

ALERT

Voters Weigh in on Taxes, Independent Contractors



Election Day is over, but ballot counting continues to determine the voters' will on issues ranging from California

property taxes to supporting economic diversity and flexibility for workers.

As this article was prepared, California Chamber of Commerce **opposed** Proposition 15, the \$12.5 billion split roll property tax increase, appeared headed toward defeat with 51.7% no to 48.3% yes.

CalChamber **supported** Proposition 22, clarifying employment classification rules for app-based drivers, was winning by a wide margin—58.4% yes to 41.6% no.

"Prop. 22 was a big win for California workers who want the independence, flexibility, and income opportunities provided by working for themselves," said CalChamber President and CEO Allan Zarembek. "Especially in these uncertain times, we should be focused on providing workers with all options to support their families. The takeaway for the Legislature is that freelance work is integral to

California's innovation economy and should be celebrated, not discouraged."

On other issues:

- Voters rejected again an effort to expand governments' authority to impose rent control; CalChamber-opposed Proposition 21 was failing with 59.7% no to 40.3% yes.

- Also failing was CalChamber-opposed Proposition 23, an attempt to establish state requirements for kidney dialysis clinics, 64% no to 36% yes.

- Proposition 16, the CalChamber-supported measure to promote diversity in public employment and education, was failing, 56% no to 44% yes.

- Proposition 20, supported by CalChamber because it included provisions to address serial thefts in addition to restricting parole for non-violent offenders, was being voted down, 62.3% no to 37.7% yes.

County election officials must report final official results on state contests by December 4. Results will be certified by December 11.

The latest election results are available on the website of the Secretary of State at electionresults.sos.ca.gov.

Trends in California Legislative Races



This election is one that seems like it will never end. While a significant number of ballots are still left to be

counted—and perhaps many more remain in the hands of the U.S. Postal Service that are eligible to be counted if they arrive in the local registrar's office by November 20—there are some noteworthy trends taking shape in California's legislative races.

At this point, the outcome in some of the key races for the California Assembly and Senate is uncertain. These matchups that attract big bucks from the various interest groups will be some of the last ones called.

Still, there are some trends emerging that, if they hold, will be interesting to California political observers. Early signs that are encouraging for Republicans in the Assembly are that no GOP incumbent appears to have lost their seat. Strong showings in Orange County indicate incumbent Republicans Philip Chen (AD 45), Steven Choi (AD 68) and Janet Nguyen in an open seat (AD 72) are poised for victory.

Other incumbent Republicans that appear to have survived are Jordan Cunningham (AD 35), Tom Lackey (AD 36) and first-time candidate Suzette Valladares (AD 38), who was in a runoff with another Republican.

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CalChamber to Offer Post-Election Webinar

CalChamber Post-Election Webinar

The California Chamber of Commerce will be presenting its first Post-Election Webinar on Tuesday, November 17.

Planned for the opening segment of

the two-hour webinar starting at 10 a.m. is the presentation of the CalChamber's Sixth Annual People's Voice Survey.

This post-election survey is designed to offer insights on California voters' priorities and attitudes on a variety of issues. Pollsters Robert Green, Pierrepont Consulting and Analytics, LLC, and Adam Rosenblatt, Core Decision

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Labor Law Corner

Options to Consider When an Employee Threatens to Commit Suicide



Dana Leisinger
HR Adviser

I have an employee who has threatened to commit suicide. We are very concerned. What should we do, and do we have any obligations?

These are chaotic times and this question is occurring far too frequently. There are no laws directing employers on how to handle such a situation.

However, if you have an intense situation where it appears the employee is about to commit harm to him/herself, you should call 911 immediately.

Alternatively, you can take the individual to an emergency room after ascertaining he/she has no ways to commit such harm.

Evaluation by Experts

At a hospital, experts can determine whether the individual needs to be placed on a three-day hold, which describes a medical stay at the hospital or a psychiatric facility in which the person's mental state is evaluated.

Clinical psychologists or psychiatrists make determinations about the nature of the person's mental illness and the ability of the individual to function independently.

Suicide Prevention Helpline

Another possibility is to provide the employee with a suicide prevention telephone number.

The National Suicide Prevention Helpline number is: (800) 273-8255. It is a United States-based suicide prevention network of more than 160 crisis centers that provide 24/7 service, available to anyone in suicidal crisis.

Employee Assistance Program

Many employers provide employees with an employee assistance program (EAP) benefit. The EAP assists employees with personal problems and/or work-related problems that may have

an impact on the employees' job performance, health, or mental and emotional well-being.

EAPs generally offer free and confidential assessments, short-term counseling, referrals, and follow-up services for employees.

Wellness Check

When an employee has expressed threats of suicide, be it to his/her employer/fellow employees or on social media, then doesn't come in to work, another option is a police wellness check.

A wellness check is an in-person call from local law enforcement to someone whose behavior has become suspicious in some way. Usually requested by a friend or family member, the service is available to everyone and is something that cops take seriously. An employer often is in a position to make such a request.

During the tumultuous year 2020 became, this has become an increasingly asked question, and employers are wise to heed the threats.

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

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CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law

California Family Rights Act: What Small Businesses Need to Know. CalChamber. November 18, Webinar. (800) 331-8877.

California Family Rights Act: What's New for Large Businesses. CalChamber. November 18, Webinar. (800) 331-8877.

HR Boot Camp Virtual Seminar. CalChamber. December 10-11, Online. (800) 331-8877.

International Trade

A Path to Boost International Trade between Brazil and California. Brazil
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Annual Meeting

In compliance with Article VII of the bylaws, notice is hereby given that the Virtual Annual Meeting of the members of the California Chamber of Commerce, a mutual benefit corporation operating under the laws of the State of California, will be held on Friday, December 4, 2020, at 9 a.m., 1215 K Street, Suite 1400, Sacramento, California 95814, for the transaction of whatever business may be necessary. RSVP dave.kilby@calchamber.com or call (916) 444-6670, ext. 202.

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The Workplace

New Guidance on COVID-19 Notices Law



In **Episode 95** of The Workplace podcast, CalChamber Executive Vice President and General Counsel Erika Frank and CalChamber

policy advocate Robert Moutrie discuss the October 16 guidance issued by the California Department of Public Health (CDPH) on AB 685, California's new COVID-19 workplace exposure reporting law.

AB 685 (Reyes; D-San Bernardino), among other requirements, mandates that employers give employees and public health agencies notice of COVID-19 exposures that happen at the workplace. Although the law goes into effect on January 1, 2021, the latest CDPH guidance states that the obligation to report exposures is already in effect.

The new law was explained in a previous Workplace podcast, "**COVID-19: New Exposure Notice Requirements Coming**," which appeared in the October 16 Alert. To listen to that podcast, visit: <https://advocacy.calchamber.com/2020/10/14/covid-19-new-exposure-notice-reqs/>.

Guidance Documents

The CDPH issued two new guidance documents on AB 685 on October 16:

- **Employer Guidance on AB 685: Definitions**; and
- **Employer Questions about AB 685, California's New COVID-19 Law**.

The first document above clarifies the definition of key terms in AB 685, some of which were vague and problematic for employers, Moutrie tells Frank.

For example, what constitutes an "outbreak" is not clearly defined within the text of AB 685.

Employers who deal directly with the public were left wondering whether COVID-19-positive customers who visit their business would trigger AB 685's

"outbreak" threshold of three or more positive cases within a 14-day period.

CDPH's "Employer Guidance on AB 685: Definitions" clarifies that an "outbreak" under AB 685 is when there have been at least three COVID-19-positive cases among **workers** at the same non-health care worksite within a 14-day period. The document also clarifies that a "lab-confirmed test" must be a "live virus test" and not an antibody test.

The Definitions guidance document does not address all the CalChamber concerns with AB 685. Most notably, it does not clarify what three groups of employees must receive notice of COVID-19 exposure, Moutrie points out.

The second guidance document, "Employer Questions about AB 685," gives broad background information on AB 685, he says, and answers questions such as "What is AB 685?" and "What information am I required to give workers?"

One important piece of information given by this second document is that although AB 685 takes effect on January 1, 2021, the requirement that employers notify local health departments if there are three or more cases of COVID-19 in their workplace within a two-week period **is already in effect**, so employers must follow it now, Moutrie stresses.

Frank points out that some employers have remarked that they have not been able to get a hold of their local health department. In the event that an employer has to report an outbreak to their local health agency (which is required under AB 685) and is unable to reach the agency, the employer should at the very least document the attempt they made to contact the agency, she says.

A common question employers ask is whether these guidance documents are enforceable. Moutrie confirms that the guidance documents **are** enforceable and so employers need to move toward setting up their reporting process as quickly as they can.

Frank agrees.

"[AB 685] does not take effect until January 1; however, that will be here very quickly," so it's important that employers, especially employers with a larger workforce, plan ahead by putting someone or a department in charge of following all these compliance mandates, she says.

Online Resources

Frank recommends that employers visit the CDPH website, www.cdph.ca.gov for more information on AB 685 as the agency has a variety of helpful documents that are easy to understand.

The website also has a [page](#) that specifically deals with [guidance documents](#) and is organized by industry, Moutrie adds.

Another helpful resource, he says, is the "**COVID-19 Employer Playbook**." The playbook includes case studies, tips, and breaks down the requirements of AB 685.

A resource page with a list of relevant articles and links to government resources is available on the CalChamber website at www.calchamber.com/coronavirus.

Trends in California Legislative Races

From Page 1

Less rosy for Republicans is in the Senate and the apparent loss of two seats: Ling Ling Chang (SD 29) and John Moorlach (SD 37). Too close to call are Republicans Scott Wilk (SD 21) and Rosilicie Ochoa Bogh (SD 23), running in an open GOP seat.

Competitive Senate runoffs featuring two Democrats favor incumbent Scott Wiener (SD 11) and Dave Cortese (SD 15), an open seat.

All other Senate and Assembly incumbents from both parties on Tuesday's ballot easily cruised to victory.

Staff Contact: Martin R. Wilson

CalChamber November 18 Webinars Break Down New California Family Rights Act Expansion Requirements



Big changes are coming to the California Family Rights Act (CFRA) in the new year

and all California businesses will need to prepare for these changes. To break down everything you need to know to help your company be ready on January 1, the California Chamber of Commerce is holding two webinars:

- **California Family Rights Act—What Small Businesses Need to Know:** November 18, 2020, 9 a.m. to 10:30 a.m. (Pacific Time); and
- **California Family Rights Act—What's New for Large Businesses:** November 18, 2020, 11 a.m. to 12:30 p.m. (Pacific Time).

What Small Businesses Need to Know

On September 19, 2020, Governor Gavin Newsom signed SB 1383, a new family and medical leave law that significantly expands the California Family Rights Act (CFRA).

Notably, this law extends coverage of the 12-week job-protected leave provision of the CFRA to include all employers with five or more employees—a

threshold that previously applied to 50 or more employees.

In the “California Family Rights Act—What Small Businesses Need to Know,” CalChamber employment law experts will discuss how small businesses should prepare for CFRA’s sweeping changes and will cover:

- Employee eligibility for CFRA leave;
- Qualifying reasons for CFRA leave;
- Amount of leave available under the CFRA;
- Notice and documentation requirements;
- Pay and benefits while on CFRA leave; and
- Best practices.

What's New for Large Businesses

While SB 1383 drastically affects smaller businesses previously not subject to the CFRA’s 12-week provision of protected leave, employers with 50 or more employees already covered by the CFRA and the federal Family and Medical Leave Act (FMLA) will need to get up to speed on how the two laws interact and where they diverge.

Join CalChamber’s employment law experts for a detailed discussion on complying with and managing leaves

under the CFRA’s newest requirements. The topics covered in this webinar will include:

- Basic overview of CFRA and FMLA coverage and employee eligibility;
- Expanded qualifying reasons for CFRA leave;
- Practical scenarios examining when and how the CFRA and FMLA will no longer run concurrently due to changes in CFRA leave;
- Notice and documentation requirements;
- Pay and benefits while on CFRA and/or FMLA leave; and
- Best practices.

Register Today

To register for a webinar, visit <https://store.calchamber.com/training/live-webinars>.

These webinars are ideal for HR professionals, office managers, business owners or anyone responsible for hiring and staffing.

During the webinars, attendees will be able to submit questions and download webinar slides. After the webinar concludes, a recording of the live event also will be made available to attendees.

Webinars are mobile-optimized for viewing on tablets and smartphones.

CalChamber to Offer Post-Election Webinar

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Analytics, will present their findings live from Washington D.C.

The second panel will feature election experts providing a review of the 2020 elections. The panelists will be Christy Wilson, Wilson Public Affairs; Andrew Acosta, Acosta Consulting; Bob Giroux, Lang, Hansen, Giroux & Associates; and Ned Wigglesworth, Spectrum Campaigns.

The panelists will come equipped with their pundit briefing books and will be prepared to talk about the winners and losers from this past election season,

covering topics ranging from the ballot measures to legislative and congressional races.

The brief presentations for both webinar segments will leave ample time for presenters to answer audience questions.

The webinar is for CalChamber members only. If you are a member interested in participating, please contact events@calchamber.com.

Major sponsors of the event are Charter Communications and Southern California Edison.

Staff Contact: Martin R. Wilson

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CalChamber Pursues Dual Paths to Provide Relief on Prop. 65 Acrylamide Warnings



Despite disruptions caused by a global pandemic, the number of 60-day notices filed pursuant to Proposition 65 against food companies alleging

exposure to acrylamide continues its exponential growth in 2020.

From only three 60-day notices in 2015 to more than 200 notices in 2019, these lawsuits are costing food companies tens of millions of dollars every year in settlements and attorney fees.

With attention being pulled in a million different directions this year, readers may have missed two positive Prop. 65 developments where the California Chamber of Commerce is taking the lead. Below is a recap.

First Amendment Lawsuit

- *October 7, 2019.* CalChamber filed its [lawsuit](#) last year against the California Attorney General, seeking to stop the Attorney General and private enforcers from requiring businesses selling food products in California from having to provide a Prop. 65 cancer warning because of the presence of acrylamide that is created from cooking or heat processing. The intent of the lawsuit is to protect businesses selling food into California from having to provide false and misleading Prop. 65 cancer warnings to California consumers when the state agency has no credible scientific evidence to support the requirement. Notably, the government bears the burden to show that a compelled disclosure (a Prop. 65 warning for acrylamide in food products) is permissible under the First Amendment.

- *March 16, 2020.* CalChamber filed its [amended complaint](#) to address the

court's procedural and technical concerns with the original complaint.

- *August 27, 2020.* CalChamber won a major victory in August when Chief District Judge Kimberly J. Mueller [denied](#) the Attorney General's motion to dismiss the case and the motion for attorney fees by intervener Council for Education and Research on Toxics (CERT). Accordingly, the case proceeds.

- *October 30, 2020.* CalChamber filed its preliminary injunction requesting that the Court prohibit the Attorney General and all private enforcers from filing and prosecuting any new lawsuits to enforce the Prop. 65 warning requirement for cancer as applied to acrylamide in food and beverage products.

OEHHA Rulemaking

- *August 4, 2020.* The Office of Environmental Health Hazard Assessment (OEHHA) proposed rulemaking to create a new regulatory framework that has the potential to provide meaningful guidance to food companies. Under the proposed framework, Prop. 65-listed chemicals formed by cooking or heat processing foods would not represent an exposure if concentrations are reduced to the lowest level currently feasible. The regulation would also establish maximum concentration levels for acrylamide in certain foods deemed to be the lowest levels currently feasible based on negotiated settlement agreements.

- *October 21, 2020.* The CalChamber co-led coalition of 35 business organizations submitted a [letter](#) supporting the proposed regulatory framework and providing suggested changes to improve it.

How Efforts Help Companies

Both the proposed regulations and the CalChamber lawsuit pertain to acrylamide in food products and are positive

developments under Prop. 65 for the business community. Yet, it is important to understand the difference in relief offered and to remind folks that the two pathways are complementary.

Should OEHHA adopt its proposed rulemaking to add Section 25505, it would set up a new regulatory framework providing that Prop. 65-listed chemicals formed by cooking or heat processing foods would not represent an exposure if concentrations are reduced to the lowest level currently feasible.

It would also set up safe harbor levels for acrylamide in a limited enumerated list of food products. The proposed thresholds for certain food groups listed would be based on negotiated settlement agreements.

Accordingly, companies would still be required to comply with Prop. 65 with respect to food and beverage products containing Prop. 65-listed chemicals formed by cooking or heating, but could better defend against bounty hunters if the companies can show concentration levels of these chemicals are reduced to the lowest levels currently feasible for that product.

The CalChamber lawsuit, on the other hand, seeks to stop all future actions by the Attorney General and any private enforcers to enforce Prop. 65 warnings with regard to acrylamide in food and beverage products.

Should CalChamber's lawsuit succeed, companies selling food or beverage products into California would no longer be required to provide a Prop. 65 warning for the presence of acrylamide, and neither the Attorney General nor private enforcers could sue companies for not warning on this basis.

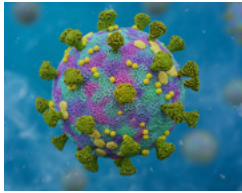
This article first appeared as a Capitol Insider blog post.

Staff Contact: [Adam Regele](#)

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COVID-19 Update: State Cuts Ribbon on New Test Lab



A new laboratory in Valencia is expected to give California the ability to process more COVID-19 tests each day

with faster turn-around times.

Governor Gavin Newsom cut the ribbon on the new laboratory on October 30, then toured the \$25 million facility with Dr. Mark Ghaly, secretary of the California Health and Human Services Agency, and Government Operations Secretary Yolanda Richardson.

Private-Public Partnership

The laboratory is a private-public partnership, built in conjunction with diagnostics company PerkinElmer. When operating at full capacity by March 2021, the lab will process an additional 150,000 COVID-19 tests a day.

The PerkinElmer contract requires test results to be turned around in 24–48 hours, according to the Governor's office. The timing is critical to allowing for timely contact tracing, quarantine and isolation.

The added testing capacity, the Governor's news release noted, will enable the state to better serve schools, health care providers and hard-to-reach communities like essential workers, those in congregate settings and communi-

ties of color, who are at higher risk of contracting COVID-19.

The lab, built ahead of schedule, will begin processing tests this month.

The additional capacity comes just as flu season arrives and the need for testing is expected to spike statewide because the symptoms of COVID-19 and flu are similar.

The Governor's office reports the facility has created 300 new jobs in Southern California and will employ 700 people when operating at full capacity.

In addition, the state worked with Color, a Burlingame-based health technology company, to create a user-friendly front-end interface for the expanded testing program.

State COVID-19 Cases

In this week's briefing, delayed to November 4 due to the election, Dr. Ghaly commented that California is seeing an uptick in cases, although Californians' adherence to state guidelines is keeping the rate of positive tests below that of the nation. California's 14-day positivity rate and 7-day positivity rate was 3.3%, compared to a U.S. 7-day positivity rate of 6.7%.

He acknowledged that "pandemic fatigue" is making Californians exhausted, fatigued and impatient, but encouraged listeners to "stay the course"

so the state can continue to limit the spread of the virus.

The updated [Blueprint for a Safer Economy](#) shows that as of November 4:

- 10 of the 58 California counties remain in Tier 1 (purple/widespread virus presence—more than 7 daily new cases per 100,000 people; more than 8% positive tests).

- 20 are in Tier 2 (red/substantial virus presence—4–7 daily new cases per 100,000 people; 5%–8% positive tests; 5.3%–8% positive tests in health equity quartile).

- 19 are in Tier 3 (orange/moderate virus presence—1–3.9 daily new cases per 100,000 people; 2%–4.9% positive tests; 2.2%–5.2% health equity quartile positive tests).

- 9 counties—including San Francisco—are in Tier 4 (yellow/minimal virus presence—less than 1 new daily case per 100,000 people; less than 2% positive tests; and less than 2.2% health equity quartile positive tests).

Readers can delve into the statistics behind the assignment of counties to different tiers by visiting the California Department of Public Health (CDPH) county monitoring overview page at <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/COVID19CountyMonitoringOverview.aspx>.

CalChamber-Sponsored Seminars/Trade Shows

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California Chamber of Commerce, International Trade & Logistics Committee. November 10 and November 11, Webinar. (310) 598-7502.

Indonesia's First and Biggest Virtual Exhibition. Consulate General of Indonesia. November 10–16, Online. (628) 209-9207.

Trade Mission: Business Opportunities in the Caribbean. U.S. Commercial Service. November 15–20, Caribbean. (800) 872-8723.

Taiwan Halal Online Trade Mission to Southeast Asia. Taiwan External Trade Development Council. Through November 26, Online.

International Market Research Webinar. U.S. Commercial Service. November 17 and December 1, Webinar. (800) 872-8723.

Smart City Expo World Congress.

November 17–19, Live Virtual Program. +34 93 233 20 00.

California-Colombia Trade and Investment Week. Governor's Office of Economic and Business Development (GO-Biz) and AmCham Colombia. November 17–19, Webinar. (279) 666-9107.

Cyber Security Trade Mission to South America. U.S. Department of Commerce, International Trade Administration. March 1–5, 2021 and March 8, 2021, Peru, Chile, Uruguay, Argentina (optional stop). Applications due November 13, 2020. (410) 962-4539; (202) 482-3773; (703) 235-0102.

Taiwan Trade Show 2021. Taiwan External Trade Development Council. March 1–October 30, 2021, Taiwan. (886) 2-2725-5200.

Cyber Security Business Development Mission to India. U.S. Department of Commerce, International Trade Administration. April 19–23, 2021, New Delhi, Mumbai, optional stops in Bangalore or Hyderabad. (303) 844-5655; (202) 482-3773.

2021 SelectUSA Investment Summit. International Trade Administration. June 6–9, 2021. Washington, D.C. (800) 424-5249.

12th World Chambers Congress. International Chamber of Commerce World Chambers Federation and Dubai Chamber of Commerce & Industry. November 23–25, 2021. Dubai, United Arab Emirates. worldchamber-congress@iccwbo.org.

A View from the Republic of Korea

Economic/Cultural Vitality Provides Base for More Growth in Win-Win Partnership



The following answers to questions posed by the California Chamber of Commerce

are from Consul General Joon-yong Park, Consulate General of the Republic of Korea in San Francisco.

Korea-California Relations

Please describe your thoughts on the unique relationship between the Republic of Korea and California.

Relations between Korea and California have been developing in many fields for a century.

Historically, in the late 19th and the early 20th century, San Francisco, California was the gateway for Koreans entering the mainland of the United States. The area became the hub for the patriotic Korean nationals for the Korean independence movement against Japanese colonialism.

During the Korean War (1950–1953), Fort Mason was the primary port of embarkation for deployed members of the American military service. Therefore, it is not a coincidence that the Korean Consulate in San Francisco was established in 1949 and upgraded to the first Consulate General of the Republic of Korea in the United States in 1950.

The number of Koreans and Korean Americans living in California is the biggest in comparison with other states. According to statistics published in 2019, more than 750,000 Koreans and Korean Americans are estimated to live in California, while the number of Koreans living in the State of New York is about 200,000.

Total exports from California to Korea are \$11.98 billion, which is 11% of the state's exports to Asia, and 4% of the state's exports globally. The exports are composed of \$8.01 billion of goods, and \$3.97 billion of services.

The majority of exports are industrial machinery (\$1.51 billion), travel (\$1.01 billion), industrial processes (\$786

million) and aerospace products and parts (\$670 million). Through these exports, 66,098 direct and indirect jobs were created in California.

Korea has been investing more than \$2.3 billion for the last 15 years in California, and this investment has been creating more than 8,000 jobs in the state. Here in the San Francisco Bay Area, internationally renowned cities and corporations maintain vibrant inter-



Consul General Joon-yong Park, Consulate General of the Republic of Korea

actions with their Korean counterparts. Among those, the City of San Jose in the Silicon Valley boasts the third largest population of Koreans in California and is the cradle of state-of-the-art innovative technologies.

The 72 Korean corporations having branches in Silicon Valley include Samsung LG, SK, and Hyundai, and numerous Korean venture companies also pursue their future course of development in the Silicon Valley.

Reflecting the importance of relations between California and Korea, there are 30 sister city relationships between cities in Korea and California, such as Seoul Metropolitan City-San Francisco, Yongsan Municipal-Sacramento, Jeju City-Santa Rosa.

Also, there are 20 friendship state relations, such as Gyeonggi-do-California State and Chungcheongnam-do-California State.

Considering the importance of Silicon Valley, vitality of the Korean economy and culture, and potential of the young generations of Koreans and Korean Americans living in California, I believe that there is much room for future development in relations between Korea and California in the coming years.

Economic Impact of COVID-19

As countries all over the world feel the pandemic, what is the economic impact of COVID-19 on the Republic of Korea?

Recently, it was reported in the *Financial Times* that in the three months to the end of September, South Korea's economy grew 1.9% from the second quarter because of its success in dealing with the COVID-19 situation, and it is optimistically expected that the Korean economy will recover pre-pandemic status in the first six months of next year.

The mass testing capability and the speedy contact tracing system were the key factors that made Korea's pandemic response successful and gained recognition from the international community. Unlike many other developed countries, the industries and corporations in Korea could maintain nearly normal operating conditions due to the successful control of the pandemic.

According to the Organisation for Economic Co-operation and Development (OECD) *Economic Surveys: Korea 2020*, Korea's economic growth rate would be -0.8% (if there is no second wave) or -2% (if there is a second wave), which will be the best among the OECD countries.

However, in the face of the COVID-19 pandemic, the Korean economy is facing two great challenges: how to recover from an economic slowdown and proceed with the structural transformation. Furthermore, the International Monetary Fund (IMF) forecasts the current crisis will unevenly affect socially

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Economic/Cultural Vitality Provides Base for More Growth

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or economically more vulnerable groups.

Failing to address the crisis early may lead to increasing unemployment, shrinking investments, and ultimately may have a bigger and longer-lasting impact on the economy.

Against such a backdrop, the Korean government recently announced the Korean New Deal as a national-level development strategy to facilitate the country's recovery from the pandemic-driven crisis and lead the global action against structural changes.

The three main objectives are as follows:

- First, minimizing the economic shock by creating jobs. It creates, not only government-supported jobs for low-skilled workers, but also jobs that support its structural transition to a digital and green economy.
- Second, supporting the Korean economy's quick return to its normal growth path by building the infrastructure necessary for a digital and green economy that will rejuvenate investments and support job creation.
- Third, setting the groundwork for the country not only to adapt to the structural changes caused by the pandemic, but also

to lead the global community in the post-COVID-19 era.

This plan forms the institutional basis that will sustain the digital and green economy. At the same time, it also aims to establish a universal employment insurance system and sets a path toward net-zero emissions.

U.S.-Korea Free Trade Agreement

What does the U.S.-Republic of Korea Free Trade Agreement mean for the Republic of Korea?

First of all, I want to emphasize that the free trade agreement (FTA) is a mutually beneficial economic agreement between Korea and the United States. It has delivered practical economic benefits and greater growth for both countries.

The Korea-U.S. Free Trade Agreement (KORUS FTA) was concluded through extensive negotiations, striking a fair balance of interests. The KORUS FTA entered into force on March 15, 2012.

As of 2019, the eighth year of the announcement of the KORUS FTA, the trade volume between the two countries reached \$135.2 billion, a 2.7% increase from the previous year.

The United States is the second largest

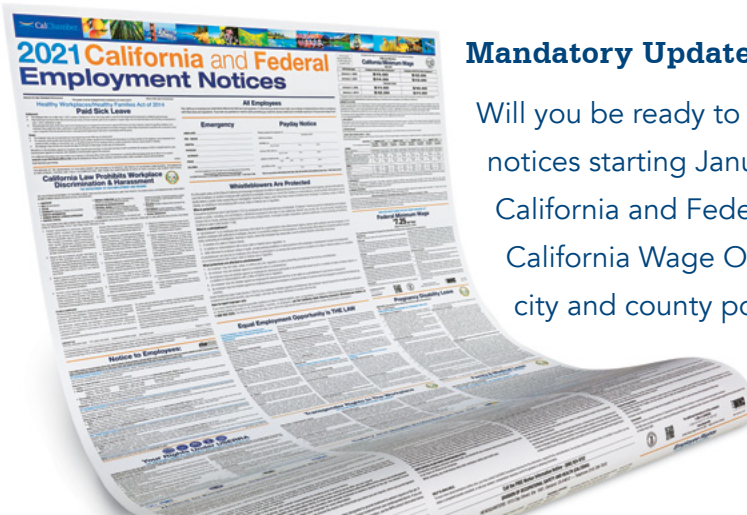
country in the Korean import market. In 2019, the U.S. share of the Korean import market was 12.3%, an increase of 1.3% from the previous year. The KORUS FTA has improved market access for U.S. companies and products in a diverse range of fields and has helped enhance bilateral trade, lowered prices of goods, increased consumer selection and created quality jobs for the last eight years.

The KORUS FTA does not only find its meaning in trade and investment at the moment, but also serves as an important foundation for strengthening cooperation in the areas of digital transformation, next-generation R&D, and start-up incubation to achieve world-class industrial competitiveness and develop a mutually prosperous future.

The KORUS FTA proved to be a symbol of the win-win partnership between our two countries and a platform for further growth. I hope the mutually beneficial and future-oriented partnership between Korea and the United States and this partnership based on the FTA will serve as part of the basis of the ever-consolidating alliance between the two countries.

Staff Contact: Susanne T. Stirling

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