

Remarks at AMCHAM Lunch iho Gov. Brown
Tuesday, July 29, 2014 at 2:30 p.m., 1 hour
Camino Real Polanco, Molino del Rey Room

Thank you Guillermo.

Governor Brown. Distinguished guests. Good afternoon.

I want to thank the American Chamber of Commerce for hosting this lunch in honor of Governor Brown and the California delegation. Ninety-seven years since the Chamber's founding and twenty years into NAFTA, AmCham Mexico is still recognized as a leading voice advocating for policies to strengthen US-Mexico economic relations.

Your work benefits business, grows our economies, and fosters North American competitiveness. I am delighted Governor Brown has come to Mexico and has brought with him such a large and distinguished delegation of business persons, educators, and government officials including an impressive delegation of congressional leaders. California is strategically located at the crossroads of North America and serves as a gateway to the entire Pacific Rim. In our mission to make North America the most competitive, economically vibrant place on the planet, California is a key strategic partner.

For our part, the US Federal Government is engaging trilaterally with our North American partners to advance our shared goals of prosperity and security for the region. In February, President Obama met with President Peña Nieto and

Prime Minister Harper for the North American Leaders Summit in Toluca, Mexico. The Global Post summed up the visit in their headline, ‘Obama lunches in Mexico, and business is served.’

Business was indeed served during the President’s visit, where our governments committed to removing red tape at our borders; working together on regulatory cooperation and energy issues; tackling climate change; making the continent more competitive; and partnering together in global trade agreements like the Trans-Pacific Partnership. But the leaders also pledged to work on the environment and climate change as well as education.

Bilaterally, the U.S. and Mexico are integrated economically like never before, but work remains to remove barriers that restrain trade, investment, and competitiveness. This is why last September, Vice President Biden, several U.S. cabinet members, and Mexican counterparts launched the U.S.-Mexico High Level Economic Dialogue, or HLED. The HLED integrates the wide range of important economic initiatives between our two countries with a focus on economic growth, job creation, and global competitiveness.

Through the Dialogue, our governments have committed to working together to attract foreign direct investment, promote tourism, improve efficiency within our integrated supply chains, and foster entrepreneurship and 21st century workforce development. U.S. Commerce Secretary Pritzker and others from both

countries have also underscored the need for input and participation from the private sector, civil society, labor, and from all levels of government to support our bilateral initiatives.

On the education front, last year our two presidents announced the Bilateral Forum on Higher Education, Innovation and Research (FOBESII). FOBESII supports “President Obama’s 100,000 Strong in the Americas” Initiative, which is a hemisphere-wide effort to increase educational exchanges. FOBESII focuses specifically on U.S.-Mexico cooperation, to provide broader access to quality post-secondary education, especially in the fields of science, technology, engineering and math, or STEM. It also expands educational exchanges and joint research activities.

I know that education is a major theme of Governor Brown’s visit and I am anxious to see how California and Mexico will develop their cooperation to promote more exchange now that they signed an MOU this morning.

In fact, California is one of the top two destinations for the more than 14,000 Mexican students who study in the U.S. every year. California has a world class system of higher education (as a graduate of UC Berkeley, I might be biased) that includes public universities, community colleges and private institutions. The state is in a unique position to facilitate even more Mexicans studying in California and more Californians studying in Mexico.

Your businesses will benefit from investments to educate future generations. A well-educated workforce is critical to the success of business. Policy-makers have to work together with the private sector to help our young people develop the technical skills, language fluency, and cultural awareness to ensure regional prosperity in the decades to come. Simply put, the more exchanges we have between our young people, teachers and scientists; the better off, more competitive, and more prosperous we will be. The relationship between Mexico and California is deep and vital. Some eleven million Californians are of Mexican heritage. Mexicans and Mexican Americans make enormous contributions to the culture, economy, and political landscape of the state.

And California is an economic powerhouse. Its creative and innovative industries – from Hollywood filmmaking to Silicon Valley start-ups – are global leaders and trend setters. California's 2 trillion dollar economy is equivalent to the 8th largest economy in the world. California is home to 53 of the U.S. Fortune 500 companies and, thanks to companies like Apple, Google, Cisco, Intel and Qualcomm, California has more high tech jobs than any other state. It's the top state for venture capital investment. It is home to 17 percent of all patents issued in the U.S. and 25 percent of U.S. industrial R&D. And it ranks number one in agricultural revenue: Over \$50 billion annually, about 12 percent of the national total.

Mexico too, is a key trade and investment partner. Mexico is California's top export market, buying \$24 billion worth of California goods last year. This is as much as Germany, the U.K., India, and South Korea combined. And California companies are also coming and investing in Mexico. Intel, for example, has invested close to \$177 million dollars over the last three years to grow its Guadalajara Design Center. Cisco too is expanding its presence with a new Support Center in Mexico City that will provide customer support throughout Latin America.

Mexican companies, in turn, are increasing their investment in California and throughout the U.S. Mexican foreign direct investment in the U.S. topped \$29 billion in 2012, led by companies like CEMEX – with 13 cement plants in the U.S. – and Grupo Bimbo, owner of brands like Thomas' English Muffins, Entenmann's and Sara Lee. Mexico is now the 15th largest investor nation in the U.S. and the largest among all Latin American countries. Subsidiaries of Mexican firms employ approximately 55,000 U.S. workers, with average annual salaries of about \$63,000.

California's vibrant border area with Mexico, the so-called "Cali-Baja" region, is of particular note; it is a model of co-production and supply chain integration and a strategic investment opportunity. It gives California and North America a critical advantage to out-compete other regions in the global economy.

I am delighted to see California leading the charge for North American competitiveness. The economic integration between California and Mexico is a roadmap for North America's future prosperity.

Thank you everyone for your commitment to building ever closer ties between California and Mexico, and indeed, between our two nations.