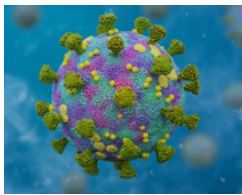


ALERT

CalChamber Urges Pull Back of Emergency COVID Rules



The California Chamber of Commerce urged the California Legislature this week to correct a series of costly

COVID-19 workplace mandates imposed through an emergency regulation order.

The regulation, issued by the California Division of Occupational Safety and Health (Cal/OSHA) late in 2020, requires employers to take a number of extraordinary steps that include providing costly unlimited paid time off for workers. It further creates an overly broad testing scheme that ignores the realities of current testing availability.

In the letter sent to legislators on February 1, the CalChamber argues that while safety practices in the workplace have had to change as a result of the

COVID-19 pandemic, many of the new safety restrictions are not feasible for employers—especially small businesses struggling in the midst of a pandemic that has threatened to bankrupt them.

“California’s solution to COVID-19 cannot simply be to shift the costs of its social safety net to California’s employers,” said CalChamber Policy Advocate Robert Moutrie.

During the emergency rulemaking process, Cal/OSHA failed to adequately consider the feasibility of many of the provisions of the emergency mandate and, as such, created policies that are not only expensive, but unworkable, the CalChamber pointed out in the letter.

Specifically, the CalChamber is asking that the following provisions of the emergency regulation be addressed:

- Limit the uncapped time off provi-

See CalChamber Urges: Page 6

State Supreme Court Rejects Challenge to Prop. 22 Independent Contractor Initiative



The California Supreme Court this week rejected an attempt to overturn Proposition 22, the voter-approved ballot initiative classifying app-based drivers as independent

contractors.

A group of drivers and the Service Employees International Union (SEIU) filed a petition with the state high court on January 12 seeking to invalidate

Proposition 22 as unconstitutional.

California voters passed Proposition 22 in November 2020 by a 59% majority. The ballot measure classified app-based drivers for companies such as Uber, Lyft, Postmates, and DoorDash as independent contractors and mandated that those companies provide certain benefits, including guaranteeing at least 120% minimum wage during engaged time, payment per mile, health care coverage for those who work a certain number of hours, and the development of anti-harassment policies.

See State Supreme Court: Page 6

Unemployment Insurance Legislature, Governor Must Act to Prevent California Employers from Paying for EDD’s Mistakes



Whenever something goes wrong—when- ever something is lost or damaged—the

question is always the same: who gets stuck holding the bag? And we all know the answer should be simple: the person who made the mistake should bear the costs of that mistake.

But with California’s Unemployment Insurance (UI) Fund, it appears that unless the Legislature and Governor act, California’s employers will be stuck footing a billion-dollar bill for failure of the Employment Development Department (EDD) to prevent unprecedented fraud.

Reports

New information came out last week that gives us a better picture than ever before of how much fraud occurred, how much came from the California’s UI Fund, and how much is likely to be recovered.

(See EDD summary at <https://www.edd.ca.gov/unemployment/pdf/fraud-info-sheet.pdf>, and two reports from the State Auditor at <https://www.auditor.ca.gov/reports/recent/>.)

EDD’s January 25 press release confirmed that 9.7% of the \$114 billion

See Action Needed: Page 3

Inside

[Zero-Emission Vehicles/New Transportation Revenues: Page 5](#)

Labor Law Corner

If 65+ Employee Falters, Focus on Job Performance, Not Age



Dana Leisinger
HR Adviser

We have an employee who is over the age of 65 and has worked for us for several years, but recently his cognitive skills appear to be diminishing. Can we ask him to take a test for his mental health?

With an aging population and workers who continue to work well past retirement age, the issue of mental competence is becoming a daunting issue for employers to deal with. Signs include missing

meetings, forgetting how to do certain tasks, and generalized forgetfulness.

It is inappropriate to ask certain questions—such as “Are you slowing down?” or “Is old age catching up with you?” or “At your age, it is probably difficult to remember things.”

But instead of having the employee tested for mental competence, there are better ways to handle this situation.

Job Performance

First, if there is a suspicion of mental issues, the employer can focus on the job performance issues—approaching the individual and the problems that have come up, such as missed meetings, forgetting how to perform tasks they have done for years, and a decline in performance/lowered production.

Indeed, if there is that suspicion that there are mental issues, the contact should not be in the form of a severe reprimand, but a gentle approach addressing the problems. Specifics are necessary, not a vague reference to unacceptable performance.

Interactive Process

Often, the employee volunteers the issue of the issues noted above, telling the person who has addressed it. It then becomes an Americans with Disabilities

Act (ADA) issue, or the California law, the Fair Employment and Housing Act (FEHA), which brings into play the interactive process.

As with other disabilities, the employer representative needs to involve the employee, discuss the problems and show concern, but yet explain the impact on the company. The employer should ask for the employee’s input, noting suggestions and “reasonable accommodations.” Some accommodations can be very simple, and all ideas should be explored.

Some simple tools can help memory loss in this busy world: To-do lists, calendar reminders, even sticky notes to help remind an employee of upcoming events.

The employer should also take copious notes during these communications. These kinds of situations don’t often ripen into a lawsuit, but if one does, the employer should be able to show they worked with the employee.

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 and Employment

Leaves of Absence: Making Sense of It All Virtual Seminar. CalChamber. February 18–19, March 18–19, April 22–23, Online. (800) 331-8877.

HR Boot Camp Virtual Seminar. CalChamber. March 4–5, Online. (800) 331-8877.

International Trade

Power Sector Opportunities in South Africa—Part II: Gas and Municipal Power Opportunities. U.S. Commercial Service February 16, Webinar. (800) 872-8723.

Bureau of Industry and Security (BIS) Export Controls. Customs Brokers and Forwarders Association of Northern California. February 17, Webinar. (510) 864-2233.

Diplomacy Matters: California Leading the Way. World Trade Center Northern California. February 17, Webinar. (916) 447-9827.

California Global Connect: Renewable Energy and Advanced Transportation Opportunities in Portugal and Spain. Governor’s Office of Business and Economic Development. February 23–26, Online. (279) 666-9104.

California-U.K. After Brexit: Prospects for Partnership. CalChamber. February 25, Virtual Webinar. (916) 930-1233.

Cyber Security Trade Mission to South America. U.S. Department of Commerce, International Trade Administration. March 1–5 and March 8, Peru, Chile, Uruguay, Argentina (optional stop). (410) 962-4539; (202) 725-1234.

See CalChamber-Sponsored: Page 4

Webinar Highlights Common Labor Violations to Avoid



Representatives from the California Labor Commissioner's Office joined the

California Chamber of Commerce in a free live webinar recently to educate employers on common wage-and-hour violations and how to avoid them.

The webinar is part of the Employer Outreach Series of live webinars with the Labor Commissioner's Office that break down some of the state's most important labor laws and include Q&A sessions with attendees.

The January 22 webinar, "Typical Violations to Avoid with Non-Exempt Employees," was moderated by CalChamber Executive Vice President and General Counsel Erika Frank and featured Senior Deputy Labor Commissioner Von A. Boyenger and Max Norris, staff attorney at the Labor Commissioner's Office.

A recording of the webinar is available on *HRCalifornia* in the [webinar section](#) under the Forms & Tools menu.

Webinar Highlights

Using presentation slides (available [here](#)), Boyenger and Norris explain some

of the most common wage-and-hour laws, including:

- Meal and rest periods;
- Mileage reimbursement;
- Minimum wages and minimum wage schedule;
- Overtime calculations;
- Pay periods;
- Piece rate and rest period calculations;
- Recordkeeping best practices;
- Reporting time pay; and
- Tips and gratuities.

Boyenger and Norris break down key definitions, such as what constitutes "hours worked," and what differentiates "travel time" from "mileage reimbursement."

When covering the topic of tips and gratuities, Boyenger explains that Labor Code Section 350 specifies that a gratuity is a tip, not a wage. However, he pointed out that some agencies, such as the California Employment Development Department (EDD), do consider a tip a wage.

Visual examples are also used to illustrate what labor laws require. For example, Norris shows paystub examples and points out the information that is legally required to be included, such as the pay rate, overtime hours and rate, and piece rate. He also uses worksheets to explain how to calculate overtime pay.

Problem Areas

Throughout the webinar, Boyenger and Norris point out what areas are most problematic for employers. Norris says that one of the biggest stumbling blocks for employers is not keeping proper records.

He explains that the top two things employers don't do are to have a signed written agreement between the parties, and a written statement of basic conditions for workers, such as rate of pay, the start of the work week, etc.

These two items are important because if a claim of violation is filed, the situation becomes a "he said/she said" scenario where the employer must find a way to prove their facts in the case.

During the webinar, Frank asks pertinent questions and seeks clarification on the laws discussed in the moment. Once the presentation concludes, attendees are able to ask Boyenger and Norris questions directly.

The next Employer Outreach Series webinar will focus on typical violations of exempt employees and will be held on March 26.

CalChamber members should keep an eye on their email boxes for an invitation to sign up for the next webinar.

Action Needed to Prevent Employers from Paying for EDD's Mistakes

From Page 1

distributed last year in unemployment benefits were sent to fraudulent claims. EDD also acknowledged that there is another 17% of payments that EDD is investigating as potentially fraudulent.

That means that somewhere between 9.7% and 26.7% of payments distributed were to fraudsters—which translates to fraudulent payments in the total amount of somewhere between \$11.06 billion and \$30.4 billion.

State or Federal Funds?

As you may know, federal legislation last year created new categories of benefits (such as Pandemic Unemployment Assistance for independent contractors) and expanded some additional programs. So—with that in mind—how much of that fraud was taken from California's UI Fund, and how much was paid for by federal money?

That question is important because funds taken from California's UI Fund add to the UI Fund's insolvency and must be repaid by California's employers as increased taxes (and by the state as interest payments).

Well, EDD estimates that 5% of the confirmed fraud was from the state fund—and we do not know how much of the potential fraud will be from the state fund. Assuming that the 5% also applies to the potential fraud, we're looking at California's UI Fund having lost somewhere between \$500 million and \$1.52 billion to fraudsters because of EDD's failure to verify eligibility between March 2020 and December 2020. Those are not small sums.

Who Should Pay?

The question we now have to consider is: who should pay for the fraud? The State

Auditor notes that it is very unlikely any significant portion of that money will be recovered. Fraud (by its nature) is hard to track when the claimants used the addresses and information of actual citizens and the state has limited prosecutorial resources.

Furthermore, even if the fraudsters could all be located, fraudsters certainly haven't been holding the money in a stack that the state can swoop in and claim. The money is likely gone.

Which brings us back to the first question: who pays? Right now, without action from the Legislature, that fraud will add to the UI Fund's insolvency, which means employers will have to pay through increased taxes for decades to come as they slowly return the fund to solvency. And that just doesn't seem fair.

This story appeared first as a [Capitol Insider blog post](#).

Staff Contact: Robert Moutrie

CalChamber Emphasizes Need to Listen to Regions in Redrawing Political Districts



Comments by representatives of regional groups, including local chambers of commerce, are critical to the process of redrawing political boundaries, the Cali-

fornia Chamber of Commerce told the Citizens Redistricting Commission last week.

“Where people work and for what types of businesses is a critically important consideration when you get about drawing the lines,” Martin R. Wilson, CalChamber executive vice president, public affairs said at the 14-member commission’s January 27 hearing. His presentation was part of an economic sector panel.

The CalChamber was actively involved in the redistricting process when the current maps were drawn in 2011. The CalChamber also was an early supporter of the measures assigning the task of drawing new political maps for the state Assembly, Senate and Board of Equalization districts (Proposition 11) and Congress (Proposition 20).

Wilson credited the commission’s outreach plan for correctly viewing communities of interest that, among

many factors, include the sharing of common social and economic interests.

Shared Interests

“Employees and business owners have many shared interests, including how they get to and from work, whether there are sufficient employment opportunities to provide a true skills marketplace, as well as access to the same sources of news and information,” Wilson told the commission. “We hope you will take these interests into consideration when creating maps.”

The regional chambers in the CalChamber’s statewide network, Wilson commented, “are the ones best able to speak for the businesses they represent.”

Local governments, he added, will be conducting their own redistricting processes and will have useful data to share with the commission. “Among the many insights they will bring to the table may be how to avoid unnecessary splits of counties,” he said.

For example, he told commissioners, the 2011 Senate maps split two counties among six districts, “creating several districts that defied logic.”

Given the bipartisan nature of its political activities, the CalChamber works “equally hard to elect both

Republicans and Democrats to the Senate and the Assembly,” Wilson explained to commissioners. “Fairly drawn legislative districts are a critical component to ensuring that the greatest number of Californians have their voices heard in the State Capitol.”

Lessons from Last Round

Ten years ago, Wilson said, the commission’s schedule was “too ambitious—too many meetings that perhaps shed heat but not light.” He emphasized that it is important for the commission “to convene regional meetings in a virtual format but not be weighted down by a lengthy process.”

He continued, “The most valuable public input will come when the tentative maps are presented.”

He suggested the commission develop draft narrative justification plans for public review at the same time as the first draft maps. The narratives, he commented, will assist with public understanding of the maps, especially the descriptions of communities of interest.

Videos and agendas of the commission meetings are available on its website at <https://wedrawthelines.ca.gov/viewer/>.
Staff Contact: Martin R. Wilson

CalChamber-Sponsored Seminars/Trade Shows

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482-3773; (703) 235-0102.

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

2021 Smart City Summit & Expo, Taiwan. SCSE+. March 23–26, Taiwan. +866 2-2577-4249, ext. 255.

Cyber Security Business Development Mission to India. U.S. Department of Commerce, International Trade Administration. April 19–23, New Delhi, Mumbai, optional stops in

Bangalore or Hyderabad. (303) 844-5655; (202) 482-3773.

World Trade Week Southern California Kickoff. Los Angeles Area Chamber of Commerce. May 6, Virtual. (213) 580-7500.

2021 Virtual Export Conference. National Association of District Export Councils (NADEC). May 26 and May 27.

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

Expo Dubai 2021. Expo 2020 Dubai

UAE. October 1, 2021–March 31, 2022, Dubai, United Arab Emirates. (+971) 800 EXPO (3976).

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

ZEV Mandate Should Spur Policy Talks on New Revenues for Transportation



Loren Kaye

It's full steam ahead for the Newsom administration's zero-emission vehicle (ZEV) strategy. But this enthusiasm for a new generation of automobile technology may degrade the

very roads they drive upon.

The Governor kicked his clean car initiative into high gear last September with an [executive order](#) requiring all new cars and passenger trucks sold in California be zero-emission by 2035.

He [went further in January](#) by earmarking nearly \$1.5 billion of one-time and future revenues to increase the pace and scale of new electric vehicle charging and hydrogen fueling stations, and provide subsidies for new and used ZEVs and equipment.

Bad News for Mobility

These carrot-and-stick policies may substantially advance the sales and use of ZEVs. But for every gasoline- or diesel-powered vehicle retired and not replaced, California's enormous transportation network will get a little grittier.

The ambition to replace combustion engine vehicles with ZEVs should be shelved as long as the erosion of fuel tax revenues for transportation system support remains unaddressed. The Legislature should evaluate the wisdom of mandating a new fuel supply for the vehicle fleet that undermines the basis for funding the state and local transportation system.

This is but one of several issues collateral to the ZEV mandate that affect mobility for residents, and that so far state leaders have not come to terms with.

Growing Disconnect

California policy makers have long known that improved efficiencies of combustion engines and the introduc-

tion of vehicles that do not use gasoline or diesel erode transportation revenues. Even without the Governor's directive, gas taxes will be inadequate to meet future system repairs and improvement because gasoline use is becoming disconnected from road use.

In a triumph of technology and market forces, cars have become far more fuel efficient, driving down revenues from the gas tax. Legislators recognized this in 2017 when, as part of the [comprehensive transportation tax and revenue bill](#), they included a first-ever \$100 fee on zero-emission vehicles to ensure ZEV users help pay for the roads.

But this modest fee was not designed to offset the anticipated transition from gasoline and diesel to electricity and hydrogen.

Guest Commentary

By Loren Kaye

Eroding Tax Base

A [recent study by the Mineta Transportation Institute](#) at San Jose State University took a careful look at economics, travel behavior, vehicle fleet trends, and policy choices to develop six transportation revenue scenarios.

In five of the six scenarios, researchers found revenues from gasoline and diesel sales would decrease from \$2 billion to \$4 billion in inflation-adjusted revenues by 2040.

This tax erosion from gasoline and diesel taxes that today account for nearly three-quarters of state revenues for the upkeep and improvement of transportation systems would in most cases not be made up from new taxes on vehicle sales and ZEVs.

Road Users Fee

The solution to this revenue mismatch is to stop depending on a diminishing revenue source. Instead, the Newsom administration and Legislature should [reinvigorate a flagging effort](#) to research and introduce a road users charge—in

effect trading taxes on fuels for a fee on miles traveled.

This is not a new idea. Since 2017, state policy makers have had before them a [road map](#) to test and implement the next generation in transportation finance—a fee based on the actual use of the state transportation network that puts a premium on user choice and personal privacy protection.

In the spirit of a true user charge, the proposal envisions a broad application of the mileage fee, with no exemptions and no rate differentials—at least in the testing phase. The fee would replace, not add to, the existing gas tax.

Commission Recommendation

Just last year the state's own [California Transportation Commission declared](#), "the gas tax clearly will not be a sustainable financing mechanism for transportation in the coming decade and therefore work needs to accelerate to implement a per mile road charge as an alternative." The Commission recommended the Legislature authorize a pilot program to test actual revenue collection for a select group of vehicles.

The timing of this couldn't be better. President Biden's choice for Transportation Secretary, Pete Buttigieg, is a proponent of road user charges, [floating the idea](#) of such a fee to enhance the federal highway trust fund—likely in recognition of the new administration's commitment to raise automobile fuel efficiency standards.

For more than half a century, Californians have invested heavily in a state transportation network that serves commerce, the workforce and social cohesion, connecting Californians to each other and the world. Policy makers should maintain our historic commitment to this important asset even as they embark on the difficult task of reducing vehicle carbon emissions.

Loren Kaye is president of the California Foundation for Commerce and Education, a think tank affiliated with the California Chamber of Commerce.

CalChamber Urges Pull Back of Emergency COVID Rules

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sion such that employers are not forced to provide potentially months of pay to excluded employees who are not sick while simultaneously paying a second workforce to take their places or completely shut down; and

- Correct testing requirements that are overly complicated and punish well-intentioned employers who are at the mercy of medical logistics over which they have no control.

Unlimited Time Off

The emergency regulations require employers to exclude anyone who was a “close contact” of a COVID-19 case from the workplace for 10-14 days, during which time the employer must “maintain” their earnings.

This means that an entire working group or unit may need to be excluded for a 10–14 day period with paid time off if they work in a relatively proximate workspace. And such exposures may occur more than once, the CalChamber explains.

By way of example: if social spread creates one COVID case in a workplace per month—even with no actual spread in the workplace—the employer will be forced to remove all workers who were close contacts of the positive case from the workplace for 10–14 days. In that time period, the employer must:

- Provide paid time off to the excluded employees; and
- Hire (and potentially train) temporary help to fill those roles and pay their wages, pay current employees overtime wages to make up that labor shortage, or shut down their business.

Moreover, under these regulations, a COVID-19 case in the workplace is not limited to employees. Accordingly, an employer could literally be paying multiple groups of employees to stay off work for being “exposed” simply because an asymptomatic customer came to their location.

Unlike other leaves of absence, there is absolutely no limit in the emergency regulation on how many hours an employer must pay an employee due to exposure. Because the regulations may be in effect until early 2022, this means California employers—including the smallest rural family businesses—may end up paying for months of paid time off to employees who never catch COVID-19—all while simultaneously paying their replacements. And this paid leave will exist entirely outside of California’s existing framework of paid and unpaid sick leave.

Testing Requirements

The emergency regulations also require employers to provide (or ensure employees have access to) testing to employees at no cost and on paid time in a variety of circumstances. If an employee is a close contact of a COVID-19 case, then they must be excluded (as discussed above) and receive testing at no cost. Alternatively, if three cases occur in an exposed workplace area over a 14-day period then it is considered an “outbreak,” and all employees in that area must be tested on a weekly basis.

The outbreak provisions are triggered regardless of whether the cases are among employees or customers, and are triggered regardless of whether the cases

were a result of social spread (such as three employees living together and all catching it socially) or workplace spread. The regulation contains a similar “Major Outbreak” provision which requires twice weekly testing for all employees in the “exposed workplace” area.

These requirements ignore the realities of testing availability, the CalChamber explains. First, tests may not be publicly available in certain rural areas and may be a serious expense for smaller employers. Second, even if tests are available, employers cannot compel medical facilities to prioritize testing of cases showing no symptoms.

For example: if an employee is instructed to get tested because they were potentially exposed, and calls their doctor/local medical provider, the provider will commonly tell them: (a) that no testing is available in the timeline required by the regulation, and (b) that the medical provider does not recommend testing given no symptoms and the need to prioritize tests to higher risk individuals.

These complications mean that even well-intentioned employers are at the mercy of medical logistics over which they have no control—unless they can hire their own testing company, which many will not be able to do. As a result, good employers will fail to meet the requirements of the regulation despite doing what they can.

Letter to Legislature

To read the CalChamber letter in full, click [here](#).

Staff Contact: Robert Moutrie

State Supreme Court Rejects Challenge to Prop. 22

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Challenge

The petitioners presented a myriad of arguments, including that voters were misled by Proposition 22’s title and that the ballot measure withdraws certain mandated employment benefits.

They also argued that the measure impermissibly removes the California Legislature’s authority with regards to establishing a workers’ compensation

system, limits the California courts’ power to determine whether legislation constitutes an amendment to a statutory initiative, violates the California Constitution by embracing more than one subject in violation of the “single-subject rule,” and restricts the California Legislature’s ability to enact legislation by majority vote.

Court Decision

The Supreme Court denied the peti-

tion on February 3. The [case docket](#) provides that Justices Goodwin Liu and Mariano-Florentino Cuéllar voted to ask the state to submit a response, but were outnumbered.

The court rejected the petition “without prejudice to refiling in an appropriate court,” so it remains to be seen whether the plaintiffs will now try to file the legal challenge in one of California’s superior courts.

Staff Contact: Ashley Hoffman

A View from Singapore

Synergy in Many Fields, from Tech to Food, Boosts Ongoing Trade/Investment Success



The following responses to questions posed by the California Chamber of Commerce are

from Consul General William Chik, Consulate General of the Republic of Singapore in San Francisco.

Singapore-California Relations

Please describe your thoughts on the unique relationship between Singapore and California.

Singapore and California have extensive linkages and synergy in many fields, ranging from technology, education, international trade, climate change and food. Because of their strategic locations, both are gateway hubs for trade, commerce, finance, innovation, technology, tourism, culture, education and tourism links for their respective regions. California is also a gateway to the U.S. West Coast for Singapore and our Southeast Asian neighbors. This was evident even during the ongoing COVID-19 pandemic.

As a newly arrived Consul General, I am happy to see the continuing strong trade and business links between Singapore and California. Singapore is among California's largest export destinations for goods: sixth largest in Asia and the largest in Southeast Asia or Association of Southeast Asian Nations (ASEAN). California remains a top investment destination for our companies worldwide, with more than 70 major Singapore companies having a permanent presence in the Golden State in sectors like consumer, technology, logistics and real estate.

California and Singapore have wide-ranging links in the technology sector. California is home to a large Singapore community, including students and professionals in the tech industry. Silicon Valley, a unique ecosystem for tech innovations, continue to attract

Singapore technology startups like Venture Corporation, which has a manufacturing plant in the Bay Area.

At the same time, many major Californian tech companies have made significant investments in Singapore, including Micron, HP Inc, HP Enterprise, Seagate, Qualcomm, Apple, Alphabet, Genentech and Chevron. Californian and Singaporean students, scientists and academics frequently interact through research collaborations, student exchanges and joint projects on the academic and industry fronts.



Consul General William Chik, Consulate General of the Republic of Singapore in San Francisco

Singapore is also a natural economic partner of California in Southeast Asia and beyond, providing a springboard to the larger ASEAN economic community. A region of over 650 million people with a combined gross domestic product (GDP) of over US\$2 trillion which is predicted to rise fourfold to US\$10 trillion by 2030, Southeast Asia presents enormous opportunities for California.

The recent signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement, the world's largest trade pact, will be a major boost to the

region's recovery from the pandemic. For Singapore, multilateral pacts like RCEP will play a vital role to reinvigorate cooperation in areas like connectivity, smart city development and digital economy, which will in turn open opportunities for California.

There is also synergy in the area of climate change. As a city-state with limited access to alternative sources of energy, Singapore recognized the urgency of achieving climate resiliency. We are therefore interested in California's bold and forward-looking measures in the area of climate change which continue to pose the greatest challenge to sustainable development.

As avid foodies, enterprising Singaporeans have opened F&B retail outlets across California, including the iconic Killiney Kopitiam Café in Palo Alto. Like California, Singapore has a vibrant food culture with a melting pot and fusion of different cuisines from the ASEAN region and beyond. Singapore's "hawker" food culture or communal street dining was recently added to the United Nations Educational, Scientific and Cultural Organization (UNESCO) cultural heritage list.

It is natural that California and Singapore should collaborate in food innovations to bring together food companies and investors from across our regions to explore the latest trends and build partnerships for sustainable food systems. There is scope for more California-based food companies to use Singapore to launch their businesses into ASEAN and beyond.

COVID-19 Impact

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

The economic impact of COVID-19 has been significant. Like many countries, industries that rely on travel and hospitality have been adversely impacted. Consumer-facing sectors such as retail

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Synergy in Many Fields Boosts Ongoing Trade/Investment Success

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and food services have also been affected by the cutback in domestic consumption amidst progressively stricter safe distancing measures. The Singapore Ministry of Trade and Industry announced on November 23, 2020 that Singapore's GDP for 2020 is expected to contract by 6.5% to 6%.

Beyond just the direct impact on Singapore, we have also been deeply impacted by the slowdown of the regional and global economy as countries have focused on dealing with the pandemic. We hope that 2021 will offer us an opportunity to work with the United States and other partners to begin the process of economic recovery and reinforce the presence of U.S. businesses in ASEAN.

Focus on Economic Recovery

What are the challenges and opportunities facing Singapore?

Our key priority has been to preserve jobs and capabilities by helping our businesses restart and recover safely, staying open and connected to the world, while creating job opportunities and helping our workers capitalize on them.

The Singapore government spent

close to S\$100 billion (approximately US\$75.37 billion) to support businesses and workers during this difficult period, including cash incentives for businesses to adopt e-payment methods and advanced digital solutions to reinvigorate the economy. These measures have started to reap results, with more than 33,000 local job seekers placed in positions so far.

The COVID-19 pandemic has also served as a catalyst to accelerate Singapore's digital transformation and productivity growth. From January to September 2020, enterprises embarked on more than 20,000 projects to improve productivity and build capabilities.

On a multilateral level, Singapore has worked with like-minded countries to keep our global supply chains open to facilitate the movement of essential goods and services across borders without undermining public health efforts. We continue to support multilateral efforts to build the rules and standards for global trade.

As the pandemic situation in Singapore has now improved, Singapore will focus on resuming our economic activities and reconnect with the world to preserve our status as an international

air hub. We have remained open to the world throughout this pandemic and did not impose export restrictions to boost confidence in Singapore's efforts to keep supply chains moving.

In terms of new opportunities, Singapore is ready to be a distribution hub for the COVID-19 vaccines in the region as we have capabilities to maintain the cold chain and our firms have been trained up to the World Health Organization standards to be able to handle such air cargo safely.

Singapore will continue to attract high-value, long-term investment to create good jobs for our people. High-tech firms such as Amazon have recently announced expansion of their operations and presence in Singapore. For trade, we will continue to grow our networks of free trade agreement areas to strengthen our companies' access to global markets.

Singapore has weathered many crises in our 55-year history and while COVID-19 has created a crisis like no other, our focus will now be on economic recovery and emerging from this crisis stronger.

Staff Contact: Susanne T. Stirling



FEBRUARY 18-19, 2021 | MARCH 18-19, 2021 | APRIL 22-23, 2021

Leaves of Absence Virtual Seminars

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Differing California and federal rules for required and optional leaves of absence

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