

# ALERT

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## ‘Job Killer’ Bills Limit In-State Energy Efforts



Two California Chamber of Commerce-**opposed** “job killer” bills that limit in-state energy development passed the Assembly Natural Resources Committee

this week.

• **AB 356 (Williams; D-Santa Barbara)** jeopardizes high-paying middle class jobs in resource extraction fields by severely restricting wastewater injection sites and requiring unnecessary monitoring of those sites.

• **AB 1490 (Rendon; D-Lakewood)** drives up fuel prices and energy prices by imposing a de facto moratorium on well stimulation activities by halting the activity after an earthquake of a magnitude 2.0 or higher.

### AB 356

AB 356 has been identified as a “job killer” because it will drastically cut the number of well-paying jobs in the energy production field in more than half of California. California is the third largest oil-producing state in the nation, the source of approximately 575,000 barrels of oil per day.

Oil and gas production in California is a \$34 billion a year industry, employing more than 25,000 people with an annual payroll of over \$1.5 billion. These are good middle-class jobs, many located in parts of the state where there are few other employment opportunities offering such wages and benefits.

The ripple effects of the loss of those jobs hurts the local economy, especially  
*See Job Killer: Page 4*

## Proposal to Expedite Housing Projects Fails to Pass



A California Chamber of Commerce-**supported** job creator bill that sought to

expedite and reduce costs for housing projects failed to pass an Assembly policy committee this week.

• **AB 641 (Mayes; R-Yucca Valley)** aimed to streamline and reduce regulatory burdens for the approval and construction of housing developments by providing an expedited review process under the California Environmental Quality Act (CEQA).

The proposal failed to move out of the Assembly Natural Resources Committee on April 27.

AB 641 would have required CEQA litigation brought against a housing project to be resolved within 270 days, in an effort to expedite the legal process for housing developments.

### High Housing Costs

A report released earlier this year by the nonpartisan Legislative Analyst’s Office identified CEQA abuse as a major factor that has driven California housing costs to be among the most expensive in the nation.

The report, *California’s High Housing Costs: Causes and Consequences*, notes that “environmental reviews can be used to stop or limit housing development.”

California home prices are 150% higher than the national average, and the  
*See Proposal to Expedite: Page 6*

## Scheduling Mandate on Employers Passes Assembly Labor/Employment Committee



The Assembly Labor and Employment Committee has passed a “job killer” bill imposing a one-size-fits-all scheduling mandate on general retail employers.

• **AB 357 (Chiu; D-San Francisco)** dramatically increases the cost of doing business for a broadly defined “food and general retail establishment” in California by exposing employers to significant penalties and litigation for accommodating employee and business scheduling demands, creating a new protected classification for employees, and a new leave of absence for employees.

The bill passed the Assembly Labor and Employment Committee 4-3 on April 22. It was not a party-line vote. Democrat Assemblymember Evan Low (D-Campbell) raised concerns with the bill and voted “no.”

### Key Vote

**Ayes:** Chu (D-Monterey Park), Hernández (D-West Covina), McCarty (D-Sacramento), Thurmond (D-Richmond),

**Noes:** Low (D-Campbell), Harper (R-Huntington Beach), Patterson (R-Fresno).

The bill will be considered next by the  
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*Labor Law Corner***Visible Tattoos, Other Dress Code Issues Arise in Warmer Weather**

**Dana Leisinger**  
HR Adviser

*We have a strict no visible tattoos policy as we work with a very conservative population. We hired a new employee recently, and when he reported to work today, he was wearing the company-mandated short-sleeved shirt revealing heavily tattooed lower arms. Can we rescind our offer of employment?*

Tattoos do not typically fall within a “protected category” (from discrimina-

tion), so usually—the answer would be yes, it is safe to stick to your company policy and rescind your offer.

**Tattoos: Visible or Religious**

Although tattoos are increasing in popularity, it is still within an employer’s right to mandate no visible tattoos. Usually the employee can adhere to the policy by wearing long-sleeved shirts, but when the weather turns warm or the nature of the work is such that long-sleeved shirts interfere with job duties, the long-sleeved shirt might not be feasible.

One other issue to consider is when the tattoos are for a religious purpose. Although this is not a frequent occurrence, should the employee claim the tattoos are religious, the employer should attempt a reasonable accommodation. This could mean a transfer to a less visible position, but again, be cautious not to discriminate.

**Appearance Standards**

Warmer weather triggers a number of other dress code issues, testing many employers’ policies.

Employers often have a “maintain a professional appearance” dress code, which can be challenging when the weather is hot. It is permissible to ban flip-flops, open-toed shoes, shorts, tank tops, and other unacceptable clothing.

Employers are justifiably concerned

about violating any laws when restricting dress codes, but discrimination laws generally do not inhibit your right to determine appropriate workplace dress. In fact, you have a lot of discretion in setting appearance standards. In a conservative business, this also is a job-related issue when customers might complain about inappropriate attire.

Another complication stems from generational issues. The workplace has become more casual, and younger generations think their understanding of “business casual” is entirely appropriate, when management may disagree. The traditional needs of business clothing have changed dramatically.

**Best Practice**

The best practice is to make it as clear as possible what is acceptable. It is important to communicate your expectations with your employees. Therefore, sometimes “maintain a professional appearance” might not be adequate, and a specific description of what is not appropriate might be a better practice.

*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).*

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**CalChamber-Sponsored Seminars/Trade Shows**

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

**Labor Law**

HR Boot Camp. CalChamber. June 10, Santa Clara; August 18, Sacramento; September 2, Laguna Beach. (800) 331-8877.

**Business Resources**

Small Business and the Global Marketplace. Governor’s Office of Business and Economic Development (GO-Biz). May 13, Webinar.  
Federal/State Basic Payroll Tax Seminar. Employment Development Department. May 15, Carson. (562) 903-2168.  
Small Business Development Centers Webinar. GO-Biz. May 20, Webinar.  
Unemployment Insurance 101: The Basics. National Foundation for Unemployment Compensation and

Workers’ Compensation. June 17, San Diego. (916) 501-6347.

34th National UI Conference. National Foundation for Unemployment Compensation and Workers’ Compensation. June 17–19, San Diego. (202) 223-8904.

**International Trade**

Japan/South Korea Trade and Leadership Mission. CalAsian Pacific Chamber. May 9–21, Seoul, South Korea and Tokyo, Japan. (916) 446-7883.  
SelectUSA Road Show in Mexico. SelectUSA. May 12–14, Merida, Mexico City and Tijuana, Mexico. (202) 482-6800.  
Orange County World Trade Week. Irvine Chamber and UPS. May 14, Irvine.

*See CalChamber-Sponsored: Page 3*



# Scheduling Mandate on Employers Passes

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Assembly Appropriations Committee; no hearing date has been set.

## Predictable Scheduling Mandate/Protected Leave of Absence

The California Chamber of Commerce has identified AB 357 as a “job killer” because:

### • Creates Significant Penalties Against Employers for Schedule Changes Which Will Limit Flexibility.

Under AB 357, an employer that “moves to another date or time, or cancels” a previously scheduled shift or “requires” an employee to work an unscheduled shift is forced to pay “compensation” at the employee’s “regular hourly rate.” Financially punishing an employer for responding to last-minute business demands or, worse, for accommodating an employee’s requests is unfair. It will limit or even eliminate flexibility for employee-requested schedule changes.

### • Discourages Employers from Offering Additional Work to Part-Time Employees.

Under AB 357, if additional hours of work become available after an employer has issued the schedule, and the employer offers that additional work to a part-time employee, AB 357 penalizes the employer. Such a penalty discourages employers from offering additional hours of work to part-time employees, thereby

ultimately harming employees who are working part-time.

• **Creates New Leave of Absence for Employees.** AB 357 allows an employee to take 16 hours of protected leave from work in order to attend any appointment at the county human services agency upon reasonable notice to the employer. Given the anti-retaliation/discrimination provisions in the Labor Code that protect an employee for any right exercised by an employee, an employer who suspects abuse under this provided leave and questions the employee, could be subject to litigation as such conduct could constitute “retaliation” or “discrimination.”

• **Creates a New, Protected Classification of Employees.** AB 357 also creates a new, protected classification of employees in California defined as any employee who: receives CalWORKS; is a parent, guardian or grandparent of one or more children who receive CalWORKS; or, someone who receives CalFresh food assistance. Combined with the new, leave referenced above, this precludes an employer from taking any conservative action against an employee who regularly misses work on a daily, weekly or monthly basis to attend an appointment, for threat of discrimination/retaliation litigation.

• **Subjects Employers to Multiple Threats of Extensive Litigation.** In addition to litigation under the Private Attorneys General Act, an employee

could also threaten an unfair competition claim under Business and Professions Code Section 17200, as well as a common law wrongful termination claim. Increasing the cost of doing business on all employers who engage in retail activity with the “additional pay” mandate, as well as subjecting them to multiple threats of litigation, is detrimental to the economy and the ability for businesses to thrive in this state.

## San Francisco Ordinance

In December 2014, the San Francisco Board of Supervisors passed the “Retail Workers Bill of Rights” that included a “fair scheduling” mandate, similar to that proposed in AB 357. San Francisco Mayor Ed Lee did not sign this ordinance, which will not go into effect until July 3, 2015. San Francisco has yet to see the consequences, either intended or unintended, from the impact of its local ordinance mandating penalties for schedule changes.

Given this, CalChamber Policy Advocate Jennifer Barrera explained to the committee that it is premature to impose this broad and punitive measure on all “food and general retail establishments” in California, especially those areas with high unemployment rates.

**Staff Contact: Jennifer Barrera**

## CalChamber-Sponsored Seminars/Trade Shows

From Page 2

(949) 502-4128.

SelectUSA Greater China Road Show. SelectUSA. May 18–29, Hong Kong, Shenzhen, Dongguan, Guangzhou, Shanghai, Shenyang and Dalian, China. (202) 482-6800.

Chinese IP Policy and Trends. U.S. Patent and Trademark Office and UC San Diego. May 19, La Jolla. (858) 534-8049.

ASEAN Economic Community Trade Forum. Los Angeles Area Chamber. May 20, San Pedro. (213) 580-7500.

21st Annual World Trade Conference. California Inland Empire District Export Council. May 21, Riverside.

Chongqing International Investment Fair. CalAsian Pacific Chamber. May 23–31, Chongqing/Chengdu, China.

(916) 446-7883.

18th Annual International Business Luncheon. World Trade Center Northern California. May 28, Sacramento. (916) 321-9146.

How to Trade with Asian Countries. Port of Los Angeles. June 5, Camarillo. (310) 732-7765.

9th World Chambers Congress. International Chamber of Commerce. June 10–12, Torino, Italy.

Korea Overseas Investment Fair. Korea Trade-Investment Promotion Agency. June 24–25, Gyeonggi-do, South Korea. (408) 432-5021.

Hong Kong/China Trade and Leadership Mission. CalAsian Pacific Chamber. August 14–27, Hong Kong, Guangzhou, Shanghai, and Beijing, China. (916) 446-7883.

## CalChamber Calendar

*Capitol Summit and Host Breakfast:*

May 27–28, Sacramento

*International Forum:*

May 27, Sacramento

*Water Committee:*

May 27, Sacramento

*Environmental Regulation Committee:*

May 27, Sacramento

*Fundraising Committee:*

May 27, Sacramento

*Education Committee:*

May 27, Sacramento

*Board of Directors:*

May 28, Sacramento

## ‘Job Killer’ Bills Limit In-State Energy Efforts

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main street businesses patronized by those workers such as grocery stores, dry cleaners, gas stations, restaurants, repairs shops, boutiques, etc.

AB 356 significantly alters the administration of the Underground Injection Control (UIC) program for Class II wells in California. Specifically, this legislation establishes new definitions for “Class II wells” and “Exempt aquifers” that are inconsistent with existing federal definitions.

AB 356 ignores the work plan developed by the state in coordination with the U.S. Environmental Protection Agency and establishes new rules for the program that in some cases are inconsistent with federal regulations. The changes proposed in AB 356 would slow and in many cases create a complete barrier to oil production.

Rather than rushing to implement new rules and requirements for the UIC program, the CalChamber urged the Assembly Natural Resources Committee to allow the regulatory agencies to implement their work plan. Enacting legislation that creates inconsistencies and new burdens on state regulators will hamper current regulatory efforts and harm California’s economy.

### AB 1490

In essence, AB 1490 attempts to create a de facto moratorium on well stimulation activities until the Division of Oil, Gas, and Geothermal Resources (DOGGR) completes an evaluation and is satisfied that well stimulation “does not create a

heightened risk of seismic activity.”

Using a precautionary principle approach to shut down or delay these legally permitted activities without a solid scientific basis will unnecessarily and substantially threaten the state’s supplies of oil and natural gas, raising business costs, and harming California’s economy as a whole.

### Ban Not Justified

AB 1490 ignores a longstanding track record of hydraulic fracturing and well stimulation activities in California and imposes a de facto moratorium simply because there may be well stimulation activity near a fault that has been active for the last 200 years.

Hydraulic fracturing, wastewater disposal and well stimulation treatments have a long history in California and have been safely conducted in and around faults for many decades. In California, hydraulic fracturing has been used as a production stimulation method for more than 30 years with no reported damage to the environment.

### Regulatory Process in Place

Moreover, AB 1490 duplicates existing regulations and disregards existing law (enacted two years ago) and an independent scientific study already underway to address seismic-related issues.

The mere proximity of an active fault that may be within 10 miles of a well stimulation treatment or wastewater disposal activity should not be the scientific basis for imposing a de facto moratorium on such activity. The presence of a

fault near these activities does not necessarily imply an increased potential for induced seismicity nor increased risk to groundwater.

Decades of disposal operations involving many industries have demonstrated that when properly planned, operated, and monitored, fluid disposal wells are safe and any potential concerns about risks can be managed.

Going forward, there is a regulatory process in place to address these concerns, which is why the existing regulations, coupled with the independent scientific study, should be more than adequate to address concerns about groundwater, potential seismicity and any relation to well stimulation treatments wastewater disposal.

By imposing a ban or delay of these legally permitted activities without demonstrating a causal link to seismicity, AB 1490 will only increase business costs, hamper California’s economy and deprive the state of much-needed fuel, jobs and tax revenues.

### Key Votes

• AB 356 passed Assembly Natural Resources on April 27, 6-2:

Ayes: Williams (D-Santa Barbara), Cristina Garcia (D-Bell Gardens), McCarty (D-Sacramento), Rendon (D-Lakewood), Mark Stone (D-Scotts Valley), Wood (D-Healdsburg).

**Noes: Dahle (R-Bieber), Harper (R-Huntington Beach).**

Absent/abstaining/not voting: Hadley (R-Manhattan Beach).

• AB 1490 passed Assembly Natural Resources on April 27, 6-3:

Ayes: Williams (D-Santa Barbara), Cristina Garcia (D-Bell Gardens), McCarty (D-Sacramento), Rendon (D-Lakewood), Mark Stone (D-Scotts Valley), Wood (D-Healdsburg).

**Noes: Dahle (R-Bieber), Hadley (R-Manhattan Beach), Harper (R-Huntington Beach).**

### Action Needed

Both bills will be considered next by the Assembly Appropriations Committee. A hearing date has not yet been set.

Contact committee members and your Assembly representative and urge them to **oppose AB 356 and AB 1490.**

**Staff Contact: [Anthony Samson](#)**

MAY 27-28, 2015  
**CAPITOL SUMMIT & SACRAMENTO HOST BREAKFAST**

CalChamber.

Governor  
Attorney General  
CalChamber Chair

# Senate Committee Votes to Increase Environmental Regulatory Burden



Three California Chamber of Commerce-**opposed** “job killer” bills that increase the burden of environmental regulations passed a Senate policy committee this week, including a newly identified “job killer” proposal.

The new “job killer” bill, **SB 654 (de León; D-Los Angeles)**, imposes unjustifiable and automatic legal violations on hazardous waste permit applicants for reasons well beyond the applicants’ control.

SB 654 discourages investment in upgrading and improving hazardous waste facilities by deeming a hazardous waste permit applicant in violation of the law if the Department of Toxic Substances Control (DTSC) fails to take final action on the permit application within a specified timeframe, even if the permit applicant acted diligently and in good faith throughout the permit application process.

SB 654 passed the Senate Environmental Quality Committee on April 29, along with:

- **SB 32 (Pavley; D-Agoura Hills)**, which increases costs for California businesses, makes them less competitive and discourages economic growth by adopting further greenhouse gas emission reductions for 2030 and 2050 without regard to the impact on individuals, jobs and the economy.

- **SB 350 (de León; D-Los Angeles)**, which potentially increases costs and burdens on all Californians by mandating an arbitrary and unrealistic reduction of petroleum use by 50%, increasing the current Renewable Portfolio Standard to 50% and increasing energy efficiency in buildings by 50%—all by 2030 without regard to the impact on individuals, jobs and the economy.

## SB 654: Flawed Policy

SB 654 fails to provide even a rational basis for imposing an automatic legal violation on a project applicant for an outcome that may be well beyond its control.

The bill is an utter departure from standard practice at the local level, where land use permits are deemed *automatically granted* if not acted upon by the lead agency within specified time frames. The bill also contradicts state law that currently provides legal relief to hazardous waste permit applicants when DTSC fails to act within specified timeframes. Instead, SB 654 actually penalizes the *permit applicant* without giving the applicant any notice or opportunity to be heard about the violation.

Besides being a blatant violation of due process, SB 654 will make hazardous waste operators think twice before upgrading and improving their facilities once they are informed that they may be deemed in violation of the law merely by participating in a permitting process that exceeds the specified timeframes.

SB 654 does nothing to address existing core deficiencies in DTSC’s permitting program. DTSC is addressing these core deficiencies with a Permitting Enhancement Work Plan it released last year and is in the process of implementing. In fact, SB 654 undermines the purpose of the work plan, which is to implement regulatory reforms to improve the efficacy of DTSC’s hazardous waste permitting system.

## SB 32: Halts Economic Growth

The climate change law passed and signed into law in 2006, AB 32, calls for reducing greenhouse gas emissions to 1990 levels by 2020, the equivalent to a 30% reduction in emissions compared to a “business as usual” trend.

Through a combination of command-and-control and market measures, along with a deep persistent economic recession, California is capable of meeting that goal. What is unknown is whether these goals have been met in a cost-effective manner, and what the economic and environmental side effects have been.

The CalChamber appreciates the need to address climate change, but believes before extending the greenhouse gas reduction mandate beyond 2020, the

Legislature should independently evaluate the cost and benefit of the state’s current climate change programs to better understand what has and has not worked.

## SB 350: Increased Fuel/Energy Costs

Most of California’s businesses and families rely on petroleum for day-to-day transportation needs. The California Energy Commission reported in its *2014 Integrated Energy Policy Report* that 92% of all transportation fuels in California are made up of petroleum.

SB 350 could compromise the availability of transportation fuels, and it is unclear how its arbitrary goal will be met. Will there be a 50% straight reduction in the production of petroleum in the state? Will we have to ration petroleum to achieve the 50% reduction? At what cost?

In addition, SB 350 seeks to increase from 33% to 50% the amount of energy derived from renewable sources, as well as increase energy efficiency in buildings to 50%. Both policies will significantly increase ratepayers’ costs.

California’s energy price per kilowatt hour is among the highest in the nation and the state’s energy efficiency standards are among the strongest. Mandating upgrades to meet increased energy efficiency standards while increasing the cost of energy will make California businesses less competitive.

## Key Vote

SB 654, SB 350 and SB 32 passed Senate Environmental Quality on April 29, 5-2:

**Ayes:** Wieckowski (D-Fremont), Hill (D-San Mateo), Jackson (D-Santa Barbara), Leno (D-San Francisco), Pavley (D-Agoura Hills).

**Noes:** Bates (R-Laguna Niguel), Gaines (R-Rocklin).

The bills will be considered next by the Senate Appropriations Committee.

**Staff Contacts:** Amy Mmagu, Anthony Samson

## CalChamber Members Boost Employment with Help of Tax Credit



A number of California Chamber of Commerce members are among businesses that will be adding jobs to their payrolls with the help of the California Competes Tax Credit administered by the Governor's Office of Business and Economic Development (GO-Biz).

Funding for the California Competes Tax Credit Program was restored for tax years 2014 through 2024 as a result of a CalChamber-supported job creator bill signed in September 2014.

The following CalChamber members are projecting the creation of more than 4,500 jobs statewide, investing close to \$1.2 billion and receiving about \$26 million in tax credits. About \$98 million in tax credits has been approved this year by the California Competes Tax Credit Committee.

- Adams Group, Inc. of Arbutle and Woodland, agricultural processing;
- AFC Trident, Inc. of Ontario, tablet and phone case manufacturing;
- BYD Motors, Inc. of Lancaster and Los Angeles, electric bus manufacturing;
- C.B. Nichols Egg Ranch of Colton and Homeland, organic egg processing;
- Cascade Orthopedic Supply Inc. of Chico, medical equipment distribution;
- Composites Horizons, LLC of Covina, aerospace product manufacturing;
- Development Group, Inc. of Redding, computer systems management and design services;
- FLIR Commercial Systems, Inc. of

Goleta, thermal imaging camera manufacturing;

- Fox Factory, Inc. of El Cajon, shock absorber and racing suspension product manufacturing;
- Fruit Growers Supply Company of Yreka and Ontario, sawmills and agricultural shipping product manufacturing;
- H.M. Electronics, Inc. of Poway, communications equipment manufacturing;
- Hyundai Capital America of Irvine and Newport Beach, automobile consumer financial services;
- iBoss, Inc. of San Diego, information technology network security;
- Johnson Matthey, Inc. of San Jose and San Diego, surgical appliance and supplies manufacturing;
- Lock-N-Stitch Inc. of Turlock, bolt, nut, screw, rivet and washer manufacturing;
- Lynda.com, Inc., an online educational services company with locations in Carpinteria, Calabasas and San Francisco;
- Nor-Cal Beverage Company, Inc. of Anaheim, beverage manufacturing and packaging;
- Northrop Grumman Systems Corporation, an aircraft manufacturing firm with locations in Redondo Beach, El Segundo, Palmdale, San Diego, Sunnyvale and Woodland;
- Orora North America of Buena Park, corrugated and solid fiber box manufacturing;
- Paramount Farming Company LLC of Shafter, bee hive cultivation;
- Perfect Bar & Company of San Diego, nutrition/health food manufacturing;

- Provino Inc. of Santa Rosa, wine and beverage wholesaler;
- Red Bull North America, Inc. of Santa Monica, beverage distribution;
- Rumiano Cheese Co. of Crescent City and Willows, dairy product manufacturing;
- Sentry Control Systems, LLC of Van Nuys, technology-based parking solutions;
- Shepard Bros., Inc. of Stockton and La Habra, soap and other detergent manufacturing;
- Truckee-Tahoe Lumber Company of Truckee, lumber yard;
- United States Gypsum Company of Plaster City, gypsum wallboard manufacturing.

### California Competes Program

The GO-Biz website describes the California Competes Tax Credit as an income tax credit available to businesses that want to come to California or stay and grow in California.

GO-Biz negotiates the tax credit agreements, which are approved by a statutorily created California Competes Tax Credit Committee, consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, one appointee each by the Assembly Speaker and Senate Rules Committee.

Companies interested in applying for California Competes tax credits can apply during the next application round, which will be announced in the middle of this summer. Applicants may complete a free, user-friendly application available at [www.calcompetes.ca.gov](http://www.calcompetes.ca.gov).

## Proposal to Expedite Housing Projects Fails to Pass

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state needs to build 100,000 more units per year to help control rising costs in home affordability, according to the report.

In supporting the bill, the CalChamber commented that housing in California needs to be a top priority for policymakers, and applauded the author's leadership on this issue.

### CEQA Misuse

Although CEQA is an important and well-intended environmental law, the CalChamber continued, the unfortunate reality is that CEQA is being misused by

interest groups for reasons completely unrelated to the environment, thus keeping many of California's most impoverished residents from a safe and adequate place to call home.

CEQA was initially passed to ensure that California's environment is considered before proponents move forward with a project. Over time, however, CEQA has become a hook for litigation and a means to delay worthy projects for reasons that have nothing to do with the environment. Until changes are made to the underlying process, the CalChamber supports legitimate CEQA exemptions, such as AB 641, that will encourage the

expeditious approval and development of important housing projects.

### Key Vote

The Assembly Natural Resources vote on AB 641 was 2-7:

**Ayes: Dahle (R-Bieber), Harper (R-Huntington Beach).**

Noes: Williams (D-Santa Barbara), Cristina Garcia (D-Bell Gardens), Hadley (R-Manhattan Beach), McCarty (D-Sacramento), Rendon (D-Lakewood), Mark Stone (D-Scotts Valley), Wood (D-Healdsburg).

**Staff Contact: Anthony Samson**

# Cuba Policy Trip Gives CalChamber, Others Inside Look in Preparation for Future

A mid-April policy trip to Cuba gave representatives of the California Chamber of Commerce and other interested travelers a look at conditions in the island nation as it prepares to resume diplomatic relations with the United States.

Relations between Cuba and the United States ended on January 3, 1961, 54 years ago.

private sector, enjoyed the work of professional artists and musicians, heard from renowned historians and convened with diplomats and economists familiar with the intricacies of the island.

This was truly an insider's perspective to a host of topics, including social issues, economic realities, and prospects for the island's future, the unique U.S.-Cuba

a prohibition on most financial transactions with the island.

Before the embargo, the United States accounted for nearly 70% of Cuba's international trade. Cuba was the seventh largest market for U.S. exporters, particularly for U.S. farm producers, and 84% of all food consumed in Cuba was imported from the United States.



U.S. Ambassador Jeffrey DeLaurentis and Susanne Stirling



Taxis at the hotel include both vintage cars and modern. A taxi license is one of the few authorized private enterprises in Cuba. Gasoline costs the equivalent of U.S. \$5 per gallon.



Photo of empty shelves in a state-run grocery store give an idea about supply shortages.

On December 17, 2014, Presidents Barack Obama and Raúl Castro announced simultaneously the decision to re-establish diplomatic relations.

Since then, U.S. and Cuban negotiators have met three times in a bid to hammer out an agreement for establishing a U.S. embassy in Havana and easing travel and commercial restrictions. Presidents Obama and Raúl Castro met at the VII Summit of the Americas in Panama on April 10–11, 2015.

## Immersion

The policy trip was a week of immersion in Cuban governance, business, society, art and culture as “legally licensed educational travelers.” The 20-member delegation included CalChamber Vice President of International Affairs Susanne T. Stirling.

The delegation met with high-ranking government officials—including U.S. Ambassador Jeffrey DeLaurentis, Chief of Mission at the U.S. Interests Section, who may be named the U.S. chargé d'affaires and eventually the U.S. ambassador.

Delegation members chatted with entrepreneurs in the emerging Cuban

relationship and everyday life in Cuba.

The delegation leader, Ambassador Charles Shapiro, president of the World Affairs Council, was the U.S. Department of State coordinator for Cuba from 1999–2001. His tenure encompassed the unfolding of the Elian Gonzalez saga from Thanksgiving 2000 through spring 2001.

Shapiro has led previous delegations to Cuba and served as U.S. Ambassador to Venezuela from 2002–2004. In May 2014, Ambassador Shapiro joined with 43 other former officials in sending an open letter to President Obama urging more support for Cuban civil society.

## Economic Indicators

Currently in Cuba, most business is conducted via state-owned enterprises. Capital improvement projects in transportation and infrastructure are badly needed, but there are not mechanisms in place to invest as of yet. Land cannot be owned and joint ventures are based on the state owning 51%. Further, a banking system needs to be developed

The ability of U.S. companies to do business with Cuba has been curtailed by a series of economic sanctions, including

The embargo forced Cuba to seek out new sources for domestic consumption at the expense of U.S. exports and jobs. The embargo's annual cost to the U.S. economy ranges from \$1.2 billion to \$3.6 billion and disproportionately affects U.S. small businesses, according to the U.S. Chamber of Commerce.

## Unleashing Free Enterprise

As diplomatic and economic sanctions are lifted, there is now an interest in unleashing the power of free enterprise to improve the lives of Cubans. This would also allow U.S. citizens and companies to support the growth of private enterprise in Cuba.

As the high tech capital of the nation, California is well positioned to export telecommunications infrastructure to Cuba. California pharmaceutical companies and device makers will be able to sell their products in Cuba. California health care providers also can benefit immensely from renewed Cuban relationships.

For more information, see the online report on the Cuba trip at [www.calchamber.com/international](http://www.calchamber.com/international).  
**Staff Contact: Susanne Stirling**

**LIVE WEBINAR | THURSDAY, MAY 21, 2015 | 10:00 - 11:30 A.M. PT**



## **Paid Sick Leave Checkup for California Employers**

While the Healthy Workplaces, Healthy Families Act of 2014 (AB 1522) took effect January 1, 2015, California employers are required to provide the paid sick leave benefit starting July 1, 2015. With very few exceptions, this mandate applies to all private and public employers, regardless of size.

If you attended CalChamber's "California's New Paid Sick Leave" webinar in November 2014, our May webinar revisits AB 1522's requirements. It also covers compliance how to's, as well as information from the Labor Commissioner's Office. The wording of the law's provisions has certainly generated lots of questions.

Cost: \$199.00 | Preferred/Executive Members: \$159.20



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**PURCHASE** at [calchamber.com/may21webinar](http://calchamber.com/may21webinar) or call (800) 331-8877.

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