

**ROTARY CLUB OF HONOLULU**  
**ZOOM MEETING MINUTES**  
**DATE: JUNE 1, 2021**  
**PRESIDING: PRESIDENT RICH PROCTOR**

**President Rich Proctor** called to order the Rotary Club of Honolulu meeting at 12:00 noon.

“Welcome one, welcome all to the June 1st meeting of the Rotary Club of Honolulu. I welcome you all and thank you for joining us. My name is **Rich Proctor** and I am honored to be your Club President. We have a great program for you today. **Manny Menendez**, Veteran International Businessman and entrepreneur who has been doing business in China and the Asia-Pacific for more than 35 years, will present *Global Recession and Global Recovery with a Hawaii update.*”

**OPENING CEREMONIES**

*Inspiration by* **Michael Marsh: *The Story of Two Frogs***

As a group of frogs was traveling through the woods, two of them fell into a deep pit. When the other frogs crowded around the pit and saw how deep it was, they told the two frogs that there was no hope left for them.

However, the two frogs decided to ignore what the others were saying and they proceeded to try and jump out of the pit.

Despite their efforts, the group of frogs at the top of the pit were still saying that they should just give up. That they would never make it out.

Eventually, one of the frogs took heed to what the others were saying and he gave up, falling down to his death. The other frog continued to jump as hard as he could. Again, the crowd of frogs yelled at him to stop the pain and just die.

He jumped even harder and finally made it out. When he got out, the other frogs wondered, “Did you not hear us?”

The frog explained to them that he was deaf. He thought they were encouraging him the entire time.

Moral of the story: People’s words can have a big effect on other’s lives. Think about what you say before it comes out of your mouth. It might just be the difference between life and death.

**Tim Parker** led the *Pledge of Allegiance* and **Kent Reinker** led singing of *America the Beautiful*.

*Visitors:* **Robert Comper** (Mainland Rotary member)

## **ANNOUNCEMENTS**

- *Birthdays:* **Hai Cha Lambert** (6/2), **Nancy Grekin** (6/4), **Sally Mist** (6/7).
- *Anniversaries:* **Julia Allen**, 1 year, **Laren Eustace**, 1 year, and **Evelyn Steifel**, 1 year, all three sponsored by **Robyn McCreary**; **Peg Jackson**, 1 year, sponsored by **Carolann Beiderman**; **Hai Cha Lambert**, 10 years, sponsored by **Signe Godfrey**; **Kalo Mataele Soukop**, 33 years, sponsored by **Peter Cannon**.

- *Service Above Self:* **Carolann**

Thank you to the 63 members who have already made their *Service Above Self* pledge!

As of June 1, we are 75% of the way towards the financial goal, and 46% towards 100% participation. **Carolann** reminds members who have not yet pledged that it is really easy. **Brian** placed the pledge link in the chat box for those in the meeting. The pledge link can also be found in the weekly *Tradewind* and was in the hardcopy letter that was mailed out in April. Contribute now – at the very least by November 19<sup>th</sup>! If you want to know how close you are to your *Paul Harris, Maile Hale*, or *John Warren* status, **Martha** has that information and is happy to provide it to you.

**Carolann** thanks everyone on behalf of herself, **Dawn**, and **Joanna**, co-chairs and chair – and that with member participation, “We can continue to change the world!” If you have any questions, please feel free to contact **Carolann**, **Dawn**, or **Joanna**!

**President Rich** thanked the *Service Above Self* team for “running a very successful campaign.” He announced with a little bit more to go, he believes we will make our goal, and further shares his appreciation of “whatever anyone can do to help us get there.”

- *Camp Erdman Appreciation:* **Rich** extended gratitude to **Gwen**, **Reese**, and **Don Anderson** for getting our club involved and motivated by showing us what was needed for Camp Erdman. Many showed up and put in hard and excellent work and that “final results speaks for itself” per **Rich**. The cabins look terrific! Check out the *Tradewind* from Friday, May 28, 2021 for pictures and information.
- *Next week. A hybrid meeting at Pacific Club:* It was announced that advanced notice needs to be given by June 1 on a head count, as seating is limited and numbers are needed for food preparation. Members were encouraged to let **Martha** know ASAP.

**BREAKOUT ROOMS** – A space to allow members to engage more personally – **Pres. Rich** led into the days topic by stating that “over the last 14-15 months daily routines were shattered for many; how we used to go about our daily lives, like work and other routines – so his question for our topic is: What routines did you develop over the last 14 months that are working for you that you are going to keep? And what routines were you involved with before COVID hit, that you were doing on a regular basis that you don’t think you will pick up again if you have an opportunity or if the opportunity doesn’t even exist any more?” **Martha** sent us to our rooms! *Topic of the Day:* What routines did you develop over the last 14 months that you will keep and what routines were you involved with before COVID that you will no longer continue and why?

**GUEST SPEAKER Manuel “Manny” C. Menendez III** introduced by President Rich:

Mr. **Manny Menendez** is a Veteran International Businessman who has been doing business in China and throughout the Asia Pacific region for nearly four decades! As

part of this work, he founded *MCM Group Holdings* as an advisory service organization specializing in international business development across a broad range of industry sectors. With expertise negotiating cross-boarder investment and trade, developing successful market entry strategies, and mergers and acquisitions. **Manny** was an early pioneer, active in China's return to the world markets in the late 1970's. In the early 1980's he was President/CEO of *Great Eastern Development*, which completed the first US/China equity joint venture for a major Fortune 100 Company. **Manny's** involvement in China's opening period is included, establishing business activities with newly created China International Trust Investment Corporation and working with lots of provincial and local government entities. He advises US, Asian, European, and Multinational National corporations as well as smaller companies, NGOs, educational institutions, and entrepreneurs. **Manny** contributes his time by advising governments on strategies, policies, and initiatives related to sustainable economic development and tourism. He stays involved in humanitarian efforts by assisting in delivering medical supplies globally to those in need, and in recent years to disaster areas in USA, China, Japan, Haiti, and Vietnam. He is also former United States Special Advisor to the *World Health Organization* and the *UN Environmental Program*. **Manny** comes to us today from Vashon Island, just off the Seattle coast. He comes to Hawaii often and still has family here. During of his most recent visits, he was most noted for playing one round of golf at Waialae and hitting two holes in one at the same time, which has never been done in the history of Waialae! **Rich** tells **Bob Sigall** that he could probably put that (about the golfing) in his next book! Rich further states, "Beyond being a very instructive and creative business entrepreneur, and a wonderful humanitarian, he is one lucky son of a gun."

*Guest Speaker: Manny Menendez*

*Global Recession - Global Recovery and Hawaii Update*

FYI for those of us who don't speak statistics – GDP means Gross Domestic Product.

Statistics:

- Immediately **Manny** gives us statistics on what is going on with the World GDP Ranking in 2020. USA is #1 with 20 trillion followed by China at 15 trillion. The other country rankings are Japan at 4 trillion, Germany at 3 trillion, etc. The main takeaway from this section is that USA and China make up 43% of the Global GDP. The other 198 countries represent the balance.
- China came from 11<sup>th</sup> place of the GDP in 1990, to the second largest economy in 2010 and has held the second place through 2020. The US has remained in first place since 1990 through 2020.

COVID-19 impact:

- The global recession that we are experiencing is summed up well in the magazine called *Global Economic Prospects*, June edition: "COVID-19 has triggered a global crisis like no other – a global health crisis that, in addition to an enormous human toll, is leading to the deepest global recession since the Second World War."
- The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020, the deepest global recession in decades.

- According to IMF 2020 estimates, global GDP growth for 2020 was projected to be 1.6%, a figure that was nearly 3.0% in 2019.
- The United Nations Conference on Trade and Development estimated that the virus's spread cost the global economy up to \$3 trillion.

#### Impact on Education:

- At the height of COVID-19 lockdown, more than 160 countries had mandates some form of school closures for at least 1.5 billion children and youth.

#### Forecasted Global Real Gross Domestic Product (GDP) Growth:

- Due to Coronavirus (COVID-19) from 2019-2020, the original forecast for 2020 was 2.9% and has been revised to -3.4%. So there was negative growth. The forecast for 2021 is 5.6% GDP and then leveling off with 4.0% in 2022.
- China is the only major economy to grow in 2020. It grew about 2.5% and the first two quarters was about 6.5% growth.

#### COVID-19 on Employment:

- Covid-19 once classified by the WHO on March 11, 2020 as a pandemic has caused a global health crisis that has taken the lives of over 3.6 million people worldwide so far.
- Covid-19 has changed every facet of society, most significantly, the economy. As a result, many businesses across all industries were forced to shut down and many employees have been laid off.

#### Monthly Unemployment Rate in US from March 2020 to March 2021:

- The US unemployment rate went from 4.4% in March 2020 to 14.7% in April 2020, the highest since World War II. As of March 2021, this has fallen to 6.0%.
- Looking at each month there has been a steady decrease in unemployment.
- Looking at each state, Hawaii has the highest rate of unemployment at 9.0%, and Utah has the lowest at 2.9%. New York was 8.5%, California 8.3%, Massachusetts at 6.8%, Washington at 5.4%, Florida at 4.7%, and Idaho at 3.2%.
- The unemployment rate is coming down and that's a good thing.

#### Monthly Number of Full-Time Employees in the US from March 2020 to March 2021:

- In March of 2020, began at about 128 million and in April of 2020 it dropped to 113 million. These are horrible numbers, but they have been on the rise beginning in May of 2020.
- The rise is based on employment and government stimulus. So in March of 2021 we are back up to approximately 125 million people employed.

#### Synchronous Global Recovery is when both Developed Markets and Emerging Markets accelerate in the same year: (From Bloomberg, Haver Analytics, IMF, Morgan Stanley Research forecasts)

- The consensus is growth on the Global market to be about 5.4% in 2021.
- 2021 – GDP Growth Emerging Markets: 6.3% to 7.4% + Growth.
- 2021 – GDP Growth Developed Markets: 4.2% to 5.1% + Growth.
- 2021 – GDP Growth in US: 3.8% to 5.9% + Growth.

- 2021 – GDP Growth in China: 8.0% to 9.0% + Growth.
- 2021 – GDP Growth in Hawaii: 2.7% + Growth.

Per **Manny**, these numbers are good, as the numbers are going up. He further shares that what is leading the recovery are the Emerging Markets: China, India, Brazil, and Russia are known as brick countries, are growing a faster rate than mature Developed Markets. He said this is not unusual “in that Emerging Markets growth rate from growing their GDP they can grow at a higher rate because our GDP is reaching about 20 trillion. So to grow it by 10% we need to grow our GDP by 2 trillion to put it into perspective.”

Travel and Tourism: Something Hawaii is highly dependent on:

- Tourism-dependent economies are among those hit the hardest by the pandemic.
- Before COVID-19, travel and tourism had become one of the most important sectors in the world economy, accounting for 10% of global GDP and more than 320 million jobs worldwide, employing 1 in 10 people globally.
- Tourism arrivals fell globally by 65% in 2020. To put this into some perspective, in 2008 when there was the financial crisis, global arrival tourism was down by 8.0% and in the SARS Epidemic of 2003, it was down 17%. No one has ever seen a 65% drop before. This is a highly unusual amount.
- In the US, Hawaii saw one in every six jobs vanish by August. In Florida, where tourism accounts for up to 15% of the state’s revenue, officials said it will take up to three years for the industry to recover.
  - Hawaii severely impacted.
  - Numbers: in January 2020, daily passengers coming into Hawaii were 30 thousand and in January 2021 it was down to 7 thousand.
- Among G20 countries, the hospitality and travel sectors make up 10% of employment and 9.5% of GDP on average, with the GDP share reaching 14% or more in Italy, Mexico, and Spain. A six-month disruption to activity could directly reduce GDP between 2.5% and 3.5% across all G20 countries, according to a recent IMF paper.

Domestic vs. International Travel & Japan:

- Domestic travel is recovering but not International travel. One of the reasons for International travel not recovering is one of our largest international groups that come is Japan.
- Japan’s central government has declared a third state of emergency due to the COVID-19 pandemic with new restrictions imposed in Tokyo, Osaka, Kyoto, and Hyogo prefectures. Local leaders requested the move as they face a share rise in new coronavirus cases.
- Nationwide, Japan is seeing spikes in new cases and hospitalization, both of which are soaring toward the record heights that were seen at the start of 2021. Some 6,500 people tested positive for the coronavirus on May 15<sup>th</sup>, according to the Ministry of Health, Labor and Welfare.
- Daily average in May 2021 for positive Corona Virus positive cases is 3,500/day.
- There is still a huge question mark about Japan and the Olympics.

Economic recovery:

- Optimism for economic recovery exists, though it will face headwinds and residents feel it will take time to fully materialize.
- A majority of Hawaii residents are confident of an eventual full economic recover for the state. One in five residents is hopeful that economic activity will rebound within the next year, but more than half of Hawaii residents believe it will take two years or more.
- **Manny** believes that full recovery will be at least two years as he “feels there will still be spikes and hiccups along the way.” One of the real questions that should come up is – how do we strategically diversify our economy so it is not so heavily weighted to tourism?
- Japan did everything right in the beginning, but their ability to get the vaccine may be one of the reasons for their spike in cases.
- Also, many Chinese are hesitant to taking the vaccine per Manny.

#### Rebound & Expenditures:

- As tourism rebounds, there are the positives that come along with it, but also the downside is more potential spread of the virus.
- The US economy will surpass its pre-pandemic size, as it looks like the GDP will reach 6.4% this year. This is a combination of organic growth, but mostly from government stimulus.
- The GDP with the State of Hawaii Predictions, in 2020 was about 89 billion, and in 2021 it appears it will rebound to 94 billion. But we will see. A great deal of this is based on arrivals.
- Visitor spending per day in February of 2020, prior to pandemic restrictions, in Hawaii were about \$50 million US dollars per day vs. in February of 2021, spending in Hawaii was \$13 million dollars per day.
- In February of 2020, the number of tourist on any given day was about 250 thousand vs. in February of 2021, on any single day it was down to 90 thousand visitors.

**Manny** stated, “The good new is, recovery is on its way, the numbers are trending properly. Hawaii has been tremendously impacted due to the dependency on tourism, but it’s coming back fairly strong.” Manny shared that on his last flight from the West Coast “the plane was completely packed, and there is good and bad that come along with it.” He further believes that “quarantine issues, taking tests, and doing tracing are all very, very important.”

#### Q&A with Manny:

**Dave Shanahan** mentioned that Hawaii and Florida both rely on tourism and asked why Florida’s unemployment rate is half of ours. **Manny** says he can’t give a concise answer, but his feeling is because Florida is a mainland state and people can drive there, whereas one must fly to get to Hawaii.

**Bob Sigall** thanked **Manny** for speaking and inquired of Manny about Hong Kong, China violating the agreement to allow some self democracy and self government in Hong Kong, along with myths about the relationship between the US and China in general and asked if **Manny** could sort some of that for us. **Manny** said we always give him the tough questions

and he doesn't want to get into the discussion about Hong Kong in great depth, but he thinks the politically correct few, which is yes there has been contraction and restrictions on certain freedoms, on the other hand, if you look at China's restraint when they were having the protests, and everyone thought they would go in with police, but they didn't, though police were on standby, **Manny** reminds us that Hong Kong is part of the mainland China and not an independent area. When there is civil unrest, different countries handle it in different ways. China does not like civil unrest and chaos. **Manny** was there just before that happened, and one friend of his was beat up at the airport and couldn't get out as the airport was shut down. This is a very sensitive subject. When you have two economies of the world that represent almost 45% of the global GDP, they need to work together.

**Manny:** "The key, in my humble opinion, is we have to have people sitting at the table, no matter if you disagree, you need to at least be sitting and talking. Not talking and not having conversation face-to-face, no matter how difficult that is, in my opinion always leads to a disaster. And I think that part of the problem I've seen with some diplomats that I know personally, there has to be at least respect for one another, even if its an enemy, there needs to be some kind of respect to at least agree to disagree." He then mentioned his hopes that Biden will work with other countries to work on the global issues of the pandemic, global warming, etc., which they can all work together making small steps leading to big change.

**Dawn Marie** was thrilled with **Manny's** presentation and stats that she said she could look at all day long, and in her business she does keep track of these things. She asked him to comment on how he thinks it is Americans have been paying down or off their debt since the pandemic and then huge major record investments in art and real estate, etc.

**Manny** shares he is not an expert on the first part, but he feels people being at home and not spending like they were before, and are selectively spending; having cut back on going out to restaurants and entertainment, so he felt the available funds for families accrued so they have more to invest in which leads to the second part of her question. Art in particular, as an investment, **Manny** feels is a good investment depending on the artist, so pick an artist you like so that even if it doesn't appreciate, you like looking at it on the wall! He then went on about those less fortunate who cannot pay bills or mortgage and are having a very difficult time, even with tourism coming back, the jobs are typically low paying jobs.

**Alice** shared that her daughter lives and works in Hong Kong and her daughter says the 1997 Agreement is dead, that there will never be a better condition of living in Hong Kong for westerners, that period is gone, gone. Also concerning Hawaii, do you feel it is in our best interest to try and repeat our 10 million visitors a year?

**Manny** has had an office in Hong Kong since 1979 and agrees it will never be as it was before, but feels some of it is self-inflicted. Hong Kong was once rated the #1 place to do business, but there are many things that are not publically known, that **Manny** has seen personally happen. He said it is sad because Hong Kong was the "golden goose" for mainland China, making them a great deal of money. **Manny** was actively recruited to work for Mayor Harris where he was in the Mayors Cabinet for one term from 2000-2004. He gave speeches as the Director for Economic and Business Development for the City and County of Honolulu; people on the mainland did not know that we were the 11<sup>th</sup> largest metropolitan area in the United States, not realizing there are about one million people in Honolulu, and in fact some people on the mainland don't know Hawaii is part of the United

States. When he was in the Cabinet, one item was talk about decreasing tourism, but he felt you don't want to change what you have in terms of tourism, but change the characteristic. He promoted high value tourism and his speech he'd give was, "Would you rather have 1,000 people come to Honolulu and spend \$100 a day, or 100 people coming to Honolulu spending \$1,000 a day?" His point was "per day spending in higher value types of tourism should really be a focus, which hasn't taken off as it could; but talking about culinary tourism, and health and wellness tourism, eco tourism, educational tourism, technology tourism; there are many niche type of tourisms where people are looking and and you can position Hawaii into that groove where you are trying to attract less people who spend more per day and stay a little bit longer." He further shared this hasn't taken as it could and Hawaii is still based on mass tourism, and mass tourism costs a large amount of money to maintain. **Manny** suggests someone get together many of different opinions, and not those from the 'good old boys and girls club', but those who are willing to work together and find ways to diversify. He said there would be other pandemics in the future, and this isn't going away so we need to find other ways.

### **CLOSING**

**President Rich** asks **Manny** if he can stay after our meeting to answer some more questions, and he agreed. **Robyn** takes photos for our *Tradewind* newsletter. **Rich** reminds us that next week's club meeting will be a hybrid of Zoom and in-person at the Pacific Club, where seating is limited. Our June 8, 2021 guest speaker will be **Hi'ilei Kawelo** who currently serves as the Executive Director of *Paepae o He'eia Fishpond*.

**Brian** begins video of *Hawaii Aloha* for all members to sing along with.

**President Rich** adjourned the Rotary Club of Honolulu meeting at 1:00 pm with his bell after singing *Hawaii Aloha*!

### **AFTER MEETING VISIT, Q&A with Manny**

**Lyla:** "Building on your last comment, 'bringing people together to have those necessary dialogues', our Rotarians extend on all the islands and we are people of action, as you know. What can Rotarians do to stimulate that kind of dialogue so there can be policy change and can be another way of looking things? We have the ability, capacity, intelligence, and experience to ask questions that can challenge the status quo. Can you give us some guidance on how we might actually get involved to do that?"

**Manny:** "We have elected officials and business and industry leaders, so if the government doesn't pull something together sooner rather than later, that doesn't mean you can't grab and have your own discussion and invite some of the leaders to come.

If I were back in Honolulu and trying to get something together, I would try to get people from different industry sectors, large, small, and medium sized business. Remember over 90% of the businesses are small and medium sized enterprises. I would try to organize thought leaders and maybe have it on a weekend and have a discussion where people can give their views on how to change the economy and put policies in place that attract the businesses. Policies implemented by the government, if they are effective policies, really do and can have an effect on business. An example, when in Mayor Harris's cabinet in Honolulu, we came up with a policy for diversifying tourism, and to get people back to work because of the Asia financial crisis in the 1990's. Hawaii was impacted because we



counted a great deal on visitors, so we made a policy that if you had a piece of land, [like in Waikiki, the Hilton Hawaiian Village had a piece of land they wanted to build on], that if you can take that piece of land and share the assessed value was \$10 million and they were paying taxes on that \$10 million piece of land, but if you put a building on it, you pay no taxes, zero taxes for seven years – that was the policy. The idea was to create construction jobs and get people back to work. A lot of the city council members felt it was a terrible idea, but the way I explained it is that money doesn't exist so you are actually building an annuity; you are not taking away from some revenue coming in, you are creating new revenue that doesn't exist." **Manny** went on to share that one council member in particular was against it and so he took that person to the Hilton Hawaiian location, spoke to the Hilton Headquarters and proposed the policy, and the very next day they gave him an answer that yes, they would build. This created many jobs and brought us out of the situation with one of the "highest unemployment's at almost 7% down to 2.4%, the lowest in the country." "Policies with the government matter if you pick a strategy and you implement it. Within 18 months of implementing that policy at the City and County, we had \$2 billion worth of jobs logged in of fixing up different parts of the tourist industry in Honolulu. Coming back to your question, I would try and convene a meeting. **Rich** is very good at organizing that kind of thing, so I would get **Rich** involved right away, and get groups together, and really talk about some niche areas that fit the characteristics of Hawaii. You can't be everything to everybody, so should we be the solar research capital of the world – advance solar technology, advance technology in renewable energy like OTEC [Ocean Thermal Energy Conversion] which they have talked about for years. Pick an area be the best in that area, and really focus on that area. Then put policies in place that allows people to invest in that area to reduce the burden of start up businesses. In Japan, I had a client that was the number one in Childcare. The government of Japan went to them and said they wanted them to develop the Eldercare business. If I had to pick something in Hawaii as a business to develop it's Eldercare, not just Eldercare facilities but the management, and software that goes with it because all the countries in the world, even China, now have huge issues with the Elderly population. In Japan and other places, the mortality rate is greater than the birth rate. So pick an area, put tax incentives in place, like don't pay any taxes if you work in 'this' area X amount of years and then stimulate this area and build it. But do it, pick some niche areas and be the best at it! I hope that helps."

**Rick Towill:** "We've observed before the pandemic that the numbers of people were just out of control and the average visitor does not possess the respectfulness, that visitors when we were kids, once possessed as a general rule, more so than not. So when we get these heavy numbers, and they start wanting to go places and start pushing their way around, it makes our local population very resentful of their behavior and then we end up mirroring back that behavior. I think you hit the nail on the head – reduce the numbers and increase the caliber that will spend more, . . . but how do we go about changing the culture so that people begin to understand when you come here you have to put on your 'me and I' outfit and respect people in the place more?"

**Manny:** "That is a tough question and I agree with you. When I first moved to Honolulu from Greenwich, Connecticut in 1990, I saw some ugly changes over the years. You are right, it has changed. One thing we did at Hanauma Bay that worked at the time when I was there, we changed it into a Nature Preserve rather than just a tourist destination. That was part of our strategy at the City and County of Honolulu. You had to watch a 3-5 minute tutorial before you could go down to the Bay, by going through the Visitor Center first to

learn respect for the culture and aina. Another thing we did that was not popular was cut down the number of visitors who could go to Hanauma Bay. Everyone was worried about revenue, but when you kill something as beautiful as the coral, you don't have it any more and you have to give it a chance to recover. So we cut back on the number of tourists and added the educational component. If that can be done more in different channels, different venues, and give the people coming to Honolulu a tutorial – not aggressive – friendly, it can be a cartoon or entertaining message – it can be a serious message done in an entertaining way and I feel that would be very useful.”

Have a fabulous week.

Humble Scribe,

**Lee LaBrash**