

## How Hawaii's Economy Benefits from International Trade & Investment

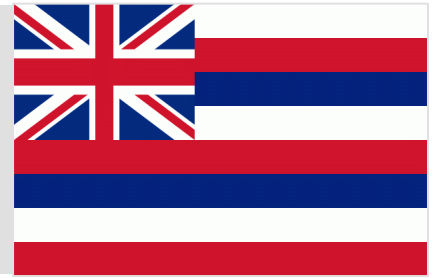
### Overview

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for Hawaii and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Hawaii.

### Why is International Trade & Investment Important to Hawaii?

- **International trade, including exports and imports, supports 205,800 Hawaii jobs – nearly 1 in 4.** These trade-related jobs grew 2.2 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Hawaii's globally engaged firms. *(See Hawaii Jobs Depend On Two-Way Trade)*
- **Hawaii exported \$1.5 billion in goods and \$4.4 billion in services in 2014,** including aerospace products & parts, petroleum & coal products, basic chemicals and travel services. Of Hawaii's 862 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See Hawaii Businesses Grow With Exports)*
- **Customers in 151 countries and territories buy Hawaii-made goods and services,** including hundreds of millions of dollars in annual exports to top markets like Australia, China and Japan. Hawaii's goods exports have grown six and a half times faster than state GDP since 2004. *(See Hawaii Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Hawaii companies and families.** Lower raw material and input costs help Hawaii companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade. *(See Hawaii Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Hawaii to partner countries.** In 2014, \$952 million of Hawaii's goods exports, or 63 percent, went to FTA partners. This represents a 434 percent increase since 2004. *(See Hawaii Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 34,100 workers in Hawaii.** *(See Foreign Investment In Hawaii Creates Jobs)*



## Hawaii Jobs Depend on Two-Way Trade

### Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

### Trade Creates & Supports Jobs in Hawaii

- Export growth increases jobs by generating new business for Hawaii's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Hawaii businesses compete and saving Hawaii families real dollars at the cash register.
- Nearly one in four Hawaii jobs depends upon international trade.
- Hawaii's trade-related employment grew 2.2 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive industries pay about 16 percent more than jobs in less export-intensive industries.
- U.S. exporting plants increase employment 2 to 4 percent faster annually than plants that do not export. Exporting plants also are less likely to go out of business.
- Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction.

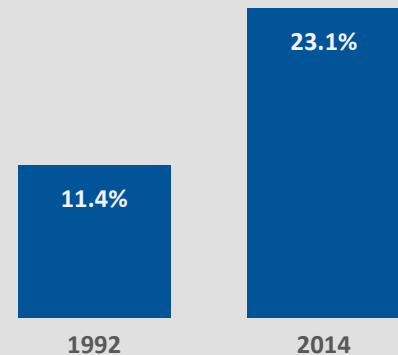
### By the Numbers

**205,800**

Number of Jobs in Hawaii Supported by Trade

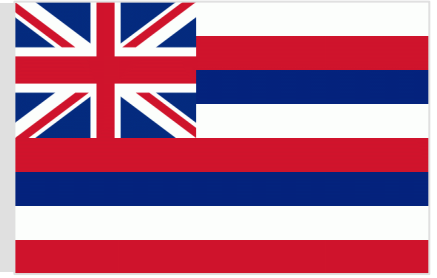
#### Share of Jobs Tied to Trade

Increased 102 percent from 1992 to 2014



#### Jobs Tied to Trade Top Sectors, 2014

Retail	20,900
Management, Administrative Services	15,900
Real Estate, Rental Services	10,500
Professional, Scientific, Tech. Services	10,000
Transportation & Warehousing	7,700



## Hawaii Businesses Grow with Exports

### Overview

Hawaii exported an estimated \$1.5 billion in goods and \$4.4 billion in services in 2014. Between 2009 and 2014, Hawaii goods exports have increased by 134 percent and services exports by 50 percent. Large companies now account for 41 percent of the value of Hawaii's goods exports, with the rest provided by small- and medium-sized enterprises (SMEs).

### Small & Large Employers Partner to Export

In addition to exporting directly themselves, thousands of American SMEs export indirectly when they sell goods and services to large U.S. exporters. Based on their direct and indirect export activity combined, SMEs represent more than 40 percent of the value of U.S. exports.

### Top Hawaii Exports

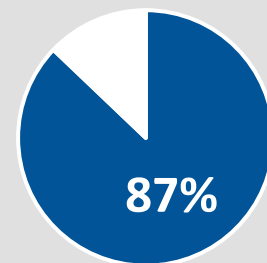
- Hawaii ranks among the top half of state exporters in eight industries, including 10th in fruits & tree nuts (\$80 million), 12th in petroleum & coal products (\$426 million), 13th in marine products (\$34 million), and 16th in vegetables & melons (\$26 million).
- Hawaii is America's 36th largest exporter of agricultural products. It is the fourth largest exporter of tree nuts, the fifth largest exporter of misc. agricultural products and noncitrus fruits, and the 10th largest exporter of farmed fish and related products.
- One of Hawaii's fastest growing export categories is marine products, which have increased by 16 percent per year since 2004. In 2014, exports of these products reached \$34 million.

### By the Numbers

**862**

Number of Hawaii Businesses that Exported in 2013

### Share of Hawaii Exporters that are Small- & Medium-Sized Businesses



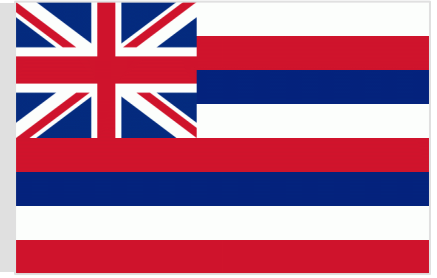
### Top Hawaii Exports, 2014

#### Goods

Aerospace Products & Parts	\$461 million
Petroleum & Coal Products	\$426 million
Basic Chemicals	\$144 million
Scrap Products	\$90 million
Fruits & Tree Nuts	\$80 million

#### Services

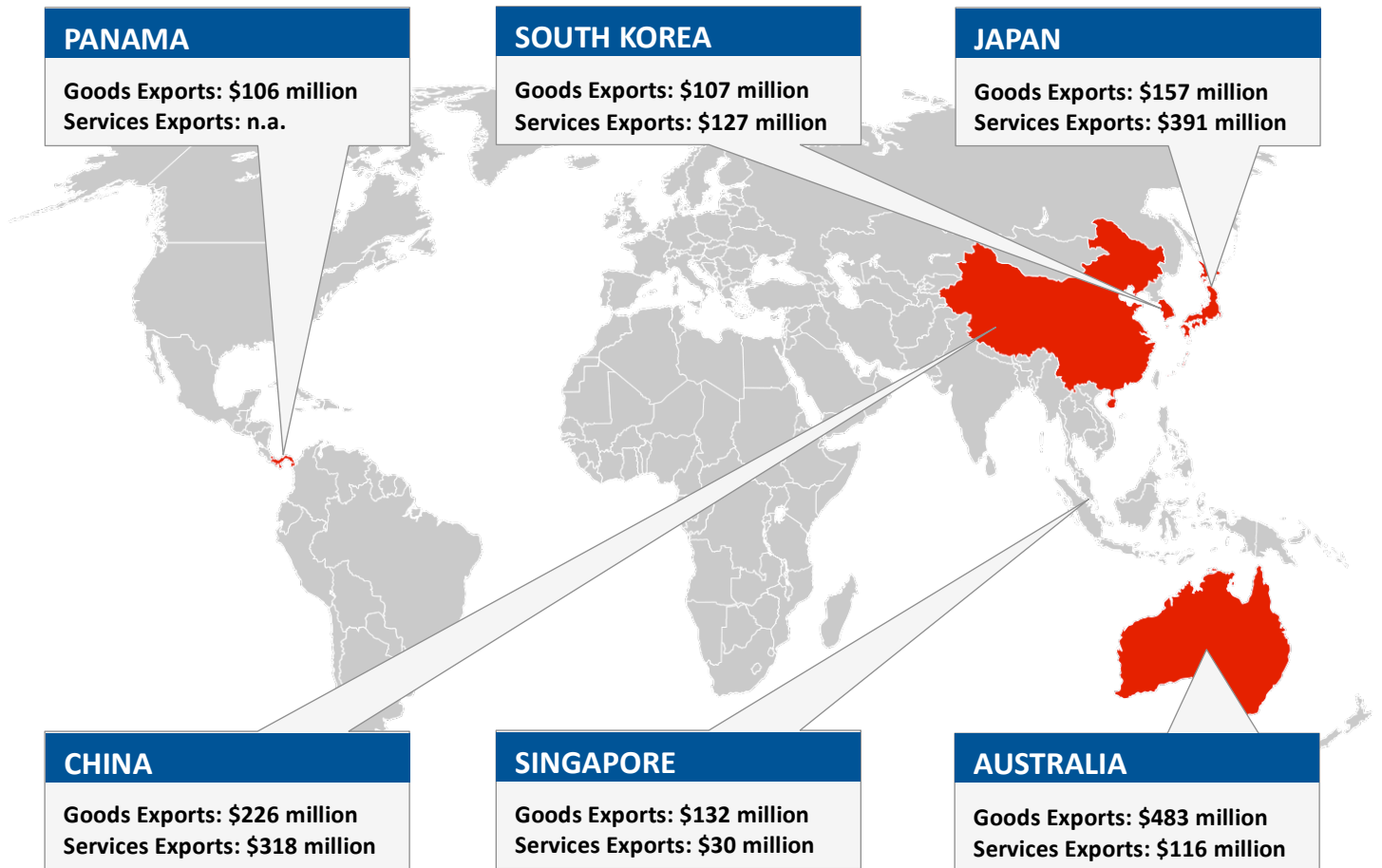
Travel	\$2.0 billion
Passenger Fares	\$1.1 billion
Air Freight & Port Services	\$433 million



## Hawaii Companies Export throughout the World

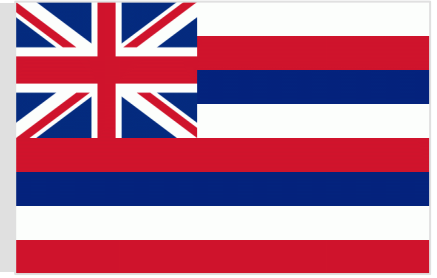
In 2014, Hawaii companies sold their products in 151 countries and territories.

Top export markets include:



### Fast Facts: How Exports Help the Hawaii Economy Grow

- Goods exports accounted for 2.0 percent of Hawaii's state GDP in 2014.
- Hawaii's goods exports have grown six and a half times faster than state GDP since 2004. The average annual export growth during this period was 24.9 percent, while the average annual state GDP growth was 3.8 percent.
- Hawaii's top export markets for goods are Australia, China, and Japan. Its top market for services is Canada.
- Hawaii's goods exports to Panama have grown by 991 percent per year since 2004. Exports to Australia grew by 204 percent per year, while exports to China grew by 58 percent per year.



## Hawaii Companies & Workers Use Imports to Make Products and Compete in International Markets

### Overview

In 2014, 60 percent (\$1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Hawaii.

- Services, especially transportation from Hawaii's ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2013, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Hawaii family of four more than \$10,000 per year.
- Imports help keep prices down for Hawaii families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

**In 2013, about 184,000 U.S. companies (including 2,031 in Hawaii) imported products...**

**And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.**

### Imports Decrease Prices for Goods & Services



**-87.0%**

Decrease in the Price of Televisions Between 2004 and 2014.



**-69.2%**

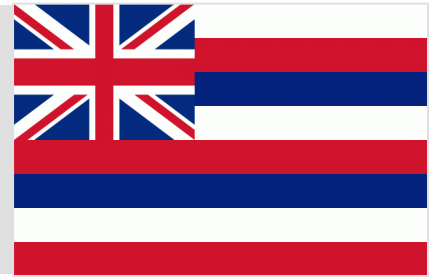
Decrease in the Price of Computers Between 2004 and 2014.



**-42.9%**

Decrease in the Price of Toys Between 2004 and 2014.

### Imports Increase Choices for Goods & Services



## Hawaii Needs Trade Agreements to Grow

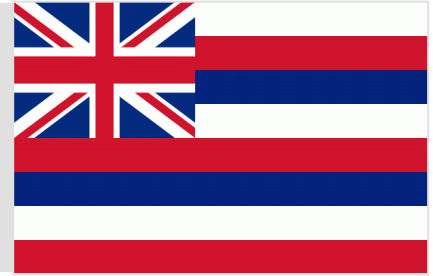
### Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our free trade agreement (FTA) partner countries supports more than 17.7 million American jobs. Trade agreements level the playing field by lowering other nations' trade barriers, opening up foreign markets to U.S. exports and setting strong, enforceable rules for trade between the United States and those other countries. Hawaii has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, \$952 million of Hawaii's goods exports, or 63 percent, went to FTA partners.
- Since 2004 Hawaii's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 434 percent.
- Hawaii's exports to Canada and Mexico have increased by \$60 million (284 percent) since NAFTA went into effect in 1994.
- Hawaii's exports to Panama have increased by 8,692 percent since the U.S.-Panama FTA took effect in 2012.
- Hawaii's exports to South Korea of preserves & specialty foods have increased every year, from \$365,000 to \$1.2 million, since the FTA with South Korea went into effect in 2012.
- Australia bought 93 percent of Hawaii's exports of aerospace products & parts in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$929 million, or 61 percent, of Hawaii's goods exports in 2014.

### By the Numbers





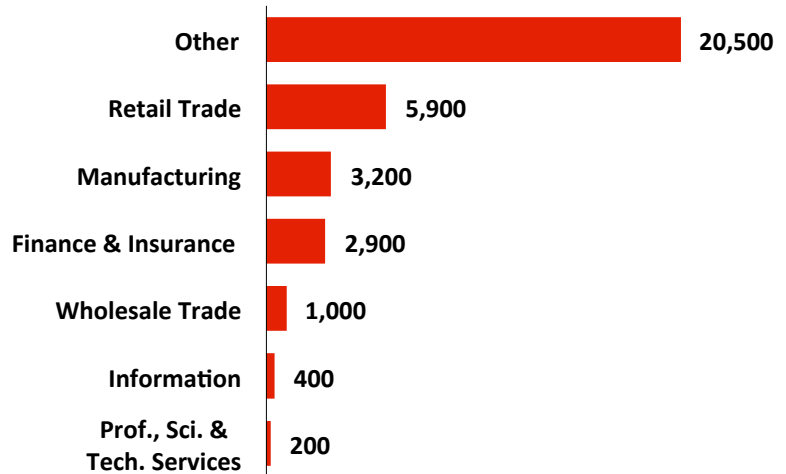
## Foreign Investment in Hawaii Creates Jobs

### Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Hawaii every year. Foreign-owned companies from around the world employ tens of thousands of workers in Hawaii, including:

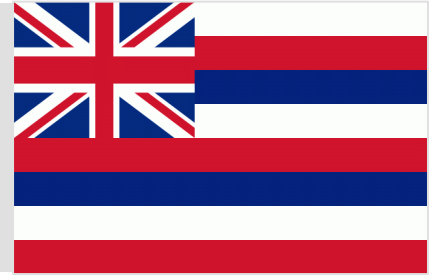
- 15,800 workers employed by companies based in Japan;
- 6,100 workers employed by companies based in France;
- 2,300 workers employed by companies based in the United Kingdom;
- 1,100 workers employed by companies based in Switzerland;
- 900 workers employed by companies based in Germany.

### Foreign-Owned Companies Employ 34,100 Hawaii Workers Across Many Industries



### Selected Foreign-Owned Companies Employing Workers in Hawaii

Company	Industry	Country
7-Eleven Inc.	Retail Services	Japan
Assa Abloy Hospitality	Security Services	Sweden
First Hawaiian Bank	Financial Services	France
Four Seasons Resorts	Hotel Services	Canada
Golder Associates	Engineering Services	Canada
Jollibee Foods Corporation	Restaurants	Philippines
JTB Hawaii	Travel Services	Japan
KPMG LLP	Consulting Services	Netherlands
Kumon Math & Reading Services	Education Services	Japan
Schneider Electric	Electrical Equipment Manufacturing	France
Siemens Energy	Engineering Services	Germany
Willis North America	Insurance Services	United Kingdom



## Data Sources

### HAWAII JOBS DEPEND ON TWO-WAY TRADE

**Jobs-Tied-to-Trade:** Baughman and Francois, “Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update” (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

**Exporting Firm Wages:** Riker, “Export-Intensive Industries Pay More on Average: An Update” (2015) (<https://www.usitc.gov/publications/332/ec201504a.pdf>)

**Exporting Firm Growth:** Bernard and Jensen, “Exporting and Productivity in the USA” (2004) (<http://faculty.tuck.dartmouth.edu/images/uploads/faculty/andrew-bernard/exprod.pdf>)

### HAWAII BUSINESSES GROW WITH EXPORTS

**Small and Large Firms Partnering to Export** (for 2007, the most recent year for which data were available): U.S. International Trade Commission, *Small and Medium-Sized Enterprises: Characteristics and Performance*, November 2010, (<http://www.usitc.gov/publications/332/pub4189.pdf>)

**Exports, Rankings, and Trends:** The Trade Partnership, derived from U.S. Census Bureau (“Census”) data (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

**Exporting Company Information:** Census, “A Profile of U.S. Importing and Exporting Companies, 2012 – 2013” (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

### HAWAII COMPANIES EXPORT THROUGHOUT THE WORLD

**Exports, Rankings, and Trends:** The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

**Export vs. GDP Growth:** Derived from Census export data and U.S. Bureau of Economic Analysis (BEA) “GDP by State” database (<http://bea.gov/regional/index.htm>)

### HAWAII COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

**Importing Company Information:** Census, “A Profile of U.S. Importing and Exporting Companies, 2012 – 2013” (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

**Imports as Components:** Derived from Census end-use import data

**Savings from Liberalization:** Bradford, Grieco, and Hufbauer, “The Payoff to America from Global Integration” (2005) (<http://www.piie.com/publications/papers/2iie3802.pdf>)

**Price Changes:** Derived from BLS Consumer Price Index database (<http://www.bls.gov/cpi/>)

### HAWAII NEEDS TRADE AGREEMENTS TO GROW

**Exports and Trends:** The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

**Per Capita Purchases of Hawaii Goods:** Derived from The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>) and World Bank population estimates

**Jobs-Tied-to-FTAs:** U.S. Chamber of Commerce, “Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners” (2010) ([http://tradepartnership.com/wp-content/uploads/2014/06/opening\\_markets\\_creating\\_jobs\\_USChamber.pdf](http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf))

### FOREIGN INVESTMENT IN HAWAII CREATES JOBS

**Employment Data:** BEA “Direct Investment & Multinational Companies” database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of “Foreign Firms Operating in the United States” (<http://www.uniworldbp.com>)