

Washington State Day in Shantou
Invest in Washington
October 18, 2014 (as prepared)

(Cover Slide) I have been asked to tell you why the state of Washington is a great place to invest. To help set the stage for that discussion, I would like to tell you a few things about our state for those of you who may not know much about Washington, which by the way is clear across the United States from the more famous city by the same name, Washington, D.C. **(Slide 2 – Washington to Washington)**

Washington is located in the extreme Northwest of the continental United States. Seattle, our largest city, has the closest port in the United States to Shantou and to China. Shantou's location on the beautiful southern coastline presents us with easy port-to-port access from Washington State, holding much promise that our trade ties may be expanded significantly.

(Slide 3 – Distance from LA and Shantou) Seattle by water is about 700 miles closer to Shantou than is Los Angeles, California. **(Slide 4 – Ships)** Together with our other 74 other ports in Washington State situated along our coastal and inland waterways, we are always open for business and trade with Shantou and the rest of the world. Because we are on the Pacific Rim, trade is very important to our state.

We are an innovative state that is set up to do international business, for several reasons. **(Slide 5 – Skilled work force)** We have a highly skilled work force that produces many goods and services domestically and for the world.

We have a culture of innovation with companies like Microsoft, Amazon, Starbucks and Boeing leading the way. In fact the Bloomberg's financial network recently rated Washington as the most innovative state in the United States. **(Slide 6 – Innovation)** Our state has also made the news lately, including the prestigious *Wall Street Journal* business daily, for being one of the top places to start a business due to our collaborative business culture and network of innovators.

(Slide 7 – Energy) Our energy costs are among the lowest in the nation, with power being produced from hydroelectric, nuclear and alternative energy sources like solar and wind. And we have a high quality of life, with plenty of snow-covered mountains, water ways, beaches, forests and even desert land to explore.

We are a state known not only for our geographical diversity, but our human diversity too.

(Slide 8 – Diversity) Our population is comprised of people from nations around the world, with more than 200 languages spoken in our schools. We have a lot of economic diversity in our state too and because of our location we trade with many regions.

We are known especially in Washington for our production of airplanes, software and even as the home of the international coffee chain, Starbucks. Starbucks has stores all over the world and has plans to have 1,500 storefronts in China by 2015.

(Slide 9 – Agriculture) Washington is also known for being a large grower of apples, wheat, potatoes and many other agricultural products, some of which you sell to China. Cherries is

among our most important crops. Washington leads the nation in sweet cherry production. Cherry exports to China have increased significantly in recent years.

(Slide 10- Wine) And, increasingly, we are known for our fine wine. Washington State produces some of the highest quality wines in the world. It was recently reported that six of the top 100 wines in the world are produced in Washington State.

I often tell people that Washington is the second largest producer of premium wines in the United States – but number one in quality. With the new economy throughout Asia, especially in China, we have seen new opportunities to sell Washington wine here, the wine industry is booming in Washington. We have more than 800 wineries and more than 350 grape growers, all of whom collectively produce about 12.5 million cases a year!

China is forecast to soon consume around a billion bottles of wine a year and we are pleased to be a part of that market.

(Slide 11 – aerospace) Our leading export to China is aircraft. The Boeing Company, the world's number one maker of airplanes, was founded in Washington and is our state's largest employer. Most of the commercial aircraft Boeing produces are made in Washington. In fact Boeing set a new production record last year with 648 commercial airplanes flying off the assembly line last year for delivery in markets around the world.

Boeing delivered its 1,000th airplane to China in 2013, and forecasts that China will need 5,260 new airplanes, valued at \$670 billion, in the next 20 years. The company has invested heavily in China, and now more than 7,000 Boeing airplanes fly around the world that contain parts made in China.

I should also state that Boeing is not the only aerospace company around – in fact the aerospace industry as a whole generates \$73 billion in annual revenue. The industry employs around 135,000 workers in Washington directly tied to aerospace and 207,600 when factoring in the so-called economic multipliers tied to aerospace.

(Slide 12 – Esterline) An example of a Washington aerospace company is Esterline, which is the largest publicly traded aerospace company headquartered in Washington. Esterline manufactures avionics control systems, sensors, communications devices, and advanced materials for a variety of aircraft. They make thousands of specialized products that are sold to just about every aircraft company in the world.

They have been in China for more than 20 years and are historically China's largest supplier of specialized materials for aircraft. For example, they make materials that protect aircraft from harsh environmental conditions like flexible silicon rubber used near engines and wings, and custom fabricated insulation used to seal windows.

Esterline, a company with 12,000 employees, is based in Washington but has manufacturing facilities in 13 U.S. states and in 11 countries around the world. They employ 500 people in their manufacturing facilities in Hong Kong, Shanghai and in fact they are rapidly expanding and continue to see China as a nation with enormous opportunity.

Washington specializes in high technology. We have with 191,000 technology industry workers who supply the world with software and high-tech devices. This is a crucial sector of our economy. **(Slide 13 – Bungie)** Our technology firms not only design and produce some of the world's greatest software, but Washington is also an important center for video game production, second only to the Silicon Valley in California.

(Slide 14- Microsoft) Microsoft is headquartered in Redmond, near Seattle, and has extensive operations in China and partnerships with Chinese companies. Many of its employees in the United States have migrated from China too. I have spoken several times at an annual event of Microsoft Chinese employees, an event that fills a very large room. Many have risen to positions of prominence within the company. For example, Dr. Harry Shum, who grew up in Shanghai, was recently appointed as the company's executive vice president for technology and research.

(Slide 15 – Science) Washington is a state of technologists, engineers and scientists. It is also known as a center for biotechnology, with many biotech and biomedical companies headquartered in Seattle.

We are also heavily invested in higher education. **(Slide 17 – UW and WSU)** Our research institutions like the University of Washington and Washington State University are among the best in the world. Those institutions train people in a wide variety of disciplines as do our smaller universities, both publicly and privately funded, and a broad network of excellent community and technical colleges.

(Slide 17 – FDI) We are a state that encourages Foreign Direct Investment too. Some of you may be familiar with our federal government's EB-5 investment program and that has become very popular in Washington. Many Washington companies may also be looking for new places to invest in China, so Shantou being an economic trade zone could be a perfect fit.

(Slide 18 – Washington scenes) I hope through my remarks you have learned a little more about our state, and will continue to develop that knowledge in the days ahead. Please feel free to direct questions to myself or of any of the delegates who are with us and we will do the same!

I look forward to having these conversations with you, and would encourage you to visit our state in person so you can see all that we have to offer. I see the future between Shantou and Washington state as a very bright one and someday maybe you can say that it all began right here with Washington State Day in Shantou.

Thank you.