

**STATEMENT OF MR. ERIK VAN WINGERDEN
MYRIAD FLOWERS, CARPINTERIA, CA**

**U.S. INTERNATIONAL TRADE COMMISSION
PUBLIC HEARING - INVESTIGATION NO. 332-TA-538
POSSIBLE MODIFICATIONS TO THE U.S. GENERALIZED SYSTEM OF
PREFERENCES, 2012 REVIEW: ADDITIONS AND COMPETITIVE NEED
LIMITATION WAIVERS
WASHINGTON, DC
FEBRUARY 27, 2013**

Chairman Williamson and members of the Commission, my name is Erik Van Wingerden, and I am the CFO and General Manager of Myriad Flowers in Carpinteria, CA.

Today, as you are well aware, imported roses dominate the domestic rose industry. Domestic rose growers have struggled to stay in a market dominated by cheap, subsidized imports, and in many cases, they have had to make the unfortunate decision to exit the industry. With expiration of ATPA benefits set for July 31, 2013, domestic rose growers see an opportunity to finally regain some of their lost market share and thrive.

As background, my family started growing different types of flowers about forty years ago, but we have been growing roses for the past twenty-five years. In 1995, we began to grow our roses hydroponically to better control quality, production and cost. Today, seventy-five percent of Myriad's business is roses, with other flowers accounting for twenty-five percent.

Growing up in the flower business, I have seen many dramatic changes over the past twenty-five years due to the rising tide of cheap rose imports. The first and most obvious change I can tell you about is that when we started growing roses, there were five rose growers in Carpinteria alone, but today we are the only rose grower left. Most other rose growers have either switched to flowers that only have limited import competition, or have just gone out of business altogether. This has given Myriad Flowers an opportunity to serve a niche market, allowing us to sustain our business.

A second indication of the U.S. market's reaction to import pressures is that the cost of roses has not increased at the same rate as our cost of production. While the average price of roses has only increased by seven to eight percent, our costs have grown astronomically higher than that, significantly reducing our profit margins. In order to survive, we have had to focus on cutting costs by maintaining very limited staff, and stretching the staff that we do have. We have also had to reconfigure our greenhouses in order to grow the maximum amount of flowers in the least amount of space. While this could lead to potential problems due to overcrowding, it is the only option we have to increase volume and maintain our small margin of profit.

A third change in our business is the change we have seen in our channels of distribution. For example, in 1999, we shipped seventy-five percent of our roses out of state. While we have been fortunate to retain many of these customers, our shipments to them have become much smaller, and much less frequent. With local growers going out of business and the inability to consolidate our freight, it is simply uneconomical to ship roses across the country when high freight costs are taken into account. So today, we sell the majority of our flowers in California.

Finally, I know that cheap imports have adversely affected the domestic rose industry because when the ATPA programs temporarily lapsed and South American growers were forced to pay duties on flowers, we saw a surge in our sales. For the first time in years, the price of our flowers was competitive with South American imports. Similarly, we believe that we could compete successfully if roses from Ecuador were subject to tariffs.

In closing, I want to stress that while Myriad Flowers has innovated and worked exceptionally hard to remain competitive, I still wonder whether there will be a rose business left for me to take over after my father retires. I urge the Commission to keep the experience of domestic rose growers in mind. Thank you and I look forward to responding to your questions.