

ALERT

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 **CalChamber**[™]
CALIFORNIA CHAMBER OF COMMERCE

Governor Unveils New Plan to Address Budget Shortfall

\$21 Billion Deficit If Special Election Measures Fail



Governor Arnold Schwarzenegger has announced a plan to resolve a state budget deficit that he estimates will reach nearly \$15.4 billion next year—and as much as \$21.3 billion should the ballot

measures fail on May 19.

The difference between these scenarios will depend on the outcome of Propositions 1C, 1D and 1E, which would, respectively, provide for a \$5 billion influx of money from securitizing the State Lottery, transfer \$608 million from the “First Five” program funded by tobacco taxes, and transfer \$230 million from mental health programs funded by a surcharge on high income taxpayers.

Propositions 1A and 1B provide long-term budget stability, but will have no effect on next year’s budget.

May Budget Revision Elements

As *Alert* went to press, the following details were emerging from the Governor’s proposed “May revision” of the state budget for 2009–10:

- The budget would be balanced without increasing taxes.
- Some new fees and revenue accelerations will be proposed.
- Spending reductions will be deep and spread throughout state government; few programs or functions will be spared.
- State assets will be offered for sale, including property and financial instruments.

- Many state programs and functions will be consolidated to achieve short- and long-term efficiencies.

- If the ballot measures fail, then about \$2 billion will be borrowed from local government funding sources; it must be repaid within three years.

- Transportation funding (Proposition 42) would be maintained at the constitutionally required level.

- The state will borrow up to \$6 billion for operations—in addition to borrowing for cash flow needs.

Spending Reductions

Some of the key spending reductions will include:

- Reducing K-14 education funding (known as Proposition 98) by \$3 billion. That amount would grow to \$5.3 billion if the ballot measures are defeated.

- Reducing University of California and California State University funds by an additional \$200 million if the ballot measures are defeated.

- Health care programs for the poor, including provider rates and eligibility standards, would be further reduced.

- Unprecedented reductions in prison populations would be proposed, including reducing some crimes to misdemeanors and transferring custody of incarcerated undocumented aliens to federal authorities.

- The administration has already identified 20,000 “surplus positions” in state government; 5,000 layoff notices will be sent out to begin the process of reducing the workforce.

As daunting as is the task to bring the

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CalChamber Releases 2009 ‘Job Killer’ List

Bills Threaten Recovery



The California Chamber of Commerce has released its annual list of “job killer” bills to call attention to the negative impact the proposals will have on

California’s economic recovery if they become law.

Barriers to Affordable Housing

- **AB 212 (Saldaña; D-San Diego) Construction Costs Increase.**

Substantially increases the cost of new housing by mandating on-site or near-site energy generation for all new residential buildings.

Costly Workplace Mandates

- **AB 664 (Skinner; D-Berkeley)**

Increased Workers’ Compensation Costs. Increases workers’ compensation costs by creating a legal presumption that neck and back injuries, and blood-borne and specific infections suffered by hospital employees are related to employment.

- **AB 842 (Swanson; D-Oakland)**

Hurts Struggling Businesses. Expands mandates and increases liability for employers related to the state version of the federal Workers Adjustment and

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Cal/OSHA Corner

Employers Must Take Special Precautions to Prevent Heat Illness



Mel Davis
Cal/OSHA Consultant

What can I do to protect my employees from the effects of working in high temperatures?

When employees work in hot conditions, employers must take special precautions in order to prevent heat illness. Heat illness can progress to heat stroke and be fatal, especially when emergency treatment is delayed.

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Operations involving high air temperatures, radiant heat sources, high humidity, direct physical contact with hot objects or strenuous physical activities have a high potential for inducing heat stress in employees engaged in such operations.

During the summer, workers employed in outside jobs, such as construction and agriculture, are subjected to many of these conditions, and those who ignore the signs and symptoms can become victims of a heat stress incident.

Heat illness contributed to six work-related deaths in 2008, five occurring in temperatures between 90 and 108 degrees Fahrenheit, with the sixth occurring when the temperature was 83 degrees, according to the California Division of Occupational Safety and Health (Cal/OSHA).

Outdoor Workers

It has been well publicized that Cal/OSHA has adopted regulations for outdoor workers to address the employer's responsibility to ensure that employees are provided means to counter the effects of working in high temperatures. These requirements, "Heat Illness Prevention in Outdoor Places of Employment," are contained in Section 3395 of the General Industry Safety Orders.

Cal/OSHA has published several informational documents on its website (www.dir.ca.gov). This information can be found by clicking on "Heat Illness Prevention Enforcement Q&A" under "What's New."

Also included at this site are upcoming dates for seminars Cal/OSHA is offering for heat illness prevention training.

In addition, the California Chamber of Commerce has developed, and is offering a booklet entitled *Heat Illness Prevention in California* to its members. The booklet is written in both English and Spanish and includes easy-to-understand illustrations of the outward symptoms of heat illness.

Information on how to obtain this booklet is available at www.calbizcentral.com.

'Trigger Temperatures'

Recently, Cal/OSHA initiated an awareness campaign for heat illness prevention in anticipation of the state's

hot weather season. In addition, Cal/OSHA has clarified its interpretation regarding "trigger temperatures" for providing shade for employees.

The "trigger temperatures" will now be based on the National Weather Service forecast as of 5 p.m. of the previous day.

When the temperature is predicted to exceed 85 degrees, Cal/OSHA states: "If the prediction on the previous day is for the temperature high for the area to exceed 85 degrees, shade must be up as of the beginning of the shift and present throughout the day."

In addition: "There must always be enough shade to accommodate those employees who seek it to cool off."

There must be enough shade to accommodate at least 25 percent of the employees on a shift and the shade must be reachable within one-quarter of a mile or a five-minute walk, whichever is shorter.

The full explanation regarding Cal/OSHA's shade interpretation can be found in question No. 7 on the "Heat Illness Prevention Enforcement Q&A."

Procedures in Writing

Employers are required to put their heat illness prevention procedures, including employee training, in writing. It is recommended this document be incorporated into the employer's Injury and Illness Prevention Program (IIPP). Training, at a minimum should include:

- Why it is important to prevent heat illness;
- Procedures for acclimatization;
- The need to drink water frequently;
- The need to take breaks out of the heat;
- How to recognize the symptoms of heat illness;
- How to contact emergency services and how to effectively report the work location to 911; and
- The importance of choosing water instead of soda or other caffeinated beverages and avoiding alcoholic beverages all together during high heat.

There are several "casual factors" that may affect a person's sensitivity to heat. Age, weight, degree of physical fitness, degree of acclimatization, metabolism, use of alcohol or drugs and a variety of

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Global Trade Essential to Economic Health



As we approach the nationally observed World Trade Week, May 17-23, the importance of international trade to the U.S. economy is clear, as are the benefits of a healthy export market.

“Trade is a major element of our economy already,” notes U.S. Trade Representative Ron Kirk. “Exports accounted for a record 13 percent of our gross domestic product last year. In the three years leading up to the global recession, export expansion accounted for almost half—47 percent—of America’s overall GDP growth.”

In 2008, California exports totaled \$145 billion, according to the U.S. Department of Commerce. This was an increase from the \$134 billion in 2007.

Exports from California accounted for nearly 12 percent of total U.S. exports, with Mexico, Canada, Japan, China and South Korea being the state’s top trading partners. California maintained its perennial position as a top exporting state, exporting to 229 foreign markets.

Trade Agreements Help

Because roughly 95 percent of the potential customers for U.S. goods and services live outside our borders, increasing exports will continue to generate critical economic growth.

Agreements like the proposed U.S.-Panama Free Trade Agreement (FTA), U.S.-Colombia FTA and U.S.-Korea FTA 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.

All these agreements are critical elements of the U.S. strategy to liberalize trade through multilateral, regional and bilateral initiatives. Passage of these FTAs will mean the elimination of billions of dollars in tariffs for U.S. exports, as well as increased market visibility, and will benefit California and the United States as a whole.

Significant increases can be seen in the bilateral trade between the United States and the countries with which FTAs were enacted in 2006 and 2007:

- The **U.S.-Morocco FTA** went into effect at the beginning of 2006. U.S. exports to Morocco rose from \$1.34 billion in 2007 to \$1.52 billion in 2008, an increase of more than 13 percent. In 2008, California exported more than \$90 million to Morocco, almost double the amount exported in 2007. California’s main exports to Morocco are computers and electronic products.

Commentary

By Susan Corrales-Diaz

- The **U.S.-Oman FTA** took effect on September 26, 2006. In 2008, bilateral trade between the United States and Oman totaled more than \$2.2 billion. U.S. goods exports to Oman rose to \$1.4 billion in 2008, a 28 percent increase from 2007. California exports to Oman were more than \$70 million in 2008.

- The **U.S.-Bahrain Free Trade Agreement** was signed on August 1, 2006. Two-way trade between the United States and Bahrain topped \$1.37 billion in 2008. U.S. goods exports were \$829 million, a 40 percent increase from 2007, including vehicles, machinery, aircraft, toys and other manufactured products. California exports to Bahrain in 2008 were more than \$58 million.

- Just the anticipation of the **U.S.-Peru FTA**, signed in December 2007, caused a spike in bilateral trade with Peru. Total trade in 2007 between Peru and the United States was more than \$9 billion. In 2008, the United States exported \$6.2 billion worth of goods to Peru, a 51 percent increase from 2007 and a 110 percent increase from 2006. According to the U.S. Department of

World Trade Week is a national observance, traditionally held the third week of May. It began in California more than 80 years ago.

Commerce, in 2008, California exported \$241 million to Peru, making it the state’s 46th largest trading partner.

International Commerce

The numbers underscore the continuing importance of maintaining the health of international commerce for California and the nation.

While the U.S. House of Representatives considers the FTAs with Panama, Colombia and South Korea, the California Chamber of Commerce and other supporters of the agreements will continue to fight for their approval and upholding the nation’s international obligations.

Addressing a global audience, President Barack Obama stated, “We are living through a time of global economic challenges that cannot be met by half measures or the isolated efforts of any nation. Once and for all, we have learned that the success of the American economy is inextricably linked to the global economy. There is no line between action that restores growth within our borders and action that supports it beyond.”

The CalChamber 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.

Susan Corrales-Diaz, chair of the California Chamber of Commerce Council for International Trade, is president of Systems Integrated in Orange.

www.calchamber.com/international

- FAQs
- Trade issue updates
- Statistics on leading markets
- Links to research markets, buyers, suppliers

Employers Must Take Special Precautions to Prevent Heat Illness

From Page 2

medical conditions such as hypertension all affect a person's sensitivity to heat. Even the type of clothing worn must be considered. Prior heat injury predisposes an individual to additional injury.

Conditions to Watch

Supervisors of employees potentially exposed to heat stress must recognize four conditions: heat rash or prickly heat, heat cramps, heat exhaustion and heat stroke. Both the Cal/OSHA website and CalChamber booklet contain detailed descriptions and symptoms of heat stress-related illnesses with intervention treatments.

Specific measures can be adopted to lessen the likelihood of a heat stress illness. Examples of these are:

- Administrative controls, such as work rotation, starting work early in the morning or in the evening;
- Providing plenty of fluids to drink, especially water; and
- Providing personal protective equipment in the form of cooling vests

and light-colored and reflective clothing and/or shade.

There is no absolute cut-off temperature at which work in heat is not a risk. With heavy work at high relative humidity, or if workers are wearing protective clothing, even work at 70 degrees can present a risk.

In the relative humidity levels (20 percent to 40 percent) often found in hot areas of California, employers need to take some actions to effectively reduce heat illness risk when temperatures approach 80 degrees. It is especially important to be vigilant during periods of abnormally high heat.

Even though Section 3395 is specific to outdoor workers, the requirements can be useful to all employers who have employees subject to working in/at a worksite where the temperature/humidity can result in heat illness—poorly ventilated warehouses and work processes exposing employees to high temperatures and/or humidity, such as foundries or glass bottle manufacturers, construction sites, etc.

Heat illness is a foreseeable hazard as defined and enforced by Cal/OSHA.



Using Section 3395, employers can address the conditions within a building or permanent worksite and prevent the occurrence of heat illness. As stated previously, the steps taken should be included in the company's IIPP.

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

CalChamber-Sponsored Seminars/Trade Shows

For more information, visit www.calchamber.com/events.

Business Resources

Bay-Delta Tour. Water Education Foundation. June 10–12, Sacramento. (916) 444-6240.

Russian River Tour. Water Education Foundation. August 6–7, Santa Rosa. (916) 444-6240.

International Trade

California Ag Export Training Series. Center for International Trade Development. Through June 18, various locations. (888) 638-7888.

U.S. Business Mission to Vietnam. U.S. Vietnam Chamber. May 16–24, Ho Chi Minh City (Saigon). (202) 271-8200.

12th Annual Consular Corps Luncheon. Northern California World Trade Center. May 19, Davis. (916) 319-4262.

Busan International Machinery Fair. Busan Metropolitan City and others. Busan (South Korea), May 20–24.

California-China Trade and Investment Conference. Southern California Regional District Export Council.

May 21, Los Angeles. (213) 894-4022.

The Americas Business Forum. Los Angeles Area Chamber. May 27–28, Los Angeles. (213) 580-7570.

Be Global, Work Local Luncheon. Monterey Bay International Trade Association. May 29, Felton. (831) 335-4780.

A Time of Change for International Trade. Center for International Trade Development. May 29, Redding. (530) 896-0958.

6th World Chambers Congress. World Chamber Federation. June 3–5, Kuala Lumpur, Malaysia. aps@iccwbo.org.

TIBCO Bucharest International Fair. Consulate General of Romania. June 3–7, Bucharest, Romania. (310) 477-0197.

The Global Financial Crisis: How Did We Get Here? Asia Society Northern California. June 9, San Francisco. (415) 421-8707.

Thailand-Los Angeles Port Seminar. Los Angeles Port Authority. June 12, San Pedro. (310) 732-3870.

China Building 2009. China Building

Materials Industries Association and others. June 18–19, Beijing.
Non-Exempt Employees Reimbursement Web Seminar. CalBizCentral. June 11. (800) 331-8877.

Workplace Safety

Workplace Violence Overview Live Web Seminar. CalBizCentral. June 11. (800) 331-8877.

CalChamber Calendar

Business Summit:

May 18-19, Sacramento

International Forum:

May 18, Sacramento

Workers' Compensation Committee:

May 18, Sacramento

Council for International Trade:

May 18, Sacramento

Water Committee:

May 18, Sacramento

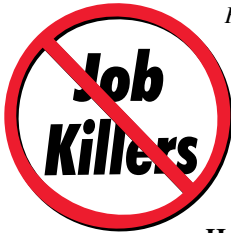
Board of Directors:

May 18-19, Sacramento

Public Affairs Council Retreat:

May 28, Sacramento

CalChamber Releases 2009 ‘Job Killer’ List



From Page 1
Retraining
Notification
(WARN) Act of
1988.

● AB 943
(Mendoza;
D-Artesia)
Hampers

Employment Decisions. Unduly restricts the ability of businesses to use all legally available information in employment decisions, including consumer credit reports.

● AB 1000 (Ma; D-San Francisco)

Paid Sick Days. Unreasonably expands employers’ costs and liability for a new protected and paid sick leave for employees.

● AB 1421 (Swanson; D-Oakland)

Pay for Commuting. Imposes new costs on employers that provide transportation to the worksite by requiring them to pay employees for time spent commuting from the parking lot to the workstation.

● SB 145 (DeSaulnier;

D-Concord) Workers’ Compensation Apportionment. Erodes recent workers’ compensation reforms and leads to higher premiums for California employers by undercutting fair and reasonable provisions in current law that protect an employer from paying for disability that was not caused by a workplace accident.

● SB 773 (Flores; D-Shafter)

Workers’ Compensation Cost Increase. Increases workers’ compensation costs significantly and makes it more expensive to employ Californians by arbitrarily increasing permanent disability benefits.

● SB 789 (Steinberg; D-Sacramento)

Increased Agricultural Costs.

Undermines the process that now guarantees, through secret-ballot elections, a fair vote and the expression of agricultural employees’ true sentiments on the selection of a collective bargaining representative. This act will hurt California’s businesses by driving up costs, making employers less competitive in a global market.

● SB 810 (Leno; D-San Francisco)

Government-Run Health Care. Creates a new government-run, multibillion-dollar socialized health care system

based on a yet-to-be specified “premium structure”—in essence, a tax on all employers.

Economic Development Barriers

● AB 89 (Torlakson; D-Antioch)

Targeted Tax Increase/Flawed Budget Philosophy. Exacerbates state budget problems and harms tobacco industry by unfairly targeting it for a new cigarette tax, a declining revenue source, to fund new government spending programs.

● AB 231 (Huffman; D-San Rafael)/
AB 1405 (De León; D-Los Angeles)

Climate Change Tax Increase. Increases costs and discourages job growth by granting the Air Resources Board broad authority to implement unlimited fees and taxes with little or no oversight.

● AB 656 (Torricco; D-Newark) **Gas Price Increase.** Increases gas prices and dependence on foreign oil by targeting the oil industry for a tax on oil extracted only in California.

● AB 1404 (De León; D-Los Angeles)

Discourages Emission Reductions. Significantly increases business costs and threatens state jobs and businesses by severely limiting the amount of offsets California industries can use to meet their greenhouse gas emission goals.

● ACA 6 (C. Calderon;
D-Montebello)

Discourages Investments. Discourages investments in jobs and operations by imposing an automatic sunset of seven years on any new or extended tax credit, exemption or deduction.

● ACA 22 (Torlakson; D-Antioch)

Targeted Tax Increase/Flawed Budget Philosophy. Exacerbates state budget problems and harms tobacco industry by unfairly targeting it for a new cigarette tax, a declining revenue source, to fund new government spending programs.

● SB 96 (Ducheny; D-San Diego)

Increased Tax Burden. Imposes a new tax increase on personal income.

● SB 600 (Padilla; D-Pacoima)

Targeted Tax Increase/Flawed Budget Philosophy. Exacerbates state budget problems and harms tobacco industry by unfairly targeting it for a new cigarette tax, a declining revenue source, to fund

new government spending programs.

Expensive, Unnecessary Regulatory Burdens

● AB 283 (Chesbro; D-Arcata)

Expanded Waste Bureaucracy. Leads to increased cost for consumers and businesses by requiring producers of select products sold in California to collect their products after use by the consumer and manage the recycling and/or disposal of those products.

● AB 479 (Chesbro; D-Arcata)

Expanded Waste Bureaucracy. Increases costs by giving the California Integrated Waste Management Board broad authority to impose *any policy, program or incentive* to reach a 75 percent solid waste diversion rate by 2020.

● SB 601, SB 602, SB 603 (Padilla;
D-Pacoima)

Retail Restrictions. Severely restricts retailers from growing their businesses in California by limiting the sale of a legal product in a legal venue.

Inflated Liability Costs

● AB 2 (De La Torre; D-South Gate)

Health Insurance Litigation. Drives up the cost of health care premiums and increases the number of uninsured by establishing litigation as the only meaningful approach to resolving disputes over rescinding coverage.

● AB 793 (Jones; D-Sacramento)

Unreasonable New Liability for Employers. Imposes unfair and costly litigation burden on California employers by unreasonably expanding employer liability in workplace lawsuits far beyond the federal Lilly Ledbetter Fair Pay Act of 2009.

● SB 95 (Corbett; D-San Leandro)

Vehicle Price Increase. Imposes new surety costs on car dealers in an already-difficult economy by placing excessive restrictions on the sale of trade-in vehicles and eliminating a voluntary consumer mediation program.

Updates

Updates on the “job killer” bills appear on the CalChamber website at www.calchamber.com/jobkillers.

State Agency Targets Unlicensed Business Activity

The California Department of Consumer Affairs (DCA) has undertaken a campaign to educate consumers and the business community about the inherent dangers of unlicensed business activity in California.

Specifically, the DCA is advising businesses to offer their DCA license number to consumers, and encourage them to visit [InquireBeforeYouHire.ca.gov](http://www.InquireBeforeYouHire.ca.gov) to verify the license number and that of everyone else with whom they do business.

Licensing

DCA licenses more than 2.5 million practitioners in more than 250 professions. Licensing establishes minimum education, competency and ethics standards for California professionals.

A California license identifies each licensee as an industry professional, establishes uniform industry standards

that create a “level playing field” for all licensees and promotes fair competition in the marketplace.

According to DCA, those who practice without a California license do so for a variety of reasons. Some practitioners are unfamiliar with licensing requirements. Others have language issues that make the licensing process difficult to understand. Still others lack the education needed to pass the licensing exam or cannot afford the licensing fees.

Voluntary Compliance

The goal of DCA’s Unlicensed Activity Unit is to bring these individuals into voluntary compliance by helping them address whatever barriers prevent them from obtaining a California license.

Avoiding licensing requirements allows individuals to underbid industry professionals, evade taxes and avoid detection. DCA’s Unlicensed Activity Unit works to find these unlicensed

individuals and initiate enforcement action against them.

DCA wants to help unlicensed practitioners become licensed California professionals. For more information, call (877) 786-7852.

Protecting Businesses

DCA encourages licensed professionals who want to protect their business and good name from unskilled and dishonest business people to:

- Help clients understand that hiring a licensed professional protects them from unskilled and dishonest service providers.
 - Encourage prospective clients to verify the business is licensed in good standing.
 - Ensure that employees or subcontractors are licensed if they need to be.
- To check the status of a California license or report known or suspected unlicensed activity, contact DCA or visit www.InquireBeforeYouHire.ca.gov.

CalChamber-Opposed Digital Billboard Bill Fails Passage in Assembly



OPPOSE

deficits has been rejected by an Assembly policy committee.

AB 109 (Feuer; D-Los Angeles) imposed a moratorium on outdoor digital billboards, a regulation that would have eliminated jobs and restricted businesses’ ability to advertise.

Many California businesses use digital

A California Chamber of Commerce-opposed bill that would have cut off a key source of revenue to local communities already facing severe budgetary

billboards to display and promote their products. With the economy being so slow, every opportunity to stimulate commerce must be pursued. Restaurants, movie theatres, automotive dealers, hotels are just a few of the many businesses that employ billboards to advertise their products. Converting to digital media also provides jobs for a variety of skilled labor and construction crews.

The CalChamber believes that regulating digital billboards should be left to local communities, many of which already have rules in place.

Key Vote

AB 109 failed to pass the Assembly Governmental Organization Committee

April 30 on a vote of 3-10:

Ayes: Price (D-Inglewood), De León (D-Los Angeles), Evans (D-Santa Rosa).

Noes: Anderson (R-La Mesa), Cook (R-Yucca Valley), Hall (D-Compton), Hill (D-San Mateo), Lieu (D-Torrance), Mendoza (D-Artesia), Nestande (R-Palm Desert), Torres (D-Pomona), Torrico (D-Newark), Tran (R-Costa Mesa).

Absent/abstaining/not voting: Chesbro (D-Arcata), Coto (D-San Jose), Galgiani (D-Stockton), Jeffries (R-Lake Elsinore), Portantino (D-La Cañada Flintridge), Silva (R-Huntington Beach).

Staff Contact: Valerie Nera

New Budget Plan to Address Shortfall

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state’s spending in line with plummeting revenues, perhaps even more challenging will be ensuring enough cash remains in the treasury each month to pay the state’s

bills. The state had planned on obtaining about \$13 billion in short-term loans to meet its cash flow needs for the next fiscal year. Now those needs may escalate to as much as \$23 billion.

They won’t know
unless you tell them.
Write your legislator.

calchambervotes.com

CalChamber Meets with Chilean Officials to Discuss Strategic Plan for 21st Century

Opportunities associated with a strategic association between Chile and California were the focus of attention when the California Chamber of Commerce participated in a meeting at the San Francisco Global Trade Council in conjunction with the U.S. Commercial Service, U.S. Department of Commerce.

The active participants and stakeholders who attended the April 22 meeting intend to work with the Chilean-California Plan delegates to plan and implement business development partnerships and exchanges between Northern California businesses and organizations and Chilean counterparts.

Attending the meeting were His Excellency Ambassador Gabriel Rodriguez, director of energy, science, technology and innovation, Ministry of Foreign Affairs of Chile; and the Honorable Alex Geiger Soffia, consul general of Chile and Northern California; other Chilean government leaders; and U.S. and California government and business leaders.

Chile-California Plan

During a June 2008 visit that included speaking at a CalChamber-hosted breakfast, Chile President Michelle Bachelet Jeria signed a Memorandum of Understanding with Governor Arnold Schwarzenegger. The action marked the start of the "Chile-California Plan: A Strategic Association for the 21st Century."

The plan is based on the joint commitment of Chile and California to develop business opportunities, expand research and teaching in education, and develop projects in different areas that are strategic for both territories: human capital, education in environmental issues, energy, agriculture, information and communications technologies, and trade.

Three areas have been determined to be key for initial promotion and coordination: human capital, research and development, and trade and business.

It is anticipated that the plan will generate opportunities for the



development of innovative international exchange models and public-private networks in government, business and academic fields.

Free Trade Agreement

Since the U.S.-Chile Free Trade 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 percent of industrial products and 75 percent of farm products are traded without duties. 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 rose to more than \$20 billion in 2008. Exports to Chile from the United States have risen by more than 90 percent since implementation of the agreement, according to the Office of the U.S. Trade Representative.

Exports to Chile of petroleum, machinery and fertilizer from the United States have increased markedly since 2003. Chile is the United States' 25th largest export partner. 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.

Chile

Chile is roughly equal in size to California and home to 16 million people

and renowned copper mines. Chile holds \$15.3 billion in reserves. Nearly 12,000 U.S. firms export approximately 5,000 products to Chile. More than 2,000 Chilean firms export as many different products to the United States.

Chile is California's 22nd largest export partner. In 2008, California exported more than \$1.6 billion to Chile, a 93 percent increase from 2007. This included petroleum and coal products, computer and electronic products, machinery and transportation equipment. California imports from Chile include fresh fruits, forestry products, wines and seafood.

More than 300 U.S. companies have investments in Chile, with more than 40 of them using Chile as a platform for services in the region, according to the American Chamber of Commerce in Chile. Chilean affiliates of U.S. direct investors are estimated to employ more than 585,000 people and their value-added contributed 3.2 percent to Chile's gross domestic product (GDP).

In 2003, the Chilean economy began to recover after a 1999 slump, reaching a 3.3 percent growth in real GDP. GDP grew by 4.2 percent in 2006. Since 1990, there has been more than \$50 billion in direct foreign investment in Chile.

The country 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 signed approximately 60 FTAs with various countries around the world.

CalChamber Position

The CalChamber supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

More information is available at the CalChamber Chile portal at www.calchamber.com/international, or contact the Chilean Trade Commission at varaneda@prochilela.com.
Staff Contact: Susanne Stirling



Business Ethics Online Training Course—New for 2009

Ethical business decisions don't always have a right and wrong answer.

Business ethics issues aren't always black-and-white. In fact, they often are various shades of gray—open to individual interpretation—which can cause serious and potentially expensive problems for any organization. Once considered necessary only for managers and executives, ethics awareness has become crucial for every team member in a well-managed organization. CalBizCentral understands that you want to keep your company's reputation and bottom line protected—which is why we are now offering **Business Ethics Online Training**.^{*} Our 60-minute online ethics training course covers:

- Individual and organizational values and responsibilities.
- Consequences of unethical practices.
- Identification of ethical dilemmas and issues.
- Steps for ethical decision-making.
- Consultation and support resources.

Price starts at \$20 per seat. Volume discounts are available.

^{*} CalChamber Preferred and Executive members will receive their 20% member discount and the See's Candies certificate. Prepayment by check or credit card is required for Web seminars, online training and orders under \$150. Online training products cannot be returned or refunded.



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