A REPORT ON THE
“INVEST IN NEW YORK”
TRADE MISSION TO CHINA
Nov. 7-16, 2008

Organizers:
The Asian American American Business Development Center • F&T Group
Greetings from New York State Senator Malcolm Smith

2008 has become the year the U.S. entered a recession and New York, in the current economic turmoil, is looking for ways to cut budgets and reduce spending, but what the state can do is to aggressively promote inward investment, to spur growth and create jobs.

I have been very supportive of AABDC’s efforts over the past six years to establish a presence in China for our great state. To that end, I have participated in four trade missions and together with John Wang, we have built a lot of goodwill. This past April, in the presence of some of my legislative colleagues representing both upstate and down state, AABDC opened the New York in China Center in Beijing. It was the logical outcome of the past eight years of promoting the state to China, especially since New York does not have a representative office in China. Right now the focus of the New York in China Center is to promote inward investment into New York, and thus in November AABDC led the first-ever “Invest in New York” delegation to China.

On the back of the U.S. recession and the global economic down turn, China recently announced a $586 billion stimulus plan, much of which will go toward building infrastructure. This presents huge opportunities for New York multinational corporations interested in expanding or entering the China market. The Chinese government offers incentives to Chinese companies who are interested in investing overseas. New York State has a well-educated workforce, an Asian-American population, ample natural resources, a diverse economic profile, and a geographic proximity to other markets outside of New York including access to Canada. So, there is an obvious win-win situation here that we all need to take advantage of.

In this report you will read about immediate actions we can take to spur trade and bring investment into New York.

Sincerely,
Malcolm Smith
Senate Democratic Leader
A Message from John Wang, President, AABDC

Since opening in Beijing this past April, the New York in China Center has been very busy working on activities to promote New York as an investment destination to Chinese businesses and investors. The Center’s launch event was this first-ever “Invest in New York” trade mission, and here is a brief rundown of what we are working on for 2009:

- We are in discussion with China Investment Promotion Agency (CIPA) to establish an office in New York to strengthen Chinese investment flows to New York.
- Organizing the next “Invest in New York” Trade Mission which will take place in March/April and will visit Beijing, Guangzhou and Hangzhou.
- Organizing a group to travel to Beijing in April to attend an exclusive briefing on China’s stimulus plan by senior planners of key ministries and commissions - The $586 billion stimulus plan presents huge opportunities for New York multinational corporations interested in expanding or entering the China market. Jointly organized with China International Institute of Multinational Corporations.
- Developing an “Invest in New York” conference with China partners; aim to bring 50-80 Chinese entrepreneurs interested to invest in New York.
- Following up on an introduction by the U.S. Commercial Services in Shanghai to meet with officials from Shenyang the capital of Liaoning Province who have expressed interest in outward investment in agriculture and manufacturing in New York.
- Official delegation to China to celebrate 20th Year Jiangsu-NY sister state relationship.

Don’t hesitate to contact me if you are interested to participate in any of the above projects.

Sincerely,
John Wang
Trade Mission Overview

This is Asian American Business Development Center’s seventh trade mission to China since 2001 and it is the first such trade mission to focus on inward investment into New York, since the opening of AABDC’s New York in China Center in Beijing in April this year. “Invest in New York” visited Shanghai, Changzhou, Nanjing and Beijing, November 7 - 16, 2008.

The delegation co-leaders John Wang, President of AABDC and Michael Lee, Chairman & CEO, F&T Group, were joined by eight elected officials (Senator William Perkins, assemblymen James G. Bacalles, William A. Barclay, Gary D. Finch and Brian M. Kolb; assemblywomen Sandra R. Galef and Dierdre K. Scozzafava; Ontario County Supervisor, Frank G. Duserick); Ben Hung, Executive V.P., F&T Group China; Michael Meyer, President, F&T Group; Yi-Shan Huang, Vice President, JPMorgan Asset Management; James Liu, Honorary Chairman of the New York Chinese Businessmen’s Association; Wen Liu, President, Seaport America Inc.; Brian A. Reilly, Commissioner of Economic Development, City of Buffalo; Thomas W. Scozzafava, CEO, Seaway Valley Capital Corp.; Michael X. Tang, Law Offices of Michael X. Tang.

Trade Mission Itinerary

Fri, Nov.7  Departure from JFK Airport on AIR China Flight CA 982
Sat, Nov.8  Arrival in Beijing, transfer to Shanghai
Sun, Nov.9  Sightseeing and shopping in Shanghai
Mon, Nov.10 A.M. Briefing at the Consulate
Meeting with the municipal leaders of Shanghai
P.M. Depart Shanghai for Changzhou by bus
Meeting with the municipal leaders of Changzhou
Tue, Nov.11 A.M. Depart Changzhou for Nanjing by bus
P.M. Meeting with the provincial leaders of Jiangsu Province
Wed, Nov.12 A.M. Meeting with Nanjing Municipal Government Leaders
P.M. “Invest in New York” road show
Evening depart Nanjing for Beijing
Thur, Nov.13 A.M. Meeting with the U.S. Commercial Service and The American Chamber of Commerce in China
Meeting with the Ministry of Commerce China Investment Promotion Agency
P.M. Individual activities
Fri, Nov.14 A.M. Visit the Great Wall
Evening: Attend reception and banquet at the “CEO Roundtable” Conference
Sat, Nov.15 A.M. Attend the opening session of the “CEO Roundtable” Conference
P.M. Tour the Palace Museum
Evening: Farewell dinner
Sun. Nov. 16 Depart Beijing for JFK Airport
Highlights

The eight-day itinerary was packed with meetings as well as sightseeing. Some highlights:

- **Briefing by U.S. Commercial Services** (part of U.S. Consulate in Shanghai): an arm of the Commerce Department which facilitates U.S. exports overseas and services U.S. companies selling to foreign markets. Commercial Officer Francis “Chip” Peters talked about how the Invest in America program welcomes foreign investment.

- **Investment Seminar**: a half-day investment seminar to introduce New York businesses, investment specialists and economic advisors was attended by more than 80 Chinese enterprises and city officials.
  - Assemblywoman Dierdre Scozzafava from St. Lawrence County: spoke about New York as an investment destination.
  - Brian Reilly, Commissioner of Economic Development, Buffalo: gave a presentation on the investment opportunities in Buffalo.
  - Two investment projects were presented:
    - Hackett’s Stores (central & northern NY) - Tom Scozzafava, President of Seaway Valley Capital.
    - Flushing Common (Queens, NYC) - Michael Meyer, President of the F&T Group.
  - Michael Tang, Attorney: spoke about the Immigrant Investor Program.
  - Francis “Chip” Peters, Commercial Officer, U.S. Commercial Service, Shanghai: spoke about the various visas investors could consider and how to apply.

- **Groundbreaking Ceremony**: New York real estate development company F&T Group is the main developer of the $400 million Nanjing World Trade Center, a 2.5 million square foot mixed-use urban center in the heart of downtown Nanjing.

- **CEO Roundtable in Beijing**: members attended the second International CEO Roundtable of Chinese and foreign multinational corporations focusing on sustainable development and the global financial crisis. Assemblywoman Dierdre Scozzafava from St. Lawrence County, NY joined about 10 other high ranking world officials in addressing the opening plenary.

- **Focus on Buffalo**: Brian A. Reilly, Commissioner of Economic Development, City of Buffalo made a number of presentations to groups and individuals to introduce Buffalo as New York State’s second largest city.
Recommended Next Steps

For New York State to benefit from trade missions there have to be common goals that everyone is trying to achieve. To successfully attract foreign direct investment (FDI) into the state, specifically from China, there must be a strategic plan that provides a consistent approach to short and long term goals, as well as message and incentives that benefit counties, cities and trade organizations across the state.

The following are comments from “Invest in New York” participants:

- **Develop an FDI Strategic Plan for Ontario County** – the county sent a representative to join the trade mission to start the relationship process with China, however to be able to ascertain whether Ontario County is an attractive FDI destination, a strategic plan needs to be developed and the committee members should at least include representatives from business, government, financial sector, and general electorate. Serious consideration should be given to include representatives from organizations very familiar with Chinese business culture and investment practices such as the Asian American Business Development Center in New York City. *(Frank Duserick, Supervisor, Ontario County)*

- **Rethink New York State’s Economic Resources** - Traditionally our state budget has been reliant on the revenues from Wall Street. The current economic recession demonstrates the need to diversify our economic base and capitalize on the resources of our entire state. Upstate New York has a lot of exciting potential in the areas of green technology, biomedical research, agriculture, real estate development, tourism, etc. We are the home to many reputable institutions of higher education where world class research is occurring. There are many opportunities for both investment and trade that would greatly benefit both the upstate economy and thus New York State’s economy. The next step is to develop a portfolio of diversified projects for investment review and to simultaneously identify opportunities for businesses to enter the Asian markets for trade. *(Assemblywoman Dierdre Scozzafava)*

- **Invest in New York seminar** - excellent program and should be repeated often to encourage investment in New York. *(Assemblywoman Sandra R. Galef)*

- **New York in China Center** – AABDC’s “New York in China Center” provides the expertise and contacts for small business ventures in China and the timing for such synergy is now. *(Assemblywoman Dierdre Scozzafava)*

- **Relationship Building** – the key to future success will be adequate follow up and identifying investment opportunities that make sense to both sides. *(Assemblyman William Barclay)*

Ten days in China does not make one a China expert, that is why it is so important to work through an organization like the Asian American Business Development Center, who have taken the time to buildfriendships, establish relationships through integrity and trust. *(Assemblyman Gary Finch)*

This trade mission has energized me to build on the many relationships initiated and ultimately realize the business opportunities that were discussed with the business persons and civic leaders I met. Specifically, I think there exists significant opportunities for Chinese investors to participate in exciting business developments and projects in central and northern New York. *(Thomas Scozzafava, President & CEO, Seaway Valley Capital Corporation)*

- **Sister City** – finalize the Changzhou-Buffalo sister city dialogue. Changzhou, China’s sixth largest city, is located in the prosperous Yangtze River Delta region of China, bordering the provincial capital of Nanjing. Historically a center for agriculture, like Buffalo, it shipped products via canal and is a flour and rice processing area. Both cities have a long tradition of entrepreneurship. Rail connections are provided via the Shanghai-Beijing and Shanghai-Nanjing lines. It has also been strong in textiles, heavy machinery and steel. Over 7,000 domestic and foreign companies inhabit its High-Tech zone, including many auto parts component makers. *(Brian A. Reilly, Commissioner of Economic Development, City of Buffalo)*

- **Sister State** - revive the sister state agreement between New York State and Jiangsu Province, one of China’s most prosperous provinces, that was signed in 1989. This could be an ideal platform for Governor Paterson to make a visit to China.
• **Strategic Policy for China** – efforts to enhance our relationships through trade missions, sister city and sister state programs, and business development centers are critical to providing a further competitive advantage to New York as China expands its economic potential. *(Assemblyman Brian Kolb)*

• **Work with U.S. Commercial Services on Future “Invest in New York” Program** – the briefing by the U.S. Consulate gave you the feeling that the U.S. Government clearly supported the objectives of the trade mission and the Asian American Business Development Center. *(Assemblyman Gary Finch)*

• **Immigrant Investor Program** – One of the key incentive components of attracting investment is the Immigrant Investor (EB-5) program. The immigrant investor program, known as EB-5, or the immigrant-investor visa, offers a trade-off for foreigners who want to establish residency in the U.S. by investing $500,000 in “targeted” regions and existing enterprises that are financially troubled. The money is directed into regional centers and each $500,000 investment must create 10 jobs. This has proven to be a win-win situation for the investor and the targeted areas where these programs are operating. In fact, we are working with Buffalo, Watertown and Flushing on projects that qualify for this program. *(Michael Tang, Attorney)*

• **Invest in America**

• **Invest in New York**

   Using the Invest in America program as a model, the New York in China Center developed the first-ever “Invest in New York” road show for China and piloted a half-day seminar featuring China-based U.S. Commercial Services counselors who promoted the benefits of investing in the U.S., followed by investment specialists and economic advisors from New York, as well as businesses with specific investment projects. *(Assemblyman William Barclay)*

   Investigate how this program could bring needed professionals (doctors and engineers) to the western area of New York. *(Assemblyman William Barclay)*

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**New York in China Center**

In the presence of New York State legislators representing both upstate and down state, Asian American Business Development Center (AABDC) opened the **New York in China Center** in Beijing in April 2008. Since 2000, AABDC has led more than 30 New York State legislators on trade missions, signed memorandums of understandings, conducted seminars and organized conferences on New York State-China trade. The main functions of the Center are: 1) promote New York SMEs in China; 2) promote inward investment into New York.

**China’s Outbound Direct Investment**

China’s outbound investment has experienced rapid growth since the Chinese government adopted a “Go Global” strategy in 2002. The Chinese government offers incentives to Chinese companies to expand their business through investing overseas. Priority sectors include light industry, textiles and garments, electrical home appliances, machinery, construction, energy, resource development, telecommunications and biotech. **Action:** The Center is looking at ways to bring interested parties to New York.

**Invest in America**

U.S. Department of Commerce is aware that overseas investment is crucial to the U.S. economy, launching the first “Invest in America” program in China in September 2008. **Action:** The New York in China Center took a booth at that event.

**Invest in New York**

Using the Invest in America program as a model, the New York in China Center developed the first-ever “Invest in New York” road show for China and piloted a half-day seminar featuring China-based U.S. Commercial Services counselors who promoted the benefits of investing in the U.S., followed by investment specialists and economic advisors from New York, as well as businesses with specific investment projects. **Action:** The Center is planning two such road shows for 2009.

**The Challenge**

Other states are also vying for China’s investment dollars, so New York cannot be complacent and must actively promote the state as welcoming of Chinese investment. With no official state representative office, the New York in China Center unofficially fills that function, with its small staff in Beijing following up on enquiries and leads, attending trade shows and coordinating the logistics of trade missions for NY legislators and “Invest in New York” road shows. **Action:** To continue to manage sustainable programs, the Center needs funding.
U.S. State Representative Offices in China (partial listing)

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U.S. State Governors who visited China during 2007 & 2008 (partial listing)

- November 2008, Colorado Governor Bill Ritter
- November 2008, Oregon Governor Governor Ted Kulongoski
- May 2008, Iowa Governor Chet Culver
- April 11- April 20,2008 Wyoming Governor Dave Freudenthal
- April 2008, Alabama Governor Bob Riley
- March 30 – April 5, 2008, Georgia Governor Sonny Perdue
- March 2008, Missouri Governor Matt Blunt
- Nov 30 - Dec 7, 2007, Massachusetts Governor Deval L. Patrick
- Nov 2007, West Virginia Governor Joe Manchin
- October 28 - November 6, 2007, Idaho Governor C.L. “Butch” Otter
- October 2007, Minnesota Governor Tim Pawlenty
- October 2007, California Governor Arnold Schwarzenegge
- October 16 - October 23 2007, Tennessee Governor Phil Bredesen
- September 2007, Wisconsin Governor Jim Doyle
- September 2007, Nebraska Governor Dave Heineman
- June 2007, Kentucky Governor Ernie Fletcher

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