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2015

Foreign Affairs Program



City of
Temecula

Economic
Development
Division

Executive Summary

International trade and investment has become a critical component for California's economic growth. In 2013, the International Trade Administration ranked CA as one of the top exporter states in the U.S., with an estimated value of \$168.1 billion. California also leads the nation in attracting foreign direct investment. The City of Temecula is in the proper position to benefit from a foreign affairs program. The City plans to increase our relations with foreign countries so that the economy can benefit from foreign trade and investment. We plan to utilize our partnerships with the Riverside County Office of Foreign Trade, the San Diego Foreign Trade Zone, Visit Temecula Valley, and our Sister Cities program to develop our foreign affairs program strategy.

Statistics

Foreign Direct Investment

- California is the number one state for attracting foreign direct investment.
- In 2010, foreign-owned companies employed approximately 567,000 Californian workers.
- Foreign investment in California was responsible for 4.7% of the state's total private-industry employment in 2010

Exporting

- In 2011, California ranked first in the U.S. in service exports with an estimated value of \$89.3 billion which is approximately 14% of the U.S. total services exported.
- In 2012, California's export shipments of merchandise goods totaled \$161.7 billion.
- California is the largest state exporter of agricultural products. In 2011, the state's 81,500 farms and ranches generated \$43.5 billion in output representing 11.6% of the U.S. total.

Tourism

- In 2011, 20% of tourism related dollars in California were attributable to international traveler spending.
- Travel spending in Temecula Valley in 2013 reached an all-time high of \$651.4 million. Temecula Valley travel spending directly generated nearly 6,900 jobs.

Highlighting the strengths of our partnerships and unique resources, we have developed the following objectives:

1. Provide financing opportunities to start-up or existing companies and increase employment opportunities for local residents through the fostering of Foreign Direct Investment to the private businesses within the City of Temecula.
2. Increase tourism from foreign visitors and capitalize on tourism revenue while simultaneously assisting local businesses.
3. Leverage the diversity and unique qualities of the City of Temecula by increasing brand awareness and recognition.
4. Encourage local Temecula businesses to increase their exports to promote growth and increase employment.
5. Facilitate communication among local businesses to ensure regions are educated on the benefits of trade.

The above objectives will attempt to increase the City of Temecula's presence in the global economy. Through engaging in this foreign affairs program, we will be able to provide a more diverse future for City of Temecula citizens. Attracting Foreign Direct Investment, capitalizing on tourism, leveraging our diversity, increasing exports, and facilitating communication among trading partners will enhance the City of Temecula's competitive position in the marketplace.

Introduction

Enhancing Temecula's foreign affairs program will assist in facilitating the growth of local businesses and providing increased employment opportunities.

Increasing the number of exports from local businesses and improving trade relations has potential to grow the Temecula economy. In 2013, the U.S. achieved a record setting number of exports at \$2.3 trillion and exports supplied 11 million jobs to U.S. workers. In California, there were 75,012 companies that were exporting in the year 2012. Of those 75,012, over 95% of those exporting were small or medium-sized companies with less than 500 employees. California alone exported \$168.1 billion of merchandise in 2013 and their largest market was Mexico.¹ This exemplifies the great potential the City of Temecula has for growth if more local businesses choose to sell goods or services in international markets.

Improving foreign investment in Temecula would also help to strengthen employment opportunities and develop local business. Since the year 2006, the U.S. has received more foreign direct investment (FDI) than any other country.² California is the country's largest recipient of FDI because of the diversity throughout the state. From the high-tech companies located in the Silicon Valley to the LA entertainment industry, to Temecula Valley Wine Country, each city in California offers distinct and unique features making the state appealing to investors.³ In the year 2011, companies benefitting from foreign direct investment were able to provide jobs to 590,100 workers in the state of California. During this time period, the majority of foreign investment in California originated from Japan, the UK, France, and Switzerland.⁴ The City of Temecula could also benefit from increasing FDI and showcasing the unique qualities of the city.

In the following pages, we will explain the partnerships we will utilize in developing our foreign affairs program and we will highlight the objectives and strategies we have formulated to help strengthen the competitive position of the City of Temecula in the global economy.

Program Partners

Riverside County Office of Foreign Trade

The City of Temecula plans to enter into a Cooperative Agreement with the Riverside County Office of Foreign Trade (OFT). The Agreement will set forth the various efforts and goals of the

¹ Statistics cited from: <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>

² Statistics cited from: http://www.whitehouse.gov/sites/default/files/2013fdi_report_-_final_for_web.pdf

³ Statistics cited from: <http://www.business.ca.gov/Programs/InternationalTradeInvestment.aspx>

⁴ Statistics cited from: <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>

City and County regarding international trade and foreign investment. Once partnered with the OFT, the City of Temecula will be given an increased amount of support in regards to the Foreign Affairs Program. The mission of the Riverside County Office of Foreign Trade is as follows:

“The Office of Foreign Trade (OFT) assists business owners, corporate officers, investors, and entrepreneurs with export and import assistance with the objective of creating new jobs and investment within the county. The OFT serves as your link to developing and existing markets overseas, including our United States Export Assistance Centers, Foreign Agricultural Services, United States Chambers of Commerce operating abroad, United States Commercial Service, Foreign Trade Offices, and investors from other nations interested in establishing a business location in the County of Riverside.

The OFT is also directly responsible for government-to-government relations, as it pertains to economic development, trade, tourism, and good will building with the Organization of American States, United Nations, and all nations and governments formally recognized by the government of the United States of America. This office also exists to promote the use of the North American Free Trade Agreement, Central American Free Trade Agreement, and existing trade agreements or treaties. These treaties open markets for goods and products produced within the County of Riverside that are manufactured, or grown in Riverside County. OFT is strategically placed within the Economic Development Agency to have direct access to the vast resources, support, and assistance from its team of highly dedicated professionals within the agency.”⁵

San Diego Foreign Trade Zone

The City of Temecula is a part of San Diego’s Foreign Trade Zone. Foreign Trade Zones (FTZs) provide special customs procedures to United States plants that are engaged in international trade activities. Manufacturers located within FTZs do not have to pay import duties on goods brought to the zones unless they have been exported to the U.S. They also do not have to pay import taxes on the increased value of goods that is added by labor in the U.S. Therefore, these FTZs have the potential to save companies millions of dollars each year because of the reduced fees, taxes, and tariffs on goods that are brought into the United States.

Visit Temecula Valley

Visit Temecula Valley works to encourage travelers to visit and stay in the City of Temecula. They engage in an array of marketing campaigns to attract visitors to the City. They showcase

⁵ Cited from: <http://www.rivcoeda.org/Departments/OfficeofForeignTrade/tabid/1316/Default.aspx>

the unique qualities that Temecula has to offer and help to build the Temecula brand. Increasing our international partnership and awareness with Visit Temecula Valley would be beneficial to the City of Temecula.

Sister Cities Program

The City of Temecula's Sister Cities Program will greatly assist with our Foreign Affairs Program. The Temecula Sister Cities Association was created in 1992 to connect Temecula with our two sister cities, Leidschendam-Voorburg in the Netherlands and Daisen in Japan. We first connected with Leidschendam-Voorburg in 1993 and we have had numerous exchanges between students and staff of high schools in Temecula and the Dalton School located in Voorburg. Law enforcement personnel of both communities have been involved in exchanges as well. Our second sister city, Daisen-Nakayama, Japan, has been greatly involved in a middle school exchange program. Margarita Middle School in Temecula works with Nakayama Middle School and there have been many successful exchanges between students. There have also been successful exchanges between business leaders of the two cities. Our Sister Cities Program strives to encourage the understanding of each other as individuals and as members of the family of nations. Through cultural, academic, and vocational exchanges we work to bridge the City of Temecula with our sister cities to foster business relationships, friendships, and mutual respect.



City of Temecula Objectives

Objective 1: Provide financing opportunities to start-up or existing companies and increase employment opportunities for local residents through attracting Foreign Direct Investment to the City of Temecula.

Goals:

- a) Work with Visit Temecula Valley to launch an international marketing campaign aimed at increasing tourism from foreign travelers as well as attracting foreign investors.
 - b) Host visits and attend networking events with foreign trade offices to build relationships.
 - c) Work with the Riverside County Office of Foreign Trade to secure investments.
 - d) Utilize our Sister Cities Program to further investment opportunities.
 - e) Print marketing material in foreign languages.
 - f) Develop a program connecting local businesses and developers that need capital with foreign direct investment sources.
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Objective 2: Increase tourism from foreign visitors and capitalize on tourism revenue simultaneously assisting local businesses.

Goals:

- a) Collaborate with Visit Temecula Valley to have traveling information available in foreign languages.
 - b) Create a variety of travel itineraries for visitors and supply them to foreign tourism offices.
 - c) Increase the amount of tourism from our Sister Cities through furthering the exchange program.
 - d) Collaborate with the local colleges to market and promote education services to foreign students.
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Objective 3: Leverage the diversity and unique qualities of the City of Temecula to increase brand awareness and recognition.

Goals:

- a) Build a globally recognizable brand for the City of Temecula through highlighting the unique tourism features such as the award-winning wineries and championship golf courses.
 - b) Work with Visit Temecula Valley increase the amount of marketing materials in print and online targeted at foreign audiences.
 - c) Modify the City of Temecula website to include a translation button and International Affairs information.
 - d) Continue to participate in County of Riverside marketing and trade show attendance when aligned with our targeted industries.
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Objective 4: Encourage local Temecula businesses to increase their exports to promote growth and increase employment.

Goals:

- a) Educate local businesses and start-up companies about the Foreign Trade Zones.
 - b) Create a trade plan between local businesses that are equipped for international trade operations.
 - c) Learn about investment from the perspective of the foreign-owned establishments in the area through partnering with the Office of Foreign Trade.
 - d) Develop an export mentoring plan in which businesses that have the potential to export are given advice and guidance on how to increase their export activity and competitive position within the global marketplace.
 - e) Utilize the Temecula Valley Entrepreneur's Exchange for educational trainings and seminars.
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Objective 5: Facilitate communication among trading partners and ensure regions are educated on the benefits of trade.

Goals:

- a) Educate local businesses and possible trade partners about trade potential.
 - b) Share resources, information, and business strategies with trading partners to create mutually beneficial relationships.
 - c) Increase trade relations and communications with large trading partners such as Canada, Mexico, China and Japan.
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