

International Affairs and Trade Development Interagency Committee

Gavin Newsom Governor

Dee Dee Myers Senior Advisor and Director

> Emily Desai Senior Deputy Director

Governor's Office of Business and Economic Development 1325 J Street, 18th Floor Sacramento, CA 95814 Monday, April 21, 2025 12:15-1:45 PM

California State Capitol – Room 113 1315 10th St. Sacramento, California 95814

MINUTES

MEMBERS: Eleni Kounalakis, Chair Lieutenant Governor, State of California

Dee Dee Myers, Vice Chair Senior Advisor and Director, Governor's Office of Business and Economic Development

David Hochschild, Chair, California Energy Commission

Karen Ross, Secretary, California Department of Food and Agriculture

Wade Crowfoot, Secretary, California Natural Resources Agency

Nancy Ward, Director, Governor's Office of Emergency Services

Yana Garcia, Secretary, California Environmental Protection Agency

Toks Omishakin, Secretary, California State Transportation Agency

Caroline Beteta, CEO, Visit California

Samuel Assefa, Director, Office of Land Use and Climate Innovation



A. Call to Order and Roll Call

<u>Chair Eleni Kounalakis, Lieutenant Governor</u>, called the meeting to order at 12:17 pm. She stated that the Interagency Committee was established by <u>Executive Order N-08-19</u> to inform the public of recent international activity undertaken by state agencies.

<u>Claire Gordon, Foreign Investment Analyst at the California Governor's Office of Business</u> and Economic Development (GO-Biz), called roll:

Member	Agency	Present / Representative
Chair Eleni Kounalakis	Lt. Governor of California	Present
Vice Chair Dee Dee Myers	GO-Biz	Emily Desai
David Hochschild	CEC	Present
Karen Ross	CDFA	Not Present
Wade Crowfoot	CNRA	Jenn Phillips
Nancy Ward	CalOES	Yvonne Dorantes
Yana Garcia	CalEPA	Sarah Izant
Toks Omishakin	CalSTA	Not Present
Caroline Beteta	Visit CA	Ryan Becker
Samuel Assefa	Office of Land Use and	Present
	Climate Innovation	
Liane Randolph	CARB	Courtney Smith

The November 15, 2024 meeting minutes were approved.

B. Chair & Vice Chair's Opening Remarks

<u>Lieutenant Governor Eleni Kounalakis</u> welcomed the members of the Committee and the public, iterating that the purpose of this Committee is to assure cohesiveness in California's international strategy as well as give the public an opportunity to learn what the State is doing internationally and to provide feedback and input. California has an outsized role on the world stage, and it is paramount that California remains a leader – California is the 5th largest economy in the world, with a GDP 50% higher than the next largest US state.

The Chair opened the Committee by recognizing the importance of the moment. She called the events since January 20, 2025, unprecedented, noting President Trump's use of executive orders and tariffs, and highlighted the uncertainty that stakeholders around the world are feeling. She said that friends and allies find themselves abandoned and that it is up to California to provide stability. She noted that actions at the federal level will have



enormous consequences for California – California had a two-way trade volume of \$675 billion in 2024 and was the leading agriculture producer and manufacturer in the country.

The Chair reviewed the consequences of tariffs. The Yale Budget Lab estimated that the current tariffs will cause a 3% increase in prices in the short run and will cost the average household \$4,700 a year. One study states that Trump's tariffs put 900,000 California jobs at risk.

- The Cox Automotive Group estimated that automotive tariffs will increase the price of the average vehicle by \$6,000. Vehicles can cross a border between the US, Mexico, and Canada six or seven times before they are fully assembled. The Chair said these tariffs will have ripple effects on the economy.
- Tariffs on construction materials will impact LA's ability to rebuild from the wildfires. Softwood lumber and gypsum are key materials that the State sources from Canada and Mexico respectively. Tariffs will lead to increased costs and will be passed down to buyers. The Chair noted the impact this could have on affordable housing development.
- The Chair said that countries will find other markets to source their food from and that California farmers will be left behind – the US exports two thirds of the food we produce, and California produces 80% of the world's almonds. She said the US does not grow all the crops we consume in our daily lives, such as coffee, bananas, and chocolate, and it is unrealistic to expect those crops to be grown domestically. Tariffs on these goods will drive up costs and drive down consumption, having impacts on the entire supply chain.

The Chair closed her opening statement by recognizing recent actions taken by Governor Newsom. First, she reminded the public that Governor Newsom directed state agencies to pursue new strategic trade relationships with international partners aimed at strengthening our shared economic resilience and protecting California's workers, manufacturers, farmers, businesses, and supply chains. Additionally, she discussed a lawsuit filed by the Governor and Attorney General Bonta thar argues that the tariffs imposed under the International Emergency Economic Powers Act are unconstitutional – tariffs are the purview of Congress, not the White House. She said that this lawsuit is one of many ways that California is demonstrating it is a reliable partner to international stakeholders.

<u>Emily Desai, Chief Deputy Director at the California Governor's Office of Business and</u> <u>Economic Development (GO-Biz)</u>, emphasized the turmoil and significant challenges that businesses and consumers are facing, specifically regarding the prices of household goods. There are 60,000 small business exporters that do not have the ability to respond to tariffs



in the same way that larger, or more resourced, companies are able to. She noted the following impacts that the federal administration is having on the State:

- There is a significant loss in federal staff across all sectors and the international trade space is no different. The loss of US Commercial Service staff has impacted service delivery, both for California exporters and businesses in international markets who want to bring their talent to the US and expand their business in California.
- The World Trade Organization said that the current tariffs will knock 3 percentage points off global merchandise trade. They forecasted that global trade would shrink by 0.2%, with the potential to contract by 1.3%.

The Vice Chair thanked the Chair for bringing the Committee together and noted the strong foundation California has to act and provide stability for its international partners. She proceeded to summarize the recent activities and outcomes of the GO-Biz International Affairs and Trade Unit, particularly related to its core functions of export promotion, investment attraction, and immigrant integration. These include:

- The success of the State Trade Expansion Program. The program continues to shoulder the burden for businesses who seek to export their business abroad and enables them to take risks in markets they otherwise would not be able to.
- Administration of export training programs that over 300 small businesses have attended. These programs assist businesses in tapping into international markets.
 For example, a business in Redding, California, was able to connect with consumers in Portugal and identify a testing lab in the European Union. These are tangible ways that GO-Biz is assisting small businesses every day.
- Leading delegations of small businesses to trade shows and missions around the world. Since the last convening of the Committee, GO-Biz has led California businesses to missions such as Arab Health, Avalon Australia, Cosmoprof Bologna, and Expo Manufactura. GO-Biz will lead delegations to Paris Air Show, Global Energy Show Canada, Aquatech and Green Expo in Mexico, Medical Fair Thailand, and Rebuild Ukraine. She noted that recent federal actions have made recruitment for these shows different, but she reiterated that GO-Biz team members are promoting California as a reliable trade partner.
- Pitching California to foreign companies at investment events such as SelectUSA Mexico, where GO-Biz brought economic development partners and academic institutions represent the state. California will lead its largest ever delegation to the SelectUSA Investment Summit in Washington, DC in May, bringing more than 30 economic development partners from across the State.



 Webinars and training for agriculture employers and employers, training them to know their rights and know how to respond if federal immigration forces come to their doorstep.

C. Updates from Committee Members on International Engagement & Priorities

<u>David Hochschild, Chair of the California Energy Commission (CEC)</u>, opened his remarks by thanking the Chair for her diplomacy and by stating that not only will California navigate the uncertainty of the current moment – it will shine on the world stage. He shared the following updates from the CEC:

- The State of California has recently signed new MOUs with international partners, including one with the Mexican State of Sonora regarding clean energy, trade, climate resiliency, renewable electricity, electric vehicles, and supply chain efficiency.
- The CEC participated in the World Local Government Climate Summit in South Korea where they reiterated that California will continue to be a steady leader on climate issues.
- A CEC commissioner participated in a climate summit in China where they engaged with the Minister of Ecology and the Environment. Furthermore, they visited the California-Shanghai Green Shipping Corridor.
- The CEC has assessed the impacts of tariffs on the green transition. While they will
 increase the price of energy broadly, it is worth noting how tariffs will increase the
 cost of batteries specifically. Many companies have been moving their projects to be
 manufactured in the US but many components are still imported from China.
 Businesses in the industry remain hopeful that the tariffs will cease to exist.
- CEC commissioners will be traveling to multiple events abroad in the coming months, including a green shipping tour in Belgium and Denmark, a conference in Austria, and meetings with Indian officials. Furthermore, following the lead of CalSTA, the CEC will participate in the California-Africa Climate and Economic Forum in April.

He closed his remarks by emphasizing the professionalism of California employees. He expressed his appreciation for their commitment to their jobs as well as his sympathy for federal employees who have recently lost their jobs.

<u>Samuel Assefa, Director of the Office of Land Use and Climate Innovation (LCI)</u>, thanked the Chair for her leadership and opened his remarks by emphasizing the moral importance of California's leadership. At COP28 in November, many attendees asked him if California



will stand with its international partners in the face of the Trump Administration, similar to how it stood with them from 2016-2020. Furthermore, he lamented the passing of Pope Francis and praised the Pope for how he intertwined faith and climate action. He noted that Governor Newsom attended a climate summit hosted by the Pope last year and that the Vatican viewed California as a leader in the international climate space. LCI's international efforts since the last convening of the Committee included:

- LCI and CalSTA signed a letter of intent (LOI) with the Dutch province of Noord-Halland focused on advanced air mobility. The two entities plan to cooperate on technical exchanges, land use, equity, and economic opportunity. In line with this LOI, LCI recently hosted the first delegation from Noord-Halland. Assefa said that the King's Commissioner of the Netherlands sent an invitation for a two week visit to the Netherlands to discuss advanced air mobility and climate resiliency. The invitation has been extended to CalSTA Secretary Omishakin and CalEPA Secretary Garcia.
- LCI will attend the California-Africa Climate and Economic Forum in San Francisco.
 Assefa mentioned that the genesis of this event was a conversation he had with Secretary Omishakin and Governor Newsom.
- LCI may attend several international climate summits hosted by the Vatican in 2025, including summits in Kenya, Brazil, Japan, and Australia. The Vatican explicitly asked that California is represented at all of these summits.

Ryan Becker, Senior Vice President of Communications and Strategy at Visit California, opened his comments by acknowledging that California's tourism industry is not immune to anti-American sentiment abroad. California is the #1 tourism market in the country in terms of visitor spending – visitors spent \$154 billion at business across the state in 2024, supporting 1.2 million jobs. While international visitors account for 9% of all tourists in the state, they account for 18% of all visitor spending. While travel is not tariffed, the ripple effects of the tariffs and actions taken by the Trump administration are being felt by the tourism industry. For example, February 2025 and March 2025 saw 9% and 11% yearover-year declines, respectively, in international visitation – the first instances of decline since the pandemic. All 13 markets where Visit California have a presence, which account for 84% of California's international travel, saw a decline in visitor arrivals.

Considering these developments, Visit California has revised their visitor spending forecast for 2025 from \$166 billion to \$160 billion. However, they are in the process of doing an additional revision that will likely reflect an additional decline. In light of these challenges, Visit California has taken the following actions since the Committee last convened:

Defending market share and shoring up existing relationships. For example, Visit
 California is working in tandem with Governor Newsom to create a new marketing



campaign targeting Canada. Canada is California's #2 tourism market, second only to Mexico. 1.8 million Canadians visited California in 2024, spending \$4 billion. Many California communities, specifically in southern California, rely on Canadian travelers to sustain their economies. Seasonal flights from Canadian carriers have paused, demonstrating that the volume of travelers is not there to support their airlines. Tourism from Canada was down 12% in February 2025 and 15% in March 2025 – a trend in the wrong direction. Governor Newsom's campaign will fully launch in May. It is a video series that highlights the relationship between Canadians and Californians. Furthermore, the campaign includes a value program for Canadian travelers. It is an opt in program for California businesses where they can offer specific discounts for Canadians to help attract them to their region. These campaigns build on ongoing investment in Canadian tourism; Visit California has spent \$5.2 million marketing California as the 'ultimate playground.' This messaging has been tested robustly in Canada - data shows that viewers of the messaging reported that they are more likely to come to California than those who did not view the marketing. However, Becker mentioned that it has been challenging to reach Canadian focus groups as they do not want to hear anything positive about the US.

- Establishing high volume markets. Through a relationship first approach, Visit California is searching for a pipeline for new travelers in markets such as India, Southeast Asia, and Latin America.
- Leaning into sports tourism. California is hosting two Super Bowls, FIFA World Cup matches, and the Olympic Games. Visit California hopes these events will transcend politics and open the door for new travelers to come to the State.
- Visit California traveled to Europe to meet with representatives of France, the United Kingdom, and Germany. They took 35 California partners and reached 213 clients. Those meetings revealed that European partners view California as more welcoming than the US, but they are frustrated that foreign visitors are being stopped at the California border. Many tourists with valid visas are being held and questioned. These stories are resonating in tourists' home countries and have become a difficult narrative to overcome.

<u>Yvonne Dorantes, Deputy Director of Legislative and Governmental Affairs at the California</u> <u>Office of Emergency Services (CalOES)</u>, discussed challenges in emergency management. CalOES continues to be fully engaged in the LA wildfire recovery efforts – a historic challenge that requires full interagency coordination. Regarding the LA fires, Dorantes shared information on the following international engagement:

 Canada, Mexico, and Israel stood with California and provided personnel and boots on the ground to assist in response efforts. 18 additional countries were on standby



to work with CalOES and CalFIRE. In addition, 12 US states and several tribal nations provided support.

 CalOES has worked with the US State Department and local consulates to provide information on evacuation shelters, road closures, and general safety information.

CalOES has conducted other international engagements in tandem with their work related to the LA fires. Dorantes discussed the following engagements:

- CalOES team members engaged 50 foreign dignitaries from 10 countries via inperson and virtual meetings. Furthermore, they engaged delegations from Baden-Württemberg, New South Wales, Australia, the Agha Khan Development Network, the UK Consulate, and the California-Mexico Border Relations Council to strengthen partnerships and exchange best practices regarding natural disasters.
- Later this month, CalOES will be meeting with a Moroccan delegation sponsored by the US State Department, as well as a Dutch delegation, to discuss best practices related to cybersecurity.

<u>Sarah Izant, Deputy Secretary for Climate Policy at the California Environmental Protection</u> <u>Agency (CalEPA)</u>, thanked the Chair for her leadership and stated that CalEPA is proud to support California's ambitious climate goals with our international partners. She shared the following updates from CalEPA since the last convening of the Committee:

- CalEPA coordinated interagency implementation of multiple MOUs with foreign partners to maximize the benefits of climate action around the globe. For example, Governor Newsom recently signed an MOU with governors from Brazilian states to collaborate on climate mitigation and adaption.
- They have engaged foreign governments regarding previously signed MOUs, such as the Netherlands, Denmark, Sweden, China, other others.
- CalEPA participated in many multilateral events, such as COP29. Secretary Garcia called for urgent global action on climate and emphasized that California will remain a stable partner on climate issues.
- CalRecycle attended a conference in South Korea that addressed plastic pollution in the marine environment.
- Secretary Garcia convened the California-Mexico Border Relations Council in the Inland Empire. The meeting is a central forum for California-Mexico related issues.
- Secretary Garcia convened CalEPA's methane action coalition, a group of 21 subnational governments.

Izant concluded by agreeing with the Chair's sentiment that the backbone of the green transition are materials and components that are imported from other countries.



<u>Courtney Smith, Principal Deputy Executive Officer at the California Air Resources Board</u> (<u>CARB</u>) noted her appreciation for the Chair's reflection on the impact of tariffs on the green transition. She noted that wine turbines, batteries, solar panels, etc. all include components that we do not currently create in the US at the size and scale that is required for growth. She lamented the federal government's attacks on California's proven climate action. She also shared updates on CARB's recent engagements, with a focus on China:

- California has seven active MOUs with China. CARB recently hosted two Chinese delegations to discuss vehicle emission policy and emission trading systems.
- Chair Randolph attended a LA-Shanghai Green Shipping Symposium, a first of its kind partnership with the Port of LA, Port of Long Beach, and ports in Shanghai. The group is incorporating technologies that would decarbonize maritime activities. They are hoping to deploy zero-emission ships as soon as the end of this year. Smith appreciated the Chair's remarks lamenting a recent proposal by the Trump Administration to tax Chinese ships upon arrival in US ports.
- CARB will be traveling to Europe to discuss emission trading with global climate leaders in the EU. Additionally, CARB will attend the Transatlantic Decarbonization Summit in the UK and join the European Clean Shipping tour. These efforts lead up to New York Climate Week in September, as well as a conference in Brazil in November.

Jenn Phillips, Assistant Secretary for Climate Change at the California Natural Resources Agency (CNRA), opened her remarks by thanking CalOES and echoing her appreciation for international support for the LA fires. Specifically, she noted that CalFIRE is appreciative of British Columbia's support. She summarized CNRA's recent activities since the last meeting of the Committee:

- Secretary Crowfoot attended COP29 and spoke to the power of subnational governments at the event. While there, he convened a coalition of subnational Mediterranean governments across five continents. Those entities are all uniquely positioned to be impacted by climate change due to their Mediterranean environment. The Secretary will head to the Western Cape to convene this group again.
- California Conservation Corp spent six weeks in Patagonia working with Chilean officials to rebuild trails and conduct other work in their parks.
- CalFIRE and the Conservation Corps are hosting a German firefighting entity to train and exchange best practices. In addition, CalFIRE is meeting with the Indonesian Consul General to exchange best practices in operations and response initiatives.



- The Department of Water Resources participated in a conference with the Consul General of Denmark regarding water efficiency and loss.
- CNRA's biodiversity team and the Ocean Protection Council are coordinating a coalition of subnational governments to drive progress toward California's 30 by 30 goals. Furthermore, the biodiversity team is working closely with the UN to be part of a subnational advisory committee.
- The Ocean Protection Council is considering a trip to the One Ocean Science Conference ahead of the UN Ocean Conference in France.
- The California Conservation Corps is considering exchanges with Japan and Iceland later this year.

D. Closing Comments from the Vice Chair

<u>Emily Desai, Chief Deputy Director at the California Governor's Office of Business and</u> <u>Economic Development (GO-Biz)</u> stated that she is proud to be a Californian and that it is an honor to hear about all of the work members of the Committee have accomplished. She noted that GO-Biz has been tasked with collecting examples of the impacts of tariffs on Californians, highlighted GO-Biz's tariff resource guide, and directed interagency partners to continue to send information her way.

E. Closing Comments from the Chair

<u>Lieutenant Governor Eleni Kounalakis</u> did not provide extensive closing remarks and opened the floor for public comment.

F. Public Comment

<u>Mike Jacob, President of the Pacific Merchant Shipping Association</u>, expressed his thanks to the Newsom Administration for its work to protect investment, trade, and economic development. He noted that the State's economic viability is tied to its ability to move cargo and to maintain space in the global economy. Jacob said that California's economic development is tied to investment in port resources and the public-private partnerships that sustain them. He highlighted the Port of Long Beach, the largest port complex in the Western hemisphere, and thanked the Chair for continuing to protect these investments.

Jacob also said that it is tough to predict the consequences of tariffs but noted that global bookings are down 50%. Ships that were previously scheduled to come to California's ports are no longer coming. California has an outsized exposure to tariffs on China because



California is the number one destination for Chinese imports and number two state for Chinese export commodities. He predicts short-term growth before the reciprocal tariffs take effect this summer, followed by long-term decline in the fall.

G. Adjournment

<u>Lieutenant Governor Eleni Kounalakis</u> closed the meeting by reaffirming that she wants to see more manufacturing in the US and in California, but reshoring American manufacturing does not happen by magic and does not happen overnight. She expressed optimism that California will hold on to its international partnerships and hope that California can impress upon Washington that the US has more to lose than to gain by tarnishing our relationships abroad.

The meeting was adjourned at 1:30 pm.



APPENDIX I: Submitted Remarks from Secretary Karen Ross

Secretary Ross was unable to attend the committee meeting on behalf of the California Department of Food and Agriculture (CDFA), so she submitted her remarks via email in lieu of delivering them in person.

California's farmers and ranchers are a critical part of our State's economy – supporting jobs, both on and off the farm, and delivering economic returns to rural communities. As the federal administration works to enforce tariffs, I stand with California farmers, ranchers and farm workers in seeking trade mitigation in the short-term as well as expanding market development opportunities in the months ahead. It is important, now more than ever, that we choose California grown products in our restaurants and supermarkets – supporting California agriculture for what we grow and how we grow it. Since our last meeting, the California Department of Food and Agriculture continues to be engaged in expanding market development activities for California's agricultural businesses.

- In the last few months we have facilitated in-bound delegations of foreign buyers from Europe, South Korea and India. We have participated at trade shows domestically (California) and internationally (UAE) supporting businesses in engaging with foreign buyers and providing a platform for export sales.
- We have also partnered with Visit California to leverage unique promotional opportunities in India, UAE and the United Kingdom – providing recognition to key trade partners and business entities.
- In addition, with have worked to build new trade opportunities in Africa supporting international engagement and research in a growing market region.
- Looking forward, CDFA will continue our core objectives: Facilitating Trade Promotion and Development Activities; expanding Climate Smart Agricultural Initiatives; and focusing on International Collaboration.
- In the months ahead, we will be leading a Western State trade mission to Morrocco, participating at a key trade show in South Korea, conducting global buyer meetings with California businesses and exploring trade and climate collaboration in Brazil. We will also be partnering with Visit California on a trade and consumer activation in Japan.
- Trade is critical to California's agricultural sector we are the nation's largest agricultural producer and exporter. Tariff disruptions have a disproportional impact on California.
- CDFA remains committed to working with California's farmers, ranchers and agricultural associations in distinguishing CA Grown products on the international stage.