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International Affairs and Trade Development Interagency Committee

Committee Meeting

Thursday, May 30, 2019

10:30 a.m.

State Capitol, Committee Room 113
Sacramento, California 95814

MEMBERS:

Eleni Kounalakis, *Chair*
Lieutenant Governor
State of California

Lenny Mendonca, *Vice Chair*
Director
*Governor's Office of Business
and Economic Development*

David Hochschild, *CEC Chair*,
California Energy Commission

Karen Ross, *Secretary*,
*California Department of Food
and Agriculture*

Wade Crowfoot, *Secretary*
*California Natural Resources
Agency*

Mark Ghilarducci, *Director*
*Governor's Office of Emergency
Services*

Jared Blumenfeld, *Secretary*
*California Environmental Protec
tion Agency*

David Kim, *Secretary*,
*California State Transportation
Agency*

Caroline Beteta, *CEO*
Visit California

Kate Gordon, *Director*
*Governor's Office of Planning
and Research*

Mary Nichols, *Chair*
California Air Resources Board

MINUTES

OPEN SESSION

A. Call to Order and Roll Call

Chair Lieutenant Governor Eleni Kounalakis called the meeting of the International Affairs and Trade Development Interagency Committee to order at 10:37am.

Members Present:

Member	Agency	Present or Representative
Chair Eleni Kounalakis	CA	Present
Vice Chair Lenny Mendonca	GOBiz	Present



David Hochschild	CA Energy Commission	Present
Karen Ross	Food and Ag	Present
Wade Crowfoot	Natural Resources	Present
Mark Ghilarducci	OES	Represented by Grace Koch
Jared Blumenfeld	CA EPA	Represented by Serena McIlwain
David Kim	Transportation	Not Present
Caroline Beteta	Visit CA	Present
Kate Gordon	Planning & Research	Present
Mary Nichols	CARB	Present

B. Chair & Vice Chair's report

The Lieutenant Governor started her report by stating that California has a place on the world stage. With 40 million people and the fifth largest economy, we project a message of success. As Caroline Beteta says, "all dreams are welcome." She further stated that we are here because of the Governor's intention to make it a priority to engage with the world around us.

She added that CA state government has works broadly in international relations, but not with an organizational structure like this committee. It has worked on climate, agriculture, tourism, and trade. From a historical standpoint California had more than a dozen trade offices until they were closed in 2004. Some regional economic development organizations have stepped in with their own trade offices in the last fifteen years. Additionally, Visit CA's tourism offices around the world connect people to CA. It is the role of this committee to coordinate, support, and promote these local efforts.

The Lieutenant Governor then stated that climate change is a priority of this committee. She recently represented CA at the Belt and Road conference in China. She stated that climate change has been an issue for several administrations. The Schwarzenegger administration signed the California Global Warming Solutions Act AB 32.

The Lieutenant Governor emphasized CA values. CA is a state of immigrants. 27% of Californians are foreign born. Governor Newsom affirms that we are a state of refuge. We are an open society. We've made advances in LGBT rights, and women's rights that attract people to California.

Finally, the Lieutenant Governor mentioned that trade and investment are a critical part of the work of CA. 20% of the jobs in the state exist because of international trade and investment.

Vice Chair Lenny Mendonca then gave an overview from a trade and economic perspective. He stated that international trade is a foundation of the economy, with \$440B imports, 13 international airports in CA (counting CBX in San Diego that connects to Tijuana), and the #1 exporter in agriculture, machinery, and electronics. Based on \$763B in imports and exports of goods and services, foreign investment accounts for 1 in 5 jobs. This is why trade and foreign investment is important to all Californians.



He further stated that GO-Biz oversees many multi-agency initiatives with other countries and departments, helping to coordinate on emergency, agriculture, transportation, environment and more.

C. Discussion of Priorities

Chair David Hochschild of the California Energy Commission stated that he recently returned from the Clean Energy Ministerial in Vancouver, where he met with the U.S. Assistant Secretary of Energy around a vision of lithium development. He stated that he would like to create a Lithium Valley in the Salton Sea area, given that California has enough lithium to meet 40% of world demand.

He then discussed conversations on offshore wind with the Netherlands, UK, and China. He is meeting with leaders in China about transportation infrastructure. Shenzhen, China has 100% battery electric buses.

Chair Hochschild then stated that he has received 66 international delegations in the past year.

Secretary Karen Ross of the California Department of Food and Agriculture stated that her industry is suffering due to the recent tariffs and uncertainty created by national policy. California's top agricultural export is almonds, which is a \$4.5B crop, followed by dairy, dairy products, and pistachios.

Secretary Ross then stated that the top agricultural export markets are EU, Canada, China, Hong Kong, Japan and Mexico, which is the fastest growing market.

Secretary Ross described California's \$50B agricultural industry, which exports \$20B, supports 165K jobs throughout the state. Her department oversees international activities such as trade promotion, market development, and international collaboration, and participates in 6 - 8 international activities per year, both in CA and abroad. These include sales activities as well as smart agriculture initiatives. The California Department of Food and Ag supports international collaboration on water and drought management among governments, businesses, farmers, and academic institutions. Secretary Ross stated that she works closely with Netherlands and Israel on water management and collaborates with Mexico on trade, pest control, and prevention of animal diseases.

Secretary Ross then stated that she would like to increase outreach to California's congressional delegations to talk about the importance of trade. She asserted that the partnership between CA Grown and Visit CA is unparalleled in promoting food tourism.

Secretary Wade Crowfoot of the California Natural Resources Agency stated that there are 4 main components in protecting CA from the impacts of climate change, and he works with partners around the world that are experiencing similar impacts to collaborate on solutions.

1. Oceans – Secretary Crowfoot stated that his department shares best practices with other countries. For example, he hosted a delegation from Indonesia to learn about governance of protected areas. He has also participated in international collaboration on issues like ocean acidification.



2. Water, including fresh water, droughts, and flooding – Secretary Crowfoot stated that CA has benefited from the leadership of Australia and Israel on addressing water scarcity.
3. Forests and forest management – His organization helps protect CA from wildfires. Mexico has supported California by sending firefighters, which CA reciprocates.
4. Biodiversity – Secretary Crowfoot stated that he will participate in the 2020 conference of UN Biodiversity in Beijing. He stated interest in partnering with Mexico, where similar challenges are faced.

Chief Deputy Director Grace Koch representing Secretary Mark Ghilarducci of the Governor's Office of Emergency Services stated that her department's role is coordination during disasters. To that end, she hosts delegations to share best practices. She stated that her department has hosted 15 delegations this year, and 27 last year. The topics of these delegations have included cyber security, homeland security, and 1st response.

Chief Deputy Director Koch then stated that OES has developed MOUs to formalize partnerships and has worked closely with Australia. For example, Australia and Butte County, CA share similar geographic challenges in containing fires and recovering from the aftermath of fires.

Chief Deputy Director Koch continued that her organization has a close relationship with Mexico, because disasters do not have boundaries. This work includes communication during disasters, consular relationships, and helping survivors find shelter and replace lost documentation. Similarly, Mexico has provided resources and support when American nationals go missing. Translation services are shared. The National Guard is very helpful in international disaster response given its language capabilities.

Undersecretary Serena McIlwain representing Secretary Jared Blumenfeld of the California Environmental Protection Agency stated that governments around the world reach out to CA because of our leadership in setting environmental goals and experience in implementing programs to meet those goals.

Undersecretary McIlwain elaborated that we only have 12 years to address environmental catastrophe according to recent scientific reports. Air pollution causes 1 in 9 deaths and 1 million species are threatened. If current trends continue, the oceans could contain more plastic than fish.

It is possible to reverse negative trends. California has been able to meet the 2020 clean air target to reduce emissions to 1990 levels early while the economy has grown. In the last five years, domestic and international partnerships to promote our position on climate change have been launched. Despite a recent slowdown, emissions from 2017 have shown an increase. The G20 countries are not on track to meet their commitments by 2030.

California has 46 bilateral agreements with 16 jurisdictions; CalEPA supports the implementation of 10 of those agreements. These agreements focus on air quality, water, sustainable development, and



climate change. Further goals include promoting zero emission vehicles and reducing deforestation. In 2018, CalEPA received over 70 international delegations, and more than 30 have come so far in 2019.

Priorities for 2019 to 2020 include:

- Collaborating on programs to reduce GHG with countries that emit the most
- Working with climate leaders to pursue and promote effective climate programs
- Supporting initiatives on environmental justice, biomonitoring, toxic site clean-up, water quality, recycling
- Supporting CalRecycle and waste/recycling markets.
- Supporting Water Boards to focus on water quality and clean drinking water
- Working with priority partners including Mexico, China, Norway, and NZ.

CEO Caroline Beteta of Visit California remarked upon the importance of being a global brand steward at the highest aspirational level. To that end, in May 2019, the board of directors passed \$130M global tourism marketing plan, which includes representation in 80 countries marketing to 108M individuals. China, Mexico, and Canada are key markets, and India is coming online. Visit California delivers the brand promise that “All Dreams are Welcome.”

Visit California has 33M followers globally, and marketing is done in Chinese and Spanish. Marketing initiatives are supported by major strategic initiatives such as the Amgen Tour of California, is the largest spectator sport in CA, and includes 9 days of spectacular landscapes broadcast to a platform of 250M viewers.

Ms. Beteta then described a new campaign called Taste Blazers, which is based on the Farm-to-Fork movement. California produces fresh healthy agricultural products used in our restaurants by celebrated chefs. To that end, California is launching a statewide Michelin Guide to put CA on the map as a place of food art. People who travel for food tend to spend more.

Crisis management is also an issue for Visit California, given the state's recent catastrophic fires. The board of directors has allotted money to help businesses get back on their feet, promoting a global “open for business” messaging.

Ms. Beteta then elaborated upon sustainability initiatives, given that CA's many natural resources fuel tourism. The goal of these programs is to ensure that CA's natural beauty is preserved for future generations.

Visit California will soon be hosting an international tourism event in Anaheim with travel reps from 200 countries, who will sign \$400M in new contracts.

Ms. Beteta then described the structure of Visit CA. It is a 501c6, modeled after the agricultural commodity boards. It is supported by hotels, retail, destinations and transportation companies to fund CA global brand management.



Director Kate Gordon of the Governor's Office of Planning and Research spoke on the work her office is doing on economic development and planning. They are looking into the impacts of climate on agriculture and trade.

OPR provides research for the Governor and Strategic Growth Council. Much of their work focuses on climate resilience and how climate and land use interact. They also look at how climate affects tourism, crops, roads, etc.

Additionally, OPR looks at sustainable economic development, particularly in the Inland Empire and forested northern communities. This includes research on land use, wind, offshore wind, and cybersecurity.

Ms. Gordon then described how she had recently returned from representing CA at the International Conference on Climate Action in Germany, which focused on the interaction between national and subnational entities around the Paris goals. The Paris Accord doesn't allow for subnational governments to participate. Given that we're disempowered by our national government, we need to determine what subnational governments can do.

Ms. Gordon then stated that California interacted with 220 governments from 42 countries at the Climate Action Conference. She stated that 60% of US economy is engaged on these issues and that California is a resource on climate. She added that there is an opportunity to learn from many of these partners about topics such as sustainable urbanization. For example, the largest emissions source in California is from driving, which is both a housing and a climate issue.

Chair Mary Nichols of the California Air Resources Board stated that relationships with academic and scientific institutions are not to be neglected. The California education system provides an ability to engage that is unparalleled. Additionally, the presence of so many foreign-born people in the state contributes to our effectiveness. Chair Nichols then added that she spoke with the Secretary General of the UN at an International Climate Conference in Vienna, where he acknowledged CA's role.

Chair Nichols then described CARB's work on air pollution, which goes back to Clean Air Act of 1970. This Act recognizes that a transboundary solution is needed. She described the negative impacts of pollution on human health and stated that ships and planes are the fastest growing source of emission.

D. Public Comment

Michael Jarand of the Milken Institute stated that the Milken Institute is a non-profit non-partisan organization looking at trade from an economic development perspective. The Milken Institute recently released a report on economic policy, which stated that California is a huge exporter but does less economic development and export promotion than other states. California is ranked last



out of the 17 states studied based on how happy cities/counties are with state economic development services.

Mr. Jarand then described 2 main challenges.

1. Local governments are seeking to fill the gap without sufficient state support.
2. CA is underinvested relative to other states.

Sheneni Weber of the California Community Colleges is VP of Economic Development. Global trade is one of the key sectors focused on by community colleges so that college students are prepared to become part of globally competitive workforce. It is also important for colleges to serve the local community, by supporting business that build revenues and create jobs. To that end, the community colleges seek to support entrepreneurship.

Stefano Bertozzi from University of California stated that his role is to consolidate 3 system wide programs that UC has with Mexico:

1. the UC Mexico Program, which provides small grants to investigators on both sides of the border.
2. UC Mexico Initiative on Education, Environment, Art, and Culture.
3. The Casa de California, a campus in Mexico City.

Mr. Bertozzi stated that he would like the Casa de California to serve the needs of the state as site for trade missions and discussions on air quality. Because UC hasn't had a central focal point for Mexico, Stephano offered himself as a point-of-contact for all CA-Mexico related issues.

Part of his work supports movement of students between CA and Mexico. He is in discussion with the new government in Mexico (AMLO), and is excited about leadership in Mexico City. The Mexican Government is sponsoring CA students and is encouraging joint policy research, with the aim of collaborating and encouraging cross-border entrepreneurship.

Mr. Bertozzi closed by describing the UC system's collaborations with China. Although there are no systemwide programs, he is available to discuss how to leverage the existing system to serve efforts across the Pacific.

Leo Van Cleve of the California State University stated that higher education makes CA a destination for talent and drives our economy. Particularly relevant institutions include the Maritime Academy, which has focus on international trade, and CSU initiatives on agriculture, coastal resources, and water resources. Mr. Van Cleve continued that international delegations create an opportunity to recognize initiatives that different departments/institutions are undertaking. New projects underway at the CSUs include expanding outreach to international alumni and supporting students with cross-border internships in San Diego.



Mr. Van Cleve stated that students coming to CA represent talent and significant economic contribution. It is a \$6B per year industry that drives innovation. International work is an endorsement of the quality of CA higher education.

E. Agenda Items for Future Meetings

The Lieutenant Governor stated that she wanted to end the meeting by discussing the process of hosting international delegations and to reiterate the key themes from the meeting.

- Trade will be a key area of focus for the committee.
- Developing a process to optimize visits of international guests across agencies.
- The Committee will work on climate, with focus on health and environmental justice.
- The Committee will be a forum to talk specifically about MOUs. The LG stated the aim of developing public understanding and appreciation of what MOUs produce.
- The next meeting will focus on California's engagement with Mexico and will speak to issues such as the Tijuana River, border wait times, and other topics.

In closing, Vice Chair Lenny Mendonca stated three key areas of focus:

1. The importance of having substantive discussions grounded in facts.
2. The charter of the committee called for it to be aspirational and bold. Therefore, Lenny emphasized California's ability to leverage power and scale to accomplish aspirational objectives.
3. The necessity to undertake work with scale and speed.

Chair David Hochschild of the California Energy Commission brought up the Global Climate Action Summit, and queried whether there would be a successor. He also spoke to the importance of targeting delegation invitations and emphasizing California's success in tackling climate change while strengthening the economy. He recommended a "success story" tour, including stops at Tesla, which makes 1,000 cars a day, as well as stops at LA clean tech incubators, tourism, and audiences with top decision makers.

In response to the Lieutenant Governor's question regarding how the Energy Commission arranges 66 delegations a year, Chair Hochschild stated that the importance and seniority of delegations vary, and some are very focused on specific topics

Director Gordon stated that the process for climate oriented delegations relies upon the International Climate Action Team (ICAT), which efficiently coordinates delegations.

Secretary Wade Crowfoot of the California Natural Resources Agency emphasized the need to prioritize and target incoming requests.

Chair Mary Nichols of the California Air Resources Board described the importance of following up with delegates after visits.



The Lieutenant Governor stated that at a future meeting, the committee should discuss UN Climate Action meeting in New York and the Climate Change Summit in Chile.

F. Adjournment

The Chair adjourned the meeting.