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KA MOKU 'ĀINA O HAWAII

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**DBEDT RELEASES NEW REPORT HIGHLIGHTING ECONOMIC TIES
WITH JAPAN ACROSS TOURISM, HOUSING, DEFENSE,
EDUCATION, FINANCE AND AGRICULTURE**

FOR IMMEDIATE RELEASE

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HONOLULU – The state of Hawai'i today announced the release of **Hawai'i–Japan Economic Relationship and Impact**, a comprehensive analysis outlining one of Hawai'i's most important international partnerships. The report highlights both longstanding strengths and emerging opportunities — from visitor spending and real estate investment to defense contracting, prefabricated housing, education and captive insurance.

“Hawai'i's relationship with Japan is not just historic — it is one of our state's most dynamic, mutually beneficial economic partnerships,” said Governor Josh Green. “As

we look toward the future, strengthening our ties with Japan means investing in shared opportunities that support local businesses, create jobs and open pathways for innovation across both our communities. Hawai'i and Japan have built something remarkable together, and this partnership will continue to be one of our state's greatest strengths."

"Japan remains Hawai'i's closest and most significant global economic partner," said James Kunane Tokioka, director of the Hawai'i Department of Business, Economic Development and Tourism (DBEDT). "This report provides a clear overview of key sectors while opening new avenues for collaboration that benefit both Hawai'i and Japan."

Japan's Enduring Economic Role in Hawai'i

The report shows that Japan continues to lead in several dimensions of Hawai'i's economy:

- Japanese entities hold 55.5% of all foreign-owned property, plants and equipment in Hawai'i.
- More than half of Hawai'i's workforce employed by foreign-owned businesses — specifically 54.2% — are employed by Japanese entities.
- Japan is Hawai'i's No. 1 import supplier over the last decade.
- Japanese students remain Hawai'i's largest international education group, contributing significantly to the local economy.
- Hawai'i hosts 44 Japanese-owned captive insurance companies, one of the strongest Japan-linked financial sectors outside Japan.

Tourism: Rebuilding a Critical Market

Japanese travel to Hawai'i has recovered to 46.4% of pre-pandemic levels, while Japanese travel to other destinations in the Asia-Pacific region have recovered faster. Japanese visitors are missed as they continue to be among the most important retail consumers in Hawai'i, spending a higher proportion of their budgets on shopping than any other major visitor group.

Japanese visitors have fallen in love with Hawai'i largely through their experiences on O'ahu. In fact, only 13.6% visited Kaua'i, Maui, or Hawai'i Island — a far smaller share than other major visitor markets. With each island offering a unique experience, most Japanese visitors have only seen a small fraction of what the state has to offer.

"We know how important Japanese visitors are not just to tourism overall, but specifically to Hawai'i's retail and small business community," said Tokioka. "We will continue to work closely with industry partners, airlines and travel agencies in Japan to strengthen air service, promote new itineraries and rebuild visitor confidence."

Housing and Real Estate: Prefabrication as an Emerging Solution

Japan has long been a major player in Hawai'i residential and commercial real estate markets. In the commercial segment, high-profile transactions regularly grab headlines and, in the residential segment, the Japanese are the largest group of buyers from abroad.

Defense: A High-Growth Opportunity

With defense spending accounting for 10.3% of Hawai'i's total GDP and defense contracts growing at 14.3% annually, the state sees major opportunities for Hawai'i-based subsidiaries of Japanese firms to participate in construction, logistics, high-tech manufacturing and dual-use technologies in support of the Indo-Pacific Command.

Captive Insurance: A Japan-Hawai'i Success Story

Hawai'i remains a premier domicile for Japanese corporate captives, supported by a highly responsive regulatory environment and a time zone advantageous to both the U.S. and Asia-Pacific.

Agriculture: Niche Growth Through Innovation

While overall Japanese demand for key Hawai'i crops has softened, potential persists in high-value, niche markets due to Hawai'i's strong brand and high-quality products. Furthermore, strong potential may exist in seed research and development, leveraging Hawai'i's climate diversity and established global seed industry presence.

Potential Next Steps for the state of Hawai'i

1. Rebuild and diversify Japanese visitor demand through coordinated airline, travel agent and retailer partnerships.
2. Advance housing solutions by piloting prefabricated projects with Japanese firms.
3. Broaden Japanese participation in defense contracting, especially in high-tech, engineering and logistics.
4. Re-establish Japanese student flows through renewed recruitment and education partnership initiatives.
5. Strengthen Hawai'i's position as Japan's preferred captive insurance domicile through targeted outreach and sector support.

The state will present this report at the Hawai'i–Japan Sister Summit, May 20-21, 2026, in a panel discussion featuring DBEDT Director Tokioka along with Colbert Matsumoto of Tradewind Group, Neill Char of First Hawaiian Bank, Shinichiro Shimizu of JAL Group and Jake Vuillemin who is the author of the report and an economist at DBEDT.

For more information, visit <https://www.jashawaii.org/sister-summit-2026>.

About the Department of Business, Economic Development and Tourism (DBEDT)

DBEDT is Hawai'i's resource center for economic and statistical data, business development opportunities, energy and conservation information, as well as foreign trade advantages. The DBEDT mission is to achieve a Hawai'i economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawai'i's citizens. Through its attached agencies, the department fosters planned community development, creates affordable workforce housing units in high-quality living environments and promotes innovation sector job growth.

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