



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented before the
House Committee on Agriculture
February 13, 2009 at 8:30 a.m.

by

Virginia S. Hinshaw, Chancellor

and

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University of Hawai'i at Mānoa

HB 448 - RELATING TO HAWAII PRODUCTS

Chair Tsuji, Vice Chair Wooley, and Members of the Committee:

My name is Andrew Hashimoto, and I serve as Dean and Director of the UH Mānoa College of Tropical Agriculture and Human Resources (CTAHR). I am presenting testimony on behalf of Virginia Hinshaw, Chancellor of the University of Hawai'i at Mānoa (UHM).

HB 448 proposes to amend Section 486-111, Hawaii Revised Statutes regarding items, products, souvenirs, or other merchandise which are labeled as "Made in Hawaii" to include those labeled as "Grown in Hawaii," and requires that certain applicable products comply with new requirements by 7/1/2011.

UHM opposes passage of HB 448.

The current "Made in Hawaii" law was intended to set standards to protect companies that chose to use the "Made in Hawaii" phrase on their product packaging. The proposed changes will not insure that the responsibility statement and other product labels on a package are truthful and not deceptive, which is the intention both of the "Made in Hawaii" and the "Truth in Labeling" laws. The amendment adds confusion to the interpretation of these existing laws.

If passed, this legislation in its current form will have negative effects on food companies in Hawaii. We urge you to take careful note of the testimonies presented by the Hawaii Food Manufacturers Association, Hawaii Restaurant Association, and the Hawaii Coffee Association.

If passed, HB 448 would supersede current "Truth in Labeling" statutes for coffee passed in 2002, and will increase the blend requirement in Hawaiian coffee from 10% to 51% to be eligible to use any of the Hawaiian coffee names (for example, "10% Kona Coffee Blend"), but this would only be the case for companies whose trademarks fall under "Made in Hawaii" requirements. Raising the blend from 10% to 51% Kona coffee

represents an increase of 400% in the Kona coffee content of the blend. Because Kona coffee generally costs ten times as much as the rest of the blend, a 400% increase in the Kona coffee content will cause a doubling in the cost of a bag of coffee, which in turn will be passed on to the consumer.

Most of Hawai'i's restaurants and hotels serve 10% Kona coffee blends. Passage of this bill will effectively double the purchase price of Hawaiian coffee products, and will discourage consumers from purchasing these products.

During this time of economic hardship and fewer visitors to Hawai'i, it is not unlikely that the demand for Kona coffee will decline, forcing prices for these products to be decreased. However, increasing the percentage requirement of Kona coffee in blends will increase the selling price, resulting in reduced demand for 100% Kona coffee and 51% Kona coffee blends. If this bill passes, it will have far-reaching negative impacts to the Hawaii Coffee industry, its employees, customers, vendors, consumers, Kona coffee growers and particularly small farmers who sell their coffee to Hawai'i coffee processors and roasters.

Thank you for the opportunity to testify on this bill.