

CalChamber Offers Look at India, Mexico

Trade Official Highlights Long-Term Potential in India

An international luncheon forum hosted by the California Chamber of Commerce on September 5 provided an opportunity to learn more about trade and investment opportunities in India from Ambassador Douglas A. Hartwick, assistant U.S. trade representative.

Among the more than 65 guests were California government officials and businesspeople from California, including representatives of agriculture, manufacturing and technology.

Hartwick commented that India offers U.S. businesses a lot of opportunities to succeed, especially since the late 1990s. Reforms in the 1990s included the simplification of the tax structure, abolishing import licenses and lowering tariffs. These reforms and more helped bring worldwide investment in India from \$100 million in 1990 to top \$11 billion in 2006.

The United States and India are the world's largest democracies and share a common interest in the free flow of commerce and resources.

The United States is India's leading trade and investment partner, Hartwick said. "We would like to double trade with

India by 2008 to \$60 billion per year. With the Indian economy growing at nine-plus percent per year, that is a lot of opportunity, that's a lot of potential trade and we need to be a part of that."

Opportunities for California

India is the 17th largest export market for California, which exported \$1.7 billion worth of goods to India in 2006.

The top four major items of export from California to India are: computers and electronic products, transportation equipment, manufactured goods and agricultural products. Computers and electronic products make up more than 30 percent of total California exports to India. California exports of these items grew from \$1.3 billion in 2005 to \$1.6 billion in 2006.

India offers California three strong areas to engage in: information technology, agriculture development and defense trade.

Trade Mission Postponed

Governor Arnold Schwarzenegger has postponed the trade mission to India until



Ambassador Douglas A. Hartwick

after the new year. Businesses interested in participating should check with the Business, Transportation and Housing Agency. Businesses that already have applied to participate will be notified via e-mail when a new date is selected.

Staff Contact: Susanne Stirling

Ambassador to Mexico Urges Building on Success of NAFTA

The solution to maximizing economic success between Mexico and the United States is building on the North American Free Trade Agreement (NAFTA), said His Excellency Arturo Sarukhan, Mexican Ambassador to the United States, at a California Chamber of Commerce international luncheon forum on September 12.

Among the 75 guests were government officials and businesspeople from California, including Lieutenant Governor John Garamendi and representatives from agriculture, manufacturing, technology and international relations.

Ambassador Sarukhan commented that "there are few relationships as strategic in nature as the relationship between Mexico and the United States."

Support for NAFTA

The ambassador lauded the success of

NAFTA, and said it is time to build upon that success.

"As a result of NAFTA, trade from Mexico to the United States tripled in 10 years," Sarukhan said. "Now we are the third-largest trading partner of the United States, and that speaks volumes about some of the challenges that we face as we compete with India and China and others on the world stage."

He said Mexico has become the largest market for California exports.

He also credited NAFTA with the resurgence of a middle class sector in Mexico, a piece of the economy he said had been missing since the 1970s.

"I think the fact that Mexico has had the ability to sustain macroeconomic stability, and for the first time re-create an urban, suburban, middle class, middle income sector, is one of the largest success

stories of NAFTA," he said.

NAFTA also made Mexico a much more open country to the world and led to the economic achievements of the avocado industry, Sarukhan said.

He said that avocados are one of the huge success stories of economic growth and job creation in Mexico, as well as of the opportunities that the free trade agreement opened up for the agricultural business in both countries to complement each other in its seasons and its produce.

"I think the solution is more NAFTA, not less NAFTA," Sarukhan said.

Mexican-U.S. Labor

Sarukhan also identified labor mobility as a key issue between the two nations. "At the end of the day, comprehensive immigration reform in the United States

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U.S.-Peru Trade Agreement Needs Support



The California Chamber of Commerce is urging its members to ask their representatives in Congress to **support** the U.S.-Peru Free Trade Agreement (FTA), which is expected to be voted on in early October.

Agreements like the proposed U.S.-Peru FTA ensure that the United States may continue to gain access to world markets, which will result in an improved economy and additional employment of Americans.

President Bush formally notified the U.S. Congress of his intent to sign the U.S.-Peru FTA in January 2006 in accordance with trade negotiating timelines.

In June 2006 the Peruvian Congress overwhelmingly approved the agreement by a vote of 79-14 with six abstentions.

Dynamic Peruvian Economy

Peru, approximately three times the size of California, is the third largest country in South America. Peru is the fifth most populous country in Latin America, and has an annual gross domestic product (GDP) of more than \$67 billion.

Peru's economy is one of the most dynamic in Latin America, showing particularly strong growth over the last three years. Recent economic expansion has been driven by construction, mining, investment, domestic demand and exports.

Total trade in 2006 between Peru and the United States was more than \$8 billion, with the United States exporting \$2.9 billion worth of goods to the nation. About 200,000 U.S. citizens visit Peru annually for business, tourism and study. Nearly 16,000 Americans reside in Peru, and more than 400 companies are represented in the country.

In 2006, California exported \$180 million to Peru, making it one of the state's 50 largest trading partners.

Action Needed

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. New multilateral, sectoral and regional trade agreements ensure that the United

Fly-In to Support U.S.-Peru Agreement

The U.S. Chamber of Commerce is inviting businesses to come to Washington, D.C. for a full day of advocacy activities on October 2 in support of the U.S.-Peru Free Trade Agreement. For more information, contact Kathleen McInerney, U.S. Chamber, (202) 463-5341, fax (202) 822-2461, e-mail: kmcinerney@uschamber.com.

States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

A U.S.-Peru FTA is a critical element of the U.S. strategy to liberalize trade through multilateral, regional and bilateral initiatives.

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will have to start in Mexico. We will have to prove that we have the ability to generate the well-paying jobs and economic growth so that 400,000 Mexicans a year do not have to cross the border in search of a better life."

He said Mexico could not plot out a route to economic prosperity if it loses much of its talented workforce to the United States.

Mexican demographics are changing dramatically, he said, and in coming decades, "there simply won't be enough Mexicans to pump the Mexican economy and at the same time to cross the borders and help the vineyards and the orchards of America."

For more information, visit www.calchamber.com/international.

Staff Contact: Susanne Stirling



His Excellency Arturo Sarukhan