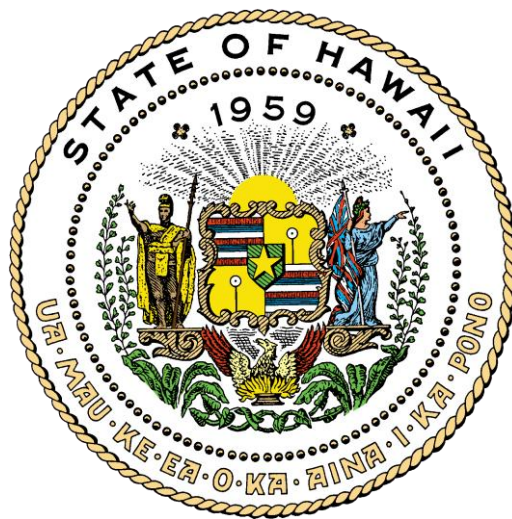


STATE OF HAWAII
Offices in Taiwan and Beijing
January 1, 2011 – December 31, 2011
Annual Report to the Legislature



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

December 2011

STATE OF HAWAII OFFICE IN TAIPEI (SHOT) 2011 ACTIVITIES

Government Relations

SHOT successfully sought and obtained Taiwan Government's financial support in the form of a 33% rent reduction for the State of Hawaii Office in Taipei.

Assisted the Taiwan Overseas Compatriot Affairs Commission, Executive Yuan with the celebration of the 100-year anniversary of the Republic of China honoring Dr. Sun, Yang Sun (Founder of the Republic of China). The Taiwan Government invited over 400 Chinese community leaders from all over the world to gather in Hawaii in May this year.

Taipei City Mayor Mr. Hau, Lung Bin presented an appreciation certificate to the State of Hawaii office in Taipei in June to acknowledge its support of the "2010 Taipei international Flora Expo", a six month floral expo hosted and organized by the Taipei City Government. Total of nine million peoples visited the expo and the Hawaii pavilion was one of the favorite and most popular sites to visit.

Assisted Honolulu Mayor Peter Carlisle during his visit to Taiwan from June 5 to 10. Accompanied the Hawaii delegation to meetings with the Taiwan Ministry of Foreign Affairs, Department of Rapid Transit System and Department of Environmental Protection, Taipei city Government, Control Center of Taipei MRT Station, China Airlines, Bureau of High Speed Rail, Ministry of Transportation and Communications, Bureau of Mass Rapid Transit and Bureau of transportation, Kaohsiung City Government, Control Center of Kaohsiung MRT station.

Assisted House Speaker Calvin Say and nine members of the State House of Representatives who visited Taiwan from October 17 to 23. Accompanied the delegation to meetings with the Taiwan Ministry of Foreign Affairs, Taipei City Government, American Institute in Taiwan (AIT), Legislative Yuan, Taichung City Government, and Taiwan business leaders to promote business and relationships between Hawaii and Taiwan.

Hawaii Business Promotions

SHOT organized a delegation of six officials from Taiwan to participate in the 2011 Asia Pacific Clean Energy Summit and Expo. The delegation was led by Mayor Jason Hu of Taichung City and five other officials who are in charge of clean energy development and environmental protection. Mayor Hu delivered a keynote speech at the conference and took the opportunity to meet with Governor Abercrombie, Mayor Carlisle and DBEDT Director, Richard Lim. Mayor Hu valued the summit and acknowledged Hawaii's important role in new energy programs and development. Mayor Hu returned to Taiwan and is pursuing a formal relationship between Taichung and the State of Hawaii related to renewable and clean energy cooperation between governments.

Hawaii Tourism Asia and DBEDT's Taipei Office promoted Hawaii at the 2011 Taipei International Travel Fair from November 11 to 14. The four-day fair attracted over a quarter

million people representing the general public and travel trade. The Taiwan Hula Association performed at the event and promoted Hawaii's culture and dance. SHOT also helped to promote Hawaii as a destination for education and training opportunities.

SHOT Executive Director Alex Lei was invited by the USA-ROC Business Council to deliver a speech at the "2011 Joint Conference of USA-ROC & US-Taiwan Business Council" from November 13 to 15. Lei introduced Hawaii's clean energy initiative. He was the only U.S. State representative at the event which attracted 300 people from Taiwan's business community.

Executive Director Alex Lei accepted an exclusive television interview on Taiwan Public Broadcasting System (TPBS) in May. The fifty minutes television interview gave Lei an opportunity to introduce and promote Hawaii, talk about business and trade, culture and tourism, clean energy and economic development initiatives, study abroad opportunities, Sister-State and Sister-City relationships, Chinese in Hawaii etc. This program was showed on PBS Taiwan channel and affiliated Taiwan PBS channel globally.

Hawaii Product Promotions

SHOT participated in the "Food Taipei 2011" show from June 22 to 25. Food Taipei is the largest food show produced by the Taipei World Trade Center. The show attracts many international and local buyers. The show was opened to the public during the last two days

SHOT promoted Made-in-Hawaii products and the Taipei Cuisine Festival "Taipei, Bridging the World with Food" from June 4 to 12. It is the biggest international food exposition hosted by Taipei City Government. Hawaii products such as spring and deep-sea water, macadamia nut, Kona coffee, Hawaii cookies and chocolates, health and beauty products were featured. The nine day exposition attracted 50,000 visitors.

SHOT staff worked with the American Institute in Taiwan (AIT) to promote Made-in-Hawaii products by participating in retail market sales events. The events included the sales at the Taipei World Trade Center exhibition hall and American Week Summer Sale in Shin Kong Mitsukoshi Department Store from June 30 to July 21.

SHOT staff assisted Ms. Ann Fan, Director of the Hawaiian Cultural Center in Taiwan to establish a Hawaiian themed shop in Taipei City. The shop will promote Made-in-Hawaii products including Hawaiian Beer, snacks, coffee, macadamia nuts, deep sea vodka, Hawaiian clothing, Hawaiian painting etc. There are over thirty items being promoted.

"Study Hawaii" Promotions

Over the year, SHOT staff met with ten different overseas educational and consulting firms in Taiwan to promote education and training opportunities in Hawaii. Executive Director Lei delivered a speech at the Overseas Study Association annual conference.

SHOT attended "Oh! Study America Education Fair" from October 15-18 in Taipei, Taichung and Kaohsiung City. The Executive Director and staff manned the Hawaii booth and promoted

Chaminade University, ELS Language Center, Global Village Hawaii English Center, Hawaii Pacific University, Hawaii Tokai International College, Kapiolani Community College, Leeward Community College, University of Hawaii at Hilo

Hawaii Cultural Promotions

Hawaii cultural performances are very popular attractions in Taiwan. SHOT identified opportunities for Hawaii to be promoted at many events and worked closely with the Hawaii Hula Association in Taiwan.

In 2011, the Hawaii Hula Association participated in:

- Taipei International Flora Expo
- Taichung City International Cultural Week
- American products exhibition at the Mitsukoshi Department Store
- International Travel Fairs
- Hawaii Week at the Howard Plaza Hotel

SHOT Executive Director Alex Lei attended a press conference and opening ceremony of the Hawaii Cultural Theme Shop of the Hawaii Hula Association of Taiwan that was attended by 50 people including representatives from Taipei City Government, Hawaii Tourism Asia office, travel trade and media reporters. Lei took this opportunity to acknowledge and thank the center for their great support and efforts to promote culture and friendship between Hawaii and Taiwan.

The Taiwan Hula Association organized a group of 16 students who traveled to Hawaii in May to participate in the 2011 Merrie Monarch festival. A second trip was arranged in October where 12 students traveled to Hawaii to learn and interact with the Hawaii Hula community.

Creative Industries and Film Productions

Coordinated and assisted Taiwan Hakka Television Company and Taiwan Public Television Company for their film production, “My Brother Dr. Sun, Ying Sun”, filmed in Hawaii in 2011. SHOT staff met and briefed the film group about Hawaii in general, arranged meetings with the Creative Industries Division of DBEDT, Taiwan Economic and Cultural office in Honolulu (TECO), and the Hawaii Chinese and Taiwanese Chambers of Commerce.

FY 2011 Taipei Office Expenses

Description	Row Total
Executive Director's Salary	41,076.00
Assistant's salary	22,050.67
Office rent	12,802.18
Parking reimbursement	1,564.25
Health insurance	2,371.61
Labor insurance	728.93
Newspaper subscription	122.89
Copy machine rental	611.01
(Reimbursement to State for Exec. Dir. Health Insurance)	(1,541.85)
Utilities	472.19
Phones/Fax/L-distance	1,630.60
Mobile phone	1,886.99
Postage	125.84
Freight & delivery charge	165.19
Office supplies	659.81
Office equipment	291.04
Taxi fare	462.84
Protocol Expense	1,142.34
Membership fees	350.88
Out/state travel exp.	1,371.43
Travel per diem	600.00
TOTAL OFFICE EXPENSES	88,944.84

STATE OF HAWAII OFFICE IN BEIJING (SHOB) 2011 ACTIVITIES

Developing and Expanding Hawaii-China Linkages

In 2011, the State of Hawaii Department of Business, Economic Development & Tourism's (DBEDT), State of Hawaii Office in Beijing (SHOB) continued to work on expanding and maintaining Hawaii's ties with China including facilitating Chinese governmental visits to Hawaii assisting China Youth Travel Service (CYTS), C-Trip and China Eastern Airlines with their plans for direct chartered flights to Honolulu, securing Chinese participation to the 2011 Asia Pacific Clean Energy Summit and Expo (APCESE) and the APEC CEO Summit, assisting groups of students to the University of Hawaii for targeted short-term training, planning and executing Lieutenant Governor Brian Schatz's China visit and helping Chinese incentive and conference groups with their travel arrangements to Honolulu.

In January and February, SHOB worked with Chinese tour operator U-Tour, Hawaii Pan Pacific Group and the U.S. Embassy in Beijing to bring 600 people from Dongfang Yueda KIA Corp. to Honolulu for their annual incentive conference. Over the course of two months, SHOB helped to convince U-Tour to choose Hawaii as their conference destination. SHOB also helped to arrange U-Tour's site inspection team's tour in Honolulu, and helped to facilitate visa interviews for the group. With strong support from SHOB, the U.S. Embassy's Visa Section for the first time in history, set aside blocks of fifty interview slots for ten days to speed up the processing of visa applications for the Dongfang Yueda KIA annual conference group to Honolulu. The group's trip to Hawaii was projected to generate over \$500,000 in tax revenue to the State.

In February SHOB served as the bridge to Guangdong and Hainan Provinces extending greetings from Governors Huang Huahua and Luo Baoming to newly ~~on~~-elected Governor Neil Abercrombie. Guangdong and Hainan Provinces both have sister state relationships with the State of Hawaii.

In March, SHOB was approached by CYTS to explore the possibility of having TIEN (a multinational corporation, multilevel marketing firm) travel to Honolulu to host a global distribution conference. SHOB worked with the U.S. Embassy for its support of the travelers' visa interviews for this business group. The conference was successfully held on March 12 in Honolulu that included 110 participants from China.

One of SHOB's major objectives in 2011 was to assist and facilitate the establishment of China-Hawaii direct chartered flights. SHOB coordinated the communication with China CYTS, a Hong Kong listed company, China Eastern Airlines and the U.S. Embassy Foreign Commercial Services and Visa Sections to secure the first four flights that included 800 Chinese tourists to Honolulu during the Chinese New Year celebrations in February 2011. When China's C-trip announced the second round of Shanghai-Honolulu direct chartered flights by China Eastern Airlines from June of 2011 to February, SHOB again facilitated the communication between C-

trip and the U.S. Embassy for visa interviews and was successful in securing interview slots for 90 passengers for the first flight to Honolulu on August 6.

In late May and early June, Lieutenant Governor Brian Schatz visited Beijing and Guangzhou City with the Hawaii Convention Center to promote The Asia Pacific Clean Energy Summit and Expo (APCESE) and APEC Hawaii 2011. SHOB facilitated introductions for the Lieutenant Governor during his visit and arranged the following meetings with Chinese Government officials: Mr. Zhu Shanzhong, Vice Chairman of China National Tourism Administration; Mr. Yu Ping, Vice Chairman of the China Council for the Promotion of International Trade; Mr. Xu Xin, Director General of Beijing International Brand Management Council; Mr. Li Zhiheng, Vice Governor of Guangdong Province.

The Lieutenant Governor's China trip resulted with a return visit to Hawaii by Guangdong Provincial Government's Vice Governor Li Zhiheng to Hawaii as well as solidifying plans for the Hawaii-China Business Forum on Clean Energy during APEC Hawaii 2011.

In August, SHOB facilitated details of the visit to Hawaii by Mr. Li Zhiheng, Vice Governor of Guangdong Province and his delegation of six to Honolulu. During his visit, DBEDT scheduled meetings for Vice Governor Li and his delegation to meet with the Lieutenant Governor, State Energy Office officials and officials with the Department of Human Services.

Throughout 2011, SHOB attended meetings and events at the invitation of governmental bodies such as the U.S. Embassy in Beijing, U.S. Foreign Commercial Service, China National Tourism Administration, China Ministry of Commerce, China Friendship Association with Foreign Countries, Chinese Council for Promotion of International Trade, China Ministry of Education, etc., to maintain communication to further cooperative relationships in the future. For example, SHOB was invited by the China Friendship Association to the China-U.S. Governors' Dialogue on October 19 to support Governor Neil Abrecrombie's first China trip. SHOB prepared useful information and briefing materials for the Governor's visit.

Increasing Hawaii's Exports of Goods and Services

One of the main functions of SHOB is to provide on-site and in-country support to Hawaii businesses interested in marketing products or services in China. Throughout 2011, SHOB assisted the following Hawaii businesses in China:

- Bank of Hawaii - promotion of China initiatives
- Pacific LLC - search for Chinese partners
- UH Business School - visa support of training groups
- PCC - marketing activities in China
- Pan Pacific Group - cooperation with China Council for Promotion of International Trade
- Hawaii Convention Center - promotion of APEC and APCESE
- Blue Hawaii Surf - Hawaii products distribution
- Honolulu Community College - language training program in China market
- WATG - business match making
- KYOYA - Chinese investment attraction
- East West Center - China engagement in 2012

- Yamanaka Enterprises - EB-5 program in China
- Frank TK Hinshaw, Hawaii citizen - investment consultancy
- Hawaii Pacific University - Hawaii home stay program
- David Wilson of a newly approved regional center in Hawaii - EB-5 in China
- Hawaii HiBEAM - attracting China investment
- Koolina - due diligence research on a Chinese organization named Concord Capital

The key issue of increasing Hawaii's product exports to China is the need to have a "footprint" in China. In another words, establishing a place, a store or a showcase that would make Hawaii products visible and tangible because Hawaii products are more natural and driven by agriculture. SHOB worked in 2011 to try to have a "footprint" possible with agencies from both Hawaii and China. The good news was that the first "Hawaii Store" was established in Shanghai by Blue Hawaii Surf namely Micheal Zhang in October 2011. SHOB will be in support of this "Hawaii Store" and assist in the distribution of products in north China for the Chinese New Year Holiday season.

Throughout 2011, SHOB worked with Chinese media--21st Centry Media Group, Chinese Caijing Magazine, Lens Magazine, Radio Beijing and CCTV to promote Hawaii as a destination for serious business.

Expanding Hawaii's Energy Sector

Hawaii as a test-bed for clean and renewable energy is gaining much attention by the Chinese. In 2011, SHOB continued to work on linkages between Hawaii and China in the area of clean and renewable energy, with emphasis on the possibilities for investments from China. SHOB successfully organized Chinese participation at the Hawaii Asia Pacific Clean Energy Summit and Expo (APCESE) in 2011 and served as a communication bridge between China and the State Energy Office. Chinese BYD, a famous Chinese Auto Maker, participated in the APCESE 2011 exposition and also provided a speaker at the conference. Among Chinese auto makers, BYD is ahead of others in the area of electric vehicles and battery storage technology. The company is interested in exporting its electric vehicles to Hawaii and building complementary electric charging stations. Chinese Da Tang Energy Corp. a Hong Kong listed company and the second largest energy supplier in China is interested in investing Hawaii with projects related to wind, solar and Hawaii undersea cable projects. SHOB worked with Chinese Da Tang and secured a visit of Da Tang delegation of five people to Hawaii led by its Vice President, Mr. Hu Guodong from May 24 to 28. With the assistance of DBEDT, Da Tang delegates met with Lieutenant Governor Brian Schatz, DBEDT Director Richard Lim, HECO representatives, State Energy Office officials and Hawaii First Wind. The visit included site inspections of wind energy projects. Chinese Da Tang is very interested in Hawaii's undersea cable project and is waiting to possibly bid on the project.

Chinese Huadian Corp. is another huge Chinese energy supplier based in Shanghai. This company is also interested in Hawaii's renewable energy initiatives related to wind and solar. SHOB facilitated Huadian's Hawaii visit in August 2011 by communicating with the U.S. Consulate in Shanghai to support Huadian's visa interviews.

The highlight of SHOB's activities for the year culminated with the planning and execution of the APEC Hawaii-China Luncheon and Clean Energy Forum" on November 13. 260 Chinese CEOs of China's top corporations traveled to Honolulu to participate in the APEC International CEO Summit. SHOB secured the China Council for Promotion of International Trade (CCPIT), a governmental organizing agency for the Chinese CEO delegation, to jointly participate in a Clean Energy Forum with the Hawaii business community. The event began with a luncheon at historic Washington Place and the Hawaii-China Clean Energy Forum that was convened in the Chambers of the State House of Representatives. The events culminated with a Letter of Interest (LOI) which was signed between the State of Hawaii and CCPIT for further cooperation on clean energy initiatives. SHOB also worked with Chinese Central TV Channel Two (the channel of business and finance) and secured full coverage of the event. SHOB will continue to maintain communication with CCPIT and push for further cooperation between businesses in Hawaii and China in 2012.

Promoting Educational Opportunities and Educational Exchanges

In the year of 2011, SHOB assisted around 130 Chinese officials, business executives and students to undertake short-term training in Hawaii to support Hawaii education system.

Hawaii East West Center Chairman Charles Morrison made two visits to Beijing in the year of 2011. The first one was with Maya Soetoro for communication with Chinese Ministry of Education for a training program of Chinese teachers and the second one was with staff for East West Center worldwide alumnus annual conference in Beijing in 2012. SHOB provided on site support for the above visits including, but not limited to, setting up and attending appointments, and providing information of UH and East West Center Beijing Alumni. SHOB will keep in communication with East West Center to support the Annual Alumni Conference in Beijing in 2012.

Upon request of UH Shidler College of Business Professor Tung Bui, SHOB worked on two groups totaling 70 executive MBA students from Chinese Harbin Institute of Technology to study at the UH. The two groups came to Hawaii in April and September.

With Chinese Heilongjiang Province, SHOB worked on securing a training group of 25 officials (director level) from Heilongjiang Provincial Tourism Administration to study at the UH School of Travel Industry Management. Three officials visited Hawaii for site inspection in September and committed to training at the UH in May of 2012.

In June and July, SHOB worked with the Chinese Law Society and the UH Law School. In July, a workshop was held in Beijing with 5 lawyers from Hawaii and 30 lawyers from Beijing to discuss the differences between United States and Chinese corporate law.

FY 2011 BEIJING
OFFICE
EXPENSES

Description	Row Total
Director's contract	49,647.76
Assistant's salary	368.44
Office rent	8,647.12
Office Management fee	1,586.32
Office storage	612.60
Office janitorial service	1,088.96
Lunch coupon	544.49
Bank transfer fee	6.18
Utilities	8.64
Phones/Fax/Long distance	1,241.68
Mobile phone	707.07
Postage	378.10
Office supplies	780.32
Taxi fare	411.46
Business Meeting Expense	5,554.30
Protocol Expense	1,479.87
Printing	106.11
Out/state travel exp.	1,950.00
Parking reimbursement	821.23
China Mission Expenses	151.06
Translation fee	323.25
Travel Per Diem	3,312.24
Phone Rental	132.64
TOTAL OFFICE EXPENSES	79,859.84