Fresh Cut Roses From Colombia and Ecuador

Investigations Nos. 731-TA-684 and 685 (Preliminary)

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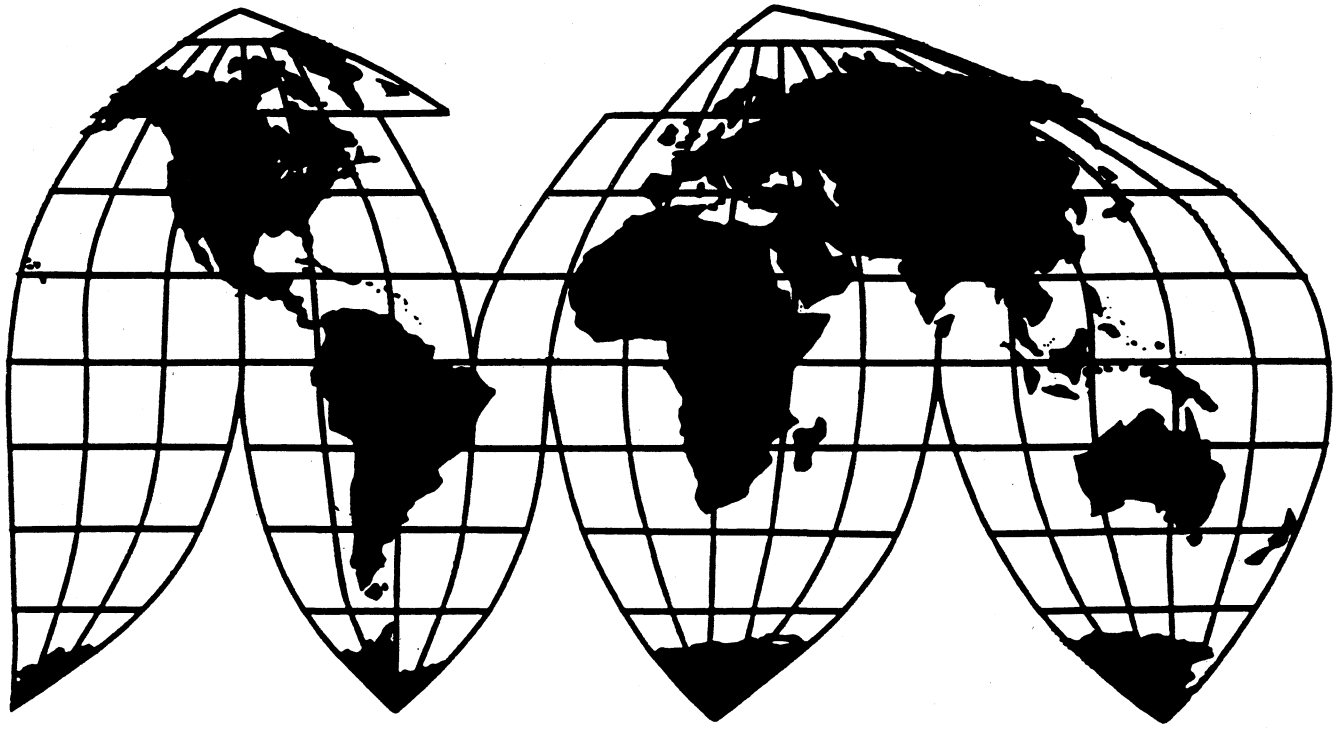
U.S. International Trade Commission



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PART I: DETERMINATIONS AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-684 and 685 (Preliminary)

FRESH CUT ROSES FROM COLOMBIA AND ECUADOR

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Colombia and Ecuador of fresh cut roses, provided for in subheading 0603.10.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On February 14, 1994, a petition was filed with the Commission and the Department of Commerce by the Floral Trade Council, Haslett, MI, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of fresh cut roses from Colombia and Ecuador. Accordingly, effective February 14, 1994, the Commission instituted antidumping investigations Nos. 731-TA-684 and 685 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of February 24, 1994 (59 F.R. 9000). The conference was held in Washington, DC, on March 8, 1994, and all persons who requested the opportunity were permitted to appear in person or by counsel.

[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

VIEWS OF THE COMMISSION

Based on the record in these preliminary investigations, we determine that there is a reasonable indication that the industry in the United States producing fresh cut roses is materially injured by reason of imports of fresh cut roses from Colombia and Ecuador that allegedly are sold in the United States at less than fair value ("LTFV").[2]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard in preliminary antidumping duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly LTFV imports.[3] In applying this standard, the Commission weighs the evidence before it to determine whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation."[4] The U.S. Court of Appeals for the Federal Circuit has held that this interpretation of the standard "accords with clearly discernible legislative intent and is sufficiently reasonable."[5]

II. LIKE PRODUCT

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of the subject imports, we first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930, (the "Act"), defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product . . . ."[6] In turn, "like product" is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ."[7]

Our like product determinations are factual, and we apply the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[8] [9] We look for clear

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[2] 19 U.S.C. § 1673b(a). Material retardation of the establishment of an industry in the United States is not an issue in these investigations.

[3] 19 U.S.C. § 1673b(a). See also American Lamb v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. United States, 794 F. Supp. 377, 386 (Ct. Int'l Trade 1992).

[4] American Lamb, 785 F.2d at 1001. See also Torrington Co. v. United States, 790 F. Supp. 1161, 1165 (Ct. Int'l Trade 1992).

[5] American Lamb, 785 F.2d at 1004.

[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(10).

[8] See Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

[9] The Commission generally considers a number of factors in analyzing like product issues, including: (1) physical characteristics and uses; (2) interchangeability of the products; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) the use of common manufacturing facilities and production employees; and where appropriate, (6) price. See, e.g., Calabrian Corp. v. United States, 794 F. Supp. 377, (Ct. Int'l Trade 1992); Torrington Co. v. United States, 747 F. Supp. 744 (Ct. Int'l Trade 1990), aff'd. 938 F.2d 1278 (1991); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1170 n.8 (Ct. Int'l Trade 1988)(hereinafter Asocoflores). No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a given investigation.

dividing lines between possible like products,[10] and have found minor distinctions to be an insufficient basis for finding separate like products.[11]

The Department of Commerce ("Commerce") has defined the imported products subject to these investigations as follows:

The products covered by these investigations are fresh cut roses, including sweethearts or miniatures, intermediates, and hybrid teas, whether imported as individual blooms (stems) or in bouquets or bunches.[12]

While the Commission must accept Commerce's determination as to which imported merchandise is within the class or kind of merchandise allegedly sold at less than fair value, the Commission determines what domestic product is like the imported articles identified by Commerce.[13]

Most roses sold are of three varieties: sweetheart roses, intermediate roses, and hybrid tea roses.[14] Sweetheart roses have the shortest stems and smallest blooms of these types, whereas the hybrid tea roses have the longest stems and largest blooms.[15] In general, fresh cut roses may be used individually or in wreaths and bouquets.[16]

B. Like Product Issues

In the previous antidumping and countervailing duty investigations involving fresh cut roses, the Commission found that the like product was all fresh cut roses.[17] Petitioners maintain that the Commission should again find that all fresh cut roses are one like product. Certain respondents, however, argue that there are as many as five separate like products: (1) hybrid tea, intermediate and sweetheart roses; (2) bouquets containing roses; (3) spray roses; (4) micro or baby roses; and (5) "distress" sales roses.[18]

1. Bouquets Containing Roses

Some imports of fresh cut roses from Colombia and Ecuador are imported in prepackaged bouquets.[19] Respondents argue that Commerce's scope definition of the class or kind of merchandise subject to investigation covers rose bouquets in their entirety as the subject imported products, not merely the roses within the bouquet. Based on their

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[10] See, e.g., Compact Ductile Iron Waterworks Fittings and Accessories Thereof From the People's Republic of China, Inv. No. 731-TA-621 (Final), USITC Pub. 2671 (Aug. 1993).

[11] Asocoflores, 693 F. Supp. at 1169, S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979)("It is up to [the Commission] to determine objectively what is a minor difference.").

[12] Notice of Initiation of Antidumping Duty Investigations: Fresh Cut Roses From Colombia and Ecuador, 59 Fed. Reg. 11771, 11772 (March 14, 1994).

[13] See, e.g., Algoma Steel Corp. v. United States, 688 F. Supp. 639 (Ct. Int'l Trade 1988)("ITC does not look behind ITA's determination, but accepts ITA's determination as to which merchandise is in the class of merchandise sold at LTFV."), aff'd, 865 F.2d 240 (Fed. Cir. 1989); Torrington v. United States, 747 F. Supp. 744 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

[14] Confidential Version of Report ("CR") at I-9; Public Version of Report ("PR") at II-5.

[15] CR at I-9; PR at II-5.

[16] CR at I-9; PR at II-5.

[17] Fresh Cut Roses from Colombia, Inv. No. 731-TA-148 (Final), USITC Pub. 1575 (Sept. 1984); Fresh Cut Roses from the Netherlands, Inv. No. 701-TA-21 (Preliminary), USITC Pub. 1041 (Feb. 1980).

[18] Joint Post Conference Brief of Respondents Asociacion Colombiana De Exportadores De Flores ("Asocolflores") and its Rose-Producing Members and the Association of Floral Importers of Florida ("AFIF"), and its Members (hereinafter "Asocolflores' Postconference Brief") at 10-24. The other respondents (representing Ecuadorean interests) participating in these investigations stated that they do not disagree with the Commission's prior determinations that all types of fresh cut roses constitute a single like product. Post-Conference Brief of Respondent Expoflores in Opposition to the Petition (hereinafter "Ecuadorean Respondents' Postconference Brief") at 3 n.1.

[19] Transcript of the preliminary conference ("tr.") at 137.

assumption that rose bouquets are within the scope, respondents then argue that rose bouquets and fresh cut roses are separate like products.[20]

Commerce's scope definition delineates the class or kind of merchandise subject to investigation. In these investigations, Commerce's scope definition is presented differently than in past fresh cut roses investigations. Specifically, Commerce defines the class or kind of merchandise subject to investigation as "fresh cut roses . . . whether imported as individual blooms (stems) or in bouquets or bunches."[21] In past investigations of fresh cut roses, bouquets were not referenced in Commerce's scope.[22]

In our view, the plain language of Commerce's scope description in these investigations demonstrates that the merchandise subject to investigation covers the roses in the bouquets only, since it does not expressly state that the bouquets themselves are covered. Bouquets are referred to in the scope definition to indicate that all fresh cut roses are covered, regardless of the form, or packaging, they are imported in.[23] [24]

2. Spray Roses

Respondents have suggested that spray roses may be sufficiently distinct from traditional roses to constitute a separate like product category.[25] Petitioners argue that spray roses should not be considered a separate like product. We find that most of the information in the record with respect to spray roses supports a finding that spray roses are sufficiently "like" hybrid tea or sweetheart roses to include them in the same like product.

Spray roses have many of the same overall physical characteristics as traditional hybrid tea or sweetheart roses. All fresh cut roses are members of the Rosaceae family and are "those parts of the rose plant that include the bloom or 'inflorescence' and some attached stems and leaves, but do not include roots and soil."[26] All fresh cut roses are highly perishable, lasting only 3 to 7 days without the use of a floral preservative.[27] These characteristics are true for both spray and other traditional roses. The only differences between spray and other roses are that spray roses have several small flowers per stem, whereas the other roses have one large flower at the end of each stem.[28] In addition, the stems of spray roses are shorter than traditional roses. However, we note that different rose varieties also have varying stem lengths and bloom sizes (e.g., as with spray roses, sweetheart roses have smaller buds and shorter stems than traditional roses), which we do not find to be significant differences in physical characteristics.[29]

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[20] Asocolflores' Postconference Brief at 13 n.13.

[21] Notice of Initiation of Antidumping Duty Investigations: Fresh Cut Roses From Colombia and Ecuador, 59 Fed. Reg. 11771, 11772 (March 14, 1994)(emphasis added).

[22] For example, in Fresh Cut Roses from Colombia, Commerce stated in its notice of the final determination of sales at LTFV that "[t]he merchandise covered by this investigation is fresh cut roses. The two most commercially important types of fresh cut roses are hybrid teas and sweethearts . . . ." Fresh Cut Roses From Colombia; Final Determination of Sales at Less Than Fair Value, 49 Fed. Reg. 30765 (Aug. 1, 1984). In Fresh Cut Roses from the Netherlands, Commerce stated that "[i]mports covered by this investigation are described as cut roses, fresh . . . ." Fresh Cut Roses From the Netherlands; Initiation of Countervailing Duty Investigation, 45 Fed. Reg. 7274 (Feb. 1, 1980).

[23] This interpretation of the scope was confirmed by Commerce staff. See CR at I-3 n.2; PR at II-3. Respondents acknowledge that "the petition does not purport to cover bouquets; it does not alleged [sic] that bouquets are sold at less than fair value; it does not allege injury to any U.S. industry by reason of imports of bouquets . . . ." Asocolflores' Postconference Brief at 15.

[24] We do not find that the circumstances warrant expanding the like product to include a product, i.e., bouquets containing roses, that is not within Commerce's definition of the class or kind of merchandise subject to investigation.

[25] Asocolflores' Postconference Brief at 22.

[26] CR at I-9; PR at II-5.

[27] Id.

[28] Asocolflores' Postconference Brief at 21; Petitioners' Postconference Brief at 14.

[29] CR at I-9; PR at II-5.

According to petitioners, spray roses can be used in bouquets for decorative purposes and as boutonnieres, which is also true for traditional roses.[30] Spray roses can be used interchangeably with other roses in both decorative bouquets for formal uses and in informal arrangements for the home. They may also be used interchangeably with sweetheart roses as boutonnieres.[31] In addition, the channels of distribution for all fresh cut roses (and all fresh cut flowers generally) are the same.[32]

The evidence with respect to customer and producer perceptions is mixed. Petitioners state that "[t]he growers that do produce spray roses believe that they offer a different variety, particularly useful in bouquets" and that consumers "identify spray roses to be roses, with the characteristic flower and shape . . . ."[33] On the other hand, U.S. importers that reported imports of spray roses "felt that such imports were not like the product subject to investigation."[34] Those domestic producers that grow spray roses, or have grown them in the past, do so in the same facilities where other roses are grown.[35] [36]

Based on this evidence, we determine that spray roses are sufficiently "like" other traditional fresh cut roses (hybrid tea and sweetheart roses).[37]

3. Micro or Baby Roses

Respondents request that the Commission also find that "micro or baby roses" constitute a separate like product.[38] Respondents assert that micro roses are novelty products that have a stem length of 3-4 inches and a bud the size of a fingernail (less than 1/2 inch).[39]

Respondents assert that these roses are not produced in the United States and are only produced by one Colombian grower who sells a small quantity exclusively to one upscale grocery store chain in Manhattan, New York.[40] Respondents state that "[t]he Commission should determine that micro roses are a distinct like product not produced in the United States, and, therefore, there is no reasonable indication of material injury to a U.S. industry by reason of their importation."[41]

Micro roses are included in Commerce's scope of the investigation. Therefore, even if micro roses are not produced in the United States, the Commission must still determine which domestic product is "like, or in the absence of like, most similar" to micro roses.[42]

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[30] Id.; Petitioners' Postconference Brief at 15.

[31] Petitioners' Postconference Brief at 15.

[32] CR at I-30; PR at II-17; Petitioners' Postconference Brief at 15.

[33] Petitioners' Postconference Brief at 16.

[34] CR at I-15 n.27; PR at II-8.

[35] Petitioners' Postconference Brief at 15 & n.43, 16.

[36] The Commission did not seek specific pricing data for spray roses; however, petitioners allege that the price of spray roses is within the range of other types of roses. Id.

[37] We do not feel compelled to follow the like product categories decided in Fresh Cut Flowers. Further, each investigation is sui generis, and the Commission is not bound by the like product findings in previous investigations involving even the same product if new arguments or facts are presented that support a different conclusion. See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1088 (Ct. Int'l Trade 1988).

[38] Asocolflores' Postconference Brief at 22-23.

[39] Id. at 22.

[40] Id.

[41] Id. at 23. It is not the imports that are divided into like products, but rather the Commission considers whether the domestic product is "like" the imported products. E.g., Ferrosilicon from Egypt, Inv. No. 731-TA-642 (Final), USITC Pub. 2688 (Oct. 1993) at I-7 n.20.

[42] 19 U.S.C. § 1677(10). Ferrosilicon from Egypt, at I-7 & n.20; Nepheline Syenite from Canada, Inv. No. 731-TA-525 (Final), USITC Pub. 2502 (Apr. 1992) at 7 & n.8, aff'd, Feldspar Corp. v. United States, 825 F. Supp. 1095 (Ct. Int'l Trade 1993); Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Therefor from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 303-TA-19-20 and

(continued...)

The most similar domestic product would be one of the rose varieties produced in the United States already under consideration by the Commission -- e.g., either hybrid tea, spray, intermediate or sweetheart roses. We do not find that any of these categories warrant treatment as separate like products in view of our analysis of the like product factors considered in deciding whether spray roses are a separate like product. Consequently, we include micro roses in the same like product definition as the other roses.

4. Distress Sales Roses

Finally, respondents claim that the Commission should find that there is a separate like product for roses that are sold as "distress" sales.[43] Because roses are highly perishable, if the roses are not sold within a certain number of days after being cut, they either have to be thrown away or sold at a greatly reduced price as distress sales to street vendors.[44] Respondents contend that the subject imports sold as distress sales are a distinct like product because they are not produced in the United States.[45]

We reject respondents' argument. The fact that the like product produced in the United States is not marketed or sold within the same region as the imported product does not mean that there is no comparable U.S. industry, as respondents' argument would imply. As noted above, if the product in question is covered by Commerce's scope of the investigation, the Commission is required to include such imports in its injury investigation.[46] The question for the Commission, therefore, is whether it is appropriate to find that distress sales of domestic roses[47] constitute a separate like product from fresh cut roses.

We do not find that distress sales of roses deserve treatment as a separate like product category. Distress sale roses are the identical product as fresh cut roses except that they are older. Additionally, the respondents effectively request the Commission to find that a certain type of "sale" -- "distress sale" -- should be a like product. The statute references domestic production of a "product," not sales.[48]

5. Conclusion

Based on the above considerations, we find that all fresh cut roses, regardless of variety, or whether included in bouquets, constitute one like product. In addition, we decline to expand the like product beyond the scope of the investigation to include bouquets containing roses.

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[42] (...continued)
731-TA-391-399 (Final), USITC Pub. 2185 (May 1989) at 34-39 (citing Sony Corp. v. United States, 712 F. Supp. 978 (Ct. Int'l Trade 1989)), aff'd, Torrington Co. v. United States, 747 F. Supp. 744 (Fed. Cir. 1991).

[43] Asocolflores' Postconference Brief at 23.

[44] Id.; Petitioners' Postconference Brief at 46-47.

[45] Respondents argue that because distress sales are necessarily localized, subject imports sold as distress sales are confined to the Miami area where the majority of subject imports is entering the United States. They claim that there are no domestic roses sold as distress sales in Miami, and that the subject imports sold as distress sales in Miami do not compete with the U.S. distress sales of domestic rose growers because domestic distress sales roses are confined to the regions where they are grown. Asocolflores' Postconference Brief at 23-24. However, it has also been reported that subject imports are starting to enter increasingly through California and New York. CR at I-28 n.52, I-60; PR at II-16, II-37.

[46] Respondents have not argued that roses sold as distress sales are not within Commerce's class or kind definition.

[47] The record demonstrates that there are similar distress sales of domestic roses, referred to by petitioners as markets for "seconds." Tr. at 103; Petitioners' Postconference Brief at 46-47.

[48] 19 U.S.C. §§ 1677(4) and 1677(10).

III. DOMESTIC INDUSTRY

In light of our like product determination, we find that there is a single domestic industry consisting of the domestic producers of fresh cut roses.[49]

IV. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of the allegedly LTFV imports, the Commission considers all relevant economic factors which have a bearing on the state of the industry in the United States. These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is determinative, and we consider all relevant factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[50]

In examining conditions of competition in the domestic fresh cut roses industry, we first recognize that demand is highly seasonal, driven primarily by certain holiday seasons, most notably Valentine's Day, as well as Easter, Mother's Day, and Christmas.[51] This, in turn, affects the market prices for fresh cut roses, with the highest prices obtained during the peak demand seasons, and the lowest prices during the summer.[52] Fresh cut roses are also a highly perishable product lasting only three to seven days without the use of a floral preservative.[53]

We also note that consumer demand for fresh cut roses has been growing over the period of investigation, 1991 to 1993. This is reportedly due in part to the increased availability of roses sold in supermarkets, as well as to the increased use of roses in informal arrangements and during non-holiday seasons.[54] This increase may also be attributed to the increasing use of non-traditional outlets of distribution, such as street vendors, roadside stands, catalogues, 1-800 telephone home-delivery services, and home shopping networks.[55]

Although there has been an increase in overall demand for fresh cut roses, changing consumer preferences have led to a decline of 23.3 percent in U.S. consumption of the smaller sweetheart roses during the period of investigation. At the same time, consumption of the larger hybrid tea and intermediate roses increased by 19.9 percent.[56]

Another significant condition of competition relates to the reported different physical characteristics of imported versus domestic roses due to the differences in their growing conditions and proximity to the U.S. market. Colombian and Ecuadorean roses are grown near the equator which provides them with certain natural advantages, such as favorable climate and longer days, that allow them to grow longer stems and larger blooms.[57] Domestic roses enjoy other natural advantages, such as greater freshness and durability, since subject roses must be transported and handled over longer distances.[58]

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[49] We note that one domestic producer reported importing roses from the subject countries. CR at I-27; PR at . None of the parties has argued that this producer is a related party, as provided in 19 U.S.C. §1677(4)(B), and we do not find that the circumstances justify excluding consideration of this producer's operations for purposes of these preliminary investigations.

[50] 19 U.S.C. § 1677(7)(C)(iii).

[51] CR at I-64; PR at II-39.

[52] CR at I-64; PR at II-39.

[53] CR at I-9; PR at II-5.

[54] See CR at I-19; PR at II-10.

[55] CR at I-30; PR at II-17.

[56] CR at I-23-24; PR at II-12. Compare CR at C-3, Table C-1, with C-5, Table C-2; PR at C-3, Table C-1 with C-5, Table C-2.

[57] CR at I-66; PR at II-40.

[58] CR at I-66; PR at II-40.

These conditions of competition provide the framework in which we examine evidence concerning the domestic fresh cut roses industry. As noted above, there was a consistent increase in rose consumption, in terms of quantity, by a total of 16.4 percent from 1991 to 1993, rising from 762 million blooms in 1991 to 887 million blooms in 1993.[59] In terms of value, apparent consumption rose irregularly by 1.5 percent from 1991 to 1993 (decreasing by 2.9 percent from 1991 to 1992 and then increasing by 4.5 percent from 1992 to 1993). Apparent consumption fell from $215 million in 1991, to $209 million in 1992, and then rose to $220 million in 1993.[60] U.S. producers' share of apparent consumption showed a continuous downward trend in terms of quantity over the period of investigation, beginning with 40.0 percent in 1991, 35.9 percent in 1992, and 30.8 percent in 1993. The industry's market share also decreased in value from 46.7 percent in 1991, to 45.9 percent in 1992, to 41.1 percent in 1993.[61]

Domestic production of fresh cut roses decreased by 9.7 percent from 1991 to 1993.[62] In quantity terms, U.S. production decreased from 333 million blooms in 1991, to 319 million blooms in 1992, and to 300 million blooms in 1993.[63] With respect to production capability, U.S. growers reported a 1.5 percent decrease in the area devoted to the production of roses from 1991 to 1993 (decreasing from 23.6 million square feet in production in 1991-92 to 23.3 million square feet in 1993), and a decrease of 4.4 percent in the number of rose plants in production (from 14.0 million in 1991 to 13.4 million in 1993).[64] U.S. growers reported an increase of 3.6 percent in the number of greenhouses used to produce roses during 1991-93, but the value of production of roses per square foot of greenhouse space, as reported by the U.S. Department of Agriculture, had an overall decline from 1990 to 1992.[65] The employment indicators also generally declined over the period of investigation.[66]

The domestic industry's U.S. shipments of fresh cut roses decreased by 10.1 percent in terms of quantity and 10.8 percent in terms of value between 1991 and 1993.[67] The quantity of U.S. shipments was 305 million blooms in 1991, decreasing to 292 million blooms in 1992, and decreasing further to 274 million blooms in 1993.[68] The value of U.S. shipments decreased from $100 million in 1991, to $96 million in 1992, and to $90 million in 1993.[69]

With respect to the financial experience of the domestic rose producers, between 1991 and 1993, net sales in terms of value declined by 8.6 percent.[70] Specifically, net sales

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[59] CR at I-23, C-7, Table C-3; PR at II-12, Table C-3. These findings are based on Commission questionnaire data for U.S. shipments U.S. consumption information was also obtained based on USDA production data, which showed an increase in U.S. consumption of 5.5 percent from 1990 to 1992. CR at I-23; PR at II-12.

[60] CR at I-23, C-7, Table C-3; PR at II-12, Table C-3.

[61] CR at I-61, I-62-63, Table 13; PR at II-37-38, Table 13.

[62] CR at I-34; PR at II-20.

[63] CR at I-35, Table 4; PR at II-20, Table 4.

[64] CR at I-35, I-36, Table 5; PR at II-21, Table 5. According to USDA data, the area devoted to rose production decreased by 3.7 percent from 1990 to 1992 and the total number of rose plants decreased irregularly from 27.4 million plants in 1990 to 25.7 million plants in 1992. CR at I-36-37; PR at II-21.

[65] CR at I-37, C-10, Table C-5; PR at II-21, Table C-5.

[66] The number of production and related workers producing fresh cut roses declined by 8.9 percent during 1991 to 1993 (from 1,980 in 1991, to 1,902 in 1992, to 1,804 in 1993), hours worked declined by 6.4 percent, and wages paid also declined by 3.8 percent. Total compensation paid to production and related workers declined by 3.3 percent from 1991 to 1993, although hourly compensation increased from $7.29 in 1991 to $7.53 in 1993. Productivity also decreased between 1991 to 1993 by 4.1 percent (from 67.8 blooms per hour, to 66.6 blooms per hour, to 65.0 blooms per hour). CR at I-40-41, Table 7, C-8, Table C-3; PR at II-24, Table 7, Table C-3.

[67] CR at I-39-40, Table 6, C-7, Table C-3; PR at II-22, Table 6, Table C-3.

[68] CR at I-39, Table 6; PR at II-22, Table 6.

[69] CR at I-39, Table 6; PR at II-22, Table 6.

[70] CR at C-8, Table C-3; PR at C-8, Table C-3.

declined from $92 million in 1991, to $89 million in 1992, and $84 million in 1993.[71] The ratio of net income to net sales decreased by 4.8 percent between 1991 and 1993.[72] While overall operating expenses decreased by 4.2 percent from 1991 to 1993, the ratio of operating expenses to net sales rose by 4.8 percent during that same period.[73] These conditions resulted in escalating net losses (before income taxes) of $193,000 in 1991, $1.4 million in 1992, and $4.2 million in 1993.[74]

Domestic producers reported an overall reduction in capital expenditures of 26.0 percent from 1991 to 1993, decreasing from $3.6 million in 1991 to $2.5 million in 1992. Capital expenditures increased slightly to $2.6 million in 1993, but nonetheless remained well below 1991 expenditures.[75] [76]

V. CUMULATION

In determining whether there is a reasonable indication of material injury by reason of LTFV imports, the Commission is required to "cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market."[77] Cumulation is not required, however, when imports from a subject country are negligible and have no discernible adverse impact on the domestic industry.[78] With regard to whether the subject imports compete with each other and the domestic like product, the Commission generally has considered four factors, including:

(1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and

(4) whether the imports are simultaneously present in the market.[79]

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[71] CR at I-44, Table 8; PR at II-26, Table 8.

[72] CR at C-4, Table C-3; PR at C-4, Table C-3.

[73] CR at I-44, Table 8, C-4, Table C-3; PR at II-26, Table 8, Table C-3.

[74] CR at I-43-44, Table 8, C-8 Table C-3; PR at II-24-26, Table 8, Table C-3.

[75] CR at I-46, C-8, Table C-3; PR at II-27, Table C-3.

[76] Based on a consideration of the overall performance of the domestic industry, in particular the significant declines in the domestic producers' market share, production, shipments, net sales, and the increase in net losses, Chairman Newquist and Commissioner Rohr find a reasonable indication that the industry is experiencing material injury.

[77] 19 U.S.C. § 1677(7)(C)(iv)(I); Chaparral Steel Co. v. United States, 901 F.2d 1097, 1101 (Fed. Cir. 1990).

[78] 19 U.S.C. § 1677(7)(C)(v). The imports from Colombia and Ecuador each achieved market shares of apparent U.S. consumption well above levels the Commission has previously found to be negligible. The share of apparent U.S. consumption of Colombian imports ranged in terms of quantity from 44.7 percent in 1991 to 51.2 percent in 1993. In terms of value, the market share of Colombian imports ranged from 39.4 percent in 1991 to 43.0 percent in 1993. The market share of Ecuadorean imports ranged in terms of quantity from 5.2 percent in 1991 to 9.1 percent in 1993. In terms of value, the market share of Ecuadorean imports ranged from 3.7 percent in 1991 to 7.1 percent in 1993. CR at I-62-63, Table 13; PR at II-37-38, Table 13.

[79] See generally Fundicao Tupy S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

No single factor is determinative and the list of factors is not exclusive.[80] Only a "reasonable overlap" of competition is required; the Commission does not have to find that all imports compete with all other imports and all domestic like products.[81]

There has been considerable testimony from the parties concerning the fungibility of the products. Petitioners argue that there are not significant quality differences between the domestic and imported roses, and all fresh cut roses are essentially fungible products.[82] Respondents, on the other hand, argue that the imports are highly differentiated from the domestic roses due to the different varieties produced domestically and abroad and the differing growing conditions.[83] The Ecuadorean respondents also argue that their roses are differentiated from the Colombian roses as well as the domestic roses.[84]

We find that domestic roses and the subject roses imported from Colombia and Ecuador are relatively fungible products and compete with each other. Most U.S. importers import from both Colombia and Ecuador.[85] These importers stated that both Colombian and Ecuadorean roses have longer and thicker stems, and larger blooms.[86] While it was argued that imported roses from Ecuador consist of a higher percentage of non-red roses than Colombian imports, both color groups are in fact imported from both countries.[87]

We also find that imported and domestic roses are sufficiently fungible to support a finding of a reasonable overlap in competition.[88] We recognize that South American roses may be considered superior to domestic roses in certain respects (e.g., the colors may be different, the stems may be longer and thicker, the blooms may be larger, and there may be greater selection of varieties). In other respects, however, domestic roses may also be considered superior (e.g., greater freshness and durability).[89] For purposes of these preliminary investigations, we find that subject imports and domestic roses have differing advantages that appear to counterbalance each other. We intend to examine this issue further in any final investigations.

Additionally, as with imported roses, the domestic producers sell both red and non-red roses in the United States.[90] Testimony at the conference noted that some U.S. growers are

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[80] Commissioner Crawford believes the traditional four factors are relevant in determining whether competition exists under the statute, but that factors (2) through (4) can provide false indications, depending on the facts of a particular case. A more appropriate test is whether changes in the relative prices of two products will affect the demand for each. If, for reasons relating to the substitutability of one product for the other, changes in the price of imports from a particular country would not affect demand for imports subject to investigation from another country or for the like product, a reasonable overlap of competition does not exist. See Dissenting Views of Commissioners Brunsdale and Crawford, Stainless Steel Wire Rod from India, Inv. No. 731-TA-638 (Final), USITC Pub. 2704, at 22-25 (Nov. 1993).

[81] Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (Ct. Int'l Trade 1989); Granges Metallverken AB v. United States, 716 F. Supp. 17, 21, 22 (Ct. Int'l Trade 1989).

[82] CR at I-65; PR at II-39; Petitioners' Postconference Brief at 17.

[83] Ecuadorean Respondents' Postconference Brief at 3, 15.

[84] Id. at 3.

[85] CR at I-27-28; PR at II-16.

[86] CR at I-65; PR at II-39. See also Asocolflores' Postconference Brief at 26-27.

[87] CR at I-10, I-50-52; PR at II-6, II-29-31; Asocolflores' Postconference Brief at 27.

[88] Chairman Newquist notes that, in his view, once a like product determination is made, that determination establishes an inherent level of fungibility within that like product. Only in exceptional circumstances could Chairman Newquist find products to be "like" and then turn around and find that, for purposes of cumulation, there is no "reasonable overlap of competition" based on some roving standard of substitutability. See Additional and Dissenting Views of Chairman Newquist in Flat Rolled Steel Products, USITC Pub. No. 2664 (Aug. 1993). Accordingly, Chairman Newquist does not join any of the discussion concerning alleged quality differences or "level of fungibility" between the subject imports and the domestic like product.

[89] CR at I-65; PR at II-39; Ecuadorean Respondents' Postconference Brief at 3.

[90] CR at I-10, I-50-52; PR at II-6, II-29-31; Asocolflores' Postconference Brief at 27.

starting to plant a larger percentage of non-red varieties which are competing and facing price pressure from subject imports.[91]

Furthermore, there is a presence of sales or offers to sell subject imports and domestic roses in the same geographic markets. U.S. growers are located and sell domestic roses throughout the United States.[92] Although concentrated more in the eastern United States, most importers sell Colombian and Ecuadorean roses nationwide.[93] Imported and domestic roses also share very similar channels of distribution with most domestic and imported roses sold to wholesalers.[94] Finally, domestic, Colombian, and Ecuadorean roses have all been simultaneously present in the U.S. market throughout the period of investigation.[95]

Based on a consideration of the above factors, and despite some differences between the imported and domestic products, we find that the subject imports from Colombia and Ecuador compete with each other and with the domestic like product. We therefore cumulate subject imports for purposes of these preliminary investigations.[96]

VI. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF LTFV IMPORTS

A. Legal Standard

The Commission is required to make a determination of whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports.[97] In making our determination, the Act provides that the Commission:

(i) shall consider --

(I) the volume of imports of the merchandise which is the subject of the investigation,

(II) the effect of imports of that merchandise on prices in the United States for like products, and

(III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States; and

(ii) may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.[98]

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[91] Tr. at 35-37, 77; CR at I-10, I-50-52; PR at II-6, II-29-31.

[92] CR at I-25; PR at II-14; Petitioners' Postconference Brief at 22-23.

[93] CR at I-28, I-65; PR at II-16, II-39.

[94] CR at I-65; PR at II-39; Petitioners' Postconference Brief at 6.

[95] See, e.g., CR at I-62-63, Table 13; PR at II-38, Table 13.

[96] In any final investigations, we intend to collect additional information as to the significance of the differences of the rose varieties of subject imports as compared with domestic varieties. We shall also seek information as to how domestic producers respond to changing demand (e.g., any research or marketing studies they conduct), and the process and amount of time required to breed new varieties of roses.

[97] 19 U.S.C. § 1673b(a).

[98] 19 U.S.C. § 1677(7)(B).

The Commission may consider alternative causes of injury, but it is not to weigh causes.[99] The statutory language regarding causation of material injury by reason of LTFV imports is interpreted differently by different Commissioners.[100] [101] [102]

For the reasons discussed below, we find that there is a reasonable indication that the domestic fresh cut roses industry is materially injured by reason of LTFV imports from Colombia and Ecuador.

B. Volume of Subject Imports

In determining whether the domestic industry is experiencing material injury by reason of the LTFV imports, we first evaluate whether the volume of cumulated imports from Colombia and Ecuador, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.[103]

The volume of cumulated imports increased by 40.6 percent between 1991 to 1993.[104] The quantity of cumulated imports rose steadily from 380 million blooms in 1991 to 535

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[99] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988). Alternative causes may include the following:

> the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, at 74. Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

[100] Chairman Newquist, Commissioner Rohr and Commissioner Nuzum note that the Commission need not determine that imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249, 96th Cong., 1st Sess. 57, 74 (1979). Rather, a finding that imports are a cause of material injury is sufficient. See, e.g., Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

[101] For Vice Chairman Watson's interpretation, see Defrost Timers from Japan, Inv. No. 731-TA-643 (Final), USITC Pub. 2470 (Feb. 1994) at I-10 n.48.

[102] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the LTFV imports. She finds that the clear meaning of the statute is to require a determination on whether the domestic industry is materially injured by reason of LTFV imports, not by reason of LTFV imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently is causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports." S. Rep. No. 249 at 75. However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317 at 47. The Commission is not to determine if the LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249 at 74. Rather it is to determine whether any injury "by reason of" the LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added).

[103] See 19 U.S.C. § 1677(7)(C)(i).

[104] CR at I-60; PR at II-37.

million blooms in 1993.[105] We also note that in 1993 over 98 percent of total subject imports of fresh cut roses consisted of the hybrid tea and intermediate varieties.[106]

The market share of cumulated imports rose steadily over the period of investigation from 49.9 percent in 1991 to 60.3 percent in 1993, an increase of 10.3 percent.[107] The increase in market share was more pronounced in the most recent period investigated, from 1992 to 1993.[108] Similar trends were reflected in cumulated market share when measured in terms of value.[109]

Based on the above, we find that the volume of cumulated imports, both in absolute terms and relative to apparent U.S. consumption, is significant.

C. Price Effects of the LTFV Imports

In evaluating the effect of LTFV imports on prices, the Commission considers whether there has been significant price underselling of subject imports and whether such imports depress prices to a significant degree, or prevent, to a significant degree, price increases that otherwise would have occurred.[110]

We note at the outset that there are inherent difficulties in evaluating pricing trends and pricing comparisons in this industry. This is due to the seasonal nature of the demand for roses that causes prices to fluctuate greatly.[111] Rose prices also vary depending on the channels of distribution through which they are sold and the physical characteristics of the products.[112]

Our determination of price effects in these investigations takes into account the degree of substitutability between cumulated imports and the domestic product. The more substitutable products are, the more likely that potential purchasers will make their decisions based upon price differences; conversely, the higher the degree of product differentiation, the less substitutable the products are and the less likely it is that price will be a determining factor.[113]

As we have discussed above with respect to our analysis of the fungibility of these products for purposes of cumulation, roses from Colombia and Ecuador have certain desirable attributes, such as longer stems and larger blooms. However, domestic roses possess other desirable physical characteristics, such as greater freshness and durability.[114] In general, customers will pay higher prices for roses that have longer stems, larger blooms, are fresher, or are more durable.[115] In short, both subject imports and domestic roses possess desirable, albeit different, physical characteristics for which consumers are willing to pay higher prices. This suggests that the differences between the products may tend to balance one another, thus mitigating their relative importance to overall purchasing decisions. The

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[105] CR at I-56, Table 11, I-60; PR at II-33, Table 11, II-37. As noted previously, demand for fresh cut roses is cyclical. Consequently, subject imports exhibited the greatest volume levels during periods of peak demand, especially during the month of February. CR at I-58-59, Tables 12 and 13; PR at II-35-38, Tables 12 and 13.

[106] CR at I-55 n.78, I-60, C-3, Table C-1; PR at II-32, Table C-1. Compare CR at C-3, Table C-1 with C-5, Table C-2; PR at C-3, Table C-1 with C-5, Table C-2.

[107] CR at I-62, Table 13; PR at II-38.

[108] CR at I-62, Table 13; PR at II-38.

[109] CR at I-63, Table 13; PR at II-38-39.

[110] 19 U.S.C. § 1677(7)(C)(ii).

[111] CR at I-64; PR at II-39.

[112] CR at I-64; PR at II-39.

[113] Chairman Newquist notes that in most investigations the like product analysis and determination based on characteristics and uses establishes a reasonable degree of substitutability between the subject imports and the domestic product. Thus, in his view, further inquiry into substitutability issues is not usually warranted.

[114] CR at I-65; PR at II-39; Ecuadorean Respondents' Postconference Brief at 3.

[115] CR at I-64; PR at II-39.

result may be to increase the relative importance of price in purchasing decisions. We will explore further this issue in any final investigations.[116]

The pricing data gathered in these investigations generally reflect mixed trends. We take into account, however, that the majority of subject imports and domestic roses is sold on a spot basis and the majority of subject imports and domestic roses is sold through wholesalers.[117] Prices for spot sales to wholesalers of U.S. roses varied, but remained relatively consistent from 1991 to 1993.[118] Prices of cumulated subject imports followed similar patterns as U.S. roses, but declined in 1993.[119] During this same period, spot order sales to wholesalers of cumulated subject imports revealed *** by an average margin ranging between *** percent.[120] Based on the above, we find there is evidence of significant underselling by subject imports for spot order sales to wholesalers, which represents the most significant category of sales in the record before us.

Prices for standing order sales to wholesalers of U.S. roses generally declined over the period of investigation.[121] Prices of Colombian roses similarly declined, whereas Ecuadorean prices fluctuated.[122] For this same category of sales, cumulated imports were priced below U.S. roses in ***.[123] In light of the declining domestic rose prices, this evidence of underselling supports a finding that the subject imports have had a significant price depressing effect in this category of sales.

We place less emphasis on prices of roses sold to mass merchandisers since only a small percentage of fresh cut roses is sold through this channel of distribution.[124]

As discussed below, domestic producers have been unable to sell their product at prices that would enable them to recover their costs.[125] In light of the significant underselling by the imports, as well as their significant volume, we find that the imports had significant adverse price effects.

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[116] Commissioner Crawford concurs in the discussion of substitutability between subject imports and domestic roses, and she finds them to be relatively good substitutes for purposes of these preliminary investigations. However, she does not join the remainder of the discussion of price effects. She notes that the dumping margins, though little more than petitioners' allegations, are the best information now available and range to more than 250 percent for imports from Colombia and more than 300 percent for imports from Ecuador. If the imports had been priced at higher, "fair" prices, it is likely that fewer subject imports and more domestic roses would have been sold. That is, the domestic industry has some available capacity (i.e., the number of greenhouses increased and the production area remained about the same while production decreased) to meet at least some portion of the demand supplied by subject imports. However, because the market share of subject imports is so large, it is unlikely that the domestic industry would have been able to meet all of the demand supplied by subject imports. Because the products are relatively good substitutes, purchasers would have switched to domestic roses in response to an increase in the price of subject imports. Therefore, if subject imports had been priced at the higher, "fair" prices, the domestic industry would have been able to increase its prices up to the point at which purchasers would no longer switch from subject imports to domestic roses.

[117] CR at I-33-34, I-64; PR at II-19, II-39.

[118] CR at I-80-81; PR at II-41.

[119] CR at I-81; PR at II-41.

[120] CR at I-85-87; PR at II-53.

[121] CR at I-67; PR at II-41.

[122] CR at I-80; PR at II-41.

[123] CR at I-85-86; PR at II-53.

[124] CR at I-33-34; PR at II-19. We note that prices for spot sales to mass merchandisers of U.S. roses were mixed, demonstrating no clear trends. Nor were there clear trends in this category for the Colombian or Ecuadorean roses which ***. Colombian and Ecuadorean rose sales showed ***. CR at I-82-83, I-87-88; PR at II-53-54. We note that there were no domestic prices reported for standing order sales to mass merchandisers. CR at I-82; PR at II-51. We intend to explore further this issue in any final investigations.

[125] CR at I-43, I-44, Table 8; PR at II-26, Table 8.

D. Impact on the Domestic Industry

In evaluating the impact of subject imports on domestic producers of like products, we have considered the relevant factors that have a bearing on the state of the domestic industry, which are specifically set forth in the "Condition of the Industry" section above (e.g., output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development). Practically all of the domestic industry's performance indicators have declined over the period of investigation, which we believe is a reflection in large part of the quantity of subject imports entering the U.S. market at low prices.

We find it particularly significant that although domestic demand for fresh cut roses increased during the period of investigation, by a total of 16.4 percent, domestic producers not only were unable to capture any portion of this increase, but also experienced absolute declines in production, shipments, and net sales.[126] U.S. producers' share of apparent consumption showed a continuous downward trend in terms of quantity, losing 9.1 percent of the U.S. market share from 1991 to 1993; whereas, subject imports' share rose by 10.3 percent during this same period.[127] Concurrently, domestic production of fresh cut roses decreased by 9.7 percent from 1991 to 1993, and the domestic industry's U.S. shipments of all fresh cut roses decreased by 10.1 percent in terms of quantity and 10.8 percent in terms of value between 1991 and 1993.[128] [129]

We also find that domestic rose growers are increasingly unable to recover their costs. Here, the dominant volume and market share held by the subject imports indicates that these imports affect overall price levels in the domestic market. The evidence of significant adverse price effects by the subject imports discussed earlier thus indicates that the domestic producers are unable to raise prices above their costs of production due to the generally lower priced imports.

The record evidence shows that the worsening financial condition of the domestic producers, discussed in the "Condition of the Industry" section, is attributable to the fact that not only did U.S. growers experience declines in their levels of production and shipments, but they also on average sold their roses at prices which were less than the cost of production.[130] We find that the domestic producers had to lower, or not increase, their prices in order to compete with the prices offered for the subject imports, which entered the U.S. market in increasing quantities.

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[126] CR at C-7, Table C-3; PR at C-7, Table C-3.

[127] CR at C-7, Table C-3; PR at C-7.

[128] CR at I-34, I-39-40, Table 6 and C-7, Table C-3; PR at II-22-24, Table 6 and Table C-3.

[129] As discussed in footnote 115, supra, Commissioner Crawford finds that the domestic industry would have been able to increase both its sales and prices of roses, and therefore its revenues, if subject imports had been priced at "fair" levels. Given the large volume of subject imports and the availability of domestic capacity, she finds that the domestic industry's revenues would have increased significantly if the subject imports had been priced fairly. Therefore, on the basis of the information in the record, Commissioner Crawford finds that the domestic industry would have been materially better off if the subject imports had been fairly traded. The extent to which the domestic industry would have been able to increase its sales depends on whether existing rose plants and greenhouses could have produced more roses, and how readily new rose plants and greenhouses can be brought "on line" to begin producing new roses, that is, the elasticity of supply. Similarly, the extent to which domestic producers could have increased their prices depends on the elasticity of demand, that is, how an increase in the price of roses would have affected the quantity demanded of roses. She will explore these issues further in any final investigations. She encourages the parties to address the appropriate measure of capacity, capacity utilization and elasticity of supply in the context of this agricultural product, as well as the appropriate measure of the elasticity of demand in the context of the seasonal fluctuations in demand.

[130] CR at I-43, I-44, Table 8; PR at II-24-27, Table 8.

CONCLUSION

In light of the significant and increasing volumes of subject imports, their adverse price effects, and their adverse impact on the domestic industry's financial condition and market share, we find that there is a reasonable indication of material injury by reason of fresh cut roses from Colombia and Ecuador.

PART II: INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

On February 14, 1994, counsel for the Floral Trade Council (FTC),[1] Haslett, MI, filed a petition with the U.S. International Trade Commission (the Commission) and the U.S. Department of Commerce (Commerce) alleging that an industry in the United States is materially injured and is threatened with material injury by reason of imports from Colombia and Ecuador of fresh cut roses[2] that are alleged to be sold in the United States at less than fair value (LTFV). Accordingly, effective February 14, 1994, the Commission instituted antidumping investigations Nos. 731-TA-684-685 (Preliminary) under section 733(a) of the Tariff Act of 1930 (the Act)[3] to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States.

The statute directs the Commission to make its preliminary determination within 45 days after receipt of the petition, or, in these investigations, by March 31, 1994. Notice of the institution of the Commission's investigations was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the *Federal Register* on February 24, 1994. Commerce published its notice of initiation in the *Federal Register* on March 14, 1994.[4] Copies of the cited *Federal Register* notices are presented in appendix A. The Commission held a public conference in Washington, DC, on March 8, 1994, at which time all interested parties were allowed to present information and data for consideration by the Commission. A list of conference participants is presented in appendix B. The Commission's votes in these investigations were held on March 28, 1994.

A summary of the data collected in these investigations is presented in appendix C.

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has conducted several investigations with respect to fresh cut roses specifically and also with respect to fresh cut flowers in general (but including roses). The FTC has not previously filed for any import relief; however, on the basis of a petition filed on behalf of the Grower Division of the Society of American Florists and Ornamental Horticulturists, the Commission instituted, effective February 12, 1977, investigation No. TA-201-22 under section 201 of the Trade Act of 1974 to determine whether fresh cut flowers (including roses), were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to a domestic industry. In August 1977, the Commission made a negative determination in the investigation. That investigation was followed by investigation No. TA-201-42, relating only to fresh cut roses, which was instituted effective November 29, 1979, as a result of a petition filed on behalf of Roses, Inc. In April 1980, the Commission unanimously determined that fresh cut roses were not being imported into the United States in such increased quantities as to be a substantial

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[1] The Floral Trade Council is a domestic trade association, the majority of whose members produce fresh cut roses. Exhibit A in the petition provides a list of the 45 members of the Floral Trade Council.

[2] The products covered by these investigations are fresh cut roses that include sweethearts or miniatures, intermediates, and hybrid teas, whether imported as individual blooms (stems) or in bouquets or bunches, provided for in subheading 0603.10.60 of the Harmonized Tariff Schedule of the United States (HTS). K. Hardin, Import Compliance Specialist, U.S. Department of Commerce, stated that the scope description should be interpreted as comprising only the roses in the bouquets and not the bouquets per se. Bouquets were referred to in the scope description to indicate that all imports of fresh cut roses are covered by the investigation regardless of the form (or packaging) in which the roses are being imported, i.e., whether imported individually, in bouquets, or in bunches; telephone conversation, Mar. 15, 1994.

[3] 19 U.S.C. § 1673b(a).

[4] 59 F.R. 9000 and 59 F.R. 11771.

cause of serious injury, or the threat thereof, to the domestic industry producing the like or directly competitive articles.[5]

On January 3, 1980, a petition was filed on behalf of Roses, Inc., alleging that imports of fresh cut roses from the Netherlands were being subsidized by the Government of that country. Effective January 11, 1980, the Commission instituted investigation No. 701-TA-21 (Preliminary) to determine whether there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury, or whether the establishment of an industry in the United States was materially retarded, by reason of the allegedly subsidized imports of fresh cut roses from the Netherlands. In February 1980, the Commission unanimously determined, on the basis of the record developed in the investigation, that there was no reasonable indication of material injury or threat of material injury to a domestic industry by reason of the allegedly subsidized imports of fresh cut roses from the Netherlands.[6]

Effective June 8, 1981, the Commission instituted an antidumping investigation (No. 731-TA-43 (Preliminary)) with respect to fresh cut roses from Colombia. However, the Commission's investigation was terminated when Commerce, the administering authority, dismissed the petition on June 25, 1981.

On March 14, 1984, the Commission instituted investigation No. 731-TA-148 (Preliminary) to determine whether imports of fresh cut roses from Colombia were causing material injury, or threatening such injury, to the U.S. industry. In September 1984, the Commission issued a determination that the U.S. industry was not materially injured or threatened with material injury, by reason of imports of fresh cut roses that Commerce had found were being, or were likely to be sold in the United States at LTFV.[7]

Commerce has also conducted several countervailing duty investigations with respect to fresh cut roses (and in two cases other fresh cut flowers) involving countries that were not entitled to an injury test.[8] The following is a description of those cases.

In response to a petition filed by a group of independent producers of roses and other flowers, Commerce, on August 26, 1982, initiated a countervailing duty investigation into imports of fresh cut roses and other fresh cut flowers from Colombia. On January 18, 1983, Commerce entered into a suspension agreement with 93 Colombian producers and exporters of roses and other cut flowers, whereby such producers and exporters renounced all benefits deemed countervailable by Commerce in a preliminary countervailing duty determination, which was published in the *Federal Register* on November 5, 1982. In 1986, Commerce entered into a revised suspension agreement to cover programs found countervailable or potentially countervailable since the original agreement. On December 31, 1990, Commerce published in the *Federal Register* the final results of its administrative review with respect to roses and other cut flowers from Colombia.[9] The review resulted in a determination that the signatories to the suspension agreement had complied with the terms of the agreement during the period January 1, 1988 through December 31, 1988.[10] On October 7, 1993, Commerce published in the *Federal Register* its preliminary results of administrative review and its intent not to terminate the suspended investigation on roses and other cut flowers because the Government of Colombia had not met all the requirements for termination.[11]

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[5] *Fresh Cut Roses, Determination of the Commission in Investigation No. TA-201-42, Together with the Information Obtained in the Investigation*, USITC Pub. 1059, Apr. 1980.

[6] *Fresh Cut Roses from the Netherlands: Determination of No Reasonable Indication of Material Injury or Threat Thereof in Investigation No. 701-TA-21 (Preliminary),...* USITC Pub. 1041, Feb. 1980.

[7] *Fresh Cut Roses from Colombia: Determination of the Commission in Investigation No. 731-TA-148 (Final), Together with the Information Obtained in the Investigation*, USITC Pub. 1575, Sept. 1984.

[8] See 19 U.S.C. § 1671 (b).

[9] 55 F.R. 53584.

[10] On Feb. 13, 1990, Commerce published in the *Federal Register* its final determination that the signatories to the suspension agreement had complied with the terms of the agreement during the period Jan. 1, 1986 through Dec. 31, 1987; 55 F.R. 5042.

[11] 58 F.R. 52272.

Commerce also published in the *Federal Register* on January 6, 1984, the final results of its administrative review with respect to fresh cut roses from Israel.[12] The review resulted in a determination of net subsidies amounting to 27.94 percent. On September 25, 1989, Commerce published its most recent final administrative review of fresh cut roses from Israel.[13] The review resulted in a determination of net subsidies amounting to 9.89 percent *ad valorem* for the period October 1, 1985 through September 30, 1986. On November 22, 1993, Commerce published its most recent determination not to revoke the countervailing duty order on fresh cut roses from Israel.[14]

On April 16, 1984, Commerce published in the *Federal Register* the results of its final negative countervailing duty determination with respect to fresh cut roses and other fresh cut flowers from Mexico. Commerce determined that no benefits constituting bounties or grants within the meaning of the countervailing duty law were being provided to Mexican producers or exporters of fresh cut flowers.

In 1985, following a request by Roses, Inc., the United States Trade Representative determined not to institute an investigation, under section 301 of the Trade Act of 1974, into imports of roses from Colombia, Costa Rica, the Dominican Republic, the European Community, Guatemala, Israel, and Mexico.[15]

In 1988, Congress enacted section 4509 of the Omnibus Trade and Competitiveness Act of 1988, which directed the Commission to study the competitive factors affecting the domestic rose-growing industry, including competition from imports, and other foreign trade issues affecting the domestic rose growers. Accordingly, on October 21, 1988, the Commission instituted investigation No. 332-263 to study the competitive conditions in the U.S. and world markets for fresh cut roses. The Commission completed and published its report in April 1989 (USITC Pub. 2178). The Commission found that although the U.S. rose-growing industry was expanding, it was accounting for a smaller share of the U.S. market; that the financial performance of the U.S. rose industry had declined slightly since 1985 despite producing a quality product and achieving delivery in a timely manner; and that the principal foreign competitor, Colombia, and other Latin American countries sell roses mostly on a consignment basis in the United States.[16]

THE PRODUCT

Description and Uses

These investigations cover only fresh cut roses. A fresh cut rose comprises those parts of the rose plant that include the bloom or "inflorescence" and some attached stems and leaves, but do not include roots and soil. Roses are members of the Rosaceae family; at least 100 species and thousands of varieties are known to exist. The three most commercially important types of these relatively expensive flowers are the sweethearts or miniatures, the intermediates, and the hybrid teas. Sweetheart roses usually have a bud length of 1/2 to 1 inch and a stem length of 9 to 24 inches. Intermediate roses have a bud length of 1 to 1-1/2 inches and a stem length of 9 to 24 inches. Hybrid tea roses have a bud length of 1-1/4 to 2 inches and a stem length of 12 to 30 inches or more. Roses may be white, pink, red, yellow, orange, lavender, or intermediate shades and tints.

Cut roses are used in wreaths, bouquets,[17] and boutonnierres/corsages for ceremonial or special occasions and for general decorative purposes. Fresh cut roses are highly perishable because they maintain only limited life-supporting processes by taking water up through their stems. Fresh

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[12] Commerce's affirmative final determination was published in the *Federal Register* of Sept. 4, 1980.
[13] 54 F.R. 39219.
[14] 58 F.R. 61673.
[15] 50 F.R. 40250.
[16] Executive Summary, USITC Pub. 2178.
[17] A bouquet is a finished product ready for sale to the final consumer. A bouquet is usually composed of four or more stems of a single flower variety or multiple flower varieties, sometimes includes greenery and filler flowers, and is usually covered by a sleeve.

cut roses may last 3 to 7 days in the home, depending on the variety and environmental factors such as temperature and care, without the use of a floral preservative. The vase life of a rose can be doubled when floral preservatives are used.

Fresh cut roses in most of their traditional uses have no direct substitutes. Most, if not all, of the floral wire services will not allow a florist to use other flower types in place of roses in an arrangement that specifies roses. However, at the individual consumer level, other flower types may be substituted for roses, depending on individual taste and preference. Manufacturers of floral bouquets may also change the makeup of the bouquet based on the relative price difference between roses and other flower types.

Production Processes

United States

A wide range of fresh cut roses is produced throughout the year in the United States to satisfy market demand. Each grower determines the mix of rose varieties to plant, based on consumer demand in the market to be served and other factors such as the growing conditions where the greenhouse is located. The mix of roses planted usually includes both sweetheart and hybrid tea types and a mix of red and colored rose varieties within each type.[18] In recent years, U.S. growers have decreased their plantings of sweetheart roses. Hybrid tea rose growers also have been planting more colored rose varieties. Growers also have been planting varieties that produce longer stems.

Nearly all roses grown commercially in the United States for fresh cut rose production are produced in greenhouses, because rose plants are more exacting in their light, temperature, and moisture requirements than most other flowers. Field-grown roses lack the quality and durability needed by most wholesalers and retail florists and are usually intended for local consumption.

The type of greenhouse structure used in rose production is primarily dependent on the environmental conditions of the area. The greenhouses may be of a rigid type (constructed of glass or rigid fiberglass) or they may be of a film type (constructed from plastic or polyethylene). Both types of structures have certain advantages and disadvantages. For instance, rigid-type structures have very high initial construction costs but lower maintenance costs compared with those of the film-type structure. Both types of structures are common throughout the United States, and each is usually tailored to the individual grower's needs. The rose plants are usually planted either in ground beds or in concrete v-bottom benches. Before the plants are put in the beds or benches, the soil is sterilized and organic matter, fertilizers, and soil conditioners are added to improve aeration and drainage.

Rose greenhouses in the United States usually require some type of supplemental heating for year-round rose production. Most U.S. rose cultivars require a greenhouse night temperature of approximately 60°F and a day time temperature of 68° to 82°F for optimum growth. Low night temperatures result in less flower product for a given time period. Because fuel is usually one of the largest cost items in the continuous process of rose production, growers are turning from traditional oil- and natural gas-fired boilers to alternative energy sources for their heating needs (e.g., geothermal, wood, sawdust, and waste heat from power plants).

In any cropping plan a grower must determine harvest dates to meet peak holiday demand periods or other periods of high demand as well as having production available the year around. By counting back the number of days required to produce a bloom--this will vary by rose variety and the time of year--the grower can determine the date on which a pinch or cut must be made to produce the desired bloom.[19]

Pinching, cutting, and pruning are the basic means of crop planning for market demand. Pinching is the removal of the flower bud before the bloom reaches harvestable size, and enables the grower to determine the time when the next harvestable bloom will be available. The time required

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[18] Transcript of the public conference (conference TR), pp. 25, 35, and 90-91.
[19] Conference TR, p. 27.

to produce a harvestable bloom also depends on the type of pinch and the time of year. Cutting is the removal of a harvestable bloom. The location of the cut along the stem determines where the next bud will break (start of new growth). A plant that has been pinched or cut will require 5-6 weeks to produce a harvestable bloom in the late spring and early summer, and 8 weeks in the winter depending on the variety. Pruning is the removal of the tops of the plants to manage plant growth and strengthen the plants. Most rose plants are pruned annually, usually when demand is light during the summer. Supplemental lighting is often used to improve growth rates and improve quality in roses during winter months when there are fewer hours of daylight.

The production of roses is a long-term investment. A typical rose plant will be in production for 4 to 8 years and will produce between 80 and 200 blooms during that time, depending on the rose variety. The sweetheart varieties are usually more prolific than the average rose plant, and some of the hybrid tea varieties are far less fruitful. A grower must also contract in advance for new rose plants either to replace existing plants or to add new ones. This leadtime is usually between 6 months and 1 year; but for some varieties the leadtime may be nearly 2 years. Also, once the plants are placed in the greenhouse, it is about 120 days before the first rose bloom can be cut. It may take the plant a year to reach its peak production level. In addition, rose plants are normally leased from the propagator. The lease usually stipulates that cuttings to produce more plants are prohibited, and that once the plants are removed from the growing area, they must be destroyed. The same conditions often also apply to outright sales of the rose plants. Hence, a grower must produce cut roses to recover the investment in the rose plants.

The rose bloom is harvested when the proper stem length and inflorescence required for sale are reached. The stem is cut at the appropriate length by hand with a sharp knife or pruning shears. Each rose variety differs as to the stage of development that the bloom must reach before it is cut. If cut too early or too late, the quality of the bloom is reduced and the consumer may be dissatisfied. In order to obtain the highest quality blooms, they are usually harvested at least twice a day and in some cases more often.[20]

After they are cut, fresh roses are taken to a packing shed adjacent to the greenhouse and placed in a cooler as soon as possible. Before or after the roses are cooled, they are graded by stem length, quality, and color. The roses are generally bunched in groups of stems and then placed in water or a preservative solution. They also may be placed dry (after they have been hydrated) in the cooler on shelves until they are packed for shipping. Roses may be held for several weeks in coolers. For shipping, fresh cut roses are placed dry in shipping containers (usually 400-500 stems per container). Depending on the distance that the roses will be shipped, the shipping container may be insulated and/or packets containing ice may be added in order to keep the roses cool in the summer. Insulated boxes are also used in the winter to prevent cold damage.

Colombia and Ecuador

The production process for roses in Colombia and Ecuador is not significantly different from that in the United States. Roses are grown under a structure of some type, usually covered by plastic. The primary purpose of the structure is to keep rain and dew from coming in contact with the plants and to permit the control of pests. Greenhouses in Colombia and Ecuador do not have supplemental heat sources, in part because the principal rose varieties, Madame del Bard and Visa, require lower temperatures for optimum growth. Supplemental light sources are not needed in Colombia or Ecuador because they receive 12 hours of daylight all year long. The principal rose varieties in Colombia and Ecuador require about 60-75 days to produce a marketable bloom after they have been cut or pinched. Most other aspects of the production process are similar for U.S., Colombian, and Ecuadorean roses, except that Colombian and Ecuadorean producers use more labor

[20] Conference TR, pp. 16 and 27.

while U.S. producers are more capital-intensive. However, this distinction is declining as production expands in Colombia and Ecuador.[21]

Comparison of Domestic and Imported Product

At the staff conference and in its postconference brief, petitioner argues that there is little or no difference in quality between the domestic roses and their imported counterparts.[22] Petitioner also argues that the like product includes all fresh cut roses (sweethearts or miniatures, intermediates, hybrid teas, and spray roses) whether in stems, bunches, or bouquets.[23]

Counsel for the Colombian and Ecuadorean grower/exporters, on the other hand, argue that the imported roses are of different varieties than the U.S-produced roses and have larger heads (blooms) and thicker and longer stems.[24] Counsel also argues that bouquets, spray roses,[25] and micro and baby roses[26] are separate like products.[27]

U.S. Customs Treatment

Tariffs

Imports of fresh cut roses covered by these investigations are classified for tariff purposes under subheading 0603.10.60 of the HTS. The rates of duty as of January 1, 1994, applicable to imports of fresh cut roses are 8 percent ad valorem under column 1-general and 40 percent ad valorem under column 2.[28] Imported fresh cut roses from Colombia and Ecuador are eligible for duty-free entry under the Andean Trade Preference Act. Virtually all imports of fresh cut roses from Colombia and Ecuador received duty-free treatment in 1993.

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[21] U.S. rose growers have attempted to lower production costs in recent years by making the greenhouses more energy efficient, lowering labor costs by reducing the workforce, installing computer controls for irrigation and ventilation, and application of chemicals such as fertilizers, fungicides, and insecticides; conference TR, pp. 53, 19, and 26.

[22] Conference TR, pp. 76-77, and postconference brief, pp. 5-8, 43-45.

[23] Conference TR, pp. 82-83, 86, and postconference brief, pp. 3-16. Fourteen U.S. growers, accounting for 26.0 percent of production in 1993, responded in their questionnaires that they produced bouquets that included roses. Such growers reportedly produced over 236,000 bouquets in 1993, which included roses, gypsophila, and leatherleaf.

[24] Conference TR, pp. 115-119, 126, 132, 145, and postconference briefs (brief of Asocolflores, pp. 25-30, and brief of Expoflores, pp. 3 and 16).

[25] Spray roses are bushier than either sweetheart or hybrid tea rose varieties with multiple buds produced on a single stem. The bud is generally smaller than that of a sweetheart rose.

[26] Micro and baby roses usually have a bud the size of a fingernail and a stem length of 3 inches.

[27] Conference TR, pp. 111-114 and postconference brief of Asocolflores, pp. 10-24. Generally, U.S. importers that reported imports of spray roses felt that such imports were not like the product subject to investigation. Five firms provided data on their imports of spray roses, totaling *** blooms from the subject countries in 1993.

[28] Rates of duty in the general subcolumn of HTS column 1 are most-favored-nation (MFN) rates; they represent the final concession rate from the Tokyo Round of Multilateral Trade Negotiations. Column 1-general duty rates are applicable to imported goods from all countries except (1) those numerated in general note 3(b) to the HTS plus Serbia and Montenegro, whose products are dutied at the rates set forth in column 2, and (2) countries whose goods are subject to embargo. Goods from Albania, Armenia, Belarus, Bulgaria, the People's Republic of China, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgystan, Latvia, Lithuania, Moldova, Mongolia, Poland, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan are currently eligible for MFN treatment, as are goods from the other republics of the former Socialist Federal Republic of Yugoslavia.

Customs' Valuation

U.S. imports of fresh cut roses generally are valued for customs purposes on the basis of their transaction value--the price actually paid or payable for the articles, when sold for export to the United States, in the country of exportation (19 U.S.C. 1401a).[29] A significant volume of the imports from Colombia enter the United States on consignment for subsequent sale. Consignment shipments from Colombia are valued monthly by the U.S. Customs Service based on the value of identical or similar merchandise for which direct sales were reported in the previous month (section 402 of the Act). Consignment shipments of fresh cut roses from Colombia were valued based on the following fixed valuations for January 1 through December 31, 1993 (*per stem*):

1993	Long-stem roses, 20 inches or more in length	Short-stem roses, under 20 inches in length	Sweetheart roses
Jan.....	$0.20	$0.15	$0.15
Feb.....	.19	.15	.10
Mar.....	.32	.21	.10
Apr.....	.21	.10	.10
May.....	.19	.12	.10
June.....	.20	.12	.10
July.....	.18	.12	.16
Aug.....	.17	.12	.22
Sept.....	.16	.13	.22
Oct.....	.19	.12	.22
Nov.....	.17	.12	.19
Dec.....	.17	.12	.04

Post Entry Inspection

All imported fresh cut roses are subject to Federal quarantine inspection to prevent the spread of injurious plant pests (7 CFR 319.74). Inspections are made quickly and result in very few detections. Imported roses also require a permit, but this permit is readily obtainable for roses shown to be free of injurious plant pests. Quarantine inspections are provided free of charge to importers during normal working hours of the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA). At all other times, importers are charged a fee for inspection services. The U.S. Customs Service considers fresh cut roses to be a low risk-of-interception item with regard to plant pests or disease owing to their relatively high unit value and their inability to withstand fumigation treatment in the event of pests. Customs inspections are conducted at random to insure compliance with U.S. laws.

[29] See 19 U.S.C. 1401a for other methods of determining the customs value of fresh cut roses.

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV[30]

Colombia

In order to calculate the estimated dumping margins for fresh cut roses from Colombia, the petitioner compared U.S. prices,[31] summarized in terms of monthly averages for all stem lengths for the leading categories of roses adjusted to deduct inbound air freight, insurance and duty to Miami, the commission due and payable to the grower less the cost of Customs clearance and handling brokerage in the United States, with estimates for foreign market value (FMV) based in part on the price at which fresh cut roses from Colombia were sold for export to the European Union (EU) and to Canada,[32] and on constructed value. The estimated LTFV margins derived from petitioner's various methods of calculating FMV ranged between 0.4 percent to 256.7 percent *ad valorem*.

Ecuador

Petitioner compared U.S. prices with estimates for FMV (as discussed above) to calculate the estimated dumping margins for fresh cut roses from Ecuador. Such calculations resulted in LTFV margins ranging from 0.2 percent to 316.7 percent *ad valorem*.

Petitioner alleges that critical circumstances with respect to imports of fresh cut roses from Colombia and Ecuador exist for the following reasons: (a) there is a history of dumping of fresh cut roses and other fresh cut flowers in the United States; (b) previous actions taken by the U.S. industry to prevent dumping and the affirmative determinations of dumping of fresh cut flowers from the same sources indicate that the Colombian and Ecuadorean rose growers/exporters and the U.S. importers knew or should have known that the subject roses were being sold at LTFV; and (c) imports of roses from Colombia and Ecuador are surging and will be found to be massive over a relatively short period. Thus, pursuant to section 733(a) of the Act, petitioner requests a finding of critical circumstances and a retroactive duty on Colombian and Ecuadorean fresh cut roses to a date 90 days prior to Commerce's preliminary determination of sales at LTFV.

THE U.S. MARKET

Apparent U.S. Consumption

Data on apparent U.S. consumption of fresh cut roses based on U.S. growers' shipments as reported in Commission questionnaires and official U.S. import statistics are presented in table 1. Table 2 presents apparent U.S. consumption of fresh cut roses based on production data compiled by USDA and official U.S. import statistics.[33]

Consumption of fresh cut roses grew during 1991-93. Increased availability of roses through mass merchandisers such as supermarkets has increased consumer demand for roses. Also, roses are increasingly used in more informal arrangements and on occasions other than traditional holidays.

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[30] Counsel for FTC submitted two responses to Commerce on Feb. 28 and Mar. 3, 1994, providing additional information on the LTFV calculations.

[31] Petitioner based the U.S. price on offers specific to those categories of imported roses, i.e., (a) Visa, (b) Madame del Bard, Royalty, and First Red, and (c) Dallas and Sonia, received from the importers or distributors by a major U.S. wholesaler (exhibits G and H of the petition).

[32] First-quality roses are normally reserved for the export market; the volume and quality of the roses sold in the home market do not qualify for use as the basis of FMV.

[33] The Commission received questionnaire responses from 85 U.S. grower/shippers in operation between 1991 and 1993. Apparent consumption based on such responses (table 1) accounted for 77.1 percent of total apparent consumption in 1992 (table 2), the most recent year for which USDA has compiled data on U.S. production of roses.

Table 1
Fresh cut roses: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, by products, 1991-93

Item	1991	1992	1993
	Quantity (*1,000 blooms*)		
Sweetheart roses:			
Producers' U.S. shipments	50,147	46,868	42,363
U.S. imports from--			
Colombia	9,109	1,114	2,772
Ecuador	130	63	133
Subtotal	9,239	1,177	2,906
Other sources	544	540	701
Total	9,784	1,717	3,607
Apparent consumption	59,931	48,585	45,970
Hybrid tea and intermediate roses:			
Producers' U.S. shipments	254,336	245,065	231,331
U.S. imports from--			
Colombia	331,365	376,434	451,564
Ecuador	39,814	60,572	80,302
Subtotal	371,179	437,007	531,866
Other sources	76,618	82,129	78,167
Total	447,797	519,135	610,033
Apparent consumption	702,133	764,200	841,364
Subject roses:			
Producers' U.S. shipments	304,483	291,933	273,694
U.S. imports from--			
Colombia	340,474	377,548	454,337
Ecuador	39,944	60,635	80,436
Subtotal	380,419	438,184	534,772
Other sources	77,162	82,669	78,868
Total	457,581	520,852	613,641
Apparent consumption	762,064	812,785	887,335
	Value (*1,000 dollars*)		
Sweetheart roses:			
Producers' U.S. shipments	11,885	10,600	9,551
U.S. imports from--			
Colombia	2,115	158	504
Ecuador	27	15	25
Subtotal	2,141	173	530
Other sources	514	456	341
Total	2,656	629	871
Apparent consumption	14,541	11,229	10,422

Table continued on next page.

Table 1--Continued
Fresh cut roses: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, by products, 1991-93

Item	1991	1992	1993
	Value (*1,000 dollars*)		
Hybrid tea and intermediate roses:			
Producers' U.S. shipments	88,428	85,044	79,962
U.S. imports from--			
Colombia	82,495	82,008	93,292
Ecuador	8,012	12,200	15,369
Subtotal	90,506	94,208	108,660
Other sources	21,304	18,063	18,942
Total	111,811	112,271	127,602
Apparent consumption	200,239	197,315	207,564
Subject roses:			
Producers' U.S. shipments	100,313	95,644	89,513
U.S. imports from--			
Colombia	84,609	82,166	93,796
Ecuador	8,038	12,215	15,394
Subtotal	92,648	94,381	109,190
Other sources	21,819	18,518	19,283
Total	114,466	112,899	128,473
Apparent consumption	214,779	208,543	217,986

Source: U.S. producers' shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce.

Based on questionnaire data for U.S. shipments, the quantity of apparent consumption of fresh cut roses increased by 16.4 percent between 1991 and 1993. Imports, particularly the imports from the subject countries, accounted for the increase in apparent consumption during the period. The volume of subject imports rose while U.S. producers' shipments declined throughout the period. Imports from nonsubject sources increased irregularly between 1991 and 1993. Apparent consumption of sweetheart roses declined by 23.3 percent between 1991 and 1993 while consumption of hybrid tea and intermediate roses increased by 19.9 percent.

The value of apparent consumption increased irregularly by 1.5 percent between 1991 and 1993. As with volume-based data, subject imports increased while U.S. producers' shipments declined throughout the period. Apparent consumption of sweetheart roses declined by 28.2 percent between 1991 and 1993, while consumption of hybrid tea and intermediate roses increased irregularly by 3.7 percent.

Based on USDA production data, U.S. consumption of fresh cut roses increased by 5.5 percent from 999.1 million blooms in 1990, to 1,054.5 million blooms in 1992. The ratio of imports to apparent consumption and to U.S. production increased from 41.8 percent and 71.9 percent, respectively, in 1990 to 49.4 percent and 97.6 percent, respectively, in 1992.

Table 2
Fresh cut roses: U.S. production, U.S. imports, and apparent U.S. consumption,[1] 1990-92

Item	1990	1991	1992
	Quantity (*million blooms*)		
U.S. production	581.3[2]	552.6[2]	533.7[3]
U.S. imports from--			
Colombia	303.0	340.5	377.5
Ecuador	33.0	39.9	60.6
Subtotal	336.0	380.4	438.2
Other sources[4]	81.8	77.2	82.7
Total	417.8	457.6	520.9
Apparent consumption	999.1	1,010.2	1,054.6
	Value (*million dollars*)		
U.S. production	193.9[2]	180.7[2]	174.5[3]
U.S. imports from--			
Colombia	77.7	84.6	82.2
Ecuador	6.2	8.0	12.2
Subtotal	83.9	92.6	94.4
Other sources[4]	22.4	21.8	18.5
Total	106.2	114.4	112.9
Apparent consumption	300.1	295.1	287.4

[1] Data on apparent consumption are overstated because exports to Canada and other countries of U.S.-produced roses are included. Such exports are small; exports to Canada, the principal U.S.market, amounted to 2.7 million blooms in 1993.

[2] Data are for 28 major producing states and represent commercial growers with $100,000 or more in gross sales of floricultural products.

[3] Data are for 36 major producing states and represent growers with $100,000 or more in sales of floricultural products. Blooms sold by commercial growers in the 28 major producing states in 1992 totaled 523.3 million blooms valued at $170.4 million.

[4] Other sources of fresh cut roses include Mexico, Guatemala, and the Netherlands.

Source: U.S. production compiled from *Floriculture Crops* of the U.S. Department of Agriculture; imports compiled from official statistics of the U.S. Department of Commerce.

Data obtained from the growers' questionnaires and USDA indicate that the demand for sweetheart roses has not followed the growing demand for roses in general. Available data indicate that the demand for sweetheart roses has been declining since the mid 1980s. Changing consumer preferences is the most likely reason for the lack of growth in the consumption of sweetheart roses.[34]

[34] Mr. Saldi, Bucks County Roses, testified at the conference that the everyday availability of lower priced long-stem Colombian and Ecuadorean roses has nearly wiped out the market for sweetheart and shorter stem roses; conference TR, p. 41 and p. 64.

Apparent consumption of sweetheart roses declined from 117.6 million blooms in 1990 to 76.1 million blooms in 1992, as shown in the following tabulation (*in millions of blooms*):

Year	Production[1]	Imports	Apparent consumption
1990	99.7	17.9	117.6
1991	88.7	9.8	98.5
1992	74.4	1.7	76.1

[1] Data presented for 1990-92 are for 28 major producing states; blooms sold in 36 major producing states in 1992 totaled 74.6 million.

Testimony at the Commission's conference indicated that U.S. and South American growers are changing the mix of their hybrid tea rose production from mostly the traditional red varieties to more non-red (other colors and pastels) varieties.[35] Data provided on hybrid tea rose production by those firms responding to the Commission's growers' questionnaire would seem to contradict the testimony at the conference. U.S. growers reported total hybrid tea rose production declining by 19.0 percent from 1991 to 1993, with red varieties declining by 13.5 percent and non-red varieties declining by 23.7 percent during the period. Some growers reported that they have begun to produce more long-stem roses[36] although the long-stem varieties are not as productive as the short-stem varieties.[37]

U.S. Growers[38]

U.S. growers of fresh cut roses are located throughout the United States, although California accounts for the largest number of growers and production. Since the 1950s there has been a marked shift in the composition of the U.S. fresh cut rose industry, from many small local growers near eastern and midwestern population centers to large growers primarily in California and Colorado. California has perhaps the best U.S. climate for producing roses.[39] Colorado also has a great deal of sunshine, a necessity for growing good quality roses, in spite of cold winter weather. Pennsylvania and New York are also important rose-producing states, owing in part to their proximity to eastern and midwestern population centers.[40] U.S. rose growers produce and supply primarily the U.S. market, exporting only limited quantities primarily to Canada.[41]

It is estimated that there are over 250 commercial rose growers in the United States. Table 3 shows the number of commercial growers of fresh cut roses, by principal types, in major producing

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[35] Conference TR, pp. 35-36, 77, 90, 135, 145-146.

[36] Responses to the Commission's grower/shipper questionnaire shows that the greatest growth in hybrid tea rose production was in roses with stem lengths between 18 inches and 26 inches. See conference TR, pp. 105-106.

[37] This is a gradual process since most growers replace about 15 to 20 percent of their plants annually. A number of growers reported that the older rose bushes will only produce shorter stemmed roses while demand for long-stem roses with large blooms is increasing.

[38] With the exception of five firms that oppose the petition and six firms that either did not respond to the question or had no opinion, all responding U.S. growers were in support of the petition.

[39] Over 50 percent of the roses sold in the United States are grown in California. In some parts of southern California growers use wood greenhouse structures with plastic over them, similar to those in Colombia and Ecuador; conference TR, p. 74.

[40] Although there is some geographic concentration of growers producing roses, there is no single grower or shipper that accounts for a large share of U.S. production or shipments.

[41] ***.

Table 3
Fresh cut roses: Number of commercial growers of hybrid tea roses and sweetheart roses in leading producing states, 1990-92[1]

Item	1990	1991	1992
Hybrid tea roses:			
California	110	105	103
Colorado	14	16	19
All other	97	98	97
Total	221	219	219
Sweetheart roses:			
California	67	57	52
Colorado	11	8	7
All other	75	81	73
Total	153	146	132

[1] Data are for 28 major producing states. Data for 1992 for 36 major producing states totaled 225 hybrid tea rose growers and 134 sweetheart rose growers.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

states in 1990-92.[42] The number of commercial growers of fresh cut roses declined during the period 1990-92. The number of growers of hybrid tea roses declined from 221 in 1990 to 219 in 1991 and 1992 and the number of growers of sweetheart roses declined from 153 in 1990 to 132 in 1992. U.S. commercial rose growers vary in size in terms of the number of rose plants in production, from firms with less than 1,000 rose plants to firms with nearly 1.5 million plants.

Some growers have grown vertically to include shipping/selling operations and others have joined cooperatively to sell their fresh cut flowers, including roses, through wholesale outlets.[43] In some instances, domestic growers have their own retail outlets in which they market their fresh cut rose production.[44] Half of the responding growers reported producing other floricultural crops in the same greenhouses as fresh roses.[45] Some growers will use another facility to produce other floriculture crops. In general, the importance of fresh cut rose production relative to other horticultural products varies significantly by firm.

[42] The major producing states in 1992 are Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin.

[43] Mr. Haley, Pikes Peak Greenhouse, testified at the conference that his firm has vertically integrated by opening retail outlets for its roses. FlowerStop Marketing, Inc., operates two retail florist shops and 800 LD ROSES, a direct response retailer, delivering roses by Federal Express overnight service; conference TR, pp. 21-22. Mr. Saldi, Bucks County Roses, built a retail flower shop in 1990 and now sells some of his product directly to retail customers; conference TR, p. 42.

[44] Thirty-three growers reported that they are grower/shippers, 25 reported having wholesale operations, and 10 reported having retail operations. Some growers reported having both wholesale and retail operations.

[45] Other types of floricultural crops produced include lilies, snapdragons, carnations, foliage plants, blooming plants, stephanotis, smilax, alstromeria, asters, gardenias, liatris, tulips, fresias, poinsettias, etc.

U.S. Importers[46]

Questionnaires were sent to approximately 85 firms believed to be importing fresh cut roses from Colombia and/or Ecuador.[47] The Commission received complete or partial responses from approximately 55 of these companies.[48] Most importers reported purchasing fresh cut roses from both Colombia and Ecuador[49] although reported imports from Ecuador were minor compared to those from Colombia. Many of the importing firms are related (have ownership of a farm or are owned by a grower/exporter in Colombia or Ecuador[50]) or associated (joint ownership) with Colombian and Ecuadorean producer/exporters and are the marketing and distributing arm for those firms in the United States. In addition to these importers/distributors,[51] there are approximately 50 wholesalers that buy directly from growers and therefore act as importers.

The majority of the importing firms are concentrated in the Miami, FL, area and reportedly sell the imported roses nationwide.[52] After the cut roses clear U.S. Customs and APHIS inspection, the roses are either loaded into commercial airlines or refrigerated trucks for immediate shipment or are stored by the importer in refrigerated warehouses for shipment within a few days time. At the conference, Mr. Brown, Edmunds Wholesale Flowers, Inc., Los Angeles, CA, testified that his firm now receives its roses directly from Ecuador by air freight.[53]

Some of the importers also produce bouquets and floral arrangements from flowers imported from Colombia and Ecuador. CFX/LaFleurette, Miami, FL, operates a "state-of-the-art" 114,000 square foot facility that houses both the CFX wholesale division and the LaFleurette bouquet division, which are fully integrated. CFX/LaFleurette markets the cut flower production of about 40 domestic farms, as well as flowers from Central and South America, to wholesale florists and supermarkets in the United States and Canada.

Definition of the Market

The U.S. market for fresh cut roses can be broken down into two major component parts: (1) intermediate and (2) final consumers. The final consumer, which encompasses both retail and commercial consumers, is regarded as the final demand for this product.

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[46] The majority of the importers are members of the Association of Floral Importers of Florida (AFIF). Many of the importers identified in the petition are also members of the Colombia Flower Council, a trade association comprised of growers and importers of Colombian fresh cut flowers, including roses.

[47] The petition identified approximately 70 firms believed to be importing roses from Colombia and/or Ecuador. ***.

[48] Of these companies, two reported that their firms did not import fresh cut roses from the subject countries and 11 firms could not provide the data as requested by the Commission within the timeframe provided.

[49] Some of the imported roses are reexported to Canada.

[50] Mr. Winogrond, President of Southern Rainbow Farms, testified at the conference that Southern Rainbow is one of the largest South American flower growers and U.S. importers. Southern Rainbow has over 200 acres of roses in production in Colombia and Ecuador and sells $6 to $8 million worth of roses to U.S. wholesalers and mass merchandisers annually; conference TR, p. 115. ***.

[51] Among the best known are Sunburst Farms, Flower Trading Corp., CFX Inc./LaFleurette, Continental Farms, Condor Farms, Four Farmers Inc., and Southern Rainbow Corp. Condor Farms markets flowers that are solely produced by four off-shore sister companies. One of these farms is Flores de Tenjo, Bogota, having 120 acres devoted exclusively to the production of roses

[52] Imports of fresh cut roses from Ecuador have expanded to other areas such as New York, Los Angeles, and Houston; conference TR, p. 147.

[53] Conference TR, p. 154. Both Colombia and Ecuador now have direct flights into Los Angeles, CA; conference TR, p. 87.

Intermediate Consumers and Products

Purchases of fresh cut roses by bouquet manufacturers represent one form of intermediate consumption. Although they do not physically change the roses, bouquet manufacturers combine them with other cut flowers and foliage to create bouquets for resale by wholesalers, supermarkets, street vendors, and, in some instances, retail florists to final consumers. Retail florist shops, supermarkets, convenience stores, street vendors, and roadside stands are also considered intermediate consumers of nonarranged roses. Although they do not alter the roses, they do provide services such as marketing, distributing, and arranging that add value to the final product purchased by the final consumer.

Final Consumers and Products

The final consumers in the U.S. market for fresh cut roses fall into two major groups: (1) retail and (2) commercial or business. Retail consumers are primarily households purchasing fresh cut roses and arrangements containing fresh cut roses from retail florists, garden centers, convenience stores, and mass merchandisers (supermarkets). Nontraditional methods of marketing roses to retail consumers are increasing. More flowers are being purchased from street vendors and roadside stands, and new outlets are developing such as catalogues, 1-800 telephone-home delivery services, and home shopping TV networks. Commercial or business consumers (i.e., hotels, restaurants, and businesses) usually purchase their fresh cut roses through wholesale distributors or through retail florist shops.

Channels of Distribution[54]

The channels of distribution used to market domestically grown fresh cut roses are the same as those used to market other types of fresh cut flowers. Most fresh cut rose production moves through the traditional market channels, from the growers to the wholesalers to retail outlets, and finally to the consumer. Over the last decade, grower/shippers have gained an important role in the distribution channel (figure 1). Initially, grower/shippers almost exclusively shipped only flowers produced in their own growing facilities. Such entities have now expanded their operations to imported products. In many cases, grower/shippers have expanded product lines to cover a full line of fresh cut flowers to satisfy the needs of wholesalers, mass merchandisers (supermarkets), and retail florists.

Wholesalers generally carry a full line of fresh cut flowers along with various other plant materials and supplies used by retailers. The wholesalers receive the flowers in their warehouses and distribute them in the major markets. There are over 1,000 wholesalers in the United States. Some wholesalers, known as wholesaler/shippers, have also integrated their operations, establishing purchasing centers in major growing areas in order to obtain a product line tailored to the needs of floral mass merchandisers, retail florists, and consumers.

The retail florist shops and the mass-merchandising outlets are generally the points at which fresh cut roses are sold to the ultimate consumer. The retail florist is considered a full-service outlet and usually carries a full line of fresh cut flowers. In addition, the retail florist generally allows the consumers to charge purchases and have the product delivered, as well as providing other services, such as designing flower arrangements. The mass merchandiser generally operates on a cash-and-carry basis and is considered a no-service outlet. However, many mass merchandisers have

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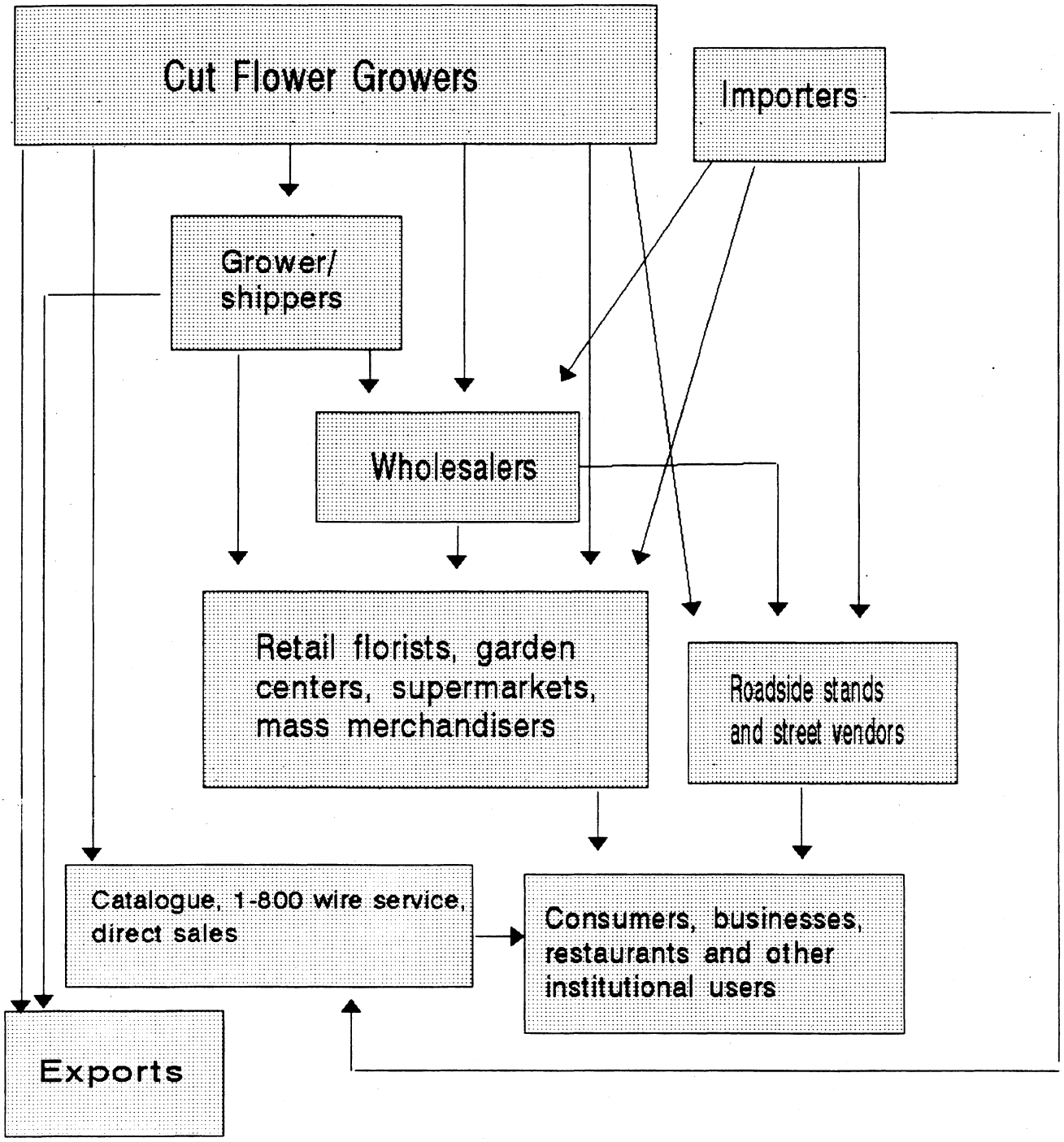
[54] Fresh cut roses are sold through a number of channels of trade, including grower/shippers, wholesalers, retail florists, and mass merchandisers.

Figure 1

Major distribution channels for fresh cut flowers in the United States



established flower designing areas in their outlets. Mass merchandisers have increased their share of the market, primarily at the expense of the traditional retail florists.[55]

Non-traditional outlets have increased in importance in recent years. The number of street vendors and roadside sellers of roses has increased in response to consumer demand for no-frill products. Street vendors and roadside sellers can source roses from virtually all segments within the distribution channel. Relatively new outlets for selling fresh cut roses are consumer catalogues where the customer orders a flower arrangement based on a picture. The flowers are delivered to the recipient by a cooperating florist. Direct selling is also expanding: growers or other firms establish 800 telephone order services and customers call the number and order a specific number of roses for delivery. The seller packs the roses along with greenery or filler in a shipping box and arranges with a next-day delivery service to deliver the roses to the consumer. Home shopping networks on television are beginning to offer cut flowers as part of their product line.

The following tabulation presents the channels of distribution used by U.S. growers of fresh cut roses in 1993 (*in percent*):

	Grower/ shipper		Wholesaler		Retail florist		Mass merchandisers	
Location	Re-lated	Unre-lated	Re-lated	Unre-lated	Re-lated	Unre-lated	Re-lated	Unre-lated
Eastern U.S.....	8.9	0.4	42.0	27.8	5.7	14.8	0	0.4
Western U.S....	14.9	10.6	10.2	36.1	0.1	22.8	0	5.4
Average.....	11.7	5.1	27.3	31.6	3.1	18.5	0	2.7

The share of domestically produced fresh cut roses going to the eastern and the western markets was 28.3 percent and 59.5 percent, respectively, in 1993.[56]

Importers of fresh cut roses normally enter the distribution channel at the same level as the domestic grower or grower/shipper. However, some importers have expanded their operations to include wholesaling functions in major U.S. markets. Responses to the Commission's importers' questionnaire indicated that over 80 percent of the fresh cut roses imported from Colombia and Ecuador were destined for the eastern market in 1993. The following tabulation presents the channels of distribution used by U.S. importers of fresh cut roses in 1993 (*in percent*):

	Grower/ shipper		Wholesaler		Retail florist		Mass merchandisers	
Location	Re-lated	Unre-lated	Re-lated	Unre-lated	Re-lated	Unre-lated	Re-lated	Unre-lated
Eastern U.S.....	0	0.1	7.3	78.9	0	7.4	2.9	3.4
Western U.S....	0	0.3	1.2	79.3	0.1	15.4	0.3	3.4
Average.....	0	0.1	6.1	79.0	0	8.9	2.4	3.4

[55] The abundance of imported roses, particularly the popular Visa rose, have increased sales to the mass merchandisers. At least 90 percent of the Visas today are sold to mass merchandisers; conference TR, p. 119.

[56] The eastern U.S. market includes the following states: Alabama, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, and Wisconsin. The western U.S. market consists of Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

Eighty-five firms, accounting for about 60 percent of U.S. fresh cut rose production (as reported by USDA) in 1992, provided responses to the Commission's request for data.

U.S. Growers' Production and Planting Capability

Table 4 presents data on U.S. growers' production of fresh cut roses during 1991-93. Total U.S. fresh cut rose production decreased by 9.7 percent from 1991 to 1993. Production of sweetheart roses and hybrid tea and intermediate roses declined by 16.3 percent and 8.3 percent, respectively, during the period. Data on U.S. production, by type of rose and by major producing states, as reported by USDA during 1990-92, are presented in appendix C, table C-4.

Table 4
Fresh cut roses: U.S. production,[1] by products, 1991-93

(1,000 blooms)

Item	1991	1992	1993
Sweetheart roses	56,268	52,182	47,083
Hybrid tea and intermediate roses	276,382	267,132	253,363
Total	332,650	319,314	300,446

[1] Data are for total annual production of roses. The difference between total reported production and reported shipments represents "dumpage" (discarding of blooms due to excess production, damage to the blooms, etc.).

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. growers reported a total area of 23.6 million square feet in production in 1991-92, and 23.3 million square feet in 1993, representing a 1.5 percent decrease in the area devoted to the production of roses (table 5).[57] The number of greenhouses maintained by growers for the production of roses increased by 3.6 percent between 1991 and 1993.

Data submitted by U.S. fresh cut rose growers show that the number of rose plants in production by those firms decreased from 14.0 million in 1991 to 13.4 million in 1993, representing a decrease of 4.5 percent. The number of blooms produced decreased from 332.6 million in 1991 to 300.4 million in 1993, reflecting a decrease from 23.9 average bloom yield per plant in 1991 to 22.5 average bloom yield in 1993.

[57] The average U.S. rose farm is about 10 to 15 acres. Kitayama Brothers, Brighton, CO, is one of the largest U.S. growers with approximately 1.4 million square feet of rose production; conference TR, p. 58.

Table 5
Fresh cut roses: U.S. production and yield, 1991-93

Item	1991	1992	1993
Greenhouses	1,012	1,041	1,048
Production area (*1,000 square feet*)	23,644	23,591	23,284
Number of rose plants (*1,000s*)	14,037	13,941	13,422
Production (*1,000 blooms*)	332,650	319,314	300,446
Yield (*blooms per square foot*)	14.2	13.7	13.0
Yield (*blooms per rose plant*)	23.9	23.1	22.5

Note.--Yields are calculated using data of firms providing both production and planting capability information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

During 1990-92, the area devoted to fresh cut rose production, as reported by USDA, decreased by 3.7 percent, as shown in the following tabulation (*in thousands of square feet*):

Item	1990	1991	1992
Sweetheart roses	5,440	4,662	4,032
Hybrid tea roses	37,342	38,028	37,181
Total[1]	42,782	42,690	41,213

[1] Data for 1990-92 are for 28 major rose producing states. Data for 1992 for 36 major producing states totaled 42.6 million square feet.

During 1990-92, the total number of rose plants, as reported by USDA, used in the production of fresh cut roses decreased irregularly from 27.4 million plants in 1990 to 25.7 million plants in 1992, as shown in the following tabulation (*in thousands of rose plants*):

Item	1990	1991	1992
Sweetheart roses	3,402	2,933	2,531
Hybrid tea roses	23,965	24,511	23,167
Total[1]	27,367	27,444	25,698

[1] Data for 1990-92 are for 28 major rose producing states. Data for 1992 for 36 major producing states totaled 26.3 million plants.

The total number of rose plants and the number of hybrid tea rose plants declined irregularly between 1990 and 1992 while the number of sweetheart rose plants declined throughout the period, reflecting the reduction in the area devoted to sweetheart rose production in 1990-92.

The value of production per square foot of greenhouse space used in the growing of roses is one of the measures of the performance of the rose industry (table C-5). During 1990-92, the value

of production per square foot, as reported by the USDA for sweetheart roses, increased from $4.86 per square foot in 1990 to $4.98 per square foot in 1991 and then declined to $4.63 per square foot in 1992. The value of production per square foot for hybrid tea roses declined from $4.48 to $4.08 during 1990-92. These downward trends reflect the fluctuation in the average price received per stem by U.S. growers during the period and changes in the number of stems produced per square foot. Table C-5 also presents the return per square foot for other major fresh cut flowers produced in greenhouses during 1990-92.

The Commission asked U.S. growers in its questionnaire to report changes in operations such as expansions, acquisitions, consolidations, closures, etc. in their growing/shipping of fresh cut roses. Although some growers may have shifted out of rose production or reduced production, others reported devoting more space to the production of roses by adding greenhouses, etc. At the conference, Mr. Haley, President of Pikes Peak Greenhouses, testified that the area at his range devoted to the production of roses declined from 300,000 square feet with 170,000 rose plants in 1992 to 160,000 square feet with 84,000 rose plants in 1993.[58] His annual production of roses declined from 4.6 million blooms in 1992 to 3.1 million blooms in 1993. He is attempting to diversify the production mix by adding container crops such as poinsettias, bedding plants, and foliage plants.[59] ***. ***.[60]

U.S. Producers' Shipments[61]

U.S. Shipments

Table 6 presents data on U.S. producers' total U.S. shipments during 1991-93.[62] U.S. shipments of fresh cut roses, based on quantity, declined by 10.1 percent between 1991 and 1993. Shipments of sweetheart roses and hybrid tea and intermediate roses declined by 15.5 percent and 9.0 percent, respectively, between 1991 and 1993.

As with volume-based data, the value of U.S. shipments declined by 10.8 percent between 1991 and 1993. Shipments of sweetheart roses and hybrid tea and intermediate roses declined by 19.6 percent and 9.6 percent, respectively, between 1991 and 1993.

Export Shipments

U.S. producers' export shipments accounted for *** percent of total fresh cut rose shipments in 1991, *** percent in 1992, and *** percent in 1993. Export shipments, based on quantity, *** percent between 1991 and 1993, while the value of export shipments *** percent during the period. Canada is the main export market for U.S-grown fresh cut roses.

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[58] Longs Peak Range was closed Aug. 2, 1993.

[59] Conference TR, p. 13.

[60] Mr. Haley testified that he had made improvements to upgrade his greenhouse systems. The most significant and risky improvement was the installation of 160 high pressure sodium light fixtures to increase winter production; conference TR, p. 19.

[61] Thirty of the responding growers/shippers reported "dumpage" (discarding of blooms) in excess of 10 percent of their annual rose production during the period (only 19 of these firms reported dumpage in excess of 10 percent in all 3 years). Normally dumpage ranges from 3 to 5 percent of annual production.

[62] Shipments are a measure of salable blooms produced.

Table 6
Fresh cut roses: Shipments by U.S. producers, by products and by types, 1991-93

Item	1991	1992	1993
	Quantity (*1,000 blooms*)		
Sweetheart roses:			
U.S. shipments	50,147	46,868	42,363
Exports	***	***	***
Total	***	***	***
Hybrid tea and intermediate roses:			
U.S. shipments	254,336	245,065	231,331
Exports	***	***	***
Total	***	***	***
Subject roses:			
U.S. shipments	304,483	291,933	273,694
Exports	***	***	***
Total	***	***	***
	Value (*1,000 dollars*)		
Sweetheart roses:			
U.S. shipments	11,885	10,600	9,551
Exports	***	***	***
Total	***	***	***
Hybrid tea and intermediate roses:			
U.S. shipments	88,428	85,044	79,962
Exports	***	***	***
Total	***	***	***
Subject roses:			
U.S. shipments	100,313	95,644	89,513
Exports	***	***	***
Total	***	***	***
	Unit value (*per bloom*)		
Sweetheart roses:			
U.S. shipments	$0.24	$0.23	$0.23
Exports	***	***	***
Average	***	***	***
Hybrid tea and intermediate roses:			
U.S. shipments	.35	.35	.34
Exports	***	***	***
Average	***	***	***
Subject roses:			
U.S. shipments	.33	.33	.33
Exports	***	***	***
Average	***	***	***

Note.--Unit values are calculated using data of firms supplying both quantity and value information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Total Shipments

The total quantity of U.S. producers' shipments of domestically grown fresh cut roses *** percent between 1991 and 1993 and the value of such shipments *** percent during the period.

Employment, Wages, and Productivity

The U.S. producers' employment and productivity data are presented in table 7. The number of production and related workers (PRWs) producing fresh cut roses declined by 8.9 percent between 1991 and 1993. The hours worked by and wages paid to such PRWs declined by 6.4 percent and 3.8 percent, respectively, during the period. Total compensation paid to PRWs declined by 3.3 percent between 1991 and 1993 while hourly compensation increased from $7.29 in 1991 to $7.53 in 1993. Unit labor costs were $0.11 per bloom in 1991-92 and $0.12 in 1993. No U.S. grower reported having union representation.

In its questionnaire the Commission requested U.S. growers to provide detailed information concerning reductions in the number of PRWs producing fresh cut roses during 1991-93 if such reductions involved at least 5 percent of the workforce or 50 workers. Thirty of the responding growers reported such reductions, with most of the layoffs on a permanent basis. The reasons ranged from attempts to reduce production costs and overhead to loss of sales and reduced income.

Financial Experience of U.S. Producers

Fifty-nine firms reported useable profit-and-loss data on their U.S. rose operations.[63] All 59 firms indicated they were involved with rose growing operations. Additionally, 20 of them indicated they were involved in shipping operations, 16 were involved in wholesale operations, and 7 were involved in retail operations. Therefore, while the profit-and-loss data is primarily related to rose-growing operations, it also includes data on the other aspects of the chain of distribution between the grower and the final consumer.

In addition to the useable data, the Commission also received questionnaire responses from 26 other firms. While about one-third of them supplied little or no data, the remaining two-thirds provided revenues but had difficulties allocating costs. Many of these firms did supply their financial statements, but revenues from rose operations were less than half of the total. The staff estimates these firms had net sales of roses in 1992 in excess of $12 million.

Operations on Roses

U.S. producers' profit-and-loss data on their rose operations are presented in table 8. Although many firms were able to provide a detailed breakdown of their costs along the lines of the items in table 8, many were not. Instead, they allocated their costs to perhaps four categories, such as growing costs, harvesting costs, general and administrative costs, and all other expenses. Additionally, many firms did not provide any breakdown, but instead provided copies of their financial statements or tax returns. In those cases, the staff matched the expenses on the supporting documentation to the expense breakdown on the questionnaire as best as possible. Accordingly, while the staff believes total expenses are correct, the data for the individual expense items are not as reliable.

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[63] Overall establishment data were not gathered.

Table 7
Average number of total employees and production and related workers in U.S. establishments wherein fresh cut roses are produced, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit labor costs,[2] by products, 1991-93

Item	1991	1992	1993
	Number of employees		
All products	3,181	3,193	3,123
	Number of production and related workers (PRWs)		
All products	2,255	2,240	2,223
Subject roses	1,980	1,902	1,804
	Hours worked by PRWs (*1,000 hours*)		
All products	5,410	5,366	5,374
Subject roses	4,778	4,654	4,473
	Wages paid to PRWs (*1,000 dollars*)		
All products	35,335	35,764	36,116
Subject roses	31,939	31,711	30,719
	Total compensation paid to PRWs (*1,000 dollars*)		
All products	38,831	39,565	40,102
Subject roses	34,851	34,814	33,692
	Hourly wages paid to PRWs		
All products	$6.53	$6.66	$6.72
Subject roses	6.68	6.81	6.87
	Hourly total compensation paid to PRWs		
All products	$7.18	$7.37	$7.46
Subject roses	7.29	7.48	7.53
	Productivity (*blooms per hour*)		
Subject roses	67.8	66.6	65.0
	Unit labor costs (*per bloom*)		
Subject roses	$0.11	$0.11	$0.12

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 8
Income-and-loss experience of U.S. producers on their operations producing fresh cut roses, fiscal years 1991-93[1]

Item	1991	1992	1993
	Quantity (*1,000 blooms*)		
Net sales	291,454	281,089	262,758
	Value (*1,000 dollars*)		
Net sales	91,979	88,511	84,080
Operating expenses:			
Plants, materials, supplies	6,607	6,676	6,804
Growing costs	41,310	40,114	40,065
Harvesting costs	11,889	11,779	11,431
Hauling, sorting, packing	3,143	3,026	3,018
Cold storage costs	115	122	127
Transportation costs	882	923	937
Other overhead costs	5,494	5,443	5,244
Partners' and officers' salaries	3,826	3,593	3,073
Selling, general and administrative expenses	11,396	11,075	10,216
Interest expenses	1,680	1,380	1,184
All other expenses	5,830	5,823	6,161
Total	92,172	89,954	88,260
Net (loss) before income taxes	(193)	(1,443)	(4,180)
Depreciation	6,938	6,551	6,349
Cash flow[2]	6,745	5,108	2,169
	Ratio to net sales (*percent*)		
Total operating expenses	100.2	101.6	105.0
Net (loss) before income taxes	(0.2)	(1.6)	(5.0)
	Value (*per bloom*)		
Net sales	$0.311	$0.310	$0.315
Total operating expenses	0.312	0.315	0.331
Net (loss) before income taxes	(0.001)	(0.005)	(0.016)
	Number of firms reporting		
Net losses	25	35	42
Data	59	59	59

[1] Fifty two of the 59 firms had fiscal years ending Dec. 31.
[2] Cash flow is defined as net income or loss plus depreciation and amortization.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The aggregate financial results for rose operations worsened from year to year, as net sales steadily declined and net losses steadily increased. In 1991, the growers virtually broke even as the unit sales value per bloom (31.1 cents) was marginally less than the unit cost per bloom of 31.2 cents. However, this disparity grew the next 2 years to the point where, by 1993, the unit sales value was 31.5 cents and the unit cost was 33.1 cents. The negative trend is also evidenced by the number of firms that had net losses. In 1991, 25 firms (42 percent) had losses; by 1993, 42 firms (71 percent) had losses.

Although the average revenue per firm was about $1.4 million in 1993, the figure varied from a low of about $80,000 to a high of about $6 million. The following tabulation breaks down the number of firms for different 1993 revenue levels, along with selected financial indicators:

1993 revenues	Number of firms	Firms with net loss	Net income as a percent of sales
Less than $500,000	14	12	(17.1)
$500,000 to $999,999	17	12	(4.1)
$1,000,000 to $1,499,999	6	4	(5.9)
$1,500,000 to $1,999,999	6	4	(5.3)
$2,000,000 to $2,499,999	8	7	(7.7)
$2,500,000 to $6,000,000	8	3	(1.9)
Total	59	42	(5.0)

The tabulation shows that most firms had net losses at almost every level of revenue, and the industry had aggregate net losses at each level of revenue. Moreover, the trends (not shown) for each level of revenue were the same as for the data in table 8 in almost every instance--increasing overall net losses and increasing numbers of companies with net losses from 1991 to 1993. The fact that the 14 firms with revenues less than $500,000 have net losses larger than the average (17.1 percent of sales versus 5.0 percent) might be a function of their size. If owners and partners pay themselves even a modest salary, the expense is magnified because of the relatively small revenue base amount it is applied against.

Besides profit-and-loss data, the firms were asked to supply data on capital expenditures and total assets. Not all firms supplied the data, but the ones that did indicated that total assets were virtually constant at about $73.5 million each year. Major assets include such items as rose plants, greenhouses, and other farm equipment, but relatively little inventory. The net return on assets declined each period, much like the ratio of net income to net sales.

The firms that reported data on capital expenditures indicated a decline in such expenditures from $3.6 million in 1991 to $2.6 million in 1993. Moreover, based on the firms that submitted data on both depreciation and capital expenditures, assets are being depreciated faster than they are being replaced, as shown in the tabulation below (*in thousands of dollars*):

	1991	1992	1993
Depreciation expense	3,922	4,272	4,576
Capital expenditures	3,530	2,527	2,594

When depreciation expense consistently exceeds new investment, it is a sign that companies are not investing in new equipment and facilities.

Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of fresh cut roses from Colombia and/or Ecuador on their firms' growth, investment, ability to raise capital, and/or development and production efforts. Their responses are summarized in appendix D.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors[64]--

> (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
>
> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,
>
> (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736, are also used to produce the merchandise under investigation,
>
> (IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

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[64] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[65]

Subsidies (item (I)) are not an issue in these investigations; information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) and any dumping in third-country markets is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of Alleged Material Injury to an Industry in the United States." Because of their perishability, there are essentially no U.S. inventories of fresh cut roses (item (V)), although it should be noted that they can be stored for short periods of time under certain controlled situations. Information on importers' current orders and foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), (VIII) and (IX) above), and any other threat indicators, if applicable (item (VII) above), follow.

U.S. Importers' Current Orders

In its questionnaire the Commission asked firms to report future contracts for importing fresh cut roses from Colombia and Ecuador after December 31, 1993. Almost all of the firms reporting imports from Colombia and Ecuador during 1991-93 responded that their annual purchases of imported roses would continue unchanged in 1994. Importers reported daily, weekly, and monthly purchases scheduled for delivery after December 31, 1993. Many of the responding importers that are related to the growers/exporters of fresh cut roses in Colombia and Ecuador indicated that they will continue importing roses from those sources.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets other than the United States

The Industry in Colombia

The Commission requested certain information from counsel for the Asociacion Colombiana de Exportadores de Flores (Asocolflores).[66] The information discussed below was obtained from Asocolflores' response to the Commission's foreign producer questionnaire, from the Commission's report on the *Competitive Conditions in the U.S. and World Markets for Fresh Cut Roses*,[67] and from USDA's Foreign Agricultural Service telegrams. Colombia is the largest producer and exporter of fresh cut roses in Latin America. The rose-growing area in Colombia, known as the Savannah,[68] enjoys a moderate climate, with daytime temperatures ranging from the 70s to low-80s (degrees

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[65] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

[66] Asocolflores is a trade association representing Colombian exporters of flowers. The Commission also requested information from the U.S. Embassy in Bogota, but the Embassy was unable to obtain any data regarding fresh cut roses within the deadline provided by the Commission.

[67] USITC Pub. 2178, Apr. 1989.

[68] The Savannah of Bogota's growing region is a valley approximately 75 miles long and 25 miles wide surrounded by mountains. The vast size and its topographical variations cause various micro-climates (different kinds of weather conditions occur) depending on the farms' locations.

Fahrenheit) during most of the year.[69] Although most roses in Colombia are grown in greenhouses, the structures do not require heat and are used only to protect the plants from rain and pests.

Colombia had approximately 4,000 hectares (10,000 acres) in 1991 and 4,200 hectares (10,500 acres) and an estimated 450 growers[70] in 1992-93 producing fresh cut flowers.[71] Reported production of fresh cut roses increased by 19.5 percent between 1991 and 1992 (table 9).[72] Such production increased by 23.9 percent in January-September 1993 over the corresponding period in 1992.[73] Colombian growers traditionally produced primarily red hybrid tea roses of the Visa and Madame del Bard varieties, although in recent years they have been increasing their production of non-red varieties to accommodate changing consumer demand.[74]

As a developing country, Colombian consumers do not have as much disposable income as consumers in more developed countries. Approximately 85 percent of Colombia's cut flower production is intended for the export market, primarily the United States.[75] Table 9 provides data on Colombia's export shipments for 1991-92, January-September 1992, and January-September 1993. Colombia's exports increased from 421.5 million blooms in 1991 to 503.7 million blooms in 1992. Colombia's exports also increased in the interim periods. Colombia exported to the United States 91.3 percent in 1991, 89.9 percent in 1992, 90.1 percent in January-September 1992, and 90.3 percent in January-September 1993, of the total blooms produced during the period. Other principal export markets include the United Kingdom, the Netherlands, Germany, Canada, and Spain.

Breeders from several countries including the United States, the Netherlands, and France work with Colombian growers to develop new rose varieties. A number of partnerships, such as the partnership among CFX Inc. (an importer), Devor Nurseries Inc. (a California rose grower), and Flores Mocari (a growing operation in the Bogota area), test the varieties developed by the breeders.[76]

The Industry in Ecuador

Although Colombia is the largest producer and exporter of fresh cut roses in Latin America, there are other significant producers as well, including Mexico, Ecuador, Costa Rica, Guatemala, and the Dominican Republic. Ecuador's cut flower production and exports have grown rapidly over the last 5 years. As the industry has matured it has diversified from roses, chrysanthemums, and carnations, into gypsophila, pompons, statices, and other flowers. There were approximately 173

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[69] On Dec. 31, 1993, the Savannah sustained a severe freeze with temperatures dropping below freezing for several hours. As a result of the freeze, substantial production of roses intended for shipment to the U.S. market for Valentine's Day was adversely affected; petition, p. 9 and exhibit B.

[70] The average farm size is estimated to be approximately 25 acres; conference TR, p. 120; FTC postconference brief, p. 18; Asocolflores' postconference brief, p. 32.

[71] Neither Asocolflores nor the Colombian Government maintain rose-specific data.

[72] Full-year 1993 data for fresh cut roses are not available.

[73] Since 1991, inflation has been 63 percent through the first half of 1993 and devaluation of the peso has been 37 percent. The revaluation of the peso occurred simultaneously with a drought that hit some farms very hard. The effect has been to increase costs faster than income. In 1994, costs are expected to rise 18.9 percent while income is expected to rise only 10 percent; *FloraCulture International*, Jan.-Feb. 1994.

[74] Bouquets are becoming a standard phenomenon on nearly every Colombian farm. Bouquets move as a unit through the distribution chain and into the consumer's hand; *FloraCulture International*, Jan.-Feb. 1993.

[75] As reported in the Foreign Agricutltural Service telegram, 84.9 percent and 85.4 percent, respectively, of Colombia's total rose production was exported in 1991 and 1992.

[76] Spray roses are an example of a flower recently produced in Colombia; "Pride of the Andes," *Supermarket Floral*, Apr. 1993.

Table 9
Fresh cut roses: Colombian production and shipments, 1991-93, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1991	1992	1993	Jan.-Sept.-- 1992	Jan.-Sept.-- 1993
	Quantity (*1,000 blooms*)				
Production	421,545	503,701	(1)	385,425	477,493
Shipments:					
Home market[2]	0	0	(1)	0	0
Exports to--					
The United States	384,937	452,597	(1)	347,369	430,978
All other markets[3]	36,608	51,104	(1)	38,056	46,516
Total exports	421,545	503,701	(1)	385,425	477,494
Total shipments	421,545	503,701	(1)	385,425	477,494
	Value (*1,000 dollars*)				
Shipments:					
Home market[2]	0	0	(1)	0	0
Exports to--					
The United States	58,599	74,395	(1)	56,967	73,082
All other markets	6,498	8,945	(1)	6,685	9,181
Total exports	65,057	83,340	(1)	63,652	82,262
Total shipments	65,057	83,340	(1)	63,652	82,262
	Ratios and shares (*percent*)				
Share of total quantity of shipments:					
Home market[2]	0	0	(1)	0	0
Exports to--					
The United States	91.3	89.9	(1)	90.1	90.3
All other markets	8.7	10.1	(1)	9.9	9.7

[1] Not available.
[2] Although reported data indicated no shipments of roses to the home market, data available to the Commission show that roughly 15 percent of total shipments were to the home market during the period.
[3] The major other export markets are the United Kingdom, the Netherlands, Germany, Canada, and Spain.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

hectares (433 acres) devoted to rose production in 1992, a substantial increase from the 131 hectares (328 acres) reported in 1990.[77] The number of rose plants in production *** in 1991 to *** in 1993, *** percent. Table 10 presents data on Ecuador's production and shipments of fresh cut roses during 1991-93. Production of roses *** blooms in 1991 to *** blooms in 1993, *** of *** percent. Ecuador's exports of fresh cut roses to the United States accounted for *** percent, *** percent, and *** percent, respectively, of its total exports of roses in 1991, 1992, and 1993. Ecuador's principal export markets other than the United States are ***. In its questionnaire response, counsel for Expoflores identified approximately 65 U.S. firms that import fresh cut flowers from Ecuador.

Table 10
Fresh cut roses: Ecuadorean production and shipments, 1991-93

* * * * * * *

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports[78]

U.S. imports of fresh cut roses are presented in table 11.[79] Monthly imports from Colombia and Ecuador for 1992-93 are presented in table 12 and figure 2.[80] The Commission sent importers' questionnaires to approximately 85 firms believed to be importing fresh cut roses from Colombia and Ecuador.[81] Responses with usable data were received from 42 U.S. importers of roses from the subject countries. Such responses accounted for 97.1 percent and 77.4 percent,[82] respectively, of the quantity of imports from Colombia and Ecuador in 1993, as reported in official statistics.[83]

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[77] Mr. Davalos, President of Expoflores, testified at the conference that there are significant limitations on the available land and on the infrastructure needed for rose production; conference TR, p. 149, and postconference brief, p. 19.

[78] The volume of sweetheart roses produced and exported from Colombia and Ecuador, as reported in Commission questionnaires, is minor (less than 1.5 percent of total reported imports from the subject countries in 1993). The Madame del Bard and the Visa comprise 90 percent of all red hybrid tea roses imported from Colombia and Ecuador; conference TR, pp. 117-118.

[79] Official statistics of the Department of Commerce are believed to accurately reflect all U.S. imports of fresh cut roses.

[80] Imports from Colombia peak in months with particular holidays such as Valentine's Day in February and Mother's Day in May. Ecuador exports more non-red roses and thus is not subject to the same demand-driven surges.

[81] Approximately 70 firms were identified in the petition as importing the subject merchandise from Colombia and Ecuador.

[82] Coverage includes imports of spray roses that were reported separately by five importers.

[83] The value of the reported imports accounted for 89.1 percent and 93.7 percent of 1993 official statistics for Colombia and Ecuador, respectively.

Table 11
Fresh cut roses: U.S. imports, by types and by sources, 1991-93

Item	1991	1992	1993
	Quantity (*1,000 blooms*)		
Sweetheart roses:			
Colombia	9,109	1,114	2,772
Ecuador	130	63	133
Subtotal	9,239	1,177	2,906
Other sources	544	540	701
Total	9,784	1,717	3,607
Hybrid tea and intermediate roses:			
Colombia	331,365	376,434	451,564
Ecuador	39,814	60,572	80,302
Subtotal	371,179	437,007	531,866
Other sources	76,618	82,129	78,167
Total	447,797	519,135	610,033
Subject roses:			
Colombia	340,474	377,548	454,337
Ecuador	39,944	60,635	80,436
Subtotal	380,419	438,184	534,772
Other sources	77,162	82,669	78,868
Total	457,581	520,852	613,641
	Value (*1,000 dollars*)		
Sweetheart roses:			
Colombia	2,115	158	504
Ecuador	27	15	25
Subtotal	2,141	173	530
Other sources	514	456	341
Total	2,656	629	871
Hybrid tea and intermediate roses:			
Colombia	82,495	82,008	93,292
Ecuador	8,012	12,200	15,369
Subtotal	90,506	94,208	108,660
Other sources	21,304	18,063	18,942
Total	111,811	112,271	127,602
Subject roses:			
Colombia	84,609	82,166	93,796
Ecuador	8,038	12,215	15,394
Subtotal	92,648	94,381	109,190
Other sources	21,819	18,518	19,283
Total	114,466	112,899	128,473

Table continued on next page.

Table 11--Continued
Fresh cut roses: U.S. imports, by types and by sources, 1991-93

Item	1991	1992	1993
	Unit value (*per bloom*)		
Sweetheart roses:			
Colombia	$0.23	$0.14	$0.18
Ecuador	.21	.24	.19
Average	.23	.15	.18
Other sources	.94	.84	.49
Average	.27	.37	.24
Hybrid tea and intermediate roses:			
Colombia	.25	.22	.21
Ecuador	.20	.20	.19
Average	.24	.22	.20
Other sources	.28	.22	.24
Average	.25	.22	.21
Subject roses:			
Colombia	.25	.22	.21
Ecuador	.20	.20	.19
Average	.24	.22	.20
Other sources	.28	.22	.24
Average	.25	.22	.21

Note.--Because of rounding, figures may not add to the totals shown; unit values are calculated from unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Colombia

The quantity of U.S. imports of fresh cut roses from Colombia increased by 33.4 percent from 1991 to 1993. Imports of Colombian fresh cut roses accounted for 74.0 percent of total imports in 1993. The value of Colombian rose imports increased irregularly by 10.9 percent from 1991 to 1993. The quantity and value of Colombian imports of sweetheart roses declined irregularly, by 69.6 percent and 76.2 percent, respectively, from 1991 to 1993. The quantity and value of Colombian imports of hybrid tea roses increased by 36.3 percent and 13.1 percent, respectively, from 1991 to 1993.[84] The Customs district of Miami, FL, accounted for 98.8 percent in 1992 and 99.1 percent in 1993, of Colombian imports of fresh cut roses.

[84] The volume of imports of red hybrid tea roses, reported in response to Commission questionnaires, increased by 44.2 percent between 1991 and 1993 and imports of non-red varieties increased by 85.2 percent during the period.

Table 12
Fresh cut roses: Monthly imports from Colombia and Ecuador, 1992-93

(1,000 blooms)

Period	Colombia	Ecuador
1992:		
January	45,028	5,661
February	60,651	6,415
March	23,235	4,208
April	40,370	6,380
May	39,870	5,757
June	23,759	4,772
July	23,791	4,345
August	19,054	3,617
September	24,296	3,725
October	34,309	6,131
November	20,638	5,094
December	22,548	4,531
1993:		
January	47,790	6,490
February	75,664	11,921
March	22,917	4,689
April	58,281	7,821
May	40,656	7,569
June	28,204	6,876
July	25,350	5,292
August	24,604	4,615
September	30,379	4,089
October	41,954	6,867
November	29,865	7,658
December	28,673	6,548

Source: Compiled from official statistics of the U.S. Department of Commerce.

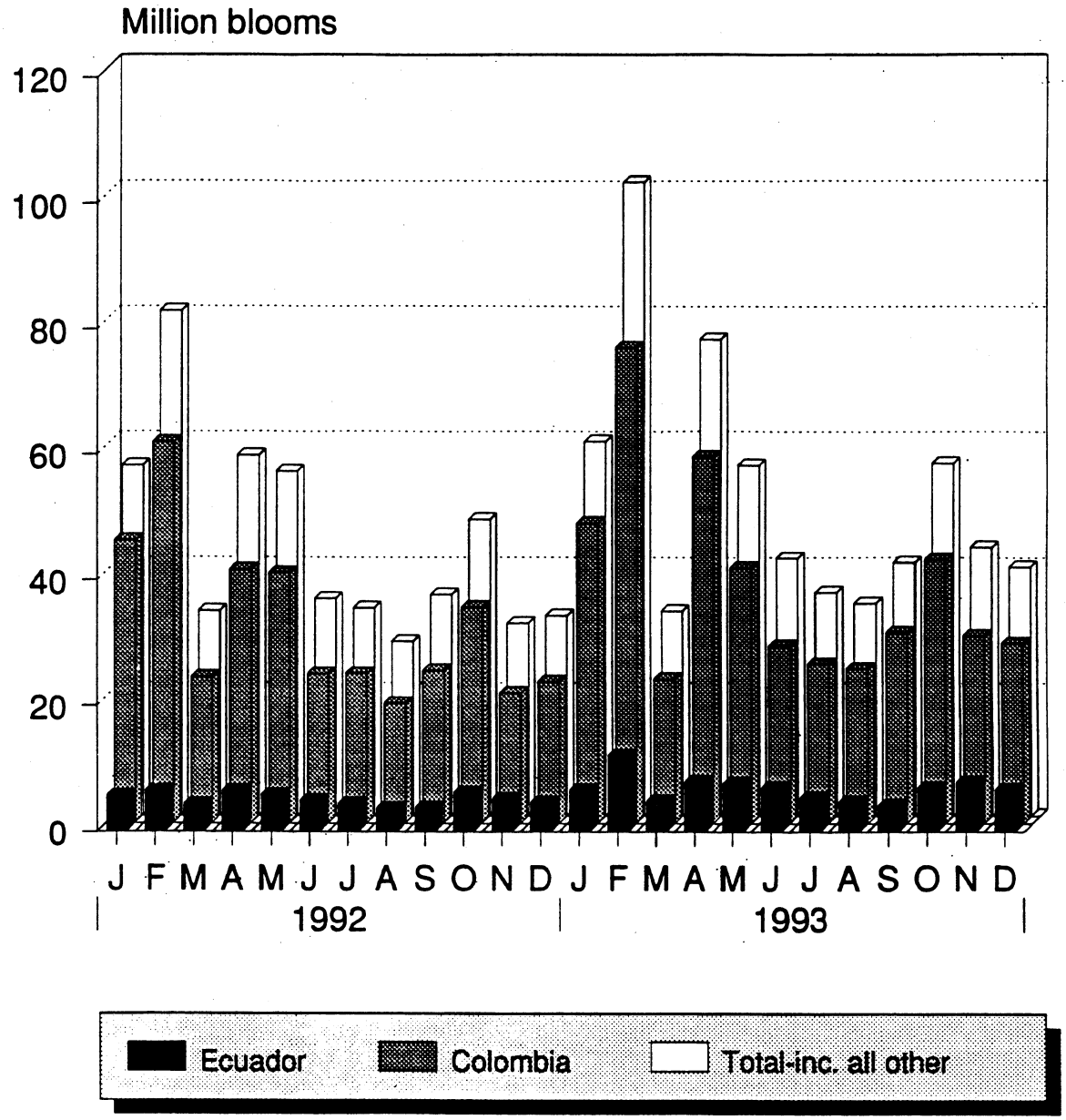
Ecuador

The quantity of imports of fresh cut roses from Ecuador increased by 101.4 percent between 1991 and 1993. Imports of Ecuadorean roses accounted for 13.1 percent of total imports in 1993. The value of such imports increased by 91.5 percent between 1991 and 1993. Ecuadorean imports of sweetheart roses increased irregularly by 2.3 percent (by quantity) and decreased irregularly by 7.4 percent (by value) from 1991 to 1993. The quantity and value of imports of hybrid tea roses increased by 101.7 percent and 91.8 percent, respectively, from 1991 to 1993.[85] The Customs district of Miami, FL, accounted for 85.7 percent in 1992 and 79.2 percent in 1993, of Ecuadorean imports of fresh cut roses. New York City received most of the remainder of the rose imports from Ecuador, accounting for 12.0 percent in 1992 and 15.0 percent in 1993.

[85] The volume of imports of red hybrid tea roses, reported in response to Commission questionnaires, increased irregularly by 97.2 percent between 1991 and 1993 and imports of non-red varieties almost tripled during the period.

Figure 2

Fresh cut roses: U.S. imports, by principal sources and by months, 1992-93



Source: Compiled from official statistics of U.S. Department of Commerce

Total Subject Imports

Cumulative imports of fresh cut roses from Colombia and Ecuador rose from 380.4 million blooms in 1991 to 534.8 million blooms in 1993, representing an increase of 40.6 percent. The value of such imports increased from $92.6 million in 1991 to $109.2 million in 1993, an increase of 17.9 percent. The majority of the imports from Colombia and Ecuador are of the hybrid tea rose variety. In 1993, sweetheart rose imports accounted for less than 1 percent of the fresh cut rose imports from the subject countries.

The growth in fresh cut rose imports from Colombia and Ecuador was facilitated by the development of speedy and reliable transoceanic delivery and the development of a sophisticated flower receiving infrastructure at the Miami International Airport.[86] Some consideration has been given recently to making direct sales and bypassing the Miami importers to capture the extra profit margin by cutting out one link in the distribution chain. Some U.S. wholesalers now purchase directly from Colombia and Ecuador, bypassing the importer.

Market Penetration by the Subject Imports

The market shares of U.S. producers and imports from Colombia, Ecuador, and all other sources, based on apparent U.S. consumption of fresh cut roses, are presented in table 13. Apparent consumption is calculated from U.S. shipment data provided in response to Commission questionnaires and from imports provided in official statistics.

U.S. producers' market share, based on the quantity of apparent consumption, decreased from 40.0 percent in 1991 to 30.8 percent in 1993. U.S. producers' market share, based on the value of apparent consumption, decreased from 46.7 percent in 1991 to 41.1 percent in 1993. U.S. producers' market share of sweetheart roses increased irregularly during 1991-93 while their market share of hybrid tea and intermediate roses decreased during the period.

The market share of imports from Colombia, based on the quantity of apparent consumption, increased from 44.7 percent in 1991 to 51.2 percent in 1993. Colombia's market share of sweetheart roses declined while its market share of hybrid tea and intermediate roses increased between 1991 and 1993.

The market share of imports from Ecuador, based on the quantity of apparent consumption, increased from 5.2 percent in 1991 to 9.1 percent in 1993. Ecuador's market share of sweetheart roses was minimal throughout the period but its market share of hybrid tea and intermediate roses increased from 5.7 percent in 1991 to 9.5 percent in 1993.

The aggregated market share of imports from Colombia and Ecuador, based on the quantity of consumption, increased from 49.9 percent in 1991 to 60.3 percent in 1993.

Prices

Marketing Considerations

Prices of fresh cut roses vary based on a variety of factors including the channels of distribution that they are sold to, the time of year that they are being sold, and their physical characteristics.

Fresh cut roses are typically sold to wholesalers or directly to mass merchandisers or retail florists. U.S. growers and importers reported that they generally receive higher prices for sales to retail florists. Retail florists typically purchase in smaller quantities, whereas wholesalers and mass merchandisers tend to buy in larger bulk orders.

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[86] Miami received 97.0 percent and 96.1 percent of total rose imports from the subject countries in 1992 and 1993, respectively.

Table 13
Fresh cut roses: Shares of apparent U.S. consumption based on U.S. shipments of domestic product and U.S. imports, by products, 1991-93

Item	1991	1992	1993
	Quantity (*1,000 blooms*)		
Apparent consumption	762,064	812,785	887,335
	Value (*1,000 dollars*)		
Apparent consumption	214,779	208,543	217,986
	Share of the quantity of U.S. consumption (*percent*)		
Sweetheart roses:			
Producers' U.S. shipments	83.7	96.5	92.2
U.S. imports from--			
Colombia	15.2	2.3	6.0
Ecuador	.2	.1	.3
Subtotal	15.4	2.4	6.3
Other sources	.9	1.1	1.5
Total	16.3	3.5	7.8
Hybrid tea and intermediate roses:			
Producers' U.S. shipments	36.2	32.1	27.5
U.S. imports from--			
Colombia	47.2	49.3	53.7
Ecuador	5.7	7.9	9.5
Subtotal	52.9	57.2	63.2
Other sources	10.9	10.7	9.3
Total	63.8	67.9	72.5
Subject roses:			
Producers' U.S. shipments	40.0	35.9	30.8
U.S. imports from--			
Colombia	44.7	46.5	51.2
Ecuador	5.2	7.5	9.1
Subtotal	49.9	53.9	60.3
Other sources	10.1	10.2	8.9
Total	60.0	64.1	69.2
	Share of the value of U.S. consumption (*percent*)		
Sweetheart roses:			
Producers' U.S. shipments	81.7	94.4	91.6
U.S. imports from--			
Colombia	14.5	1.4	4.8
Ecuador	.2	.1	.2
Subtotal	14.7	1.5	5.1
Other sources	3.5	4.1	3.3
Total	18.3	5.6	8.4

Table continued on next page.

Table 13--Continued
Fresh cut roses: Shares of apparent U.S. consumption based on U.S. shipments of domestic product and U.S. imports, by products, 1991-93

Item	1991	1992	1993
	Share of the value of U.S. consumption (*percent*)		
Hybrid tea and intermediate roses:			
Producers' U.S. shipments	44.2	43.1	38.5
U.S. imports from--			
Colombia	41.2	41.6	44.9
Ecuador	4.0	6.2	7.4
Subtotal	45.2	47.7	52.4
Other sources	10.6	9.2	9.1
Total	55.8	56.9	61.5
Subject roses:			
Producers' U.S. shipments	46.7	45.9	41.1
U.S. imports from--			
Colombia	39.4	39.4	43.0
Ecuador	3.7	5.9	7.1
Subtotal	43.1	45.3	50.1
Other sources	10.2	8.9	8.8
Total	53.3	54.1	58.9

Note.--Shares are computed from unrounded figures.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

The market prices for fresh cut roses are distinctly seasonal. Rose prices are highest during the days that immediately precede Valentine's day, the peak demand period, and are also high during other periods of high demand such as Easter, Mother's Day, and Christmas. Prices are low and stable during the summer when the demand for roses is relatively low.

Roses are differentiated by physical characteristics such as head size, petal count, stem length and thickness, color, durability (vase-life) and freshness. In general, customers pay a higher price for roses with bigger heads, longer stems, and greater durability and freshness. Price differences based on color depend on the season. During the peak demand periods of Valentine's Day and Mother's Day, red roses are priced at a premium. During the low demand periods of the summer, red roses are generally priced at the same level as other roses.

The majority of fresh cut roses are sold on a spot basis, with the remainder sold either by standing order or on consignment. Prices for spot sales are typically quoted weekly or daily, and depend on current market conditions. Standing order sales are generally made at fixed prices with quantities varying depending on purchaser demand. Wholesalers or retail florists that buy on consignment receive a commission for the roses they sell and can return or dispose of the ones they cannot sell. Prices for both U.S.-grown and imported roses are generally quoted on an f.o.b. U.S. point of shipment basis.

Product Comparisons

U.S. growers and importers of Colombian and Ecuadorean fresh cut roses sell to slightly different channels of distribution. During 1993, U.S. growers sold the largest share of their roses to

unrelated wholesalers, but also sold large shares to related wholesalers and to unrelated retail florists.[87] During the same period, importers sold the vast majority of their roses to unrelated wholesalers.[88] U.S. growers' and importers' regional distribution of sales is also slightly different. During 1993, U.S. importers' rose shipments were concentrated in the eastern region of the United States,[89] whereas U.S. growers had a more even distribution of eastern and western region shipments.[90]

U.S. growers and importers differ according to the importance and extent of differences in physical characteristics of U.S.-grown and imported Colombian and Ecuadorean fresh cut roses. Most U.S. growers reported that differences in quality between U.S. grown and imported Colombian and Ecuadorean roses are not a significant factor in their sales of the domestic product. Several U.S. producers allowed that physical differences are significant, citing the imports' larger head size and stem length, and the domestic roses' greater freshness and durability.

In contrast, the vast majority of U.S. importers reported that physical differences between domestic and imported Colombian and Ecuadorean roses are a significant factor in the buying decision. U.S. importers maintain that, because of climatic and longitudinal differences, Colombian and Ecuadorean growers are able to produce roses with much larger heads, stem thicknesses, and stem lengths. Importers claim that the Colombian and Ecuadorean producers offer a greater variety of rose types and colors, and that the year-round consistency of their head and stem sizes is better. Importers acknowledge that, due to the longer distances that the roses must be shipped and the additional packing and handling that the imported roses must undergo, domestic roses are generally fresher and have a longer vase life.

Questionnaire Price Data

The Commission requested U.S. growers and importers to provide quarterly average U.S. f.o.b. prices and total quantities of three representative fresh cut rose products (as defined below) sold to wholesalers and mass merchandisers on a standing order and spot basis for each quarter during January 1991-December 1993.

Product 1: Samantha, Cara Mia, Kardinal, Visa, or equivalent fresh cut roses, red, 22"-26" in stem length.

Product 2: Sonia fresh cut roses, 22"-26" in stem length.

Product 3: Royalty, Madam Del Bard, or equivalent fresh cut roses, red, 22"-26" in stem length.

Thirty-eight U.S. growers, 27 importers of Colombian roses, and 12 importers of Ecuadorean roses provided pricing data, although not necessarily on both a standing order and spot basis, for sales to both wholesalers and mass merchandisers, or for all quarters during January 1991-

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[87] During 1993, U.S. growers sold 11.7 percent of their roses to related grower/shippers, 5.1 percent to unrelated grower/shippers, 27.3 percent to related wholesalers, 31.6 percent to unrelated wholesalers, 3.1 percent to related retail florists, 18.5 percent to unrelated retail florists, and 2.7 percent to unrelated mass merchandisers.

[88] During 1993, U.S. importers sold 0.1 percent of their imported Colombian and Ecuadorean roses to unrelated grower/shippers, 6.1 percent to related wholesalers, 79.0 percent to unrelated wholesalers, 8.9 percent to unrelated retail florists, 2.4 percent to related mass merchandisers, and 3.5 percent to unrelated mass merchandisers.

[89] The vast majority of imported Colombian and Ecuadorean fresh cut roses enter the United States in Miami, FL.

[90] During 1993, U.S. importers sold 112.7 million Colombian and Ecuadorean roses in the eastern U.S. market and 26.4 million roses in the western U.S. market. During the same period, U.S. growers sold 44.4 million roses in the eastern U.S. market and 38.8 million roses in the western U.S. market.

December 1993. The responding U.S. growers accounted for 70.6 percent of total reported U.S. shipments of U.S.-grown fresh cut roses in 1993. The responding importers accounted for 62.9 and 31.4 percent of U.S. shipments of imported Colombian and Ecuadorean fresh cut roses, respectively, in 1993. F.o.b. average prices for standing order and spot sales of U.S.-grown and imported Colombian and Ecuadorean products 1-3 to wholesalers and mass merchandisers are presented in tables 14-25 and figures 3-14.

Price trends for standing order sales of U.S.-grown roses to wholesalers

F.o.b. prices for standing order sales of U.S.-grown rose products 1-3 to wholesalers tended to decline during January 1991-December 1993 (tables 14-16). Prices for product 1 trended downward, ranging between $0.56 and $0.46 per stem during 1991, $0.55 and $0.40 per stem in 1992, and $0.52 and $0.38 per stem in 1993. Prices for product 2 tended to fluctuate more over the period, ranging from $0.51 to $0.40 per stem in 1991, $0.60 to $0.39 per stem in 1992, and $0.61 to $0.38 per stem in 1993. Prices for product 3 showed a downward trend, ranging between $0.59 and $0.47 per stem in 1991, $0.63 and $0.44 per stem in 1992, and $0.56 and $0.42 per stem in 1993.

Price trends for standing order sales of imported Colombian roses to wholesalers

Prices for standing order sales of imported Colombian products 1-3 to wholesalers generally declined during January 1991-December 1993 (tables 14-16). Prices for product 1 showed some downward movement, ranging between $0.52 and $0.27 per stem during 1991, $0.46 and $0.25 per stem in 1992, and $0.49 and $0.26 per stem in 1993. Prices for product 2 did not show a clear trend, falling to their lowest point in the second quarter on 1991, rising to their highest point in the second quarter of 1992, then falling during the rest of 1992 and 1993 to a point 1.1 percent below first quarter 1991 prices. Prices for product 3, the most popular imported Colombian rose product, declined over the period, ranging from $0.54 to $0.50 per stem in 1991, $0.56 to $0.49 per stem in 1992, and $0.55 to $0.45 per stem in 1993.

Price trends for standing order sales of imported Ecuadorean roses to wholesalers

Prices for standing order sales of imported Ecuadorean products 1 and 3 to wholesalers fluctuated more greatly than prices for the U.S. and imported Colombian rose products, and did not show clear overall trends (tables 14-16).[91] Prices for product 1 showed some *** movement over the three year period, ranging between $*** and $*** per stem during 1991, $*** and $*** per stem in 1992, and $*** and $*** per stem in 1993. Prices for product 3 moved *** somewhat, ranging from $*** to $*** per stem in 1991, $*** to $*** per stem in 1992, and $*** to $*** per stem in 1993.

Price trends for spot sales of U.S.-grown roses to wholesalers

In general, spot prices for sales of roses to wholesalers varied more widely than standing order prices to wholesalers tables 17-19). Price patterns for spot sales of U.S.-grown rose products

[91] Importers of Ecuadorean roses did not report any price data for standing order sales of product 2 to wholesalers.

Table 14
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown and imported Colombian and Ecuadorean product 1 sold to wholesalers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.56	463,824	$0.52	1,155,111	$***	***
Apr.-June..	.46	534,765	.27	850,102	***	***
July-Sept..	.46	454,576	.28	506,668	***	***
Oct.-Dec...	.46	457,613	.31	531,073	***	***
1992:						
Jan.-Mar...	.55	380,479	.46	1,220,815	***	***
Apr.-June..	.41	466,186	.27	980,846	***	***
July-Sept..	.40	439,736	.26	479,016	***	***
Oct-Dec....	.41	424,306	.25	597,255	***	***
1993:						
Jan.-Mar...	.52	416,650	.49	1,421,413	***	***
Apr.-June..	.38	563,239	.26	803,313	***	***
July-Sept..	.41	477,436	.28	334,814	***	***
Oct.-Dec...	.41	490,770	.26	365,730	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 15
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown and imported Colombian product 2 sold to wholesalers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.51	94,811	$0.36	447
Apr.-June..	.42	114,440	.21	8,301
July-Sept..	.40	938,500	.29	4,038
Oct.-Dec...	.46	842,090	.35	2,752
1992:				
Jan.-Mar...	.60	853,679	.44	14,949
Apr.-June..	.47	1,162,569	.45	15,767
July-Sept..	.39	872,852	.40	10,318
Oct.-Dec...	.43	636,019	.40	10,978
1993:				
Jan.-Mar...	.61	715,135	.39	7,678
Apr.-June..	.48	899,277	.33	13,478
July-Sept..	.38	584,511	.33	19,199
Oct.-Dec...	.41	398,244	.32	24,893

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 16
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown and imported Colombian and Ecuadorean product 3 sold to wholesalers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.59	646,904	$0.54	4,266,296	$***	***
Apr.-June..	.50	556,815	.52	3,624,152	***	***
July-Sept..	.47	500,618	.51	2,859,940	***	***
Oct.-Dec...	.50	490,077	.50	2,874,075	***	***
1992:						
Jan.-Mar...	.63	512,404	.56	4,073,058	***	***
Apr.-June..	.47	429,121	.49	4,334,535	***	***
July-Sept..	.44	351,884	.49	3,428,996	***	***
Oct-Dec....	.47	415,937	.49	3,768,685	***	***
1993:						
Jan.-Mar...	.56	443,746	.55	4,422,922	***	***
Apr.-June..	.49	377,586	.47	4,038,466	***	***
July-Sept..	.42	358,212	.46	3,658,841	***	***
Oct.-Dec...	.46	367,226	.45	3,587,253	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 17
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean product 1 sold to wholesalers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.68	2,123,973	$0.51	12,006,337	$***	***
Apr.-June..	.31	2,235,898	.18	10,489,752	***	***
July-Sept..	.28	2,164,871	.17	6,272,548	***	***
Oct.-Dec...	.30	1,950,759	.21	6,297,231	***	***
1992:						
Jan.-Mar...	.68	2,272,002	.45	11,359,128	***	***
Apr.-June..	.29	2,539,872	.16	10,264,385	***	***
July-Sept..	.26	2,421,189	.17	5,545,535	***	***
Oct-Dec....	.32	2,038,873	.20	7,080,036	***	***
1993:						
Jan.-Mar...	.68	2,419,677	.42	10,638,308	***	***
Apr.-June..	.31	2,275,784	.15	10,742,807	***	***
July-Sept..	.31	2,102,549	.13	6,040,145	***	***
Oct.-Dec...	.36	1,787,050	.15	7,943,196	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 18
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean product 2 sold to wholesalers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.55	840,846	$0.34	34,186	$***	***
Apr.-June..	.33	911,261	.22	65,433	***	***
July-Sept..	.27	793,912	.20	47,416	***	***
Oct.-Dec...	.28	771,262	.24	23,198	***	***
1992:						
Jan.-Mar...	.55	885,974	.34	48,828	***	***
Apr.-June..	.31	1,161,468	.32	54,489	***	***
July-Sept..	.26	1,059,892	.38	46,479	***	***
Oct-Dec....	.30	857,623	.45	30,845	***	***
1993:						
Jan.-Mar...	.52	883,553	.28	26,327	***	***
Apr.-June..	.29	1,020,301	.20	62,978	***	***
July-Sept..	.27	772,250	.19	61,670	***	***
Oct.-Dec...	.27	917,647	.29	51,595	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 19
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean product 3 sold to wholesalers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.68	1,751,904	$0.65	8,751,953	$***	***
Apr.-June..	.36	1,757,311	.32	8,957,363	***	***
July-Sept..	.30	1,749,268	.35	6,802,469	***	***
Oct.-Dec...	.34	1,759,218	.44	5,538,570	***	***
1992:						
Jan.-Mar...	.65	2,125,736	.63	12,705,875	***	***
Apr.-June..	.31	2,194,880	.33	10,160,182	***	***
July-Sept..	.30	1,765,497	.32	9,369,466	***	***
Oct-Dec....	.35	1,572,831	.35	12,763,049	***	***
1993:						
Jan.-Mar...	.64	1,842,410	.65	17,342,949	***	***
Apr.-June..	.34	1,589,784	.24	17,240,158	***	***
July-Sept..	.30	1,367,813	.23	15,372,888	***	***
Oct.-Dec...	.35	1,213,783	.28	16,480,466	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 20
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of imported Colombian and Ecuadorean product 1 sold to mass merchandisers, by quarters, Jan. 1991-Dec. 1993

Period	Colombia		Ecuador	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.63	371,021	$***	***
Apr.-June..	.34	307,219	***	***
July-Sept..	.37	268,875	***	***
Oct.-Dec...	.39	216,068	***	***
1992:				
Jan.-Mar...	.64	262,694	***	***
Apr.-June..	.40	251,668	***	***
July-Sept..	.40	279,504	***	***
Oct.-Dec...	.40	304,008	***	***
1993:				
Jan.-Mar...	.65	332,512	***	***
Apr.-June..	.39	341,937	***	***
July-Sept..	.38	425,356	***	***
Oct.-Dec...	.39	408,495	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 21
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of imported Colombian and Ecuadorean product 2 sold to mass merchandisers, by quarters, Jan. 1991-Dec. 1993

Period	Colombia		Ecuador	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.36	141	$***	***
Apr.-June..	.21	2,623	***	***
July-Sept..	.29	1,275	***	***
Oct.-Dec...	.43	198	***	***
1992:				
Jan.-Mar...	.45	7,526	***	***
Apr.-June..	.45	7,958	***	***
July-Sept..	.41	7,082	***	***
Oct.-Dec...	.42	6,722	***	***
1993:				
Jan.-Mar...	.41	5,972	***	***
Apr.-June..	.41	5,972	***	***
July-Sept..	.42	6,476	***	***
Oct.-Dec...	.41	6,932	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 22
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of imported Colombian and Ecuadorean product 3 sold to mass merchandisers, by quarters, Jan. 1991-Dec. 1993

Period	Colombia		Ecuador	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.96	4,652	$***	***
Apr.-June..	.39	21,191	***	***
July-Sept..	.44	17,460	***	***
Oct.-Dec...	.54	4,794	***	***
1992:				
Jan.-Mar...	.60	60,690	***	***
Apr.-June..	.52	33,744	***	***
July-Sept..	.38	117,412	***	***
Oct.-Dec...	.51	49,758	***	***
1993:				
Jan.-Mar...	.51	99,953	***	***
Apr.-June..	.47	201,354	***	***
July-Sept..	.46	147,484	***	***
Oct.-Dec...	.46	178,182	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 23
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean product 1 sold to mass merchandisers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.58	165,765	$0.52	435,089	$***	***
Apr.-June..	.41	151,592	.17	377,729	***	***
July-Sept..	.29	184,323	.19	176,461	***	***
Oct.-Dec...	.38	133,955	.23	84,020	***	***
1992:						
Jan.-Mar...	.73	165,153	.64	1,309,549	***	***
Apr.-June..	.41	155,513	.23	216,364	***	***
July-Sept..	.38	122,068	.26	129,448	***	***
Oct-Dec....	.42	119,883	.30	148,728	***	***
1993:						
Jan.-Mar...	.69	155,010	.64	1,550,194	***	***
Apr.-June..	.58	114,645	.29	308,290	***	***
July-Sept..	.43	107,923	.28	152,330	***	***
Oct.-Dec...	.53	87,425	.26	163,630	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 24
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean product 2 sold to mass merchandisers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.50	62,589	$0.29	501	$***	***
Apr.-June..	.30	273,541	.17	9,294	***	***
July-Sept..	.25	158,751	.23	4,521	***	***
Oct.-Dec...	.25	236,612	.35	702	***	***
1992:						
Jan.-Mar...	.48	304,525	.48	9,722	***	***
Apr.-June..	.28	290,898	.46	12,146	***	***
July-Sept..	.22	187,495	.51	11,546	***	***
Oct-Dec....	.23	192,146	.52	9,980	***	***
1993:						
Jan.-Mar...	.46	283,480	.41	6,848	***	***
Apr.-June..	.26	310,845	.41	6,422	***	***
July-Sept..	.22	241,381	.46	7,130	***	***
Oct.-Dec...	.22	169,310	.51	8,480	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 25
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean product 3 sold to mass merchandisers, by quarters, Jan. 1991-Dec. 1993

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.64	92,619	$0.77	16,492	$***	***
Apr.-June..	.34	238,701	.31	75,133	***	***
July-Sept..	.25	239,223	.37	340,827	***	***
Oct.-Dec...	.30	160,458	.46	210,345	***	***
1992:						
Jan.-Mar...	.67	312,603	.94	2,560,645	***	***
Apr.-June..	.34	264,379	.42	1,209,330	***	***
July-Sept..	.27	184,637	.36	964,416	***	***
Oct-Dec....	.34	156,924	.50	911,538	***	***
1993:						
Jan.-Mar...	.63	405,452	.88	2,537,432	***	***
Apr.-June..	.35	171,568	.35	1,150,972	***	***
July-Sept..	.26	144,481	.30	1,107,252	***	***
Oct.-Dec...	.32	130,954	.41	1,039,234	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 3
Fresh cut roses: Average net f.o.b. prices for standing order sales of product 1 to wholesalers, by country, by quarters, Jan. 1991-Dec. 1993

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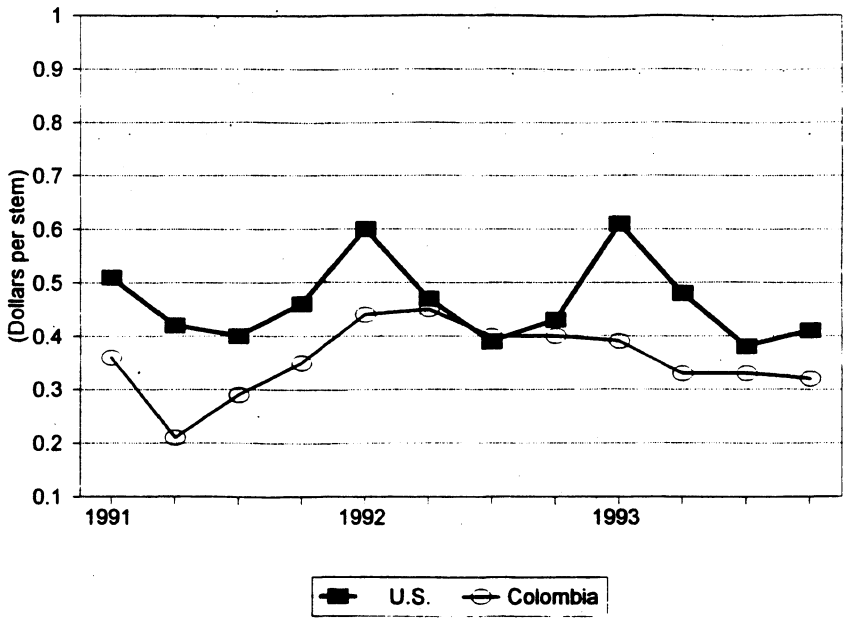
Figure 4
Fresh cut roses: Average net f.o.b. prices for standing order sales of product 2 to wholesalers, by country, by quarters, Jan. 1991-Dec. 1993



Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 5
Fresh cut roses: Average net f.o.b. prices for standing order sales of product 3 to wholesalers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 6
Fresh cut roses: Average net f.o.b. prices for spot sales of product 1 to wholesalers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 7
Fresh cut roses: Average net f.o.b. prices for spot sales of product 2 to wholesalers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 8
Fresh cut roses: Average net f.o.b. prices for spot sales of product 3 to wholesalers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 9
Fresh cut roses: Average net f.o.b. prices for standing order sales of product 1 to mass merchandisers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 10
Fresh cut roses: Average net f.o.b. prices for standing order sales of product 2 to mass merchandisers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 11
Fresh cut roses: Average net f.o.b. prices for standing order sales of product 3 to mass merchandisers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 12
Fresh cut roses: Average net f.o.b. prices for spot sales of product 1 to mass merchandisers, by country, by quarters, Jan. 1991-Dec. 1993

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Figure 13
Fresh cut roses: Average net f.o.b. prices for spot sales of product 2 to mass merchandisers, by country, by quarters, Jan. 1991-Dec. 1993

* * * * * * *

Figure 14
Fresh cut roses: Average net f.o.b. prices for spot sales of product 3 to mass merchandisers, by country, by quarters, Jan. 1991-Dec. 1993

* * * * * * *

1-3 to wholesalers were relatively consistent year-to-year during January 1991-December 1993. Prices for product 1 fluctuated widely, between $0.68 and $0.28 per stem in 1991, $0.68 and $0.26 per stem in 1992, and $0.68 and $0.31 per stem in 1993. Prices for product 2 fluctuated less over the period, ranging from $0.55 to $0.27 per stem in 1991, $0.55 to $0.26 per stem in 1992, and $0.52 to $0.27 per stem in 1993. Prices for product 3 showed a slight downward trend, ranging between $0.68 and $0.30 per stem in 1991, $0.65 and $0.30 per stem in 1992, and $0.64 and $0.30 per stem in 1993.

Price trends for spot sales of imported Colombian roses to wholesalers

Prices for spot sales of imported Colombian products 1 and 3 to wholesalers followed patterns that were similar to those for U.S.-grown products 1 and 3 during 1991-92, diverging downward in 1993 (tables 17-19). Prices for product 2, by far the least popular of the three products, did not show a clear trend. Prices for product 1 moved downward, ranging between $0.51 and $0.17 per stem during 1991, $0.45 and $0.16 per stem in 1992, and $0.42 and $0.13 per stem in 1993. Prices for product 3 declined over the period, ranging from $0.65 to $0.32 per stem in 1991, $0.63 to $0.32 per stem in 1992, and $0.65 to $0.23 per stem in 1993.

Price trends for spot sales of imported Ecuadorean roses to wholesalers

Prices for spot sales of imported Ecuadorean products 1 and 3 to wholesalers *** prices for both U.S.-grown and imported Colombian products 1 and 3 (tables 17-19).[92] Price patterns for product 1 were *** year-to-year, ranging between $*** and $*** per stem during 1991, $*** and $*** per stem in 1992, and $*** and $*** per stem in 1993. Prices for product 3 moved ***, ranging from $*** to $*** per stem in 1991, $*** to $*** per stem in 1992, and $*** to $*** per stem in 1993.

Price trends for standing order sales of U.S.-grown roses to mass merchandisers

U.S. growers did not report any price data for standing order sales of rose products 1-3 to mass merchandisers.

Price trends for standing order sales of imported Colombian roses to mass merchandisers

Prices for standing order sales of imported Colombian products 1-3 to mass merchandisers did not show clear trends during January 1991-December 1993 (tables 20-22). Prices for product 1 showed some upward movement, ranging between $0.63 and $0.34 per stem during 1991, $0.64 and $0.40 per stem in 1992, and $0.65 and $0.38 per stem in 1993. Prices for product 2 did not show a clear trend, falling to their lowest point in the second quarter of 1991, rising to their highest point in the first and second quarters of 1992, then falling irregularly during the rest of 1992 and 1993. However, prices were 13.9 percent higher than first quarter 1991 prices. Prices for product 3 fell precipitously in the second quarter of 1991, then fluctuated within a narrowing band during the rest of the period.

Price trends for standing order sales of imported Ecuadorean roses to mass merchandisers

Importers did *** for standing order sales of imported Ecuadorean products 1-3 to mass merchandisers to show price trends during January 1991-December 1993.

Price trends for spot sales of U.S.-grown roses to mass merchandisers

In general, spot prices to mass merchandisers tended to show greater variability than standing order prices to mass merchandisers (tables 23-25). Prices for spot sales of U.S.-grown rose products 1-3 to mass merchandisers showed mixed trends during January 1991-December 1993. Prices for product 1 moved upward, ranging between $0.58 and $0.29 per stem in 1991, $0.73 and $0.38 per stem in 1992, and $0.69 and $0.43 per stem in 1993. Prices for product 2 declined, ranging from $0.50 to $0.25 per stem in 1991, $0.46 to $0.22 per stem in 1992, and $0.46 to $0.22 per stem in 1993. Prices for product 3 were relatively stable year-to-year, ranging between $0.64 and $0.25 per stem in 1991, $0.67 and $0.27 per stem in 1992, and $0.63 and $0.26 per stem in 1993.

[92] The Commission received insufficient price data concerning sales of imported Ecuadorean product 2 to show price trends.

Price trends for spot sales of imported Colombian roses to mass merchandisers

During January 1991-December 1993, prices for spot sales of imported Colombian products 1-3 to mass merchandisers did not show clear overall trends (tables 23-25). Prices for product 1 generally moved upward until the last two quarters of 1993, ranging between $0.52 and $0.17 per stem during 1991, $0.64 and $0.23 per stem in 1992, and $0.64 and $0.26 per stem in 1993. Prices for product 2 increased to higher levels in 1992, then fell to slightly lower levels in 1993, ranging from $0.35 to $0.17 per stem in 1991, $0.52 to $0.46 per stem in 1992, and $0.51 to $0.41 per stem in 1993. Prices for product 3 fluctuated widely during the period, but showed relatively stable patterns year-to-year, ranging between $0.77 and $0.31 per stem in 1991, $0.94 and $0.36 per stem in 1992, and $0.88 to $0.30 per stem in 1993.

Price trends for spot sales of imported Ecuadorean roses to mass merchandisers

Prices for spot sales of imported Ecuadorean products 1 and 3 to mass merchandisers *** prices for imported Colombian products 1 and 3 in most quarters during January 1991-December 1993 (tables 23-25).[93] Prices for product 1 ranged between $*** and $*** per stem during 1991, $*** and $*** per stem in 1992, and $*** and $*** per stem in 1993. Prices for product 3 fluctuated ***, ranging from $*** to $*** per stem in 1991,[94] $*** to $*** per stem in 1992, and $*** to $*** per stem in 1993.

Price comparisons for standing order sales of imported Colombian roses to wholesalers

The reported price data for standing order sales of imported Colombian roses to wholesalers during January 1991-December 1993 allowed 36 f.o.b. price comparisons. Imported Colombian roses were priced below U.S.-grown roses in 28 instances by an average of 23.0 percent and were priced above in the remaining eight instances by an average of 5.9 percent (table 26). Prices for imported Colombian product 1 were below prices for U.S. product 1 in all 12 quarters. Margins of underselling during the first quarters of 1991-93 averaged 9.6 percent, whereas margins of underselling were substantially higher during the remaining three quarters of 1991-93, averaging 35.3 percent. The imported Colombian product 2 was priced below the U.S. product 2 in 11 quarters by an average of 24.4 percent and was priced above in the remaining quarter by 0.6 percent. Imported Colombian product 3 was priced below U.S. product 3 in five quarters by an average of 5.7 percent and was priced above in seven quarters by an average of 6.6 percent.

Price comparisons for spot sales of imported Colombian roses to wholesalers

The reported price data for spot sales of imported Colombian roses to wholesalers during January 1991-December 1993 resulted in 36 f.o.b. price comparisons. Imported Colombian roses were priced below U.S.-grown roses in 26 instances by an average of 32.3 percent and were priced above in the remaining 10 instances by an average of 17.5 percent (table 26). Prices for imported Colombian product 1 were below prices for U.S. product 1 in all 12 quarters by an average of 41.2 percent. Prices for imported Colombian product 2 were below prices for U.S. product 2 in eight quarters by an average of 31.8 percent and were above in the remaining four quarters by an average of 27.6 percent. Imported Colombian product 3 was priced below U.S. product 3 in six quarters by an average of 15.1 percent and was priced above in six quarters by an average of 10.8 percent.

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[93] The Commission received ***.
[94] Importers did ***.

Table 26
Fresh cut roses: Colombian margins of underselling/(overselling) for standing order and spot sales to wholesalers, by products and by quarters, Jan. 1991-Dec. 1993[1]

(In percent)

Period	Standing order sales			Spot sales		
	Product 1	Product 2	Product 3	Product 1	Product 2	Product 3
1991:						
Jan.-Mar...	6.4	29.0	9.6	25.3	37.6	5.0
Apr.-June..	40.5	50.4	(4.0)	42.8	30.9	11.6
July-Sept..	40.5	27.6	(9.8)	39.4	24.6	(16.3)
Oct.-Dec...	33.1	24.3	(1.1)	29.5	15.7	(29.5)
1992:						
Jan.-Mar...	17.5	26.7	11.2	33.9	37.9	2.0
Apr.-June..	32.7	3.3	(6.2)	46.8	(4.4)	(8.8)
July-Sept..	33.3	(0.6)	(12.1)	32.4	(46.9)	(7.7)
Oct-Dec....	37.7	6.5	(4.6)	38.2	(51.7)	(0.9)
1993:						
Jan.-Mar...	4.9	36.7	2.2	38.1	45.9	(1.4)
Apr.-June..	30.2	29.8	4.1	53.1	33.1	29.8
July-Sept..	32.6	11.7	(8.7)	58.6	29.8	23.2
Oct.-Dec...	37.4	22.6	1.3	58.2	(7.5)	19.1

[1] The margins of underselling are based on unrounded average prices, whereas the price trend data are rounded to two decimal points. Therefore, the margins of underselling reported above do not equal margins of underselling calculated from the rounded price trend data.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Price comparisons for standing order sales of imported Ecuadorean roses to wholesalers

Available price data for standing order sales of imported Ecuadorean roses to wholesalers during January 1991-December 1993 yielded *** f.o.b. price comparisons. Imported Ecuadorean roses were priced *** U.S.-grown roses in *** instances by an average of *** percent and were priced *** in the remaining *** instances by an average of *** percent (table 27). Prices for imported Ecuadorean product 1 were *** prices for U.S. product 1 in *** quarters by an average of *** percent, and were *** in four quarters by an average of *** percent. Importers of Ecuadorean roses did not report any price data for ***. Imported Ecuadorean product 3 was priced *** U.S. product 3 in *** by *** percent and was priced *** in *** quarters by an average of *** percent.

Table 27
Fresh cut roses: Ecuadorean margins of underselling/(overselling) for standing order and spot sales to wholesalers, by products and by quarters, Jan. 1991-Dec. 1993

* * * * * * *

Price comparisons for spot sales of imported Ecuadorean roses to wholesalers

The reported price data for spot sales of imported Ecuadorean roses to wholesalers during January 1991-December 1993 allowed *** f.o.b. price comparisons. Imported Ecuadorean roses were priced *** U.S.-grown roses in *** instances by an average of *** percent and were priced *** in the remaining *** instances by an average of *** percent (table 27). Prices for imported Ecuadorean product 1 were *** prices for U.S. product 1 in all *** quarters by an average of *** percent. Prices for imported Ecuadorean product 2 were *** prices for U.S. product 2 in the *** available quarters by an average of *** percent. Imported Ecuadorean product 3 was priced *** U.S. product 3 in *** quarters by an average of *** percent and was priced *** in *** quarters by an average of *** percent.

Price comparisons for spot sales of imported Colombian roses to mass merchandisers

Available price data for spot sales of imported Colombian roses to mass merchandisers during January 1991-December 1993 resulted in 36 f.o.b. price comparisons. Imported Colombian roses were priced below U.S.-grown roses in 18 instances by an average of 28.7 percent and were priced above in the remaining 18 instances by an average of 55.6 percent (table 28). Prices for imported Colombian product 1 were below prices for U.S. product 1 in all 12 quarters by an average of 33.4 percent. Prices for imported Colombian product 2 were below prices for U.S. product 2 in four quarters by an average of 25.8 percent and were above in the remaining eight quarters by an average of 81.7 percent. Imported Colombian product 3 was priced below U.S. product 2 in two quarters by an average of 5.9 percent and was priced above in 10 quarters by an average of 34.8 percent.

Price comparisons for spot sales of imported Ecuadorean roses to mass merchandisers

The reported price data for spot sales of imported Ecuadorean roses to mass merchandisers during January 1991-December 1993 allowed *** f.o.b. price comparisons. Imported Ecuadorean roses were priced *** U.S.-grown roses in *** instances by an average of *** percent and were priced *** in the remaining *** instances by an average of *** percent (table 28). Prices for imported Ecuadorean product 1 were *** prices for U.S. product 1 in *** quarters by an average of *** percent. Prices for imported Ecuadorean product 2 were *** prices for U.S. product 2 in the *** available quarters by an average of *** percent. Imported Ecuadorean product 3 was priced *** U.S. product 3 in *** quarters by an average of *** percent and was priced *** in *** quarters by an average of *** percent.

Exchange Rates

The nominal value of the Colombian peso depreciated by 35.3 percent during January 1991-December 1993 (figure 15). When adjusted for movements in producer price indexes in the United States and Colombia, the Colombian currency was relatively stable, falling by 0.6 percent over the period. The nominal value of the Ecuadorean sucre fell by 49.3 percent during January 1991-March 1993 (figure 16). Producer price index information for Ecuador is unavailable, thus real exchange rates for Ecuador cannot be calculated.

Table 28
Fresh cut roses: Colombian and Ecuadorean margins of underselling/(overselling) for spot sales to mass merchandisers, by products and by quarters, Jan. 1991-Dec. 1993

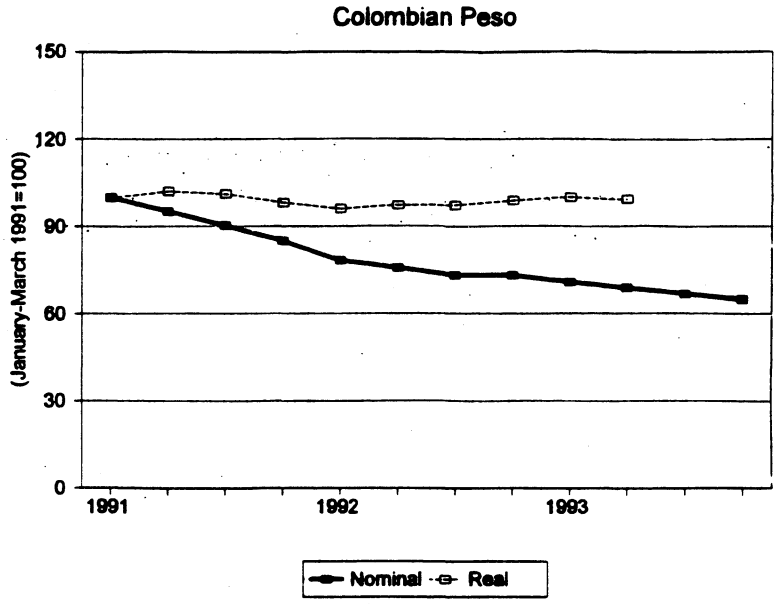
(In percent)

Period	Colombia			Ecuador		
	Product 1	Product 2	Product 3	Product 1	Product 2	Product 3
1991:						
Jan.-Mar...	10.4	42.1	(19.8)	***	***	***
Apr.-June..	57.1	43.9	9.8	***	***	***
July-Sept..	33.4	6.3	(48.6)	***	***	***
Oct.-Dec...	38.6	(39.5)	(52.3)	***	***	***
1992:						
Jan.-Mar...	13.0	(0.6)	(40.5)	***	***	***
Apr.-June..	44.3	(64.1)	(25.3)	***	***	***
July-Sept..	30.2	(126.1)	(35.0)	***	***	***
Oct-Dec....	29.9	(127.9)	(46.8)	***	***	***
1993:						
Jan.-Mar...	7.6	10.7	(40.2)	***	***	***
Apr.-June..	50.3	(60.5)	2.0	***	***	***
July-Sept..	35.0	(105.8)	(13.9)	***	***	***
Oct.-Dec...	50.8	(128.9)	(25.8)	***	***	***

[1] The margins of underselling are based on unrounded average prices, whereas the price trend data are rounded to two decimal points. Therefore, the margins of underselling reported above do not equal margins of underselling calculated from the rounded price trend data.

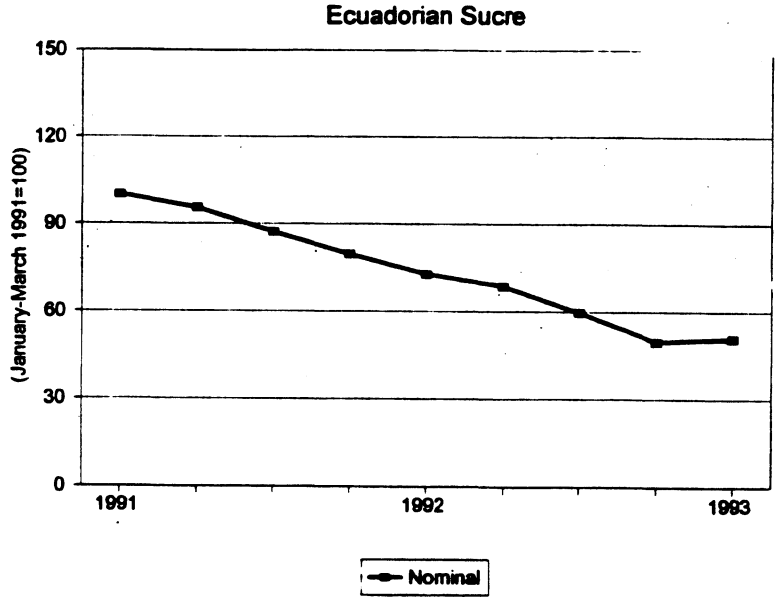
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 15
Fresh cut roses: Indexes of the nominal and real exchange rates between the U.S. dollar and Colombian peso, by quarters, Jan. 1991-Dec. 1993



Source: International Monetary Fund, *International Financial Statistics*, Feb. 1994.

Figure 16
Fresh cut roses: Indexes of the nominal exchange rates between the U.S. dollar and Ecuadorean sucre, by quarters, Jan. 1991-Dec. 1993



Source: International Monetary Fund, *International Financial Statistics*, Feb. 1994.

Lost Sales and Lost Revenues

Eleven U.S. rose growers reported lost sales and lost revenues allegations as shown in the tabulation below:

	Customers	Sales	Quantity (*Stems*)	Value (*Dollars*)
Lost Revenues.....	***	***	***	$***
Lost Sales.....	***	***	***	***

The Commission interviewed *** purchasers named in *** of the lost revenue allegations worth $*** and *** of the lost sales allegations concerning *** roses worth $***. The information obtained from these purchasers is discussed below.

*** was named by *** lost revenue allegation worth $***, lost revenue allegation worth $***, and a *** lost sale allegation concerning *** stems worth $***.

*** could neither confirm nor deny the specific allegations, but maintained that domestic rose growers have been losing sales to Colombian imports. *** reported that *** purchased *** roses in 1993, *** for Valentine's Day alone. *** buys approximately *** percent of their roses from domestic rose growers. *** feel price pressure at times because they must compete with local *** that sell directly to retail florists. *** purchases domestic roses daily, but buys weekly *** shipments of imported Colombian roses. The imported Colombian roses are much more competitively priced than domestic roses (*** per stem cheaper). At certain times of the year, there are significant quality differences between domestic and imported Colombian roses. During the fall and winter, Colombian roses have much larger heads because of the greater sunshine they are exposed to.

*** was named by *** in a *** lost revenue allegation worth $*** and a *** lost revenue allegation worth $***.

*** could neither confirm nor deny the specific allegations, but reported that they typically negotiate prices daily (can receive as many as *** price quotes a day). Price negotiations are particularly heavy before flower holidays such as Valentine's Day.

*** purchases *** stems a week, on average. *** of their purchases are Colombian, *** are Ecuadorean, and *** are domestic. *** complained that the U.S. growers do not grow the popular varieties (such as the Madame Del Bard) grown by the Colombian. *** stated that their customers are very discriminating, and that there are distinct differences between different rose types. *** maintains that the Colombian Madame Del Bard has a lower petal count, a larger and softer head, and opens more regularly than the domestic Royalty rose. *** stated that, although price is always a factor, sometimes the deciding factor is availability of a specific product.

*** was named by *** in a *** lost sales allegation concerning *** stems worth $***. *** could neither confirm nor deny the specific allegations. *** reported that the South American growers have taken over the U.S. market because they grow roses that the U.S. growers cannot compete with. *** stated that the Colombian and domestic roses are significantly different flowers. The Colombian roses have bigger heads and stems, whereas the domestic roses have better and brighter colors. *** also reported that the Colombian roses are much cheaper (often one third the price of domestic roses), and that *** buys *** percent of their roses from South America because of their lower prices and *** demand for large quantity shipments. *** claims that U.S. growers are starting to switch their production to flowers that are more difficult to ship, such as lilies.

*** was named by *** in a *** lost sales allegation concerning *** stems worth $***, a *** lost sales allegation concerning *** stems worth $***, and a *** lost sales allegation concerning *** stems worth $***. *** could neither confirm nor deny the specific allegations, but claimed that "All the U.S. rose growers have lost sales to South American imports".

*** reported that they purchased approximately *** roses a year, roughly *** domestic and *** imported from South America. *** purchases roses daily, and prices fluctuate daily. *** stated that the prices for the imported South American roses are so cheap that he doesn't think that the South American growers can be recovering their costs. *** reported that the imported South American roses consistently have larger head sizes, and that some customers prefer the South American roses. However, *** maintains that price is the major factor, and a lot of the customer's satisfaction with the South American rose is because of the lower prices.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–684–685 (Preliminary)]

Fresh Cut Roses From Colombia and Ecuador

AGENCY: International Trade Commission.

ACTION: Institution and scheduling of preliminary antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731–TA–684–685 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Colombia and Ecuador of fresh cut roses, provided for in subheading 0603.10.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by March 31, 1994.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: February 14, 1994.

FOR FURTHER INFORMATION CONTACT: Valerie Newkirk (202–205–3190), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on February 14, 1994, by the Floral Trade Council, Haslett, MI.

Participation in the Investigations and Public Service List

Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the **Federal Register**. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than seven (7) days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on March 8, 1994, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Valerie Newkirk (202–205–3190) not later than March 2, 1994, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before March 11, 1994, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority

These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

Issued: February 17, 1994.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 94–4112 Filed 2–23–94; 8:45 am]

BILLING CODE 7020–02–P

[A-301-801 and A-331-801]

Initiation of Antidumping Duty Investigations: Fresh Cut Roses From Colombia and Ecuador

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: March 14, 1994.

FOR FURTHER INFORMATION CONTACT: Kimberly Hardin, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 482–0371.

Initiation of Investigations

The Petitions

On February 14, 1994, we received petitions filed in proper form by the Floral Trade Council. In accordance with 19 CFR 353.12, the petitioner alleges that imports of fresh cut roses from Colombia and Ecuador are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

The petitioner has stated that it has standing to file the petitions because it is an interested party, as defined under section 771(9)(C) of the Act, and because the petitions were filed on behalf of the U.S. industry producing the product subject to these investigations. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, these petitions, it should file a written notification with the Assistant Secretary for Import Administration.

Scope of Investigations

The products covered by these investigations are fresh cut roses, including sweethearts or miniatures, intermediates, and hybrid teas, whether imported as individual blooms (stems) or in bouquets or bunches. Roses are classifiable under subheadings 0603.10.6010 and 0603.10.6090 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes. Our written description of the scope of these investigations is dispositive.

United States Price and Foreign Market Value

Colombia

Petitioner based United States price (USP) on offers for sale by Colombian importers and distributors of the subject merchandise to U.S. customers. Petitioner deducted from USP amounts for air freight, insurance, customs duties and handling charges. Petitioner also deducted an amount for commissions paid to the grower on sales of subject merchandise.

Petitioner calculated foreign market value (FMV) using two methodologies. First, petitioner based FMV on import statistics for fresh cut roses in various third countries. Second, petitioner based FMV on constructed value (CV).

For FMV based on import statistics, petitioner used third country import statistics obtained from Statistics Canada and Eurostat. Petitioner deducted amounts for air freight and insurance and, where appropriate, duty charges. Since the import statistics were in foreign currencies, petitioner made currency conversions using monthly exchange rates published in the Federal Reserve Bulletin.

Petitioner alleged home market sales below the cost of production (COP) with respect to the subject merchandise for all Colombian producers and exporters named in the petition. However, petitioner did not provide any company-specific sales data in its COP allegation. Because it is the Department's practice to require COP allegations to be company-specific, we have not initiated a COP investigation.

Regarding FMV based on CV, because the Department is not initiating a COP investigation, and because the information submitted concerning price-to-price comparisons was deemed to be adequate, we did not review the CV data contained in the petition, nor have we accepted it for purposes of initiation.

Comparison of FMV based on import statistics and net USP for sales of fresh cut roses from Colombia results in a range of alleged dumping margins from .4 percent to 256.7 percent.

Ecuador

Petitioner based USP on offers for sale by Ecuadorean importers and distributors of the subject merchandise to U.S. customers. Petitioner deducted from USP amounts for air freight, insurance, customs duties and handling charges. Petitioner also deducted an amount for commissions paid to the grower on sales of subject merchandise. Petitioner calculated FMV using the two methodologies discussed above for Colombia.

Petitioner alleged home market sales below COP with respect to the subject merchandise for all Ecuadorean producers and exporters named in the petition. However, because petitioner did not provide any company-specific sales data in its COP allegation, we have not initiated a COP investigation.

Regarding FMV based on CV, because the Department is not initiating a COP investigation, and because the information submitted concerning price-to-price comparisons was deemed to be adequate, we did not review the CV data contained in the petition, nor have we accepted it for purposes of initiation.

Comparison of FMV based on import statistics and net USP for sales of fresh cut roses from Ecuador results in a range of alleged dumping margins from .2 percent to 316.7 percent.

Initiation of Investigations

Under 19 CFR 353.13(a), the Department must determine, within 20 days after a petition is filed, whether the petition properly alleges the basis on which an antidumping duty may be imposed under section 731 of the Act, and whether the petition contains information reasonably available to the petitioners supporting the allegations. We have examined the petitions on fresh cut roses from Colombia and Ecuador and have found that the petitions meet the requirements of 19 CFR 353.13(a). Therefore, we are initiating antidumping duty investigations to determine whether imports of fresh cut roses from Colombia and Ecuador are being, or are likely to be, sold in the United States at less than fair value. If these investigations proceed normally, we will make our preliminary determinations by July 25, 1994.

International Trade Commission (ITC) Notification

Section 732(d) of the Act requires us to notify the ITC of these actions and we have done so.

Preliminary Determination by the ITC

The ITC will determine by March 31, 1994, whether there is a reasonable indication that imports of fresh cut roses from Colombia and Ecuador are materially injuring, or threaten material injury to, a U.S. industry. A negative ITC determination in any of these investigations will result in its termination; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: March 7, 1994.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 94–5879 Filed 3–11–94; 8:45 am]

BILLING CODE 3510–DS–P

APPENDIX B

CALENDAR OF THE PUBLIC CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission conference:

Subject: FRESH CUT ROSES FROM COLOMBIA AND ECUADOR

Investigations Nos. 731-TA-684-685 (Preliminary)

Date and Time: March 8, 1994 - 9:30 a.m.

Sessions were held in connection with the investigations in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, SW, Washington, DC.

In support of the Imposition of Antidumping Duties:

Stewart and Stewart--Counsel
Washington, DC
On behalf of

The Floral Trade Council

Timothy J. Haley, President, Floral Trade Council, and President, Pike's Peak Greenhouses, Inc.

Curtis Louie, General Manager, and Janet Louie, Sales Manager, Green Valley Floral, Inc.

Tom Saldi, Partner/General Manager, Bucks County Roses

C. Richard Wright, President and General Manager, Wright Brothers Roses, and Utah Roses, Inc.

Eugene L. Stewart)
James R. Cannon, Jr.)--OF COUNSEL
Amy Dwyer)

In opposition to the Imposition of Antidumping Duties:

Arnold & Porter
Washington, DC
On behalf of

Asociacion Colombiana de Exportadores de Flores (Asocolflores)

Win Winogrond, Southern Rainbow Corporation

Brad Brown, Edmunds Wholesale Flowers, Inc.

David Mears, Bob Mears Wholesale Florist, Inc.

Michael T. Shor)--OF COUNSEL

Patton, Boggs & Blow
Washington, DC
On behalf of

Asociacion de Productores y Exportadores de Flores (Expoflores)

Mauricio Davalos, Executive President, Agroflora Co., Ltd. and President, Expoflores

Michael D. Esch)--OF COUNSEL

APPENDIX C

SUMMARY TABLES AND TABLES WITH SELECTED USDA DATA

Table C-1
Fresh cut sweetheart roses: Summary data concerning the U.S. market, 1991-93

(Quantity=*1,000 blooms*; value=*1,000 dollars*; unit values, unit labor costs, and unit COGS are *per bloom*; period changes=*percent*, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
U.S. consumption quantity:						
Amount	59,931	48,585	45,970	-23.3	-18.9	-5.4
Producers' share 1/	83.7	96.5	92.2	+8.5	+12.8	-4.3
Importers' share: 1/						
Colombia	15.2	2.3	6.0	-9.2	-12.9	+3.7
Ecuador	.2	.1	.3	+0.1	-0.1	+0.2
Subtotal	15.4	2.4	6.3	-9.1	-13.0	+3.9
Other sources	.9	1.1	1.5	+0.6	+0.2	+0.4
Total	16.3	3.5	7.8	-8.5	-12.8	+4.3
U.S. consumption value:						
Amount	14,541	11,229	10,422	-28.3	-22.8	-7.2
Producers' share 1/	81.7	94.4	91.6	+9.9	+12.7	-2.8
Importers' share: 1/						
Colombia	14.5	1.4	4.8	-9.7	-13.1	+3.4
Ecuador	.2	.1	.2	+0.1	-0.1	+0.1
Subtotal	14.7	1.5	5.1	-9.6	-13.2	+3.5
Other sources	3.5	4.1	3.3	-0.3	+0.5	-0.8
Total	18.3	5.6	8.4	-9.9	-12.7	+2.8
U.S. importers' imports from--						
Colombia:						
Imports quantity	9,109	1,114	2,772	-69.6	-87.8	+148.8
Imports value	2,115	158	504	-76.2	-92.5	+219.0
Unit value	$0.23	$0.14	$0.18	-21.6	-39.0	+28.4
Ecuador:						
Imports quantity	130	63	133	+2.3	-51.5	+111.1
Imports value	27	15	25	-7.4	-44.4	+66.7
Unit value	$0.21	$0.24	$0.19	-8.2	+18.1	-22.2
Subject sources:						
Imports quantity	9,239	1,177	2,906	-68.5	-87.3	+146.9
Imports value	2,141	173	530	-75.2	-91.9	+206.4
Unit value	$0.23	$0.15	$0.18	-21.4	-36.5	+23.9
Other sources:						
Imports quantity	544	540	701	+28.9	-0.7	+29.8
Imports value	514	456	341	-33.7	-11.3	-25.2
Unit value	$0.94	$0.84	$0.49	-48.5	-10.7	-42.3
All sources:						
Imports quantity	9,784	1,717	3,607	-63.1	-82.5	+110.1
Imports value	2,656	629	871	-67.2	-76.3	+38.5
Unit value	$0.27	$0.37	$0.24	-11.0	+34.9	-34.1
U.S. producers'--						
Production quantity	56,268	52,182	47,083	-16.3	-7.3	-9.8

Table continued on next page.

Table C-1--Continued
Fresh cut sweetheart roses: Summary data concerning the U.S. market, 1991-93

(Quantity=*1,000 blooms*; value=*1,000 dollars*; unit values, unit labor costs, and unit COGS are *per bloom*; period changes=*percent*, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
U.S. producers'--						
U.S. shipments:						
Quantity	50,147	46,868	42,363	-15.5	-6.5	-9.6
Value	11,885	10,600	9,551	-19.6	-10.8	-9.9
Unit value	$0.24	$0.23	$0.23	-4.9	-4.6	-0.3
Export shipments:						
Quantity	***	***	***	***	***	***
Exports/shipments 1/	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***

1/ "Reported data" are in percent and "period changes" are in percentage points.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, using data of firms supplying both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Table C-2
Fresh cut hybrid tea and intermediate roses: Summary data concerning the U.S. market, 1991-93

(Quantity=*1,000 blooms*; value=*1,000 dollars*; unit values, unit labor costs, and unit COGS are *per bloom*; period changes=*percent*, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
U.S. consumption quantity:						
Amount	702,133	764,200	841,364	+19.8	+8.9	+10.1
Producers' share 1/	36.2	32.1	27.5	-8.7	-4.1	-4.6
Importers' share: 1/						
Colombia	47.2	49.3	53.7	+6.5	+2.1	+4.4
Ecuador	5.7	7.9	9.5	+3.9	+2.3	+1.6
Subtotal	52.9	57.2	63.2	+10.3	+4.3	+6.0
Other sources	10.9	10.7	9.3	-1.6	-0.2	-1.5
Total	63.8	67.9	72.5	+8.7	+4.1	+4.6
U.S. consumption value:						
Amount	200,239	197,315	207,564	+3.7	-1.5	+5.2
Producers' share 1/	44.2	43.1	38.5	-5.6	-1.1	-4.6
Importers' share: 1/						
Colombia	41.2	41.6	44.9	+3.7	+0.4	+3.4
Ecuador	4.0	6.2	7.4	+3.4	+2.2	+1.2
Subtotal	45.2	47.7	52.4	+7.2	+2.5	+4.6
Other sources	10.6	9.2	9.1	-1.5	-1.5	2/
Total	55.8	56.9	61.5	+5.6	+1.1	+4.6
U.S. importers' imports from--						
Colombia:						
Imports quantity	331,365	376,434	451,564	+36.3	+13.6	+20.0
Imports value	82,495	82,008	93,292	+13.1	-0.6	+13.8
Unit value	$0.25	$0.22	$0.21	-17.0	-12.5	-5.2
Ecuador:						
Imports quantity	39,814	60,572	80,302	+101.7	+52.1	+32.6
Imports value	8,012	12,200	15,369	+91.8	+52.3	+26.0
Unit value	$0.20	$0.20	$0.19	-4.9	+0.1	-5.0
Subject sources:						
Imports quantity	371,179	437,007	531,866	+43.3	+17.7	+21.7
Imports value	90,506	94,208	108,660	+20.1	+4.1	+15.3
Unit value	$0.24	$0.22	$0.20	-16.2	-11.6	-5.2
Other sources:						
Imports quantity	76,618	82,129	78,167	+2.0	+7.2	-4.8
Imports value	21,304	18,063	18,942	-11.1	-15.2	+4.9
Unit value	$0.28	$0.22	$0.24	-12.9	-20.9	+10.2
All sources:						
Imports quantity	447,797	519,135	610,033	+36.2	+15.9	+17.5
Imports value	111,811	112,271	127,602	+14.1	+0.4	+13.7
Unit value	$0.25	$0.22	$0.21	-16.2	-13.4	-3.3

Table continued on next page.

Table C-2--Continued
Fresh cut hybrid tea and intermediate roses: Summary data concerning the U.S. market, 1991-93

(Quantity=*1,000 blooms*; value=*1,000 dollars*; unit values, unit labor costs, and unit COGS are *per bloom*; period changes=*percent*, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
U.S. producers'--						
Production quantity	276,382	267,132	253,363	-8.3	-3.3	-5.2
U.S. shipments:						
Quantity	254,336	245,065	231,331	-9.0	-3.6	-5.6
Value	88,428	85,044	79,962	-9.6	-3.8	-6.0
Unit value	$0.35	$0.35	$0.34	-0.5	-0.2	-0.3
Export shipments:						
Quantity	***	***	***	***	***	***
Exports/shipments 1/	***	***	***	3/	3/	3/
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***

1/ "Reported data" are in percent and "period changes" are in percentage points.
2/ A decrease of less than 0.05 percentage points.
3/ An increase of less than 0.05 percentage points.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, using data of firms supplying both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Table C-3
Fresh cut roses: Summary data concerning the U.S. market, 1991-93

(Quantity=*1,000 blooms*; value=*1,000 dollars*; unit values, unit labor costs, and unit COGS are *per bloom*; period changes=*percent*, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
U.S. consumption quantity:						
Amount	762,064	812,785	887,335	+16.4	+6.7	+9.2
Producers' share 1/	40.0	35.9	30.8	-9.1	-4.0	-5.1
Importers' share: 1/						
Colombia	44.7	46.5	51.2	+6.5	+1.8	+4.8
Ecuador	5.2	7.5	9.1	+3.8	+2.2	+1.6
Subtotal	49.9	53.9	60.3	+10.3	+4.0	+6.4
Other sources	10.1	10.2	8.9	-1.2	2/	-1.3
Total	60.0	64.1	69.2	+9.1	+4.0	+5.1
U.S. consumption value:						
Amount	214,779	208,543	217,986	+1.5	-2.9	+4.5
Producers' share 1/	46.7	45.9	41.1	-5.6	-0.8	-4.8
Importers' share: 1/						
Colombia	39.4	39.4	43.0	+3.6	2/	+3.6
Ecuador	3.7	5.9	7.1	+3.3	+2.1	+1.2
Subtotal	43.1	45.3	50.1	+7.0	+2.1	+4.8
Other sources	10.2	8.9	8.8	-1.3	-1.3	3/
Total	53.3	54.1	58.9	+5.6	+0.8	+4.8
U.S. importers' imports from--						
Colombia:						
Imports quantity	340,474	377,548	454,337	+33.4	+10.9	+20.3
Imports value	84,609	82,166	93,796	+10.9	-2.9	+14.2
Unit value	$0.25	$0.22	$0.21	-16.9	-12.4	-5.1
Ecuador:						
Imports quantity	39,944	60,635	80,436	+101.4	+51.8	+32.7
Imports value	8,038	12,215	15,394	+91.5	+52.0	+26.0
Unit value	$0.20	$0.20	$0.19	-4.9	+0.1	-5.0
Subject sources:						
Imports quantity	380,419	438,184	534,772	+40.6	+15.2	+22.0
Imports value	92,648	94,381	109,190	+17.9	+1.9	+15.7
Unit value	$0.24	$0.22	$0.20	-16.2	-11.6	-5.2
Other sources:						
Imports quantity	77,162	82,669	78,868	+2.2	+7.1	-4.6
Imports value	21,819	18,518	19,283	-11.6	-15.1	+4.1
Unit value	$0.28	$0.22	$0.24	-13.5	-20.8	+9.1
All sources:						
Imports quantity	457,581	520,852	613,641	+34.1	+13.8	+17.8
Imports value	114,466	112,899	128,473	+12.2	-1.4	+13.8
Unit value	$0.25	$0.22	$0.21	-16.3	-13.4	-3.4
U.S. producers'--						
Greenhouses	1,012	1,041	1,048	+3.6	+2.9	+0.7
Production area (*1,000 square feet*)	23,644	23,591	23,284	-1.5	-0.2	-1.3

Table continued on next page.

Table C-3--Continued
Fresh cut roses: Summary data concerning the U.S. market, 1991-93

(Quantity=*1,000 blooms*; value=*1,000 dollars*; unit values, unit labor costs, and unit COGS are *per bloom*; period changes=*percent*, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
U.S. producers'--						
Rose plants (*1,000s*)	14,037	13,941	13,422	-4.4	-0.7	-3.7
Production quantity	332,650	319,314	300,446	-9.7	-4.0	-5.9
Yield (*blooms/sq.ft.*)	14.2	13.7	13.0	-8.7	-3.6	-5.2
Yield (*blooms/plant*)	23.9	23.1	22.5	-5.9	-3.2	-2.7
U.S. shipments:						
Quantity	304,483	291,933	273,694	-10.1	-4.1	-6.2
Value	100,313	95,644	89,513	-10.8	-4.7	-6.4
Unit value	$0.33	$0.33	$0.33	-0.6	-0.5	-0.1
Export shipments:						
Quantity	***	***	***	***	***	***
Exports/shipments 1/	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Production workers	1,980	1,902	1,804	-8.9	-3.9	-5.2
Hours worked (*1,000s*)	4,778	4,654	4,473	-6.4	-2.6	-3.9
Total comp. (*$1,000*)	34,851	34,814	33,692	-3.3	-0.1	-3.2
Hourly total compensation	$7.29	$7.48	$7.53	+3.3	+2.6	+0.7
Productivity (*blooms/hr*)	67.8	66.6	65.0	-4.1	-1.7	-2.4
Unit labor costs	$0.11	$0.11	$0.12	+7.5	+4.4	+2.9
Net sales--						
Quantity	291,454	281,089	262,758	-9.8	-3.6	-6.5
Value	91,979	88,511	84,080	-8.6	-3.8	-5.0
Operating expenses	92,172	89,954	88,260	-4.2	-2.4	-1.9
Net income(loss)	(193)	(1,443)	(4,180)	4/	-647.7	-189.7
Capital expenditures	3,557	2,542	2,632	-26.0	-28.5	+3.5
Unit operating costs	$0.31	$0.32	$0.33	+6.2	+1.1	+5.0
Oper. expenses/sales 1/	100.2	101.6	105.0	+4.8	+1.4	+3.3
Net income(loss)/sales 1/	(0.2)	(1.6)	(5.0)	-4.8	-1.4	-3.3

1/ "Reported data" are in percent and "period changes" are in percentage points.
2/ An increase of less than 0.05 percentage points.
3/ A decrease of less than 0.05 percentage points.
4/ A decrease of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, using data of firms supplying both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Table C-4
Fresh cut roses: U.S. production,[1] by types and by major producing states, 1990-92

Item	1990	1991	1992
	Quantity (*1,000 blooms*)		
Sweetheart roses:			
California	52,000	43,000	40,500
Colorado	6,675	6,200	5,580
Pennsylvania	5,955	5,311	2,471
Indiana	5,783	6,322	5,520
New York	4,381	6,423	4,040
Other	24,881	21,492	16,299
Subtotal	99,675	88,748	74,410
Hybrid tea roses:			
California	325,500	315,000	305,000
Colorado	31,830	32,320	33,885
Pennsylvania	15,043	15,665	11,384
Indiana	16,907	17,460	15,784
New York	18,157	17,647	15,091
Other	74,150	65,798	67,717
Subtotal	481,587	463,890	448,861
Total	581,262	552,638	523,271
	Value (*$1,000*)		
Sweetheart roses:			
California	9,152	7,740	6,885
Colorado	1,068	992	893
Pennsylvania	2,674	2,209	880
Indiana	2,001	1,669	1,855
New York	2,046	2,588	1,814
Other	9,508	8,001	6,353
Subtotal	26,449	23,199	18,680
Hybrid tea roses:			
California	89,838	84,105	81,130
Colorado	9,231	9,373	9,488
Pennsylvania	10,019	9,916	6,990
Indiana	9,265	8,119	8,397
New York	10,949	10,553	9,070
Other	38,155	35,485	36,659
Subtotal	167,457	157,551	151,734
Total	193,906	180,750	170,414

[1] Data for 1990-92 are for 28 major rose producing states. Blooms sold by commercial growers in the 36 major producing states in 1992 totaled 533.7 million blooms valued at $174.5 million.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table C-5
Selected fresh cut flowers: U.S. production returns per square foot, by major flower types, 1990-92[1]

Item	1990	1991	1992
Roses:			
Sweetheart	$4.86	$4.98	$4.63
Hybrid tea	4.48	4.15	4.08
Carnations:			
Miniature	1.98	2.23	2.39
Standard	2.13	2.26	1.78
Chrysanthemums:			
Pompon	1.46	1.34	1.27
Standard	1.31	1.34	1.43

[1] Data presented are for 28 major rose producing states.

Source: Compiled from *Floriculture Crops*, U.S. Department of Agriculture.

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF FRESH CUT ROSES FROM COLOMBIA AND ECUADOR ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND THE SCALE OF CAPITAL INVESTMENTS

The Commission requested U.S. producers to describe and explain the actual and negative effects, if any, of imports of fresh cut roses from Colombia and Ecuador on their growth, investment, ability to raise capital, and the scale of capital investments.

Of the 59 firms that supplied useable financial data, 47 reported they had experienced an actual negative effect, 6 reported they had not, and 6 did not respond. At the same time, 49 firms anticipated negative effects, 4 did not, and 6 did not respond. The number of producers that reported a negative impact for specific categories is shown below (some producers responded in more than one category):

	Number	Percent
Cancellation or rejection of expansion projects	23	39.0
Denial or rejection of investment proposal	8	13.6
Reduction in the size of capital investments	26	44.1
Rejection of bank loans	10	16.9
Lowering of credit rating	10	16.9
Selling of assets to pay debt obligations	6	10.2
Increase in debt obligations	19	32.2
Obtaining other or additional employment	3	5.1
Difficulty in repaying agricultural program loans	5	8.5
Other (most centered around low profits and the resulting problems--no investment, older plants, downsizing, reducing benefits)	10	16.9

Some of the specific comments are shown below:

* * * * * * *