

About HSBC

Comprehensive Trade Agenda at Top of New Year's Wish List for Major U.S. Markets

HSBC Made for Trade Research Finds Int'l Trade Boosted Annual U.S. Income By 10 Percentage Points of GDP in Decade

U.S. Companies That Export/Import Are More Productive, Pay Higher Wages

January 15, 2015

New York, NY - International trade and innovation are top-of-mind for city leaders nationwide this year, according to research from HSBC.

Though there remain significant risks to increased market openness, there is a growing awareness among policymakers that international trade can make a meaningful contribution to reviving growth, according to a recent HSBC [report](#), *Trading Up: Revive Trade, Fuel Growth*.

"Tangible progress has been made to liberalize trade in some areas and there is significant scope to broaden or deepen this to unlock economic opportunities," said [Doug Lippoldt](#), Senior Trade Economist for HSBC. "Regional negotiations - such as those for the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) - appear to be advancing in ways that could address difficult behind-the-border impediments to trade."

HSBC's [Made For Trade research](#),¹ conducted by leading researchers in key cities across the U.S. in 2014, shows that U.S. businesses stand to benefit if action is taken to deepen international trade links and spur innovation in major U.S. cities that have been shaped by global trade flows, including Los Angeles, Chicago, Houston and San Francisco.

Key findings from HSBC's Made For Trade research include:

- Over the last decade, international trade has boosted annual U.S. income by at least 10 percentage points of GDP. This translates into an immense aggregate gain in 2013 of at least \$1.7 trillion, or an average of more than \$13,600 per U.S. household per year.
- By pursuing a comprehensive pro-trade agenda, the U.S. could create 10 million new high-paying jobs over the next 10 years.
- As well as being larger, more productive and more capital-intensive, U.S. companies involved in international trade pay wages that are an average of 15-20 per cent higher.
- Exports as a share of U.S. GDP reached approximately 13.5 percent in 2013 - the highest level since at least 1947.
- Yet, only one percent of American businesses export - creating a tremendous opportunity to solidify the United States' position as the world's platform of choice to launch and grow businesses.

Furthermore, HSBC's Made For Trade research found that cities such as San Francisco, Chicago, and Houston are poised to benefit from increased trade. San Francisco's technology exports are expected to rise as much as 20 percent to around \$30 billion by the end of 2016, while Chicago's advanced manufacturing expertise coupled with its diversified manufacturing and related business services ensure its continued future as a leading global city. And despite recent declines in oil prices, Houston is still set to benefit from the opening of Mexico's energy industry to foreign investment.

Additionally, [HSBC's Spotlight on U.S. Trade](#), a series of reports analyzing publicly-traded companies in key regions around the U.S., showed that companies with higher levels of global sales and operations had profit margins that were almost triple those of their more domestically-oriented peers during the years 2007 to 2012. "Support from U.S. policymakers to deepen international trade links could spur jobs growth and economic opportunity at home," said Prabhat Vira, Head of Global Trade and Receivables Finance, North America for HSBC. "The Trans-Pacific Partnership (TPP) focuses on trade ties between the U.S. and 11 countries in the Asia-Pacific region, while the Transatlantic Trade and Investment Partnership (TTIP) would strengthen links with the 28 member states of the European Union. Deals on these agreements would help U.S. businesses to access these markets, as well as boosting global companies' investment in the U.S."

Equally important, city leaders will also need to think about how to foster innovation. Of the rise in real U.S. output per person in the 20th century, over 80 percent was accounted for by innovation, according to HSBC's Made For Trade research.

For more information about HSBC Made For Trade and how HSBC is helping to make global connections, please visit: www.MadeForTrade.hsbc.com

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Notes to editors:

¹ [Houston's Next Boom: Exporting Innovation](#), report by Greater Houston Partnership for HSBC
[Trade in the Bay Area: Investment and Global Financial Flows](#), report by Bay Area Council Economic Institute for HSBC

[Revival in the Heartland: Manufacturing and Trade in Chicago](#), report by The Chicago Council on Global Affairs for HSBC

[How America is Made for Trade](#) by Professor Matthew J Slaughter for HSBC

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About HSBC Made For Trade

HSBC Made For Trade is a national conversation with leaders in business, government, industry and academia about the role of global trade in today's economy. The 2014 national tour looked at the contribution of the international flow of goods, services and capital to the U.S. economy, and the opportunities for American businesses in four U.S. cities whose economies have been shaped by global trade. The tour concluded in Washington, DC, where voices from around the country were brought together with national officials and thought leaders to discuss policies to further promote the international flow of goods, services and capital.

About HSBC Group

Founded in 1865 to finance trade between Asia and the West, today HSBC Group is one of the world's largest banking and financial services organizations. Headquartered in London, HSBC Group operates through long-established businesses and an international network of some 6,600 offices in 75 countries and territories. HSBC is the world's leading bank for international trade, financing approximately 10 percent of international trade flows in 2012.* Our global reach and expertise helps millions of customers - from small businesses to multinationals - unlock their potential. In the U.S., HSBC serves 3 million customers through retail banking and wealth management, commercial banking, private banking, asset management, and global banking and markets segments, and operates more than 240 bank branches: over 155 in New York State as well as in California, Connecticut, Delaware, Washington, D.C., Florida, Maryland, New Jersey, Pennsylvania, Oregon, Virginia, and Washington State.

*Oliver Wyman Global Transaction Banking Survey 2012

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