HOW HAWAII'S ECONOMY BENEFITS FROM TRADE & INVESTMENT

Overview

With more than 96 percent of the world’s population and 75 percent of its purchasing power outside the United States, economic recovery, jobs, and future growth for Hawaii and America will depend on trade and investment. That includes reaching those customers with American goods and services through exports and expanding buying power and options for American companies and families with imports.

New Business Roundtable research, U.S. government data, and other data sources demonstrate the benefits of international trade and investment to jobs and the economy in Hawaii. As the United States and the world continue efforts to defeat the COVID-19 pandemic and create jobs and economic opportunity – restoring trade and supporting trade-dependent jobs can help Hawaii recover as well.

Trade Creates & Supports Jobs in Hawaii

- **International trade, including exports and imports, supported 204,600 Hawaii jobs – more than one in five in 2019.** These trade-related jobs grew six times faster than total employment from 1992 to 2019 and are at large and small companies, on farms, in factories, and at the headquarters of Hawaii’s globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Hawaii. *(See Hawaii Jobs Depend On Two-Way Trade)*

- **Hawaii exported $442 million in goods and $4.0 billion in services in 2019,** including petroleum and coal products, scrap products, aerospace products and parts and personal travel and tourism services. Of Hawaii’s 749 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Hawaii Businesses Grow With Exports)*

- **Customers in 105 countries and territories buy Hawaii-made goods and services,** including billions of dollars in annual exports to top markets like Japan, Korea and Singapore. Hawaii’s exports have grown 0.7 percent per year since 2010. Policies that help Hawaii businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Hawaii to partner countries.** In 2019, $162 million of Hawaii’s goods exports, or 37 percent, went to FTA partners. *(See Hawaii Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 41,600 workers in Hawaii.** *(See Foreign Investment In Hawaii Creates Jobs)*

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 96 percent of the world’s population and 75 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad. At the beginning of 2020, the COVID-19 global pandemic dramatically decreased trade, disrupted communities and economies, and ended millions of jobs across America, including in Hawaii. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs in Hawaii and help it recover faster.

Trade Creates & Supports Jobs in Hawaii

- Export growth increases jobs by generating new business for Hawaii’s manufacturers, services 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 six times faster than total employment from 1992 to 2019.
- 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 supports more than 28 million U.S. jobs that provide middle class incomes.

About Trade & Jobs

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 not typically associated with “exports and imports.”

By the Numbers

204,600
Number of Jobs in Hawaii Supported by Trade

Share of Jobs Tied to Trade
Increased 92 percent from 1992 to 2019

Jobs Tied to Trade
Top Sectors, 2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs Tied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and recreational services</td>
<td>51,200</td>
</tr>
<tr>
<td>Business and professional services</td>
<td>35,200</td>
</tr>
<tr>
<td>Education and health services</td>
<td>23,200</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>22,900</td>
</tr>
<tr>
<td>Transportation and utilities</td>
<td>12,300</td>
</tr>
</tbody>
</table>

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Overview

Hawaii exported an estimated $442 million in goods and $4.0 billion in services in 2019. Between 2010 and 2019, Hawaii goods exports have decreased by 34 percent, while services exports increased by 32 percent. Large companies now account for 47 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 ninth in aquaculture ($2.5 million), 14th in fruits and tree nuts ($25 million), 15th in marine products ($26 million), and 20th in petroleum and coal products ($142 million).
- Hawaii’s services exports in 2019 were about nine times higher than its goods exports, primarily travel-related services such as personal travel and tourism ($1.6 billion), passenger fares ($1.0 billion), and business travel ($530 million).
- One of Hawaii’s fastest growing export categories is preserves and specialty foods, which increased by 119 percent since 2010. In 2019, exports of these products reached $9.3 million.

By the Numbers

749
Number of Hawaii Businesses that Exported in 2018

86%
Share of Hawaii Exporters that Are Small- & Medium-Sized Businesses

Top Hawaii Exports, 2019

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum &amp; Coal Products</td>
<td>$142 million</td>
</tr>
<tr>
<td>Scrap Products</td>
<td>$64 million</td>
</tr>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$51 million</td>
</tr>
<tr>
<td>Marine Products</td>
<td>$26 million</td>
</tr>
<tr>
<td>Fruits &amp; Tree Nuts</td>
<td>$25 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Travel &amp; Tourism</td>
<td>$1.6 billion</td>
</tr>
<tr>
<td>Passenger Fares</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>Business Travel</td>
<td>$530 million</td>
</tr>
</tbody>
</table>

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HAWAII COMPANIES EXPORT THROUGHOUT THE WORLD

In 2019, Hawaii companies sold their products in 105 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $14 million, Services Exports: $370 million
- **United Kingdom**: Goods Exports: $9.4 million, Services Exports: $306 million
- **China**: Goods Exports: $21 million, Services Exports: $378 million
- **Mexico**: Goods Exports: $0.8 million, Services Exports: $289 million
- **Japan**: Goods Exports: $90 million, Services Exports: $318 million
- **Australia**: Goods Exports: $19 million, Services Exports: $201 million

Fast Facts: How Exports Help the Hawaii Economy Grow

- Goods and services exports accounted for 4.7 percent of Hawaii’s state GDP in 2019.
- Hawaii’s annual exports grew 0.7 percent per year since 2010.
- Hawaii’s top export markets for goods are Japan, Korea, and Singapore. Its top market for services is China.
- Hawaii’s goods exports to India have grown by over 200 percent per year since 2010, while Hawaii’s services exports to New Zealand have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Hawaii businesses, workers, and farmers reach the growing number of customers around the world.

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
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Overview

Imports provide a variety of benefit for Hawaii companies and families. Imported consumer goods help keep prices down for Hawaii families while increasing choices for foods and other products that are not available locally. Imported inputs help Hawaii manufacturers compete in both the United States and international markets, while exported goods (e.g., components) and services (e.g., design) often return to the United States as imports. To best meet the COVID-19 challenges, trade policies should ensure that American families and businesses retain access to both domestic and international inputs, supplies and services they need at prices they can afford.

Hawaii Families Benefit from Imports

- In 2019, 17 percent of Hawaii's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Hawaii families more money to spend on locally provided goods and services, such as housing, education, and health care.
- Trade and investment liberalization policies save the average Hawaii family of four more than $10,000 per year through lower prices and increased specialization.

2010-2019 Price Decrease

- -85% for Televisions
- -52% for Computers
- -51% for Toys

Most Importers are Small Businesses

- In 2019, 2,462 Hawaii companies imported goods from 123 countries around the world.
- Nationally, 77 percent of importers were very small businesses with less than 20 employees, while less than 3 percent had over 500 employees.

Hawaii Exports and Imports are Linked Through Global Value Chains

- In 2019, 83 percent of Hawaii goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Hawaii's top imports are critical components for Hawaii exports. Conversely, Hawaii exports of raw materials and parts may return to the United States in imported finished goods.

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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. Hawaii businesses, workers and farmers benefit from market-opening agreements, and would be harmed from new barriers to trade that limit exports, competitiveness, and jobs in Hawaii and United States.

- In 2019, $162 million of Hawaii’s goods exports, or 37 percent, went to FTA partners.
- Since 2010, Hawaii’s goods exports to countries with FTAs in effect with the United States in 2019 have decreased by 38 percent.
- Hawaii’s exports to Canada and Mexico have decreased by $6.5 million (-31 percent) since NAFTA went into effect in 1994.
- Hawaii’s exports to Singapore have increased by nearly 800 percent – from $5.5 million to $49 million – since the FTA with Singapore took effect in 2004.
- Hawaii’s exports to Korea of preserves and specialty foods have increased from $364,000 to $7.7 million since the FTA with Korea went into effect in 2012. In 2019, Korea accounted for 83 percent of Hawaii’s exports of preserves and specialty foods to the world.
- In 2019, $1.2 billion of Hawaii’s services exports, or 32 percent, went to FTA partners.
- Hawaii’s exports to Chile of personal travel have increased from $2.2 million to $14 million, or by 517 percent, since 2006 (earliest year available).

By the Numbers

<table>
<thead>
<tr>
<th>Change in Hawaii Goods Exports to FTA Partners Between 2010 and 2019</th>
</tr>
</thead>
</table>

-38%

Per Capita Purchases of Hawaii Goods, 2019

<table>
<thead>
<tr>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.04</td>
<td>$0.34</td>
</tr>
</tbody>
</table>

* U.S. FTAs in effect with countries in 2019.

In 2019, FTA partners purchased 8.4 times more goods per capita from Hawaii than non-FTA partners.

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Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2019, foreign-owned companies added over $1 trillion to U.S. GDP, including goods exports of $380 billion and R&D spending of over $60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Hawaii is no exception. Foreign-owned companies make significant investments in Hawaii to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed tens of thousands of workers in Hawaii in 2019, including:

- 21,200 workers employed by companies based in Japan;
- 4,200 workers employed by companies based in France;
- 2,400 workers employed by companies based in the United Kingdom;
- 1,600 workers employed by companies based in Germany;
- 1,400 workers employed by companies based in Canada.

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</td>
<td>Food retailing</td>
<td>Japan</td>
</tr>
<tr>
<td>Clinical Laboratories of Hawaii</td>
<td>Healthcare services</td>
<td>Australia</td>
</tr>
<tr>
<td>Colliers International Property Consultants, Inc</td>
<td>Real estate services</td>
<td>Canada</td>
</tr>
<tr>
<td>Firestone Complete Auto Care</td>
<td>Automobile parts retailing</td>
<td>Japan</td>
</tr>
<tr>
<td>Four Seasons Hotels</td>
<td>Accommodations services</td>
<td>Canada</td>
</tr>
<tr>
<td>G4S Secure Solutions USA</td>
<td>Security services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Ueshima Coffee Corp. (UCC Hawaii Corp.)</td>
<td>Coffee manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>WSP</td>
<td>Engineering consulting services</td>
<td>Canada</td>
</tr>
</tbody>
</table>

Foreign-Owned Companies Employed 41,600 Hawaii Workers Across Many Industries, 2019

- Retail Trade: 6,600
- Manufacturing: 3,400
- Wholesale Trade: 3,400
- Finance & Insurance: 1,000
- Information: 500
- Prof., Sci. & Tech. Services: 400
- Other: 26,400

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DATA SOURCES

HAWAII JOBS DEPEND ON TWO-WAY TRADE

Population and Purchasing Power: Derived from World Bank population and GDP estimates

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)

HAWAII COMPANIES EXPORT THROUGHOUT THE WORLD


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

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)

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