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TOM TERRILL East Bay Leadership Council

GARY TOEBBEN Los Angeles Area Chamber of Commerce June 2, 2014

Senator Ted Lieu State Capitol, Room 4061 Sacramento, CA 95814

Re: Senate Bill 511 (Lieu) – SUPPORT

Dear Senator Lieu:

On behalf of the Regional Economic Association Leaders of California (R.E.A.L.)—an association of 21 of California's most influential business and economic development organizations, representing more than 11,000 employers providing more than three million jobs across the state—we are writing to express our *support* of Senate Bill (SB) 511, as amended, which would establish the California Export Finance Office (CEFO) to help firms, especially small and medium businesses, overcome hurdles to entering new export markets by assisting with financing.

At the outset, the R.E.A.L. Coalition wants to commend you for your leadership on this critically important initiative to not only boost the sales of exporting businesses, but also grow the number of export-ready firms. SB 511 is an acknowledgement of how critical our export economy is to the prosperity of California.

In particular, SB 511 enhances the ability of businesses already exporting to leverage export opportunities abroad and paves the way for new businesses to enter the export market with CEFO providing working capital loan guarantees to support specific export transactions. In addition to financial assistance, CEFO will provide businesses with technical assistance and practical information on potential opportunities, exporting techniques, protocols and legal considerations.

Certainly, an export financing and facilitation vehicle (such as CEFO) to help increase our state's export sales is something that has been long overdue in California's globalized, hyper-connected economy, where the truest locus for economic development and growth is exports.

In 2013, California exports totaled in excess of \$168 billion (2013), supporting nearly 1.4 million [direct and indirect] jobs and nearly 60,000 California businesses, 96 percent of which are small- to medium-sized companies. As business and economic development leaders ourselves, we know that the surest way to sharply and sustainably grow our state's economy is to focus on supporting California's export-oriented (traded) industry clusters, such as: aerospace, biomedical, entertainment, fashion and information technology.

Traded industries produce a powerful and reinforcing cycle of innovation, production, job creation and revenue growth as concentrations of businesses, support services, suppliers and competitors grow to form and generate better products, improved processes and more skilled workers. Indeed, exportation and innovation are inextricably linked, as California businesses will only sell products, services or technologies in other regions or nations that cannot produce those for themselves.

Moreover, not only do export-related jobs pay up to 16 percent more than the average U.S. wage, but export-oriented industries also drive the local-service economy, triggering the ripple effects of jobs, wages and tax revenue that are felt across our population-serving industries (e.g., retail, hospitality, construction) and offering the best chance for bringing prosperity to and improving quality of life in *all* of our state's communities.

If the past is prologue, CEFO, which operated in California from 1985 to 2003 as a department of the Technology, Trade & Commerce Agency, successfully generated nearly \$2 billion in export sales and sustained 22,000 related jobs that would likely not have occurred without CEFO support. These striking economic output and job impacts are demonstrable of the importance of having this export facilitation capacity as part of our state's overall trade assistance arsenal. What's more, CEFO is a self-supporting program with almost no cost to taxpayers.

In conclusion, California needs to take concerted action to remain a global economic leader and maintain its position as the leading export state in the union. By re-establishing CEFO, SB 511 provides us with an important means to do just that. The time is now to re-establish CEFO.

Thank you for authoring this important bill. The undersigned members of the R.E.A.L. Coalition stand ready to work with you, Governor Brown and the other members of the California State Legislature to ensure that California's world-leading trade and investment capacities, as well as other economic development programs, continue to be fully supported, thoughtfully structured and satisfactorily funded in a way that facilitates regional action to create jobs, strengthens California and its regional economies, and improves our state's overall quality of life.

Sincerely,

Carl Guardino President and CEO

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Silicon Valley Leadership Group

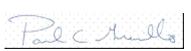
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