



REPRESENTATIVE GENE WARD

HOUSE OF REPRESENTATIVES
STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

March 8, 2010

The Honorable Joey Manahan, Chair
Committee on Tourism, Culture & International Affairs
State Capitol, Rm. 421
Honolulu, HI 96813

**SUBJECT: STRONG SUPPORT OF HR39/HCR83 – REGARDING THE ESTABLISHMENT
OF A SISTER STATE RELATIONSHIP BETWEEN THE STATE OF HAWAII AND THE
RIAU ISLANDS PROVINCE OF INDONESIA.**

Dear Chair Manahan,

I am writing today in strong support of HR39/HCR83 which encourages Governor Lingle to approve a sister state relationship between Hawaii and Riau Islands Province. This resolution is the culmination of over two years of work between Hawaii and Riau Islands Province, and I believe that the application that I have the privileged of bringing before you is a good indicator of the strong commitment and many benefits Riau Islands Province intends to bring to this relationship if it is approved.

Therefore, I will reserve the remainder of my comments to draw your attention to the six-page document that was first presented to the Sister State Commission who approved Riau Islands Province's application on October 16, 2009.

With Aloha,

Representative Gene Ward
District 17 Hawaii Kai-Kalama Valley

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Application for a Sister-State Relationship between Riau Islands Province and the State of Hawaii implementing the Hawaii National Guard's State Partnership with Indonesia

The following application implements the existing National Guard's State Partnership Program by establishing a Sister-State Relationship between the State of Hawaii and Riau Islands Province of the Republic of Indonesia is the collaborative effort of Riau Islands Province and a number of Hawaii-based individuals and organizations, including: Dr. Patrick Sullivan, Honorary Consul of Indonesia (Ocean It), Amin Leiman, Indonesian Chamber of Commerce, General Gary M. Ishikawa, Deputy Adjutant General, Department of Defense, Indonesian specialists from the University of Hawaii including [baker, susilo, etc.], and Permias Hawaii, a 150-member Indonesian Student Association.

Riau Islands Province (also known as Kepulauan Riau Province or abbreviated as KEPRI Province) is the 32nd province in the Republic of Indonesia. The province has 2,408 islands, and 1,392,918 residents with 700,000 of those residents concentrated on the main island of Batam. Similar to Hawaii, the province enjoys a tropical climate and 96 percent of its 251,810 sq-km area is comprised of water, providing vast opportunities for shipping, fishing, renewable energy production, marine study, ecotourism and more. The province is the center of Malay culture and the origin of the language, Bahasa Indonesia. Also, the Riau Islands are strategically located on a vital shipping lane between important nations, including Singapore, Malaysia, Brunei, Vietnam, Cambodia, and Thailand. In 2004, due to its strategic location, oil and natural gas resources, and free trade zone, the province was carved out of an existing Indonesian Province (Riau) and established to promote foreign trade and encourage further development of the area.

In order to realize the Riau Island's full potential, Riau Islands Province has made a serious effort to establish good networks and relationships between its province and the international community. Great progress has been made in the economic arena. The province contains Indonesia's only vital Special Economic Zone (Free Trade Zone), which recently has been expanded to include Bintan, and Karimun in addition to Batam. There are over a thousand foreign companies representing 34 countries, including the United States. At present, there are approximately \$11 billion in private investments. However, as the province and its role in the Asia-Pacific continues to grow, the importance of establishing deeper international ties, such as a Sister-State Relationship, also increases.

This application for a Sister-State Relationship between Riau Islands province and the State of Hawaii is the result of Governor Linda Lingle's trip to Indonesia in 2007 and the subsequent announcement of Hawaii's partnership with Indonesia through the National Guard's

State Partnership Program (SPP). The SPP is designed to improve security and disaster preparedness through collaboration between the military and civilian organizations of the participating governments. The partnership between Indonesia and Hawaii was initiated in 2006, two years after the U.S. led a massive effort to restore the region following the disastrous Indian Ocean earthquake and tsunami. Upon application to the program, Indonesian Defense Minister Juwono Sudarsono and the former U.S. Ambassador to Indonesia B. Lynn Pascoe requested Hawaii be Indonesia's partner state because of their many similarities in climate, industry, and culture. The U.S. Pacific Command agreed, and the program was announced by Governor Lingle and Defense Minister Sudarsono in Jakarta with Major General Robert Lee, the National Guard Adjutant General of Hawaii, in attendance.

Though the SPP has led to steady interactions between Indonesia and Hawaii-based organizations, including the Center for Excellence in Disaster Management and Humanitarian Assistance, the Asia-Pacific Center for Security Studies and the National Oceanic and Atmospheric Administration's Pacific Tsunami Warning Center, it only touches the surface of the potential benefits that could come from a relationship between Indonesia and Hawaii. A Sister-State Relationship between the Riau Islands and Hawaii is a natural next-step in implementing the agreement and furthering the relationship that already exists between Hawaii and Indonesia. In addition to the existing relationship that focuses solely on security and defense, an implementing Sister-State Relationship would bring connections and mutual benefits in the additional areas of education, environment, energy, tourism, trade and governance.

EDUCATION

- Currently, Riau Islands Province provides free education for children up to junior level (year 9). There is no established major university, but the province is exploring ways to upgrade the university or create a network of colleges that can feed into a larger university.
- Riau Islands Province contains a number of first-rate vocational schools which it is interested in expanding and increasing.
- The Riau Islands desires to upgrade and improve education from elementary to university levels. The province is developing plans to construct a large university system containing community colleges and junior colleges similar to Hawaii's community college system.
- Opportunities for Technical Assistance and Training:
 - Exchanges between students and teachers from established vocational schools and high schools in both Hawaii and the Riau Islands.

- Technical assistance and training opportunities for Hawaii educators and companies to develop a university system in Hawaii similar to the University of Hawaii system.
- Trade Association Exchanges.
- Job opportunities for Hawaii educators and other professionals interested in participating in an educational audit of the Riau Islands' system.
- Research opportunities for University of Hawaii students interested in Malay culture, international business, marine biology, ecotourism, governance, etc.

ENVIRONMENT/ENERGY

- Though Riau Islands is rapidly and successfully industrializing there is still a lot of progress to be made in the areas of preservation, sanitation, and the development of renewable energy technologies.
- Opportunities for Technical Assistance and Training:
 - Currently, Riau Islands Province has organizations from around the world participating in the preservation of ocean corals and other endangered species that reside in the province. However, there would be ample opportunity for exchange between the Riau Islands and environmentalist organizations in Hawaii.
 - Although Batam, the most populated island, has water, waste disposal and other sanitation necessities, it is vital the Riau Islands increases these services on both Bintan and Karimun, the other two islands within the Free Trade Zone. The Riau Islands has also experienced difficulties bringing these resources to its outer islands and rural areas. Therefore, there are numerous economic opportunities for Hawaii-based planners and contractors who could help solve the problem.
 - Regarding energy, the geographic similarities between the Riau Islands and Hawaii suggest that most of the methods of renewable energy production developed and encouraged through the Hawaii Clean Energy Initiative would be transferrable to the province. As much of the world, the Riau Islands is interested in renewable energy production and could both assist Hawaii as a laboratory for the development of these technologies and serve as an additional market for technical assistance and training for Hawaii-based consultants.

TOURISM

- As with Hawaii, Riau Islands is a large tourist destination, attracting over a million visitors a year. The province is Indonesia's second most-visited destination after Bali.
- Natuna and Linnga Islands, low-population island groups within the province, are rapidly-growing hotspots for ecotourism, due to the natural beauty of Indonesian beaches and wildlife. These islands are ripe for fishing, agriculture, and tourism development.
- The Island of Bintan provides an excellent showcase for Malay culture, traditional dances, and handcrafted products. It also houses Tanjung Pinang, the capital of Riau Islands Province.
- Due to Riau Islands' proximity to Singapore (less than an hour by ferry) , many visitors tour the islands as a side-trip from other Asian vacations or as a destination from home countries in Asia.
- Opportunities for Technical Assistance and Training:
 - Technical assistance and training opportunities for Hawaii companies interested in helping the Riau Islands improve tourism management and marketing.
 - Planning and building opportunities for companies interested in hotel and attraction development.

TRADE AND MANUFACTURING

- Due to the province's proximity to Singapore and its status as a Special Economic Zone (Free Trade Zone), the Riau Islands offer foreign investors a number of economic linkages and import/export opportunities. The benefits are even greater for companies located within the United States because of the U.S.-Singapore Free Trade Agreement that guarantees zero tariffs immediately on all U.S. goods entering Singapore and lessened duties on goods travelling into the U.S. from Singapore. Though the current Free Trade Agreement is limited, the U.S. and Singapore are discussing a full Free Trade Agreement.
- Additionally, the ASEAN countries are also working on a free-trade agreement so a Hawaii-based company could potentially package a product in Batam and ship it to any ASEAN country duty-free. The ASEAN market includes a half of a billion people.
- Opportunities for Technical Assistance, Training and Exchange:
 - Riau Islands province offers Hawaii companies an excellent launching point into the Asian market due to its various free trade options.
 - The province could also provide small and medium-sized manufacturing and distribution centers for Hawaii's products. Specifically, local products like

macadamia nuts, cookies, etc. could be packaged within the province, stamped "halal," and distributed to Muslim markets that require such a stamp before purchase.

- Hawaii could also import items that have become too expensive to gather locally. For example, fresh fish is often too expensive for locals because Hawaii's fish gets shipped to the U.S. Mainland. Importing fish from Indonesia provides a low-cost option.
- There are also a number of opportunities for technical assistance to companies that are starting or expanding within Riau Islands Province.

GOVERNANCE

- Riau Islands Province's government consists of a governor, provincial legislators, county officials called bupati, city mayors, and city council members.
- Methods of e-government are currently being explored to increase accessibility and transparency of government.
- Opportunities for technical assistance and training:
 - Exchanges between Riau Islands Province officials and their State of Hawaii counterparts could lead to new, creative strategies for governance for both parties.
 - Technical assistance and training is greatly needed for Riau Islands Province officials in control of public utilities and sanitation.
 - Technical assistance and training is also needed in the implementation of an e-government system.

In short, these are simply a few of the opportunities that could arise from a Sister-State Relationship between Hawaii and Riau Islands Province. This relationship would be beneficial at any time in the future; however, there are pressing reasons for creating such a relationship sooner rather than later.

First, with the inauguration of President Barack Obama, the United States' gained an unprecedented connection with Indonesia. President Obama has expressed a firm commitment to improving relations between the United States and the country where he spent years of his childhood. Given Hawaii's connections with President Obama and its leadership role in the Asia-Pacific, it seems natural that the state would lead the way by fostering a relationship with Indonesia.

If a Sister-State Relationship is developed between Hawaii and Riau Islands Province, Hawaii has the opportunity to showcase its leadership during the President's upcoming visit to Indonesia in November 2009. During this visit, the President is expected to formalize a Comprehensive Partnership Agreement with President Susilo Bambang Yudhoyono of Indonesia, which will establish an official bilateral relationship between the two countries. Ideally, a bilateral agreement between Hawaii and the Riau Islands could also be formalized at this time and witnessed by the presidents of both countries.

Second, Hawaii is one of three finalists to host the 2011 Asian-Pacific Economic Cooperation (APEC) meeting, which is being held in Singapore this year. An established Sister-State Relationship between Hawaii and the Riau Islands would demonstrate Hawaii's commitment to economic cooperation and solidarity with the goals of APEC. If Hawaii is chosen to host the meeting, a number of countries would bring large delegations and revenues into the state. Furthermore, it would highlight Hawaii's leadership role in the region.

In conclusion, through this Sister-State Relationship, Hawaii has tangible opportunities for exchange in the areas of education, environment, energy, tourism, trade, and governance, but it also has the intangible opportunity to assume a greater role in the Asian-Pacific region. It is widely agreed that this is the Pacific's century, and Asian-Pacific countries are increasingly becoming dominant world players. Hawaii is the logical conduit for U.S. relations with Asia, and this relationship could only help to strengthen and affirm that role.

In his letter of support, Dr. Patrick Sullivan, Honorary Consul of Indonesia in Hawaii, describes the potential benefits of a Sister-State Relationship concisely, stating, "When the sister-state relationship is combined with the needs and agendas from the U.S. government, for example, the U.S. State Department and U.S. Department of Commerce, as well as the Export-Import Bank, World Bank and US AID, Hawaii could put together pieces that would create a **Hawaii-based regional center for international finance and foreign polity**—pointed at Pacific-Asia. This would, in turn, create **sustainable jobs** in areas associated with international finance that would employ economists, bankers, engineers and other consultants. This type of activity helps to **build commerce** and would work hand-in-hand with the US Pacific Command, **fostering peace and stability** in the region." As demonstrated by Dr. Sullivan and the previous comments, the benefits of a Sister-State Relationship between Riau Islands Province and the State of Hawaii are clear.

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September 18, 2009

To: **The Hawaii Sister-State Committee**

C/o Representative Gene Ward, Hawaii State House of Representatives (by e-mail)

Subject: Hawaii-Riau Islands Sister-State Relationship Application

Dear Members of the Committee,

I am writing in support of the proposal to establish a Sister-State relationship with the Province of Riau Islands of Indonesia.

I have traveled, lived in, and studied Indonesia since 1960, and I strongly support the relationship between the United States and Indonesia -- the most important country of Southeast Asia. I was fortunate to be a member of Governor Lingle's delegation to Jakarta in 2007 to inaugurate the cooperative agreement between the National Guard and the Indonesian Armed Forces. As you know, on that visit the Governor also met with the Governor of Riau Islands Province, at which the idea of a possible Sister State was discussed.

I believe that a Sister State relationship with Riau Islands could benefit Hawaii in several ways. First, if the 2007 agreement (which has both military and civilian aspects) is to be successful over time, it needs to operate at more than just the capital level. A Riau Islands agreement would add such an element, in a readily accessible area of Indonesia due to the province's immediate proximity to Singapore. Secondly, there are many areas of overlap between the economies of Hawaii and Riau Islands, including tourism, ocean resources and activities (fisheries, coral reef habitats, etc.), port facilities and niche manufacturing and distribution potential. Thus there are many opportunities for cooperative projects. The personal networks that would be created through a Sister State relationship (a very basic element of business worldwide and virtually essential in Indonesia) would lay the groundwork for mutually profitable business activities. Third, the Comprehensive Partnership Agreement to be formalized during President Obama's visit to Indonesia in November will make available new government resources that can be utilized to facilitate cooperative projects.

Although most of the above falls in the category of potential rather than established facts, these are all opportunities that would be enhanced under a Sister State relationship.

Please contact me if I can be of further help in your consideration of this proposal.

Sincerely,

Richard W. Baker

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