

# ALERT

## CalChamber-Led Coalition Calls for Legislative Action

*Promotes Economic Recovery, Small Business Relief*



The California Chamber of Commerce is leading a coalition of more than 75 allied groups

in urging Governor Gavin Newsom and California legislators to pass measures to promote economic recovery in the midst of the COVID-19 pandemic.

In a [March 1, 2021 letter](#), the coalition calls on lawmakers to pass 22 bills that would give relief to beleaguered small businesses in the state and provide incentives for larger employers to retain their workforces in California.

Additionally, the group specifically asks for policymakers to pass bold and aggressive proposals to create more

affordable and market price housing in California.

Below are descriptions of a few of the major areas highlighted by the coalition for needed reform (bill numbers and descriptions appear in the text of the letter linked above).

### Financial Relief

In their letter, coalition members underscore the fact that recovery depends first on removing constraints on economic activity but also on providing a financial bridge while customers return and commerce is restored. A dozen bills listed by the group would help accomplish that goal.

The bills include proposals to create federal tax conformity for Paycheck

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## Legislators Urge End to Business Tax Increase

*Restoring NOL Deductions, Business Incentive Tax Credits*



A bipartisan group of 25 California legislators led by Assemblymember Evan Low (D-Campbell) is urging Assembly Budget leadership to immediately end a tax increase enacted on California

employers last year and restore the net operating loss (NOL) deduction and business incentive tax credits as part of this year's budget.

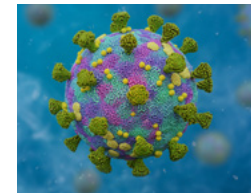
In a February 26, 2021 letter to Assembly Budget Chair Phil Ting (D-San Francisco), Vice Chair Vince Fong (R-Bakersfield) and Chair of Subcommittee 4 Wendy Carrillo (D-Los Angeles), the group of Assembly members and senators calls on budget leaders to reverse course on measures taken during a period of pandemic-induced budget uncertainty last year.

### No Longer Needed

With California now sitting on a budget surplus of \$22 billion in reserves and \$15.6

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## Cal/OSHA Gathering Feedback on COVID-19 Emergency Temporary Standard



The Cal/OSHA advisory committee's February meetings on the COVID-19 Emergency Temporary Standard (ETS)

offer some hints as to the future of California's ETS.

Before the advisory committee met, the Division of Occupational Safety and Health (Cal/OSHA) circulated for discussion a proposed list of changes to the ETS (available at <https://www.dir.ca.gov/dosh/doshreg/covid-19-emergency-standards/Discussion-Draft-2021-Feb-11,12,16.pdf>).

Cal/OSHA's suggestions were not structural changes, but did cover all sections of the ETS, including generally applicable sections of the ETS (3205.3-3205.4), as well as employer-provided housing and transport sections (3205.3-3205.4).

While these changes did not herald any sort of blanket exception for any employers, Cal/OSHA did offer some concrete improvements to the clarity of the regulation in a number of places.

To discuss these changes, a select list of management, labor, and public health representatives were invited by Cal/OSHA, including California Chamber of Commerce Policy Advocate Robert

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## Labor Law Corner

# CFRA Expansion Complicates Leave for Furloughed Employees



**Matthew J. Roberts**  
Employment Law  
Counsel/Subject  
Matter Expert

*We have furloughed an employee. This employee now wants to take baby bonding leave after the birth of his child. Is the employee's job protected under the California Family Rights Act (CFRA) while he is still furloughed?*

This question received at a recent California Chamber of Commerce Leaves of Absence seminar exemplifies how complex the CFRA can be.

The recent CFRA expansion has added a new and more complicated

layer for small businesses. As [previously reported](#), starting January 1, 2021, employers with five or more employees must provide up to 12 weeks of job-protected leave each year.

While continuing to manage the economic realities of the COVID-19 pandemic, smaller employers also must quickly understand and comply with their obligations under the CFRA.

## Furlough Definition

To answer this question, it's important to know what "furlough" means. Although furlough does not have a legal definition, many employers, both large and small, furloughed their employees during the pandemic, most commonly because businesses were forced to shut down, revenue decreased sharply, or an employee's job could not be performed remotely.

When furloughing employees, employers were keeping the employee on payroll as an employee but was no longer providing work for them. This is an important distinction from a layoff because a laid off employee is no longer employed.

So, because this furloughed employee is still employed, we need to determine whether the employee is eligible for the CFRA. Being furloughed affects this because the employee's eligibility requirements are that:

- They've been employed for 12 months with the same employer; and
- Have actually worked 1,250 hours in the 12 months preceding the request for leave.

## Evaluation

When evaluating whether an employee has been employed for 12 months, the employer looks simply at how long the employee has been

employed — including time spent furloughed. However, to meet the 1,250 hours worked requirement, the employee must actually work those hours; a furloughed employee may not meet that requirement depending on how long they have been furloughed.

Let's assume the employee is eligible. Next, what leave is he entitled to while being furloughed? After all, he is not working, so do we need to provide job-protected leave in these circumstances? This is a tough question to answer because the CFRA regulations don't address this situation.

When the CFRA regulations don't address an issue, the regulation directs us to the federal Family and Medical Leave Act (FMLA) regulations. Unfortunately, the FMLA regulations also don't answer this furlough-related question.

However, employers may take guidance from the regulations that state when an employee is not expected to report to work for one or more weeks, that time would not count against an employee's FMLA entitlement.

As if that is not complex enough, even if the employee is not presently eligible for CFRA leave while furloughed, the request for leave itself is a protected activity, so employers should be very cautious and consult with legal counsel if they're making a decision to not bring a furloughed employee back to work after the employee has made the request for CFRA leave.

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

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# Advice, Insight on Diversity in Workplace from Leaders in Private, Public Sectors

“Diversity without inclusion means nothing,” Northrop Grumman Sector Vice President Kevin Mitchell told attendees of a recent California Chamber of Commerce panel webinar that discussed ways to successfully foster diversity and inclusion in the private and public sectors.

The February 19 webinar, “Diversity in the Workplace: Pathways to Success,” was moderated by CalChamber Executive Vice President Jennifer Barrera, who oversees the development and implementation of policy and strategy, and represents the CalChamber on legal reform issues. Joining her on the panel were:

- Assemblymember Cristina Garcia, 58th Assembly District;
- Assemblymember Evan Low, 28th Assembly District;
- Diane D. Miller, partner, Wilcox Miller & Nelson; and
- Kevin Mitchell, sector vice president, global operations, Northrop Grumman.

View webinar highlights at <https://youtu.be/F12PFtr2hBE>. A recording of the full webinar is available at <https://www.calchamber.com/webinars/20210219-diversity-in-the-workplace/>.

CalChamber podcasts, webinars, blogs, and other training materials on diversity and inclusion are available for free at [www.calchamber.com/diversity](http://www.calchamber.com/diversity).

*This article is a condensed recap of the recorded webinar. Readers are encouraged to watch the webinar in full to learn more about diversity and inclusion in the workplace.*

## Panelists

To start off the webinar, each panelist shares their background and experiences.

• **Assemblymember Cristina Garcia** recounts how when she attended college, she often was the sole Latina in the class and was expected to represent and speak for all Latinos. In other situations, her opinions were dismissed because she was deemed “different” from other Latinos. She has even been told by colleagues that she just doesn’t “get it.”

“I do get it, it’s just that I come from a different experience,” she says.

• **Assemblymember Evan Low**, who was the first Asian American to serve on the Campbell City Council and later became the first LGBT mayor of the city, points out that there is a lot of intersectionality within the California legislative caucuses. Diversity and inclusion are more than mere tokenism, where the goal

been discriminated against by the police and by the school system. He also has witnessed how his brother, who is physically disabled, faced discrimination from schools because school representatives did not want to tarnish the schools’ image, despite the fact that Mitchell’s brother was a 4.0 student.

Later in life, Mitchell saw how others formed opinions on where someone went to college, relating that he experienced discrimination because he attended Phoenix University for his undergraduate degree.

Mitchell has seen diversity all around him, but to him “diversity by itself doesn’t mean anything.” Rather, “Diversity with inclusion means everything.”

Moreover, he stresses that his success is not just a product of hard work — he often has been in the right place at the right time. Many people work hard, but are not given the opportunities to advance, he says.

## Benefits of Having Diverse Talent

Promoting diversity and inclusion within a company is not brain surgery, Miller says—employers just need to take a pragmatic approach to see what can be done at their company and they need to ensure that they provide equal access.

She points out that what diversity is at one company, may not be diversity in another company, so businesses need to decide what diversity looks like at their company for themselves.

Low adds that diversity and inclusion is good for a business’ bottom line, but promoting diversity is not just sharing the latest ethnic celebration. It’s about sharing experiences to show that people have more things in common than differences.

To illustrate the benefits of having a diverse workforce talent, Mitchell uses a basketball analogy. Imagine, he says, having a basketball team where every player was 7 feet tall and could slam dunk, but could not shoot a free throw or three-pointer, or play defense. Having a diverse workforce brings productivity to

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Webinar panelists (clockwise from top left): Cristina Garcia, Evan Low, Diane Miller, Kevin Mitchell. Moderator Jennifer Barrera (in center).

is to just check off a box, he stresses.

It is incumbent upon members of the Legislature to do the hard work to ensure they are diverse at all levels and have difficult conversations about how policy affects different groups of people.

• **Diane Miller** grew up as a first generation American who was motivated by her parents to go to college and was never really told she couldn’t do something. When she entered the business world, she often was the only woman in the room, and as she advanced in her career, she continued to be the only woman in the room.

What is happening now, she says, is the recognition that diversity and inclusion are not just social issues, but they are business and value issues as well.

• **Kevin Mitchell** shares that he has



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Protection Program (PPP) loans; eliminate or suspend certain taxes, fees, penalties and liabilities; allow restaurants to continue selling alcoholic beverages with take-out orders; and reopen theme and amusement parks once infection rates have reached the moderate tier.

### Telecommuting

The coalition also supports legislation to deal with pandemic-related changes in the workplace. As thousands of employees have shifted to a telecommuting model, workplace rules have not kept up.

As such, the coalition calls for passage of four bills that would eliminate existing barriers faced by employers and employees who need flexibility to work from home.

Among the bills highlighted is a

measure that would allow employees to choose their own schedule and eliminate the financial penalties against employers for providing that flexibility.

Other bills would allow employees to receive all required notices and posters electronically and allow employees the flexibility to choose their own meal and rest break periods.

### PAGA

Correcting misuse of the Private Attorneys General Act (PAGA) is also a priority for the coalition. "PAGA has been misused by plaintiffs' attorneys for over 10 years to threaten employers with costly litigation and has only served to enrich these attorneys, not protect employees," the group states in the letter.

Two bills address some of the groups' concerns with PAGA — one which

provides relief to employers from PAGA lawsuits for pandemic-related claims and a second that creates a needed right to cure provision.

### COVID-19 Emergency Rules

The coalition further calls on the Governor and legislators to fix onerous provisions of the Cal/OSHA-approved emergency regulations to address COVID-19.

One proposal would provide employers with a tax credit for the costs associated with complying with the Cal/OSHA emergency regulations and a second would provide employers with a tax credit for costs associated with cleaning and sanitation supplies purchased to prevent COVID-19 spread in the workplace.

## Cal/OSHA Gathering Feedback on COVID-19 Emergency Standard

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Moutrie. During the advisory committee meetings (held on February 11, 12 and 16), the invitees discussed the proposed changes with Cal/OSHA staff and suggested additional changes.

### Cleanup Changes

Substantively, Cal/OSHA proposed a range of clarity and cleanup changes across all sections of the regulation — from outbreaks to employer-provided housing and transport.

The largest change for most employers was the suggestion that outbreaks should be triggered only by cases among workers, and not customers or civilians passing through a worksite.

The CalChamber and others had pushed for this change, as retailers and other public-facing businesses can face an outbreak under the present text if three customers (such as one family of three) pass through the worksite then subsequently test positive for COVID-19.

Groups were also given time to propose their own suggestions during the call, and both management and labor did not shy away from doing so.

### More CalChamber Suggestions

Two of the most important changes raised by the CalChamber were:

- Workers who are vaccinated should be exempt from the exclusion requirements of the regulation, pursuant to recent Centers for Disease Control and Prevention (CDC) guidelines.

- "Outbreak" thresholds must be adjusted so that it is possible for an employer's outbreak obligations to end when case numbers diminish — as opposed to the present situation, which requires employers to apply outbreak precautions as long as an employer has even a single case in a two-week period.

### What's Ahead

Looking forward, what can we expect in the coming months?

First, it is important to remember that this advisory committee and the changes discussed there are not final. The Division is still collecting written feedback, and will be doing so until mid-March, and then will have to consider which changes it believes are appropriate to elevate to the Standards Board for a vote.

We can expect the Division to release a revised draft publicly in April or May, and then a potential vote at the Cal/OSHA Standards Board to put those changes into place.

At this point, it appears unlikely the revisions will be considered by the Board before the May meeting, at the earliest. But once those changes are put into place, it is unlikely Cal/OSHA will be making additional changes to the regulation this year, so employers should be focused on compliance with that text as soon as it becomes public.

**Staff Contact: Robert Moutrie**

# California Employers Should Not Be New Social Safety Net for Workers

**Loren Kaye**

The Super Bowl may be over, but that hasn't stopped California labor unions and their allies from moving the goal posts.

Currently, labor unions are advocating

for yet another paid sick leave plan for California workers. They believe the six existing separate leave benefit programs are inadequate to address workplace COVID-19 exposure.

Most tellingly, labor unions and advocates are altogether ignoring what had once been their marquee priority to ensure worker safety during the pandemic: a presumption under the workers' compensation system that front-line workers who contract COVID-19 did so on the job, and therefore qualify for the extensive suite of workers comp benefits.

That wish was soon granted, first by Governor Gavin Newsom in his May 6, 2020, executive order, then codified by legislation enacted last September.

But wait, there's more.

The state's powerful occupational health and safety regulator, Cal/OSHA, adopted emergency regulations in November requiring paid leave for any employee who contracted the disease or was in "close contact" of a COVID-19 case. The paid leave lasts for 10–14 days or until they meet the specified return

to work criteria, as well as receiving a COVID-19 test at the expense of the employer.

It is simply not true that California employees must either work or sacrifice their wages if they are sick with or under quarantine from a potential exposure to COVID-19.

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## Guest Commentary By Loren Kaye

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### Tight/Strong Safety Net

The safety net for workers is tight and strong. In addition to coverage under workers' compensation and Cal/OSHA, employees can access:

- Employer-paid sick leave for themselves or family members, a minimum of three days, and much more from many California employers;
- State disability insurance (SDI) provides wage replacement for an employee's temporary inability to work; the Paid Family Leave benefit provides wage replacement for the care of family members.
- And if somehow none of these paid leave or wage replacement benefits is enough, California mandates up to 12 weeks protected leave for an employee's own or a family member's medical condition.

### Generous Leave Benefits

Most of these benefits were enacted or updated within the past several years, many just within the past few months.

California now has the most generous and sweeping suite of paid and protected leave benefits of anywhere in the nation. But the response from labor unions and their advocates is to pocket the perks and demand more.

The pandemic has devastated thousands of small businesses and millions of workers. The personal, financial and educational costs to California society have been ruinous. But the tide is turning, and public policy should recognize when enough is enough. State leaders acted swiftly last year when there were no vaccines and public health entities were still trying to determine how best to stop the spread of the virus. We are now seeing infection rates decline and California is administering vaccines as quickly as we can obtain them.

### Government Responsibility

California's employers should not become the new social safety net; that is the responsibility of government. Indeed, since the State is enjoying record budget surpluses, any new, emergency pandemic-related leave should be paid for by the state treasury, either as a tax credit or direct benefit.

Otherwise, with ramped-up vaccinations and workplace best practices, a safe and healthy workplace is close at hand. It serves no purpose to artificially push that goal further down the field.

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

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## Legislators Urge End to Business Tax Increase

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billion in the state's rainy day fund, the group argues that last year's emergency tax increase is no longer warranted.

"Businesses should be allowed to immediately utilize NOLs and earned tax credits to offset any harm they have suffered as a result of the pandemic and to encourage employers who are considering leaving to stay," the legislators state in the letter.

The group further underscores the fact that it is businesses who need help now — not the state.

"Some of California's most storied companies are either leaving the state, choosing to expand elsewhere, or encouraging employees to relocate to lower-cost states. Sunsetting the NOL suspension and cap on business incentive tax credits would send a strong, positive message that our state's employers are important to our government," the legislators say.

The group argues that the business incentive tax credit cap is particularly troubling considering many of California's employers are actively engaged in researching and developing COVID-19

vaccines and anti-viral therapies — activity the state should encourage.

### Financial Strain

In addition, the legislators point out in the letter that the NOL suspension is causing even greater financial strain for employers who have suffered staggering losses over the past year and have no way to offset their revenue declines. "Struggling businesses need help now — not in several years when the 2020 budget's carryback provisions take effect," they say.

The letter was signed by Assemblymembers Marc Berman (D-Palo Alto), Steven Choi (R-Irvine), Jim Cooper (D-Elk Grove), Jordan Cunningham (R-San Luis Obispo), Tom Daly (D-Anaheim), Laurie Davies (R-Laguna Niguel), Jim Frazier (D-Fairfield), Adam Gray (D-Merced), Tom Lackey (R-Palmdale), Evan Low (D-Campbell), Brian Maienschein (D-San Diego), Devon Mathis (R-Visalia), Chad Mayes (NPP-Yucca Valley), Patrick O'Donnell (D-Long Beach), Jim Patterson (R-Fresno),

Cottie Petrie-Norris (D-Laguna Beach), Bill Quirk (D-Hayward), Robert Rivas (D-Hollister), Rudy Salas (D-Bakersfield), Suzette Valladares (R-Santa Clarita), Carlos Villapudua (D-Stockton), and Senators Patricia Bates (R-Laguna Niguel), Andreas Borgeas (R-Fresno), Jim Nielsen (R-Tehama) and Scott Wilk (R-Santa Clarita).

A copy of the letter may be found [here](#).

### CalChamber Leads Coalition in Support

On March 1, the California Chamber of Commerce and 75 allied groups sent a letter to Governor Gavin Newsom and legislative leadership urging action to help small businesses who continue to struggle as a result of the pandemic.

High on their list of requests is passage of Assemblymember Low's proposal to reinstate limited tax credits and net operating losses. In their letter, the CalChamber-led coalition underscores the fact that the suspension is no longer necessary and lifting it would help struggling businesses immediately.

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## Advice, Insights on Diversity in Workplace from Public/Private Leaders

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the team, allows companies to innovate and reach a wider audience.

In the public sector, and the Legislature specifically, Garcia explains that they must "legislate on experience." When women are not at the table, 52% of the population is not there and their experiences are not being advocated for, she points out.

This divide is similar for people of color, people with disabilities and people with differing sexual orientations.

Diversity helps people identify problems and blind spots in the market that are missed, Garcia says.

### Tips to Start

For small businesses, it can be intimidating to start a diversity and inclusion program, Miller says, so she recommends that small employers focus on two things:

- Define what "diversity" is in your organization and define it as broadly as possible.
- Have only one metric to pursue.

Some people try to "boil the ocean" when approaching diversity and inclusion programs and therefore fail to achieve forward movement. So, it's important, Miller stresses, that businesses pick only one metric to pursue.

Mitchell adds that both large and small businesses should have a strategy. What are you trying to achieve and why? After determining this, figure out how you're going to lead and achieve it. It all starts at the top, he stresses, so employers need to decide how they will set the tone.

Next, employers should develop a metric that people can publicly see and provide a way for people to give input. Last, and most important, he says, be sure to tie compensation to all those metrics.

"Put your money where your mouth is," Mitchell says.

### Recruitment

When seeking diverse candidates for job positions, Miller suggests that employers comb through their job advertisements to ensure they're not using

terms that will turn off women or people of color. For example, if an ad states there will be a lot of travel involved, the employer should be aware that it will turn off people who have children at home.

Employers should also be willing to be more flexible. For example, if a workplace is located away from mass transit routes, the employer should look at ways to make agreements with workers who need to use public transportation, Miller says.

Low adds that employers should be mindful that a job candidate from a diverse background is not necessarily coming to them because they want to be that company's "first." Employers should not give the impression that they seek that job candidate simply to check off a box.

Moreover, it's important to provide a buddy or mentor to new diverse recruits to help integrate them into the organization, Miller says. Employers should also be sure to sponsor these workers when opportunities come along.

# Director Gives Analysis of UK Trade with US, California After Brexit



The trade partnership between the United Kingdom and California can serve as an ideal model for how Anglo-American trade can go forward, political scientist Dr. Matt Beech said during an international virtual event hosted by the California Chamber of Commerce last Thursday.

The February 25 event, titled “California-UK After Brexit: Prospects for Partnership,” was moderated by CalChamber President and CEO Allan Zaremberg, and featured a presentation by Dr. Beech where he provided analysis of what Brexit means for future trade partnerships; the pending trade deal between the UK and U.S.; and the trade relationship between the UK and California.

Dr. Beech is a political scientist and historian who teaches post-war British political history, government and ideas, and is a Fellow of the Royal Historical Society and the Royal Society of Arts. He also is the founding director of the Centre for British Politics at the University of Hull and senior fellow at the Institute of European Studies at the University of California, Berkeley.

## Was Brexit Successful?

The European Union was formed for economic trading cooperation, but over time evolved into a close political social union, Dr. Beech explained during the presentation. The primary goal of the supporters behind “Brexit,” the UK’s departure from the EU, was to regain sovereignty. Supporters wanted the Houses of Parliament to be the sole body able to make laws for British citizens, determine its own borders and set its levels of immigration.

Brexit supporters also took issue with the fact that the UK was a net contributor to the EU, always paying more in membership than it took out. Still, Dr. Beech said, the primary force behind Brexit was a desire for autonomy and sovereignty.

There is no clear picture yet on the economic consequences of the UK leaving the EU as the country is only a year out of the union, but in the political sense, Brexit has been successful, he asserted. The UK is sovereign and the country has already signed 63 trade deals with other countries.

Deals with the U.S. and India are still being negotiated. A deal with China is uncertain.

## UK-U.S. Trade

Reflecting the strong history and trust the U.S. and UK have shared, the two countries are each other’s single largest foreign direct investor, and the U.S. had a goods/service surplus with the UK of \$18.9 billion in 2018, Dr. Beech points out.

As is to be expected when a presidential administration changes, there have been some delays with the incoming Biden administration, but Dr. Beech is hopeful that a trade agreement between the UK and U.S. will be signed later this year.

There are, however, several sticking points in the negotiations, particularly regarding agriculture, health care and the food sector, he says. Understandably, American companies want market access in the health care sector, but the area is tricky given that health care is primarily delivered by the National Health Service and publicly funded through taxation in the UK.

## UK-California Trade

Trade between California and the UK is “broadly balanced” and broadly equal to the point that no party has a significant surplus, Dr. Beech explains. The two partners share much in common: a highly skilled workforce; highly developed economies; and shared values.

In fact, Dr. Beech says, the West Coast is the region in the U.S. that shares the most similarities with the UK in terms of the outlook between citizens and many businesses.

The shared values and similar two-way trade between the UK and

California in particular can serve to help future UK-U.S. trade negotiations.

“I think the UK-California trade partnership is really crucial,” Dr. Beech says. “I think in a way, that which has been done in the past is a very firm foundation for the future, and I would like to think that as negotiators hopefully come together in the coming months, between the U.S. government and UK government, the knowledge we have between the California and British trading communities can serve as an exemplar of how Anglo-American trade can go forward.”

## Upcoming Challenges

Dr. Beech also answered questions submitted by viewers and talked about some of the upcoming challenges that the UK will face.

Due to the COVID-19 pandemic, the country will likely be in a different place next year than it is currently, especially given that the UK is still in lockdown and won’t likely come out of lockdown until June, Dr. Beech points out. Therefore, impacts on trade, business and commerce are not yet known.

Financial markets have been preparing for Brexit for several years, so Dr. Beech expects London to remain the finance capital of the continent, and that it will remain a desirable city to live and work in.

Dr. Beech does anticipate some changes to the way the UK attracts international students. Up until now, EU students at British universities enjoyed the status of “home students,” with financing from the British government. In the next academic year, however, these students will now be considered international students and will need to finance their own way. Dr. Beech said there will likely be an increase in scholarships and sponsorships from companies that want to draw in talent from around the world.

A recording of Dr. Beech’s “California-UK After Brexit: Prospects for Partnership” presentation is available at [www.calchamber.com/videos](http://www.calchamber.com/videos).

Staff Contact: **Susanne T. Stirling**



# California Still a Top Exporting State



Trade statistics released in February by the U.S. Department of Commerce show that California remained

a top exporting state in 2020.

California exported \$156.112 billion worth of goods to the world in 2020. As usual, computer and electronic products made up the bulk of exports at 24.1% (\$37.56 billion), down from \$40 billion in 2019. Transportation equipment and nonelectrical machinery made up 11.1% and 10.8% of total exports, respectively.

## Trade Overview

In 2020, the United States exported a total of \$1.431 trillion in goods to the world and imported \$2.336 trillion, creating a goods deficit of \$905.17 billion. U.S. exports decreased by 12.88% in 2020, while imports also decreased by 6.44%.

California's \$156.1 billion of exports in 2020 was a decrease of 10.29% from the previous year's total of \$174 billion, according to the U.S. Department of Commerce statistics.

Manufactured exports from California had a similar decrease of 11.3% from 2019, totaling \$99.41 billion in 2020. Nonmanufactured goods totaled \$20.9 billion, representing a 6% decrease from 2019.

Agricultural product exports from

California totaled \$13.4 billion in 2020, a 4% decrease from \$13.9 billion in 2019. Exports of food manufactures increased 3.8% from 2019, totaling \$9.7 billion in 2020.

For 2020, California's import trade totaled \$396.02 billion, down 3% from the previous year. Imports of transportation equipment, apparel manufacturing, and oil and gas decreased significantly, by 12.69%, 21.7% and 46.67%, respectively.



Imports of food manufactures to California have been increasing over the last decade and totaled \$14.3 billion in 2020, an increase of 7.9%. Imports of agricultural products, which had been increasing steadily over the last decade, fell slightly to \$9.7 billion in 2020, a 4% decrease.

## Trading Partners

California's top five export markets remained the same in 2020, in order: Mexico, Canada, China, Japan and South Korea. There was some shuffling with

the next five export partners to round out the top 10. Taiwan became California's sixth largest export partner, followed by Germany, Hong Kong, the Netherlands, and India breaking through to take the 10th spot.

- Exports from California to Mexico totaled \$24.078 billion in 2020, maintaining the country's spot as California's top export partner. Exports decreased by 13.895% compared to 2019.

- Canada remained California's second largest export destination with \$15.92 billion in exports. Exports to Canada decreased by 4.63% in 2020 compared to 2019.

- California exports to China totaled \$15.02 billion in 2020, a 5.2% decrease from the year before.

- Exports from California to Japan totaled \$10.65 billion in 2020. Exports decreased by 10.4% between 2020 and 2019.

- South Korean imports of California goods totaled \$9.78 billion in 2020, a 6.36% increase compared to 2019.

- Taiwan became California's sixth largest export partner in 2020, importing \$7.39 billion worth of goods, a 2.39% increase from 2019.

- Exports from California to Germany totaled \$6.47 billion in 2020, a slight 0.59% increase from 2019.

- California exports to Hong Kong totaled \$6.33 billion in 2020, a significant decrease of 24.85% from the previous year.

*See California: Page 9*



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## California Still a Top Exporting State

*From Page 8*

- Exports from California to the Netherlands totaled \$5.673 billion in 2020, an 11.47% decrease from 2019.
- India made its way into the top 10 destinations for California exports in 2020 with \$4.97 billion worth of imports. Despite India's rising in rank, California exports to India decreased by 11.74% from 2019 to 2020.

### Commodities

Exports in California's top category, computer and electronic products, decreased by 6.56% to \$37.56 billion, the lowest in the last decade. Transportation equipment exports also decreased by 23.65% totaling \$17.3 billion in 2020. Exports of petroleum and coal products decreased 41.88%, totaling \$2.8 billion

in 2020. Exports of textiles and fabrics, along with leather and allied products, decreased 22.52% and 33.35%. Exports of nonelectrical machinery and chemicals, however, increased 4.9% and 4.8%, respectively.

### CalChamber Position

California is one of the 10 largest economies in the world with a gross state product of more than \$3 trillion. International trade and investment are major parts of our economic engine that broadly benefit businesses, communities, consumers and state government. California's economy is diverse, and the state's prosperity is tied to exports and imports of both goods and services by California-based companies, to exports and imports through California's trans-

portation gateways, and to movement of human and capital resources.

Although trade is a nationally determined policy issue, its impact on California is immense. California exports to more than 225 foreign markets. Trade offers the opportunity to expand the role of California's exports. In its broadest terms, trade can literally feed the world and raise the living standards of those around us.

The California Chamber of Commerce 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.

**Staff Contact: Susanne T. Stirling**



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