



Annual Report 2003

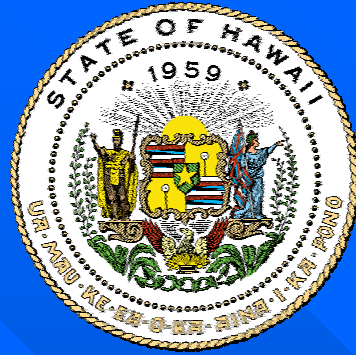
Department of Business,
Economic Development & Tourism

Linda Lingle
Governor

Theodore E. Liu
Director

Leading Hawaii Toward a Brighter Economic Future

250 South Hotel Street, Honolulu, Hawaii 96813
Phone: (808) 586-2355 / Facsimile: (808) 586-2377
Email: info@dbedt.hawaii.gov / Website: www.hawaii.gov/dbedt



State of Hawaii

Department of Business, Economic Development & Tourism

Annual Report 2003

Department of Business, Economic Development & Tourism

250 S. Hotel St.

Honolulu, HI 96813

Email to: info@dbedt.hawaii.gov

This report has be cataloged as follows:

Hawaii. Dept. of Business, Economic Development and Tourism.

Report - Dept. of Business, Economic Development and Tourism. Honolulu: 1987- Annual.

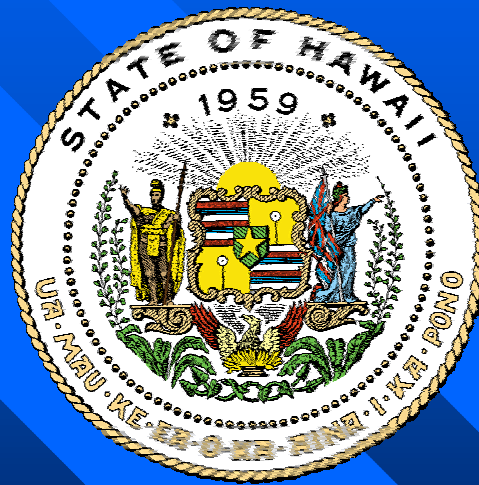
1997 Report includes 1996 and 1997. 1999 Report includes 1998 and 1999. 2001 Report includes 2000 and 2001. None published in 2002.

Supercedes annual report issued by Department's earlier names.

1. Hawaii-Economic policy.
HC101.A418.2003

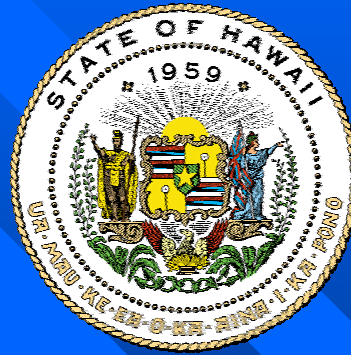


DBEDT Vision



**Leading Hawaii
Toward A Brighter Economic Future**

DBEDT Mission



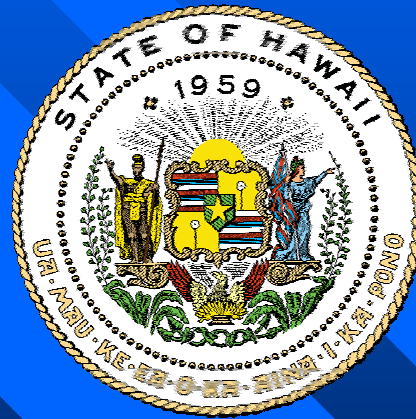
Our core mission is to strengthen and diversify Hawaii's economy, lead business development efforts, attract new businesses and investment, and document Hawaii's economic development.

Department of Business, Economic Development & Tourism

Leadership



Theodore E. Liu
Director



Raymond M. Jefferson
Deputy Director

<http://hawaii.gov/dbedt/feature.html>

DBEDT Values

We treat our customers,
and each other, with Aloha.



Clockwise from Left: Business Specialist Christine Reeves greets a customer at the Business Action Center, Senator Daniel Akaka spends an afternoon greeting DBEDT employees, the DBEDT administrative service professionals are recognized for their service, and Director Ted Liu and Deputy Director Raymond Jefferson brief employees during a heightened homeland security alert.



DBEDT Values

We exemplify excellence through creativity, communication, and collaboration.



From Above Left: The Honorable Dai Xianglong, the Mayor of Tianjin City, China, presents Governor Lingle a gold key to Tianjin in honor of a new sister-state relationship, Director Ted Liu greets DBEDT employees just after his appointment, and Governor Lingle honors DBEDT employees involved in the annual Exporter of the Year awards program.

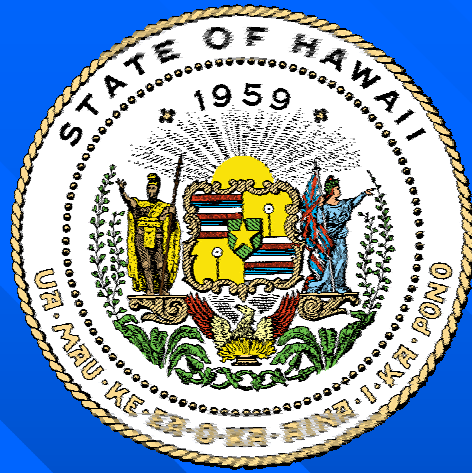
DBEDT Values

We provide outstanding service that is relevant, responsible, and respectful.



Clockwise from Left:
Governor Linda Lingle recognizes DBEDT Aloha United Way Coordinator Howard Wiig for achieving a contribution level of 240 percent of our goal for 2003, Dr. David A. Sampson of the U.S. Department of Commerce presents the Governor with a \$100,000 grant, Director Ted Liu briefs the media on the potential impact of the Iraq War on Hawaii's economy, and cadets from the U.S. Military Academy at West Point arrive to spend summer internships in State offices.





Visit DBEDT at:

www.hawaii.gov/dbedt

Director's Message



Hawaii is “Open for Business”

Governor Linda Lingle opened her administration by stating emphatically that Hawaii is “Open for Business.” As the Director of the Department of Business, Economic Development and Tourism, it’s been my job to help make that vision a reality.

This past year, we restructured and realigned the Department to provide better focus on the task of business and economic development. We implemented some new assignment procedures, creating flexible teams around projects based on individuals’ expertise and interests. The resulting teamwork and cross-division collaboration was incredible and very fulfilling. I wish to thank my staff for their support, commitment and extremely hard work over this past year.

When we came into office, we immediately recognized that one of our top priorities was to support Hawaii’s existing business community – helping them grow their business and be more successful and profitable. In short, we needed to focus on improving the climate for doing business in Hawaii. We have been listening to the business community and have worked to facilitate reducing regulatory burdens, making permitting more efficient, reducing the cost of doing business, providing support to our existing businesses and seeking new market opportunities.

Department of Business, Economic Development & Tourism

Director's Message

Beyond that, we have worked on identifying and mitigating structural barriers to a more effective and efficient business environment. These have included issues relating to access to capital, workforce development, entrepreneurial mentoring and capacity building and community based economic development.

We also determined that another top priority was to foster, support and lead the growth of new businesses in the emerging sectors of our economy. Hawaii has long desired the diversification of our economic base. Our task is to develop and implement a proactive strategy to make that desire more of a reality. This past year, the Department was very active in helping nurture bio- and biomedical technology, ocean and marine technologies, astronomy and optical technologies and dual use technologies. These are only a few of the ten clusters of Hawaii's emerging sectors that we need to continue to nurture.

The task of properly positioning Hawaii before the world markets – including the investment markets – to draw new businesses and investment to the islands was another top priority. One of our key functions at DBEDT is to recognize opportunities for the State and seize them.

Under the current world situation, it is not hard to conclude that Hawaii is an ideal venue for demonstrating the effectiveness of Homeland Security initiatives – developing new antiterrorism techniques and technologies, and disseminating this knowledge to government, public and private sectors, particularly in the Asia Pacific region. The Inaugural Asia Pacific Homeland Security Summit, held in November, was a seminal event to put focus on Hawaii in this sector and to create business ties and opportunities for our companies.

Department of Business, Economic Development & Tourism

Director's Message

Another key role for DBEDT is developing a strategy for Asia and the opportunities it offers to Hawaii companies. Hawaii is dependent on off-shore markets and our businesses need to be able to develop and expand their market-share in Asia. This past year, DBEDT has worked on bringing to the state key Asian contacts, facilitating federal and private sector funding for Hawaii companies' marketing efforts in Asia and developing public/private partnerships to tackle the markets in Asia.

Finally, as we sought to identify "under appreciated" assets in Hawaii, we quickly realized that our unique art and culture were not being nurtured to achieve their potential as a thriving sector nor captured as a driver for our State's economic development. DBEDT created an Arts, Film & Entertainment Division to lead that process. We are excited by the potential being created.

It is very important to note that while we consider exporting Hawaii's expertise, services and products, we remain sensitive to Hawaii's unique heritage and culture, particularly our host culture. It is most important that when we market Hawaii, that we always market with Aloha. Aloha is that special intangible quality that makes us special and unique in the world. Others may talk of hospitality, and service, but we do it with Aloha. Aloha is a precious commodity that we must cherish and nurture.

Governor Lingle has emphasized the economy as a priority for her administration. At DBEDT, our business community will find that we speak the same language and share common goals. They will find we are facing the future with a new attitude of cooperation and optimism. We continue to invite all of Hawaii's diverse business community to be part of Hawaii's economic revitalization. Mahalo!

Theodore E. Liu, Director

Deputy Director's Message



“A New Beginning” for DBEDT

Achieving Governor Linda Lingle’s “New Beginning” at DBEDT involved creating an extraordinary team with unprecedented capacity and making substantial public service contributions in new areas. Our leadership paradigm draws on best practices from the military, private sector, nonprofits and institutions of higher learning.

We began by implementing a participative management leadership style with an open-door policy. All staff are team members, and we asked them to provide us with feedback and ideas for improvement and needed change on all aspects of our organizational activities. Simultaneously, we conducted an inclusive process involving all team members to create a common vision, identify and prioritize shared values, and identify priorities or “ways of being” that will characterize all endeavours (e.g. “create strategic partnerships to achieve our vision”).

Working as a team, we reorganized DBEDT to create a new organizational structure that would support and facilitate our new culture, leadership practices and managerial processes. This also involved broadening people’s job descriptions so that they can work together on projects in cross-divisional, cross-functional teams called “Hui’s” in accordance with team members’ interests, skill sets and organizational needs.

Department of Business, Economic Development & Tourism

Deputy Director's Message

The combination of weekly “walk-arounds” by senior leaders, monthly “all-hands” meetings and a dynamic intranet website has greatly enhanced organizational communication. We also created a Training and Development Program that focuses on leadership, interpersonal skills, customer service and customer relationship management, communications, and professional skills. Today, team members’ achievements and contributions are recognized on a regular basis through fun, upbeat ceremonies. We conduct regular team building events and are also re-energizing and promoting the performance counselling system.

Strategic planning is ongoing and includes the innovative concept of “Game-Changers” – initiatives whose success can dramatically improve Hawaii’s economic environment. Performance measurement and performance-based budgeting are two integral aspects of how we want to operate. As a result, we have had a conversation with Professor Robert Kaplan of Harvard Business School, founder of the Balanced Scorecard, and plan to implement this leadership and management tool at DBEDT.

We’ve also been privileged to participate in several complementary leadership endeavours with other Departments. The State’s 28 Deputy Directors now operate as a “Tiger Team.” We meet regularly and have developed measures to cut through potential bureaucratic morass by establishing unprecedented cross-departmental communication and cooperation. Moreover, we provide orientation tours of our Departments for each other and engage in periodic training on leadership, team building, conflict resolution and media skills. The result is increased state government efficiency, responsiveness and impact.

The Deputy Director’s Office facilitated many successes in support of the Director’s strategy and vision. It is important to note, however, that the Director’s vision and strategy was an outgrowth of feedback obtained systematically from the private sector, concerned citizens, nonprofit groups, DBEDT team members and other appropriate parties. Two examples of such successes are re-energizing Hawaii’s relationship with Southeast Asia and promoting Hawaii as a Knowledge Portal for Asia-Pacific in a multitude of areas.

Department of Business, Economic Development & Tourism

Deputy Director's Message

We co-created, planned and implemented the first-ever ASEAN Ambassadors Tour of Hawaii. This tour began the development of new, broad-based relationships between Hawaii and the Southeast Asian nations of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The relationships will be in the areas of technology, tourism, arts & culture, security, ocean sciences and aquaculture, agriculture and life sciences (biotech, biomedicine & tropical medicine).

Another major success was the Inaugural Asia Pacific Homeland Security Summit & Exposition. We organized it in cooperation with the Office of the Governor and the State Department of Defense. DBEDT co-led the conception, planning and implementation of a Summit that garnered 650 attendees, VIP representatives from 19 nations, and an international media exposure for Hawaii. It was the highest level international event that the State of Hawaii has convened thus far, positioning Hawaii as a unique Knowledge Portal in the Asia Pacific Region to face the greatest challenge and threat of our time, the global war on terrorism.

The Summit was a partnership involving the State of Hawaii, U.S. Pacific Command, the Asia-Pacific Center for Security Studies, the US-ASEAN Business Council, the Pacific Basin Economic Council, the East-West Center and The University of Hawaii. In addition to U.S. Secretary of Homeland Security Tom Ridge, participants included Cabinet Secretaries and Ministers, senior military leaders, national security advisors, ambassadors, business leaders and heads of NGOs from throughout the U.S. and Asia. There were also numerous sponsors and exhibitors from the private sector.

We have demonstrated that Hawaii is a viable center for learning. It is an ideal location for government, business and NGO leaders to develop strategies and methods to meet the new security challenges, such as critical infrastructure protection, promoting secure commerce and trade, defending against weapons of mass destruction and protecting the public's health.

Department of Business, Economic Development & Tourism

Deputy Director's Message

Investing in our nation's emerging leaders is a necessary aspect of any public sector organization's activities. We were honored to participate in an inaugural West Point Cadet Summer Internship Program. It was the first time in West Point's 201-year history for the Academy to undertake such an initiative, and Hawaii is the only state in the nation where this took place. The internship provided cadets with a developmental work assignment and an educational component, while allowing them to participate firsthand in the fascinating process of state governance. It will help them build the leadership and management skills necessary for a career of exemplary public service through hands-on involvement with the issues and challenges facing Hawaii's senior leaders. This program is a powerful vehicle for further enhancing civil-military relations within Hawaii and we look forward to continuing it in future years.

DBEDT has also created a new intern program and actively promotes internships with students from Chaminade University, Harvard Business School, Harvard University's Kennedy School of Government, Hawaii Pacific University and the University of Hawaii. The interns have the maximum opportunity to learn and develop their skills while simultaneously making substantial contributions to DBEDT. They work side-by-side with DBEDT team members and participate in internal management, high level and inter-agency meetings, and the implementation of state policies. The interns assist in project management, event planning, drafting speeches and media releases, attend DBEDT-related functions. Moreover, they're exposed to best practices in the realms of business, the arts, science and technology, media, and governance. This interaction of professional and academic arenas creates a beneficial synergy for interns and DBEDT alike.

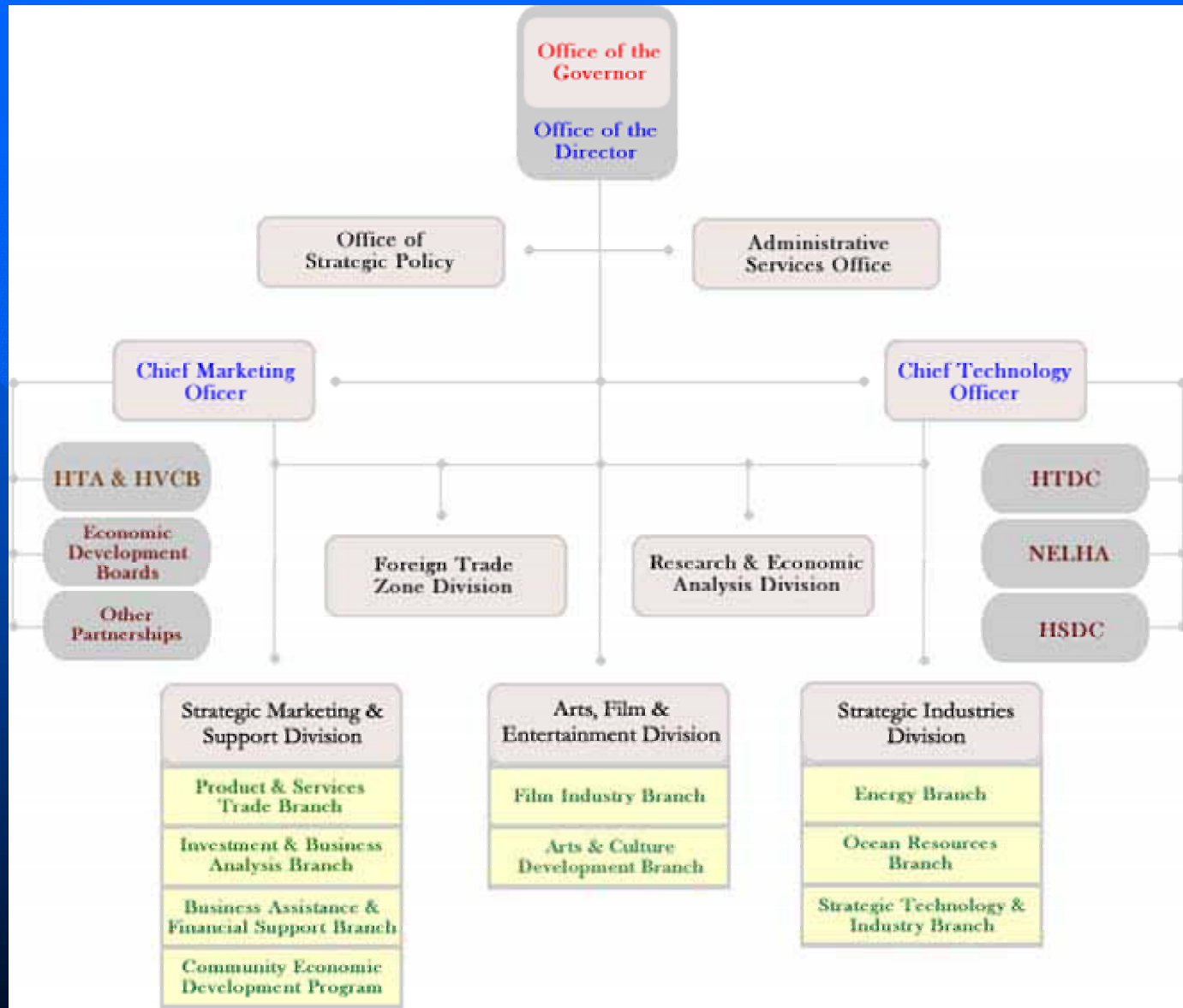
It has truly been a great and memorable "New Beginning" at DBEDT! We have established a firm organizational basis for future success, and to integrate Hawaii's diverse resources to achieve international stature as Asia's Knowledge Portal. DBEDT is well prepared and looking forward to the opportunities, goals, events and challenges of 2004.

Raymond M. Jefferson, Deputy Director

DBEDT's Reorganization

DBEDT has been reorganized into a more efficient and effective organization that more closely represents its mission of serving Hawaii's economic interests.

In addition to staff realignments, the agencies attached to DBEDT have been grouped to emphasize their strengths in the overall economic development strategy.



For details on the new DBEDT, go to:

<http://hawaii.gov/dbedt/about.htm>

Office of Tourism Liaison

- The Office of Tourism Liaison was created within DBEDT to facilitate communication and coordination between government and the visitor industry.
- The Governor's Tourism Liaison is Marsha Wienert, a veteran of the Maui Visitor Industry who helped *the Valley Isle* gain worldwide prominence as a prestige visitor destination.



Marsha Wienert
Tourism Liaison

Chief Marketing Officer

- This new position was created in DBEDT to better focus Hawaii's business development efforts and its marketing strategy.
- There was a need to balance Hawaii's "sun, sand and surf" tourism image with the State's "serious side" business opportunities.
- Hawaii has innumerable strategic, physical, intellectual, and financial assets offering business and investment opportunities to local businesses, as well as companies on the mainland and throughout Asia Pacific.
However, very few business people, inside or outside the State, are aware of them.
- Steve Bretschneider was appointed as Chief Marketing Officer and charged with developing a strategic plan and marketing Hawaii's "serious side". Steve had a long and distinguished career in marketing and advertising in New York and Tokyo with extensive experience in the U.S., Asia, and globally, advising Fortune 500 companies.



Steve Bretschneider
Chief Marketing Officer

Chief Officer, Arts, Film & Entertainment

- The Arts, Film & Entertainment Division was created to bring international attention and acclaim to Hawaii's vast and accomplished cinematic and cultural assets, by supporting industry development and creating new export markets.
- The Chief Officer is Judy Drosd, who has worked as a producer, production executive, and marketing specialist in the film and television industry in New York, California, and Hawaii. Most recently she ran the Kauai Film Commission and was responsible for the island industry's notable growth in filming activity and revenues.



Judy Drosd
Chief Officer, Arts,
Film & Entertainment

Creating an Umbrella Theme

The initial challenge was to bring all of the State's economic development efforts under one umbrella theme.

“Hawaii – Open for Business,” taken directly from Governor Lingle's Inaugural address in December 2002, was selected to reflect the new administration's “business friendly” attitude.

Also a new, more user-friendly “Open for Business” website was launched, doubling the DBEDT monthly “hits” to 1.2 million.



www.hawaii.gov/openforbusiness

Developing a Strategic Plan

The next task was to develop a strategic plan based on “*best practice*” from the private sector which would address both the short and long term challenges we face in developing the economy.

The plan would focus on “*Game Changers*”. These are initiatives and priorities that are based on Hawaii’s true strengths and advantages as well as our problems, which, when addressed, would have real impact on growing and diversifying the economy.

**A New Strategy
for Economic Development
in Hawaii**

Energizing Hawaii's Economy

The A-B-C-D Strategic Plan

Developing a Strategic Plan

DBEDT's A-B-C-D strategy, utilizing best practice from the private sector, addresses all phases of the Business & Economic Development process:

Business Retention, Expansion, & Attraction

A: Activate *Current Customers*

B: Build *on Your Strengths*

C: Convert *Your "Warm" Prospects*

D: Develop *New Prospects*



A

Activate

Hawaii's Current Businesses

Small Business is the heart of Hawaii's business community.

Therefore, we must make it easier for Small Businesses

- **to do business,**
- **to be profitable, and**
- **to expand.**

DBEDT is seeking to align all State Departments and regulatory agencies to the goal of economic development.

We will:

- **Break down traditional barriers and create a cooperative climate.**
- **Train all employees in the importance of economic development and being “Business Friendly” to the future prosperity of Hawaii.**

DBEDT Realignment

We have reorganized DBEDT Divisions

- **Reenergized DBEDT staff**
- **Added Flexibility**

We have re-engaged and realigned attached agencies with

- **Shared Vision**
- **Cooperative programs**

DBEDT created and organized:

- **Small Business Advisory Group (SBAG),
a diverse panel of Small Business owners
and associations to focus on:**
 - **Costs of Doing Business**
 - » **Workers Comp**
 - » **Health Care Insurance**
 - **Access to Capital**
 - » **New Investment Incentives**
 - » **Startups and Middle Market Companies**
 - **Promoting Entrepreneurship**
 - » **Venture and Business Mentoring**

The background is a blue gradient, transitioning from a lighter blue at the top to a darker blue at the bottom. Overlaid on this gradient are several parallel diagonal stripes of a slightly lighter shade of blue, running from the top-left towards the bottom-right.

B

Build

On Hawaii's Strengths

DBEDT has defined Hawaii's Key Strengths:

- **Tourism**
- **The Military**
- **Construction & Development**
- **Diversified Agriculture**
- **Marine Resources (Aquaculture and Ocean Science & Technology)**
- **Arts, Film & Entertainment**
- **Captive Insurance**

In Tourism, we plan to:

- **Continue to invest in the physical plant**
- **Improve the visitor experience through new technology**
- **Preserve traditional Rest & Relaxation (R&R) values**
- **Capitalize on new Rejuvenation & Rediscovery (The New R&R) values**
- **Diversify Our Tourism Product**
 - **Eco Tourism**
 - **Cultural Tourism**
 - **Sports**
 - **Health & Wellness**

To support this goal, we have:

- **Created a China Forum** to take advantage of the **2008 Beijing Olympic Games**.
 - Regular Videoconferences, meetings, taskforces
 - Maintain Beijing “Tourism” presence
- **Applied & Won a U.S. Department of Commerce Market Development Cooperator Program Grant (\$399.5K)**
- **Sought to improve “the Visa Issue” for non-Japan Asia**
 - Lobbied Department of Homeland Security for **multiple-entry visas** based on the new interview plus fingerprinting requirements for non visa-waiver countries.
 - Longer term, lobby to use Hawaii as a test market for new biometric security technology (e.g., facial recognition) permitting **Hawaii-only visas**.

The Military continues as an important economic driver. We see:

- **New Strategic Importance / DOD Focus, post 9-11**
- **Expansion of Dual-Use Technology Sector**
- **Homeland Security Expertise Opportunities abound**
 - **We are advocating an HLS Regional Office in Hawaii**
 - **With Governor's Office and DoD conducted an extremely successful Asia Pacific Homeland Security Summit**
- **Military Construction Contracts helping buoy the economy**
- **New Military Assets that may be deployed to Hawaii**
 - **Stryker Brigade**
 - **Carrier Battle Group**
 - **Virginia Class Nuclear Submarine Support**

Construction and Development will revitalize economic opportunities

DBEDT is working with other State Departments to:

- Ease permitting requirements
- Align workforce development needs,
- Develop Honolulu's Waterfront Properties to maximize their potential and to promote ancillary development.



DBEDT supports expanding Hawaii's High Value Agriculture potential

High-value exports

- Coffees of Hawaii (Successful White House Initiative)
- Tropical Flowers
- “Gold” Pineapple
- Rainbow Papaya
- Maui Sweet Onions
- Herbs



Bio-Ag R&D



Leverage Hawaii's Leadership in Ocean Sciences & Aquaculture

- Pioneer in Sea-cage Farming
- Abalone
 - Potentially world's #1 producer
- Shrimp
 - Pathogen-free species
- Strong algae-based Nutraceutical Industry
- DBEDT is branding *Hawaii Deep Sea Water*
 - Desalinated, bottled, certified & branded
 - Hawaii's Foreign Trade Zone provides cost-savings to new companies
 - Royalty revenue should make NELHA self-sufficient



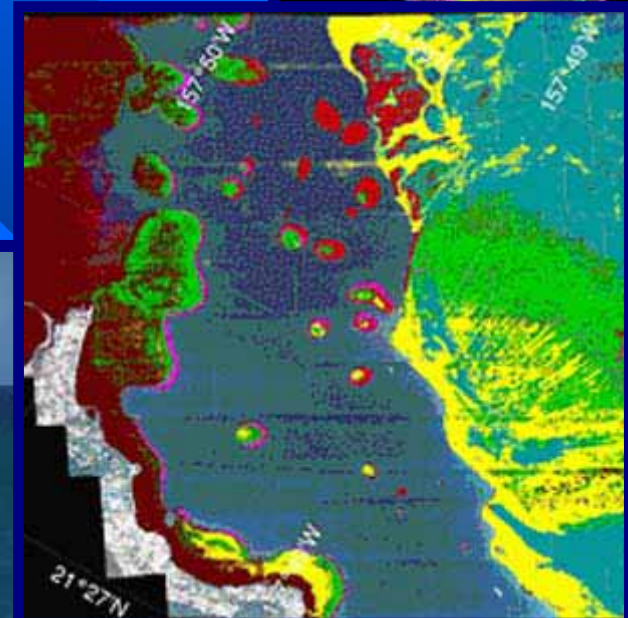
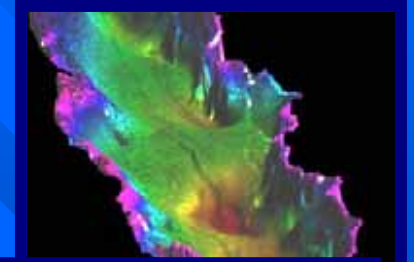
**100%
Hawaii
Deep
Seawater**



Leverage Hawaii's Leadership in Ocean Sciences R&D

Hawaii has Industry Leaders:

- Deep Ocean Pipeline Design
- Seafloor Mapping
- Coral Reef Research
- Remote Sensing



Arts, Film & Entertainment

- In '04, DBEDT plans to create:
 - A major Statewide Web portal to provide world-wide access to information about Hawaii's cultural assets and activities
 - An Economic Strategic Plan for the Creative Economy to bring attention to the contribution of this industry sector and to help with the development of new funding streams to support necessary industry development
 - A Media and Arts Business Virtual Incubator to advance the business objectives of media and art practitioners, businesses, and non-profits statewide

- DBEDT will also help:
 - Launch the *UH Academy for Creative Media*
 - Create a Hawaiian Music Grammy Category
 - Create international cultural exchange opportunities for Hawaii's recording artists and performing arts groups

- Promote Hawaii lifestyle products



DBEDT created the *Arts, Film & Entertainment Division* devoted to promoting Hawaii's diverse cultural offerings including music, dance, design, cuisine, sports, art and history.

DBEDT helped organize a *Honolulu Capital Cultural District*, proclaimed jointly by Governor Lingle & Mayor Harris during National Arts & Culture Month, October 2003.



Captive Insurance

- **Hawaii is the #2 State for hosting captive insurance. (Vermont is #1)**
- **Recently, Mitsui Corporation chose to move its insurance to Hawaii over other prospects.**
- **Hawaii's value as an Insurance Center augments the "Serious Side" of doing business in the State.**

C

Convert

Hawaii's "Warm Prospects"

DBEDT has unified Hawaii's prospecting agencies and entities

Joining Forces as **"TEAM HAWAII,"** DBEDT has coordinated:

EDAH,
EDB's,
Enterprise Honolulu,
HTA,
HTDC,
HSDC,
the City & Counties,
University of Hawaii,
HVCB, SMG, Hawaii Expatriates, HiBEAM &
the Private Sector



**TEAM HAWAII is focusing on selected Key Clusters,
with a goal of creating Public / Private Forums
around each cluster, to develop its full potential:**

- **Alternative/ Renewable Energy**
- **Astronomy/ Space**
- **Biotech/ Life Sciences/ Medical**
- **Defense/Dual Use/Homeland Security**
- **Diversified Agriculture/Aquaculture**
- **Exporting High Value/ Lifestyle Retail**
- **Film & Digital Media**
- **Ocean Sciences/ Marine Technology**
- **Telecom/IT**
- **Tourism Services**

DBEDT is creating and partnering in key “Cluster” Events with TEAM HAWAII

- **Palo Alto: Venture Capitalists, Meeting Planners, CEOs, Kamaaina** (May 2003)
- **San Diego: SPIE Annual Convention** (Aug. 2003)
- **Honolulu: Inaugural Asia-Pacific Homeland Security Summit & Exposition** (Nov. 2003)
- **Honolulu: The State of Hawaii & SONY present:**
the Digital Media & Visitor Industry Tech Conference
at PTC 2004 (Jan. 2004)
- **Honolulu: U.S.-ASEAN Business Council Trade Conference**
(June 2004)
- **San Francisco: BIO 2004** (June 2004)
- **Honolulu: 2nd Asia-Pacific Homeland Security Summit & Exposition** (Nov. 2004)

We will market the *Serious Side* of Hawaii to Visiting Executives using:

- **DBEDT Website with Streaming Video
(Linked to Hawaii.com, GoHawaii.com, others)**
- **Airline in-flight video**
- **Airport displays/video/carousel ads)**
- **Airport Greeting Program**
- **Hotels (in-room video)**
- **Convention Center (video)**

DBEDT has sought out Hawaii's Expats, to become Kamaaina Ambassadors

- **Kamaaina have a unique “patriotism” for Hawaii.**
- **DBEDT & TEAM HAWAII have partnered with the new “Global Pau Hana” network, and included these business ambassadors in mainland & international events. Please visit www.GlobalPauHana.com**
- **DBEDT and Global Pau Hana of Southern California are working to bring a business mission from San Diego to Hawaii in 2004.**

D

Develop

**Hawaii's Destiny
in the Pacific Century**

Hawaii has a unique combination of advantages that place our State firmly in the “*Center of the Future*” -- in this new Pacific Century.

Hawaii has an impressive array of strategic, financial, physical, and intellectual strengths and assets.

Unfortunately, most of these are unknown, both inside and outside Hawaii.



Hawaii Advantage #1

We are totally committed to the knowledge-based industries of the future.

We have the best hi-tech incentives in the nation, Enterprise & Foreign Trade Zones.



Hawaii Advantage #2

We are a global communications center.

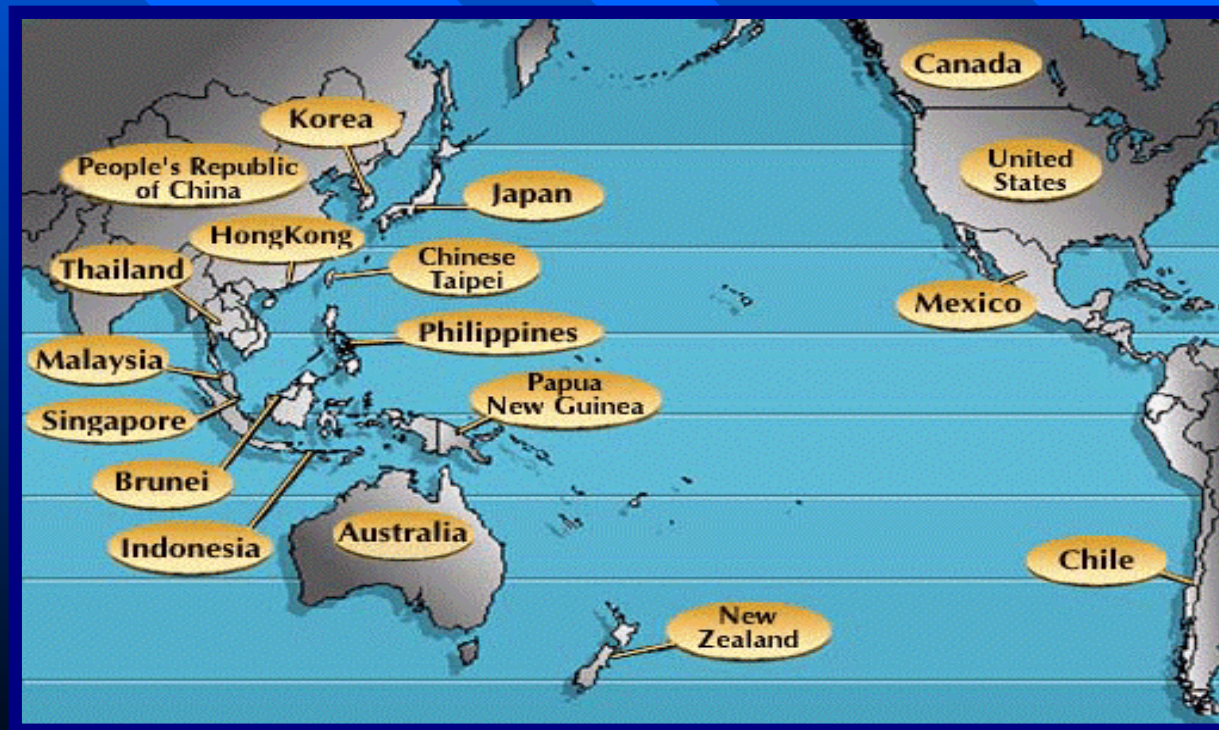
We speak the world's languages:

- with unparalleled bandwidth
(fiber-optic & satellite),**
- with unparalleled Aloha.**



Hawaii Advantage #3

We can speak, in real-time, in a normal-workday, with two-thirds of the world's economy.



Hawaii Advantage #4

Our natural beauty, outdoor lifestyle, and U.S. Intellectual Property Protection create the perfect environment and peace-of-mind for the creativity and productivity required in a 24-7, knowledge-based world.



Hawaii has the potential to become *The Knowledge Portal of the Pacific*

... where East meets West via Conferences, Conventions,
Executive Education, Exhibits, Meetings, Seminars,
Summits, Symposiums, Trade Shows...



Hawaii has an impressive array of Knowledge-based assets

(Partial list)

The East-West Center

The U.S. Pacific Command

Asia-Pacific Center for Security Studies

APEC Study Center

The Pacific Asian Management Institute (PAMI)

The Pacific Disaster Center

Japan-America Institute of Management Science (JAIMS)

The Social Science Research Institute (SSRI)

University of Hawaii, Center for International Business Education & Research (CIBER)

University of Hawaii, School of Hawaiian, Asian & Pacific Studies (SHAPS)

University of Hawaii, College of Business Administration

University of Hawaii, School of Ocean & Earth Science & Technology

University of Hawaii John A. Burns School of Medicine

University of Hawaii, College of Tropical Agriculture & Human Resources

Hawaii Tokai International College

Globalization Research Center

International Pacific Research Center

The Research Corporation of the University of Hawaii (RCUH)

A proposed Pacific Regional Office of the Department of Homeland Security

Hawaii

America & Asia's Knowledge Portal in the Pacific Century

- A Leadership Role that Hawaii can potentially play on the world stage with credibility in all of our key clusters.
- We are part of the U.S., yet part of Asia -- a “neutral” location.
- As a *Knowledge Portal* for both sides of the Pacific, we offer “serious” reasons to come to Hawaii and to significantly reduce our “boondoggle” image.

Hawaii's Economy

**As of December 2003, the following
Summary of Hawaii's Economy
shows an environment of strong optimism**

Hawaii's Economy

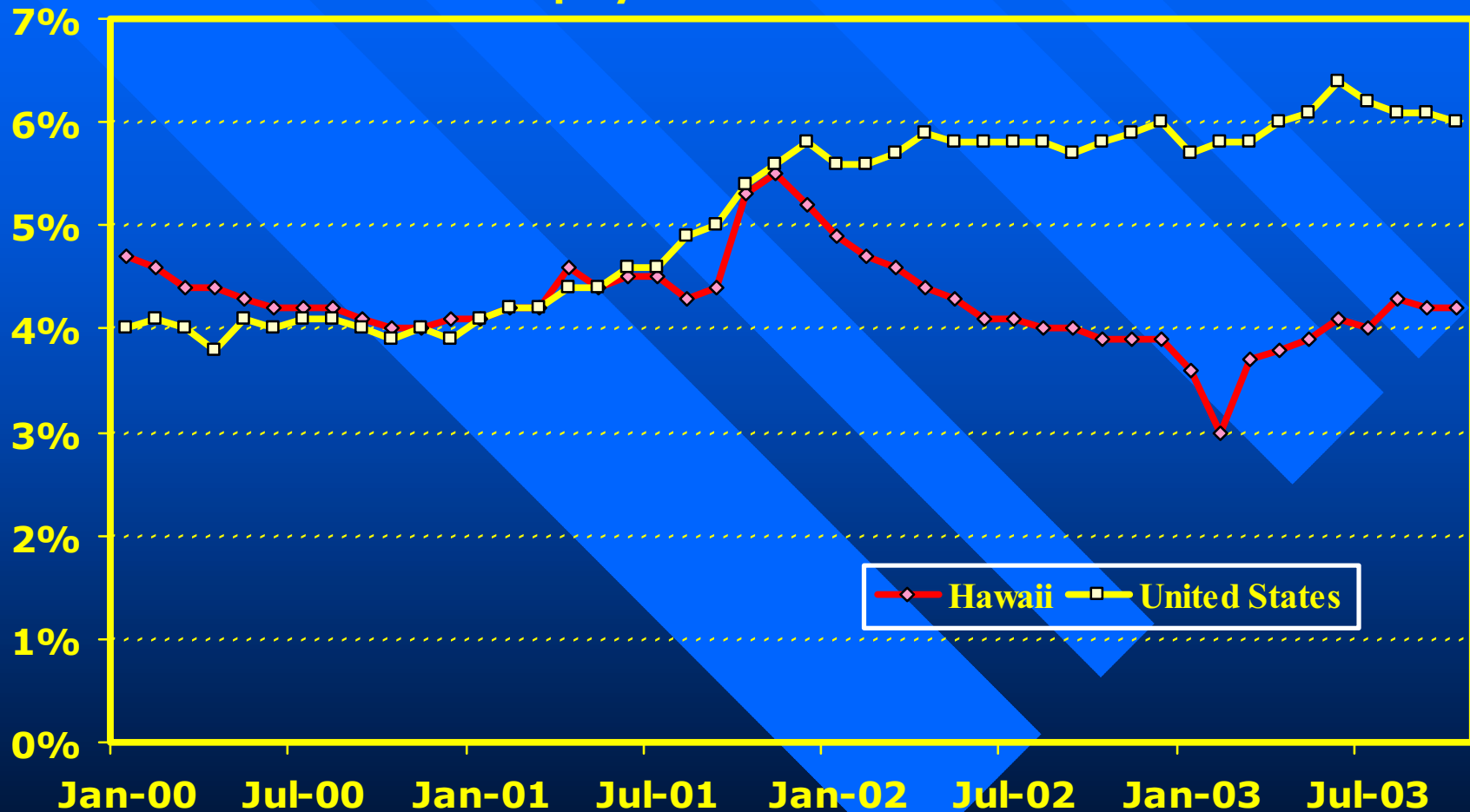
- We are still in an “up” portion of a construction investment cycle.
- We are currently benefiting from increased federal expenditures.
- As U.S. economy improves, we expect Hawaii should also continue to improve.

For DBEDT's complete Quarterly Economic Forecast, go to:

<http://www.hawaii.gov/dbedt/forecast.html>

Since December 2001, Hawaii's Unemployment Rate Has Been Below the U.S. Average

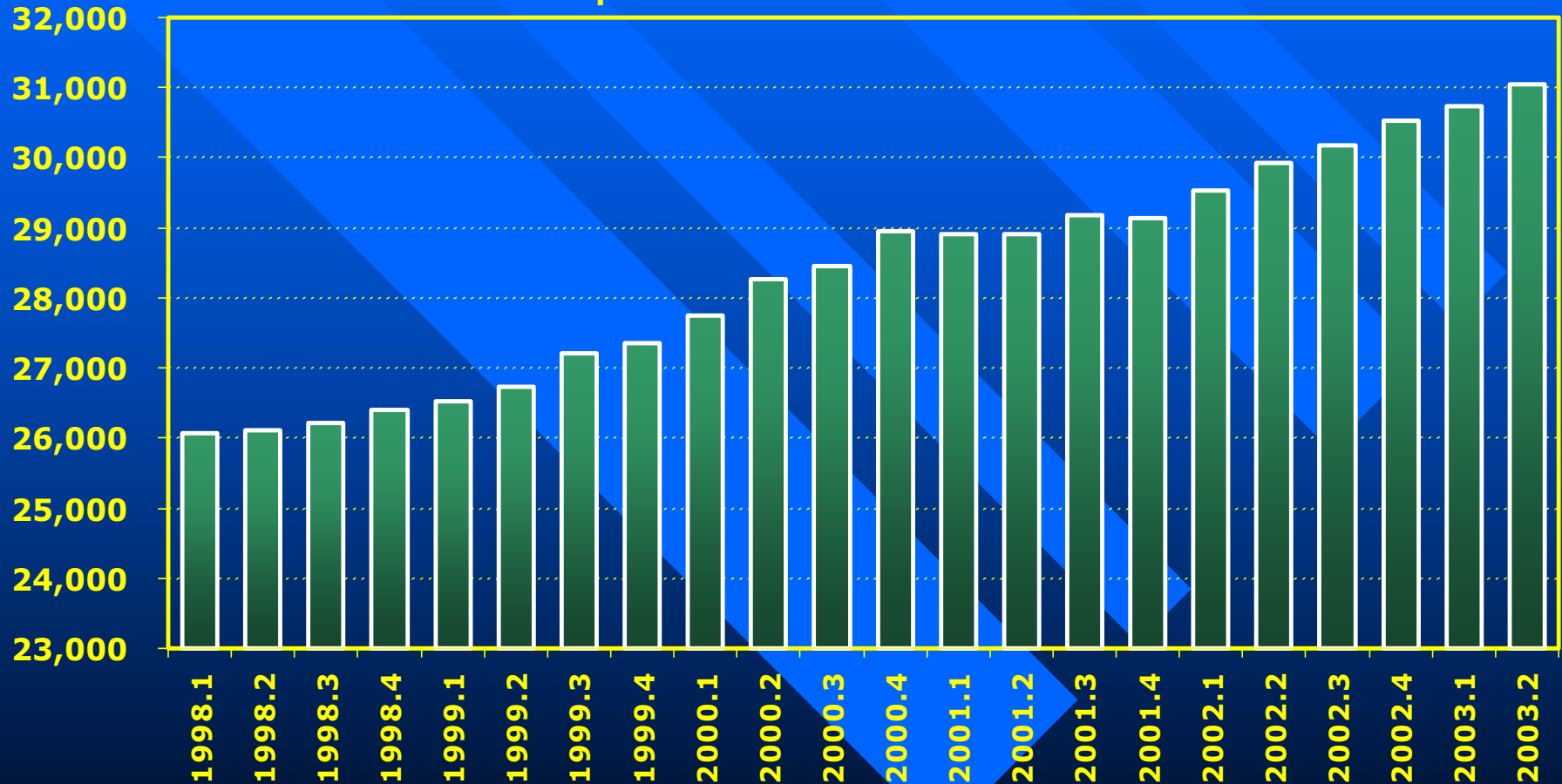
Unemployment Rates - 2000 to 2003*



* Though September 2003
Source: U.S. Bureau of Labor Statistics

Hawaii Has Continued Positive Trends in Per Capita Personal Income

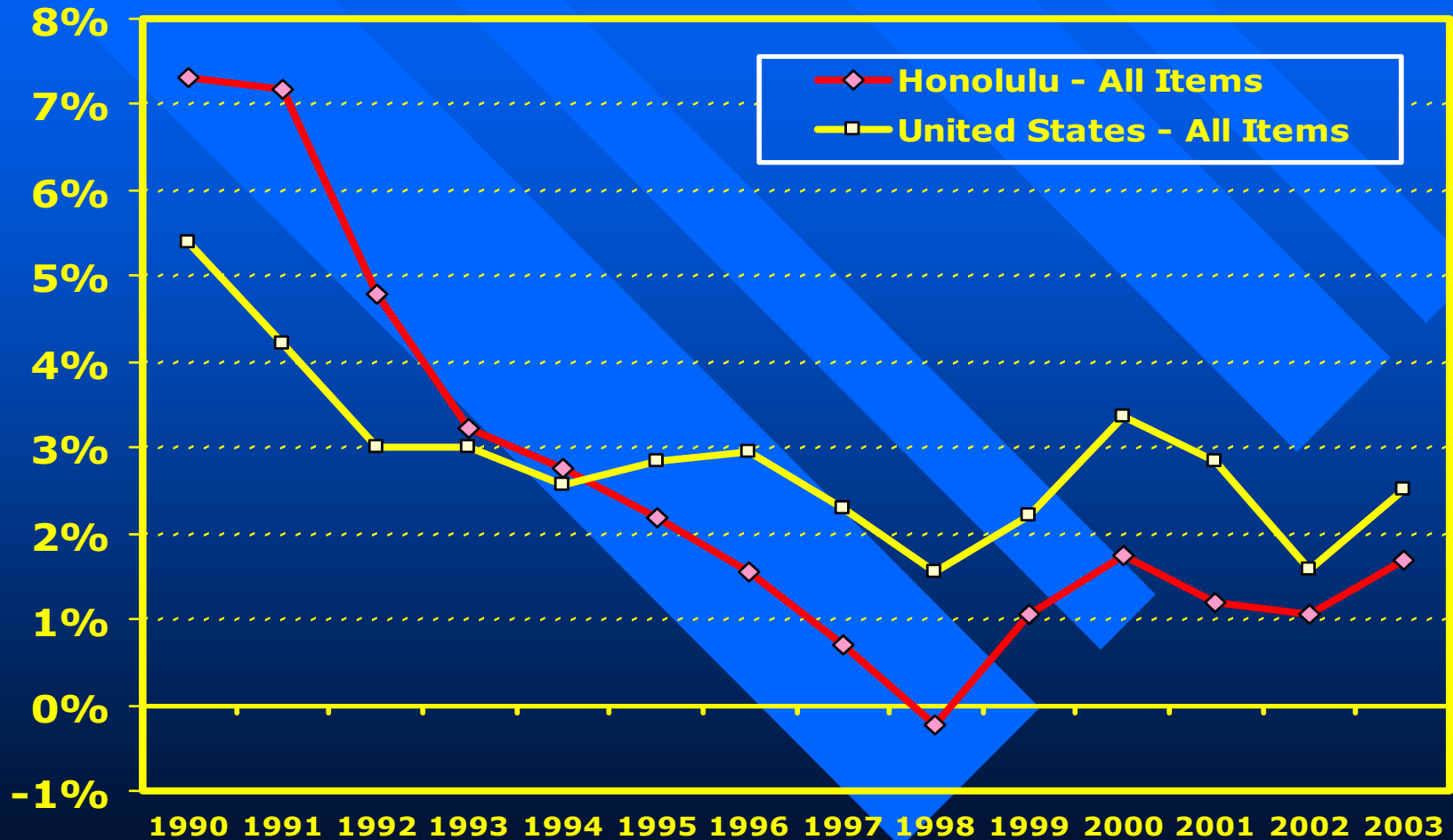
Hawaii Per Capita Personal Income - 1998 to 2002



- Hawaii also ranked 4th in growth of personal income from 4th Quarter of 2002 to 1st Quarter of 2003

Since 1994, Honolulu's Consumer Inflation Has Been Lower Than the U.S. Average

Honolulu and U.S. Consumer Inflation Rate*



* % change in the U.S. and Honolulu CPI for All Urban Consumers (1982-1984=100)
Source: U.S. Bureau of Labor Statistics

Significant Military Presence & Investment Continues to be a Stable Component of the Hawaii Economy

Federal Defense Expenditures in Hawaii - 1997 to 2002

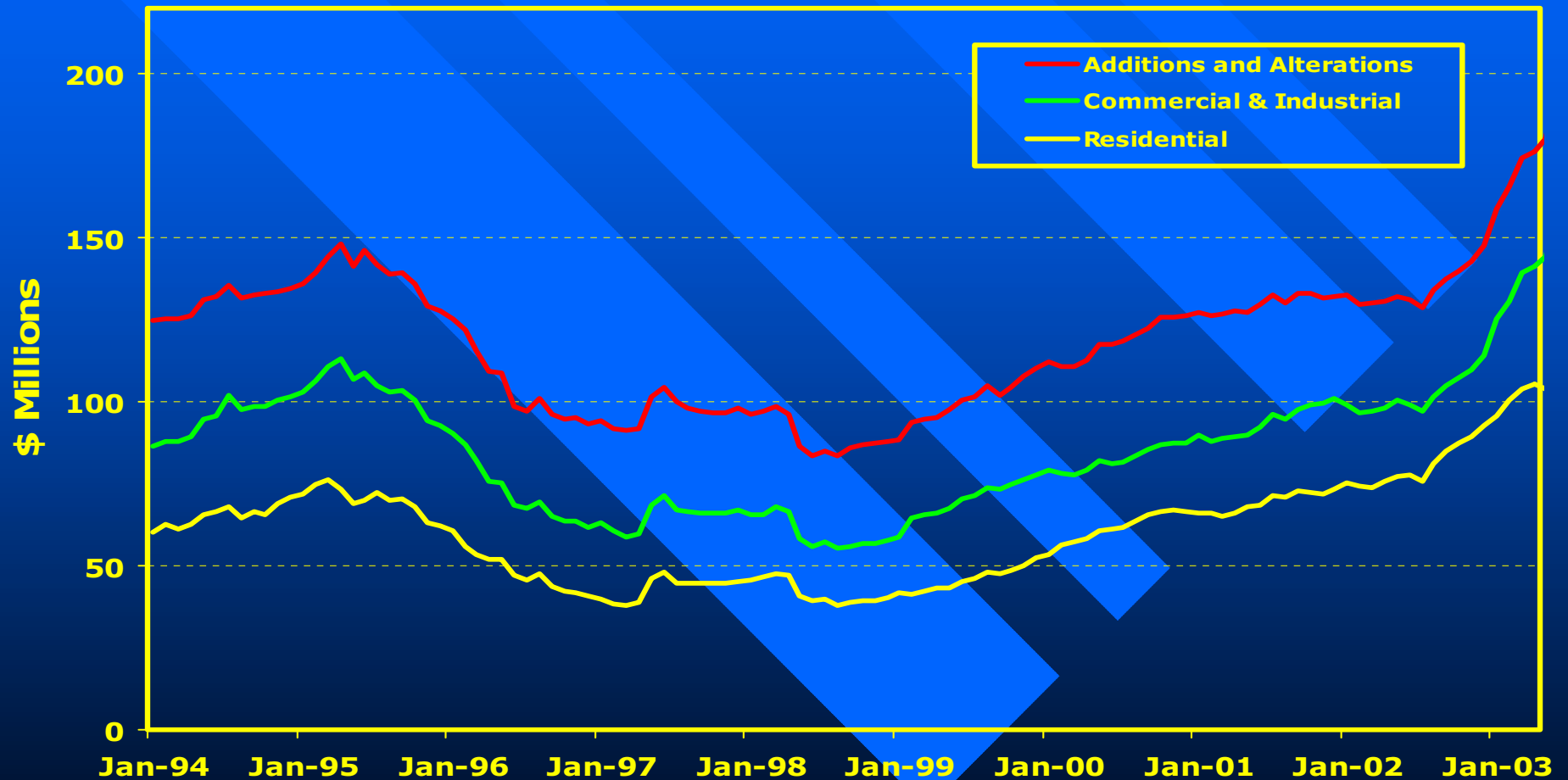
| Year | Total Expenditures (Millions) |
|------|-------------------------------|
| 1997 | \$3,179 |
| 1998 | 3,394 |
| 1999 | 3,356 |
| 2000 | 3,473 |
| 2001 | 3,728 |
| 2002 | 3,964 |

Source: U.S. Bureau of the Census 2002 and U.S. Bureau of the Census, U.S. Bureau of Economic Analysis 2002



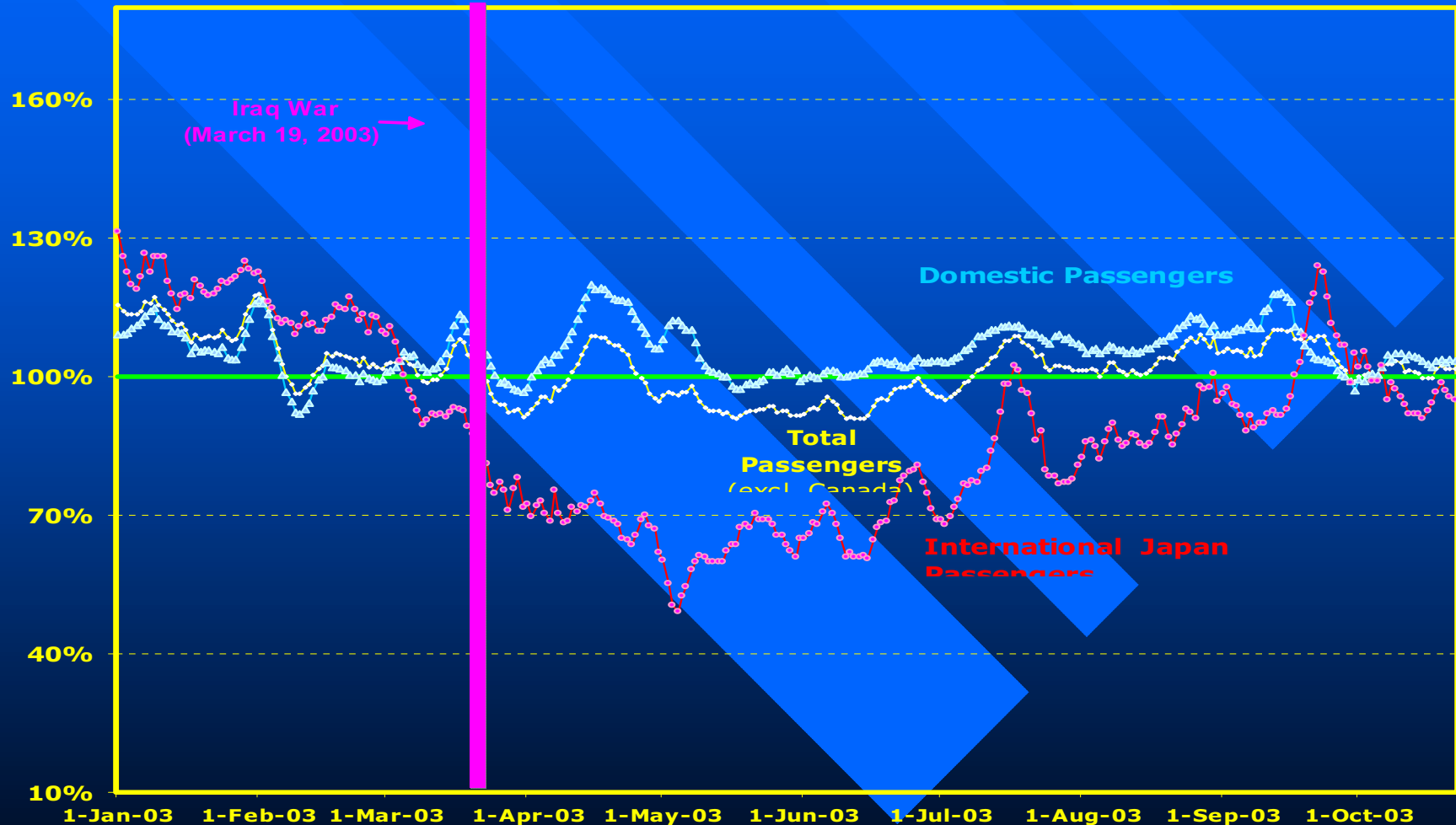
- Hawaii had 39,036 military personnel (4.1% of the population 16 years and over) versus U.S. total of 1,152,137 military personnel (0.5% of the population 16 years and over) in 2000
- U.S. military in Hawaii awards \$1.43 billion in contracts in FY 2002 and had a payroll of over \$2.8 billion
- Possible homeporting of a carrier group and Stryker brigade
- \$2.2 billion to be spent on renovation and new construction of over 16,000 homes over the next 14 years

Positive Trends in Building Activity Continue with Particularly Strong Activity in the Past Few Quarters



* For "Additions and Alterations" and "Commercial & Industrial" data does not include Kauai data. All data through July 2003.

Visitor Traffic is Recovering after Iraq War & SARS, with Domestic Strong; International Improving

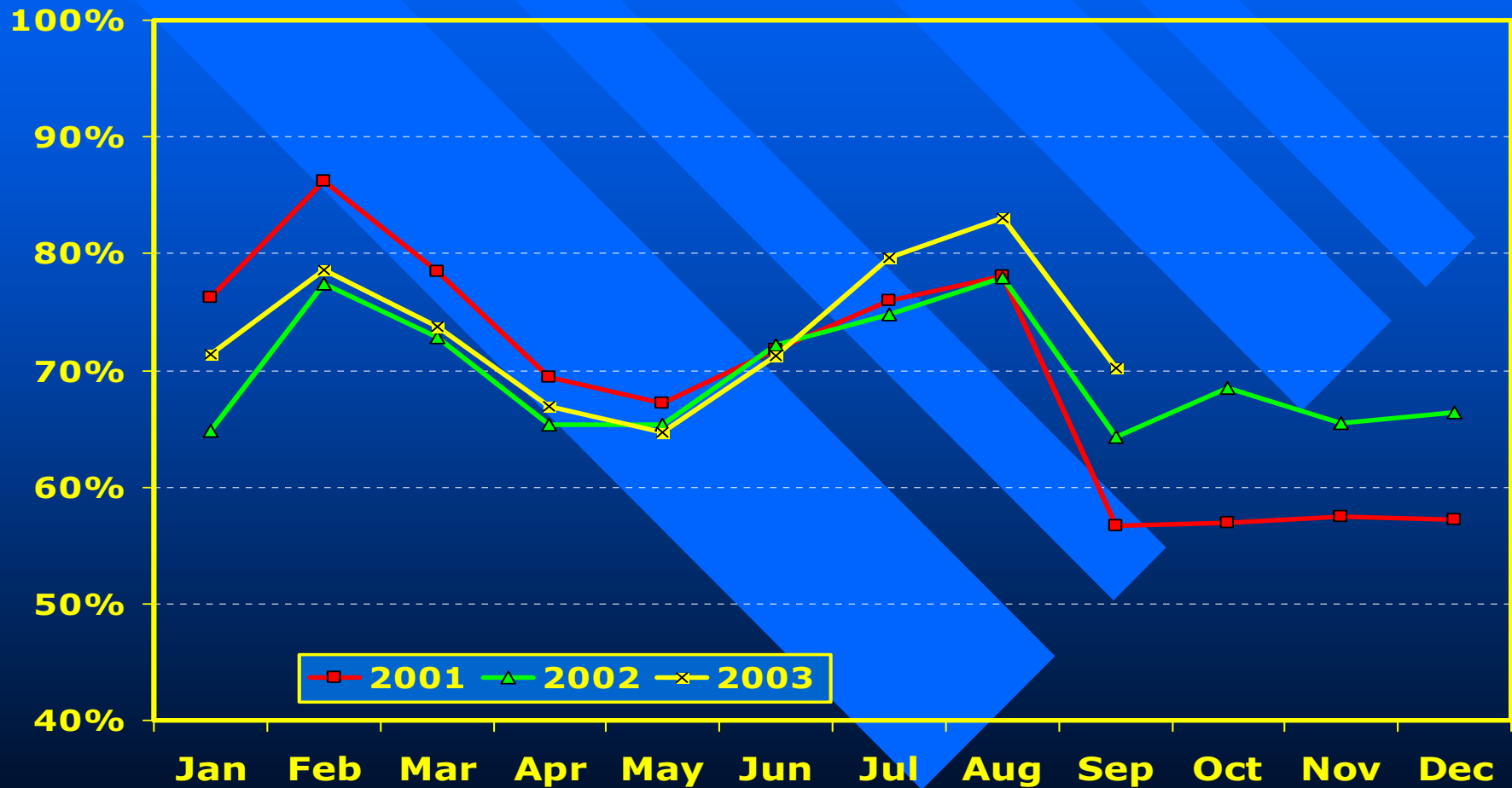


Note: Includes all direct out-of-State flights to the islands, excludes inter-island

Source: Department of Business, Economic Development & Tourism

Hotel Occupancy for 1st 9 Months of 2003 is 73.0%, 2.4 % Points above the Same Period in 2002

Monthly Hotel Occupancy Rates - 2000 to 2003*



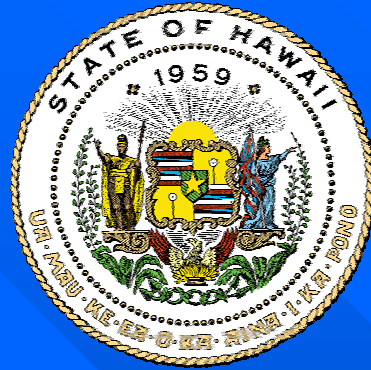
* Through August 2003

Hawaii's Economy

For comprehensive data on Hawaii's People,
Economic Trends and Statistics, visit:

www.hawaii.gov/dbedt/latest.html

Or call the DBEDT library at **808-586-2424**



Department of Business,
Economic Development & Tourism

Research and Economic
Analysis Division
(READ)

READ

The Research and Economic Analysis Division (READ) supports economic development and business planning by providing data, analysis, projections and input into policy issues.



<http://www.hawaii.gov/dbedt/latest>

READ



Vision – Be responsive to our many customers including the Governor, Government Agencies, Legislature, Businesses, Civic & Non-profit Organizations, as well as the Public.



State Economist Pearl Imada Iboshi (center) directs READ's efforts.



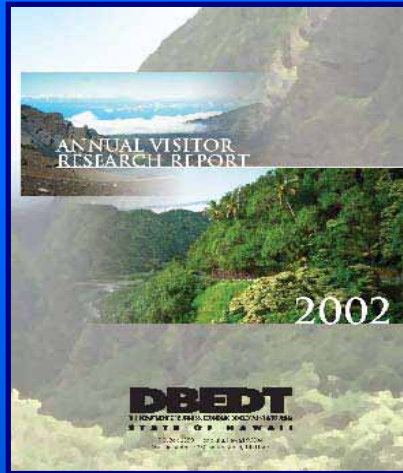
The DBEDT Library has the most comprehensive economic data in the State from Territorial Days to the Present.

| | |
|--|-----------|
| State Population Total | 1,244,090 |
| City & County of Honolulu | 856,019 |
| Hawaii County | 134,794 |
|  2002 The State of Hawaii DATA BOOK A Statistical Abstract | |
| Home County | 59,840 |
| Other County | 134,139 |
|  DBEDT <small>DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM</small> <small>STATE OF HAWAII</small> | |

READ

Division Goals for 2003

- Publish the 700+ table, 2002 *State of Hawaii Data Book* in convenient electronic forms.
- Issue quarterly economic forecasts & assessments for Hawaii.
- Develop new, long-range, *State Population and Economic Projections* to guide public & private sector planning in the coming years.
- Improve the quantity & quality of tourism statistics serving the needs of policy makers, the industry & business planning.
- Continue the *Sustainable Tourism Study*, designed to assess the impact of visitors on Hawaii's economy, infrastructure and the environment.
- Help the State's workforce development efforts to focus on the new skill needs of Hawaii's emerging economy.
- Continue providing census information through the *Hawaii State Data Center* and help with reference questions and requests through the *DBEDT Library*.



READ

Accomplishments 2003

- Published the *State of Hawaii Data Book 2002*.
- Developed new, long-range, *State Population and Economic Projections* .
- Produced quarterly projections and assessments of Hawaii's economy through the web-based publication, *Quarterly Statistical and Economic Report* .
- Published numerous visitor reports and created new surveys on cruise ship spending.
- Completed the infrastructure study, socio-cultural impact report and 2nd round of public meetings for the *Sustainable Tourism Project*.
- Conducted six Census-related workshops.
- Updated federal statistics and prepared a brochure on the impact of the military in Hawaii for the Chamber of Commerce of Hawaii.
- Conducted economic impact analyses ranging from that of NELHA to the impact of the Iraq War on Hawaii's economy.
- Assisted the Hawaii Workforce Development Council in workforce planning for emerging industry and skill needs.
- Issued report on the economic impact of Waikiki.
- Responded to nearly 4,000 reference requests through the DBEDT Library



READ

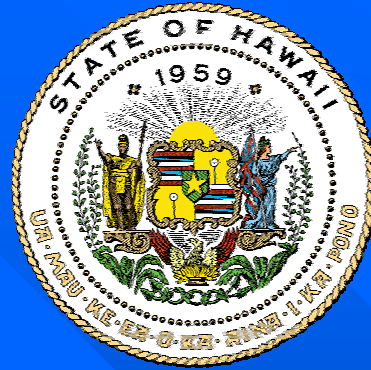


Goals for 2004

- Continue to increase responsiveness to the needs of our customers.
- Publish the *State of Hawaii Data Book 2003*.
- Publish updated Long-Range State Population and Economic Projections.
- Develop county Input-Output model series.
- Produce and publish 4 issues of the *Quarterly Statistical and Economic Report*.
- Produce and publish 4 quarterly economic forecasts
- Provide more comprehensive visitor information through a new study of Oahu visitor characteristics and expenditures.
- Complete the Sustainable Tourism Project and submit results.
- Conduct periodic Census workshops.
- Work with our workforce development and education partners to develop a clear understanding of the labor supply and demand conditions facing Hawaii in the future.
- Increase research information available on DBEDT website.

READ's reports and economic data can be found at

<http://hawaii.gov/dbedt/latest.htm>



Department of Business,
Economic Development & Tourism

The Office of
Strategic Policy Analysis

The Office of Strategic Policy Analysis

DBEDT Director, Ted Liu, has created a new program activity within the Office of the Director. The Office of Strategic Policy Analysis (OSPA) will provide department-wide research, analysis and support to assist staff elements in DBEDT and other state agencies in developing economic development “best practices” in designated program areas.

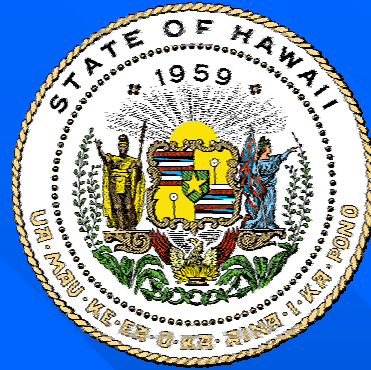


Tom Smyth,
Chief of Strategic Policy Analysis

The Office of Strategic Policy Analysis

Specifically, the initial efforts of the OSPA include:

- Evaluation of Hawaii's standing in the many national "state rankings". These well-publicized reports judge elements of a state's business climate, attractiveness to new businesses and investment and quality of life. Ranking measures are analyzed and those not appropriate are challenged. For measures that score poorly for Hawaii, the causes of the low ranking are reviewed to determine if government is a factor and if there are "best practices" from other states that Hawaii can adopt to improve its standing.
- Liaison with active and reserve military forces located in Hawaii. This effort ensures that the state provides appropriate support for issues that impact training, procurement and personnel quality of life. As the second largest economic sector, the U.S. Department of Defense is a very important factor in Hawaii's continued economic growth.
- Review of broad regulatory policies impacting businesses, especially small businesses. Identification of federal regulations that can be implemented by the state in a manner that reduces the administrative burden on local firms. Creation of agency partnerships to continually assess state regulations to develop simplified reporting procedures, reduced costs and other mitigating efforts.
- Identification of other state and local government economic development strategic plans and policies. This analysis provides the opportunity to emulate ideas that have worked elsewhere and avoid those that have not been successful.
- Working with local Civil Defense agencies to develop policies that allow for appropriate security and disaster response but that do not unduly impede economic activity.
- Monitor and review multi-departmental legislative proposals that affect small businesses. Many proposals have possible unintended consequences that need identification and quantification. Working closely with other state agencies as measures move through the legislative process provides the opportunity to suggest alternatives that impose less impact on businesses or create more level business opportunities.



Department of Business,
Economic Development & Tourism

Strategic Industries Division
(SID)

SID

The Strategic Industries Division (SID) supports Statewide economic efficiency, productivity, development and diversification by promoting, attracting and facilitating the development of Hawaii-based industries which engage in the sustainable development of Hawaii's energy, environmental, ocean, recyclable, and technological resources.



Maurice Kaya,
Chief Technology Officer

http://www.hawaii.gov/dbedt/ert/ert_hmpg.html

SID

The SID program objectives are to:

- Stimulate economic development and diversification by developing and marketing technologies and technology-based enterprises and resource-based industries with a strong export focus;
- Increase economic efficiency and productivity and business competitiveness by promoting and facilitating energy conservation and efficiency, recycling and remanufacturing;
- Reduce risks to Hawaii's economy by developing cost-competitive indigenous sources of energy to reduce dependence on imported fossil fuels which increases economic productivity;
- Increase energy security for the State by developing comprehensive plans to meet State energy policy objectives and contingency plans to effectively deal with energy crises; and
- Increase non-State funding support to accomplish the foregoing program objectives which support technology and resource-based economic development.

SID

Energy Branch

Hawaii Homeowner's Guide to Energy, Comfort & Value

Issued brochure on practical tips on creating a high performance, energy-efficient Hawaii home.



The publication won “Best of Show” award at U.S. Department of Energy’s National Workshop on State Building Energy Codes



SID

Energy Branch

- Completed a comprehensive analysis of energy use in State buildings, and found that 46% of State building energy consumption is by educational facilities, indicating that this is a target area for upgrades.
- Held a Performance Contracting Workshop and identified facilities appropriate for energy audits and potential performance contracts.

State Facility Energy Upgrade Analysis

| Facility Size | # Facilities | Total MWH | Average Sq. Ft. | Total Sq. Ft. |
|---------------|--------------|-----------|-----------------|---------------|
| Large | 108 | 472,930 | 199,000 | 21,497,000 |
| Medium | 152 | 84,370 | 25,230 | 3,835,000 |
| Small | 2,365 est. | 111,150 | 2,140 | 5,052,000 |

SID

Energy Branch

- Creating efficient, comfortable classrooms
 - Received \$10,000 from U.S. Department of Energy to work with Dept. of Education High Performance Schools project to make new and renovated schools energy efficient, environmentally healthy, and more conducive to learning.
- Partnered with the U.H. School of Architecture to gather data to develop recommendations to keep portable classrooms cooler.
- Partnered with the City & County of Honolulu in revising an ordinance to improve residential air conditioning efficiencies.
- Assisted the County of Kauai with adopting a more stringent Energy Code for commercial buildings.

SID

Energy Branch

DBEDT Sponsored Numerous Initiatives on Energy Efficient Buildings



Build and Buy Green Expo 2003

- Build and Buy Green Conference and Expo
- Creating High-Performance Green Buildings: Training on Leadership in Energy & Environmental Design
- Green Business Program
- Statewide BuiltGreen workshop series
- Energy, Comfort & Value presentations and displays
- Remodel It Right seminars
- Lighting Efficiencies Workshops

SID

Energy Branch

Renewable energy tax credit extended

Governor Lingle signed Act 207 that extends energy credits to 1/1/08.

Each \$1 spent by State on solar tax credit generates \$1.82 in tax revenues



HECO photo by Mike Gonsalves

SID

Energy Branch

- Rebuild Hawaii received \$95,000 in 2003 to continue its collaborative public/private effort to develop high performance standards for UH buildings.
- DBEDT received \$75,000 for technical assistance to the U.S. Navy to assess the feasibility of combined heat and power facility at the Pacific Missile Range Facility (Barking Sands, Kauai) fueled by landfill gas.



Pacific Missile Range Facility

SID

Energy Branch



NOAA photo by Ray Boland

DBEDT was part of a cooperative multi-agency effort that recovered 130 tons a of derelict driftnets from the NW Hawaiian Islands. The nets were diverted from the landfill and burned at HPOWER to generate enough power for 40 homes annually.

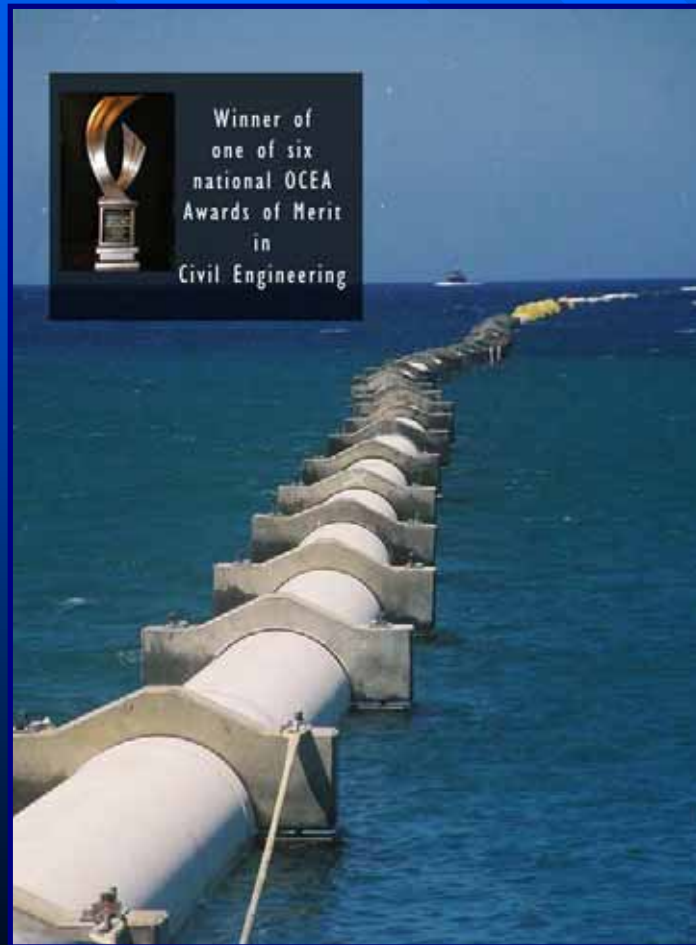
SID

Ocean Resources Branch

- Ocean science and technology industry shows remarkable growth in Hawaii. Direct revenues grew to \$140.3 million in 2002, a 6% increase over 2001, building on increases of 13% in 2001 and 17% in 2000.
- Hawaii is home to world leaders in ocean industries. Two local companies assisted by DBEDT marketing programs were winners of the Governor's 2003 Exporter of the Year awards:
 - Makai Ocean Engineering for professional services
 - Oceanic Imaging Consultants (OIC) for high technology

SID

Ocean Resources Branch



Makai Ocean Engineering photo

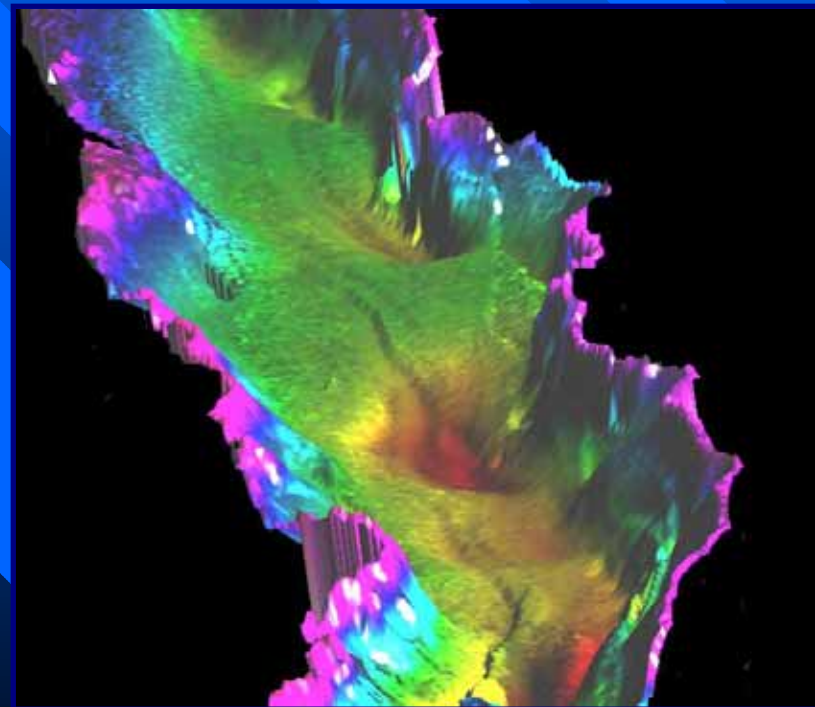
- Makai Ocean Engineering designed and installed the world's largest, longest seawater intake pipeline at the Natural Energy Laboratory of Hawaii Authority (NELHA) on the Big Island of Hawaii
- Received one of six national awards of merit from the American Society of Civil Engineers

SID

Ocean Resources Branch

Oceanic Imaging Consultants

is a leader in developing software for seafloor mapping applications. It was founded in 1993 as a spin-off of research at U.H.-Manoa. Today, OIC serves clients worldwide.



Oceanic Imaging Consultants image from Loch Etive, Scotland

SID

Ocean Resources Branch

Exporting Technology



Oceans 2003 in San Diego showcased Hawaii's capabilities to over 4,000 industry leaders

DBEDT assists local companies that want to develop export markets through pavilions at national and international tradeshows. DBEDT provides turnkey service to these companies, extending their reach to many more customers.

SID

Ocean Resources Branch

DBEDT provides free marketing opportunities for Hawaii's ocean science and technology industry by providing an online, multi-media magazine and directory where companies can post articles on the latest innovations. Potential customers and investors can get updates on ocean industry activities and search the directory for products and services.



<http://www.HawaiiOceanScience.org/>

SID

Ocean Resources Branch

DBEDT has a strong commitment to developing a Biotechnology industry and is creating a strategy focusing on Hawaii's competitive advantages in agriculture, environmental, medical and marine applications.



Enterprise Honolulu photo

SID

Ocean Resources Branch



John Strom photo

DBEDT Sponsored an Exhibit at the major U.S. Biotech exhibition (BIO 2003) with:

- » The University of Hawaii
- » Enterprise Honolulu
- » The High Technology Development Corporation
- » Private Sector Companies

SID

Ocean Resources Branch

DBEDT is supporting a new commercial Biotech center at U.H.-Manoa's new Biomedical Research Center in Kakaako.



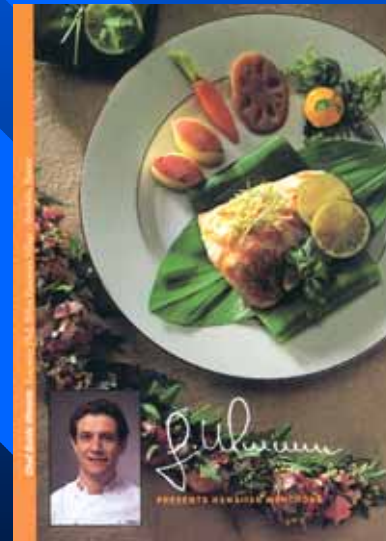
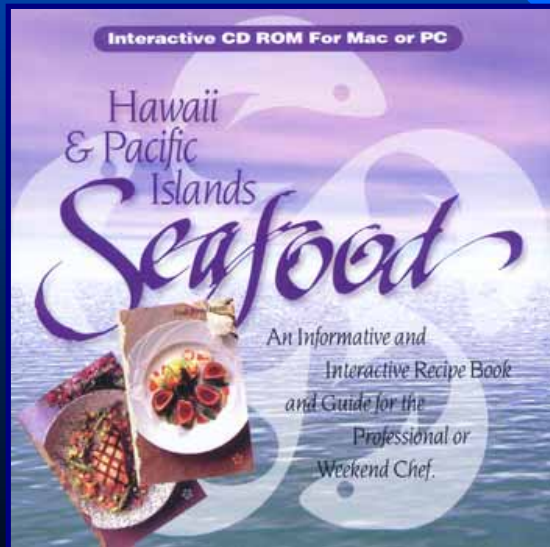
John A. Burns School of Medicine
Architects Hawaii photo

SID

Ocean Resources Branch

Promoting Hawaii and Pacific Island Seafood

DBEDT partners with seafood marketing companies and provides collateral material for distribution at industry events

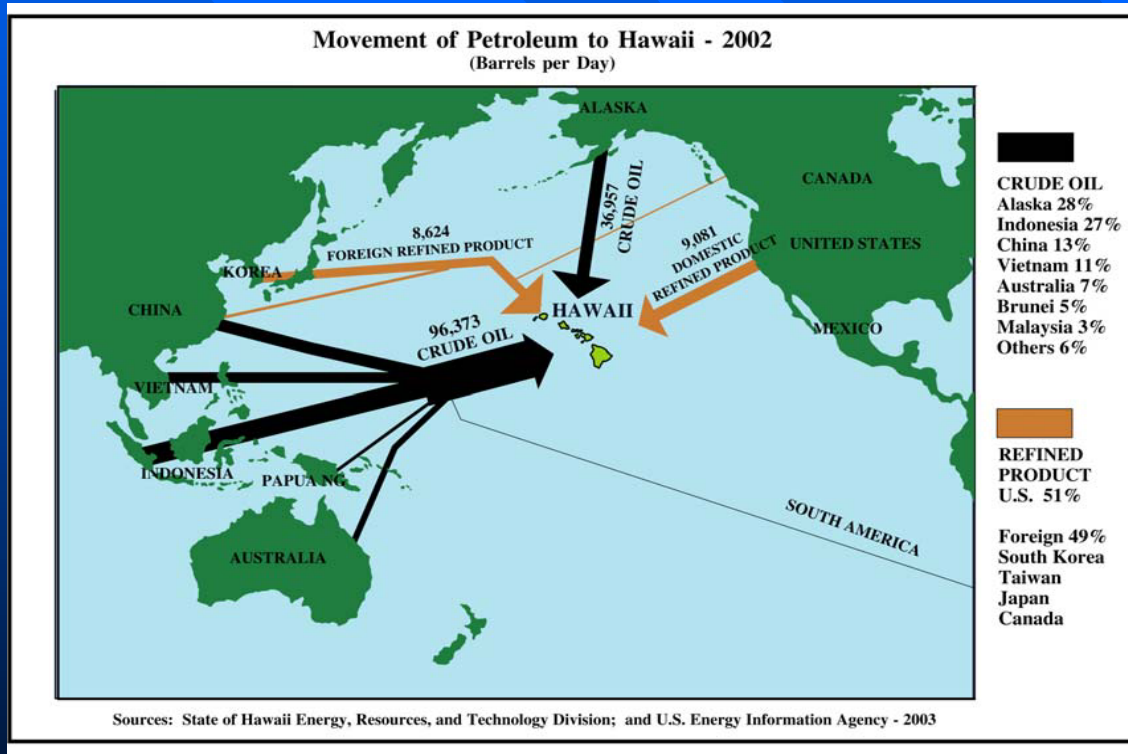


<http://hawaii-seafood.org>

SID

Strategic Technology Industry Development

Emergency Preparedness

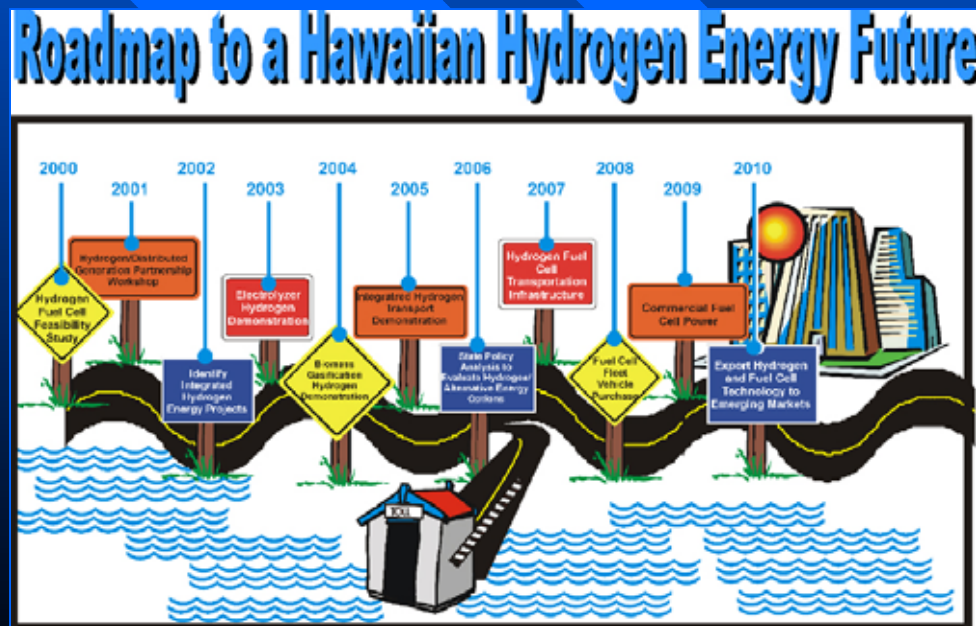


- Monitored energy situation during Iraq war
 - World oil market
 - Levels of locally-stored petroleum
- Exercised access to Strategic Petroleum Reserve

SID

Strategic Technology Industry Development

The Hawaii Hydrogen Power Park Project is a 3-year program to design, build and operate an integrated hydrogen fuel cell system using a renewable energy resource. The U.S. Department of Energy granted \$300,000 for Phase 1B, and \$400,000 for Phase 2 is expected in 2004.



SID

Strategic Technology Industry Development

International Technology Export Initiative



China-focused
Videoconference with
U.S. Embassy, Beijing



- Facilitating Hawaii exports of sustainable infrastructure technologies & services to the Asia-Pacific Region -- focus on Environmental, Energy, Planning, and Engineering sectors.
- Approach using Government-to-Government contacts, Partnerships with industry & research institutions, Technical exchange and business missions, Workshops and conferences, and by providing infrastructure demand information & contacts.

SID

Strategic Technology Industry Development

Oil Price Study

- Legislatively mandated
- Study found that gas caps can cause:
 - Higher prices
 - Fluctuating prices
 - Service station closures
 - Gas shortages
- Study recommends effective alternatives to gas caps:
 - Consumer education
 - Oversight

SID

R&D Coordination

Japan-U.S. Science, Technology & Space Applications Program

- DBEDT hosted the 14th annual JUSTSAP workshop to explore opportunities for bilateral collaboration on a variety of projects, including:
 - Advanced satellite communications
 - Disaster monitoring
 - Microgravity research
 - Alternative space power systems
 - Space satellite & launch infrastructure



SID

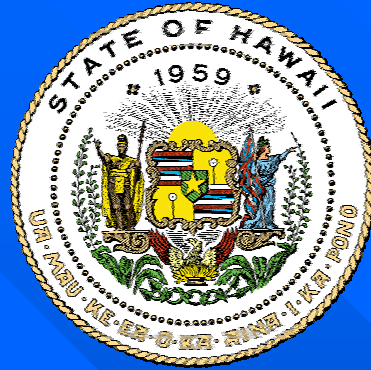
R&D Coordination



TechEnterprise 2003 showcased Hawaii's technology successes and potential.

DBEDT co-sponsored **TechEnterprise 2003** to link Hawaii companies with national and regional resources for:

- venture capital
- federal funding, and
- industry collaboration.



Department of Business,
Economic Development & Tourism

Strategic Marketing & Support
Division
(SMSD)

SMSD



Dennis Ling, Administrator
Strategic Marketing and Support Division

Working with a network of public and private-sector partners, SMSD plans and implements programs to:

- Encourage the growth of existing and emerging industries by opening and developing domestic and international markets for Hawaii firms;
- Attract new business and investment, particularly knowledge-based and environmentally compatible industries to grow and diversify Hawaii's economy;
- Market Hawaii as a serious place to do business;
- Create new jobs, particularly those that require high-skills to support knowledge-based industries;
- Increase sales and exports of professional services;
- Administer and promote Hawaii's sister-State relationships to facilitate economic development objectives;
- Support formation and operation of small businesses through business loans and other financial and technical assistance;
- Disseminate State, county, and federal license and registration information; coordinate economic recovery and diversification in rural areas.

SMSD

Overseas Marketing and Industry Development

SMSD continued to develop markets in Japan and Korea, while expanding its focus into Greater China (China and Taiwan) by utilizing its offices in Beijing and Taipei. The Division also launched several important initiatives to the Philippines and targeted Southeast Asian nations.

In addition, the SMSD stepped up its U.S. Mainland business and investment attraction efforts.



Society of Photonic & Imaging Engineers
Conference & Exhibition, San Diego, Aug. 2003

Strategic Marketing and Support Division

Greater China Initiatives



Continued to promote and position Hawaii as a center for executive, professional and vocational training for Chinese government officials, executives, and teachers. Realized approximately \$750,000 in new training revenues, with the potential for additional “spin-off” revenues from service exports.

Coalesced the first vertical team in efforts to promote the export of Hawaii’s specialized tourism development expertise. This group, which has come to be known as the Integrated Development Group (IDG), is comprised of 12 companies and organizations. IDG will develop new market opportunities for Hawaii’s firms in a broad range of industries, including providing turnkey solutions for resort development, hotel construction and hotel renovation projects.

SMSD

Greater China Initiatives (continued)

- Completed for, and won a \$399,500 Market Development Cooperator Program grant from the U.S. Department of Commerce to assist IDG activities. SMSD was one of only seven organizations nationwide to receive an award.
- Generated over \$2 million in revenues through training that DBEDT facilitated between the government and private sector firms in China, and training institutions in Hawaii.
- Promoted Hawaii products through special radio programming and a cable TV home shopping network in Taiwan.
- Established agreements with:
 - The City of Tianjin (*de facto* Sister State-Province agreement)
 - Shanghai Municipal Tourism Administration
 - China Mobile Communication Association
 - The Beijing Tourism Group
- Assisted Hawaii coffee exporters to enter Taiwan market and realized first-year sales in excess of \$250,000.

SMSD

Japan

- Participated in the Osaka Venture Forum and Technology Mission in September, 2002. This activity provided an entrée for Hawaii company, Hoku Scientific, to secure significant investments from Japan, valued at \$6 million.
- Convened a Bio-technology/Marine Technology Seminar in Osaka in September 2002 that resulted in Japanese biotech firms having interest in conducting a series of meetings in Hawaii to research/solicit partnerships and strategic alliances with Hawaii biotech companies and the University of Hawaii.
- As a result of the Japan-Hawaii School Excursions Education Tourism Missions in 2002 to Osaka, Nagoya and Tokyo, attracted 3,000 students in 2002 and approximately 10,000 students in 2003 to travel to Hawaii from Japan. In addition, in December 2003, secured a Fam Tour of 12 Japanese school administrators and teachers interested in coming to Hawaii in 2004 or 2005. The Group represents a potential of 3,000 students visiting from Japan and a briefing on the status of biotechnology development in Hawaii. As a result, also secured invitations for the University of Hawaii professors to speak at a Biotechnology Symposium in Chiba Prefecture.

Lieutenant Governor Duke Aiona met representatives from Niigata and accepted a message of appreciation from Niigata Governor Ikuo Hirayama.



SMSD

Japan (continued)

- **Held two study meetings with the Asian Productivity Organization: E-Commerce in October 2002 and E-Governance in December 2003. These study meetings resulted in total revenues of \$55,200.**
- **Conducted a joint business conference with the Hiroshima Chamber of Commerce, the Honolulu Japanese Chamber of Commerce and Hiroshima Prefecture called “Hiroshima-Hawaii Partnership in the 21st Century”, attracting over 230 attendees including 130 from Japan.**
- **Organized two business missions from Niigata Prefecture to Hawaii in 2003. Government officials and representatives of private industry have a great interest in collaborating with Hawaii in the following areas: (1) deep-sea water research, application, etc.; (2) product and services trade; (3) education tourism; and (4) biotechnology development.**
- **In 2003, the division received a delegation organized by biotechnology consulting firm. BioDiscovery K.K. of Japan. The visit included meetings with representatives of Hawaii’s biotechnology companies and other stakeholders; site visits to the University of Hawaii at Manoa; and a briefing on the status of biotechnology development in Hawaii.**

SMSD

Korea & Philippines

- **As a result of the Korea U.S. Economic Council/Pacific U.S. States Mission to Korea in 2002, attracted approximately 6,000 Korean delegates of Amway Korea to Hawaii for a 5-day business incentive stay in Hawaii. Amway's stay resulted in \$5,533,800 in revenues. Followed-up on this promotion by participating in the Second Korea-U.S. Pacific States Economic Conference in August 2003 with presentations on Hawaii's Investment Opportunities and Hawaii's Energy Industry Opportunities.**
- **Supported a trade mission to Manila, Batangas and Marikina in the Philippines to promote trade and investment with Hawaii. This mission was spearheaded by the Filipino Chamber of Commerce which conducted seminars and business meetings with select industry and trade associations, and private firms.**

SMSD

Coordinated “Team Hawaii” by joining forces with the County Economic Development Agencies and Boards, Hawaii Tourism Authority, High-Tech Development Corp., Hawaii Strategic Development Corp., University of Hawaii, HiBEAM, Hawaii Visitors and Convention Bureau, SMG, Hawaii Expatriates and the private sector to promote Hawaii as a business and investment location and to promote Hawaii industries.

In May 2003, “Team Hawaii” traveled to Silicon Valley for a series of meetings with venture capitalists, high-tech industry executives, meeting planners and Hawaii ex-pats. The mission culminated with Governor Lingle speaking via live video teleconference to over 400 people with the message: “Hawaii is Open for Business.”

In August 2003, “Team Hawaii” participated in the *Annual Optical Science and Technology Conference and Exhibition* in San Diego which was attended by over 5,000 science professionals and executives. The mission culminated with Governor Lingle speaking via live video teleconference to 250 executives from biotech, dual-use, optics technology, energy sectors plus kamaaina about the advantages of doing business in Hawaii .



SMSD

INAUGURAL ASIA-PACIFIC HOMELAND SECURITY SUMMIT & EXPOSITION



<http://www.scd.State.hi.us/summit>

DBEDT jointly produced this historic Summit on November 19-21, 2003 at the Hilton Hawaiian Village with the Office of the Governor, and the Department of Defense. Partners were the U.S. Pacific Command, the Asia Pacific Center for Security Studies, the US-ASEAN Business Council, the Pacific Basin Economic Council, the East-West Center, and the University of Hawaii at Manoa.

The Summit provided leaders from 19 Asia-Pacific nations and territories an opportunity to interact on critical topics of national security and strategies for combating terrorism, and also provided information to enable government and corporate leaders to develop strategies and methods to meet new security challenges.

SMSD

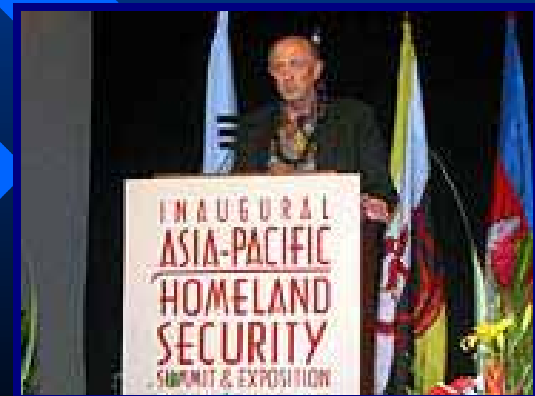
INAUGURAL ASIA-PACIFIC HOMELAND SECURITY SUMMIT & EXPOSITION

- Distinguished speakers included:

The Honorable Tom Ridge, Secretary of Homeland Security; Admiral Thomas Fargo, Commander of U.S. Pacific Command; Ambassador Cresencio Arcos, Director of International Affairs, Department of Homeland Security; Former CIA Director, James Woolsey, Mr. Ernest Bower, President, US-ASEAN Business Council, and many, many more.

- Distinguished panelists and delegates included:

The Honorable Shintaro Ishihara, Governor, Tokyo Metropolitan Government; ASEAN Washington Committee (Ambassadors to the U.S. from Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam); Ms. Lauren Moriarty, East Asian Economic Affairs-U.S. Department of State, among others.



SMSD

INAUGURAL ASIA-PACIFIC HOMELAND SECURITY SUMMIT & EXPOSITION



The Summit provided businesses with the opportunity to showcase their products and services. DBEDT sponsored a Small Business Pavilion for Hawaii's Small Businesses.

<http://www.scd.State.hi.us/summit/>

SMSD

Business Action Center

Hawaii's Business Action Center is the State's one-stop center for Small Business inquiries and referrals. It assists those interested in starting or expanding their business with their licensing needs.

- The Center also provides comprehensive information and referral service to our business resource partners that provide free or low-cost counseling, business-related workshops and alternative financing options.
- The BAC is currently working with Department of Commerce & Consumer Affairs, Department of TAX, Department of Labor & Industrial Relations, Internal Revenue Service and eHawaii.gov to create a web-based, one-stop business licensing site patterned after the existing Business Action Center.



Milton Kwock, Manager
Business Action Center

www.State.hi.us/dbedt/br21.htm

SMSD

Business Action Center

- BAC responded to over 19,400 inquiries for business start-ups and licensing in 2003 and received the highest praise of any State agency from the business community.
- The program has helped more than 290,000 people and businesses since opening 14 years ago and is embarking on providing enhanced services via the Internet.
- For FY 2003, BAC processed over 9,200 applications for the Departments of Taxation, Commerce and Consumer Affairs, Labor and Industrial Relations, and the Internal Revenue Service.
- The Center regularly markets its service through business start-up seminars and workshops with its business resource partners in the small business community.
- This fiscal year, BAC participated in 68 outreach engagements, speaking to over 1,500 people.
- In 2004, the center will issue Federal Employer's Identification Numbers via the Internal Revenue Services' online site, increasing accuracy and reducing the time spent editing manually-completed



www.State.hi.us/dbedt/br21.htm

SMSD

Community-Based Economic Development (CBED) Programs

CBED invests in the form of seed grants, in the development of community-based organizations (CBOs) that create opportunities for economic diversification and stabilization for communities such as the **Waipahu Community Center**, teaching the staff entrepreneurial skills and self-help program activities.

CBED provides technical assistance training to eligible community-based organizations to increase community economic self-determination by encouraging locally-initiated efforts to provide employment opportunities, build economic capacity, strengthen identity, and retain and create cultural anchors.



www.State.hi.us/dbedt/cbed/index.html

SMSD

Community-Based Economic Development (CBED) Programs

- The CBED Program funded five community-based economic development projects in FY 2003 totaling \$56,500.00 – four from the Island of Oahu and one from the Big Island.
- CBED also funded a total of seventeen Statewide technical Assistance training workshops and co-sponsored one Statewide conference. Building economic capacity through Workshop training and a conference, Provided capacity-building opportunity to 676 individuals representing more than 224 community, nonprofit organizations And agencies Statewide. Organizations Completing and or receiving CBED Program financial assistance reported Creating at least 100 new full-time jobs.



SMSD

Business Advocacy Program

The **Business Advocacy Program** reviews all new and modified statutes, administrative rules and proposed legislation. Comments are provided to both the Governor and the originating agency regarding clear identification and possible reduction of regulatory burdens imposed by rules on business.

The Business Advocate also provides administrative, logistic and technical support to the Small Business Regulatory Review Board.



Dori Palcovich
The Business Advocate

www.hawaii.gov/dbedt/barules.html

SMSD

Small Business Regulatory Review Board

The **Small Business Regulatory Review Board** is charged with considering any request from small business owners for review of any rule. It makes recommendations to the agency or the legislature regarding the need for a rule or legislative change. Duties of the Board include:

- Comment on small business petitions and complaints
- Identify and comment on burdensome proposed or existing rules and regulations;
- Provide comment on Small Business Impact Statements to the rule-drafting agency;
- Make recommendations to agencies or the legislature regarding the need for a rule or legislative change;
- Make recommendations to the county councils or the mayors regarding county rules.



Organization: The Board is comprised of current or former owners or officers of small businesses from across the State, and are appointed by the Governor with the consent of the Senate. They serve on a volunteer basis.

www.hawaii.gov/dbedt/sbrrb/index.html

SMSD

PICTURE

ENTERPRISE ZONE PROGRAM

- The Enterprise Zone program has 19 existing zones. In conjunction with the counties, all eligible businesses in each zone are identified and notified upon zone designation. Other activities included promotion of the EZ program in DBEDT's advertising and marketing efforts, posting of descriptive material and application forms on DBEDT's webpage, and presentation to community, business, and financial services organizations.
- The number of firms enrolled in the EZ program Statewide increased from 168 to 219 during FY 2003. About 85% of the enrolled firms were engaged primarily in agriculture, manufacturing, or wholesaling. But as enrollment grows, so does the number of firms engaged in other more technology-related EZ-eligible activities.

SMSD



DBEDT promotes and implements programs to assist Hawaii firms in selected industries grow their share of the local market. It also provides innovative promotional and distribution opportunities for Hawaii manufacturers that expand the overseas markets for Hawaii-made products.

www.hawaii-products.com/

SMSD

Co-sponsored the **17th Annual Governor's Fashion Awards** on June 27, 2003 that acknowledged excellence in the local industry, increased the awareness of locally manufactured fashions, and provided an opportunity for Hawaii designers and manufacturers to showcase their "newest" fashions.



Left, Garments by You & Me Naturally exuded a playful spirit, leading the company to win as Manufacturer of the Year in the contemporary category

Sponsored the **6th Annual Governor's Exporter of the Year Awards Program** on October 2, 2003 that acknowledged the achievements of successful Hawaii exporters in various categories.



6th Annual Governor's Exporter of the Year Awards



<http://www.hawaii-products.com/>

SMSD

Coordinated and produced the quarterly e-newsletter, *Hawaii Books & Music*, that highlights the latest releases in CDs and books from Hawaii and provides links to industry/company web sites.

Continued to publish the monthly newsletter, *Trade Invest*, that highlights international business events, trade opportunities, and market reports.

Maintained and updated the informational content of the *Hawaii-products.com* web page that provides reliable information on Hawaii's products.

The logo for "Hawaii Books & Music Quarterly" is displayed on a yellow rectangular background with a decorative floral pattern. The text "Hawaii Books & Music" is in a large, dark red serif font, and "Quarterly" is in a smaller, dark red serif font below it.

Hawaii Books & Music
Quarterly

<http://www.hawaii-products.com/newsletter>

The logo for "Trade Invest Monthly" features the text in a bold, black, sans-serif font on a white background.

Trade Invest Monthly

Hawaii's International Business Network

<http://www.State.hi.us/dbedt/trade/newsltr.html>



<http://www.hawaii-products.com/>

SMSD

National Restaurant Association – Hotel Motel Restaurant Show

May 17-20, 2003 at the McCormick Place in Chicago Illinois - 70,287 attendance
The Hawaii Pavilion featured ocean fish (Ahi, Mahi mahi, Red Snapper) that were complimented by fresh Heart of Palm, Kona Coffee, Mamaki Tea, Cut Flowers, and a variety of special Macadamia Nut spreads and tropical sauces.

- **7 participating companies**
- **1745 Confirmed Contacts**
- **220 Qualified Sales Leads**

Resulting Estimated sales:
\$788,700

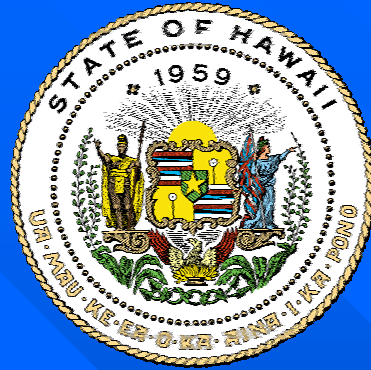


SMSD



DBEDT promotes and implements programs to assist Hawaii firms in selected industries grow their share of the local market. It also provides innovative promotional and distribution opportunities for Hawaii manufacturers that expand the overseas markets for Hawaii-made products.

www.hawaii-products.com/



Department of Business,
Economic Development & Tourism

Arts, Film & Entertainment
Division
(AFED)

AFED

The Arts, Film & Entertainment Division (AFED) was created to develop and promote Hawaii's cultural, entertainment and cinematic assets (i.e. Hawaii's creative economy) as one of the state's strong economic sectors.

AFED consists of two branches: The Hawaii Film Office and the Arts & Culture Development Branch.

Hawaii is a premier tropical location for film and television production. The Hawaii Film Office works to increase film and television production activity, locally, nationally and internationally, in terms of production expenditures and tax revenues, thus contributing to the State's overall economic diversification. In addition, the program serves to support projects that promote the image of Hawaii through motion picture and television programs worldwide.



Judy Drosd, Chief Officer
Arts, Film & Entertainment Division

AFED

The Arts & Culture Development Branch was created to support, plan, organize, and implement programs, projects, and activities that result in an arts and culture industry that is a vibrant, sustainable and internationally renowned sector of Hawaii's economy.

In '03, a new Honolulu Capital Cultural District was proclaimed in October by Governor Lingle and Mayor Harris.

The new HCCD is supported by State and City & County offices, and operated by a coalition representing more than 25 civic buildings, museums, historic sites, galleries, entertainment venues, businesses, and restaurants who have come together to designate the area between Kalihi and Piikoi Streets, Beretania Street and the Pacific Ocean, as a culturally significant and vibrant destination for the people of Hawaii and for the world.



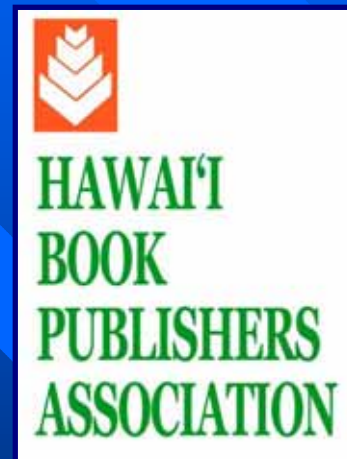
"With this proclamation, we recognize the efforts of a diverse group of people, representing some of Hawaii's most inspirational artistic and cultural organizations,"

Governor Linda Lingle, October 2, 2003

AFED

Co-sponsored the Hawaii Book Publishers Association's seminar; *How to Get Your Book Published in Hawaii*, June 21, 2003.

Co-sponsored the National Academy of Recording Arts & Sciences, Inc., Pacific Northwest Chapter's educational seminar, *Marketing Your Music: Putting the Pieces Together*, October 22, 2003.



AFED

Film Branch

www.hawaiifilmoffice.com/

The film industry has more than doubled in size over the last 10 years. 2002 was a record year for production with more than \$147 million in direct expenditures in the State. This was an unusual year with five feature films in production.



Photo Credit: Joe Carini/Bear Arms

At the Hawaii Film Studio soundstage, Dwayne “The Rock” Johnson takes flight in a green-screen scene from the Universal Studios feature, “The Rundown.”

AFED

Film Branch

<http://www.hawaiifilmoffice.com/>

Progress was made on streamlining the film permitting system using the State permitting system as a model for the counties. The goal is to develop one permit that will be used by both State and county film offices, making the process easier for producers.



Adam Sandler plays Hawaii veterinarian Henry Roth who must convince Lucy, the love of his life who suffers from short-term memory loss (played by Drew Barrymore) to fall in love with him every day. The Sony feature “Fifty First Dates” is slated for a Valentine’s Day release next year.

Photo credit: Darren Michaels © 2003 Columbia Pictures Industries, Inc. All rights reserved.

AFED

Film Branch

The long-awaited improvement project for the Hawaii Film Studio is underway. Project architects *Group 70* are in the process of finalizing design plans for the \$7.3million renovation. Improvements to the studio will include building new production offices, tearing down the old construction mill/set dressing facility and building a new one in its place, and retrofitting the existing soundstage to include a lighting grid component.

As part of the upgrade to the Hawaii Film Studio, a portion of the site (that currently includes the Hawaii Five-0 stage and existing production cottages) will be set aside for a Digital Arts Center as part of the University of Hawaii's Academy for Creative Media.



Doctors Luka Kovac (Goran Visnjic) and John Carter (Noah Wylie), stars of the hit TV series "ER," rescue two children in war-torn "Congo." (Kualoa)

Photo Credit: Joe Carini/Bear Arms

<http://www.hawaiifilmoffice.com/>

AFED

Film Branch

<http://www.hawaiifilmoffice.com/>

The Hawaii Film Office processed nearly 700 State permits of varying complexity during 2003 and fielded more than 1,000 inquiries from local, national and international entities considering Hawaii for various productions.

2003 was the first full year that the www.hawaiifilmoffice.com website was running. It has helped in the dissemination of information regarding permitting, locations and incentives currently being offered by the State.

AFED

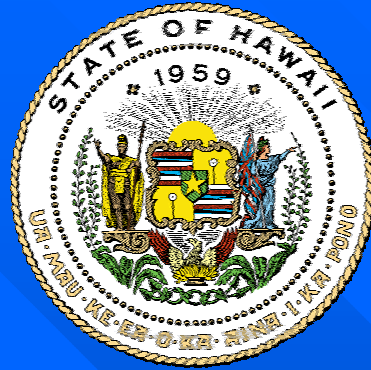
Film Branch

<http://www.hawaiiifilmoffice.com/>

Several marketing and industry initiatives took place throughout the year as part of the Film Offices of the Hawaiian Islands (FOHI) collaboration between the State and county film offices. FOHI received top honors in 2003 from AFCI for its print ad campaign.



As the Film Offices of the Hawaiian Islands, Hawaii's State and county film commissioners (l-r: Walea Constantinou, Honolulu Film Office; Donne Dawson, Hawaii Film Office; Benita Brazier, Maui Film Office; Tiffani Lizama, Kauai Film Commission; and Marilyn Killeri, Big Island Film Office) took top honors for their booth at Locations Expo 2003, in Santa Monica, Calif. The Hawaii booth showcased the world's largest (400X) Aloha shirt, courtesy of Hilo Hattie, The Store of Hawaii.



Department of Business,
Economic Development & Tourism

Foreign-Trade Zone No. 9 (FTZ)

Hawaii Foreign-Trade Zone

- Statewide foreign-trade zone program with thirteen federally approved sites on Oahu and Neighbor Islands.
- Activity increased 5% at all FTZ sites. Pier 2 site increased 28% by value over FY 2002; 10.64% increase by value in exports.



FTZ Administrator Mark Anderson



<http://www.ftz9.org>

Hawaii Foreign-Trade Zone

Increasing International Trade in Hawaii

- Increased collaboration and private sector partnerships to upgrade business environment conditions to support local competitiveness.
- Created a “hub” for international trade at Pier 2, Honolulu Harbor.
- Operated in a self-sustaining manner.



Increasing Collaboration and Private Sector Partnerships

- In FY 2003, used by 258 Hawaii companies, with 1,457 employees, handling 205 types of products from 29 countries.
- Over \$3.58 billion in merchandise handled. Exported 35.15% of merchandise received.
- Hawaii designated as national pilot site for military fuel sales program.
- Worked with Maui Pineapple to develop protocols for new steel tariffs.

Hub for International Trade

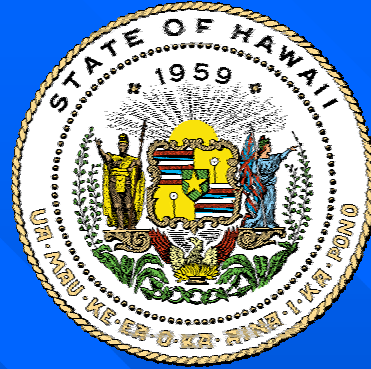
- U.S. Dept of Commerce – Export Assistance Center relocated to Pier 2.
- 31 new users for FTZ program.
- Phase I office extension began - 20,000 sq ft additional office and warehouse space.
- Provided services for Dept of Homeland Security: handled 1,186 TEUs for BST inspections prior to VACIS.
- Mobile Vehicle and Cargo Inspection System (VACIS™) now located at Pier 2 to image (gamma-ray) containers and vehicles, enhancing port security for Hawaii.



Self-Sustaining Operations

- **Net Revenue of \$112,636.**
- Increased efficiency and automation of warehouse.
- Upgraded accounting, billing, collections.
- Provided computerized remote access to customers to check inventory and initiate merchandise movements.
- R&M of Warehouse – continued to improve appearance and better serve zone users.
- Developed revenue plan to sustain operations after loss of Pier 1 to UH medical school.





Department of Business, Economic Development & Tourism

*Agencies Attached
for Administrative Purposes*

Department of Business, Economic Development & Tourism
Agencies Attached for Administrative Purposes

- **Aloha Tower Development Corporation (ATDC)**
- **Hawaii Community Development Authority (HCDA)**
- **Hawaii Strategic Development Corporation (HSDC)**
- **High Technology Development Corporation (HTDC)**
- **Hawaii Tourism Authority (HTA)**
- **Land Use Commission (LUC)**
- **Natural Energy Laboratory Hawaii Authority (NELHA)**

Department of Business, Economic Development & Tourism
Agencies Attached for Administrative Purposes

Aloha Tower Development Corporation

The Aloha Tower Development Corporation is charged with overseeing redevelopment within the waterfront area of the Honolulu downtown business district. While the jurisdictional boundary includes Piers 5 and 6, and Piers 8 to 23, the development focus so far has been within the area surrounding the Aloha Tower.

The Corporation has the statutory mandate of redeveloping, renovating and/or improving the Aloha Tower Complex to (1) strengthen the international base of the community in trade activities; (2) enhance the beautification of the waterfront; (3) in conjunction with the Department of Transportation, to better serve modern maritime uses; and (4) provide for public access and the efficient use of waterfront property.

Aloha Tower Development Corporation

P.O. Box 2359

Honolulu, HI 96804

Phone: 808-586-2530

Fax: 808-586-3046

<http://www.hawaii.gov/dbedt/atdc>



The growth of a new cruise ship industry and the demands of the visitor industry make Aloha Tower and its surrounding waterfront property an important new development challenge.

Department of Business, Economic Development & Tourism
Agencies Attached for Administrative Purposes

Hawaii Community Development Authority

The Hawaii Community Development Authority (HCDA) was established by the Legislature in 1976 to plan and implement the timely redevelopment of Community Development Districts in urban areas throughout the State, as designated by the Legislature. It was intended that HCDA, as an entity capable of long-range planning and implementation of improved community development, join the strengths of private enterprise with public development to accomplish its objectives. HCDA continually re-evaluates and revises the Plans and Rules to adapt to changing economic and social factors. Some previous amendments addressed: the enhancement of the street-level environment; adjustments to regulations relating to industrial uses, small lots, public facilities dedication, and reserved housing; and the automatic approval of certain development-related permit applications after specified time periods.

Hawaii Community Development Authority
677 Ala Moana Blvd, Suite 1001
Honolulu, HI 96813
Phone: 808-587-2870
Fax: 808-587-8150
<http://www.hcdaweb.org>



The redevelopment of Kakaako remains a priority in the State's economic development strategy.

Department of Business, Economic Development & Tourism
Agencies Attached for Administrative Purposes

The Hawaii Strategic Development Corporation

Hawaii Strategic Development Corporation is a State agency created in 1990 to promote economic development and diversification in conjunction with private enterprise. The mission of the Hawaii Strategic Development Corporation (HSDC) is to develop a sustainable venture capital industry in Hawaii which will stimulate the growth of new businesses.

HSDC's primary objective is to provide investment capital to businesses in order to stimulate economic growth, employment, and economic diversification. This goal is achieved through the investment of public and private funds in return for equity or ownership positions in private businesses, recognizing that many start-up and early stage companies cannot carry the burden of fixed debt service until they are at a later stage of development.

Hawaii Strategic Development Corporation

250 S. Hotel St., 5th Floor

P.O. Box 2359

Honolulu, HI 96804

Phone: 808-587-3829

Fax: 808-587-3832

<http://www.htdc.org/hsdc>



Department of Business, Economic Development & Tourism

Agencies Attached for Administrative Purposes

The Hawaii Tourism Authority

To stimulate tourism, Hawaii's primary economic driver, the Hawaii Tourism Authority was created on July 9, 1998. The HTA administers a dedicated source of funding for tourism activities. 37.9% of the total revenue from the TAT is earmarked to create a Tourism Special Fund for tourism-related activities. This fund is estimated to be approximately \$60 million annually. A cabinet-level Executive Board - the HTA - was established to oversee the new tourism fund, create a vision and long-range plan for tourism, and administer tourism from a Statewide perspective. The 13-member board is composed of public and private sectors and includes representation from each of Hawaii's four counties.

Hawaii Tourism Authority
The Hawaii Convention Center
1801 Kalakaua Avenue
Honolulu, HI 96815
Phone: 808-973-2255
Fax: 808-973-2253
<http://www.hawaii.gov/tourism>



Department of Business, Economic Development & Tourism
Agencies Attached for Administrative Purposes

High Technology Development Corporation

The High Technology Development Corporation (HTDC) was established by the 1983 Legislature to facilitate the growth and development of the commercial high technology industry in Hawaii.

HTDC's duties shall include but are not limited to (HRS 206M Amended):

- developing industrial parks as high technology innovation centers and the development of projects within or outside industrial parks;
- providing support and services to Hawaii based high technology companies;
- collecting and analyzing information on the State of commercial high technology activity in Hawaii;
- promoting and marketing Hawaii as a site for commercial high technology activity; and,
- providing advice on policy and planning for technology-based economic development

**High Technology Development
Corporation**

Manoa Innovation Center, Suite 100

2800 Woodlawn Drive

Honolulu, HI 96822

Phone: 808-539-3806

Fax: 808-539-3795

<http://www.htdc.org>



The capacity to provide business incubator space at the Manoa Innovation Center (and other locations) is a key to developing Hawaii's High Tech sector.

Department of Business, Economic Development & Tourism
Agencies Attached for Administrative Purposes

Land Use Commission

The objectives of the Land Use Commission (LUC) are to preserve, protect, and encourage the development of lands in the State for those uses to which they are best suited for the public welfare, through the implementation of the State Land Use Law, Chapter 205, Hawaii Revised Statutes, as amended.

The LUC are to processes, reviews, and acts on petitions for district boundary amendments which involve lands over 15 acres in the State Agricultural, Rural, and Urban Districts and all petitions for reclassification of lands in the Conservation District; review and act on applications for special permits in the Agricultural and Rural Districts which are over 15 acres; process motions and boundary interpretation requests; and maintain, update, and disseminate official State land use district maps and land use information.

Land Use Commission
Leiopapa A Kamemeha Building
235 South Beretania Street, Room 406
P. O. Box 2359
Honolulu, Hawaii 96804-2359
Phone: 808-587-3822
Fax: 808-587-3827
<http://luc.State.hi.us>



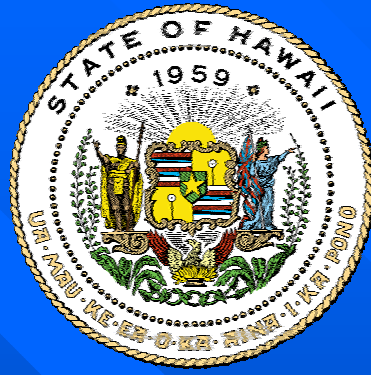
Department of Business, Economic Development & Tourism
Agencies Attached for Administrative Purposes

Natural Energy Laboratory of Hawaii Authority

NELHA's mission statement is "to develop and diversify the Hawaii economy by providing resources and facilities for energy and ocean-related research, education, and commercial activities in an environmentally sound and culturally sensitive manner." NELHA is the only location in the world where large quantities of warm surface seawater and cold deep seawater are continuously pumped ashore for use in a wide variety of aquaculture, marine biotechnology, renewable energy and other economically promising applications. NELHA serves as a laboratory for research and development, as an incubator for innovative technologies and ideas, and as a base for new commercial operations which capitalize on NELHA's unique complement of resources--all towards growing sustainable industries for the 21st century at NELHA.

Natural Energy Laboratory of Hawaii Authority
73-4460 Queen Kaahumanu Highway, #101
Kailua-Kona, HI 96740-2637
Phone: 808-329-7341
Fax: 808-326-3262
<http://www.nelha.org>





Department of Business, Economic Development & Tourism

Financial Information

Department of Business, Economic Development & Tourism

Financial Statement FY 2002-2003 Page 1

Statement of Operating Appropriations, Restrictions, and Expenditures For the Period July 1, 2002 - June 30, 2003

| | Adjusted Appropriations | Restrictions | Expenditures, Encumbrances & Transfers | Balance | |
|---|----------------------------|--------------|--|---------|-----|
| General Funds | | | | | |
| <u>BED 101 Business Development & Marketing</u> Business Development and Marketing Division | 1,757,495 | 82,776 | 1,657,593 | 17,126 | |
| <u>BED 102 Business Services</u> Business Support Division | 1,420,975 | 65,770 | 1,320,969 | 34,236 | |
| <u>BED 103 Statewide Land Use Management</u> Land Use Commission | 437,286 | 19,885 | 405,574 | 11,827 | |
| <u>BED 120 Energy & Natural Resources</u> Energy Resources & Technology Division | 1,183,942 | 54,618 | 1,030,669 | 98,655 | |
| <u>BED 130 Economic Planning & Research</u> Research and Economic Analysis Division | 922,243 | 20,235 | 898,931 | 3,077 | |
| <u>BED 142 General Support for Econ. Development</u> Office of the Director & Admin. Services Office | 2,025,983 | 55,738 | 1,957,600 | 12,645 | |
| <u>BED 143 High Technology Development Corp.</u> High Technology Development Corporation | 1,323,788 | 63,806 | 1,246,354 | 13,628 | |
| <u>BED 144 Statewide Planning & Coordination</u> Office of Planning | 1,756,516 | 79,763 | 1,665,513 | 11,240 | |
| <u>BED 146 Natural Energy Laboratory of HI Authority</u> Natural Energy Laboratory of HI Authority | 801,599 | 35,252 | 749,300 | 17,047 | |
| <u>BED 150 Hawaii Community Development Authority</u> Hawaii Community Development Authority | 139,537 | - | 119,903 | 19,634 | |
| Total General Funds | 11,769,364 | 477,843 | 11,052,406 | 239,115 | (1) |

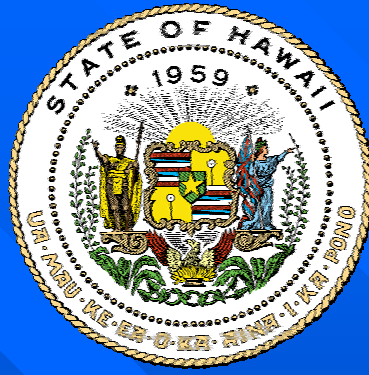
Department of Business, Economic Development & Tourism

Financial Statement FY 2002-2003 Page 2

| Special & Revolving Funds | Adjusted Appropriations | Restrictions | Expenditures, Encumbrances & Transfers | Balance | |
|--|------------------------------------|---------------------|---|-------------------|-----|
| <u>BED 102 Business Services</u> | | | | | |
| Hawaii Film Facility Special Fund (4) | 199,768 | - | 126,601 | 73,167 | |
| <u>BED 107 Foreign Trade</u> | | | | | |
| Foreign Trade Zone Special Fund | 2,003,531 | - | 1,500,227 | 503,304 | |
| <u>BED 113 Tourism</u> | | | | | |
| Tourism Special Fund | 56,084,375 | - | 56,065,370 | 19,005 | |
| Convention Center Enterprise Special Fund | 46,000,000 | - | 38,388,166 | 7,611,834 | |
| | <u>102,084,375</u> | <u>-</u> | <u>94,453,536</u> | <u>7,630,839</u> | |
| <u>BED 120 Energy & Natural Resources</u> | | | | | |
| Clean Hawaii Special Fund (4) | 200,000 | - | - | 200,000 | |
| <u>BED 130 Economic Plng. & Research for Econ. Dev.</u> | | | | | |
| Tourism Special Fund - Tourism Research | 1,305,904 | - | 1,262,236 | 43,668 | |
| <u>BED 143 High Technology Development Corp.</u> | | | | | |
| High Technology Special Fund | 1,896,033 | - | 1,338,246 | 557,787 | |
| <u>BED 144 Statewide Planning and Coordination</u> | | | | | |
| Geographic Info. System Special Fund (4) | 60,000 | - | 26,196 | 33,804 | |
| <u>BED 145 Hawaii Strategic Development Corporation</u> | | | | | |
| Hawaii Strategic Development Revolving Fund | 4,113,050 | - | 3,304,896 | 808,154 | |
| <u>BED 146 Natural Energy Laboratory of HI Authority</u> | | | | | |
| Natural Energy Laboratory of HI Authority Special Fund | 2,431,820 | - | 1,784,001 | 707,819 | |
| <u>BED 150 Hawaii Community Development Authority</u> | | | | | |
| HI Comm. Dev. Authority Assessment Reserve Fund | 3,300,000 | - | 1,288,616 | 2,011,384 | |
| <u>BED 151 Aloha Tower Development Corp.</u> | | | | | |
| Aloha Tower Special Fund | 1,525,689 | - | 591,916 | 933,773 | |
| Total Special & Revolving Funds | <u>119,180,170</u> | <u>-</u> | <u>105,676,471</u> | <u>13,503,699</u> | (2) |
| Total Funds (3) | <u>130,949,534</u> | <u>477,843</u> | <u>116,728,877</u> | <u>13,742,614</u> | |

Notes:

- (1) Represents the unrestricted general fund amounts that lapsed at June 30.
- (2) Represents the special fund unexpended appropriation balance at June 30.
- (3) Statement does not include the Petroleum Products Control Revolving Fund, DBEDT's loan revolving funds, the High Technology Revolving Fund, HCDA's Revolving Fund, all federal, trust, and capital improvement appropriations. Statement also excludes appropriations of the Housing and Community Development Corporation of Hawaii.
- (4) Act 178, SLH 2003 repealed these special funds effective 6/29/03.



Department of Business, Economic Development & Tourism

250 S. Hotel St.

Honolulu, HI 96813

Email to: info@dbedt.hawaii.gov

Website: www.hawaii.gov/dbedt