MEMORANDUM OF UNDERSTANDING BETWEEN THE MINISTRY OF ECONOMY OF THE UNITED MEXICAN STATES AND THE GOVERNMENT OF THE STATE OF CALIFORNIA OF THE UNITED STATES OF AMERICA

The Ministry of Economy of the United Mexican States and the Government of the State of California of the United States of America, hereinafter referred to as "the Participants";

WHEREAS two-way trade in goods between Mexico and California totaled over US$74.7 billion in 2018 — one of the largest two-way trade relationships between Mexico and a U.S. State, and Mexico has become, for the first time, during 2019's first semester, the U.S.'s largest trade partner;

WHEREAS Mexico and California share a 136-mile border and close historical, cultural, and economic ties;

WHEREAS Mexico's new trade policy priorities of innovation, diversification and inclusion coincide with priorities upon which California has established its economic growth strategy; and

WHEREAS the Participants seek to expand the current level of economic and investment cooperation between Mexico and California in, but not limited to, the fields of alternative and renewable energy, environment and related clean technologies, agriculture-related technologies, micro, small and medium enterprises, innovation, workforce development, digital economy and creative industries and cybersecurity;

Therefore, the Participants have reached the following understanding:

SECTION I
Objective

The purpose of this Memorandum of Understanding is to establish a formal and flexible framework between the Participants in order to permit them to expand trade and investment cooperation, foster scientific and technological collaboration, promote export products diversification, boost economic development for all regions and create jobs. In doing so, the Participants share the following common objectives:

a) To engage in mutually beneficial economic, commercial and innovation activities;

b) To promote the organization of trade and investment missions by sector, in coordination with the private sector, and to facilitate the identification of economic opportunities;

c) To encourage innovation, economic and business development in technology-related sectors by fostering joint industrial research and development (R&D) activities, enhancing business relationships, and facilitating collaboration between Mexican and Californian entrepreneurs;

d) To share good practices relating to technological innovation;

e) To build upon the principles of a mutually beneficial trade and investment relationship recognizing the importance of strengthening the Participants' capacity to protect the environment and promote sustainable development while remaining vigilant of labor rights.

SECTION II
Areas of Cooperation

The Participants intend to strengthen and facilitate trade and investment cooperation through initiatives focused particularly on, but not limited to, the following areas of cooperation:

a) Creative industries

b) Digital economy and Industry 4.0

c) Micro, small and medium enterprises

d) Alternative and Renewable Energy

e) Environmental Protection and Other Related Clean Technologies

f) Agriculture and Agricultural Technologies

g) Workforce development

h) Infrastructure for cross-border goods movement and trade facilitation

SECTION III
Coordination

The Participants respectively designate the General Direction for North American Affairs of the Ministry of Economy and the Governor's Office of Business and Economic Development to establish a bilateral Working Group to coordinate the creation of an action plan to implement the objectives of this Memorandum of Understanding.

The Working Group will meet on a regular, periodic basis in order to follow up on the Memorandum of Understanding's implementation. The Ministry of Economy and the relevant agencies of the Government of California will be in charge of carrying out the actions within the scope of their competence and may invite other agencies, Chambers of Commerce or Business Associations to participate in initiatives undertaken pursuant to this Memorandum of Understanding. The Working Group must present a mid-term and a final report on the results of the implementation of the action plan.

SECTION IV
Specific Activities

Specific activities to achieve the objectives of this Memorandum of Understanding for the key sectors identified in Article II may include:

a) Exchanging information on good practices relating to specific projects regarding the identified areas of cooperation;

b) Organizing at least one trade mission every two years to focus on the exchange of information about options of trade and investment, the development of commercial contacts and the exploration of areas for potential cooperation;

c) Providing information to companies, including small and medium-sized enterprises (SMEs), in order to facilitate trade and investment opportunities, and providing relevant connections to the extent it is reasonably possible to do so;

d) Fostering collaboration between the Participants' universities, organizations, research centers, California's iHubs, and companies to develop science and technology programs that allows for concrete business development;

e) Undertaking exchanges between entrepreneurs and innovators in order to share good practices and success stories from Silicon Valley and other innovation centers in California;

f) Establishing links with the Mexican Association of Economic Development Secretaries (*Asociación Mexicana de Secretarios de Desarrollo Económico,* AMSDE) and California counterparts to identify areas for collaboration at the local level, particularly in the California-Baja California border region;

g) Identifying collaboration projects pertaining to border infrastructure in order to establish cooperation pilot programs on this subject;

SECTION V
Points of Contact

The General Direction for North American Affairs of the Ministry of Economy and the Governor's Office of Business and Economic Development will also serve as the respective contact points for communication and information exchange, as well as any notice required to be submitted under this Memorandum of Understanding.

SECTION VI
Availability of Personnel and Resources

This Memorandum of Understanding, once in effect upon signature, does not create any legally binding rights or obligations for either Participant.

This Memorandum of Understanding does not involve the exchange of funds, nor does it represent any obligation of funds by either Participant. All costs that may arise from activities covered by, mentioned in, or pursuant to this Memorandum of Understanding will be assumed by the Participant who incurs them, unless otherwise stipulated and decided pursuant to a future written arrangement. All activities undertaken pursuant to this Memorandum of Understanding are subject to the availability of funds, personnel and other resources of each Participant.

The personnel designated by the Participants for the execution of this Memorandum of Understanding will work under the orders and responsibility of the organization or institution to which they belong, at all times maintaining their employment relationship with that organization or institution. Their work will not create an employer-employee relationship with any other organization or institution, so in no case will that other organization or institution be considered as a substitute or joint employer of the designated personnel.

SECTION VII
Compliance with Applicable Laws

All activities undertaken pursuant to this Memorandum of Understanding, and all personnel designated by the Participants for the execution of those activities undertaken pursuant to this Memorandum of Understanding are subject to the applicable laws of the receiving country. Such personnel, if visiting the other Participant to participate in an activity pursuant to this Memorandum of Understanding, will not engage in any activity detrimental to this Memorandum of Understanding.

SECTION VIII
Interpretation and Application

Any difference that may arise in relation to the interpretation or application of this Memorandum of Understanding will be resolved through consultations between the Participants, who will endeavor in good faith to resolve such differences.

SECTION IX
Final Provisions

This Memorandum of Understanding is effective from the date of its signature, for a four (4) year period.

This Memorandum of Understanding may be modified at any time by mutual consent of the Participants. Any modification will be made in writing and specify the date on which such modification is to become effective.

Any of the Participants may at any time, withdraw from this Memorandum of Understanding by providing a written notice to the other Participant thirty (30) days in advance.

The termination of this Memorandum of Understanding should not affect the conclusion of the cooperation activities that may have been formalized during the time this Memorandum of Understanding is in effect, unless the Participants mutually decide otherwise.

Signed in Mexico City on October 4rd, 2019, in two original copies in the English and Spanish languages. Both texts are equally valid.

FOR THE MINISTRY OF ECONOMY OF THE UNITED MEXICAN STATES

Graciela Márquez Colín
Minister

FOR THE GOVERNMENT OF THE STATE OF CALIFORNIA OF THE UNITED STATES OF AMERICA

Eleni Kounalakis
Lieutenant Governor