

ALERT

Independent Contractor Test: Legislature Should Act

Delaying Court Ruling Will Allow Time for Update



During an interview with KPCC radio this week, Jennifer Barrera, senior

vice president of policy for the California Chamber of Commerce, highlighted the urgent need for the Legislature to pause the application of a recent court ruling to allow time to decide the best test for determining whether a worker is an independent contractor.

The California State Legislature returned from summer break this week and

will adjourn for the year in just four weeks.

To listen to the [entire August 6 interview](#) on AirTalk, visit the KPCC website.

Dynamex Decision

In late April, the California Supreme Court issued a decision in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles*, No. S222732 (April 30, 2018), in which it set forth a new standard for distinguishing between an employee versus an independent contractor. (See [May 4, 2018 Alert](#)).

See Independent Contractor Test: Page 4

High Court Ruling Raises Questions on Passage of Local Special Taxes



How many voters does it take to pass a local special tax?

Since Proposition 13 in 1978, voters have had the final say on local tax increases. A subsequent initiative passed in 1996, Proposition 218,

further required most local tax measures to gain approval by two-thirds of voters, whether proposed by a local government agency or by citizen initiative. (The exception to this is “general” city or county taxes that do not earmark where proceeds must be used, which can be approved by a simple majority of local voters.)

Small Loophole

But a recent California Supreme Court decision opened a small loophole in Proposition 218, where the court declared that statutes proposed by voter initiative need not be held to some of the same procedural standards as statutes proposed by local government agencies.

In *California Cannabis Coalition v. City of Upland*, the court found that Proposition 218’s requirement that all tax measures be decided at a general election (as opposed to a primary or special election) did not apply to measures placed on the ballot by initiative.

See High Court Ruling: Page 4

Capitol Insider: Get the App for Latest Insights on Lobbying, Current Events in the Legislature



With just a few weeks remaining in the current session of the California

Legislature, one way for readers to stay up-to-date on legislative activities is the *Capitol Insider* blog presented by the California Chamber of Commerce.

CalChamber launched the blog this year to provide insights from CalChamber policy advocates and experts on issues under consideration in Sacramento.

Now, interested readers can gain easier access to the *Capitol Insider* blog via an app available to download from the [iTunes](#) and [Google Play](#) stores.

The latest blog post highlights the broad and potentially devastating impact of a court decision changing how to determine whether a worker is an independent contractor and the need to persuade the

Legislature to put the decision on hold to allow time to work on an update.

Previous blog posts provide examples of the wide range of subjects the CalChamber covers for members, including what makes a bill a job killer; the survival of some job creators; environmental groups’ shifting position on styrofoam containers; trial attorneys and data breach legislation; education reform; sexual harassment prevention legislation; a day in a policy advocate’s life; how the California Water Commission reacted to pressure via letters and media; the Legislature sticking to market mechanisms (cap-and-trade) to attain the state’s ambitious goals for reducing greenhouse gas emissions; and rulemaking by the California Division of Occupational Safety and Health (Cal/OSHA).

To download the *Capitol Insider* app, visit www.calchamber.com/mobile.

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Cal/OSHA Corner

New Rule Bans Retaliatory Drug Testing of Employees Who Report Injury



Mel Davis
Cal/OSHA Adviser

Our company has a mandatory drug testing policy in the event of an accident/injury. Does the new federal regulation incorporated into the record-keeping requirements now prohibit blanket drug testing policies?

According to the U.S. Department of Labor (DOL), the new rule does not prohibit drug testing of employees, including drug testing pursuant to the

U.S. Department of Transportation rules or any other federal or state law.

The new rule only prohibits employers from using drug testing, or the threat of drug testing, to retaliate against an employee for reporting an injury or illness.

DOL states that the regulation was developed to improve tracking of workplace injuries and illnesses and to protect the employee's right to report injuries and illnesses without fear of retaliation.

Examples

Examples of permitted post-incident drug testing include:

- Post-incident drug testing pursuant to a state or federal law, including Workers' Compensation Drug Free Workplace policies. Random drug testing and pre-employment drug testing also are permitted, although in California the use of random drug testing is extremely limited.
- If there is a reasonable possibility that employee drug use could have contributed to the reported injury or illness, such as injuries resulting from crane or forklift operations.

Not Triggers for Drug Test

However, injuries relating to carpal tunnel syndrome or insect bites, or even the case of an innocent bystander who

was in the wrong place at the wrong time would not necessarily trigger a drug test.

Similarly, the time-honored collective bargaining agreement can be a slippery slope.

For example: a company's collective bargaining agreement requires all employees who report lost-time injuries to take a drug test regardless of whether drug use could have contributed to the injury. An employee then reports a lost-time injury that could not reasonably have been caused by drug use (again we will use the example of an insect bite or carpal tunnel syndrome). A drug test would not be necessary.

More Information

These guidelines are advisory in nature and informational in content.

Additional information can be found at https://www.osha.gov/recordkeeping/modernization_guidance.html.

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.

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CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. August 21, Sacramento; September 5, Long Beach. (800) 331-8877.

Lead the Charge: Preventing Sexual Harassment in Your California Workplace. CalChamber. September 17, Pasadena. (800) 331-8877.

HR Checklist for California Supervisors. CalChamber. September 20, Webinar. (800) 331-8877.

HR Symposium. CalChamber. November 2, San Francisco. (800) 331-8877.

Business Resources

13th Annual Prop. 65 Conference. Prop. 65 Clearinghouse. September 24, San Francisco. (415) 385-4364. Special rate for CalChamber members.

International Trade

Hong Kong Food Expo. CalAsian

Chamber. August 14–20, Hong Kong. (916) 389-7470.

Vehicle Aftermarket Trade Mission to Chile. Auto Care Association and International Trade Administration.

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CalChamber Calendar

Water Committee:

September 6, Dana Point
ChamberPAC Advisory Committee:
September 6, Dana Point

Board of Directors:

September 6–7, Dana Point

International Trade Breakfast:

September 6, Dana Point

Public Affairs Conference:

November 27–28, Huntington Beach



California Wildfires: What Employers Need to Know



More than a dozen wildfires are raging up and down California, forcing

evacuations and bringing tragedy and loss. As of August 9, the Carr fire in Shasta County had taken several lives, destroyed more than 1,000 residences, burned more than 177,000 acres and was 48% contained. The Mendocino Complex fire—which consists of the River and Ranch fires burning through rural Lake, Colusa and Mendocino counties—has become the largest in California history. As of August 9, it had burned more than 304,000 acres and was 51% contained.

The California Chamber of Commerce recognizes the hardship businesses and their employees are experiencing due to the fires raging through California. To those impacted who do not currently have access to the Labor Law Helpline, we are extending access at no charge. You may contact CalChamber at (800) 649-4921.

Below are a few things you should know about paying employees, leaves of absences, workplace safety, and planning ahead for emergencies.

Paying Employees

Even in an emergency, employers must be mindful of obligations under state employment laws, including pay issues related to office closures.

Employers must pay exempt employees a full weekly salary for any week in which any work is performed. If the business is closed for the whole week, however, employers don't need to pay exempt employees.

In emergencies, special pay rules apply for nonexempt employees.

If your business shuts down for any of the following reasons, you must pay nonexempt employees only for the hours they worked prior to being sent home:

- Operations can't start or continue due to threats to you or your property, or when recommended by civil authority;
- Public utilities, such as water, gas, electricity or sewer fail; or
- Work is interrupted by an "Act of God" or other causes not within the employer's control.

However, if your business closes at your discretion (and not for one of the above reasons), **reporting time pay** may be owed. When a nonexempt employee shows up for work as scheduled and is not put to work or is given less than half of his/her scheduled hours, the employee is eligible for reporting time pay: pay for one-half of the scheduled shift, but no less than two hours and no more than four hours.

Of course, employers are always free to pay employees even if pay is not required—or let them use vacation or other personal time. Many employers may choose to provide some paid time during emergencies. Just remember to be consistent!

EDD Resources for Disaster Victims and Employers

The California Employment Development Department (EDD) provides a variety of disaster-related services to individuals and businesses affected by disasters, including assistance with filing claims for unemployment insurance (UI) benefits and time extensions for filing and paying payroll taxes.

Generally, once the Governor has issued an emergency proclamation for a specific disaster area, the one-week waiting period for UI benefits is waived, and individuals can begin receiving partial wage replacement benefits for the first week they are unemployed due to the disaster. The EDD maintains a [current list of state-declared disasters](#) where the waiting period has been waived.

In addition, as with the 2017 **wildfires**, a Presidential Disaster Declaration makes federal Disaster Unemployment Assistance (DUA) benefits available. DUA provides temporary unemployment benefits to people whose jobs or work hours are directly impacted by emergencies. The EDD will provide updates on its website as DUA benefits become available.

Employers directly affected by a disaster may request extensions of time from the EDD to file state payroll reports and/or deposit payroll taxes — some employer extensions have already been granted. The Internal Revenue Service also may provide tax assistance during disasters.

Employers and affected workers should stay abreast of recent developments by visiting www.edd.ca.gov.

Leaves of Absence for Emergency Personnel

Some of your employees may serve as volunteers for local fire departments or other emergency response entities. All employers must provide leaves of absence for employees who are required to perform emergency duty. Employers are not required to compensate the employee during this time off.

See California Wildfires: Page 5

CalChamber-Sponsored Seminars/Trade Shows

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August 21–22, Chile. (301) 654-6664.
International Trade Financial Strategies Symposium. Women in International Trade – Los Angeles. August 22, Los Angeles. (213) 545-6479.
83rd Thessaloniki International Fair. HELEXPO. September 8–16, Thessaloniki, Greece.
Brazil Fintech Roadshow. Fintech. September 17–19, São Paulo, Brazil.

(772) 388-6496.
Bureau of Industry and Security: Export Regulation Course. Southern California District Export Council. September 19, Los Angeles. (310) 235-7203.
Central America Energy Transition Roundtable. Institute of the Americas. September 20, San Jose, Costa Rica. (858) 453-5560.
Annual Export Symposium. National Association of District Export

Councils. October 2, Washington, D.C. (407) 255-9824.
2018 U.S.-Taiwan Business Day. Bureau of Foreign Trade, Ministry of Economic Affairs and Taiwan External Trade Development Council. October 4, Taipei, Taiwan. (408) 988-5018, ext. 202.
China International Import Expo. China International Import Export Bureau. November 5–10, Shanghai, China.

Independent Contractor Test: Legislature Should Act

From Page 1

To distinguish between an employee and an independent contractor, the Court concluded that individuals are presumed to be employees, and a company classifying an individual as an independent contractor bears the burden of justifying that individual's independent contractor classification under an "ABC test."

"For the past 30 years we've been using a multi-factor test that really focused on control, and now this new test issued by the Supreme Court only focuses on three factors. That 'B' factor... whether that service is outside the usual course of business, is really a challenging factor and will completely narrow the ability for individuals to potentially continue their work as freelancers, self-employed, independent contractors," Barrera said to KPCC.

'ABC' Test

The ABC test replaces the previously utilized "right to control" or "common law" test, which focused on the hiring entity's ability to control how the work was performed. Under the more restrictive ABC test, an individual is presumed to be an employee, unless the company can prove *all* of the following:

A. That the worker is free from control and direction of the hiring entity in

connection with the performance of the work, both under the contract for the performance of the work and in fact; and

B. That the worker performs work that is outside the usual course of the hiring entity's business; and

C. That the worker is customarily engaged in an independently established trade, occupation or business of the same nature as the work performed.

If the hiring entity fails to show that the individual worker satisfies each of the three criteria, the worker is treated as an employee, not an independent contractor.

Employer Concerns

Barrera explained that for California employers, the court ruling has produced a lot of concern and confusion on how this new standard will be applied, how broadly it will apply, and the different industries that will be affected.

"A decision like this, that is going to have such a significant impact on so many industries in California, we really feel like it's the Legislature's role to intervene, pause the application of this decision so that they can take into consideration all of the different professions and industries that are impacted... and really look at whether or not this 'ABC Factor' is appropriate and should be applied across the board to all these different

professions that could be impacted and jeopardized as a result of this decision."

The show, [AirTalk](#), took live calls from employees, employers and independent contractors from an expansive list of industries explaining how the new test could affect them.

Toward the end of the show, Barrera said that all the calls from various affected industries are the prime example why this ruling is not just a one-size-fits-all situation.

"The Legislature really needs to step in and identify what is the appropriate standard for California," she said.

CalChamber Coalition

A CalChamber-led coalition is working to build support for workers' ability to work independently.

Through its website at [imindependent.co](#), the coalition explains why state lawmakers need to suspend putting a recent court decision into effect so that there can be a robust legislative discussion about how best to balance worker protections with a flexible work model.

Information also is available in the recent *Capitol Insider* blog post at [capitolinsider.calchamber.com](#).
Staff Contact: Jennifer Barrera

High Court Ruling Raises Questions on Passage of Local Special Taxes

From Page 1

Having established a procedural distinction between tax measures based on their provenance, the court left open the reach of this distinction. While the rhetoric was broad, the remedy was limited. The court ruled that the tax proposal should have been considered at a special election. It left for another day whether its reasoning would extend to the vote threshold for approval of special taxes.

That day has come.

San Francisco Case

San Francisco voters recently approved a gross receipts tax on commercial leases to use for child care and early education—therefore it is a "special tax." Although proposed by several county supervisors, the measure was

placed on the ballot by petitions signed by San Francisco voters. The measure was approved by 51% of voters last June.

The San Francisco officials were doubtless inspired by the court's general discussion of the difference between a local governing board and local voters, seeing this as an opportunity to eviscerate the two-thirds special tax voter threshold. No credible expert agrees that the court has already opened the door to majority-vote special taxes, but San Francisco is pushing on it.

Last week the Howard Jarvis Taxpayers Association (HJTA) filed a motion to invalidate the tax, based on the plain meaning of Propositions 13 and 218, and the case law allowing voters to step in the shoes of local governing boards. HJTA has insisted that the court's ruling on

Upland "centered on when a tax election should take place, not necessarily whether it needed two-thirds or 50% plus one to pass."

More to Come

San Francisco is not an outlier. Other cities are considering arranging special tax hikes via initiative on upcoming ballots, using the *Upland* dodge. Fresno is considering whether to place a sales tax increase on the November ballot for parks, using the initiative process to backstop the two-thirds vote threshold, should the Supreme Court bless the San Francisco tactic.

The stakes are high for taxpayers; the San Francisco case bears watching.

Contact: Loren Kaye

CalChamber Revives Disaster Relief Fund to Help California Businesses



The fires blazing throughout California are just the most recent example of the disasters that have hit the state in recent years.

To provide assistance to help communities recover, the California Chamber of Commerce has revived its disaster relief fund.

Whereas past efforts focused on a single disaster, such as earthquakes or hurricanes, the revived fund will be a continuing program of collecting funds so they will be available to provide help to businesses for any type of catastrophe.

“One of the best ways to help revitalize the communities leveled by a fire or a natural disaster is to help their businesses recover,” said CalChamber President and CEO Allan Zaremborg. “The dollars raised by this campaign will give a badly needed boost to businesses in hard-hit areas.”

To Donate

Donations to the California Foundation for Commerce and Education (CFCE) disaster relief fund are tax deductible for both businesses and individuals.

Checks should be made payable to CFCE (Tax ID #51-0159900), Attn: Disaster Relief Fund, 1215 K Street, Suite 1400, Sacramento, CA 95814.

California Wildfires: What Employers Need to Know

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Leave for Health Issues

Employees may be entitled to time off to deal with health issues resulting from the disaster.

For instance, employees may use their California mandatory paid sick leave for care or treatment of their own health condition or that of a family member, as defined by the law.

They also may be eligible for time off for family or medical leave for themselves or to care for family members with any serious health conditions under the federal Family and Medical Leave Act (FMLA) or the California Family Rights Act (CFRA). The FMLA and the CFRA cover employers with 50 or more employees and provide a maximum of 12 weeks of unpaid leave in a 12-month period.

Employers may have obligations to reasonably accommodate an employee under the federal Americans with Disabilities Act (ADA) and the state Fair Employment and Housing Act (FEHA). An employee who suffers a physical or mental injury because of a natural disaster may be entitled to protections under these laws.

In some situations, State Disability Insurance (SDI) partial wage replacement benefits may be available for individuals injured by the disaster (non-work related injury). Similarly, Paid Family Leave (PFL) partial wage replacement benefits may be available for workers who take time off to care for a covered family

member injured in the disaster. The EDD can provide support services for employers and employees with these determinations.

School or Childcare Leave

Employers with 25 or more employees working at the same location may need to provide unpaid time off to employees whose children’s school or child care is closed due to a natural disaster, such as a fire, earthquake or flood. For emergencies, the time must not exceed 40 hours per year.

Keeping Workers Safe and Cal/OSHA Guidance

Wildfires pose health hazards. Smoke can contain chemicals and fine particles that harm health. And other hazards, such as electrical hazards, unstable structures, flammable gases, ash, soot and dust, are rampant.

As an employer, you have an obligation to create and maintain a safe workplace for your employees. [Cal/OSHA advises employers](#) to take special precautions to protect workers from hazards related to fires and smoke.

Cal/OSHA provides [guidance](#) on how to keep workers safe in heavy smoke conditions and during fire clean-up.

Planning Ahead

The single, most important thing employers can do is create an Emergency Action Plan (EAP) and communicate that plan to employees. All California employers are required to have an EAP designat-

ing the actions that must be taken to protect employees from fire and other emergencies, as well as a Fire Prevention Plan (FPP) that details the fire hazards your employees may face and how to handle a fire should the situation arise. Employers should inform employees that these plans exist and what steps they outline.

When employees are initially assigned to a job or transferred to a new position, the employer should review the EAP and FPP with employees so they can protect themselves in the event of an emergency. Employers should retrain employees if the EAP or FPP is changed and should periodically conduct emergency training and drills.

When considering emergencies, employers should plan how they will handle and communicate office closings and determine who will make the final decision on whether to close. Also, determine if alternative workplaces are available, whether certain employees can work from home, or whether to shut down all work during the emergency.

Informational Resources Available

CalChamber members can find more information on [Emergency Action Plans](#) and [Fire Prevention Plans](#) in the “[Workplace Safety](#)” section of the HR Library at [HRCalifornia.com](#).

Cal/OSHA offers resources as well. **Staff Contact: Gail Cecchetti Whaley**

Administration Outlines Indo-Pacific Vision

CalChamber Welcomes Increased Focus on Activity in Region



“The Indo-Pacific, which stretches from the United States west coast to the west coast of India, is a subject

of great importance to American foreign policy,” said U.S. Secretary of State Mike Pompeo at a U.S. Chamber of Commerce gathering on Monday, July 30.

President Donald Trump first outlined his vision for a free and open Indo-Pacific at the Asia Pacific Economic Cooperation (APEC) CEO Summit in Vietnam in 2017. The National Security Strategy followed with the same vision.

Now, Secretary Pompeo details why this region of 14 countries (Australia, Bangladesh, Burma, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam) is one of the greatest current and future engines of the global economy. The Secretary states the American people and the whole world have a stake in the Indo-Pacific’s peace and prosperity, and that is why the Indo-Pacific must be free and open.

The U.S. Chamber hosted three Cabinet secretaries, five agency heads, 15 ambassadors, 20 embassies and 150 business leaders at the Indo-Pacific Business Forum in Washington, D.C. Secretary of State Pompeo, Secretary of Commerce Wilbur Ross, and Secretary of Energy Rick Perry unveiled several new initiatives while outlining the Trump administration’s Indo-Pacific vision.

The webcast of the entire Forum is accessible at the [U.S. Chamber website](#).

New U.S. Initiatives

- Secretary of State Pompeo **announced** \$113 million in new U.S. initiatives to support the digital economy, energy, and infrastructure in the region. Pompeo noted that the initial investment should be seen as a “down payment” and seeks to expand each initiative.

The announcements included: Digital Connectivity and Cybersecurity Partnership; an Infrastructure Transaction and Assistance Network: Asia EDGE (Enhancing Development and Growth through Energy); and Support for Regional Institutions.

- Secretary of Commerce Ross **noted** that the Commerce Department will be expanding its Digital Attaché program in the region; will post more Foreign Commercial Service officers to the region; and create a joint pilot program between the Department of Commerce and the Department of State aimed at increasing engagement with the business community in the region.

Secretary Ross signaled that the administration would continue with an aggressive strategy on China, citing the current strong U.S. economy as nimble enough to withstand any pain from an escalating trade war.

- Secretary of Energy Perry **emphasized** the United States as a global energy leader positioned to help Indo-Pacific countries meet their needs for conventional and new, lower-emission energy.

He reinforced U.S. commitment to strengthen energy security, infrastructure, energy access, and energy commerce through the Asia EDGE initiative.

CalChamber Position

The California Chamber of Commerce supports 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.

Trade agreements ensure that the United States may continue to gain access to world markets, which will result in an improved economy and additional employment of Americans. The CalChamber urges support of trade agreements that will continue to keep U.S. and California businesses competitive.

The Asia-Pacific region represents nearly half of the earth’s population, one-third of global gross domestic product (GDP) and roughly 50% of international trade. The large and growing markets of the Asia-Pacific already are key destinations for U.S. manufactured goods, agricultural products, and services suppliers.

During the past decade, however, growth in U.S. exports to Asia has lagged behind overall export growth. The United States is gradually losing market share in trade with Asian countries, which have negotiated more than 160 trade agreements among themselves, while the United States has signed only three with regional economies (South Korea, Singapore and Australia).

Following the U.S. withdrawal from the Trans-Pacific Partnership, a highlighted Indo-Pacific Vision is welcomed, as this is a key area in geopolitical, strategic, and commercial terms.

Staff Contact: Susanne T. Stirling

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New South Wales, CalChamber Share Sister State Discussion

On Monday, August 6, California Chamber of Commerce President and CEO Allan Zarembeg and Vice President of International Affairs Susanne T. Stirling met with a delegation from the Parliament of New South Wales (NSW), Australia, led by the Honorable John Ajaka, President of the Legislative Council.

California and New South Wales share a Sister State relationship, a symbol of mutual goodwill, thereby encouraging bilateral cooperation. California and New South Wales, Australia became sister states through a [resolution](#) in 1997 as the two states share many economic and cultural similarities.

Similarities

California and New South Wales both have diverse landscapes, are key exporting states for their respective countries, and have agriculture and mining industries that are vital to both states' economies.

More recently, the two have shared a similarity in the wine industry and growing service sector, as well as the film, sports and leisure industries.

The group discussed the structure of the NSW Parliament, governance issues, infrastructure projects, research and development, and technology exchanges. Recognizing the U.S.-Australia Free Trade Agreement, there was discussion of the new Trump administration proposal of the Indo-Pacific Vision, encompassing a region of 14 countries, including Australia, Bangladesh, Burma, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Australia is one of the United States' oldest and closest allies and shares our common values and history. Australia has been an active participant in international affairs since World War I and has fought beside the United States and other allies in every significant conflict to the present day, joining coalition forces in the Persian Gulf in 1991, Afghanistan in 2002, and Iraq in 2003. The United States and Australia share impressive economic and productivity growth. Australia is the 13th largest economy in the world. With legal, regulatory and ideological similarities between the United States and Australia, and with

the background of our military and security relationship, Australia is an ideal trading partner. The United States and Australia have major interests in each other's economies. The United States has long had a large trade surplus with Australia.

U.S.-Australia Trade

As the 16th largest export destination for the United States, Australia has always enjoyed a strong trade relationship and a diverse portfolio with the United States.



(From left) The Honorable Adam Searle, leader of the Labor Party in the Legislative Council, New South Wales Parliament; the Honorable John Ajaka, president of the Legislative Council, New South Wales Parliament; Allan Zarembeg, CalChamber president and CEO; Susanne T. Stirling, CalChamber vice president of international affairs; and the Honorable Trevor Khan, deputy president of the Legislative Council and chair of committees, New South Wales Parliament.

In 2017, total exports from the United States to Australia were \$24.6 billion with top categories being transportation equipment, non-electrical machinery, chemicals, and computers.

Imports into the United States from Australia totaled \$10.04 billion in 2017. The main imports are food manufactures, which make up 25% of the total, followed by primary metal manufacturing, chemicals, and miscellaneous manufactured commodities.

Australia's total stock of foreign direct investment (FDI) into the United States totaled \$54.3 billion in 2016, supporting 93,700 jobs in the United States. Of that, \$179 million was invested in research and development and \$4.2 billion went to expanding U.S. exports.

The top industry sectors that were recipients of Australian FDI were: software and information technology (IT) services, business services, textiles, real estate, financial services, and leisure and entertainment (SelectUSA).

California-Australia Trade

In 2017, Australia was the 14th largest importer of California goods and services. California exported approximately \$3.56 billion to the country, making the state the largest exporter to Australia.

The largest export category from California was transportation equipment, totaling \$720 million, surpassing computers and electronic products from 2016. Computers and electronic products totaled \$605 million and represented 17% of all California exports to Australia.

Other top export categories include food manufactures and miscellaneous manufactured commodities and food, totaling about 9% each of all export commodities.

Top imports to California from Australia were food manufactures, totaling \$795 million and 35%, followed by miscellaneous manufactured commodities at \$385 million and 17.4%.

The 13th largest country for FDI through foreign-owned enterprises (FOEs) into Southern California is Australia. Australian FOEs in Southern California provide more than 7,500 jobs through over 200 firms, amounting to \$526 million in wages.

The top sectors of Australian FOEs are retail trade, wholesale trade, financial activities, professional and business services, and manufacturing (*Los Angeles Business Journal*, Vol. 40, No. 21, 2018).

U.S.-Australia Agreement

The United States and Australia entered into a [free trade agreement](#) which came into effect on January 1, 2005. The agreement eliminated tariffs on 99% of U.S. manufactured goods exported to Australia, which accounted for 93% of all U.S. exports to the nation.

The comprehensive free trade agreement when it first took effect in 2005 combined more than 345 million consumers in a market of over \$19.3 trillion annually. Australian companies employed more than 84,000 American workers when the FTA first took effect, and now employ 93,700 American workers.

Staff Contact: Susanne T. Stirling

Don't Miss One Informative Day by the Bay



Ready to sharpen your HR know-how and interact with your peers? Kicking off with a networking breakfast, the 2018 CalChamber HR Symposium offers an interactive day of engaging sessions with top experts on a variety of HR compliance issues important to California employers.

This is your rare opportunity to hear from the **Director of the California Department of Fair Employment and Housing (DFEH), Kevin Kish**, regarding trends and enforcement priorities, upcoming regulations and updates on new legislation.

The cost of admission is \$499 (\$399.20 for Preferred and Executive members), and the event is approved for 8 HRCI California recertification credits and SHRM PDCs.

HR 2018 SYMPOSIUM

NOVEMBER 2, 2018

HOT TOPICS | TOP EXPERTS | NETWORKING

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Networking Breakfast | 5 HR Sessions
Keynote: Kevin Kish, DFEH Director

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