
HOUSE CONCURRENT RESOLUTION

RELATED TO ECONOMIC DEVELOPMENT VIA IMPORT SUBSTITUTION.

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

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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

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

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24 WHEREAS, several Asian economies, including Japan, South
25 Korea, and Taiwan, initially employed robust import substitution
26 strategies--characterized by protective tariffs, government
27 investment, and policy support--to develop and strengthen their
28 domestic industries before transitioning to export-led growth;
29 and
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1 WHEREAS, following World War II, Japan used import
2 substitution measures in key sectors such as steel, automobiles,
3 and consumer electronics; and
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5 WHEREAS, supported by the Ministry of International Trade
6 and Industry of Japan, this approach included:
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- 8 (1) Selective tariffs and quotas to protect nascent
9 industries from foreign competition;
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- 11 (2) Government-backed financing to help domestic firms
12 invest in capital-intensive manufacturing; and
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- 14 (3) Strategic technology acquisition through licensing
15 agreements and joint ventures, enabling rapid
16 knowledge transfer and capacity building; and
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18 WHEREAS, South Korea pursued an import substitution model
19 during the 1960s and 1970s as part of its Five-year Economic
20 Development Plans, focusing on industries such as textiles,
21 chemicals, and steel; and
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23 WHEREAS, South Korea's approach included:
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- 25 (1) Strong government investment in infrastructure and
26 education to supply skilled labor;
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- 28 (2) The protection and nurturing of key industries,
29 including shipbuilding and automobiles, through
30 directed credit and close government-industry
31 cooperation; and
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- 33 (3) The development of large conglomerates (chaebols) that
34 could drive industrial expansion and later compete
35 globally in export markets; and
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37 WHEREAS, Taiwan adopted a phased approach to import
38 substitution from the 1950s through the 1970s, concentrating on
39 products like fertilizers, textiles, and basic consumer goods;
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42 WHEREAS, Taiwan's strategy featured:



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- (1) Focused industrial parks and special economic zones designed to reduce costs and spur domestic production;
- (2) Strong support for small and medium enterprises to foster entrepreneurship and job creation; and
- (3) A gradual shift to export-oriented industries, particularly electronics, once domestic firms became competitive internationally; and

WHEREAS, each of these Asian examples demonstrates how careful protection of emerging domestic industries, coupled with strategic government support, can build a foundation for long-term diversification and global competitiveness; and

WHEREAS, import substitution in Hawaii, if carefully tailored and executed, can significantly bolster local production capacity in areas such as agriculture, manufacturing, renewable energy, and technology, resulting in greater economic self-sufficiency, job creation, and supply-chain resilience; and

WHEREAS, ongoing efforts by the State of Hawaii to encourage local agriculture, aquaculture, renewable energy development, small business innovation, and technology research would complement an import substitution strategy aimed at reducing the overall cost of living and improving economic stability; now, therefore,

BE IT RESOLVED by the House of Representatives of the Thirty-third Legislature of the State of Hawaii, Regular Session of 2025, the Senate concurring, that the State of Hawaii is requested to consider import substitution as a key strategy for economic growth and diversification; and

BE IT FURTHER RESOLVED that the Department of Business, Economic Development, and Tourism; Department of Agriculture; and Hawaii Technology Development Corporation, among other relevant agencies, are urged to:

- (1) Identify sectors in which local production can feasibly replace a significant portion of imported



- 1 goods, such as food, energy, technology components,
2 and consumer products;
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- 4 (2) Propose policy measures, incentives, and funding
5 mechanisms that encourage private investment in local
6 production and reduce barriers to entry for local
7 entrepreneurs and small businesses;
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- 9 (3) Collaborate with private industry, research
10 institutions, and community organizations to foster
11 innovation, workforce development, and knowledge
12 transfer, drawing on Hawaii's historical precedents
13 and the successes of Asian economies that have
14 implemented import substitution policies;
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- 16 (4) Examine the historical experiences of the Kingdom of
17 Hawaii, Territory of Hawaii, and State of Hawaii to
18 determine how governmental support, infrastructure
19 development, and resource management contributed to
20 local industry growth and how these lessons can be
21 adapted to modern economic realities; and
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- 23 (5) Develop a comprehensive report, with input from
24 stakeholders in agriculture, manufacturing, finance,
25 and tourism, outlining a strategic plan to implement
26 import substitution in Hawaii as part of an overall
27 effort to diversify the economy; and
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29 BE IT FURTHER RESOLVED that the Department of Business,
30 Economic Development, and Tourism; Department of Agriculture;
31 and Hawaii Technology Development Corporation are requested to
32 submit a joint report of their findings and recommendations,
33 including any proposed legislation, to the Legislature no later
34 than twenty days prior to the convening of the Regular Session
35 of 2026; and

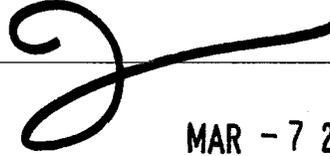
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37 BE IT FURTHER RESOLVED that certified copies of this
38 Concurrent Resolution be transmitted to the Governor; Director
39 of Business, Economic Development, and Tourism; Chairperson of
40 the Board of Agriculture; Acting Executive Director of the
41 Hawaii Technology Development Corporation; and the Mayor of each
42 county.



H.C.R. NO. 209

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OFFERED BY:

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MAR - 7 2025

