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SR-48 (2019-2020)

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ENROLLED SEPTEMBER 11, 2019

PASSED IN SENATE SEPTEMBER 06, 2019

AMENDED IN SENATE JULY 01, 2019

CALIFORNIA LEGISLATURE— 2019–2020 REGULAR SESSION

SENATE RESOLUTION

NO. 48

Introduced by Senator Hueso
(Coauthors: Senators Bradford, Hurtado, Rubio, and Wilk)

June 10, 2019

Relative to commerce.

LEGISLATIVE COUNSEL'S DIGEST

SR 48, Hueso.

WHEREAS, In 1994, the North American Free Trade Agreement (NAFTA) was implemented between the United States, Mexico, and Canada to integrate commerce and investment between the participating nations; and

WHEREAS, Since the implementation of NAFTA, trade among the three countries has quadrupled and regional trade has resulted in a high degree of economic integration; and

WHEREAS, The rise of complex cross-border supply chains effectively turned the United States' developed economy and Mexico's developing economy into a singular binational production platform; and

WHEREAS, California's relationship with Mexico has been integral to making California the fifth-largest economy in the world and an economic engine for all of the United States; and

WHEREAS, The California–Mexico border region is home to over 7.1 million people and generating \$24.3 billion dollars in economic activity, and is one of the most highly populated border regions in the United States; and

WHEREAS, In 2018, California imported \$44 billion in goods from Mexico, including transportation equipment, computer and electronic products, agricultural products, and miscellaneous manufactured goods, and exported \$30.7 billion to Mexico, or 17 percent of all California exports; and

WHEREAS, Trade with Mexico supports 566,000 jobs in California; and

WHEREAS, The United States–Mexico–Canada Agreement (USMCA) was signed on November 30, 2018, to update the existing NAFTA agreement and is pending ratification before the legislative bodies of each country; and

WHEREAS, In 2019, President Donald Trump instituted a series of tariffs, on solar panels 30 percent, washing machines (30 to 50 percent), steel (25 percent), and aluminum (10 percent) for most countries, which were extended to include the European Union, Canada, and Mexico; and

WHEREAS, This action resulted in a series of retaliatory tariffs, with Canada announcing tariffs on 229 products and Mexico retaliating with \$3 billion in tariffs against American-made products; and

WHEREAS, President Trump announced his plan to impose a 5-percent tariff on Mexican goods starting on June 10, 2019, and will gradually increase that amount to 25 percent on October 1, 2019, until Mexico substantially stops the flow of immigrants into the United States; and

WHEREAS, In 2017, over one-third of all American exports went to NAFTA partners, with Mexico being one of the largest buyers of American-made products in the world; and

WHEREAS, Mexico was the second-largest exporter to the United States in 2018, with goods totaling \$346.5 billion, a 10-percent increase from 2017; and

WHEREAS, At least 30 of the 50 states in the United States depend on Mexico as one of their two principal exports markets; and

WHEREAS, Mexico purchases 17.2 percent of all California exports, whose dollar value in 2017 amounted to \$26.8 billion; and

WHEREAS, The United States Chamber of Commerce estimates that \$699 million in California exports to Mexico have been targeted for trade retaliation from United States tariffs; and

WHEREAS, Reports have indicated that the 5-percent tariff on Mexican goods could result in the loss of as many as 50,000 California jobs; and

WHEREAS, These tariffs threaten California businesses and jobs and will be felt by California consumers and producers and across supply chains; and

WHEREAS, The relationship between Mexico and the United States is vital to the success of our country and our state, as seen by the economic benefits of free trade and the ongoing commercial partnership between the nations of North America; and

WHEREAS, To ensure the ongoing cooperation between California and Mexico fundamental to their shared economic prosperity, it is essential that we continue to collaborate to strengthen job creation, cross-border goods movement, innovation, and international competitiveness; and

WHEREAS, With the approval of the United States–Mexico–Canada Agreement (USMCA) pending before Congress and the ushering in of a new presidential administration in Mexico, a unique opportunity arrives for California to foster productive conversations with Mexico and to find new and innovative ways to lead domestically and internationally; now, therefore, be it

Resolved by the Senate of the State of California, That the Senate urges the leaders of the United States to avoid tariffs with Mexico, as it stands in the way of our own economic success and that Congress should oppose any tariffs levied on Mexico; and be it further

RESOLVED, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the Senate, and to each Senator and Representative from California in the United States Congress; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the author for appropriate distribution.