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**CONGRESSMAN ED CASE
2ND DISTRICT, HAWAII**

ISLANDS OF HAWAII, MAUI, KAHOLAWE, LANAI,
MOLOKA'I, O'AHU (WINDWARD, NORTH SHORE,
CENTRAL, LEEWARD), KAUAI AND NI'IHAU,
AND NORTHWESTERN HAWAIIAN ISLANDS

COMMITTEES:

BUDGET

AGRICULTURE

LIVESTOCK AND HORTICULTURE
(RANKING MEMBER)

CONSERVATION, CREDIT,
RURAL DEVELOPMENT AND RESEARCH

SMALL BUSINESS

TAX, FINANCE AND EXPORTS

REGULATORY REFORM
AND OVERSIGHT

RURAL ENTERPRISES, AGRICULTURE
AND TECHNOLOGY

June 2006

2006 AGRICULTURE REPORT

Dear Friend:

The 109th Congress (2005-2006) is three-quarters complete, with many crucial decisions remaining. I want to report on issues of special importance to Hawaii's agricultural community and ask for your continued input.

In this report, I review just some of the important issues facing agriculture in Hawaii as well as my related actions in Congress. I also again ask for your questions, comments or concerns, and offer the services of my office to assist you with any individual needs.

Hawaii agriculture has a long and proud history, a vibrant present, and, with all of our continued efforts, a promising future. Because of the critical importance of agriculture to our Hawaii, I successfully requested assignment to the U.S. House of Representatives Committee on Agriculture in the 108th Congress (2003-2004), and continued assignment in the current 109th Congress (2004-2005). I am now the sixth ranking of 21 minority members on the Committee, and serve as ranking member on the Livestock and Horticulture Subcommittee, which has jurisdiction over federal efforts involving virtually all Hawaii's agricultural products.

Hawaii agriculture today is increasingly diversified and evolving rapidly. In addition to our traditional mainstay industries of pineapple, sugar, livestock, and coffee, agricultural products such as flowers and nursery products, fruits and vegetables, seed crops, macadamia nuts, and aquaculture are increasing contributors.

With well over half a billion dollars in total annual farm value (excluding value added by processing), our Hawaii ranks 41st among the 50 states. However, upon election I was most disturbed to learn that, per dollar of value, Hawaii has received the lowest level of total support from our federal government: less than 1 cent per dollar of production. Our continued collective efforts are required to correct this.

I am proud and humbled to represent you and our Hawaii in our United States Congress. I truly look forward to continuing to work with you on the many challenges and opportunities facing agriculture in our Hawaii.

With aloha,

This mailing was prepared, published, and mailed at taxpayer expense.

Current Issues in the 109th Congress

1. 2007 Farm Bill

The 2002 Farm Bill is set to expire at the end of FY2007 (September 30, 2007). Hearings have been held over the past two years on various components of the bill. The following are my highest priorities for inclusion in the new Farm Bill.

Increase Assistance for Specialty Crops. This year, my House Agriculture Committee has held a number of field hearings in different parts of the country in preparation for writing the new Farm Bill in 2007. Not surprisingly, many of the producers who benefit most from the current subsidies favoring so-called "program" crops such as corn, rice, cotton, soybeans, and wheat would like to see very few changes. However, producers in areas that produce horticultural, vegetable, floriculture, and other "specialty" crops want to see more assistance in their critical issues areas of research, invasive species, pest and disease control, post-harvest handling, and marketing. I believe an increased emphasis on specialty crops is only fair, as these crops make up half the value of American agriculture. The new Specialty Crop Competitiveness Act, which I cosponsored in 2004, was only funded at \$7 million last year compared with some \$13 billion in payments for program crops.

The kinds of payments we provide to program crop producers are also judged to be the most trade-distorting by the World Trade Organization, whereas activities such as supporting agricultural research and extension, conservation and the environment, rural development, food security stocks, domestic food aid (e.g., food stamps), farm disaster payments, and structural adjustment programs are not viewed as such. Thus, as world agriculture trade develops, we should be allocating more federal assistance to specialty crops.

Continue No-Cost Sugar Program. I do support continuation of the U.S. sugar program, a no-cost federal program that has resulted in stable prices of sugar for consumers. Many people mistakenly believe that U.S. sugar farmers receive subsidy payments, like producers of corn and cotton. This isn't true. The U.S. government instead manages imports of foreign sugar in an effort to maintain a market price that allows the most efficient U.S. producers to cover their costs—a target price of 18¢/pound for raw sugar and 22.9¢/pound for refined sugar. Forty-one countries are able to export a minimum of 1.256 million tons of tariff-free sugar to the United States. These countries receive the same prices as U.S. producers. In fact, the price of sugar to U.S. consumers has been flat for the past 25 years at around 43¢/pound—if inflation is factored in, U.S. consumers are paying half of what they did 25 years ago.

Hawaii has the most productive sugar industry in the world, producing more tons of sugar per acre with fewer person-hours per ton of sugar produced than anywhere else in the world. Although real prices to producers have declined over the past 25 years, the efficiency of Hawaii's remaining producers allows them to stay in business even in competition with producers in other countries who are heavily subsidized and have far lower labor and environmental standards. Our efforts must be addressed toward countering frequent attempts to abolish this program.

Strengthen Conservation Programs. We need to strengthen existing federal conservation programs and assure that these programs are designed to meet the needs of Hawaii's farmers and ranchers. These programs have become increasingly important in Hawaii as a means of helping farmers protect water quality and habitat for native species, supplement their income, and preserve agricultural land. I believe we must make a concerted effort to protect the rural quality of life, especially on the neighbor islands and on Oahu's North Shore. (See item 3 below).

2. Federal Funding for Hawaii's Agricultural Priorities

Each year since joining Congress, I have reached out to government leaders and to the agricultural community to ask about their priorities for federal funding. I've been successful in securing significant funding in the House version of Agriculture Appropriation bills for various projects benefiting Hawaii agriculture and aquaculture. Broadly speaking, among the most important efforts have been to retain funding for Hawaii's four Resource Conservation and Development Councils, and to fight back efforts by the administration to eliminate the Watershed and Flood Protection Program, which provides funding for ongoing large-scale irrigation projects in Hamakua and Upcountry Maui as well as flood control projects in Lahaina and Hilo. I've joined with my colleagues to urge increased funding for specialty crops: we were able to double the funding for the Specialty Crop Competitiveness Act in the House version of this year's Agriculture Appropriations bill. Additional earmarks focus on funding for research related to Hawaii's horticultural and floriculture crops and ongoing efforts to prevent the introduction of the brown tree snake and to control and ultimately eradicate coqui and greenhouse frogs.

3. Conservation Programs

Ensuring that Hawaii receives its fair share of conservation funding and that these programs work for Hawaii has been a high priority of mine since joining the House Agriculture Committee. In FY2003, Hawaii received less than \$5 million in Farm Bill conservation program funding; in FY2006, Hawaii received \$11.7 million. The programs include:

- The **Wetland Reserve Program (WRP)**, which uses permanent and temporary easements and long-term agreements to protect farmed wetlands.
- The **Grassland Reserve Program (GRP)**, which retires acres from grazing under arrangements ranging from 10-year agreements to permanent easements, and permits the delegation of easements to certain private organizations and state agencies.
- The **Environmental Quality Incentives Program (EQIP)**, which provides financial incentives to induce farmers to participate in conservation efforts. It pays a portion of the cost of installing or constructing approved conservation practices. EQIP is a mandatory spending program which supports structural, vegetative, and land management practices.
- The **Wildlife Habitat Incentives Program (WHIP)**, which provides cost sharing and technical assistance for conservation practices that primarily benefit wildlife.
- The **Farmland and Ranchland Protection Program (FRPP)**, which assists state and local governments to acquire easements to limit conversion of agricultural lands to nonagricultural uses.
- The **Conservation Security Program (CSP)**, which provides financial and technical assistance to promote the conservation and improvement of soil, water, air, energy, plant and animal life, and other conservation purposes on private working lands.

In addition, I have worked with the State and with USDA to secure approval of a **Conservation Reserve Enhancement Program (CREP)**. The agreement is ready to be finalized, pending funding availability by the State. This program will pay up to 90% of the cost of installing conservation practices on highly erodible land as well as annual rental payments to landowners where such practices provide environmental benefits by protecting the watershed, coral reefs, or endangered species.

One of the major limiting factors to increasing the benefit of these conservation programs in Hawaii is the adjusted gross income limit (AGI), which limits for eligibility for any landowner that earns significant non-agricultural income. This prevents some of the most important lands, from a conservation standpoint, from being protected. The environmental benefit of enrolling

land should be the primary criterion in selecting projects. I have introduced H.R. 3467 to exempt Hawaii from the AGI limitation; this will be taken up as part of the 2007 Farm Bill development.

4. Biofuels and Alternative Energy

High energy prices have led to increased interest in renewable sources of energy, such as ethanol and biodiesel. I believe that these technologies hold great promise for Hawaii, given our remote location and the high cost of transportation. Biofuels will provide Hawaii with greater energy security and independence by reducing the need to import fossil fuels as well as new crop opportunities for farmers. Various incentives at both the federal and state level have been signed into law to encourage biofuels development, but much of these are focused on already proven technologies, like making ethanol from corn. We need to explore opportunities to produce cellulosic ethanol and biodiesel in Hawaii. Among the most urgent needs are to help spur the commercialization of promising new technologies and to identify appropriate crops for development of biofuels.

5. Invasive Species

Exotic invasive species impose great costs on Hawaii's agriculture. Long-established pests, like the Mediterranean fruit fly have greatly limited Hawaii farmers' ability to export agricultural products. Newer invasive species, like the little fire ant and the coqui and greenhouse frogs, threaten our export ability and quality of life. We also need to continue efforts to prevent the spread of and eradicate current invasives—such as miconia, the Erythrina Gall Wasp (which is killing endemic wiliwili trees), and a new rust disease affecting ohia trees—that threaten our native forests and the endangered birds and other creatures that rely on these habitats. The Hawaii Department of Agriculture estimates that eleven new invasive pests become established in Hawaii each year.

I will continue to work to address our existing invasive species problems by seeking funding for research and eradication efforts. For instance, I have worked with the other members of Hawaii's Congressional delegation to impress upon the U.S. Department of Agriculture the importance of maintaining a local ability to produce sterile fruit flies and the need to expand efforts to suppress and ultimately eradicate exotic fruit flies in Hawaii.

However, as we all know from bitter experience, once something has made it to Hawaii, it is virtually impossible to get rid of it. This is why I introduced H.R. 3468, the Hawaii Invasive Species Prevention Act. We must focus on prevention, i.e., non-introduction. The U.S. mainland is protected by a federal quarantine from exotic pests that have become established in Hawaii, although Hawaii enjoys no such federal protection. Yet Hawaii's ability to protect itself is limited by federal laws that preempt states from being more restrictive than the federal government in regulating the movement of plants and plant products into the state. Simply put, my bill, H.R. 3468, creates the statutory and regulatory framework under which Hawaii may protect itself from introduction of invasives just as other states are now protected against introduction of invasives from Hawaii.

The bill has been cosponsored by Congressman Abercrombie and has been endorsed by the State of Hawaii's Invasive Species Council and the Hawaii Department of Agriculture as well as many state and local elected officials and others. Although time is running short for this overdue effort in this Congress, I will continue to do all I can to raise awareness of this issue among my colleagues in Congress.

6. Crop Insurance

Hawaii currently has only three federally subsidized crop insurance policies: macadamia nut crops, macadamia nut trees, and nursery products. We succeeded in advocating for pilot programs offering policies for four additional products to be available for purchase in crop year 2007: bananas and banana trees and papayas and papaya trees. The policies include protection against losses due to bunchy top virus in bananas and ringspot virus in papayas. Pilot policies for coffee crops and coffee trees are expected to be available in crop year 2008.

The pilot programs for bananas, papayas, and coffee will only become permanent if Hawaii growers demonstrate a sufficient level of interest. I know that macadamia nut and tree policies have become very popular. I urge you to check the new policies out when they become available as they may disappear if growers don't participate.

I was also recently advised that Hawaii has received preliminary approval for AGR-Lite insurance. Adjusted Gross Revenue-Lite (AGR-Lite) is a whole-farm revenue protection plan of insurance. The plan provides protection against low revenue due to unavoidable natural disasters and market fluctuations that affect income during the insurance year. Most farm-raised crops, animals, and animal products are eligible. Coverage is limited to \$1,000,000 and the government pays between 48% and 59% of the premium, depending on the coverage level.

I have also introduced H.R. 3536, which amends the Federal Crop Insurance Act to include Hawaii in the agricultural management assistance program. This program was established in 2000 to benefit states where participation in federal crop insurance programs has been historically low. It provides cost-sharing assistance under contracts of three to ten years to help producers construct or improve water management and irrigation structures, plant trees, control soil erosion, practice integrated pest management, practice organic farming, develop value-added processing, and enter into futures, hedging, or options contracts to reduce production, price, or revenue risk. Hawaii has traditionally lacked access to crop insurance; I will try to have Hawaii added during development of the 2007 Farm Bill.

7. Biotechnology

I know that my constituents have widely differing views on the benefits and risk of biotechnology or genetically modified crops. As you may be aware, the U.S. Department of Agriculture (USDA) is in the process of completing a draft environmental impact statement (DEIS) on the regulatory framework for biotechnology. The original notice of intent to prepare this DEIS was published in January 2004. I was recently advised by USDA that the DEIS would be released for public comment this year. Please let me know if you would like to be notified when the DEIS is released.

8. Aquaculture

Hawaii is a world leader in aquaculture research and in commercializing innovative aquacultural technologies. I am very excited about the success of Hawaii's various aquaculture ventures from deep ocean cage finfish aquaculture to brood shrimp export to culturing algae. And we have many exciting new industries poised to take off. I am especially excited about the potential for raising reef fish for the aquarium trade, which will not only meet a tremendous demand, but will reduce pressures on these species and on coral reefs in Hawaii and throughout the world. I know of the need to develop a funding mechanism for basic and applied aquaculture research, including funding for commercialization of new technologies.

Selected Hawaii Activities

1. Keeping In Touch

Staying in touch with you and Hawaii's agricultural community is essential not only to recognizing your invaluable contributions, but to representing you in Congress and to assisting with Hawaii-specific challenges.

My Talk Story community meetings district-wide have been a valuable way of keeping up on current community concerns. I did 50 in 2005 throughout Hawaii as well as with Hawaii's own 29th Brigade Combat Team in Fort Polk, Louisiana and Balad, Iraq. Earlier this year, I completed 21 Talk Story meetings, and will be holding another 22 meetings on the Big Island, Maui, Lanai, Molokai, Oahu, and Kauai between July 1 and August 5. For a schedule of meetings, check my Congressional website at www.house.gov/case or call my Honolulu office for the time and place of the meeting nearest to your home.

My point here is that we can accomplish more together and I can focus on your needs better if and as we stay in touch. I am always willing to try to work into my schedule a meeting with Hawaii's farmers and ranchers or attendance at an important event, and encourage you to call on me for such needs and opportunities.

2. Farm Bill Listening Session in Kona

On November 12, 2005, USDA's Under Secretary Thomas Dorr and Deputy Under Secretary Merlyn Carlson hosted a Farm Bill Listening session at the Sheraton Keauhou Hotel in Kona, in which I participated. To better understand the concerns of Hawaii's agricultural community, I sent a survey to some 1,500 persons and received hundreds of responses. The findings are reflected in my remarks contained in the transcript of the session, which is available at <http://www.usda.gov/documents/BBFHA111205.pdf>.

Your Congressional Office

1. Office Mission and Resources

Overall, my job is to represent the people of my district and our Hawaii in our federal government to the best of my ability. That means being your voice on the great issues of our day, agriculture-related and otherwise, listening to your concerns, letting you know what your government is doing, and helping you on your individual problems whenever and however I can.

I have a full-service congressional office in Washington, D.C. and throughout my Hawaii district to assist me in performing my duties. More information on my office and activities and opportunities can be found on my website at www.house.gov/case.

2. Contact Information

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e-mail: ed.case@mail.house.gov

3. Your Issues, Thoughts and Concerns

I'd very much like you to contact me with any thoughts, questions, comments or concerns facing you and your community. Also, please feel free to contact any of my staff, particularly my legislative director, Anne Stewart, at either (202) 225-4906, or anne.stewart@mail.house.gov, or my district director, Jimmy Nakatani (formerly chair of the Hawaii Board of Agriculture) through the local Hawaii numbers listed above, or at jimmy.nakatani@mail.house.gov. Furthermore, the contact information for my entire staff and a list of their issue areas can be found at www.house.gov/case/staff.html.

4. Casework

A vital part of my efforts on behalf of constituents is what we refer to as "casework", which means our undertaking to help you with individual issues, especially those involving our federal government. We welcome your contacting us to see how we might be able to assist you with these matters. Please feel free to contact my casework specialists, Jacqueline Conant and Liane Ashikawa in my Hawaii office.

5. Signup for Congressional E-mail Newsletter

I use an e-newsletter to provide frequent updates about what's happening in Washington D.C. as well as the 2nd Congressional District and to ask for input. If you haven't signed up and would like to receive these e-mails, please log onto my website at www.house.gov/case/email_list.html, or you can call or email at the above contacts to be put on our list. I may occasionally ask you to fill out electronic surveys, but I will never release your contact information to anyone else. If you have already signed up, thank you; you do not need to submit your name again.

6. Other Federal Grants and Resources

There are many opportunities for federal grants and other assistance for agriculture and rural development. You can go to my website for information on such grants and resources and other aspects of our federal government at <http://www.house.gov/case/grants.html>. There, for example, you will find contact information for federal offices in Hawaii, resources compiled by the

Congressional Research Service, and a link to the Catalog of Federal Domestic Assistance (www.cfda.gov). This Catalog includes a listing of about 1,500 federal grant and assistance programs and includes a useful search engine.

7. Arranging a Meeting or Event

I truly welcome opportunities to meet personally, discuss issues of mutual concern, address groups on issues of our day, or participate in community events. Please contact Roberta Weatherford in my Honolulu office at (808) 541-1986 or by email at roberta.weatherford@mail.house.gov.

8. This Report Online

For your convenience and use, I have placed a copy of this report online under the newsletter section of my website at www.house.gov/case/newsletter.html.