussions to resolve trade disagreements, but the path to a resolution has been elusive as both sides have been unwilling to concede much ground.

California has Significant Economic Ties with China

Numerous American companies are fearful China's retaliation will kill off their exports to the world's biggest consumer market. A fair number of those companies and producers are in California, which, as the chart below shows, is by far the largest exporter to China of any state in the nation.



The contiguous California ports of Los Angeles and Long Beach together comprise one of the largest port complexes in the world and the largest in the U.S. China represents about 60% of the trade volumes at the Port of Los Angeles. The port's executive director, Gene Seroka, recently told CNBC that exports to China last year declined by about 25%. He said cargo that goes through the port includes items not only produced in California but coming via rail from Midwestern states, including soybeans. Other sectors hit by the trade

war on the export side, he further noted, are electronic products, household goods and recyclables. Seroka said many exports were down double-digit percentage levels in 2018 from the prior year.[i]

Agricultural products have been Particularly Hard Hit by Chinese Tariffs

The director of the University of California Davis' Agricultural Issues Center, Professor Daniel Sumner, has identified fruit and tree nut exports as particularly vulnerable to Chinese tariffs. Roughly two-thirds of fruits and nuts are produced in California. All told, Sumner estimated last year that U.S. fruit and nut companies could lose more than $3 billion annually due to tariff increases.[ii]

U.S. wine exports to China have fallen almost in perfect correlation with Chinese tariffs. Two lots of tariffs in April and September 2018 added 25 per cent to the duty on American wines entering the booming Chinese market. This led to a 25 per cent slump in U.S. wine exports to China, 90 percent of which came from California.[iii]

On May 23rd, President Trump announced a $16 billion aid package for U.S. farmers who've been hurt by the tariff dispute. However, the aid is targeted at Midwestern farmers who produce crops such as corn and soybeans, and not the California specialty crops that are critical to the state's agriculture revenues.

As California Congressional Representative Jim Costa said, "This rushed and poorly planned plan bailout raises the troubling possibility that some of the nation's most valuable agricultural products, like the fruit and vegetable crops produced in central California, will receive a different and possibly reduced level of aid."[iv]

The Cost of Imported Consumer Goods has Increased Due to U.S. Tariffs

While Chinese tariffs mainly hurt California agricultural exports, U.S. tariffs on popular Chinese goods will impact consumers. Last month, the *Los Angeles Times* declared that *"*Major retailers are sounding the alarm: The U.S.- China trade battle could be coming to a mall near you in the form of higher prices in time for the back-to-school and holiday shopping seasons."[v]

According to Katheryn Russ, an economics professor at the University of California, Davis specializing in international trade, at the outset of the trade war, only about one percent of goods on the Trump administration's initial tariff list of Chinese goods were final consumer products. But as the tariffs expanded, consumer items became more prevalent on the lists, including lamps, vinyl floor tile coverings, air conditioning units, televisions, cameras and mattresses, Russ noted. These are items which the U.S. imports in good part from China.[vi]

The Poor and Working Class are Most Vulnerable to the Tariff War Impacts

As Russ told *Bloomberg Businessweek* last month, "lower-income consumers tend to spend a lot of their money on low-priced apparel and other items imported from China. On the other hand, higher-income people spend a lot on high-end consumer electronics that are also from China. The biggest reason tariffs pinch the poor the most is that the poor have less of a cushion: A higher share of their incomes goes for consumption of all kinds. The rich save a higher share of theirs."[vii]

As for the negative impact of Chinese retaliatory tariffs on U.S. goods, Southern California economist John Husing said that "it's getting deep enough into the trade war that it's starting to get a little bit scary — it's starting to have a serious impact. That makes it more difficult to sell things to China, so it hurts our employee base here."[viii]

As of today there is no clear end to the tariff war in sight. The U.S. and China have been negotiating a new trade pact, but it is not clear that any significant progress will be made prior to President Trump's meeting Chinese President Xi Jinping at the G20 summit in late June in Japan; and it remains to be seen if real progress can be made at the summit.

Overview of Witness Presentations

The following subsections provide additional detail on the background of the witnesses and their perspectives.

Presentation from Ambassador Eleni Kounalakis, Lieutenant Governor of California

Ambassador Eleni Kounalakis is the first speaker who will discuss the importance of trade to the California economy and the state's organizational structure for monitoring the impact of the federal trade-related actions on California competitiveness.

In February 2019, the Governor Newsom issued Executive Order N-08-19 (EO), which designated the Lt. Governor as the Governor's Representative for International Affairs and Trade Development (Foreign Affairs Representative).

As the Foreign Affairs Representative, the Lt. Governor, in coordination with the Governor's Chief Business and Economic Advisor (Economic Advisor), will advise the Governor on international opportunities and provide recommendations to promote and expand trade, investment, and foreign relations.

In addition, the Foreign Affairs Representative and the Economic Advisor are directed to convene a cabinet-level International Affairs and Trade Development Interagency Committee (Interagency Committee) to advise the Governor and support the coordination of state activities related to trade, investment, and foreign relations.

The Interagency Committee is comprised of the secretaries of the California Natural Resources Agency, California State Transportation Agency, and California Environmental Protection Agency, and California Department of Food and Agriculture (CDFA), and the directors of the California Energy Commission, Governor's Office of Emergency Services, Governor's Office of Planning and Research, Governor's Office of Business and Economic Development, and Visit California.

The first meeting of the Interagency Committee was held on May 20, 2019. As part of the presentations, CDFA Secretary Karen Ross reported that the California agriculture community was suffering from the impacts of the tariffs. She made two recommendations for Interagency Committee actions, including using the California Congressional delegation to help advance California's trade positions and to better leverage federally funded technical assistance to support businesses engaged in export activities.

Trade Economist Panel

The U.S. trade dispute with China is having a wide range of impacts across industry sectors. At this hearing, the presentations will be concentrated around exports of agricultural commodities. Two U.C. Davis economists have been invited to discuss their work on trade and the potential impacts of the current disputes on California agricultural businesses, including **Dr. Katheryn Russ** and **Dr. Daniel Sumner.**

Dr. Russ conducts research on the macroeconomic outcomes arising from international trade and investment and served as a visiting scholar at the central banks of Germany, Portugal, and France, and at the Federal Reserve Banks of St. Louis and San Francisco. She is a research associate of the Institute for Globalization and Monetary Policy at the Federal Reserve Bank of Dallas and a research advisor at the Halle Institute for Economic Research in Halle, Germany.

In August 2018, Dr. Sumner published a paper "*Economic Impacts of Increased Tariffs that have Reduced Import Access for U.S. Fruit and Tree Nuts Exports to Important Markets*," which discussed some of the possible consequences of ongoing international trade disputes, including estimates on the percent of important California agricultural commodities which are exported to countries targeted by the U.S., including 12.6% of almonds and 13.1% of walnuts (based on 2016 and 2017 export activity).

Most recently, Dr. Sumner spoke at a symposium hosted by the World Trade Center of Northern California, Banner Bank, and the City of Woodland. The topic of Dr. Sumner's remarks that opened the symposium was "Tariffs, Tactics and Trade: How to Plan for Export Success." ***Appendix E (page xi)*** includes a summary of key agriculture export data prepared by AG.

Industry Perspectives

California's agricultural sector experienced the earliest impacts of the U.S.'s trade dispute with China. For other industry sectors, businesses were able to delay purchases, temporarily substitute products, or bring in "extra goods" prior to tariff effective dates. As California businesses prepare to enter into the second half of 2019, the effects of the dispute are being more fully felt as they restock shelves from the holidays, fulfill new orders, and assemble products.

In general, the response of the business community has been one of concern over the establishment of policies that serve as de facto barriers to market access. Groups such as the U.S. Chamber of Commerce and the Specialty Crop Trade Council acknowledge that some of China's trade policies and practices represent real threats to global business innovation and heightened risk to cybersecurity and technology licensing. In a March 2018 letter to President Trump, 45 business associations called for federal intervention to address China's discriminatory practices. The letter also stated, however, the business groups' aversion to the use of tariffs to address these issues because of their negative impact on the U.S. economy, including driving up the cost of materials and products to consumers and businesses and their potential for triggering retaliatory tariffs.

To assist the committees in understanding how the current U.S. and China trade relationship impacts California, an industry perspectives panel has assembled, which includes:

- **Matt Davis**, Director of Governmental Affairs, Port of Oakland
- **Rachel Michelin**, President, California Retailers Association
- **Courtney Jensen**, Executive Director, TechNet
- **Honore Comfort**, Vice President, International Marketing, The Wine Institute
- **Dave Puglia**, Executive Vice President, Western Growers
- **Representative** from the California Labor Federation (*invited*)

At future JEDE sponsored events, the committee will hear from other industry sectors about how the ongoing trade dispute with China impacts their businesses and workers. ***Appendix D (page vii)*** includes information on the California and China trade relationship based on 2018 data.

Public Comment

The public and individuals representing organizations and businesses are encouraged to add their voices to this important dialogue. Individuals interested in providing testimony during the public comment agenda item may reserve a space through the Office of the Assembly Jobs Committee prior to the hearing or sign-up on the day of the hearing on the public comment sheet that will be available at the Sergeants' Desk during the hearing.

In addition to the public comment period during the hearing, written comments may be submitted through the Office of the Assembly Jobs Committee until June 15, 2019.

The California Economy

California is home to nearly 40 million people, providing the state with one of the most diverse populations in the world, often comprising the single largest concentration of nationals outside their native country. In 2017, this diverse group of business owners and workers produced $2.7 trillion in goods and services, $171 billion of which were exported to over 220 countries around the world.

California's economy ranked fifth largest in the world in 2017 – only the national economies of the United States, China, Japan, and Germany being larger. Historically, a number of factors have contributed to California's significant positon within the global marketplace, including its strategic west coast location, its economically diverse regional economies, its skilled workforce, and its culture of innovation and entrepreneurship, particularly in the area of technology. California has the largest workforce in the nation, comprised of 19.4 million people who are comparatively younger and more educated than the national average. As an example, over 30% of the working age population in California holds at least a bachelor's degree.

Many policy makers and economists describe California as having not a single economy, but having a highly integrated network of industry clusters that provide access points to other areas of the U.S. and across the world. While biotech has a comparative advantage in some regions, information technology drives growth in others. This economic diversity is one of the reasons California moved so aggressively out of the Great Recession (recession). In the recession, California experienced unemployment above 13%, and in some areas of the state, such as Imperial County, unemployment remained above 20% throughout the duration. Today, California has regained all 1.1 million jobs lost in the recession and has added, since February 2011, over three million jobs.

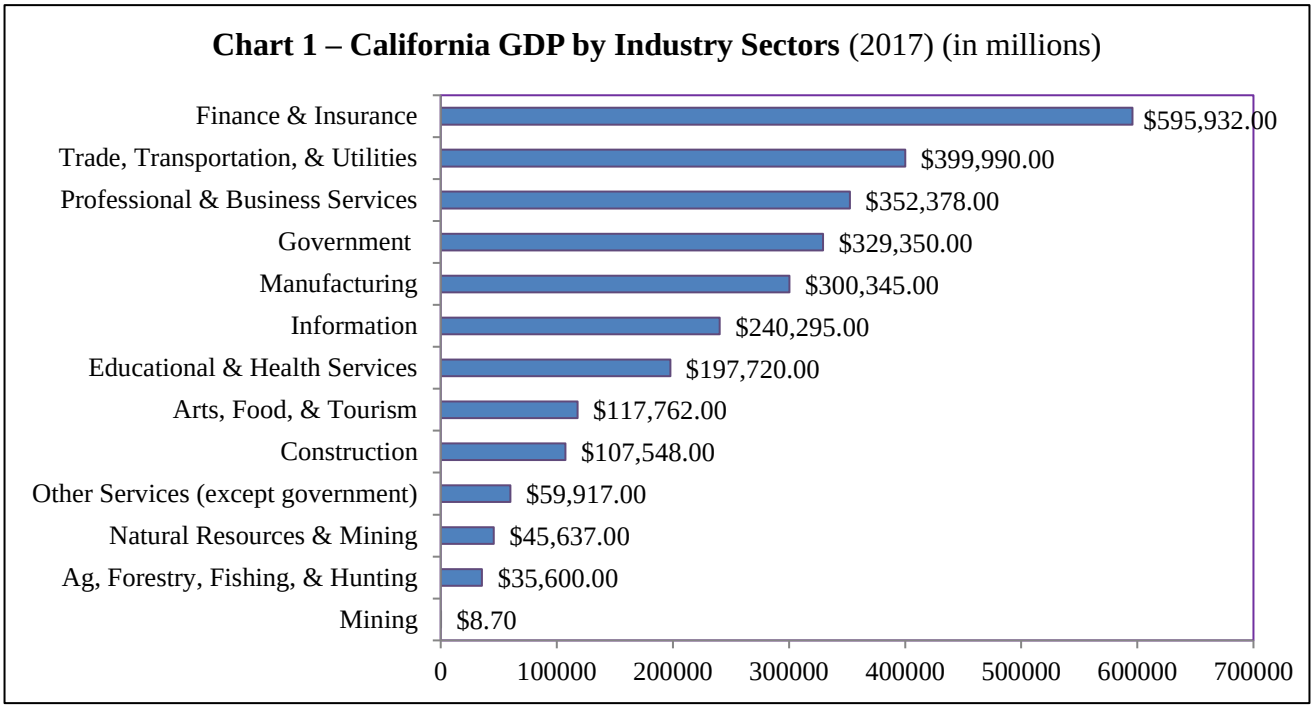
Supporting this economic vitality are both global fortune 250 companies with California headquarters, as well as the state's robust small business sector, which employees half of all workers and is comprised of more than 98% of all businesses in the state. ***Appendix B (page iii)*** includes additional information on the California economy.

Major Industry Sectors

One of the unique qualities of California's economy is its multiple dominant industry sectors. ***Chart 1*** shows state GDP in dollars by industry sector.

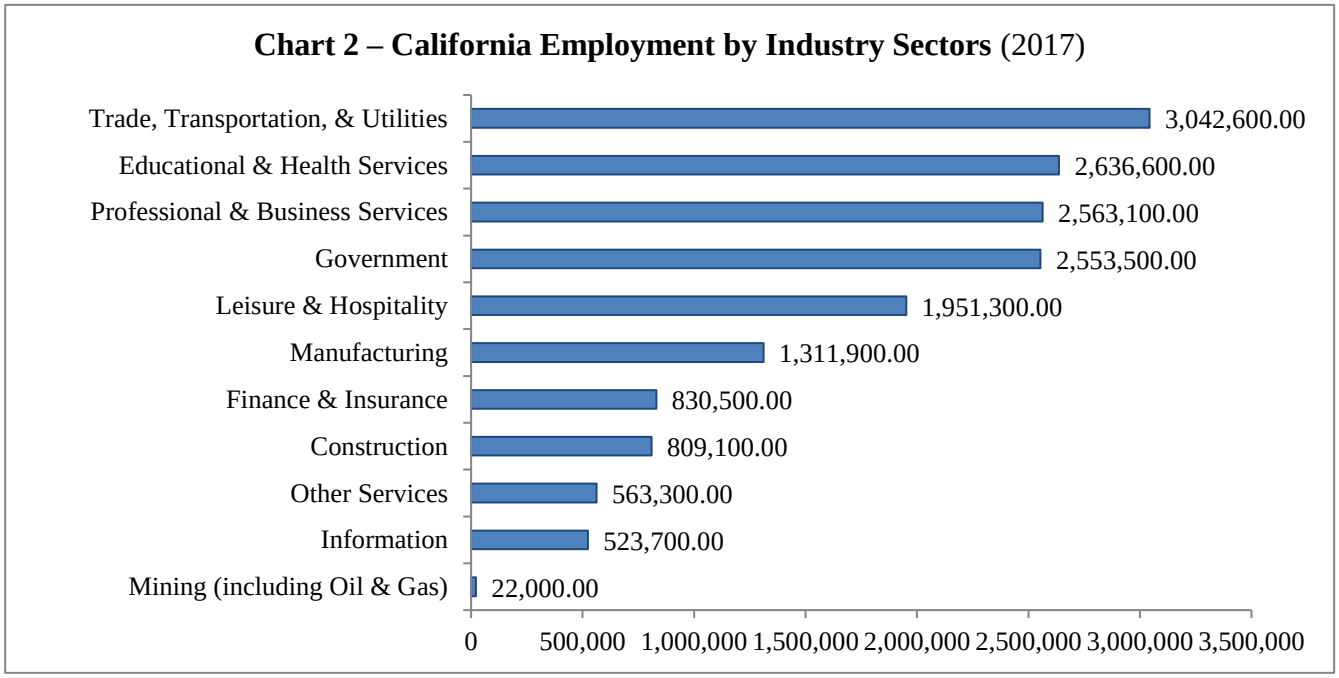
The state's three largest industry sectors in terms of GDP – finance and insurance; trade, transportation, and utilities; and professional and business services – also provide a foundation to other industry sectors, including manufacturing and information. Each of these top performing industry sectors are also distinguished as being a tradable industry sector, meaning that it is a sector whose output in terms of goods

and services is traded internationally, or could be traded internationally given a plausible variation in relative prices.



Due to its economic impact exceeding its proportional share of the U.S. population, California's economy has been described as "hitting above its weight." As an example, while California's population comprises 12% of the U.S. population, the state contributed 16% of total job growth between 2012 and 2017.

Chart 2 shows employment data within the same industry sectors as are measured in Chart 1. The employment numbers come the California Employment Development Department.



California's largest industry sector, based on employment, is the trade, transportation, and utilities sector, employing 3.0 million people and representing 15.5% of all California jobs. Jobs in this sector also support

employment in other industry sectors including manufacturing (8.1% of state employment in 2017), professional services (13.1% of state employment), and financial activities (4.1%).

Manufacturing is considered the "gold standard" for jobs because of the higher wages paid to workers, the inclusion of small businesses within its extended supply chains, and the high multiplier effect on their local communities and across the state. The Milken Institute estimates that for every job created in manufacturing, 2.5 jobs are created in other sectors. In some industry subsectors, such as electronic computer manufacturing, the multiplier effect is 16 to 1.

While California has the largest manufacturing sector in the nation, the state is often bypassed for new facilities and the expansion of existing facilities. According to the California Manufacturers and Technology Association, California falls into the lower quartile of states, based on its job growth following the recession. In comparing new and expanding manufacturing activity (January 2010 to October 2016), California ranked 24 out of 32 major manufacturing states. California received only 2.57% of the job growth, as compared to Michigan (32.49%) that generated the most and New Jersey (-4.78%) that had a net loss of jobs over the 16-year period.

One challenge California faces in growing manufacturing jobs is the state's perceived lack of cost competitiveness and the regulated nature of its business environment. These perceptions impact not only decisions about expansions and relocation from other states, but also reshoring decisions. According to one study, California is receiving only about 1% of reshored manufacturing jobs. In recent years, the Legislature and Administration have adopted and funded new initiatives related to the initial cost of development and expansions and technical assistance to help businesses navigate the state regulatory and permitting environment.

The current trade dispute puts further stress on California's manufacturing sector because significant amounts of both raw resources, as well as parts and semi-assembled products make up a sizable component of the state's imports.

Current Employment

In April 2019 (most recent data), California reported a seasonally adjusted unemployment rate of 4.3% as compared to the U.S. rate of 3.6%. From the employment side, this represents 18.6 million people being employed, with over 80% being employed in full time work. Within nonfarm industries, nine sectors had month-over increases with only the information and mining and logging sectors reporting losses. Jobs in the trade, transportation, and utilities reported a gain of 1,700 jobs for April 2019.

According to EDD, California experienced an unusually large, 50,000-person drop in civilian employment in April 2019. This was only California's third employment loss in the last 102 months, but each of these losses occurred within the last five months. Year-over, civilian employment was up 1.1% in April 2019.

The lowest April 2019 unemployment rate among California counties were reported in San Mateo (1.9%), Marin (2.1%), and San Francisco (2.1%). The comparable California rate (not seasonally adjusted) was 3.9%.

Although all 58 counties had rates lower than the prior month, certain areas of the state are experiencing recession level unemployment. The highest unemployment was reported in Imperial (16.2%), Colusa (15.7%), and Plumas (12.6%). Additional details on the California nonfarm economy can be found in ***Appendix C (page v)***.

For the week of April 7 to 13, 2019, the U.S. Department of Agriculture reports 534,000 farm workers were employed nationally, 139,000 of those workers being employed in farm work in California. These figures exclude workers in agricultural services.

On average, farmworkers were employed for 38 hours during the week nationally, as compared to 43 hours in California. Of the 139,000 California farm workers, 132,000 (95%) were anticipated to be working for more than 150 days. Nationally, only 81% of the workers during the reporting period were anticipated to work more than 150 days.

Job Growth 2016 - 2026

The Employment Development Department (EDD) has forecast that California will add over 2 million nongovernment jobs between 2016 and 2026. By 2026, it is estimated that total civilian employment (including self-employment, farm employment, and private household workers) will reach 19.7 million, an increase of 1.9 million jobs (10.7%) over the 10-year projected period of 2016-2026.

Chart 3 displays projected growth in civilian employment for 2016-2026, including new and replacement jobs

Chart 3 - Projected Job Growth in Employment from 2016-2026 ***(ranked by number of jobs)***

	Industry Sector	Percent Change	Increase in Jobs			Industry Sector	Percent Change	Increase in Jobs
1	Educational Services, Health Care, and Social Assistance	23.9%	607,400		7	Information	14.6%	76,600
2	Professional and Business Services	11.1%	280,200		8	Other Services (excludes private household services)	10.1%	55,900
3	Leisure and Hospitality	13.3%	252,300		9	Financial Activities	5.2%	42,600
4	Trade, Transportation, and Utilities	6.7%	200,000		10	Total Farm	3.5%	15,000
5	Construction	20.5%	158,600		11	Manufacturing	0.1%	1,300
6	Government	4.6%	116,100		12	Mining	-8.0%	-1,800

A significant portion of this projected growth, however, is dependent on the long-term strength of those industry sectors that are linked to consumers and supply chains outside of the state. Advances in transportation and communication technologies are encouraging the development of previously undeveloped markets and expanding multinational business opportunities. In 2018, California exported $178.4 billion in products to over 225 foreign countries.

Trade and Foreign Investment

International trade and foreign investment are important components of California's $2.7 trillion economy supporting over 4 million California jobs. The importance of trade to the California economy is increasing, as reflected in the percentage of California jobs tied to trade having more than doubled from 1992 to 2011: 10.6% vs. 22.0%. Nationally, jobs supported by U.S. exports totaled 10.7 million, with nearly 684,000 of those jobs being in California.

California's largest industry sector by employment is trade, transportation, and utilities, which encompasses everything from major retail outlets, to import-export businesses, to transportation and warehousing.

Workers in trade-related jobs earn on average 10% to 28% higher wages than the national average. California leads the nation in export-related jobs. The U.S. Department of Commerce estimates that 683,772 jobs were directly supported by the export of products in 2016, with nearly 630,000 (92%) in the manufacturing sector.

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** of the U.S. and emerging economies experiencing a growing middle class, accessing these global markets is key to California's continued economic growth. Two-way trade in California was over $600 billion in 2018. 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.

California's land, sea, and air ports-of-entry serve as key international commercial gateways. In 2018, $619.5 billion in products entered and exited the U.S. through these ports. If California were a country, it would be the 28th largest exporter and the 13th largest importer of goods in the world, based on 2018 trade numbers. Exports out of California were valued at $178.4 billion and represented 10.7% ($1.6 trillion) of total U.S. exports in 2018. Imports of goods into California were valued at $441.1 billion and represented 17.3% of total U.S. imports in 2018.

Chart 4 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. If combined, California's largest export market in 2018 was Mexico, who received over $30.7 billion in California products. Top-ranking export destinations not shown on the chart include Germany, the Netherlands, and the United Kingdom.

Chart 4 – California Exports of Goods for 2011 to 2017 (billions of dollars)

	Partner	2011	2012	2013	2014	2015	2016	2017	2018
	World	$159.4	$161.7	$168.0	$174.1	$165.3	$163.5	$171.9	$178.4
1	Mexico	$25.8	$26.3	$23.9	$25.4	$26.7	$25.2	$26.7	$30.7
2	Canada	$17.2	$17.4	$18.8	$18.2	$17.2	$16.1	$16.7	$17.7
3	China	$14.2	$13.9	$16.2	$16.0	$14.3	$14.3	$16.4	$16.3
4	Japan	$13.1	$13.0	$12.7	$12.2	$11.7	$11.7	$12.8	$13.0
5	Hong Kong	$7.6	$7.8	$7.7	$8.5	$8.7	$9.6	$12.1	$9.9
6	South Korea	$8.4	$8.2	$8.3	$8.6	$8.6	$8.2	$9.6	$9.9

Source: International Trade Administration, accessed 4/8/19

California also exports services to businesses, consumers, other organizations, and governments around the world. Between 2006 and 2016, the export of California services has increased 87%, increasing from $73 billion to $136 billion in services. California's largest export service sectors in 2016 included:

- Royalties and License Fees at $37.5 billion
- Travel Services at $32.9 billion
- Business, Professional, and Technical Services at $28.4 billion
- Transportation Services at $12.2 billion
- Financial Services at $11.2 billion

- Telecommunications, Computer, and Information Services at $10.4 billion

Canada was California's largest service export market receiving $9.4 billion in services in 2016, which supported an estimated 61,315 jobs. California's second largest service export market was China with $9.1 billion in services in 2016 and support for 61,349 jobs.

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) over 710,000 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, 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. ***Appendix C (page v)*** includes additional information on California's trade-based economy.

Key Policy Questions

While the post-WWII economy in the U.S. was driven by domestic production and demand, the post-recession economy and the fourth industrial revolution is highly linked to foreign markets. The federal administration's policies on international engagement, including international trade, are having far reaching impacts on local and state economies.

Today's hearing is focusing on the current and potential impacts of the U.S. and China trade disputes with an emphasis on agriculture. In addition to sharing information on direct and indirect impacts, witnesses can also make recommendations on how the state can support businesses and workers during this challenging time of evolving federal policy on international trade and foreign investment. Among other questions, the Members may want to consider the following:

1. How is the executive branch organizing itself to track and monitor the impact of the trade disputes with China? Which government office or individual is taking the lead and how are they engaging with the private sector?

2. How can the executive branch support the development of tier two foreign markets to offset the loss of exports and imports with China?

3. What services can the state provide to workers who experience work slow downs as a result of extended trade disputes?

4. What role can the Governor's State Point of Contact to the U.S. Trade Representative play in sending a unified message from the Administration and Legislature, as authorized in Government Code Section 99501?

5. How can the state engage with its U.S. Congressional delegation to advance strategic trade actions supporting California businesses?

6. How can the state engage with other major exports states, such as Texas, Florida, and New York, to advance strategic trade actions supporting California businesses?

7. How can e-commerce platforms, technical assistance, and modifications of regulatory requirements mitigate the impacts of the U.S. and China trade dispute?

Materials in the Appendices

A fact-packed summary of the California economy and copies of other materials related to the presentations are provided in the appendices.

- Appendix A – ***Preliminary Hearing Agenda***
- Appendix B – ***Fast Facts on the California Economy***
- Appendix C – ***Fast Facts on California's Trade Economy***
- Appendix D – ***Fast Facts on the California and China Trade Relationship***
- Appendix E – ***Fast Facts on California Agricultural Export***
- Appendix F – ***Biographies of the Speakers***

Committee Contact Information

The Assembly Committee on Jobs, Economic Development, and the Economy is the committee of the California State Legislature responsible for overseeing issues related to business formation, foreign trade and investment, industrial innovation and research, and state and local economic development activities.

The Committee Office is located in the Legislative Office Building (LOB) at 1020 N Street, Room 359. The phone number to the Committee is 916.319.2090.

Mail should be addressed to: Assembly Committee on Jobs, Economic Development and the Economy; State Capitol; Sacramento, CA, 95814. For security reasons, mail is not received or delivered to the LOB.

Appendices

Appendix A
Preliminary Hearing Agenda for June 4, 2019

The Impact of the U.S. Trade Dispute with China on the California Economy

The Assembly Select Committee on International and Regional Agreements, the Assembly Committee on Agriculture, and the Assembly Committee on Jobs, Economic Development, and the Economy are convening a joint informational hearing on international trade and foreign investment. The objective of today's hearing is to provide Assembly Members with a macro overview of the impact of U.S. trade disputes with the People's Republic of China on various economic sectors and provide a lens through which Assembly Members can evaluate state programs and legislative proposals in the coming Session.

I. Welcome, Introductions, and Opening Statements

Chair and Members of the Assembly Select Committee on International and Regional Agreements, the Assembly Committee on Agriculture, and the Assembly Committee on Jobs, Economic Development, and the Economy will give opening statements and frame the key issues to be examined during the hearing.

II. Remarks by Lieutenant Governor Eleni Kounalakis

***Lt. Gov. Eleni Kounalakis**, who also serves as the Governor's Representative for International Affairs and Trade Development, will share her insights and perspectives on the current trade situation between the U.S. and China.*

III. Assessing the Economic Implications of the Trade Dispute on California

- ***Dr. Katheryn Russ**, Professor, University of California at Davis*
- ***Dr. Daniel Sumner**, Professor, University of California at Davis*

Economists generally agree that extended trade disputes involving retaliatory tariffs have negative impacts on both parties. In this panel, Members will hear presentations from two economists who will highlight both the current and potential macro-economic impacts on the California economy and those impacts specific to agriculture.

IV. Industry Perspectives

- ***Matt Davis**, Director of Governmental Affairs, Port of Oakland*
- ***Rachel Michelin**, President, California Retailers Association*
- ***Courtney Jensen**, Executive Director, TechNet*
- ***Honore Comfort**, Vice President, International Marketing, The Wine Institute*
- ***Dave Puglia**, Executive Vice President, Western Growers*
- ***Representative** from the California Labor Federation (invited)*

California's economic dominance is supported through a range of robust business and industry sectors. California workers and owners produced $2.7 trillion of economic value in 2017, ranking the state as the 5th largest economy in the world. In this panel, Members will hear from industry leaders on the current impacts of the trade dispute and how members of their industries are preparing for the potential of an extended delay in the two parties reaching a resolution.

V. Public Comment

Anyone interested in addressing the Committee may sign-up to speak during the public comment period. A sign-up sheet is located at the back of the hearing room. Written comments may also be submitted.

VI. Closing Remarks

Assembly Members will make closing remarks.

Appendix B
Fast Facts on the California Economy

California Gross Domestic Product (GDP)

- California's economy in 2017 ranks as the **fifth largest in the world** – larger than the U.K., India, France, Brazil, Italy, Canada, Korea, and Russia.[ix]

- California's **largest private industry sectors in 2017 were: finance, insurance,** real estate, rental, and leasing (21.6% of state GDP); trade, transportation, and utilities (14.5%); professional and business services (12.8%); manufacturing (10.9%); information (8.7%); tourism and arts (4.2%); and construction (3.9%).[xi]

Comparison of 2017 GDPs

Country	GDP		Country	GDP
1. United States	$19.39 trillion		9. Brazil	$2.06 trillion
2. China	$12.02 trillion		10. Italy	$1.94 trillion
3. Japan	$4.87 trillion		11. Canada	$1.65 trillion
4. Germany	$3.69 trillion		12. Korea	$1.54 trillion
5. California*	$2.75 trillion		13. Russia	$1.53 trillion
6. United Kingdom	$2.63 trillion		14. Australia	$1.38 trillion
7. India	$2.61 trillion		15. Spain	$1.31 trillion
8. France	$2.58 trillion			

Source: Department of Finance[x]

Firms, Employment, and Wages

- There were **3,206,958 firms** in California that had no employees in 2015, representing 82% of all firms in California (3,906,497 in total). Of firms which have employees (699,539 in total), **49.9% had 1 to 4 employees**, 78.0% had less than 20 employees, 87.0% had less than 100 employees, and **89.0% had less than 500 employees** (federal small business definition). Approximately 6,115 firms in California had 500 employees or more.[xii]

- There were **19.5 million workers** in the California labor force in April 2019 with 18.6 million individuals employed, a month-over decrease of 50,000 jobs. This represents a 195,000 (1.1%) increase in jobs over the prior 12-month period.[xiii]

- Nonfarm **employment rose in ten sectors** in 2018, including: professional and business services (3.2%); leisure and hospitality (2.8%); construction (2.6%); education and health services (2.5%); information (1.5%); government (1.2%); mining and logging (0.9%); financial activities (0.5%); manufacturing (0.4%); and trade, transportation, and utilities (0.4%). The only sector that lost jobs in 2018 was the other services sector (0.7%).[xiv]

- California **exported $178.4 billion** in goods in 2018 to over **225 foreign markets**, representing 10.7% ($1.6 trillion) of total U.S. exports and rendering the state the 28th largest exporter in the world.[xv] [xvi] [xvii] California's largest export market in 2018 was Mexico ($30.7 billion), followed by China and Hong Kong ($26.2 billion), and Canada ($17.7 billion).[xviii] California imported $440.7 billion in products from other countries, accounting for 18.8% of total U.S. imports in 2017. China ($159.2 billion) and Mexico ($46.4 billion) are the state's largest import markets.[xix]

- California **median household income was $71,805** ($60,336 for U.S.)[xx] with 14.3% of individuals in the state (13.4% for U.S.) living on incomes at or below the federal poverty designation.[xxi] Using the federal Supplemental Poverty Measure, which accounts for geographic differences, transfer payments, and out-of-pocket expenses, **19% of California residents live in poverty**, as compared to 14.1% nationally

using a three-year average of 2015 through 2017.[xxii]

Future California Job Market

- The Employment Development Department is responsible for assessing future employment needs based on regional industry clusters. By 2026, it is estimated that total civilian employment (including self-employment, farm employment, and private household workers) will reach **19.7 million**, an increase of 1.9 million jobs (10.7%) over the 10-year projected period of 2016-2026. The chart below displays

Projected Job Growth in Employment from 2016-2026 ***(ranked by number of jobs)***

	Industry Sector	Percent Change	Increase in Jobs		Industry Sector	Percent Change	Increase in Jobs
1 **2**	Educational Services, Health Care, and Social Assistance	23.9%	607,400	7	Information	14.6%	76,600
2	Professional and Business Services	11.1%	280,200	8	Other Services (excludes private household services)	10.1%	55,900
3	Leisure and Hospitality	13.3%	252,300	9	Financial Activities	5.2%	42,600
4	Trade, Transportation, and Utilities	6.7%	200,000	10	Total Farm	3.5%	15,000
5	Construction	20.5%	158,600	11	Manufacturing	0.1%	1,300
6	Government	4.6%	116,100	12	Mining	-8.0%	-1,800

projected growth in civilian employment for 2016-2026, including new and replacement jobs.[xxiii]

April 2019 Unemployment

- In April 2019, the California **seasonally adjusted unemployment rate was 4.3%**, which represents a 0.0% increase from the prior month. This unemployment rate represents approximately 835,000 unemployed workers reflecting a **labor force participation rate of 62.6%**.[xxiv] Over the same period, the comparable national unemployment rate was 3.6%.[xxv]
- For April 2019, the counties with the highest not seasonally adjusted unemployment were **Imperial (16.2%), Colusa (15.7%), and Plumas (9.9%)**. Eight out of 58 counties had unemployment rates below 3%, including: **San Mateo (1.9%), San Francisco (2.1%), Marin (2.1%), and Santa Clara (2.3%)**. The comparable non-seasonally adjusted state unemployment rate was 3.9%.[xxvi]
- The highest not seasonally adjusted unemployment rates by race and ethnicity were among individuals identified as **black (6.3%), Hispanic (5.2%), and white (4.2%)** in April 2019. The comparable state non-seasonally adjusted 12-month moving average unemployment rate was 4.2%.[xxvii]
- Most Californians, **82.2%, generally worked full time**. There were 722,000 persons in California who worked part time involuntarily in April 2019, comprising 3.9% of all employed workers during the survey week.[xxviii] California's labor participation rate was 62.6% in April 2019, meaning over 11.7 million people were not participating in the labor force.[xxix]
- **By age group**, the highest unemployment group in April 2019 was among workers **16 to 19 years of age (15.5%)**.[xxx] The largest group of unemployed persons, when sorted by duration, were individuals unemployed for less than five weeks, which represented 266,000 persons or 32.3% of those unemployed. These are not seasonally adjusted rates.[xxxi]

Prepared by: Assembly Committee on Jobs, Economic Development, and the Economy
Assemblymember Sabrina Cervantes, Chair

Appendix C
Fast Facts on California's Trade Economy

If California were a country, it would stand among the ten largest economies in the world, with a 2017 state GDP of $2.7 trillion (5th largest in the world).[xxxii] In 2017, California imports and exports totaled $620 billion in products, representing 15.7% of total U.S. imports and exports.[xxxiii]

California and World Markets

- In 2017, California GDP grew from $2.6 trillion to **$2.7 trillion**, ranking the state's economy as the **5th largest in the world**, as compared to national economies. Only the economies of the U.S., China, Japan, and Germany are larger.[xxxiv]
- **Exports** out of California were valued at **$178.4 billion** in 2018, representing 10.7% ($1.6 trillion) of total U.S. exports and rendering the state the 28th largest exporter in the world.[xxxv] [xxxvi] [xxxvii] For comparison of growth over time, California exported $168 billion in 2013.[xxxviii]
- California's **largest export market** is **Mexico**, where the value of exports totaled $30.7 billion in 2018. After Mexico, California's top export markets in 2018 were: China and Hong Kong ($26.2 billion), Canada ($17.7 billion), Japan ($13.0 billion), South Korea ($9.9 billion), Taiwan ($6.8 billion), Germany ($6.5 billion), the Netherlands ($6.4 billion), India ($6.1 billion), and the United Kingdom ($5.2 billion).[xxxix]
- California's **top seven exports** in 2018 were: computer and electronic products ($45.1 billion); transportation equipment ($19.1 billion); machinery, except electrical ($17.7 billion); miscellaneous manufactured commodities ($15.7 billion); chemicals ($13.7 billion), agricultural products ($13.5 billion); and food manufactures ($9.1 billion).[xl]
- California exported **$30.7 billion in products to Mexico** in 2018. The top five exports to Mexico were: computer and electronic products ($7.9 billion); transportation equipment ($3.7 billion); machinery, except electrical ($2.2 billion); electrical equipment, appliances, and components ($2.2 billion); and chemicals ($1.9 billion).[xli]
- California exported **$26.2 billion in products to China** ($16.3 billion), including Hong Kong ($9.9 billion). The top five exports to China (only) were: computer and electronic products ($4.1 billion); machinery, except electrical ($2.5 billion); transportation equipment ($2.0 billion); chemicals ($1.4 billion); and waste and scrap ($1.3 billion).[xlii]
- California's **third largest export market is Canada**, with exports totaling $17.7 billion in 2018. The top four exports to Canada were: computer and electronic products ($5.7 billion); agricultural products ($2.4 billion); transportation equipment ($1.5 billion); and food manufactures ($1.3 billion).[xliii]
- **Imports into California** were valued at $441.1 billion in 2018, representing 17.3% of total U.S. imports and ranking the state the 13th largest importer in the world.[xliv]
- China is the **largest source of imports to California**, valued at $441.1 billion in 2018. Chinese imports totaled $161.1 billion, followed by Mexico ($44.0 billion), Japan ($33.6 billion), and Canada ($27.0 billion).[xlv]
- The **largest amount of products imported** in 2018 by dollar: computer and electronic products ($1.2 billion); transportation equipment ($69.4 billion); electrical equipment, appliances, and components ($24.8 billion); oil and gas ($24.4 billion); miscellaneous manufactured commodities ($22.1 billion); apparel manufacturing products ($22.0 billion); and machinery, except electrical ($21.2 billion).[xlvi]

Trade and Jobs

- In 2016, California's **751,982 businesses** (firms) employed 14.6 million employees and had payrolls totaling $886 billion (largest payroll in the nation).[xlvii] Of those companies, 72,665 exported products from California in 2016 (latest year available) and 69,387 (96%) were small and medium size enterprises with fewer than 500 employees.[xlviii]
- **California goods exports** in 2016 (most recent) **supported an estimated 684,000 jobs**.[xlix] In 2016, **92%** of California export-related jobs were in **manufacturing**.[l]
- **Goods exports from Texas, California, and Washington** supported the most jobs in the nation in 2016 (910,000; 684,000; and 333,000 jobs respectively). Total exports from Texas and California combined accounted for nearly 30% of U.S. jobs supported.[li]

California and Foreign Direct Investment

- **Foreign Direct Investment** (FDI) contributes significantly to the U.S. economy, including **higher employment**, **higher wages** than national standards, **higher competitiveness among firms and boost exports**, a stronger **manufacturing base**, greater **research and development**, and higher **overall productivity** for the economy.[lii]
- In 2017, **global foreign direct investment** (FDI) reached $1.4 trillion, with the U.S. receiving the second largest amount of FDI in the world, totaling $259.6 billion (18.4% of global FDI).[liii]
- The **largest investing country** was Canada, with expenditures of $66.2 billion, followed by the United Kingdom ($40.9 billion), Japan ($34.0 billion), and France ($23.1 billion). By region, Europe contributed 40 percent of the new investment in 2017.[liv]
- By industry, expenditures in **manufacturing** were the largest sector at **$103.7 billion**, accounting for **40%** of total expenditures in the U.S.[lv]
- **By state**, the largest FDI expenditures were in **California** ($41.6 billion), **Texas** ($39.7 billion), and **Illinois** ($26 billion).[lvi]
- In 2017, **employment at newly acquired, established, or expanded foreign-owned businesses** in the U.S. was 554,300 employees. Current employment of acquired enterprises was 549,700.[lvii]
- **California has the 2nd highest number** of employees of foreign affiliates numbered at **55,700**, comprising over 10% of total U.S. employment by foreign-owned firms. The state with the **largest employment** by foreign-owned firms is **Missouri** with 63,000 employees.[lviii]
- Foreign-owned enterprises that support the **largest number of workers** in California include: Japan (19.3%), the U.K. (14.5%), Switzerland (10.5%), France (10.4%), Germany (10.2%), Canada (6.25%), and the Netherlands (4.0%).[lix]
- The **top five cities** with the **highest concentrations of foreign-owned and -affiliated businesses** are Los Angeles (1591 establishments), Torrance (310), Long Beach (212), Santa Monica (134), and Pasadena (127).[lx]

Prepared by: Assembly Committee on Jobs, Economic Development, and the Economy
Assemblymember Sabrina Cervantes, Chair

Appendix D
Fast Facts on the California and China Trade Relationship

China is the largest economy in the world with a 2017 GDP of $23.2 trillion, based on purchasing power parity.[lxi] China is consistently among California's top export and import partners, with $14.3 billion worth of goods exported and $441.1 billion worth of goods imported in 2018.[lxii]

Profile of China

- China is the world's fourth largest country with a land mass less than only Russia, Canada and the U.S. The land area of China is 9.6 million square km,[lxiii] which makes it slightly smaller than that of the U.S. (9.8 million square km).[lxiv]
- China is the world's most populous country with an estimated population of 1.38 billion in 2018,[lxv] which is more than four times the population of the U.S. (329.2 million).[lxvi]
- The literacy rate (age 15 and over that can read and write) in China was 96.4%.[lxviii]
- There were 2,560 higher education institutions in China reported in 2016, 793 of which provided postgraduate programs. In addition, China had 11,202 secondary vocational education schools recorded for the same period.[lxix]
- In 2016, 94.5% of high school graduates in China enrolled in higher education programs.[lxx] There were 1.9 million post-graduate students in China with 1.1 million in science, engineering, and medicine fields. This represents 57% of all graduate students.[lxxi]

Overview of China's Economy

- China possessed a 2017 GDP measured on purchasing power parity of $21.2 trillion, for comparison the U.S. GDP measured on purchasing power parity was $19.4 trillion in 2017. Purchasing power parity is considered by many researchers as a better measure for output across differing countries. [lxxii]
- China's GDP per capita of $16,700 ranked 105th in the world in 2017.[lxxiii]
- The inflow of foreign direct investment (FDI) has played a significant role in China's high GDP growth rate of 6.9% in 2017. China was ranked 1st as a top priority host for FDI for the 2014-2016 period by transnational corporations.[lxxiv] As of 2018, China received $142 billion of FDI, only behind top ranking U.S. who received $226 billion of FDI.[lxxv]
- Beginning in the late 1970s, China gradually implemented several key economic and fiscal reforms which liberalized trade, modernized the banking system, promoted growth of the private sector, and allowed the currency to rise in value. Changes in these policies played a significant role in making China the world's largest exporter in 2010. In 2017, it remained the world's largest exporter, exporting $2.2 trillion in goods.[lxxvi]
- In 2017, the agriculture, industry, and services sectors accounted for 7.9%, 40.5%, and 51.6% of its GDP, respectively.[lxxvii]
- China had 806.7 million people in its labor force in 2017. While its 2017 labor force ranks China as having the largest workforce in the world, its estimated workforce is down from 1.004 billion estimated in 2012.[lxxviii]

- China's 2017 labor force by sector had the greatest proportion in industrial (28.8%), while agriculture and services sectors comprised 27.7% and 43.5%, respectively, in 2017.[lxxix]
- China's support for state-owned enterprises in sectors considered important to "economic security" has increased in recent years, including in such sectors as energy generation/distribution, oils, petrochemical, natural gas, telecom, armaments, coal, and shipping.[lxxx]
- The growth of China's GDP relies heavily on foreign exports. In 2017, the value of China's exports to the world was $2.2 trillion, ranking 1st in the world, and its imports were worth $1.7 trillion ranking 2nd.[lxxxi] China's current account balance decreased from $304.2 billion in 2015 to $164.9 billion in 2017, ranking China 3rd in world, with Germany and Japan in the top positions. The U.S. has the lowest account balance (-$449.1 billion).[lxxxii]
- China's major export commodities in 2017 were electrical and other machinery, including computers and telecommunications equipment, apparel, furniture, and textiles.[lxxxiii] Its major import commodities were electrical and other machinery, including integrated circuits and other computer components; oil and mineral fuels; optical and medical equipment; metal ores, motor vehicles; and soybeans.[lxxxiv]
- Economic development has been more rapid in urban centers and coastal provinces than in rural areas. According to the Gini Index, which measures income inequality (where 0 is perfect equality and 100 is perfect inequality), in 2016, China scored 46.5 out of 100, which is 30th in the world. For comparison, the US is ranked as 39th, based on 2007 data (most recent data included on the list)[lxxxv]

China and U.S. Trade and Investment Relations

- In 2018, the U.S. was China's largest export partner, representing 19.2% of all of China's exports. The total value of products China exported to the U.S. totaled $539.5 billion,[lxxxvii] which increased from $483.2 billion in 2015.[lxxxviii]

  1. Computer and electronic products: $186.4 billion
  2. Electrical equipment, appliances and components: $49.9 billion
  3. Furniture, lighting, signs: $33.4 billion
  4. Miscellaneous manufactured commodities: $43.9 billion
  5. Machinery, except electrical: $38.7 billion
  6. Apparel manufacturing products: $29.8 billion
  7. Furniture and fixtures: $25.7 billion
  8. Transportation equipment: $21.6 billion
  9. Chemicals: $21.3 billion
  10. Plastics and rubber products: $20.2 billion

- China is the third largest export market for the U.S., after Mexico and Canada. The U.S. exported $120.3 billion in products to China in 2018, down $9.5 billion from 2017.[lxxxix]
- The U.S. goods trade deficit with China was $419 billion in 2018, up from $347 billion in 2016. The trade deficit with China accounted for 47% of the overall U.S. trade deficit in 2018, up from 20.5% of total deficit in 2016.[xc]
- The top U.S. exports to China in 2018 were transportation equipment (23.1%); computer and electronic products (14.9%); chemicals (13.5%); and machinery, except electrical (9.2%).[xci]
- China's inward FDI from the U.S. totaled $74.6 billion, and China's outward FDI to the U.S. was $14.8 billion in 2015 (latest data available).[xcii]

China and California Relations

- There were **1,496,496 Chinese Americans** living in California as of 2015 according to the American Community Survey,[xciii] which was 3.8% of the state's 2015 population of 39 million.[xciv]
- **Exports** out of California were valued at **$178.4 billion** in 2018. China, including Hong Kong, is California's second largest export market, after Mexico. California's export value to China totaled $26.2 billion in 2018.[xcv]
- California exported **$26.2 billion in products to China** ($16.3 billion), including Hong Kong ($9.9 billion). The top five exports to China (only) were: computer and electronic products ($4.1 billion); machinery, except electrical ($2.5 billion); transportation equipment ($2.0 billion); chemicals ($1.4 billion); and waste and scrap ($1.3 billion).[xcvi]
- **Imports into California** were valued at $441.1 billion in 2018, with California importing $161.1 billion in products from China.[xcvii]

Prepared by: Assembly Committee on Jobs, Economic Development, and the Economy
Assemblymember Sabrina Cervantes, Chair

Appendix E
Fast Facts on California Agricultural Export

- In 2017 California's agricultural exports totaled $20.56 billion in value, representing an increase of 2.2 percent compared to the previous year.

- California's agricultural exports have grown substantially over the past 10 years, despite slight contractions in 2009, 2015 and 2016.

- California's top valued agricultural export commodity continues to be almonds, with a value of nearly $4.5 billion in foreign sales in 2017. This figure, however, remained relatively flat compared to the previous year's figure.

- California dairy and dairy products recorded an export value of $1.6 billion in 2017, ranking in second place and surpassing pistachios, which achieved 32.7 percent growth over the prior year with an export value of $1.52 billion.

- The principal 57 export commodities accounted for $17.86 billion in export value in 2017, or 86.8 percent of the total value of California's agricultural exports; the remaining 13.2 percent of exports were associated with "Other Products and Mixtures".

- Of the top 57 commodities exported, 21 showed an increase in export value of 5 percent or more, compared to the previous year, while 12 experienced a decrease in export value of 5 percent or more.

- California's share of total U.S. agricultural exports for 2017 was 14.9 percent, which is about the same as the share realized last year.

- California's top 10 export destinations – the European Union, Canada, **China/ Hong Kong**, Japan, Mexico, Korea, India, United Arab Emirates, Turkey, and Vietnam – accounted for 70.0 percent of the 2017 export value. India showed the largest growth in total export value with a 32.5 percent increase compared to the previous year.

- California Exports $2 billion worth of Ag products to China and is CA AG's third largest trading partner.

California Exports to China (2017)	
Crop	**Crops' Percent Exported to China**
Almonds	11%
Dairy	12%

Pistachios	44%
Wine	13%
Oranges and Orange products	18%
Cherries	27%
Cotton	28%
Plums	41%

- A report by Daniel A. Sumner and Tristan M. Hanon of UC Davis estimated "*large potential losses caused by diverting quantities from lost markets into the remaining market. Almonds alone account for about $1.6 billion in losses. Pistachios face losses of about $380 million. Major losses are experienced by many commodities. These are large in absolute terms and as a share of industry revenues."*

- Resent new reports that wine exports from the United States to China fell by almost 25 percent due to the tariffs imposed last year.

Prepared by: The Assembly Committee on Agriculture
Susan Eggman, Chair

Appendix F
Witness Biographies (alphabetical order)

Honore Comfort, Vice President, International Marketing, The Wine Institute

In her role as Vice President of International Marketing, Honore draws on her 18 years of international wine marketing, association management, and brand strategy experience to promote exports sales of California wines while building the brand for California wines on a global scale.

For almost ten years Honore served as the Executive Director of the Sonoma County Vintners, a trade marketing organization for Sonoma County wineries. Under her leadership the organization launched several significant initiatives including the Conjunctive Labeling legislation for Sonoma County. Previously with Foster's Wine Estates Americas (now Treasury Wine Estates), Ms. Comfort had responsibility for marketing several major wine brands to the North American market.

In 2015, Honore joined Brack Mountain Wine Company, a mid-sized winery start-up, where she served as President and oversaw sales & marketing, brand development and business strategy for the company based in Sebastopol, CA. Her first role in the wine industry was with a small, family-owned winery in Sonoma County's Dry Creek Valley.

She also held the position of Wine Industry Executive in Residence with the Wine Business Institute at Sonoma State University where she focused on strategic planning, program development, and industry engagement.

Ms. Comfort gained her marketing and advertising expertise prior to joining the wine industry while working for Macy's West in San Francisco, the Art Institute of Chicago, and other non-profit museums and institutions around the United States.

Ms. Comfort lives in Healdsburg with her husband, where they manage their micro-vineyard in the heart of Dry Creek Valley.

Matt Davis, Director of Governmental Affairs, Port of Oakland

Matt Davis has served as the Port of Oakland's Director of Governmental Affairs since 2015, and has been with the Port's Governmental Affairs team in several leadership capacities since 2004. He is responsible for advocating for seaport, airport and commercial real estate development projects, securing funds for major initiatives, and acting as a liaison to elected and appointed officials at the local, state and federal levels.

Prior to joining the Port, Matt served as a legislative aide to the former Democratic Leader of the House of Representatives. Before that, he worked on economic and workforce development initiatives for two non-profit agencies in Baltimore, MD, which included one year of service as an AmeriCorps*VISTA.

He received his Master in Public Policy degree from the Goldman School of Public Policy at the University of California, Berkeley and a Bachelor of Arts degree in Political Science, also from Cal.

Courtney Jensen, Executive Director, TechNet

Courtney Jensen serves as TechNet's Executive Director for California and the Southwest. Based in Sacramento, Courtney oversees TechNet's state advocacy and political activities in Arizona, California, Colorado, Hawaii, Nevada, New Mexico, and Utah, and manages issue advocacy, government affairs, events, policy analysis, political fundraising, membership relations, coalition building, and media relations.

Courtney joined TechNet from the California and Nevada Credit Union Leagues, where she served as Vice President of State Government Affairs and represented over 300 credit unions and their more than ten million members. Jensen began at the Leagues in 2014 and her responsibilities included representing credit unions before legislators, regulators, and executive branch officials in California and Nevada.

Prior to that, she served as Legislative Director to California State Assemblymember Ian Calderon, focusing on banking and finance, insurance, business, education, and labor issues. She also focused on similar issues as a Legislative Aide to California State Majority Leader Charles Calderon. She holds a Bachelor of Arts degree in Political Science from California Polytechnic State University at San Luis Obispo.

Lieutenant Governor Eleni Kounalakis

Ambassador Eleni Kounalakis was sworn in as the 50th Lieutenant Governor of California by Governor Gavin Newsom on January 7th, 2019. She is the first woman elected Lt. Governor of California. A native Californian, she visited each of the state's 58 counties during her historic campaign.

From 2010 to 2013, Kounalakis served as President Barack Obama's Ambassador to the Republic of Hungary. Kounalakis was the first Greek-American woman – and at age 43 one of America's youngest – to serve as U.S. Ambassador. Her highly acclaimed memoir, "Madam Ambassador, Three Years of Diplomacy, Dinner Parties and Democracy in Budapest" (The New Press, 2015), chronicles the onset of Hungary's democratic backsliding.

Governor Jerry Brown appointed Kounalakis to chair the California Advisory Council for International Trade and Investment in 2014. Kounalakis was a Virtual Fellow at the U.S. Department of State, Bureau of Intelligence and Research between 2014 and 2017, specializing in international trade and immigration. She is currently a director of the Association of American Ambassadors and a National Democratic Institute "Ambassadors Circle" advisor.

Prior to her public service, Kounalakis was president of one of California's most respected housing development firms, AKT Development, where she worked for 18 years. She built master-planned communities and delivered quality housing to the Sacramento region's working families – recognizing her as one of the capital region's most prominent businesswomen. Passionate about early childhood development, Kounalakis served as a member of California's First 5 Commission and the California Blue Ribbon Commission on Autism.

Eleni Kounalakis graduated from Dartmouth College in 1989 and earned her Masters in Business Administration from U.C. Berkeley's Haas School of Business in 1992. She holds an Honorary Doctorate of Laws from the American College of Greece.

Rachel Michelin, President, California Retailers Association

Rachel Michelin is President of the California Retailers Association (CRA), the most significant voice representing the retail industry in California's public policy arena, at the State Capitol, in City Halls and with regulatory bodies across the state. Michelin oversees a diverse board and membership representing retail throughout the state and nation from small brick and mortar, to franchises to national retailers and on-line merchants.

Rachel has led associations for over 20 years with visionary leadership including strategic growth and engagement, increasing revenue, developing partnerships, statewide influence and public awareness. Rachel has demonstrated success through a strong bipartisan leadership network she has built with key influencers in the public and private sectors.

Rachel was reappointed by Governor Brown to the State Board of Optometry, where she has served since 2014. Prior to California Retailers, Michelin lead California Women Lead as Chief Executive Officer and Executive Director since 2002. She also served as Program and Policy Director for the California Elected Women's Association for Education and Research (CEWAER), Communications Director and District Director for members of the State Assembly.

Rachel is a Senior Fellow of the American Leadership Forum - Mountain Valley Chapter and received her bachelor's of arts from the California State University, Fullerton majoring in Communications - Journalism and minor in Political Science.

Dave Puglia, Executive Vice President, Western Growers Association

Dave Puglia is Executive Vice President of Western Growers. Since joining the organization in 2005, he has worked on numerous public policy issues affecting agriculture in California and other western states.

Puglia has been involved in major legislative and regulatory issues involving water supply, water quality, energy, air quality and labor. His work has included negotiating statewide water bond provisions to enhance storage capacity, advocating for a comprehensive safe drinking water solution in partnership with environmental justice leaders, and negotiating the nation's first state regulatory standard for prevention of heat illness in agricultural settings.

Puglia served for seven years in the California Attorney General's Office as an appointee of former Attorney General Daniel E. Lungren. He has also worked as a consultant to numerous corporations and industry groups in addition to serving in senior roles the several statewide political campaigns.

Puglia is currently Vice Chair of the Public Policy Institute of California's Water Policy Center Advisory Council. He is also a member of the board of directors of SWIIM System, Ltd©., a Denver-based farm water accounting company.

Puglia holds a bachelor's degree in Government-Journalism from Sacramento State University and resides in Orange County.

Dr. Katheryn Russ, Associate Professor, Department of Economics, University of California, Davis

Katheryn Russ has expertise in open-economy macroeconomics and international trade. She is a faculty research associate in the National Bureau of Economic Research International Trade and Investment Group and a research advisor at the Halle Institute for Economic Research in Halle, Germany. She has been a visiting scholar at the central banks of Germany, Portugal and France, and the Federal Reserve Banks of St. Louis and San Francisco. She is a research associate of the Institute for Globalization and Monetary Policy at the Federal Reserve Bank of Dallas.

She began her career in economics as a dissertation intern in the International Finance Division of the Federal Reserve Board of Governors. She has written numerous articles on international trade and finance, including top field journals such as the Journal of International Economics and American Economic Journal—Macroeconomics. She is serving as guest editor for a special issue of the IMF Economic Review on international banking, and as an associate editor for the journal Economic Inquiry.

Dr. Daniel A. Sumner, Professor, Department of Economics and Director of Agricultural Issues Center, University of California, Davis

Daniel A. Sumner is the Frank H. Buck, Jr. Distinguished Professor in the Department of Agricultural and Resource Economics at the University of California, Davis and the Director of the University of California Agricultural Issues Center.

Sumner teaches an innovative course on the Economics of Agricultural Sustainability and directs an extensive outreach and applied research program on public issues related to agriculture. He has published broadly in academic journals, books, and industry outlets. His research and writing has received numerous awards for research quality, quality of communication and contribution to policy. He has served as Chair of the International Agricultural Trade Research Consortium, a consultant for farm organizations, government agencies and companies and is a frequent speaker at national and international conferences and symposia. In 1998, he was named a fellow of the American Agricultural Economics Association for his career achievements.

From 1978 to 1992, he was a professor at North Carolina State University. He spent much of the period after 1986 on leave for government service in Washington, DC, where he was at the President's Council of Economic Advisers and the U.S. Department of Agriculture (USDA).

Immediately prior to moving to California in January 1993, Sumner was the Assistant Secretary for Economics at the USDA, where he contributed to policy formulation and analysis on the whole range of topics facing agriculture and rural America — from food and farm programs to trade, resources, and rural development. As supervisor of the USDA's economics and statistics agencies, he also was also responsible for USDA data collection, outlook and economic research.

Dan was raised on a fruit farm in Suisun Valley, California where he was active in 4-H and FFA. He received a bachelor's degree in agricultural management from California Polytechnic State University in San Luis Obispo in 1971, a master's degree from Michigan State in 1973, a PhD in economics from the University of Chicago in 1978 and did his Post-doc at RAND.

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