CalChamber Luncheon Speakers Spotlight Trade Partnership Opportunities with Chile

As a global leader in multiple areas, California can provide Chile with opportunities for innovation, education and economic growth, Ambassador Fernando Schmidt, Chile’s undersecretary for foreign affairs, told guests at the California Chamber of Commerce International Luncheon on April 14.

Chilean Ambassador to the United States Arturo Fernandois joined Ambassador Schmidt in expressing hopes for a successful Chile-California partnership.

Luncheon guests included Assemblymember Henry Perea (D-Fresno) and Assemblymember Joan Buchanan (D-Alamo).

Partnership Plan

Ambassador Schmidt recalled former Governor Edmund G. “Pat” Brown envisioning a Chile-California partnership in the 1960s. The ambassador listened as a child to tales of California and “the different places and marvels that adorned [the] famous state.”

The Chile-California Plan was formed in June 2008 when then-Chile President Michelle Bachelet Jeria signed a memorandum of understanding with former Governor Arnold Schwarzenegger. That ceremony marked the start of a program called “Chile-California Plan: A Strategic Association for the 21st Century.”

The association is based on the joint commitment of Chile and California to develop business opportunities, expand research and teaching in education, and develop projects in different areas that are strategic for both territories: human capital, education in environmental issues, biotechnology, entrepreneurship and innovation, seismology, astronomy, information technologies, agriculture, green initiatives, tourism, motion picture industry, water resource management, infrastructure, and scholarships for internships and college/university studies.

Chile-California Council Holds First Working Session

The Chile-California Council met in San Francisco on April 16 for its first working session.

The 25 individuals on the council are from Chile and California representing business, government, academia, the arts, education and science.

The all-day session was opened by Ambassador Fernando Schmidt, Chile’s undersecretary for foreign affairs, and the Chilean Ambassador to the United States, Arturo Fernandois. Agustin Huneeus of Quintessa Winery serves as council chair. Susanne Stirling, California Chamber of Commerce vice president of international affairs, also is a council member.

Chile and California have rich histories and much in common. They share anecdotes of fortune and poverty caused by the Gold Rush. They are natural partners due to geographical similarities, reverse agricultural seasons, and location along the Pacific Rim.

A shared history of cooperation has existed since the 1960s and 1970s within the framework of the Alliance for Progress initiated by the United States. Replacing the assistance model with partnership, both have launched the plan: Chile-California, a strategic association for the 21st Century.

The three key initiatives are development of human capital, increase in trade and investment opportunities, and promotion of research and development.

The most effective areas for cooperation will be: renewable energies, entrepreneurship and innovation, seismology, astronomy, information technologies, biotechnology, education, culture, agriculture, green initiatives, tourism, motion picture industry, water resource management, infrastructure, and scholarships for internships and college/university studies.
Assembly Committee Passes Sick Leave Mandate

**A California Chamber of Commerce-opposed bill that mandates that all employers, except those with collective bargaining agreements, provide any employee who has worked in California for seven days with paid sick leave, at the accrual rate at one hour for every 30 hours worked, has passed the Assembly Judiciary Committee.**

**AB 400 (Ma; D-San Francisco) unreasonably expands both public and private employers’ costs and liability for new protected and paid sick leave for employees.**

After the 90th day of employment, employees would be allowed to utilize their paid sick leave to care for themselves or a family member.

AB 400 allows any unused sick leave accrued in the preceding year to be carried over to the next year, which is a significant change in existing law.

Under AB 400, employers also would be required to post information regarding employees’ right to paid sick leave, thereby adding to the numerous and burdensome posting requirements in California.

The costs for these mandates alone will overwhelm businesses in California that already are struggling to survive in this economy.

**Increases Employer’s Risk**

In addition to increasing business expenses and potentially resulting in job losses, AB 400 will also dramatically increase an employer’s risk for legal fees and costs.

AB 400 creates a private right of action for employees to sue for any alleged violation with the right to recover back wages, liquidated damages, withheld sick days, attorney fees, reinstatement, and injunctive relief.

In addition, AB 400 creates a rebuttable presumption of retaliation. Specifically, under AB 400 it will be presumed that an employer retaliated against an employee if the employer takes any corrective action within 90 days of an employee’s complaint or opposition to an employer’s practice or policy regarding mandated paid sick leave.

AB 400 also imposes penalties against an employer for failure to post the required notices, as well as maintain records regarding employees’ accrued sick leave.

California recently was rated one of the top 10 litigious states in the nation.

AB 400 will emphasize that point with the various vehicles for litigation it creates.

**Costly Mandate**

California has the second highest unemployment rate in the nation at 12.2 percent, and is lagging the rest of the country in recovering from the recession. With this dismal financial outlook, California cannot afford to continue to burden private businesses with costly mandates such as AB 400. Private sector growth, a critical component in California’s economic recovery, will be discouraged by AB 400.

**Key Vote**

AB 400 passed Assembly Judiciary on April 26 on a vote of 6-3.

Ayes: Atkins (D-South Park/Golden Hill), Dickinson (D-Woodlake), Feuer (D-Los Angeles), Huffman (D-San Rafael), Monning (D-Carmel), Wieckowski (D-Fremont).

Noes: Huber (D-El Dorado Hills), Jones (R-Santee), Wagner (R-Irvine)

Absent/abstaining/not voting: Gorell (R-Camarillo).

The bill will be considered next by the Assembly Appropriations Committee.

**Staff Contact:** Jennifer Barrera

CalChamber Luncheon Speakers Spotlight Trade Opportunities with Chile

**From Page 5**

energy, agriculture, information and communications technologies, and trade.

The plan implies opportunity, Ambassador Schmidt said. Chile is expected to grow 7 percent in 2011 and already holds trade agreements with some of the most important economic partners in the world, including Australia, the European Union, Korea and China. What Chile can offer California is conditions for economic growth: an educated workforce and a better environment for doing business, he said.

**Country Development**

Chile, however, encounters several problems with which California can lend aid, said Ambassador Schmidt.

“[Chile] needs to overcome the present difficulties...We face still a society with social imbalances, lack of...an equal society, lack of access to education and so on. In this regard, we need California—California’s creativity,” Ambassador Schmidt said.

California is a leader and is unique on the world stage, and a partnership will bring the Californian entrepreneurship to Chile, Ambassador Schmidt added. The partnership will promote trade and investment, but more crucially, it will bring science, joint research, and technology to Chile.

Moreover, these advancements will allow Chile to diverge from primarily exporting commodities to exporting more sophisticated products in a way that will benefit both Chile and California, Ambassador Schmidt said.

**Trade Overview**

Since the U.S.-Chile Free Trade Agreement was implemented in January 2004, bilateral trade between Chile and the U.S. has doubled. Chile has the most stable and fastest growing economy in the region, with renowned copper mines and a population of 17 million people.

According to the American Chamber of Commerce in Chile, more than 300 U.S. companies have investments in Chile, with more than 40 of them using Chile as a platform for services in the region. Chilean affiliates of U.S. direct investors are estimated to employ more than 58,500 people and their value-added contributed 3.2 percent to Chile’s gross domestic product.

**Staff Contact:** Susanne Stirling