

# ALERT

VOLUME 37, NUMBER 24 • AUGUST 5, 2011



## Governor's Veto Preserves Viability of Referendum



A California Chamber of Commerce-**opposed** bill that threatened the ability of Californians to seek a vote of the people on newly enacted laws through the referendum process was **vetoed** by Governor Jerry Brown this week.

**SB 168 (Corbett; D-San Leandro)** would have denied the check and balance on the legislative branch by the public by limiting the use of paid signature gatherers critical for successfully sponsoring a referendum.

The bill would have made it a misdemeanor for a person to pay for signature collection on a per-signature basis for state or local initiatives, referendums or recall petitions.

**Unintended Consequences**

In his veto message, Governor Brown said he rejected the bill because “this is a dramatic change to a long-established democratic process in California. After reviewing the materials submitted in support of this bill, I am not persuaded that the unintended consequences won’t be worse than the abuses the bill aims to prevent.”

It appeared that the goal of SB 168 was to prevent voter-registration fraud and ensure that voters get better information when petitioners approach them.

While this is a worthy goal, CalChamber believes that SB 168 would have had the unintended consequence of limiting the public’s role in the ballot process. By outlawing payment for signature collection on a per-signature basis, SB 168 would have made it prohibitively expensive to do an initiative or a recall and next to impossible to do a referendum.

Furthermore, it was unclear how limiting the payment type for signatures would have ensured that the public would have received better information when petitioners approach them.

SB 168 was likely to limit how far and wide these important election materials are disseminated—and even excluded certain areas—as petitioners attempted to reach as many California voters as possible.

### Check and Balance

CalChamber believes the current process serves as a check and balance on government. By making it harder to qualify ballot measures, SB 168 would have denied Californians the right to address grievances with government through initiatives, referendums and recalls.

**Staff Contact: Jeanne Cain**

## Workers’ Comp Cost-Increasing Bills Await Senate Action



Two California Chamber of Commerce-**opposed** “job killer” bills that will increase workers’ compensation costs await action when senators return from their summer recess later this month.

● **AB 1155 (Alejo; D-Watsonville)** increases costs and lawsuits in the workers’ compensation system by eroding the apportionment provision that protects an employer from paying for disability that did not arise from work. The bill awaits action by the full Senate.

● **AB 375 (Skinner; D-Berkeley)** increases workers’ compensation costs for public and private hospitals by presuming certain diseases and injuries are caused by the workplace. AB 375 is scheduled to be considered by the Senate Appropriations Committee on August 15.

### Erodes Reforms

AB 1155 erodes a key workers’ compensation reform enacted in 2004 holding that an employer should be liable only for the amount of permanent disability that was caused by a job-related injury or illness.

Nothing in current law allows for discrimination based on protected classes when adjusting the worker’s compensation

*See Workers’ Comp: Page 6*

## Lt. Governor Unveils Economic Agenda

Lieutenant Governor Gavin Newsom released an “Economic Growth and Competitiveness Agenda for California” on July 29, saying it outlines how the state can move toward “regaining our leadership role as America’s opportunity capital.”

Newsom’s agenda listed eight “pillars” that he deemed “essential in delivering the Next Economy.”

California Chamber of Commerce President and CEO Allan Zarembeg

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### Inside

New Economic Liability for Employers: Page 3

## Labor Law Corner

# Interviewees May 'Try Out' Without Pay If Employer Doesn't Benefit



**Ellen S. Savage**  
HR Adviser

*If I ask applicants to demonstrate their job skills during an interview, am I required to pay them for that time?*

Whether it's data entry, carrying heavy boxes up a steep ladder or teaching a water aerobics class at a gym, observing candidates demonstrating how they would actually do the job can help you select the right individual. Depending on

what the applicants are asked to do during an interview, and how much time it takes, you may need to pay them for their time.

### Determining Factors

Whether time spent demonstrating job skills (also called "try-out time") must be paid depends on three factors, according to the California Division of Labor Standards Enforcement (DLSE).

● **The period of time is reasonable under the circumstances.** The amount of time needed to demonstrate a particular skill will depend on the facts of each case.

For example, it would take far less time to demonstrate how boxes would be safely carried up a ladder than it would to show the full range of exercises that might be taught in an hour-long water aerobics class.

According to the DLSE, the rate of pay for the job usually can be used as a guide to determine the amount of time necessary for a tryout, with higher-paying jobs typically justifying more time for demonstrating skills.

● **The time is used for testing skills as opposed to training.** An employer may wish to use try-out time to teach an applicant how to do a task or use a computer program, and then ask the applicant to demonstrate the skills s/he has learned. Because part of the time was used for training the applicant (which will then benefit the employer), that time does not qualify as try-out time. Any training the

employer wishes to do generally must be done after the applicant is hired.

● **There is no productivity derived from the work performed by the prospective employee.** During try-out time, an applicant is usually asked to demonstrate how he or she would perform a task, such as entering data into a computer. If the data entered by the applicant is actually data the employer would otherwise have an employee enter, then the prospective employer is deriving productivity from the work performed by the applicant and the time does not qualify as try-out time.

Employers should be certain the tasks performed during try-out time are not work that is of any benefit to the employer. For example, the employer might fill boxes with bricks that simulate the weight of the boxes carried by employees, or have an applicant teach a short version of the water aerobics class to a few current gym employees who would not normally pay for a class.

*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](http://www.hrcalifornia.com).*

## CalChamber-Sponsored Seminars/Trade Shows

More information at [www.calchamber.com/events](http://www.calchamber.com/events).

- Business Resources**  
 San Diego Water Tour. Water Education Foundation. September 8–9, San Diego. (916) 444-6240.  
 Northern California Tour. Water Education Foundation. October 12–14, Sacramento. (916) 444-6240.  
 Licensing Executives Society Annual Meeting. Licensing Executives Society (USA and Canada). October 16–19, San Diego. (703) 836-3106.  
 San Joaquin River Restoration Tour. Water Education Foundation. November 2–3, Fresno. (916) 444-6240.

*See CalChamber-Sponsored: Page 4*

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*Alert (ISSN 0882-0929) is published weekly during legislative session with exceptions by California Chamber of Commerce, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Subscription price is \$50 paid through membership dues. Periodicals Postage Paid at Sacramento, CA.*

*POSTMASTER: Send address changes to Alert, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Publisher: Allan Zaremborg. Executive Editor: Ann Amioka. Associate Editor: Sara Espinosa. Art Director: Marcy Wacker. Capitol Correspondent: Christine Haddon. Photographer: Megan Wood.*

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## CalChamber Calendar

**Water Committee:**

September 8, Rancho Palos Verdes

**Board of Directors:**

September 8–9, Rancho Palos Verdes

**International Trade Breakfast:**

September 9, Rancho Palos Verdes

**CalChamber Fundraising Committee:**

September 9, Rancho Palos Verdes

**Taking Your Chamber's PAC to the Next Level:** October 14, Orange

Next Alert: August 19



# Storm Water Permit Fee Hike, Draft Rules: New Economic Liability for Employers

Fee hikes coupled with excessive new proposed requirements could boost costs significantly for any facility required to have a storm water permit. Entities that will feel the impact include small employers, schools, ports, large industrial operations, restaurants, parks, farmers markets, even groups that hold car wash fundraisers.

Storm water fees will rise in all categories, putting more economic pressure on businesses struggling to recover from years of recession. The increased costs (as much as a 10-fold price hike for some permit holders) could range from tens of thousands of dollars at small businesses and schools to hundreds of millions of dollars at large facilities owned by ports and industrial facilities.

The new proposed draft storm water permit requirements expand the types of facilities that must obtain the permits, thereby increasing enforcement costs for local governments, which already are financially strapped.

## Background

The federal Clean Water Act was amended in 1987 to establish a framework for regulating storm water discharges.

In 1990, the U.S. Environmental Protection Agency (EPA) promulgated Phase I regulations for granting storm water discharge permits to industrial operations (including construction sites that disturb five acres or more) and municipal separate storm sewer systems serving a population of 100,000 people or more.

In late December 1999, EPA issued Phase II regulations requiring permits for storm water discharges from small municipal storm sewer systems (serving fewer than 100,000 people) and from construction sites disturbing between one and five acres of land.

Although early program efforts focused on controlling pollutants and implementing good management practices, the new program emphasizes “holistic strategies.” The strategies aim to prevent problems and provide community benefits, but fail to balance costs and economic considerations.

## Construction

On September 2, 2009, the State Water Resources Control Board adopted a new general permit for construction activities. The permit moved beyond the historical approach of mitigating storm water runoff through Best Management Practices (BMPs).

Instead, the permit established numeric effluent limits for turbidity, pH and debris. It also contained a variety of other requirements, such as numeric action levels (which if exceeded would require corrective action to lower the amount of permissible discharge) that significantly increase construction industry costs.

Not evaluated were the social and economic costs the permit placed on the housing industry. In addition, the permit contained post-construction mitigation and monitoring/maintenance requirements.

The California Building Industry Association sued, arguing that the permit lacks social economic balancing; fails to maintain the natural integrity of receiving water; imposes unjustifiable numeric effluent levels; and does not allow for due process. The association also contended that the post-construction measures are beyond the water board’s jurisdiction. The lawsuit is pending.

## Industrial Storm Water Permit

In January, the state water board issued a draft proposal to regulate manufacturing facilities, mining operations, disposal sites, recycling yards and trans-

portation facilities, including school bus facilities. There are approximately 10,000 active permittees in the program.

The draft regulations go above and beyond what the federal EPA mandates and will result in hundreds of millions of dollars in additional costs with no proven environmental benefits.

The water board held a hearing on the draft permit and set a final comment deadline even though the notice for the rule states that it is “currently not in its complete form,” thus violating California and federal due process laws.

A key change from the current permit is that group monitoring will not be allowed in the new program. Numeric limits are being imposed, contrary to advice from a panel of experts convened by the water board.

The experts suggested that before even considering the imposition of numeric limits, the water board needed to re-examine the existing data sources and collect new data.

The California Chamber of Commerce was part of a coalition of business, taxpayers and local governments that asked the water board not to go forward with the permit in its present form.

A bipartisan group of legislators also wrote the water board, asking that it “go back to the drawing board and meet and engage with all stakeholders before proceeding any further with this permit.”

[Updated from print *Alert*] A new draft of the permit is to be released by

*See Storm: Page 4*



“We rely on CalChamber to keep track of the ‘big picture’ of how proposed laws and regulations will fit together to affect our customers and the business community in California.”

LISA J. STEVENS  
EXECUTIVE VICE PRESIDENT  
WELLS FARGO & COMPANY, LOS ANGELES

## Storm Water Permit Fee Hike, Draft Rules: New Economic Liability

*From Page 3*

September 1 along with a hearing notice, according to the water board staff. The staff expects the board will be scheduling a hearing on the new draft permit in October or November.

### Small Municipal Systems

The Phase II draft permit for small municipal separate storm sewer systems significantly expands existing requirements and adds six new major programs.

Key new duties for local governments:

- A retroactive requirement to inventory, select, install, implement and maintain storm water BMPs at commercial and industrial properties.

- Detailed inspection program for industrial and commercial facilities, including evaluation of appropriateness and effectiveness of BMPs.

- Develop a trash abatement plan and require 20% of zoned areas to install trash capture structural controls (retrofitting). It is likely this element of the plan will cause a rent increase for commercial renters.

The draft permit includes a list of 32 types of facilities at minimum that will be regulated—compost facilities, golf courses, parks, charitable car wash areas, restaurants, farmers markets, pool and fountain cleaning, veterinary facilities, car repair facilities, and building material storage areas, just to name a few.

This draft permit will have a dramatic

and costly impact on municipalities and industry that will make it even more costly to do business in California. Local government representatives say that enforcing these provisions could triple or quadruple current program costs.

Again, these new permit requirements are unfunded mandates beyond what EPA requires. Proposition 218 limits local government's ability to raise dedicated revenues to fund the permit, so it is unclear how revenues will be obtained. If local governments are unable to comply, they will be open to state fines and third-party lawsuits.

A coalition of 80 local governments and a bipartisan group of legislators made verbal and written requests to extend the comment period by 60 days. The water board granted a 30-day extension until September 8.

### Caltrans Permit

The California Department of Transportation (Caltrans) is subject to the municipal separate storm sewer systems permit. Caltrans is responsible for the design, construction, management and maintenance of the state highway system and therefore storm water and non-storm water discharges from state-owned right-of-ways.

In its comment letter, Caltrans estimates that the new proposed permit could cost up to \$2.2 billion annually.

Compliance costs would be paid out of

the State Highway Account, which means less funding for maintenance and new road construction transportation projects.

The California Transportation Commission estimates the permit would substantially increase the state's transportation shortfall, currently projected to be \$7.4 billion.

A coalition of transportation allies voiced its concerns to the water board in mid-July. The coalition pointed out that the draft permit:

- Exceeds requirements of federal law.

- Puts Caltrans at risk of being in a permanent state of non-compliance by setting standards and control measures that can't be met.

- Opens the door for third-party lawsuits to stop new road construction projects.

- Shifts Caltrans priorities from improving roadways to monitoring water quality and retrofitting most storm water infrastructure built in the last 20 years. The funding shift would result in layoffs of thousands of workers in construction—an economic sector already suffering 25% unemployment.

The water board expects to have another workshop in September. The proposed permit is scheduled for adoption at the October water board hearing.

### Action Needed

The CalChamber is encouraging members to contact the State Water Resources Control Board to ask that the storm water permits be sent back to staff for further consideration.

There is no justification for California to exceed federal Clean Water Act requirements. Economic recovery has a fragile hold in this state. The aggressive draft storm water permit proposals add another burdensome layer of regulations that will harm the state's business and employer community, taxpayers and local governments.

**Staff Contact: Valerie Nera**

## CalChamber-Sponsored Seminars/Trade Shows

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### International Trade

Understanding Antidumping and Countervailing Duties. Women in International Trade. August 17, Torrance. (800) 514-6407.

Trade Mission to South Africa. U.S. Chamber of Commerce. September 19–23, South Africa. (202) 482-5496.

Cargo Loss: Natural Disasters and Piracy Theft. Women in International Trade. September 21, Long Beach. (800) 514-6407.

International Trade Finance Workshop. Center for International Trade Development. September 23, Sacramento. (916) 563-3200.

Incoterms. Women in International Trade. October 19, Torrance. (800) 514-6407.

26th Trade Expo Indonesia. Trade Expo Indonesia. October 19–23, Kemayoran, Indonesia.

Gateway California. Northern California World Trade Center. October 26, San Francisco. (916) 321-9124.

WITmas. Women in International Trade. December 7, Long Beach. (916) 563-3200.

### Labor Law

Determining Independent Contractor Status. CalChamber. September 8, Webinar; September 19, On Demand. (800) 331-8877.

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# Lt. Governor Outlines Eight-Part Agenda for Economic Growth/Competitiveness

*From Page 1*

applauded the Lieutenant Governor “for joining us in putting jobs, the economy and California’s business climate front and center.”

## Growth/Competitiveness

The Lieutenant Governor’s agenda calls for the state to:

- gear up exports, with all sectors, clusters and regions embracing exports “as a core focus”;
- reinvigorate manufacturing to “bring about a renaissance in manufacturing on a scale commensurate with its importance”;
- drive innovation: Newsom noted that other states and nations are investing heavily to be the next sources of innovation.
- accelerate the clean economy, including “putting the public sector in the lead as an anchor customer for clean technology”;

● “skill up for opportunities.” Innovating more, making more and exporting more will create broader opportunities for good-paying jobs at all levels, the Lieutenant Governor said.

● build infrastructure, using public-private partnerships, providing infrastructure to support development of clean technology (for example, plug-in stations for electric vehicles), and developing broadband capacity;

● align with regional strengths, including adopting a “do no harm” approach to statewide policy so as not to impede good work being done at the regional level;

● “organize for success” by streamlining “the clutter of agencies, commissions, offices, and entities engaged in economic development.”

## CalChamber Comment

Zarembek commented, “We particularly appreciate Lieutenant Governor

Newsom highlighting the importance of international trade and the global economy, regulatory reform, and the priority Sacramento policy makers must place on doing no more harm to our economy.

“We recognize that this agenda isn’t the end of a process; it is only the beginning. CalChamber agrees that now is the time to act and we look forward to working with the Lieutenant Governor as California moves from agenda to action.”

## First 180 Days

Newsom’s agenda outlines actions the state can take to get started. Among these are convening an economic growth and competitiveness summit; establishing interim “state regulatory strike teams” to help solve regulatory problems; and guaranteeing state participation in key international trade and promotion events.

The Lieutenant Governor’s complete agenda is available at [www.ltg.ca.gov](http://www.ltg.ca.gov).

# Court Refuses to Extend Favorable Class Action Ruling



In the first California case with the potential to build on a class action lawsuit ruling welcomed by employers, an appeals court has declined to extend that U.S.

Supreme Court decision to other areas.

This year, the U.S. Supreme Court ruled in *AT&T Mobility LLC v. Concepcion* that companies can require buyers to sign consumer arbitration agreements that waive class action claims.

The case was welcomed by many in the business community who hoped to see the decision extended outside the arena of consumer arbitration agreements to allow for class action waivers in other areas, such as employment agreements, as well. The anticipation was that the *AT&T Mobility* decision might decrease wage-and-hour class actions and other collective actions that have plagued employers.

But the first California decision on the application of *AT&T Mobility* limited the reach of this favorable ruling.

In *Brown v. Ralphs Grocery Co.*, a California Court of Appeal refused to extend the *AT&T Mobility* analysis to representative actions brought under the California Private Attorney General Act (PAGA). PAGA allows an employee to file suit on behalf of all “aggrieved employees” for alleged Labor Code violations.

The employee in this case filed a complaint asserting four Labor Code violations. The employee sought class certification and also to bring a representative action under PAGA. The employer argued that the employee was bound by an arbitration agreement in the employment application which prohibited class action claims and representative claims as a private attorney general. The employer argued that these arbitration provisions were enforceable in light of *AT&T Mobility*.

The court held that PAGA waivers are not enforceable under California law. Under this decision, if an employer has a PAGA waiver in an arbitration agreement,

that waiver will be unconscionable.

The court found that *AT&T Mobility* did not apply because there are differences between a representative action under PAGA and a class action. The court noted that the purpose of the PAGA statute is to “deputize” citizens to enforce the Labor Code and protect the public. PAGA’s purpose would be defeated if employees were forced to individual arbitration and could not bring actions on behalf of others.

The court dodged the separate issue of whether *AT&T Mobility* overruled current California authority generally prohibiting class action waivers in most employment arbitration agreements. The court indicated that it lacked the power to invalidate prior authority from the California Supreme Court generally prohibiting such waivers and also declined to decide the issue based on the facts of this particular case.

Thus, the first California case on the issue of enforceability of arbitration provisions in employment agreements leaves the issue unresolved and employers without further guidance.

**Staff Contact:** Gail Cecchetti Whaley

## County Veteran Service Offices Help Employers Connect with Veterans

*Thirty-three-year-old Kenneth Williams went to college, joined the military, and fought in the war. Now he can't find a job. Williams has experience with budgeting, accounting, ordering and handling supplies. Yet, despite having applied for countless positions, he has been called for few interviews and has yet to be hired. "I am so discouraged because I did everything right. Now I'm basically homeless," Williams said.*

California is currently home to approximately 1.9 million veterans. Another 30,000 men and women separate from military service and return to California every year.

Unfortunately, a rising number of veterans share Williams' experience and the situation is likely to get worse before it gets better, according to the California Department of Veteran Affairs (CalVet). With the draw down of troops from Iraq and Afghanistan scheduled to begin this year, an additional 5,000-10,000 veterans are expected to return to the state annually.

The Labor Department reports that in 2010, the unemployment rate for all Iraq- and Afghanistan-era veterans was 11.5%, versus 9.7% for non-veterans. Since the start of 2011, the unemployment rate for veterans has been even higher—15.2% in January and 12.5% in February, with March numbers just starting to be calculated. (These numbers may include veterans who are going to school in lieu of working.)

That's bad news for returning veterans. After reuniting with family and friends, employment typically is a returning veteran's greatest need. CalVet reports many veterans are opting for multiple deployments rather than face unemployment.

For information about employer rights and responsibilities regarding employee military deployment or to post a job opportunity for area veterans, contact a local County Veteran Service Office. A list of offices is available at [www.cacvso.org/page/2011-1-22-13-52-31/](http://www.cacvso.org/page/2011-1-22-13-52-31/).

CalVet has begun working with California employers to ensure that their veteran employees and veteran family employees are aware of and connected to the state and federal benefits earned through military service.

These benefits could include compensation and pension payments, survivor benefits, education assistance, low-interest farm and home loans, college tuition fee waiver for dependents, free medically necessary assistive devices (like hearing aids), and many others.

CalVet reports its outreach efforts are going well with large corporations in the defense, technology, telecommunications, energy, health care, retail, pharmaceutical, industrial products, and finance industries already on board.

To find out how your business can work with CalVet for the benefit of your veteran employees, contact Carolyn Ballou, [carolyn.ballou@calvet.ca.gov](mailto:carolyn.ballou@calvet.ca.gov), (916) 653-1355.

## Workers' Comp Cost-Increasing Bills Await Senate Action

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disability rating.

Although the proponents of AB 1155 claim that discrimination is prevalent, there are no court cases where a permanent disability adjustment was based on the characteristics of a protected class and upheld by the higher court.

The California Supreme Court has repeatedly upheld the legality of apportionment and has remanded cases with orders to redetermine the ratings when evidence for an adjustment is insufficient.

### **Death in Course of Employment**

In addition, AB 1155 adds to the Labor Code a discrimination clause dealing with death in the course of employment. The language seems to contradict 2009 legislation, AB 1093 (Yamada; D-Davis), that was narrowly crafted to clarify that no workers' compensation claim should be denied when a third party injured or killed an employee based solely on the third party's personal beliefs.

### **Unintended Consequences**

AB 1155 will automatically increase litigation in an effort to overturn every reasonable apportionment case. No evidence

has been presented in court that the apportionment process is set up to discriminate against an injured worker. Moreover, there are protections in place through the judicial process to reverse any adverse action in this direction.

### **Expands Costly Presumptions**

AB 375 creates special rules for certain hospital employees by creating a legal presumption that any blood-borne infectious disease or methicillin-resistant staphylococcus aureus (MRSA) infection is related to employment.

No statistical evidence has been presented to show that workers' compensation claims by hospital employees for exposure to MRSA or blood-borne illnesses are being inappropriately delayed or denied by employers or insurers.

The CalChamber contends that AB 375 would set a troubling precedent based solely on the existence of specific work-related risks for hospital workers. The Legislature should not try to identify likely injuries for every occupation in the state with the goal of creating special rules for those employees. That approach is unrealistic for an

insurance program that covers thousands of types of employees and employers.

### **Key Votes**

AB 1155 passed the Senate Judiciary Committee, 3-2, on June 14.

**Ayes:** Corbett (D-San Leandro), Evans (D-Santa Rosa), Leno (D-San Francisco).

**Noes:** Blakeslee (R-San Luis Obispo), Harman (R-Huntington Beach).

AB 1155 passed the Senate Labor and Industrial Relations Committee on July 6 on a party-line vote:

**Ayes:** DeSaulnier (D-Concord), Lieu (D-Torrance), Leno (D-San Francisco), Padilla (D-Pacoima), Yee (D-San Francisco).

**Noes:** Wyland (R-Escondido)

No vote recorded: Runner (R-Antelope Valley).

AB 375 passed Senate Labor and Industrial Relations on June 22 by the same party-line vote as AB 1155.

### **Action Needed**

Contact your senators and urge them to **oppose AB 1155 and AB 375.**

**Staff Contact: Thomas Vu**

## ‘Tall Ship’ Promotes Chile-California Trade

The Chilean “tall” training ship *Buque Escuela Esmeralda* recently called on the ports of San Diego and San Francisco to highlight trade between Chile and California.

In conjunction with the ship’s arrival in port, events were hosted by ProChile, the Trade Commission of Chile, a part of the Ministry of Foreign Affairs. ProChile is responsible for implementing and enhancing Chile’s trade policy.

ProChile provides the necessary tools to aid Chile’s economy as the nation goes international. ProChile has 56 trade offices and agencies located in 43 countries.

### Strategic Plan

Chilean international activities with California are the focus of the Chile-California Council, a group of 25 individuals from Chile and California representing business, government, academia, the arts, education and science. The council has launched Chile-California, a strategic association for the 21st century.

The three key initiatives are developing human capital, increasing trade and investment opportunities, and promoting research and development.

The most effective areas for cooperation will be: renewable energies, entrepreneurship and innovation, seismology, astronomy, information technologies, biotechnology, education, culture, agriculture, green initiatives, tourism, motion picture industry, water resource management, infrastructure, and scholarships for internships and college/ university studies.

The council chair is Agustin Huneus of Quintessa Winery. Susanne Stirling, California Chamber of Commerce vice president of international affairs, also is a member of the council.

### Free Trade Agreement

Since the U.S.-Chile Free Trade



At a July 21 reception coinciding with the visit of the Chilean tall ship *Buque Escuela Esmeralda* to San Francisco are (from left) Carlos Honorato, international vice director, ProChile; Susanne Stirling, vice president of international affairs, CalChamber; and Cristobal Barros, executive director, Chile-California Plan.

Agreement (FTA) was implemented on January 1, 2004, bilateral trade between Chile and the United States has doubled and both trade and investment opportunities abound.

Under the FTA, 85% of industrial products are traded without duties together with 75% of farm production. After just 10 years, all trade in non-agricultural goods will take place without tariffs or quotas; for agriculture, the phase-out will take 12 years.

Two-way trade in goods between the United States and Chile increased to \$17.9 billion in 2010. According to the Office of the U.S. Trade Representative, exports to Chile from the United States have risen more than 90% since implementation of the agreement. Exports to Chile of petroleum, machinery and fertilizer from the United States have increased markedly since 2003.

Chile is the United States’ 24th largest export partner with exports exceeding \$10.9 billion. Top exports from Chile to the United States include copper cathodes, fresh grapes and salmon. Top exports from the United States to Chile include transmission receptors, computers and diesel trucks.

Nearly 12,000 U.S. firms export

approximately 5,000 different products to Chile. More than 2,000 Chilean firms exported as many different products to the United States.

According to the American Chamber of Commerce in Chile, more than 300 U.S. companies have investments in Chile, with over 40 of them using Chile as a platform for services in the region. Chilean affiliates of U.S. direct investors are estimated to employ over 58,500 people and their value-added contributed 3.2% to Chile’s gross domestic product.

Chile is nearly twice the size of California and home to 17 million people and

renowned copper mines. Chile holds \$15.3 billion in reserves.

In 2003, the Chilean economy began to recover after a 1999 slump, reaching a 3.3% growth in real gross domestic product (GDP). GDP grew by 4.2% in 2006.

Since 1990, there has been more than \$50 billion in direct foreign investment in Chile. Chile has the most stable and fastest-growing economy in the region, which puts it in the best position to promote democracy and political freedom. Chile has now signed approximately 60 FTAs with various countries around the world. Chile is the only South American nation to be a member of the Paris-based Organisation for Economic Cooperation and Development.

Chile is California’s 28th largest export partner. In 2010, California exported more than \$790 million to Chile. This included petroleum and coal products, computer and electronic products, machinery, and transportation equipment.

California imports the following from Chile: fresh fruits, forestry products, wines and seafood.

For more information see [www.calchamber.com/Chile](http://www.calchamber.com/Chile).

Staff Contact: Susanne Stirling



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