

Trade Mission to Hainan Province, China

November 13-22, 1998



Hawaii Business Opportunities and Technical Trade Delegation at banquet in Nanshan Cultural Park Exhibition Hall

ABOUT THE MISSION

Mr. Bradley Mossman, DBEDT Deputy Director, led, and Mr. Gary Enright, Director, Office of Export Promotion Coordination, U.S. Department of Commerce, participated in the November 13-22, 1998, Business Opportunities and Technical Trade Mission to Hainan Province, China. DBEDT support staff travel expenses were fully covered by both the National Association of State Energy Officials, and the Hainan Provincial Government. This memo is intended to provide a general overview of mission results.

Sixteen individuals participated on a business opportunities mission to Hainan Province, China, including Haikou (capital city), Donzhou, and Sanya. The mission introduced Hawaii companies to business opportunities in Hainan, as well as key government and industry leaders. This was facilitated by an introductory one-day seminar on business opportunities, conducted on November 16, 1998, in which about 70 Chinese business and government officials participated. Dr. James Dorian, DBEDT, provided staff support to the mission.



In support of a August 3, 1998, Memorandum of Understanding, signed by Hawaii Governor Benjamin J. Cayetano and Hainan Governor Wang Xiaofeng, the mission was the venue to establish the *Hainan-Hawaii Cooperation Committee*. The joint proclamation was executed by Dr. Wu Shicun, Deputy Director-General, Hainan Province Department of Foreign Affairs, and DBEDT Deputy Director, Mr. Bradley Mossman. Hainan Governor Wang officiated the signing ceremony.

In addition, Dr. John Tantlinger, DBEDT-Energy, Resources, and Technology Division (ERTD), led a technical mission to preliminarily assess commercial renewable energy and energy efficiency business opportunities for Hawaii companies in Hainan Province. Dr. Tantlinger was accompanied by Dr. Charles Kinoshita, Senior Research Engineer, Energy Conversion Programs, Hawaii Natural Energy Institute (HNEI), University of Hawaii (UH), who also serves as Professor and Department Chair of The Biosystems Engineering Department of UH, College of Tropical Agricultural and Human Resources (CTAHR), and Mr. Darren Ishimura, Research Associate, UH-HNEI.

Overall, the mission was very successful, as confirmed by the mission evaluation results from the participants. One Hawaii-based company—Aztec Steel Buildings Corp.—reached a distribution

and marketing agreement, and signed a letter of intent to build a factory in Hainan. Honolulu-based East-West Global Tours also successfully reached an agreement in principle with the Hainan government to arrange exchange visits by tourists between Hawaii and Hainan. Maui-based Hana Lani Treehouses, an eco-tourism destination developer, also signed a letter of intent with the Nanshan Cultural Park to develop an eco-tourism resort and attraction within this park, located near Sanya City in southern Hainan.

SPECIFIC OPPORTUNITIES IN HAINAN PROVINCE AND FOLLOW-UP ACTIVITIES

1. Provided DBEDT Directory on resort and infrastructure developers to Mr. Zhang Hui, President and General Manager of Nanshan Cultural Park. We have obtained specific details on incremental development opportunities within the Park, such as the planned 3000-room, five-star resort, twenty-seven hole golf course, etc. This information is available to Hawaii engineering firms who may be interested in this opportunity. Full build-out investment requirement is \$US 800 million, with about \$US 270 million already invested.



2. Given Hainan Governor Wang's expressed interest in performance contracting for energy efficiency retrofits of government buildings, DBEDT will continue to pursue this possible technology and service export opportunity.
3. A 25 MW geothermal electricity power plant is planned for the Bao Ting geothermal development site in south central Hainan Province. The geothermal development on the Big Island began with a 25 MW facility and total investment was approximately \$120 million.
4. A 25 MW municipal solid waste to electricity power plant is planned for Haikou, Hainan Province.
5. Information is available to Hawaii ocean recreation developers on the planned Hainan Tropical Ocean World park, which is to include aquarium, submarine tour attractions, etc.
6. Upon receipt of the remainder of the energy data from the Hainan Provincial government, DBEDT and UH-HNEI will complete the renewable energy and energy efficiency preliminary assessment for Hainan Province. This information will be given broadest possible dissemination to renewable energy companies and energy service companies within the State.
7. Coordinate with UH-CTAHR and other appropriate agricultural organizations and companies to further define commercial development opportunities in agriculture. For example, at the Donzhou Hequin



[Tropical Flower Propagation Farm](#), Dr. Zhou, General Manager, showed the technical team the farm's attempts to propagate anthuriums and orchids, which were not near the high quality of Hawaii's varieties. In addition, according to the *China Daily* newspaper, November 22, 1998, a Hong Kong investor has initiated a \$120 million, 66,000 hectare banana plantation development in Hainan Province.

Inasmuch as the market which Hainan serves, primarily Mainland China, is not the same market as Hawaii's agribusiness, there appear to be substantial opportunities for commercial transfer of niche agricultural technologies and processes, such as those mentioned, as well as in agricultural-based bioremediation, aquaculture and mariculture technologies and expertise.

8. DBEDT will inquire as to Big Island interest in establishing a sister-city relationship with Donzhou City. In a banquet hosted by the Donzhou City Mayor, the State team was asked to inquire as to whether one of Hawaii's islands or counties would be interested in developing a sister-city relationship with Donzhou City, similar to that established between Maui County and Sanya City. Given their similar economic development interests, the technical team agreed that the Big Island seemed most appropriate to Donzhou City, should there be reciprocal interest.

RECOMMENDED NEXT STEPS

The following is in the preliminary planning stage as an approach to consider in bringing the opportunities discovered in this mission to the fullest level of fruition:

Capitalize on and expand DBEDT's subgrant from UH CTAHR Agriculture-Based Bioremediation Program to expand outreach efforts to Hainan Province, and Beijing, China. Planned project activities include a Agriculture-Based Bioremediation (ABRP) technical fact-finding mission to Hainan Province, and Beijing, China, in June 1999, to identify specific business opportunities for Hawaii companies. This could be followed by a broader business mission in September 1999 involving the full Hawaii-Hainan Cooperation Committee established jointly by Governor Cayetano and Hainan Governor Wang. Ideally, Governor Cayetano would lead this high-level mission.

These missions can be "leveraged" by opening them, especially the September mission, to other businesses as well, e.g., diversified agriculture, tourism industry management, resort development, traditional and sustainable energy technologies and services, environmental management and control technologies and services, and other basic infrastructure planning and development.