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My name is Randy Cabral and I'm the President of the Hawai'i Farm Bureau (HFB). Organized in 1948, the Hawai'i Farm Bureau is comprised of 1,800 farm family members statewide, and we serve as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Farm Bureau is the largest general agricultural organization in Hawai'i. We represent our member's interest in public policy at the county, state, and national levels. We operate as a trade group for agriculture as the Chamber of Commerce does for businesses.

The Hawai'i Farm Bureau is very active in state government. We work closely with the Hawai'i Department of Agriculture and other state agencies, the University of Hawai'i's College of Tropical Agriculture and Human Resources, the College of Agriculture and Community Colleges, and with state Legislators to help address issues that affect our members. Issues such as land use, water, labor, transportation, invasive species, food safety, agriculture theft and vandalism, research and development, pesticide regulations, transportation, crop insurance, marketing, and taxes, just to name a few.

Agriculture is a vital component of Hawai'i's economy. It provides Hawai'i with a stage for tourism, export products for an otherwise service-oriented economy, a diversity of employment opportunities and lifestyles for its residents, and stewardship of its lands and water. Agriculture also provides environmental benefits, such as enviable air and water quality and recharge of our underground aquifers, and social benefits, such as the preservation of our rural communities.

However, Hawai'i's agricultural industry has undergone a great change. Hawai'i's agriculture industry was formerly dominated by sugarcane and pineapple. Hawai'i's last sugar plantation shut down in 2016 and pineapple production has been reduced to a shadow of what it was in 1980. In 1980, pineapple was grown on Maui, Oahu, Lanai, and Molokai with 44,858 acres in production. Currently, we only have a small number of fresh pineapple growers on Maui and Oahu covering 4,508 acres.

Hawai'i's agricultural industry has transitioned to a more diversified agricultural model. With much of the food consumed in Hawai'i produced elsewhere, there is growing concern about the state's high dependency upon outside sources. Hawai'i is located approximately 2,500 miles from the continental United States. As the most geographically isolated state in the country, Hawai'i imports approximately eighty-five to ninety percent of its food. While interest in local food production is growing, Hawai'i farmers face keen competition from imports abroad. Today the vast majority of the food consumed in the Islands is supplied by the U.S. Mainland, which is Hawai'i's chief source of competition.

Currently, Hawai'i has an inventory of fresh produce that would supply consumers for no more than ten days. Ninety percent of the beef, sixty-seven percent of the fresh vegetables, sixty-five percent of the fresh fruits, and eighty percent of all milk purchased in the State are imported.

There are 7,328 farms in Hawai'i covering 1.1 million acres generating roughly \$563 million. Sixty-two percent of Hawai'i's farms (4,525) are defined by the USDA as non-commercial meaning their gross cash farm income (GCFI) is below \$10,000. Twenty-five percent of Hawai'i's farms (1,823) have an income of \$1,000 or less and account for 0.1% of Hawai'i's agriculture revenue. Only 1% of Hawai'i's farms are considered Very Large (\$1M and up) and they represent 63% of the total Hawai'i's agriculture revenue. A 2012 University of Hawai'i Study revealed that on average, Hawai'i farms suffer a net loss of \$20 per acre. Farmers have razor-thin margins. The average age of Hawai'i's farmers is 60.1 years old.

When we talk about the future of farming in Hawai'i, we need to talk about more than just fruits and vegetables. Milk and other dairy products, eggs and poultry, beef, pork, aquaculture, sheep, goats, starch, grains, nuts, taro, nursery and cut flowers, seed corn, coffee, and macadamia nuts are all important crops that deserve and require support. We also need to increase value-added production such as jams, jellies, juices, and other manufactured products using local agricultural ingredients.

The Hawai'i Farm Bureau envisions Hawai'i's agricultural future to be one in which the priorities for both the private and public sectors include significant amounts of land in profitable agricultural production, maximum opportunities for export and import substitution, increased development of new crops and products, and enhanced marketing of both new and existing crops and products. Landowners, government, and the general population will be aware of the value and significance of agriculture in Hawai'i.

We envision agriculture in the future being increasingly diversified, intensive, and technologically sophisticated in the recognition of ever-increasing competition and expansion of regulations intended to protect and preserve our natural environment.

We envision a dynamic private-public partnership in agricultural development. Under strong leadership, the public agencies will be supportive of agriculture with a focus on research, information dissemination, market development, and other support services. Production agriculture will be viewed as an integral part of Hawai'i's environmental stewardship. Federal, state, and county policies and regulations affecting agriculture will be assessed and streamlined, eliminated, or redefined within the context of helping agricultural businesses without compromising public or environmental safety and health. In response to the public sector's recognition of agriculture's role, agriculture will organize itself into collaborative organizations to improve its competitiveness.

## **MAJOR ISSUES AFFECTING HAWAII'S AGRICULTURE**

The Hawai'i Farm Bureau believes that if we want to focus on improving Hawai'i's agricultural industry, we need to assist our farmers and ranchers by addressing the many challenges that they face:

### **Invasive Species**

Invasive species have become one of the most challenging problems impacting Hawai'i. Many invasive species are damaging Hawai'i's environment and the state's economy. Agriculture has a vested interest in this matter. Agriculture is one of the major casualties when invasive species are introduced. Every year, numerous new pests are introduced into the State, such as the coqui frog, coffee berry borer, axis deer, macadamia felted coccid, little fire ant, coconut rhinoceros beetle, small hive beetle, varroa mite, two-lined spittlebug, to name a few.

Global travel and trade make alien pest introductions a threat to local agriculture. Difficulties in implementing abatement measures point to the need to improve mitigation measures. We must do a better job protecting Hawai'i's agricultural industries, environment, and the general public by preventing the introduction and establishment of harmful pests.

Our ports-of-entry biosecurity program is essential to prevent invasive species from entering the state. The State of Hawai'i Plant and Animal Declaration Form helps prevent new invasive species from entering Hawai'i when completed by passengers and flight crews arriving in Hawai'i, but we need broader support from the Federal Government. USDA inspects check-in and carry-on luggage for outbound passengers from Hawai'i, but the State is responsible for inspections for passengers arriving in Hawai'i.

### **Farm Labor**

The average age of a farmer in Hawai'i is approximately 60.1 years old. For agriculture to be sustainable, and to produce more local crops we must cultivate the next generation of farmers and ranchers. Agricultural enterprises continuously need an adequate supply of a properly trained labor force. Hawai'i's agricultural industry needs to be an entrepreneurial and competitive industry with a highly-skilled, innovative workforce. As the industry grows, private-public partnerships need to identify methods to aggressively start and/or nurture the development of successful agricultural and agriculture-related enterprises. Practical training, particularly in business and financial management, is critical for many independent farmers who may lack formal education in these subjects. The shortage of willing and able workers, affordable housing for farm workers, and competition from alternative employment are several of the pressing farm-labor related issues that need to be addressed.

Congress created the H-2A program in 1986 to provide farmers with a legal workforce to fill jobs on a seasonal basis when there is an insufficient number of willing and available U.S. workers. Many farmers with labor-intensive crops rely on the H-2A program due to the historical shortage of U.S. farmworkers. An H-2A employer's labor costs frequently approach 40% or more of their total production costs, and for many of these producers, H-2A labor costs typically constitute 80 to 90% of their total annual payroll.

Hawai'i agribusinesses hired 268 guest workers on H-2A visas at the end of September 30, 2022, 27% higher compared to the same period in the previous year. The gross wage rate at the high-end range paid to guest workers was \$2.99 an hour lower than that for all hired farm

workers. The distribution for H-2A workers employed locally by agricultural classification was as follows: coffee (80), apiculture (21), livestock (11), general farm workers (155), and administrative support (1). Many of Hawai'i's small producers simply cannot afford to participate in the H-2A program.

As the demand for agricultural labor in Hawai'i continues to increase, while the availability of labor decreases and costs for labor increases, farmers and ranchers continue to look for alternative means to operate their farms through technology, like small equipment tractors. A limited number of weed management solutions and the increase in labor costs have made weed management a major challenge for many small farmers in Hawai'i. Many small farmers also require smaller harvesting and field prep equipment that is not readily available in Hawai'i. These growers include vegetable crops, wetland crops, and livestock forage crops. There is a need to identify high-technology small equipment and evaluate its applicability for Hawai'i's diverse agriculture systems.

Countries such as Japan have small equipment that is suitable for Hawai'i's small farmers, however, the engines that are attached to small equipment from foreign countries like Japan are not in compliance with EPA standard regulations. Hawai'i agriculture needs to identify desired small equipment as well as find solutions that would allow Hawai'i farmers to import foreign equipment that complies with EPA standards.

### **Transportation**

Hawai'i's position as the world's most isolated location, as well as its being a series of islands, presents a major challenge to the state's agriculture industry. One of the barriers to expanding agriculture in Hawai'i is the cost of transportation. Hawai'i is the only state that is 2,500 miles away from the nearest major port and the only state that is made up of islands. Because of this, Hawai'i's farmers and ranchers, rely heavily on air and ocean transportation to bring in agricultural inputs (supplies, equipment, feed, fuel, fertilizer, agricultural machinery, etc) for their production.

Interisland transportation has been a major issue with neighbor island farmers and ranchers. The majority of agricultural lands are in the neighbor islands yet the population center is on Oahu. Neighbor island farmers and ranchers are disadvantaged when competing with fellow farmers and ranchers on Oahu due to the additional transportation costs of bringing in supplies and sending products out. Each increase in interisland shipping rates means increased costs to these farmers and ranchers, costs that usually cannot be passed on to the vendor.

Both ocean and ground transportation is a necessary step for beef and produce to make it to our plates. Exporting Hawai'i's goods allows us to diversify operations to hedge against disasters or market disruptions. This allows Hawai'i's agricultural producers to find success both by providing food to the local community as well as to export markets. While costs rise, it remains important for Hawai'i to continue to produce calves to send to the mainland as it provides a diversified option for ranchers to manage for drought, lack of feed, or natural disasters that may negatively affect keeping calves here to grow out. The opportunity to ship calves to the mainland keeps ranches in business so that when the conditions are ideal for grass-fed cattle, ranchers are still in operation and can shift to keep more cattle here in Hawai'i.

USDA FSA's Reimbursement Transportation Cost Payment (RTCP) Program provides some relief for the high cost of transportation for Hawai'i's farmers and ranchers, but it is currently nowhere near enough support to provide enough relief to farmers and ranchers. We need the cap increased to recognize that transportation costs in Hawai'i are expensive and necessary.

While costs rise, the RTCP program caps reimbursements at \$8,000 per year. Ranches spend several hundred thousand dollars on ocean freight per year. For example, one ranch spent over \$220,000 on transportation in 2022. The RTCP program reimburses 25% which is based on COLA. The use of COLA does not appropriately address the need, as the shipping burden for remote States and Territories is much more than 25% if you consider the average cost per mile we pay versus the average cost per mile to ship on the Mainland by truck or train. In any case, the 25% on that example of the \$220,000 spent by that one Ranch would be \$55,000, except the cap only allows the rancher to actually receive just \$8,000, or 3.6% of costs. In another example, a ranch spent over \$680,000 on transportation. A reimbursement of 25% should be \$170,000, but they actually receive \$8,000. This is a reimbursement of less than 1.2%

### **Crop Insurance and Disaster Relief**

Hawai'i farmers and ranchers have and will continually have their operations impacted by natural disasters, global epidemics disease, pests, diseases, high winds, thunderstorms, hurricanes, fires, floods, earthquakes, lava flow, vog or other volcanic activity, droughts, and tidal waves. Supply chain issues and other shipping disruptions are also challenging for agricultural producers. These unexpected disasters can result in devastating economic damage and emergency financial assistance is critical to help our farmers and ranchers recover from production and physical losses.

Many of Hawai'i's diversified agriculture producers do not participate in crop insurance policies offered by USDA Risk Management Agency. Small producers don't have the educational exposure or the opportunity to review and analyze the cost and benefit details of the USDA program, and more local farmers, whether on a large or small scale, perhaps could avail themselves of a potentially useful risk management tool to protect their crop revenue streams.

Large farms understand and buy crop insurance, however, many small farms don't. They have risks. Federal crop insurance is well subsidized but eligibility is often a challenge facing local farmers. Crop policyholders must keep meticulous production and revenue records of their agricultural enterprises which is difficult for some small producers.

### **Land**

Large tracts of land fallowed by plantation closures on all islands represented a tremendous opportunity to facilitate the growth of diversified agriculture. These lands are suitable for most soil-dependent agricultural uses. Constraints to the growth of diversified agriculture are primarily the availability of arable lands in appropriate lot sizes with the accompanying infrastructure needed for a successful enterprise.

HFB recognizes recognize that in the land category system used today, agriculture was originally the catchall land classification and that some lands included within the agricultural district were not necessarily considered optimal for agriculture.

However, agriculture has significantly evolved. Soil classification is no longer the determinant of land good for agriculture. Greenhouses, hydroponics, aquaculture, and aquaponics are just a few of the many types of agriculture that can occur on *all* classes of land (A, B, C, D, E). Some of the best floriculture and hydroponic operations in Hawai'i are on C, D, and E lands. The total environment, including rainfall amount and timing, day and night-time temperatures, wind, and humidity each contributes to whether a particular region is suitable for a specific crop. In many cases, the soil type and even the existing terrain are not determinative of whether farming can exist and thrive.

Hawai'i Farm Bureau has serious concerns about the pressure to allow non-agriculture uses on agricultural lands; allowing residential developments to be interspersed with farming operations often causes problems that can result in the failure of farms. This cannot be allowed. Because of the pandemic, everyone better understands now the importance of agriculture in our isolated and vulnerable state. We must protect agricultural lands from well-known threats and avoid simplistic solutions to Hawai'i's housing problems.

The urgency to address Hawai'i's need for affordable housing, renewable energy, and new landfills should not be allowed to eliminate Hawai'i's use of productive agricultural land.

### **Water**

Land cannot support agriculture without adequate, economical water resources. Plantation closures not only made available large tracts of agricultural land but also left behind extensive irrigation systems such as the Waiahole Ditch, Oahu; the Lower Hamakua Ditch, Big Island; the East and West Kauai Ditch systems, Kauai; and the Honokohau Ditch on Maui. Unfortunately, the closures have also left the water collection and distribution infrastructure decaying and falling into disrepair.

In addition, recent regulatory and court decisions, e.g., those that support leaving water resources in their natural state rather than developing them for agricultural use, are threatening these agricultural water sources and systems.

There is a continuous need for an efficient and equitable policy for agricultural water. The profitability of existing enterprises as well as future expansion and success of the industry rely on the development of adequate sources of water suitable for irrigation and the allocation of that water at reasonable rates. Water development programs within the state must be planned with due consideration for actual and potential agricultural development. Similarly, water regulations in the state should support existing and potential agricultural development. There should be a balance between environmental interests and economic benefits.

Incentives are needed to help develop new sources and distribution systems and to maintain the existing systems. Water development has high capital costs and risks. Joint private-public development of water sources to serve agricultural production on adjacent and/or contiguous state and privately owned lands suited for agriculture should be encouraged.

While dam and reservoir safety rules represent an important public safety initiative, the rules codified in HRS chapter 179D are having an adverse effect by reducing water storage capacity across the state. At a time when changing weather patterns have demonstrated alternating periods of drought punctuated by significant storm events, coupled with the noble goal of achieving food security for our island state, water storage is more critical than ever. The new rules will discourage new dam and reservoir construction, and in many cases cause dam and reservoir owners to minimize the capacity or decommission existing storage capability.

Many of the reservoirs – built in an era of plantation agriculture—no longer generate enough revenue to be economically sustainable. But they are needed in ways few people have yet imagined. The issue of how to pay for the upgrading and maintenance of this critical infrastructure is now gaining more attention as the state’s budget comes into focus.

Dams and reservoirs are the keys not just to a future sustainable agricultural system in Hawai‘i, but to the entire water and environmental health of the State. In addition to the conventional benefits of storing and delivering reliable water for agriculture in dry times, wildlife habitats, flood control during large storms, erosion control, and the reduction of sediment loading on our nearshore ocean reefs, reservoirs also ensure a supply of potable drinking water (after treatment) and provide water to help battle wildfires.

Reservoirs also help recharge our groundwater aquifers by capturing stormwater (for later release) that would otherwise rush to the ocean. There is growing evidence that there will be a pattern of fewer, but larger storms separated by longer intervals of drought. If the large rainfall flows are not captured, overall groundwater recharge may be significantly reduced. Groundwater is our primary source of drinking water and demand is relentlessly rising. We already face declining groundwater recharge every time we place hard impermeable surfaces (e.g. concrete) over previously open ground (agriculture).

Recent Dam and Reservoir Safety rules will levy an additional burden on reservoir owners and Hawai‘i farmers. Fuel, labor, equipment, transportation, and other expenses are already higher in Hawai‘i than on the mainland, placing locally-grown products at a competitive disadvantage. Inevitably, increased costs will be passed on to consumers and are counterproductive to efforts to grow more food in Hawai‘i. Some landowners will simply decommission their dams, abandon their reservoir systems and decide what to do with their now-fallow lands when agriculture is no longer viable.

### **Research and Development**

The University of Hawai‘i, College of Tropical Agriculture and Human Resources, the Hawai‘i Agriculture Research Center, the Hawai‘i State Department of Agriculture, and the U.S. Department of Agriculture Pacific Basin Agricultural Research Center must work collaboratively to expand their research efforts for agriculture with an emphasis on locally produced products. Priorities lie in the improvement of cultural practices for currently grown products, development of new crops and value-added products, improvements in processing procedures, and development of new postharvest systems that improve the transport and handling of products. New technologies such as biotechnology should be aggressively pursued to provide a competitive edge to Hawai‘i's agriculture in the marketplace. Public education is an important element in the development of any new technology to alleviate misperceptions and fears.

### **Access to Capital**

Farmers and ranchers need capital to succeed. Capital for new farmers to begin. Capital for farmers to purchase more land and new equipment, hire more labor and expand their markets so they can grow their businesses. Capital to invest in new Ag Technology to increase their production and efficiency. However, access to capital remains a barrier for many farmers and ranchers, especially small producers, in the islands. The scope of financial products available to farmers and ranchers in Hawai'i is diverse, from loans and grants to reimbursements and crop insurance programs available through the USDA and other federal agencies. However the demand for affordable capital across the sector far outweighs the supply, and oftentimes eligibility requirements significantly narrows the number of capital products truly accessible to producers.

Many smaller farmers, ranchers, and other agricultural operators lack the necessary business and management expertise to seek out and apply for the various sources of funding available to them, including funding provided by the USDA and other sources to assist with critical needs such as infrastructure, technology, equipment, processing, training, market access and development, and much more.

### **Food Safety**

The Food Safety Modernization Act (FSMA) transformed the nation's food safety system by shifting the focus from responding to foodborne illness to preventing it. Foodborne illnesses can be serious, and we should seek ways to reduce risk. However, many of Hawai'i's farmers are not FSMA compliant because of the cost and criteria for food safety certification. The many criteria associated with FSMA to be compliant should not impede safe food. Hawai'i cannot afford to further lose farmers as we strive to increase local food production.

Accessing larger commercial and institutional markets that generally require food safety certification is a challenge for many of Hawai'i's farms. The majority of Hawai'i's commercial and institutional buyers will not purchase produce from farms that cannot provide food safety and traceability documentation required by the Food Safety Modernization Act (FSMA). These buyers will import products that cannot be sourced locally to meet their customer's demands, increasing the State's dependency on imported food. Food safety certification of Hawai'i farms is a critical first step toward FSMA compliance and may lead to increased market access and opportunities to increase production for these farmers. We need funding to provide training and support to increase the number of food safety-certified farmers.

### **Marketing and Competitiveness**

Hawai'i's small size and isolated location provide challenges to the farmer in the global marketplace. Local markets are finite. Exports are a necessity. At one time, Hawai'i enjoyed the lion's share of the market for pineapples, macadamia nuts, anthuriums, and other commodities. Foreign regions with similar climatic conditions began producing the same commodities. Considerable effort and funds were expended to develop these crops and their markets. Unfortunately, much of the technological information has been made available to our competitors, creating formidable foreign competition.

All of Hawai'i's agricultural exports must be competitive in the world market. Existing costs of production require that Hawai'i rely on uniqueness, quality, service, and image to be competitive. Exported Hawai'ian products must not only be unique but should also be of high



value. The industry must be entrepreneurial, responsive to change, and able to function under adverse conditions. Many challenges such as trade policies are beyond the farmer's control; however, the industry needs to find ways to mitigate these barriers.

We must protect Hawai'i's agricultural products from deceptive marketing and misleading labeling. important agricultural crop from deceptive or misleading labels. Hawai'i Geographic Origins labeling helps protect the quality and authenticity of Hawai'i's important agricultural crops such as macadamia nut, coffee, pineapple, hemp, and mamaki. We must ensure that Hawai'i-grown products are accurately represented in the marketplace.

### **Taxation and Fees**

A basic tenet for government involvement should be to provide policies and incentives that support and encourage thriving business enterprises. There should be a taxation package that provides an optimal inducement for entrepreneurs to invest in the transformation of Hawai'i's agricultural industry. This has the potential to provide key incentives to induce the private sector, but a favorable taxation package should not be the only incentive to encourage future agriculture development in Hawai'i.

As regulatory burdens on agriculture increase, so do permitting fees as government agencies strive to be self-sufficient in their costs to do business. Regulatory compliance costs and permitting fees increase the cost of production and can significantly impact the productivity of new enterprises.

### **Environment**

Changes in societal concerns about the environment, healthier diet, and food safety require agriculture to transform its attitudes and practices regarding production, processing, and marketing. Stewardship practices must be implemented or enhanced to protect the soil, water, air quality, and even wildlife habitat. Public expectations have prompted farmers to expend more resources to rethink their crop protection, waste management, and soil conservation practices. Consumer preferences for diets that focus on health and wellness present opportunities for market channels and production practices that meet this demand. Farming's response to these concerns should take advantage of new market niches.