

ALERT

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Workers' Comp Ruling Reaffirms 2004 Reforms

Genetic Causes May Be Apportioned



**CALCHAMBER
IN COURT**

A recent decision by the 3rd District Court of Appeal helps define how factors outside the workplace are to be treated when apportioning the employer's share of liability for an injury at work.

In the case of *City of Jackson v. Workers' Compensation Appeals Board and Christopher Rice*, the appeal court approved on April 26 a medical examiner's analysis assigning a certain portion of a worker's injury to the employee's personal history, including genetic factors.

The California Chamber of Commerce filed a friend-of-the-court brief in the case, supporting the principle that the 2004 workers' compensation reform law requires employers to compensate injured workers only for the portion of the dis-

ability caused by a current work-related injury and not for the portion that could be attributed to previous injuries or non-work-related factors.

The appeal court decision agreed with that reasoning.

Background

Christopher Rice worked for the City of Jackson as a police officer, starting as a reserve officer and then becoming a full-time officer in 2005. He sustained injury to his neck arising out of his employment during the cumulative period ending April 22, 2009, at which time he was 29 years old.

Before undergoing neck surgery, Rice was examined by Qualified Medical Examiner (QME) Dr. Sloane Blair in November 2011. An X-ray showed degenerative disc disease. Dr. Blair diagnosed Rice with cervical radiculopathy and cervical degenerative disc disease.

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Anti-Arbitration Bill Advances in Senate



A California Chamber of Commerce-**opposed** job killer that would create a worse litigation environment and result in lack of job creation if signed into law passed its first hurdle this week.

The Senate Judiciary Committee sent **SB 33 (Dodd; D-Napa)** on for consideration by the entire Senate.

The CalChamber has identified SB 33 as a job killer because it unfairly attacks the use of arbitration agreements in consumer contracts with "financial institutions" as broadly defined, is likely preempted by the Federal Arbitration Act (FAA), and will negatively impact "financial institutions" with unnecessary and costly class action litigation that does not ultimately benefit the consumer.

Applies Broadly

Despite the fact sheet that indicates this is a narrowly tailored proposal which seeks to address financial accounts created without the consent of the consumer, it is not. SB 33 applies to "financial institutions," which is broadly defined to include any business that engages in financial services, including insurance.

Under SB 33, any consumer contract for goods or services with a "financial institution" that includes a provision to resolve all disputes arising from their relationship through arbitration would be invalid.

Generally, arbitration provisions in a contract do not identify a list of claims

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Labor Law Corner

Restraining Orders Can Help Employers Maintain a Safe Workplace



Sunny Lee
HR Adviser

We have an employee who is very frightened by another person's behavior. What can we do?

Any concern that an employee may raise in the workplace needs to be thoroughly investigated to determine the appropriate course of action to ensure that employees have a safe and healthy workplace, which is required of all employers.

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Conduct an Investigation

The first step is to investigate why the employee is frightened. This may involve talking with the employee as well as other involved parties and witnesses.

If an employer determines that a restraining order should be sought to protect employees at work, it is good to involve your attorney in the beginning to help with the investigation and to prepare the legal paperwork.

While an employee may go to court and obtain a personal restraining order, California Code of Civil Procedure Section 527.8 allows an employer to go to court to obtain temporary and permanent restraining orders even though the employee has not filed for a personal restraining order.

The value of the employer obtaining a restraining order is that if the person has been served with the restraining order and appears on your premises in violation of the restraining order, then the police can arrest the person.

Obtaining a Restraining Order

In order to obtain a temporary restraining order, the employer must be able to establish by the evidence that there has been an act of violence or a real credible threat of violence.

An example of a real credible threat of violence is when a person is known to own a gun and tells the employee, "I am going to get my gun and meet you in the parking lot after work."

An example of a threat that may not rise to the level of a credible threat of violence is when a person tells the employee, "I am going to continue to

harass you until you do what I want."

Although that statement should be taken seriously and may give rise to a harassment claim, it is not something, absent other evidence, that would give rise to a credible threat of violence for a judge to issue a temporary restraining order.

In many cases, a judge issues temporary restraining orders the same day that paperwork is submitted to the court. The temporary restraining order will remain in effect pending a hearing on whether a permanent injunction should be issued.

Permanent restraining orders may be granted if evidence is shown at a hearing that there is a need for a permanent injunction and the permanent restraining order can remain in effect for up to three years.

While human resources representatives may be involved in the investigation, they are not permitted to sign the paperwork submitted to court because they are not owners of the company. Only owners and officers of a corporation or the company's attorney may sign on a company's behalf.

Consult an Attorney

In situations that involve either violence or real credible threats of violence, it is best to work with an attorney to ensure that your investigation is thorough and that the evidence submitted to a judge substantiates the immediate need for a restraining order.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

CalChamber-Sponsored Seminars/Trade Shows

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Labor Law

HR Boot Camp. CalChamber. May 11, Sacramento; May 25, San Diego; June 6, Santa Clara; August 24, Thousand Oaks; September 6, Beverly Hills. (800) 331-8877.

Preventing Discrimination in the Workplace. CalChamber. May 18, Live Webinar. (800) 331-8877.

Nothing Ordinary About Local Ordinances

in California. CalChamber. June 15, Live Webinar. (800) 331-8877.

Leaves of Absence: Making Sense of It All. CalChamber. August 18, Sacramento; June 22, Huntington Beach. (800) 331-8877.

Meal and Rest Break Rules. CalChamber. September 21, Webinar. (800) 331-8877.

International Trade

Seoul Food and Hotel 2017. California

See CalChamber-Sponsored: Page 6



CalChamber-Opposed Tax Hikes Target Family Businesses and Companies



A California Chamber of Commerce-**opposed** job killer bill proposing multiple tax increases on California employers is scheduled to be considered next week in a Senate policy committee.

SB 567 (Lara; D-Bell Gardens) seeks to impose significant tax increases on California employers—both family-owned businesses and publicly traded companies

The bill proposes requiring payment of capital gains on the inheritance of a family business, as well as raising taxes on publicly traded companies, when California already has the highest personal income tax and sales tax rates in the country, as well as one of the highest corporate tax rates, which will discourage job growth in California.

Family-Owned Businesses

SB 567 targets family-owned businesses that transfer the business upon death to other family members. Under SB 567, the family members who inherit the business/property would be forced to pay capital gains on the property that has appreciated in value, if the family member(s) have an adjusted gross income of \$1 million or more.

This change would take California out of conformity with federal law, and place another layer of taxes on a small group of Californians paying the highest personal income tax, at 13.3%.

Recent data from the Legislative Analyst's Office indicates that the top 1% of income earners in California paid half

of all income taxes received by the state. These top income earners upon which the General Fund is so reliant, are also the same individuals who would be exposed to the tax increase under SB 567, and who have the most resources to change their residences to another state to avoid even higher taxes.

California should not continue to target these high-earners with additional taxation when they already contribute such a significant amount of revenue into the General Fund.

Executive Compensation

SB 567 also seeks to eliminate the current deduction allowed for compensation paid to executive officers for achieving performance-based goals. This proposal would specifically harm those companies incorporated in California.

While CEO compensation is an ever-popular debate topic, SB 567 fails to recognize the enormous responsibility placed on these individuals to maintain or improve the success of a company that creates jobs for hundreds or thousands of workers, and value for thousands of shareholders, including pension funds.

This current deduction was created to allow companies to incentivize CEOs to achieve important performance goals for the benefit of the company, employees and shareholders.

The Internal Revenue Service already has strict guidelines on this deduction to prevent any abuses, including:

- written, pre-established, objective performance goals that are substantially uncertain at the time the goal is established;

- the goals are approved by a compensation committee comprised of two or more outside/independent directors; and
- the goals are also separately approved by shareholders.

Eliminating this deduction would unfairly penalize California companies. Moreover, this proposed change is retroactive, meaning companies who will be harmed by the elimination of this deduction will not even have an opportunity to mitigate any tax exposure it creates.

Punitive Taxes

California already has the highest personal income tax and sales tax rates in the country, and one of the highest corporate tax rates as well. Californians just approved various tax increases and extensions on the November 2016 ballot. Additionally, state appropriations may exceed the Proposition 4 (Gann) limit, which over the next two years may trigger significant tax reductions.

Substantially increasing California's revenue again by targeting high earners and businesses, as proposed by SB 567, is punitive and will ultimately harm California's economy and General Fund.

Action Needed

SB 567 will be considered by the Senate Governance and Finance Committee on May 10.

The CalChamber is asking members to contact their senators and committee members to urge them to **oppose SB 567** as a job killer.

An **easy-to-edit sample letter** is available at www.calchambervotes.com.
Staff Contact: Jennifer Barrera

Tools to stay in touch with your legislators.

calchambervotes.com

Anti-Arbitration Bill Advances in Senate

From Page 1

subject to arbitration, but rather govern any dispute arising out of the contractual relationship. SB 33 goes well beyond the stated purpose or need for legislation and unnecessarily burdens all businesses included in the broad definition of “financial institutions.”

Preempted By Federal Law

SB 33 is likely preempted under the FAA, which will create years of litigation until this determination is confirmed. The U.S. Supreme Court has been consistently clear that prohibiting the arbitration of certain claims; imposing contractual requirements that target arbitration provisions; or interfering with the attributes of arbitration, such as prohibiting class action waivers, are all preempted under the FAA.

SB 33 suffers all three of these fatal flaws.

- First, it prohibits the arbitration of only certain claims arising from a “fraudulent relationship” or “unlawful use of personal identifying information” with a financial institution. Accordingly, it is not a general contractual defense to any contract created under the laws of California. Instead, it is limited to only those contracts with financial institutions that contain an arbitration provision.

- Moreover, SB 33 specifically does not apply to formation of contracts, but rather to “relationships.” The only area the FAA has left to the state to regulate is general contractual defenses that are applicable to all contracts, not “relationships.” In fact, SB 33 acknowledges there is a valid agreement to arbitrate that has been consented to by the consumer. Accordingly, SB 33 does not have an impact on general contract formation.

- Third, SB 33 bars arbitration and the use of class action waivers, which as specified under the bill, were specifically “contained in a contract consented to by the consumer.” Barring the application of arbitration or class action waivers has already been explicitly struck down by the U.S. Supreme Court. Challenging SB 33 through the legal system to ultimately establish it is preempted will take years, leaving California employers unnecessarily exposed to costly litigation in the meantime.

Ambiguous in Application

SB 33 states that upon petition to compel arbitration, the court must deter-

mine whether the arbitration agreement involves a “financial institution” that is seeking to apply a written contract to arbitrate to a “fraudulent relationship” or “unlawful use of consumer personal identifying information.” It is unclear how the court would make this determination.

If the decision to compel arbitration is based simply upon an allegation of a fraudulent relationship or unlawful use of consumer personal identifying information, then SB 33 provides the perfect pleading pathway for class action attorneys to avoid arbitration.

Nothing in SB 33 requires a court to bifurcate claims that fall within this provision from other alleged causes of action that should be compelled to arbitration under a valid contract.

If SB 33 requires a court to make a factual determination that a “fraudulent relationship” or “the unlawful use of consumer personal identifying information” exists, then SB 33 turns a petition to compel arbitration into a substantive, dispositive motion on the validity of the claims asserted. The parties would have to litigate the existence of a fraudulent relationship or unlawful use of consumer personal identifying information at the outset of the case, undermining the very point of arbitration.

Attorneys Win, Not Consumers

Consumer attorneys dislike arbitration because such agreements include class action waivers. The validity of class action waivers in arbitration agreements was affirmed by the U.S. Supreme Court in 2011, in *AT&T Mobility LLC v. Concepcion*.

By prohibiting an arbitration clause in any consumer contract with a financial institution for all disputes arising from the relationship, the bill also limits the use of a class action waiver for such claims.

Consumer attorneys can easily plead one of these claims in a civil complaint to

avoid arbitration, and pursue a class action. Once litigation is far enough down the procedural timeline, the trial attorneys can dismiss such claims and continue with the other claims that would have been subject to arbitration.

Generally, the financial winners in class actions are the attorneys who receive a significant fee/cost award compared to what class members receive. Recent examples of this distribution are:

- A case in which it was alleged LinkedIn wrongfully used members’ contact information. The case settled for \$13 million; the funds were divided as follows: \$1,500 for the named plaintiffs; no less than \$10 per class member; and \$3.25 million for attorney’s fees and costs.

- A case in which it was alleged personal identifying information of customers was compromised. The case settled for \$3 million; the funds were divided as follows: \$2,500 for named plaintiffs; up to \$3,000 per class member for unreimbursed losses as a result of the identity theft or up to \$1,000 for unreimbursed expenses as a result of the identity theft; and \$652,340 for attorney’s fees.

Key Vote

SB 33 passed Senate Judiciary on May 2, 5-2:

Ayes: Hertzberg (D-Van Nuys), Jackson (D-Santa Barbara), Monning (D-Carmel), Stern (D-Canoga Park), Wieckowski (D-Fremont).

Noes: Anderson (R-Alpine), Moorlach (R-Costa Mesa).

Action Needed

The CalChamber is urging members to contact their senators and ask them to **oppose SB 33** as a job killer.

An [easy-to-edit sample letter](http://www.calchambervotes.com) is available at www.calchambervotes.com.
Staff Contact: [Jennifer Barrera](mailto:Jennifer.Barrera@calchamber.com)



May 31 - June 1, 2017

CAPITOL SUMMIT & SACRAMENTO HOST BREAKFAST

Job Killer Creates Uncertainty, Increases Potential Litigation



The Senate Appropriations Committee on May 15 will consider a California Chamber of Commerce-opposed job killer that could have a negative impact on a business' growth, employment, and investment decisions.

SB 49 (de León; D-Los Angeles)

would require various state agencies to:

- Adopt new requirements/standards under California law with regard to water, air, endangered species, and other environmental mandates to be “at least as stringent as” associated federal authorizations, policies, objectives, rules, requirements and standards;

- Enforce and maintain identified standards/requirements under federal laws in addition to those under state laws; and/or

- Provide biannual reports to the Legislature regarding compliance with the bill.

The California agencies impacted by the bill include (at a minimum) the California Air Resources Board, the State Water Resources Control Board, the Department of Fish and Wildlife (DFW), the Department of Justice, the Department of Conservation, and the California Occupational Safety and Health Administration.

If there is interest in preserving various federal environmental laws, Cal-Chamber and the coalition opposing SB 49 believe a targeted approach where state agencies respond to federal action on a case-by-case basis is more appropriate. The broad and vague language in the bill creates impractical implications and consequences that should be given serious consideration.

Impact on Businesses

The private rights of action contemplated in SB 49 would extend beyond the status quo under the federal citizen suit provisions, which would have a significant financial impact on businesses. The uncertainty created by the vague, broad, and ambiguous language in the bill would further negatively impact a business'

growth, employment, and investment decisions.

SB 49 provides that a private right of action would be triggered if either of the following occurs:

- The U.S. Environmental Protection Agency (U.S. EPA) revises the standards or requirements described in the newly contemplated statutes to be less stringent than the applicable baseline federal standards; or

- The identified federal environmental laws are amended to repeal the citizen suit provisions contained therein.

As a leader in environmental protection, California routinely adopts more stringent and different standards than the federal standards, and we expect the state agencies to do no less with SB 49's directive. If the California agencies adopt more stringent standards under the SB 49 directive, and the private right of action is triggered, a business may be sued based on the new California standards, because SB 49 states a person in the public interest can sue to “enforce the standards or requirements adopted pursuant to” SB 49.

Given that California does not allow for private rights of action under all the statutory schemes affected by SB 49, this would constitute an expansion of potential litigation against businesses. Moreover, if there is no repeal of the citizen suit provision under federal law, but the U.S. EPA adopts a “less stringent” standard, a business could be subject to suit in both federal and state courts for the same violation.

The one-sided attorneys' fees and costs provision further incentivizes the lawsuits contemplated in SB 49.

The vague, broad, and ambiguous language in SB 49 also increases the likelihood of litigation.

Fiscal Impact to State and Local Agencies

The private rights of action contemplated in SB 49 would also apply to state and local agencies subject to the federal standards and/or requirements identified in the bill, which (or a more stringent version of which) would be adopted by the state agencies, if either of the triggers

occurs. SB 49 also expressly provides for suits against public agencies via petitions for a writ of mandate to compel a state or local agency to perform an act required by, or to review a state or local agency's action for compliance with, the bill and the Protect California Air Act of 2003 (SB 288).

The state agencies would further face costs with regard to rulemaking, enforcement, and reporting requirements.

To adopt the new requirements and standards identified in SB 49, the pertinent California agencies would each need to conduct a formal rulemaking process for each new rule or regulation, which takes a significant amount of staff time and agency resources. Additionally, the agencies would need to identify all federal “authorizations, policies, objectives, rules, requirements and standards” associated with the directive, and would need to analyze the contents of those documents to determine whether they want to adopt the federal “baseline” standards or something more stringent.

In making this determination, the agencies would need to consider how such standards/requirements interact with existing California standards/requirements to avoid conflicts or potential duplication.

For the California Endangered Species Act (CESA) alone, DFW will need to evaluate whether including each of 70+ animal species and 60+ plant species is “appropriate” in California.

This determination will require significant scientific research and analysis. Moreover, adding these species to CESA would require additional actions by the DFW to conserve these species and would require project applicants to obtain incidental take permits or create Natural Community Conservation Plans to allow for the incidental taking of these newly listed species. Both these responsibilities would add significant costs to DFW.

The state agencies would need to expend the funds to implement the bill even if there is no rollback at the federal level. It is difficult to fully quantify or estimate the extent of the financial impact at this juncture due to the bill's broad and vague directives.

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Workers' Comp Ruling Reaffirms 2004 Reforms

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Physician's Assessment

Following Rice's neck surgery, Dr. Blair re-evaluated him in May 2013. Although her diagnosis and the four causes contributing to the diagnosis were unchanged from before Rice's surgery, Dr. Blair changed the apportionment of Rice's disability due to three studies that had been published since her examination of him in November 2011.

Those studies, she wrote, supported "genomics as a significant causative factor in cervical spine disability." Accordingly, she apportioned Rice's disability as follows: 17% each to his employment with the city, previous employment, and personal activities, and 49% to his personal history, "including genetic issues."

Disagreement

The workers' compensation judge accepted Dr. Blair's apportionment of genetic factors, but rejected the others, assigning Rice's permanent disability 51% to industrial (work-related) causes.

The Workers' Compensation Appeals Board (WCAB) reversed the judge, saying that apportioning causation to genetics "opens the door to apportionment of disability to impermissible immutable factors."

Appeal Court Ruling

The appeal court disagreed with the WCAB, citing inconsistencies between the WCAB decision in this case and previous rulings, including a 2008 one in which the WCAB approved of apportioning disability where the medical evaluator testified that the worker's "pre-existing genetic predisposition for degenerative disc disease" contributed to the worker's overall level of disability.

The court also pointed out: "Precluding apportionment based on 'impermissible immutable factors' would preclude apportionment based on the very factors that the legislation now permits, i.e., apportionment based on pathology and asymptomatic prior conditions for which the worker has an inherited predisposition."

The court said Dr. Blair properly concluded that Rice's disability was

caused only partially (17%) by his work activities and was caused primarily (49%) by his genetics. The court also found that Dr. Blair's opinion was based on substantial medical evidence.

"Dr. Blair's reports reflect, without speculation, that Rice's disability is the result of cervical radiculopathy and degenerative disc disease," the court wrote. "Her diagnosis was based on medical history, physical examination, and diagnostic studies that included X-rays and MRIs (magnetic resonance imaging scans)."

Dr. Blair determined that 49% of Rice's condition was caused by "heredity, genomics, and other personal history factors. Her conclusion was based on medical studies that were cited in her report, in addition to an adequate medical history and examination. Dr. Blair's combined reports are more than sufficient to meet the standard of substantial medical evidence."

The court ordered the case be returned to the WCAB to issue an opinion based upon Dr. Blair's conclusions.

Staff Contact: Heather Wallace

Job Killer Creates Uncertainty, Increases Potential Litigation

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Other Concerns

The CalChamber and coalition are concerned that SB 49 runs afoul of the constitutional "single-subject rule" principle, because it deals with more than one subject. This constitutional provision is violated by, at a minimum, the inclusion of workers' rights and worker safety standards in the same bill and the broad and vague reference to "public health" in the "other federal laws" definition.

In addition, CalChamber and the coalition disagree that SB 288, adopted in 2003, is an appropriate precedent for SB 49. SB 288 dealt with a discrete issue relating to new source review rules and listed in great detail exactly what types of rule changes were prohibited.

In contrast, SB 49 deals with whole bodies of federal law and "other federal laws," with vague and broad "backsliding," "stringent," and "at least as protective of the environment/public health" prescriptions.

Action Needed

SB 49 will be considered by the Senate Appropriations Committee on May 15.

The CalChamber is asking members to contact their senator and members of the Senate Appropriations Committee to urge them to **oppose SB 49** as a job killer.

An **easy-to-edit sample letter** is available at www.calchambervotes.com.

Staff Contact: Louinda V. Lacey

CalChamber-Sponsored Seminars/Trade Shows

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Asian Pacific Chamber of Commerce. May 14–21, Seoul, Korea. (916) 389-7484.
Impact of Tax Reform Proposals on Bay Area and Japanese Business. Japan Society of Northern California. May 16, San Francisco. (415) 986-4383.
23rd Inland Empire Annual World Trade Conference. California Inland Empire

District Export Council. May 17, San Bernardino.
Consulate-General of China International Trade Luncheon. Hayward Chamber of Commerce. May 18, Hayward. (510) 537-2424.
26th La Jolla Energy Conference. Institute of the Americas. May 24–25, La Jolla. (858) 964-1715.
NAFSA Annual Conference and Exhibi-

tion. NAFSA: Association of International Educators. May 28–June 2, Los Angeles. (202) 737-3699.
SelectUSA Investment Summit 2017. SelectUSA. June 18–20, Washington, D.C. (202) 482-6800.
5th Annual Pacific Cities Sustainability Initiative. Asia Society. June 29–30, Los Angeles. (213) 788-4700.

Multiple Mexico-California Connections in Spotlight at International Luncheon

The many ways in which California and Mexico gain economic strength from their trade and investment connections were highlighted at an international trade luncheon on May 2.

About 100 guests attended the luncheon co-hosted by the California Chamber of Commerce, Consulate General of Mexico in Sacramento and Governor's Office of Business and Economic Development (GO-Biz).

The luncheon was part of the Eighth Annual California Mexico Advocacy Day, intended to increase the relevance of Mexico's relationship with the United States and California.

The speakers were **Francisco Tovar**, with Economic Affairs at the Mexico Embassy in Washington, D.C.; **Benjamin De Alba**, assistant secretary for rail and ports at the California State Transportation Agency; and **Marcelo Sada**, CEO of Source Logistics.

Mexico-California Relations

Tovar recapped statistics about trade between Mexico, the United States and California.

Mexico is the second largest export market for the United States and the No. 1 export market for California.

Mexican companies have invested more than \$52 billion in the United States. The more than 6,500 Mexican businesses in the U.S. provide more than 120,000 jobs. Mexican companies operate 735 business establishments in California, providing 13,296 local jobs.

Co-Producers

The United States and Mexico don't just trade together, Tovar said, "we produce together." About 40% of Mexican exports contain U.S. parts, he pointed out.

U.S. exports benefit from Mexico's network of free trade agreements, he added. That network provides preferential market access to nations making up 70% of world gross domestic product and two-thirds of global imports.

Two examples of the U.S.-Mexico integrated supply chain are electronics and autos/auto parts. Mexico is the main

auto parts supplier to the United States. In some cases, auto components cross the Mexico-U.S. border eight times before being put into the final product.

Trade Agreement

The North American Free Trade Agreement (NAFTA) has been a "crucial tool in modernizing relations in Mexico," Tovar said.

Since NAFTA was implemented, U.S.-Mexico trade has multiplied six-fold, so that trade between the two nations topped \$500 billion last year, or \$1 million per minute, Tovar said, citing statistics from the U.S. Department of Commerce.

loaded on commercial trucks, De Alba said. California accounts for the second most number of border crossings (more than 1.3 million), behind No. 1 Texas and ahead of No. 3 Arizona.

Two-thirds of the commercial truck border crossings into California occurred at Otay Mesa.

Passenger vehicles and pedestrians also make up a lot of the traffic at the border. In 2016, there were more than 31 million northbound passenger vehicle crossings and more than 16.9 million pedestrian crossings, De Alba said.

More than half of the northbound cross-border travelers in the San Diego region came to shop, he added.

The new port of entry under construction at Otay Mesa East will help reduce wait times, emissions and system efficiencies, De Alba said. The target border crossing time, he commented, is 20 minutes.

In addition to federal funding, the Otay Mesa East upgrade project is likely to receive some monies from SB 1 (Beall; D-San Jose/Frazier; D-Discovery Bay), the \$52.4 billion transportation finance bill signed by the Governor on April 28. The bill package allocates about \$3 billion over 10 years to improve trade corridors, such as border crossings.

From Closed to Open Economy

Sada pointed out that before NAFTA, Mexico was one of the most closed economies in the world, with many tax and nontax barriers (set up to protect Mexican businesses) to moving products into the country.

Today, Mexico is one of the most open economies in the world, Sada said. It has trade agreements with 46 countries.

The country has turned its export mix from being 60% oil-related before NAFTA to 83% manufactured goods in 2015, he said.

Citing the NAFTA benefits for both Mexico and the United States, Sada concluded, "What is good for Mexico is good for the U.S. The U.S. needs a stronger neighbor and partner."

Staff Contact: Susanne T. Stirling



Photo by Sara Espinosa

(From left) CalChamber President and CEO Allan Zarembeg moderates questions-and-answers with Francisco Tovar, Mexico Embassy; Benjamin De Alba, CalSTA; and Marcelo Sada, Source Logistics.

California exports to Mexico increased 287% under NAFTA, he said.

Mexico is "more than ready" to start the negotiations to update NAFTA, Tovar said. Given the agreement's age, he said, there is room for modernization in areas such as e-commerce, energy and other regulations regarding labor and the climate.

Tovar and Sada emphasized the importance of the three NAFTA nations sitting down for negotiations with a win-win attitude to develop a trade agreement with benefits for all three nations.

Cross-Border Movement

De Alba described the work underway to speed the movement of goods and people between Mexico and California.

There are currently six ports of entry along the Mexico-California border. About 90% of goods from Mexico come



LIVE WEBINAR: THURSDAY, MAY 18, 2017 | 10:00 - 11:30 AM PT

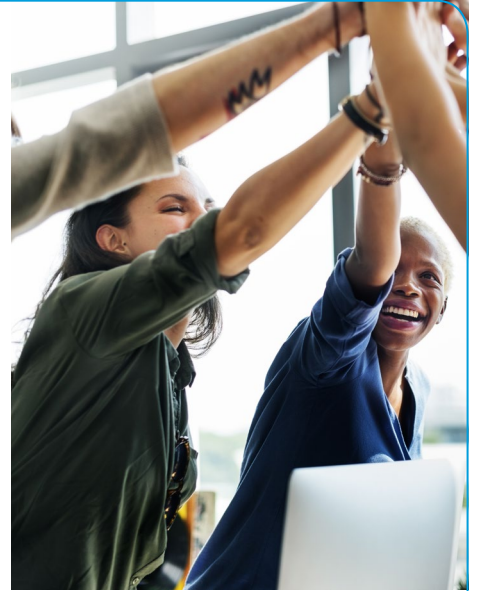
California Employer's Guide to Preventing Discrimination in the Workplace

California's Fair Employment and Housing Act (FEHA) prohibits discrimination and harassment based on protected classes.

Although most workplace discrimination lawsuits end in settlements, these settled cases cost significant money to resolve and open the door for similar claims by other employees.

Learn what you can do now to treat employees fairly and help protect your business from liability.

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