

Hawaii Inc

It is important how you present yourselves and how prepared you are to land your first job. It is equally important that where you land your first job could determine your future and your future career path! When I say “where”, I meant from the prospective of taking a world view!

What does Hawaii meant to you?

For students attending the University here which I once was as a foreign student, this is a place for higher education.

For many of us Hawaii is our home, the place we work, live and may be to raise our family.

If the world begins and ends in Hawaii with no other choices, may be everything will be fine and happy with what we got. The reality is the world does not begin and ends in Hawaii. With less than 25% of the American, including our elected Officials on both Federal and State levels carry a valid USA passport. 75% of the people live in Hawaii, the world may begin and ends here.

Since 75% of the people do not travel outside of the United States. Many in politics and policy makers would like you to believe that since 70% of our Population in Hawaii has Asian blood. We automatically know and understand Asia and our tie with Asia is automatic. Is it really? I asked my Asian clients frequently on their knowledge of their country of origins, most of the 2nd or 3rd generation Chinese and Japanese live in Hawaii, majority of them think they know or thought they have relatives back home, but were not in touch with them for decades and most of them do not even know where they are. Therefore our ties with Asia may look distinctive on the surface yield little substance. As a matter of fact, more Asian American in Hawaii knew more about Las Vegas than their original home countries.

I have spent my entire adult life in Hawaii after completing my high school at Rosaryhill in Hong Kong. During the last 25 years, my business allows me to travel extensively to Hong Kong, China, Taiwan, Mainland USA and Canada. I have witness many cities in Asia progress with time, many by leaps and bounds, Hawaii and its citizenship, especially our children are continued to be handicapped for the limited opportunities here.

Since my arrival in Hawaii in 1973, I have seen Hawaii gradually shift from businesses controlled by the Big five (Amfac, Theo H Davies, Alexander and Baldwin, Castle & Cooke, C Brewers) now taken over by many mainland business institutions like Macy, Costco, Walmart, Kmart, Home Depot, Office Depot and the list goes on.

Back in 1973, we have a little more diverse economic base with Sugar, Pineapple, Tourism, Federal & State Government and Military. Today, we have two categories of employers. They are the tourism related industries in one category, State, City & County Government and Federal which includes military in the second category. The Federal and State government are our biggest employers.

Between 1990 and 2002, we had a big exodus of Hawaii residents, majority left Hawaii for Mainland USA, and a number of them went to Asia and found opportunities there, over 100,000 according to statistics, representing some of the smartest and brightest. We have commonly referred it to the brain drain of Hawaii in the 90s.

What is Hawaii today? What are the opportunities for many of you in this room here?

Let us examine a few realities we must face.

Politics – Except for our largest business sector, the tourism related industries that has the money to do effective lobbying, most of the legislations come out year after year continue to be anti-businesses, support by Unions and special interest groups. Hawaii is currently ranked 5th with the highest tax burden in the United States. If and when we add another 1% to our General Excise Tax to pay for the proposed Mass Transit, Hawaii government will probably move Hawaii up the rank to 2nd or 3rd place.

Transportation – More than 90% of our goods are transported by ships or by air, under current law like the Jones Act that limits foreign ships to operate between USA ports costing us more than 100% higher in freight charges to ship goods to Hawaii.

Lack of businesses taking the lead – When we work with businesses in USA and Asia, it is common for leading businesses like major banks (i.e. Bank of America, Hong Kong Bank), Airlines (i.e. Cathay Pacific, United Airlines, Dragon Airs and etc), Technology Companies (i.e. Microsoft, Oracle, Cisco and etc) and Logistic Companies (i.e. Federal Express, UPS and etc) taking the lead. We have not one single Hawaii business wanting to or able financially to take any business lead or take any business initiative outside of the State of Hawaii. The lack of major businesses in Hawaii also directly affecting the ability of all Chamber of Commerce operations in Hawaii, limit it mostly to local business networking or cultural related events (i.e. Cherry Blossom Festival, Miss Chinatown, Narcissus Queen and etc). Let me give you an example, the Chamber of Commerce of Hawaii recently asked all affiliated Chamber of Commerce to lobby for Workman Compensation reforms. The same issue has come up year after year for more than 10 years. The problem is member of the Chamber of Commerce continues their support by sending campaign contribution to the same anti-business legislators at each election helping to re-elect them year after year. If you are to sit back and think about it, will you hire a known crook in your bank to handle bank's money? After you hire the crook, we spent money to hire a security guard to watch the crook. This is what the business community been doing all these years making Hawaii one of the top anti-business State in the nation to allow all of us in business to have something to complaint about it. If you have not already noticed, Hawaii has the lowest voters turn out in the nation. In other words, almost 45% of the people in our room is very happy with what is happening in Hawaii or willing to let less than 30% of the eligible voters in Hawaii to determine Hawaii's future that affects our life.

Companies wanting to export are confused. When we discuss with the major exporters of Hawaii goods & services on opportunities in Asia, most of them asked us “Are there really business opportunities in Asia”? We were dump founded when they asked us the question. So we follow up and asked them to qualify their statements. Most of them told us, the State has been sending them 35 – 50 business delegations visiting their stores or factories every year for more than 10 – 15 years. In the earlier years, they were excited to produce high quality presentation with nice gift packages to the delegates after each of their visits. As time goes by, all participating companies found out almost all business delegates from Asia just want to plan a business agenda to justify their Hawaii visit with no intension of doing any business transaction.

The “Hawaii” brand according to our market research in Asia reinforced by our regular dealings with clients in Hong Kong, Japan, China and Taiwan. What does the word “Hawaii” meant to them (i.e. New York for Financial Center, Milan for High Fashion and etc)? The images of Tourism, Sun, Sea, Surf, Beautiful Weather, Hula Girl almost immediately come to mind. It is one of the top 5 desired travel destinations in the World. Hawaii need to preserve its fragile environment, the Aloha spirit we experienced in the 70s and 80s seems to be slowly disappearing. Service industry job tends to pay a lower

wages are having difficulties hiring and retaining good employees. It is a challenge for many of you in this room looking for a job to earn enough to provide for a quality life for you and your family.

For those that have almost everything, Hawaii Inc will continue to attract the rich and We have friends that are actors and actresses from Asia. They love Hawaii and they could enjoy the beaches and doing leisure shopping without worry about the News Media. Many have purchased multi-million vacation homes in Hawaii.

The Hawaii Inc for many of our college graduate, especially those attended Universities in the mainland, returning to Hawaii meant a reduction in pay of their very first job of up to 60%? It may also limit their future job prospects with very limited employers to choose from.

What can Hawaii Inc offer you in the next 10 years? I meant if you want to make it on your own (without rich parents giving you 70% down payment on your 1st new house, or allowing you to live with them, or a family own business that you are smart enough to take it over without ruining it.)? Washington DC and its policy makers have determined that China will challenge United States as a dominant Military and Economic power in the coming years. The unpopular of military bases in Asia has forced United States to scale back or close down operation there. Hawaii is a natural choice as one of the major staging ground for future military operations in Asia. With the help of our Senior Senator, Daniel Inouye's help and if he is to remain healthy, we will expect billions of dollars continued to come to Hawaii in the foreseeable future. Therefore, if you have the skill and/or technical know how working in all phases of this military built up. You are expecting to get good high paying job, but you must be a USA citizen and many must passed security clearances!

Hawaii demand for real estates will continue to grow. Many of the demand are from wealthy individual from the mainland USA as well as from around the world. Job or business supporting real estates and real estates development will continue to prosper.

Working for the government, the largest employers in Hawaii is also a viable alternative. But if you are planning to work for the government, plan to work for them for life as most privately owned businesses do not want to hire former government employees.

For some of you with technical skills (i.e. Engineer, Software and Hardware) or professional skill (CPA, Attorney) and the ability to speak a 2nd language like Mandarin or Japanese. I will suggest to you as I have suggested to my two (2) Children who now live in Oregon to leave Hawaii to go to Mainland USA, if you are bilingual, go to Asia. You will increase your chances of success as opportunities there are plentiful. When you shall become successful, if the Hawaii employer wants you, they will pay you the mainland wages, in most cases 50 – 100% higher than the local hire.

I want to close out my remarks with a real story. In 1978, when I finished my MBA, I have worked for a very smart lady. Frances Goo may have known her. She was Miss Narcissus Queen 1955. Her husband who is an eye surgeon and with her are owners of many investment properties including an apartment hotel in Waikiki. I was the manager of her apartment hotel. She was the very person to encourage me to start my own business which I did in 1980 and promised to hire me back if I failed, it was 25 years ago. Two weeks before I left her for my own business in 1980, we talk extensively about Hawaii. She has asked me to remember, Hawaii will be a place for the rich, our smartest and brightest children will not call Hawaii home. What do you think?

Thank you, Johnson W. K. Choi, President & Executive Director, China.Hawaii Chamber of Commerce