ALERT

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CalChamber™
CALIFORNIA CHAMBER OF COMMERCE

CalChamber in Court

State High Court Gives OK to Profit-Based Bonus Plans

The California Supreme Court recently ruled that an employee incentive compensation plan based on the employer's profits, which was calculated by subtracting operating expenses from revenues, is not an unlawful wage deduction.

The long-awaited decision in *Prachasaisoradej v. Ralphs Grocery Company, Inc*. ends years of uncertainty and multitudes of class action lawsuits, reversing two California Court of Appeal decisions that profit-based incentive compensation plans (such as bonus plans) are unlawful under California law.

In December 2004, the California Chamber of Commerce filed a letter urging the court to review the case, arguing that the court of appeal decision in *Prachasaisoradej* eliminates the flexibility businesses once had in providing economic incentives to employees.

The Supreme Court ruled that an employer is not in violation of California wage protection laws if it offers supplementary compensation, in addition to regular wages, designed to reward employees if and when their collective efforts result in higher profits for the company.

Case Background

Eddy Prachasaisoradej worked as a

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CalChamber-Led Coalition Effort Stops Legislation Increasing Employer Liability

Further action has been delayed until next year on a California Chamber of Commerce-**opposed** "job killer" bill that will increase employers' exposure to lawsuits challenging workplace decisions that affect pay or benefits.

AB 437 (Jones; D-Sacramento) greatly expands employers' liability exposure and hampers their ability to defend themselves by in effect removing any statute of limitations for lawsuits challenging any employer decision that affects pay or benefits.

Following strong opposition from the CalChamber and other members of the business community, Assemblyman Dave Jones placed the bill on the Assembly inactive file in the last days of session.

CalChamber Leads Coalition

The CalChamber is leading a statewide coalition of more than 40 members, including private and public sector employer organizations, companies, manufacturers and associations in the retail, health care, building and housing, food

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CalChamber Votes to Oppose Community Colleges Initiative

The California Chamber of Commerce Board of Directors recently voted to oppose the Community College Governance Funding Stabilization and Student Fee Reduction Act, which will appear on the February 2008 ballot as Proposition 92.

"California business strongly supports our community college system and believes in the value of the education and training community colleges provide. Community colleges are an integral part of our state's overall higher education offering," said CalChamber President Allan Zaremberg.

"In February 2008, Californians will have the chance to vote on the Community College Governance Funding Stabilization and Student Fee Reduction Act. While CalChamber endorses the value of a community college education, the organization's Board of Directors has voted to oppose this initiative," said Zaremberg.

No Accountability

"The Community College Governance Funding Stabilization and Student Fees Reduction Act would amend the California Constitution to guarantee community college funding levels without adding any accountability structure. CalChamber believes the proposed act would inflict an enormous amount of pressure on Califor-

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Inside

Labor Law Corner

Employers May Deduct Exempt Employees' Sick Time in Increments

Gary Hermann
Labor Law Consultant

Can we deduct from the exempt employee's salary when he/she has no paid time off accrued and takes off a partial day for the employee's own illness or for vacation?

No, you are never permitted to deduct from the salary of an exempt employee for a partial day of absence. Exempt employees must be paid for any day in which they perform any work.

When to Make Deductions

Deductions may be made for absences in increments of full working days.

If an employee is out ill for a partial day, and you offer a bona fide sick plan in which the employee has time off available, you may deduct from the sick leave benefit for a partial day of absence, whether the time off is minutes or hours. The use of the paid sick leave plus the time the employee worked will equal a full day's salary for the exempt employee.

Remember that deductions from the exempt employee's vacation or paid time off plan always must be in an increment of four hours or more. If an exempt employee works four hours or more, you cannot deduct from his/her paid vacation or paid time off benefits, as the deduction would be for less than the required four hours.

Non-Exempt Employees

Keep in mind that these rules do not apply to non-exempt (hourly or piece-rate) employees. Non-exempt employees are paid for the actual time that they work, and deductions from any accrued benefit may be made in the amount specified in your company's policy.

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

Seminars/Trade Shows

Business Resources

Recovering from Disaster: Is Your Business Ready? Cal Net Technology Group. October 11, Woodland Hills. (818) 701-5753.

Litigation in California — It's Everybody's Business. U.S. Chamber of Commerce. October 16, San Francisco. (202) 463-5500.

Microsoft Across America Truck. Cal Net Technology Group. November 8, Woodland Hills. (818) 701-5753.

Community Colleges Initiative

From Page 1

nia's already-stressed general fund and possibly require major cuts from other programs funded from the same pool of money," said Zaremberg.

The measure would in effect split the existing Proportion 98 funding guarantee for K-14 schools into one guarantee for K-12 and a separate guarantee for community colleges.

The potential increase in state spending on K-14 education is about $135 million in 2007-08, $275 million in 2008-09 and $470 million in 2009-10, with unknown impact annually thereafter.

Essentially, the California community colleges would maintain the benefit of a minimum funding guarantee under Proposition 98 without assuming the risk, like other public institutions of higher education, of being a separately funded public entity.

Community College System

The California Community Colleges are institutions of higher education that serve about 1.5 million students annually. The community college system is comprised of 109 campuses operated by 72 districts that are governed by local elected boards of trustees.

The system offers academic, vocational and recreational programs at lower division levels for recent high school graduates and any other adults who can benefit from instruction. Community colleges also operate programs to promote economic development and provide adult education.

Staff Contact: John Hooper

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Statewide Campaign Aims to Educate Public about Water Crisis

Water Rationing, Reduced Supplies Possible Unless California Resolves Water Issues

A coalition of California water agencies is conducting a statewide public education campaign through the end of the year to inform Californians about the challenges facing the state's water supply and delivery system.

The Association of California Water Agencies (ACWA) points out that the state is facing serious problems that could lead to water rationing and reduced supplies throughout the state.

Challenges affecting California water include an aging infrastructure (it has been 30 years since the last significant improvements in the statewide water storage and delivery system), environmental concerns, drought, climate change and the pressures from the state's growing population.

A top concern is the Sacramento-San Joaquin Delta, source of water for half of California. Experts warn that a strong earthquake or other natural disaster could damage deteriorating levees and cripple water deliveries for up to two years.

Moreover, a recent federal court ruling will cut deliveries by the state's two largest water systems by as much as a third next year to protect the endangered delta smelt. Some observers describe this as possibly the largest court-ordered water supply reduction in state history.

ACWA's public education effort includes television, radio and print advertising, as well as making use of the Internet and community outreach.

More information about the state's water crisis and the public education campaign is available on the web at ***www.calwatercrisis.org***.

Staff Contact: Valerie Nera

CalChamber-Led Coalition Stops Bill Increasing Employer Liability

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and agriculture industries, in opposing AB 437.

Although the stated intent of the bill is merely to "construe and clarify" existing law and to reject a recent U.S. Supreme Court decision, *Ledbetter v. Goodyear Tire & Rubber Co.*, the CalChamber believes that AB 437 does far more; it establishes a blanket new statute of limitations scheme for all employment laws in California.

Expanded Timeline for Lawsuits

Under AB 437, the statute of limitations for lawsuits alleging any unlawful employment decision keeps running so long as the employee's pay or benefits is "affected" by the decision. This would include employment discrimination claims for any protected class under the Fair Employment and Housing Act, not just wage claims.

AB 437 specifies that "affected" includes but is not limited to each paycheck following the employer's decision.

Beyond Existing Law

AB 437 goes far beyond any restatement of existing state law. Even before the *Ledbetter* decision, California statutory and case law had no such blanket rule that the repeated issuance of affected paychecks keeps employment discrimination claims alive. There also is no blanket rule that pay or benefits merely being "affected" keeps a statute of limitations running.

For example, when employees are denied a promotion, pay raise or position and, therefore, the commensurate pay and benefits, their time for challenging the employer's decision under AB 437 would not expire so long as they remained on the payroll. Employees could even retire and sue years later so long as they continued to receive retirement benefits.

Moreover, discharged employees could allege their pay and benefits were "affected" for an indefinite period following termination.

Under AB 437, employees would have six, 10, even 20 years to bring suit. Lawsuits, no matter how old, could be brought for indefinite amounts of damages, resulting in exponential new liability exposure for California employers.

Unworkable Scheme

The new statute of limitations scheme created by AB 437 is completely unworkable and violates important public policies behind statutes of limitation, including prompt surfacing and resolution of potential claims through dialogue between employers and employees.

Current time limits also balance competing interests by providing plaintiffs a sufficient time to file charges while preventing courts and employers from facing stale claims in which evidence is lost, memories have faded or witnesses are no longer available.

AB 437 invites abuse of California's employment laws and frivolous claims when unwarranted litigation is already an issue under so many California laws.

The bill also contains a retroactive application to pending cases. There is nothing limiting it to prospective claims, and it would also appear to breathe life into stale claims not yet filed.

What's Next

AB 437 remains eligible for consideration when legislators begin the second year of this session in January 2008. The CalChamber will continue opposing any advancement of this "job killer" proposal.

If AB 437 were enacted, it would further destroy the balance in California between employer and employee interests that should be maintained when the state creates workplace laws. Ignoring this balance harms employers and employees alike, when the weight and cost of too much litigation forces employers to reduce workforces and operations, close their doors or relocate to states with less hostile legal systems.

Staff Contact: Kyla Christoffersen

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October 19

Lawsuit Puts 'No-Match' Regulations on Hold

Federal regulations stemming from a U.S. Department of Homeland Security crackdown on employees and their Social Security numbers are on hold, pending a court ruling on a lawsuit filed on behalf of workers' rights.

In early August, the department issued its final "no-match" regulations concerning how employers should handle the receipt of a no-match letter from the Social Security Administration (see August 10 ***Alert***).

These regulations provided employers with a procedure to follow as a safe harbor from civil liability if they hire individuals unauthorized to work in the United States.

On August 31, a judge in the U.S. District Court in San Francisco issued a temporary order blocking enforcement of these regulations and restricting the Social Security Administration from sending notices to almost 140,000 employers notifying them of the regulations' requirements.

On October 1, a second federal judge extended for another 10 days the delay in enforcing the regulations, saying he would issue a ruling within that time. The regulations originally were to go into effect on September 14.

Labor groups say the regulations violate the law and workers' rights, particularly due to the unreliability of the "no-match" process. There are several reasons such a letter might be issued, such as transposed numbers, honest mistakes about employees' Social Security numbers or employees failing to change their names for Social Security purposes.

Business groups that joined the lawsuit, including the U.S. Chamber of Commerce, argue that the rules will place a significant burden on employers and that the Department of Homeland Security exceeded its authority in issuing the regulations.

The "no-match" letters are not new and have always advised employers not to terminate someone just because of the letter.

For updates on this case, visit ***www.hrcalifornia.com***.

Staff Contact: Susan Kemp

State High Court Gives OK to Profit-Based Bonus Plans

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produce manager for Ralphs Grocery, which implemented an incentive compensation plan (ICP) to provide certain employees additional compensation depending on the profits of each store. The formula used to determine the supplementary monies under the ICP subtracted each store's operating expenses from store revenues.

Prachasaisoradej claimed the formula violated California law because Ralphs was shifting its costs of running its business to the employees by withholding, deducting or recouping from them wages belonging to the employees. California law prohibits wage deductions except in very limited circumstances.

The court of appeal found the ICP invalid because the store considered workers' compensation costs when calculating the store's profit and invalid as to non-exempt employees because it factored cash shortages and merchandise damage and loss into the profit calculation.

In essence, according to the court of appeal, Ralphs was charging back a portion of its costs to employees through deductions from their wages.

Supreme Court Decision

The California Supreme Court disagreed, saying the ICP did not create an entitlement or expectation for a specific wage and then deduct from it to reimburse Ralphs for its business costs. All employees earned the rate of pay they were promised for the hours they worked regardless of how profitable the store was.

The state high court noted that the ICP was in addition to the regular wage and plan participants understood that their entitlement to ICP money and the amount received resulted from a formula that compared the store's actual ICP-defined profit with the company's pre-defined target figures. Once the employee's ICP compensation was calculated using this formula, Ralphs did not reduce it by taking unauthorized deductions from any employee wages.

According to the court, "After fully absorbing the expenses at issue, Ralphs simply determined what remained as profits to share with its eligible employees in addition to their normal wages." As such, no violation of law occurred.

Best Practices

The CalChamber urges employers to follow best practices when implementing an ICP:

- Ensure that any profit-sharing plan is reviewed with legal counsel;
- Never make deductions from employee pay unless legally authorized; and
- Clearly define all terms and conditions of any employee profit-sharing or incentive-based plan.

Staff Contact: Erika Frank

Workplace Award Applications Due

The California Psychological Association is seeking applications for its 2008 Psychologically Healthy Workplace Award.

The award recognizes the efforts of employers that demonstrate concern about the psychological well-being of their employees and is available to all workplaces.

Criteria for the award include quality of vision and quality of work environment, including employee involvement, family support, employee growth and development, and health, safety and security.

Last year's award winners include California Chamber of Commerce members Delphon Industries and Chevron Corporation.

Employers interested in applying can review criteria and apply online at ***www.cpapsych.org***. The online application is available from October 1 to October 15.

CalChamber in Court

CalChamber Fights for Refund Remedy in State Supreme Court Water Fees Case

The California Chamber of Commerce and other business groups have joined forces in court to protect fee payers' rights and bring equity to those on whom the fees have a direct impact.

In the case of the *California Farm Bureau Federation v. California State Water Resources Control Board*, the issues before the State Supreme Court are:

- whether the charge on water rights permit applicants and license holders is indeed a fee;
- if it is a valid fee, can the fee be charged to contractors who receive water deliveries from the federal government; and
- how fees should be calculated in the future if the current system is deemed to be inaccurate.

Court of Appeal Ruling

The state water board imposes fees on water rights permit applicants and license holders; however, the permits and license issued by the department account for only a small portion of the water rights protected by the state water board's regulatory oversight.

A large percent of water rights in California predate requirements for permits and licensure and therefore the holders of those rights don't pay the fees.

The federal government also accounts for a large percent of the water diversion in the state, with those rights being used for hydroelectric projects and the Central Valley Project. Because the federal government is sovereign, the state cannot force federal agencies to pay any fees.

The fees imposed by the state water board were set up under the assumption that 40 percent of the regulated community would not pay the charge, either from simple refusal or based on sovereign immunity. As a result, the remainder of the fee payers were assessed an amount in excess of their proportionate share of the regulatory burden in order to make up this deficit.

Individuals and agencies that contracted with the federal government for water deliveries were assessed a fee of

more than 10 times higher than the fees charged for those engaged in the direct diversion of water. In the first year of collecting fees, the state water board took in nearly twice the actual cost of the running the state water board permits and license program.

The 3rd District Court of Appeal ruled that the fees charged under the regulation were not "proportional" and ordered the state water board to come up with a new basis for calculating the fees.

Current law recognizes that there are limits on regulatory fees and restricts the amount of revenue generated by the fee to the amount "necessary to recover the costs incurred in connection with the issuance, administration, review, monitoring and enforcement of permits."

There is no simple way for the regulated community to enforce those limits, however.

Creating a Refund Remedy

In its brief, the CalChamber urges the court to create and require a refund remedy for individuals and businesses that overpaid. This remedy would allow any fee payer the opportunity to seek reimbursement without having to challenge the legality of the fee itself. A refund remedy also will allow all regulated parties to limit the amount of the refund to what is required for the regulated program.

This case will set a precedent for the allocation of surplus fees. The refund remedy, supported by CalChamber, would require an agency that collects too much money to refund the excess to the user and eliminate the fee surplus and thus the temptation to divert a surplus to other programs in lean budget years. Finally, the refund remedy also may open the door to individual challenges to the allocation of regulatory fees to unrelated programs.

The CalChamber urged the court to consider requiring the state to offer a prompt and effective administrative remedy. This way, individuals and businesses subject to these new charges would have the ability to seek a refund when an agency overcharges or improperly calculates a fee. When a business or individual has been charged more than the cost of the regulatory program, a refund should be available instead of requiring the overcharged party to challenge the entire program.

Similarly, when fees are calculated so that one group subsidizes another, or is otherwise charged more than its proportionate share of the regulatory burden, the administrative remedy could offer individualized adjustments to the fee. The CalChamber believes that individual refunds will be far preferred by the agency to the prospect of having the entire fee invalidated.

The state Supreme Court can grant some relief to both the state and the fee payers by requiring an administrative remedy for challenges to the manner in which an agency implements an otherwise constitutional enactment. Such a remedy would afford individual fee payers a forum to challenge the application of the fee without calling into question the funding for an entire statewide program.

Also joining in filing the "friend of the court" brief in support of the California Farm Bureau Federation were the Personal Insurance Federation of California, Association of California Insurance Companies, Wine Institute, National Federation of Independent Business Legal Foundation, and the California Taxpayers' Association.

Staff Contact: Erika Frank

CalChamber Urging Veto of Government Interference in Rebates

The California Chamber of Commerce is asking the Governor to **veto** legislation that will harm consumers by discouraging retailers from offering manufacturers' rebates.

AB 1673 (Feuer; D-Los Angeles) requires retailers to pay manufacturers' rebates immediately to consumers at the point of purchase.

"The current rebate structure gives consumers the choice to seek the price savings accessible through rebate offers," said CalChamber policy advocate Kyla Christoffersen. "If AB 1673 is enacted, consumers may no longer have that choice."

Bureaucracy

AB 1673 would create bureaucracy for private business in California, forcing retailers to become rebate clearinghouses.

Complying will increase costs for all retailers, especially small retailers, which are less likely than larger retailers to have the resources necessary to establish a system for processing rebates.

AB 1673 is more burdensome than legislation vetoed by the Governor last year, SB 1737 (Figueroa; D-Fremont), which placed restrictions on rebates.

Loss for California Consumers

In vetoing SB 1737, the Governor pointed out that greater restrictions on rebate offers in California could result in national companies no longer offering rebates here.

AB 1673 poses an even greater threat that rebates in California will be eliminated by creating significant new burdens for retailers that advertise and make the manufacturers' rebates available to consumers who would not otherwise know about or have access to those rebates.

"Consumers have a lot of power," said Christoffersen. "If a retailer or manufacturer is not treating a customer well, that customer can vote with their feet and walk away from the purchase. The CalChamber encourages consumers to use all the tools available to them to research, find the best ways to save, and to patronize retailers and manufacturers that are doing things right.

"Creating new government mandates, more bureaucracy and driving up costs for business — and ultimately consumers — is not the answer," she said. "That is why we are asking the Governor to veto AB 1673."

Action Needed

Write the Governor and urge him to veto AB 1673. For a sample letter, visit ***www.calchambervotes.com***.

Staff Contact: Kyla Christoffersen

CalChamber-Opposed 'Job Killer' Bill Stalled Until Next Year

Following strong **opposition** from the California Chamber of Commerce, the business community and business-friendly legislators, the author of a "job killer" bill that would have assessed an illegal tax on containerized cargo coming through the state's three largest ports postponed action on the proposal until next year.

SB 974 (Lowenthal; D-Long Beach) increases the cost of shipping goods and makes California less competitive by imposing an illegal per-container tax in the ports of Long Beach, Los Angeles and Oakland.

Faced with a veto threat, Senator Alan Lowenthal joined the office of Governor Arnold Schwarzenegger in issuing a joint statement announcing their intent to work together to craft a bill that would address the infrastructure and environmental needs created by California's ports.

Collaboration

"The CalChamber supports the joint decision by Governor Schwarzenegger and Senator Lowenthal to turn SB 974 into a two-year bill and take a collaborative approach toward solving the infrastructure and environmental challenges in and around California's major ports," said Jason Schmelzer, CalChamber policy advocate. "Interested parties agree that infrastructure in and around the ports needs improvement in order for California to maintain its status as the gateway to the global economy. While the CalChamber remains opposed to the container tax as crafted in SB 974, we firmly believe that it is possible to develop an alternative that achieves our common goals and continues to grow California's economy."

The CalChamber believes SB 974 is imposing an illegal tax because it would pay for infrastructure that also is used by citizens in the course of their normal lives, as well as other trucks and trains in the course of intrastate commerce. A fee is defined as benefiting those who pay the fee, which is not the case in SB 974.

Other Solutions Exist

The claimed purpose of SB 974 is to finance infrastructure improvements and environmental mitigation projects. Despite suggestions to the contrary, acceptable alternatives to this illegal solution do exist:

- Ports are financed with billions of dollars in private sector investments, paid for mostly through revenue bonds financed by port terminal operators and others through true user fees. California ports are carrying close to $3.5 billion in revenue bonds for maritime infrastructure improvements, and these funds continue to be spent on updating and building new roads, rail capacity and a variety of other projects.
- In addition, public-private partnerships offer a viable way to fund goods movement-related projects outside of the ports. In principle, a public-private partnership must provide real and tangible benefits to all who contribute funds. The one-size-fits-all approach offered by SB 974 does not constitute a true public-private partnership.

"The CalChamber is committed to working with Governor Schwarzenegger and Senator Lowenthal on crafting a solution," Schmelzer said. "Above all, the CalChamber believes that any solution must avoid causing any unintended consequences that would have a negative impact on the sale and delivery of goods grown and manufactured in California."

Staff Contact: Jason Schmelzer

Merger Creates CalChamber Council for International Trade

The California Chamber of Commerce this week announced that the California Council for International Trade (CCIT) has joined the CalChamber International Trade Committee to form the California Chamber of Commerce Council for International Trade.

The CalChamber Council for International Trade will boost the ability of California businesses and organizations to advocate sound international business policies by bringing together the two leading trade policy organizations in the state to form a single unified group of business leaders on international issues.

Support for Trade

"We are at a historic time to take action on several free trade agreements pending before Congress," said Allan Zaremberg, CalChamber president and chief executive officer. "The merged CalChamber Council for International Trade will enhance our ongoing work with state and federal administrations and lawmakers to influence international business policies that support California's global success, job creation and sustainability."

International trade is vital to California's economy. In fact, exports from California accounted for 12 percent of total U.S. exports in 2006. California trade and exports translate into high-paying jobs for more than one million Californians.

"We are pleased that the CalChamber will help to further CCIT's mission with greater organizational resources, thereby improving our joint impact on sound and responsible international trade policy," said Susan Corrales-Diaz, CalChamber Board member, chair of the CalChamber International Trade Committee and president of Systems Integrated. "California business and trade leadership on domestic and global issues remains a key in fostering California competitiveness."

CCIT

Throughout its long history, CCIT has been a dedicated statewide coalition of California's leading voices supporting free and open international trade policy. CCIT's partners include:

- large and small manufacturers;
- exporters and importers;
- providers of financial, technological, transportation and entertainment services;
- educators;
- non-profit and governmental economic development agencies; and
- former federal and state trade officials.

For more than half a century, the CCIT has been the only statewide organization *solely* dedicated to advocating sound U.S. trade policy to open foreign markets for the benefit of West Coast producers of goods and services that need those markets to fuel jobs and economic growth.

California Trade

California is one of the 10 largest economies in the world with a gross state product of more than $1.7 trillion. International-related commerce accounts for approximately one-quarter of the state's economy. Although trade is a nationally determined policy issue, its impact on California is immense. In 2006, California exported to 224 foreign markets.

The state leads the nation in export-related jobs. California's top trading partners are Mexico, Canada, Japan, China and South Korea. About one in seven jobs in California is related to trade, with every million-dollar increase in trade equaling 11 new jobs, according to the California Business, Transportation and Housing Agency.

CalChamber Position

The CalChamber, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

Staff Contact: Susanne Stirling

U.S.-Korea Agreement Will Increase Trade/Investment, Report Finds

The U.S.-Korea Free Trade Agreement (FTA), supported by the California Chamber of Commerce, will give a substantial boost to various trade sectors, according to a newly released report.

According to the report from the International Trade Commission (ITC), the U.S.-Korea FTA, if fully implemented, will have a substantial impact on areas such as bilateral trade in goods and services, procedures governing trade and investment, and the regulatory environment. Approval of the agreement is pending before Congress.

The comprehensive summary evaluates the agreement and its impact on the U.S. economy and on specific industry sectors and consumers, as well as the changes the agreement makes to U.S. and Korean tariffs.

The ITC estimated that the FTA would result in increased gross domestic product, merchandise exports and imports, U.S. service exports, and that aggregate U.S. output and employment changes would likely be negligible.

Agricultural exports to Korea also would increase, along with exports in machinery, transportation, textiles, apparel and electronics, primarily because of the removal of high-tariff and tariff-rate quotas, FTA-induced improvements in Korea's regulatory environment and tariff reductions.

The report found that the services sector in Korea also will increase as a result of the FTA because Korea has agreed to provide levels of market access, national treatment and regulatory transparency that would exceed levels currently afforded to the United States.

The CalChamber believes new multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

The U.S.-Korea FTA will send a strong signal that the United States intends to remain heavily engaged in the region for a long time to come in business, economics, security and international politics.

Staff Contact: Susanne Stirling

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