
HOUSE RESOLUTION

REQUESTING THE STATE OF HAWAII TO CONSIDER IMPORT SUBSTITUTION
AS A KEY STRATEGY FOR ECONOMIC GROWTH AND DIVERSIFICATION.

1 WHEREAS, being the most geographically isolated, populated
2 land mass in the world, Hawaii's reliance on imported goods
3 creates economic vulnerabilities that were starkly highlighted
4 during the COVID-19 pandemic and other global supply-chain
5 disruptions; and

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7 WHEREAS, economic diversification has long been a strategic
8 priority for the State of Hawaii, in recognition of the risks of
9 over-reliance on a single economic sector, such as tourism; and

10
11 WHEREAS, historical experience in Hawaii demonstrates that
12 strong local industries can reduce economic dependence on
13 external markets and foster resilient communities, as seen
14 during the mid-nineteenth to early-twentieth centuries when the
15 sugar and pineapple industries, though export-focused, spurred
16 the development of local infrastructure and skill sets; and

17
18 WHEREAS, prior to Western contact, Hawaii had well-
19 established systems of local food production and resource
20 management that sustainably supported the population and
21 exemplified self-sufficiency, principles that can be revitalized
22 in a modern context; and

23
24 WHEREAS, import substitution is an economic strategy
25 wherein a country attempts to reduce its dependence on imported
26 goods by encouraging the local production of those goods, often
27 as a precursor to expanding production to target external
28 markets; and

29
30 WHEREAS, several Asian economies, including Japan, South
31 Korea, and Taiwan, initially employed robust import substitution
32 strategies--characterized by protective tariffs, government
33 investment, and policy support--to develop and strengthen their



1 domestic industries before transitioning to export-led growth;
2 and
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4 WHEREAS, following World War II, Japan used import
5 substitution measures in key sectors such as steel, automobiles,
6 and consumer electronics; and
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8 WHEREAS, supported by the Ministry of International Trade
9 and Industry of Japan, this approach included:
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- 11 (1) Selective tariffs and quotas to protect nascent
12 industries from foreign competition;
13
- 14 (2) Government-backed financing to help domestic firms
15 invest in capital-intensive manufacturing; and
16
- 17 (3) Strategic technology acquisition through licensing
18 agreements and joint ventures, enabling rapid
19 knowledge transfer and capacity building; and
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21 WHEREAS, South Korea pursued an import substitution model
22 during the 1960s and 1970s as part of its Five-year Economic
23 Development Plans, focusing on industries such as textiles,
24 chemicals, and steel; and
25

26 WHEREAS, South Korea's approach included:
27

- 28 (1) Strong government investment in infrastructure and
29 education to supply skilled labor;
30
- 31 (2) The protection and nurturing of key industries,
32 including shipbuilding and automobiles, through
33 directed credit and close government-industry
34 cooperation; and
35
- 36 (3) The development of large conglomerates (chaebols) that
37 could drive industrial expansion and later compete
38 globally in export markets; and
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40 WHEREAS, Taiwan adopted a phased approach to import
41 substitution from the 1950s through the 1970s, concentrating on



1 products like fertilizers, textiles, and basic consumer goods;
2 and
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4 WHEREAS, Taiwan's strategy featured:
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- 6 (1) Focused industrial parks and special economic zones
7 designed to reduce costs and spur domestic production;
8
9 (2) Strong support for small and medium enterprises to
10 foster entrepreneurship and job creation; and
11
12 (3) A gradual shift to export-oriented industries,
13 particularly electronics, once domestic firms became
14 competitive internationally; and
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16 WHEREAS, each of these Asian examples demonstrates how
17 careful protection of emerging domestic industries, coupled with
18 strategic government support, can build a foundation for long-
19 term diversification and global competitiveness; and
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21 WHEREAS, import substitution in Hawaii, if carefully
22 tailored and executed, can significantly bolster local
23 production capacity in areas such as agriculture, manufacturing,
24 renewable energy, and technology, resulting in greater economic
25 self-sufficiency, job creation, and supply-chain resilience; and
26

27 WHEREAS, ongoing efforts by the State of Hawaii to
28 encourage local agriculture, aquaculture, renewable energy
29 development, small business innovation, and technology research
30 would complement an import substitution strategy aimed at
31 reducing the overall cost of living and improving economic
32 stability; now, therefore,
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34 BE IT RESOLVED by the House of Representatives of the
35 Thirty-third Legislature of the State of Hawaii, Regular Session
36 of 2025, that the State of Hawaii is requested to consider
37 import substitution as a key strategy for economic growth and
38 diversification; and
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40 BE IT FURTHER RESOLVED that the Department of Business,
41 Economic Development, and Tourism; Department of Agriculture;



1 and Hawaii Technology Development Corporation, among other
2 relevant agencies, are urged to:

- 3
4 (1) Identify sectors in which local production can
5 feasibly replace a significant portion of imported
6 goods, such as food, energy, technology components,
7 and consumer products;
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- 9 (2) Propose policy measures, incentives, and funding
10 mechanisms that encourage private investment in local
11 production and reduce barriers to entry for local
12 entrepreneurs and small businesses;
13
- 14 (3) Collaborate with private industry, research
15 institutions, and community organizations to foster
16 innovation, workforce development, and knowledge
17 transfer, drawing on Hawaii's historical precedents
18 and the successes of Asian economies that have
19 implemented import substitution policies;
20
- 21 (4) Examine the historical experiences of the Kingdom of
22 Hawaii, Territory of Hawaii, and State of Hawaii to
23 determine how governmental support, infrastructure
24 development, and resource management contributed to
25 local industry growth and how these lessons can be
26 adapted to modern economic realities;
27
- 28 (5) Develop a comprehensive report, with input from
29 stakeholders in agriculture, manufacturing, finance,
30 and tourism, outlining a strategic plan to implement
31 import substitution in Hawaii as part of an overall
32 effort to diversify the economy;
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- 34 (6) Take steps to avoid and prevent new import
35 dependencies, including the importation of fossil
36 fuels, such as liquefied natural gas; and
37
- 38 (7) Leverage monopsony powers to substitute existing
39 imports and avert new import dependencies; and
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41 BE IT FURTHER RESOLVED that the Department of Business,
42 Economic Development, and Tourism; Department of Agriculture;



1 and Hawaii Technology Development Corporation are requested to
2 submit a joint report of their findings and recommendations,
3 including any proposed legislation, to the Legislature no later
4 than twenty days prior to the convening of the Regular Session
5 of 2026; and
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7 BE IT FURTHER RESOLVED that certified copies of this
8 Resolution be transmitted to the Governor; Director of Business,
9 Economic Development, and Tourism; Chairperson of the Board of
10 Agriculture; Chair of the Public Utilities Commission; Chief
11 Energy Officer of the Hawai'i State Energy Office; Acting
12 Executive Director of the Hawaii Technology Development
13 Corporation; and the Mayor of each county.

