



**ECONOMIC DEVELOPMENT SERIES  
INSTALLMENT #11:**

**“EXPORT ENHANCEMENT AND IMPORT SUBSTITUTION  
– KEY STRATEGIES FOR HAWAII’S PROSPERITY**

**September 4, 2003**

In the last installment, we presented a snapshot of Hawaii’s economy (Source: DBEDT):

Imports (goods & services)	-	\$14.954 billion
Exports (goods and services)	-	\$ 2.194 billion
Tourism (goods & services)	-	\$10.033 billion
<u>Net Deficit (goods &amp; services)</u>	-	<u>\$ 2.727 billion</u>

In addition, Federal Expenditures in Hawaii amount to \$9 billion. This snapshot identifies the critical issues facing Hawaii:

- Nearly 3 billion in trade deficit.
- Over dependence on tourism and the Federal Government.
- Lack of Diversification.
- Preponderance of service industry jobs – nearly 8 of the top ten professions in the state, based upon numbers of jobs do not pay a living wage. (Source: The Self Sufficiency Standard for Hawaii, April 2003).
- Brain Drain / Lack of Career Options for our Children
  - Hawaii has lost approximately 100,000 people to out migration between the ages of 5 and 45 over the last decade. (Source: DBEDT)
  - This means the current unemployment figures are understated.

Key strategies to overcome the deficit and protect us from volatility of the tourism industry and dependence on the federal government include economic diversification to achieve:

- **Export Enhancement** – Increasing the volume of goods and services we sell outside Hawaii.
- **Import Substitution** – Replacing goods and services bought outside the region.

Hawaii can best achieve export enhancement and import substitution by targeting knowledge-based based industries such as ocean and earth sciences, bio-technology, astronomy, film and digital media, health care, others.

We will target knowledge-based industries to achieve:

- **Export Potential to Address Deficit**
  - Isolated island status no longer a barrier, able to use Hawaii’s significant telecommunications infrastructure, 24/7 real-time.
  - Exports increase economic prosperity.
- **Increase High Paying Jobs** to increase prosperity
  - Increase prosperity by balancing preponderance of service industry jobs.
  - Provide Meaningful careers for our children.
- **Diversification** to decrease dependence upon tourism and DOD.

**NEXT INSTALLMENT: MATCHING INCENTIVES TO THE INNOVATION CYCLE**

To view previous installments of our electronic economic development series, please visit the “Press Room & Publications” on our website [www.enterprisehonolulu.com](http://www.enterprisehonolulu.com). Please e-mail us at [info@enterprisehonolulu.com](mailto:info@enterprisehonolulu.com) or call (808) 521-3611 if you would like to visit in more detail. Thank you for listening and for leading our state!

**HAWAII FACT:** Hawaii is ranked 19<sup>th</sup> among 50 states in U.S., for the use and deployment of broadband telecommunications infrastructure over telephone lines (Source: Progressive Policy Institute).