

ALERT

CalChamber Releases 2018 Job Killer List

Launches Capitol Insider Blog



The California Chamber of Commerce this week released its annual list of job killer bills, calling attention to the negative impact that 21 proposed measures would have on California’s job climate and economic recovery should they become law.

“Each bill on this year’s job killer list poses a threat to certainty for employers and investors in our state,” said CalChamber President and CEO Allan Zaremborg.

“Besides undermining the state’s economic health, job killer bills have a cumulative negative impact on the businesses and entrepreneurs who provide the resources necessary to fund critical state programs like health care and education. Legislators must measure the impact that each of these proposed new laws will have, not just when the economy is expanding, but also when California experiences the inevitable downturn.”

CalChamber will periodically release job killer watch updates as legislation

changes. Readers are encouraged to track the current status of the job killer bills on www.cajobkillers.com or by following @CAJobKillers on Twitter.

In addition, CalChamber has launched its new *Capitol Insider* blog, which is written by CalChamber policy advocates and will provide updates on current activities in the Legislature that have an impact on California employers.

In the first post, Jennifer Barrera, CalChamber senior vice president, policy, discusses the job killer list and its relevance in the Legislature. Sign up to follow the *Capitol Insider* blog at <http://capitolinsider.calchamber.com/>.

2018 Job Killer Bills

The 2018 list of job killer bills follows:
Arbitration Discrimination

• **AB 2527 (Muratsuchi; D-Torrance)**

Costly Litigation Against Small Employers — Exposes small businesses who are seeking financial investors in their company to devastating class action litigation by banning the use of arbitration

See Job Killer List: Page 4

CalChamber Welcomes Sarah R. Boot to Policy Team



Sarah R. Boot, an experienced litigator and former senior legislative staffer, joined the California Chamber of Commerce policy team on March 26.

As a policy advocate, Boot will specialize in privacy/technology, telecommunications, economic development, and taxation issues.

“Sarah’s legislative and legal expertise will be a tremendous asset to our advocacy efforts,” said CalChamber President and CEO Allan Zaremborg. “In particular, the experience Sarah brings to the Chamber in the areas of privacy and technology will be critical to our members as they continue to face challenges to their ability to operate efficiently in our highly regulated state.”

From August 2015 until joining CalChamber, Boot was a top adviser to now-Senate President Pro Tem Toni G. Atkins. She served as the senator’s legislative director and also acted as lead staffer on legal, privacy, telecommunications, business, and technology issues.

Boot was principal consultant to Atkins during her time as Assembly Speaker and Speaker Emeritus, spearheading a working group to draft multiple human trafficking bills and acting as lead staffer on all women-focused legislation.

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CAPITOL SUMMIT & SACRAMENTO HOST BREAKFAST

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Inside

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Cal/OSHA Corner

Hotel Housekeeping Safety Plan Must Be in Writing



Mel Davis
Cal/OSHA Adviser

I own a small motel and bed and breakfast. How are the new regulations adopted by the Occupational Safety and Health Standards Board (OSHSB) for musculoskeletal injury prevention going to affect my business?

Housekeepers in lodging establishments such as hotels, motels, resorts, and

bed and breakfast inns will be affected by the new requirements for a hotel housekeeping musculoskeletal injury prevention program (MIPP), which have been added to the General Industry Safety Orders as **Section 3345 and will take effect July 1.**

Lodging establishments not affected include prison or jail facilities, medical facilities or nursing homes, residential communities, homeless shelters, boarding schools, or worker housing.

The MIPP is to be in writing and may be incorporated into the written workplace Injury and Illness Prevention Program (IIPP) or maintained as a separate program. The MIPP is to be readily accessible to the affected employees in the establishment where they work.

Primary Requirements

The primary requirements for the MIPP are like those for the IIPP. The MIPP must:

- Include the name or job title of the person or persons responsible for implementing the MIPP.
- Have a system to ensure all persons affected by the MIPP comply and follow the employer's safe workplace houseclean-

ing practices and use the appropriate tools to safely accomplish the required tasks.

- Have a system to communicate with housekeepers on matters of occupational safety and health that is readily understandable and to encourage the housekeepers to inform the employer of worksite hazards.

- Develop procedures for identifying and evaluating housekeeping hazards, initially to be accomplished within three months after the effective date of this regulation or after the opening of a new lodging establishment. The employees and their union representative will be involved in this process. The worksite evaluation will be reviewed periodically and updated as necessary as stated in the regulation, but will be reviewed at least once a year.

- Include procedures to investigate musculoskeletal injuries of housekeepers. There will be input from the injured, the union representative, and immediate supervisor.

- Include methods or procedures for correcting observed and identified hazards from injury investigations. An effective means of involving the employees

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Home page: www.calchamber.com.*

CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. April 11, Oakland; April 26, Costa Mesa (sold out); June 5, Santa Clara; August 21, Sacramento; September 5, Long Beach. (800) 331-8877.

Fair Pay to Final Pay: Paying Your California Employees. CalChamber. April 19, Webinar. (800) 331-8877.

Leaves of Absence: Making Sense of It All. CalChamber. June 21, San Diego; August 10, Oakland. (800) 331-8877.

Business Resources

TECHSPO LA 2018. TECHSPO. June 13-14, Santa Monica. (800) 805-5385.

International Trade

Comprehensive Export Training. Orange County Center for International Trade Development. April 13-14, Santa Ana. (714) 564-5413.

Asia Pacific Business Outlook Conference. University of Southern Califor-

nia Marshall School of Business. April 16-17, Los Angeles. (213) 740-7130.

Chile California Clean Energy Conference. Chile California Council. April 18, Sacramento.

The Meaning of Brexit, World Affairs Council of Northern California. April
See CalChamber-Sponsored: Page 5

CalChamber Calendar

Capitol Summit:

May 23, Sacramento

International Forum:

May 23, Sacramento

Water Committee:

May 23, Sacramento

Board of Directors:

May 23-24, Sacramento

Host Breakfast:

May 24, Sacramento



U.S.-China Trade Spat Continues



This week, President Donald J. Trump followed through on his stated intention last month, proposing tariffs on \$50 billion worth of imports of Chinese-made products. The list of about 1,300 targeted products focused mainly on high-tech items.

China responded immediately to the President's April 3 action with 25% tariffs on imports of 106 U.S. products, covering everything from soybeans to automobiles, aircraft, and chemicals.

The U.S. tariffs won't go into effect immediately, as the administration is seeking input and will hold a public hearing for U.S. businesses on May 15.

U.S. Commerce Secretary Wilbur Ross indicated he expects trade actions will likely lead to a negotiated deal, but it is unclear when the talks will take place.

Before the tariffs are implemented, the administration will allow a consultation period to seek input from the business community.

Tariff Threat Clouds Gathering

Last month, on Wednesday, March 21, as President Trump's intention of imposing tariffs on exports from China loomed like a cloud, the Chinese Consul General, Ambassador Luo Linquan, hosted a reception and dinner for

approximately 30 business leaders at his residence.

For photos and more details on dinner remarks, see the [March 23 CalChamber Top Story](#).

The event focused on foreign direct investment into China, as well as China's outward foreign direct investment, but the President's pending actions were the dominant topic.

The Consulate-General of the People's Republic of China in San Francisco, which also has responsibility for Nevada, Oregon, Washington and Alaska, covers 35% of U.S. trade with China.

Attending the March 21 dinner were Northern California government and business leaders. Representatives of several California Chamber of Commerce member companies attended, in addition to Susanne T. Stirling, CalChamber vice president of international affairs.

Presidential Memo

The day following the dinner, on Thursday, March 22, President Trump [signed a memorandum](#) imposing retaliatory tariffs on Chinese imports. It was published in the [Federal Register](#) on March 27.

In response to the memo, the Chinese government announced it would be levying duties on 128 U.S. products, including dried fruits, nuts, wine and pork.

The retaliatory tariff hikes announced by the United States and China give

weight to the CalChamber's deep concerns over the adverse consequences that increased tariffs can have on international trade and the state's economy.

Raising tariffs can result in higher prices to the consumer for the specific product protected and in limited choices of products for consumers. Further, it can cause a net loss of jobs in related industries, retaliation by U.S. and California trading partners, and violates the spirit of our trade agreements. The end result is that raising tariffs can cause a trade war.

CalChamber Support for Free Trade

The CalChamber continues to pursue a free trade-based agenda in 2018. CalChamber has long supported free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

Although trade is a nationally determined policy issue, its impact on California is immense. California exports to more than 229 foreign markets.

Any rethinking of U.S. trade policies must recognize the gains achieved and ensure that trade remains strong and without interruption.

Staff Contact: Susanne T. Stirling

IRS Encourages Workers to Do a 'Paycheck Checkup'



The Internal Revenue Service (IRS) is asking employers to remind employees to do a "paycheck

checkup" to make sure they are having the right amount of tax withheld. The new tax law adopted in December 2017 could affect how much tax employees should have their employer withhold from their paycheck.

Taxpayers can use the revised [Withholding Calculator](#) to estimate their 2018 income tax. The calculator compares the estimate to the taxpayers' current tax withholding and can help them decide if they need to change their withholding. When using the calculator, it is helpful to have a completed 2017 tax return available.

To use the calculator, visit www.irs.gov/individuals/irs-withholding-calculator. If the calculator shows a change to withholding, the taxpayer will

need to complete a new Form W-4.

In addition to the revised Withholding Calculator, the IRS has launched a series of Tax Reform Tax Tips, a Tax Tips email subscription program and YouTube videos to walk taxpayers through what they need to know about the new tax laws and how to fill out the appropriate forms.

More information is available at the IRS website, www.irs.gov.

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agreements, which is preempted by the Federal Arbitration Act, prohibiting class action waivers, allowing for the award of treble damages, punitive damages, and attorney's fees, and interferes with contractual negotiations between sophisticated parties by dictating the choice of forum and choice of law for such litigation.

• **AB 3080 (Gonzalez Fletcher; D-San Diego) Ban on Settlement Agreements and Arbitration Agreements**

— Significantly expands employment litigation and increases costs for employers and employees by banning settlement agreements for labor and employment claims as well as arbitration agreements made as a condition of employment, which is likely preempted under the Federal Arbitration Act and will only delay the resolution of claims. Banning such agreements benefits the trial attorneys, not the employer or employee.

Burdensome Environmental Regulations

• **AB 1745 (Ting; D-San Francisco) Vehicle Ban** — Bans the sale of combustion engine vehicles in the state by prohibiting the registration of a new vehicle in the state after 2040 unless it is a zero-emission vehicle.

Economic Development Barriers

• **AB 1761 (Muratsuchi; D-Torrance) Customer Blacklist and Hotel Workers Panic Button** — Denies hotel guests due process, by requiring hotels to create a blacklist of guests who have been accused, yet not proven, to have engaged in inappropriate behavior toward hotel employees, and precludes the hotel from allowing those guests on the blacklist to enter their properties for three years.

• **AB 1902 (Levine; D-San Rafael) Interference with Contracts** — Discourages and reduces “personal service contracts” as defined, by unfairly increasing the contract price for these services based upon an undefined and unspecified “area income” rate that presumably will include wages from different industries and different occupations that are not comparable to personal services. It also provides the Department of Industrial Relations with extraordinary authority to value companies, determine “similar services” to be included under the provisions of this bill, and what constitutes “area income.”

Increased Unnecessary Litigation Costs and Increased Labor Costs

• **AB 2069 (Bonta; D-Oakland) Medical Marijuana in Employment** — Undermines employer's ability to provide a safe and drug-free workplace by creating a new protected classification of employees who use marijuana for medical purposes, and exposing employers to costly and unnecessary litigation under the Fair Employment and Housing Act (FEHA) whenever the employer terminates an employee in this new protected class who has created a safety hazard in the workplace.

Increased Unnecessary Litigation Costs

• **AB 2571 (Gonzalez Fletcher; D-San Diego) Public Employee Retirement Systems Investment Policy** — Seeks to publicly shame investment managers and the hospitality companies in which they invest, by forcing them to submit an annual report subject to a public review, that discloses employee wage information according to gender, ethnicity, and race, exposing such companies to costly litigation.

• **AB 2765 (Low; D-Campbell) Portable Benefits for The Gig Economy** — Imposes onerous and costly mandates on companies in the gig economy labeled as the “digital marketplace” by adding them under the provisions of the Fair Employment and Housing Act (FEHA), expanding the protected classifications under FEHA for contractors of the digital marketplace to include “familial status,” and creates further confusion and uncertainty regarding the use and classification of independent contractors. These new mandates will dramatically increase the amount of frivolous litigation under FEHA and the Private Attorneys General Act (PAGA) for the digital marketplace.

• **SB 1284 (Jackson; D-Santa Barbara) Disclosure of Company Pay Data** — Unfairly requires California employers to submit pay data to the Department of Industrial Relations, creating a false impression of wage discrimination or unequal pay where none exists and, therefore, subjecting employers to unfair public criticism, enforcement measures, and significant litigation costs to defend against meritless claims.

• **SB 1300 (Jackson; D-Santa Barbara) Removes Legal Standing and Prohibits Release of Claims** — Significantly increases litigation by removing standing requirement for plaintiff alleging failure to prevent harassment or discrimination when no harassment even occurs, limits the use of severance agreements, and prohibits the use of a general release or nondisparagement clause in employer/employee contracts.

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CalChamber-Sponsored Seminars/Trade Shows

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18, Sacramento. (415) 293-4600.
 Business Forum: Innovations in Safety and Security. U.S. Consulate in Hong Kong and the U.S. Commercial Service. April 18–20, Hong Kong. (703) 235-0103.
 Exim Bank Annual Conference. Export Import Bank of the United States. April 19–20, Washington, D.C. (800) 565-3946.
 Expo Seguridad. California Centers for International Trade Development. April 24–26, Mexico City. (951) 571-6458.

Renewable Energy in the State of Jalisco, Mexico. Institute of the Americas. April 25, La Jolla. (858) 453-5560.
 Bureau of Industry and Security Export Regulation Course. Bureau of Industry and Security. April 25–26, Newport Beach. (949) 660-0144.
 World Trade Week Kickoff Breakfast. Los Angeles Area Chamber. May 4, Los Angeles. (213) 580-7569.
 Water and Agriculture Technology Business Mission to Israel. U.S. Chamber. May 8–10, Israel. (202) 463-3584.
 21st Annual International Business Luncheon. World Trade Center

Northern California. May 24, Sacramento. (916) 319-4272.
 SelectUSA Investment Summit. U.S. Department of Commerce. June 20–22, Oxon Hill, MD. (800) 424-5249.
 Vehicle Aftermarket Trade Mission to Chile. Auto Care Association and International Trade Administration. August 21–22, Chile. (301) 654-6664.
 83rd Thessaloniki International Fair. HELEXPO. September 8–16, Thessaloniki, Greece.
 China International Import Expo. China International Import Export Bureau. November 5–10, Shanghai, China.

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Tax Increases

- **AB 2351 (Eggman; D-Stockton)**

Targeted Tax on High Earners —

Unfairly increases the personal income tax rate from 13.3%—which is already, by far, the highest income tax rate in the country—to 14.3% for one category of taxpayers (including some proprietors), who already pay half of California's income taxes, forcing them to mitigate these costs through means that include reducing workforce, in order to provide more funding for higher education.

- **ACA 22 (McCarty; D-Sacramento)**

Middle Class Fiscal Relief Act —

Unnecessarily increases California's 8.84% corporate tax rate, already one of the highest in the nation, to 18.84%, which will encourage companies to leave the state and discourage companies from expanding or relocating here.

- **SB 1398 (Skinner; D-Berkeley)**

Increased Tax Rate — Threatens to significantly increase the corporate tax rate on publicly held corporations and financial institutions up to 15% according to the wages paid to employees in the United States, and threatens to increase that rate by 50% thereafter, if the corporation or institution reduces its workforce in the United States and simultaneously increases its contractors.

2017 Job Killer Carry-Over Bills

Arbitration Discrimination

- **SB 538 (Monning; D-Carmel)**

Arbitration Discrimination — Unfairly and unlawfully discriminates against arbitration agreements by restricting the formation of antitrust arbitration agreements in hospital contracts, leading to

costly litigation over preemption by the Federal Arbitration Act.

Burdensome Environmental Regulations

- **AB 127 (Committee on Budget)**

Threatens Energy Reliability — Threatens energy reliability and will lead to the elimination of jobs by mandating the closure of the Aliso Canyon natural gas storage facility.

- **SB 774 (Leyva; D-Chino)**

Increased Permitting Fees and Delayed Permitting

— Exposes permittees to unknown, increased fees by providing the Department of Toxic Substances Control (DTSC) a blank check to impose additional fees on permittees to implement and perform its statutory requirements when its primary sources of funding have structural deficits and creates substantial uncertainty and delay of facility permitting by interjecting a new board into the organizational structure.

Increased Labor Costs

- **SB 562 (Lara; D-Bell Gardens)**

Government-Run Health Care

— Penalizes responsible employers and individuals and results in significant new taxes on all Californians and California businesses by creating a new single-payer government-run, multibillion-dollar health care system financed by an unspecified and undeveloped "revenue plan."

Increased Unnecessary Litigation Costs

- **SB 49 (de León; D-Los Angeles)**

Creates Uncertainty and Increases Potential Litigation Regarding Environmental Standards

— Creates uncertainty by giving broad and sweeping discretion to State agencies to adopt rules and regulations more stringent than the federal rules and regulations in effect on January 19, 2017 through an expedited

administrative procedure without public participation or input, when the State agencies determine that federal action leads to less stringent laws and regulations than those in effect on January 19, 2017; and increases the potential for costly litigation by creating private rights of action under California law, which may be triggered when a State agency takes the foregoing discretionary action.

Tax Increases

- **ACA 4 (Aguar-Curry; D-Winters)**

Lowers Vote Requirement for New Tax Increases

— Unnecessarily reduces the voter threshold from two-thirds to 55% for local governments to enact special taxes, including parcel taxes, for the purpose of improving public infrastructure and affordable housing, which creates an opportunity for discriminatory and higher taxes to be imposed against disfavored industries and commercial property owners.

- **ACA 11 (Caballero; D-Salinas)**

Targeted Retail Industry Tax Increase

— Exposes the retail industry to increased taxes by imposing a quarter-cent sales tax increase to fund affordable housing and homeless shelters, without creating greatly needed market-rate housing.

- **SCA 6 (Wiener; D-San Francisco)**

Lowers Vote Requirement for Tax Increases

— Unnecessarily reduces the voter threshold from two-thirds to 55% for local governments to enact special taxes, including parcel taxes, for the purpose of providing transportation services, which creates an opportunity for discriminatory and higher taxes to be imposed against disfavored industries and commercial property owners.

CalChamber Welcomes Sarah R. Boot to Policy Team

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She served as the Speaker's liaison to the Legislative Women's Caucus.

Before working for Atkins, Boot practiced law in San Diego for seven years, serving for three years as an assistant U.S. attorney for the General Crimes Unit of the U.S. Attorney's Office, Southern District of California. She prosecuted a broad array of federal crimes, including bank robbery, sex trafficking of minors, and narcotics trafficking.

In private practice, Boot spent three years litigating cases for Cooley LLP, an

AmLaw Top 50 international law firm.

There, she focused on complex civil and intellectual property litigation, primarily representing internet and technology companies. She also worked for Blood Hurst & O'Reardon LLP, litigating consumer class action lawsuits in state and federal courts nationwide.

Boot has significant political campaign experience. She was a party-endorsed candidate for the San Diego City Council and managed fundraising for the campaign of a Washington, D.C. councilman at large. In addition, Boot

served as a regional field director for a New Hampshire presidential primary campaign.

Boot earned her J.D. from the University of Michigan Law School, where she was articles editor for the *Michigan Telecommunications and Technology Law Review*. She graduated from the University of Michigan with an honors degree in political science and a minor in Spanish. As an undergraduate, Boot was elected student body president, representing more than 38,000 students.

Federal Trade Program Back in Force; Tariff Cut Will Save Businesses Millions



The \$1.3 trillion omnibus spending bill signed by the President on March 23, averting a

government shutdown, includes language renewing a federal trade program that saves U.S. companies millions of dollars.

The language renewing the Generalized System of Preferences (GSP) was passed by the U.S. House of Representatives in February.

The bill will renew GSP through December 31, 2020. The renewal of GSP will refund tariffs paid from January 1, 2018 through the reinstatement date. The bill also will change the annual review announcement date from July 1 to November 1, update some dates related to “competitive need limit” (CNL) reviews, and require the U.S. Trade Representative to submit an annual report to the trade committees on country-eligibility criteria.

Eligible Products

Products eligible for duty-free treatment under GSP, according to the Office of the U.S. Trade Representative, include most manufactured items; many types of chemicals, minerals and building stone; jewelry; many types of carpets; and certain agricultural and fishery products.

The House passed the omnibus spending bill by a vote of 256-167 the afternoon of March 22; U.S. Senate passage followed early the next morning by a vote of 65-32.

2017 Savings

GSP saved U.S. companies \$865 million in eliminated taxes in 2017. That is about \$136 million, or nearly \$13 million per month, more than 2016. GSP savings exceeded \$1 million for 41 states plus Puerto Rico. More than 80% of U.S. states saw GSP savings grow over 2016.

In 2017, California, along with New Jersey and Texas, saw GSP savings jump by about \$19 million, followed by a \$17 million increase in Florida and an \$11 million increase in New York. In 2017, California spent \$3.5 billion on GSP imports and had a total tariff savings of \$139 million, thanks to GSP.

See a [map of 2017 GSP imports and tariff savings](#) at the website of the Coalition for GSP, www.renewgstoday.com.

Background

The Generalized System of Preferences provides special tariff preferences for imports from the less-developed countries into the advanced industrialized countries. The idea of such preferences was first formally proposed at the 1964 United Nations Conference on Trade and Development (UNCTAD I). This conference focused on the theme that trade, as opposed to aid, was the most effective vehicle for promoting Third World economic development.

The U.S. GSP was authorized by Title V of the Trade Act of 1974 and instituted on January 1, 1976. Under the program, the President designates countries and products eligible for duty-free treatment.

Products determined to be import-sensitive are statutorily exempt.

GSP was most recently reauthorized on June 29, 2015 (effective July 29, 2015) for a period of two-and-a-half years. According to the Coalition for GSP, the renewal alone led to about \$1.3 billion in refunds.

GSP is an important tool for boosting economic growth and job creation. Many U.S. companies source raw materials and other inputs from GSP countries, and the duty-free treatment of these imports reduces the production costs of these U.S. manufacturers, making them more competitive.

According to analysis by the Coalition for GSP, approximately 82,000 jobs are either directly or indirectly associated with the importation and use of GSP-eligible imports.

CalChamber Position

The California Chamber of Commerce, recognizing that the Generalized System of Preferences has stimulated two-way trade with the United States and has contributed to the long-term economic development of some developing countries, supports regular extensions of the GSP.

In keeping with long-standing policy, the CalChamber enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

Staff Contact: Susanne T. Stirling

Hotel Housekeeping Safety Plan Must Be in Writing

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and the union representative to assist in identifying and possible corrective measures will be provided.

- Establish procedures to review the MIPP at least annually to determine its effectiveness and make changes if necessary. Housekeepers and their union representative are to be involved in the process.

Training Requirements

An extensive training requirement is

part of the new MIPP. It encompasses new hires, annual training, change of equipment or job duties, injury recognition and reporting, and training of supervisors.

The employer must maintain records of the steps taken to implement and maintain the MIPP. All worksite evaluations are to be maintained in accordance with Section 3203(b), part of the IIPP.

A complete copy of the MIPP regulation can be found on the Cal/OSHA Standards Board website at www.dir.ca.gov/OSHSB/documents/Hotel-Housekeeping-Musculoskeletal-Injury-Prevention-apprvdtxt.pdf.

[gov/OSHSB/documents/Hotel-Housekeeping-Musculoskeletal-Injury-Prevention-apprvdtxt.pdf](http://www.dir.ca.gov/OSHSB/documents/Hotel-Housekeeping-Musculoskeletal-Injury-Prevention-apprvdtxt.pdf).

Column based on questions asked by callers on the Labor Law Helpline, 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.

U.S., South Korea Reach Agreement on Amendments to Free Trade Agreement



The United States and South Korea last week announced reaching an agreement in principle on the general terms of amendments and modifications to the U.S.-Republic of Korea Free Trade Agreement (KORUS FTA).

“This represents important progress in improving U.S.-Korea trade and economic relations, based on their strong and enduring security relationship,” said U.S. Trade Representative Ambassador Robert Lighthizer.

According to the Office of the U.S. Trade Representative (USTR), the nations have also agreed on terms for a country exemption for the Republic of Korea from tariffs imposed on steel imports.

Negotiators are finalizing the terms of the KORUS FTA, which are subject to domestic procedures in both nations before provisions can be brought into force. The revised agreement addresses issues related to investment, tariffs, trade in automobiles, and trade remedies. Additional progress was made in the areas of pharmaceuticals, customs and textiles to smoothly implement the KORUS FTA.

The arrangement on steel imports is expected to take effect on May 1, 2018.

Background

At the direction of President Donald J. Trump, in July 2017 Ambassador Lighthizer initiated talks to consider matters affecting the operation of the KORUS FTA, including amendments and modifications to resolve several problems regarding market access in Korea for U.S. exports and, most important, to address the significant trade imbalance.

The United States and Korea convened two special sessions of the KORUS Joint Committee—on August 22, 2017 and October 4, 2017.

U.S.-Korea Agreement

March 15, 2017 marked the five-year anniversary of the entry into force of the

California Chamber of Commerce-supported U.S.-Korea Free Trade Agreement. These past five-plus years have been a period of growth and resurgence for the U.S. economy. Overall, U.S.-Korea goods and services trade has risen from \$126.5 billion in 2011 to nearly \$144.6 billion in 2016.

Since the agreement entered into force in 2012, the United States and Korea have carried out five rounds of tariff cuts and eliminations, creating significant new market access opportunities for U.S. exporters.

Trade Overview

Korea is a \$1.41 trillion economy and its commercial relationship with the United States is largely complementary. In 2017, two-way trade between the two countries exceeded \$119.44 billion. In 2017, U.S. goods exports to Korea were \$48.27 billion.

Korea is a significant market for U.S. small and medium-sized companies, which make up a majority of U.S. businesses exporting to Korea. Similarly, the United States is one of Korea’s larger exporting markets, importing 12% of Korea’s worldwide exported goods (*CIA World Factbook*).

Korea is California’s sixth largest export destination. California is one of the top exporting states to Korea, making up nearly 20% of U.S. exports. In 2017, California exported more than \$9.6 billion to Korea. Top products from California to Korea included nonelectrical machinery, computers and electronics, food manufactures, and agricultural products.

According to the most recent figures, U.S. foreign direct investment (FDI) in Korea totaled roughly \$39 billion and was concentrated largely in the manufacturing, banking, and wholesale trade sectors. Korean FDI to the United States reached \$40.9 billion in 2016, supporting 51,900 jobs. In 2015, Korea invested \$1 billion into research and development, and invested another \$14.2 billion to expanding U.S. exports. The top industry sectors for Korean FDI in 2016 were:

auto components, industrial machinery, software and information technology services, auto OEM, consumer electronics, and metals (*Select USA*).

More than 1 million Korean Americans live in the United States, with over 30% living in California. Los Angeles County alone is home to more than 154,000 residents of Korean origin, according to the Migration Policy Institute. There also is a large population of Korean students studying at higher education institutions across the United States. Korean visitors enter the United States via the U.S. Visa Waiver Program.

CalChamber Position

The CalChamber reaffirmed support for the KORUS FTA in a letter sent September 5, 2017 to members of the Trump administration, including the Secretary of Commerce and the U.S. Trade Representative.

In keeping with long-standing policy, the CalChamber enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business. New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

The KORUS FTA sends a strong signal that the United States intends to remain heavily engaged in the region for a long time to come in business, economics, security and international politics.

The FTA strengthens the 65-year-old alliance between the United States and South Korea, while reinforcing the economic and political reforms South Korea continues to make.

More Information

For more information, visit the CalChamber trading partner portal for South Korea at www.calchamber.com/korea.
Staff Contact: **Susanne T. Stirling**



LIVE WEBINAR | THURSDAY, APRIL 19, 2018 | 10:00 - 11:30 AM PT

Fair Pay to Final Pay: Paying Your California Employees

When it concerns wage-and-hour laws, California requires more of employers than the federal government. Your compliance goes beyond paying employees minimum wage and overtime.

With the increased enforcement and the continuing prevalence of class-action lawsuits in California, employers should evaluate their pay practices.

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