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DEPARTMENT OF AGRICULTURE  
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TESTIMONY OF RUSSELL KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

February 10, 2012  
9:00 A.M.

SENATE BILL NO. 2957  
RELATING TO HAWAII-GROWN TEA

Chairperson Baker and Members of the Committee:

Thank you for this opportunity to provide testimony on SB 2957. The bill proposes to establish labeling requirements for Hawaii-grown tea. The department supports the intent and offers comments.

Due to the reduction-in-force in 2009, positions were abolished within the Measurement Standards Branch, including the Branch Manager and the Packaging and Labeling Specialist. Currently, department lacks the personnel to effectively enforce the requirements of this bill.

Thank you for the opportunity to testify on this measure.



**LATE**

Testimony for SB2957  
Hawai'i Collaborators

We represent a collaboration consulting agency based in Honolulu, Hawai'i called Hawai'i Collaborators. Our first consulting project was with the University of Hawai'i College of Tropical Agriculture and Human Resources. We coauthored the report "Hawai'i Grown Tea: A Market Feasibility Study". During our research to complete this report we were introduced to the vast opportunity a Hawai'i Grown Tea industry could provide to the state's economy. This opportunity was the motivation for the development of our business. In our recommendations for the successful development of an industry we determined that collaboration between all parties (government, research, and industry members) will yield a larger opportunity that may be shared by many. The passing of SB2957 is an integral part of this collaboration.

Hawai'i is currently facing many challenges regarding self-sufficiency and economic stability. The state's significant reliance on imports for important products such as food poses risks in many different ways. In addition, business development and job creation are two issues that need to be addressed with haste. The development of diverse agriculture industries such as Hawai'i Grown Tea is a step towards addressing all of these issues. Agribusiness needs the support to develop high profit margin, low quantity export industries in order to increase profitability and focus on food self-sufficiency. As a result of increased agribusiness more jobs will be created and the economy will be diversified.

Hawai'i Grown Tea is poised to successfully enter the global specialty tea market. This increasingly growing market is welcoming to innovative products and is seeking unique offerings that Hawai'i farmers could provide. In 2009 the U.S. tea market saw \$8.5 billion in sales and is forecasted to grow to \$12 billion by 2014. (Packaged Facts, 2009) The U.S. specialty tea market, within which Hawai'i Grown Tea will compete, had \$1.3 billion in sales in 2009. This number is expected to increase dramatically because the specialty tea market is the second fastest growing segment within the entire market. As this market grows the Hawai'i Grown Tea industry capacity will also expand. In 2010 annual production was estimated at 5,000 pounds, yielding \$2,000,000 in annual sales based on the current sales price of \$400/lb (Nakamoto, 2011). This constitutes 0.14% of the U.S. specialty market. By 2014 it is estimated that capacity for Hawai'i Grown Tea will grow to 15,000 pounds or \$6,000,000 in sales. This is forecasted to possess 0.35% of the U.S. specialty tea market. With this being said it can be concluded that there is plenty of room in the U.S. market for the entry of many more farms and product. Specialty teas include high quality loose leaf teas which Hawai'i is currently producing. In the future Hawai'i Grown Tea can diversify into other value added products such as cosmetics and culinary products which increases market potential.

Although it may seem that the U.S. specialty tea market is a great opportunity Hawai'i is at a disadvantage due to our lack of experience in tea production. Due to this factor our business is committed to coordinating the collaboration necessary to overcome this disadvantage. Collaborative marketing and cooperation within the global industry will ensure smooth entry of Hawai'i Grown Tea into the market. In doing this many businesses in Hawai'i may participate and benefit from this opportunity. The development of a Hawai'i Grown Tea brand which is protected by legislation is a key element of this collaboration. We are in support of SB2957.

Packaged Facts. (2009). Tea and Ready-to-Drink (RTD) Tea in the U.S.: Retail, Food Service and Consumer Trends. Rockville, Maryland: Marigny Research Group, Inc. (MRG).

Nakamoto, Stuart T., Jie Gonsowski, Randall Hamasaki, Elyse Petersen, and Aurencio Seguritan. (2011). Hawai'i-Grown Tea: A Market Feasibility Study. Honolulu, HI: University of Hawai'i, College of Tropical Agriculture and Human Resources(CTAHR) and Pacific Asian Center for Entrepreneurship and E-Business (PACE), Shidler College of Business.



**Hawaii Farm Bureau**  
F E D E R A T I O N

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**Testimony to the Senate Committee on Commerce & Consumer Protection**  
**Friday, February 10, 2012**  
**9:00 a.m.**  
**State Capitol, Room 229**

**TESTIMONY on SB 2957 - RELATING TO HAWAIIAN GROWN TEA**

Aloha Chair Baker, and members of the committee:

I am Brian Miyamoto, representing the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,800 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFBF is **providing comments on SB 2957** as Hawaiian Grown tea is a niche specialty tea we think allowing blending of any New or emerging specialty crop may be premature. We support tea labeling and protecting Hawaiian Grown products but we must be careful about the language and the the results of such language and the unintended consequences.

Outstanding results can be delivered with artisanal methods however what happens when a profiteer utilizes the origin name to introduce a lower inferior product blend, deceiving the public. As tea is normally sold in grams not in pounds this equates to a small amount of Hawaiian grown tea delivered to the consumer.

As this is a fledgling specialty niche crop for Hawaii, it makes sense to capitalize on the Hawaiian Grown name to stand out in this competitive marketplace; however is allowing a tea blend from Hawaii going to deliver the expected results for the industry.

Thank you for this opportunity to submit comments.