

# STATE OF HAWAII

## Offices in Taiwan and the People's Republic of China

January 1, 2007 – December 31, 2007



*Strategic Marketing & Support Division*  
Department of Business, Economic Development & Tourism

January 2008

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# **1. DEPARTMENT OF BUSINESS ECONOMIC DEVELOPMENT TOURISM (DBEDT) OVERSEAS OFFICES IN TAIWAN AND THE PEOPLE’S REPUBLIC OF CHINA**

## **DBEDT Overseas Offices**

One of the principal objectives of the Department of Business Economic Development & Tourism (DBEDT) is to create export opportunities for both commercial enterprises and educational institutions, attract investment into the state and promote the exchange of people, products and services, and ideas.

Accordingly, in 1988, the Hawaii State Legislature passed Act 366 which gave DBEDT authority to “establish and operate offices in out-of-state locations, including foreign nations, to...

1. Develop programs to reach targeted companies or industries in the respective area and surrounding regions;
2. Monitor out-of-state government policies and regulations that have an impact on business, markets, sales, tourism and related activities;
3. Host government and business officials at conferences, meetings and social occasions, or other events on matters pertaining to business opportunities and attraction of investments or the State;
4. Develop and conduct advertising efforts, promotional events, media coverage and educational programs regarding commerce in the State; and
5. Conduct related operations as needed, such as hiring or contracting for consultants.

The legislation, furthermore, allowed these offices to carry out such functions as entering into contracts; establishing bank accounts and hiring personnel.”

DBEDT presently operates two overseas offices: the State of Hawaii office in Taiwan, and the State of Hawaii office in Beijing.

## **Disclaimer**

DBEDT wishes to emphasize that the two Overseas Offices do not represent all agencies and bodies of the State. There are other overseas offices, such as those established by the Hawaii Tourism Authority and the University of Hawaii, which accomplish this.

## **The Procedures Manual**

In 2007, DBEDT published the *Out-of-State Offices Procedures Manual* to systematize and increase the efficiency of the operations of the two offices. The procedures covered areas as requesting and transferring funds; travel; and computing per diem and meal allowances. The *Manual* also expanded the language of the enabling legislation to include four general objectives; namely:

1. Increase exports of Hawaii products and services to Greater China.
2. Improve and maintain relations among the State of Hawaii, the U.S. Government, the Governments of Greater China, and the private sector.
3. Inform Chinese business and investors of the state's economic viability and prospects for economic growth, and stimulate new interest in business partnerships and investments.
4. Stimulate Chinese interest in Hawaii's Innovation Initiatives, especially in STEM education and Global Links (a program to encourage greater global awareness and participation).

The *Manual* will be modified from time-to-time to accommodate changes in the Overseas Offices' situations.

## Taipei Office: 2007 Results

ACTIVITY	DATE	HAWAII REVENUES GENERATED	NUMBER OF PERSONS OR AUDIENCE
<b>INCREASING HAWAII EXPORTS</b>			
<b>Product Exported</b>			
Bottled water and foods		\$1,296,000	
Various products for promotion		\$15,000	
Bottled beer & Maui Ocean Vodka		\$26,000	
<b>Seminars/Promotions/Trade Shows</b>			
Deep Seawater International Forum in Hualien.	April 9		120 participants
Taipei Food Show 2007.	June 21 - 24	\$3,500 for sample sale	60 potential buyers 50,000 participants
Biotech, EnPec & Water Show 2007.	July 26 - 29		30 potential buyers 30,000 participants
Hawaii theme promotion in Hsin Kuang Mitsukoshi Nan Xi Store.	October 25- November 5	\$15000	10,000 participants
Hawaii firms supported on mission/visits to Taiwan.	Throughout the year		22 firms
Consultation for Hawaii firms.	Throughout the year		56 occasions
<b>Promoting Hawaii Products And Services Through The Media</b>			
Press conferences	January 20 April 13 August 10 November 4		35 participants 56 participants 40 participants 100 participants
Press releases issued.		\$25,000	Over a million readers
Newspaper articles.		\$27,000	Over a millions readers
Radio reports- Business Beyond the Reef the radio show in Hawaii.	June 26		25,000 est. listeners
Book publishing press conference- Real estate investment and practices in USA. Book publishing press conference for Alan Ma's <i>Real Estate Investment and Practices in USA</i>	May 21	\$5,000	45 participants
Hawaii Art and Cultural Promotion	May 18 - 20	\$10,000	12,000 participants
Hawaii Hula Association of Taiwan	November 4		100 participants
Chinese website established			

<b>ATTRACTING INVESTMENT</b>			
EB-5 project seminar with Taiwan Immigration Consultants Association.	March 8		31 attendees
Investment in America Seminar with American State Office Association.	March 22; October 4		150 attendees 34 1-on-1 meetings
<b>DEVELOPING &amp; EXPANDING LINKAGES WITH GOVERNMENT &amp; EDUCATION</b>			
Hualien County delegation visit to Hawaii.	December 16 – 20	\$29,212	14 delegates
Mark Anderson, Deputy Director of DBEDT visit to Taiwan to speak at DOW Seminar.	April 7 - 14		240 attendees
Representative Jerry Chang, visit to 2 Taiwan counties, to discuss higher ed. & student exchanges.	June 3 – 11		Met with 45 people
Alex Ho, DBEDT Economic Development Specialist visit Ministry of Education.	August 8		16
Sharon Hurd, Economic Development Specialist, Department of Agriculture visits to Taiwan.	October 4		30
Kauai Mayor Bryan Baptiste & delegation visit to Penghu County to sign MOU.	November 2 - 12		2,100 attendees
Visit to Tak Ming College & Penghu University for education exchange.	April 13; November 8		32 officials
Taiwan Graduate School Exhibition	November 27 – 28	20 students x \$40,000 a year, total \$800,000	10,000 participants
Oh! America Education Fairs	March 3 – 4	30 students x \$40,000 a year, total \$1,200,000	20,000 participants
Meetings with government officials	Throughout the year		56 meetings
Alex Lei visit to Hawaii	December 2 - 13		5 presentations and met with over 150 people

## Beijing Office: 2007 Results

ACTIVITY	DATE	REVENUES GENERATED	NUMBERS
<b>INCREASING HAWAII EXPORTS</b>			
Overall Integrated Development Group (IDG) World Trade Center initiatives: planning and design services.	Throughout the year.		40 Centers throughout China
IDG World Trade Center projects in Harbin and Shijiazhuang.	March and April	\$600,000	2 projects
Assisting Hawaii businesses in China, including Hawaii businessman James Cavanah's Extended Warranty partnership with Beijing Haimeng International. Potential is \$10 million by taking one-third market share in Beijing only.	May		1 project
Facilitating visit to Hawaii of two delegations of 18 people from Zibo City, Shandong Province and investment for wastewater treatment project.	February	\$1,500,000	1 project
Promoting Hawaii Music by securing two contracts for Hawaii music talent working in Beijing	Throughout the year	\$150,000	2 musical projects
Medical/dental group from Chengdu and Kunming visit to Hawaii.	August	\$25,000	2 site visits
Other Chinese groups visiting Hawaii (American Vacation, Shanghai Tourism Commission, Blue Sky Children's Dance Group, China Life Incentive Group, Chairman of Heilongjiang Provincial Tourism Administration.	Throughout the year	\$440,000	391 individuals.
Facilitating Hawaii companies for their China engagements by providing consultancy and match-making services	Throughout the year		25 Hawaii companies
<b>ATTRACTING INVESTMENT</b>			
Media exposure for Hawaii as a business location in Chinese publications.	March	\$12,500	1 editorial of Hawaii introduction at China Eastern Flying magazine for 6 month and 3 issues of Hawaii articles at China Publications
Assisting Chinese investors through the EB-5 Program. Investment amount is \$1 million per investor	Throughout the year.		Investors are waiting for the second round of EB-5 applications

**DEVELOPING & EXPANDING LINKAGES WITH GOVERNMENT & EDUCATION**

Professional Training of Shanghai Tourism Commission 34, Jiangsu Governmental executive training 30, CCPIT Business training of 21.	Throughout the year	\$150,000	85 individuals
“ESL” training of BYUH and UH Hilo	June	\$147,000	98 students from K12 to 18
Participation in the China International Education Exposition. Tour.	March		200 leads received for Hawaii Schools
Participation of CITM	Nov.		260 leads received for Hawaii Schools



## Financial Summary: 2007 Overseas Office Expenditures

<b>Taipei</b>	
Salaries:	63,126.00
Office rent & parking	12,112.00
Insurance	3,132.00
Copy machine lease	545.00
Bank transfer fees	86.00
Utilities	2,673.00
Internet/mobile phone	973.00
Office supplies & equipment	1,732.00
Membership fees	242.00
Printing	276.00
Travel	11,646.00
Marketing projects	5,423.00
Website	13,841.00
Miscellaneous	395.00
<b>Total:</b>	<b>\$116,202.00</b>

<b>Beijing</b>	
Salaries	71,792.00
Office rent, management fee, storage	25,662.00
Internet service	1,365.00
Bank transfer fees	105.00
Utilities	5,500.00
Custodial service	1,159.00
Office supplies & equipment	1,602.00
Taxi	396.00
Meeting expenses	3,650.00
Printing	2,473.00
Travel	14,713.00
Marketing projects	11,355.00
Translation service	884.00
Miscellaneous	3,520.00
<b>Total:</b>	<b>\$144,176.00</b>

## 2. STATE OF HAWAII OFFICE IN TAIPEI



The Taipei Office features both knowledgeable staff and an impressive display of Hawaii products.

### Goals and Strategy

The State of Hawaii Office in Taipei opened in July 1994 to take advantage of the rise of investor interest in Hawaii, which was symbolized by a Taiwan's group's purchase of the Grand Hyatt Waikoloa in late 1993 for \$60 million. Taiwan was riding a wave of prosperity and, to many investors, the state looked like an excellent place to explore business opportunities. Coupled with this was the advent of Eva Air and China Air's non-stop flights to the Islands, making it much easier for tourists and businesspersons to visit.

Since the early 1990's, the Taipei office has continued to attract investors--through the holding of seminars to encourage residents to take advantage of the Immigrant Investor Program, and through encouraging Taiwan businesses to enlist the assistance of Hawaii companies for special projects. Staff was especially active in 2006 in working closely with those companies with Deep Ocean Water (DOW) technology to assist proposed DOW projects in Hualien and Pingtung Counties.

In addition to investor attraction, the Office has expanded into two new areas: recruiting students for Hawaii educational institutions and marketing Hawaii products, and, to a lesser extent, services. In both of these, the thrust has been participating in the wide variety of annual shows and exhibitions that take place in Taipei, whose audience is the increasingly affluent Taiwan population. This segment of the population has the means to purchase such higher-priced items as macadamia nuts, vodka, coffees, cookies, cooking oils and skin care products. In 2005, 2006 and again in 2007, "giant" shows and department store promotions attracted thousands of visitors, resulting in numerous opportunities for Hawaii exporters to gain a foothold in the Taiwan market.

Yet another area of importance for the Taipei Office has been maintaining—and increasing—linkages to Taiwan government entities, as a means of paving the way for business and cultural opportunities. One example of this in 2007 was staff’s assistance in the establishment of Sister relations between Penghu and Kauai Counties, described below.

Finally, as noted earlier in this report, the Taipei Office has increasingly been called upon to assist the Beijing Office in developing markets for Hawaii companies in China. An excellent example of this would be helping the Environmental Development Group (EDG) in their 2007 mission to Shanghai and Chengdu in Sichuan Province.

The remainder of this chapter describes the principal activities of the Office in 2007.

## **Developing and Expanding Linkages**

Hawaii is undoubtedly among the leaders in states with strong linkages to Greater China. An important part of the work of the Overseas Offices is to establish strong relationships for future business and cultural development. This has often come in the form of “sister” agreements and Memoranda of Understanding or Agreements of Cooperation. The documents have often resulted in trade missions or exchanges of officials from government or universities, or increased opportunities for Hawaii businesses.

### ***Activities***

Taipei staff worked with the Taiwan Ministry of Foreign Affairs, Penghu County Government and Mr. Philip Wong, the Director of the Taipei Economic and Culture Office (TECO) in Honolulu to assist a delegation of Kauai County officials who visited Taiwan from November 3 to 11 to form a sister relationship with Penghu County. The Kauai delegation was led by Mayor Bryan Baptiste. The Memorandum of Understanding (MOU) between the two counties was signed on November 8. The MOU pledged the two parties to “explore and advance opportunities for extensive interchanges and cooperation in travel, business, education and culture, with the goal of promoting the prosperity of Kauai and Penghu.” The “Hawaiian Hula Association of Taiwan” was formed during the visit.



Sisters! Kauai Mayor Bryan J. Baptiste and Penghu Magistrate Chien-Fa Wang signed an agreement on November 8.

Taipei staff assisted the UH Manoa alumni dinner in Shanghai on October 29. The dinner was hosted by UH President David McClain and Ms. Donna Vuchinich, President of the UH Foundation. Guests included twenty UH alumni and Ms. Brenda Foster, the President of the American Chamber of Commerce in Shanghai.

Staff assisted a delegation from Hualien County in their visit to from December 16 to 21. The group visited Mayor Harry Kim on the Big Island to enhance the Sister/County relationship, arrange cultural exchanges and visit the Natural Energy Laboratory of Hawaii Authority (NELHA).

## **Increasing Hawaii's Exports of Goods and Services**

Taiwan, with its substantial number of middle and upper-level residents, offers a market for higher-priced, gourmet Hawaii products. Over the years, the Office has participated in various marketing initiatives, focusing principally on food shows and promotions at select retail venues. In 2007, as in 2006, a major food show presented a significant opportunity to “spread the word” and increase sales for Hawaii companies. In addition, there were other events, and a notable opportunity at a major retail store, which promoted a wide variety of products and services.



“Here’s what we have!” Taipei food buyers can easily see what products Hawaii has to offer at the Taipei Office display.

Taipei staff organized Hawaii participation at a food booth at *Food Taipei*, from June 21 to 24. The show attracted vendors from 27 countries, with a total of 1,600 booths. Hawaii products featured included jams and jellies, macadamia nuts, sea salts, sugars, vodka, herbal teas and chocolates. Six Hawaii companies took part in the event. A total of 59 buyers visited the booth, representing department stores, restaurants, tea houses and coffee shops. Ever Shine, a private Taiwan company, leased two booths and featured a wide range of Hawaii products. Seventeen buyers from nine countries visited. Sample sales at the booth totaled \$3,076. Importantly, participation led to two future marketing opportunities: at the Mitsukoshi Department Store in Taipei (in October) and the Janfusun Fancy World amusement park in 2008.



## Activities



*Food Taipei*, with 1,600 booths, is Taiwan's most important food show.

Sampling products. The Hawaii booth featured a wide variety of products: macnuts, jams, jellies, teas and more!



Hula girls helped attract buyers to the Hawaii booth.

Staff led a first-ever Hawaii-themed promotion at the Taipei Mitsukoshi Department Store from October 24 to November 5. The Office cooperated with the Hawaii Visitors & Convention Bureau Office in Taipei, the University of Hawaii, Ever Shine, Inc. and various Hawaii-related export businesses. More than 30 Hawaii products were featured and sold, including cookies, coffees, chocolates, aloha shirts, muumuus, macadamia nuts, sauces, beer, vodka, paintings, traditional handicrafts, necklaces and bags. The promotion also featured travel, culture (hula dance and hula schools) and educational opportunities. To publicize the event, Mitsukoshi sent 50,000 direct mail brochures to its members. Staff organized a press conference to further attract visitors to the event. Mitsukoshi is one of the city's largest and most popular department stores.



Lion Coffee was one of 30 products on display at Mitsukoshi.



Easy to see: Mitsukoshi gave Hawaii products strong exposure.



Executive Director Alex Lei with Ann Fan, owner of Volcano Pub where customers can find Hawaii products.



The display was one of the largest Hawaii promotions ever presented by a Taiwan retail store.

Taipei office staff helped Kona Brewing Company gain a foothold in the Taiwan brewery market. Initial sales totaled \$12,000 and 300 cases were ordered.

Taipei staff continued to work closely with Ever Shine Corporation to promote various Hawaii products by placing principal Jason Lee in touch with such companies as Hawaiian Sun, Noh Foods and Nutrex. In addition, staff introduced Mr. Lee to EVA Airlines and Maersk Lines for possible long-term shipping arrangements. In 2006, he produced a major Hawaii product promotion at Taiwan's Lake Shore Hotel at which 1,500 participated and imported \$417,262 worth of Hawaii products in 2006 and \$897,615 in 2007.

In September, Taipei staff assisted in organizing a Deep Ocean Water (DOW) seminar in Taipei, and invited Mr. Reb Bellinger of Makai Ocean Engineering and Mr. Jan War of the Natural Energy Laboratory of Hawaii Authority to speak. Staff felt that the highly successful meeting could generate business for Hawaii companies, such as Makai, with expertise in DOW planning and engineering.

On January 20, Taipei staff assisted with the grand opening of the Hawaii Products Store of Ever Shine, Inc. The store was the first-ever Hawaii-themed store in Taipei and featured such products as coffee, macadamia nuts, hot sauces, and hand-made cookies. Executive Director Alex Lei was the main speaker at the event.

Taipei staff assisted Ms. Ann Fan, the owner of Volcano Pub, in importing “Maui Ocean Vodka” from Hawaii Sea Spirits. She visited the company in Hawaii in December and purchased 12 cases of the vodka for testing.

Staff participated in the *Taiwan Sports Recreation & Leisure Show* from July 19 to 22 to promote Hawaii’s sports and leisure products.

Staff also participated in the *Taiwan International Biotech Fair* from July 26 to 29; and *Bio Taiwan 2007*. They distributed brochures and answered questions at these events.

Staff participated in the *Taipei International EnPEC & Water Show 2007* from July 26 to 29. This was the largest, most important industry exhibition in Taiwan, with a total of 110 government and private businesses taking part, along with delegations from ten foreign countries. Staff introduced Hawaii deep ocean products and technology, and promoted the Environmental Development Group to Taiwan.

In July, staff coordinated the printing of a brochure that described the services of a number of Hawaii’s environmental companies for distribution at the *Pacific Rim Summit on Industrial Biotechnology & Bio Energy*.

Staff participated in a video conference with the companies at the Hawaii Foreign Trade Zone as part of the *Export Resource Workshop* to introduce the Office’s services and discuss business opportunities in Taiwan.

Staff assisted Mr. William Martin in participating in the *Taipei Coffee & Tea Expo* from November 23 to 26. He exhibited “Made in Hawaii” products, which included coffee, chocolates, salad dressings and cookies with a “Waialua” label.

## **Promoting Hawaii’s Visitor Industry**

Each year, more than 26,000 Taiwan tourists visit Hawaii, and this number is expected to increase as more residents become financially able to travel abroad. The Taipei office works closely with the Hawaii Tourism Authority to stimulate interest in educational tourism in the state.

### ***Activities***

Taipei staff participated in the *Taipei International Travel Fair*, from November 3 to 6, where they promoted IDG, short-term training and school excursion programs. The event, which is considered Taiwan’s major travel show, attracted 172,280 visitors. Also in November, Taipei staff participated in the *13<sup>th</sup> East Asian Entrepreneurs’ Summit*— one of the largest international economic gatherings in the region where they highlighted business opportunities in Hawaii.

## Promoting Educational Opportunities in Hawaii and Educational Exchanges

Taiwan has achieved a reputation as a leader for sending its students' overseas, and over the years, thousands of these students have chosen to study in Hawaii. Not only have they felt comfortable in "the most Asian State," but they have received a quality education. In 2007, interest in studying in Hawaii remained strong, and the office continued to participate in education recruiting shows and meet with officials' wishing to receive training in the state.

### *Activities*

In February, Taipei staff entered into discussions with Takming College (of the Lucky Group) for a cooperative program with the University of Hawaii to establish a Department of Resort Business Administration. In addition, they discussed the possibility of building a resort hotel and Deep Ocean Water research center, and introduced IDG member Wimberly Allison Tong & Goo to Lucky officials for planning and hotel design.

Taipei staff assisted Kaohsiung Medical University in Kaohsiung (for 40 students) and the AIM Consulting Company in Shanghai (for 30 students) to set up courses at UH Manoa in the summer of 2007.

In August, staff assisted Ms. Natasha Chappel, the High School Program Director for the Pacific & Asian Affairs Council, who is setting up a Study Tour Program to China and Taiwan for Hawaii high school students in June 2008 and for teachers in March 2008. Staff contacted Taiwan high schools, as well as Hawaii-related businesses for the students to visit.

Staff participated in the *Taiwan Graduate School Exhibition* in Taipei from October 27 to 28. Approximately 100 students requested information on studying at the University of Hawaii.



The *Taiwan Graduate School Exhibition* in October. The event gave Taiwan students the opportunity to check out graduate schools in Hawaii.

Taipei staff participated in *Oh, America—Oh, Canada* which focused on education on March 3 and 4 to promote educational and short-term training opportunities in Hawaii.



## **Assisting the Integrated Development Group**

The Integrated Development group is primarily focusing on China. However, there was some activity during the year in Taiwan, and from time-to-time, the Office was asked to assist IDG efforts in China.

### ***Activities***

In August, Taipei staff met with Mr. Robert Zheng of Wimberly Allison Tong & Goo to consider utilizing IDG to assist the Kaohsiung City Government with creating a Waterfront Park for cultural and recreational activities.

In May, Taipei staff discussed cooperation between Taitung County and IDG for a County master tourism plan and Deep Ocean Water park development that would utilize Hawaii's Makai Ocean Engineering. Also, staff assisted Taiwan Fertilizer, one of Taiwan's largest companies, in discussions with IDG on the repositioning of its new Deep Ocean Water facilities in Hualien County.

## **Attracting New Investment to Hawaii**

Taiwan has been a major investor in Hawaii businesses, particularly in the tourism industry.

### ***Activities***

Taipei staff assisted in planning the *American States Offices Association Investment Seminar* on March 22 at the Taipei World Trade Center. The event was sponsored by the Association, the American Institute in Taiwan and the Taiwan External Trade Development Council. Executive Director Lei gave a 15-minute presentation on business opportunities in Hawaii. More than 70 companies and investors attended. The seminar attracted 50 companies and 66 individuals who planned to invest in projects in the U.S.



Executive Director Lei addresses a group of potential investors in Hawaii at a seminar in Kaohsiung on October 4.

Staff assisted Ms. Lynn Jiao, the Senior Commercial Specialist with the U.S. Commercial Service at the American Consulate General in Shanghai with her July visit to Hawaii. She led a group of medical professionals to visit with officials from the State Department of Health to plan future cooperative activities.

Executive Director Alex Lei was invited by Mr. Paul Shek, the Deputy Secretary General of the Coordination Council for North American Affairs Headquarters for the TECO office in the U.S., to discuss business, trade, cultural and education exchanges.

In October, staff helped Mr. Chu Chi-Jing of Stone & Resource Industry Research & Development Center in organizing a delegation to visit the NELHA in December. The group was interested in alga culture and planned to transfer the technology to Taiwan

### **Developing a Chinese Language Website**

The Taiwan office expects that a website—in Chinese—will do much to stimulate interest in its basic services—promoting Hawaii export products; encouraging students from the Greater China region to study in Hawaii; and attracting investment to Hawaii.

<http://www.hawaiiofficegov.org/index1.php>

#### ***Activity***

Taipei staff developed a Chinese language website to publicize trade missions, events, seminars and other in-country activities and provide a focal point for product promotions. Among the products to be listed on the site were macadamia nuts, Kona Coffee, gourmet ice cream, candies, natural water, and chocolates. The website also provided a link to Hawaii government websites and the educational system. There was also information for Taiwan companies on starting a business in Hawaii, with available assistance.

The Office's newly-developed Chinese language website was expected to boost interest in Hawaii products and educational opportunities.

### **Promoting Hawaii's Culture**

Yet another responsibility of the Taipei Office is to promote Hawaiian culture. In 2006, staff assisted the National Museum of Prehistory in Taitung and Hawaii's Bishop Museum in setting up a major exhibition. In 2007, they helped establish the Hawaiian Hula Association of Taiwan, which gave residents the opportunity to learn about—and practice—a key element of Hawaii history and culture.



The establishment of the Hawaiian Hula Association of Taiwan reflected a deep interest in Hawaiian culture.

### **3. STATE OF HAWAII OFFICE IN BEIJING**

#### **Goals and Strategy**

DBEDT's goals for the Beijing Office, which opened in August, 2001, were much like those of the Taipei Office: promoting business and investment in Hawaii; facilitating the export of Hawaii products; and attracting students to the state. However, it soon became apparent that the rapidly-developing nation of 1.3 billion people would present a far greater range of opportunities than the island of 2.4 million. Importantly, the state had a great many advantages over other states competing for the same business: its proximity to China; the fact that many members of Hawaii's Chinese community could trace their roots to China (mostly to Guangdong); and sister relationships that were established with Guangdong (1985) and Hainan (1992). The forming of additional ties became another goal of the Office, so that numerous Memoranda of Understanding were signed with Chinese governments and organizations, and Tianjin was added as yet another Sister in 2002.

The promotion of exports was, of course, a significant part of Office activity. But in contrast to Taiwan, where the emphasis was on high-end food products, Beijing staff focused on the services the state could provide, marketing Hawaii's greatest asset: its long and much-admired experience in, and knowledge of, tourism. As was described in Chapter 2, China was now targeting the development of its visitor industry in preparation for the 2008 Olympic Games in Beijing and the 2010 World Expo in Shanghai. Officials not only welcomed Hawaii tourism businesses to China, but sent delegations to the state, seeking expertise. This expertise came in mainly two forms: assistance with projects in China and the training of tourism professionals in the state. The formation of the Integrated Development Group (IDG) gave Hawaii companies "a leg up" on competition from other places.

Later, after IDG had been active in China for several years, DBEDT formed the Environmental Development Group to present solutions to the nation's fast-growing environmental challenges. At roughly the same time, staff sensed the considerable opportunities that attracting Chinese students to Hawaii could bring local educational institutions. Thus, competing for these students became another Office goal.

#### **Competing for Business**

There were basically three strategies for competing for business and students. First, like the Taipei Office, the Beijing Office would participate in a variety of mega-fairs and expos, such as the 12<sup>th</sup> *China International Education Tour* in March, 2007 and the *China International Travel Mart* in November. Second, the Office would utilize the three China Sister relationships and the numerous Memoranda of Understanding and other agreements that were signed over the past two decades to provide opportunities for Hawaii businesses and educational organizations. As noted in Chapter 3, many of these include provisions for services where the state is particularly strong: education and training in tourism-related fields. Third, the Office would work closely with the Taipei Office on major projects.

The remainder of this chapter describes the principal activities of the Office in 2007.

## **Developing and Expanding Linkages**

Perhaps the most significant achievement of the Beijing Office has been facilitating agreements (Memorandum of Understanding: MOU and Agreement of Cooperation: AOC) between Chinese governments and governmental organizations and Hawaii. Staff was instrumental in establishing a Sister relationships with Tianjin in 2002. Subsequent agreements covered a wide range of areas, but have generally focused on assistance to China's rapidly-expanding tourism industry. These included:

MOU between the State of Hawaii and the China Council for the Promotion of International Trade (CCPIT) (2002)

MOU between DBEDT and the Shanghai Municipal Tourism Commission (2003)

MOU between DBEDT and the Beijing Tourism Administration (2003)

MOU between DBEDT and the Beijing Tourism Group (2004)

MOU between DBEDT and the Shanghai Environmental Bureau (2004)

MOU between the State of Hawaii and the China National Tourism Administration

MOU between DBEDT and the Heilongjiang Provincial Tourism Administration (2007)

AOC between the University of Hawaii School of Social Work and the Chinese Guiyang Normal University

### ***Activities***

Throughout the year, Beijing staff focused on the promotion and facilitation of two Hawaii Home Stay programs: an ESL Home Stay program with Brigham Young University/Hawaii campus and a American Scientific Expedition & Culture Exchange Summer Camp at UH Hilo. The two programs involved 170 students, ranging in age from 12 to 18 years old.

Staff facilitated the performance of Blue Sky, a Chinese children's dance group that visited Hawaii on March 7. The children performed at the State Capitol for members of the Hawaii State Legislature, and several hundred elementary school students.



China's Blue Sky dance group entertained Hawaii legislators and school children at the State Capitol.

In May, staff assisted the visit to Hawaii of Madame Bo Xiru, the Chairman of the Heilongjiang Provincial Tourism Administration. During the visit, Madame Bo signed an MOU between DBEDT and her organization, which stipulated that Hawaii would be a base for training tourism officials from Heilongjiang Province.

In July, staff coordinated the visit to China of the UH School of Social Work. The group consisted of Dr. Jon Matsuoka, Dean; Dr. Jon Matsuoka, Education Specialist; Dr. Nathan Chang, Associate Professor; and Ms. Paula Morelli. The Office arranged the delegation's visit to Guizhou Province, which resulted in the signing of two agreements between the School and Guizhou Normal University on a faculty exchange and joint research program, utilizing a World Bank grant.

In December, staff assisted an official group from the Foreign Affairs Office of Guangdong Province, headed by Director General Fu Lang. Mr. Fu had participated in a UH training session for Province officials in 2002. The purpose of his visit was to maintain friendly relations between the two sisters—Guangdong and Hawaii, and consider a future training program at the Shidler College of Business.



## Increasing Hawaii's Exports of Goods and Services

China, with its population of 1.3 billion, represents a substantial market for manufacturers around the world—unless the product can be produced for less cost in China itself. Hawaii, without a large manufacturing base, has not enjoyed large sales of products to China. Its services, on the other hand—particularly those related to the visitor industry--have experienced a strong demand. The area of environmental services, as the nation's cities experience severe pollution problems, could represent a significant opportunity for Hawaii companies.

### *Activities*

Beijing staff assisted Mr. James Cavanah and Mr. Herman Jones to set up an extended car warranty business in China by locating a partner and advising on establishing a business. Staff also helped with a letter of intent and the processing of the China Tax Exemption certificate. In May, an agreement was signed between Cavanah Associates and the Beijing Haimeng International Insurance Media Company—a first-of-its-kind in China. The potential market for the auto insurance service appears to be significant.



Mr. Liu Meng, President of Haimeng, and Mr. James Cavanah, after the signing of the Agreement.

Executive Director Wu met with Hawaii's James Cavanah and officials of the Beijing Haimeng International Insurance Media Company.



Throughout the year, Beijing staff assisted Hawaii's High Technology Development Corporation in establishing an office at the Zhongguancun Technology Park in Beijing. The office will play a vital role in tapping into China's rapidly-expanding high technology industry and forming partnerships with Hawaii companies.

Staff helped to set up meetings for Mr. Warren Wyatt, President of WorldSound. Mr. Wyatt visited China to meet with several difference companies and organizations to discuss opportunities to promote Hawaiian music in China. He met with representatives of the Beijing Olympic Games and the China State Information Office of the China State Council.

Staff assisted Mr. Daniel Ward, the President of Hawaiian Chariot Wheelchair Motorbikes who will be meeting with potential manufacturers to mass-produce his motorized wheelchair.

As noted above, staff helped to establish a joint venture between Hawaii Environmental Biosolutions (HEB) and Jinan Jiu Rong Water Treatment Company to deploy HEB's wastewater treatment technologies in Jinan, the capital of Shandong Province. They signed an agreement, which was the result of a reverse environmental mission to Hawaii led by the U.S. Commercial Service in Beijing. Staff planned and organized industry briefings by Hawaii environmental companies, and arranged site visits and one-on-one business meetings. HEB will provide their technology (valued at \$1 million) as their investment and Jinan will provide \$500,000 in cash and the exclusive use of one of their factories.

Also in February, staff planned and organized two environment-focused programs for a reverse mission from Zibo City to Hawaii. A delegation of senior managers from the Zibo Municipal People's Government Administrative Committee of National New and High-Tech Industrial Development Zone, visited Hawaii to get a first-hand look at what Hawaii's environmental service and product-based companies have to offer. Zibo is an industrial city well-known for its high- quality ceramics, silk, pharmaceutical and chemical products. Any products manufactured in Zibo present environmental challenges to the city's environment. With a population in excess of 4 million people, Zibo is considered one of the top 50 Chinese cities in terms of economic production and strength. The delegation met with several Environmental Development Group members. Their visit was a direct result of a DBEDT-led environmental mission to Shanghai and Chengdu in September, 2006.

In June, staff planned and organized a visit to hospitals and a laboratory in Hawaii for a 23-member delegation from Shanghai and Beijing. The delegation was interested in learning about Hawaii's statewide healthcare system and State Government's role in regulating and monitoring medical facilities. In addition, the group wished to purchase medical devices and new technology related to the delivery of healthcare services. Honua Technologies, a Hawaii company that has developed a proprietary medical and hazardous waste treatment and destruction system, briefed the Chinese on their technology. Honua has been actively seeking business opportunities in China for the past four years.

In August, staff organized two site visits and an industry presentation for a medical and dental delegation from Chengdu and Kunming. The group was interested in how Hawaii handles its medical and dental waste. They visited Hawaii Family Dental Centers—the state's largest group



practice with eleven locations on four islands and more than 80,000 patients. One participant, from Chengdu, is in the process of planning a new hospital in Sichuan Province and wanted to evaluate Honua's technology for installation there and in her existing three hospitals. In general, the group wished to "westernize" their facilities by working with Dental Center staff in planning, designing and operating future dental clinics.

In June, and also in November, staff assisted Mr. Keith Olsen, the highly-regarded music producer from Kauai, in producing two contracts. One of these involved composing six American songs for Chinese singing legend, Ms. Han Hong. The other focused on assistance to Mr. Wang Yi, a well-known musician in China and also the Vice President of the National Development Bank. Mr. Olsen is adding western elements to Mr. Yi's traditional Chinese music.



Song producer Keith Olsen (front, center) composed American songs for Chinese song legend Han Hong (with microphone). Executive Director Wu (back, right) brought the two together.

## Promoting Hawaii's Visitor Industry

As noted above, on December 11, China signed an MOU, formally granting the U.S. Approved Destination Status. This meant that as soon as 2008, Chinese travelers will be able to take leisure group tours to America. Up until the signing, Chinese could only visit on business visas. Hawaii stands to benefit tremendously from the agreement, and the Beijing Office will undoubtedly receive many requests for information and assistance. Over the years, staff has facilitated numerous Chinese media visits to Hawaii, which gave the State a tremendous amount of free publicity, and the year 2007 was no exception. There are few people among China's

rapidly emerging middle and upper classes who do not know something about Hawaii. Rising affluence could translate into thousands of Chinese visitors to the State in the years to come.

### *Activities*

In February, Executive Director Wu, together with representatives from the Nevada and Los Angeles offices, attended the American Consular Section's annual meeting, along with high-ranking tourism officials from all over Asia. Mr. Wu gave a presentation on China's visitor flow to Hawaii. He also briefed U.S. visa officers on Chinese visa applications in the areas of training, incentives, meetings and conventions, and investments. This provided a starting point for the "pilot program of tracking tourism visas" for the U.S. Embassy, and this, in turn, contributed to the signing of the MOU between Washington and China National Tourism Administration (CNTA) in Beijing in December.

In May, Beijing staff assisted the crew of China Central TV's *Up Close* program, which visited Hawaii to film Dr. Sun Yat-sen's former residences and schools, and the other areas of interest. The show—which is China's English language "CNN"—is broadcast to roughly one-fifth of the nation's 1.3 billion citizens and to millions more to people in many countries around the world.

Staff continued to work closely with the Hawaii Visitors & Convention Bureau and Marketing Garden—their marketing arm in China—to promote tourism to Hawaii. During the year, staff extended a wide range of services, including joint presentations in numerous locations, hosted by the U.S. Embassy in Beijing and the U.S. Consulate General in Shanghai; participated in the CITM—the nation's largest travel exhibition; consulted to Hawaii tour operators for their China market initiatives; and facilitated various companies for creating incentive programs for their employees to visit Hawaii. To choose but one example, staff interacted with the Chinese Audi Corporation for the visit of 400 employees in 2008.

Staff facilitated discussions between the American Chamber of Commerce and various members of China's tourism industry. The Office assisted the Chamber with the Tourism Conference. The Conference is an organization, with companies, such as Northwest Airlines, Hilton China, Sheraton China, United Airlines and the tourism offices of Los Angeles and Nevada, as members. Importantly, the members approached CNTA to discuss the possible routing of the first inaugural group of 600 to 1,000 persons, which will travel to the U.S. in May or June, 2008 to celebrate the signing of the MOU between the U.S. Department of Commerce and CNTA. Staff will request that the group stop over in Hawaii.

Staff is working closely with a media group from a number of China's top media agencies to facilitate their visit in January, 2008.



In June, Education & Training Coordinator Niki Shishido promoted Hawaii's tourism industry at the U.S. Foreign Commercial Service's "road tour" to Shenyang and Dalian.

## **Promoting Educational Opportunities in Hawaii and Educational Exchanges**

An increasingly affluent population has the means to send its students overseas. China is now one of the top three nations in sending students for Study Abroad, and Chinese students' studying overseas are already the largest group of foreign students in universities in Britain and the United States. Hawaii is attractive, because of the quality of its institutions; its proximity to China; its recreational opportunities; and its strong Asian culture. At present, there are a total of 196 Chinese students enrolled in the UH system alone. A major event was the China International Education Tour (CIEET) in March. Staff noted that a growing area of interest is short-term training courses, particularly those related to training in some aspect of the visitor industry.



There is a growing interest among Chinese professionals in taking short-term courses in Hawaii. In December, a group from the China Council on the Promotion of International Trade (CCPIT) trained at the UH Shidler College of Business.

### ***Activities***

Beijing staff attracted and coordinated numerous groups of Chinese students and professionals to visit Hawaii for degree education and short-term training. Among these were a group of tourism officials from Heilongjiang Province who would train in various areas (including supervision and management, information technology, and financial planning), and a group of 23 government and private-sector officials from the Shanghai Municipal Tourism Commission who were seeking training in hotel management. The two most popular institutions for training were the UH Shidler College of Business and the UH School of Travel Industry Management.

Beijing staff focused on updating information from Hawaii educational institutions to better assist them in attracting students throughout China. Staff asked them to list special courses, as well as other events or programs of interest to the China market. The information was sent to interested parties and distributed at the 12<sup>th</sup> *China International Education Exhibition Tour* from March 2 to 18, 2007. The tour, which attracted 116,500 persons, visited Beijing, Shanghai, Nanjing, Guangzhou and Chongqing. The Office leased a booth in all cities, except for Nanjing. A total of 361 different educational institutions from 26 countries participated. The major focus of the tour was to attract Chinese students to overseas educational opportunities. Staff reported “great success” and noted a “high level of interest” in Hawaii educational institutions. Interestingly, the majority of requests were for undergraduate programs, with the remainder related to graduate school, Intensive English, high school, summer/winter camps and short-term training programs.



In March, Education & Training Coordinator Niki Shishido, assisted by Zhongshan University MBA student Simon Huang, participated in the China International Education Exhibition Tour. The tour, which visited five cities, attracted 116,500 persons.

In March, Beijing Office staff assisted representatives of UH and Zhongshan University in collaborating on an MBA program between the UH Shidler College of Business and Zhongshan University School of Management. In addition, staff met with Shidler and Sun Yat-sen University officials to discuss a China International MBA program.

Staff met with representatives of Beijing Jinjilie Overseas Education Consulting in April to discuss the promotion of Hawaii universities. Jinjilie is one of the largest education consulting companies in China and has provided successful service to many Chinese students' attending college overseas.

Staff worked closely with the Beijing Tourism Group, which sent 16 students to participate in Brigham Young University/Hawaii Campus' (BYUH) Aloha ESL Program. BTG planned to send multiple groups to Hawaii for short-term training in tourism management, food and beverage industry, transportation, finance and shopping center management.



Staff facilitated meetings for faculty of the University of Hawaii School of Social Work with their counterparts in Guiyang, Guizhou Province. Two Memoranda of Understanding were signed to promote tourism development and training.

The Office facilitated a group of 35 high-level directors and government officials, organized by the China Council for the Promotion of International Trade, to train at the University of Hawaii, Shidler College of Business. The group arrived in Hawaii to train from December 15 to 17.

In November, Beijing staff facilitated a five-day training session at the UH Shidler College of Business for 30 individuals from Jiangsu Province.

Staff worked with Dr. Beng Poh Yoshikawa, Director of International Affairs at Honolulu Community College, on a special training session for a group of leaders from the Shanghai Fire Department Bureau. The course is scheduled to take place in January, 2008.

Staff worked with the Pacific & Asian Affairs Council for the China leg of their summer tour for Hawaii high school students and teachers. They would visit the Olympic Games Organizing Committee, a middle school, and Beijing Normal University.

Staff met with the Beijing Municipal UNESCO Clubs Association to discuss plans for future cooperation in the fields of education and cultural exchange. The Association would like to create short-term cultural exchange programs; organize Chinese cultural tours to Hawaii; and sponsor a student recruitment fair early next year for American colleges and universities.

Beijing staff held discussions with the Beijing Tourism Group for the training of their entire company group at educational institutions in Hawaii, which would include hotels, restaurants, reception, safety/security, ground transportation and possible investment. The training programs were being organized in preparation for the expected influx of tourists to Beijing for the Summer Olympic Games.



DBEDT regularly provides internship opportunities for Chinese students. Here, with Executive Director Wu, are Vicky Zhang (left) who interned in 2007, and former intern Christine Chen. Ms. Zhang is pursuing an MBA degree at Hawaii Pacific University. Ms. Chen is working for DragonBridge Capital.

## **Assisting the Integrated Development Group**

Assistance to the Integrated Development Group has been a major focus of the Beijing Office. An important initiative during the year was initial negotiations with the World Trade Center Association which could lead to substantial opportunities for IDG members.

### ***Activities***

In 2007, China's rapidly-growing tourism industry continued to open up significant opportunities for the Integrated Development Group. In addition, staff continued to facilitate negotiations with the World Trade Center Association (WTCA) to provide feasibility analysis, design and planning services to support the planned expansion of World Trade Centers throughout China. They facilitated Hawaii participation at the annual World Trade Centers Association (WTCA) conference in Beijing. During the conference, an agreement was signed between IDG and the Association to expand the Centers in China. IDG members offered a presentation on how the organization could help developers and municipal governments determine the feasibility and optimum mix of facilities. Importantly, over the next ten years, the WTCA plans to establish 40 Center facilities, primarily in secondary and tertiary cities. This is expected to result in revenues of between \$9 million to \$12 million, based on clients that IDG has contacted, and considerably more, as the number of projects increases and the need for other services grows.

Beijing staff prepared an MOU between the China World Trade Center Holding and the Heilongjiang Provincial Tourism Group to renovate the Huaqiao Hotel in Harbin into a World Trade Center. IDG will provide a package of services for this project. In March, staff discussed a possible World Trade Center project in Guiyang. In April, staff facilitated the application of yet another WTC for IDG services—for a building at Shijiazhuang. IDG would earn \$600,000 for the two projects.

In September, staff assisted Mr. George Berean of Wimberly Allison Tong & Goo with on-going work and discussions for the Kunming World Trade Center Project.

Also, staff continued to work on World Trade Center projects in Shijiazhuang, Tianjin and Kunming. In addition, they helped to facilitate a WTC application for another destination: Yiwu in Zhejiang Province.

## **Attracting New Investment to Hawaii**

China has had few important investments in Hawaii. However, this situation could be changing, as the U.S. government pressures the country to consider American business opportunities.

### ***Activities***

In order to “get the word out” on education, training and investment opportunities in Hawaii, Beijing staff assisted numerous media representatives in visiting the Islands. These included the following: *World Tourism Magazine*, *Travel & Leisure Magazine*, *Golfweek*, *Ming*, *Rayli*, *Harper's Bazaar* and *BQ*.

In February, staff assisted an investor group of 12 persons to Hawaii. The purpose of the visit--organized by American Vacation--was to inspect sites for possible investment. This was a direct result of promoting Hawaii's EB-5 program at seminars in Guangzhou and Beijing in late 2006. The group included such major developers as M.W. Group, H.K. Group and ACIC.

In March, Executive Director Wu assisted the U.S. Foreign Commercial Service (USFCS) by offering a presentation on direct investment in Hawaii in Hangzhou at a forum co-organized by the USFCS and the Council of American State Representatives in China.

In April, Executive Director Wu was interviewed by *Qian Jiang News* of Zhejiang Province about investing in Hawaii. The interview was published on April 14. News readership totals 12 million.

In October, staff assisted Mr. Yu Chong, the Chairman of the Chinese Shandong Provincial Tourism Administration, who visited Hawaii to initiate a cooperative program with DBEDT, in addition to assisting one of his investors to purchase a hotel in Hawaii.

In October, staff helped Mr. Paul Yu in attracting Chinese investors to his Kalakaua 3721 project. By the end of November, Mr. Yu and his partner in Beijing reported a total of \$6 million transferred from China to a Hong Kong escrow account, which is ready to be released for the project.

In November, staff met with Mr. Ji Shang Rong, Chairman of the Board of the Qingdao Real Estate Company, to discuss his interest in investing in Hawaii real estate projects. He was particularly interested in purchasing a hotel. In addition, he was interested in investing in a project at the University of Hawaii's Confucius Institute that would call for the construction of a separate building for Institute offices and programs.



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