



YEARLY ACTIVITY PLAN (YAP) - FY '08

Division/Attached Agency: FOREIGN – TRADE ZONE DIVISION

Program Name: FOREIGN – TRADE ZONE

Program ID: BED 107/BA

I. PROGRAM PLANNING

Problem, issue or opportunity statement: Describe the problem(s), issue(s) and/or opportunity(ies) your program is attempting to respond to. Identify the participants (individuals, companies, industry sectors, etc.) engaged in this problem, issue and/or opportunity.

With Hawaii's strategic business location to Pacific Rim and Asia, Hawaii is still in the building stages of business infrastructure for producing a consistent growth in exporting of a multitude of products. Hawaii's business model must change and diversify. Hawaii must look to new industries in becoming self sustained and with its strategic location become a gateway to the Eastern Asia and Pacific Rim market. The State of Hawaii must create and highlight potential growth industries within the world economy by looking to "green industries", tech based companies and companies utilizing Hawaii's natural resources. Hawaii continues in widening its balance of exports and imports. Hawaii has to strengthen its internal capacity to produce and export more so that we import less.

Maintain the Foreign-Trade Zone program in accordance with guidelines along with Federal and State policies, and support current initiatives and programs implemented by DBEDT to ensure that international trade assumes a bigger role in Hawaii's economy.

The Foreign-Trade Zone has successfully reached and exceeded projected goals set forth in the previous YAP and that is reflected in the overall international trade per capita statistics with Hawaii increasing it's last year ranking among all states.

Customs and Border protection is vital in keeping Hawaii's Ports safe, it also can provide barriers in processing and applying for potential new business importing or exporting goods through the Foreign-Trade Zone.

As indicated in last YAP the following must occur:

Increase it's exports of goods and services

Increase its import substitutions

Attract more investment to the State

Increase efficiency in using our resources to produce goods and services.

Need and partners: Specify the need for government intervention. Provide supporting evidence. Identify any partners you will be working with to address the problem, issue and/or opportunity.

Work in conjunction with Customs and Border Protection in streamlining the admittance process in easing barriers for Foreign-Trade Zone users while increasing utilization to maximize benefits to clients.

Align with DBEDT's other Business Development Programs and it's strategic plans to increase Hawaii exports and business development.

Provide and promote Ex-Im Bank and its great potential to small –medium size businesses with loan guarantees, financing and insurance.

Actively promote the FTZ program through various chambers of commerce and business associations and initiate and build relationships with key groups to utilize the FTZ for the "International Hub Program" implemented.

Maintain FTZ9 relationships with the National Foreign-Trade Zone board and officials and it's updating policies and regulations to ensure the most up to date information is available to FTZ9 customers.



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Desired results (outputs, outcomes and impacts): Identify desired results, what success will look like, by describing what you expect to achieve near (0-2 years) and long-term (2-6 years).

Short Term desired results:

- Increased growth of Hawaii small-medium size business export
- Increase in new companies/investments to the Hawaii market
- Increase employment of Hawaii residents
- Increase in revenues

Long Term desired results:

- Companies utilizing Hawaii's natural resources in start up companies
- Increased participants in the FTZ9 program and Pier 2 site
- More activated users in JCIP, NELHA and perhaps Mililani that can qualify under FTZ program policies.

Influential Factors: List the factors you believe will influence your ability to impact the problem or opportunity. (Things that support success and barriers to success.)

- Hawaii's economy and increase of local taxes (property, GE) and overall business stimulation that the State will offer.
- Fuel Prices
- World Economy and the strength of US currency
- Customs application and CES procedures and inspection area
- Rise of E-Commerce

FTZ9 controllable factors:

- Build and align sustainable relationship with private and public sector businesses that can utilize FTZ.
- Remain current with FTZ regulations and policies set forth by the National Foreign-Trade Zone.
- Implement procedures in combined with Customs and Border Protection in streamlining processes.
- Remain financially self sufficient department and not encumber into States general funds.
- Assist in promoting new businesses and provide assistance to potential program users and notify them of all benefits that the programs and it's partnerships can offer.

Strategies: List the general successful strategies or "best practices" that have helped other programs achieve the kind of results your program promises.

- Continue the progression and promotion of the FTZ "HUB" and provide additional advantages in using the facility (Interactive hi-tech media, and equipment) ability to globally link services, agencies and FTZ users worldwide)
- Implement a marketing plan in promoting FTZ program and providing information packages with all revised applications and information to create ease to new users.
- Branch out to potential new users of the FTZ and understand their business model and see if feasible for FTZ use.
- Provide added incentives to FTZ with new additional tenants that would be able to provide the "HUB" model to new companies looking to export
- Appeal to Chamber of Commerce's and business associations in promoting FTZ to members who are interested in exporting and globally growing their business.

Assumptions: State the assumptions behind *how* and *why* the change strategies you have identified will work.

These working strategies that we are planning are to create opportunities with giving benefits to potential companies looking to advance their business model in a strategic place such as Hawaii. Hawaii's geographic location is key within developing a companies overseas business. With Hawaii's strategic

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location as well as providing a model test market. Hawaii is conducive in promoting and developing as well as exporting new products and start up business ventures, while still benefiting from US programs that will reduce and even eliminate some cost.

II. PROGRAM IMPLEMENTATION

Resources: Describe the resources or influential factors available to support your program.

Seek CIP improvements to a 40 year old roof. The FTZ warehouse is need of general maintenance to ensure the safety of the workers and goods, which is vital in ensuring loss prevention of goods

Meet and seek assistance from other DBEDT agencies with potential statistical information, and other potential agencies that have applicable FTZ users.

Review current procedures and work with CBP in streamlining the process in applying and clearing customs to promote a "user friendly" application process to new and existing Pier 2 users.

Finalized pending decisions with other agencies upon usage and ownership to area's at Hilo, Kakaako etc.

Implement a Warehouse supervisor position to manage daily operations, alleviating the current supervisor to optimize and plan new projects for warehousing.

Apply to several Chamber of Commerce memberships to increase exposure to potential opportunities and users.

A. SBA/SBH, Hawaii Chamber of Commerce, Japanese Chamber of Commerce

Seek out, and actively pursue potential clientele within Campbell Industrial Park and Mililani Tech Park for potential users of the FTZ.

Solicit Ex-Im Banking information to potential FTZ users as added value with minimal risk for starting up companies and promoting overseas business

Open up communication with other DBEDT agencies that are tackling the Hawaii's Hi-Tech and "Green products" industries so they can bridge the gap with those potential A+ companies to see if they could capitalize on the services of the FTZ for their business

Formulate RFP to seek interested companies in developing PV energy systems for the FTZ9 Pier 2 site roof.

Activities: Describe each of the activities you plan to conduct within your program.

FTZ to put on a first of it's kind venue inviting Small Business's and associations, local Chambers of Commerce members and all potential initiatives that the Gov. is proposing by bridging the gap and understanding of the FTZ and potential companies/FTZ tenets (i.e. brokers, Ex-Im, Venture Capital groups, Immigrant Investor Program, Hawaii Pacific Export Council, Minority Business Development Agency, shipping co) to highlight the FTZ and the HUB program implemented, and to increase/broaden opportunities for export of small business in Hawaii. Provide a designed, short and concise "user friendly" informational packet containing all pertinent information, applications and instructions.

Provide research to identify selected manufacturing and assembly operations which have a potential for

Note: This form was created using the W. K. Kellogg Foundation Logic Model Development Guide, January 2004.



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functioning under FTZ status.

Develop rules, regulations, policies and procedures for the operation of the Foreign-Trade Zone, subject to approval by appropriate Federal agencies.

Education and Training Seminar put on by Business Development Program, with private and public partners, periodically present educational seminars and briefings designed to assist businesses in "doing business" with targeted international markets.

Working with DBEDT' –TEAM HAWAII in promoting the "Hawaii Global Links" motto for potential new users of the FTZ program.

Implement a PR campaign/fundraiser for various groups to help promote FTZ 9 within the community.

Align FTZ 9 with other larger companies to increase business relationships with similar goals and objectives.

Produce a tech based e-viral marketing plan that will maximize usage at the FTZ as well as promote the FTZ and inform it's users in highlighting their endeavors and success's.

Solidify new subzone/expansion site users.

Continually re-brand FTZ's while adhering to the policies, purpose and program so that it keeps up to date with a constantly evolving World Trade Economy and policies.

Re-develop the PD area below and the CES area to accommodate new users

Outputs: For each program activity, identify what outputs you aim to produce

Increased warehouse and Pier 2 customers.

Increased subzone users, both James Campbell Industrial Park/NELHA/Mililani

Maximize warehouse and increase efficiency per cubic ft.

Have quality office space customers that utilize all aspects of FTZ.

Have increased "success stories" and have daily updated website information.

Outcomes: Identify the short-term (0-2 years) and long-term (2-6 years) outcomes you expect to achieve.

Short & Long Term Outcomes

We expect that if accomplished, these activities will lead to the following changes in 1-3 then 4-6 years:

Consumer's increased awareness with a full understanding of what and how FTZ can help with business's growth.

Show growth in both subzones, PD and have "complete" office space users

Created new subzones/expansion sites for larger companies.

Increased multiple job positions/opportunities for Hawaii employee's.

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Impact: Describe the lasting impact you anticipate.

We expect that if accomplished these activities will lead to the following changes in 7-10 years

Increase of Hawaii resident employee's with flourishing new business

Hawaii owned business's showing economic viability in producing worldwide exports in emerging industries.

Direct partnering with Hawaii companies successful importing and exporting products, and aligning FTZ with non-profit groups and charities in giving back to the community and programs. Thus maximizing exposure and awareness to potential business's on the use of the FTZ and how it can maximize the program to assist in growing their business.

III. PROGRAM EVALUATION

Focus Area: From your program logic model, list the components of the most important aspects of your program.

Results meeting projected exports, cargo recvd, revenue, % of foreign goods, firms assisted and employment

Audience: Identify the key audiences for each focus area. Who has an interest in your program?

Current Hawaii companies that are expanding their sales to overseas, and companies interested in starting a business (outside investors) and are researching incentives of doing business in Hawaii
Other DBEDT offices with the 6 strategic objectives in common

Questions: For each focus area and audience, list the questions they may have about your program.

How can the program save me money, and tell me about your program
How much exports did Hawaii's FTZ do?
How much cargo was received? Did your program meet it's goals?
How much Hawaii exports did the FTZ contribute to?
How much cargo is received at the FTZ?
What % of that is foreign?
How many jobs has the FTZ contributed to?

Information Use: For each audience and question you have identified, identify the ways you will use the evaluation information.

The information will be able to give FTZ the quantities that companies are importing and exporting and which is a good indication of business markets that HI companies are looking to expand and looks to what market they are targeting. It will also reflect how businesses are doing in the market (expansion, growth, etc.).

Indicators: Describe what information can be collected that would convey the status of your program.

The number of increased businesses applying and upon receipt of general purpose and sub zone status.
The inventory and itemized information that our offices produce for audit will give the most update information of import/export to and from the State of Hawaii.

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The financials presented will reflect the performance of operations and import/exports that current FTZ users are “turning” in sales

IV. ALIGNMENT

How is your program linked to DBEDT's six strategic objectives?		
1.		Workforce Housing
2.		Workforce Development
3.	X	“Energy For Tomorrow”
4.	X	“Global Links/Export of Goods and Services”
5.		The Creation Of An “Innovation Infrastructure”
6.	X	Improve Hawaii's Small Business Environment

If your program is not linked to any of the six objectives, explain why it is still important.