



CALIFORNIA

Governor's Office of Business and Economic Development

STATE OF CALIFORNIA - OFFICE OF GOVERNOR GAVIN NEWSOM

International Affairs and Trade Program 2021 Annual Report

Dee Dee Myers

DIRECTOR

Chris Dombrowski

CHIEF DEPUTY DIRECTOR

Emily Desai

DEPUTY DIRECTOR, INTERNATIONAL AFFAIRS and TRADE

Maria Onorato

FOREIGN DIRECT INVESTMENT SPECIALIST

Jonathan Zeigler

TRADE and INVESTMENT REPRESENTATIVE – EUROPE, MIDDLE EAST, AFRICA, and INDIA

Diana Dominguez

TRADE and INVESTMENT REPRESENTATIVE – AMERICAS, AUSTRALIA, and NEW ZEALAND

Henan Li

TRADE and INVESTMENT REPRESENTATIVE – ASIA

Mariana Guevara

INTERNATIONAL ANALYST

Claire Gordon

EXECUTIVE FELLOW

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Questions about this report may be directed to:
California Governor's Office of Business and Economic Development
International Affairs and Trade Team
1325 J Street, Suite 1800
Sacramento, CA United States
+1 (877) 345-4633 | business.ca.gov

This International Trade and Investment Annual Report was prepared pursuant to the California International Trade and Investment Act of 2006, as amended in 2012 (AB 2012), enacted as Government Code Title 2, Division 3, Part. 4.7, Chapter 2.5, Section 13996.65.

INTRODUCTION AND EXECUTIVE SUMMARY

The International Affairs and Trade program (IAT) within the Governor's Office of Business and Economic Development (GO-Biz) advises the Governor on international affairs and trade issues, implements strategies to develop and grow partnerships and engagement with foreign partners, and provides recommendations to promote and expand California's trade and foreign direct investment. In that capacity, IAT is directed by Lieutenant Governor Eleni Kounalakis per the Governor's Executive Order N-08-19 designating the Lt. Governor as the Governor's Representative for International Affairs and Trade Development.¹

The ongoing effects of the COVID-19 pandemic did not stop international engagements –IAT continued to work with its robust network of international partners to promote California exports, support small businesses in accessing global markets, and attract inward investment that brings jobs to Californians.

IAT continued to implement successful virtual events and convenings, building off best practices developed in 2020 when the team pivoted to delivering many of its services virtually. IAT continued its virtual trade mission series with the U.S. Commercial Service and export promotion partners that included Kallman Worldwide and the U.S.-Mexico Chamber of Commerce. The virtual trade series for 2021 included missions to Spain, Portugal, Australia, Singapore, Mexico, Saudi Arabia, and the United Arab Emirates. The virtual trade shows highlighted key California sectors such as aerospace and defense, renewable energy and advanced transportation, information and communications technology, and medical devices.

IAT also expanded its virtual foreign investment attraction initiatives, including leading a series of webinars highlighting opportunities in California for businesses from Italy, South Korea, Canada, Singapore, Australia, and New Zealand. For the second consecutive year, IAT sponsored the World Trade Center of Los Angeles' statewide report on foreign direct investment, which revealed important data related to the footprint of foreign-owned businesses across the state.² Additionally, IAT led a delegation of California economic development leaders to the first ever virtual SelectUSA Investment Summit. Although foreign investment overall has decreased during the pandemic, IAT has further developed relationships with network partners, participated in more than 20 virtual events, and supported more than 200 businesses interested in expanding to California.

This report will review the IAT's activities from January 2021 through December 2021, evaluating the progress made with the projected goals in the California International Trade and Investment 2019-2024 Strategy and in light of the COVID-19 pandemic.

¹ Executive Order N-08-19 (<https://www.gov.ca.gov/wp-content/uploads/2019/02/2.28.19-Executive-Order-1.pdf>)

² Foreign Direct Investment in California, 2021 (www.business.ca.gov/wp-content/uploads/2021/06/FINAL-FDI-Report.pdf)

IAT 2021 REPORT ON INTERNATIONAL TRADE AND INVESTMENT

Strategic Objectives, Recommendations, and Actions Taken

1. Develop a comprehensive export strategy that will grow California exports and improve export development.

Action 1: Leverage the direction and decisions of the International Affairs and Trade Development Interagency Committee, chaired by the Lt. Governor and co-chaired by the Director of GO-Biz. The committee meets on a regular basis to facilitate coordination and implementation of the state's trade and investment goals and strategies among all state agencies with relevant responsibilities.¹

Priority Level: 1

Timeline: Ongoing

Measurable Outcomes:

- IAT-organized interagency meetings were held on June 22 and December 14, 2021. Committee members used these meetings as an opportunity to provide readouts and update the public on recent international activity and to discuss upcoming and ongoing priorities.³
 - In June the committee focused on international efforts related to the state's COVID-19 response with international partners and the best practices identified in the pivot to virtual initiatives across agencies.
 - In December, the committee focused on outcomes from the California delegation at the 2021 United Nations Climate Change Conference, more commonly referred to as COP26, which was held in Glasgow, Scotland from October 31 to November 13, 2021. The California delegation was led by the Lt. Governor.

Action 2: Develop a comprehensive state export plan that (1) identifies foreign markets with the greatest potential for export expansion, including our top trading partners and emerging markets; (2) identifies specific California industries and sectors with potential for export growth; and (3) considers export promotion opportunities for underrepresented areas of California.

Priority Level: 1

Timeline: Ongoing (implementation)

Measurable Outcomes:

- IAT identified California's top markets and maintains export and investment plans that include regularly updated trade data analyses, industry-specific information, and contact information for key industry events, associations, and pertinent government entities. California's top ten export markets by customs value of exported goods were as follows, based on 2020 data:
 - Mexico \$24.0B
 - Canada \$16.0B

³ Meeting summaries and full recordings can be found on the Publications page of the GO-Biz website (www.business.ca.gov/about/publications)

- China \$15.0B
- Japan \$10.5B
- South Korea \$9.7B
- Taiwan \$7.3B
- Germany \$6.4B
- Hong Kong \$6.3B
- Netherlands \$5.6B
- United Kingdom \$4.9B
- IAT continues to track federal export promotion activity to ensure these plans take advantage of federal policy, where appropriate. As part of these efforts, IAT participates monthly in a trade promotion coordination call with the U.S. Department of Commerce regarding updates on the national export plan. Throughout 2021, IAT has monitored the federal government's efforts to promote a national clean technology export plan, for example.

Action 3: *Develop strategies to incentivize additional federal and state funding for the export activities of California businesses. Identify and utilize available federal and state-level programs and funds, including grant funding from the U.S. Small Business Administration (SBA) for the State Trade Expansion Program (STEP), the Export-Import Bank (EXIM) Insurance Program, California Infrastructure and Economic Development Bank (IBank) Small Business Finance Center, and other available resources to help California companies expand exports.*

Priority Level: 1

Timeline: 2020-2022, Ongoing

Measurable Outcomes:

- California received \$600,000 in STEP funding from the SBA for the performance period of September 2019 – September 2021. The total non-federal match of this contract was \$323,076.
- California received an additional \$650,000 in STEP funding from SBA for the performance period of September 2020 – September 2021. The total non-federal match of that contract was \$349,960.
- Additionally, California received a total of \$900,000 in STEP funding from SBA for the performance period of September 2020 – September 2022. The total non-federal match of that contract is \$484,614.
- In total, the STEP Individual Company Export Promotion (ICEP) program supported 291 small business export expansion efforts, recording actual sales of \$21 million and projected sales of \$73 million reported in 2021:
 - 130 businesses were women-owned
 - 32 businesses were veteran-owned
 - 134 businesses were minority-owned
- In addition to in-person trade events and missions, GO-Biz and STEP partners continued to organize virtual trade missions with partners, including the U.S. Commercial Service, Kallman Worldwide (one of the nation's largest USA Pavilion trade show organizers), and the U.S.-Mexico Chamber of Commerce.
- IAT's virtual trade mission series was identified as a national best practice by the State International Development Organization (SIDO) in 2021. IAT's Deputy Director was asked to speak at the annual SIDO trade conference in

August 2021 to discuss best practices on virtual trade mission organization and service delivery.

- As of December 2021, IAT specifically supported the export expansion efforts of 95 California small businesses through virtual trade mission events, with business participation subsidized by STEP, and facilitated over 350 one-on-one matchmaking meetings. These efforts generated 46 sales leads with projected sales of more than \$22 million. Details on the virtual trade missions that occurred in 2021 are below:

Date	Region(s)	Sector(s)	Outcomes
Feb. 23-26	Portugal Spain	Renewable Energy and Advanced Transportation	<ul style="list-style-type: none"> • 14 CA small businesses participated • 35 one-on-one meetings • 3 leads valued at \$20M
Mar. 16-18	Australia	Aerospace, Defense, and Security	<ul style="list-style-type: none"> • 13 CA small businesses participated • 31 one-on-one meetings • 3 leads (no \$ value yet reported)
Apr. 14-16	Singapore	Aerospace, Defense, and Security	<ul style="list-style-type: none"> • 25 CA small businesses participated • 45 one-on-one meetings • 5 leads (1 valued at \$100K; no \$ value reported for others) • 1 agreement (no \$ value yet reported)
May 3-6	Baja California	Information Technology and Aerospace	<ul style="list-style-type: none"> • 13 CA small businesses participated • 62 one-on-one meetings • 29 leads valued at \$1.6M • 4 agreements valued at \$500K
Sept. 20-23	United Arab Emirates Saudi Arabia	Medical Devices	<ul style="list-style-type: none"> • 17 CA small businesses participated • 42 one-on-one meetings • 6 leads (3 valued at \$500K; no \$ value yet reported for others) • 1 agreement (no \$ value yet reported)

Action 4: *Identify effective business models to structure California trade desks and networks. Prioritize a desk in Mexico and network in China given their significant role in California trade and potential market opportunities for California businesses.*

Priority Level: 2

Timeline: Ongoing

Measurable Outcomes:

- California maintains a trade desk in Mexico City through a partnership with the University of California's Casa de la Universidad de California en Mexico (Casa de California). IAT continues to regularly collaborate with Alianza

UCMX on programs and services related to that trade desk. Alianza UCMX was formed through the integration of three preexisting UC systemwide programs: the UC Institute for Mexico and the United States (UC MEXUS), the UC-Mexico Initiative, and Casa de California. UC Riverside serves as the host campus for Alianza UCMX.

- Additionally, IAT uses the China Trade and Investment Network (CITN) not only for physical space in China when IAT representatives are overseas, but for continued advisement on matters related to trade and investment with China and to conduct and organize additional events and initiatives with trade and investment partners.
- California also opened a trade desk at the Impact Hub in Yerevan, Armenia in June 2021, per the MOU signed by Governor Newsom and Armenian Prime Minister Nikol Pashinyan, in September 2019. Impact Hub Yerevan is a nonprofit organization and social innovation space with a mission to support social impact projects and enterprises which propel the positive development of Armenia. IAT hosted a virtual signing ceremony to launch the trade desk with Lt. Governor Kounalakis, GO-Biz Director Dee Dee Myers, State Senator Anthony Portantino, State Assemblymember Adrin Nazarian, and officials from the Armenian government.
- IAT continues to explore additional desks in countries that would advance California's strategic interests and where IAT could partner with a local organization to provide support at no cost to the state.

2. Develop a comprehensive investment attraction strategy that will grow foreign direct investment (FDI) in California.

***Action 1:** Develop an FDI plan that identifies foreign markets with potential for investment in California, the sectors with the greatest potential for growth, and opportunities for underrepresented areas in the state. Leverage California's leadership in technology, energy, and sustainability to attract 'next-gen' businesses and consider how foreign direct investment can support California's climate goals. Use incentives and resources, including the California Competes Tax Credit and California Business Investment Services, to bring businesses and jobs to the state. Maintain or increase California's share of EB-5 and EB-2 investment visas.*

Priority Level: 1

Timeline: 2021

Measurable Outcomes:

- In 2021, IAT sponsored the second annual statewide report on foreign direct investment⁴ using data from 2020, which included information on sources of investment, number of jobs supported, key sectors, and more. In 2020, there were 18,451 foreign-owned firms in California employing 703,187 Californians

⁴ Foreign Direct Investment in California, 2021 (www.business.ca.gov/wp-content/uploads/2021/06/FINAL-FDI-Report.pdf)

- who earned \$64 billion in wages. That is a reduction of about 30,000 jobs, 250 firms, and \$1 billion in wages from 2019.⁵
- This report has provided critical information to refine California's investment attraction initiatives and support local economic development organizations and other partners looking to bring more international companies to their communities.
 - IAT prepared and provided customized reports on foreign investment to eight local communities, sharing insight on the number of foreign-owned businesses in each community, the number of jobs supported, top country sources of investment, and key sectors. This information and technical assistance helped economic development partners to develop or refine their foreign investment attraction strategy.
 - Using this information, IAT has also maintained factsheets on the GO-Biz website on California's top 20 sources of foreign investment including investment sectors, employment, and more.
 - IAT serves as the first point of contact for international businesses looking to expand in California by supporting companies with site selection, incentive navigation, permit support, and data on strategic industries and resources available statewide.
 - In 2021, IAT provided services to more than 200 international companies interested in expanding to California from 50 unique countries.
 - IAT implemented an automated process to standardize follow-up on the progress of supported businesses two months after the initial contact. As a result, IAT received responses from multiple foreign businesses that successfully launched operations in 2021, including:
 - A Ukrainian e-Bike company now operating in Whittier with a staff of three and growing.
 - A Portuguese camper van rental company in Los Angeles with a staff of ten and growing.
 - An Italian affiliate marketing company in Los Angeles with a staff of three and growing.
 - VinFast, a Vietnamese-owned electric vehicle manufacturer, was awarded a California Competes Tax Credit of \$20.5 million in 2021 and has committed to create 1,065 jobs in California in the next five years.
 - In June 2021, a November 2019 federal rule change that had removed states from EB-5 processing was reversed, making states again responsible for providing EB-5 certification letters to international investors. Since then, IAT has issued 43 letters to investors seeking to initiate projects in high unemployment areas across the state.
 - Furthermore, IAT is working with the California Department of Technology to rebuild the online Targeted Employment Area tool,

⁵ Foreign Direct Investment in California, 2021 (www.business.ca.gov/wp-content/uploads/2021/06/FINAL-FDI-Report.pdf)

- which allows investors to confirm eligibility and submit automated requests for certification letters through the GO-Biz website.
- Throughout 2021, IAT worked with a number of Japanese partners to recognize the country's position as the number one source of FDI to California and also to identify new opportunities to grow trade and investment. Those efforts included:
 - Preparing for a trade mission to Japan in March 2022, which was to be led by the Lt. Governor and the Director of GO-Biz. As a result of the ongoing effects of the pandemic, the trade mission was postponed but IAT and other state agencies continued to focus on advancing our partnership with Japan.
 - Signing a Memorandum of Understanding (MOU) with the Japan Bank for International Cooperation (JBIC) in March 2021, in collaboration with the Lt. Governor. The MOU is focused on enhancing the strong trade relationship between California and Japan and includes areas of cooperation on environmental protection, clean mobility, and more. IAT organized several meetings with JBIC leadership and state experts to help inform opportunities for future JBIC investment in the state.
 - Working with the Japanese Consulates of San Francisco and Los Angeles, the Japan External Trade Organization's (JETRO), the Japanese Chamber of Commerce of Northern California, and the Japan Business Association of Southern California to showcase Japanese businesses who have successfully launched and scaled in California. These efforts included business networking meetings with the Lt. Governor and the Director of GO-Biz hosted by the Consul General of Japan and highlighted, in particular, the contributions of the Japanese business community in building and scaling the hydrogen ecosystem in California.
 - Continuing its partnership with the New Energy and Industrial Technology Development Organization (NEDO), Japan's largest public management organization promoting research and development, as well as deployment of industrial, energy, and environmental technologies. In December 2021, NEDO provided updates on a number of strategic investments it has made in the state in recent years, including microgrid system development with Sumitomo Electric and San Diego Gas and Electric and public electric vehicle charging with Nissan Motors, Kanematsu Corporation, and EVGo.
 - Delivering a presentation on JETRO California's investment environment that was posted on a platform JETRO developed that highlighted business opportunities across the U.S.

Action 2: *Coordinate with statewide partners, including regional Economic Development Organizations (EDOs), and participate in FDI-oriented missions to emphasize investment opportunities in California. Host FDI favorable countries in California.*

Priority Level: 1

Timeline: Ongoing

Measurable Outcomes:

- IAT presented at more than 20 international events, primarily virtually. These events were hosted by network partners such as American Chambers of Commerce (AmChams), Foreign Commercial Service offices, Consulates, and other partners. They allowed IAT to communicate directly with a cumulative audience of more than 750 businesses, which resulted in approximately 100 one-on-one meetings with expanding companies.
 - In 2021, approximately 50 percent of IAT's one-on-one meetings with expanding businesses were prompted by an event or speaking engagement.
 - IAT's speaking engagements reached audiences in 15 different global markets and showcased opportunities in California for businesses in next-gen sectors including cleantech, renewable energy, advanced manufacturing, agricultural technology, and advanced transportation. These events included, but were not limited to:
 - A virtual event co-hosted by AmCham Chile and SelectUSA where IAT delivered remarks to an audience of 44 Chilean businesses in October 2021.
 - A matchmaking event hosted by INTononomous, which represents SMEs in the European autonomous vehicles sector. In November 2021, IAT delivered remarks to an audience of 56 businesses and engaged directly with 12 companies interested in expansion.
 - A webinar hosted by SelectUSA in South Korea featuring an audience of 48 prospective investors in the high-tech sector in December 2021.
- IAT also participated in multiple business matchmaking events where the team met one-on-one with numerous expanding businesses and provided materials and other resources to network partners to facilitate further investment. These included, but were not limited to:
 - A California investment guide prepared for the Korea Trade and Investment Promotion Agency (KOTRA).
 - Participating in Collision from Home, a virtual event focused on startups where IAT met with 14 expanding businesses in April 2021.

Action 3: *Participate in the U.S. Department of Commerce's SelectUSA Investment Summit and other high-profile trade and investment events annually. Develop a framework to implement a SelectCalifornia model, including a focus on under-represented areas of the state.*

Priority Level: 2

Timeline: Ongoing

Measurable Outcomes:

- Due to COVID-19, the 2021 SelectUSA Summit was held virtually. GO-Biz led a virtual California delegation at the SelectUSA Summit comprised of 18 organizations from across the state, including economic development leaders, utilities, and sector experts in agricultural technology, life sciences,

and manufacturing. IAT worked to ensure the delegation was geographically representative – including communities from Humboldt County to the Imperial Valley – and had a strong emphasis on innovation and ‘next generation’ industries.

- Over 3,400 participants attended, from every U.S. state and over 80 international markets.
- The California delegation engaged with dozens of international investors, and IAT established relationships with 36 businesses interested in expanding to California.
- California’s virtual booth attracted interest from over 200 Summit attendees.
- California’s presence at the Summit included an unprecedented amount of principal-level engagement, including:
 - A 20-minute fireside chat between Governor Newsom and the CEO of Lion Electric, a Canadian electric bus company operating in California.
 - A 10-minute conversation on innovation between Lt. Governor Kounalakis and First Element Fuel, a California hydrogen fuel company.
 - A 30-second promo on California featuring GO-Biz Director Myers.
- California supported six virtual events in the lead-up to the Summit by nominating speakers or sharing content.
- California partnered with the U.S. Commercial Service to launch a ‘Spotlight on California’ webinar series. The agendas of these hour-long webinars were designed by IAT and tailored for audiences of foreign investors recruited and vetted by the U.S. Commercial Service. The events covered strategic sectors including advanced manufacturing, agricultural technology, and biotechnology. To date, IAT has led Spotlight on California webinars in the following markets:

2021 Spotlight on California Webinars			
Date	Region	Industry Focus	Attendees
Mar. 11	Spain	IT and sustainability	132
Mar. 16	Italy	Manufacturing and cleantech	35
Apr. 5	South Korea	Clean technology and biotechnology	65
Apr. 29	Canada	Startups and mobility	48
Jul. 15	Singapore	Manufacturing and agricultural technology	95

Dec. 1	Australia and New Zealand	High tech and manufacturing	73
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3. Improve our partnerships at the international, national, state, and local level, and with the private sector, to leverage available resources efficiently and implement more proactive outreach and engagement.

***Action 1:** Proactively engage with the statewide network of Economic Development Organizations (EDOs), World Trade Centers, Chambers of Commerce, ports, airports, border crossing interests, University of California and California State University international centers, and programs to coordinate, amplify, and execute the state's international trade and investment strategy.*

Priority Level: 1

Timeline: Ongoing

Measurable Outcomes:

- IAT relaunched a monthly newsletter covering special announcements, upcoming events, and other resources. This newsletter currently reaches more than 1,200 contacts.
- IAT developed a vaccine email campaign to all consulates in the state. The email was sent on behalf of the Lt. Governor and Director Myers, who both signed a letter to the Consulates that outlined clear, actionable tools that our international networks could deploy to support vaccinations for COVID-19 in the communities they serve. Feedback was overwhelmingly positive; for example, the Korean Consulate translated the provided materials and distributed them across social media and throughout their networks. The Government of Guatemala sent a formal declaration complimenting Governor Newsom for his efforts to share resources in multiple languages and helping the Government of Guatemala to provide clear, consistent, and credible information.
- IAT engaged with the U.S. Department of Defense in September 2021 to receive a detailed overview of the Committee on Foreign Investment in the United States, its efforts to protect national security by monitoring inbound foreign investment, and its top areas of concern.
- IAT collaborated with in-state partners to support their respective trade promotion and foreign investment attraction initiatives. These events allowed IAT to highlight opportunities in California to international investors and support export development, and included:
 - Supporting the Los Angeles Mayor's Office of International Affairs with their virtual trade mission to Kenya in March 2021. The event was a fact-finding mission providing qualifying California companies with market insights and connections into one of the most vibrant economies in Africa and was also intended to help prepare and equip companies with the background and connections to be successful in future in-person trade missions to the country. The mission focused on

emerging opportunities in housing and construction, sustainability, and smart city solutions.

- Speaking at the California Association for Local Economic Development's launch event for their FDI Tech Guide in September 2021. The event featured an audience of 170 attendees from foreign consulates, international businesses, and EDOs.
- Attending the World Trade Center of Los Angeles' SelectLA Summit in October 2021. IAT coordinated the delivery of pre-recorded remarks from Director Myers. Furthermore, most of IAT attended the event in person, allowing them to network with local partners and international businesses.
- Supporting the Southern California Health Global Expansion Partnership by presenting on how companies can leverage grant funding available through California's State Trade Expansion Program (STEP) to help grow their businesses abroad. The webinar featured an audience of 40+ health/med tech small business exporters.
- IAT has proactively worked to develop and expand engagement with incubators and accelerators across the state that are interested in engaging with international startups. This has included but is not limited to:
 - A tour of AgStart an incubator/wet lab in Woodland, in June 2021.
 - A tour of the Murrieta Innovation Center and the Murrieta Genomics Lab in October 2021.

Action 2: *Evaluate and identify effective regional EDO programs for export training and cohort development and replicate at other regional EDOs.*

Priority Level: 1

Timeline: 2021, Ongoing

Measurable Outcomes:

- In January 2020, IAT partnered with 14 EDOs across the state to launch the California Export Training Network (CETN). The members of the network agree to share and publicize trainings and share best practices for export training.

Action 3: *Strengthen and formalize a partnership with the U.S. Commercial Service to utilize business match-making services in foreign countries and with U.S. embassies/consulates and American Chambers of Commerce in foreign markets to promote California exports and attract foreign investment.*

Priority Level: 2

Timeline: 2021, Ongoing

Measurable Outcomes:

- The U.S. Commercial Service has emerged as an important source of leads for inbound FDI. Approximately 20 percent of all businesses IAT engagements are referred by the U.S. Commercial Service offices overseas.
 - Furthermore, via collaboration with overseas U.S. Commercial Service partners on the 'Spotlight on California' webinar series and other initiatives, IAT has expanded and strengthened relations with the U.S. Commercial Service. This has facilitated cooperation on other

investment attraction engagements and increased leads from key markets.

- The U.S. Commercial Service and its overseas posts have also co-organized IAT's virtual trade mission series, effectively leveraging the STEP program funding for small business exporting.
- IAT continues to participate in the U.S. Commercial Service's quarterly planning meeting to coordinate state and federal export promotion efforts and provide assistance to foreign business looking to invest in California.
- IAT partnered with AmChams in Ireland, Shanghai, Ukraine, and Chile in 2021 to promote foreign investment attraction, reaching a total audience of more than 200 businesses.

Action 4: *Work with international partners to strengthen relationships, encourage mutual trade and investment activities, boost collaboration opportunities, and support general international affairs and diplomatic requests.*

Priority Level: 1

Timeline: Ongoing

Measurable Outcomes:

- IAT engaged on a variety of initiatives to expand and strengthen California's global relationships with key partners, to promote and enhance trade and investment relationships in priority markets. Examples of those activities include:
 - IAT launched an Invest in California guide with AmCham Ireland, the Consulate of Ireland, and Enterprise Ireland in January 2021. The guide is a resource intended to highlight opportunities for Irish businesses and entrepreneurs in California. The launch of the guide included a roundtable discussion on the deepening trade ties between Ireland and California with the Lt. Governor and Robert Troy, Irish Minister of State with special responsibility for Trade Promotion. The event was hosted by IAT and Gareth Lambe, AmCham President and Head of Facebook (now Meta) Ireland.
 - IAT collaborated with the German American Chamber of Commerce to provide a briefing to eight German companies in the energy storage sector in March 2021. The virtual investment mission was funded by the German Ministry of Economics and Energy and aimed to assist these German companies with evaluating market entry in California.
 - To support the advancement of the circular economy, IAT worked with the Consulate of the Netherlands and local partners to host a virtual business matchmaking event and policy dialogue with Dutch companies and government officials in April 2021.
 - IAT launched an online webinar series and virtual engagement platform with the government of Baden-Württemberg in June 2021. The collaboration was dubbed, "Baden-Württemberg - California: A Transatlantic Platform for Future Mobility Solutions" and has included a series of virtual discussions with the Lt. Governor, the State Minister and Chief of State Chancellery for Baden-

- Württemberg, policymakers, and numerous mobility industry leaders. Private sector involvement included representatives from Daimler, Volvo Group, Proterra, Lightning eMotors, and Waymo.
- In October 2021, IAT partnered with the Israeli Consulate in San Francisco and the Bay Area Council to develop a virtual event exploring the rise of Israel's innovation and technology economy, its deep ties with California, and the value those ties produce for the state's economy. As part of that engagement, the Lt. Governor delivered opening remarks with Israeli Deputy Foreign Minister Idan Roll.
- IAT provided coordination and support for an array of international affairs and diplomatic requests on behalf of the Governor, Lt. Governor, and GO-Biz leadership. In her capacity overseeing California's international affairs and trade strategy and with the strategic support of IAT at GO-Biz, the Lt. Governor:
 - Engaged with the National Security Council, State Department, and Congressional officials to coordinate and align California's international engagements with U.S. foreign policy.
 - Participated and/or spoke at over 50 events with international counterparts, governments, or organizations focused on trade, climate, the importance of sub-national diplomacy, disaster preparedness, women's empowerment, international diplomacy, and commemorations.
 - Participated in over 25 meetings at the ministerial or gubernatorial level, including Ireland, Denmark, Japan, Mexico, the Mexican states of Baja California, Baja California Sur, and Nuevo Leon, the Netherlands, Norway, France, the United Kingdom, Armenia, Pakistan, Switzerland, Ukraine, Chile, the European Union, and Canada.
 - Participated in over 60 meetings at the ambassadorial or consul general level.
 - In close collaboration with the Norwegian government, IAT coordinated a virtual royal visit from the Crown Prince of Norway in February 2021. The Lt. Governor met virtually with the Crown Prince and facilitated a discussion on opportunities to further collaborate on climate change efforts. The virtual visit also included sessions on key topics with California state officials, including:
 - Advancing offshore wind with CEC Commissioner Douglas.
 - Promoting adoption of the zero-emission vehicle market with Sec. Blumenfeld, CARB Chair Randolph, and CEC Commissioner Monahan.
 - As part of the virtual visit from the Crown Prince of Norway, GO-Biz signed an MOU with Innovation Norway, the country's equivalent to GO-Biz and the Government of Norway's most important instrument for innovation and development of Norwegian enterprises and industry.
 - Since Governor Newsom re-established the Commission of the Californias (ComCal) in late 2019 under an MOU with the Governors of Baja and Baja Sur, agencies across state government have been working on various initiatives under the agreement. Governor Newsom tasked the Lt. Governor

with leading engagement with the two Mexican governors and GO-Biz with leading interagency coordination.

- The Lt. Governor, IAT leadership, and many other state agencies met with the new governors of Baja and Baja Sur, who were both elected in the fall of 2021, to discuss the importance of ComCal.
- In December 2021, IAT organized a staff-level planning meeting to move that cooperation forward and, also, proposed a new workgroup focused on higher education, workforce development, and integration of binational communities. Existing workgroups focus on environment and energy, transportation and infrastructure, emergency preparedness and response, trade and economic development, tourism, agriculture, and public health.

4. Work with international trade infrastructure partners to serve California companies effectively and efficiently. Support the implementation of the state-approved California Sustainable Freight Action Plan.

***Action 1:** Meet with the state's ports, airports, rail lines, truckers, shipping lines, warehouse providers, and beneficial cargo owners to identify their specific freight needs and focus on the implementation of the Sustainable Freight Action Plan to address the future competitiveness of the state's goods movement and storage infrastructure.*

Priority Level: 1

Timeline: Ongoing

Measurable Outcomes:

- In September 2021 GO-Biz partnered with the California State Transportation Agency (CalSTA), the Port of Long Beach, and CSU Long Beach to form the California Supply Chain Success Initiative. Key elements of this initiative included a social media campaign, a virtual workshop, and an in-person summit. The final report resulting from this initiative will be released in February 2022, but stakeholders agreed to a number of actions necessary to address severe port congestion, including increasing access to chassis and collecting and sharing data more effectively.
- In October 2021, Governor Newsom signed Executive Order N-19-21, aimed at alleviating congestion at California's shipping ports and tackling the state's truck driver shortage. As a result, several actions were taken to mitigate supply chain disruptions throughout the state, including:
 - Establishment of an Interagency Supply Chain Task Force, co-led by Director Myers, to implement the goals of the EO N-19-21 and identify other potential solutions.
 - Identification of state-owned properties and parcels that can be made available to address short-term cargo container storage needs, in coordination with the Department of General Services, as well as working with private partners to find suitable space.
- Under the leadership of Director Myers, GO-Biz continued to work closely with federal partners, including Port Envoy Porcari and the Biden-Harris Supply

Chain Disruption Task Force, to address supply chain congestion. Many important results have come from this engagement. For example, the Governor and U.S. Department of Transportation announced a strategic partnership to help facilitate innovative projects and financing opportunities for multi-billion-dollar infrastructure improvements, including providing up to \$5 billion for California ports and supply chain infrastructure.

- Due to these efforts, there was a 32 percent decrease in containers sitting on docks for more than nine days in the Ports of Los Angeles and Long Beach as of December 2021.

5. Develop and implement a more user-friendly, comprehensive, and interactive website and communications strategy to assist California companies seeking to export and attract foreign investment.

***Action 1:** Upgrade the International Affairs section of the GO-Biz website to provide a link between federal and state trade and export services, domestic and overseas trade and investment-related partners, as well as information, educational materials, and resources to expand trade and FDI.*

Priority Level: 2

Timeline: 2021

Measurable Outcomes:

- The International Trade and Investment page⁶ on the GO-Biz website received an average of more than 380 pageviews per month in 2021. Within the International section on the GO-Biz website, the top pages by number of pageviews were Invest in California,⁷ International Businesses in California,⁸ and FDI in California.⁹
 - The number of pageviews on the 'International Businesses in California' page is particularly significant given that page was launched in July 2021.
- IAT maintains factsheets on California's top 20 sources of foreign investment on the GO-Biz website. These factsheets are designed to serve as a resource for local economic development leaders seeking to learn more about important sources of FDI, and to highlight to international partners the impact of their investment.
- IAT maintains an International Investor Starter Packet, which is provided to businesses upon consultation with them and is a dynamic checklist of the first steps for a business beginning operations in California. It includes details on how to register with the California Secretary of State, how to open a U.S. bank

⁶ International Trade and Investment (www.business.ca.gov/advantages/international-trade-and-investment/step-program)

⁷ Invest in California (www.business.ca.gov/advantages/international-trade-and-investment/invest-in-california)

⁸ International Businesses in California (www.business.ca.gov/advantages/international-trade-and-investment/invest-in-california/international-businesses-in-california)

⁹ FDI in California (www.business.ca.gov/advantages/international-trade-and-investment/invest-in-california/fdi-in-california)

account, and other tools and resources. IAT shares these resources with prospective international investors as needed.

- IAT created a flyer on incentives for zero emission vehicle companies, which is available on the GO-Biz website.
- IAT has widely shared flyers on incentives for manufacturers which are designed to support California businesses experiencing uncertainty in their global supply chains. Posted and available on the manufacturing page¹⁰ of the GO-Biz website, these flyers illustrate the various incentive programs available in our partner agencies.

Action 2: *Market California as a desirable place to do business by highlighting success stories from international companies that have launched in the state, emphasizing why they chose California. Support foreign-owned businesses in the state by providing an opportunity to 'tell their story' on the GO-Biz website.*

Priority Level: 2

Timeline: 2020-2021

Measurable Outcomes:

- As part of an effort to acknowledge, promote, and attract foreign direct investment to California and support California's diverse, inclusive, and attractive business environment, GO-Biz launched an international business success story website in July 2021. IAT piloted the project for the Asia region and has since published 39 FDI success stories via this platform that outline why businesses from around the world choose California. Large companies like Mitsubishi¹¹ and smaller companies like Zoomo, an Australian e-bike start-up,¹² are featured with compelling videos and imagery. Hyundai, for example, provided a customized video submission from Jose Munoz¹³ – CEO of Hyundai North America. The video outlines why Hyundai's vision for the future is enabled by the workforce and innovation ecosystem only available in California.

Action 3: *Prepare to take on the oversight, administration, and leadership of STEP. This includes creating a new website and grant portal so that California small businesses can more easily access and apply for funding for their export-related activities.*

Priority Level: 1

Timeline: 2021- Summer 2022

Measurable Outcomes:

- Throughout the summer and fall of 2021, IAT leadership worked with the California Department of Agriculture and CSU San Bernardino, which currently houses the STEP Director position, to develop a transition plan to move the STEP program to GO-Biz. This coordination will continue into 2022 as the three organizations continue to spend down existing STEP funds and

¹⁰ Manufacturing details on GO-Biz website (www.business.ca.gov/industries/manufacturing)

¹¹ Mitsubishi Corporation (www.business.ca.gov/mitsubishi-corporation-americas)

¹² Zoomo (www.business.ca.gov/zoomo)

¹³ Hyundai North America (www.business.ca.gov/hyundai-motor-company)

collaborate on processes to further aid in the transition later in the summer of 2022.

- IAT worked closely with the GO-Biz IT team to create content and design elements for a new STEP website, which is integral to the full transfer of STEP management to IAT. There will also be a separate grant portal that California small businesses can use to apply for funding, track the status of their application, and request reimbursements.
- As part of the content for the new website, IAT is creating PDFs that will guide businesses through the application and reimbursement processes, including an updated Program Guidelines document. These will be accompanied by a collection of short video tutorials.

6. Leverage the efforts of Visit California and CA Grown brands to support international trade and investment.

***Action 1:** Meet regularly with Visit California and CA Grown to maximize impact of their marketing spend on international trade and investment.*

Priority Level: 2

Timeline: Ongoing

Measurable Outcomes:

- IAT continued to work with these teams, including through Visit California's participation in the International Affairs and Trade Development Interagency Committee.
- Given the large decline in tourism due to COVID-19, Visit California has continued to largely focus their efforts on domestic tourism.

GLOBAL TRADE AND INVESTMENT DESKS

Armenia

In September 2019, Governor Gavin Newsom met with Armenian Prime Minister Nikol Pashinyan and signed an agreement to create a Trade and Services Desk in Armenia. The desk serves as a hub for the Europe/Middle East/Africa Trade and Investment Representative and will be utilized by delegations from GO-Biz to encourage trade and investment by Californian and Armenian businesses, for instance by assisting entrepreneurs in connecting with their counterparts to engage in commercial activities.

GO-Biz formed a partnership with Impact Hub Armenia Social Innovation Development Foundation (Impact Hub Yerevan), an Armenian-based nonprofit organization that supports social impact enterprises, to establish the Trade and Services Desk. This was initially intended to be formalized in the spring of 2020 but was postponed due to the emergence of the COVID-19 pandemic. It was then rescheduled for the fall of 2020 but postponed due to regional conflicts.

An MOU signing was successfully conducted on June 1, 2021. This virtual event was attended by officials from California, Armenia, and Impact Hub Yerevan.

In 2020, Armenia accounted for \$24 million of California's \$552.1 billion in bilateral trade (0.0043 percent),¹⁴ and there were fewer than five Armenian businesses in the state with an estimated 20 employees.¹⁵ However, California is home to the largest Armenian diaspora in the world, with approximately 1 million people of Armenian descent residing in the state. Furthermore, California ranked as the top exporting state and the second-highest importing state to Armenia in 2020.¹⁶ Given that, Armenia remains an important cultural and economic partner of California, and this has been cemented by the new Trade and Services Desk in Yerevan.

China

In September 2019, the China Trade Office Network, a partnership between the Bay Area Council, Los Angeles Economic Development Corporation, the California Asian Pacific Chamber of Commerce (CalAsian Chamber), and the City of Sacramento, was expanded and rebranded as the California Trade and Investment Network (CTIN), adding four additional partners which agreed to share resources and contacts, work together on trade shows and missions, and cooperate on business development. The four additional partners are AmCham Shanghai, GlobalSF, and Fresno EDC.

GO-Biz organized a bimonthly call among the eight CTIN members, supported CTIN members' activities and requests regarding China, and shared information and

¹⁴ U.S. Census Trade data

¹⁵ Foreign Direct Investment in California, 2021 (www.business.ca.gov/wp-content/uploads/2021/06/FINAL-FDI-Report.pdf)

¹⁶ U.S. Census Trade data

resources with CTIN members. In September 2021, GO-Biz renewed the CTIN agreement with all the eight existing members. The new agreement serves the following purposes:

- Enables GO-Biz to better engage with Chinese government agencies and other Chinese partners to promote bilateral trade, investment, and collaboration by clarifying GO-Biz as the only State of California authority in the CTIN.
- Improves processes and sets clearer expectations for CTIN members' responsibilities as network participants, including information-sharing and reporting.
- Updates and better defines the processes by which CTIN members can request and use the CTIN name and logo in events and activities.
- Maintains CTIN members' ability and autonomy to pursue all China-related activities outside of the CTIN as they see appropriate.

CTIN members hosted or participated in many events and activities promoting California exports or attracting FDI. Examples of those initiatives in 2021 included:

- January 19: The CalAsian Chamber of Commerce participated in a webinar hosted by the EXIM Bank titled "New Year, New Markets."
- April 13: The City of Sacramento promoted California clean energy trade and investment projects at the SelectUSA Guangzhou Clean Energy event, which was held in Guangzhou, China and organized by the U.S. Commercial Service.
- April 13: The American Chamber of Commerce in Shanghai held an information session titled "Chip Wars: Opportunities and Challenges in China's Semiconductor Industry" at their office in Shanghai.
- April 23: The American Chamber of Commerce in Shanghai organized a webinar titled "California: Where Innovation is Born" to attract FDI to the state, in collaboration with IAT.
- May 4: The CalAsian Chamber participated in a webinar hosted by the EXIM Bank titled "Export to Asia with Confidence."
- June 17: The American Chamber of Commerce in Shanghai organized a free bilingual webinar titled "Financing Nature: Biodiversity Crisis and Opportunities for the Private Sector."
- June 29: The CalAsian Chamber participated in a webinar hosted by the Oahu Minority Business Development Agency's Enterprising Women of Color Center and the U.S. Commercial Service – Pacific, titled "Demystifying Exports to Asia Pacific Rim."
- December 13: The World Trade Center Los Angeles participated in an in-person planning meeting in Los Angeles with the Hong Kong Economic and Trade Office.

Two-way trade between California and China amounted to \$145 billion in 2020.¹⁷ China is California's third-largest export market after Mexico and Canada, with \$15 billion in

¹⁷ U.S. Census Trade data

exports in 2020. What's more, China was California's eighth largest source of FDI in 2020, which accounted for over 22,000 jobs and more than \$2 billion in wages.¹⁸

Mexico

On October 2, 2019, the Lieutenant Governor announced that California was establishing a Trade and Services Desk to promote two-way trade and further strengthen California's deep economic, political, and cultural relationship with Mexico. The desk is utilized by California's Trade and Investment Representative for the Americas to promote mutual trade and investment by Californian and Mexican businesses, assist businesses looking to invest and/or export to and from California - and the Americas more broadly, and support more robust two-way exchange in environmental protection, education, and tourism. The common goal of the desk with Mexico is to create a sustained, strategic, and mutually beneficial partnership.

The Trade and Services Desk is located at the University of California's Casa de la Universidad de California in Mexico City. Prior to the opening of the desk, GO-Biz and the University of California signed an MOU allowing California to utilize space within Casa de California at no cost to the state.

In 2020, Mexico was California's number two overall two-way trade partner, with \$48 billion in imports from Mexico and \$24 billion in exports to Mexico. Key areas for trade include computer & electronic products, transportation equipment, and agricultural products.¹⁹

¹⁸ Foreign Direct Investment in California, 2021 (www.business.ca.gov/wp-content/uploads/2021/06/FINAL-FDI-Report.pdf)

¹⁹ U.S. Census Trade data

ORGANIZATIONAL STRUCTURE AND BUDGET

The organizational structure of IAT and location of its staff have been consciously developed to balance operational considerations, protection of the public interest and support of business development. Under the overall direction and coordination of the Governor's Office and in collaboration with the Office of the Lieutenant Governor, IAT is responsible for daily management, oversight, programmatic evaluation, and performance evaluation of international trade and investment priorities. IAT is currently composed as follows:

- Emily Desai, Deputy Director for International Affairs and Trade
- Maria Onorato, Foreign Direct Investment Specialist
- Diana Dominguez, California Trade and Investment Representative – Americas, Australia, and New Zealand
- Jonathan Zeigler, California Trade and Investment Representative – Europe and Middle East
- Henan Li, California Trade and Investment Representative – Asia
- Mariana Guevara, International Analyst
- Claire Gordon, Executive Fellow

Funding for the overall International Affairs and Trade team within GO-Biz amounts to \$1,129,788 for Fiscal Year 2021/2022.