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# 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

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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 sustainably supported the population and  
21 exemplified self-sufficiency, principles that can be revitalized  
22 in a modern context; and

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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

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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;

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14 (2) Government-backed financing to help domestic firms  
15 invest in capital-intensive manufacturing; and

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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

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26 WHEREAS, South Korea's approach included:

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28 (1) Strong government investment in infrastructure and  
29 education to supply skilled labor;

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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

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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;

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9 (2) Strong support for small and medium enterprises to  
10 foster entrepreneurship and job creation; and

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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

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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:

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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;  
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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  
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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.

