



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Agriculture and Environment
and
Senate Committee on Higher Education
Monday, March 16, 2020 at 2:45 p.m.

By
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SCR 81/SR 48 – REQUESTING THE DEPARTMENT OF AGRICULTURE, IN COLLABORATION WITH UNIVERSITY OF HAWAII ECONOMIC RESEARCH ORGANIZATION, TO CONDUCT AN ECONOMIC IMPACT STUDY TO ASSESS THE IMPACT OF POTENTIAL CHANGES TO COFFEE LABELING REQUIREMENTS ON THE LOCAL COFFEE INDUSTRY.

Chairs Gabbard and Kim, Vice Chairs Ruderman and Kidani, and members of the committees:

Thank you for the opportunity to provide testimony on SCR 81/SR 48. This measure directs the Department of Agriculture, in collaboration with the University of Hawai'i Economic Research Organization, to conduct a study to assess the economic impact on the local coffee industry from potential changes to coffee labeling laws, and consult with stakeholders in the coffee industry to establish the protocols to be used and factors to be addressed in the study.

The University of Hawai'i supports the need to quantify the economic costs and benefits of protecting Hawaii's Kona coffee brand and potential changes to Hawaii's coffee labeling laws.

Such important analysis is extremely complex and is beyond the current capacity of the University of Hawai'i Economic Research Organization (UHERO). UHERO is a very small research unit with only 4 FTE faculty working very hard to achieve our mission to inform public and private sector decision-making through rigorous, independent economic research on the people, environment, and economy of Hawai'i. Furthermore, UHERO does not have any agricultural economists, no expertise in marketing of agricultural products or intellectual property.

We respectfully ask that UHERO be removed from the bill.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
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TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT AND
THE SENATE COMMITTEE ON HIGHER EDUCATION**

MONDAY, MARCH 16, 2020

2:45 P.M.

CONFERENCE ROOM 224

**SENATE CONCURRENT RESOLUTION NO. 81 AND SENATE RESOLUTION NO. 48
REQUESTING THE DEPARTMENT OF AGRICULTURE, IN COLLABORATION WITH
UNIVERSITY OF HAWAII ECONOMIC RESEARCH ORGANIZATION, TO CONDUCT
AN ECONOMIC IMPACT STUDY TO ASSESS THE IMPACT OF POTENTIAL
CHANGES TO COFFEE LABELING REQUIREMENTS ON THE LOCAL COFFEE
INDUSTRY**

Chairpersons Gabbard and Kim, and Members of the Committees:

Thank you for the opportunity to testify on S.C.R. 81 / S.R. 48, which requests the Department of Agriculture, in collaboration with University of Hawaii Economic Research Organization (UHERO), to conduct an economic impact study to assess the impact of potential changes to coffee labeling requirements on the local coffee industry.

The Department supports the Hawaii coffee industry and offers comments. The Department agrees with this concurrent resolution that the local coffee industry remains divided on changing the labeling requirements for Hawaii-grown coffee and whether changing the State's labeling requirements will have a serious impact on Hawaii's coffee farmers and industry. The Department is cognizant on these critical issues and seeks to address them on an ongoing and continuous basis.



On the feasibility of conducting an economic impact study to assess potential changes to Hawaii's coffee labeling laws, the Department defers to UHERO, in-light of the complexity, tight timeline, and the absence of dedicated resources.

The Department notes that while farmgate data on coffee is available at the aggregated state level, it is limited at the county level and negligible at the regional level (e.g. Kona or Kau). Furthermore, important data on origin, grade, weight, value, and conversion rate in the various forms of coffee (e.g. cherry, parchment, green, roasted) are not readily available.

Finally, the Department lacks the ability to collect and compile such detailed information on coffee due to a shortage of staff and survey resources. The Department currently has only three field statisticians across the state, with two of them as new hires to conduct surveys on crop production and wholesale produce.

Thank you for the opportunity to submit our testimony.

SCR-81

Submitted on: 3/15/2020 2:32:19 PM

Testimony for AEN on 3/16/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Miyamoto	Testifying for Hawaii Farm Bureau	Support	Yes

Comments:

SCR-81

Submitted on: 3/15/2020 12:47:53 AM

Testimony for AEN on 3/16/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Shultise	Testifying for LavaRock Farm	Oppose	No

Comments:

I oppose this study.

It is yet another attempt by blenders to delay enactment of bills requiring them to accurately label their product. UH Economic Research Organization does not have the capacity nor the expertise to conduct such a survey; even admitted by Administrators at University of Hawaii themselves.

Do not be swayed by representatives of the blenders whose actions hurt us farmers, nor by mislead proposers of this study.

Valid studies have already been conducted and show how the mislabeling of blended coffee hurts us farmers who actually create the demand for this product.

SCR-81

Submitted on: 3/15/2020 9:38:17 AM

Testimony for AEN on 3/16/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
bruce corker	Testifying for Rancho Aloha Kona Coffee	Support	No

Comments:

Dear Chair Gabbard and Members of the Committee:

I am a coffee farmer in the North Kona District of Hawaii County and **I STRONGLY OPPOSE SCR81.**

In written testimony of April 2, 2019, to CPH/WAM re HB144, two high-ranking University of Hawaii officials advised the Senate that the UH Economic Research Organization (UHERO) lacks sufficient capacity and appropriate expertise to conduct the study described in HB144 and requested UHERO be removed from that bill. See (https://www.capitol.hawaii.gov/Session2019/Testimony/HB144_SD1_TESTIMONY_CP_H-WAM_04-02-19_.PDF) Why is the Senate now disregarding the testimony from UH and considering a measure calling for the same study to be conducted by UHERO? Who made the decision to name UHERO in SCR81, and why?

Why is the Senate not considering available economic studies that find adverse economic effects on Hawaii’s coffee farmers from deceptively labeled 10% Hawaii coffee blends—studies that have been repeatedly brought to the attention of the Senate Agriculture & Environment Committee?

Why, for example, is the Senate not considering the 2018 United Nations’ Food & Agriculture Organization study finding that Hawaii origin brands, like Kona, do “not enjoy any strong protection of its name” from the State of Hawaii and that as a result “downstream stakeholders [rather than farmers] reap the economic benefits of the fame of Kona”? Here is a link to the UN study: <http://www.fao.org/3/l8737EN/i8737en.pdf>

And why is the Senate not considering the 2010 analysis (cited in the United Nations’ study) from San Francisco-based resource economist Marvin Feldman finding that \$14.4 million or more each year is flowing out of the pockets of Kona coffee farmers and into the “excess profits” of Mainland-owned Honolulu blenders? For 750 Kona coffee farms, the average annual loss is almost \$20,000 from the 10% blend law. Here is a link to the Feldman study-- <https://www.konacoffeefarmers.org/kona-labeling/economic-effects-of-blending-kona-coffee/>

The major reason that the Honolulu blenders are calling for a study is to delay passage and implementation of a 51% minimum bland law.

The studies have been done. What is needed is for Legislature to act and to put in place the same types of protections for Hawaii coffee farmers that other states and other regions in the world have put in place to protect the economic interests of their specialty crop farmers—and to protect consumers from deceptive labeling.

Please reject SCR81.

Bruce Corker, Rancho Aloha, Holualoa, Hawaii County

SCR-81

Submitted on: 3/13/2020 6:52:27 PM

Testimony for AEN on 3/16/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tim F Merriman	Individual	Oppose	No

Comments:

I oppose SCR81 because it is a delaying tactic for the long overdue change to not allow 10% Kona coffee to be labeled with our brand. As a small Kona coffee farmer, we work hard to produce a quality product and promote the Kona coffee brand. Big blenders hijack our name for profit and lower the quality of the brand for those who mistakenly buy their 10% blend, thinking they are getting a product similar to what they likely tried when visiting Kona.

Our premium grade Kona coffee has great flavor and a good reputation but the 10% blend makes our efforts to market and promote our unique products more difficult. A study benefits the mainland blenders who do not want this change to a 51% requirement. Making a profit on a Kona coffee farm is not easy at best and the State of Hawaii should be our partner in protecting the brand for the value we provide to the State in reputation, ag production, tourism and taxes.

Sincerely,

Tim Merriman

Heartfelt Kona Coffee

Captain Cook, HI 96704

heartfeltkonacoffee.com

SCR-81

Submitted on: 3/9/2020 4:34:00 PM

Testimony for AEN on 3/16/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Vivian S. Toellner	Individual	Comments	No

Comments:

Aloha, As a consumer I appreciate and want "Truth in Advertising". A company should be proud to let me know what it is selling me. Ingredients are crucial to me and I want to know,. It is my right to know....in my opinion...(can I fed you anything? and remember don't ask and I won't tell ! Just kidding on my side.)

Now from a financial side, the more special your product the more you can demand. Kona coffee is a worldwide desirable product with name recognition, has a reputation to uphold., and needs protection. The need to conduct a "study" may just be a stalling tactic? That is why I did not support or oppose this study.

BUY the way,i I collect, current kind, coffee bags, the 8oz or pound size, with nice colorful paper labels on them. I shop for those unique local items to add to my 100% Kona coffee collection. Coffee to Kona, is a major tourist and economic driver, please realize this, and act accordingly. Thank you for being progressive and allowing testimony by internet. Aloha & Mahalo, Vivian Toellner, Coffee Drinker

SCR-81

Submitted on: 3/14/2020 6:31:49 AM

Testimony for AEN on 3/16/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Howard Hill	Individual	Oppose	No

Comments:

I am a producer of 100% Kona coffee.

Regarding SCR81, this is yet another attempt to foil the reasonable requests of Kona coffee farmers to have the Hawaii government adopt legislation increasing the amount of Kona coffee in so called 'Kona Blend' coffee.

Many purchasers of 'Kona Blend' do not realize that they are not really buying Kona coffee, but rather a mix of much cheaper coffees with a little Kona coffee in the mix to make it legal.

This fraudulent practice needs to end. This bill, SCR81, is merely an attempt to stop any change to what is legally sold as 'Kona Blend'.

It is time to end this deceitful practice which is not benefitting Kona coffee farmers. The current law benefits a few corporate interests and a few parties to whom they make political contributions.

We don't need a study. Withdraw or vote down SCR81.

SCR-81

Submitted on: 3/14/2020 2:23:06 PM

Testimony for AEN on 3/16/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Dursin	Individual	Oppose	No

Comments:

Dear Chair Gabbard, Vice-Chair Ruderman, and Committee Members:

I urge your opposition to this resolution, which would establish a study of changes to the coffee blend law and their economic impacts.

The study would be conducted by the UH Economic Research Organization, which has said repeatedly (and most recently in 2019) that it does not have the resources to conduct such a study. Proposed studies have never been completed.

The arguments for setting a mandatory 51% standard for Hawai`i coffee blends are familiar to all, having been debated for a number of years. The benefits of the current law allowing just 10% in blends have accrued primarily to the "downstream" parties, with much of the money from Hawai`i coffee production steadily flowing out of state.

Moreover, as this resolution readily admits, the Legislature has already found that existing labeling causes consumer fraud and confusion.

SCR81 would do nothing other than create delay for much-needed revision to the Hawai`i coffee labeling law. Please vote against it.