How Hawaii's Economy Benefits From 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.

Trade Creates & Supports Jobs in Hawaii

- International trade, including exports and imports, supports 190,900 Hawaii jobs – more than one in five. These trade-related jobs grew five times faster than total employment from 1992 to 2017 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 $939 million in goods and $4.7 billion in services in 2017, including aquaculture, petroleum & coal products, fruits & tree nuts and travel services. Of Hawaii's 781 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. (See Hawaii Businesses Grow With Exports)

- Customers in 102 countries and territories buy Hawaii-made goods and services, including billions of dollars in annual exports to top markets like China, Australia and Japan. Hawaii's exports have grown more than 50 percent faster than state GDP since 2007. (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 Use Imports to Make Competitive Products)

- Free trade agreements (FTAs) have helped fuel rapid export growth from Hawaii to partner countries. In 2017, $621 million of Hawaii's goods exports, or 66 percent, went to FTA partners. This represents an increase of 144 percent since 2007. (See Hawaii Needs Trade Agreements To Grow)

- Foreign-owned companies invest and build facilities and employ 37,200 workers in Hawaii. (See Foreign Investment In Hawaii Creates Jobs)

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www.brt.org/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 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.
- More than one in five Hawaii jobs depends upon international trade.
- Hawaii’s trade-related employment grew five times faster than total employment from 1992 to 2017.
- 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

190,900
Number of Jobs in Hawaii Supported by Trade

Share of Jobs Tied to Trade
Increased 81 percent from 1992 to 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>11.4%</td>
</tr>
<tr>
<td>2017</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>48,400</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>28,700</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>13,600</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>7,000</td>
</tr>
<tr>
<td>Agriculture</td>
<td>6,700</td>
</tr>
</tbody>
</table>

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Overview

Hawaii exported an estimated $939 million in goods and $4.7 billion in services in 2017. Between 2007 and 2017, Hawaii goods exports have increased by 72 percent and services exports by 40 percent. Large companies now account for 36 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 7 industries, including seventh in aquaculture ($3.0 million), 12th in petroleum & coal products ($264 million), 14th in fruits & tree nuts ($24 million), and 15th in marine products ($26 million).
- Hawaii is America’s 43rd largest exporter of agricultural products. It is the seventh largest exporter of aquaculture, the 14th largest exporter of fruits & tree nuts, the 20th largest exporter of miscellaneous animal products, and the 34th largest exporter of greenhouse & nursery products.
- One of Hawaii’s fastest growing export categories is meat products, which increased by 17,958 percent since 2007. In 2017, exports of these products reached $24 million.

By the Numbers

781

Number of Hawaii Businesses that Exported in 2016

87%

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

Top Hawaii Exports, 2017

Goods
- Aerospace Products & Parts $373 million
- Petroleum & Coal Products $264 million
- Scrap Products $62 million
- Basic Chemicals $27 million
- Marine Products $26 million

Services
- Travel $2.3 billion
- Passenger Fares $1.0 billion
- Air Freight & Port Services $459 million

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In 2017, Hawaii companies sold their products in 102 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $23 million, Services Exports: $381 million
- **United Kingdom**: Goods Exports: $5.5 million, Services Exports: $375 million
- **Japan**: Goods Exports: $75 million, Services Exports: $401 million
- **Mexico**: Goods Exports: $1.1 million, Services Exports: $347 million
- **China**: Goods Exports: $125 million, Services Exports: $417 million
- **Australia**: Goods Exports: $335 million, Services Exports: $146 million

Fast Facts: How Exports Help the Hawaii Economy Grow

- Hawaii’s exports have grown more than 50 percent faster than state GDP since 2007. The average annual export growth during this period was 4.7 percent, while the average annual state GDP growth was 3.1 percent.
- Hawaii’s top export markets for goods are Australia, Singapore, and China. Its top market for services is China.
- Hawaii’s goods exports to Korea have grown by 77 percent per year since 2007, while Hawaii's services exports to China have grown by 14 percent per year.

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HAWAII COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Overview

In 2017, 58 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 2016, 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.

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Imports Decrease Prices

-87.9% Decrease in the Price of Televisions Between 2007 and 2017.
-63.3% Decrease in the Price of Computers Between 2007 and 2017.
-44.7% Decrease in the Price of Toys Between 2007 and 2017.

Imports Increase Choices

In 2016, about 211,000 U.S. companies (including 2,333 in Hawaii) imported products...

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

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.

- In 2017, $621 million of Hawaii’s goods exports, or 66 percent, went to FTA partners.
- Since 2007, Hawaii’s goods exports to countries with FTAs in effect with the United States in 2017 have increased by 144 percent.
- Hawaii’s goods exports to Canada and Mexico have increased by $2.0 million (12 percent) since NAFTA went into effect in 1994.
- Hawaii’s goods exports to Singapore have increased by 2367 percent since the FTA took effect in 2004.
- Hawaii’s exports to Korea of meat products have increased from $- to $24 million since the FTA went into effect in 2012.
- Australia bought 87 percent of Hawaii’s exports of aerospace products & parts in 2017.
- In 2017, $1.4 billion of Hawaii’s services exports, or 29 percent, went to FTA partners.
- Hawaii’s exports to Korea of travel services have increased from $49 million to $107 million, or by 116 percent, since the FTA went into effect in 2012.

By the Numbers

144%

Increase in Hawaii Goods Exports to FTA Partners Between 2007 and 2017

Per Capita Purchases of Hawaii Goods, 2017

<table>
<thead>
<tr>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.05</td>
<td>$1.33</td>
</tr>
</tbody>
</table>

* U.S. FTAs in effect with countries in 2017.

In 2017, FTA partners purchased 28.2 times more goods per capita from Hawaii than non-FTA partners.

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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:

- 17,400 workers employed by companies based in Japan;
- 5,500 workers employed by companies based in France;
- 3,000 workers employed by companies based in the United Kingdom;
- 1,300 workers employed by companies based in Canada;
- 1,000 workers employed by companies based in Germany.

### Foreign-Owned Companies Employed 37,200 Hawaii Workers Across Many Industries, 2016

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Trade</td>
<td>3,800</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>3,000</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>3,000</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2,400</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>600</td>
</tr>
<tr>
<td>Information</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,100</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-Eleven Inc.</td>
<td>Retail Services</td>
<td>Japan</td>
</tr>
<tr>
<td>Adecco Staffing</td>
<td>Employment Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>CGI Group</td>
<td>Business Services</td>
<td>Canada</td>
</tr>
<tr>
<td>First Hawaiian Bank</td>
<td>Financial Services</td>
<td>France</td>
</tr>
<tr>
<td>Four Seasons Resorts</td>
<td>Hotel Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Jollibee Foods Corporation</td>
<td>Restaurants</td>
<td>Philippines</td>
</tr>
<tr>
<td>JTB Hawaii</td>
<td>Travel Services</td>
<td>Japan</td>
</tr>
<tr>
<td>KPMG LLP</td>
<td>Consulting Services</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Kumon Math &amp; Reading Services</td>
<td>Education Services</td>
<td>Japan</td>
</tr>
<tr>
<td>Schneider Electric</td>
<td>Electrical Equipment</td>
<td>France</td>
</tr>
<tr>
<td>Siemens Industry</td>
<td>Engineering Services</td>
<td>Germany</td>
</tr>
<tr>
<td>Willis North America</td>
<td>Insurance Services</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>

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HAWAII JOBS DEPEND ON TWO-WAY TRADE


HAWAII BUSINESSES GROW WITH EXPORTS

**Small and Large Firms Partnering to Export** (for 2006, 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)


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 USE IMPORTS TO MAKE COMPETITIVE PRODUCTS


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


**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)