



June 27, 2025

Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814
Delivered via email

Request for State Actions to Preserve California's Global Trade Competitiveness

Dear Governor Newsom,

On behalf of the California Business Roundtable, California Manufacturers & Technology Association, California Railroads, California Retailers Association, California Trucking Association, Pacific Merchant Shipping Association, and Supply Chain Federation, we respectfully request your consideration of taking state actions to preserve and ensure California's economic competitiveness during the current period of uncertainty in our global trading systems and international markets. As one of the most trade-dependent states in the nation, and as the leading state in developing direct trans-Pacific economic ties to East Asia, it is imperative that California act decisively to address the ways in which the state has been, is, and will be exposed to the uncertainty that has resulted from current and future changes to federal trade policy and tariffs.

Our coalition has identified potential actions that could help ensure that the state and its trade-dependent industries are working together to minimize the potential negative impacts of increased tariffs and the uncertainty surrounding current trade policy. Taking these steps would help address the unintended consequences of the recent changes in

tariffs and trade policies, and, accordingly, further fortify California's jobs and economy against shocks that impact trade-dependent industries today and in the future.

As you know, California's freight- and trade-dependent economy directly supports millions of jobs and generates billions of dollars in tax revenues for our state and cities throughout California. The global supply chain is foundational to nearly every economic sector in the state and for our access to essential goods from overseas. This includes access to components for manufacturing, critical health care supplies, and equipment to keep Californians safe. These critical underpinnings are at risk and we hope to work with your Administration to minimize these risks.

We look forward to continuing to work with you and your administration in furtherance of the preservation and protection of our international supply chain in California. Please feel free to reach out to Jennifer Cohen (jcohen@pmsaship.com) or any of the organizations listed below to discuss the attached recommendations.

California Business Roundtable

California Manufacturers & Technology Association

California Railroads

California Retailers Association

California Trucking Association

Pacific Merchant Shipping Association

Supply Chain Federation

Direct Support for California Industries

- Identify where potential cuts in federal funding and/or federal workforce are reducing California supply chain operational efficiencies, safety, etc. could be offset by local or state policy, regulatory, legal, or financial commitments or revisions
- Discuss creation of support for tax credits, incentives, or subsidies on a short-term basis for agricultural exporters, manufacturers' onshoring and retention, and tax credits and/or Cal Competes priorities for shipping manufacturing components through California ports
- Support the agriculture export community on a long-term basis by identifying ways to supplement the loss of export cargo opportunities for our farmers with crops and commodities that have the highest exposure to trade volatility
- Reduce the burden on all freight and truck-dependent industries by directing a pause of the July 1st CPI adjustment to the diesel excise tax by CDTFA
- Direct CalSTA and GoBiz to vet all regulatory and legislative proposals for costs and impacts on the supply chain

Legislative Direction

- Provide direction to the legislature that any bills that will increase costs to consumers, including restraints on economic activity, should be held until 2026
- Provide same direction on bills that are intended to increase direct or indirect regulatory costs for the supply chain or intermodal transportation
- Support SB 263 (Gonzalez) economic model to evaluate trade and tariff impacts on the State and the State's finances, including tax revenue impacts.

Short-Term Regulatory Relief

- Provide regulatory compliance pathways that are targeted specifically to respond to potential Tariff impacts. For example, with respect to CARB shorepower regulations, provide proactive guidance on compliance from CARB to Ports and Vessels on how to utilize mitigation fee compliance and how to make mitigation fee proceeds available to Ports and vessels for subsequent application to clean-air projects
- Audit of the current regulations to suspend or pause those with the heaviest negative economic impacts

Infrastructure

- Initiate process to identify priority California freight and trade highway projects that can immediately apply for federal highway funding to support trade infrastructure
- Identify and prioritize ongoing sustainable public funding streams for port infrastructure including investments in ZE equipment and infrastructure to continue to advance the industry and the state's clean energy goals without new fees/taxes
- Identify where state investments should be made to support trade resiliency to minimize future impacts