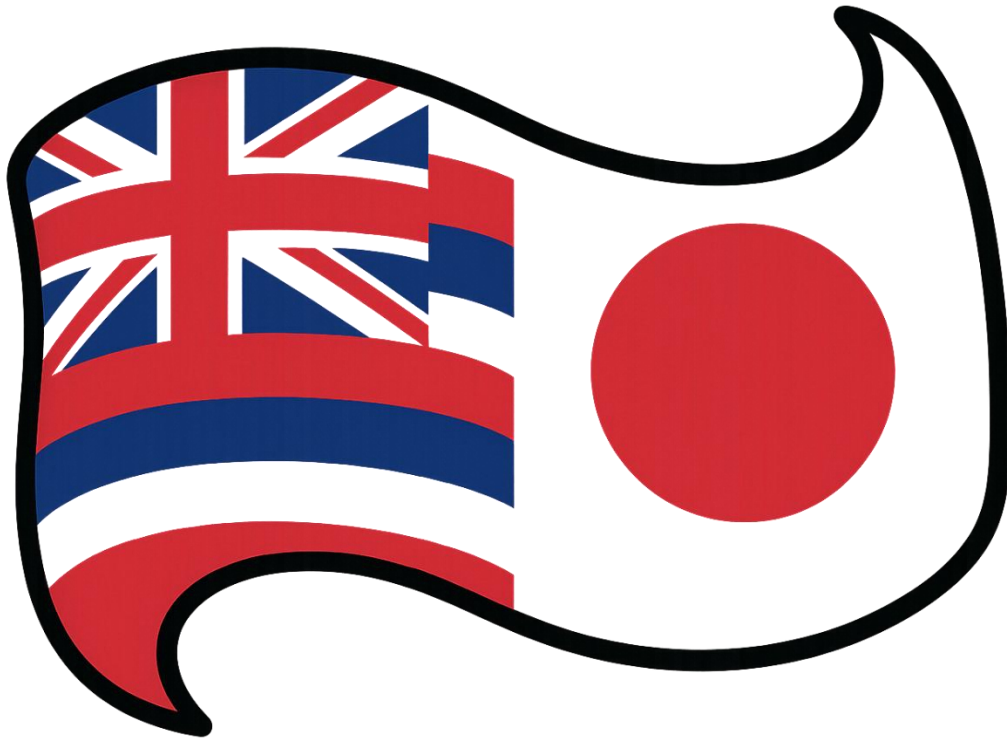


Hawai'i – Japan Economic Relationship and Impact





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Executive Summary

Japan is one of Hawai'i's primary international partners. More than half (55.5 percent) of foreign investment in Hawai'i property, plants, and equipment were held by Japanese entities and a majority (54.2 percent) of workers associated with foreign investment in Hawai'i were employed by Japanese firms as of 2023. Furthermore, Japanese nationals constitute a majority of temporary worker and investor visa holders – 52.7 percent in 2023. In terms of traded goods too, Japan is particularly important, ranking as the Hawai'i's second largest export market and the state's largest foreign import supplier between 2016 and 2025. While the commercial relationship between Hawai'i and Japan remains prominent, it has faced headwinds due to a weak Yen and relatively low economic growth in both Hawai'i and Japan.

Yen weakness has likewise loomed large for Japanese tourists considering a Hawai'i vacation. Japan has long been the state's top international visitor market, and that remains the case today, but arrivals are well below historical peaks and the recovery from pandemic disruptions has been sluggish. Arrivals of Japanese visitors to Hawai'i in 2025 were less than half (46.4 percent) of 2019 totals and recovery in travel to Hawai'i is lagging other destinations in the Asia-Pacific region that are popular with Japanese tourists. Absent Japanese visitors are felt by the Hawai'i visitor industry, who remember the bygone days of high-spending Japanese tourists. Now, Japanese visitors' daily spending is eclipsed by visitors from other markets but remains unique in the high share of daily spending on shopping, as opposed to other categories such as lodging and transportation. Also unique of Japanese visitors is low visitation to neighbor islands and a strong preference for O'ahu, meaning their economic impact is less evenly distributed than that of visitors from other major markets.

Hawai'i's draw as a tourist destination popular with the Japanese has long facilitated investment in the real estate sector. Commercially, the overwhelming majority of transactions are purchases of property with tourism-oriented classifications. In residential real estate, the Japanese have been, and remain, the largest international buyers of Hawai'i real estate, though transaction value has slid significantly over the last ten years. Japanese buyers of both commercial and residential real estate have a strong preference for O'ahu, with more than 90 percent of purchase value on that island over the past ten years. With Japanese homebuilders looking to increase exposure to the U.S. market and Hawai'i in urgent need of additional housing, opportunities for further commercial ties in the real estate sector may exist, particularly in prefabricated housing. Such housing has the potential to relatively quickly expand housing supply, but cost savings may be more elusive than expected.

In addition to tourists and investors, Hawai'i is a popular destination for Japanese students studying abroad. International students studying in the state, both for short and long-term programs, spend significant amounts of money. As the largest cohort, representing between a quarter and a third of all international students, Japanese students contribute handily to overall student spending. As with tourism, however, the pandemic disrupted Japanese study abroad in Hawai'i and that activity is yet to recover, remaining at 69.9 percent on pre-pandemic totals. Meanwhile, other popular English-speaking destinations for Japanese students – such as Australia, the United Kingdom, and New Zealand – have surpassed 2019 levels.

Hawai'i maintains a prominent place in the military apparatus of the United States, hosting the Indo-Pacific Strategic Command (INDOPACOM). Of all the U.S. unified commands, INDOPACOM is the largest and, as such, supports a great deal of economic activity. The share of GDP attributable to defense spending was higher in Hawai'i than any other state in 2024 at 10.3 percent. Additionally, defense spending per resident was the third highest nationally and the third fastest growing. Large and rising expenditures from the Department of Defense (DOD) creates ample opportunity for government contractors in Hawai'i, including those owned by Japanese entities with investment in or partnership with American companies, in sectors such as construction and various professional and high-tech services.

Hawai'i's global leadership as a domicile for captive insurance – that is insurance companies set up to insure the risks of their parent company – has attracted considerable activity by Japanese firms. As of 2024, Japanese-owned, Hawai'i-domiciled captives had total assets of \$1.7 billion, Hawai'i held investments of \$215 million, and total gross premium of \$563 million. Globally, Hawai'i has the seventh most captives of all domiciles and the third highest gross premium in the world. By far, Hawai'i leads the Asia-Pacific region as a captive domicile – both in number of captives and gross premium.

Many of the top crops produced in Hawai'i are also widely traded in international markets and, in many cases, Japan is a major importer of these same products. However, Hawai'i agricultural products capture very little market share in Japan. A major reason for this is that Japanese imports, while large, have been declining. Furthermore, Hawai'i production of its top crops has also been under pressure. The combination of declining demand in Japan and contracting supply in Hawai'i creates a challenging competitive environment. Major Hawai'i crops examined are coffee, macadamia nuts, shrimp, seaweed and algae, papaya, and seed crops.

Introduction

Aspects of the relationship between Hawai'i and Japan can be readily observed on any given day. The ties between Hawai'i and Japan are historical, cultural, and economic. Over one fifth of the state's population claims Japanese ancestry¹ and more than 10 percent speak Japanese at home². Additionally, the economic ties between Hawai'i and Japan are apparent walking around Waikīkī and other parts of the islands, where one can't help but notice the presence of Japanese visitors and the businesses that provide services to them. While commerce between Hawai'i and Japan is multidimensional, the visitor industry and the infrastructure that supports it form the bedrock of commercial ties. This report provides a summary of trends in Japan investment and trade with Hawai'i and highlights several sectors with significant commercial activity or the potential for further activity between Hawai'i and Japan.

Section I: Hawai'i-Japan Trends in Investment, Employment, and Trade

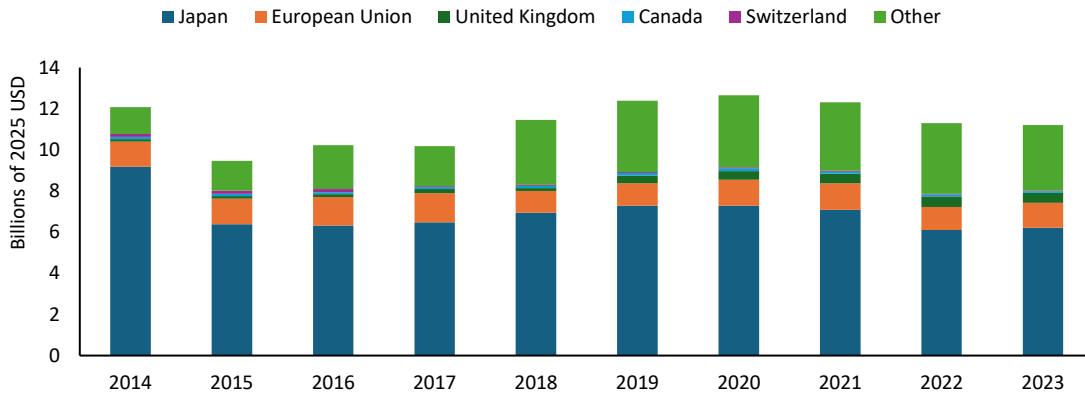
Attracted to the state because of its visitor economy and its place as a bridge to the broader U.S. market, Japanese businesses have long invested in Hawai'i. Today, as has been the case for some time, Japanese investment in the state far surpasses that of any other country. According to data from the U.S. Bureau of Economic Analysis (BEA), the investments of majority-owned Japanese entities in Hawai'i property, plants, and equipment totaled \$6.2 billion in real value in 2023, the most recent year for which data is available. While this total has declined at a compound annual rate of 4.2 percent over the last ten years, Japan is still responsible for more than half (55.5 percent) of gross real property investment by majority-owned foreign entities. Furthermore, Japanese businesses have five times more money invested in the state than the European Union, the second largest foreign owner of real property in Hawai'i.

While the data above illustrates the importance of Japanese investment in Hawai'i, it is limited in that it only accounts for the activity of majority-owned Japanese firms. It misses investments in and employees of firms in which Japanese businesses have a minority interest. Additionally, it only includes the value of property, plants, and equipment and therefore misses a variety of other variables that can determine business value. Therefore, the numbers cited above underestimate total Japanese investment in Hawai'i.

¹ 2020 Decennial Census, accessed through DBEDT's Population by Race Dashboard:
<https://dbedt.hawaii.gov/economic/race-dashboard/>

² American Community Survey 2019 to 2023, accessed through DBEDT's Language Use Dashboard:
<https://dbedt.hawaii.gov/economic/language-use-dashboard/>

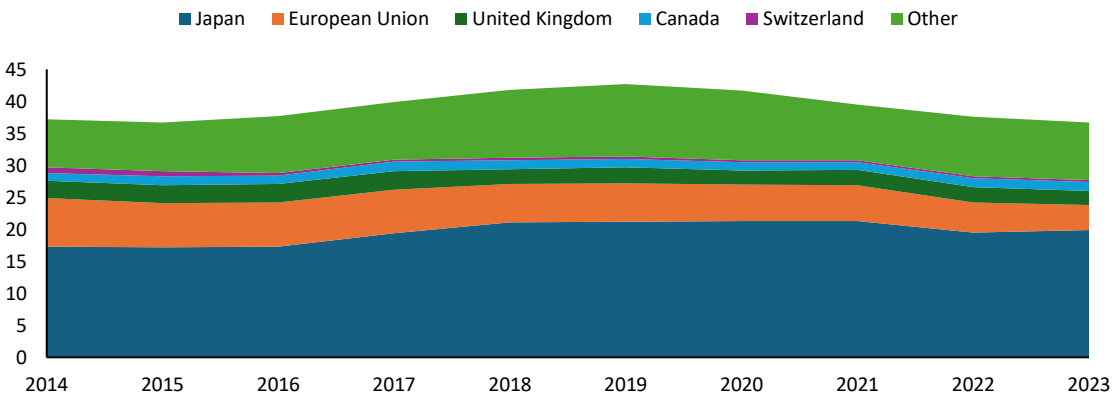
Figure 1: Gross Value of Hawai'i Property, Plants, and Equipment Owned by Foreign Entities



Source: U.S. Bureau of Economic Analysis (BEA), Activities of Multinational Enterprises; only includes firms that are majority foreign owned

Japanese investment in the state also supports local employment. The same dataset from BEA indicates the employees of these majority Japanese-owned businesses totaled 19,900 in 2023, rising by a compound rate of 1.6 percent annually since 2014. Similar to investment, employees of majority Japanese-owned entities constitute more than half (54.2 percent) of the total. In local employment as well, the European Union has the second largest presence but employs only one fifth as many people as Japanese businesses. Similar to gross investment numbers, the employees of Japanese-owned firms are likely understated here as well. This is because employees of firms in which Japanese investors are minority owners are not included.

Figure 2: Employees of Multinational Firms, Thousands



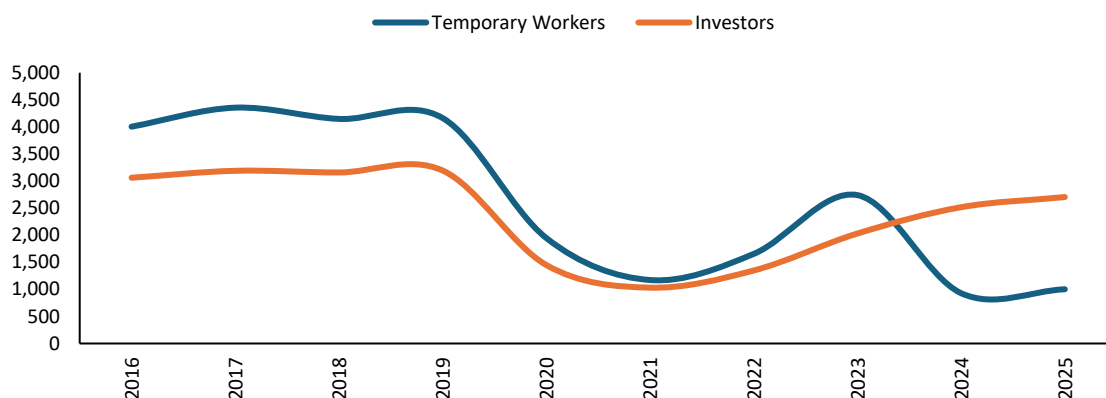
Source: U.S. Bureau of Economic Analysis (BEA), Activities of Multinational Enterprises; only includes firms that are majority foreign owned

The significance of the economic relationship between Hawai'i and Japan is also apparent when looking at data from the U.S. Department of Homeland Security on the number of temporary Japanese workers³

³ The following types of visas are considered temporary worker visas: CW1, CW2, EH1B, H1B1, H2A, H2B, H2R, H3, H4, I1, L1, L2, L2S, L2Y, O1 to O3, P1 to P4, Q1, R1, R2, TD and TN admissions.

and investors⁴ entering Hawai‘i⁵. During the past ten years, the Japanese share of those entering Hawai‘i for business reasons reached a high of 85.4 percent in 2021 and averaged 62.8 percent between 2016 and 2023⁶. From 2016 to 2025 both entries of Japanese temporary workers and investors to Hawai‘i have come under pressure. Over this ten-year period, the number of Japanese temporary workers entering the state declined at a compound annual rate of 14.5 percent, while investor entries declined by a much more modest 1.5 percent. Both of these classes of entry saw sharp declines following the coronavirus pandemic and have yet to fully recover. As of 2025, temporary worker entries were 24.0 percent of 2019 levels and investor entries reached 84.7 percent.

Figure 3: Japanese Business Visa Entries to Hawai‘i



Source: U.S. Department of Homeland Security (DHS), Office of Homeland Security Statistics

In addition to flows of investment and people, trade in goods between Hawai‘i and Japan is considerable. Both as a source of imports and a destination for exports, Japan is a top partner of Hawai‘i’s. Japan has been, on average, the second largest export destination for Hawai‘i products with \$91.9 million exported there between 2016 and 2025, in inflation-adjusted 2025 dollars. Top exports to Japan were refined petroleum products, military equipment and apparel, bottled water, and coffee. The real value of exports over the last ten years were only higher to Australia at \$120.0 million on average, though this was due to large, nonrecurring shipments of aircraft and aircraft parts in 2016 and 2017. Considerable variation exists year to year though in Hawai‘i’s export destinations. During 2019 and between 2021 and 2024, Japan was the top export market for Hawai‘i. However, it slipped to third and fifth in 2016 and 2017, respectively, and held second place in 2018, 2020, and 2025. Over ten years, however, Hawai‘i exports to Japan have come under pressure, declining at a compound annual rate of 4.6 percent. The Japanese market has been relatively resilient, though; total Hawai‘i exports to all markets declined by 10.2 percent

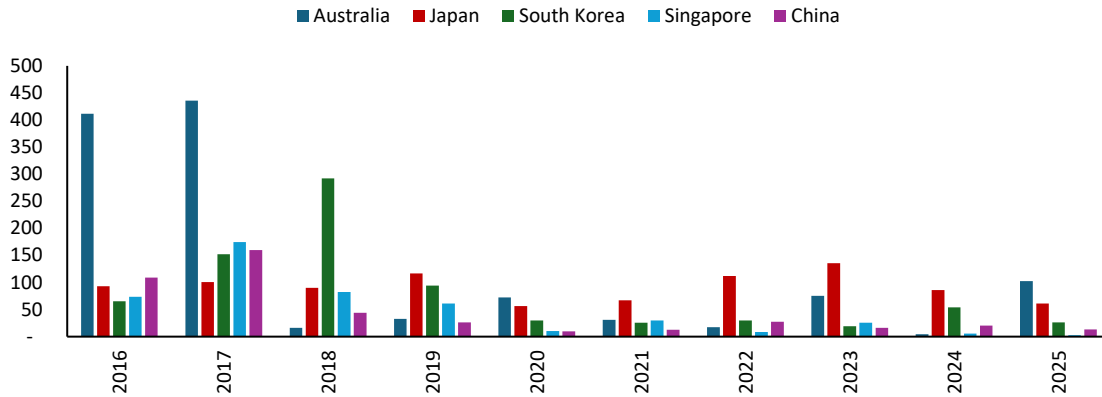
⁴ The following types of visas are considered investor visas: E1 to E3.

⁵ Total nonimmigrant admissions to Hawai‘i by class are available on Table 30 of the DHS Yearbook of Immigration Statistics: <https://ohss.dhs.gov/topics/immigration/yearbook>. Data on Japanese temporary workers was received by special request to DHS Office of Homeland Security Statistics. Data also includes the families of visa recipients.

⁶ Aggregate data on arrivals from all origins to Hawai‘i are not yet available for 2024 or 2025.

annually on average and the real value of shipments to Japan declined the least amongst the state’s top five markets.

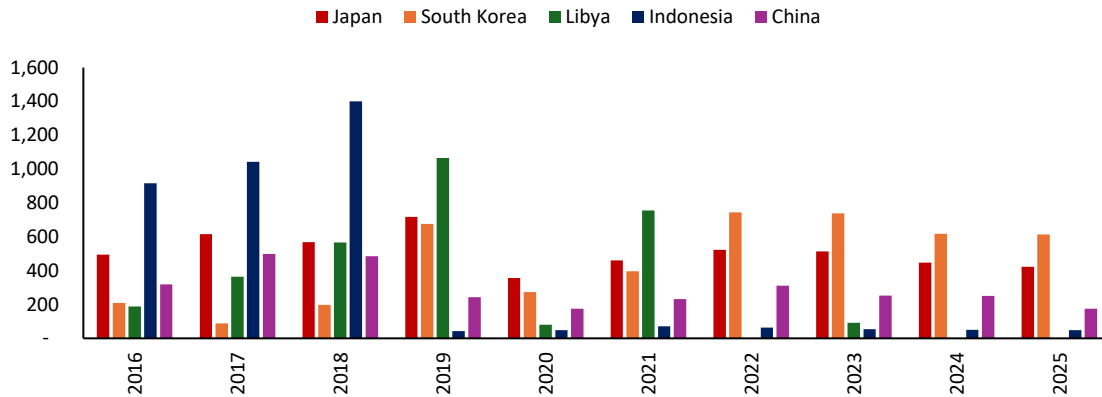
Figure 4: Top Hawai’i Export Markets, Millions of 2025 USD



Source: U.S. Census Bureau, USA Trade Online

For imports too, Japan had a large role in Hawai’i trading patterns, more so than in the export trade. Over the past ten years, the average, real value of Hawai’i imports from Japan totaled \$512.2 million, making Japan Hawai’i’s top international supplier between 2016 and 2025. As with exports, there was considerable annual variation amongst the state’s top suppliers. Japan generally was the second largest supplier in any given year, except 2020 when it took the top spot. However, Japan’s relative consistency over the last ten years pushed it to the front of the pack on average. Top products imported from Japan include vehicles, refined petroleum products, and machinery. Other former top suppliers went from shipping \$1.1 billion of goods to Hawai’i in 2019 to nothing the last two years, in the case of Libya. Or shipping nearly \$1.4 billion in 2017 to \$48.4 million in 2025, as is the case for Indonesia. Imports from these two countries consistently largely of crude oil. Meanwhile, Hawai’i imports of Japanese goods have ranged between \$356.2 million and \$717.6 million. From 2016 to 2025, imports from Japan declined at a compound annual rate of 1.7 percent, outperforming Hawai’i imports overall, which fell 3.3 percent on average each year.

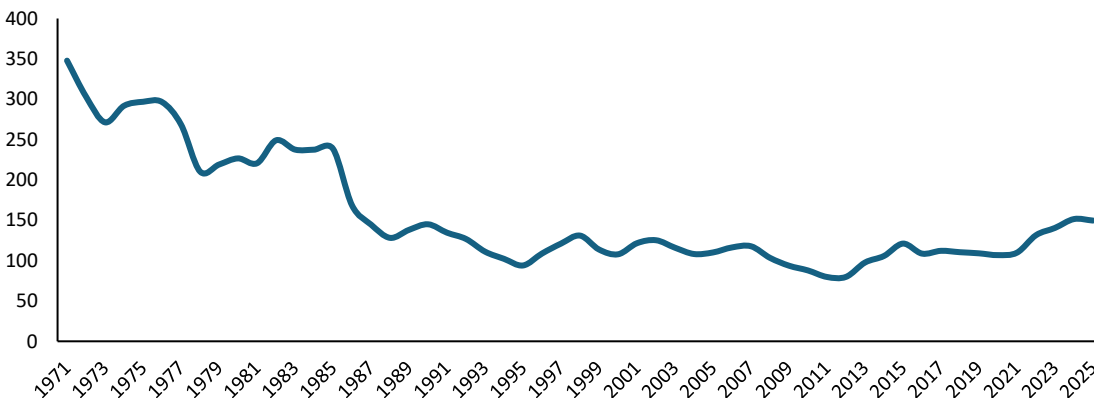
Figure 5: Top Hawai'i Import Suppliers, Millions of 2025 USD



Source: U.S. Census Bureau, USA Trade Online

The macroeconomic metrics above illustrate Japan's economic importance to Hawai'i but also indicate that activity has been under pressure. A major headwind to further economic activity between Hawai'i and Japan has been considerable weakness in the value of the Yen. During 2025, the U.S. dollar was 37.7 percent stronger against the Yen than it had been during 2016. This raises the cost of investing in and buying goods from Hawai'i. However, it also makes Japanese goods more affordable for Hawai'i consumers, which may be part of the reason imports from Japan declined by less than overall imports between 2016 and 2025. Additional headwinds are created by Japanese economic growth that has been lackluster for many years. Between 2016 and 2025, real gross domestic product in Japan grew at a compound annual rate of just 0.5 percent. While Hawai'i economic growth has been stronger, increasing 1.1 percent per year on average, it lags economic growth of the U.S. as a whole. During the same ten-year period, U.S. growth was a compound annual 2.5 percent. This potentially creates stronger incentives, if looking to invest in the United States, to look for opportunities on the U.S. mainland.

Figure 6: Japanese Yen per U.S. Dollar



Source: Federal Reserve Bank of St. Louis

That Japan is an important commercial relationship for Hawai'i is borne out by the high-level data available on cross-border investment, employment, and trade. In the data discussed, Japan is often not

only Hawai'i's largest partner, but an outright majority of international activity in the state. To move beyond high-level macroeconomic aggregates, the succeeding sections of this report examine various sectors, highlighting data that illustrates current commercial activity between Hawai'i and Japan or is suggestive of potential opportunity. However, it is important to note that some sectors or subsectors of promise may be absent from this report, not because they lack potential, but because data was unavailable or not readily accessible.

Section II: Tourism

Tourism accounted for nearly a quarter of Hawai'i's economy in 2025 and plays a central role in the state's relationship with Japan⁷. From 1995 to 1997, Japan was the top visitor market – ahead of both the U.S. West and U.S. East⁸. Peak Japanese visitation occurred in 1997 when 2.2 million tourists came to Hawai'i. Despite lower visitor totals than those seen historically, Japan remains a centerpiece of the Hawaiian Islands' visitor industry as the largest international market and third largest market overall, behind the two domestic major market areas (MMA) – U.S. West and U.S. East. However, Japanese visitors do not impact all islands equally.

More so than those from other top MMAs, Japanese visitors tend to be O'ahu-centric. In the ten years between 2016 and 2025, an average of 95.9 percent of Japanese visitors spent time on O'ahu during their trip to Hawai'i⁹. Meanwhile, only 13.6 percent visited any of the Neighbor islands¹⁰, differentiating the Japanese from other visitors. A greater share of visitors from the U.S. West, U.S. East, and Canada visited at least one of the Neighbor Islands than visited O'ahu.

A likely barrier to better Neighbor Island penetration by Japanese visitors is a lack of direct flights coupled with shorter vacation length. As of 2026, all the air seat capacity between Japan and Hawai'i was through O'ahu¹¹. Conversely, an estimated 44.7 percent of capacity from the U.S. mainland and 46.8 percent of Canadian capacity was to the Neighbor Islands. Oceania, like Japan, lacks flights to the Neighbor Islands and visitors must first fly to O'ahu. However, what Oceania lacks in direct flights is likely, at least in part, made up for with longer vacation length. Oceania visitors stayed an average of 8.9 days in Hawai'i – 45.9 percent longer than the 6.1 days a typical Japanese visitor spends in the islands – giving them more opportunities for interisland travel.

While the Japanese maintain a prominent position in Hawai'i's visitor mix – particularly on O'ahu – arrivals following the COVID pandemic have been subdued. Of the top five MMAs, Japanese arrivals came under the most pressure in the pandemic era. Between 2019 and the low reached in 2021, arrivals declined from nearly 1.6 million to just under 19,000 – a 98.8 percent drop. As of 2025, Japanese visitor

⁷ Includes sectors that are considered tourism-intensive: retail trade; transportation and warehousing; arts, entertainment, and recreation; and accommodation and food service. Actual share is 23.4 percent.

⁸ DBEDT Tourism Data Warehouse, Visitor Trends

⁹ DBEDT Tourism Data Warehouse, Visitor Characteristics

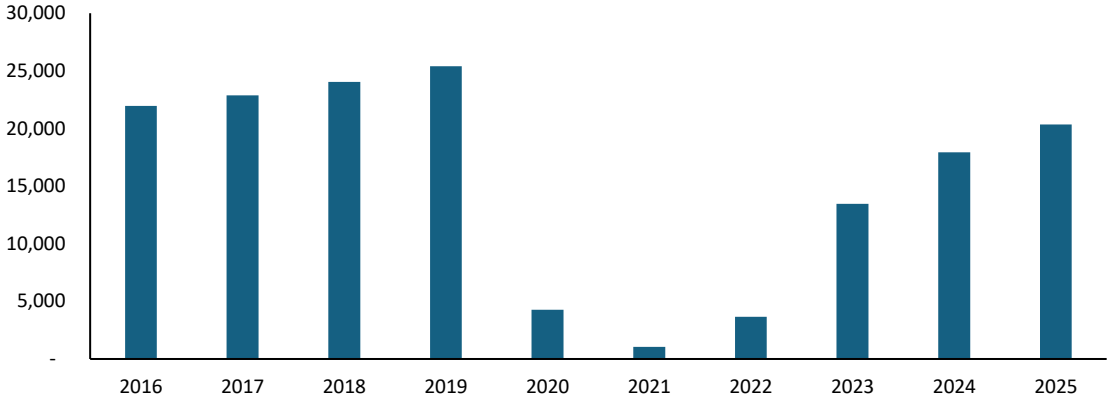
¹⁰ Note that tourists from all markets will sometimes visit multiple islands during their stay. Therefore, the sum of the shares visiting O'ahu and the Neighbor Islands will be greater than 100 percent.

¹¹ Diio, as of April 16, 2026

arrivals in Hawai'i have yet to recover and remain less than half (46.4 percent) of 2019 levels. The decline in arrivals from Oceania was similarly sharp and their recovery has also yet to fully materialize. Meanwhile, Canadian arrivals are roughly two thirds of the way to recovery and U.S. arrivals have surpassed levels seen before the pandemic.

The decline in Japanese trips to Hawai'i has been more pronounced than that experienced by other destinations, according to data from Oxford Economics¹². Similarly to Hawai'i, there was a sharp drop in total travel overseas between 2019 and 2021 – by 95.8 percent – and a recovery that has yet to be fully realized. However, the recovery in overseas travel generally is farther along than travel to Hawai'i among Japanese tourists. As of 2025, Oxford Economics estimates that the number of Japanese travelers going overseas is 80.1 percent of pre-pandemic totals.

Figure 7: Japanese Overseas Travelers, Thousands



Source: Oxford Economics

Several destinations in the Asia-Pacific region have outperformed general trends in attracting Japanese overseas travel since the pandemic. One destination that has performed particularly well is South Korea which, as of 2025, had 5.1 percent more Japanese arrivals than in 2019 as proximity, affordability, and diverse tourism offerings attracted visitors¹³. Indonesia and Cambodia too hosted a greater number of Japanese tourists in 2025 than before the pandemic, welcoming 10.2 and 7.8 percent more, respectively, than in 2019. These two countries boast popular UNESCO World Heritage Sites and tropical resort-style vacations that draw Japanese tourists.

Other destinations, while still below pre-pandemic totals, have nevertheless outpaced general trends. That is, their recovery is greater than the 80.1 percent of pre-pandemic totals seen in the Japanese overseas travel market at large. Destinations of this type include China, Vietnam, and Australia where Japanese arrivals are 98.6, 86.5, and 86.7 percent, respectively, of what they were in 2019. Recent policy changes have made travel to China smoother¹⁴ for Japanese travelers and business travel continues to be

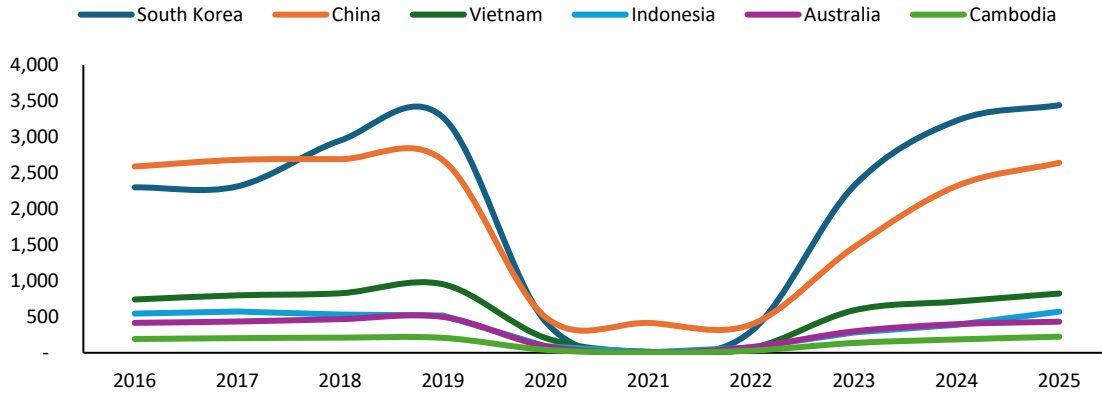
¹² <https://www.tourismeconomics.com/>

¹³ <https://www.travelandtourworld.com/news/article/south-korea-and-japan-tourism-exceed-eleven-million-travelers-last-year-demonstrating-exceptional-growth-over-five-decades/>

¹⁴ <https://en.people.cn/n3/2025/0115/c90000-20266212.html>

a boon, though recent diplomatic tensions may temper activity going forward. Meanwhile, travel to Vietnam has been promoted to celebrate the fiftieth anniversary of Japan’s establishment of diplomatic relations with the country in 2023¹⁵ and Australia has benefit from the fact that the Yen has declined less against the Australian Dollar than the U.S. Dollar.

Figure 8: Japanese Arrivals, Select Destinations



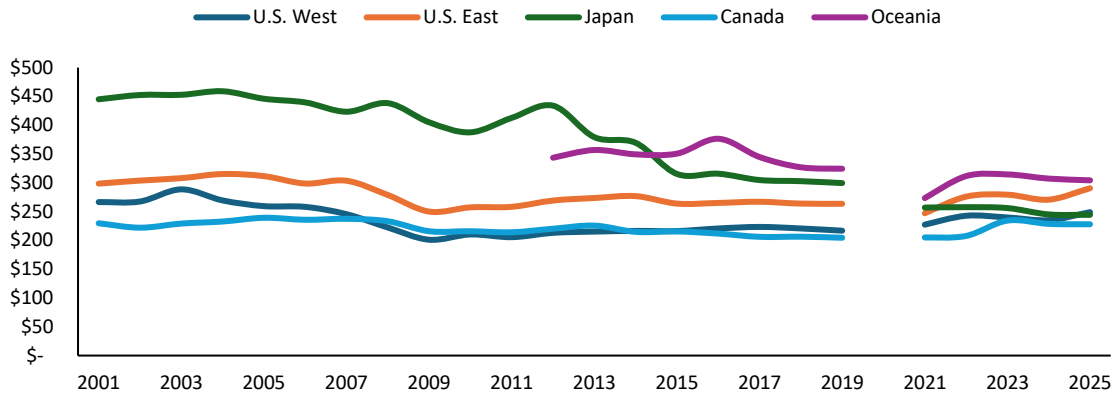
Source: Oxford Economics

The lackluster recovery in Japanese arrivals to Hawai’i compared to alternative destinations is being felt by the local economy. For many years, tourists from Japan were known as the big spenders in the Hawaiian Islands. In constant 2025 dollars, Japanese per person per day spending (PPPD) peaked in 2004 at \$445.90¹⁶. This was 45.6 percent higher than the U.S. East, which had the second largest PPPD amongst the top five MMAs at that time, spending \$315.23. However, real Japanese spending per person per day has fallen over the past several decades as a weakening Yen and general economic malaise in Japan weighed on visitors’ willingness and ability to spend. Since 2016, real Japanese PPPD spending has declined at a 2.8 percent compound annual rate. Meanwhile, the U.S. West and East saw PPPD spending grow at 1.4 and 1.0 percent per year on average. Canada experienced 0.8 percent per year average growth during the same time frame and Oceania saw a 2.3 percent per year average contraction. The result is that the Japanese visitor is no longer the big spender. In fact, amongst the top five MMAs, only the Canadian visitor spent less per person per day in 2025.

¹⁵ <https://en.vietnamplus.vn/japan-remains-important-market-for-vietnams-tourism-post254302.vnp>

¹⁶ DBEDT Tourism Data Warehouse, data for Japan available from 2001; adjusted for inflation using the Urban Hawai’i Consumer Price Index (CPI) published by the Bureau of Labor Statistics (BLS)

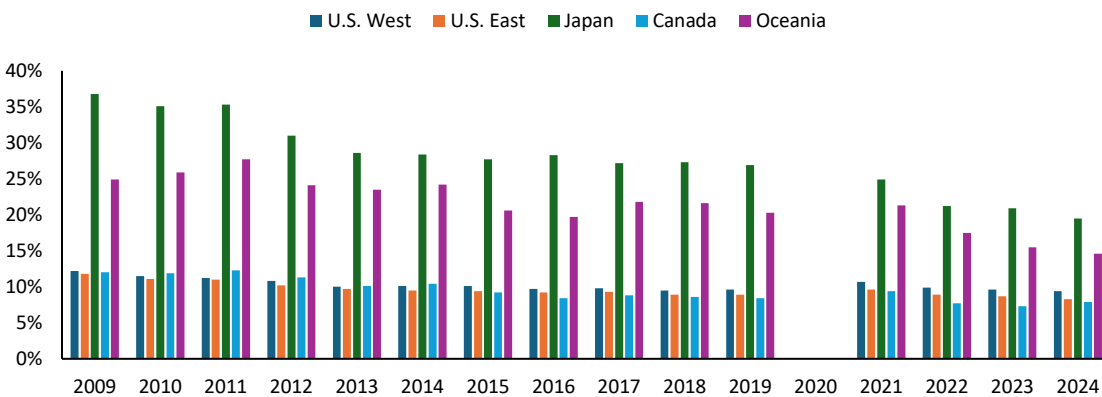
Figure 9: Real Daily Spending Per Person, 2025 USD



Source: DBEDT Tourism Data Warehouse; U.S. Bureau of Labor Statistics (BLS) Urban Hawai'i CPI

While the contraction in real Japanese visitor spending has diminished their economic impact, the pattern of Japanese spending remains noteworthy. Specifically, Japanese visitors' proclivity to shop sets them apart from other tourists. This makes them particularly important to local businesses engaged in the retail trade. Between 2009 and 2024, the years for which data is available, the share of Japanese visitor spending attributed to shopping was higher than that of the other top five MMAs¹⁷. In 2024, nearly 20 percent of Japanese visitor spending was on shopping, about 5 percentage points higher than second place Oceania and more than double the share spent by the North American markets. However, the share of spending devoted to shopping has declined over time as lower spending power has necessitated that Japanese tourists prioritize essentials, such as lodging.

Figure 10: Share of Daily Spending on Shopping



Source: DBEDT Tourism Data Warehouse

¹⁷ DBEDT Tourism Data Warehouse, Expenditure Patterns

Section III: Real Estate and Homebuilding

Historically and today, Hawai'i real estate has attracted significant Japanese interest, both by commercial entities looking for profitable investments and individuals wishing to spend more time in the islands. Japanese investment in Hawai'i real estate surged after the 1985 Plaza Accord when, in the years that followed, the Yen appreciated considerably. After the Japanese asset bubble burst in the early 1990s, investment slowed and some properties were divested. Nevertheless, Japan remains a significant player in Hawai'i real estate, as evidenced by a number of high-profile transactions over the past several years.

Most recently, there was the purchase of the land beneath the Bank of Hawai'i Center in Waikiki by Shoei Global for \$67 million¹⁸. Before that, in November of 2025, Daisho Co purchased the land underneath the Royal Hawaiian Hotel for \$510 million in a high-profile deal¹⁹. And, several years ago, the leasehold Queen Kapi'olani Hotel came under the ownership of a Financial Products Group Co, a Japanese financial services firm, for \$122 million²⁰.

These examples illustrate key themes of Japanese commercial real estate investment in Hawai'i. First, such investment tends to be heavily tourism oriented and, secondly, they are more often than not in assets on O'ahu, and more specifically Waikiki. According to data from Title Guaranty Hawai'i²¹, 98.8 percent of commercial real estate transactions involving a Japanese buyer were for properties with tourism-related tax classes, such as hotel and resort or vacation rental, between 2016 and 2025. During the same time period, 95.9 percent of Japanese commercial real estate purchases were on O'ahu with, 90.6 percent of the total in Waikiki. Unsurprisingly, Japanese purchases of commercial real estate mirrors closely the O'ahu-orientation of Japanese visitors.

Hawai'i Island sees the largest share of Japanese real estate purchases outside O'ahu, with Kohala, Wailea, and Kona the major areas of interest. On Maui, Kapalua is the most popular neighborhood of for Japanese commercial real estate purchases. Meanwhile, Kaua'i sees less than 0.5 percent of commercial real estate purchases by the Japanese with virtually all the island's activity concentrated in Koloa.

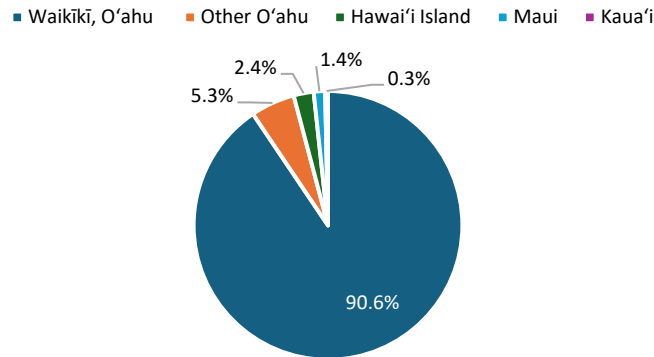
¹⁸ <https://www.bizjournals.com/pacific/news/2026/03/30/bank-of-hawaii-waikiki-center-sells.html>

¹⁹ <https://www.bizjournals.com/pacific/news/2025/11/10/kamehameha-schools-sells-land-under-royal-hawaiian.html>

²⁰ <https://www.hawaiipublicradio.org/local-news/2022-12-16/japanese-investors-buy-waikikis-queen-kapiolani-hotel>

²¹ <https://www.tghawaii.com/>

Figure 11: Share of Japanese Commercial Real Estate Purchases by Area/Island



Source: Title Guaranty Hawai'i

Commercial real estate transaction data on Japanese buyers from Title Guaranty is useful in examining the distribution of activity over an extended period of time, both for different regions and property uses. However, it is limited in its ability to determine aggregate purchases by Japanese investors. This is because records used to compile the dataset are based on the address of the buyer. If a buyer lists an address in Japan, that transaction is counted as a Japanese purchase. If, on the other hand, a Japanese investor with existing business in Hawai'i uses a local address, or a Japanese investor uses an intermediary, like a local law firm, to facilitate a transaction, then the purchase wouldn't be attributed to Japan. Because commercial real estate transactions tend to be fewer in number but greater in value, missing a handful of transactions could lead to a potentially considerable undercounting of commercial real estate purchases by Japanese investors.

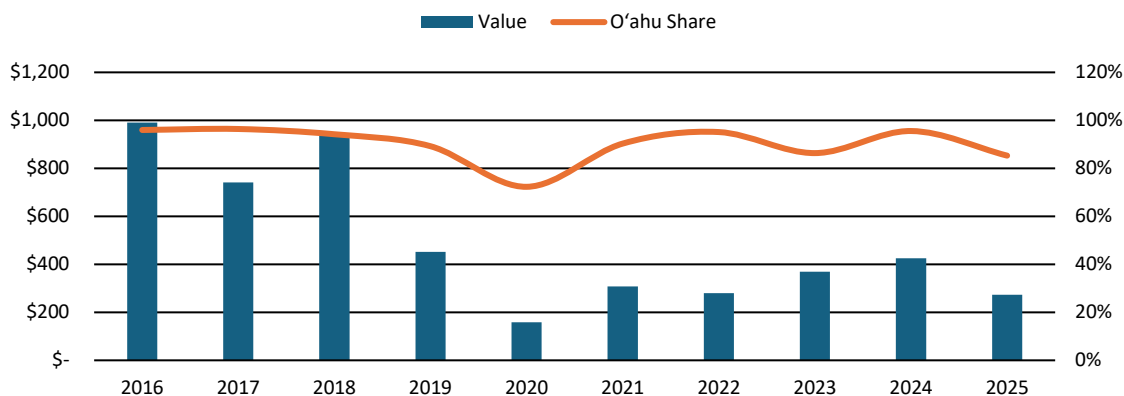
While the data limitations discussed above are a factor with residential real estate purchases as well, the issue is somewhat mitigated due to the larger number of lower value transactions in this category. Missing a handful of transactions in the residential dataset is less likely to meaningfully change the story presented by the data, particularly when discussing the overall value of purchases. As such, top buyer origins as well as trends over time can be examined with reasonable degrees of confidence.

Residential data from Title Guaranty Hawai'i indicates that the Japanese are consistently the largest international buyers of residential real estate in Hawai'i. Between 2016 and 2025, Japanese buyers' purchases of Hawai'i single-family homes and condominiums averaged \$493.4 million in constant 2025 dollars. Over the last ten years though, there has been a noticeable decline in activity, which coincides with marked Yen weakness and lower Japanese visitor arrivals. Since 2016, Japanese residential real estate purchases have declined at a compound annual rate of 13.3 percent – from \$990.3 million in constant 2025 dollars to \$273.3 million. While still the top buyers by a sizeable margin, Japanese purchases of residential real estate are a fraction of what they were ten years ago.

Over the past ten years, despite changes in aggregate purchases, Japanese buyers of residential real estate still show a strong and persistent preference for O'ahu, much like Japanese visitor patterns and investments in commercial properties. Between 2016 and 2025, 92.6 percent of all single-family home

and condominium purchases by the Japanese were on O’ahu. This ranged from a high of 96.4 percent in 2017 to a low of 72.3 percent in 2020. After O’ahu, in a distant second place, was Hawai’i Island with 6.1 percent of purchases over the past ten years.

Figure 12: Japanese Residential Real Estate Purchases, Millions of 2025 USD



Source: Title Guaranty Hawai’i; U.S. Bureau of Labor Statistics (BLS) Urban Hawai’i Consumer Price Index (CPI)

Japanese purchases of Hawai’i real estate has been much analyzed and discussed over the past several decades. Fairly new to the conversation is a larger Japanese role in the homebuilding sector. According to the Wall Street Journal²², Japanese companies have increased their investments in U.S. homebuilding and are now estimated to own about 6 percent of the business in America. They’ve done so despite the high interest rates in the U.S. that have created headwinds to home ownership. This is because the Japanese market, where the population is declining and the median age is increasing, may be even more challenging long term. Data from Official Statistics Japan, a government data repository, indicates that housing starts in Japan have declined at compound annual rate of 2.9 percent between 2016 and 2025, spurring homebuilders’ search for alternative markets. Notable Japanese companies reported to be making moves into the U.S. include Daiwa House and Sekisui House, both well-known for their efficiency and prefabricated technology.

Prefabricated technology has caught the attention of those in Hawai’i lately given the state’s housing shortage and the potential for it to relatively quickly add to housing supply. Japanese companies, like those mentioned above, are pioneers in manufacturing prefabricated housing²³. Following World War II, the sector took off to help quickly address an acute shortage of dwellings. More recently, however, the sector has evolved, primarily serving premium clientele by emphasizing attributes like disaster resilience and energy efficiency. As such, prefabricated offerings in Japan are generally more expensive than site-built homes²⁴. With Japanese housing starts under pressure and buyers increasingly price sensitive after a weakening of the Yen, there have been incentives for prefabricated homebuilders too to seek international opportunities. In fact, the incentive may be greater than for Japanese homebuilders

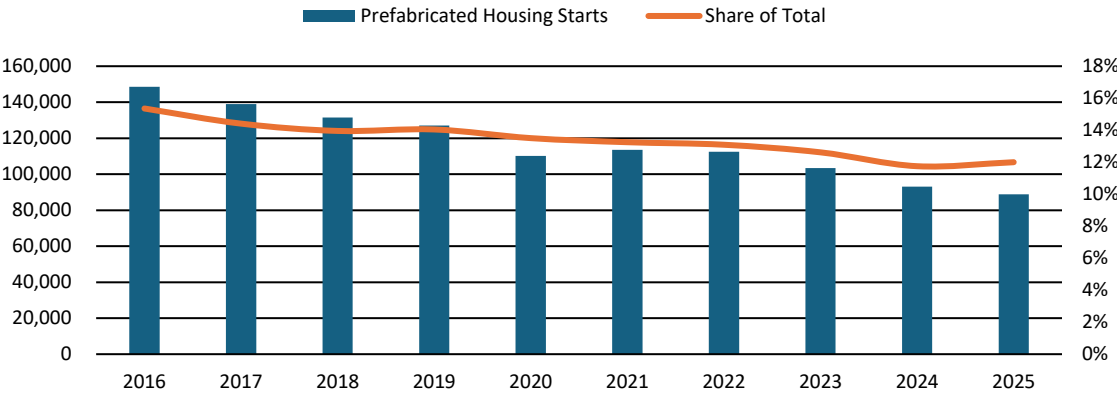
²² https://www.wsj.com/real-estate/japan-is-placing-a-multibillion-dollar-bet-on-the-u-s-housing-market-2ced2a01?mod=hp_featst_pos5

²³ <https://www.mdpi.com/2673-8392/4/3/69>

²⁴ <https://www.construction-physics.com/p/the-elusive-cost-savings-of-the-prefabricated>

broadly as prefabricated housing starts have declined more swiftly than overall housing starts in Japan. Over the last ten years, there has been a compound annual decline of 5.5 percent in Japanese prefabricated housing starts, nearly twice as much of a decline as total housing starts²⁵. This has pushed the share of Japanese housing that is prefabricated down to 12.0 percent in 2025, down from 15.4 percent in 2016. Given the need for Japanese prefabricated housing manufacturers to find alternative markets and Hawai'i's urgent need for housing, potential for commercial engagement may exist. However, while the promise of quick construction is attractive, Hawai'i should be aware that cost savings may be more elusive than anticipated. This is because many prefabricated home manufactures, both in Japan and around the world, see quality control, not price, as their competitive advantage.

Figure 13: Prefabricated Housing Starts in Japan



Source: Official Statistics Japan

Section IV: Education

In READ's annual *Economic Impact of International Students in Hawai'i*²⁶ report, it is estimated that the direct economic impact of international students from all origins totaled \$168.2 million in 2024, the most recent year for which data is available. These estimates include both short-term and long-term students. Short-term are defined as students who are enrolled in non-degree programs, training programs, camps, and those who are visiting scholars. Importantly, this category includes English language programs. Meanwhile, the long-term category includes students enrolled full-time for at least a semester at the university, high school, or middle school level. These estimates do not include the economic impact of educational travel conducted by foreign-based institutions.

While economic impact estimates are not provided by country of origin, the number of students from each country and their share of all international students are provided. In every recent year, Japanese students are the largest of the international cohorts, making up between 24.8 percent to 32.3 percent

²⁵ Official Statistics Japan: https://www.e-stat.go.jp/en/stat-search/files?page=1&layout=datalist&toukei=00600120&tstat=000001016966&cycle=7&year=20250&month=0&result_back=1&tclass1val=0

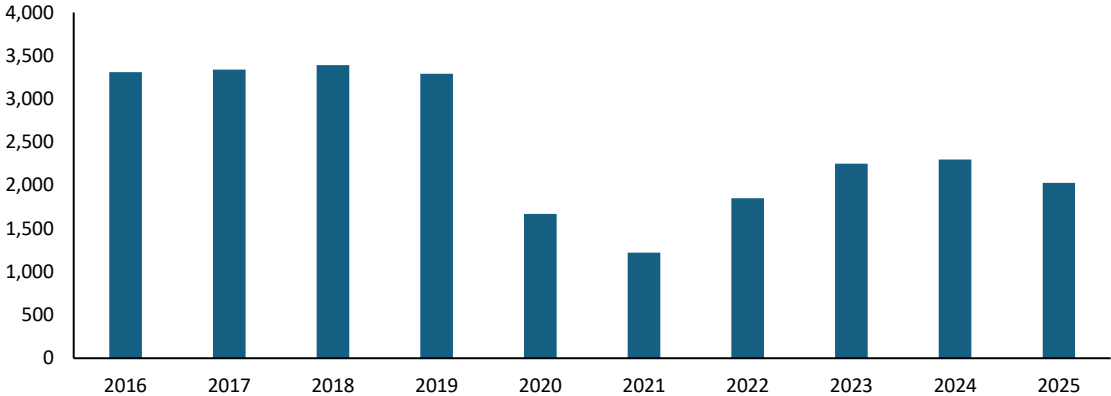
²⁶ <https://files.hawaii.gov/dbedt/economic/reports/2026-01-foreign-student.pdf>

each year since 2019. In 2024, the Japanese made up 27.0 percent of all international students, well ahead of second place South Korea and third place Philippines, which sent 11.3 and 11.0 percent of all international students, respectively.

If we assume that economic impacts associated with international students are proportional to the number of students from each origin, then the direct economic impacts of Japanese students in Hawai'i were \$45.4 million in 2024 . Japanese students have remained a plurality of all international students despite a decline in the absolute number of Japanese students bound for Hawai'i.

While READ hasn't yet published economic impacts for 2025, the U.S. Department of Homeland Security (DHS) has data on Japanese student visa holder arrivals in Hawai'i for 2025, which came in at 2,030. This is a noticeable decline from years past as the number of Japanese students entering Hawai'i on student visas fell sharply during the coronavirus pandemic. In 2019, 3,290 Japanese student visa holders entered Hawai'i. In 2021, that number was down to 1,220 – a 62.9 percent drop. Since the low of 2021, there has been significant recovery but the number of Japanese students coming to Hawai'i remains below pre-pandemic levels. In 2025, Japanese students arriving in Hawai'i reached only 61.7 percent of 2019 totals.

Figure 14: Japanese Students Entering Hawai'i



Source: U.S. Department of Homeland Security (DHS), Office of Homeland Security Statistics

According to survey data published by the Japan Association of Overseas Studies (JAOS)²⁷, overall Japanese study abroad activity has yet to fully recover to pre-pandemic levels. As of 2024, the year for which the most recent data is available, Japanese students studying abroad stood at 87.2 percent of pre-pandemic levels. Among the top English-speaking destinations for Japanese students, Australia, the United Kingdom, and New Zealand have recovered, seeing inbound Japanese students at 102.9 percent, 127.0 percent, and 104.5 percent of pre-pandemic levels. Meanwhile, the United States and Canada have lagged, achieving only 71.5 percent and 67.5 percent of pre-pandemic levels. JAOS doesn't survey the number of Japanese students coming to Hawai'i but, for the sake of comparison, DHS data indicates that in 2024 the number of Japanese students coming to Hawai'i were at 69.9 percent of 2019 totals.

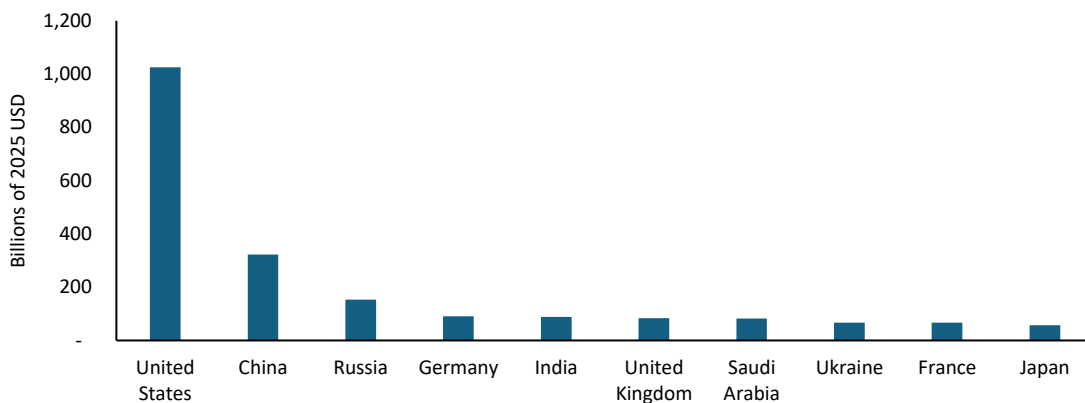
²⁷ <https://www.jaos.or.jp/top-eng>

This indicates Hawai'i's recovery in attracting Japanese students is similar to that of others in North America but behind places of study in the Pacific and Europe.

Section V: Defense

The United States has, by far, the largest defense expenditures in the world. In 2024, such spending totaled \$1,025 billion – more than three times more than the world's second largest spender, China, whose military expenditures totaled \$323 billion. Rounding out the top three was Russia with expenditures of \$153 billion²⁸. Japan, meanwhile, ranked tenth in defense spending, with just over \$57 billion in 2024. The role of the defense sector of the United States driving innovation through funding research, procuring cutting edge technologies, and fostering collaboration across private and public sector actors is well established²⁹. Additionally, many technologies utilized in defense are dual-use, meaning commercial, civilian applications exist. When military installations award contracts, the benefits can ripple throughout the economy, creating opportunities for both those businesses awarded contracts and the broader community³⁰. Japanese firms, through investment in or partnership with American companies, are able to take advantage these opportunities in the American defense sector and Hawai'i is a favorable place to do so, given the abundant defense resources devoted to the state.

Figure 15: Top Defense Spenders, 2024



Source: Stockholm International Peace Resource Institute (SIPRI); U.S. Bureau of Labor Statistics (BLS) U.S. City Average Consumer Price Index (CPI)

Hawai'i is home to the United States Indo-Pacific Command, the oldest and largest of all the United States' unified commands³¹. The U.S. Indo-Pacific Command's area of responsibility includes half of the

²⁸ https://www.sipri.org/sites/default/files/2025-04/2504_fs_milex_2024.pdf

²⁹ <https://www.sciencedirect.com/science/chapter/handbook/abs/pii/S0169721810020137>

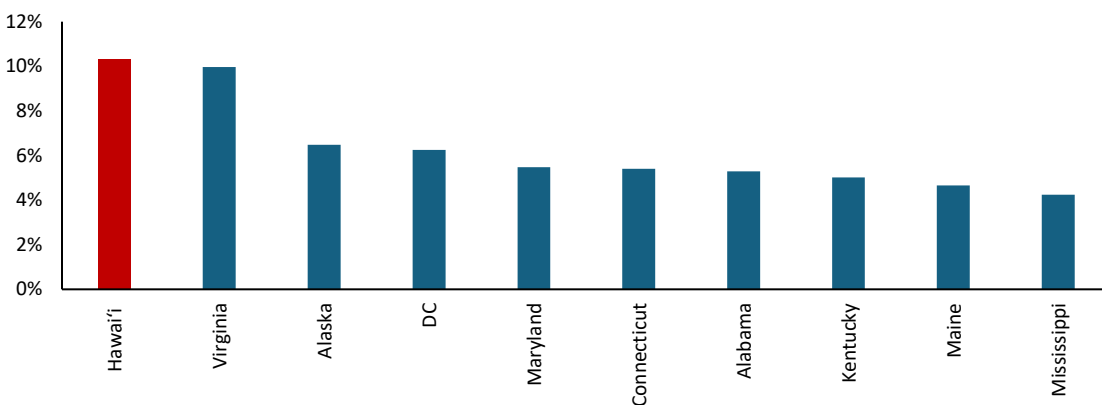
³⁰ https://files.hawaii.gov/dbedt/economic/archive/reports/Econ_Impact_Fed_Contracts_FY1822_Aug_2023_Final.pdf

³¹ <https://www.pacom.mil/About-USINDOPACOM/History/#:~:text=The%20U.S.%20Indo%2DPacific%20Command,the%20United%20States'%20unified%20commands.>

surface of the globe, from the U.S. West Coast to India’s Coast on the Arabian Sea and from the North to South Pole. Furthermore, this region encompasses half the world’s population, houses some of its largest economies, and contains several important United States allies³²

Hosting a key component of the U.S. Department of Defense’s (DOD) global footprint means the military plays a significant role in Hawai’i’s economy. After tourism, government – and to a high degree the military – is a major component of the state’s gross domestic product (GDP). In fact, according to DOD’s Office of Local Defense Community Cooperation (OLDCC)³³, Hawai’i had the largest share of state GDP attributable to the defense spending in the country at 10.3 percent during fiscal year 2024 (October 2023 to September 2024). Additionally, real spending per resident in Hawai’i of \$8,483 was the third highest nationally – greater only in Washington DC at \$17,012 and Virginia at \$8,887. In total, defense spending in Hawai’i totaled \$12.3 billion in fiscal year 2024. Of that total, 46.2 percent, or \$5.7 billion, was on contracts while the remaining 53.8 percent, or \$6.6 billion, was on payroll for military and civilian personnel and as well as grants.

Figure 16: Defense Spending as a Share of State GDP, FY24



Source: U.S. Department of Defense (DOD), Office of Local Defense Community Cooperation (OLDCC)

While data for fiscal year 2024 isn’t yet available from OLDCC, data for fiscal year 2023 indicates that 66 percent of defense contracts in Hawai’i were to provide services. This was followed by construction (25 percent), supplies and equipment (5 percent), and research and development (4 percent). The top contracting branch was the Navy and Marines, who awarded 55 percent of all contracts. Next was the Army with 21 percent, then Other Defense with 16 percent, and finally the Air Force and Space Force which awarded 8 percent of all contracts. Meanwhile, the largest islands for defense contract spending, in order, were O’ahu, Kaua’i, Hawai’i Island, and Maui³⁴. The top DOD contractor in Hawai’i, along with Dragados and Orion JV, was Hawaiian Dredging – a subsidiary of the Japan-based Kajima Corporation

³² <https://www.pacom.mil/about-usindopacom/#:~:text=The%20United%20States%20Indo%2DPacific,Antarctica%20to%20the%20North%20Pole.>

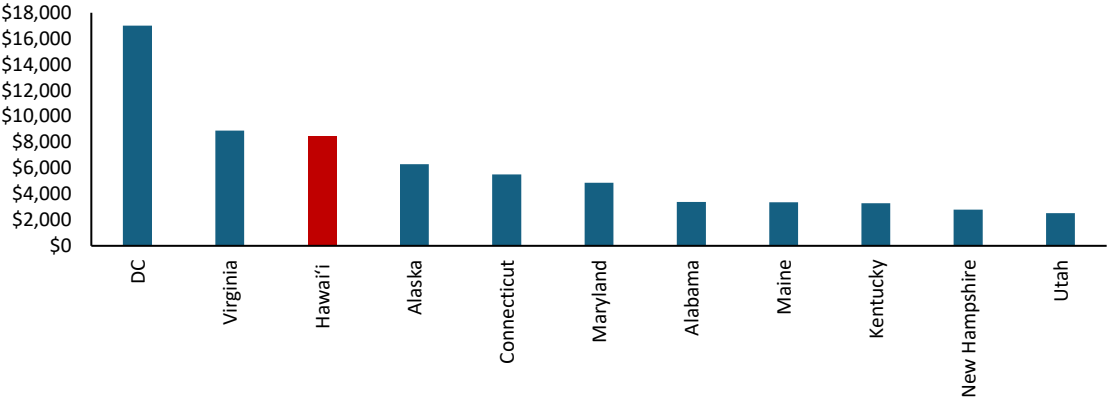
³³ <https://oldcc.gov/>

³⁴ https://oldcc.gov/sites/default/files/2024-12/FY2023%20Defense%20Spending_HI.pdf

engaged in construction. The second and third largest contractors were Nan, Inc. and IES Downstream, LLC, respectively.

The large role of defense spending in Hawai'i's economy and its place as the United States' primary outpost in the Pacific region means economic opportunities abound in the defense sector. Japanese companies can take advantage of these opportunities by investing in the state or securing a local partner. High-profile examples of this can be seen in the construction sector, but opportunities likely exist in high technology as well as professional and technical services. Hosting the world's largest defense spender's largest command center makes defense a major driver of Hawai'i's economy and one that shouldn't be overlooked when exploring investment opportunities.

Figure 17: FY24 Defense Spending Per Resident, 2025 USD



Source: U.S. Department of Defense (DOD), Office of Local Defense Community Cooperation (OLDCC); U.S. Bureau of Labor Statistics (BLS) U.S. City Average Consumer Price Index (CPI)

Furthermore, Hawai'i will remain crucial to the U.S. defense apparatus moving forward as additional resources are devoted to the Pacific, increasing opportunities for defense contractors. In addition to already having one of the highest defense spending totals per resident, Hawai'i also is one of the states that has grown the most in this measure over the past five years. Between fiscal year 2020 and fiscal year 2024, real defense spending per resident increased at a compound annual rate of 5.5 percent. This was the third fastest growth in the country, behind Washington DC, who placed second and grew 6.3 percent annually. Meanwhile, South Dakota saw the fastest growth in defense spending per resident with annual average growth of 12.6 percent. However, South Dakota spending increased from a very low base – only \$935 per resident in fiscal year 2020, growing to \$1,504 in fiscal year 2024.

Driving the growth in real defense spending per resident in Hawai'i was a large increase in the contracts category. Over the most recent five years, defense contract spending in Hawai'i surged 14.3 percent compounded annually. Like with overall spending per resident, this was the third strongest growth in the nation. Topping Hawai'i in growth was South Dakota and Wyoming. However, in the contract spending category, the growth in these states was from a low base. Both had less than \$500 million in contract spending in fiscal year 2020 and remain under \$1 billion in fiscal year 2024. The strong growth in defense spending in Hawai'i, particularly on contracts, creates opportunities for Japanese companies and their American partners in a variety of sectors. Given the importance of the Asia-Pacific and desire for

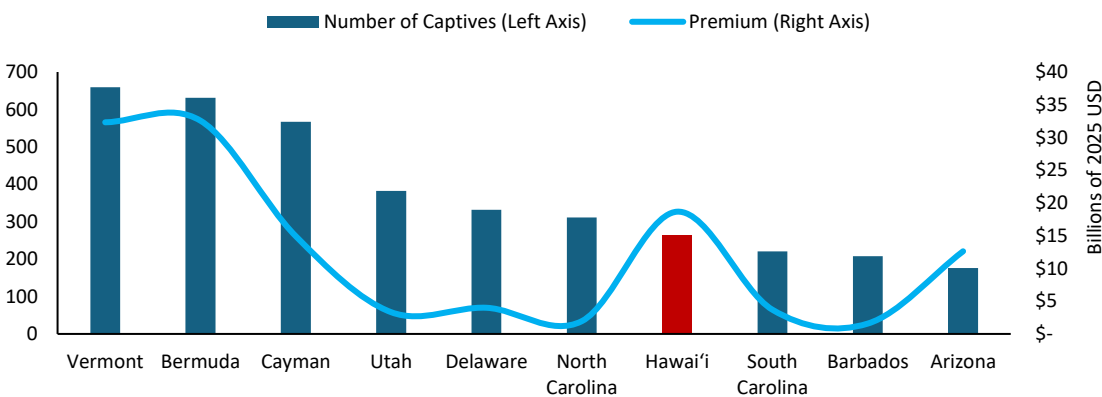
increased military expenditures from national leaders, the Hawai'i defense sector is poised to continue performing well.

Section VI: Captive Insurance

According to the American Bar Association, a captive insurance company is an insurance subsidiary set up by a parent company to underwrite the insurance needs of other subsidiaries³⁵. The captive model of risk management has become increasingly popular as businesses decide to self-insure for a variety of reasons, such as unusual, otherwise uninsurable risks or exorbitantly high premiums charged by insurance companies. For approximately 40 years, Hawai'i has served as a captive insurance domicile for companies around the world. In fact, Hawai'i is a global leader according to data compiled by Captive Insurance Companies Association³⁶.

As of 2023, Hawai'i had the seventh highest number of captives licensed in the world, after Vermont, Bermuda, Cayman, Utah, Delaware, and North Carolina. Meanwhile, Hawai'i was ranked third globally in premium earned after Vermont and Bermuda. By far, Hawai'i is the leading captive domicile in the Asia-Pacific region, well ahead of Singapore which has 90 captives and gross premium of \$1.9 billion. Hawai'i has 263 captives and gross premium of \$18.7 billion as of 2023.

Figure 18: Top Captive Insurance Domiciles, 2023



Source: Captive Review, World Domicile Update 2025

Most Hawai'i domiciled captive owners come from the Western United States. However, entities from Japan own the second highest number of captives in Hawai'i – ahead of both the Central and Eastern United States. As of 2025, there were 44 Japanese-owned captives in Hawai'i³⁷. The plurality of these entities (16 or 36.4 percent) had parent entities in the telecom and manufacturing sectors. The second

³⁵ [https://www.americanbar.org/groups/business_law/resources/business-law-today/2014-february/observations-on-captive-insurance-companies/#:~:text=A%20captive%20insurance%20company%20\(commonly,for%20the%20formation%20of%20captives.](https://www.americanbar.org/groups/business_law/resources/business-law-today/2014-february/observations-on-captive-insurance-companies/#:~:text=A%20captive%20insurance%20company%20(commonly,for%20the%20formation%20of%20captives.)

³⁶ <https://newton.media/captive-review-world-domicile-update-2025/world-domicile-update-domicile-index.html>

³⁷ Hawai'i Department of Commerce and Consumer Affairs (DCCA), Insurance Division – Captive Branch

highest number of owning entities (12 or 27.3 percent) were engaged in construction and real estate. Other sectors of captive parents were financial services (8 or 18.2 percent), transportation (4 or 9.1 percent), and retail/other services (4 or 9.1 percent).

All in all, Japanese-owned captives had total assets of \$1.7 billion, Hawai'i investments of \$221 million, and total gross premiums of \$579 million³⁸. As these numbers illustrate, Japanese-owned captives hold 12.7 percent of all their assets in Hawai'i investments. This is higher than the 5.3 percent of total assets held in Hawai'i investments maintained by non-Japanese captives.

Much of the growth in the number of Japanese-owned captives has occurred within the last ten years and that trend is expected to continue. In part, this is because rising insurance premiums may encourage companies to explore whether the captive model can be a more economical form of risk management. Furthermore, the captive concept is fairly new to the Japanese business community and, as understanding grows, so too is demand for effective captive domiciles. While comprehensive, global data on domicile-owner pairs is hard to find, Hawai'i is generally recognized as having the most Japanese-owned captive insurance companies.

Setting Hawai'i apart as a captive insurance domicile is that the state operates a full-time, 16-member branch within the Department of Commerce and Consumer Affairs (DCCA) that is devoted solely to the captive insurance industry, which helps create a responsive regulatory environment. Additional factors driving Japanese-owned captive growth within the state are favorable premium tax terms and low licensing fees, as well as a business day that overlaps with both Asia and North America.

The cluster of captive activity that has emerged in Hawai'i supports employment in insurance, actuarial services, law, banking, and other financial service professions that generally offer competitive salaries and opportunities for professional growth. According to the Bureau of Labor Statistics (BLS), jobs in Hawai'i finance and insurance sectors had real average annual salaries of \$100,072 in 2024, the most recent year for which data is available. This is more than 50 percent higher than the average annual salary for all private sectors in Hawai'i, which stood at \$66,334 per year in 2024³⁹.

³⁸ Hawai'i Department of Commerce and Consumer Affairs (DCCA), Insurance Division – Captive Branch, Value in 2025 USD

³⁹ Values are 2025 USD.

Section VII: Agriculture

Among the crops in Hawai'i with the highest value of production reported by the Hawai'i Department of Agriculture and Biosecurity⁴⁰, many are exportable and have large, well-established, global markets. Crops that rank amongst Hawai'i's largest are also ones that Japan imports, from Hawai'i or other trading partners. These include coffee, macadamia nuts, papaya, algae and seaweed, shrimp, and seed crops. The most recent value of production information, as well as a comparison with the value of production ten years ago, is provided in Table 1⁴¹. Japan is one of the largest importers in the world for many of these commodities and, with the exception of seed crops, Hawai'i ships all of these products to Japan, though market share is generally small and Hawai'i exports have been shrinking.

Table 1: Value of Hawai'i Production in Thousands of 2025 Dollars, Select Crops

Crop	2014	2023	CAGR
Seed Crops	\$214,560	\$122,606	-6.0%
Coffee	\$84,611	\$51,294	-5.4%
Macadamia Nuts	\$48,195	\$32,885	-4.2%
Papaya	\$15,248	\$6,890	-8.4%
Crop	2013	2023	CAGR
Aquaculture	\$80,678	\$69,350	-1.5%

Source: Hawai'i Department of Agriculture and Biosecurity (DAB), U.S. Department of Agriculture (USDA) ⁴²

Table 2: Value of Japanese Imports from all Trading Partners in Millions of 2025 USD, Select Crops

Crop	Coffee	Shrimp	Seaweed & Algae	Macadamia Nuts	Papaya
2014	\$1,904	\$2,460	\$166	\$37	\$5
2015	\$1,953	\$2,064	\$138	\$43	\$3
2016	\$1,831	\$2,149	\$176	\$49	\$3
2017	\$1,695	\$2,372	\$206	\$51	\$3
2018	\$1,439	\$2,018	\$193	\$61	\$2
2019	\$1,460	\$1,874	\$201	\$73	\$4
2020	\$1,397	\$1,731	\$179	\$68	\$3
2021	\$1,579	\$1,769	\$133	\$56	\$2
2022	\$1,613	\$1,636	\$122	\$52	\$2
2023	\$1,519	\$1,263	\$156	\$28	\$2
CAGR	-2.5%	-7.1%	-0.7%	-2.9%	-11.4%

Source: United Nations Comtrade, Imports Based on Reported Exports to Japan

⁴⁰ <https://dab.hawaii.gov/add/market-analysis-news-branch/>

⁴¹ Aquaculture is presented in aggregate because, to protect the privacy of producers, not all subcategories are disclosed

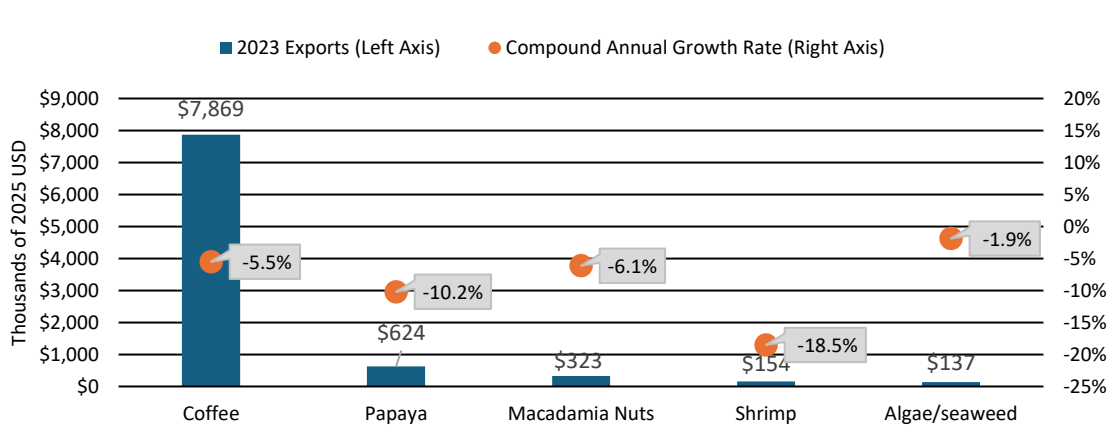
⁴² For coffee, macadamia nuts, papaya, and seed crops, the most recent ten-year period (2014 to 2023) from the Hawai'i Department of Agriculture and Biosecurity's Agricultural Development Division is used. For aquaculture, values come from the USDA Census of Aquaculture, which is taken every five years. Results from 2023 and 2013 are compared as no census results are available for 2014.

Of the agricultural products examined, Hawai'i exports of coffee to Japan are by far the highest, with a real value of \$7.9 million in 2023⁴³. The coffee shipped to Japan represents 77.8 percent of all Hawai'i coffee exports, making Japan by far the sector's largest international customer. Meanwhile, though Japan is a top three market for Hawai'i papaya, macadamia nuts, and seaweed and algae, the real value of exports only surpasses a half million dollars in one of those crops – papayas. Japan was a minor market for the Hawai'i shrimp sector in 2023 – ranking eighth with sales of less than \$200,000 despite Hawai'i being a top shrimp exporting state with \$12.6 million in sales during 2023.

Lackluster 2023 export sales to Japan of the previously mentioned Hawai'i crops was, for the most part, the result of several years of declining trade which, for almost all crops, left Hawai'i with minimal share of the Japanese market. The decline in exports was largest for Hawai'i shrimp, which shrank at a compound annual rate of 18.5 percent between 2014 and 2023, and smallest for seaweed and algae exports, which declined 1.9 percent compounded annually. Hawai'i exports of the other agricultural commodities to Japan were under varying degrees of pressure as well. Meanwhile, market share in Japan was around 1 percent or less in 2023 for all of Hawai'i's top crops. Papaya was an exception, however, and the state captured 35.9 percent of the Japanese market.

Disappointing trends in exports to Japan of Hawai'i's top agricultural commodities can be attributed to a number of factors. Firstly, Japan's imports of these crops in general have declined between 2014 and 2023 as the country grapples with anemic economic growth, a weak currency, and a declining population. These factors lower Japanese import demand and makes competition among exporters fiercer. Additionally, Hawai'i's production of its most valuable crops has also been under pressure during the last ten years as the state faced bouts of inclement weather, disease and pest pressure, and high costs of production. Limited supply likely causes Hawai'i producers to prioritize local consumption, shipments to the mainland United States, or other export markets, negatively impacting sales to Japan. These two factors make trade in agricultural products difficult with Hawai'i likely having to rely on the value of its brand and the high quality of its products to compete in niche Japanese markets.

Figure 19: Hawai'i Exports to Japan and 10-Year CAGR

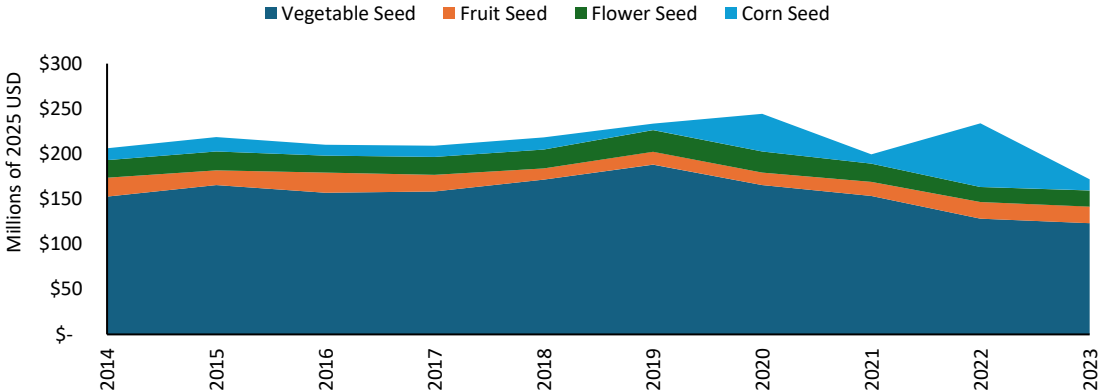


Source: U.S. Census Bureau , USA Trade Online; United Nations Comtrade

⁴³ Value in 2025 Dollars.

While Hawai'i only exports small, intermittent amounts of seed crop and, in recent years, none to Japan, it is the state's highest value crop and one in which Hawai'i has some advantages over other locations – as evidenced by the presence of several large, multinational agriscience companies in the state. Seed crops are grown not for consumption but for further propagation. Often, companies producing seed crops are working on creating improved varieties that produce a more desirable crop or one that is resistant to certain conditions or pests. Hawai'i's wide variety of soil types and localized climates within relatively short distances, coupled with a long growing season, offers favorable conditions for research and development of new crop varieties. These crop varieties are then disseminated to other growing regions as seed. There are a wide variety of seed crops traded on global markets and, of those, Japan imports more than \$10 million worth of several: vegetable seed, fruit seed, flower seed, and corn seed. Developing improved seed varieties that have attributes important to Japanese buyers, either through local initiative or Japanese investment, could spur further agricultural trade between Hawai'i and Japan.

Figure 20: Japan Imports, Select Seeds



Source: United Nations Comtrade Database, Imports Based on Reported Exports to Japa

Conclusion

Hawai'i and Japan have an important relationship that is bound together by history, culture, and economics. In this report, several aspects of Hawai'i and Japan's multidimensional economic relationship were explored. High-level, macroeconomic trends in investment, employment, and trade were discussed, as were the sectors that are foundational to the relationship – tourism and real estate. Additionally, less visible sectors like education, defense contracting, captive insurance, and agriculture were examined. These sectors were chosen not just for their importance, but also because relevant data was available. Undoubtedly, important sectors with the potential for increased commercial activity exist that were not discussed in this report due to lack of readily available data. While the pandemic and macroeconomic factors have disrupted commercial ties, recovery continues and new opportunities are being explored. Today, as has been the case for some time, Japan remains a major partner for Hawai'i on the global stage.