

TESTIMONY OF BRENDA FORD ON SB 594

My name is Brenda Ford. I am a former Hawaii County Council Member of 8 years. My husband and I own a very small coffee farm in Hawaii County.

With the Hawaii County Council approval, I've written 3-4 resolutions to the State Legislature asking it to protect the Hawaiian-regional names or Hawaiian words used on Hawaiian-grown products where the product is a cultural, traditional, heritage, or **signature** crop of Hawaii by requiring a 51-75% minimum in the package.

But today, I support Senator Ruderman's bill SB594 to require a minimum of 80% Hawaii regional coffee in the package before the name of Hawaii, any Hawaiian-regional name, or Hawaiian word can be placed on the label. I also support full disclosure of the product's origin and percentage in descending order on the front label of the package whenever a Hawaiian-region or Hawaiian word is used on the label. The coffee package should identify all of foreign coffee by country or may use the phrase, "foreign grown", if the processor/packager does not want to admit which low-grade, cheap, foreign coffee is in the package.

The pretense that Kona coffee farmers are fighting with each other is false. The Hawaii State DOA and the Hawaii State legislators have historically protected the coffee processors/packagers by using the specious argument that Kona coffee farmers cannot agree, and therefore, there is no need to change the law to protect **all** farmers throughout the State.

The truth is that coffee processors/packagers (whether or not they actually grow coffee) have dominated the Hawaiian coffee industry for many decades and have lobbied to prevent full-disclosure of the contents of their packages but continue to use the Kona or other regional names to confuse the consumers. This became publicly evident when **Consumer Reports** tested a 10% blend of so-called "Kona" coffee and rated it as indifferent in taste and quality. Even when alerted to the error and the deliberately, confusing misnaming on the 10% package, **Consumer Reports** did not correct their assessment or retest with 100% Kona coffee. True "Kona" coffee took a huge and negative public relations hit along with the mediocre 10% blend that was tested.

Additionally, coffee cherry farmers are terrified of being black-balled by the processors/packagers if they sell their cherry to any other buyer or even complain if they are not paid in a timely manner. I was contacted by multiple Kona cherry farmers who had not received payment for their cherry for between 9-18 months. The HRS ___ states that the farmer shall be paid within ___ days. I contacted DOA to speak **for** these farmers that I represented and was advised that each farmer must file a separate written complaint with DOA. I explained the fear of being black-balled since these are public records. After numerous conversations, DOA finally called the processor who began to issue checks to the growers. Even with an elected representative advocating for our farmers, DOA balked at helping our small farmers and growers without the farmer filing a written report disclosing their identity. By the way - that law also needs to be changed so that a written complaint by an elected

representative of the state or county may file on the behalf of local farmers and growers to protect our farmers' identities.

Other abuses of our farmers are occurring. Some farmers were being threatened with having their leases cancelled if they do not deliver a specific amount of coffee at a specific price to a certain wholesaler.

Today, we discuss the **true** issue of requiring a minimum percentage of Hawaiian-grown crops and products in a package. This is **NOT** a coffee problem' it is a State-wide agricultural problem. The problem is due to certain persons and companies using Hawaiian-regional names and Hawaiian words to disguise the real contents of packaging, to confuse the consumer, and to increase their personal profits without the **slightest** concern for what those actions do to our Hawaii State farmers, such as:

- importation of CCB with green foreign coffee,
- holding farmers hostage to closed market sales of cherry for the lowest price, price fixing, etc.,
- degrading our crops' reputation and value on the world market due to bad reviews regarding our quality,
- destroying our State's regional reputation ("Hawaii" and "Hawaiian") and the reputation of our regional names ("Kauai", "Maui", "O'ahu", "Kona", "Ka'u", and "Hamakua", and
- depressing State and local economies through decreased tax revenues and preventing farmer's profits from circulating locally.

Just as horrible as the above problems is the abuse of placing Hawaiian names, regions, and Hawaiian words on a label with the pretense of indicating a premier product but actually incorporating inferior products to adulterate the contents and make higher profits **without truth-in-labeling**.

The Feldman Report proved that 100% package content would increase State tax revenues and farmers would be able to sell more Hawaiian-grown coffee. Still there has been no corrective action by the State legislature with the ultimate result of protecting the processors/packagers in this consumer deception.

Equally bad is the fact that agricultural crops other than coffee **are** protected by a minimum percentage in the package that far exceeds what the Legislature set for coffee; such as Island Fresh Milk is required to be at least 90% by weight produced in the state.

The following HRS statutes are currently being violated in regard to coffee and macadamia nuts:

- **§486 - 1** states in the definition of "misbranded" that such term includes:
 - (1) False, **incomplete**, incorrect, or **misleading labeling**;
 - (2) Misrepresentation as to the identity, quantity, quality, or point of origin;
 - (4) Misrepresentation by vignette, pictorial display, **identifiable geographical location**, or by any term, word, or phrase in juxtaposition to any other information associated with,

labeled on, or accompanying the consumer commodity which falsely alludes to a specific point of origin, a general locale such as a state, or to historical usage by a people;

(6) Misrepresentation of the consumer commodity as an **imitation of another or as an imitation of a generic product**; and

(7) Misrepresentation in any other manner tending to **confuse the prospective purchaser**.

- **§486-7 Specific powers and duties of the board; rules.**

(9) **Practices** to assure that amounts of commodities or services sold are determined in accordance with **good commercial practice** and are so determined and represented as to **be accurate and informative to all parties at interest** (see definition of practices);

- **§486-110] Method of sale of commodities; general.** Except as otherwise provided in this chapter, or by firmly established trade custom and practice, or exempted by a rule of the board:

...**"All methods of sale shall provide accurate and adequate quantity information that permits the buyer to make price and quantity comparisons.**

Using a 10% blend is deceptive and false advertising to our consumers because a 10% blend is not distinguishable from the 90% out-of-country portion of the blend. It degrades the Hawaiian regional identities, is a poor bargain for consumers from a price standpoint, and abuses our Hawaiian names and words to mislead and defraud the consumer.

This issue is **NOT** about disagreements between farmers and growers. It is an issue of **protecting the State of Hawaii's cultural, traditional, heritage, and signature crops** just like the other states do (Georgia peaches, Washington apples, Idaho potatoes, California wine, Florida oranges [juice], etc.). It is also about protecting our Hawaiian language from being used and abused to deceive the public and consumers.

I ask you to make the right vote to protect **ALL** Hawaiian-grown crops and products and **NOT** discriminate against some crops while protecting other crops. Please pass SB594.

Thank you.

Chair Ruderman, Vice Chair Riviere and Members:

I testify in STRONG OPPOSITION to SB594.

SB594 requires a specific listing of the geographic origins of various Hawaii grown coffees and the geographic and regional origins of the various coffees not grown in Hawaii that are included in a coffee blend to be listed on the front panel of a label. It also increases the minimum percentage requirement for coffee blends to use geographic origin in labeling or advertising to 80% by weight from that geographic origin.

For 23 years consumers have had the right to purchase 10% Hawaiian Blends in a free market setting. As a matter of law, I oppose taking away this free choice option and replacing it with a legislatively mandated more expensive 80% Blend. This is unwarranted invasion of a free market economy with legislation. There is no factual basis or demonstrated need for arbitrarily moving the minimum percent blend up to 80%. The proponents have not proven their case. To the contrary, the consumer has enjoyed the ability to choose a 10% blend and its lower price point or 100% Kona with its higher price point. Consumers are not complaining. Why would we want to interfere legislatively with a coffee market that is stable and working?

The current 10% Blend provides an affordable price point of \$5.00 for a 8 oz. bag in many of the larger chain drug stores and groceries throughout the state. The price point is somewhat higher in some of the smaller chain stores who offer the same blend for \$8.00/ 8oz bag. An 8 oz bag of 80% Blend will now cost \$13.00 and \$18.00 respectively, more than doubling the current pricing. This will cause consumers to move from Hawaiian coffees to purchasing coffees containing no Hawaiian coffee. This will ultimately hurt consumers, farmers, roasters and processors. It is estimated that 10% Blends are the everyday coffee for over 125,000 consumers in Hawaii. they will be hurt. Farmers such as myself will be hurt because there will be a glut of left over Kona coffee in the market, driving our green prices down - simple supply demand economics.

It was decided by industry consensus that "Truth in Labeling" for consumers was a better path than mandating an arbitrary percentage of Hawaiian coffee content required in the package. Due to this Hawaii has passed coffee labeling laws which mandate that any coffee package using Hawaiian origin names must adhere to strict labeling standards. Our current labeling standards make what they are purchasing clear to consumers. (Example) 10% Kona Coffee Blend.

The essential question we ask: Why are we even considering raising the blend requirement to 80%? At this time, every pound of Hawaiian coffee is being sold and is being sold at a record price. Green Kona is commonly selling for \$18.00 per pound while roasted Kona coffee is selling at up to \$50.00 per pound. The farm gate value of

Hawaiian coffee has increased over 400% (20% annually) in the last 20 years with 10% Blends. The Hawaiian coffee industry is currently thriving. Changing the formula that got us here is a risk we do not need to take. Please do not destabilize a very stable Kona coffee industry and its markets with this ill conceived, unnecessary and industry opposed SB 594. There is no upside to this bad bill. It will only produce harm to consumers and our coffee industry.

Again I am STRONGLY OPPOSED to SB594.

Thank you for the opportunity to testify.

Dave Bateman
Heavenly Hawaiian Farms
Holualoa Hawaii

From: mailinglist@capitol.hawaii.gov
To: [AGL Testimony](#)
Cc: info@KonaEarth.com
Subject: Submitted testimony for SB594 on Feb 17, 2015 15:35PM
Date: Monday, February 16, 2015 6:07:58 PM

SB594

Submitted on: 2/16/2015

Testimony for AGL on Feb 17, 2015 15:35PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Strawn	Individual	Oppose	Yes

Comments: If I take one orange and nine other fruits and squeeze them into a glass, what should I call this juice? That's what we are discussing today. This bill requires you list every fruit. It doesn't matter if the recipe is proprietary or if it changes. If this week's container doesn't arrive in time and you have to change your proprietary ingredients slightly, too bad, you still have to reprint all of your packaging no matter how much that costs. This bill also says all ingredients have to be listed on the front of the package. I've never heard of this being done before. It seems like overkill to me but who knows, maybe there's an important industry study I've never heard of that says consumers have forgotten that ingredients are printed on the back of the bag. Finally, and this is the part that bothers me the most, this bill says you can't make any blend unless it is at least 80% a single ingredient. I grow and sell only 100% Kona coffee so you might think I would be in favor of this change. Sure, I'd love to see all 10% blends disappear but I don't think they should be outlawed. I'm simply not that selfish and greedy. Please be fair, oppose this bill.

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From: mailinglist@capitol.hawaii.gov
To: [AGL Testimony](#)
Cc: malian@kauspecialtycoffee.com
Subject: Submitted testimony for SB594 on Feb 17, 2015 15:35PM
Date: Monday, February 16, 2015 9:00:51 PM

SB594

Submitted on: 2/16/2015

Testimony for AGL on Feb 17, 2015 15:35PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Malian Lahey	Ka`u Specialty LLC	Support	No

Comments: This photo is of jam from Italy that retails for 30 Euros per jar. This is because origin protections in Europe make it possible for artisanal producers to create high end niche products and keep the economic benefit for themselves. Hawaii can create enormous economic benefit through economic empowerment of local farmers. Not only will producers be able to garner more benefit from their own work, but huge opportunities exist in agritourism and agro-education as well. I work with historically disadvantaged producers from Hawaii's most economically depressed region. However, these coffee farmers have incredible toughness and courage. They invested their savings, social security checks, teachers' salaries, and mortgage loans in a Ka`u coffee industry that is now globally renowned and a favorite of my customers, including Starbucks Coffee Company's Reserve Program. I implore you to show some heart and some respect for the determination, intelligence, and work ethic of these kind people who I have grown to love. Please pass SB594

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TO: SENATE COMMITTEE ON AGRICULTURE
Senator Russell E. Ruderman, Chair
Senator Gil Riviere, Vice Chair

FROM: Richard Parry
President and Chief Executive Officer of Aloha Petroleum, Ltd.

HEARING

DATE: Tuesday, February 17, 2015
TIME: 3:35 p.m.
PLACE: State Capitol, Conference Room 414

RE: Testimony in Opposition to S.B. No. 594 Relating to Coffee

Chair, Vice Chair, and Member of the Senate Committee on Agriculture, I am Richard Parry, President and Chief Executive Officer of Aloha Petroleum, Ltd. (“Aloha Petroleum”).

Aloha Petroleum opposes S.B. No. 594 (“Bill”), which seeks (1) to require coffee package labels to specifically list the geographic origins of the coffee blends, including Hawaiian grown and non-Hawaiian grown coffees and (2) to increase the minimum percentage requirement for coffee blends to use geographic origin in labeling or advertising from 10% to 80% by weight from that geographic origin.

First, Aloha Petroleum opposes the labeling portion of the Bill because it is unnecessary and impractical. The current labeling laws and standards are sufficient to inform consumers of the coffee blend content in packages, i.e. 10% Kona Coffee Blend. The strict labeling laws arose out of an industry consensus that “Truth in Labeling” for consumers was better than mandating an arbitrary percentage of Hawaiian coffee content be required on package labels. To do so would cause a hardship on the blending industry because not all information on blend components is available due to logistics, crop size, and pricing. Therefore, if any blend component is not available, it would be costly and impossible for a business to meet this labeling requirement and such increased costs would inevitably be passed to the consumer and other local businesses purchasing and selling Hawaiian grown coffee blends at their establishments.

Second, Aloha Petroleum opposes the part of the Bill seeking to increase the minimum percentage requirements for coffee blends on labels because it will detrimentally impact Hawaii’s economy. This portion of the Bill will affect a consumer’s

Testimony of
Aloha Petroleum, Ltd.



S.B. No. 594
Hearing Date:
Tuesday, Feb. 17, 2015

right to purchase the more affordable 10% Hawaiian coffee blends, which has been the case for more than 23 years. An increased minimum percentage requirement will further severely affect operations costs for many local businesses that purchase and sell Kona coffee at their establishments, such as hotels, restaurants, convenience stores, etc. Currently, a 10% Kona coffee blend provides an affordable price point of approximately \$5.00 for an 8 ounce bag in comparison to \$13.00 for a bag of 80% Kona coffee blend. With such a significant price increase, Aloha Petroleum and other businesses may choose not to purchase or make Kona coffee available at their establishments. This decrease in sales will affect the Hawaiian coffee growers and industry, as well as our State economy as a whole.

For these reasons, please vote no on S.B. No. 594.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [AGL Testimony](#)
Cc: rmckenzie@tropicaltaste.net
Subject: Submitted testimony for SB594 on Feb 17, 2015 15:35PM
Date: Tuesday, February 17, 2015 7:00:48 AM

SB594

Submitted on: 2/17/2015

Testimony for AGL on Feb 17, 2015 15:35PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Rod McKenzie	Individual	Oppose	No

Comments: Strong Opposition to SB594

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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