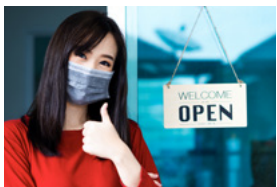


# ALERT

## Governor Sets Target Date for Reopening California

*June 15 Tied to Vaccinations, Hospitalization Rates*



This week, Governor Gavin Newsom set a June 15 benchmark for fully

reopening the state's economy. He emphasized that moving on is contingent on Californians continuing to wear masks and remain vigilant to curb the spread of COVID-19.

A news release from the Governor's office cited two criteria for fully reopening on June 15:

- If vaccine supply is sufficient for Californians 16 years and older who wish to be inoculated; and
- If hospitalization rates are stable and low.

### CalChamber Comment

In response to the Governor's announcement, California Chamber of Commerce President and CEO Allan Zaremberg said in a statement:

"The diligent efforts of all Californians to follow COVID-19 safety protocols will pay off on June 15th. Californians should be congratulated for their sacrifices and patience in working to protect public health.

"We also appreciate the Governor's leadership to safely reopen California's economy. California is leading the way on safety as we see vaccination rates climb and hospitalization and infection rates fall sharply."

Zaremberg said the Governor's April  
*See Governor Sets Target: Page 4*

## Job Killer Additions Increase Taxes, Labor/ Employment Mandates



The California Chamber of Commerce this week added four bills to its annual list of job killer legislation. The additions bring the 2021 job killer list to a total of 22 legislative bills that would place California employers and the state's economy in harm's way should they become law.

The four additions to the list involve tax increases and new labor and employment law mandates and are listed below.

### Tax Increases

• **ACA 8 (Lee; D-San Jose) Wealth Tax:** Proposes to amend the Constitution to impose a massive tax increase upon all forms of personal property or wealth, whether tangible or intangible, despite California already having the highest income tax in the country. This tax increase will drive high-income earners out of the State as well as the revenue they contribute to the General Fund.

• **AB 310 (Lee; D-San Jose) Wealth Tax:** Seeks to impose a massive tax increase upon all forms of personal property or wealth, whether tangible or intangible, despite California already having the highest income tax in the country. This tax increase will drive high-income earners out of the State as well as the revenue they contribute to the General Fund.

• **AB 1253 (Santiago; D-Los Angeles) Massive Personal Income Tax**

*See Job Killer: Page 4*

## CalChamber Wins Landmark Prop. 65 Ruling



California businesses scored a landmark victory last week when Chief District Judge Kimberly Mueller of the

Eastern District of California granted the [California Chamber of Commerce motion for a preliminary injunction](#) barring the California Attorney General and anyone else from filing new lawsuits against businesses to enforce the Proposition 65 warning requirement for cancer as applied to acrylamide in food and beverage products.

The ruling provides immediate and much welcomed relief to California busi-

nesses being bombarded with Proposition 65 enforcement actions regarding food and beverage products containing acrylamide.

"We are on the side of common sense," said CalChamber President and CEO Allan Zaremberg. "This lawsuit is about reducing unnecessary fear for consumers and litigation threats for businesses," he added.

### Acrylamide

The California Office of Environmental Health Hazard Assessment (OEHHA) added acrylamide to the Proposition 65 list of carcinogens in 1990, but acrylamide was not detected in foods until 2002.

Acrylamide is not intentionally added  
*See CalChamber Wins: Page 6*

### Inside

Unemployment Insurance  
Payroll Tax Hike Coming:  
Page 5

## Labor Law Corner:

# On-Site Drug Testing: Remember to Support Need, Confidentiality



**Dana Leisinger**  
HR Adviser

*We've been bringing our employees back into the office, and pursuant to our "reasonable suspicion" drug testing, would like to conduct in-house drug testing. Can we do this?*

The short answer is yes — employers can conduct drug tests on site. There are a few issues to be aware of, however.

### Written Policy

First, you must have a clear, written policy that upon reasonable suspicion of illegal (or legal) drug usage, the company will be conducting drug testing.

Supervisors need to be trained on the signs and symptoms of usage, and to know what to do when they observe these signs. The mere observation of someone "acting funny" doesn't support the need for testing. Even researching signs on the internet can help your people learn what to look for.

One of the positive aspects of in-house testing is that it is far less expensive than sending the employee to a lab. Indeed, an employee suspected of being under the influence should not be put in their car to drive to a lab; therefore, there is a need for a second employee to drive the allegedly impaired employee to the lab — increasing the cost of the test.

### Testing Considerations

Second, with in-house testing, the test can be conducted at any time. Often, by the time it is determined that a test is needed, the lab is closed. Many drugs, including alcohol, quickly exit the system and wouldn't be detected the next day. With in-house capability, testing can be

done immediately, or even in the middle of the night, for a warehouse setting, for example.

Nevertheless, if an employee tests positive for drugs, it is wise to send them for a second, confirming test at a professional lab. If the employee is terminated due to the test results, it is easier to challenge an in-house test versus a professional lab.

A professional lab will test the sample with techniques that are highly accurate and can help rule out any false positives that the employer might have gotten.

### Confidentiality

Lastly, it is important to keep the results confidential. Said results are protected under Health Insurance Portability and Accountability Act (HIPAA) privacy laws, and should be kept in a separate, confidential medical file.

*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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## CalChamber-Sponsored Seminars/Trade Shows

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

### Labor and Employment

Job Protected Leaves for New and Expecting Parents. CalChamber. April 15, Webinar. (800) 331-8877.

Leaves of Absence: Making Sense of It All Virtual Seminar. CalChamber. April 22–23 SOLD OUT. (800) 331-8877.

HR Boot Camp Virtual Seminar. May 6–7, Online. (800) 331-8877.

Managing CFRA Leave as a Large Employer. CalChamber. May 27–28, Webinar. (800) 331-8877.

### International Trade

Transatlantic Dialogue on U.S., EU and Global Trade. Washington International Trade Association and Friedrich Naumann Foundation. April 13, Online. (202) 312-1600.

California Global Connect: Virtual Trade

Mission to Singapore. Governor's Office of Business and Export Development (GO-Biz). April 13–15, Online. (279) 666-9104.

Perspectives on Trade: Doing Business in Moldova. World Trade Center Washington D.C. and Washington Intergovernmental Professional Group. April 14, Online. (202) 759-0074.

Czech-U.S. West Coast Business Forum and B2B. Czech Chamber of Commerce. April 15–16, Online. (310) 473-0889.

BCA Virtual Business Matching 2021. Consulate General of the Republic of Indonesia in San Francisco. April 16–May 8, Online. (415) 474-9571.

Cyber Security Business Development Mission to India. U.S. Department of Commerce, International Trade

*See CalChamber-Sponsored: Page 8*

*The Workplace:*

# How You Can Help End Anti-Asian Hate



In Episode 113 of The Workplace podcast, CalChamber President and CEO Allan Zaremberg interviews Sacramento

County Assistant Chief Deputy District Attorney Thienvu Ho.

Deputy D.A. Ho has supervised and personally prosecuted hate crimes like the ones against Asian Americans that are making headlines right now. Throughout the podcast, Deputy Ho brings both personal and prosecutorial commentary and experience to the discussion of how to combat bias and hate against members of the Asian American Pacific Islander community.

Ho came to the United States with his parents at age 4 as a political refugee, settling in Stockton with an uncle who sponsored the family. From an early age to today, Ho recounts experiencing incidents of hate directed toward himself and his family members. He says these incidents have given him tremendous passion for his job as a prosecutor. Notably, Ho is well-known for his successful prosecution of the East Area Rapist—also known as the Golden State Killer—who committed 13 murders and more than 50 sexual assaults in 11 different jurisdictions.

As the podcast opens, Zaremberg asks Ho if what we are seeing with respect to hate crimes and hate incidents against members of the Asian American community are really happening at the level portrayed by the media.

## Increase in Hate Crimes

Ho responds with a resounding “yes” and more so. He points out that there has been a 150% increase in crimes against members of the Asian American Pacific Islander (AAPI) community in the last year alone. Further, he reports that a group called Stop AAPI Hate has fielded 3,800 reports of hate incidents in the last year alone.

Ho says this number is troubling, but does not represent reality. A good number of cases are never reported, he states. He further discusses a recent *USA Today* report that 1 in 4 Americans have seen Asian Americans being blamed for the pandemic.

Zaremberg responds to this information by asking if law enforcement is responding well?

Ho replies that law enforcement is highly invested in prosecuting hate crimes and investigating incidents of hate directed at members of the Asian American Pacific Islander community. The key is getting people to report what they see and hear.

Zaremberg and Ho discuss the differences between hate crimes and hate incidents. There is a legal distinction that involves the type of crime (violence and property damage) versus racial slurs or statements involving bias. By reporting any incident of hate, people can help law enforcement establish a record about a particular individual that can help elevate lower-level crimes to felonies based on the totality of circumstances. The bottom line, according to Ho, is to report it!

## How Business Leaders Can Help

Zaremberg asks Ho what can be done about bias and how can employers, business leaders and others help end it.

Ho responds that there are both macro and micro solutions. On the macro level, using a platform to get the message out is extremely helpful.

He points out that two CalChamber members—Edison International and Kaiser—have done this in the effort to end hate against members of the AAPI community. Edison has worked to advance across many networks the message that we need to stand together with our Asian American colleagues to end hate. Kaiser has committed \$5.4 million to different groups with a focus on ending hate crimes.

Ho also says that macro efforts should include education and legislation to strengthen laws against incidents of hate.

On an individual level, Ho says that getting involved is the key. If you see something, stop and intervene (if it can be done safely). Take out your phone and document the events while they are fresh in your mind. Call it in. Take pictures.

Ho says he is seeing a greater frequency of individuals getting involved in defending others against hate-based attacks.

## Progress on the Horizon

Zaremberg finishes up the discussion with questions about how the situation we face came to be—is it social media, the pandemic or something else?

Ho responds that it is partly based in history, citing the Exclusionary Act, but also that there seems to be a perfect storm for racial bias at this point in time. The pandemic, social media, economic stress, and political divisiveness have all contributed to an uptick in anti-Asian hate.

Ho also notes that recent events have galvanized the Asian American Pacific Islander community and people are standing up and speaking out. He says the United States is a country of tolerance and small segments are causing these issues.

The vast majority of Americans, he says, want everyone to be accepted and want people to live without having to fear hate. So, while these issues of racism still exist, he sees nothing but progress and hope in the future.

“The night is darkest before the sun comes out and so the sun will come out again, and I see nothing but progress,” Ho says.

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## CalChamber Calendar

*Capitol Summit:*

May 12, Online

*Board of Directors:*

May 12–13, Online

*Host Breakfast:*

May 13, Online

## Governor Sets Target Date for Reopening California

From Page 1

6 announcement “is especially welcome news as we enter California’s peak tourism and recreation season. As we all know, tourism, hospitality and restaurants suffered disproportionate economic hardships due to the pandemic shutdowns.

“Finally, vaccines will be crucial to successful and safe reopening of the California economy. This means we all must take our responsibility seriously by getting vaccinated as soon as possible and continuing to follow all mask and social distancing protocols. Our vigilance will ensure success. Our economy needs to be fully open, with small businesses thriving and Californians back to work as soon as possible.”

### Statewide Vaccine Statistics

As of April 7, more than 21.4 million vaccine doses had been administered statewide, according to the state’s COVID-19 dashboard. That translated to 19.1% of the population being partially vaccinated and 24.9% of the population being fully vaccinated.

“Partially vaccinated” individuals have received at least one dose of either the Pfizer or Moderna vaccines (both require two doses for the highest protection). “Fully vaccinated” individuals have received two doses of the Pfizer or Moderna vaccine or one dose of the Janssen (Johnson & Johnson) vaccine.

The Governor said at his April 6 news conference that the state anticipates the number of vaccine doses administered to surpass the 30 million mark by the end of the month.

He cited the supply of vaccines manufactured as a key constraint on the doses delivered, saying the state system is designed to administer more than 5.8 million doses a week, while the current supply is about 2.5 million a week.

More information about the COVID-19 vaccines, how they work, questions and answers, and more is available at [covid19.ca.gov/vaccines](https://covid19.ca.gov/vaccines).

### COVID-19 Numbers

As of April 8, California had recorded 3,588,152 cases of COVID-19 and 58,788 deaths, according to the state dashboard. The rate of 4.8 new cases per 100,000 persons and 0.14 new deaths per 100,000 persons was a decline from the previous seven-day average. The test positivity rate was 1.9%, a slight rise.

The Johns Hopkins Coronavirus Resource Center showed California as having the lowest test positivity rate in the nation (1.0%) on April 8.

The number of COVID-19 hospitalized patients in California was 2,312 as of April 7, a sharp decline from the peak of 22,550 hospitalized patients reported on January 12, according to the state dashboard. There were 534 COVID-19 patients in intensive care units (ICU), also a drop from the 4,929 peak on January 12. The number of available ICU beds (2,277 on April 7) was about a hundred more than a year ago.

Statewide, 32 of the 58 counties — representing 80.5% of the state’s population — had dropped to the orange (moderate virus presence) this week. In the red tier (substantial virus presence) were 22 counties (18.7% of the population).

Just two counties (Inyo and Merced — 0.8% of the population) were in the purple tier (widespread virus presence). Still holding in the least restrictive yellow tier (minimal virus presence) were two of the state’s least populated counties, Alpine and Sierra.

### Blueprint Update

In announcements on [April 2](#) and [April 6](#), the California Department of

Public Health (CDPH) updated the state’s *Blueprint for a Safer Economy* to allow more activities to resume “with modifications to reduce risk.”

Private events or meetings, such as receptions or conferences, can resume starting April 15 as long as they require pre-purchased tickets or a defined guest list and assigned seating, according to the CDPH. Only in-state visitors are allowed. The number of attendees allowed increases according to the tier in which the venue is located and whether guests are tested or show proof of full vaccination.

Indoor live events or performances also may begin April 15 subject to similar restrictions. The number of attendees also is tied to the capacity of the venue.

Local public health departments may implement policies that are more restrictive than the state’s.

In its [April 6 memo](#), the CDPH explains that with the June 15 reopening, “Common-sense health measures such as masking will remain across the state. Testing or vaccination verification requirements will remain in relevant settings.”

For large-scale higher-risk events, the CDPH memo calls for continued compliance with the Cal/OSHA Emergency Temporary Standard and other statewide agency guidelines, such as masking, testing and testing or vaccination verification requirements.

Conventions will be capped at 5,000 persons until October 1, unless testing or vaccination status is verified for all attendees, according to the CDPH memo. International convention attendees will be allowed only if fully vaccinated.

The CDPH website with links to the *Blueprint for a Safer Economy* updates is at [cdph.ca.gov](https://cdph.ca.gov).

## Job Killer Additions Increase Taxes, Labor/Employment Mandates

From Page 1

**Increase:** Increases the state personal income tax rate, which is already the highest in the country, on high wage earners and sole proprietors. This tax increase will drive high-income earners out of the State as well as the revenue they contribute to the General Fund.

### Labor and Employment Mandates

• **AB 1192 (Kalra; D-San Jose)**  
**Public Shaming of Employers:** Places new onerous administrative burdens on employers by requiring annual reporting of wage and hour data and employee benefits for an employer’s entire United States workforce that will publicly shame

employers for lawful conduct by publishing that data on the Labor and Workforce Development Agency’s website, and will subject employers to frivolous litigation and settlement demands.

The full job killer list can be found at [www.calchamber.com/jobkillers](https://www.calchamber.com/jobkillers).

# Rising Payroll Taxes Coming to Shore Up California's Pandemic-Depleted UI Fund



As the 2021 crop of legislation is coming into form and moving through legislative committees addressing a range of topics, one topic is conspicuously absent: aid for California's

deeply insolvent Unemployment Insurance (UI) Fund.

## COVID Response

As we all know, California (and many other states) utilized their unemployment insurance systems to new scales in response to COVID-19. Instead of compensation in cases where employers chose to terminate an employee, many employers were compelled to shut down by state and local government mandates and lay off or terminate the employment of their employees as a result.

This wider utilization of UI led to a fundamental change to one of the implicit equities of unemployment — that if an employee is terminated because of their conduct, they don't get benefits. But if an employer is at fault, they should help with the transition to a new job.

During COVID-19, this causation fell by the wayside, and employers (via the UI Fund) are now on the hook for layoffs caused by the state's response to the pandemic, not their own conduct.

## UI Fund Insolvency

Now, as a result of that unprecedented use, California's UI Fund is \$21,882,842,354.34 in debt to the federal government as of April 6, 2021, according to the [U.S. Department of Labor](#) — and that number is expected to continue rising.

Although the UI Fund is slightly less in debt than the Employment Development Department's (EDD) October projections, estimates still show that the UI Fund will sink more than \$40 billion into debt by the end of 2021.

As a comparison, the UI Fund's lowest point after the Great Recession was \$10 billion in debt — and

California's employers spent most of the next decade paying off that loan via increased payroll taxes.

## Payroll Tax Increases

With that in mind, unless the state or federal governments provide some relief, California employers are facing a significant tax increase — and that increase will last longer and scale higher than after the Great Recession.

When a state's UI Fund falls into insolvency for two consecutive years (measured on January 1), the state's Federal Unemployment Trust Account (FUTA) tax credit is reduced on an annual basis, creating an effective tax increase of 0.3% annually on the state's UI wage basis. Much like a slowly rising tide, the tax rate rises steadily until it maxes out at 6% of the wage base.

So what does that mean for California? Because California's fund went insolvent in summer 2020, the tax increases will start in 2023, and will continue until the fund is solvent. In California, the wage basis is \$7,000 per employee.

To put that into practical terms — if the fund is solvent, employers pay 0.6% taxes per employee (or \$42 per employee) in payroll taxes, but each year the fund remains insolvent, that rate rises by 0.3% (or \$21 per employee).

If the fund remains insolvent for enough years that the tax increase maxes out (approximately 18 years), then employers face a per-employee tax of \$420 per employee (a 1,000% increase).

Hitting maximum taxes seems likely for California employers, as the state's UI Fund debt is estimated to reach four times the level of the Great Recession by the end of 2021 — and that much smaller insolvency took just under a decade to repay.

## What Are State Legislatures Doing?

Surprisingly, only 20 states (including California) have insolvent UI funds now, which is partially due to many states utilizing some of their CARES Act funding to help repay a portion of their state's UI Fund. California did not do so,

and now leads the pack at roughly \$21.8 billion of debt.

To give a sense of scale: New York, the closest competitor at \$10.2 billion, isn't even close. And even New York is an outlier — the majority of states with insolvent funds were \$1 billion or less in debt as of April 6, 2021.

Notably, the California Legislature has taken some bipartisan notice of the UI Fund, but that attention appears almost entirely focused on fraud and distribution, not solvency or helping the business community. There are a host of bills (from both parties) aimed at preventing fraud involving incarcerated individuals, improving the deposit methods, and structural reform at the EDD. All are important issues, but again, none directly helping the business community with solvency.

## What Can We Expect Federally?

There appears to be little appetite federally for forgiveness or direct assistance to state UI Funds in the Biden administration or among Republicans, but there is one outstanding question: Does the American Rescue Plan (ARP) prohibit states from helping repay a portion of their UI Fund insolvency?

Based on an ambiguity in some of the legislation's text (prohibiting "indirect" offsetting of tax revenue), many groups (including the California Chamber of Commerce and the U.S. Chamber of Commerce) are concerned that ARP funds in effect prohibit states from providing tax-related aid or incentives.

Assuming clarification is forthcoming — and favorable — California's politicians will have another opportunity to help the employer community with this unprecedented insolvency.

From a policy perspective, such per-employee taxes are exactly the type of disincentive for hiring that we do not want coming out of this shutdown. But sadly, all employers can do for now is wait and brace for the coming tide of payroll tax increases as consequences of the COVID-19 shutdown come to roost.

**Staff Contact: Robert Moutrie**

## California Travel Looks to Bounce Back After Sharp Pandemic Decline



March marked one year since the coronavirus changed the way Californians live and work.

This spring carries a sense of optimism as vaccines become more widely available.

But recent data outlining the pandemic's devastating effects on the state's tourism economy illustrate just how challenging a year it was for the travel industry and how much work it will take to climb back to 2019 travel spending levels.

The coronavirus halted a record 10 years of growth for California's tourism economy in 2020, erasing \$86 billion in visitor spending and 518,000 travel and hospitality jobs throughout the state. More than one-third of the jobs lost in California in 2020 were in the travel and hospitality sector.

### Economic Fallout

The sharp decline in California's tourism spending—representing a 60% fall from pre-pandemic levels—resulted in an economic fallout 10 times worse than the drop in travel spending that followed the 9/11 terrorist attacks.

No industry's workforce has felt the impacts of the coronavirus as acutely as travel and hospitality. According to California's Task Force on Business and Jobs Recovery, job losses hit the leisure and hospitality industry far harder than other economic sectors, with nearly a million jobs erased in the early months.

New research from Visit California shows Black and Hispanic workers in the industry have been especially hard hit.

### Recovery Ahead

Fortunately for the thousands of

Californians who depend on the tourism economy, the travel and hospitality sector has historically been among the fastest creators of jobs and drivers of economic recovery.

State Senator Mike McGuire (D-Healdsburg) is hoping to give the travel industry an extra boost by providing marketing support to Visit California to promote in-state travel and get California's tourism industry back on its feet.

As California continues to see increased vaccination efforts and positive movements toward a safe and responsible reopening of local economies, travel and hospitality is primed to lead the state back to economic health and put Californians back to work.

*This article was written by VisitCalifornia.*

## CalChamber Wins Landmark Proposition 65 Ruling

*From Page 1*

to food products but instead is formed naturally as a result of cooking or heating certain foods, such as coffee, roasted nuts, and breads, to name a few.

The pervasive nature of acrylamide in everyday food and beverage products has made it an obvious target for Proposition 65 private enforcers, who have already collected millions of dollars in attorney fees and costs against businesses.

### CalChamber Lawsuit

In October 2019, CalChamber filed its First Amendment lawsuit against the California Attorney General in federal district court challenging as unconstitutional the Proposition 65 warning requirement for cancer as applied to acrylamide in food and beverage products.

The CalChamber filed an amended complaint on March 16, 2020 seeking a preliminary injunction prohibiting the Attorney General and private enforcers of Proposition 65 from filing or prosecuting new lawsuits to enforce the warning requirement for cancer as applied

to acrylamide in food and beverage products.

The CalChamber argued that under the U.S. Supreme Court's decision in *Zauderer v. Office of Disciplinary Counsel*, 471 U.S. 626 (1985), the State cannot compel commercial entities to disclose information about their products that is not "purely factual and uncontroversial."

CalChamber's epidemiologist and a toxicologist, as well as a key state scientist, provided expert testimony showing California does not know that acrylamide causes cancer in humans.

### District Court Ruling

Siding with CalChamber, the Chief District Judge rejected the Attorney General's arguments and held that the State had not carried its burden of showing that Proposition 65 warnings for acrylamide in food are purely factual and uncontroversial.

The Court reasoned that "dozens of epidemiological studies have failed to tie human cancer to a diet of food containing

acrylamide," and the Proposition 65 "safe harbor warning is controversial because it elevates one side of a legitimately unresolved scientific debate about whether eating foods and drinks containing acrylamide increases the risk of cancer."

The Court further recognized that CalChamber members would suffer irreparable harm if new Proposition 65 enforcement actions could be filed while the lawsuit was pending and thus granted CalChamber's request for a preliminary injunction.

The favorable ruling provides substantial relief to CalChamber members and businesses by blocking all future Proposition 65 litigation pertaining to acrylamide in food and beverage products. The case may also have major implications for other listed chemicals with similar dubious science. Stay tuned.

*For more information pertaining to CalChamber's lawsuit, please contact Erika Frank, Executive Vice President and General Counsel, or Adam Regele, Senior Policy Advocate.*

**Staff Contact: Adam Regele**

## *A View from Brazil*

# Recent Agreements Provide Framework for Ongoing Partnership in Multiple Sectors



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

*are from Ambassador Márcia Loureiro, Consul General, Consulate General of Brazil in Los Angeles, and Adalnio Senna Ganem, Consul General, Consulate General of Brazil in San Francisco.*

### **Brazil-U.S./California Relations**

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

The traditional excellent relations between Brazil and the United States, based on shared values on democracy, human rights and a market-oriented economy, were strengthened in the last two years with the conclusion of many agreements in different fields.

In trade and investment, for instance, the two countries signed a Protocol on Trade Rules and Transparency and are working on a broader trade agreement.

In research, technology and space cooperation, both countries signed an Agreement on Technology Safeguards, which allows for the launch of commercial rockets containing U.S. technology from the Alcantara Launch Center, a privileged launching location near the equator in the north of Brazil.

Recently, Brazil and the United States concluded a Framework Dialogue on environmental protection and sustainable use of natural resources, which will allow

both countries to strengthen their cooperation on environment, sustainable development and climate change.

Brazil is a large market, with a population of 212 million and a gross domestic product (GDP) of US\$3.3 trillion (World Bank) and a diversified economy, from the most competitive agribusiness in the world (main world exporter) to a modern and efficient aircraft industry.

The country has witnessed a remarkable growth of the information technology (IT) industry in the last few years,

and the United States (our second largest partner) reached US\$105 billion in 2019, trade with California, the state that represents almost 15% of U.S. GDP, reached US\$4.8 billion, that is, less than 5% of the total trade.

In foreign direct investment, the United States is Brazil's first partner, with US\$145 billion invested, while Brazilian investment in the United States reaches US\$43 billion. The total bilateral investment will hit US\$200 billion in the near future.

Meanwhile, Californian venture capital investments in Latin America reached only \$1.8 billion, from which Brazil received 50%.

### **COVID-19 Economic Impact**

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

Naturally, Brazil is, as the whole world, suffering from the consequences of the pandemic. Challenges such as a new variant in the country, known as P1, have led to a recent increase in COVID-19 cases.

However, as we all hope, this is a temporary situation.

Brazil is accelerating its vaccination program. Its health research centers, such as Fiocruz and Butantan Institute, signed agreements with AstraZeneca and Sinovac to produce, daily, more than 1 million vaccines in Brazil. Almost 21 million Brazilians have already been vaccinated as of March 29, 2021.

### **Future Opportunities**

*What are the challenges and opportunities facing Brazil?*

There are huge opportunities for increasing cooperation in all sectors. To

*See Recent Agreements: Page 8*



**Ambassador Márcia Loureiro, Consul General of Brazil, Consulate General of Brazil in Los Angeles**



**Ambassador Adalnio Senna Ganem, Consul General of Brazil, Consulate General of Brazil in San Francisco**

and offers a good resource for companies looking for offshore software development, given a skilled labor force and creative developers.

The structural conditions are, therefore, very favorable for business development and fruitful partnership between the United States and Brazil and, specifically, between Brazil and California.

Regarding the partnership with California, Brazil has developed good ties in technology and academic cooperation, but there is still large room for expansion in all sectors, especially in trade and investment.

While bilateral trade between Brazil

## Recent Agreements Provide Framework for Ongoing Partnership

From Page 7

illustrate just a few, we could mention: fostering new investments on the thriving research and technology sector, as well as software development; diversifying the profile of bilateral trade, currently concentrated in a small number of products; exploring synergies in the entertainment industry; promoting joint research in agtech (Fundação Araucária and other research centers in Brazil are proposing a program to develop an ecosystem of innovation and entrepre-

neurship in agribusiness to optimize natural resources, increase productiveness and trade); participating in the environmental program “Adopt a Park” on the Amazon Region, which allows national and international funds, banks and companies to invest in conservation areas twice the size of California; and taking part in the public-private partnership program of infrastructure projects.

According to the Organisation for Economic Co-operation and Development (OECD), the Brazilian

economy will grow 3.7% in 2021. Brazil is in the process to become a member of the OECD, with the support of the United States.

We look forward to working with the California government, with the California Chamber of Commerce, California economic institutions, businesses and universities to build a strong partnership in line with the recent developments of the relationship between Brazil and the United States.

**Staff Contact: Susanne T. Stirling**

## CalChamber-Sponsored Seminars/Trade Shows

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Administration. April 19–23, New Delhi, Mumbai, optional stops in Bangalore or Hyderabad. (303) 844-5655; (202) 482-3773.

Virtual Trade Mission to Kenya. Mayor’s Office of International Affairs, Consulate General of the Republic of Kenya in Los Angeles, World Trade Center, Los Angeles. April 20–21, Online. (213) 680-1888.

Perspectives on Trade: A Conversation with H.E. Isilho Coelho, Ambassador of the Democratic Republic of Timor-

Leste. World Trade Center Washington D.C. and Washington Intergovernmental Professional Group. April 21, Online. (202) 759-0074.

What’s New in Taxation and Business Laws in 2021. Women in International Trade, Los Angeles. April 22, Online. (213) 545-6479.

A Seat at the Table: In Conversation with Ambassador Capricia Penavic Marshall. World Trade Center Washington D.C. and World Trade Center Dublin. April 27, Online. (202) 759-0074.

FDA 2021 and Beyond, It’s Not Just About PPE. Foreign Trade Association. April 28, Online. (888) 223-6459. California-Baja California IT and Aerospace Virtual Mission. Governor’s Office of Business and Economic Development (GO-Biz), U.S. Commercial Service and U.S.-Mexico Chamber of Commerce. May 3–6, Online. (279) 666-9104.

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



LIVE WEBINAR | APRIL 15, 2021 | 10 AM TO 11:30 AM PT

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