

How Hawaii's Economy Benefits from International Trade & Investment

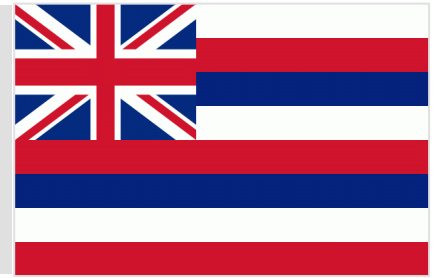
Overview

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 174,900 Hawaii jobs – nearly one in five.** These trade-related jobs grew nearly five times faster than total employment from 1992 to 2016 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 \$802.9 million in goods and \$4.6 billion in services in 2016**, including aerospace products & parts, petroleum & coal products, fruits & tree nuts and travel services. Of Hawaii's 847 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Hawaii Businesses Grow With Exports)*
- **Customers in 121 countries and territories buy Hawaii-made goods and services**, including millions of dollars in annual exports to top markets like China, Australia and Japan. Hawaii's goods exports have grown nearly 50 percent faster than state GDP since 2006. *(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 2016, \$516 million of Hawaii's goods exports, or 64 percent, went to FTA partners. This represents an increase of 35 percent since 2006. *(See Hawaii Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 37,500 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

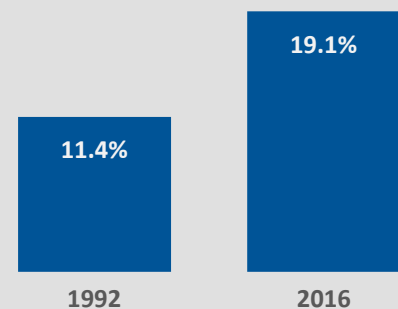
- Export growth increases jobs by generating new business for Hawaii's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Hawaii businesses compete and saving Hawaii families real dollars at the cash register.
- Nearly one in five Hawaii jobs depends upon international trade.
- Hawaii's trade-related employment grew nearly five times faster than total employment from 1992 to 2016.
- Jobs in export-dependent 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

174,900

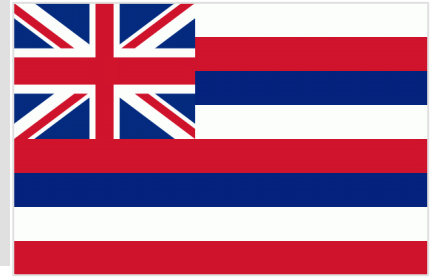
Number of Jobs in Hawaii Supported by Trade

Share of Jobs Tied to Trade Increased 67 percent from 1992 to 2016



Jobs Tied to Trade Top Sectors, 2016

Trade & Distribution	42,500
Professional, Scientific, Tech. Services	26,700
Personal & Recreational Services	17,200
Agriculture	6,200
Transportation & Warehousing	6,100



Hawaii Businesses Grow with Exports

Overview

Hawaii exported an estimated \$802.9 million in goods and \$4.6 billion in services in 2016. Between 2006 and 2016, Hawaii goods exports have increased by 13 percent and services exports by 53 percent. Large companies now account for 31 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

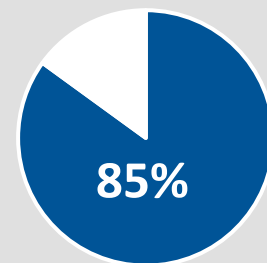
- Hawaii ranks among the top half of state exporters in 5 industries, including tenth in fruits & tree nuts (\$79 million), 15th in greenhouse & nursery products (\$4.4 million), 16th in marine products (\$23 million), and 17th in prepared seafood products (\$808,000).
- Hawaii is America's 40th largest exporter of agricultural products. It is the 10th largest exporter of fruits & tree nuts, the 15th largest exporter of greenhouse & nursery products, the 30th largest exporter of miscellaneous animal products, and the 40th largest exporter of miscellaneous crops.
- One of Hawaii's fastest growing export categories is meat products, which have increased by 927 percent per year since 2006. In 2016, exports of these products reached \$13 million.

By the Numbers

847

Number of Hawaii Businesses that Exported in 2015

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



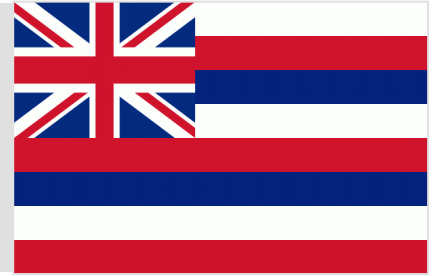
Top Hawaii Exports, 2016

Goods

Aerospace Products & Parts	\$256 million
Petroleum & Coal Products	\$138 million
Fruits & Tree Nuts	\$79 million
Scrap Products	\$46 million
Basic Chemicals	\$42 million

Services

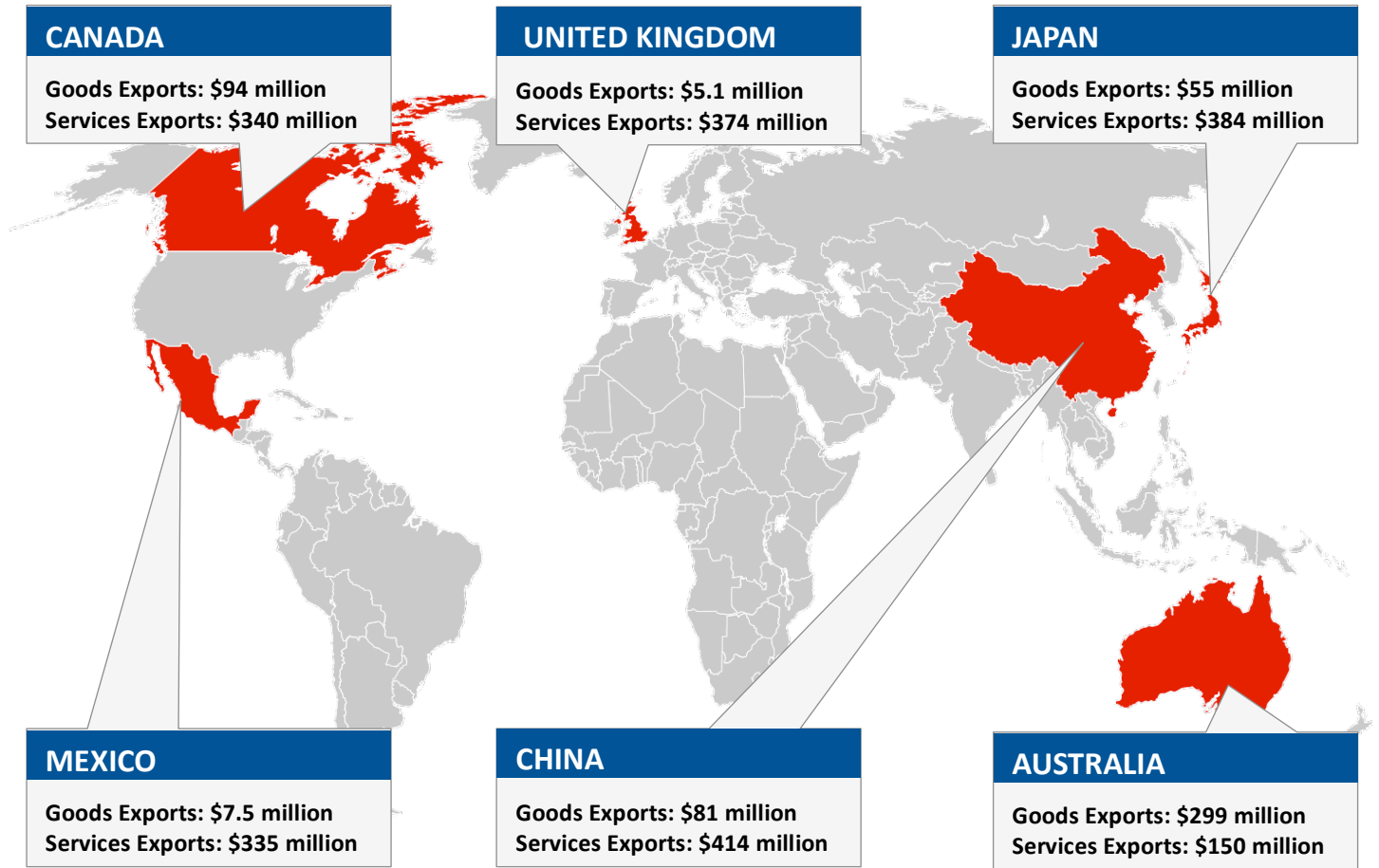
Travel	\$2.3 billion
Passenger Fares	\$946 million
Air Freight & Port Services	\$415 million



Hawaii Companies Export throughout the World

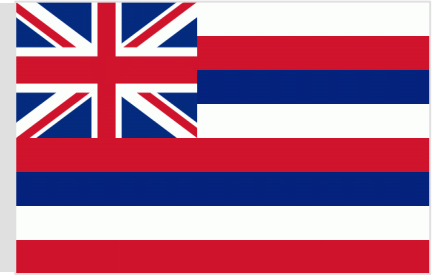
In 2016, Hawaii companies sold their products in 121 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Hawaii Economy Grow

- Goods and services exports accounted for 6.4 percent of Hawaii's state GDP in 2016.
- Hawaii's exports have grown nearly 50 percent faster than state GDP since 2006. The average annual export growth during this period was 4.7 percent, while the average annual state GDP growth was 3.2 percent.
- Hawaii's top export markets for goods are Australia, Canada, and China. Its top market for services is China.
- Hawaii's goods exports to India have grown by 46 percent per year since 2006, while Hawaii's services exports to China have grown by 15 percent per year.



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

Overview

In 2016, 56 percent (\$1.2 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 2015, 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 2015, about 197,000 U.S. companies (including 2,128 in Hawaii) imported products...

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

Imports Decrease Prices



-87.9%

Decrease in the Price of Televisions Between 2006 and 2016.



-63.3%

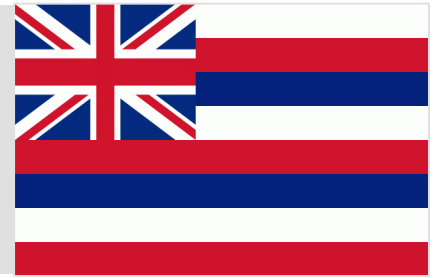
Decrease in the Price of Computers Between 2006 and 2016.



-44.7%

Decrease in the Price of Toys Between 2006 and 2016.

Imports Increase Choices



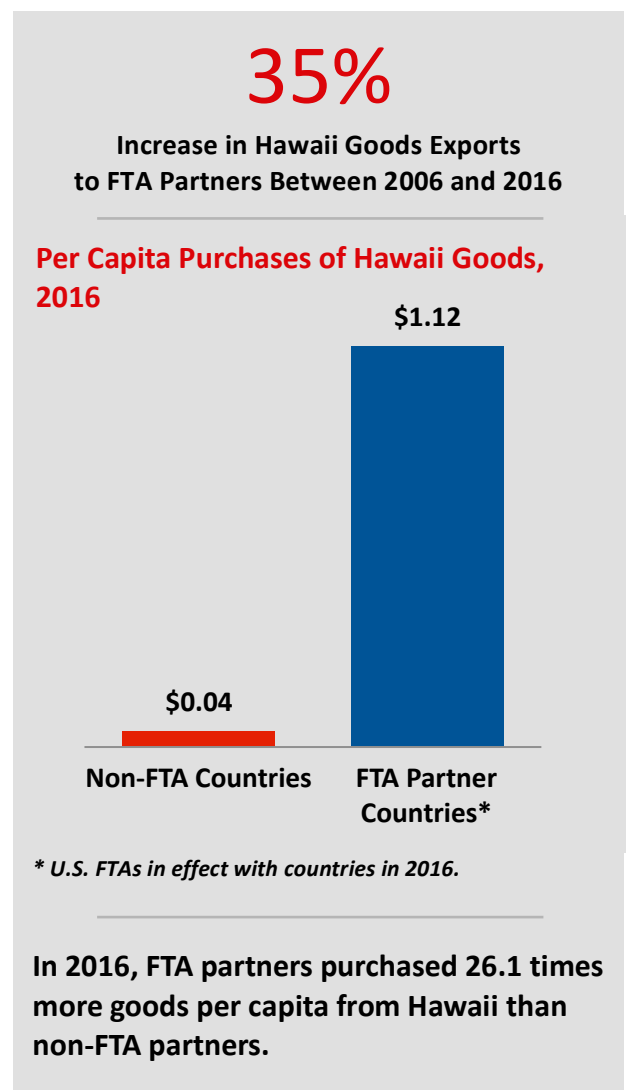
Hawaii Needs Trade Agreements to Grow

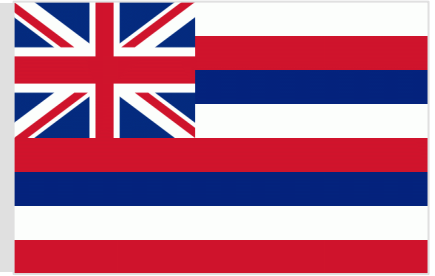
Overview

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 millions of 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 2016, \$516 million of Hawaii's goods exports, or 64 percent, went to FTA partners.
- Since 2006, Hawaii's goods exports to countries with FTAs in effect with the United States in 2016 have increased by 35 percent.
- Hawaii's exports to Canada and Mexico have increased by \$81 million (381 percent) since NAFTA went into effect in 1994.
- Hawaii's exports to Australia have increased by 1,847 percent since the FTA with Australia took effect in 2005.
- Hawaii's exports to Australia of navigational & measuring instruments have increased from \$382,000 to \$9.4 million since the FTA with Australia went into effect in 2005.
- Singapore bought 38 percent of Hawaii's exports of petroleum & coal products in 2016.
- In 2016, \$1.3 billion of Hawaii's services exports, or 28 percent, went to FTA partners.
- Hawaii's exports to Korea of travel services have increased from \$49 million to \$85 million, or by over 72 percent, since 2012.

By the Numbers





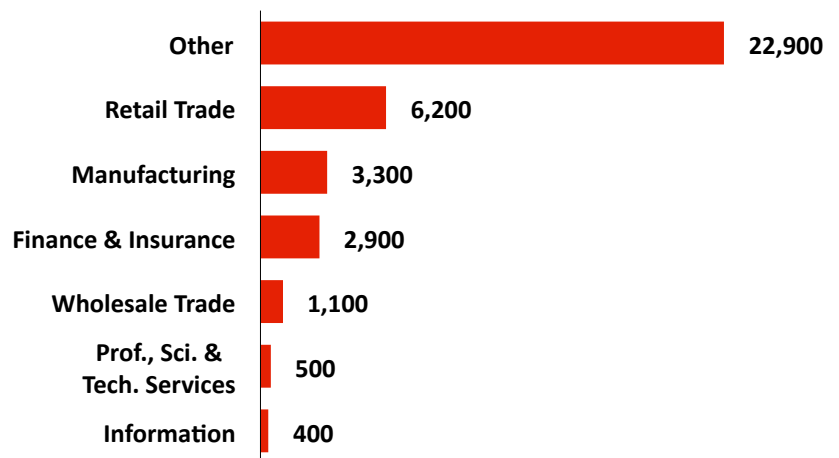
Foreign Investment in Hawaii Creates Jobs

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 employed tens of thousands of workers in Hawaii, including:

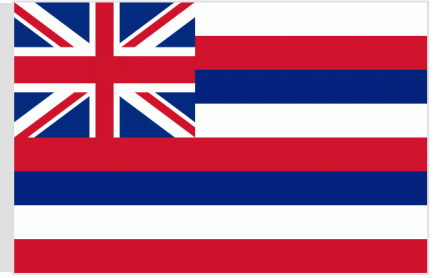
- 16,800 workers employed by companies based in Japan;
- 6,500 workers employed by companies based in France;
- 2,900 workers employed by companies based in the United Kingdom;
- 1,400 workers employed by companies based in Canada;
- 1,000 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 37,500 Hawaii Workers Across Many Industries, 2015



Selected Foreign-Owned Companies Employing Workers in Hawaii

Company	Industry	Country
7-Eleven Inc.	Retail Services	Japan
Adecco Staffing	Employment Services	Switzerland
CGI Group	Business Services	Canada
First Hawaiian Bank	Financial Services	France
Four Seasons Resorts	Hotel 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 Industry	Engineering Services	Germany
Willis North America	Insurance Services	United Kingdom



Data Sources

HAWAII JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Boughman and Francois, “Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output” (2018) (<http://businessroundtable.org/media/news-releases/new-study-withdrawal-nafta-would-jeopardize-american-jobs-and-hurt-u.s.-economy>)

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, 2014 – 2015” (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

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, 2014 – 2015” (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

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

FOREIGN INVESTMENT IN HAWAII CREATES JOBS

Employment Data: BEA “Direct Investment & Multinational Companies” database (http://bea.gov/iTable/index_MNC.cfm)

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