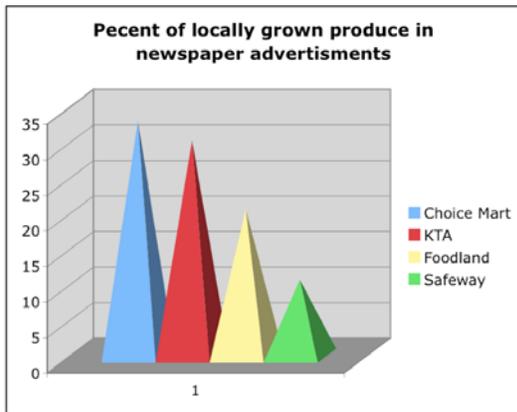


A Need for Commitment to Hawaiian Agriculture and a Call to End Deceptive Advertising.

Ken Love
Nov. 2009

A years worth of advertising data collected from four Big Island Grocery stores yields interesting information and shows another area where focusing on local agriculture can be improved with a little help from the stores.

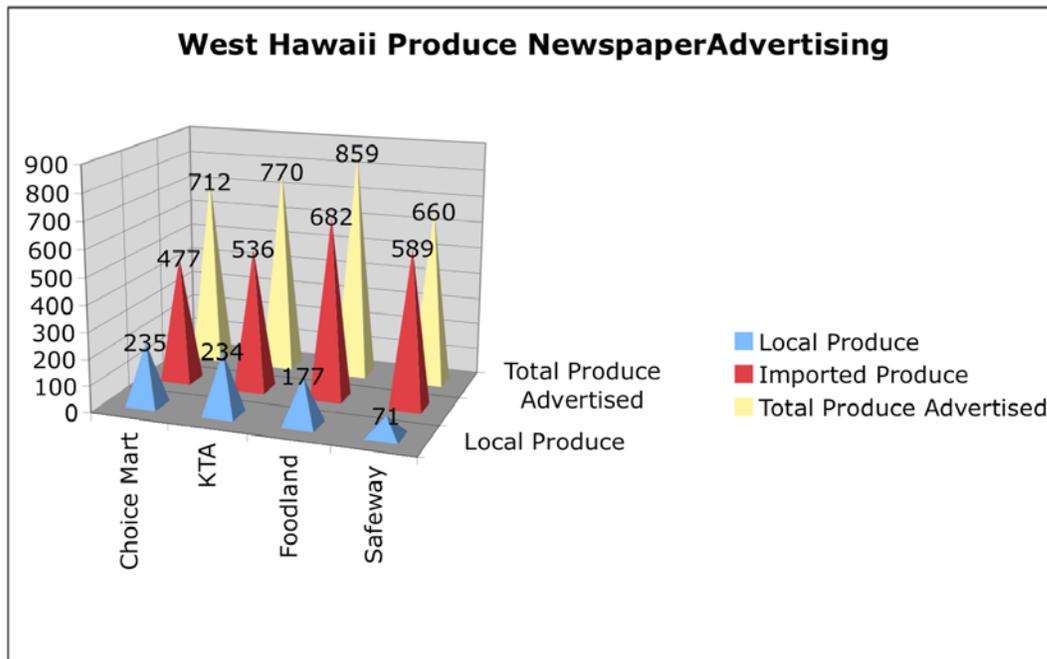
The data collected counted the total number of produce items advertised and the percentage of locally grown items versus imported items at Choice Mart, KTA, Foodland and Safeway. From the graph below we see that from Choice Marts advertisements in



West Hawaii Today 33% of the total produce items were locally grown. KTA 30.3%, Foodland 20.6% and Safeway a dismal 10.7%.

The total number of produce items in the ads accounts for these percentages but also yields interesting data. The data was collected between 8-27-2008 and 9-1-2009. Choice Mart's 33% is based on 235 local items out of 477 total items advertised. KTA advertised 234 local items but out of a total of 536. Safeway's 71 local items out of 589 and

Foodland's 682 total produce items with a paltry 177 being locally grown. Shameful for a Hawaiian owned company with 2500 employees in the state.



Deceptive Advertising

I've always perused the food ads looking for sales and to see who's focused on local produce. With the renewed interest in local produce and national media focusing on Buy Fresh Buy Local campaigns, "locavore", and other food related issues, I was surprised to see Foodland proclaiming "FOODLAND IS PROUD TO SUPPORT LOCAL FARMERS". The ad that week in May of 2008 featured 16 produce items with only Hamakua Tomatoes and Ewa onions being grown in the state. Come on Foodland, if you're so proud to support us, then why were you advertising California grown oranges, Texas sweet onions, Mexican bell peppers along with 11 other fruits and vegetables that grow in Hawaii. Why are you only selling imported avocados? Geez, even Safeway

featured only the locally grown sweet onions that week. Why are you even buying these imports? Tell us, are you forced into it by the "strongarm" produce wholesalers?



I have a problem with Foodland and this ad. If, as it says, Foodland is proud to support local farmers, why do they have so many imports when other Big Island stores have local peppers, romaine, Waimea strawberries, local oranges and Maui as well as Ewa onions. How about teh watermelon, is it local? Foodland, you can do much better if you want too!

Most growers understand the need to import apples and pears but not lettuce, oranges and peppers. We should be ashamed of this, as well as the fact that most of the avocados are imported from Mexico and most of the bananas sold at Foodland are from Ecuador. For a Hawaiian owned company this is doubly shameful.

The use of the term "kulana" for imported produce also draws the ire of some growers. It means quality but to many it infers that it is

Hawaiian produce.



There are a number of other examples by other stores and there is always the question of intentional or accidental mistakes. KTA's "Island Fresh" mango with the Guatemala stickers still on is a perfect example of what I can only hope is an accidental mistake. I should have prefaced this by saying that it is illegal to use the Island Fresh logo for imported items. When buying produce it can be a good idea to check carefully to see if stickers have been removed.

This is especially true for bananas and mango. I've seen bananas that I know were grown in Ecuador sold as locally grown with the shield shaped stickers removed.

Stores, overall, have to realize that to advertise locally grown requires more than the obligatory local pineapple. It's fine to promote individual farms as in the ad shown but those examples are few and far between. The size of the text "Locally Grown" is deceptive to many. People don't read the fine print and an ad like this would lead to the misconception that the strawberries might be from Waimea and the tomatoes are locally grown. They were not grown in Hawaii.



The use of the Island Fresh logo as been abused by most stores but again, its impossible to say if its accidental or intentional. In the case of the ad shown here, the corn in the Kona store was imported from Calif. and the onions from Texas. Having been in both the newspaper and produce business I know there are times when you plan an ad and just cant get the produce into the store. The

problem here is that it happens way too frequently in Hawaii to be coincidental or accidental.



Some stores like Choice Mart, that serves Captain Cook and surrounding areas where much of the fruit is grown, is extremely proactive in buying and selling of locally grown produce. The ad at left is a good example with 8 out of 9 items being locally grown.

Intentional Deception

One of the major problems faced by growers, stores and reputable wholesalers is the repackaging of imported produce into local boxes. This is much more common than one might think. A few months ago Choice Mart called me to complain about it. They have tried to sell only locally grown bananas and found it increasingly difficult to get a supply that meets the demand. Choice Mart's consumers in Captain Cook are, for the most part, growers and just don't want imports. When I arrived to see what I thought was a dozen boxes of Hamakua



Springs bananas, they opened the box for me and pointed out the Ecuador stickers. The store was furious with the wholesaler.



Richard Ha, one of Hawaii's best farmers, does not even sell his bananas to the wholesaler in question. What happened? Of course no one will admit to anything but it was shortly after this I started to notice "local bananas" with a discoloration that

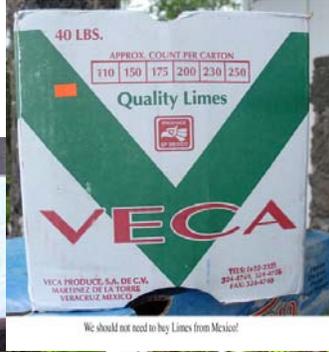
happens to be exactly the same size and shape as the Shield shaped sticker above. Locally grown bananas usually have round and oval shaped stickers.



With the inception of the Country of Origin Labeling Laws (COOL) earlier this year, grocery stores are required to have a point of purchase sign explaining where each item was grown or came from. This can be very complicated with produce, which often renders the law virtually useless when it comes to tracking down a source of food bourn pathogens. Bell peppers are a good example. Most grocery stores in Hawaii buy bell peppers from wholesalers who buy them from local growers, California, Mexico, China, Argentina and a few other locations that I've yet to see marked on labels. These are simply put into the same in store display with all the countries market on the same sign.

Some countries have decided to make the country of origin so confusing that many stores don't bother following the law at all. With the governor's ludicrous call to end many agricultural inspection services in the state, I suspect this situation will further erode and laws seldom followed. Any one wondering about the imported produce they consume should spend a day in the back of a major grocery store watching the boxes that come in marked USDA Organic with off color runny ink.

The imported produce that comes in boxes like those shown below, are shipped into Hawaii almost daily. Often they end up in Hawaii after being rejected by Japanese inspectors, who in the past have found pesticide residue on edamame and spinach too high to accept. There is a question as to where these boxes of rejected produce wind up but many suspect its Hawaii.



Produce companies should not need to bring in sweet onions from Chile, Peru, Ecuador or Texas for that matter. Buy Maui and Eva onions!



Wholesalers responsible?

In most cases, grocery stores and chefs in the state would rather buy from a few key wholesalers and growers than an army of independent farmers all trying to get their crop sold. It's important for growers to remember this and develop pricing structures for wholesalers as well as for direct markets and retail farmer's markets.

The wholesalers use a variety of methods to keep growers at bay, some legal and some not so legal and many unethical or questionable. In all cases, the wholesalers give little thought, to the long-term sustainability of agriculture in Hawaii. Profit has always come first with most of them and local growers not considered part of the equation. Recently some wholesalers have touted the need for RFID (Radio Frequency Identification Device) and GAP (Good Agricultural Practices) certification programs. In an ideal environment these might be worth considering but in an area like the Big Island with tiny small family farms, this is simply not realistic. Growers cannot afford the devices or

certification programs even when there is no cost. The time to conform is too costly for the already strapped small farmer. If we look at the real reason behind these programs and those pushing for implementation, we have to look at the US Military requirements for purchase, which requires a number of programs like RFID and GAP. Perhaps the real reason behind pushing for these programs in the state is so that a major produce company can sell the US Military. Very very few farms can afford the cost, time and energy associated with this and this company has to know it. One of the company officers is the former deputy chairman of the department of agriculture for the state of Hawaii. We would think that the sustainability of small family farms in Hawaii would be of paramount concern to wholesalers but this must not be the case as they admit to between 70% and 80% of what they sell as being imported. There are a variety of reasons for this. In previous years the claim was that Hawaiian growers didn't produce enough quality or quantity and consistency. They said most produce had to be imported. With the increase in buy fresh buy local programs, the awareness of the carbon footprint and food miles, the story as changed. Now the company justifies their 70 to 80% imports under the guise of food safety concerns claming Hawaiian growers have to conform to the RFID and GAP programs. House Bill No. 1471 passed into law in July and established the Food Certification Pilot program, which will be managed by the Hawaii Department of Agriculture, with assistance from the Hawaii Department of Health. Gov. Linda Lingle vetoed the bill originally, saying the program "appears to be a gesture to improve food safety without the teeth necessary to make it a viable program," according to *West Hawaii Today*. The money for this pilot program, \$140,000, came from the tourism industry. Lingle argued there was no real connection to tourism. Her veto was overridden by the Legislature late July, which then established the pilot program. This is a perfect example of how the "old boy" network works in the state. In early August, only 32 of the states estimated 5000 farms were certified.

If we take a stop back and look at a years worth of Armstrong produce price lists and at some of their customers who sell the same imported produce as well as some local produce we see a different picture all together

KONA PRICE LIST
ARMSTRONG PRODUCE, LTD
DATE: NOVEMBER 06, 2008

PRODUCT DESCRIPTION	CASE	LB
PRODUCTS		
APPLE - FUJI 35/35'S	CS	43.00
APPLE - FUJI 35/35'S	CS	43.00
APPLE - SPANNY SMITH 35/35'S	CS	34.75
APPLE - SPANNY SMITH 35/35'S	CS	43.75
APPLE - RED DEL WAFF 36'S CASE	CS	31.00
APPLE - RED DEL WAFF 36'S CASE	CS	33.00
ASPARAGUS	LB	5.00
ASPARAGUS 24'S (CASE)	CS	39.75
ASPARAGUS - STANDARD 11/1# CASE	CS	52.50
AVOCADO - HASS 32/36'S (CASE)	CS	48.55
AVOCADO - H-1 (30LB CASE)	CS	32.95
BANANA - APPLE H-1 (LBS)	LB	1.30
BANANA - H-1 40LB (CASE)	CS	30.60
BANANA - 35 APPLE (CASE)	CS	43.91
BASTI - (LBS)	LB	4.20

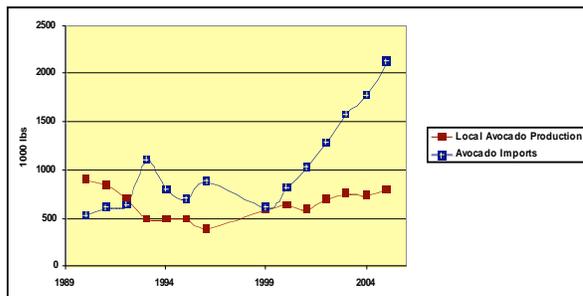
ASPARAGUS, STANDARD 11/1# CASE	CS	52.50	5.00
AVOCADO, HASS 32/36'S (CASE)	CS	48.55	2.15
AVOCADO, H-1 (30LB CASE)	CS	32.95	1.20
BANANA, APPLE H-1 (LBS)	LB		1.30
BANANA, H-1 40LB (CASE)	CS	30.60	.90
BASTI (LBS)	LB		4.20

It's all about the money. Lets take avocados as an example.

In the example below,

KTA buys imported avocados from various wholesalers like Armstrong or Suisan or Honaunau for \$2.15 a pound (shown above), these are sold for \$3.99 per lb. KTA will pay from 60 to 80 cents per pound for locally grown avocados. It depends on who's buying them at which store and from which grower. At times it may depend on what variety but continued monitoring of the avocados at KTA's in Kona show that variety seldom matters and often what is sold is either from seedlings or ground fall which should never be sold. There are times when top quality locally grown avocados are being sold at KTA but its not that often. This shows the need for growers to work together cooperatively and practice locally grown and varietal branding. So we can see that a stores profit on imports is \$1.84 a lb where profit on locally grown fruit is 69¢. This has to change.

Retail Prices (per lb.)	Imports	Profit	Local	Profit
KTA	\$3.99	\$1.84	\$1.49	\$0.69
Foodland / Sack N Save	\$2.89(sale)	\$1.44	\$2.19	\$1.39
Safeway	\$2.49 each	\$1.04	\$1.69	\$0.89
Choice Mart -	Will Not Buy Imports		\$1.39 lb	



We can see the raise of imported avocados in the Hawaii Agricultural Statistics 2005 yearbook. In the graphic we can see when the big box stores arrived in Kona.

In the Company of Chefs

For growers, the chefs are indispensable to their long-term sustainability. Farmer-chef relations, having been pioneered with the start of Hawaiian Regional Cuisine, continue to prove beneficial to growers as much as they are to Hawaii's popular celebrity chefs. This is evident each time there is a national magazine or Food TV show featuring Hawaii and it's cuisine. Growers, chefs, consumers and all residents of the state must continue to foster and support these relationships.

Horror Stories and Whistleblower Laws

There are a plethora of stories that I've heard from state inspectors, chefs, hotel food and beverage directors and a host of others in related industries. The most disturbing are from state employees assigned to different branches of the Hawaii Department of Agriculture.

I could easily relay these stories in this paper or report them elsewhere. The problem is that the powers within the department would know instantly where the stories came from and these people would be subject to legal action because of the non-disclosure agreements they signed as a condition of employment. In order to protect agriculture in Hawaii we must also protect the workers who wish to tell the truth at great personal risk. It's unclear if existing laws cover such protection but even if they do, state HDOA workers can't afford to take the risk of job loss by relaying these stories on abuse of power and illegal activities on the part of state officials and private individuals. This simply must change.

Money

The cost to fix many of the agriculture problems in Hawaii including funds to insure salaries for inspectors is not at all difficult to find. Its there for the asking if the administration and powers that be can put aside the politics for the benefit of the growers, and the community. In fact it is so simple that its surprising that it has not been done before and one can only conclude that politics stands in the way and that administration and legislative officials in state government are quite simply afraid of alienating the businesses who contribute to their election campaigns.

If we use the new HDOA annual report we see many of the produce items that are imported, including avocados, banana, citrus, papayas and many other fruit. There were 115,598,000 pounds of imported fresh market fruit in 2007. At \$.05 per pound inspection fee that equals \$5,779,900.00 at 10¢ a pound that's \$11,559,800.00
Now lets add vegetables, 160,650,000 pounds at 10¢ per pound for another \$16,065,000.00 bringing our total to \$27,624,800.00

We can only estimate the amount of green coffee coming into the state, Taro that is brought in from China, sugarcane, other fresh competitive produce, fish, meats and a host of other agricultural items grown and produced in Hawaii. Conservative estimates could bring the total income from inspection fees to more than \$50 million.

I don't recall the estimate from a container fee or the extra gasoline tax both of which were said to benefit growers. In fact the opposite has happened and farmers continue to struggle in the face of having to marketing against imports, lack of support from many major wholesalers & grocery stores and a state government, which continues to play politics instead of helping growers solve basic issues.

There are no simple solutions, no simple answers or sure-fire way to change things for the better but its pretty clear to anyone who has dirt under their fingernails that the system is flawed much worse than in the past and that someone must be held accountable if we are to continue to have agriculture in Hawaii. We must make agriculture profitable as well as desirable for the next generation. It's a worthy goal and politics must take a back seat role in the sustainability of our agriculture, our farmers and our hope for the future.

The title of this document is "A Need for Commitment" something that has not yet been addressed. Commitment can take many forms but we, as citizens of Hawaii, have a

responsibility to each other and to our collective future. In fact it should be demanded of us to right what is wrong no matter how our views on it might differ. Perhaps the worse thing we can do is stand idly by and watch as power continually corrupts a system and the environment where we live, work and dream. Perhaps the commitment we must make *to agriculture and to each other, for our future, is not as important as recognition that it needs to be made.* October 2 was the birthday of Mahatma Gandhi and reminds me of why I write:

It's the action, not the fruit of the action, that's important. You have to do the right thing. It may not be in your power, may not be in your time, that there'll be any fruit. But that doesn't mean you stop doing the right thing. You may never know what results come from your action. But if you do nothing, there will be no result. M.K. Gandhi