

THE INDEPENDENT VOICE

Newsletter of the Kona Coffee Farmers Association

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Annual Membership Meeting Called

The Annual Membership Meeting will take place at the Kona Outdoor Circle on Saturday January 20th.

The Meeting will start with lunch and socializing at 11:30 – prior sign-up for lunch is required. Please email christinesheppard@hawaii.rr.com or RainbowPC@aol.com (Suzanne) to register for lunch, there will be choices of meal, all at \$10.

The official business of the meeting will start at 12:30 so those not wanting lunch may attend then. The only business before the Meeting is election of the new Board members.

Historic Resolution

Hawaii's new county council resolved on December 20th to protect the integrity of Kona coffee. Their first session saw a historic resolution being passed by an 8-0 vote.

Resolution 18-06 to the Hawaii State Legislature to revise and clarify Hawaii Revised Statute 486-120.6, recommending that any coffee labeled "Kona Coffee Blend" shall have a minimum of 75% Kona Coffee and should be labeled accordingly

Introduced by new Kona representative Brenda Ford, Council members Angel Pilago, Bob Jacobson, Dominic Yagong, J. Yoshimoto, Donald Ikeda, Emily Naeole, and new Chairman Pete Hoffman all voted in favor. Stacy Higa of Hilo abstained.

Thirty seven people gave testimony in support, plus others had sent in written testimony. Testimony in support came

from many individual members of the KCFA, the Kona Coffee Council, and the Kona County Farm Bureau. The organizations that gave official testimony were the Kona Coffee Farmers Association and the Hawaii Democratic party.

Four people spoke in opposition, they represented the Hawaii Coffee Company, Captain Cook Coffee Co, Greenwell Farms, and Kona Mountain.

It was an emotional occasion for several speakers as they spoke so passionately about the integrity of Kona coffee. Issues raised included the economic damage done to the Kona reputation by the Kona name being used on coffee that contains only 10% Kona and 90% foreign coffee of questionable origin. Testifiers made the point repeatedly that the legislation does not ask blenders not to blend, it simply asks them to choose a name for their blend that does not include the name of Kona.

The processors who testified said they feared that such legislation would cause a glut of Kona coffee. But the many cherry farmers, estate farmers, consumers, and sellers stated that Kona coffee is sold out completely every year and they could sell more of it than they grow. Farming coffee in Kona is only viable because of its high reputation and correspondingly high price. The flood of cheap blends using the Kona name will cause Kona to be considered a commodity coffee instead of a specialty coffee and the price will drop.

Kona coffee farmers will now take their case to the State legislature and ask for protection of the Kona name as requested by this Resolution from the Hawaii County Council. Famous agriculture products are well protected by other states – Napa and Somona Wines, Vidalia Onions, Washington apples and many more. It is time to put the same protection around one of Hawaii's signature crops.

Challenging the Processors Scare Tactics

The major **processors** do not want the truth in labeling law to pass. Why? Because they make a lot of money selling Kona to blenders. Why do the **blenders** not want to change the law? Because they sell a 10% blend product at 40% of the 100% Kona price, but it only contains 10% Kona coffee so they are quadrupling their profits on their Kona coffee.

Captain Cook Coffee Co, Hawaii Coffee Company, and Greenwell Farms all gave testimony AGAINST changing this duplicitous law. They used the same old scare tactics they have been using for the 15 years that we have been fighting this law.

1. That the price of cherry will drop to 50 cents a pound because processors will not be buying it. (Tom Greenwell – Greenwell Farms).
2. That there will be a glut of Kona coffee because 85% of it is sold as cherry. (Roger Kaiwi – Captain Cook Coffee Co).
3. That the Hawaii Coffee Company will stop buying coffee – they currently buy 10,000 bags a year of which 8,000 is used in the 10% blend (Roger Kaiwi).
4. That Kona blends serve consumers who can't afford pure Kona, and can serve as a wick to bring new fans to 100 percent Kona coffee. (Jim Wayman – Hawaii Coffee Company)
5. We represent 600 farmers (Kaiwi), 500 farmers (Greenwell), 300 farmers (HCC).

Lets take a hard look at these scare tactics.

1. WHY would the processors not be buying cherry? Every processor in Kona sells 100% Kona coffee, locally and world-wide. The blender buys only the lowest prime grade from the

processors. So the processors are going to have to continue to buy cherry to satisfy their own 100% Kona market in all the other grades. The processors may be left with some prime on their hands, but they are clever marketers, they will find a way to sell it. They will still have to buy the same amount of cherry to meet their customers' requirements. Maybe they will put the prime they can't sell back into the mix they sell as 100% Kona, so they MAY buy a little less cherry. But even last year, a bumper crop, processors were competing to buy your cherry. This year was a lower crop and the fight to buy cherry was robust. Next year, given the drought forecast, cherry quantity will be down. And one of the rationales processors had when objecting to the PLK processing venture was that there would not be enough cherry to keep another processor in business without impacting current processors.

2. 85% of the Kona crop is NOT sold as cherry. Kaiwi's figures are decades out of date. Tom Greenwell in testifying said it was 50-60%. Virginia Easton-Smith, Extension Agent of the University of Hawaii, used a 50% figure at the Farm Bureau meeting. This then goes back to point 1. If 50% is sold as cherry, and only prime is sold to blenders, then what amount is that of the Kona crop? A call around several processors gave us a 10-20% ratio of prime in the crop. Let's be generous to the processors and use their top figure. 20% of 50% = 10% of the Kona crop.

Let's take a look at the figure from another direction. Imports of foreign coffee into the State of Hawaii are approximately 5 million pounds of green bean. Some of that is sold under its own name. Most is used to make "Kona blend". So say 95%. If you do that as a ratio of 9:1 you get 500,000 lbs of Kona used to add to the blended product, which is less than 15% of the Kona crop.

3. Why would the Hawaii Coffee Company stop buying Kona coffee? Jim Wayman has said in numerous meetings that he sells more of his coffee as 100% Kona than he puts in blends. He told a Dept of Agriculture meeting that he buys 7,000 bags. So, despite Kaiwi's testimony about Wayman's company, Wayman has told

us that it is less than 3,500 bags that goes into blends. So let's say Wayman stops buying the 3,500 bags he uses in blends... that is 9% of the Kona crop. Wayman has 65% of the blend market, so multiply up his 9% to cover 100% of the blend market and we get 14% Kona crop goes into blends. Every way we work it, it comes out between 10 and 15%.

Can we sell an additional 10%--15% as 100% Kona? Absolutely. The KCFA alone has received several inquiries this year from major stores asking if we can supply amounts totaling more than 10% of the Kona crop. We can't, there IS no spare!

4. Kona blends DO NOT encourage people to buy 100% Kona. Why would they? If you have tasted a so-so coffee you associate with the name Kona, why would you then pay over twice as much to buy 100% Kona? In fact the opposite is true. People start associating the Kona name with an indifferent coffee and tell friends "don't bother with that Kona stuff, it's not worth the price". Even the prestigious Consumer Reports said that, not ever realizing they were sampling Kona blends. A University of Hawaii study said 10% blends are hurting the reputation of Kona coffee in the eyes of consumers. Blenders think in a "commodity mindset", but we are a niche market, and the only way to keep the high prices that make coffee growing viable in Kona is to maintain that niche market as a specialty product, not a cheap commodity. We can sell all our crop, we do not need cheap blends undermining our reputation.

5. The processors do not REPRESENT a single cherry farmer. They BUY from farmers at the lowest price possible, while farmers sell at the highest price possible and sell to whoever is offering the highest price. The two entities are in natural opposition. Processors represent only themselves. Everyone of us buys gas from Chevron, 76, Shell, Costco, wherever is the cheapest or most convenient. Because we buy from them does not mean we "represent" them. No more do processors "represent" the cherry farmers they buy from. The Ag Statistics service report 650 Kona coffee farmers, of which more than 150 have their own private

label of coffee, so don't be fooled by the processors double- and triple-counting of farmers and claiming they represent them.

Don't let the blenders and processors scare you. They, understandably, want to keep their current profit system without having to change their business model. Their profits go to their mainland masters, or to the foreign countries they buy from, no benefit to Kona, only damage.

Want To Help!

Contact Your Representatives: Ask them to sponsor amending HRS 486-120.6. House representatives are Josh Green, Bob Herkes, Cindy Evans, Dwight Takamine, Jerry Chang, Clift Tsuji, and Faye Hanohano. In the Senate Russell Kokubun, Lorraine Inouye and Paul Whalen. All can be reached at 974-4000 toll-free or online at www.hawaii.gov.

Join KCFA:

Be a part of the only group that is actively seeking to change the damaging 10% blend law.

Send Testimony in Support:

Send it in to info@konacoffeefarmers.org ahead of time and when the Bill is ready for hearing we will batch send all your testimony in for you.

Write Letters to the Editor:

Write to your favorite newspaper and let others know that support for changing the blend labeling law is support for family farms and their lifestyle so intrinsic to Hawaii and our love of the a'ina.

Membership Information

The Kona Coffee Farmers Association was founded to protect and promote 100% Kona coffee, and to support and provide an independent voice to the farmers who grow Kona coffee.

With over 110 members, we are a member-driven organization and encourage member input at all times. The Kona Coffee Farmers Association's goals are to help all of our member farmers succeed in their farming business and enjoy participating in an organization that represents their interests..

Find information and join online at www.konacoffeefarmers.org.