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STATE OF HAWAII

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*The*

# FOREIGN- TRADE ZONE

*Its Feasibility in Hawaii*

By NAOMI PERLMAN

*In collaboration with*

ROBERT M. KAMINS and  
KENNETH K. LAU

*Report No. 1, • 1959*

LEGISLATIVE REFERENCE BUREAU

UNIVERSITY OF HAWAII  
HONOLULU 14, HAWAII

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**CONCURRENT RESOLUTION**

BE IT RESOLVED by the House of Representatives of the Twenty-Ninth Legislature, the Senate concurring, that the board of harbor commissioners, in conjunction with the legislative reference bureau, be requested to conduct a study to determine the feasibility of establishing a foreign trade zone in the port of Honolulu under the Act of Congress approved June 18, 1934, as amended, entitled, "An Act to provide for the establishment, operation and maintenance of foreign trade zones in ports of entries of the United States, to expedite and encourage foreign commerce, and for other purposes," and to make a report, including recommendations, to the members-elect of the Thirtieth Legislature by December 1, 1958; and

BE IT FURTHER RESOLVED, that a certified copy of this Resolution be forwarded to the board of harbor commissioners and the legislative reference bureau of the Territory of Hawaii.

DATE: May 7, 1957  
HONOLULU, HAWAII

## *Foreword*

Our report attempts an objective consideration of a proposal frequently made in recent years—that a foreign-trade zone be established in Hawaii. This suggestion has been given renewed attention since the federal government in 1958 returned to the Territory of Hawaii the title to much of Sand Island, which lies conveniently in Honolulu Harbor.

The report was prepared by the Legislative Reference Bureau by the direction of the 1957 Hawaii legislature. The territorial Board of Harbor Commissioners, which collaborated in a most essential manner by paying for the costs of printing the study, has reviewed the report and has an adverse recommendation concerning the establishment of a foreign-trade zone. That recommendation is printed on the following page.

In keeping with its established policy, the Legislative Reference Bureau has no recommendation on this proposed legislation, but limits its report to the presentation and analysis of factual information.

Many persons provided helpful materials and counsel in the preparation of this study. Among these persons are Joseph M. Marrone, Executive Secretary, Foreign-Trade Zones Board; Lloyd B. Sanderson of New York Foreign-Trade Zone Operators, Inc.; George Haverstick, Superintendent of the New Orleans Foreign-Trade Zone; J. Campbell of the Port of San Francisco; R. O. Edwards of the Port of Seattle; J. F. Parkinson of the Harbor Department of Los Angeles; Clay Shaw of the New Orleans International Trade Mart; Carl E. Christopherson of the World Trade Center in New England, Inc.; and Frank E. Marsh of the San Francisco World Trade Center. Their interest and help are gratefully acknowledged.

*ROBERT M. KAMINS*  
*Director, Legislative Reference Bureau*

January 9, 1959

*Statement and Recommendation*  
**OF THE BOARD OF HARBOR COMMISSIONERS\***

From the data presented in this report, it is shown that of the original seven foreign-trade zones established in the United States only four are still in operation. Two zones closed down because of continuing financial losses and one for political reasons. Only New York has shown continuing moderate profits. Los Angeles closed down in 1955 after seven years' operation with an aggregate loss of \$518,000. The profit or loss of the four zones which are still in operation is as shown below:

New York	- 19 years, average profit, \$74,700/yr.
New Orleans	- 10 years, " " , \$3,900/yr.
Seattle	- 8 years, " loss , \$42,900/yr.
San Francisco	- 9 years, " " , \$87,300/yr.

It would appear that with our high cost of industrial land and our limited supply of raw materials we would have a more difficult time making a foreign-trade zone pay off than the mainland cities mentioned in this report and it is not believed that such a zone in Honolulu would be financially self-supporting; therefore it is recommended that we do not create a foreign-trade zone in Hawaii.

*BOARD OF HARBOR COMMISSIONERS*

December, 1958

Note: The Legislative Reference Bureau, in keeping with its established practice, does not take a policy position on this or any other subject.

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## *Introduction*

World War II created major dislocations in the foreign-trade patterns of the United States. Upon the conclusion of hostilities, governmental and commercial leaders in some of the major port areas sought means of re-establishing and expanding the foreign commerce through their ports. One of the measures employed was the establishment of foreign-trade zones patterned after the zone established by the City of New York in 1937. Between 1947 and 1950, foreign-trade zones were established in New Orleans, San Francisco, Los Angeles, Seattle and San Antonio.

The action of the three Pacific Coast cities in this respect has attracted the attention of business and political leaders in Hawaii. Considerable interest has been displayed in the possibility of establishing such a zone in Honolulu. The geographical location of the Territory astride the sea lanes of the Pacific, a trade-oriented community which brings into the Territory the major part of its daily commodities, and the rapid growth of the Territory's population requiring continued expansion of its economy and employment have combined to focus attention on the foreign-trade zone idea.

This report is prepared in response to House Concurrent Resolution 70 of the 1957 Legislature of the Territory of Hawaii which requested the Legislative Reference Bureau, in conjunction with the Board of Harbor Commissioners, to study and report on the feasibility of establishing a foreign-trade zone in the port of Honolulu. It examines the background, functions and operations of foreign-trade zones in the United States, looks at the foreign-trade situation of the Territory and tries to see whether a foreign-trade zone might increase foreign trade and employment in Hawaii, and reviews complementary operations that have been developed in other port areas to stimulate foreign trade.

## CHAPTER 1

### *Foreign-Trade Zones*

The 1957 legislature of the Territory of Hawaii requested a study and report on the feasibility of establishing a foreign-trade zone in the port of Honolulu. The territory is experiencing a rapid growth of population. At the same time continued mechanization of sugar and pineapple plantations annually reduces the number of persons employed by these basic industries. Consequently, there is widespread interest in encouraging an expansion of Hawaii's economy and its employment.

The question of the establishment of a foreign-trade zone in Honolulu may be examined in the light of these considerations. Would the existence of a foreign-trade zone stimulate the growth of existing businesses and of foreign trade or would it contribute to the establishment of new firms?

#### **WHAT ARE FOREIGN-TRADE ZONES?**

Foreign-trade zones are established in the United States under the provisions of the Celler Act,<sup>1</sup> which was passed in 1934 and extended by the Boggs amendment<sup>2</sup> in 1950. The law is intended to encourage American firms engaging in international trade by offering them an opportunity to minimize tariff duties and the red tape associated with foreign trade as they import, transship and re-export commodities.

A foreign-trade zone has been defined as:

.... an isolated, enclosed and policed area, in or adjacent to a port of entry, operated as a public utility by a public or private corporation where foreign or domestic merchandise of every description, except such as prohibited by law, may, without being subject to the customs laws of the United States, be brought and may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured and be exported, destroyed, or sent therefrom into the custom territory of the United States in the original package or otherwise.<sup>3</sup>

When goods are sent out of the zone into the customs territory of the United States they become subject to tariff duties and to other federal laws regulating imports. A foreign-trade zone is only one



sector or a port—and a small portion, geographically, of the American ports where they are established.

The main functions which a zone can perform are:

1. *Transshipment.* The foreign-trade zone provides an area where goods can be stored, repackaged, assembled or otherwise manipulated while awaiting shipment to another American port or abroad, without either the payment of duty or posting of bond.

2. *Storage.* Part or all of the goods may be stored at a zone indefinitely, and without duty or bond, until a new import quota period, until the importer has a demand for the merchandise or until he decides how he wishes to dispose of it to the best advantage.

3. *Exhibition.* An importer may exhibit goods here to his customers and take orders, then return to his overseas sources the merchandise for which he does not have a market, without either bond or duty payments on the unsold wares.

4. *Manipulation.* Imported goods may be manipulated, assembled or disassembled, or combined with domestic goods and then either re-exported or imported into the customs area. Import duties are paid only on the imported article. There is no duty imposed on any merchandise discarded as waste nor on any domestic goods incorporated into the final product.

5. *Manufacture.* Manufacturing operations may be carried on in the zone area, and the merchandise either exported or imported.<sup>4</sup> Import duties are payable only on that part of the product consisting of foreign goods.

6. *Facilitating tax refunds and drawbacks.* When domestic goods, subject to internal revenue taxes, are exported, the taxes are refunded. Similarly, when articles manufactured in the United States in part or wholly from imported materials are exported, 99 per cent of the duty paid on the ingredients is refunded as a drawback. When goods for export are moved into a zone, the refunds of internal revenue taxes and drawbacks are payable immediately.

## **BONDED WAREHOUSES**

The foreign-trade zone is one device for aiding the import and export industries. Other means of stimulating foreign trade have also been developed, some of which are briefly discussed in the concluding chapter of this report. However, one such institution, the bonded warehouse, is considered here, in order to distinguish its operation from those of a foreign-trade zone, which it resembles in some respects.

Bonded warehouses may be used for the storage or treatment of imported or exported merchandise. The warehouse is secured to ensure the safety of the goods and that imported goods will not be placed in domestic commerce until duty is paid; during storage customs employees have joint custody with the proprietor of the merchandise. The warehouse owner posts bond in an amount which varies with the class of warehouse and its facilities, and the users of the warehouse put up a bond of twice the amount of the duty.<sup>5</sup> The warehouse may be public—that is, accepting goods from the general public for storage at a fee—or private, storing goods of the proprietor only.

Under federal law, there are eight classes of bonded warehouses: the first five are for the storage of various kinds of merchandise; Class 6 warehouses are for the manufacture in bond of articles made in whole or in part of imported materials, solely for export (cigars are an exception to this rule); Class 7 warehouses are for the smelting and refining of imported ore or crude metal; while in Class 8 warehouses manipulating, but not manufacturing, operations may be performed.

#### **COMPARISON OF FOREIGN-TRADE ZONES AND BONDED WAREHOUSES**

The bonded warehouse thus performs many of the same functions which can be carried on in a foreign-trade zone. However, the latter possesses advantages in some respects:

1. No import papers or bonds are required on merchandise placed in the foreign-trade zone.
2. An importer may lease space in the zone, establish his own office and use his own employees. In a public bonded warehouse the proprietor furnishes the labor and determines the charges.
3. Storage in a foreign-trade zone is for an unlimited period; in the warehouse, it is limited to three years, though it may be extended on application.
4. In a foreign-trade zone manufacturing operations may be performed on goods to be either imported or re-exported, while in a bonded manufacturing warehouse the merchandise may be exported only.
5. On merchandise which is subject to shrinkage or spoilage (such as wood, copra or edible nuts) duty is paid on the weight at the time of entrance into the customs area upon withdrawal from the zone. In the bonded warehouse, duty is paid on the full landed weight.

6. Withdrawals from the zone may be part of a package and made without delay under an informal entry. Withdrawals from a warehouse must be in units of complete packages, and must be in accordance with more formal procedures.

7. Merchandise may be examined in the zone prior to importation.

The common basis for the existence of either extensive zone facilities or a highly developed bonded warehouse system lies in there being (a) substantial tariffs on at least some items; (b) a re-export trade of some significance; and (c) a large consuming area which absorbs imports which can be stockpiled or manipulated to advantage, sometimes accentuated by war conditions abroad, large price fluctuations, or factors affecting the otherwise normal flow of merchandise.

### **FREE PORTS AND FREE CITIES<sup>6</sup>**

Foreign-trade zones in the United States are patterned in large measure upon the modern free ports of Europe, the best known of which are Hamburg, Bremen, Copenhagen and Stockholm. Most modern free ports have developed from the historical free city, consisting of an entire urban unit and usually its immediate trading area. Today, such free cities are virtually non-existent, their closest modern parallels being the British colonies of Hong Kong and Singapore. These are "outlying free port forms" incorporated into the overseas possessions of Great Britain, as distinguished from the European free port which involves a portion of a city, which in turn is normally a port of entry for a nation. Of these "free cities," such as Hong Kong and Singapore, it has been written:

.... Their actual functions, apart from military or strategic considerations, have been those of accumulating foreign merchandise for home consumption, for redistribution, and for ships' provisions, and of marketing home-produced merchandise. In other words, they are primarily points of transshipment. Legally, however, they are colonies occupying rather small areas and characterized by import tariffs on only a few commodities such as liquor, tobacco, and gasoline. Under such conditions the entire colony becomes a potential free port form--i.e., a free city. If it is well located with respect to heavily-frequented world trade routes or to a favorable hinterland, it can realize its potentialities. But if with similar import laws, it is not well located--and such examples as the Falkland Islands do exist--it will not develop a major entrepôt trade and associated free port status.

The modern free port of Europe has evolved from its historical antecedent of a free city to a point where its functions are similar to the American foreign-trade zone and the following language has been used to describe both the free port and foreign-trade zone:

It is "free" and "foreign territory" only with respect to *application of customs formalities* within its boundaries. Directly or indirectly, it is still within the *jurisdiction* of customs authorities. This is an extremely important point; for, in every free port given special attention in this study, the extension of the authority of customs officials into the free port tends to negate the basic assumption upon which the device is based--namely, that goods within the free port are *not* subject to customs jurisdiction.

.....

By providing a legal haven beyond tariff walls for dutiable merchandise, a free port enables the re-export of such merchandise with a minimum of customs procedure. Such re-export transshipment has been the major historical reason for existence of various free port forms. In some cases the transshipment has been direct from one medium of transportation to another, but more often a period of warehousing intervenes. The free port has also been associated to some degree with import of merchandise into its host nation by making possible the warehousing, manipulation and sorting, and sometimes the manufacture of merchandise before it is brought over the customs boundary. Thus a convenience of time as well as saving of money is afforded the importer. He need not formally import such goods until they are needed; whether for personal convenience or for such a purpose as awaiting a new quota period on certain merchandise restricted as to volume of imports in a given time, he may leave the goods in the free port. Meanwhile, in most free ports negotiable warehouse receipts are issued for such merchandise, and a total freezing of the merchant's funds is avoided. When or if he does import the goods, he pays duty only on the essentials. This is particularly important regarding commodities subjected to high import tariffs.

#### FOOTNOTES

1. Public Law No. 397, 73rd Congress.
2. Public Law No. 566, 81st Congress.
3. *19th Annual Report of the Foreign-Trade Zones Board to the Congress of the United States* (1947), p. 25. The definition is largely that of the law authorizing the establishment of foreign-trade zones (19 USCA 81c).
4. The Foreign-Trade Zones Act prohibits, however, manufacturing in a zone which involves the production of certain commodities from either foreign or domestic materials, when that production is subject to taxation and its regulation under the Internal Revenue Code. These commodities include sugar, coconut oil, liquor, tobacco, narcotics, phosphorus matches, firearms and filled cheese.
5. *19th Annual Report of the Foreign-Trade Zones Board to the Congress of the United States* (1957), p. 24, item b.
6. Richard S. Thoman, *Free Ports and Foreign-Trade Zones* (Cambridge, Maryland: Cornell Maritime Press, 1956). Quotations are from Chapter I, "The Free Port: Definition, Distribution and Historical Development", pages 8-10.

## CHAPTER 2

### *Foreign-Trade Zones in the United States*

#### GENERAL

The original Foreign-Trade Zones Act of 1934 established a Foreign-Trade Zones Board, comprised of the Secretary of Commerce, the Secretary of the Treasury and the Secretary of the Army and set forth procedures for the establishment and operation of zones. The Boggs amendment in 1950 extended the scope of zone operations to permit manufacturing and the exhibition of merchandise in the zone. The law authorizes public or private corporations to apply for permission to establish and operate foreign-trade zones, though the law states that preference is to be given to public corporations. Each American port of entry is entitled to at least one such zone.

The law specifies that application to the Board for the establishment of a zone must state in detail the location and qualifications of the proposed zone area, the facilities, estimates of costs, and means of financing, and be accompanied by an economic survey giving the economic rationale of the zone. The Board acts upon these applications and issues regulations for the operation of the zones. Permission for any manipulation, manufacture or exhibition must be obtained from the collector of customs at the port, who serves as a representative of the Board. His decisions may be appealed to the Board. Customs officers and customs guards are assigned to the zones to protect customs revenue, and the cost of these services is charged to the zones.

Since the passage of the act, seven zones have been established in the United States, and they are listed in Table 1. Four of the seven are still in operation: New York (opened in 1937); New Orleans (1947); San Francisco (1948); and Seattle (1949). These four zones are discussed at greater length in Chapter 3.

Mobile, Alabama, the second zone to receive a license, opened in 1938 and functioned for a period of six months. The decision to close the zone was apparently not based on experience or economic considerations, but was political. The Mobile zone became an issue in the gubernatorial campaign of 1938, and it was abolished upon the election of the candidate opposed to the continuation of the zone.<sup>1</sup>

Table 1. FOREIGN-TRADE OF THE UNITED STATES  
(Area includes land and water)

No.	Location	Grantee	Operator	Period of Operation	Area
1.	New York	City of New York <sup>a</sup>	New York Foreign-Trade Zone Operators, Inc. <sup>c</sup>	1937 to date	45 acres
2.	Mobile, Alabama	Alabama State Docks Commission <sup>b</sup>		Six months in 1938	14 acres
2'.	New Orleans	Board of Commission for New Orleans <sup>b</sup>		1947 to date	20 acres
3.	San Francisco	Board of State Harbor Comm. for San Francisco <sup>b</sup>	West Coast Terminals, Inc. <sup>c</sup>	1948 to date	7 acres
4.	Los Angeles	Board of Harbor Commissioners of Los Angeles	Crescent Warehouse Co. <sup>c</sup>	1949-1955	7 1/2 acres
5.	Seattle	Port of Seattle Commission <sup>a</sup>		1949 to date	3 1/2 acres
6.	San Antonio	Scobey Fireproof Storage Co. <sup>c</sup>		1950-1953	3 1/2 acres

<sup>a</sup>Municipal agency.    <sup>b</sup>State agency.    <sup>c</sup>Private firm.

The Los Angeles zone opened in 1949 and closed in 1955; the San Antonio zone operated from 1950 to 1953. Both of these zones closed because they found it financially unprofitable to continue.

## OPERATIONS

The operations which have been conducted in the various American zones have been mainly storage and manipulative activities. The privilege of exhibiting merchandise in the zone has also been utilized, but manufacturing operations have been undertaken only on an inconsequential scale. To this date the main benefit of the Boggs amendment permitting manufacturing in the zones has been to eliminate the problems which formerly arose in determining whether a particular operation was manipulation or manufacture.

The following examples give some idea of the kinds of manipulation of imports carried out at the various zones in the United States:

*Fabrics and yarns:* examining, cutting lengths for samples, repacking. In Seattle, one importer cut the patterns for expensive imported woolen cloth in the zone and thus saved the costs of duty on the waste.

*Hardwood lumber:* grading, sorting, sizing and drying in a kiln, resulting in a saving in transportation costs and duties.

*Brazil nuts:* trenching, sampling, picking, coloring, destroying culls, mixing with domestic nuts and packaging for retail sale. The culling and drying processes reduce the weight by about 20 per cent and since duty is paid on the weight, the duty savings may be substantial.

*Cameras and camera accessories, cutlery, porcelain ware, silk goods, steelware, brassware, pottery, earthenware, toys, radios, ceramics:* inventory, sorting, repacking, in some cases for informal entry.

*Cotton:* fumigating, sampling, marking, repacking.

*Coffee:* cleaning.

*Spices:* cleaning and grinding.

*Casein:* sampling, testing, commingling, grinding and bagging.

*Liquor:* inspecting, affixing and removing strip stamps, destroying, marking for export, repacking.

*Ore:* sampling and repacking. This manipulation permits the importer to determine whether the ore meets specifications and mixing it with other ores in order that an exact delivery can be made.

*Watches, movements and cases:* examining, assembling, repacking, marking. Imported watch movements are often repacked in American watch cases and then re-exported.

*Sheet aluminum:* imported from Great Britain, fabricated in zone, exported to tropics as knockdown dwelling.

*Pharmaceuticals:* combining, mixing, repacking, and in many cases re-exporting.

*Canned seafood:* unpacking, labeling, repacking.

There are numerous other sampling, sorting, examining and repacking operations carried on at each of the foreign-trade zones. Relatively little advantage has been taken, however, of the opportunity to use the zones for manufacturing. Joseph M. Marrone, executive secretary of the Foreign-Trade Zones Board, stated:

With few exceptions, the zones are doing less in the way of manipulation and/or manufacture today despite the increased privileges under the [1950] Boggs amendment than in the early days, notwithstanding the then existing limitations. What has happened? Has the thinking of the zone operators progressed with the new advantages, or have they completely fallen down on the job? 2

#### FOOTNOTES

1. Charles Miller, *A Foreign-Trade Zone for Puget Sound: Its Economic Desirability and Feasibility* (Seattle, 1943), p. 97.

2. Commonwealth of Massachusetts, *Report of the Special Commission to Investigate and Study Certain Proposed Legislation Pertaining to the Industrial and Economic Development of the Commonwealth and Related Matters* (House of Representatives, No. 3009), February 13, 1957, p. 12.



## CHAPTER 3

### *Description of American Zones*

#### **NEW YORK ZONE**

The New York foreign-trade zone—Zone 1—is the oldest, largest and most profitable of the zones in the United States. Occupying 92 acres of waterfront terminal and storage area on Staten Island, the zone is operated privately (by New York Foreign-Trade Zone Operators, Inc.), under a grant held by the department of Marine Aviation of the City of New York. Facilities include two deepwater piers, three floating derricks, closed and open storage areas.

Zone 1 commenced operations in 1937 and in every year since 1939 has shown a profit (see Table 2). The prewar year 1941 was by far the most profitable in the zone's history. The second most profitable year was fiscal 1952, during the Korean War. Both periods were characterized by stockpiling speculative accumulations of merchandise and higher levels of re-exports than usual. It may be noted, that though the profits for fiscal 1957 have risen, there appears to be a long run tendency toward a decline in profits. Examination of the value and volume of merchandise received at the zone, as shown in Table 2, tends to confirm this trend. Both the value and the tonnage of merchandise passing through the zone have fallen markedly in the last few years compared with the post war period, through 1952.

New York is the major port in the United States and over one-third of the total imports come into the country through the New York customs district. Consequently, there is opportunity for the zone to play a role in many different operations. Most of the operations which are carried on at other zones consequently are also performed here.

There has not, however, been a stable base of commodities comprising the bulk of the merchandise handled at the zone. Examination of the five leading commodities of foreign origin over the years show that though watches and watch movements have constituted an important part of the commerce during most years, most other commodities figure in this group of leaders for a few years and are then replaced by others. For example, the leading commodities in the years 1940-42 included machinery, coffee, airplane

Table 2. NEW YORK FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1937-1957 (Money values in thousands of dollars; volume in long tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Profit
1937 <sup>a</sup> . . . . .	\$ 1,200	9,500	\$ --	\$ --	\$ --
1938 . . . . .	5,800	34,700	69	117	-47 <sup>d</sup>
1939 . . . . .	39,100	90,000	257	206	51
1940 . . . . .	83,400	192,600	519	439	80
1941 . . . . .	88,600	122,200	691	428	263
1942 . . . . .	36,900	40,700	575	465	110
1943 . . . . .	25,200	32,700	505	386	128
1944 . . . . .	22,600	29,600	480	448	32
1945 . . . . .	25,900	31,000	519	508	11
1946 . . . . .	69,300	75,500	811	769	42
1947 . . . . .	119,600	146,500	923	791	132
1948 . . . . .	97,400	96,000	879	798	81
1949 . . . . .	(b)	(b)	(b)	(b)	(b)
1950 <sup>c</sup> . . . . .	63,500	81,200	709	666	43
1951 . . . . .	52,600	61,300	768	688	80
1952 . . . . .	95,800	83,000	858	721	137
1953 . . . . .	30,900	45,700	700	663	36
1954 . . . . .	54,500	62,600	742	641	101
1955 . . . . .	27,600	52,600	588	570	18
1956 . . . . .	26,100	28,900	642	598	44
1957 . . . . .	26,000	27,800	705	629	77

<sup>a</sup>Calendar years until 1950.

<sup>b</sup>Data for period January-June not available.

<sup>c</sup>Fiscal years after 1950.

<sup>d</sup>Loss.

<sup>e</sup>Thus in 1944 report, pp. 5-6.

Note: Source for Tables 2-11 are Annual Reports of the Foreign-Trade Zone Board to the Congress of the United States.

Storage includes tollage and sheddage.

Due to rounding, totals do not always equal the sum of their parts and profit/loss does not always equal the difference between income and expenses.

Table 3. NEW YORK FOREIGN-TRADE ZONE: PERCENTAGE  
DERIVATION OF GROSS INCOME, 1950-1957

	1950	1951	1952	1953	1954	1955	1956	1957
Rents for buildings and equipment . .	3.0	3.2	4.1	6.1	1.4	1.2	1.5	1.6
Dockage, wharfage and demurrage. .	3.3	2.9	2.0	7.1	12.3	8.7	17.2	17.1
Storage . . . . .	63.2	58.9	68.4	60.0	58.7	54.6	54.4	43.2
Labor provided customers . . . .	30.5	35.0	25.5	27.2	27.6	35.5	27.0	38.1

parts, tungsten ore, motor trucks, cotton, tobacco, preserved meats and cottonseed oil. In 1955-57, the leading commodities were ore, watches and watch movements, pharmaceuticals, cotton, steel, cocoa beans, Brazil nuts and diamonds. The only commodity common to both lists is cotton. However, with the large trade enjoyed by the New York Port, it is by no means essential that there be a stable base to this trade.

The major share of the income of Zone 1 has been derived from storage operations, with most of the remainder coming from payment for labor provided to the customers by the zone's grantees (see Table 3).

### **NEW ORLEANS ZONE**

Foreign-Trade Zone Number 2 was opened in the port of New Orleans in 1947. Operated by the Board of Commissioners, Port of New Orleans, the zone's facilities are well located with respect to all forms of transportation and proximity to downtown New Orleans. The zone covers approximately 25 acres, most of it paved and about half under roof. Covered concrete storage cubicles, measuring 30 by 100 by 26 feet, can be rented on lease arrangements.

During its first few years Zone 2 operated at a loss, but, as shown in Table 4, it has continued to show profits since 1952. Fiscal 1952 was the most profitable year for the zone, probably, as in the case of the New York zone, stimulated by the Korean War stockpiling. Since then income has fallen somewhat, and though expenditures have also declined, they have not fallen by a like amount and since 1955 profits have been substantially reduced. However, as also shown in Table 4, the volume of merchandise received in the zone has continued to increase to the point where it is almost twice the tonnage received in the New York zone. The value of goods handled in the zone has also risen, though not as markedly as volume. Commodities received at the New Orleans zone tend to be bulk commodities, and consequently the value is about 60 per cent of that in the New York zone.

Special facilities have been built for particular operations either by individual firms or by the zone itself. For example, an importer of casein erected a milling operation in the zone for the preparation of this product (used in manufacturing paint, glue, etc.). The zone itself constructed a vacuum fumigation plant which has been used for treating cotton, vetch, tobacco and other agricultural products, and in the two years when its earnings were reported separately, the plant was responsible for 5 to 7 per cent of the total income of the zone. A firm which had formerly graded,

Table 4. NEW ORLEANS FOREIGN-TRADE ZONE: DATA ON OPERATIONS, 1947-1957 (Money values in thousands of dollars; volume in short tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Profit
1947 <sup>a</sup> . . . . .	\$ 4,500	11,500	\$ 42	\$ 97	\$-55 <sup>c</sup>
1948 . . . . .	9,100	26,900	146	158	-11 <sup>c</sup>
1949 <sup>b</sup> . . . . .	4,400	13,700	76	80	- 5 <sup>c</sup>
1950 <sup>b</sup> . . . . .	13,600	32,800	158	178	-20 <sup>c</sup>
1951 . . . . .	10,700	28,600	181	196	-15 <sup>c</sup>
1952 . . . . .	15,400	42,500	247	205	43
1953 . . . . .	14,000	29,600	225	198	27
1954 . . . . .	14,000	27,500	234	195	38
1955 . . . . .	11,200	30,600	202	180	22
1956 . . . . .	17,400	48,000	192	184	9
1957 . . . . .	15,000	50,200	192	186	6

<sup>a</sup>Calendar years until 1950; 8 months in 1947.

<sup>b</sup>First 6 months only in 1949; fiscal year thereafter.

<sup>c</sup>Loss.

Table 5. NEW ORLEANS FOREIGN-TRADE ZONE: PERCENTAGE DERIVATION OF GROSS INCOME, 1950-1957

	1950	1951	1952	1953	1954	1955	1956	1957
Rents for buildings and equipment . .	41.0	41.6	24.3	31.4	29.6	44.0	56.3	57.7
Dockage, wharfage and demurrage . .	19.5	14.2	12.0	23.8	26.0	--	--	--
Storage . . . . .	26.3	32.3	43.7	25.2	30.2	39.3	28.5	19.8
Labor provided customers . . . . .	5.1	4.9	13.1	7.2	5.1	8.8	9.4)	
Fumigation . . . . .	--	--	--	--	--	6.8	4.9)	22.5
All other . . . . .	8.0	7.0	7.0	12.5	9.1	1.0	1.0)	

sorted and sized imported hardwood lumber in the zone later erected a kiln in which the lumber could be dried, thus reducing subsequent transportation costs. An alcoholic beverage bottling plant, an edible nut sorting operation and other special facilities are also available in Zone 2.

The pattern of leading imports in New Orleans has exhibited greater stability than is found in the New York zone. This probably results from the fact that Latin American imports predominates, as well the development of facilities specifically designed to handle certain types of goods. Lumber (hardwoods), casein and cotton have all figured among the five leading commodities in the last few

years and cotton has been in this group almost every year since the opening of the zone.

The major source of income for the zone, as may be seen from Table 5, has been income from rentals of buildings and equipment. Unlike the other zones, storage has been a much smaller element in the zone's operations. Dockage charges are no longer a source of income, since in the spring of 1954 the boundaries of the zone were relocated to exclude the water area and berthing facilities. Thus, this zone is on the water front, but with no wharves or piers, receives practically all its shipments by overland carrier from other parts of the New Orleans port.

### **SAN FRANCISCO ZONE**

Zone 3, at San Francisco, was opened in 1948, the first of three zones to open on the West Coast. Operated by the Board of State Harbor Commissioners for the Port of San Francisco, the zone occupies the ground level of one pier, including some 800 feet of berthing space and 200,000 feet of surface area. It is well located with respect to quayside facilities and overland carrier facilities as well as to the center of the city. However, the zone has had a net loss every year since it opened, in fiscal 1957 exceeding \$100,000 (Table 6). Its major source of income has been from dockage, wharfage and demurrage fees (Table 7), with demurrage constituting over 32 per cent of total income in 1957. This results in part from the fact that in order to utilize surplus space, normal cargo handling, having no relation to foreign-trade zone operations, has been carried on within the zone. However, because the United States Customs Service charges the zone for inspection service to vessels, the zone has requested the deletion from its boundaries of all water area and adjacent aprons in order to avoid these charges, and also to release the pier area for use of the normal commerce of the port.<sup>1</sup>

The volume and value of merchandise handled in the San Francisco zone have been much less than at either New York or New Orleans and have fluctuated in amount from year to year, without any obvious trend. Foreign autos and whiskey have been among the five leading commodities in the zone trade since its opening; plywood has been of increased importance since 1955.

The San Francisco zone appears to be a costly operation, relative to the amount of merchandise handled, compared with the New York and New Orleans zones. Manipulative operations carried on in the zone have included unpacking, repacking, inspect-

Table 6. SAN FRANCISCO FOREIGN-TRADE ZONE: DATA ON OPERATIONS, 1949-1957 (Money values in thousands of dollars; volume in short tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Loss
1949 . . . . .	\$ 3,300	10,400	\$ 58	\$200	\$142
1950 . . . . .	7,000	9,300	91	177	86
1951 . . . . .	5,500	8,800	100	180	79
1952 . . . . .	6,000	16,600	125	176	51
1953 . . . . .	5,300	8,000	160	225	65
1954 . . . . .	6,300	6,600	144	235	91
1955 . . . . .	9,000	13,300	156	241	85
1956 . . . . .	8,500	16,200	181	264	83
1957 . . . . .	4,900	4,000	116	220	104

Table 7. SAN FRANCISCO FOREIGN-TRADE ZONE: PERCENTAGE DERIVATION OF GROSS INCOME, 1950-1957

	1950	1951	1952	1953	1954	1955	1956	1957
Rents for buildings and equipment . .	7.9	8.2	6.4	9.9	14.9	16.3	17.2	21.9
Dockage, wharfage and demurrage. .	30.8	31.2	31.5	37.2	36.2	29.6	34.4	46.6
Storage . . . . .	26.5	26.0	24.6	27.0	25.6	21.0	18.4	10.3
Labor provided customers. . . . .	27.1	23.4	14.2	18.1	15.4	16.7	14.1	8.0
All other . . . . .	7.7	11.2	23.2	7.8	7.9	16.4	16.0	13.2

ing, sampling, cleaning of coffee, combining and mixing pharmaceuticals, and marking for export. Several import-export firms rent space within the zone on a monthly basis. Two firms have special installations: one has machinery for cleaning beans, seeds and spices; the other for the handling of pharmaceuticals.

## SEATTLE ZONE

Seattle was the last of the three West Coast cities to open its foreign-trade zone. It was opened September 1950 by the Port of Seattle Commission, a special municipal corporation, and encompasses a somewhat smaller area than the other zones: originally containing 54,000 square feet of covered storage space on some 3 1/2 acres, in 1953 its premises have been contracted to include only one warehouse of 27,000 square feet.<sup>2</sup> Throughout its brief history it has comprised a much smaller operation than the

Table 8. SEATTLE FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1950-1957 (Money values in thousands of dollars; volume in long tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Loss
1950 <sup>a</sup> . . . . .	\$ 1,800	3,500	\$ 16	\$ 66	\$ 50 <sup>b</sup>
1951 . . . . .	3,400	7,900	34	106	72 <sup>b</sup>
1952 . . . . .	3,200	5,000	29	98	69
1953 . . . . .	3,400	7,400	29	78	50
1954 . . . . .	500	1,500	15	60	45
1955 . . . . .	2,700	1,400	10	45	35
1956 . . . . .	1,000	1,400	9	27	17
1957 . . . . .	700	1,100	20	26	5

<sup>a</sup>First 10 months operation.

<sup>b</sup>These losses were partially offset by receipt of state grants, to meet anticipated deficits, in these amounts - 1950, \$35,741; 1951, \$43,110.

Table 9. SEATTLE FOREIGN-TRADE ZONE: PERCENTAGE DERIVATION  
OF GROSS INCOME, FISCAL YEARS 1950-1957

	1950	1951	1952	1953	1954	1955	1956	1957
Rents for buildings and equipment . .	1.0	1.3	2.4	1.7	2.1	11.9	6.3	1.0
Dockage, wharfage and demurrage. .	2.6	5.5	13.1	12.9	0.9	--	4.5	3.8
Storage . . . . .	12.7	12.0	40.8	35.2	75.9	51.6	60.7	77.1
Labor provided customers . . . .	14.2	24.3	42.2	48.1	18.7	31.5	27.3	17.6
State subsidy . . . .	68.5	55.9	--	--	--	--	--	--
All other . . . . .	1.1	0.9	1.5	2.1	2.4	5.0	1.3	0.6

other zones, in volume of merchandise handled, income and expenses, as may be noted from Table 8.

The zone has shown a loss in every year of its operation; however, this has been a steadily diminishing loss, amounting in fiscal 1957 to only \$5,200. Income, which had fallen off sharply after the close of the Korean War, doubled in 1957, and the zone operators in their report for that year stated that they expected zone business to increase. As shown in Table 9, the major source of income for the zone, particularly since 1953, has been receipts from storage operations. The Seattle zone has received a substantial share of its merchandise from within the United States, for export or re-export. Among the commodities of foreign origin, items from Japan have been important factors. These have

included canned salmon, crabmeat and clams, earthenware and porcelain ware, and more recently optical goods. In the latter group, the zone has handled such items as microscopes, which had been disassembled in order to take advantage of lower duty rates.

### LOS ANGELES ZONE

The Los Angeles foreign-trade zone opened in the fall of 1949, approximately the same time as the Seattle zone. It closed in 1956 after having sustained substantial losses in every year of operation, as may be noted from Table 10. In its letter to the Foreign-Trade Zones Board requesting revocation of the grant permitting operation of the zone, the City of Los Angeles stated that "the Zone had undergone a prolonged test of over five years, that all reasonable efforts had been made to attract business to the Zone but that a sufficient volume had not developed, and that a careful survey of

Table 10. LOS ANGELES FOREIGN-TRADE ZONE: DATA ON OPERATIONS, 1950-1956 (Money values in thousands of dollars; volume in short tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Loss
1950 <sup>a</sup> . . . . .	\$ 2,238	6,548	\$ 47	\$108	\$ 62
1951 . . . . .	5,867	14,782	85	157	72
1952 . . . . .	684	1,051	19	118	99
1953 . . . . .	8,956	16,143	118	185	66
1954 . . . . .	3,692	5,191	84	156	71
1955 . . . . .	1,107	2,021	32	124	92
1956 . . . . .	1,001	1,055	14	70	56

<sup>a</sup>First 10 months operation.

Table 11. LOS ANGELES FOREIGN-TRADE ZONE: PERCENTAGE DERIVATION OF GROSS INCOME, FISCAL YEARS 1950-1956

	1950	1951	1952	1953	1954	1955	1956
Rents for buildings and equipment . . . .	0.8	1.0	1.5	0.4	--	--	--
Dockage, wharfage and demurrage. . . .	1.1	3.7	--	--	--	--	--
Storage <sup>a</sup> . . . . .	41.1	30.1	80.1	48.5	70.8	60.6	70.2
Labor provided customers. . . . .	54.9	63.3	18.3	50.6	28.3	39.2	29.8
All other . . . . .	2.1	1.9	0.2	0.5	0.8	0.2	--



possible sources of business failed to show any promise or prospect of developing an increased volume." The city cited as the causes of the failure of the zone to attract business:

1. The speed with which European and Japanese shipping resumed direct service to various ports, eliminating the possibility of Los Angeles serving as a major transshipment port.
2. A tendency of the United States to reduce its import duties and restrictions, so reducing the advantages which a foreign-trade zone offers.
3. Finer culling of cargo before shipment from overseas ports, due to the world-wide increase in ocean freight and terminal costs.
4. Improvement of packaging, canning and labeling procedures abroad.
5. Growing emphasis on rapid turnover of inventory for many commodities.
6. A relative increase in terminal costs at Los Angeles compared with other ports.
7. The location of the zone 25 miles from metropolitan Los Angeles, thus increasing transportation costs to and from the zone, as well as making it inconvenient for inspection of merchandise on display.

The letter also noted that most of the zone's business had been storage (see Table 11) and most of the storage business was not of a character to require zone accommodations. Of the tonnage stored by the zone up to June 1955, it was estimated that only two-tenths of one per cent legally required the status of a zone.<sup>3</sup>

*Table 12. SAN ANTONIO FOREIGN-TRADE ZONE: DATA ON OPERATIONS, FISCAL YEARS 1951-1953*

	<i>Income</i>	<i>Expenditures</i>	<i>Net Loss</i>
1951 <sup>a</sup> . . . . .	\$ 48,254	\$128,056	\$70,802
1952 . . . . .	67,547	135,241	67,694
1953 . . . . .	142,957	169,219	26,263

<sup>a</sup>First 10 months operation.

Source: Foreign-Trade Zones Board Reports 1952 and 1953.

## **SAN ANTONIO ZONE**

The San Antonio zone opened in 1950 and closed in 1952. It was the only foreign-trade zone which was not located at a seaport, and also the only case where the grant to establish and operate the zone was issued to a private company, the Scobey Fireproof Storage Company. The zone was located at the municipal airport and had excellent facilities, including refrigeration and fumigation equipment. However, the anticipated large volume of imports from Mexico and central America did not materialize, and the company suffered losses in every year of operation (see Table 12). Consequently, the company petitioned the Foreign-Trade Zones Board to withdraw the grant under which it operated. The board took this action in October, 1953.

### **FOOTNOTES**

1. Foreign Trade Zone No. 3, *Report for the Period July 1, 1956 to June 30, 1957, Inclusive.*
2. Richard S. Thoman, *Free Ports and Foreign-Trade Zones* (Cambridge, Maryland: Cornell Maritime Press, 1956), p. 151.
3. Letter and exhibits submitted by City of Los Angeles to Foreign-Trade Zones Board, September 14, 1955.

## CHAPTER 4

### *The Foreign Trade of Hawaii*

In the spring of 1957 the territorial legislature considered two bills (S. B. 539, H. B. 674) directing the Board of Harbor Commissioners to apply to the Secretary of Commerce for the establishment, operation and maintenance of a foreign-trade zone in the port of Honolulu. The Board of Harbor Commissioners wrote to the Speaker of the House of Representatives stating that "such a project will not survive here because of the class of business and the high cost of labor."<sup>1</sup> In May 1957, the legislature filed both measures, but passed Concurrent Resolution 70 directing the Board of Harbor Commissioners and the Legislative Reference Bureau to make this study of the feasibility of establishing a foreign-trade zone in Honolulu.

Studies of the feasibility of establishing foreign-trade zones in other areas have directed their attention to the total amount of foreign trade passing through the port.<sup>2</sup> This emphasis is based upon the view that the potential volume of merchandise which a foreign-trade zone might reasonably be expected to service is closely related to the volume of foreign trade of the port in which the zone is to operate.

At the existing foreign-trade zones the value of merchandise received in fiscal year 1957 ranged from less than 1 per cent to less than 3 per cent of the total import volume handled at the port. New York and New Orleans, the two profitable zone operations, are the first and second ports in the country in terms of foreign commerce. Very substantial volumes also pass through the ports of San Francisco and Seattle. Seattle, which is the smallest zone in operation and also handles the least foreign trade among the four zones, had imports of \$65.2 million and exports of \$87.7 million in 1956, and \$70.3 and \$117 million respectively in 1957.<sup>3</sup> New York, which handled well over \$4 billion worth of imports and exports in each of the years 1956 and 1957, had approximately six-tenths of 1 per cent of its foreign trade clear through the foreign-trade zone.

In Hawaii, a large proportion of the goods locally consumed or utilized in manufacturing or agricultural processes originates outside the territory. In 1956 it was estimated that merchandise

Table 13. VALUE OF IMPORTS INTO TERRITORY OF HAWAII, 1957

<i>(a) Summary</i>			
For civilian use			
Dutiable imports <sup>a</sup> . . . . .	\$14,509,000		
Duty-free imports . . . . .	5,478,000		
Sub-total . . . . .		\$19,987,000	
For U. S. Government, duty-free imports . . . . .		6,708,000	
Total . . . . .		\$26,695,000	
<i>(b) Dutiable Imports by Commodity Groups<sup>a</sup></i>			
Animal products, edible . . . . .		\$ 2,597,186	
Animal products, inedible . . . . .		128,068	
Vegetable foods and beverages . . . . .		2,549,318	
Vegetable products, inedible . . . . .		415,654	
Textile fibers and manufactures . . . . .		2,231,137	
Wood and paper . . . . .		2,177,859	
Nonmetallic minerals . . . . .		455,339	
Metals and manufactures . . . . .		460,789	
Machinery and vehicles . . . . .		1,093,798	
Chemicals and related products . . . . .		59,011	
Miscellaneous . . . . .		739,801	
Informal entries . . . . .		1,600,980	
Total . . . . .		\$14,508,940	

<sup>a</sup>For details, see Appendix.

Source: Bureau of Census, U. S. Imports of Merchandise for Consumption, (1957).

Table 14. VALUE OF EXPORTS FROM TERRITORY OF HAWAII  
BY COMMODITY GROUPS, 1956 AND 1957

	1956		1957	
	Value	%	Value	%
Animal products, edible . . . . .	\$ 2,226	(a)	\$ 19,410	0.09
Animal products, inedible . . . . .	99,933	0.57	191,248	0.96
Vegetable foods and beverages . . . . .	11,490,426	65.70	12,869,053	65.00
Vegetable products, inedible . . . . .	22,615	0.13	43,625	0.23
Textile fibers and manufactures . . . . .	29,858	0.17	69,157	0.36
Wood and paper . . . . .	176,888	1.00	195,470	0.98
Nonmetallic minerals . . . . .	16,684	0.09	31,287	0.18
Metals and manufactures . . . . .	3,379,688	19.30	4,715,958	23.80
Machinery and vehicles . . . . .	1,568,362	9.00	688,921	3.40
Chemicals and related products . . . . .	17,681	0.11	38,238	0.20
Miscellaneous . . . . .	704,139	4.0	936,748	4.80
TOTAL <sup>b</sup> . . . . .	\$17,508,500	0	\$19,799,115	0

<sup>a</sup>Less than 0.05 per cent.

Source: U. S. Department of Commerce, Bureau of Census Report Number EM 563 for District 32 (Hawaii), compiled by the Consulate General of Japan, Honolulu, Hawaii.

Table 15. COMPARISON OF IMPORTS AND EXPORTS WITH FOREIGN-TRADE ZONE VOLUMES (In millions of dollars)

Part I. IMPORTS AND ZONE RECEIPTS <sup>a</sup>						
	1956			1957		
	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports
New York . . . . .	\$4,147.3	\$26.0	.63	\$4,147.5	\$26.0	.61
New Orleans . . .	595.7	17.4	2.92	567.5	15.0	2.64
San Francisco . .	325.6	8.5	2.61	331.1	4.9	1.48
Seattle . . . . .	65.2	.96	1.47	70.3	.69	.98

  

Part II. EXPORTS AND ZONE FORWARDINGS <sup>a</sup>						
	1956			1957		
	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports
New York . . . . .	\$4,284.6	\$26.0	.61	\$4,585.4	\$30.0	.65
New Orleans . . .	1,052.0	17.8	1.69	1,281.8	15.1	1.18
San Francisco . .	250.4	9.6	3.83	293.0	5.6	1.91
Seattle . . . . .	88.7	.81	.91	117.0	.96	.82

<sup>a</sup>The goods received in and forwarded from the zones are not necessarily included in the total imports or exports, respectively, for the corresponding years. The comparisons illustrate that there is a significant relationship between the volume of foreign trade handled through a port and the volume of merchandise that utilizes a foreign-trade zone.

<sup>b</sup>For period January through December of respective year.

<sup>c</sup>For fiscal year ending June 30 of respective year. Goods forwarded from zone may have been received during same fiscal year or stored from prior years.

Sources: Import and export data from U. S. Department of Commerce, Bureau of Census, "Summary of Foreign Commerce." Foreign-trade zone data from Foreign-Trade Zones Board, 19th Annual Report.

shipped into Hawaii amounted to \$430 million.<sup>4</sup> Of this sum imports from foreign countries were only \$23 million, or 5.3 per cent. In 1957 imports were \$26.7 million (see Table 13). This total includes \$6.7 million of merchandise imported for the use of the federal government, primarily supplies for military establishments or for re-export to overseas installations of the Armed Forces. Such federal imports are exempt from duty payments and neither enter into the ordinary processing and handling of merchandise nor are they related to local economic developments. Non-military imports into the Hawaiian economy, then, came to approximately \$20 million in 1957. Of this amount \$5.5 million consisted of duty-free commodities.<sup>5</sup> Imports which might benefit from the existence of a foreign-trade zone thus fall within the

remaining \$14.5 million. Exports in 1957 approximated \$20 million (see Table 14)—less than one-fifth of Seattle's export volume in 1957 and less than 7 per cent of San Francisco's export trade of \$293 million in that year.

#### FOOTNOTES

1. Letter dated April 30, 1957.
2. Charles Miller, *A Foreign-Trade Zone for Puget Sound: Its Economic Desirability and Feasibility* (1947); Alfred L. Lomax, *The Foreign-Trade Zone* (Portland, Oregon, 1947); Commonwealth of Massachusetts, *Report of the Special Committee to Investigate and Study Proposed Legislation Pertaining to the Industrial and Economic Development of the Commonwealth and Related Matters*, 1957.
3. Bureau of Census, *Summary of Foreign Commerce of the United States, 1956 and 1957*.
4. Bank of Hawaii, *Potentials and Programs for Island Growth* (1957).
5. The existing zones do handle some duty-free merchandise generally, either to utilize excess storage space or for processing which either reduces transportation charges, or converts the merchandise into a form more convenient for shipping or handling.

## CHAPTER 5

### *Foreign-Trade Zone in Hawaii: an Analysis*

In spite of a decade of interest and discussion, a definitive answer has not been attempted to the question "Is the establishment of a foreign-trade zone in Honolulu economically feasible?" A definitive answer would require not only a detailed analysis of Hawaii's present international trade, but a wide knowledge of potential economic activities which might be advantaged by the establishment of a zone in the territory. This report attempts, therefore, not a "yes" or "no" answer, but an examination of the major functions which a zone in Honolulu might serve.

#### **TRANSSHIPMENT AND RE-EXPORT TRADE**

The facilitation of re-export and transshipment trade are two functions of foreign-trade zones conveniently discussed together since the attractiveness of a port for either operation depends in large part upon shipping patterns and comparative shipping rates. *Transshipment trade* in general involves the delivery of goods to a port for later shipment to other ports. *Re-export trade* refers to a more specialized type of transshipment involving the importation of foreign merchandise for subsequent export to another foreign country. Currently, there appears to be relatively little transshipment between Honolulu and mainland ports. The question is whether the existence of a foreign-trade zone would encourage its development. In Germany and Scandinavia re-export trade has played a greater role than in the United States, comprising from 10 to 25 per cent of the commerce passing through the foreign-trade zones or free ports.<sup>1</sup> In the United States the proportion has probably been smaller.<sup>2</sup> However, though by far the larger part of shipments from the American zones is imported into the United States, the re-export trade constitutes a significant proportion of business in some of the zones.

The Territory of Hawaii has very little re-export or in-transit trade, though the precise figure is not available. The U. S. Customs Office in Honolulu states that the re-export trade consists of only three to four transactions per year, involving, in the main, items for repairing or supplying ships.

Thus, currently there is no re-export trade which has developed naturally and which would be furthered by the existence

of a foreign-trade zone. However, the possibility that a foreign-trade zone in the port of Honolulu might attract re-export trade remains to be considered. This possibility resolves itself into the question as to whether shipping patterns and comparative shipping rates are such as to attract merchandise here if it could be stored duty-free. As already noted, these are the same factors which enter into the development of transshipment trade.

The cargo vessels using the port of Honolulu consist of scheduled services to and from foreign ports, ships which ply between Hawaii and mainland ports and tramp steamers. The tramp steamers are in general either chartered or fully committed and put into the port of Honolulu only to refuel. Usually they neither load nor discharge cargo here. Of the regularly scheduled services, all but one, Nippon Yusen Kaisha (NYK), continue on to mainland ports after leaving Hawaii or stop at mainland ports prior to arriving here. Both West Coast and East Coast ports are served by several lines, and vessels of lines serving Honolulu also regularly call at Canadian and South American ports. NYK, for example, continues from Honolulu to Mexico and South America while the Orient Line and the Peninsular & Orient Line stop at Vancouver. In addition to ships stopping at Honolulu en route to other points, many vessels from Japan and other Far East points sail directly to mainland South American or Canadian ports without calling here.

The Los Angeles zone experience is relevant in this connection. It indicates the problems involved in transshipment compared with direct trade. The Los Angeles Foreign-Trade Zone, in its request to the Foreign-Trade Zones Board in 1955 for revocation of the grant establishing the zone, stated that when it established the zone in 1949, it had not recognized the:

... speed with which European and Japanese shipping would resume a direct service to what then appeared to be normal transshipment ports of Los Angeles. For example, the first far-seas service resumed by the Japanese was trans-Pacific to Seattle and Vancouver; the second was to the east coast of South America. A similar pattern characterized European-flag shipping. When direct shipment is available from origin to destination, an intermediate transshipment port must offer very substantial advantages to overcome the extra unloading, handling, storage and reloading costs involved.<sup>3</sup>

Most notably a transshipment port should have advantageous freight rates. However, Honolulu lacks this advantage. As may be seen from Table 16, the freight rates from the Far East and Oceania for general merchandise are the same to Honolulu and to West Coast ports. (The general merchandise rate is used as indicative of the general level of freight rates.) The additional cost, then, of



transshipping from Honolulu to the West Coast of the United States or Canada is \$22.90 per ton in addition to the unloading and handling charges.<sup>4</sup>

## EXHIBITION

Some of the zones, notably San Francisco and New Orleans, have used the zone facilities for purposes of exhibition. Importers may display foreign merchandise without payment of duties or posting of bond in the zone. The merchandise may be imported and stored in the zone until sold. The advantages of conducting this operation within the zone depend in general upon a large number of potential customers to whom the merchandise is exhibited and the usefulness of zone storage.

In Hawaii, compared to other economic areas in which zones exist, the number of customers available to importers is relatively small. In the four existing zones the importers have a large hinterland of the mainland available to them as a market, as well as the port area itself; by comparison Hawaii's potential market is quite limited.

## SAMPLING

In all the zones some of the merchandise is unpacked and samples are withdrawn in order to determine whether the merchandise meets specifications as, for example, with ores. Other products which are most commonly subject to this operation include Brazil nuts, cotton, ore and tobacco. Since most of the commodities imported into Hawaii are finished or semi-finished goods, the ability to sample before paying import duty which a foreign-trade zone offers does not seem of great significance for Honolulu.

Table 16. OCEAN FREIGHT RATES FOR GENERAL  
MERCHANDISE (Per ton weight or measure.)

	<i>To Honolulu</i>	<i>To West Coast</i>
Japan . . . . .	45.75	45.75
Australia . . . . .	43.30	43.30
New Zealand . . . . .	55.75	55.75
Philippine Islands . . . . .	55.00	55.00
Hong Kong . . . . .	68.25	68.25
Formosa . . . . .	59.75	59.75
Honolulu . . . . .	--	22.90

Source: Freight Conference Rates (from Theo. H. Davies & Co., Ltd.).

## **MARKING OR RELABELING**

United States Customs regulations require that the country of origin be marked on the imported goods. If the goods have not been marked prior to importation through the customs zone the importers are required to mark them under customs supervision and pay for the use of customs inspector's time. In general the marking and relabeling operation has become less prominent among zone activities as standards abroad for packaging have improved.

Canned fish, cotton, silverware, watches and leatherware are commodities that have been listed in other zones as requiring marking. There are substantial imports of canned fish into Hawaii, particularly from Japan. Local importers report, however, that the omission in marking occurs only rarely, estimating that their charges for performing this operation when the need occurred ran less than \$25 a year.

## **STORAGE**

Storage occurs at existing zones for one of the following reasons:

1. To store imported goods prior to distribution, without the necessity of posting a bond.
2. To take advantage of any shrinkage or spoilage which may occur in the merchandise over a time. (For example, alcoholic beverages are subject to evaporation and duty is paid only on the amount remaining at the time of entry into the customs zone.)
3. To take advantage of excess storage facilities in a well located zone.

Storage of imported goods in a foreign-trade zone pending its sale or distribution saves the importer the duty payments or bond premiums, as well as the costs of paper work until the goods are imported. It also permits him to repack the merchandise in quantities suitable for shipment and make distribution directly from the port area as needed. Premiums charged for bonding imported merchandise are generally based upon the value of the merchandise, plus the cost of the duties—with a minimum of 50 cents per \$1,000. The greater the value of the merchandise, therefore, the more advantageous is the use of a zone as compared to a bonded warehouse.

Storage in bonded warehouses is indicative of the demand for storage facilities, either for the delayed distribution of high duty

items, or for re-exports. Bonded warehouses do not appear to do a large volume of business in the port of Honolulu. The value of total warehouse entries in 1957 was \$381,758—only 1.4 per cent of Hawaii's imports, contrasted with an average of 8.1 per cent for the country as a whole. <sup>5</sup>

Hawaii has one Class 3 warehouse available for public use and four Class 2 warehouses, which store only the goods of their proprietors. Alcoholic beverages comprised almost three-fourths of total warehouse entries in 1957 in Hawaii, as may be noted from Table 17; three of the four private warehouses store liquor only. The fourth Class 2 warehouse is a refrigerated warehouse in which the owners occasionally store refrigerated imports, such as meats, butter, etc.

*Table 17. VALUE OF BONDED WAREHOUSE ENTRIES  
IN TERRITORY OF HAWAII, 1957*

Alcoholic beverages . . . . .	\$276,734
Butter substitutes . . . . .	85,240
Silk fabrics . . . . .	9,672
Cotton fabrics . . . . .	8,657
Cigarettes <sup>a</sup> . . . . .	1,380
Miscellaneous . . . . .	75
<b>TOTAL . . . . .</b>	<b>\$381,758</b>

<sup>a</sup>Imported from Philippine Islands.

Source: Department of Commerce, Bureau of Census, U. S. Imports-Warehouse Entries.

A zone would be a benefit to local liquor importers if their merchandise is stored long enough to be subject to evaporation. However, as is noted above, three of the importers have already invested in warehouse facilities, and would therefore not be likely users of a zone's storage facilities.

Some of the other commodities for which zones have been used elsewhere as storage areas include foreign automobiles. The fact that relatively costly bonded warehouses have not been used for this purpose in Honolulu, however, may indicate that the storage period is short—and therefore that potential savings that would be offered by a foreign-trade zone are not substantial. However, the recent growth of European and Japanese car imports in Hawaii suggests the possibility that this item might enter in some quantity in a local foreign-trade zone.

## **MANIPULATING IMPORTS TO REDUCE SHIPPING AND HANDLING COSTS**

All of the foreign-trade zones engage in some manipulative or manufacturing activities, or otherwise put merchandise in a form more convenient for handling, so reducing subsequent transportation costs. The profitable nature of this activity, whether performed on dutiable or duty-free articles, is due to the fact that the zones serve as entrance points for a broad portion of the American mainland. Zone imports are sold not only in the immediate area but may be transported to various inland points or shipped in more convenient form to different coastal areas. For example, the drying of lumber in New Orleans results in a considerable savings of transportation costs on board feet shipped to Chicago or Kansas City.

A substantial part of the merchandise moving through all the zones is repacked or otherwise manipulated for reshipment within the market area. However, the distances and transportation problems involved locally in Hawaii do not appear to be sufficiently great to suggest that there would be substantial economies of this sort.

## **MANIPULATING OR MANUFACTURING ACTIVITIES TO REDUCE CUSTOMS DUTIES**

One type of operation carried on in the existing zones to reduce the burden of import duties is the examination of merchandise prior to importation into the customs area to identify goods which are substandard or below specification. The duty on such merchandise is saved by returning it to the shipper, or destroying it. Comparison of the list of commodities imported into Hawaii with the commodities subject to these operations at existing zones initially suggests that local food importers might most benefit from the opportunity of examining imports prior to the payment of tariff charges. For example, fish and shell fish products constituted dutiable merchandise valued at \$966,000 in 1957. However, discussions with local importers about the spoilage rate to which this merchandise was subject, indicated that on merchandise imported from Japan, which constituted more than 90 per cent of the total, a spoilage rate of less than 1 per cent was experienced. Apparently the foodstuffs are checked carefully in Japan prior to shipment. Importers of meat products, which comprised an additional \$1,174,000 of imports in 1957, similarly reported a very low percentage of spoilage.

A second type of activity carried on at the foreign-trade zones to reduce the burden of import duties is to assemble or disassemble

merchandise in order to obtain the most favorable rate. For example, microscopes are separated from their frames; the two parts, each taxed separately at a lower rate of duty, are reassembled once past the customs. Again, items profitably subject to such manipulation do not appear to figure heavily in Hawaii's imports.

Other operations have involved performing some part of the manufacturing process in the zone—similarly to minimize custom duties. One device employed in one of the zones which might lend itself to the Hawaiian situation is the elimination of the waste portion of cloth prior to importation. For example, an importer of expensive woollens cuts the patterns in the zone, thus saving duty payments on the waste. Generally speaking, duties of woollens are heavier than those on cotton and silk which constitute the bulk of cloth imports into Hawaii. However, the textile and apparel industry in Hawaii is expanding both in terms of production for the domestic market and in sales to the mainland. Employment in the industry has grown from 690 in 1951 to 1,800 in 1958 and is expected to reach 3,200 in 1961.<sup>6</sup> The industry uses cloth shipped both from Japan and the mainland. In 1957 cotton cloth imported from Japan amounted to \$1,217,000 while silk cloth from foreign sources, mainly Japan, came to \$213,000. Whether there would be any advantage in the existence of a foreign-trade zone where cloth might be cut and duty saved on the waste would depend on several factors: amount of duty, the size of operations, the inconvenience of cutting the cloth away from the plant and the alternative uses for the waste.

Currently there are no local industries, other than clothing manufacture, which would have an immediately obvious benefit from the existence of the zone. Potential new industries for Hawaii, some of which are listed below, might possibly benefit, but only a close analysis of their operations can reveal this. Such analysis is not possible within the limits of this report.

## **EXPORT OF DOMESTIC PRODUCTS**

In each of the four mainland foreign-trade zones, traders bring in domestic merchandise in order to obtain an immediate rebate on internal revenue taxes, when the goods qualify for such rebates as exports. In other cases goods are disassembled or repacked for export in the zone. The latter operation appears to be one in which the zone is used for convenience rather than because of benefits inherent in the operations of a foreign-trade zone. Examination of Hawaiian exports does not indicate any significant volume in products which would be subject to such rebates.

In some zones foreign and domestic goods are combined in the zone, either prior to exportation or prior to importation. Examples of the former are combination of foreign and domestic pharmaceuticals for export and the assembling of Swiss watch movements into American watch cases. Examples of the latter are in the combining of Brazil nuts with domestic nuts, packaging them and then importing them into the United States. Again, it does not appear that locally produced commodities which might be advantageously combined with imported goods constitute a sufficiently large part of Hawaii's trade to provide the basis for foreign-trade zone operations.

### PROPOSED NEW INDUSTRIES

It is pertinent to the question of establishing a zone in Honolulu to see whether any of the new industries which have been considered or suggested for establishment in Hawaii are such as would benefit from the existence of a zone. The Economic Planning and Coordination Authority has supplied the following list of new industries proposed for Hawaii, shown below with their probable sources of raw materials and their likely markets:

<i>Industry</i>	<i>Probable Source of Materials</i>	<i>Probable Market</i>
1. Cast iron soil pipe foundry	Local scrap	Local
2. Small steel mill	Eventually local scrap; initially Canadian ingots	Local
3. Oil refining (one refinery now under construction)	Indonesia or Middle East.	Local & Pacific Islands
4. Drum reclaiming plant	Mainland	Local
5. Paper manufacturing (from bagasse)	Local	Local & Mainland
6. Paper towels (from reclaimed scrap paper)	Local	Local
7. Electronics operations (field service of military equipment, possible assembling of components on neighbor islands); two concerns now in operation	Mainland	Local & Mainland
8. Papain manufacture	Local	Mainland

9. Manufacture of alcoholic beverages, including <i>okolehao</i> , rum, and coconut, passion fruit, coffee liqueurs (one plant producing limited quantities, another plant under construction).	Local	Local & Mainland
10. Cement manufacture	Local	Local
11. Garment manufacturing*	Mainland, Far East & Local	Local & Mainland
12. Paint manufacture (one existing factory)	Local	Local
13. Luggage manufacture	Foreign	Local & Export
14. Coffee roasting, blending, packaging*	Foreign & Local	Local, Military, & civilian
15. Automobile battery manufacturing	Mainland or foreign	Local
16. Injection-molded aluminum door and window frames	Mainland	Local
17. Glass bottles and jars	Local scrap glass	Local
18. Fiberglass boat hulls*	Mainland	Local

\*Increase in established industry.

Examination of this list indicates that in most cases the proposed sources of raw materials and the proposed markets are local. The oil refinery may well import crude petroleum from Indonesia, Canada or Venezuela. However, it is anticipated that the market will be primarily local, with only limited exports. Under these circumstances a foreign-trade zone would probably not play a major role in expanding a local oil refining industry.

Luggage manufacturers would in all probability import the raw materials and might export. A firm engaged in this kind of operation might well benefit from conducting part or all of its operations within a zone. The proposed plans for coffee roasting and blending call for importation of coffee beans from Brazil in combination

with Kona coffee. In other zones coffee bean imports are usually cleaned in the zone.

### **COST OF A FOREIGN-TRADE ZONE**

It is difficult to make any close estimate of the cost of establishing and maintaining a foreign-trade zone in Honolulu since costs depend on the scale of operations and location. As developed in Chapter 3, the sizes of existing zones and the facilities which they offer vary substantially. Examination of Tables 2, 4, 6 and 8 shows the enormous range in the annual expenses of different zones, varying in 1957 from \$25,000 in Seattle to \$628,000 in New York. Similarly the elements of costs and their proportion to total expenses vary considerably (see Table 18), according to the operations performed by a zone. For example, the proportion of expenses in the New York zone which is represented by the salaries and wages of zone employees is substantially higher than in other zones. However, as pointed out in the discussion of the New York zone, the proportion of income derived from labor provided by zone employees to the customers was 38.1 per cent of the total income in 1957. In New Orleans, on the other hand, the annual cost of buildings and special facilities, such as the fumigation plant, comprises a high proportion of total expenditures, but income from rentals of buildings and equipment similarly constitutes a large share of total income.

Any estimate of cost for Honolulu would have to be based on the anticipated usage of a zone. It does not now appear that the demand for storage facilities would be great. The primary function, which a zone might serve here, in the near future, would be in connection with some relatively small-scale processing of materials for industry. With limited storage space, a relatively

*Table 18. EXPENDITURES OF FOREIGN-TRADE ZONES, BY PURPOSES, 1957*

	<i>Salaries and Wages</i>	<i>Services by Customs</i>	<i>Advertising and Promotion</i>	<i>All Other</i>
New York . . . . .	52.9%	13.1%	5.0%	28.8%
New Orleans . . . . .	14.8	25.6	0.7	59.0
San Francisco . . . . .	17.1	25.1	1.7	56.2
Seattle . . . . .	30.6	49.1	--	20.3

Source: Foreign-Trade Zones Board, *19th Annual Report*.

Note: The sums of the figures shown do not necessarily equal 100 per cent due to rounding.



small area would suffice for the zone. Nor does it appear likely (since neither re-export nor local shipping would constitute a major part of its trade) that direct access to dock facilities would be necessary for a zone in Honolulu, if a location were selected sufficiently close to the port so that local transportation costs would not be high.

Preliminary estimates of the costs of operating a foreign-trade zone, ranging from \$26,000 to \$50,000 per year, have been cited.<sup>7</sup> However, it may be noted that Seattle's expenses in 1957 amounted to only \$12,523.<sup>8</sup> This is due to the fact that Seattle, as a small operation, keeps the zone open only eight hours per day, unlike the other ports which are open 24 hours. In 1955, U. S. Customs Service permitted the installation of an electric burglary system to replace their guards during the hours the zone was closed, materially reducing the payroll. If Honolulu were to have a foreign-trade zone it, too, would probably be a small operation and might similarly run on a one-shift basis.

#### FOOTNOTES

1. Richard Thoman, *op. cit.*, pp. 27 and 128.
2. The Foreign-Trade Zones Board has not required that re-exports be reported separately in the zone reports since 1955, when simplified reporting procedures were established.
3. Letter and exhibits submitted by City of Los Angeles to Foreign-Trade Zones Board, September 14, 1955, at p. 13.
4. Ocean freight rates from Honolulu to mainland ports on household goods (representative of a large volume of shipments to the mainland) in August 1958 were \$40.55 per ton to either the East Coast or the Gulf of Mexico. The rate to the Far East was \$66.75--identical with the rate from West Coast cities.
5. 1956 figure, from *Statistical Abstract of the United States*, 1957.
6. Territorial Department of Labor, *Oahu Looks Forward to 1961, A Report on Man-power Requirement and Training*.
7. Letter of J. O. Yapp, Board of Harbor Commissioners, to Speaker of the House of Representatives, April 30, 1957.
8. Foreign-Trade Zones Board report for fiscal 1957.

## CHAPTER 6

### *Complementary Means of Stimulating Foreign Trade\**

Analysis reveals that the economic feasibility of establishing a foreign-trade zone in Honolulu is debatable. It would seem that the existing volume and pattern of foreign trade in Hawaii would support only a small zone operation, at best. The availability of the facilities of a zone might well stimulate some of the potential new industries listed in the preceding chapter, but it is quite problematical that the stimulation would be of any great importance in the total economy of the Islands.

However, encouragement to foreign trade, while it may not provide a touch-stone to economic expansion, might work along with other stimuli, such as growth of Hawaii's population, technical training of local workers, cheaper fuel, improved transportation, research, etc. The establishment of a foreign-trade zone might foster international trade in and out of Hawaii—so might other institutions.

#### **INTERNATIONAL TRADE MART**

Since 1948 New Orleans has enjoyed the services of an International Trade Mart, a non-profit, self-supported agency which provides five floors of space for merchandise display and office accommodations. Over 700 kinds of goods from 25 countries are on display, and commercial offices are maintained by 12 foreign countries, in addition to offices of trading concerns of both the United States and foreign countries.

In silent but active partnership with its tenants, the Mart, through its many promotional activities, has created thousands of new business opportunities abroad for American industry.

.... A constant advocate of better-balanced foreign trade, the Mart seeks to bring about that ideal state of affairs where U. S. exports are matched by U. S. purchases of foreign made goods.<sup>1</sup>

In ten years of operations the New Orleans International Trade Mart has been so successful that it is making plans for a new building which will be at least twice as large as its present one.<sup>2</sup>

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\*This chapter was prepared by Robert M. Kamins.

In addition to the Trade Mart, New Orleans also has the complementary facilities of its International House, a membership organization which provides a variety of facilities for shippers and traders using the port of New Orleans. These facilities include show rooms for exhibiting wares, office space for members of International House, visitors, bi-lingual secretaries, a reference library for ascertaining information, bars and dining rooms for improving business and cultural relations. The House conducts advertising and other public relations program designed to increase the sale of foreign merchandise in and the use of the New Orleans port. Its promotional literature has frequently publicized the advantages of using the port's foreign-trade zone, as have the advertisements and brochures of the Board of Commissioners of the Port of New Orleans.

The International House was organized by businessmen and continues to be controlled by its members, who for the most part are businessmen. It is completely financed from its operations, including membership dues, fees, rentals, etc.

#### **WORLD TRADE CENTERS**

In 1956, there was incorporated in Massachusetts the World Trade Center in New England, Inc., its founders including 32 business firms and the state CIO Council. The Center, located in South Boston, near the waterfront, is generally modelled after the New Orleans Mart, although yet on a smaller scale. Like the Mart it combines the functions of a trade group and international chamber of commerce, and plans to offer dining and other facilities of a private club. Among the services it performs in encouraging foreign commerce is the publication of a directory and newsletters listing import-export opportunities drawn from its product files. It greets and guides foreign commercial visitors; advises as to American banking and customs procedures; arranges contacts with financial resources in the New England area; holds conferences and meetings to stimulate foreign trade; and has promoted in the United States and abroad New England products and shipping facilities.<sup>3</sup> In September 1958 the Center had a staff of eight serving some 300 members.

A World Trade Center was also opened in San Francisco during 1956. This Center is a non-profit corporation, authorized by act of the California legislature, is jointly financed by the state (through the Board of State Harbor Commissioners for San Francisco Harbor) and by the San Francisco Bay Area Council, a non-governmental community agency.

The Center occupies the three-story north wing of San Francisco's Ferry Building, on San Francisco Bay. Some 150,000 square feet of floor space are divided into offices, conference rooms, a reference library, and display areas, all presently served by a staff of eight to ten persons. Within the Center are the consulates of some nations and information or trade centers of other countries. A bank, a freight forwarder, maritime insurance firms, an admiralty law firm, and several research and service organizations also have offices in the Center.

### **PAN PACIFIC FESTIVAL**

Another possible idea for stimulating international trade is currently being considered by a special committee in Honolulu. House Resolution 129 of the 1957 territorial legislature provided that in 1960 "or thereafter" a festival shall be held every fourth year in a different Pacific island or country. A recent meeting of the 19-member committee appointed by the Governor pursuant to the resolution received the suggestion that the proposed Pan Pacific Festival might include commercial as well as cultural aspects. Hawaii wares might be exhibited for visiting importers and the products of other Pacific areas displayed for mainland and local buyers. Made an annual or permanent institution, such an exhibition would accomplish one of the purposes of the New Orleans International Trade Mart.

A foreign-trade zone might serve as the site for the commercial aspects of the proposed festival. In San Francisco, essentially the same thing has been sought, by establishing a subzone within the World Trade Center, more nearly adjacent to the city's financial district than the zone proper, at which goods can be exhibited. (A petition to accomplish this was pending before the Foreign-Trade Zones Board in October 1958.) Imports displayed within a zone, would of course be free of customs—as would stores of the same goods within the warehouses of the zone—until removed from the zone and formally imported into the customs area of the United States lying outside the boundaries of the foreign-trade zone.

### **TRADE PROMOTION**

The basic function common to each of these programs—the International Trade Mart, World Trade Center, proposed international festival, or other exhibits—is an active promotion of international trade. Establishment of a foreign-trade zone by itself would not generate a promotion of the port, for from the experience of mainland foreign-trade zones most of the companies using

the zone's facilities are small and not organized to seek new and wider markets.

The two ports at which zones have functioned most successfully are promoted, not only by the zone itself, but also by other, complementary agencies. In the case of New Orleans, as we have seen, it is the International Trade Mart and the port commission which most energetically seek and obtain users of the port, including its foreign-trade zone. In New York, the New York Port Authority, with agents in several overseas commercial centers, serves as the primary stimulator of shipping to and from its port.

Mainland experience therefore suggests that trade promotion is a necessary ingredient for the success of a foreign-trade zone. It is possible that the zone administrator might undertake the function of bringing together potential buyers and sellers, discerning opportunities for new industries or new operations which can use the special facilities of the zone to advantage, for as this report has tried to show, most of the profitable zone operations are special cases.

Alternatively, in Hawaii the promotional function might be carried on by another public agency (assuming that the zone is publicly operated, as in three of the four existing American zones), such as the Board of Harbor Commissioners, or by the board administering the Pan Pacific Festival, should that materialize. Other possibilities would be promotion by a private agency, such as a chamber of commerce or the associated chambers in the Territory, or by a quasi-public agency supported with public funds.

Without such collateral effort, there is little ground for believing that a foreign-trade zone in Hawaii would flourish. It is not a question of supplying the special advantages of the zone to waiting customers. The demand must be created.

#### FOOTNOTES

1. International Trade Mart, New Orleans, Louisiana, *Buyers' Directory*, pp. 20-21.
2. Letter dated July 7, 1958 from the managing director, New Orleans International Trade Mart to the Legislative Reference Bureau.
3. Commonwealth of Massachusetts, *Report of the Special Commission to Investigate and Study Certain Proposed Legislation Pertaining to the Industrial and Economic Development of the Commonwealth and Related Matters* (House of Representatives, No. 3009, pp. 14-18). The committee considered the establishment of a foreign-trade zone in the Boston area, but recommended against it (page 25). Rather, it looked hopefully on the development of the World Trade Center, noting that similar institutions were being considered in other cities, including San Francisco, Miami, Cincinnati and Houston.

# APPENDIX

## *Dutiable Imports into Territory of Hawaii, 1957*

### ANIMAL PRODUCTS, EDIBLE

Animals, edible, except breeding . . . . .	\$ 1,788	
Meat products . . . . .	1,174,255	
Animal oils and fats, edible . . . . .	126,181	
Dairy products . . . . .	182,019	
Fish & fish products except shellfish . . . . .	715,417	
Shellfish & products . . . . .	250,477	
Other edible animal products . . . . .	147,049	\$ 2,597,186

### ANIMAL PRODUCTS, INEDIBLE

Leather, rawhide & parchment manufactures . . . . .	101,582	
Furs & manufactures . . . . .	625	
Other inedible animals & animal products . . . . .	25,861	128,068

### VEGETABLE FOODS AND BEVERAGES

Grains & preparations . . . . .	170,013	
Fodders & feeds . . . . .	250,497	
Vegetables & preparations . . . . .	840,317	
Fruits & preparations . . . . .	586,258	
Nuts & preparations . . . . .	36,934	
Vegetable oils & fats, edible . . . . .	1,728	
Spices . . . . .	12,736	
Sugar & related products . . . . .	93,074	
Beverages . . . . .	557,761	2,549,318

### VEGETABLE PRODUCTS, INEDIBLE

Rubber & allied gums & manufactures . . . . .	261,568	
Drugs, herbs, leaves, roots, etc. . . . .	6,200	
Seeds . . . . .	4,208	
Nursery & greenhouse stock . . . . .	4,443	
Tobacco & manufactures . . . . .	556	
Miscellaneous vegetable products . . . . .	138,679	415,654

### TEXTILE FIBERS AND MANUFACTURES

Cotton manufactures . . . . .	1,353,714	
Jute & manufactures . . . . .	7,619	
Flax, hemp ramie & manufactures . . . . .	12,787	
Other vegetable fibers & manufactures . . . . .	13,413	
Wool manufactures . . . . .	257,495	
Silk & manufactures . . . . .	253,950	
Synthetic fibers & manufactures . . . . .	217,122	
Miscellaneous textile products . . . . .	115,037	2,231,137

### WOOD AND PAPER

Sawmill product (lumber) . . . . .	1,313,779	
Wood manufactures . . . . .	809,550	
Cork & manufactures . . . . .	6,716	
Paper & manufactures . . . . .	47,814	2,177,859

**NONMETALLIC MINERALS**

Coal & related fuels . . . . .	816	
Stone, lime, cement, gypsum & product . . . . .	3,691	
Glass & products . . . . .	71,475	
Clay & products . . . . .	187,630	
Other nonmetallic minerals & manufactures . . . . .	2,029	
Precious & semi-precious stones, etc. . . . .	189,698	455,339

**METALS AND MANUFACTURES**

Steel mill products . . . . .	54,246	
Iron & steel manufactures . . . . .	157,766	
Aluminum & manufactures . . . . .	25,765	
Copper & manufactures . . . . .	81,663	
Brass & bronze manufactures . . . . .	31,081	
Miscellaneous metal manufactures . . . . .	16,513	
Precious metals, jewelry & plated. . . . .	93,755	460,789

**MACHINERY & VEHICLES**

Electrical machinery & apparatus . . . . .	155,599	
Other machinery except agricultural . . . . .	24,971	
Vehicles & parts . . . . .	913,228	1,093,798

**CHEMICALS & RELATED PRODUCTS**

Coal tar products . . . . .	851	
Medicinal & pharmaceutical preparations . . . . .	35,917	
Industrial chemicals . . . . .	6,220	
Explosives, fireworks & ammunition . . . . .	9,086	
Soap & toilet preparations . . . . .	6,937	59,011

**MISCELLANEOUS**

Photographic goods . . . . .	267,190	
Scientific & professional instruments . . . . .	16,930	
Musical instruments . . . . .	25,849	
Toys, athletic & sporting goods . . . . .	103,058	
Books, maps, pictures . . . . .	24,232	
Clock watches . . . . .	973	
Art works & antiques . . . . .	10,803	
Miscellaneous . . . . .	290,766	739,801

<b>INFORMAL ENTRIES.</b> . . . .	<u>1,600,980</u>	<u>1,600,980</u>
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<b>TOTAL</b> . . . . .		<u><u>\$14,508,940</u></u>
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Source: Bureau of Census table, *U. S. Imports of Merchandise for Consumption, 1957.*

SUPPLEMENTAL TABLES FOR  
THE FOREIGN-TRADE ZONE, ITS FEASIBILITY IN HAWAII

Legislative Reference Bureau  
Report Number 1, 1959

Request No. 8001  
November 17, 1960

Legislative Reference Bureau  
University of Hawaii  
Honolulu, Hawaii

LEGISLATIVE REFERENCE BUREAU

FEB 4 1964

STATE OF HAWAII



SUPPLEMENTAL TABLES FOR  
THE FOREIGN-TRADE ZONE, ITS FEASIBILITY IN HAWAII  
Legislative Reference Bureau, Report Number 1, 1959

With the revival of interest in a foreign-trade zone locally, the Legislative Reference Bureau was requested to bring up to date the statistical tables appearing in its 1959 study entitled The Foreign-Trade Zone, Its Feasibility in Hawaii. No revision has been made in the text of the report. Only the tables for which data were readily available were up-dated. In order that full comparability may be had, table numbers of the original report have been retained. The only tables reproduced herein are those in which recent trends can be shown. Hence the following exhibits of the original report do not appear: Table 1 (description of trade zones); Tables 10, 11 and 12 (referring to trade zones no longer in existence); and Tables 16, 17 and 18 (for which current data were not readily available).

During the years 1958 and 1959 (the original report covered up to 1957 only), the experiences of the foreign-trade zones in the United States remained substantially unchanged from previous years--operations in New York and New Orleans produced modest profits while the San Francisco and Seattle zones continued to operate at a loss.

In 1959, dutiable imports into Hawaii amounted to about \$34 million, an increase of roughly 235 per cent over 1957. In addition, it is estimated that some \$2 million worth of informal entries were brought into Hawaii. For the period 1958 and 1959, there were no appreciable changes in the value of exports from Hawaii. The total value of exports in 1959 was some \$18 million, a figure which is about \$1.75 million less than for 1957. The 1959 figure was, however, slightly more than \$1 million over 1958.

The research and compilation work involved in this supplement was done by Takaaki Izumi of the staff of the Legislative Reference Bureau, State of Hawaii.

Charles S. James  
Acting Director

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Table 2. NEW YORK FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1937-1959 (Money values in thousands of dollars; volume  
in long tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Profit
1937 <sup>a</sup> . . . . .	\$ 1,200	9,500	\$ —	\$ —	\$ —
1938. . . . .	5,800	34,700	69	117	-47 <sup>d</sup>
1939. . . . .	39,100	90,000	257	206	51
1940. . . . .	83,400	192,600	519	439	80
1941. . . . .	88,600	122,200	691	428	263
1942. . . . .	36,900	40,700	575	465	110
1943. . . . .	25,200	32,700	505	386	128
1944. . . . .	22,600	29,600	480	448	32
1945. . . . .	25,900	31,000	519	508	11
1946. . . . .	69,300	75,500	811	769	42
1947. . . . .	119,600	146,500	923	791	132
1948. . . . .	97,400	96,000	879	798	81
1949. . . . .	(b)	(b)	(b)	(b)	(b)
1950 <sup>c</sup> . . . . .	63,500	81,200	709	666	43
1951. . . . .	52,600	61,300	768	688	80
1952. . . . .	95,800	83,000	858	721	137
1953. . . . .	30,900	45,700	700	663	36
1954. . . . .	54,500	62,600	742	641	101
1955. . . . .	27,600	52,600	588	570	18
1956. . . . .	26,100	28,900	642	598	44
1957. . . . .	26,000	27,800	705	629	77
1958. . . . .	20,356	22,660	598	580	18
1959. . . . .	30,836	35,102	671	611	60

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>Calendar years until 1950.

<sup>b</sup>Data for period January-June not available.

<sup>c</sup>Fiscal years after 1950.

<sup>d</sup>Loss.

<sup>e</sup>Thus in 1944 report, pp. 5-6.

Note: Source for Tables 2-11 are Annual Reports of the Foreign-Trade Zones Board to the Congress of the United States.

Storage includes tollage and sheddage.

Due to rounding, totals do not always equal the sum of their parts and profit/loss does not always equal the difference between income and expenses.

Table 3. NEW YORK FOREIGN-TRADE ZONE: PERCENTAGE  
DERIVATION OF GROSS INCOME, 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment . . . .	3.0	3.2	4.1	6.1	1.4	1.2	1.5	1.6	2.9	5.3
Dockage, wharfage and demurrage . . . .	3.3	2.9	2.0	7.1	12.3	8.7	17.2	17.1	15.4	15.4
Storage . . . . .	63.2	58.9	68.4	60.0	58.7	54.6	54.4	43.2	41.2	42.2
Labor provided customers . . . . .	30.5	35.0	25.5	27.2	27.6	35.5	27.0	38.1	40.5	37.1

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 4. NEW ORLEANS FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1947-1959 (Money values in thousands of dollars; volume  
in short tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Profit
1947 <sup>a</sup> . . . . .	\$ 4,500	11,500	\$ 42	\$ 97	\$-55 <sup>c</sup>
1948 . . . . .	9,100	26,900	146	158	-11 <sup>c</sup>
1949 <sup>b</sup> . . . . .	4,400	13,700	76	80	- 5 <sup>c</sup>
1950 <sup>b</sup> . . . . .	13,600	32,800	158	178	-20 <sup>c</sup>
1951 . . . . .	10,700	28,600	181	196	-15 <sup>c</sup>
1952 . . . . .	15,400	42,500	247	205	43
1953 . . . . .	14,000	29,600	225	198	27
1954 . . . . .	14,000	27,500	234	195	38
1955 . . . . .	11,200	30,600	202	180	22
1956 . . . . .	17,400	48,000	192	184	9
1957 . . . . .	15,000	50,200	192	186	6
1958 . . . . .	21,049	37,782	228	202	26
1959 . . . . .	19,189	42,253	261	225	36

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>Calendar years until 1950; 8 months in 1947.

<sup>b</sup>First 6 months only in 1949; fiscal year thereafter.

<sup>c</sup>Loss.

Table 5. NEW ORLEANS FOREIGN-TRADE ZONE: PERCENTAGE  
DERIVATION OF GROSS INCOME, 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment . . .	41.0	41.6	24.3	31.4	29.6	44.0	56.3	57.7	39.2	34.4
Dockage, wharfage and demurrage . . .	19.5	14.2	12.0	23.8	26.0	--	--	--	--	--
Storage . . . . .	26.3	32.3	43.7	25.2	30.2	39.3	28.5	19.8	29.7	31.0
Labor provided customers . . . . .	5.1	4.9	13.1	7.2	5.1	8.8	9.4)		--	--
Fumigation . . . . .	--	--	--	--	--	6.8	4.9)	22.5	--	--
All other <sup>a</sup> . . . . .	8.0	7.0	7.0	12.5	9.1	1.0	1.0)		31.1	34.6

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>Includes labor provided customers and fumigation charges for which figures were not provided since 1958.

Table 6. SAN FRANCISCO FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1949-1959 (Money values in thousands of dollars; volume  
in short tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Loss
1949 . . . . .	\$3,300	10,400	\$ 58	\$200	\$142
1950 . . . . .	7,000	9,300	91	177	86
1951 . . . . .	5,500	8,800	100	180	79
1952 . . . . .	6,000	16,600	125	176	51
1953 . . . . .	5,300	8,000	160	225	65
1954 . . . . .	6,300	6,600	144	235	91
1955 . . . . .	9,000	13,300	156	241	85
1956 . . . . .	8,500	16,200	181	264	83
1957 . . . . .	4,900	4,000	116	220	104
1958 . . . . .	2,741	2,027	64	170	106
1959 . . . . .	2,521	1,765	62	100	38

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 7. SAN FRANCISCO FOREIGN-TRADE ZONE: PERCENTAGE  
DERIVATION OF GROSS INCOME, 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment. . . . .	7.9	8.2	6.4	9.9	14.9	16.3	17.2	21.9	20.6	35.9
Dockage, wharfage and demurrage. . . . .	30.8	31.2	31.5	37.2	36.2	29.6	34.4	46.6	60.4	12.0
Storage. . . . .	26.5	26.0	24.6	27.0	25.6	21.0	18.4	10.3	10.1	36.9
Labor provided customers. . . . .	27.1	23.4	14.2	18.1	15.4	16.7	14.1	8.0	2.4	15.2
All other. . . . .	7.7	11.2	23.2	7.8	7.9	16.4	16.0	13.2	6.5	--

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 8. SEATTLE FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1950-1959 (Money values in thousands of dollars;  
volume in long tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Loss
1950 <sup>a</sup> . . . . .	\$1,800	3,500	\$16	\$ 66	\$50 <sup>b</sup>
1951 . . . . .	3,400	7,900	34	106	72 <sup>b</sup>
1952 . . . . .	3,200	5,000	29	98	69
1953 . . . . .	3,400	7,400	29	78	50
1954 . . . . .	500	1,500	15	60	45
1955 . . . . .	2,700	1,400	10	45	35
1956 . . . . .	1,000	1,400	9	27	17
1957 . . . . .	700	1,100	20	26	5
1958 . . . . .	480	609	13	26	13
1959 . . . . .	360	435	10	31	21

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>First 10 months operation.

<sup>b</sup>These losses were partially offset by receipts of state grants, to meet anticipated deficits, in these amounts - 1950, \$35,741; 1951, \$43,110.

Table 9. SEATTLE FOREIGN-TRADE ZONE: PERCENTAGE DERIVATION  
OF GROSS INCOME, FISCAL YEARS 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment . .	1.0	1.3	2.4	1.7	2.1	11.9	6.3	1.0	3.6	5.7
Dockage, wharfage and demurrage . .	2.6	5.5	13.1	12.9	0.9	--	4.5	3.8	3.7	0.6
Storage . . . . .	12.7	12.0	40.8	35.2	75.9	51.6	60.7	77.1	71.8	68.8
Labor provided customers . . . .	14.2	24.3	42.2	48.1	18.7	31.5	27.3	17.6	19.4	23.9
State subsidy . . .	68.5	55.9	--	--	--	--	--	--	--	--
All other . . . . .	1.1	0.9	1.5	2.1	2.4	5.0	1.3	0.6	1.5	1.0

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 13. VALUE OF IMPORTS INTO STATE OF HAWAII FOR 1957 AND 1959

	<u>1957</u>	<u>1959</u>
(a) <u>Summary</u>		
For civilian use		
Dutiable imports <sup>a</sup>	\$14,509,000	\$32,242,118 <sup>c</sup>
Duty-free imports	5,478,000	1,887,927
Sub-total	\$19,987,000	
For U. S. Government, duty-free imports	<u>6,708,000</u>	<u>—</u>
TOTALS	\$26,695,000	\$34,130,045
(b) <u>Dutiable Imports by Commodity Groups<sup>a</sup></u>		
Animal products, edible	\$ 2,597,186	\$ 5,299,897
Animal products, inedible	128,068	160,896
Vegetable foods and beverage	2,549,318	3,237,579
Vegetable products, inedible	415,654	681,313
Textile fibers and manufactures	2,231,137	2,836,733
Wood and paper	2,177,859	5,625,505
Nonmetallic minerals	455,339	908,961
Metals and manufactures	460,789	3,936,517
Machinery and vehicles	1,093,798	5,325,246
Chemicals and related products	59,011	2,253,090
Miscellaneous	739,801	1,976,381
Informal entries	<u>1,600,980</u>	<u>1,807,000<sup>b</sup></u>
TOTALS	\$14,508,940	\$34,049,118

Source: U. S. Department of Commerce, Bureau of the Census, Foreign Trade and Economic Operations Division Table IQ 253, United States Imports of Merchandise for Consumption, January-December 1957 and 1959.

<sup>a</sup>For details, see Appendix.

<sup>b</sup>Only a rough estimation based on actual duty collected on informal entries obtained from the U. S. Customs Office, Federal Building, Honolulu, Hawaii.

<sup>c</sup>Excludes estimated informal entries.



Table 14. VALUE OF EXPORTS FROM STATE OF HAWAII BY COMMODITY GROUPS, 1956-1959

	1956		1957		1958		1959	
	Value	%	Value	%	Value	%	Value	%
Animal products, edible	\$ 2,226	(a)	\$ 19,410	0.09	\$ 4,658	0.03	\$ 3,777	0.02
Animal products, inedible	99,933	0.57	191,248	0.96	217,618	1.30	214,614	1.20
Vegetable foods and beverages	11,490,426	65.70	12,869,053	65.00	12,371,009	72.90	12,276,332	68.00
Vegetable products, inedible	22,615	0.13	43,625	0.23	19,529	0.13	30,650	0.17
Textile fibers and manufactures	29,858	0.17	69,157	0.36	70,332	0.42	66,311	0.38
Wood and paper	176,888	1.00	195,470	0.98	141,882	0.85	197,134	1.10
Nonmetallic minerals	16,684	0.09	31,287	0.18	26,388	0.17	49,016	0.28
Metals and manufactures	3,379,688	19.30	4,715,958	23.80	1,650,601	9.70	2,938,370	16.30
Machinery and vehicles	1,568,362	9.00	688,921	3.40	1,276,387	7.50	673,475	3.75
Chemicals and related products	17,681	0.11	38,238	0.20	34,668	0.20	17,187	0.10
Miscellaneous	1,704,139	4.0	936,748	4.80	1,155,710	6.80	1,576,578	8.70
Hawaii's Total Export	\$17,508,500	0	\$19,799,115	0	\$16,968,782	100.00%	\$18,043,444	100.00%

Source: U. S. Department of Commerce, Bureau of the Census. As compiled and prepared by Consulate General of Japan, Honolulu, Hawaii.

(a) Less than 0.05 per cent.

Table 15. COMPARISON OF IMPORTS AND EXPORTS WITH FOREIGN-TRADE ZONE VOLUMES (in millions of dollars)

Part I. IMPORTS AND ZONE RECEIPTS<sup>a</sup>

	1956			1957			1958		
	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports
New York	\$4,147.3	\$26.0	.63	\$4,147.5	\$26.0	.61	\$4,036.2	\$20.4	0.50
New Orleans	595.7	17.4	2.92	567.5	15.0	2.64	552.0	21.1	3.82
San Francisco	325.6	8.5	2.61	331.1	4.9	1.48	336.3	2.7	0.80
Seattle	65.2	.96	1.47	70.3	.69	.98	87.2	0.5	0.57

Part II. EXPORTS AND ZONE FORWARDINGS<sup>a</sup>

	1956			1957			1958		
	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports
New York	\$4,284.6	\$26.0	.61	\$4,585.4	\$30.0	.65	\$4,040.5	\$19.2	0.48
New Orleans	1,092.0	17.8	1.69	1,281.8	15.1	1.18	968.2	14.2	1.44
San Francisco	250.4	9.6	3.83	293.0	5.6	1.91	210.8	2.1	1.00
Seattle	88.7	.81	.91	117.0	.96	.82	81.4	0.8	0.98

Sources: U. S. Department of Commerce, Bureau of the Census, Quarterly Summary of Foreign Commerce, January-December 1958, pp. 33, 34. Foreign-Trade Zones Board, 20th Annual Report.

<sup>a</sup>Data for 1959 unavailable.

<sup>b</sup>For period January through December 1958.

<sup>c</sup>For fiscal year ending June 30, 1958.

# APPENDIX

## DUTIABLE IMPORTS INTO STATE OF HAWAII, 1957 AND 1959

	1957		1959	
ANIMAL PRODUCTS, EDIBLE				
Animals, edible, except breeding	\$	1,788	\$	5,130
Meat products		1,174,255		3,918,883
Animal oils and fats, edible		126,181		55,534
Dairy products		182,019		235,254
Fish & fish products except shellfish		715,417		734,678
Shellfish & products		250,477		334,668
Other edible animal products		<u>147,049</u>	\$ 2,597,186	<u>15,750</u> \$ 5,299,897
ANIMAL PRODUCTS, INEDIBLE				
Leather, rawhide & parchment manufactures		101,582		114,714
Furs and manufactures		625		405
Other inedible animals & animal products		<u>25,861</u>	128,068	<u>45,777</u> 160,896
VEGETABLE FOODS AND BEVERAGES				
Grains & Preparations		170,013		393,539
Fodders & feeds		250,497		333,997
Vegetables & preparations		840,317		1,037,437
Fruits & preparations		586,258		604,723
Nuts & preparations		36,934		45,977
Vegetable oils & fats, edible		1,728		5,500
Spices		12,736		16,449
Sugar & related products		93,074		79,409
Beverages		<u>557,761</u>	2,549,318	<u>720,548</u> 3,237,579
VEGETABLE PRODUCTS, INEDIBLE				
Rubber & allied gums & manufactures		261,568		454,740
Drugs, herbs, leaves, roots, etc.		6,200		2,259
Seeds		4,208		7,052
Nursery & greenhouse stock		4,443		1,825
Tobacco & manufactures		556		396
Miscellaneous vegetable products		<u>138,679</u>	415,654	<u>215,041</u> 681,313
TEXTILE FIBERS AND MANUFACTURES				
Cotton manufactures		1,353,714		1,922,019
Jute and manufactures		7,619		12,617
Flax, hemp ramie & manufactures		12,787		15,154

Other vegetable fibers & manufactures	13,413		27,235	
Wool manufactures	257,495		84,711	
Silk & manufactures	253,950		347,067	
Synthetic fibers & manufactures	217,122		275,695	
Miscellaneous textile products	<u>115,037</u>	2,231,137	<u>152,235</u>	2,836,733
WOOD AND PAPER				
Wood, unmanufactured	--		8,922	
Sawmill product (lumber)	1,313,779		1,321,471	
Wood manufactures	809,550		1,811,440	
Cork & manufactures	6,716		5,361	
Paper & manufactures	<u>47,814</u>	2,177,859	<u>2,478,311</u>	5,625,505
NONMETALLIC MINERALS				
Coal & related fuels	816		3,989	
Stone, lime, cement, gypsum & product	3,691		29,135	
Glass & products	71,475		183,587	
Clay & products	187,630		348,636	
Other nonmetallic minerals & manufactures	2,029		23,169	
Petroleum & products	--		96,775	
Precious & semi-precious stones, etc.	<u>189,698</u>	455,339	<u>223,670</u>	908,961
METALS AND MANUFACTURES				
Steel mill products	54,246		3,113,888	
Iron & steel manufactures	157,766		329,751	
Aluminum manufactures	25,765		92,891	
Copper & manufactures	81,663		136,671	
Brass & bronze manufactures	31,081		45,128	
Miscellaneous metal manufactures	16,513		39,871	
Precious metals, jewelry & plated	<u>93,755</u>	460,789	<u>178,317</u>	3,936,517
MACHINERY & VEHICLES				
Electrical machinery & apparatus	155,599		457,590	
Other machinery except agricultural	24,971		208,552	
Agricultural machinery & implements	--		7,220	
Vehicles & parts	<u>913,228</u>	1,093,798	<u>4,651,884</u>	5,325,246
CHEMICALS & RELATED PRODUCTS				
Coal tar products	851		2,663	
Medicinal & pharmaceutical preparations	35,917		75,811	
Industrial chemicals	6,220		26,458	
Explosives, fireworks & ammunition	9,086		65,244	

Pigments, paints & varnishes	—		3,372	
Fertilizers and materials	—		2,065,086	
Soap & toilet preparations	<u>6,937</u>	59,011	<u>14,456</u>	2,253,090
<b>MISCELLANEOUS</b>				
Photographic goods	267,190		467,690	
Scientific & professional instruments	16,930		28,278	
Musical instruments	25,849		74,778	
Toys, athletic & sporting goods	103,058		192,104	
Books, maps, pictures	24,232		126,791	
Clocks, watches, mechanisms & parts	973		10,120	
Art works & antiques	10,803		204,302	
Miscellaneous	<u>290,766</u>	739,801	<u>872,318</u>	1,976,381
<b>INFORMAL ENTRIES</b>	<u>1,600,980</u>	<u>1,600,980</u>	<u>—</u>	<u>1,807,000</u>
<b>TOTALS</b>		\$14,508,940		\$34,049,118

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Source: U. S. Department of Commerce, Bureau of the Census, Foreign Trade and Economic Operations Division Table IQ 253, United States Imports of Merchandise for Consumption, January-December 1957 and 1959.

SUPPLEMENTAL TABLES FOR  
THE FOREIGN-TRADE ZONE, ITS FEASIBILITY IN HAWAII

Legislative Reference Bureau  
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SUPPLEMENTAL TABLES FOR  
THE FOREIGN-TRADE ZONE, ITS FEASIBILITY IN HAWAII  
Legislative Reference Bureau, Report Number 1, 1959

With the revival of interest in a foreign-trade zone locally, the Legislative Reference Bureau was requested to bring up to date the statistical tables appearing in its 1959 study entitled The Foreign-Trade Zone, Its Feasibility in Hawaii. No revision has been made in the text of the report. Only the tables for which data were readily available were up-dated. In order that full comparability may be had, table numbers of the original report have been retained. The only tables reproduced herein are those in which recent trends can be shown. Hence the following exhibits of the original report do not appear: Table 1 (description of trade zones); Tables 10, 11 and 12 (referring to trade zones no longer in existence); and Tables 16, 17 and 18 (for which current data were not readily available).

During the years 1958 and 1959 (the original report covered up to 1957 only), the experiences of the foreign-trade zones in the United States remained substantially unchanged from previous years--operations in New York and New Orleans produced modest profits while the San Francisco and Seattle zones continued to operate at a loss.

In 1959, dutiable imports into Hawaii amounted to about \$34 million, an increase of roughly 235 per cent over 1957. In addition, it is estimated that some \$2 million worth of informal entries were brought into Hawaii. For the period 1958 and 1959, there were no appreciable changes in the value of exports from Hawaii. The total value of exports in 1959 was some \$18 million, a figure which is about \$1.75 million less than for 1957. The 1959 figure was, however, slightly more than \$1 million over 1958.

The research and compilation work involved in this supplement was done by Takaaki Izumi of the staff of the Legislative Reference Bureau, State of Hawaii.

Charles S. James  
Acting Director

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Table 2. NEW YORK FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1937-1959 (Money values in thousands of dollars; volume  
in long tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Profit
1937 <sup>a</sup> . . . . .	\$ 1,200	9,500	\$ —	\$ —	\$ —
1938. . . . .	5,800	34,700	69	117	-47 <sup>d</sup>
1939. . . . .	39,100	90,000	257	206	51
1940. . . . .	83,400	192,600	519	439	80
1941. . . . .	88,600	122,200	691	428	263
1942. . . . .	36,900	40,700	575	465	110
1943. . . . .	25,200	32,700	505	386	128
1944. . . . .	22,600	29,600	480	448	32
1945. . . . .	25,900	31,000	519	508	11
1946. . . . .	69,300	75,500	811	769	42
1947. . . . .	119,600	146,500	923	791	132
1948. . . . .	97,400	96,000	879	798	81
1949. . . . .	(b)	(b)	(b)	(b)	(b)
1950 <sup>c</sup> . . . . .	63,500	81,200	709	666	43
1951. . . . .	52,600	61,300	768	688	80
1952. . . . .	95,800	83,000	858	721	137
1953. . . . .	30,900	45,700	700	663	36
1954. . . . .	54,500	62,600	742	641	101
1955. . . . .	27,600	52,600	588	570	18
1956. . . . .	26,100	28,900	642	598	44
1957. . . . .	26,000	27,800	705	629	77
1958. . . . .	20,356	22,660	598	580	18
1959. . . . .	30,836	35,102	671	611	60

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>Calendar years until 1950.

<sup>b</sup>Data for period January-June not available.

<sup>c</sup>Fiscal years after 1950.

<sup>d</sup>Loss.

<sup>e</sup>Thus in 1944 report, pp. 5-6.

Note: Source for Tables 2-11 are Annual Reports of the Foreign-Trade Zones Board to the Congress of the United States.

Storage includes tollage and sheddage.

Due to rounding, totals do not always equal the sum of their parts and profit/loss does not always equal the difference between income and expenses.

Table 3. NEW YORK FOREIGN-TRADE ZONE: PERCENTAGE  
DERIVATION OF GROSS INCOME, 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment . . . .	3.0	3.2	4.1	6.1	1.4	1.2	1.5	1.6	2.9	5.3
Dockage, wharfage and demurrage . . . .	3.3	2.9	2.0	7.1	12.3	8.7	17.2	17.1	15.4	15.4
Storage . . . . .	63.2	58.9	68.4	60.0	58.7	54.6	54.4	43.2	41.2	42.2
Labor provided customers . . . . .	30.5	35.0	25.5	27.2	27.6	35.5	27.0	38.1	40.5	37.1

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 4. NEW ORLEANS FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1947-1959 (Money values in thousands of dollars; volume  
in short tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Profit
1947 <sup>a</sup> . . . . .	\$ 4,500	11,500	\$ 42	\$ 97	\$-55 <sup>c</sup>
1948 . . . . .	9,100	26,900	146	158	-11 <sup>c</sup>
1949 <sup>b</sup> . . . . .	4,400	13,700	76	80	- 5 <sup>c</sup>
1950 <sup>b</sup> . . . . .	13,600	32,800	158	178	-20 <sup>c</sup>
1951 . . . . .	10,700	28,600	181	196	-15 <sup>c</sup>
1952 . . . . .	15,400	42,500	247	205	43
1953 . . . . .	14,000	29,600	225	198	27
1954 . . . . .	14,000	27,500	234	195	38
1955 . . . . .	11,200	30,600	202	180	22
1956 . . . . .	17,400	48,000	192	184	9
1957 . . . . .	15,000	50,200	192	186	6
1958 . . . . .	21,049	37,782	228	202	26
1959 . . . . .	19,189	42,253	261	225	36

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>Calendar years until 1950; 8 months in 1947.

<sup>b</sup>First 6 months only in 1949; fiscal year thereafter.

<sup>c</sup>Loss.

Table 5. NEW ORLEANS FOREIGN-TRADE ZONE: PERCENTAGE  
DERIVATION OF GROSS INCOME, 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment . . .	41.0	41.6	24.3	31.4	29.6	44.0	56.3	57.7	39.2	34.4
Dockage, wharfage and demurrage . . .	19.5	14.2	12.0	23.8	26.0	--	--	--	--	--
Storage . . . . .	26.3	32.3	43.7	25.2	30.2	39.3	28.5	19.8	29.7	31.0
Labor provided customers . . . . .	5.1	4.9	13.1	7.2	5.1	8.8	9.4)		--	--
Fumigation . . . . .	--	--	--	--	--	6.8	4.9)	22.5	--	--
All other <sup>a</sup> . . . . .	8.0	7.0	7.0	12.5	9.1	1.0	1.0)		31.1	34.6

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>Includes labor provided customers and fumigation charges for which figures were not provided since 1958.

Table 6. SAN FRANCISCO FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1949-1959 (Money values in thousands of dollars; volume  
in short tons.)

	<u>Merchandise Received</u>		<u>Zone Operator's Finances</u>		
	<u>Value</u>	<u>Volume</u>	<u>Income</u>	<u>Expenses</u>	<u>Loss</u>
1949 . . . . .	\$3,300	10,400	\$ 58	\$200	\$142
1950 . . . . .	7,000	9,300	91	177	86
1951 . . . . .	5,500	8,800	100	180	79
1952 . . . . .	6,000	16,600	125	176	51
1953 . . . . .	5,300	8,000	160	225	65
1954 . . . . .	6,300	6,600	144	235	91
1955 . . . . .	9,000	13,300	156	241	85
1956 . . . . .	8,500	16,200	181	264	83
1957 . . . . .	4,900	4,000	116	220	104
1958 . . . . .	2,741	2,027	64	170	106
1959 . . . . .	2,521	1,765	62	100	38

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 7. SAN FRANCISCO FOREIGN-TRADE ZONE: PERCENTAGE  
DERIVATION OF GROSS INCOME, 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment. . . . .	7.9	8.2	6.4	9.9	14.9	16.3	17.2	21.9	20.6	35.9
Dockage, wharfage and demurrage. . . . .	30.8	31.2	31.5	37.2	36.2	29.6	34.4	46.6	60.4	12.0
Storage. . . . .	26.5	26.0	24.6	27.0	25.6	21.0	18.4	10.3	10.1	36.9
Labor provided customers. . . . .	27.1	23.4	14.2	18.1	15.4	16.7	14.1	8.0	2.4	15.2
All other. . . . .	7.7	11.2	23.2	7.8	7.9	16.4	16.0	13.2	6.5	--

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 8. SEATTLE FOREIGN-TRADE ZONE: DATA ON OPERATIONS,  
1950-1959 (Money values in thousands of dollars;  
volume in long tons.)

	Merchandise Received		Zone Operator's Finances		
	Value	Volume	Income	Expenses	Loss
1950 <sup>a</sup> . . . . .	\$1,800	3,500	\$16	\$ 66	\$50 <sup>b</sup>
1951 . . . . .	3,400	7,900	34	106	72 <sup>b</sup>
1952 . . . . .	3,200	5,000	29	98	69
1953 . . . . .	3,400	7,400	29	78	50
1954 . . . . .	500	1,500	15	60	45
1955 . . . . .	2,700	1,400	10	45	35
1956 . . . . .	1,000	1,400	9	27	17
1957 . . . . .	700	1,100	20	26	5
1958 . . . . .	480	609	13	26	13
1959 . . . . .	360	435	10	31	21

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

<sup>a</sup>First 10 months operation.

<sup>b</sup>These losses were partially offset by receipts of state grants, to meet anticipated deficits, in these amounts - 1950, \$35,741; 1951, \$43,110.

Table 9. SEATTLE FOREIGN-TRADE ZONE: PERCENTAGE DERIVATION  
OF GROSS INCOME, FISCAL YEARS 1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Rents for buildings and equipment . .	1.0	1.3	2.4	1.7	2.1	11.9	6.3	1.0	3.6	5.7
Dockage, wharfage and demurrage . .	2.6	5.5	13.1	12.9	0.9	--	4.5	3.8	3.7	0.6
Storage . . . . .	12.7	12.0	40.8	35.2	75.9	51.6	60.7	77.1	71.8	68.8
Labor provided customers . . . .	14.2	24.3	42.2	48.1	18.7	31.5	27.3	17.6	19.4	23.9
State subsidy . . .	68.5	55.9	--	--	--	--	--	--	--	--
All other . . . . .	1.1	0.9	1.5	2.1	2.4	5.0	1.3	0.6	1.5	1.0

Source: Foreign-Trade Zones Board, 20th and 21st Annual Reports.

Table 13. VALUE OF IMPORTS INTO STATE OF HAWAII FOR 1957 AND 1959

	<u>1957</u>	<u>1959</u>
(a) <u>Summary</u>		
For civilian use		
Dutiable imports <sup>a</sup>	\$14,509,000	\$32,242,118 <sup>c</sup>
Duty-free imports	5,478,000	1,887,927
Sub-total	\$19,987,000	
For U. S. Government, duty-free imports	<u>6,708,000</u>	<u>          </u>
TOTALS	\$26,695,000	\$34,130,045
(b) <u>Dutiable Imports by Commodity Groups<sup>a</sup></u>		
Animal products, edible	\$ 2,597,186	\$ 5,299,897
Animal products, inedible	128,068	160,896
Vegetable foods and beverage	2,549,318	3,237,579
Vegetable products, inedible	415,654	681,313
Textile fibers and manufactures	2,231,137	2,836,733
Wood and paper	2,177,859	5,625,505
Nonmetallic minerals	455,339	908,961
Metals and manufactures	460,789	3,936,517
Machinery and vehicles	1,093,798	5,325,246
Chemicals and related products	59,011	2,253,090
Miscellaneous	739,801	1,976,381
Informal entries	<u>1,600,980</u>	<u>1,807,000<sup>b</sup></u>
TOTALS	\$14,508,940	\$34,049,118

Source: U. S. Department of Commerce, Bureau of the Census, Foreign Trade and Economic Operations Division Table IQ 253, United States Imports of Merchandise for Consumption, January-December 1957 and 1959.

<sup>a</sup>For details, see Appendix.

<sup>b</sup>Only a rough estimation based on actual duty collected on informal entries obtained from the U. S. Customs Office, Federal Building, Honolulu, Hawaii.

<sup>c</sup>Excludes estimated informal entries.

Table 14. VALUE OF EXPORTS FROM STATE OF HAWAII BY COMMODITY GROUPS, 1956-1959

	1956		1957		1958		1959	
	Value	%	Value	%	Value	%	Value	%
Animal products, edible	\$ 2,226	(a)	\$ 19,410	0.09	\$ 4,658	0.03	\$ 3,777	0.02
Animal products, inedible	99,933	0.57	191,248	0.96	217,618	1.30	214,614	1.20
Vegetable foods and beverages	11,490,426	65.70	12,869,053	65.00	12,371,009	72.90	12,276,332	68.00
Vegetable products, inedible	22,615	0.13	43,625	0.23	19,529	0.13	30,650	0.17
Textile fibers and manufactures	29,858	0.17	69,157	0.36	70,332	0.42	66,311	0.38
Wood and paper	176,888	1.00	195,470	0.98	141,882	0.85	197,134	1.10
Nonmetallic minerals	16,684	0.09	31,287	0.18	26,388	0.17	49,016	0.28
Metals and manufactures	3,379,688	19.30	4,715,958	23.80	1,650,601	9.70	2,938,370	16.30
Machinery and vehicles	1,568,362	9.00	688,921	3.40	1,276,387	7.50	673,475	3.75
Chemicals and related products	17,681	0.11	38,238	0.20	34,668	0.20	17,187	0.10
Miscellaneous	1,704,139	4.0	936,748	4.80	1,155,710	6.80	1,576,578	8.70
Hawaii's Total Export	\$17,508,500	0	\$19,799,115	0	\$16,968,782	100.00%	\$18,043,444	100.00%

Source: U. S. Department of Commerce, Bureau of the Census. As compiled and prepared by Consulate General of Japan, Honolulu, Hawaii.

(a) Less than 0.05 per cent.

Table 15. COMPARISON OF IMPORTS AND EXPORTS WITH FOREIGN-TRADE ZONE VOLUMES (in millions of dollars)

Part I. IMPORTS AND ZONE RECEIPTS<sup>a</sup>

	1956			1957			1958		
	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports	Imports <sup>b</sup>	Received <sup>c</sup> in Zone	% of Imports
New York	\$4,147.3	\$26.0	.63	\$4,147.5	\$26.0	.61	\$4,036.2	\$20.4	0.50
New Orleans	595.7	17.4	2.92	567.5	15.0	2.64	552.0	21.1	3.82
San Francisco	325.6	8.5	2.61	331.1	4.9	1.48	336.3	2.7	0.80
Seattle	65.2	.96	1.47	70.3	.69	.98	87.2	0.5	0.57

Part II. EXPORTS AND ZONE FORWARDINGS<sup>a</sup>

	1956			1957			1958		
	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports	Exports <sup>b</sup>	Forwarded <sup>c</sup> from Zone	% of Exports
New York	\$4,284.6	\$26.0	.61	\$4,585.4	\$30.0	.65	\$4,040.5	\$19.2	0.48
New Orleans	1,092.0	17.8	1.69	1,281.8	15.1	1.18	968.2	14.2	1.44
San Francisco	250.4	9.6	3.83	293.0	5.6	1.91	210.8	2.1	1.00
Seattle	88.7	.81	.91	117.0	.96	.82	81.4	0.8	0.98

Sources: U. S. Department of Commerce, Bureau of the Census, Quarterly Summary of Foreign Commerce, January-December 1958, pp. 33, 34. Foreign-Trade Zones Board, 20th Annual Report.

<sup>a</sup>Data for 1959 unavailable.

<sup>b</sup>For period January through December 1958.

<sup>c</sup>For fiscal year ending June 30, 1958.



# APPENDIX

## DUTIABLE IMPORTS INTO STATE OF HAWAII, 1957 AND 1959

	<u>1957</u>		<u>1959</u>	
ANIMAL PRODUCTS, EDIBLE				
Animals, edible, except breeding	\$ 1,788		\$ 5,130	
Meat products	1,174,255		3,918,883	
Animal oils and fats, edible	126,181		55,534	
Dairy products	182,019		235,254	
Fish & fish products except shellfish	715,417		734,678	
Shellfish & products	250,477		334,668	
Other edible animal products	<u>147,049</u>	\$ 2,597,186	<u>15,750</u>	\$ 5,299,897
ANIMAL PRODUCTS, INEDIBLE				
Leather, rawhide & parchment manufactures	101,582		114,714	
Furs and manufactures	625		405	
Other inedible animals & animal products	<u>25,861</u>	128,068	<u>45,777</u>	160,896
VEGETABLE FOODS AND BEVERAGES				
Grains & Preparations	170,013		393,539	
Fodders & feeds	250,497		333,997	
Vegetables & preparations	840,317		1,037,437	
Fruits & preparations	586,258		604,723	
Nuts & preparations	36,934		45,977	
Vegetable oils & fats, edible	1,728		5,500	
Spices	12,736		16,449	
Sugar & related products	93,074		79,409	
Beverages	<u>557,761</u>	2,549,318	<u>720,548</u>	3,237,579
VEGETABLE PRODUCTS, INEDIBLE				
Rubber & allied gums & manufactures	261,568		454,740	
Drugs, herbs, leaves, roots, etc.	6,200		2,259	
Seeds	4,208		7,052	
Nursery & greenhouse stock	4,443		1,825	
Tobacco & manufactures	556		396	
Miscellaneous vegetable products	<u>138,679</u>	415,654	<u>215,041</u>	681,313
TEXTILE FIBERS AND MANUFACTURES				
Cotton manufactures	1,353,714		1,922,019	
Jute and manufactures	7,619		12,617	
Flax, hemp ramie & manufactures	12,787		15,154	

Other vegetable fibers & manufactures	13,413		27,235	
Wool manufactures	257,495		84,711	
Silk & manufactures	253,950		347,067	
Synthetic fibers & manufactures	217,122		275,695	
Miscellaneous textile products	<u>115,037</u>	2,231,137	<u>152,235</u>	2,836,733
WOOD AND PAPER				
Wood, unmanufactured	--		8,922	
Sawmill product (lumber)	1,313,779		1,321,471	
Wood manufactures	809,550		1,811,440	
Cork & manufactures	6,716		5,361	
Paper & manufactures	<u>47,814</u>	2,177,859	<u>2,478,311</u>	5,625,505
NONMETALLIC MINERALS				
Coal & related fuels	816		3,989	
Stone, lime, cement, gypsum & product	3,691		29,135	
Glass & products	71,475		183,587	
Clay & products	187,630		348,636	
Other nonmetallic minerals & manufactures	2,029		23,169	
Petroleum & products	--		96,775	
Precious & semi-precious stones, etc.	<u>189,698</u>	455,339	<u>223,670</u>	908,961
METALS AND MANUFACTURES				
Steel mill products	54,246		3,113,888	
Iron & steel manufactures	157,766		329,751	
Aluminum manufactures	25,765		92,891	
Copper & manufactures	81,663		136,671	
Brass & bronze manufactures	31,081		45,128	
Miscellaneous metal manufactures	16,513		39,871	
Precious metals, jewelry & plated	<u>93,755</u>	460,789	<u>178,317</u>	3,936,517
MACHINERY & VEHICLES				
Electrical machinery & apparatus	155,599		457,590	
Other machinery except agricultural	24,971		208,552	
Agricultural machinery & implements	--		7,220	
Vehicles & parts	<u>913,228</u>	1,093,798	<u>4,651,884</u>	5,325,246
CHEMICALS & RELATED PRODUCTS				
Coal tar products	851		2,663	
Medicinal & pharmaceutical preparations	35,917		75,811	
Industrial chemicals	6,220		26,458	
Explosives, fireworks & ammunition	9,086		65,244	

Pigments, paints & varnishes	—		3,372	
Fertilizers and materials	—		2,065,086	
Soap & toilet preparations	<u>6,937</u>	59,011	<u>14,456</u>	2,253,090
<b>MISCELLANEOUS</b>				
Photographic goods	267,190		467,690	
Scientific & professional instruments	16,930		28,278	
Musical instruments	25,849		74,778	
Toys, athletic & sporting goods	103,058		192,104	
Books, maps, pictures	24,232		126,791	
Clocks, watches, mechanisms & parts	973		10,120	
Art works & antiques	10,803		204,302	
Miscellaneous	<u>290,766</u>	739,801	<u>872,318</u>	1,976,381
<b>INFORMAL ENTRIES</b>	<u>1,600,980</u>	<u>1,600,980</u>	<u>—</u>	<u>1,807,000</u>
<b>TOTALS</b>		\$14,508,940		\$34,049,118

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Source: U. S. Department of Commerce, Bureau of the Census, Foreign Trade and Economic Operations Division Table IQ 253, United States Imports of Merchandise for Consumption, January-December 1957 and 1959.