

I, Dean Edward Rule, state as follows:

1. My name is Dean Edward Rule. I am currently the General Manager of Conectiflor, S.A., a company that serves as a business representative and manager for various floriculture entities. Through my educational and occupational experiences since 1972, I have developed a detailed understanding of the economic, technological, market and environmental factors shaping and affecting the floriculture industry and related and interdependent businesses. I have in-depth knowledge of the floriculture industries in Ecuador and the United States of America.

2. My experience and knowledge of the relationships between different sectors of the industry, the costs and factors involved in developing and operating farms, the dual nature of the mass market and traditional retailers as the purchasers of imported flowers, the interests and activities of breeders, growers, research and development companies, exporters, distributors, and interdependent businesses allows me to have a working understanding of the long term consequences and costs involved in decisions and actions that would materially increase the price of roses from Ecuador.

3. The flower industries of the United States of America and Ecuador are closely tied together. As an initial matter, it is important to

The limited area still dedicated to the production of greenhouse roses in the United States is almost entirely concentrated in varieties distinct to the majority of the imported roses due to special characteristics such as fragrance, special shapes, along with proximity to market with a grown in America positioning. At the same time, there are nearly 5500 acres dedicated to the production of greenhouse roses in Ecuador. The lower growing costs allowing lower prices for consumers, larger flower heads, and other characteristics have been instrumental in the growth of production area in Ecuador.

At the same time, the production of cut flowers in the United States has been maintained, but with a change of species grown. The flower production in the two countries is largely complimentary, not competitive. A very significant percentage of the flower arrangements made by florists in the United States include imported roses and limited number of other species along with a great diversity of flowers that are not produced in Ecuador but come from sources such as those produced by members of the California Cut Flower Commission. If the roses are not available at a competitive price from Ecuador, the sales of the other complimentary flowers will be affected and may result in the closure of flower farms in the United States.

<http://www.floristsreview.com/main/january2011/FeatureArticle0111.html>).

Higher costs will only add to the decline.

#### c. United States Mass Marketers

Although the majority of the roses sold in supermarkets, discount retailers and big box retailers are sourced from Colombia, those that come from Ecuador are by far the second largest source. Not only does the added supply help control prices for businesses and ultimately consumers, it also helps insure supply when problems with freezes in the rose growing areas of Colombia greatly affect supply.

Since freezing, and resulting shortages, most often occurs in the time before the most important market date, Valentine's Day, the results can be disastrous for all of the United States cut flower business. A poor Valentine's Day can push many flower businesses and departments to a loss for the year. Ecuador is less susceptible to freezes due to its proximity to the equator with less temperature extremes. If the production in Ecuador declines due to duties putting many farms into closure, the effect can be significant in the United States.

#### d. United States Wholesalers

Esmerelda and Colour Republic are heavily concentrated on the importation of roses from Ecuador. These companies and many others would be devastated by making Ecuadorian roses non-competitive in the United States market. Many of the importers specializing in Colombian roses are owned by Colombians, while most of the importers of Ecuadorian roses are locally owned.

f. United States Rose Breeders

The two United States rose breeders that we represent, E.G. Hill Company Inc. and International Rose Breeders LLC are the only breeders left in the country breeding greenhouse roses. Both have far more than 50% of their total market in sales of their varieties to Ecuadorian growers. The economic effect on the Ecuadorian rose production of the implementation of duties would likely end the breeding of cut roses in the United States and leave it in the hands of European breeders who generally depend more on African producers.

g. Investors from the United States in Ecuador

Investment by United States citizens and companies in the Ecuadorian production is at least 15% of the total in the country and duties would be a direct blow to this investment.

Employees are able to support and remain with their families, instead of looking to emigrate in search of gainful employment. And workers are receiving greater pay than workers in Colombian drug fields.