HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

H.C.R. NO. 209 H.D. 1

HOUSE CONCURRENT RESOLUTION

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

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

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

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

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

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

WHEREAS, several Asian economies, including Japan, South Korea, and Taiwan, initially employed robust import substitution strategies--characterized by protective tariffs, government investment, and policy support--to develop and strengthen their domestic industries before transitioning to export-led growth; and

WHEREAS, following World War II, Japan used import substitution measures in key sectors such as steel, automobiles, and consumer electronics; and

WHEREAS, supported by the Ministry of International Trade and Industry of Japan, this approach included:

(1) Selective tariffs and quotas to protect nascent industries from foreign competition;

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

(3) Strategic technology acquisition through licensing agreements and joint ventures, enabling rapid knowledge transfer and capacity building; and

WHEREAS, South Korea pursued an import substitution model during the 1960s and 1970s as part of its Five-year Economic Development Plans, focusing on industries such as textiles, chemicals, and steel; and

WHEREAS, South Korea's approach included:

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

(2) The protection and nurturing of key industries, including shipbuilding and automobiles, through directed credit and close government-industry cooperation; and

(3) The development of large conglomerates (chaebols) that could drive industrial expansion and later compete globally in export markets; and

WHEREAS, Taiwan adopted a phased approach to import substitution from the 1950s through the 1970s, concentrating on products like fertilizers, textiles, and basic consumer goods; and

WHEREAS, Taiwan's strategy featured:

(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 goods, such as food, energy, technology components, and consumer products;

(2) Propose policy measures, incentives, and funding mechanisms that encourage private investment in local production and reduce barriers to entry for local entrepreneurs and small businesses;

(3) Collaborate with private industry, research institutions, and community organizations to foster innovation, workforce development, and knowledge transfer, drawing on Hawaii's historical precedents and the successes of Asian economies that have implemented import substitution policies;

(4) Examine the historical experiences of the Kingdom of Hawaii, Territory of Hawaii, and State of Hawaii to determine how governmental support, infrastructure development, and resource management contributed to local industry growth and how these lessons can be adapted to modern economic realities;

(5) Develop a comprehensive report, with input from stakeholders in agriculture, manufacturing, finance, and tourism, outlining a strategic plan to implement import substitution in Hawaii as part of an overall effort to diversify the economy;

(6) Take steps to avoid and prevent new import dependencies, including the importation of fossil fuels, such as liquefied natural gas; and

(7) Leverage monopsony powers to substitute existing imports and avert new import dependencies; and

BE IT FURTHER RESOLVED that the Department of Business, Economic Development, and Tourism; Department of Agriculture; and Hawaii Technology Development Corporation are requested to submit a joint report of their findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2026; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor; Director of Business, Economic Development, and Tourism; Chairperson of the Board of Agriculture; Chair of the Public Utilities Commission; Chief Energy Officer of the Hawaiʻi State Energy Office; Acting Executive Director of the Hawaii Technology Development Corporation; and the Mayor of each county.