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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/17

SPONSOR Rodella /Trujillo, CH LAST UPDATED _____ HJM 10

SHORT TITLE Support For Us-Taiwan Bilateral Agreements SB _____

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$3.0-\$4.0	\$0.0	\$3.0-\$4.0	Nonrecurring	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

HJM10 is a joint memorial in support of US-Taiwan Bilateral Investment and Free Trade Agreements and support for Taiwan’s participation in international forums.

Taiwan is the 6th largest trading partner for New Mexico and the 9th largest trading partner for the USA. The bill seeks to formalize through recognition what already exists de facto i.e. an important, ongoing relationship with Taiwan with numerous visits by legislators, private officials and NM companies seeking representation in Taiwan.

HJM10 extends full support to opening of US government negotiations with Taiwan in support of a free trade agreement between the US and Taiwan and also creating official channels for fostering bilateral investment. The memorial is supportive of a free trade agreement between the US and Taiwan. HJM10 also proposes the signing of an agreement of mutual recognition of driver’s licenses and the exchange of driver’s licenses without written and road tests with Taiwan.

FISCAL IMPLICATIONS

HJM10 will have no fiscal impact on the Economic Development Department.

HJM10 does request that the Governor of New Mexico visit Taiwan within the next fiscal year, this will have a substantial affect on the Office of the Governor's operating budget. At a time when travel expenses have been limited within state agencies, this would require the office of the Governor to expense approximately \$3 to \$4 thousand per person for international travel expenses to Taiwan; this estimate includes a four night stay with lodging expenses included.

SIGNIFICANT ISSUES

The New Mexico Economic Development Department, Office of International Trade, states that mainland China continues to exert pressure on countries to exclude Taiwan from bilateral forums and agreements under the One-China Policy. Taiwan has developed into a major high tech manufacturing hub and successful, democratic entity, but China has fought inclusion of Taiwan into major international agreements by arguing that it is a province of China and not a country in its own right. Taiwan, however, extends foreign aid to many countries. Participation of Taiwan in major international organizations will remain subject to the One China policy unless mainland China allows Taiwan's participation in multilateral institutions.

The New Mexico Economic Development Department, Office of International Trade, had an existing trade office in Taipei, Taiwan for the past 21 years, but was not able to renew the contract due to the current budget shortfall. However, that office generated in excess of \$18 million in sales for small and midsize New Mexico companies while it was in operation.

JM/al