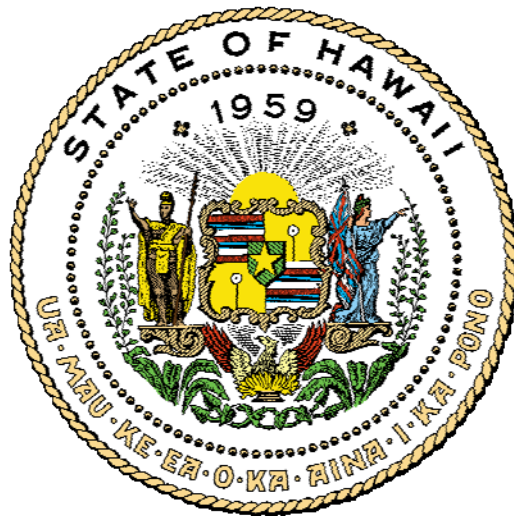


STATE OF HAWAII
Offices in Taiwan and Beijing
January 1, 2012 – December 31, 2012
Annual Report to the Legislature



State of Hawaii Offices in Taiwan and Beijing

December 2012

STATE OF HAWAII OFFICE IN TAIWAN 2012 ACTIVITIES

Government Relations

The State of Hawaii Office in Taiwan (SHOT) successfully requested and received a 33% rent subsidy from the Taiwan Government.

SHOT helped the Taichung City Government prepare a Memorandum of Agreement between State of Hawaii and Taichung City, focusing on green energy cooperation, education and cultural exchange and tourism. Lieutenant Governor Brian Schatz and his delegation, including Senate Vice President Donna Mercado Kim and House Speaker Calvin Say, visited Taichung City in May to sign the memorandum of agreement with Taichung City Mayor Jason Hu and participated in the press conference to make the public announcement in Taiwan.

SHOT assisted Kaohsiung City Mayor Chen Chu and her official delegation to visit Hawaii in August to attend sister city events organized by the City and County of Honolulu.

SHOT is frequently invited to and attends events and meetings organized by the Taiwan Ministry of Foreign Affairs, Ministry of Economic affairs, Bureau of Energy, Ministry of Education, Bureau of Taiwan Import and Export affairs, Agricultural Council, and the American Institute of Taiwan to represent the State of Hawaii and to attract business opportunities to the State.

SHOT Executive Director Alex Lei attended an official briefing by the American Institute of Taiwan for Nick Ikeda, Senior Policy Advisor to Senator Daniel Akaka, in October. Mr. Ikeda was part of a U.S. Congressional senior staff delegation to Taiwan representing ten states. Lei took the opportunity to report on the Taiwan office's function and activities to the delegation.

Hawaii Business Promotions

Hawaii Tourism Asia and the State of Hawaii Office in Taipei promoted Hawaii at the 2012 Taipei International Travel Fair from October 23 to 26. The four-day fair attracted over a quarter million people from the travel industry and the general public. The Japan Hula Association performed at the event and promoted Hawaii's culture and dance. SHOT used the fair to promote Hawaii as a destination for education and training opportunities. Since the United States approved Taiwan as a participant in the visa waiver program on October 5th, the Hawaii booth attracted many visitors inquiring about Hawaii as a tourist destination.

SHOT Executive Director Alex Lei was invited by the Taiwan Solar Power Association to deliver a speech at the "2012 Taiwan International Solar Power Seminar and Exhibition" on October 23rd. Lei briefed the audience on the Hawaii Clean Energy Initiative and encouraged Taiwan companies to invest in Hawaii or partner with Hawaii companies on clean energy projects. Lei was the only U.S. State representative at the event, which attracted 85 people from Taiwan's green energy community.

In October, SHOT Executive Director Alex Lei was invited by the Taiwan Travel Association to talk about how the U.S. Visa Waiver Program will affect and increase leisure and business visitors between the U.S. and Taiwan. Lei also spoke about Hawaii's advantages in tourism,

education and the overall business environment. The event attracted 92 travel industry business executives.

SHOT Executive Director Alex Lei was invited by U.S.-Taiwan Business Club to speak at their November meeting. Lei talked about Hawaii's business and educational opportunities and encouraged Taiwan businesses to consider investing in Hawaii projects. As a direct result of this speaking engagement, a 14 member delegation will visit Hawaii in December to survey business and real estate opportunities.

Hawaii Product Promotions

SHOT participated in the "Food Taipei 2012" show from June 22 to 25. Food Taipei is the largest food show produced by the Taipei World Trade Center, with over 800 domestic and international companies exhibiting in 1,800 booths. Hawaii products included spring and deep-sea water, macadamia nuts, Kona coffee, cookies and chocolates, and health and beauty products. The show attracted over 50,000 domestic and international buyers.

SHOT staff worked with the American Institute in Taiwan (AIT) to promote Made in Hawaii products by participating in retail promotional events at the Taipei World Trade Center Exhibition Hall and American Week Summer Sale in Shin Kong Mitsukoshi Department Store in June.

"Study Hawaii" Promotions

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

SHOT assisted Leeward Community College with the recruitment of Taiwan students. Services included providing overseas study trends and agency information to help develop their cooperative program.

Hawaii Cultural Promotions

Hawaiian 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 2012, the Hawaii Hula Association participated in:

- American products exhibition at the Mitsukoshi Department Store
- American products exhibition at Costco Taiwan
- Kaohsiung City Summer Cultural Fair

The Taiwan Hula Association organized a group of 18 students who traveled to Hawaii in April to participate in the 2012 Merrie Monarch Festival.

SHOT staff invited the Taiwan Indigenous Council to send representatives to attend and perform at this year's Honolulu Festival. A total of 15 people participated from Taiwan.

FY 2012 Taipei Office Expenses

Description	Row Total
Executive Director's Salary	59,902.50
Assistant's salary	22,305.63
Office rent	9,282.02
Health insurance	1402.30
Labor insurance	806.65
Newspaper subscription	123.80
Copy machine rental	1078.01
(Reimbursement to State for Exec. Dir. Health Insurance)	(778.70)
Utilities	485.79
Phones/Fax/L-distance	1730.21
Mobile phone	1444.32
Postage	168.95
Freight & delivery charge	36.02
Office supplies	97.05
Office equipment	648.95
Conference/Meetings/Miscellaneous	348.66
Membership fees	344.83
Out/State Travel Expenses	125.42
TOTAL OFFICE EXPENSES	99,552.41

STATE OF HAWAII OFFICE IN BEIJING 2012 ACTIVITIES

Overview

The State of Hawaii Office in Beijing (SHOB) continued working on maintaining Hawaii's close ties with China by facilitating Chinese government delegation visits to Hawaii, securing China's participation to the 2012 Asia Pacific Clean Energy Summit & Expo, assisting groups of Chinese students and government officials to Hawaii schools and universities for ESL Summer & Winter camps and short-term professional training, planning and executing HiBEAM's "2012 High Tech Mission to Beijing", and helping to expand the export of Hawaii products to China including, but not limited to, filing the safety test of Hawaii GMO "Rainbow Papaya" to China Ministry of Agriculture on behalf of the USDA PBARC and UH, providing onsite support for Blue Hawaii Surf for the opening of its first retail store in Beijing, and communicating with the Beijing International Brand Management Council (BIBMC) to recruit Hawaii companies and products for China's "2012-2013 Global Purchasing Season".

Government Relations

To enhance communication between the Chinese government with the State of Hawaii, SHOB facilitated the following government delegations:

- In March and April, SHOB worked with the Guangdong Provincial Foreign Affairs Office for a visit of 11 officials headed by the Vice Governor Madam Lei Yulan to Honolulu. Guangdong Province has a sister state relationship with Hawaii and the visit of Vice Governor Lei furthers the cooperative friendship between Guangdong and Hawaii. Madam Lei presented the invitation of Guangdong Provincial Government to Governor Neil Abercrombie to visit Guangdong in November.
- In May, SHOB facilitated two groups of Chinese officials to Honolulu. The first group was from Penlai City in Shangdong Province. The group consisted of 3 officials headed by Mayor of Penlai City, Liu Zhiqing. The visit is a site inspection of Hawaii medical care related to Chinese traditional medicine. The second group was a group of 4 people headed by Hou Wei, Vice Chairman of Heilongjiang Provincial Tourism Administration. The purpose of the visit was to announce that a group of 20 officials will be trained in the TIM School in December. SHOB facilitated their visits plus meetings with DBEDT and TIM School.
- In June, SHOB assisted a group of 10 officials from Hubei Province headed by Vice Governor Zhang Changer to Honolulu for a trip of education exchange. SHOB worked on scheduling meetings for the group to meet with Lieutenant Governor Brian Schatz and UH officials.
- In July, SHOB communicated with China Travel Services Hong Kong for a group of 12 executives headed by its CEO Mr. Wang Shuaiting to Honolulu. China Travel Services HK is a government-owned company, but is listed on the Hong Kong Stock Exchange. Its CEO Wang Shuaiting maintains a vice minister rank. China Travel Services Hong Kong is interested in investing in Hawaii travel businesses and the purpose of the trip is to inspect Hawaii's hotels. SHOB was involved in their official arrangements in Honolulu and Maui, including arranging for the invitation letter from the Lieutenant Governor's Office for CEO Wang Shuaiting to the Chinese Ministry of Foreign Affairs, inspection of the Hilton Hawaiian Village and another 5 star hotel on Maui, as well as meeting with Hawaii Tourism Authority President Mike McCartney.

- With the hosting of 2012 APCESE in August by DBEDT's Energy Division, SHOB assisted a delegation of 8 people with 3 officials and 5 CEOs from the China Council for Promotion of International Trade (CCPIT) to participate in the Summit. The delegation was headed by Mr. Xu Hubing, the Secretary General of CCPIT, and a MOU between Hawaii and CCPIT on energy cooperation was signed on the opening day of the Summit.
- In September, SHOB assisted a small delegation of 5 officials to travel to Hawaii headed by Cao Jianlin, the Vice Minister of the Ministry of Science and Technology.
- In November SHOB helped a delegation of 6 (2 officials and 4 CEOs) from the China People's Association for the Friendship of Foreign Countries (CPAFFC) headed by Madam Li Xiaolin to Honolulu.

Increasing the Export of Hawaii's Goods and Services

SHOB provided in-country and on-site support to Hawaii companies interested in exporting their products and services to China. This has been an ongoing focus of SHOB. SHOB assisted a HiBEAM China High Tech Mission, and facilitated the opening of a Hawaii retail store, Blue Hawaii Surf, in Beijing. SHOB also helped the following Hawaii companies in China:

- 1/ Hawaii Kai Corporation to export Hawaiian sea salt to China
- 2/ Hawaiian Telcom for due diligence checking on China Handsome Hero Holdings
- 3/ Leeward Community College to identify Chinese educational institutions interested in sending Chinese student to study in Hawaii
- 4/ Bank of Hawaii for China business appointments
- 5/ MC&A to recruit Meetings, Incentives, Conventions & Events (MICE) business from China Travel Service and China Youth Travel Service
- 6/ Hilton Hawaii Village for Chinese business with Beijing's main tour operators
- 7/ UH TIM School for short-term training business
- 8/ UH Shidler College of Business Administration for short-term training sessions targeting Chinese government managers
- 9/ State Department of Agriculture and the USDA-ARS-PWA application for advanced safety test of Hawaii GMO Rainbow Papaya prior to exporting product to China
- 10/ Pacific Resources LLC for its products to Chinese real estate developers
- 11/ WATG and Pacific Consortium LLC for a planning and design project in Quzhou City
- 12/ HiBEAM for Hawaii-Hong Kong-China high tech mission
- 13/ Blue Hawaii Surf for the opening of its first retail store in Beijing
- 14/ 3D Innovations LLC searching for Chinese partners and suppliers
- 15/ Pan Pacific Enterprise Group to register their Hawaii made products with BIBMC

Success Stories

In May, SHOB helped the State Department of Agriculture and the USDA-ARS-PWA to file the safety test application for Hawaii GMO "Rainbow" papaya with the Chinese Ministry of Agriculture to prepare for the exportation of Hawaii papaya to China. Due to the time constraints, USDA-ARS-PWA decided to withdraw their application resubmitted their application in October. With help from many sources such as UH College of Tropical Agriculture and Human Resources, Chinese Ministry of Commerce and CCPIT, the filing was accepted on October 31st and SHOB will be the point of contact to monitor the progress of this filing.

In August, SHOB worked with the All China Federation of Commerce & Industry to bring a group of 12 Chinese CEOs to Honolulu. Su Yaorong, Chairman of Changjiang Group from Guangdong Province, wants to identify and contract with a worldclass architect to plan and design his new resort in Quzhou. SHOB facilitated his meetings in Honolulu with WATG, Pacific Resources, and Ko`Olina which resulted in a \$160,000 contract between Su Yaorong and George Berean for a conceptual design of resort in Quzhou. Master planning of the site and individual architectural designs will follow. The project is be worth at least \$500,000 according to the Hawaii architect.



Chinese delegation to APCESE with Su Yaorong as the second from left in front.

At the request of HiBEAM, SHOB worked on the Hawaii High Tech Mission to Beijing in September. There were 8 Hawaii tech companies looking for investors and partners from the Greater China Region. SHOB was responsible for planning and setting up meetings with 20 Chinese companies (possible investors and partners) for the mission's Venture Show, presenting Hawaii as an ideal place for business and investment. The mission was a success and SHOB will monitor the progress and follow up possible cooperation between the Chinese companies and the above 8 participating Hawaii tech companies.

Throughout 2012, SHOB worked with Beijing International Brands Management Council (BIBMC), a sub agency of China Ministry of Commerce, to consider the export of Hawaii made products to China. SHOB helped VIP, a Shanghai-based subsidiary of Hawaii-based Pan Pacific Enterprise Group, to register their Hawaii made products on BIBMC's vendors' list. BIBMC just kicked off its "2012-2013 Global Purchasing Season" and VIP had been submitting samples of Hawaii made products to BIBMC for their approval. Purchasing will start at the beginning of 2013 for Chinese New Year.

To promote the Hawaii Clean Energy Initiative, SHOB convinced the China Council for Promotion of International Trade (CCPIT) to send a group of CEOs to DBEDT's 2012 Asia-Pacific Clean Energy Summit and Exposition (APCESE). Xu Hubing, Secretary General of CCPIT, led a group of CEOs to APCESE. The All China Federation of Commerce & Industry group was led by Zhang Hong. Involving over one year of planning and discussion, an Memorandum of Understanding was signed between Hawaii State Government and CCPIT on August 13, 2012 to encourage Chinese energy companies to partner with Hawaii companies. The next step will be the match-making of Chinese companies with Hawaii companies. CCPIT is confident that the MOU will generate significant revenue to both Hawaii and Chinese energy companies.

Enhancing Educational Opportunities

SHOB helped to direct over 150 Chinese to Hawaii for short term training.

- In April, SHOB worked with Beijing Municipal Education Committee and the Study Hawaii consortium of educational institutions to promote a free 10 day Beijing summer camp program for Hawaii students. An insufficient number of students from Hawaii chose to participate due to the short notice. SHOB has started working on promoting the same program for 2013.
- Also in April, SHOB recruited a group of government officials from Heilongjiang Province to the UH TIM School. Heilongjiang sent an advanced team to Hawaii in May for a site inspection and the one week training took place in early December. The training program brought the TIM School close to \$14,000 in revenue.
- In August SHOB helped to bring a group of 31 MBA students from Harbin HIT to UH Shidler College of Business Administration for short-term training.
- In November, SHOB facilitated the visa application for a group of 53 students from Beijing No. 5 High School to Hawaii. Beijing No. 5 High School has entered into a sister school relationship with Kaiser High School and this is the first group of students to take advantage of the sister school relationship.

FY 2012 BEIJING EXPENSES

Description	Row Total
Director's contract	49,680.02
Office rent/deposit	17,237.06
Office Management fee	2,118.65
Office storage	1,778.94
Office janitorial service	1,142.21
Lunch coupon	571.62
Bank transfer fee	4.01
Utilities	161.09
Phones/Fax/Long distance	1,632.00
Mobile phone	672.26
Postage	56.31
Office supplies	590.75
Taxi fare	210.28
Lunch Meetings	616.84
Conferences/Meetings/Miscellaneous	994.81
Printing	33.46
Out/state travel exp.	4,387.88
HiBeam (reimbursed – Jan. 2013)	5,017.09
Translation fee	140.19
Travel Per Diem (Bo)	525.00
Total Office Expenses	87,570.47