Baja California Governor Highlights Partnership Opportunities with State

California and Baja share a dynamic border, long history and should continue to work together as partners, José Guadalupe Osuna Millán, the Governor of Baja California, told a luncheon gathering at the California Chamber of Commerce on October 20.

Baja California became one of 31 Mexican states in 1953. The state has a population of approximately 3 million and the capital is Mexicali. Baja has a strong focus on tariff-free export-oriented manufacturing.

Trade Overview

Mexico continues to be California's No. 1 export market. California exports to Mexico increased in 2008 from $17.7 billion to $20.5 billion. Mexico purchases 15 percent of all California exports.

California's exports to Mexico are driven by computers and transportation equipment, which account for 37 percent of all California exports to Mexico. Key exports to Mexico showing growth in 2008 include processed foods and plastic products.

In a report cited by the Public Policy Institute of California, it is noted that the value of property, plant and equipment owned by Mexican companies in California is now estimated at $1.2 billion.

Baja in a Global Perspective

Mexico ranks as the 13th largest economy in the world and the second strongest in Latin America, according to the International Monetary Fund.

Baja California is Mexico's window to the world, Governor Osuna said. This enables Mexico to reach the Asian market, the European market and the African market, and as a result makes Baja the busiest port of entry in the world, with 30.9 million vehicles per year.

As the 10th largest exporting country and the eighth largest importing country in the world, Mexico has 12 free trade agreements with 44 countries, giving Mexico access to some of the "bigger and stronger markets," Governor Osuna explained.

"Baja borders the first global economy in the world," Governor Osuna said, referencing the North American Free Trade Agreement (NAFTA). "Baja is a neighbor of the state of California, which is the most dynamic state in the entire United States."

Photo by Aaron Lambert

Larry Dicke (left), CalChamber Executive Vice President, Finance and Chief Financial Officer and José Guadalupe Osuna Millán, Governor of Baja California at the CalChamber International Luncheon Forum on October 20.

Foreign Direct Investment

In 2008, Baja received $1.4 billion in Foreign Direct Investment (FDI), according to the Mexican Ministry of Economy. Governor Osuna anticipates that the state will receive a similar amount of FDI this year. The largest contributor of FDI to Baja is the United States, but other large contributors include Japan, Korea and Spain.

Areas of Opportunity

Governor Osuna highlighted areas of opportunity in Baja, including new infrastructure, binational border crossings, strategic projects and renewable energies.

Governor Osuna explained that Baja is in the process of upgrading existing infrastructure at several ports and airports, and expanding the state's railways in an effort to expedite the movement of goods and people.

The Governor took a moment to elaborate on the importance of the Puerto de Colonet to Baja, but promised that the port will "not be competing in any way whatsoever with Long Beach or any of the other ports in California, but rather it will be complementing these sea ports; once California again has the volume of trade that they expect on a short term, Colonet will be a wonderful alternative. This will allow us to use these ports more efficiently and take advantage of the infrastructure, reduce wait time and reduce the cost of transportation."

Governor Osuna thanked California Governor Arnold Schwarzenegger for his help in securing a presidential permit that will allow the state to build a new port of entry to Baja California, specifically to Tijuana, and will be called Otay East. Baja is also working on expanding the San Ysidro port of entry.

"Northbound into the U.S. we have 24 northbound lanes. In contrast, there are only six lanes southbound into Mexico and this needs to be expanded," the Governor explained.

Baja has built two wind energy parks in La Rumorosa, which has a capacity to produce approximately 750 megawatts.

"We are setting the example,"

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Governor Osuna said. "Our government has already invested $26 million for a 10 megawatt plant and that energy will be used to help the poorest families in Mexicali to reduce their electricity bills."

Memorandum of Understanding

After addressing the CalChamber, Governor Osuna met with Governor Schwarzenegger to sign a Memorandum of Understanding (MOU) to continue to build upon their cooperative efforts on important issues in the California-Baja California border region. Specifically in the agreement, they commit both states to work together in the areas of economic development, commerce, tourism, environmental protection, border crossings, security and civil protection, health, renewable energy and agriculture.

Governor Schwarzenegger and Governor Osuna have previously collaborated on important issues facing their states, including the fight against climate change. At Governor Schwarzenegger's Global Climate Summit in November 2008, both governors joined global leaders from six countries to sign a declaration to acknowledge the threats of global warming on natural resources and economic prosperity, and called on states and provinces to build and strengthen cooperative efforts to implement strategies that can immediately reduce greenhouse gas emissions in advance of the next global agreement on climate change.

Governor Osuna

José Guadalupe Osuna Millán was elected Governor of Baja California in 2007. Previously, he served as director of public investments and assistant secretary of public investments for the government of Baja California.

The Governor has also served as the state director of real estate and director of the State Public Utilities Commission in Tijuana, as well as serving as the mayor of Tijuana. Further, the Governor has served as representative in Congress from the State of Baja California.

Governor Osuna received his B.A. in economics from the Universidad Autónoma de Baja California (UABC) and a master's degree in industrial economics from the Instituto Politécnico Nacional (IPN).

More on Web

To view Governor Osuna's PowerPoint presentation and a video of his talk, visit ***www.calchamber.com/international***.

Staff Contact: Susanne Stirling

Holiday Season Scheduling: Weigh Requirements, Fairness, Morale

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Businesses normally compensate for lost holidays by either granting the employee another paid day off or by paying holiday wages plus the employee's normal wages. A premium pay-for-holidays strategy may benefit the employer in the long run by improving employee morale and reducing absenteeism.

In addition, an offer of premium pay may entice employees to volunteer to work on a holiday. Employers who staff their businesses over a holiday with volunteers will avoid the challenging issue of selecting employees to work on that holiday.

In some instances, however, employers will not find enough volunteers, and will have to mandate holiday work for some employees.

Many employers resort to a seniority system for determining holiday work assignments. However, relying strictly on seniority, either years of service or rank within the company, may hurt employee morale when junior employees discover they get tapped to work every holiday.

For fairness' sake, employers should instead consider random or rotating holiday work assignments, or limiting the number of time off requests that will be granted on particular days in a first come, first served manner.

Wages During Holiday Shutdowns

Although the majority of California employers will close their offices only for Christmas Day, some employers choose to close their offices for the business week between Christmas and New Year's Day.

Holiday shutdowns affect wages differently for exempt and non-exempt employees. Non-exempt employees don't receive pay for any day they do not work, but exempt employees must be paid for any week in which they perform any work.

This year, with Christmas Eve falling on a Thursday and New Year's Day arriving the following Friday, many businesses will close for a full workweek (generally 12:01 a.m. Sunday—midnight the following Saturday). But depending on the timing of Christmas and the duration of the shutdown, employers may owe exempt employees a full week's wages for only a partial week of work.

In addition, employers may not require exempt employees to use vacation during a partial week shutdown. If the shutdown is for a full week, or if the affected employees are non-exempt, employers should still weigh the risks of mandating vacation time.

If a mandatory vacation policy would require non-Christian employees to use many of their accrued vacation days for holiday celebrations they don't observe, those employees could allege that the policy unfairly discriminates against them.

Such a claim is unlikely to succeed, particularly if the employer accommodates those employees' requests to celebrate other religious holidays. Still, to best preserve employee morale and reduce the possibility of discrimination claims, employers should make holiday vacation use optional whenever possible.

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.