

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

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TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

February 17, 2021
10:00 A.M.

SENATE BILL NO. 855
RELATING TO COFFEE PEST CONTROL

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 855, relating to coffee pest control. This bill extends the pesticide subsidy program to June 30, 2023 and extends the position of the pesticide subsidy manager to June 30, 2024. The bill also expands the pesticide subsidy program to allowing reimbursements to growers for the purchase of biopesticides and fungicides to be used against the coffee berry borer and the coffee leaf rust. The pesticide subsidy program manager would process the applications for both pesticides. The Department supports this measure and offers the following comments. The pesticide subsidy program is currently funded by the pest inspection, quarantine, and eradication special fund. The department understands that the future of the special fund is uncertain and we are also unsure whether the existing expenditure ceiling is adequate to fund and effectively perform the additional program responsibilities proposed in this measure.

Invasive species are a primary threat to Hawaii's agriculture and economy. The coffee berry borer (*Hypothenemus hampei*) is a significant coffee pest in Hawaii and the world. The extension of the subsidy program and program manager position will allow the Department to continue to support coffee farmers by partially offsetting the costs of purchasing certain pesticides that contain *Beauveria bassiana* as an active ingredient, and certain fungicides, such as Priaxor Xemium in order to control the coffee berry borer and the coffee leaf rust to mitigate the damage these organisms cause to the coffee beans and plants.

Thank you for the opportunity to testify on this measure.



SB-855

Submitted on: 2/16/2021 10:22:16 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James Kimo Falconer	Testifying for MauiGrown Coffee, Inc	Support	No

Comments:

Aloha Chair Dela Cruz, Vice Chair Agaran and members of the Senate Ways and Means Committee,

The Hawaiian Coffee industry has been heavily challenged by new pests over the recent years. Your assistance with the CBB subsidy program helped to keep many farmers going as they learned how to manage this pest. Now with the arrival of Coffee Leaf Rust, which can actually destroy farms, we always appreciate your keeping us in mind on how to leverage new assistance measures. This bill will at least keep the conversation going and your support means a lot to the Hawaii coffee farmers.

Thank you for the opportunity to testify



Hawaii Coffee Association
PO Box 168, Kealahou, HI 96750

SENATE COMMITTEE ON WAYS AND MEANS
February 17, 2021

RE: Testimony in Support of SB855

Aloha Chair Dela Cruz, Vice Chair Keith Agaran and Senators,

I am Chris Manfredi, President of Hawaii Coffee Association (HCA) testifying in support of SB128.

Coffee leaf rust (CLR) has been discovered on Hawaii Island, Maui, Oahu and Lanai. As outlined in the bill preamble it poses a devastating threat to Hawaii's coffee industry. CLR is known to spread rapidly and leads to defoliation and tree death. Projected lost yields range between 30 and 80%. The discovery of Coffee Leaf Rust in Hawaii is an emergency and requires an emergency response.

Coffee is ranked by USDA as Hawaii's second highest value crop, second only to seed corn. The typical coffee farm in Hawaii is a small family farm, yet the largest farm in the state is also a coffee farm. For more details regarding Hawaii's coffee industry impacts on the State's economy, please see the attached document: *What's at Stake: The Loss of Hawaii's Coffee Industry, A Major Economic Driver*

We knew this day was coming and we have tried to prepare for it. The regulatory process is stringent and multilayered, time consuming and often expensive. We tried to build resiliency into our industry but the regulatory hurdles are high. Perhaps too high.

The HCA immediately mobilized by hosting weekly conference calls among HDOA, USDA, APHIS, PBARC UH CTAHR, HARC, lawmakers, other commodity groups and industry leaders. We have developed a Strategic Plan and are in communication with your counterparts in the US Congress. We have developed short and long term response plans and are working hard to implement them, but we need your help.

UH was already working on approvals for systemic fungicides for use on coffee that are approved for use on other crops. Our entire industry is working collaboratively to accelerate this process. One of our largest producers with was met by insurmountable headwinds when they tried to import rust resistant varieties three short years ago. We are working with USDA and HDOA to streamline the importation and quarantine process for rust resistant coffee varieties and to build capacity of quarantine facilities.

Like so many other industries we are reeling in the wake of COVID. Our member surveys indicate that most producers' sales were severely impacted (80% or more), but unlike many other industries ours is layered with a devastating coffee disease that threatens our existence.

This measure expands the current CBB subsidy program to include relief for farmers and staffing for a CLR coordinator to work on this problem.

Another impending need will be the replacement of existing coffee trees with rust resistant varieties. The cost of replacement trees will drive many farms out of business. DOFAW has The Hawaii Forest Stewardship Program that began in 1991 through the passage of Act 327 of the Hawaii State Legislature. We ask the Legislature to model a similar program to assist coffee farmers in the replacement of coffee trees.

According to Hawaii's ag baseline study [Department of Agriculture | Statewide Agricultural Baseline Project \(hawaii.gov\)](#) there are 10,149 acres planted across the state. We would expect 75% of those acres to participate, based on lessons learned from CBB management.

To fund the program:

7611 acres
X 775 trees per acre (average)
X \$5 /tree
\$ 29,492,625

A subsidy of 25% it would equal \$7,373,156 over the life of the program.

Senators, please ask yourselves if an industry whose raw annual crop value exceeds \$54MM, with significant upstream and downstream impacts is worthy of an investment of ~ \$7MM over a period of 3-5 years.

Thank you for the opportunity to testify and for your support for Hawaii's coffee.



Hawaii Coffee Association
PO Box 168, Kealahou, HI 96750

What's at Stake: The Loss of Hawaii's Coffee Industry, A Major Economic Driver

As growers of the #2 crop in the State, we are just under 1,500 strong who tend more than 10,000 acres. The value of our coffee is second only to Hawaii's seed cropsⁱ. For the 2019-2020 season, Hawaii's unroasted coffee was valued at \$102.91 millionⁱⁱ, while its roasted value was more than \$148.48 millionⁱⁱⁱ.

Now, we're facing the most destructive coffee disease in the world: Coffee Leaf Rust (CLR), a fungus that can kill an entire farm in a matter of weeks. Annually, CLR causes \$3 billion in damage and lost income around the world.

In Hawaii, the stakes are higher than elsewhere. While most other coffee-growing regions have planted rust-resistant varieties, all of the ones commercially grown in Hawaii are not resistant. And the best fungicides used to fight this disease have not been approved here.

CLR has been found and is spreading rapidly on Hawaii Island, Maui, Oahu and Lanai. Its spores are spread by wind, workers, rain, equipment and tourists. As a result, farmers are facing defoliation and a loss of yield up to 70% or more.

To help save our industry, as well as the communities and families that depend on it, we need State, Federal and private support and we need it NOW.

Without action, we stand to lose hundreds of millions of dollars in Hawaii's economy – a contribution that far exceeds the value of the beans themselves. To grow our coffee, we hire thousands of workers and buy from local industries such as transportation and vendors of agricultural supplies. This so-called "downstream economic impact" is valued at about \$211 million^{iv}.

Then there is the "upstream economic impact" of Hawaiian coffee, which is unquantified. Compared to most other crops grown here, coffee offers two advantages: 1) Its worldwide popularity boosts the tourism potential of events such as the Kona Coffee Festival. 2) It is shelf stable. That makes Hawaiian coffee a major attraction for the souvenir market, drawing tourists to shops, cafes and agritourism operations statewide. In turn, these visitors create more worldwide demand for Hawaiian coffee once they return home. For example, foreign exports of coffee from Hawaii, valued at \$9.20 million^v in 2019, are an ongoing international advertisement for the Hawaii islands.

The economic losses from CLR would have an outsized impact in rural areas, where few other industries exist. Remember the collapse of the local sugar industry? We can expect similar results: dramatically increasing unemployment – especially of historically underserved and minority populations – accompanied by increasing crime and drug use. Not to mention the harm to almost 200 years of coffee-growing history and the cultural heritage of our islands.

What We Need:

- Statewide approval of the most effective CLR fungicides, and subsidies for farmers to purchase them.
- Support for development of the best CLR-management strategies in Hawaii, as well as support to educate farmers of them.
- Support for research of the best CLR resistant varieties that will maintain the quality of Hawaii coffees. Also support for the importation, propagation and distribution of CLR-resistant varieties, including expanded plant-quarantine facilities. (This is a 5-10 year project.)
- Support for farmers to replace their existing fields with rust-resistant varieties.
- *Support for other ways to build capacity and resilience within farm communities.*

Contact:

- Chris Manfredi, President, Hawaii Coffee Association president@hawaiicoffeeassoc.org
- Suzanne Shriner, Administrator, Synergistic Hawaii Ag Council suzanne@shachawaii.org

ⁱ \$54.3 million for Coffee vs \$109.5 million for Seed Crops (including seed corn), in 2019. Source: State of HI, HDOA Market Analysis and News Branch “Top 20 Agricultural Commodities Produced: State of Hawaii, 2019.”

ⁱⁱ 2019-2020 season, pounds of utilized production (green beans) x price per pound: 5,120,000 pounds x \$20.10/pound = \$102.91 million. Source: USDA-NASS. Jan 2021. “Coffee”.

https://www.nass.usda.gov/Statistics_by_State/Hawaii/Publications/Fruits_and_Nuts/Coffee-01-26-2021.pdf

ⁱⁱⁱ This is a wholesale roasted estimate of the value of the 2019-2020 season crop, priced at \$29.00 per pound: 5,120,000 pounds x \$29.00/pound = \$148.48 million. The \$29.00/pound is an average statewide value that takes into account the lower wholesale prices of mechanically harvested coffee (Kauai, Oahu and Maui beans) and the higher prices of hand-harvested beans (Kona, Ka’u).

^{iv} Using multiplier of 2.05, applied to the 2019-2020 season value of the State’s green beans: \$102.91 million x 2.05 = \$210.97 million. Multiplier from correspondence between HDOA chair P. Shimabuku and USDA Secretary S. Perdue, dated November 19, 2020.

^v \$5.33 million in roasted coffee from Hawaii + \$3.87 million in unroasted coffee from Hawaii. Source: USDA Global Agricultural Trade System. 2019 data.



**In Cooperation with the United States Department of Agriculture
 National Agricultural Statistics Service, Pacific Region**

Top 20 Agricultural Commodities Produced State of Hawaii, 2019

Commodity	Rank	Value of Production (1,000 dollars)
Seed Crops	1	109,500
Coffee	2	54,298
Macadamia Nuts	3	48,840
Other Aquaculture ¹	4	47,937
Cattle	5	41,387
Algae	6	32,652
Basil	7	28,030
Food Crops Grown Under Protection	8	11,000
Milk	9	9,492
Landscape Palms	10	7,914
Orchids-Other Potted Orchids ²	11	6,685
Papayas	12	4,943
Bananas	13	4,659
Dendrobiums-Potted	14	4,091
Sweet Potatoes	15	3,630
Phalaenopsis-Potted	16	3,509
Palms-Potted for indoor or patio use	17	3,426
Lettuce-Leaf	18	3,260
Anthuriums-Cut	19	3,192
Cabbage-Chinese	20	2,830

¹ Excludes algae and ornamental aquaculture. ² Excludes dendrobium, oncidinae and phalaenopsis potted orchids.

Sources:
 USDA-NASS and HDOA-MANB