

March 27, 2014

Assembly Member Travis Allen  
State Capitol 5126  
Sacramento, CA 95814

**Re: Assembly Bill 337 – Conditional Support**

Dear Assembly Member Allen:

We, the undersigned, a network of steward leaders representing all sectors (e.g., nonprofit, private, public, education, etc.) from California's diverse economic regions who are dedicated to promoting a shared action agenda to catalyze California's economic recovery through regional strategies, are writing to express our ***conditional support*** of Assembly Bill (AB) 337, as amended.

At the outset, we want to commend you for your leadership on this critically important "trade promotion and investment" issue. Certainly, a comprehensive state-led trade and investment strategy that is analytically-based, that explores trade promotion at and greater utilization of California's trade assets, and that is more thoughtfully aligned with California's overarching economic development goals, objectives and strategies is something that has been long overdue. And, to this end, we believe that AB 337 provides some important, rationally-related supplementary guidance to the Governor's Office of Business and Economic Development (GO-Biz), as it completes its legally-mandated international trade and investment strategy by the February 1, 2019 deadline.

However, we also believe that AB 337 could be greatly strengthened in a number of important ways to provide GO-Biz with even more flexibility, capacity, expertise and tools to build on California's existing trade infrastructure; to take better advantage of California's deep and distinctive ties to the fastest growing international markets in Asia and South America; to help publicize and ameliorate two of the greatest challenges to growing "free and fair" trade with California businesses – access to credit and intellectual property protection; to broaden our trade promotion and utilization activities to promote all of our ports of entry and exit, most especially our state's seaports and airports; to further augment the expertise developing this trade and investment strategy; and to more directly empower California's economic regions and target their key traded industry clusters, which will provide the greatest "leveraging effects" in terms of new direct, indirect and induced jobs, output and tax revenues for the state.

As you know, AB 337 augments existing law<sup>1</sup> that requires GO-Biz to develop a strategy for international trade and investment (hereinafter "California Trade Strategy") by requiring the following, among other, requirements:

---

<sup>1</sup> Section 13996.55 of the Government Code, relating to economic development

- The state strategy shall be based on current and emerging market conditions and the needs of investors, businesses, and workers.
- The state strategy shall evaluate current workforce, capital, marketing, infrastructure, research and development, and other needs of small and large firms (including airports, highways, rail, and ports).
- The state strategy shall, to the greatest extent possible, be *based on* existing studies and reports, where available.

While the addendums offered under AB 337 are important, analytically- and rationally-predicated requirements – ones which we believe will result in a more properly aligned strategy, and thus better outcomes, **we offer the following recommendations to further enhance and improve AB 337**, as well as the resultant California Trade Strategy’s impacts:

- **Provide greater analytical flexibility.** While foundational analyses and (quantitative and qualitative) data are absolutely critical to the development of a well-thought-out California Trade Strategy, we strongly urge you to reconsider the requirement that this analysis be “based on” existing studies. Instead, we recommend that GO-Biz be afforded more flexibility to increase the strategy’s timeliness, relevance and responsiveness, by requiring that GO-Biz “consult” these studies, while also allowing GO-Biz to conduct and/or commission its own original analytical research, where appropriate and helpful, to inform its strategic work.
- **Require additional assessments.** We believe two specific, but critically important, challenges must be identified and assessed in any legitimate California Trade Strategy:
  - 1) The deficiencies in the international legal regimes for protecting and enforcing copyrights and trademarks, including combating global online piracy, and options for mobilizing our state’s Congressional delegation on behalf of solutions; and
  - 2) The effectiveness of existing export financing, especially credit, programs and whether there is a need for new tools, e.g., a California Export Finance Office, and/or additional credit guarantees to encourage financing for and increase the number of export-ready small- and medium-sized enterprises from the state’s key export-oriented industry clusters.
- **Empower California’s distinct economic regions.** We believe that a viable California Trade Strategy should serve to unleash the potential of California’s distinct economic regions – the key to the state’s success – by requiring GO-Biz to provide a strategy that recognizes, aligns with and empowers the state’s economic regions, encourages (incentivizes) them to develop and implement customized trade and investment strategies, and enables trade-related action focused on each region’s unique challenges and industry mixes – as defined by economic clusters and labor markets, not political boundaries. In short, GO-Biz’s strategy must leverage regional trade and investment efforts by incorporating export, port utilization and FDI attraction strategies focused on key regional industry clusters into the larger California trade strategy being pursued by the state and other partners.

- **Include trade promotion out of all of California's ports of entry and exit, most especially our state's airports.** As we all know, California boasts three of the largest seaports in the world: Los Angeles, Long Beach and Oakland, and consequently, our state's trade promotion activities and policies tend to focus almost exclusively on promoting trade at these enormously valuable assets. However, let's not forget that our state's economy has – over the last few decades – moved increasingly from a commoditized production-dominant economy to a more highly-specialized, technical, and higher-value “just-in-time” production economy, producing extremely valuable goods such as: medical devices, biomedical therapeutics, optics, lasers, and software. Accordingly, we rely increasingly more on our state's airports as critically important conveyers and mechanisms of trade, supporting some of our state's most lucrative, very productive and job-intensive export-oriented industry clusters, including: entertainment; biomedical; analytical instruments; business and financial services; information technology; and fashion. And so while the bulk of goods may still move through the ports, the state's higher value goods predominately move through our state's airports. Thus, any viable California Trade Strategy must not limit itself to trade promotion of California seaports, but also trade promotion of our state's airports.
- **Involve and incorporate additional expertise from the business community in the development of a California Trade Strategy.** We believe there must be business community participation in developing a California Trade Strategy, including representation from: representatives from ports of entry and exit, air cargo shippers and ocean freight carriers, terminal operators, warehouse and logistics firms, postconsumer secondary material handlers, drayage companies, railroads, labor, foreign trade zones, world trade centers, economic development corporations, chambers of commerce, and other relevant business and trade-related associations and coalitions devoted to trade facilitation and export assistance out of our state's ports of entry and exit.
- **Allocate adequate resources.** Developing a statewide California Trade Strategy (with appropriate stakeholder outreach and input, research and analytics, and implementation and accountability mechanisms) is both time- and labor-intensive. We would encourage the state to allocate sufficient resources to GO-Biz, which already operates on a “shoe string” budget as the designated and primary purveyor of economic development policy and programs for the world's 8<sup>th</sup> largest economy, to undertake such a considerable effort, ensuring that the strategy is truly an innovative, thoughtful and decisive document that can lead the state forward.

We hope that you will adequately consider the above recommendations to improve AB 337's value and upshot. We look forward to working with your office, Governor Brown and the other members of the California State Legislature to ensure that California's world-leading trade, air- and sea-port, 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,



Bill Allen  
President & CEO  
Los Angeles County Economic  
Development Corporation



Gary Toebben  
President & CEO  
Los Angeles Area Chamber of  
Commerce



Paul Granillo  
President & CEO  
Inland Empire Economic  
Partnership



Jerry Sanders  
President & CEO  
San Diego Regional Chamber of  
Commerce



Randy Gordon  
President & CEO  
Long Beach Area Chamber of  
Commerce



Mark Cafferty  
President & CEO  
San Diego Economic  
Development Corporation



Roger Niello  
President and CEO  
Sacramento Metro Chamber of  
Commerce



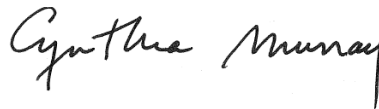
Lucy Dunn  
President & CEO  
Orange County Business Council



Carl Guardino  
President and CEO  
Silicon Valley Leadership  
Group



Robert Linscheid  
President & CEO  
San Francisco Chamber of  
Commerce



Cynthia Murray  
President & CEO  
North Bay Leadership Council



Cynthia Kurtz  
President & CEO  
San Gabriel Valley Economic  
Partnership

cc: California Governor Jerry Brown  
Kish Rajan, Director, California Governor's Office of Business and Economic  
Development