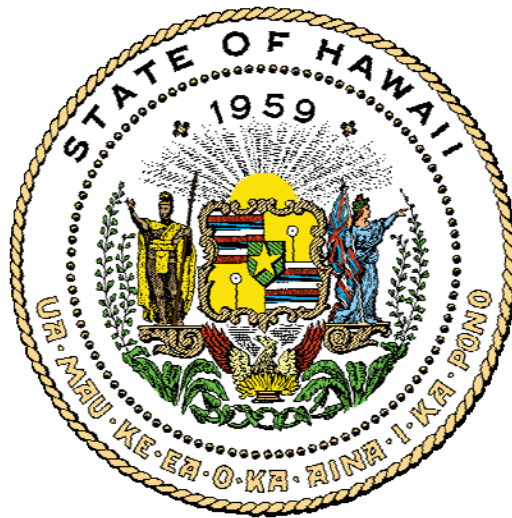


STATE OF HAWAII
Offices in Taiwan and Beijing
January 1, 2013 – December 31, 2013
Annual Report to the Legislature



State of Hawaii Offices in Taiwan and Beijing

December 2013

OVERVIEW OF TAIWAN AND BEIJING OFFICES

In order to respond to the rapid economic growth and concomitant business opportunities of Greater China (China, Taiwan, Hong Kong), DBEDT established the State of Hawaii offices in Taipei, Taiwan in 1994 and Beijing in 2001. Both offices support and implement the department's programs, and serve Hawaii businesses and educational institutions by providing a wide range of functions. These include:

- Providing stable linkages between Hawaii and the world's most dynamic region.
- Hosting and organizing trade missions.
- Introducing and marketing new products and services from Hawaii.
- Acting as a conduit for economic and business-related information between Hawaii and Greater China.
- Matching businesses in Hawaii with opportunities in Greater China.

Although operating with very limited resources both offices experienced a productive 2013 furthering the State's business and economic interests in Asia. Below is an overview of the successes of each office this year.

STATE OF HAWAII OFFICE IN TAIWAN (SHOT) 2013 HIGHLIGHTS

The various functions of the State of Hawaii Office in Taiwan (SHOT) office include: representing the State of Hawaii in Taiwan, further enhancing official relationships with the Government of Taiwan, promoting cooperation and exchange in the areas of education, cultural promotion, clean energy, attracting foreign direct investment to Hawaii and offering assistance to Hawaii exporters of made-in-Hawaii products to Taiwan. The office provides market information and assistance with meeting arrangements for Hawaii companies and representatives when they visit Taiwan. The office also positions itself as a market information center to link and bridge business opportunities in Taiwan for Hawaii companies and organizations.

Government Relations

This year SHOT again successfully sought and obtained financial support from the Government of Taiwan in the form of a 33% rent reduction for the State of Hawaii Office in Taiwan.

Frequently SHOT was invited and attended events and meetings organized by the Taiwan Ministry of Foreign Affairs, the Ministry of Economic Affairs, the Bureau of Energy, the Ministry of Education, the Bureau of Taiwan Import and Export Affairs, the Agricultural Council and the American Institute of Taiwan.

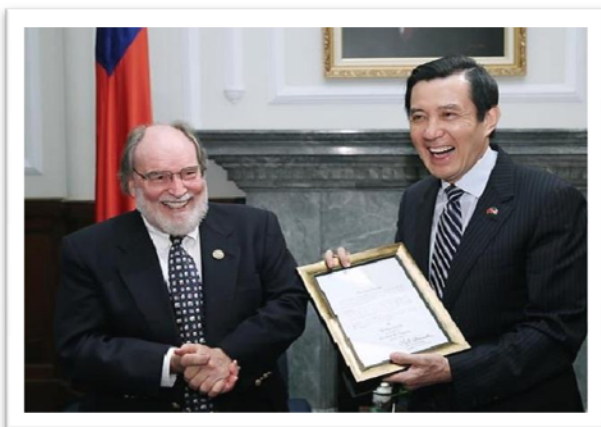
Executive Director of SHOT, Alex Lei was elected President of the American State Office Association in Taiwan this year. The Association has a total of 14 member States. Lei was frequently invited by Taiwan Government agencies, the American Institute in Taiwan, and various business associations to delivery speeches giving Hawaii high exposure as well.

Director Lei attended an official briefing for Mr. Billy Kenoi, Mayor of Hawaii County at the American Institute of Taiwan in September; Mayor Kenoi was part of a US Mayor Delegation to Taiwan, which included 10 County Mayors representing ten different States. Lei took the opportunity to report Taiwan office's function and activities.

SHOT assisted and arranged the itinerary of a Hawaii State Legislative Leaders Delegation to Taiwan from June 18 to 23, 2013. The delegation members included Speaker Joseph Souki, Senator J Kalani English, House of Representative John M. Mizuno, House of Representative Aaron Ling Johanson, House of Representative Scott Y. Nishimoto, Senator Gilbert Kahele, and Senator Russell Ruderman. The itinerary included the visit of Taiwan Visitors Association, Department of North America Affairs, Ministry of Foreign Affairs, American Institute in Taipei, State of Hawaii Office in Taipei, Taipei Metro Transit Cooperation, Council for Economic Planning and Development, Executive Yuan, Council of Indigenous Peoples, Executive Yuan, and Taiwan Provincial Administration Information Hall.



For the Hawaii Governor visit to Taiwan from July 10 to July 12 this year SHOT assisted and arranged the itinerary. The delegation was led by Honorable Governor Neil Abercrombie, delegation members were Chief of Staff Mr. Bruce Coppa, Chief of Protocol Ms. Deidre Tegarden, Governor's Security Mr. Sean Neilson, and Governor's Security Mr. Lua Fesili. The purpose of this trip was to celebrate the 20 years anniversary of Hawaii's sister-state relationship with Taiwan, and the Hawaiian Airlines inauguration flight from Honolulu to Taiwan. Taiwan's Ministry of Foreign Affairs warmly welcomed Governor Abercrombie and his delegation at a reception on July 10 upon his arrival. The Governor also met with Taiwan President Ma Ying-jeou during his visit, and marked the twenty-year anniversary of sister-state relations by exchanging tokens with Honorary Taiwan Governor Lin Junq-tzer.



Hawaii Business Promotions

Hawaii Tourism Asia, Hawaiian Airlines and SHOT promoted Hawaii at the 2013 Taipei International Travel Fair from October 18 to 21. The four-day fair attracted over a quarter million people representing the general public and travel trade. The Japan Hula Association performed at the event and promoted Hawaii's culture and dance. SHOT also helped promote Hawaii as a destination for education and training opportunities.

SHOT Executive Director Alex Lei invited Ms. Linda Chan, Secretary General of Taiwan Bureau of Energy to Hawaii in September to attend 2013 Asia Pacific Clean Energy Summit and Expo. Chen traveled with Dr. Lin of Taiwan Industry Technology Research Institute.

Executive Director Lei was invited by the US-Taiwan business club to deliver a speech on August 13th where Lei introduced Hawaii's business, education and general information to encourage Taiwan businessman to invest in Hawaii.

On July and August this year, SHOT Executive Director Alex Lei was invited by Hawaiian Airlines Taiwan office to attend three travel agent seminars and one press conference to promote Hawaii Airlines and Hawaii.

Hawaii Product Promotions

SHOT participated in the "Food Taipei 2013" show from June 26 to 29. Food Taipei is the largest food show produced by the Taipei World Trade Center. Hawaii products such as spring and deep-sea water, macadamia nut, Kona coffee, Hawaii cookies and chocolates, health and beauty products were featured. The show attracts many international and local buyers. The show was open to the public during the last two days

Staff from SHOT worked with the American Institute in Taiwan (AIT) to promote Made-in-Hawaii products by participating in retail market sales events. The events included sales at the Taipei World Trade Center exhibition hall and American Week Summer Sale in Shin Kong Mitsukoshi Department Store from July 05 to July 29.



Alex Lei, Executive Director of the State of Hawaii Office in Taiwan stands in front of the newly opened Hawaii Education Service Center. The Center, a section of SHOT, serves as a one-stop information and counseling center for students interested in studying in Hawaii.

“Study Hawaii” Promotions

This year SHOT staff met with eight 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 has also positioned itself as the Hawaii Education Service Center in order to promote higher education in Hawaii and to attract more Taiwanese students to study in Hawaii next year.

Hawaii Cultural Promotions

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

In 2013 the Hawaii Hula Association participated in:

- American Products Exhibition at the Mitsukoshi Department Store
- American Products Exhibition at the Costco
- Taichung City Summer Cultural Fair

The Taiwan Hula Association organized a group of 21 students who traveled to Hawaii in May to participate in the 2013 Merrie Monarch Festival.

SHOT staff invited Taiwan Indigenous Council to send representatives and performers to attend Honolulu festival this year. A total of 17 people participated from Taiwan.

STATE OF HAWAII OFFICE IN BEIJING (SHOB) 2013 HIGHLIGHTS

Although having been in operation several years beforehand, the State of Hawaii Office in Beijing (SHOB) received official approval in 2006 from the Chinese central governmental agencies including China National Tourism Administration, China Ministry of Foreign Affairs and China Ministry of Public Security to bridge ties between Hawaii and China. The areas of most importance include: government relations, business engagements, education exchanges, investment to Hawaii, promotion of the Hawaii clean energy initiative, and the increase of Hawaii exports of products and services to China.

Over the past few years, SHOB has functioned as a facilitator for a number of Hawaii-China projects including: China Vice Premier Wu Yi and Wang Qishan Hawaii visits; visit of 260 Chinese business CEOs to Honolulu for APEC; over 150 Hawaii companies exploring China market potential engagements; over a thousand Chinese students to visit Hawaii for summer camp and short term training, and Chinese energy groups to Honolulu for APCESE every year since 2009. In general, SHOB is the point of contact between Hawaii and China and assists a variety of stakeholders focusing on increasing the export of Hawaii products and services to China; assisting Hawaii education institutions to carry out their China initiatives; attracting investment to Hawaii; and maintaining governmental relations with the Chinese Central and local governments. The following is a brief report of the SHOB activities in 2013 intended to bring economic benefits to the state.

Increasing Hawaii Export of Goods and Services

In 2013, SHOB assisted the Hawaii Department of Agriculture (HDOA), U.S. Department of Agriculture/Agricultural Research Service/Pacific Basin Agricultural Research Center (USDA ARS PBARC), and University of Hawaii (UH) to file an application with the Chinese Ministry of Agriculture for certification of the Hawaii GMO “Rainbow Papaya.” On May 21, 2013, SHOB received the reply of certificates from the Chinese Ministry of Agriculture requesting further testing of papaya in China. SHOB sent the reply of certificates back to Dr. Dennis Gonsalves of USDA ARS PBARC and Mr. John Hu of UH for further steps. SHOB also met with Mr. Hu in August in Beijing to discuss necessary approach. SHOB is waiting for the next steps from the Hawaii side. The deadline is December 31, 2014. Approval of the rainbow papaya in China would be a big boost for Hawaii papaya growers.



The key issue of increasing the export of Hawaii products to China is to have a beachhead in China. This could be accomplished if the State had a place – a store or a showcase – that allows Chinese consumers to see and touch Hawaii products, since Hawaii products are more natural and agricultural driven. SHOB worked in 2013 to try to have a showroom with agencies from both Hawaii and China. The good news is that the first “Hawaii Store” was established in November 2012 in Beijing Sanlitun by Michael Zhang of Blue Hawaii Surf. In 2013, SHOB introduced Madam Xu Zhenlin, the Vice Mayor of Sanya City, to Michael and facilitated the meeting to discuss Michael opening his second store in Sanya of Hainan. SHOB would like to see Michael’s new store open in 2014.



Providing On-Site Help to Hawaii Business

One of the main functions of SHOB is to provide on-site and in-country support to Hawaii business in the China market. SHOB provides on-site information, match-making, and meeting facilitation with Chinese counterparts. SHOB provided assistance to the following Hawaii companies and organizations this year:

- **Pan Pacific Enterprises Group:** Pan Pacific is a China Inbound Program approved tour operator in Hawaii. Air China is China's national flag carrier and the largest in the industry. Recently, Air China announced they will be flying to Hawaii three times per week beginning in Spring 2014. SHOB introduced principals of Pan Pacific to Mr. Jia Tieshen, the GM of Air China's Passenger Department, to discuss potential business opportunities for Pan Pacific.
- **Bank of Hawaii:** Bankoh is interested in attracting business from large corporations and high net worth individuals in China. SHOB with introductions to appropriate businesses and individuals.

Promoting Educational Opportunities and Educational Exchanges

Education is another strong sector for Hawaii, with support of the UH system, Brigham Young University–Hawaii, Hawaii Pacific University, Study Hawaii consortium, PAAC and others. In 2013, SHOB facilitated the following activities:

- In March, Kaiser High School officials visited Beijing to establish a sister school relationship between Kaiser and Beijing No. 5 School. SHOB arranged for a meeting with the Beijing International Exchange Center, an agency under Beijing Education Committee for students exchanges with other countries. A visit to Honolulu for a group of Beijing students is tentatively planned.
- SHOB arranged a meeting with the Beijing International Exchange Center for the Pacific Asian Affairs Council (PAAC) Executive Director Jill Canfield. PAAC was interested in organizing a group of Hawaii students to participate in a 10-day student summer camp hosted annually by Beijing City, a program which brings in over 1,000 students worldwide. As the result of this meeting, 16 high school students and 2 teachers from Hawaii attended the camp in Beijing this summer.
- In July, Hawaii State representative Karen Awana visited Beijing with UH Professor Kate Zhou. The purpose of their visit was to promote Hawaii education. SHOB arranged meetings for them with Mark Lewis, the Embassy staff in charge of education at the U.S. Embassy in Beijing, as well as staff at the U.S. Consulates in Guangzhou and Wu Han. Unfortunately due to a family emergency, Representative Awana had to cancel the remainder of the trip after her meetings in Beijing concluded.
- At the request of UH Professor Dr. Tung Bui, SHOB assisted in organizing a group of 28 executive MBA students from Chinese Harbin Institute of Technology to participate in an executive training program at the UH Business School in August. In addition, SHOB provided supporting letters on behalf of the participants to the U.S. Consulate in Shenyang. This is the third year that SHOB has been involved in this program.
- East West Center: One of the flagship programs of the EWS, the Asia Pacific Leadership Program (APLP) is a 9-month leadership training program, the first 5 months of which are spent in Honolulu based out of the EWC and the remaining 4 months spent in various ways, customized to the participant. Each year a group of APLP participants come to China, and the SHOB director serves as a resource speaker. The director has also indirectly helped to recruit past participants with introductions of the EWC to organizations such as the Chinese Council for Promotion of International Trade (CCPIT).

Developing and Expanding Linkages

Major changes have taken place in the Chinese Central Government since Mr. Xi Jinping became the new President in 2013. Amongst those changes is a reduction in the budget for receptions of government bodies of various levels of governments, and travel by Chinese officials to foreign countries. As a result, SHOB received less requests by Chinese government officials to facilitate meetings in Hawaii this year:

- January: SHOB assisted a group of 6 officials from Jinlin City of Jinlin Province who traveled to Hawaii. In addition to visa support, SHOB facilitated the meeting between

Madam Cao Yuchun, the chairwoman of Jinlin CCPIT, and her delegates, and HiBEAM. The HiBEAM Executive Director Bee Leng Chua reported that the meeting went well and there would be areas for cooperation between Jinlin City and HiBEAM in the future.

- March: SHOB helped arrange meetings with the State Energy Office and energy-related companies for a delegation of 5 officials from the Chinese Coal Association, headed by Madam Su Chuanrong, the Deputy Director of International Department of the Association.
- May: Wu Han City of Hubei Province contacted the office for a group of 8 officials traveling to Hawaii for education training inspection. SHOB helped with visa support and logistic were arranged by themselves.
- September: Guangzhou sent a delegation of 12 officials to Honolulu headed by Madam Su, the Vice Chairwoman of Guangdong Provincial Foreign Affairs Office. The purpose of the visit was to meet with DBEDT to discuss potential future activities between Hawaii and Guangdong under the umbrella of the sister state-province relationship. Eugene Tian, Milton Kwock and Cy Feng from DBEDT met with delegation.
- Late November/Early December: A 6-person delegation from Guangdong Province, headed by Mr. Zhang Zhenlin, Vice Chairman of the Guangdong Provincial Tourism Administration, will be in Hawaii for 4 days to meet with DBEDT and HTA officials. Meeting arrangements are in progress.

Overall, SHOB maintains good relations with China governmental agencies who helped Hawaii before. They are, but not limited to, China National Tourism Administration, Chinese Council for Promotion of International Trade, Chinese Friendship Association, Ministry of Agriculture, Ministry of Commerce, Beijing Municipal Education Committee, Guangdong Provincial Government, Ministry of Foreign Affairs, and Beijing Municipal Tourism Committee. SHOB also works well with the U.S. foreign posts, U.S. Embassy in Beijing, and U.S. Consulates in Shenyang, Chengdu, Wuhan and Shanghai. With a focus on education in the year to come, SHOB is going to expand linkages with Chinese governmental authorities and agencies related to education in 2014.

GOING FORWARD in 2014

DBEDT will be seeking funds in the 2014 Legislative Session to ramp up international student recruitment efforts. The State Offices in Taiwan and Beijing will become the focal point for these activities in the region and will be marketed as the “State of Hawaii Education Service Centers.”

FY 2013 Taipei Office (SHOT) Expenses

Description	Total
Director's contract	\$41,076.00
Assistant's salary	22,179.07
Office rent	11,082.12
Health insurance	678.69
Labor insurance	825.60
Newspaper subscription	123.10
Copy machine rental	987.95
Utilities	359.17
Phones/Fax/L-distance	1,392.75
Mobile phone	1,424.04
Postage	147.53
Freight & delivery charge	1.69
Office supplies and misc. exp.	470.09
Office equipment	2,930.90
Taxi fare	74.40
Membership fees	459.49
Printing	334.44
Chinese Website	118.64
Total	\$84,665.67

FY 2013 Beijing Office Expenses (SMSD)

Description	Row Total
Director's contract	\$53,820.00
Office rent	\$22,020.24
Other (rent deposit)	\$1,817.32
Off. Management fee	\$2,704.76
Off. storage	\$2939.31
Office janitorial ser.	\$1,153.54
Lunch coupon	\$577.26
Bank transfer fee	\$4.83
Utilities	\$28.20
Phones/Fax/Long dist.	\$1,110.44
Mobile phone	\$583.72
Postage	\$101.97
Office supplies	\$393.48
Office equipment	\$89.96
Taxi fare	\$212.52
Lunch meetings	\$304.17
Miscellaneous exp.	\$588.80
Printing	\$17.54
Out/state travel exp.	\$4,207.84
STEP Grant: Tech Mission	\$5,035.19
Translation fee	\$63.42
Per Diem (Bo)	\$525.00
Visa to USA	\$180.04
Column total	\$98,479.55