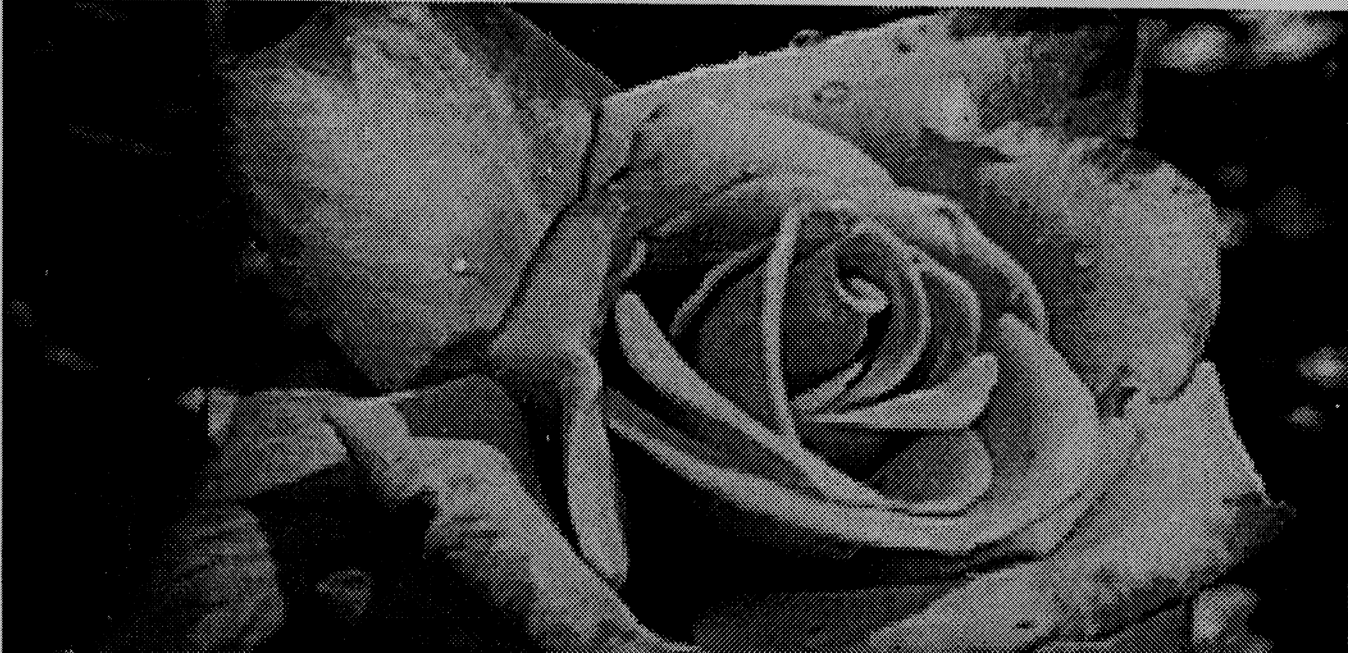
Fresh Cut Roses From Colombia and Ecuador

See Brass Crawford Watson opinion

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

Publication 2862 **March 1995**

U.S. International Trade Commission



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U.S. International Trade Commission

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Fresh Cut Roses From Colombia and Ecuador

Publication 2862

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

GLOSSARY OF ABBREVIATIONS

AFIF	Association of Floral Importers of Florida
APHIS	Animal and Plant Health Inspection Service
Asocolflores	Asociacion Colombiana de Exportadores de Flores
Berthoud	Berthoud Rose Farm, Inc.
CFX	CFX Inc./LaFleurette
Colors	Colors from the World
Commerce	Department of Commerce
Commission	International Trade Commission
Customs	U.S. Customs Service
Expoflores	Asociacion de Productores y Exportadores de Flores del Ecuador
Floral Avenue	Floral Avenue Greenhouse Co.
FTC	Floral Trade Council
HTS	Harmonized Tariff Schedule
H/US	H/US Trading Company
LTFV	Less than fair value
MDB	Madame del Bard
MFN	Most-favored-nation
Ocean Breeze	Ocean Breeze International
Pajaro	Pajaro Valley Greenhouses
Pikes Peak	Pikes Peak Greenhouses
PRW	Production and related worker
Southern Rainbow	Southern Rainbow Farms
Uruguay Round	Uruguay Round of Multilateral Trade Negotiations
USDA	U.S. Department of Agriculture

PART I: DETERMINATIONS AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

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

FRESH CUT ROSES FROM COLOMBIA AND ECUADOR

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines,[2] pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not 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 have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted these investigations effective September 16, 1994, following a preliminary determination by the Department of Commerce that imports of fresh cut roses from Colombia and Ecuador were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigations and of a public hearing 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 October 20, 1994 (59 F.R. 52989). The hearing was held in Washington, DC, on January 26, 1995, 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)).

[2] Vice Chairman Nuzum and Commissioner Rohr dissenting.

VIEWS OF THE COMMISSION

Based on the record in these final investigations, we determine that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of fresh cut roses from Colombia and Ecuador that are sold in the United States at less than fair value (LTFV).[1] [2] [3]

I. LIKE PRODUCT AND DOMESTIC INDUSTRY

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission first defines the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 defines the relevant domestic 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."[4] In turn, the statute defines "like product" as "a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[5] The Commission's decision regarding the appropriate like product or products is essentially a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[6] No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a particular investigation. The Commission looks for "clear dividing lines among possible like products" and disregards minor variations.[7]

The imported articles subject to these investigations are fresh cut roses which have been defined by the Department of Commerce as:

> fresh cut roses, including spray roses, sweethearts or miniatures, intermediates, and hybrid teas, whether imported as individual blooms (stems) or in bouquets or bunches.[8]

A fresh cut rose comprises those parts of the rose plant that include the bloom and some attached stems and leaves, but not roots and soil.[9] There are at least 100 species and

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[1] Vice Chairman Nuzum and Commissioner Rohr determine that an industry in the United States is materially injured by reason of imports of fresh cut roses from Colombia and Ecuador that are sold in the United States at LTFV. See Dissenting Views of Vice Chairman Nuzum and Commissioner Rohr. They join in sections I, II, and III of this opinion.

[2] The petition seeking initiation of these investigations was filed prior to the effective date of the Uruguay Round Agreements Act. These investigations thus remain subject to the substantive and procedural rules of the pre-existing law. See Pub. L. 103-465, 108 Stat. 4809 (1994) at § 291.

[3] Whether the establishment of an industry in the United States is materially retarded is not an issue in these investigations.

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

[6] 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).

[7] Torrington, 747 F. Supp. at 748-49.

[8] 60 Fed. Reg. 6980 (Feb. 6, 1995).

[9] Confidential Report ("CR") at I-11; Public Report ("PR") at II-7.

thousands of varieties of roses; the three most commercially important types of fresh cut roses are sweethearts, intermediates, and hybrid teas.[10]

In our preliminary determination, we found one like product consisting of all fresh cut roses.[11] Petitioners argue that the Commission should again find one like product; respondents argue that bouquets containing roses, spray roses, and micro roses should each be separate like products. For the reasons set forth below, we determine that there is one like product consisting of all fresh cut roses.[12]

B. Bouquets Containing Roses[13]

Respondents acknowledge that the scope of the investigation does not include bouquets. Nevertheless, they argue that the Commission should expand the like product to include pre-made bouquets which contain roses.[14] Respondents argue that because the scope explicitly covers roses in bouquets, the Commission should find that there are two domestic like products -- fresh cut roses and bouquets containing roses -- corresponding to the single class or kind of fresh cut roses whether or not in bouquets.[15] Each of respondents' arguments would result in bouquet producers being included in the definition of a domestic industry.

We find that there are distinct differences between fresh cut roses and bouquets containing roses and, therefore, inclusion of bouquets containing roses in the like product is not warranted.[16] First, the physical characteristics of a fresh cut rose and a bouquet containing roses can be highly differentiated depending on the type of bouquet under consideration.[17] Because of multiple possible variations of bouquets, and because all of these variations involve additional material which are not cut roses, their characteristics are not similar to fresh cut roses sold individually. The characteristics of roses and bouquets containing roses are only similar insofar as a bouquet contains one or more roses; beyond

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[10] CR at I-11, PR at 7.

[11] See Fresh Cut Roses from Colombia and Ecuador, Inv. Nos. 731-TA-684-685 (Preliminary), USITC Pub. 2766 at I-6-9 (Mar. 1994) ("Preliminary Determination"). In previous fresh cut roses investigations, the like product definition was not a contentious issue and the Commission found that the like product was all fresh cut roses. 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).

[12] Spray roses have multiple buds produced on a single stem. CR at I-12, PR at II-7. Micro roses generally have a bud size of less than one-half inch and a stem length of less than six inches. Prehearing Brief of Asocolflores and its Members and AFIF and its Members and Expoflores (hereinafter "Asocolflores' Prehearing Brief") at 23-24.

[13] In these investigations, Commissioner Crawford gives the benefit of doubt to petitioners regarding bouquets containing roses. She concurs with her colleagues that bouquets containing roses are not part of the like product.

[14] Posthearing Brief of Asocolflores and its Members and AFIF and its Members and Expoflores (hereinafter "Asocolflores' Posthearing Brief") at 27-28.

[15] See generally Asocolflores' Prehearing Brief at 4-19

[16] In previous investigations, the Commission has occasionally found that the like product should include a broader range of products than the class or kind of imported products subject to investigation where appropriate facts exist. See, e.g., Certain Welded Stainless Steel Pipes from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-540-541 (Final), USITC Pub. 2585 (Dec. 1992) at 7-8.

[17] There is a wide variety of bouquets available in the market representing a vast continuum of possible products. For example, a bouquet may consist anywhere from a single stem rose to a dozen or more roses; it may include several flower varieties; and it usually contains gypsophila, or other filler flowers, and leather leaf. CR at I-12, PR at II-7.

that, however, they are distinct products. Furthermore, fresh cut roses and bouquets containing roses have different end uses, limited interchangeability, and different channels of distribution.[18] Customer and producer perceptions of fresh cut roses and bouquets containing roses are also distinct.[19] Further, there is limited commonality of production processes, facilities or employees,[20] and, in most cases, prices of bouquets containing roses are significantly higher than individual roses (of the same variety).[21]

For these reasons, we decline to find that bouquets containing roses, which are not covered by the scope of the investigation, are part of the like product.[22]

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[18] While bouquets and fresh cut roses both serve decorative purposes, fresh cut roses have a wider range of applications than bouquets containing roses. Fresh cut roses, of course, can be used in bouquets, but they can also be used in wreaths, floral arrangements, and as boutonnieres or corsages. This limits the interchangeability of a rose and a bouquet, which is confirmed by the fact that most purchasers do not view bouquets as interchangeable with individual roses. CR at I-11, I-19 and I-72, PR at II-7, II-10 and II-43.

Fresh cut roses can be sold through a number of different channels of distribution with the majority sold to unrelated wholesalers, who in turn sell primarily to retailers, bouquet producers, or mass merchandisers. CR at I-38 and I-69-70, PR at II-22 and II-42-43; Prehearing Brief of Colors from the World (hereinafter "Colors' Prehearing Brief") at 3. The channels of distribution of bouquets containing roses, on the other hand, are more limited. Almost all pre-made bouquets are sold to the mass merchandiser market; bouquets produced by retail florists are sold directly to the consumer. CR at I-10 n.21, PR at
II-6 n.21; Colors' Prehearing Brief at 4.

[19] Respondents argue that both consumers and producers perceive bouquets and individual roses differently. Asocolflores' Prehearing Brief at 17-18. This is supported by purchaser responses which generally found bouquets and individual roses to be distinct. CR at I-72, PR at II-43.

[20] Most rose growers do not produce pre-made bouquets. CR at I-9 n.18, PR at II-6 n.18. Most bouquets sold in the U.S. market are produced by large bouquet assembly operations (several of the largest are related to importers of roses from Colombia and Ecuador) and retail florists. Wholesalers also sometimes produce bouquets. The vast majority of these bouquet operations are not affiliated with domestic rose growers and therefore operate completely separate facilities from the greenhouses where roses are grown. Colors' Prehearing Brief at 2; meeting on Feb. 9, 1995 with Lin Watts, AFIF; Jim Teper, President, Atlantic Bouquet Co./Continental Farms; Mike Felsher, Riverdale Farms; Win Winogrond, Bouquet Connection de los Andes; and Gustavo Moreno, Flower Trading Co.; meeting with Kathleen Lacey, Sunburst Farms/Sunpetals.

[21] CR at I-10 n.21, PR at II-10 n.21; Final Economic Memorandum at 14. Respondent Colors estimates that approximately 25 percent of value is added to the rose(s) in a bouquet. Colors' Prehearing Brief at 4. Because pre-packaged bouquets destined for the mass market often contain other flowers in addition to roses, a bouquet containing other flowers in addition to roses can be a less expensive product than purchasing, for example, an equal number of premium roses from a retail florist. CR at I-72, PR at II-43.

[22] We do not find that it is appropriate to analyze the bouquet issue under a semifinished/finished or "vertical" product line analysis. The Commission has generally stated that it does not include downstream articles in the like product or use a semifinished product like product analysis when the downstream imported product (i.e., bouquets) corresponding to the downstream domestic product is not within the scope of investigation. Manganese Metal from the People's Republic of China, Inv. No. 731-TA-724 at 9; Fresh Garlic from the People's Republic of China, Inv. No. 731-TA-683 (Final), USITC Pub. 2825 (Nov. 1994) at I-14 & n.65; Tungsten Ore Concentrates from the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991) at 9.

The rationale for not applying a vertical like product analysis to downstream products beyond ones "like" those subject to investigation is to avoid including within the definition of the domestic industry producers of a downstream product whose interest, as consumers, may be contrary to the

(continued...)

Respondents also assert that a rose in a bouquet (which is covered by the scope) is like domestic "bouquets containing roses" and not like individual cut roses.[23] Thus, they argue, bouquets containing roses are a separate like product corresponding to part of the single class or kind of merchandise identified by Commerce.[24] We reject this argument and find that a rose in a bouquet is like a rose sold individually (or sold in bulk).

The primary difference between a rose in a bouquet and an individual rose is that a rose in a bouquet is combined with other products. Certain bouquets, such as mass-produced, pre-packaged bouquets, generally contain roses of lesser quality (primarily the imported Visa roses) or roses with shorter stems (e.g., lower grade Madame del Bards); however, these same varieties are also sold by the stem.[25]

Respondents argue that a rose in a bouquet undergoes significant "processing."[26] We do not find that this processing significantly alters the rose's physical characteristics.[27] Furthermore, we find that an imported rose contained in a bouquet is more similar to individual cut domestic roses generally than it is to a bouquet of mixed flowers and greenery containing one or more roses.

C. Spray Roses

We determine that spray roses are the same like product as other standard roses (including sweetheart roses, intermediates, and hybrid tea roses). Genetically, both spray and standard roses are members of the Rosaceae family.[28] The primary difference between a spray rose and a standard rose is that a spray rose has multiple buds produced on a single stem. The blooms and stem lengths of spray roses, however, overlap in size with standard roses.[29] As with standard roses, spray roses generally last approximately three to seven days once cut, and are available in several colors.[30]

Evidence concerning the interchangeability between spray roses and standard roses is mixed, but we note that there is limited interchangeability even among certain varieties of standard roses. For example, sweetheart roses are generally not purchased in lieu of long-

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[22] (...continued)
domestic producers of those articles. Their inclusion could serve to enhance the condition of the domestic industry. Tungsten Ore Concentrates, USITC Pub. 2367 at 9-10. Here, the record indicates that the major U.S. producers of pre-packaged rose bouquets primarily purchase roses from Colombia and Ecuador for incorporation in bouquets. Thus, their interests are contrary to domestic rose growers.

[23] Colors' Posthearing Brief at 1-2.

[24] See Colors' Posthearing Brief at 7-8; Asocolfores' Posthearing Brief, Exhibit 8.

[25] Meeting with Dwight Haight, President, CFX/La Fleurette, Feb. 9, 1995; meeting with Kathleen Lacey, Executive Vice President, Sunburst Farms/Sunpetals, Feb. 10, 1995.

[26] A bouquet manufacturer will cut the stem of the rose, remove excess foliage, and sometimes remove the outer (guard) petals. Meeting with Dwight Hait, President, CFX/La Fleurette, Feb. 9, 1995; meeting with Kathleen Lacey, Executive Vice President, Sunburst Farms/Sunpetals, Feb. 10, 1995.

[27] This is consistent with Commerce's final determinations that "the packaging and presentation of roses in bunches and bouquets do not transform the roses into merchandise outside the scope of the order. Nor is the rose transformed into a new article by virtue of being bunched or placed in a bouquet." Final Determination of Sales at Less Than Fair Value: Fresh Cut Roses from Colombia at 37-40; Final Determination of Sales at Less Than Fair Value: Fresh Cut Roses from Ecuador at 18-22.

[28] CR at I-11, PR at II-7.

[29] CR at I-11-12 & n.26, PR at II-7 & n.26.

[30] CR at I-11, PR at II-7.

stem hybrid tea roses. Even within the hybrid tea varieties, there is limited interchangeability. For example, a retail florist will not substitute the lower quality imported Visa rose for premium long-stem roses, such as the domestic Kardinal or imported Madame del Bard.[31] Second, we note that both imported spray roses and standard roses are used as the focal flower in mass-produced, pre-packaged bouquets destined for the mass merchandiser market.[32]

Respondents argue that customer and producer perceptions of spray and standard roses are different due to their physical distinctions.[33] We do not find this to be a dispositive factor in this market where there are multitudes of varieties of roses available and perceptions may differ based on differing varieties.

Spray roses are grown in the same facilities as standard roses using the same production employees.[34] Their channels of distribution are also similar. The majority of U.S. growers and importers reported that the channels of distribution for domestic spray roses are the same as those for other types of domestic roses.[35] Imported spray roses are sold primarily to mass merchandisers as are an increasing percentage of imported standard roses.[36]

As with standard roses, the major importer of spray roses stated that the price of spray roses depends on the variety and physical characteristics. Commission price data indicate that the prices for spray and other roses do overlap to some degree, with the spray roses closer in price to the less premium hybrid tea roses.[37]

On balance, although there is mixed evidence with respect to the interchangeability of spray roses and standard roses, we find there are sufficient similarities between standard and spray roses to find one like product.

Respondents argue that the Commission should find spray roses and standard roses to be separate like products as it found standard and miniature (spray) carnations to be separate like products, and standard and pompon chrysanthemums to be separate like products, in the 1987 investigations of imported fresh cut flowers.[38] We disagree. We note that each investigation is sui generis and determinations are based on the records of each investigation, including arguments of the parties and the "unique economic situation of each product and industry under investigation."[39] Indeed, even in Flowers, different Commissioners made different like product findings with two Commissioners finding all flower types constituted one like product and three Commissioners finding seven separate like products corresponding to the seven imported flower varieties.

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[31] There is a quality difference in roses with the premium roses selling primarily to retail florists and the lesser quality roses being sold primarily to mass merchandisers. CR at I-12-13, PR at II-13.

[32] Meeting with Ben Powell, President, H/US, and Dan Dadio, Sales Manager, H/US, Feb. 9, 1995.

[33] Prehearing Brief of HOSA, Ltda. and Denmar, S.A. (hereinafter "Hosa's Prehearing Brief") at 16.

[34] Petitioners' Prehearing Brief at 17.

[35] CR at I-21 n.49, PR at II-11 n.49.

[36] CR at I-21 n.49, PR at II-11 n.49. ***. Meeting with Ben Powell, President, H/US, and Dan Dadio, Sales Manager, H/US, Feb. 9, 1995.

[37] Compare tables 16 and 18 with table E-8, CR at I-74, I-76, and E-9, PR at II-45, II-47, and E-9.

[38] See generally Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, and the Netherlands, Inv. Nos. 701-TA-275-278 and 731-TA-327-331 (Final), USITC Pub. 1956 (Mar. 1987) (hereinafter "Flowers"); HOSA's Prehearing Brief at 6.

[39] See, e.g., Kern-Liebers USA, Inc. v. United States, __ CIT __, Slip op. 95-9 (Jan. 27, 1995), quoting Alberta Pork Producers' Mktg. Bd. v. United States, 669 F. Supp. 445, 461 (Ct. Int'l Trade 1987).

The record in the present investigations reveals a number of distinctions between the Commission's earlier investigations of the carnation and chrysanthemum industries and the current investigations of roses. There is a continuum of varieties and sizes of roses, ranging from the smaller miniature or sweetheart roses to intermediate and hybrid tea roses. Spray roses have characteristics, such as stem length and blooms size, that overlap with these different rose varieties and therefore we view spray roses as a part of this continuum. There was no indication in the investigations of carnations and chrysanthemums of a wide range of different types of carnations or chrysanthemums with overlapping stem lengths and bloom sizes.

Also, in Flowers, the record indicated that miniature carnations were used primarily as filler flowers and standard carnations were used primarily as the focal flowers in arrangements and bouquets or as boutonnieres. In these investigations, there is not such a clear distinction in uses between spray roses and standard roses. Spray roses are marketed in bouquets for the mass merchandiser market, which represents a significant and increasing market segment for roses, and the spray roses can be the focal flowers in such bouquets. Conversely, the sweetheart rose can be used as a filler flower in bouquets. There is also evidence that both spray roses and standard roses can be used as boutonnieres and corsages.[40]

Another distinction is that in Flowers, the Commission relied upon the fact that standard carnations and chrysanthemums were marketed and priced individually by the stem, whereas miniature carnations and pompon chrysanthemums were marketed and priced in bunches.[41] By contrast, the record here indicates that both standard and spray roses are marketed and priced by the stem.[42] Finally, we also note the miniature carnation and pompon chrysanthemum markets were well-established at the time of the Flowers investigations. Spray roses, on the other hand, are relatively new in the commercial market and their uses and interchangeability with other roses are still developing.

D. Micro Roses

We also decline to find that micro roses are a separate like product from other fresh cut roses.[43] There are limited quantities of fresh cut micro roses being imported into the United States from Colombia. In petitioners' posthearing responses to Commissioner and staff questions, petitioners identified, for the first time, one domestic producer of micro roses.[44]

Because this information was revealed so late in the investigation, the Commission was unable to send questionnaires to any domestic micro rose producers. Commission staff, however, did obtain certain data through telephone interviews with the producer of micro roses named by petitioners in their posthearing brief, and certain other producers discovered even later in the investigation. These few producers of micro roses (also referred to by domestic producers as "minis") indicated that they sell virtually all micro roses as potted plants, not as cut flowers. The class or kind of merchandise subject to investigation does not include rose plants. Just as we have not included rose bushes, rose shrubs, and rose trees in the like product, we decline to include micro rose plants.

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[40] CR at I-11 and I-71, PR at II-7 and II-43.

[41] See generally Flowers, Inv. Nos. 303-TA-18, 701-TA-725-728 and 731-TA-327-333 (Views on Remand), USITC Pub. 2119 (Aug. 1988).

[42] CR at I-72-83 and E-3-10, PR at II- .

[43] In the preliminary investigation, the Commission found that there was no evidence of micro rose production in the United States. As a result, the Commission found "fresh cut roses" to be the product category most similar product corresponding to imported micro roses. Preliminary Determination at I-8-9.

[44] Petitioners' Posthearing Brief at 46.

In conclusion, we reaffirm our preliminary determination that there is a single like product in these investigations consisting of all fresh cut roses regardless of variety or size. Consequently, we determine that the domestic industry consists of all producers of fresh cut roses.[45]

II. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether the domestic industry is materially injured or threatened with material injury by reason of allegedly LTFV imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[46] 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 dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[47]

The fresh cut roses industry experiences recurring seasonal cycles in demand. For red roses, demand peaks during the Valentine's Day period; Christmas, Easter and Mother's Day also create significant surges in rose demand.[48] These factors affect the quantity of roses demanded and the purchase price of roses during different times of the year. The record indicates that U.S. growers generally respond to these swings in demand with changes in prices rather than changes in shipments because capacity is constrained.[49]

A significant condition of competition in this industry is that fresh cut roses are not a homogeneous product, and there is a wide range of varieties of roses commercially available that satisfy different consumer preferences. Indeed, some varieties are offered exclusively by U.S. growers while others are offered exclusively by Colombian and/or Ecuadorean growers.[50] Colombian and Ecuadorean roses generally have longer, thicker stems, larger blooms, and more vibrant colors than domestic roses due to the ideal growing conditions in Colombia and Ecuador.[51] Domestic roses are usually fresher than imported roses due to the

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[45] Two domestic producers reported importing limited quantities of roses from Ecuador. Under section 771(4)(B), producers who are related to exporters or importers, or who are themselves importers of allegedly dumped or subsidized merchandise, may be excluded from the domestic industry in appropriate circumstances. 19 U.S.C. § 1677(4)(B). We do not find appropriate circumstances exist to exclude these two producers from the industry because (1) the amount of importation of these two producers is very small in relation to the percentage of their domestic production; (2) these two domestic producers imported the Ecuadorean roses to supplement their own production during peak demand (rather than to benefit from unfair trade practices); and (3) inclusion of the two producers will not skew the data for the rest of the industry. CR at I-35-36, PR at II-21.

[46] 19 U.S.C. § 1677(7)(C)(iii).

[47] 19 U.S.C. § 1677(7)(C)(iii).

[48] Final Economic Memorandum at 12.

[49] Because the production of roses entails a long-term investment, rose growers cannot significantly increase rose production in the short term. They also cannot maintain significant inventories of roses for more than a short period due to the perishable nature of fresh cut roses. The inability to switch production from other flowers to roses on a short-term basis, as well as the minimal export markets for roses from which rose shipments could be diverted to the United States, further restrict the domestic industry's ability to increase sales volumes during periods of peak demand. Colombian and Ecuadorean producers are also limited in their supply responsiveness. See generally Final Economic Memorandum at 10-11.

[50] See Final Economic Memorandum at 22.

[51] CR at I-20, PR at II-10-11.

proximity of production operations to purchasers.[52] Because of evolving consumer preferences towards roses with longer stems and larger blooms, many purchasers favor Colombian and Ecuadorean roses.[53] Also, we note that because of these consumer preferences, many U.S. growers are now changing their product mix away from the smaller sweetheart roses to varieties that have longer stems and larger blooms.[54]

There is a range of quality or grades of roses offered by both domestic growers and importers. For example, the Kardinal is a premium domestic rose, whereas the Cara Mia is a lesser quality domestic rose; the Madame del Bard is a premium imported rose while the Visa is a lesser quality imported rose.[55] Even within a specific variety there are quality differences and each variety is graded based on physical attributes such as stem length.[56] Buyers and sellers take account of all of these factors when establishing transaction prices.

Another important condition of competition is the emergence of significant new markets for fresh cut roses. The traditional market for fresh cut roses has been retail florists.[57] Recently, however, mass merchandisers (including grocery and chain stores, garden centers, convenience stores, gas stations, street vendors, cataloguing services, and toll-free telephone ordering services) have been purchasing significant quantities of fresh cut roses.[58] The mass merchandiser market segment is the fastest growing market for fresh cut roses in the United States and is served primarily by subject imports.[59] U.S. growers primarily sell to wholesalers and retail florists with few sales to mass merchandisers.[60] Because the mass merchandiser market provides easy accessibility and increased availability of fresh cut roses to the consumer, demand for fresh cut roses has increased.[61] The record indicates that the mass merchandiser market accounts for 15.4 to 36.0 percent of total rose sales, including both direct sales as well as sales through wholesalers.[62]

U.S. consumption of fresh cut roses increased from 1991 to 1993 in quantity and value, and increased in interim 1994 compared with interim 1993. According to Commission producer questionnaire responses,[63] U.S. consumption by quantity increased from 825.8 million stems in 1991 to 880.7 stems in 1992 to 954.8 million stems in 1993, for a total

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[52] CR at I-20, PR at II-10-11.

[53] CR at I-20, PR at II-10-11; Transcript of Commission hearing (Jan. 26, 1995) (hereinafter "Tr.") at 22-23.

[54] CR at I-32-33, PR at II-19.

[55] CR at I-96, PR at II-56.

[56] CR at I-68, PR at II-43.

[57] Final Economic Report at 6.

[58] Final Economic Memorandum at 6-8.

[59] According to respondents, approximately 95 percent of roses purchased by mass merchandisers are subject imports. CR at I-23 n.51, PR at II-13 n.51; Final Economic Memorandum at 8; see also Asocolflores' Posthearing Brief at 7.

[60] Retail florists usually purchase roses in smaller quantities than mass merchandisers who tend to purchase roses in large bulk orders. Final Economic Memorandum at 14.

[61] Final Economic Memorandum at 6, 12 and 24.

[62] Final Economic Report at 8. As will be discussed in greater detail in section IV.A., infra, petitioners and respondents have provided different estimates of rose consumption by the mass merchandiser market.

[63] The Commission has two sources of data for apparent U.S. consumption. The first source is based on producers' domestic shipments as reported in Commission questionnaires. This data set represents approximately 85 percent of total U.S. apparent consumption in 1993 as reported by U.S. Department of Agriculture (USDA). Tables 1 and C-1, CR at I-29 and C-3, PR at II-16 and C-3. The second source of data is obtained from the USDA's Floriculture Crops survey and is based on a larger pool of U.S. growers, but does not have information for the interim periods (January through September 1993 and 1994). Table 2, CR at I-30, PR at II-17.

increase of 15.6 percent from 1991 to 1993. The quantity of apparent U.S. consumption based on USDA producer data is even greater, rising from one billion stems in 1991 to 1.1 billion stems in 1993, for a total increase of 11.4 percent.[64] The value of U.S. consumption also increased from 1991 to 1993, but to a lesser extent than the quantity of U.S. consumption. In interim 1994, apparent consumption by quantity was 771.4 million stems compared with 725.3 million stems in interim 1993, an increase of 6.3 percent.[65] The record indicates that the growth in U.S. apparent consumption was driven by the availability of roses in the mass merchandiser segment of the market, which has spurred purchases of roses for informal, "non-special occasion" use.[66]

Most of the performance indicators of the U.S. industry declined from 1991 to 1993, including production capacity, production, U.S. producers' domestic shipments, number of employees, net sales, and net income.[67]

Land area and number of plants in production declined during the period of investigation, while the number of greenhouses remained stable from 1991 to 1993 at 1,148 greenhouses and increased from 1,118 greenhouses in interim 1993 to 1,146 greenhouses in interim 1994.[68] Production fell from 388.5 million stems in 1991 to 380.2 million stems in 1992, and then to 361.5 million stems in 1993. In interim 1994, production was 245.5 million stems compared with 264.4 million stems in interim 1993.[69] In addition, there were declining yields of fresh cut roses throughout the period of investigation (measured in terms of stems per greenhouse, stems per square foot, and stems per rose plant).[70]

Domestic producers' U.S. shipments decreased in terms of both quantity and value from 368.2 million stems, valued at $118.4 million, in 1991 to 341.2 million stems, valued at $106.0 million, in 1993. In interim 1994, the quantity of shipments was 232.2 million stems, valued at $74.4 million, compared with 250.3 million stems, valued at $79.6 million, in interim 1993. The unit value of shipments declined slightly from $0.32 per stem in 1991 to $0.31 per stem in 1993, and remained stable at $0.32 in both interim periods.[71]

U.S. producers' employment, hours worked, wages paid, and total compensation paid all remained stable or declined throughout the period of investigation.[72] Productivity increased from 71.5 stems per hour in 1991 to 73.0 stems per hour in 1992, but then decreased to 70.9 stems per hour in 1993; productivity was 70.8 stems per hour in interim

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[64] Table 2, CR at I-30, PR at II-17.

[65] Tables 1 and C-1, CR at I-29 and C-3, PR at II-16 and C-3.

[66] CR at I-32, PR at II-19; Final Economic Memorandum at 12; Petitioners' Posthearing Brief at 31.

[67] See generally Table C-1, CR at C-3-4, PR at C-3-4.

[68] We compute rose production capacity based on the land area devoted to the planting of roses, the number of greenhouses, and the number of rose plants in production. Table 4, CR at I-40, PR at II-23. The area devoted to fresh cut rose production declined from 42.7 million square feet in 1991 to 41.2 million square feet in 1993. CR at I-39 & n.80, PR at II-22 & n.80. The total number of rose plants used in the production of fresh cut roses declined from 27.4 million in 1991 to 23.4 million in 1993. CR at I-39, PR at II-23.

[69] Table 4, CR at I-40, PR at II-23. Based on data obtained from USDA's Floriculture Crops survey, U.S. production decreased from 552.6 million stems in 1991 to 511.2 million stems in 1993. Table 2, CR at I-30, PR at II-17.

[70] Table 4, CR at I-40, PR at II-23.

[71] Table 5, CR at I-42, PR at II-24. In general, there are no inventories for fresh cut roses due to their perishability. CR at I-52, PR at II-30.

[72] Table 6, CR at I-43-44, PR at II-26.

1994 compared with 71.0 stems per hour in interim 1993.[73] Unit labor costs remained stable at $0.11 per stem.[74]

Net sales of fresh cut roses declined by 9.2 percent by quantity and 9.0 percent by value from 1991 to 1993. The value of net sales fell from $111.2 million in 1991 to $108.5 million in 1992, and to $101.2 million in 1993. In interim 1994, the value of net sales was $59.8 million compared with $63.8 million in interim 1993.[75] Domestic producers experienced net losses in each period, with net losses of $1.9 million in 1991, $1.4 million in 1992, and $5.8 million in 1993. In interim 1994 net losses declined to $2.3 million compared with $2.8 million in interim 1993. Overall, net losses nearly tripled from 1991 to 1993, but decreased by almost 15 percent between interim periods.[76] Total operating expenses exceeded net sales, resulting in a ratio of operating expenses to net sales of 101.7 percent in 1991 and 105.7 percent in 1993, and 103.9 percent in interim 1994, compared with 104.3 percent in interim 1993.[77]

Domestic producers indicated that the value of total assets declined over the period of investigation.[78] Capital expenditures increased by 5.0 percent between 1991 and 1993, but then decreased by 11.6 percent between interim periods.[79] [80]

III. CUMULATION

In determining whether there is material injury by reason of LTFV imports, the Commission is required to assess cumulatively the volume and price effects of imports from two or more countries of articles subject to investigation if such imports compete with one another and with the domestic like product in the United States market.[81] Cumulation is not required, however, when imports from a subject country are negligible and have no discernible adverse impact on the domestic industry.[82]

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally 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;[83]

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[73] Id.

[74] Id.

[75] Table 7, CR at I-47, PR at II-27.

[76] Tables 7 and C-1, CR at I-47 and C-3-4, PR at II-27 and C-3-4.

[77] Tables 7 and C-1, CR at I-47 and C-4, PR at II-27 and C-4.

[78] CR at I-49, PR at II-28.

[79] Table C-1, CR at C-4, PR at C-4.

[80] Based on the foregoing, Commissioners Rohr and Newquist determine that the domestic industry is currently experiencing material injury.

[81] 19 U.S.C. § 1677(7)(C)(iv); Chaparral Steel Co. v. United States, 901 F.2d 1097, 1105 (Fed. Cir. 1990).

[82] 19 U.S.C. § 1677(7)(C)(v).

[83] Commissioner Crawford finds that substitutability, not fungibility, is a more accurate reflection of the statute. In these investigations, she finds there is sufficient substitutability to conclude there is a reasonable overlap of competition among subject imports and with the domestic like product. Therefore, she concurs with her colleagues that subject imports from Colombia and Ecuador should be cumulatively assessed. See Dissenting Views of Commissioner Carol T. Crawford in Stainless Steel Bar from Brazil, India, Japan, and Spain, Invs. Nos. 731-TA-678,679, 681, and 682 (Final), for a description of her views on cumulation.

(2) the presence of sales or offers to sell in the same geographical 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.[84]

While no single factor is determinative, and the list of factors is not exclusive, these factors provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[85] Only a "reasonable overlap" of competition is required.[86]

In our preliminary determination, we cumulated imports from Colombia and Ecuador. Petitioners argue that the Commission should again cumulate subject imports. Respondents have not presented any arguments with respect to cumulation for purposes of a present material injury analysis.[87] Because we find that there is at least a "reasonable overlap" of competition, we cumulate imports from Colombia and Ecuador for purposes of these final investigations.[88]

We find that there is evidence of sufficient fungibility between Colombian and Ecuadorean roses. Most U.S. importers import from both Colombia and Ecuador, although a far greater volume of Colombian roses were imported.[89] Twenty-two of 39 responding purchasers reported that the quality of roses from Colombia was comparable to that of imports from Ecuador.[90]

We find the evidence is mixed with respect to the fungibility between domestic roses, and Colombian and Ecuadorean roses. As noted above, domestic and imported roses from Colombia and Ecuador, have differing attributes which purchasers find to be significant.[91] Colombian and Ecuadorean roses were reported as having bigger blooms, a higher petal count, and longer and thicker stems, among other attributes. Advantages of domestic roses include better freshness, shorter delivery lead times, and a willingness to fill special orders of particular colors.[92]

The majority of Colombian and Ecuadorean roses enter through the port of Miami, but importing firms reported that they sell these roses nationwide. Although subject imports are sold nationwide, over 80 percent were sold in the eastern United States in 1993. U.S. growers are located throughout the United States, although they are concentrated in California; they also sell roses nationwide. In 1993, approximately 53 percent of domestic

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[84] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[85] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[86] See, e.g., United States Steel Group v. United States, Slip op. 94-201 (Ct. Int'l Trade Dec. 30, 1994).

[87] One respondent, Expoflores, did argue that imports should not be cumulated for threat purposes. See section V, infra.

[88] No party has argued that imports from either subject country are negligible and we see no basis in the record to make such a finding.

[89] Prehearing Economic Memorandum at 5.

[90] Final Economic Memorandum at 22. Furthermore, respondents and purchasers stated that both Colombian and Ecuadorean roses share the characteristics of long, thick stems, and large blooms. Id. at 21.

[91] CR at I-70-71, PR at II- ; Prehearing Economic Memorandum at 18.

[92] CR at I-20 and I-71, PR at II-11 and II-43.

roses were sold in the eastern United States and 47 percent were sold in the western United States.[93]

Approximately 63 percent of domestic fresh cut roses are sold to wholesalers (including sales to both related and unrelated wholesalers) who then resell primarily to retailers, while 89.1 percent of subject imports are sold through wholesalers (primarily unrelated).[94] Finally, domestic and subject imports have been simultaneously present in the U.S. market during the entire period of investigation.[95]

Because only a reasonable overlap of competition is required, we cumulatively assess the volume and price effects of all subject imports in determining whether there is material injury by reason of those imports.

IV. NO MATERIAL INJURY BY REASON OF LTFV IMPORTS[96] [97]

In final antidumping investigations, the Commission determines whether an industry in the United States is materially injured by reason of imports subject to investigation that Commerce has determined are sold at LTFV.[98] In making this determination, the Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.[99] Although the Commission may consider alternative causes of injury to the domestic industry other than the LTFV imports, it is not to weigh causes.[100] [101] [102] [103]

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[93] CR at I-25, PR at II-14; Final Economic Memorandum at 8.

[94] CR at I-25-26, PR at II-13-14; Prehearing Economic Memorandum at 7-8.

[95] See, e.g., Table 12, CR at I-62, PR at II-36.

[96] Although Commissioner Newquist concurs with his colleagues' finding that the domestic fresh cut rose industry is not materially injured by reason of the subject imports, he generally does not join their discussion concerning "substitutability" between imported and domestic roses.

He notes that, in most instances, the like product determination required by the statute establishes an inherent level of "substitutability" between the subject imports and the domestic product, as intended by Congress -- otherwise they would not be "like." Thus, for him, once the like product determination is made, further inquiry into "substitutability" based on characteristics and uses, particularly for purposes of a causation analysis, is not warranted.

In these investigations, Commissioner Newquist finds it important that imported roses supply specific consumer preferences that domestic roses do not (e.g., thicker stems, larger blooms), as well as provide increased consumer access by merchandising the subject imports through less traditional channels of distribution. See section II, supra. See also Sulfur Dyes from China and the United Kingdom, Invs. Nos. 731-TA-548 and 551 (Final), USITC Pub. 2602 (February 1993) at note 117 (quoting Sweaters Wholly or in Chief Weight of Manmade Fibers from Hong Kong, the Republic of Korea and Taiwan, Invs. Nos. 731-TA-448-450 (Final Views on Remand), USITC Pub. 2577 (November 1992)).

Finally, to the extent that his colleagues in the majority assess what might have happened in the industry absent the dumped imports, Commissioner Newquist does not join their discussion.

[97] Vice Chairman Nuzum and Commissioner Rohr do not join in the remainder of these views.

[98] 19 U.S.C. § 1673d(b).

[99] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[100] 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:

> [T]he 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

(continued...)

For the reasons discussed below, we determine that the domestic industry producing fresh cut roses is not materially injured by reason of LTFV imports from Colombia and Ecuador.

A. The Volume of Subject Imports

The volume of imports from Colombia and Ecuador on a cumulated basis increased by quantity from 380.4 million stems in 1991 to 438.2 million stems in 1992 to 534.8 million stems in 1993, and was 413.2 million stems in interim 1993 compared with 467.2 million stems interim 1994.[104] In value terms, subject imports increased from $92.6 million in 1991 to $94.4 million in 1992 to $109.2 million in 1993.[105] In interim 1994, subject imports were valued at $101.6 million compared with $86.3 million in interim 1993. The volume of U.S. shipments of cumulated subject imports followed similar trends, increasing in absolute terms throughout the period of investigation.[106]

Market share of cumulated subject imports increased by quantity throughout the period of investigation from 46.1 percent in 1991 to 56.0 percent in 1993; the market share of cumulated subject imports was 60.6 percent in interim 1994 compared with 57.0 percent in interim 1993. By value, the market share of cumulated subject imports increased from 39.8 percent in 1991 to 46.6 percent in 1993, and was 52.1 percent in interim 1994

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[100] (...continued)
productivity of the domestic industry.
S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[101] For Chairman Watson's interpretation of the statutory requirement regarding causation, see Certain Calcium Aluminate Cement and Cement Clinker from France, Inv. No. 731-TA-645 (Final), USITC Pub. 2772, at I-14 n.68 (May 1994).

[102] Commissioner Newquist further notes that the Commission need not determine that imports are "the principal, a substantial, or a significant cause of material injury." S. Rep. 249, 96th Cong., 1st Sess. 57 and 74 (1979); see also, 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. at 1101.

[103] Commissioner Crawford notes that the statute requires the Commission to 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 of 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 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, 96th Cong., 1st Sess. at 46-47 (1979). 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).

[104] Table 1, CR at I-29, PR at II-16.

[105] See Table C-1, CR at C-3, PR at C-3.

[106] Domestic shipments of cumulated subject imports increased from 326.8 million stems in 1991 to 423.2 million stems in 1992 to 542.7 million stems in 1993, and were 410.1 million stems in interim 1993 compared with 450.3 million stems in interim 1994. Table C-2, CR at C-5, PR at C-5.

compared with 47.6 percent in interim 1993.[107] As noted above, the data for apparent U.S. consumption based on Commission questionnaire data is derived from a smaller base of domestic producers than data obtained from USDA. Based on apparent consumption derived from USDA data, the market share of cumulated subject imports was lower, increasing from 37.7 percent in 1991 to 41.6 percent in 1992 to 47.5 percent in 1993 by quantity.[108] [109]

Despite the absolute volume and market share of cumulated subject imports, and the increases in their volume and market share that occurred during the period, we do not find the volume of subject imports to be significant for several reasons.[110] First, while absolute volume of cumulated subject imports increased by 40.6 percent from 1991 to 1993, and by 13.1 percent between interim periods, the rate of increase in their market share did not rise commensurately, increasing by 9.9 percentage points from 1991 to 1993 and by 3.6 percentage points between interim periods. This is due to the 15.6 increase in overall apparent U.S. consumption by quantity between 1991 and 1993 and the 6.3 percent increase between interim periods. This fact suggests that the subject imports were sold into important new markets and did not significantly displace domestic fresh cut roses in their existing markets.[111]

Second, the fact that subject imports served largely to satisfy increases in demand in the mass merchandiser market further supports the conclusion that the volume of subject imports is not significant.[112] Importers of roses from Colombia and Ecuador aggressively targeted and developed the mass merchandiser market over the period of investigation. With few exceptions, U.S. growers do not appear to have aggressively targeted this market, but rather focused primarily on their traditional retail customer base.[113] Moreover, domestic producers reportedly would not be able to provide consistently the large quantities of roses

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[107] These data were derived from data obtained from Commission producer questionnaires. Table C-1, CR at C-3, PR at C-3.

[108] Table 2, CR at I-30, PR at II-17.

[109] Prior to the Commission's vote in these final investigations, Commerce notified the Commission that it found zero or de minimis margins with respect to five Colombian producers and that these five companies were excluded from the affirmative LTFV determination. See transcript of Commission vote (Mar. 3, 1995). Because Commerce found these foreign producers not to be selling at LTFV and excluded them from its determination, fresh cut roses from those firms are not included as subject imports. However, because the Commission sought data for all years of the period of investigation and interim 1994, but only obtained specific data regarding the rose production of these five producers for 1993, their export data are generally included in the information of record which we have considered the best information otherwise available. 19 U.S.C. § 1677e(c).

These five companies represented 23 percent of total imports from Colombia in 1993. Therefore, the absolute volume and market share of cumulated subject imports are significantly less if the (fairly traded) exports of these five Colombian companies are excluded. Excluding the imports of these five companies in 1993, according to data derived from Commission questionnaire responses, the volume of cumulated subject imports was *** stems, valued at *** and the cumulated market share was 429.6 million stems, valued at $79.8 million, and the cumulated market share was 45.0 percent by quantity and 34.1 percent by value. Based on 1993 USDA data adjusted for the five Colombian companies, cumulated subject imports' market share was 38.2 percent and 27.6 percent based on quantity and value, respectively. Table 2, CR at I-30, PR at II-17.

[110] We do not find the absolute volume or increase in market share of subject imports to be significant regardless of whether we consider the volume accounted for by the five Colombian rose exporters that were excluded from Commerce's order.

[111] We also note that the rate of increase in overall U.S. apparent consumption was greater than the rate of increase in subject imports' market penetration. Table C-1, CR at C-3, PR at C-3.

[112] Table 1, CR at I-29, PR at II-16.

[113] Tr. at 124.

that mass merchandisers require.[114] Because there is substantial evidence that the mass merchandiser market is the fastest growing segment of the market, and there is no evidence that the retail florist segment is growing, we believe that the mass merchandiser market accounted for most of the growth in U.S. consumption over the period of investigation and a large proportion of subject imports served this market.[115]

In addition, U.S. growers are unable to satisfy demand during times of peak demand, especially during the Valentine's Day season, which accounts for the largest volume of rose sales for any given period.[116] During this period of high demand, U.S. growers in many

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[114] Sales of the Visa rose helped to stimulate a significant new mass merchandiser market. CR at I-24 n.52, PR at II- n. . Because the Visa rose is a low yield rose, it is not a cost-effective product for U.S. growers who have smaller facilities in which to grow roses and more significant land costs. This is also true of the domestic industry's ability to grow the Madame del Bard rose. Petitioners' Posthearing Brief at 17-18. Petitioners argue that U.S. growers were the first to supply the mass merchandiser market, but they have been shut out because prices paid by mass merchandisers are so low. Petitioners' Posthearing Brief at 7 and 33. Despite domestic producers' claims, purchasers reported that they are not able to obtain the quantities of roses that they need, in the assortments that they desire, from domestic sources. There is also evidence that U.S. producers would supply mass merchandisers with poor quality roses (e.g., older or slightly damaged roses), whereas importers of roses from Colombia and Ecuador have provided mass merchandisers with roses that could be marketed successfully to their customers (e.g., the Visa rose). See, e.g., Tr. at 118-19, 123 and 146. The Visa rose is a lesser quality, yet durable, long-stemmed rose which importers were able to sell at a lower price than premium roses. See Asocolflores' Prehearing Brief at 8; Prehearing Brief of the Wholesale Florists and Florist Suppliers of America at 6.

[115] See, e.g., Petitioners' Posthearing Brief at 31. We note that the best information available regarding the actual volume of roses sold to the mass merchandiser market is based on estimates provided by the parties. Petitioners estimated that the mass merchandiser market was significantly less than estimated by respondents. Compare Petitioners' Posthearing Brief at 37 with Asocolflores' Posthearing Brief at 25-26; see also Final Economic Memorandum at 8. We note that respondents' estimates are based on a consumer tracking study and information compiled by Roses, Inc. See Asocolflores' Posthearing Brief at 25-26. Based, in large part on the range of estimates provided by the parties, the economic memorandum estimated a range of 15.4 to 36.0 percent. See Final Economic Memorandum at 8. Both petitioners' and respondents' estimates may be higher if sales to garden centers and convenience stores are included in the definition of mass merchandiser. See Petitioners' Posthearing Brief at 37; Asocolflores' Posthearing Brief at 25.

Based on the estimated size of the mass merchandiser market of 15 to 36 percent of total U.S. consumption, in 1993, sales to this market segment by quantity would have been between approximately 143 million to 344 million stems (based on 1993 total U.S. consumption of 955 million stems as derived from Commission questionnaire data) and 169 million to 405 million stems (based on total U.S. consumption of 1.1 billion stems as derived from USDA consumption data). Ninety-five percent of total sales to mass merchandisers were of subject imports, which, based on the above, would be equivalent to 136 million to 327 million stems (based on Commission questionnaire data) and 161 million to 385 million stems (based on USDA data). Total subject imports in 1993 were 535 million stems. Tables 2 and C-1, CR at I-30 and C-3, PR at II-17 and C-3. Based on total U.S. consumption derived from Commission questionnaire data, 25 to 61 percent of subject imports were sold to the mass merchandiser market; based on total U.S. consumption derived from USDA data, 30 to 71 percent of subject imports were sold to the mass merchandiser market.

[116] Tr. at 234-244 and 246. Petitioners concede that they are unable to supply the U.S. market, asserting that:

> [T]he allegations during the hearing that some domestic growers put customers on allocation or lacked the capability to supply the entire volume needs of particular wholesalers, relates exclusively to

(continued...)

instances can only supply partial allocations of red roses to purchasers.[117] In addition, growers will many times force purchasers to purchase other types of flowers (e.g., non-red roses) in order to obtain the sought after red roses. For purchasers, availability of supply is an important factor in purchasing considerations.[118] Also, due to the limits on their ability to increase production in the short term, U.S. growers cannot sufficiently increase their rose production to meet Valentine's Day demand.[119] Therefore, fresh cut roses have been imported to meet domestic demand both for the mass merchandiser segment of the market throughout the year, as well as other segments (e.g., retail florist segment) during periods of peak demand.[120]

Moreover, the limited substitutability of domestic roses and subject imports, as discussed in the next section, diminishes the volume impact of the subject imports. Non-price factors have a significant impact on purchasers' decisions.

For these reasons, we find that the volumes of subject imports are not significant.

B. The Effect of Subject Imports on Domestic Prices

In evaluating the effect of LTFV imports on prices, the Commission considers whether there has been significant price underselling of imports and whether the imports

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[116] (...continued)

> Valentine's Day peak demand. Given the extraordinary demand for red roses during Valentine's day, domestic producers are unable to satisfy that demand completely from existing production and so allocate to each customer a portion of their production. During the balance of the year, however, domestic producers have a full range of stem-lengths and colors available to meet the needs of the market.

Petitioners' Posthearing Brief at 7 (emphasis in original).

First, we note that there is evidence that domestic producers are unable to meet demand in periods other than Valentine's Day. See, e.g., CR at I-116 and I-119, PR at II-67. Second, we find that the inability of domestic producers to produce sufficient roses to meet Valentine's Day demand is critical given the significance of this period for rose sales. This importance of Valentine's Day was made very clear in a report submitted as an exhibit to petitioners' posthearing brief that contained the following statements:

> --"this largely reflects the enormous impact of Valentine's Day, where, unlike in other markets, both volumes and prices surge."
>
> --"[t]he U.S. market is defined by Valentine's Day; it simply cannot be analyzed for this purpose without considering the enormous price and volume impact of that holiday."
>
> --"Growers -- U.S. and foreign -- plan their production for the U.S. market around the Valentine's Day holiday, and the pricing patterns follow inexorably."

Petitioners' Posthearing Brief, Exhibit 3, at 7-8 (Report on the estimation of dumping margins) (first emphasis added, second emphasis in original).

[117] Petitioners' Posthearing Brief at 6-7; Tr. at 23.

[118] See, e.g., CR at I-20 & n.48, PR at II-11 & n.48.

[119] See Final Economic Memorandum at 10 and 32-33.

[120] E.g., Tr. at 23.

depress prices to a significant degree or prevent price increases that otherwise would have occurred, to a significant degree.[121]

A number of factors are relevant to our determination of the price effect of subject imports on domestic producers' prices including the limited degree of substitutability between the domestic and subject roses, the nature of demand for roses, and the availability of supply.[122]

The more substitutable products are, the more likely that potential purchasers will make their relative purchasing decisions based upon price differences between the products. Conversely, where there is a high degree of product differentiation, products are less substitutable, and price is less likely to be a determining factor in purchasing decisions. Several non-price factors reduce the substitutability between domestic roses and roses from Colombia and Ecuador. As noted previously, domestic producers and producers of roses in Colombia and Ecuador grow different varieties of roses.[123] In general, long, thick stems, large blooms, and vibrant colors are characteristics of Colombian and Ecuadorean roses that distinguish them from domestic roses. Freshness and longevity are favored characteristics of domestic roses.[124]

We find that price plays a subordinate role to other factors such as product quality, variety, and the seasonality of demand. Most purchasers reported that domestic roses were inferior in quality to subject imports.[125] For purchasers, product quality -- which includes physical attributes such as stem length and thickness, bloom size, color, freshness, and durability (vase-life) -- was more important than price.[126] Purchasers designated bloom size and availability of particular quantities and types of roses as the two most important factors they consider when making purchases.[127] The Commission contacted specific purchasers named in the domestic industry's lost sales allegations. Many of these purchasers confirmed that subject imports were purchased in lieu of domestic roses for non-price reasons, such as product quality and availability.[128]

In many instances, despite the availability of lower-priced roses, sales of more expensive rose varieties increased. This further confirms that price plays a subordinate role

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[121] 19 U.S.C. § 1677 (7)(C)(ii).

[122] Commissioner Crawford also considers dumping margins.

[123] See generally section II, supra.

[124] See, e.g., CR at I-20, PR at II-10-11. The substitutability of the domestic and imported products is also limited by the fact that approximately 80 percent of subject imports are sold in the eastern United States and a significant percentage of these subject imports are sold to mass merchandisers. By contrast, domestic roses are more evenly distributed between the eastern and western United States and are sold primarily to the retail florist segment of the market. CR at I-25, PR at II-13-14.

[125] Thirty of 44 responding purchasers stated that the quality of domestic roses was inferior to roses from Colombia and Ecuador. Final Economic Memorandum at 21 & n. 17.

[126] Forty of 51 responding purchasers reported that non-price differences between U.S. roses and roses imported from Colombia and Ecuador were an important factor in their purchasing decisions. CR at I-70-71, PR at II- ; Final Economic Memorandum at 20.

[127] CR at I-70, PR at II-43; Final Economic Memorandum at 20-21.

[128] See generally CR at I-113-119, PR at II-66-68. In the spot sales market, the same varieties of roses from Colombia and Ecuador compete against one another largely on the basis of price if other factors, such as grade, are equivalent. For example, Madame del Bard roses from Colombia offered by one importer will compete against Madame del Bard roses from Colombia (or Ecuador) offered by a different importer. CR at I-69 n.116, PR at II-42 n.116. However, in most cases domestic producers do not grow the same varieties as Colombian and Ecuadorean producers. Most purchasers confirmed that in choosing between varieties, price is a less important factor than product quality and availability.

to non-price factors such as product quality. For example, sales of the Kardinal rose, a premium quality and relatively expensive domestic rose variety, increased at a faster rate than lower-priced domestic rose varieties such as sweetheart and Cara Mia roses.[129] The product comparisons also show that large quantities of the premium imported Madame del Bard rose (the highest rated imported rose) were sold even when they were priced higher than the domestic Kardinal rose (the highest rated domestic rose) in the same periods.[130] In other instances, the domestic Kardinal rose oversold the Madame del Bard rose.[131]

Because prices of roses sold on a spot basis tend to fluctuate widely, often changing several times per day, the usefulness of the pricing comparisons in these investigations is limited. In addition, certain comparisons were based on sales of significantly different quantities, which could have affected the relative prices. Due to these factors, as well as the limited substitutability of the domestic and imported products,[132] we find that the pricing comparisons have less probative value.

Nevertheless, a consideration of the price comparisons in these investigations showed mixed underselling and overselling by the subject imports with no consistent trend across channels of distribution (e.g., sales to wholesalers versus sales to mass merchandisers) or by type of sale (e.g., spot sales versus standing order sales). For example, in most comparisons, the Madame del Bard roses from Colombia and Ecuador oversold the domestic Royalty on standing order sales to wholesalers and spot sales to mass merchandisers, but undersold the Royalty in spot sales to wholesalers.[133] For non-red roses, on an aggregate basis, there was also mixed underselling and overselling by subject imports showing no consistent pattern.[134] We find the low degree of substitutability and the relative importance of non-price factors discussed above diminishes the significance of any underselling.[135]

We find little or no evidence of price depression. The pricing data we collected show that, based on quarterly f.o.b. prices, the prices for Colombian, Ecuadorean and U.S. fresh cut roses fluctuated over the period of investigation. Prices for red roses generally peaked in the first quarter of each year of the investigation, falling to lower levels during the

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[129] Table 18, CR at I-76, PR at II-47. Petitioners also reported that many U.S. growers are able to command a price premium due to the freshness of their roses compared to imported roses from Colombia and Ecuador. See, e.g., Petitioners' Posthearing Brief at 20-21.

[130] See Table 17, CR at I-75, PR at II-46. The fact that the U.S. rose market is driven by factors other than price is demonstrated by the fact that during periods of peak demand, despite large increases in rose prices, the largest volumes of roses are sold, and when prices for roses are low (e.g. in the third quarter) there is low demand for roses. CR at I-68, PR at II-42. In this regard, we note that a red hybrid tea rose may sell for $0.94 during the peak Valentine's Day period and $0.31 during periods of low demand. See Figure 28, CR at I-29, PR at II-62.

[131] See, e.g., Tables 17 and 18, CR at I-75-76, PR at II-46-47.

[132] We attempted to compare the most similar domestic and imported rose varieties. We compared the major premium red-rose domestic varieties (Kardinal, Royalty, and Samantha) with the major premium imported red rose (Madame del Bard); we compared a lesser quality domestic red rose (Cara Mia) to the lesser-rated imported red rose (Visa). We also compared non-red domestic and imported roses. See Tables 15-30, CR at I-74-83 and I-96, PR at II-56 and II-61.

[133] There was mixed overselling of Colombian Madame del Bards and Royalties in the spot sales to retail florists, but underselling by the Ecuadorean Madame del Bards in the same category. Both Colombian and Ecuadorean Madame del Bards oversold the domestic Kardinal rose in sales to mass merchandisers, and oversold the domestic Samantha rose in standing order sales to wholesalers. See CR at I-104-106, PR at II-57.

[134] See Table 31, CR at I-26 and I-97, PR at II-14 and II-57.

[135] In addition, while average unit values of subject imports were generally lower than domestic average unit values, we note that a significant percentage of subject imports is comprised of the lower quality Visa roses which are sold almost exclusively to mass merchandisers where there is little direct competition with domestic roses. Table C-1, CR at C-3, PR at C-3.

remaining quarters and reaching their nadir in the third quarter. Prices of non-red roses also demonstrated some seasonal fluctuation, although not as dramatic.[136] Taking into account seasonal fluctuations, prices of domestic fresh cut red roses were generally steady, decreasing only slightly during the period of investigation, despite the fact that prices for subject imports of red roses fluctuated downward.[137] Moreover, annual unit values for red roses were relatively stable during the period of investigation.[138] There were no consistent trends for non-red roses, which supports our conclusion that there is limited substitutability between subject imports and the domestic like product.[139] Even if price trends are similar, however, this would not necessarily warrant a conclusion that any lower-priced Colombian and Ecuadorean fresh cut roses depressed prices of domestic fresh cut roses. Rather, we find that seasonal demand shifts are driving pricing patterns.

We also do not find that subject imports suppressed domestic fresh cut rose prices to a significant degree. Petitioners argued that they were unable to raise prices sufficiently to cover costs,[140] but we do not find that domestic growers could have raised prices sufficiently to cover their costs even in the absence of LTFV imports from Colombia and Ecuador.[141] Most purchasers stated that the current price of Colombian and Ecuadorean roses would have to be more than ten percent higher to cause them to shift to purchases of domestic roses.[142] [143] Indeed, a significant number of purchasers stated that price was not really a factor at all in their purchasing decisions, which further supports the finding of limited substitutability between subject imports and the domestic like product and minimizes the possibility of any significant adverse price effects from the subject imports.[144] In addition, most importers stated that despite antidumping duties, their purchases of subject imports would remain unchanged.[145] This reflects the significant influence of non-price factors in purchasing

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[136] CR at I-95, PR at II-44.

[137] CR at I-26 at I-95, PR at II-14 and II-44. Prices for each of the domestic red rose varieties (Kardinal, Samantha, Royalty, and Cara Mia) all exhibited different trends depending upon the basis upon which they were sold and the channels of distribution they were sold to. See generally Tables 15-18, 22-23 and 27-28, CR at I-74-83, PR at II-45-47.

[138] This information is based a on tabulation of prices obtained from Commission questionnaires for the represented red rose varieties.

[139] CR at I-95, PR at II-44.

[140] See, e.g., Petitioner's Posthearing Brief at 8-11.

[141] Commissioner Newquist does not concur in this sentence.

[142] CR at I-52-53, PR at II-30; Final Economic Memorandum at 21. We also find that the availability of nonsubject imports (which represented 8.3 percent of U.S. consumption by quantity in 1993 and 9.3 percent in interim 1994, based on Commission questionnaire data, and 7.0 percent in 1993, based on USDA data) would have further limited any price increases by petitioner, and would do so even in the absence of subject imports. Tables 2 and C-1, CR at I-30 and C-3, PR at C-3. We note that certain purchasers reported increasing their purchases of fresh cut roses from Mexico. While domestic producers' market share decreased generally, imports of fresh cut roses from non-subject countries slightly increased their market share during the interim period. Id.; Final Economic Memorandum at 22 and 24.

[143] Commissioner Newquist does not join the discussion of non-subject imports in the preceding footnote.

[144] Twelve of 33 responding purchasers stated that the price was not a factor in their choice between domestic versus Colombian or Ecuadorean roses. Final Economic Memorandum at 21.

[145] See, e.g., CR at I-52, PR at II-30; Prehearing Brief of the Wholesale Florists and Florist Suppliers of America at 14-15.

decisions and confirms our conclusion that there is limited substitutability between domestic roses and subject imports.[146] [147]

Given the importance of non-price factors and the lack of correlation between the prices of domestic and subject roses, we do not find that subject imports have depressed or suppressed domestic rose prices to a significant degree.

C. The Impact of Subject Imports on the Domestic Industry

We conclude that subject imports did not have an adverse impact on the domestic industry sufficient to warrant an affirmative determination. Many U.S. producers reported that they were facing difficulties due to increased production costs and reduced volumes of rose sales, and an inability to increase rose prices.[148] We determine, however, that any failure by the domestic industry to raise prices sufficiently, or increase their rose production to cover their costs was not due to LTFV imports to any significant degree.[149] Although cumulated subject imports increased in volume and market share, we find that these increases, and the level of market share, have not adversely impacted the domestic industry. The growth in volume of subject imports served largely to supplement demand during peak seasons. In addition, subject imports satisfied increases in U.S. demand in the expanding mass merchandiser market, a segment of the market that domestic growers have failed to supply to any significant degree.

Further, as discussed in the previous section, purchasers tend to base their rose purchasing decisions not on price but on a variety of non-price factors, and they find subject imports and roses sold by the domestic industry are differentiated. We find that the low substitutability between imports and domestic products, as well as the inability of the domestic industry to increase production in the short term in response to any price increase,

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[146] A comparison of subject import volumes subsequent to Commerce's preliminary LTFV determination did not reveal any significant drop-off in volume despite the fairly significant LTFV preliminary margins.

[147] To determine what price effects, if any, have been caused by the dumped imports, Commissioner Crawford analyzes supply and demand factors in the rose market and compares actual domestic prices with what prices would have been if imports had been priced fairly. Subject import roses and domestic roses are not very substitutable, as has been discussed. They are highly differentiated products, and purchasers make purchase decisions based largely upon non-price factors. Given the limited substitutability and the relatively low importance of price in the purchasing decision, the small increase in price that would result had subject imports been sold at fair value would not have caused a significant shift in sales from subject imports to domestic roses. That is, purchasers of subject import roses would have continued to purchase the subject imports, notwithstanding a price increase.

Although the domestic industry has no excess capacity, a condition which sometimes suggests an ability to increase prices, the industry's ability to raise prices is hindered because no increase in demand is likely, as noted, and also because any increase in demand could be satisfied in part by additional nonsubject imports, as the supply of subject imports is somewhat elastic. Therefore, on balance, despite the fact that demand for roses is not very price sensitive and purchasers would have been willing to pay a higher price, the low dumping margin, limited substitutability, and other market conditions would have prevented the domestic industry from raising its prices significantly even if subject import had been fairly priced.

[148] See, e.g., Petitioners' Posthearing Brief at 6. We note that the domestic industry's depreciation expenses increased over the period of investigation, reducing net income. CR at I-47, PR at II-27.

[149] As noted above, most purchasers stated that the current price of Colombian and Ecuadorean roses would have to be over ten percent higher to cause them to shift to domestic roses and that the antidumping duties would not lead to a decrease in the volume of subject imports purchased.

indicates that subject imports have not had an adverse impact on the domestic industry. The COMPAS (Commercial Policy Analysis System) output further supports the conclusion that domestic prices, shipment volumes, and overall revenues would not have been significantly different from their 1993 levels in the absence of unfairly traded fresh cut roses from Colombia and Ecuador.[150] [151] [152] [153] This, together with the mixed evidence of underselling and the tendency of pricing trends to track seasonal fluctuation in demand, support the conclusion that the imports had no significant impact.

Accordingly, we conclude that the domestic industry is not materially injured by reason of LTFV imports of fresh cut roses from Colombia and Ecuador.

V. NO THREAT OF MATERIAL INJURY BY REASON OF LTFV IMPORTS FROM COLOMBIA AND ECUADOR

A. CUMULATION

In assessing whether a domestic industry is threatened with material injury by reason of imports from two or more countries, the Commission has discretion to cumulate the volume and price effects of such imports if they compete with each other and the domestic

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[150] See Final Economic Report at 32-40.

[151] Under the new antidumping legislation, the Commission is required to consider, in addition to other statutorily enumerated factors, the margin of dumping in all cases filed on or after January 1, 1995. For cases filed under prior law, the use of the margin was discretionary. These investigations were filed prior to January 1, 1995. Thus, although not required to do so, Chairman Watson considered the dumping margin in this case. In this regard, Chairman Watson finds it useful to examine the Commission staff's economic model analysis, which uses the dumping margin as one of the input variables. In this case, he notes that the dumping margin was based on constructed value calculations, and concurs with the economics staff's estimates of low substitutability. The low price, quantity and revenue effects estimated by staff in Memorandum EC-S-023 support a conclusion that the impact of the subject imports is de minimis.

[152] See last paragraph of Commissioner Newquist's footnote 96.

[153] In her analysis of material injury by reason of LTFV imports, Commissioner Crawford evaluates the impact on the domestic industry by comparing the state of the industry when the imports were dumped with what the state of the industry would have been without the dumping, that is, had imports been priced fairly. In assessing the impact of subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development as required by 19 U.S.C. § 1677(C)(iii). These factors either encompass or reflect the volume and price effects of the dumped imports, and so she gauges the impact of the dumping through those effects. In this regard, the impact on the domestic industry's prices and sales is critical, because the impact on other industry indicators (e.g. employment, wages, etc.) is derived from this impact. As she noted earlier, Commissioner Crawford finds that demand for the domestic like product would not have increased significantly, had subject imports been sold at fairly traded prices. Thus, the domestic industry would not have been able to significantly increase either prices or quantity sold. Without such an increase in either price or quantity sold, the domestic industry would not have been able to significantly increase its revenues. Thus, the combination of circumstances in this case -- low dumping margins, limited substitutability, and other market conditions -- would have prevented the domestic industry from significantly increasing either quantity sold or prices. Without such an increase in sales or prices, the domestic industry would not have been significantly better off if the subject imports had been fairly traded. Accordingly, Commissioner Crawford determines that the domestic industry is not materially injured by reason of the LTFV imports of fresh cut roses from Columbia and Ecuador.

like product.[154] In addition, the Commission considers whether the imports are increasing at similar rates in the same markets, whether the imports have similar margins of underselling or pricing patterns, and the probability that imports will enter the United States at prices that would have a depressing or suppressing effect on domestic prices of that merchandise.[155]

We have cumulated imports from Colombia and Ecuador for purposes of our threat analysis. We find a reasonable overlap of competition for the same reasons that we have decided to cumulate subject imports for purposes of our present material injury analysis. Imports from Colombia and Ecuador have been increasing at similar rates. Although we find there to be somewhat divergent pricing patterns of the Colombian and Ecuadorean imports, we find price comparisons are less informative in these investigations for the reasons noted above.

B. THREAT OF MATERIAL INJURY

Section 771(7)(F) of the Tariff Act of 1930 directs the Commission to determine whether a U.S. industry is threatened with material injury by reason of imports "on the basis of evidence that the threat of material injury is real and that actual injury is imminent." The Commission is not to make such a determination "on the basis of mere conjecture or supposition."[156]

We have considered all the statutory factors that are relevant to these investigations.[157] The presence or absence of any single factor is not dispositive.[158] While we find that the domestic industry has been performing poorly, as discussed above, we do not find that imports from Colombia and Ecuador threaten the industry with material injury.

First, there is no underutilized capacity or any increase in unused capacity in Colombia or Ecuador that is likely to result in a significant increase in imports of fresh cut roses into the United States. Capacity in the fresh cut roses industry is measured based on the area devoted to the planting of roses, the number of greenhouses, and the number of rose plants in production. Producers of roses cannot quickly or easily alter their rose production, thus, they are essentially always operating at full capacity.[159] According to respondents, the

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[154] 19 U.S.C. § 1677(7)(F)(iv).

[155] See Torrington v. United States, 790 F.Supp. 1161, 1172 (Ct. Int'l Trade 1992), aff'd, 991 F.2d 809 (Fed. Cir. 1993); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asocoflores, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

[156] 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallverken Nederland B.V. v. U.S., 744 F.Supp. 281, 287 (Ct. Int'l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F.Supp. 1273, 1280 (Ct. Int'l Trade 1984), aff'd sub nom. Armco, Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985).

[157] 19 U.S.C. § 1677(7)(F)(i)(I)-(X). In addition, the Commission must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class or kind of merchandise suggest a threat of material injury to the domestic industry. 19 U.S.C. § 1677(7)(F)(iii)(I). There is no evidence of any third country antidumping findings or remedies against Colombian and Ecuadorean fresh cut roses.

Since this investigation does not involve a subsidy, factor (I) is not applicable. The Commission also does not need to analyze factor (IX) because these investigations do not involve imports of both a raw and processed agricultural product. While roses are an agricultural product, processed roses are not subject to these investigations.

[158] See, e.g., Rhone Poulenc, S.A. v. United States, 592 F. Supp. 1318, 1324 n.18 (Ct. Int'l Trade 1984).

[159] See, supra, note 68.

significant determinant with respect to capacity in the rose industry is the percentage of product sold, and they note that almost all of their rose production was sold.[160]

There have been increases in production of fresh cut roses in Colombia and Ecuador during the period of investigation.[161] Most of the importers of roses from Colombia and Ecuador, however, reported that their annual purchases of subject imports would continue unchanged.[162] Colombia and Ecuador also have alternative markets in addition to the United States and exports to these markets have been increasing in significant quantities.[163] Ecuadorean producers are turning increasingly to other export markets as well as the home market, and they are also diversifying their product mix away from roses to other flower types.[164] Sales to third countries have increased at a somewhat faster rate than sales to the United States.[165]

As noted previously, the production of roses requires a relatively long-term investment. Once the rose plants are placed in production, it may take a rose plant a year to reach its peak production level.[166] Colombian and Ecuadorean growers have limited flexibility to increase their production levels in the short run. The growing cycles of the principal fresh cut rose varieties grown in Colombia and Ecuador are slightly longer than the growing cycles for U.S. varieties (8-11 weeks versus 5-8 weeks).[167] Thus, we find there is no likelihood of a significant increase in subject imports into the United States in the imminent future.

While there has been an increase in market penetration of subject imports, domestic consumption also increased during the period of investigation. As noted above, subject imports helped to create increasing demand in the U.S. market and are needed to supplement the supply of domestic rose growers in times of peak demand. Thus, we do not find that the modest projected increases in imports from Colombia and Ecuador are likely to increase market share to an injurious level, especially in light of the limited substitutability between domestic roses and roses from Colombia and Ecuador.

We further find no probability that subject imports will enter the United States at prices that will have a depressing or suppressing effect on domestic prices. We have found that such imports are not currently having a significant depressing or suppressing effect on domestic prices. As discussed previously, non-price factors play a significant role in the fresh cut roses market thereby limiting the ability of subject imports to affect domestic prices adversely. There is no evidence that these market conditions will change in the immediate future, and that subject imports from Colombia and Ecuador will be any more likely to affect prices adversely in the immediate future than they have during the period of investigation.

Fresh cut roses cannot be maintained in inventory for any significant amount of time due to their perishable nature.[168] There is also no evidence of any potential for product-

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[160] See, e.g., Expoflores' Posthearing Brief at 7.

[161] Table 9, CR at I-56-58, PR at II-31-33.

[162] CR at I-53, PR at II-30. See also Tables 10 and 11, CR at I-55 and I-60, PR at II-33 and II-35.

[163] Tables 9-11, CR at I-54-55 and I-60, PR at II-31-32 and II-35. Other markets for Colombian roses include the United Kingdom, the Netherlands, and France. Export markets for Ecuadorean roses other than the United States include the Netherlands, Germany, Italy, Canada, Argentina, Switzerland, Russia, and Spain. CR at I-57 and I-59, PR at II-31 and II-34; Final Economic Memorandum at 12.

[164] CR at I-58, PR at II-34; Tr. at 233-34. Also, because of land and infrastructure limitations, Ecuadorean producers are limited in their rose production. CR at I-58, PR at II-34.

[165] CR at I-60, PR at II-35. See also Asocolflores' Posthearing Brief at 103-105; Expoflores Prehearing Brief at 7-8.

[166] Final Economic Memorandum at 10 and 11-12.

[167] Final Economic Report at 10-12.

[168] CR at I-52, PR at II-30; Final Economic Memorandum at 11 and 12.

shifting within the meaning of 19 U.S.C. §1677(7)(F)(i)(VIII).[169] Furthermore, as noted above, there is a slow supply response in the rose market because producers cannot quickly increase their production of roses in response to increasing demand.

While there is evidence on the record that the development and production efforts of the domestic industry have been restrained, we do not find that subject imports are the cause thereof; furthermore, there is also evidence of increased capital expenditures between 1991 and 1993.[170] Finally, we find no "other demonstrable adverse trends" to indicate that subject imports from Colombia and Ecuador will be the cause of actual injury.[171]

Based on the above, we see no evidence of imminent threat of material injury by reason of imports from Colombia and Ecuador.

CONCLUSION

In light of the foregoing, we determine that the domestic industry is not materially injured or threatened with material injury by reason of LTFV imports from Colombia and Ecuador.

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[169] Other flowers are grown in the same greenhouses as roses, and certain flowers have been subject to an antidumping order, but this order has been in effect for several years, and the LTFV margins are low.

[170] CR at I-51, PR at II-30. We also note that the number of greenhouses increased in interim 1994 compared with interim 1993. Table 4, CR at I-40, PR at II-23.

[171] Petitioners argue that certain European Union (EU) measures will cause a diversion of rose exports from the EU to the United States. See Petitioners' Posthearing Brief at 22-23. We find petitioners' allegations too speculative to warrant an affirmative threat finding. The EU accounts for a relatively small percentage of rose exports from Colombia and Ecuador, and if anything, the record indicates that exports to that market are increasing not shifting to the United States. See CR at I-57 and I-59, PR at II-32 and II-35; Final Economic Memorandum at 12.

Dissenting Views of
Vice Chairman Janet A. Nuzum and Commissioner David B. Rohr

Fresh Cut Roses from Colombia and Ecuador
Invs. Nos. 731-TA-684-685 (Final)

Based on the record in these two final investigations, we make affirmative determinations that an industry in the United States is materially injured by reason of imports of fresh cut roses from Colombia and Ecuador that are sold in the United States at less than fair value (LTFV). We concur with our colleagues in the majority in their description of the like product, domestic industry, condition of the domestic industry and analysis of the appropriateness of cumulation.

Legal Standard

The Commission is required to make a determination of whether an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports.[1] In making our determination, the statute directs us to consider the volume of the imports that are the subject of the investigation, the effect those imports have on domestic prices, and the impact of those imports on the domestic industry. We may also consider such other economic factors as are relevant to these determinations.[2] Although we may consider alternative causes of injury, we do not weigh causes.[3] For the reasons discussed below, we find that the domestic fresh cut roses industry is materially injured by reason of LTFV imports from Colombia and Ecuador.

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[1] 19 U.S.C. § 1673b(a).

[2] 19 U.S.C. § 1677(7)(B).

[3] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

Volume of Subject Imports[4]

The volume of cumulated imports increased by 40.6 percent from 1991 to 1993. Cumulated imports in the interim period consisting of the first nine months of 1994 rose 13 percent over imports in January through September 1993. The quantity of cumulated imports grew steadily from 380 million stems in 1991 to 438 million stems in 1992 and 535 million stems in 1993. Interim period imports increased from 413 million stems to 467 million stems.[5] [6]

The market share of cumulated imports also rose steadily from 46.1 percent in 1991 to 49.8 percent in 1992, and to 56.0 percent in 1993, an overall increase of 9.9 percentage points. This increase in market share continued into the first nine months of 1994, with the share of cumulated imports rising to 60.6 percent of the quantity of U.S. consumption.[7] Similar trends were reflected in cumulated market share when measured in terms of value.[8]

The increases in market share held by subject imports are also significant when compared to domestic producers' market share. Domestic market share in 1991 was 44.6 percent by volume, but declined to 35.7 percent in 1993.[9] Domestic market share reached 30.1 percent in interim 1994 as compared to interim 1993, about half of cumulated subject

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[4] The Department of Commerce made negative final dumping determinations for five of the Colombian grower/exporters. Facsimile from Department of Commerce containing revised margins (Mar. 3, 1995). We realize, of course, that the statute directs us to assess the impact of only those imports for which Commerce has made affirmative dumping determinations. In investigations in which some foreign producers/exporters are found not to be dumping, the Commission ordinarily reduces the quantitative data by the volumes accounted for by the companies found not to be dumping. In these investigations, the Commission requested company-specific data for the entire period of investigation from Asocolflores, a trade association representing the majority of Colombia's grower/exporters. Asocolflores only provided company-specific data for four of the five grower/exporters found not to be selling at less than fair value; furthermore, such data was for 1993 only (posthearing brief, p.20). Commission staff was able to obtain 1993 data on the fifth grower/exporter from the Department of Commerce. The record thus contains specific data on the volume of LTFV imports from Colombia only for 1993.

In assessing the volume of subject imports for 1993, we relied on the actual volumes of imports subject to Commerce's affirmative dumping determinations. In the absence of the five excluded Colombian grower/exporters coming forward with their specific data prior to 1993, we have assumed that the proportion of Colombian shipments for which they accounted in 1993 is representative of the entire period of investigation. For purposes of trends analysis, therefore, we examined the volume data which include these five grower/exporters' shipments over the full period of investigation.

[5] Table 12, CR at I-62, PR at II-36. As discussed earlier, demand for fresh cut roses is cyclical. As a result, subject imports enter in the greatest volume during peak demand periods, especially during the month of February. Table 13, CR at I-64, PR at II-33.

[6] The five Colombian grower/exporters who received negative final dumping determinations from Commerce accounted for 23 percent of total imports from Colombia in 1993. Excluding exports from these grower/exporters results in LTFV imports from Colombia in 1993 of 349 million stems. Excluding the exports for these five Colombian grower/exporters leaves cumulated subject imports for which dumping margins were assessed with a substantial market share of 45 percent. We find that the volume of subject imports in 1993 for which there are affirmative dumping determinations is significant.

[7] Table 14, CR at I-66, PR at II-40.

[8] Id.

[9] Id.

import market share.[10] In short, the market positions of the domestic industry and subject imports were essentially reversed during the period of investigation.

Based on the above, we find that the volume of cumulated imports, and the increases in that volume, are significant.

Price effects

Analysis of the pricing data in these investigations must take into account a variety of factors, including the seasonality of the market, the different varieties of roses for which prices were collected, the perishability of the product, the apparent volatility of rose prices in the domestic market (even during the off-peak period of the year), and the growth of the mass merchandiser segment of the market.

The parties disagree strenuously about the extent to which the subject imports and domestic roses compete directly in the marketplace, and about the importance of price in that competition. Growers contend that there is price competition between roses with similar stem lengths, and that price competition is fierce.[11] Wholesalers insist that their customers' preference for the subject imports is based on distinct varieties, large bud sizes, durability, prompt delivery and consistent supply, and that price is not a factor in their purchasing decisions.[12] The Colombian and Ecuadorean respondents argue that domestic product and subject imports are not substitutable because of the differences in their physical characteristics, as well as differences in channels of distribution and geographical concentration of sales by domestic producers versus the subject imports.[13]

Our analysis of the nature and degree of price competition in the market for roses begins with the product itself. Fresh cut roses exist along continuums of size, color, and quality. While there may be clear distinctions between roses at different ends of these continuums (e.g., white porcelina sweetheart roses on the one hand and long-stemmed, premium quality red roses on the other), we do not think there are equally clear distinctions between roses of similar stem lengths and colors (e.g., the Madame del Bard versus the Kardinal). Indeed, the majority of subject imports are red roses, and respondents testified at the hearing that Visas and Madame del Bards account for 90 percent of all red hybrid tea roses imported from these two countries.[14] Red roses also constitute about half of domestic production, although that proportion has declined during the period of investigation.[15] On balance, therefore, we believe that subject imports and domestic roses are at least moderately substitutable. Another important factor is the perishability of the product. Unlike manufacturers of products which can be stored for long periods, growers cannot hold their roses back when market prices are very low, waiting for prices to recover. Further, the ability of growers and importers alike to respond to changes in customer preferences and other market conditions are somewhat limited since production cannot be quickly reduced or accelerated. Thus, particularly during the off-peak periods of the year, growers bringing roses to a market that has larger and larger volumes of subject imports are unlikely to have any means of responding to market conditions other than lowering prices.

We note that of 51 purchasers who responded to the Commission's questionnaire, 38 purchased both domestic roses and subject imports during the period.[16] The subject imports were identified as having certain advantages over domestic roses, including large blooms,

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[10] Id.

[11] Petitioners' Prehearing Br. at 50; Petitioners' Post- hearing Br. at 6.

[12] Respondent WF&FSA Prehearing Br. at 12.

[13] Asocolflores and Expoflores' Economic Report at 2, 5; Asocolflores and Expoflores' Prehearing Br. at 47.

[14] CR at I-32, n.58, PR at II-19; Tr. at 117-118.

[15] CR at I-32, n.59, PR at II-19.

[16] CR at I-70, PR at II-43.

stem length, color and availability. Domestic roses, however, have advantages of their own over the subject imports, including freshness, smaller minimum orders, short lead times, and reliability of supply.[17] We believe that purchasers who compare the subject imports and the domestic products weigh the advantages of each (e.g., larger bloom versus greater freshness), and that the advantages held by the subject imports are not necessarily determinative. In that connection, although it was not identified as the most important factor, price was identified as important by purchasers who purchased subject imports and domestic roses.[18]

Respondents contend that the pricing comparisons are not reliable for purposes of assessing underselling because of the volatility of prices in the market. Respondents acknowledged, however, that it would be very difficult to obtain the daily or weekly pricing data which they would consider more reliable to make any underselling analysis.[19]

The quarterly pricing data collected by the Commission smooth out the extreme highs and lows that would be evident in daily or weekly pricing data. While this may result in losing some comparisons where subject import prices are much higher than domestic prices, the same is true for instances where subject import prices are much lower than domestic prices. We agree, therefore, that the pricing data may not be very probative in drawing conclusions about direct price-to-price comparisons, as is our usual custom in Title VII injury investigations. Nevertheless, the pricing data do reflect the general price levels and price trends for the various products. Thus, to the extent that the pricing data show one imported product at consistently lower prices than a competing domestic product (or vice versa), and the price trends for both products are declining (or increasing), this reflects the relative pricing and price trends of those products vis-a-vis each other during the period of investigation.[20]

In an effort to minimize the effect of the market's seasonality on the pricing data collected, we examined closely quarterly price trends on a year-to-year basis (i.e., we examined the price trends for the first quarter of 1991, 1992, 1993 and 1994, the price trends for the second quarter of 1991, 1992, 1993, and 1994, and so on).[21] We also examined the volumes associated with these sales.[22]

Overall, the pricing data reveal a fairly significant number of instances where the subject import prices were lower than domestic prices in the wholesale and retail channels of distribution, particularly in comparisons involving spot sales of low-end red roses (Cara Mia

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[17] Economic Memorandum at 21.

[18] Economic Memorandum at 20.

[19] Tr. at 199.

[20] Indeed, certain of the respondents' pricing arguments appear to be premised on the same view. Respondents relied on average unit values for domestic roses to support their contention that domestic prices were "remarkably stable" during the period of investigation. See Asocolflores and Expoflores' Prehearing Br. at 43; Asocolflores and Expoflores' Economic Report at 23. Respondents looked at annual, industry-wide average unit values, while we are examining product-specific, quarterly price trends. One important difference between our approaches is that reliance on industry-wide average unit values are affected by changes in product mix (e.g., shift away from sweetheart roses to larger bloom roses), which may mask price declines for specific varieties of roses.

[21] CR at Appendix E, Figures E-1 - E-21, PR at E-5 - E-10.

[22] Given the seasonality of the market, we agree with respondents' contention that domestic and subject import prices can be expected to track one another. See Asocolflores and Expoflores' Economic Report at 21. This is not, however, the end of our inquiry. As discussed below, we also examined how subject import and domestic price levels compared to one another, as well as how they generally moved throughout the period of investigation.

versus Visa) and high-end red roses (Royalty/Samantha/Kardinal versus Madame Del Bard).[23] In that connection, we note that the wholesale channel of distribution is the largest channel of distribution for both subject imports and domestic roses, and that domestic producers sell primarily to wholesale and retail level purchasers.[24] Therefore, the price levels and trends in these distribution channels most closely reflect the market prices that domestic growers are encountering.

Wholesalers. For spot sales to wholesalers, year-to-year quarterly prices for domestic low-end and certain high-end reds and for mixed colors showed either consistent or overall declines in the vast majority of instances.[25] Subject import spot prices to wholesalers were consistently or generally lower than domestic prices in every quarter in the comparisons of the low-end reds, high-end reds and Sonias to Sonias.[26]

The volumes of sales of domestic and subject import low-end red roses in spot sales to wholesalers trended downward, which is consistent with the evidence of a shift in consumer preferences toward roses with larger blooms. Indeed, the volumes of the high-end Madame del Bards from Colombia and Ecuador showed significant increases, although the volumes of domestic Royalties and Samanthas were lower at the end of the period than at the beginning.[27] Increases in the volumes of domestic Kardinals, although significant, were not enough to compensate for the declines in the other domestic high-end red roses.[28]

In sum, the spot prices to wholesalers reveal declining price trends for most varieties of subject imports and domestic roses, a high frequency of lower price levels for subject imports than for domestic roses, increasing volumes of high-end red roses from Colombia and Ecuador, and generally decreasing volumes of domestic high-end red roses. Under the respondents' theory of the case, this evidence is consistent with the growth of the mass merchandiser segment of the market, which is primarily supplied by the subject imports. If that were true, however, we would expect to see more stable volumes associated with spot sales of domestic roses, rather then declining volumes. We also would not expect domestic price levels for so many products to decline if most of the price effects of subject imports are limited to the mass merchandiser segment of the market, as respondents appear to contend. The frequency of declines in domestic prices and volumes indicate to us that domestic growers reduced their prices in an effort to compete with the subject imports and that domestic roses are being displaced in this channel of distribution by generally lower-priced subject imports.

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[23] Underselling in spot sales of both low- and high-end red roses to wholesalers occurred in 56 out of 60 comparisons. CR at I-104, PR at II-53. In the case of spot sales to retail florists, subject imports of low- and high-end red roses undersold domestic roses in 49 out of 60 comparisons. CR at I-105, PR at II-57.

[24] CR at I-25, PR at II-13-14.

[25] For example, the domestic spot prices for Samanthas declined the first, second and fourth quarters in each year of the period, while third quarter prices declined during 1991 to 1992, increased slightly the following year, and then declined again in 1994. App. E, Fig. E-6, CR at E-16, PR at E-7. Domestic spot prices for Kardinals in that same channel of distribution showed very sharp overall declines when comparing 1994 to 1991. Id. Spot prices for domestic Royalties in this distribution channel were either flat or showed slight increases. App. E., Fig E-4, CR at E-14, PR at E-7.

[26] App. E, Figs. E-2, E-4, E-6, and E-7, CR at E-12 - E-17, PR at E-3 - E-8. Comparisons of U.S.-grown and Colombian mixed colors showed fairly consistent underselling by the subject imports in every quarter of each year save the third quarter. App. E, Fig. E-9, CR at E-19, PR at E-8.

[27] Table 18, CR at I-76, PR at II-47.

[28] Id. Volumes associated with spot sales of Pink Dolores to wholesalers showed declines for domestic growers and increases for subject imports. Table 20, CR at I-77, PR at II-48. There were no clear trends for volumes of Sonias. Table 19, CR at I-77, PR at II-48.

Retail florists. Trends in domestic spot prices for sales to retail florists showed declines for Cara Mias, Kardinals, Samanthas, Sonias, and mixed colors.[29] Subject import spot prices generally were lower in comparisons of low-end red roses and certain high-end red roses.[30] In particular, prices for red roses from Ecuador were consistently lower than domestic prices.

As in the case of spot sales to wholesalers, volumes of domestic and subject import low-end red roses in spot sales to retail florists all trended downward.[31] The volumes for sales of subject import high-end reds generally increased, while volumes associated with domestic sales of Samanthas and Royalties declined, with only the Kardinals showing an increase.[32] In the non-reds, the volumes of mixed colors from Colombia in spot sales to retail florists showed significant increases, and dwarfed the volumes for domestic mixed colors.[33]

The price data for the retail distribution channel, in our view, lead to the same conclusions as the price data for the wholesale channel. Generally lower price levels and increasing volumes of subject imports, along with declining or flat domestic prices and declining volumes for domestic roses indicate increasing penetration by lower-priced subject imports at the retail level. In particular, we note that prices for imports from Ecuador in the retail channel of distribution first appear in 1992, which suggests that Ecuadorean roses began to penetrate this channel during the period of investigation. Thus, the increase in the volume of subject imports was not limited to the mass merchandiser segment. In any event, the evidence of declining domestic prices in the retail channel cannot be explained away by the sales of subject imports to the mass merchandiser segment of the market.

Mass merchandisers. The price trends and frequency of underselling in comparisons of spot sales to mass merchandisers differ from spot sales to wholesalers and retail florists.[34] The trends in volumes associated with sales were more mixed in this channel than in the other two.[35] Respondents argued, however, (and petitioners did not strongly disagree) that domestic producers do not have a significant presence in the mass merchandiser segment. Thus, the price data in these tables are likely less probative in drawing conclusions about price effects than are those for spot sales to wholesalers and retail florists.[36]

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[29] App. E, Figs. E-16, E-18, E-19, and E-21, CR at E-26 - E-29, PR at E-9 - E-10.

[30] Subject imports spot prices generally were lower in comparisons of Visas to Cara Mias, and Madame del Bards to Samanthas and Kardinals. App. E, Figs. E-16, E-18, CR at E-26, E-28, PR at E-9 - E-10. Colombian Madame del Bards were generally priced higher than Royalties, but Ecuadorean Madame del Bards were consistently lower-priced. App. E, Fig. E-12, CR at E-27, PR at E-10. As for the non-reds, Colombian Sonias and U.S. Sonias were fairly evenly split in terms of under- and overselling one another. App. E, Fig. E-19, CR at E-29, PR at E-10.

[31] Table 27, CR at I-81, PR at II-51.

[32] Table 28, CR at I-82, PR at II-51.

[33] Table 30, CR at I-83, PR at II-52.

[34] Prices for domestic Royalties, Samanthas and Sonias generally were flat or downward while prices for Cara Mias, Kardinals, Pink Dolores and mixed colors either trended upward or were flat. App. E, Figs. E-10 - E-15, CR at E-20 - E-25, PR at E-9. Pricing comparisons showed more mixed underselling and overselling by the subject imports than in the price comparisons involving wholesalers and retail florists. CR at I-105, PR at II-57.

[35] See Tables 22-26, CR at I-79-81, PR at II-49-51.

[36] Vice Chairman Nuzum notes that the dumping margins in these investigations are not large, with average margins for each subject country at approximately 5 and 6 percent. Nevertheless, the significant volumes of subject imports and the increase in those volumes relative to domestic shipments, the perishable nature of the product, and the pervasive price declines during the period

(continued...)

In the same vein, respondents' argument that price comparisons between different varieties of roses are invalid misses a larger point about price competition in this market. As discussed earlier, fresh cut roses exist along continuums of sizes, colors and qualities, such that there are not clear distinctions between roses of similar colors and sizes. The increasing volumes of subject imports in each channel of distribution combined with the perishability of these flowers put price pressure generally on domestic growers, since they have few means other than price by which to respond to the growing presence of subject imports. The numerous examples of declining price trends in the quarterly pricing tables, in our view, reflect this general downward pressure on prices.

Further, prices need not decline very much in order for this domestic industry's condition to worsen considerably. As discussed below, the industry experienced net losses throughout the period. Prices need only decline a penny or two per stem for the industry's performance to worsen significantly.

The frequency of declining prices for domestic roses in the wholesale and retail channels of distribution, the fairly significant frequency of lower prices for subject imports in those channels (particularly when comparing red roses), and the increasing volumes of subject imports, even in the retail florist channel, persuade us that the significantly greater presence of subject imports in the United States is not wholly explained by the growth of the mass merchandiser segment of the market. Further, the declining trends in prices in spot sales to wholesalers and retail florists indicates that there is downward price pressure in these channels of distribution. Based on the foregoing, we conclude that subject imports are having significant price depressing and suppressing effects on the domestic industry.

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. Virtually all of the indicators of the U.S. industry's performance, including production, production capacity, U.S. producers' domestic shipments, number of employees, net sales, net income and market share, have declined over the period of investigation.[37] We believe that this performance is, in large part, a result of the quantity of subject imports entering the U.S. market at LTFV prices.

We find it particularly significant that, although domestic consumption for fresh cut roses increased during the period of investigation by a total of nearly 16 percent from 1991 to 1993, and by an additional 6.6 percent comparing the first nine months of 1994 to the same period in 1993, domestic producers were unable to capture any portion of this increase.[38] Domestic producers experienced absolute declines in production, shipments and net sales.[39] Domestic producers' share of apparent consumption showed a continuous downward trend in terms of quantity, losing nearly 9 percentage points of U.S. market share from 1991 to 1993.[40] Subject imports' share grew by almost 10 percentage points during the same period.[41] The same trend continued into the nine month interim period of 1994 when compared to 1993. Concurrently, domestic production of fresh cut roses decreased by 7 percent from 1991 to 1993, and the domestic industry's U.S. shipments of all fresh cut roses

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[36] (...continued)
examined indicate to Vice Chairman Nuzum that these dumping margins contribute to price depression and suppression.

[37] See generally Table C-1, CR at C-3; PR at C-3; see also Views of the Commission, "Condition of the Domestic Industry."

[38] Table 14, CR at I-66, PR at II-40.

[39] Tables 1, 2 and 7, CR at I-29, I-30, I-47, PR at II-16, II-17, and II-27.

[40] Table 14, CR at I-66, PR at II-40.

[41] Id.

decreased by 7.3 percent in terms of quantity and 10.8 percent of value between 1991 and 1993.[42]

The record indicates that some part of the increase in U.S. consumption resulted from the increasing availability of less expensive roses in the mass merchandiser segment of the market. Respondents claim that imports first created and now fill this market segment in which domestic producers never really participated due to lack of availability of large enough quantities of domestic product.[43] Evidence shows, however, that U.S. rose growers have, to some extent, always been in the mass merchandiser market, particularly during periods of excess production.[44]

Certainly there has been growth in the mass merchandiser segment. Estimates for the size of this market segment range from 16 to 37 percent of all rose sales.[45] Subject imports do dominate this segment, accounting for about 95 percent of the roses sold in the mass merchandiser market according to respondents.[46] The dominance of subject imports at increasingly low prices in this market segment has obliged the domestic industry to turn its focus to other portions of the market. Domestic growers have concentrated on the retail and wholesale market due to this import pressure and foregone the benefits of the growth in the mass merchandiser area.[47]

Of greater significance, the subject imports are not exclusively in the mass merchandiser market segment. The Commission does not have information from wholesalers detailing exactly what portion of their sales went to the retail or mass merchandiser market. The Commission did, however, collect price data from U.S. growers and importers on the prices and quantities of their firms' most popular rose varieties sold to wholesalers, mass merchandisers and retail florists on a standing order and spot basis for each quarter during January 1991-September 1994.[48] The presence of U.S. and subject import roses in each market segment are reflected by the quantities sold in each segment. These data show that the quantities of roses for which U.S. growers reported prices for sales to retail florists fell by 15 percent, while subject import quantities going to retail florists increased by over 80 percent. Thus, the low cost imports have made in-roads across all the various market segments and increased price pressure on the U.S. growers uniformly.

As a result, the domestic industry finds itself in a cost-price squeeze as domestic rose growers are increasingly unable to recover their costs. On a per stem basis, the value of each domestically grown rose consistently fell throughout 1991-93, while total operating expenses increased.[49] The dominant volume and market share held by the subject imports indicates that these imports affect overall price levels in the domestic market generally and in each market segment. The evidence of adverse price effects by the subject imports discussed

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[42] Tables 1 and 4, CR at I-29, I-40, PR at II-16 and II-23.

[43] See Asocolflores and Expoflores' Posthearing Br., at 7-9.

[44] See Petitioners' Posthearing Br. and Responses to Questions from the Commission and Staff at 27-28.

[45] Transcript of Commission Meeting of March 3, 1995, pp. 31-32; see also Economic Memorandum at 8.

[46] Asocolflores and Expoflores Posthearing Br. at 7.

[47] Indeed, U.S. growers in recent years have been shifting their sales from the wholesale market to the retail market because wholesalers resisted paying the growers higher prices. CR at I-23, n.51, PR at II-13.

[48] See generally Tables 15-30, CR at I-74-83; PR at II-45-52. On a value basis, the U.S. growers accounted for *** percent of total reported U.S. shipments of U.S. grown fresh cut roses in 1993. The responding importers accounted for *** percent and *** percent of total reported shipments of imported Colombian and Ecuadorean fresh cut roses, respectively, in 1993.

[49] Table 8, CR at I-50, PR at II-29. Although per stem total operating expenses declined between the interim periods, so too did per stem net sales value.

earlier thus indicates that domestic producers are unable to raise prices above their costs of production due to the generally lower priced imports.

The record shows that the declining financial condition of the domestic industry[50] is largely due to two factors. First, U.S. growers experienced declines in their levels of production and shipments.[51] Second, they also on average sold their roses at prices which were less than their cost of production.[52] We find that the domestic growers had to lower, or not increase, their prices in order to compete with the prices offered for subject imports, which entered the United States in rapidly increasing quantities.[53]

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 the domestic industry is materially injured by reason of LTFV imports of fresh cut roses from Colombia and Ecuador. Accordingly, we dissent.

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[50] See Views of the Commission, "Condition of the Domestic Industry."

[51] Tables 4 and 5, CR at I-40, I-42, PR at II-23-24.

[52] Table 8, CR at I-50, PR at II-29.

[53] Vice Chairman Nuzum notes that the nature of the product and of the changing dynamics in the marketplace have made these difficult decisions. The record does not overwhelmingly support the petitioners' case. On balance, however, she finds that there is sufficient evidence to support an affirmative determination.

PART II: INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

These investigations result from a petition filed on February 14, 1994, by counsel for the FTC,[1] Haslett, MI, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports from Colombia and Ecuador of fresh cut roses.[2] Information relating to the background of the investigations is provided below:[3]

Date	Action
February 14, 1994	Petitions filed at the Commission and Commerce; institution of Commission preliminary investigations
March 14, 1994	Commerce's notices of initiation
March 31, 1994	Commission's affirmative preliminary determinations
September 16, 1994	Commerce's affirmative preliminary determinations; institution of Commission final investigations (59 F.R. 52989)
October 5, 1994	Commerce's notice of postponement of final determinations
October 12, 1994	Commerce's notice of amended preliminary determinations of sales at LTFV
January 26, 1995	Public hearing[4]
February 6, 1995	Commerce's affirmative final determinations (60 F.R. 6980)[5]
March 3, 1995	Date of briefing and vote
March 13, 1995	Commission's deadline for notifying Commerce

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

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[1] The FTC 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 FTC.

[2] The products covered by these investigations are fresh cut roses, including spray roses, 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 HTS. During the preliminary investigations, K. Hardin, Import Compliance Specialist, Commerce, stated that the scope description should be interpreted as comprising only the roses in the bouquets and not the bouquets per se; telephone conversation, Mar. 15, 1994. In its final determinations, Commerce ruled that the packaging and presentation of roses in bunches and bouquets do not transform the roses into merchandise outside the scope of the order.

[3] The Commission's *Federal Register* notice is presented in app. A. Commerce's final LTFV determinations are too lengthy to include in the report but are part of the record in these investigations.

[4] A list of participants at the hearing is presented in app. B.

[5] Commerce calculated its final LTFV margins for Colombia to be as follows (with revisions on Mar. 2, 1995, per telephone conversation with Pamela Ward, Commerce): Agrorosas, 0.00 percent; Grupo Papagayo, 3.02 percent; Flores Mocari S.A., 2.86 percent; Grupo Sabana, 5.80 percent; Flores la Frangancia, 3.31 percent; Grupo Benilda, 5.07 percent; Grupo Clavecol, 1.56 percent; Floramerica Group, 4.95 percent; Rosex, 2.44 percent; Grupo Sagaro, 0.00 percent; Grupo Tropicales, 0.00 percent; Grupo Prisma, 0.00 percent; Grupo Bojaca, 20.66 percent; Grupo Andes, 0.00 percent; Caicedo Group, 15.07 percent; Grupo Intercontinental, 3.92 percent; and all others, 5.53 percent. The LTFV margins calculated for Ecuador are as follows: Arbusta-Agritab, 4.01 percent; Florin S.A., 84.72 percent; Guanguilqui Agro Industrial S.A., 14.29 percent; Inversiones Floricola S.A., 4.63 percent; and all others, 5.41 percent.

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 cause of serious injury, or the threat thereof, to the domestic industry producing the like or directly competitive articles.[6]

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 3, 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.[7]

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.[8]

Commerce has also conducted several countervailing duty investigations with respect to fresh cut roses (two included other fresh cut flowers) involving countries which were not entitled to an injury test at that time.[9] 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

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[6] *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.

[7] *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.

[8] *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.

[9] See 19 U.S.C. § 1671(b).

cover programs found countervailable or potentially countervailable since the original agreement. On March 8, 1994, Commerce published in the *Federal Register* the most recent final results of an administrative review with respect to roses and other cut flowers from Colombia.[10] 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, 1990, but Commerce decided 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. On October 18, 1994, Commerce published in the *Federal Register* its preliminary results of the most recent administrative review covering the period January 1, 1991 through December 31, 1992. Commerce preliminarily determined that the Government of Colombia and the signatories/exporters of the subject products had complied with the terms of the suspension agreements.[11]

On September 25, 1989, Commerce published its most recent final administrative review of fresh cut roses from Israel.[12] 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 25, 1994, Commerce published its most recent determination not to revoke the countervailing duty order on fresh cut roses from Israel.[13]

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.[14]

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 growing, 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.[15]

THE PRODUCT

The Commission's decision regarding the appropriate domestic product or products in an investigation that is/are like the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) the use of common manufacturing facilities and production employees; (3) interchangeability of the products; (4) customer and producer perceptions of the products; (5) channels of distribution; and (6) price. In the preliminary investigations, the petitioner argued, and the Commission agreed,[16] that the appropriate like product consists of all fresh cut roses

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[10] 59 F.R. 10796.
[11] 59 F.R. 52518.
[12] 54 F.R. 39219.
[13] 59 F.R. 60608.
[14] 50 F.R. 40250.
[15] Executive Summary, USITC Pub. 2178.
[16] *Fresh Cut Roses from Colombia and Ecuador: Views of the Commission in Investigations Nos. 731-TA-684 and 685 (Preliminary)*, USITC Pub. 2766, Mar. 1994.

(sweethearts or miniatures, intermediates, hybrid teas, and spray roses[17]) whether in stems, bunches, or bouquets.[18] In the final investigations, petitioner maintains that the like product consists of all fresh cut roses regardless of variety or the form in which they are imported,[19] as the Commission determined in the preliminary investigations.[20] Counsel for the Colombian and Ecuadorean grower/exporters, on the other hand, argued in the preliminary and final investigations that bouquets,[21] spray roses,[22] and micro (baby) roses[23] are separate like products.

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[17] Eight U.S. growers reported producing spray roses during some part of the period for which data were requested. Most of these growers provided very little data either because spray rose production was such a small percentage of total rose production or they had tried to produce spray roses but discontinued such production because it was not profitable; FTC's posthearing brief, "Responses to questions of the Commission and staff," pp. 45-46. Counsel for petitioner testified at the hearing that one U.S. grower, Pajaro, started producing spray roses 30 years ago and that domestic growers have been in and out of spray rose production, experimenting to see if the market would accept that variety; hearing transcript, p. 326. H.R. Schenkel and Dillon, two U.S. growers, stated in their prepared testimonies, pp. 13 and 14, respectively, that they had not brought their experimental crops of spray roses into larger production because there was no market for them as yet.

[18] Conference transcript, pp. 82-83, 86, and postconference brief, pp. 3-6. Eighteen U.S. growers, accounting for 25.4 percent of production in 1993, reported that they produced bouquets that included roses. Such growers reportedly produced over 286,000 bouquets in 1993, which included roses, gypsophila, and leatherleaf.

[19] FTC's posthearing brief, p. 2.

[20] FTC's prehearing brief, pp. 8-19.

[21] Mr. R. Maldaner, Chief Executive Officer of Colors, an importer of bouquets from Ecuador, argues in these final investigations that there are two different types of farm-made bouquets imported into the United States and that mass-produced finished bouquets containing roses are a distinct downstream product not like the rose product used in bouquets included in the like product; hearing transcript, pp. 179-181, and letter dated Dec. 14, 1994. Colors estimates that U.S. producers' sales of finished bouquets will be about $250 million in 1994 and that its sales of finished bouquets containing roses from Ecuador will be about $*** in 1994; letter dated Dec. 20, 1994. Colors estimates that the mass production of bouquets in Ecuador adds at least 25 percent to the value of the roses and other flowers used and that such bouquets are sold as a relatively low-end cash-and-carry impulse purchase for home use; hearing transcript, pp. 179-181. Counsel for respondents testified that almost 90 percent of the pre-made bouquets go to the mass merchandiser channel of distribution and are not products typically handled by retail florists; hearing transcript, pp. 182-183 and prehearing brief of Asocolflores, pp. 4-22. See also hearing transcript, pp. 228-229.

[22] Conference transcript, pp. 111-114 and hearing transcript, pp. 174-177. Prehearing brief of HOSA and DENMAR, pp. 2-22. Postconference brief of Asocolflores, pp. 10-24. Generally, U.S. importers that reported imports of spray roses felt that such imports were not like other fresh cut roses. Twenty-seven firms provided data on their imports of spray roses, totaling 14.2 million stems from the subject countries in 1993. Data on imports of spray roses are presented in table C-3.

[23] According to respondents, micro (baby) roses usually have a bud the size of a fingernail and a stem length of less than 6 inches. Respondents argue that micro roses are so small that they cannot be used in bouquets or floral arrangements and the majority are sold to customers that make dried arrangements; prehearing brief of Asocolflores, pp. 23-24. The Commission contacted ***. Imported micro roses would be most similar to sweetheart roses although counsel for Asocolflores argues that sweetheart roses and micro roses are not substitutable or comparable products; posthearing brief, "Answers to questions from the Commission and Commission staff," pp. 29-30. See also prehearing brief of Asocolflores, pp. 23-25.

Physical Characteristics and Uses

A fresh cut rose comprises those parts of the rose plant that include the bloom or "inflorescence" and some attached stems and leaves, but not roots or 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 are available in a wide array of colors as well as intermediate shades and tints.

Cut roses are used in wreaths, bouquets,[24] and boutonnieres/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 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.

Spray roses are the same floribunda (species) as sweetheart roses, but are bushier than either sweetheart or hybrid tea rose varieties with multiple buds produced on a single stem.[25] The bud of a spray rose is generally smaller than sweetheart and hybrid tea roses, and the stem lengths of spray roses are also generally shorter.[26]

A bouquet is a finished product ready for sale to the final consumer. There are imports of prepackaged bouquets, but most bouquets sold in the U.S. market are produced domestically.[27] Imported bouquets are mainly sold to the mass merchandiser market, which includes grocery and chain stores, garden centers, convenience stores, street vendors, and gas stations. There are a wide variety of mass-produced bouquets sold to this market segment.[28] For example, a bouquet may consist of anywhere from a single stem rose to a dozen roses; it may include several flower varieties; and it usually contains greenery and filler flowers (e.g., gypsophila).[29] Usually the mass-produced bouquets contain less premium roses (primarily the imported Visa rose), or shorter stemmed roses. The bouquet is then wrapped in a sleeve. Imported bouquets are shipped dry, whereas most domestically-produced bouquets are shipped in water.

In the questionnaires, U.S. growers generally reported that their roses were fresher and more durable than imported roses but that these differences in quality were not a significant factor in their

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[24] A bouquet is a finished product ready for sale to the final consumer. A bouquet is usually composed of 4 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. Respondents define bouquets more narrowly by not including bouquets composed of stems of a single flower variety (bunches of roses) but rather bouquets of mixed flower varieties; prehearing brief of Asocolflores, pp. 5-8, p. 10, ex. 2, and posthearing brief, "Answers to questions of the Commission and Commission staff," p. 28.

[25] FTC's prehearing brief, pp. 11-12.

[26] According to ***, spray roses are generally 40-50 cm in length and their blooms do not open as wide as hybrid tea roses; ***.

[27] According to respondents, less than *** of roses from Colombia and Ecuador are imported in prepackaged bouquets. Many of the mass-production bouquet makers located in the United States use Colombian flowers. Wholesalers also sometimes produce bouquets; ***.

[28] There are also mass-produced bouquets designed for direct mail purchased through catalogues. These bouquets are generally high-end products using premium roses.

[29] ***. Respondents' definition of a bouquet excludes bouquets composed of stems of a single flower variety (bunches of roses). Petitioner argues that there is no meaningful dividing line between the bouquet consisting of one or more roses and a single sprig of gypsophila, and the bulk sale of single stem roses for assembly into bouquets by wholesalers, mass merchandisers, or retailers. See FTC's posthearing brief, "Responses to questions from the Commission and staff," pp. 39-45.

sales of U.S.-grown roses.[30] Importers of Colombian and Ecuadorean roses, by contrast, reported that physical differences such as larger heads, stem thicknesses, and stem lengths were significant factors affecting sales of the imported product. U.S. purchasers of fresh cut roses generally agreed with the physical differences cited by the importers.[31]

Use of Common Manufacturing Facilities and Production Employees

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 that will be planted based on consumer demand in the market that will be served[32] 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. In recent years, U.S. growers have decreased their plantings of sweetheart roses and hybrid tea rose growers have been planting more colored rose varieties.[33] 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 are 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 dictated by 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[34] require a greenhouse night temperature of approximately 60°F and a day 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).

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[30] Ms. K. Sambrailo, Executive Vice President of Pajaro, testified at the hearing that the imported rose with the larger bloom and thicker stem is typically the MDB, with which U.S. growers can compete if price is not an issue. Also, retail and wholesale florists in general recognize that domestic roses are fresher, more durable, and more consistent in terms of quality and freshness than the imported product; hearing transcript, pp. 45-46.

[31] Growers', importers', and purchasers' responses to the Commission's questionnaires. For a more detailed discussion of product differences see the section of the report entitled "Product comparisons."

[32] Mr. R. Wright, President and General Manager of Utah Roses, testified that his farm grows 43 varieties of roses, of which 60 percent are sold locally and 40 percent are shipped to cities throughout the United States; hearing transcript, p. 51.

[33] Mr. F. Fries, President of Dillon, testified that he grows hybrid tea roses in eight different shades of pinks, four different reds, three different whites or champagnes, two yellows, and three novelties; hearing transcript, p. 60. Mr. H. Schenkel, President of H.R. Schenkel, testified that in addition to red roses he grows three yellows, two pinks, one white, two salmon colored roses, a lavender, a few red and white bi-color roses, and a pink and a yellow sweetheart rose; hearing transcript, p. 65. See also hearing transcript, pp. 73-75. Ex. 4 of FTC's posthearing brief contains a list of rose varieties and colors produced by U.S. rose growers.

[34] A cultivar is a horticultural or "cultivated" variety that shares the same general characteristics as other members of the species but also has characteristics that are unique.

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 to have 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.[35]

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 to produce a harvestable bloom also depends on the type of pinch; the time of year; and growing location. 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 grown in the United States 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. In Colombia, a harvestable red bloom generally takes 9-12 weeks and a harvestable non-red bloom takes 6-9 weeks after pinching or cutting. 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 stems during that time, depending on the rose variety. A grower must also contract in advance for new rose plants that will be used either to replace existing plants or to add new ones. This lead time is usually between 6 months and 1 year; but for some varieties the lead time may be nearly 2 years. Also, once the plants are placed in the greenhouse, it is about 120 days before the first rose 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 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.[36]

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.

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, MDB and Visa, require lower

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[35] Conference transcript, p. 27.
[36] Conference transcript, pp. 16, 27.

temperatures for optimum growth.[37] 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 while U.S. producers are more capital-intensive;[38] however, this distinction is declining as production expands in Colombia and Ecuador.

Generally, U.S. growers that produce bouquets and/or spray roses reported that such production utilized the same PRWs and facilities as those employed in the production of fresh cut roses. Eighteen U.S. growers reported production of bouquets that included fresh cut roses and eight reported limited production of spray roses (less than 2 percent of total production).[39]

Interchangeability and Customer and Producer Perceptions of the Products

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 tastes and preferences. Manufacturers of floral bouquets may also change the makeup of the bouquet based on the relative price difference between roses and other flower types.[40] U.S. rose growers generally view spray roses as interchangeable with traditional fresh cut roses.[41] Petitioner argues that spray roses can be used in bouquets for decorative purposes and as boutonnieres, which is also true for traditional roses. Spray roses can be used interchangeably with other roses in bouquets for formal uses and in informal arrangements for the home.[42] U.S. importers reported that spray roses are not interchangeable with traditional roses and are used mainly in floral arrangements and bouquets as "filler" flowers.[43] U.S. purchasers that responded to the Commission's questions regarding the interchangeability of traditional roses and spray roses were generally of two minds: either they felt that spray roses are not interchangeable with other fresh cut roses or if they are interchangeable it is with sweetheart roses. Generally, purchasers do not consider bouquets to be interchangeable with fresh cut roses sold individually.

In terms of interchangeability between the domestic and imported product, petitioner maintains that domestically grown roses and imported fresh cut roses are essentially equivalent in terms of quality, variety, and colors.[44] The respondents, on the other hand, assert that the imported fresh cut roses are of different varieties and colors than U.S.-produced roses and have larger heads (blooms) and thicker, longer stems.[45] Respondents attribute these features, in part, to the ideal

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[37] Growers in the United States have grown MDB and Visa roses but the yield on such roses is low; FTC's posthearing brief, "Responses to questions from the Commission and staff," pp. 17-19.

[38] 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 applying chemicals such as fertilizers, fungicides, and insecticides; FTC's prehearing brief, pp. 88-90 and prepared testimony of R. Wright, President and General Manager of Wright Brothers, pp. 10-11, and T. Haley, President of Pikes Peak, pp. 15-17.

[39] The majority of the U.S. spray rose growers are located in the West.

[40] U.S. consumers tend to prefer large showy roses in bouquets of a half dozen or a dozen roses which may also include gypsophila and leatherleaf.

[41] Although the response was mixed, with some growers responding that spray roses are only interchangeable with sweetheart roses; growers' responses to the Commission's questionnaire and FTC's prehearing brief, p. 18.

[42] FTC's postconference brief, p. 15.

[43] ***, an importer of spray roses, argues that these roses are not interchangeable with standard roses, are not sold through the same channels of distribution, and are not purchased for a special occasion but rather as an impulse purchase or as components of floral arrangements; *** of its importer's questionnaire response.

[44] Hearing transcript, pp. 44-45, 60-61, 63-64, and 110-111, and FTC's posthearing brief, ex. 4.

[45] Hearing transcript, pp. 155-156, 167-168, 229-231, 233-237, 239-243, 247-250, 253-254, and 312; prehearing brief of Asocolflores, pp. 52-61, and posthearing brief, pp. 2-4, and ex. 2.

growing conditions in Colombia and Ecuador. Purchasers' responses to the Commission's questions concerning the quality of the imported product versus the domestic product are generally that the imported roses have larger blooms, longer and thicker stems, and better color than U.S.-grown roses, while they cited the freshness, durability,[46] packing, and smaller minimum order size as traits favoring the domestic product.[47] In addition, purchasers of both the domestic and imported fresh cut roses often stated that their purchases are not made on the basis of price but rather on the availability of the product.[48] Further discussion of the importance of non-price factors can be found in the "Prices" section of this report.

Channels of Distribution

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.[49] 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 warehouse 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.[50]

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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[46] Purchasers' opinions on durability were mixed, with several reporting that the imported roses were more durable.

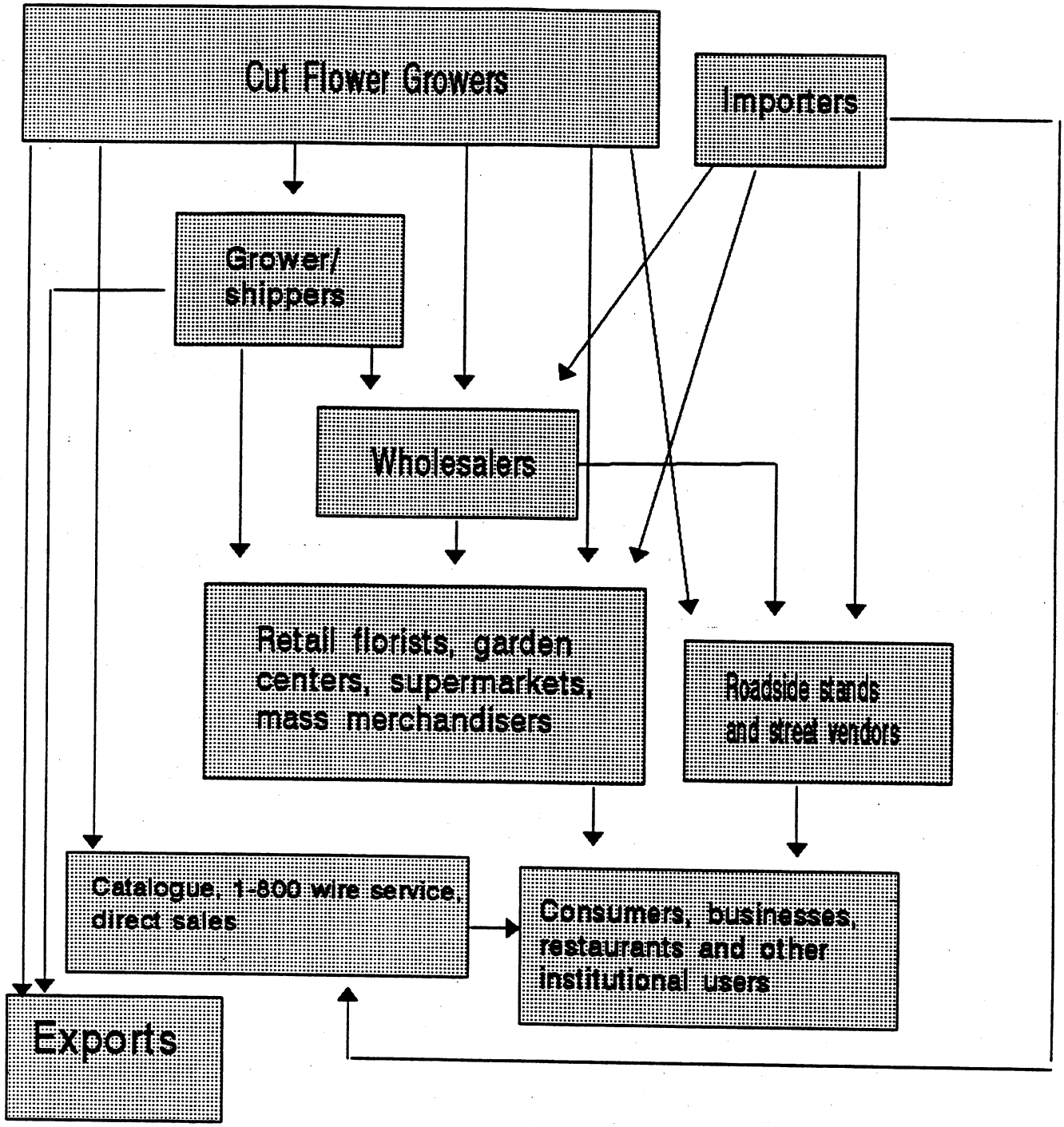
[47] Thirty-eight of the 51 purchasers that responded to the Commission's questionnaire purchased both domestic and imported fresh cut roses. See also hearing transcript, pp. 239-243 and 253-254.

[48] Availability can mean one or more of the following non-price factors: ***; postconference brief of Asocolflores, pp. 61-64. Climate and the size of the farms in Colombia and Ecuador were the main reasons cited for the South American producers' ability to produce larger quantities of roses with more colors and varieties than their U.S. counterparts. Respondents argue that domestic producers do not have the capacity or the varieties that the market demands. U.S. growers claim they can supply the demand for roses with over 200 varieties in all colors with a consistent and high quality.

[49] Fresh cut roses are sold through a number of channels of trade, including grower/shippers, wholesalers, retail florists, and mass merchandisers. The majority of U.S. growers and importers reported that the channels of distribution for spray roses are the same as those for other types of roses, while bouquets of fresh cut roses were mainly sold to wholesalers and mass merchandisers. See also the prehearing brief of Asocolflores, pp. 16-17, and exs. 1 and 2. Counsel for HOSA, a Colombian grower/exporter, notes that its related importer sells the spray roses largely to grocery store chains that sell directly to consumers; prehearing brief, pp. 15-16. The majority of micro roses are sold directly to customers who make dried arrangements, with the remainder sold to specialty markets for use as novelty items; prehearing brief of Asocolflores, p. 24.

[50] U.S. growers in recent years have been shifting their sales from the wholesale market to the retail market because wholesalers resisted paying the growers higher prices; hearing transcript, pp. 87-88 and 98-99.

Figure 1
Major distribution channels for fresh cut flowers in the United States



Source: U.S. International Trade Commission.

established flower designing areas in their outlets. Mass merchandisers have increased their share of the market,[51] primarily at the expense of the traditional retail florists.[52] Wholesalers are also increasing their sales to the mass merchandiser market.

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 inexpensive, 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, from which the customer orders a flower arrangement based on a picture. The flowers are delivered to the recipient by a cooperating florist or directly from a bouquet maker. 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.[53] Home shopping networks on television are also beginning to offer cut flowers as part of their product lines.

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.....	7.5	0.1	38.2	33.5	0.7	19.1	0	0.8
Western U.S....	11.0	10.3	13.0	40.0	0.2	20.2	0	5.3
Average.....	9.2	4.9	25.8	36.6	0.5	19.6	0	2.9

[51] Counsel for respondents testified at the hearing that mass merchandisers account for roughly 50 percent of rose sales in the United States today; hearing transcript, p. 185. In its posthearing brief respondents stated that newly available data indicate that the mass market channel presently accounts for over 35 percent of all rose sales and that imports account for roughly 95 percent of the roses sold in the mass market channel; posthearing brief of Asocolflores, pp. 5 and 7 and "Answers to questions of the Commission and Commission staff," pp. 25-26. Counsel for petitioners estimates that mass merchandisers account for *** percent of rose sales; FTC's posthearing brief, "Responses to questions from the Commission and staff," pp. 37-38.

[52] According to several sources, the primary growth in rose sales has been to mass merchandisers. The abundance of imported roses, particularly the popular Visa rose, has increased sales to mass merchandisers. Visa's unique quality is durability, the ability to last a long time without opening. This feature makes it ideal for mass market channels of distribution, including supermarkets, convenience stores, and gas stations. It is also very popular with bouquet makers; prehearing brief of Asocolflores, pp. 52-53. At least 90 percent of the Visas today are sold to mass merchandisers. In addition, imported bouquets containing roses are for the most part sold to mass merchandisers; hearing transcript, p. 182.

Respondents argued at the hearing that Colombian and Ecuadorean exporters created the mass merchandiser market by supplying large quantities of low-end roses and pre-made bouquets that U.S. growers did not and could not supply. Respondents repeatedly testified that growers in the United States could not supply the demand for roses, especially in the mass merchandiser market. U.S. growers argue that they can and do supply the quantities demanded by the mass merchandiser market; FTC's posthearing brief, "Responses to questions from the Commission and staff," pp. 27-28. Mr. J. Krone, Executive Vice President of Roses, Inc., testified that U.S. growers could provide a large number of additional roses by just installing recent technology. Dr. Tugita, a researcher, stated in a recent report that the use of carbon dioxide in rose greenhouses' enrichment systems would increase rose production by 25 to 50 percent. Supplemental lighting can boost yields by 50 to 100 percent and a combination of the two could improve yields by up to 150 percent; hearing transcript, pp. 71 and 77-79.

[53] According to a major bouquet producer, direct mail is the fastest growing channel of distribution; ***.

The shares of domestically produced fresh cut roses going to the eastern and the western markets were 53 percent and 47 percent, respectively, in 1993.[54]

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 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	0.2	2.9	86.0	0	5.6	0	5.3
Western U.S....	0	0.4	9.4	80.5	0.1	4.5	0	5.0
Average.....	0	0.2	4.2	84.9	0	5.4	0	5.3

Price

Prices of fresh cut roses vary based on a variety of factors, including the channels of distribution to which they are sold, the time of year in which they are being sold, and their physical characteristics. In general, prices for U.S.-grown red roses either fluctuated within the same range of prices or fluctuated downward slightly during January 1991-September 1994, but price trends for non-red rose varieties were more mixed. In most cases, price comparisons between U.S.-grown and imported Colombian and Ecuadorean red rose varieties showed underselling by the imported roses, while price comparisons between U.S.-grown and imported Colombian and Ecuadorean non-red rose varieties showed more mixed underselling and overselling.[55]

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. 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 entry in 1993 and 1994; otherwise the column 1-general duty rate of 7.8 percent ad valorem would be applicable to roses from those two countries.

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

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[54] The eastern U.S. market includes the following states/areas: 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.

[55] For a more detailed discussion of prices see the section of the report entitled "Prices".

United States, in the country of exportation (19 U.S.C. 1401a).[56] 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, 1994, through January 31, 1995 (*per stem*):

Period	Long-stem roses, 20 inches or more in length	Short-stem roses, under 20 inches in length	Sweetheart roses
1994			
Jan....	$0.20	$0.15	$0.11
Feb....	.20	.14	.11
Mar....	.31	.18	.11
Apr....	.21	.15	.10
May....	.21	.16	.19
June...	.19	.15	.10
July...	.19	.16	.16
Aug....	.18	.13	.22
Sept...	.19	.14	.22
Oct....	.18	.16	.12
Nov....	.18	.15	.12
Dec....	.18	.13	.12
1995			
Jan....	.18	.14	.12

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 APHIS of USDA. At all other times, importers are charged a fee for inspection services. APHIS 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 of fresh cut roses are conducted at random to insure compliance with U.S. Custom laws.

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 and figure 2. Table 2 and figure 3 present apparent U.S. consumption of fresh cut roses based on production data compiled by USDA and official U.S. import statistics.[57] Apparent U.S. consumption

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

[57] The Commission received questionnaire responses from approximately 100 U.S. grower/shippers in operation between 1991 and Sept. 1994. The staff included 4 questionnaires from the preliminary investigations because the firms were unable to provide additional data for the final investigations. Not all responding growers were able to provide data for all periods requested in the questionnaire. Apparent consumption based on such responses (table 1) accounted for 84.9 percent of total apparent consumption in

(continued...)

Table 1
Fresh cut roses: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*1,000 stems*)				
Producers' domestic shipments	368,239	359,863	341,207	250,263	232,199
U.S. imports from--					
Colombia[1]	340,474	377,548	454,337	353,844	391,317
Ecuador	39,944	60,635	80,436	59,362	75,842
Subtotal	380,419	438,184	534,772	413,207	467,159
Other sources	77,162	82,669	78,868	61,878	72,047
Total	457,581	520,852	613,641	475,084	539,206
Apparent consumption	825,820	880,715	954,848	725,347	771,405
	Value (*1,000 dollars*)				
Producers' domestic shipments	118,440	113,204	105,693	79,581	74,430
U.S. imports from--					
Colombia[1]	84,609	82,166	93,796	74,698	87,097
Ecuador	8,038	12,215	15,394	11,631	14,540
Subtotal	92,648	94,381	109,190	86,329	101,637
Other sources	21,819	18,518	19,283	15,403	19,123
Total	114,466	112,899	128,473	101,732	120,760
Apparent consumption	232,906	226,103	234,166	181,313	195,190

[1] Although the Commission requested company-specific data for the entire period of investigation, counsel for Asocolflores, a trade association representing the majority of Colombia's grower/exporters, provided company-specific export data for the four grower/exporters initially found not to be selling at LTFV for 1993 only (posthearing brief, p. 20). On Mar. 2, 1995, Commerce revised some of its final LTFV calculations and found another company, Grupo Prisma, not to be selling at LTFV. These five Colombian grower/exporters accounted for 23 percent of total imports from Colombia in 1993. Excluding exports from these firms results in LTFV imports from Colombia in 1993 of 349,178 thousand stems valued at $64,367 thousand.

Source: Compiled from data submitted in response to Commission questionnaires and official statistics of Commerce.

[57] (...continued)
1993 (table 2), the most recent year for which USDA has compiled data on U.S. production of roses. Reported U.S. shipments accounted for 66.7 percent of USDA production (sales) data in 1993.

Table 2
Fresh cut roses: U.S. production (sales), U.S. imports, and apparent U.S. consumption,[1] 1991-93

Item	1991	1992	1993
	Quantity (*million stems*)		
U.S. production	552.6[2]	533.6[3]	511.2[3]
U.S. imports from--			
Colombia	340.5	377.5	454.3
Ecuador	39.9	60.6	80.4
Subtotal	380.4	438.2	534.8
Other sources[4]	77.2	82.7	78.9
Total	457.6	520.9	613.6
Apparent consumption	1,010.2	1,054.5	1,124.8
	Value (*million dollars*)		
U.S. production	180.7[2]	174.5[3]	161.1[3]
U.S. imports from--			
Colombia	84.6	82.2	93.8
Ecuador	8.0	12.2	15.4
Subtotal	92.6	94.4	109.2
Other sources[4]	21.8	18.5	19.3
Total	114.0	112.9	128.5
Apparent consumption	295.1	287.4	289.6

[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 stems in 1993.

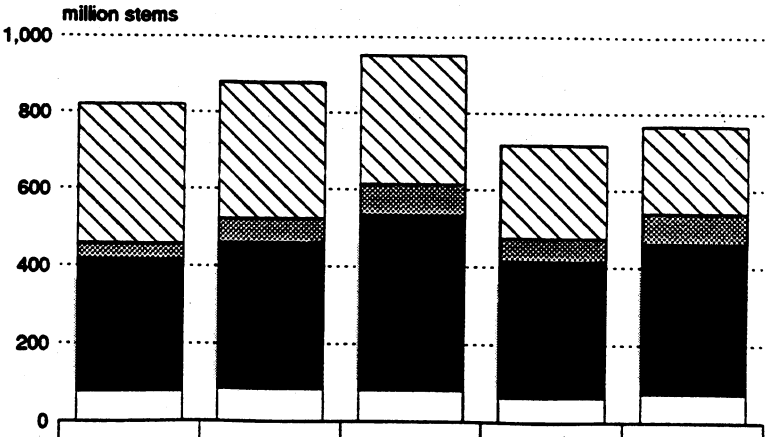
[2] Data are for 28 major producing states and represent commercial growers with $100,000 or more in gross sales of floricultural products.

[3] Data are for 36 major producing states and represent growers with $100,000 or more in sales of floricultural products. Stems sold by commercial growers in the 28 major producing states in 1992 totaled 523.3 million stems 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 USDA; imports compiled from official statistics of Commerce.

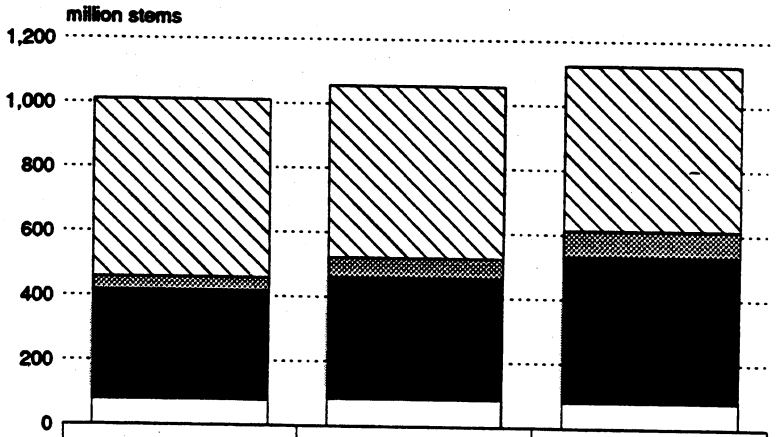
Figure 2
Fresh cut roses: Apparent U.S. consumption based on U.S. growers' reported shipments, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	362	357	339	241	227
Ecuador	40	61	80	59	76
Colombia	340	378	454	354	391
Other sources	77	83	79	62	72

Source: Table 1.

Figure 3
Fresh cut roses: Apparent U.S. consumption based on USDA production data, by sources, 1991-93



	1991	1992	1993
U.S. producers	553	534	511
Ecuador	40	61	80
Colombia	340	378	454
Other sources	77	83	79

Source: Table 2.

based on USDA data is higher than data based on Commission questionnaires.

Apparent U.S. consumption of fresh cut roses grew during January 1991-September 1994. 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.

Testimony at the Commission's hearing 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.[58] Data provided on hybrid tea rose production by those firms responding to the Commission's growers' questionnaire showed red varieties declining by 13.3 percent during 1991-93 and by 3.8 percent during the interim periods. Non-red varieties declined by 1.7 percent during 1991-93 and by 9.3 percent during the interim periods.[59] Some growers reported that they have begun to produce more long-stem roses,[60] although the long-stem varieties are not as productive as the short-stem varieties.[61]

U.S. Growers[62]

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.[63] 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.[64] U.S. rose growers produce and supply primarily the U.S. market, exporting only limited quantities primarily to Canada.[65]

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[58] Hearing transcript, pp. 47-48, 74-75, 286-287, 290-291, 332, and 336. Mr. A. Schmidt, Board Chairman and owner, Berthoud, testified that his rose production is 60 percent red roses and 40 percent colors. He is currently moving out of sweetheart production, which will change the mix to 50 percent red roses and 50 percent colors; hearing transcript, pp. 47-48 and 74-75. The size of the South American farms allows for greater production of non-red roses. The new non-red colors have been important in expanding demand outside traditional Valentine's Day and Christmas holidays when red roses are favored; hearing transcript, pp. 230-232 and 236. In 1993, Florinsa, Guaisa, and Grupo Arbusta (three Ecuadorean grower/exporters) exported approximately *** percent red roses and *** percent non-red roses. The 14 Colombian respondents that provided data to Commerce for 1993 reported sales of approximately *** percent red roses and *** percent non-red roses; posthearing brief of Asocolflores, "Answers to questions from the Commission and Commission staff," pp. 18-19. ***.

[59] Red roses' share of reported hybrid tea rose production was 51 percent in 1991, 50 percent in 1992, and 48 percent in 1993 and interim 1994.

[60] Responses to the Commission's grower/shipper questionnaire in the preliminary investigations showed that the greatest growth in hybrid tea rose production was in roses with stem lengths between 18 inches and 26 inches. Mr. H. Schenkel testified that in the last two to three years he grew more and more roses with longer stems; hearing transcript, p. 64. Ms. K. Sambrailo, Pajaro, testified that there is little demand for stems longer than 30 inches. The 22- to 26-inch and the 26- to 30-inch lengths seem to satisfy most customers; hearing transcript, p. 45.

[61] 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.

[62] With the exception of 5 firms that oppose the petition and 2 firms that either did not respond to the question or had no opinion, all responding U.S. growers were in support of the petition.

[63] Over 50 percent of domestic 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 transcript, p. 74.

[64] 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.

[65] ***.

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 hybrid tea roses in major producing states in 1991-93.[66]

Table 3
Fresh cut roses: Number of commercial growers of hybrid tea roses in leading producing states, 1991-93[1]

Item	1991	1992	1993
California	105	103	99
Colorado	16	19	19
Massachusetts	5	6	5
Michigan	6	6	6
Minnesota	7	7	7
Missouri	3	3	3
New York	16	13	13
Ohio	9	10	9
Pennsylvania	12	11	9
All other	40	46	43
Total	219	224	213

[1] Data for 1991 are for 28 major producing states. Data for 1992 and 1993 are for 36 major producing states.

Source: Compiled from *Floriculture Crops*, USDA.

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[67] and others have joined cooperatively to sell their fresh cut flowers, including roses, through wholesale outlets. In some instances, domestic growers have their own retail outlets in which they market their fresh cut rose production.[68] Almost half of the responding growers reported producing other floricultural crops in the same greenhouses as fresh roses.[69] 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.

[66] The major producing states in 1993 were 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.

[67] For example, Pajaro consolidates, processes, and ships its flowers from its Watsonville facility; prepared testimony of K. Sambrailo, Executive Vice President of Pajaro.

[68] Thirty-nine growers reported that they are grower/shippers, 36 reported having wholesale operations, and 10 reported having retail operations. Some growers reported having both wholesale and retail operations. Mr. Haley, Pikes Peak, testified 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; hearing transcript, pp. 17-18. Mr. Saldi, Bucks County Roses, built a retail flower shop in 1990 and now sells some of his product directly to retail customers; conference transcript, p. 42.

[69] Other types of floricultural crops produced include lilies, snapdragons, carnations, foliage plants, blooming plants, stephanotis, smilax, alstroemeria, asters, gardenias, liatris, tulips, freesias, and poinsettias.

U.S. Importers[70]

Questionnaires were sent to approximately 80 firms believed to be importing fresh cut roses from Colombia and/or Ecuador.[71] The Commission received complete or partial responses from approximately 60 of these companies.[72] Most importers reported purchasing fresh cut roses from both Colombia and Ecuador,[73] 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[74]) 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,[75] there are approximately 50 wholesalers that buy directly from foreign 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.[76] 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.

Twelve importers reported producing bouquets and floral arrangements from roses imported from Colombia and Ecuador.[77] Most of these bouquets included other flowers such as carnations, chrysanthemums, and pompons, as well as gypsophila and leatherleaf. These bouquets are for the most part sold to wholesalers and mass merchandisers. CFX, Miami, FL, an importer of roses from Colombia and Ecuador, 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 markets the cut flower production of about 40 domestic growers, 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 consumers and (2) final consumers.

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[70] The majority of the importers are members of 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.

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

[72] Of these companies, 3 reported that their firms did not import fresh cut roses from the subject countries and 3 firms could not provide the data as requested by the Commission within the timeframe provided.

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

[74] Mr. Winogrond, President of the Bouquet Connection and formerly President of Southern Rainbow, testified at the hearing that Southern Rainbow is one of the largest South American rose growers and U.S. importers; hearing transcript, p. 228. 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 transcript, p. 115. ***.

[75] Among the best known are Sunburst Farms, Flower Trading Corp., CFX, Continental Farms, Condor Farms, Four Farmers, and Southern Rainbow. 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.

[76] Imports of fresh cut roses from Ecuador have expanded to other areas such as New York, Los Angeles, and Houston; conference transcript, p. 147. For example, 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; conference transcript, p. 154, and ***. Both Colombia and Ecuador now have direct flights into Los Angeles, CA; conference transcript, p. 87. See also hearing transcript, p. 207.

[77] *** reported importing bouquets from Colombia. Colors imports finished fresh cut rose bouquets from Ecuador.

Intermediate Consumers and Products

Purchases of fresh cut roses by bouquet manufacturers represent one form of intermediate consumption. Bouquet manufacturers combine roses with foliage and/or other cut flowers to create bouquets for resale by wholesalers, mass merchandisers, street vendors, and, in some instances, retail florists to final consumers.[78] Retail florist shops, mass merchandisers, street vendors, and roadside stands are also considered intermediate consumers of nonarranged roses. They 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. 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.

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

Approximately 100 firms, accounting for about two thirds of U.S. fresh cut rose production (as reported by USDA) in 1993, provided responses to the Commission's request for data.[79]

U.S. Growers' Production and Planting Capability

Table 4 presents data on U.S. growers' planting capability and production of fresh cut roses during January 1991-September 1994. The area devoted to the planting of roses in the United States generally declined[80] and production decreased throughout the period for which data were collected.[81] Data on U.S. production, by types of rose and by major producing states, as reported by USDA, during 1991-93 are presented in appendix C, table C-4.

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[78] Bouquet manufacturers purchase bulk roses, cut the stems, remove thorns and excess foliage, and sometimes also remove outer petals before incorporating the roses into a bouquet.

[79] Staff included four grower questionnaires from the preliminary investigations when the firms indicated that they could not provide any additional data in the final investigations. Not all responding growers were able to provide data for the entire period for which data were requested.

[80] The area devoted to fresh cut rose production, as reported by USDA, declined from 42.7 million square feet in 1991 to 41.2 million square feet in 1993.

[81] 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.

Table 4
Fresh cut roses: U.S. production[1] and yield, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
Number of greenhouses	1,148	1,142	1,148	1,118	1,146
Production area (*1,000 square feet*)	27,510	27,637	27,460	26,557	25,447
Rose plants (*1,000s*)	16,674	16,692	16,489	15,913	15,029
Production (*1,000 stems*)	388,481	380,240	361,475	264,357	245,477
Yield (*1,000 stems per greenhouse*)	328.6	323.1	306.4	231.5	210.6
Yield (*stems per square foot*)	14.1	13.7	13.1	9.9	9.7
Yield (*stems per rose plant*)	23.2	22.6	21.8	16.6	16.4

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

Note.--Yield ratios are calculated using data of firms providing both production and greenhouse/area/plant information.

Source: Compiled from data submitted in response to Commission questionnaires.

Data submitted by U.S. fresh cut rose growers show that the number of rose plants in production by those firms generally declined during January 1991-September 1994. As reported by USDA, the total number of rose plants used in the production of fresh cut roses declined from 27.4 million in 1991 to 23.4 million in 1993.

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 1991-93, the value of production per square foot, as reported by USDA, for sweetheart roses decreased from $4.98 per square foot in 1991 to $4.79 per square foot in 1993. The value of production per square foot for hybrid tea roses declined from $4.15 to $3.81 during 1991-93. These downward trends reflect the decline in the average price received per stem by U.S. growers during the period and the declining yields shown in table 4. Table C-5 also presents the return per square foot for other major fresh cut flowers produced in greenhouses during 1991-93.

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 hearing, Mr. Haley, President of FTC and President of Pikes Peak, 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.[82] His annual production of roses declined from 4.7 million blooms in 1992 to 1.7 million blooms in 1994.[83] He is attempting to

[82] Longs Peak Range, one of Pikes Peak's ranges, was closed Aug. 2, 1993.

[83] Hearing transcript, pp. 29-30. Mr. Haley testified that it is necessary to reglaze his greenhouses to maximize production but that he has had to defer the process due to lack of funds. However, Mr. Haley testified that he had made other 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; prepared hearing testimony of T. Haley, President of Pikes Peak, p. 16, and conference transcript, p. 19. Items like high-pressure sodium lighting, sophisticated computer controlled environment and carbon dioxide (continued...)

diversify the production mix by adding container crops such as poinsettias, bedding plants, and foliage plants.[84] Mr. Schmidt, Board Chairman and owner of Berthoud, testified that in the last four years rose growers in his area have taken over a half-million square feet out of production, either by shutting down or changing to bedding or potted plants.[85] ***.

U.S. Producers' Shipments

Table 5 presents data on U.S. producers' shipments during January 1991-September 1994.[86] The volume and value of U.S. shipments of fresh cut roses decreased during the period for which data were collected. Four producers reported exports of fresh cut roses, all of which were to Canada.

Table 5
Fresh cut roses: Shipments by U.S. producers, by types, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
			Quantity (*1,000 stems*)		
Domestic shipments	368,239	359,863	341,207	250,263	232,199
Exports	***	***	***	***	***
Total	***	***	***	***	***
			Value (*1,000 dollars*)		
Domestic shipments	118,440	113,204	105,693	79,581	74,430
Exports	***	***	***	***	***
Total	***	***	***	***	***
			Unit value (*per stem*)		
Domestic shipments	$0.32	$0.31	$0.31	$0.32	$0.32
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 Commission questionnaires.

[83] (...continued)
control systems, as well as systems for controlled application of insecticides or inert media of hydroponic or hydroponic growing systems are very expensive to install; hearing transcript, p. 69.
[84] Conference transcript, p. 13.
[85] Hearing transcript, pp. 49-50.
[86] Shipments are a measure of salable stems produced. Although approximately 45 of the responding grower/shippers reported "dumpage" (discarding of stems) in excess of 10 percent of their annual rose production during the period, the aggregate industry data show that dumpage increased from 5.2 percent in 1991 to 5.6 percent in 1993 and increased from 5.3 percent in interim 1993 to 5.4 percent in interim 1994. Normally dumpage ranges from 3 to 5 percent of annual production.

Employment, Wages, Compensation, and Productivity

The U.S. producers' employment and productivity data are presented in table 6. Employment, total wages, and total compensation declined throughout the period for which data were collected. 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 January 1991-September 1994 if such reductions involved at least 5 percent of the workforce or 50 workers. Thirty-eight of the responding growers, representing 54 percent of U.S. production in 1993, 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

Eighty firms, representing approximately 80 percent of reported U.S. production in 1993, reported usable profit-and-loss data on their U.S. rose operations. While all of them were involved in rose growing operations, 29 were also involved in shipping operations, 26 in wholesale operations, 7 in retail operations, 4 were bouquet makers, and 2 were mass merchandisers. However, since growers were generally able to separate out rose growing profit-and-loss data from other profit-and-loss data, and even though a substantial number of them were involved in related activities, there was not a significant amount of intermingling of profit-and-loss data (see discussion of verifications, which follows). Therefore, the profit-and-loss data include little data on the other aspects of the chain of distribution between the grower and the final consumer.

The Commission verified the data of eight rose growers.[87] The growers had fiscal year 1993 net sales of $21.8 million, or about 22 percent of the total. As a result, some additional interim-period data were gathered and there were minor changes to existing data. Data gathered during the verifications also indicate that where growers consign their products to affiliated shippers the financial results of the shippers' operations are generally better than those of the growers. Since none of the growers included the financial results for the affiliated shippers (or for any other affiliated actitivities), the financial results as shown in table 7 may be understated to some extent on a consolidated basis.

In addition to the useable data, the Commission also received questionnaire responses from 19 other firms. While about one-third of these firms 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 about $11 million in net sales of roses in 1993. In order to facilitate the collection of profit-and-loss data relating to rose-growing operations, data on overall establishment operations were not gathered.

The growers and shippers were also asked to supply financial data on their sales of spray roses. Three companies provided usable sales and cost data and three more companies provided only sales data. Net sales of spray roses for all six companies increased from nothing in 1991 and 1992 to $1,000 in 1993 and $132,000 in interim 1994. Since the data are largely incomplete and the companies were just starting up their spray rose operations, the data are not representative and are not being presented.[88]

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[87] Joseph R. Hill Co., E.G. Hill Co., Kitayama Brothers--Union City, Kitayama Brothers--Brighton, Mt. Eden Nursery Co. Inc., Oku Inc., Pajaro Valley Greenhouses Inc., and Pikes Peak Greenhouses Inc.

[88] Tables 1 and 2 in exhibit A to the posthearing brief for respondents HOSA, Ltda. and Denmar, S.A. present financial data for U.S. spray rose growers. The data show net sales of spray roses *** in 1991 to more than $*** in interim 1994. However, as noted in the footnote to table 1, only *** are sales of spray roses. The overwhelming majority of the data are simply profit-and-loss data for the growers' sales of all fresh cut roses.

Table 6
Average number of 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, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Number of production and related workers (PRWs)				
All products	3,072	3,083	3,032	2,954	2,846
Fresh cut roses	2,411	2,383	2,272	2,171	2,008
	Hours worked by PRWs (*1,000 hours*)				
All products	6,899	6,754	6,754	4,932	4,734
Fresh cut roses	5,353	5,132	5,024	3,668	3,421
	Wages paid to PRWs (*1,000 dollars*)				
All products	46,697	46,898	46,930	33,973	33,623
Fresh cut roses	37,186	36,836	35,961	25,553	24,131
	Total compensation paid to PRWs (*1,000 dollars*)				
All products	52,373	52,581	52,758	37,962	37,468
Fresh cut roses	41,625	41,192	40,211	28,511	26,874
	Hourly wages paid to PRWs				
All products	$6.77	$6.94	$6.95	$6.89	$7.10
Fresh cut roses	6.95	7.18	7.16	6.97	7.05
	Hourly total compensation paid to PRWs				
All products	$7.59	$7.79	$7.81	$7.70	$7.91
Fresh cut roses	7.78	8.03	8.00	7.77	7.86
	Productivity (*stems per hour*)				
Fresh cut roses	71.5	73.0	70.9	71.0	70.8
	Unit labor costs (*per stem*)				
Fresh cut roses	$0.11	$0.11	$0.11	$0.11	$0.11

[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 Commission questionnaires.

Operations on Roses

U.S. producers' profit-and-loss data on their rose operations are presented in table 7. Although some firms were able to provide a detailed breakdown of their costs along the lines of the items in table 7, many were not. Instead, they allocated their costs to perhaps three categories, such as planting costs, harvesting costs, and general and administrative costs. 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, data for the individual expense items are not as reliable as that for total expenses.

Table 7
Income-and-loss experience of U.S. producers on their operations producing fresh cut roses, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[1]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*1,000 stems*)				
Net sales	321,510	315,412	291,787	186,935	180,432
	Value (*1,000 dollars*)				
Net sales	111,218	108,456	101,155	63,833	59,849
Growing and operating expenses:					
Plants, shoots & seedlings	5,194	4,784	4,985	2,577	2,496
Other materials & supplies	6,442	6,358	6,242	5,933	6,008
Planting	45,196	44,226	43,697	21,003	20,216
Harvesting	16,066	15,432	14,503	11,116	9,719
Grading & packing	5,453	5,617	5,508	3,952	3,507
Cold storage	169	154	169	126	121
Transportation	656	709	751	536	504
Selling & marketing expense	4,687	4,707	4,400	2,854	2,526
Partners' or officers' salaries	5,145	4,358	3,993	2,536	2,399
General & administrative	8,029	7,953	7,737	5,329	4,882
Other overhead	7,489	7,371	7,218	5,260	4,922
Interest	2,507	2,125	1,932	1,156	1,085
All other expenses	6,126	6,056	5,771	4,208	3,810
Total	113,159	109,850	106,906	66,586	62,195
Net (loss) before income taxes	(1,941)	(1,394)	(5,751)	(2,753)	(2,346)
Depreciation	8,185	8,939	9,244	5,466	5,239
Cash flow[2]	6,244	7,545	3,493	2,713	2,893
	Value (*per stem*)[3]				
Net sales	$0.320	$0.319	$0.321	$0.322	$0.312
Total operating expenses	0.326	0.322	0.339	0.335	0.323
Net (loss) before income taxes	(0.006)	(0.003)	(0.019)	(0.013)	(0.011)
	Ratio to net sales (*percent*)				
Total operating expenses	101.7	101.3	105.7	104.3	103.9
Net (loss) before income taxes	(1.7)	(1.3)	(5.7)	(4.3)	(3.9)

Continued on next page.

Table 7--Continued
Income-and-loss experience of U.S. producers on their operations producing fresh cut roses, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[1]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Number of firms reporting				
Net losses	35	37	52	33	35
Data	78	79	80	64	64

[1] The number of firms that have fiscal years ending in the following periods are as follows: 2/28 (1), 3/31 (5), 5/31 (1), 6/30 (9), 7/31 (3), 8/31 (3), 9/30 (5), 10/31 (4), 11/30 (1), and 12/31 (48).
[2] Cash flow is defined as net income or loss plus depreciation and amortization.
[3] Computed using data from only those firms supplying quantity data along with revenue and cost data. As such, it is not derivable from the data presented.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

The aggregate financial results were little changed from 1991 to 1992. The net sales and total expense values both decreased about $3 million, and about half the companies had net losses. While the extent of the net loss did decrease between the two years, it was still a net loss. The results clearly worsened in 1993 as net sales declined appreciably and the net loss per bloom jumped from less than one-half cent to almost 2 cents. Fifty-seven of the companies reported decreased net sales from 1992 to 1993, and almost two-thirds of all growers had net losses.

Because of difficulties in allocating costs, about one company in five was unable to report interim-period data. Those companies that were able to report data for the first nine months of both 1993 and 1994 reported that net sales were down, the net loss lingered around $2.5 million, the net loss per bloom stayed about the same, and more than half had net losses.

Since such a relatively large number of companies were unable to provide interim-period data, comparability between interim and full-year data is not possible. Accordingly, the income-and-loss data of the rose-growing operations for only those U.S. producers that provided interim-period data are presented in table 8. The results and trends are similar to those in table 7. Although the average revenue per firm was about $1.3 million in 1993, the figure varied from a low of about $66,000 to a high of $6 million. The number of firms at various 1993 revenue levels, along with selected financial indicators, are shown in the following tabulation:

1993 revenue:	Number of firms	Firms with net loss	Net income as a percent of sales
Less than $500,000	28	18	(7.8)
$500,000 to $999,999	21	13	(7.4)
$1,000,000 to $1,499,999	5	5	(9.6)
$1,500,000 to $1,999,999	6	4	(5.4)
$2,000,000 to $2,499,999	9	8	(10.6)
$2,500,000 to $6,000,000	11	4	(1.9)
Total	80	52	(5.7)

Most firms at almost every level of revenue had net losses, and the industry had aggregate net losses at each size category. Moreover, the trends (not shown) for each size category were similar to the industry as a whole--increasing overall net losses and numbers of companies with net losses from 1991 to 1993.

Table 8
Income-and-loss experience of those U.S. producers that provided interim-period data on their operations producing fresh cut roses, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[1]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
			Quantity (*1,000 stems*)		
Net sales	261,096	256,466	240,615	186,935	180,432
			Value (*1,000 dollars*)		
Net sales	90,232	88,294	82,456	63,833	59,849
Total expenses	92,476	89,660	87,402	66,586	62,195
Net (loss) before income taxes	(2,244)	(1,366)	(4,946)	(2,753)	(2,346)
			Value (*per stem*)[2]		
Net sales	$0.328	$0.327	$0.326	$0.322	$0.312
Total operating expenses	0.336	0.332	0.346	0.335	0.323
Net (loss) before income taxes	(0.008)	(0.005)	(0.020)	(0.013)	(0.011)
			Ratio to net sales (*percent*)		
Total operating expenses	102.5	101.5	106.0	104.3	103.9
Net (loss) before income taxes	(2.5)	(1.5)	(6.0)	(4.3)	(3.9)
			Number of firms reporting		
Net losses	29	30	42	33	35
Data	62	63	64	64	64

[1] The number of firms that have fiscal years ending in the following periods are as follows: 2/28 (1), 3/31 (3), 5/31 (1), 6/30 (4), 7/31 (3), 8/31 (2), 9/30 (2), 10/31 (2), 11/30 (1), and 12/31 (45).
[2] Computed using data from only those firms supplying quantity data along with revenue and cost data. As such, it is not derivable from the data presented.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

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 a slow decline in total assets from $89.0 million in 1991 to $85.2 million in 1993. 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 such expenditures declined from $4.0 million in 1991 to $3.0 million in 1992 before returning to $4.2 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 following tabulation (in thousands of dollars):

	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Depreciation expense . . .	4,392	4,864	5,194	2,552	2,121
Capital expenditures . . .	3,958	3,029	4,161	2,276	2,013

Depreciation expense consistently exceeding new investment 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 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

The Commission analyzes certain factors in making threat determinations (19 U.S.C. § 1677(7)(F)(i)). Information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV)) 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. Available information on foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII)); any other threat indicators, if applicable (item (VII)); and any dumping in third-country markets, follows. Other threat indicators have not been alleged or are otherwise not applicable.

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 September 30, 1994. Almost all of the firms reporting imports from Colombia and Ecuador during January 1991-September 1994 responded that their annual purchases of imported roses would continue unchanged after September 1994. Importers reported daily, weekly, and monthly purchases scheduled for delivery after September 30, 1994. 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 despite the imposition of dumping duties.

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

The Industry in Colombia

The Commission received certain information in response to its foreign producer questionnaire from counsel for Asocolflores (table 9).[89] Data on the production and shipments of roses in Colombia were also received from Floramerica, Flores Las Palmas,[90] and HOSA[91] (table 10).[92] The information discussed below was obtained from responses to the Commission's foreign producer questionnaires, from the Commission's report on the *Competitive Conditions in the U.S. and World Markets for Fresh Cut Roses*,[93] 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,[94] enjoys a moderate climate, with daytime temperatures ranging from the 70s to low-80s (degrees Fahrenheit) during most of the year.[95] 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

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[89] Asocolflores is a trade association representing over 90 percent of Colombian exporters of flowers. In Commerce's final LTFV determination, the following four Colombian grower/exporters were found not to have sold the subject roses at LTFV: Grupo Andes, Agroroses, Grupo Tropicales, and Grupo Sagaro. These companies accounted for *** percent of total exports from Colombia in 1993, based on export data provided by counsel for Asocolflores; posthearing brief, "Answers to questions of the Commission and Commission staff," pp. 19-20. Total Colombian rose exports to the United States in 1993 excluding the four companies were *** stems valued at $***. The values provided represent the average gross U.S. price excluding roses in bouquets. Counsel for Asocolflores did not provide any company specific data on production or shipments to the home market or markets other than the United States nor could he supply data for 1991-92 or for the interim periods on exports to the United States; ***. On Mar. 2, 1995, Commerce made revisions to its final LTFV calculations and found that a fifth company, Grupo Prisma, was not selling roses at LTFV. The five companies accounted for 19 percent of total exports in 1993 and total Colombian rose exports to the United States excluding the five companies were 449.6 million stems valued at $62.8 million. The U.S. Embassy in Bogota provided information on Colombian rose exports to the United States, Puerto Rico, Europe, Canada, and other countries based on DIAN Colombian Customs data for 1991-93.

[90] Floramerica and Flores Las Palmas grow and export all types of roses ***.

[91] HOSA only grows and exports *** and estimates that it accounted for *** percent of total exports of *** from Colombia to the United States in 1993. The firm attributed *** of its exports to the United States to the ***.

[92] These three grower/exporters accounted for *** of Colombia's exports of fresh cut roses to the United States in 1993.

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

[94] 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) depending on the farms' locations.

[95] 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 in 1994 was adversely affected; petition, p. 9, and exhibit B.

Table 9
Fresh cut roses: Colombian production and shipments, 1991-93, Jan.-June 1993, Jan.-June 1994, and projected 1994-95

Item	1991	1992	1993	Jan.-June-- 1993	Jan.-June-- 1994	Projected-- 1994	Projected-- 1995
	Quantity (*1,000 stems*)						
Production	421,545	503,701	616,212	350,217	372,310	(1)	(1)
Shipments:							
Home market	0	0	0	0	0	(1)	(1)
Exports to--							
The United States	384,937	452,597	554,709	310,370	326,850	(1)	(1)
All other markets	36,608	51,104	61,503	39,847	45,460	(1)	(1)
Total exports	421,545	503,701	616,212	350,217	372,310	(1)	(1)
Total shipments	421,545	503,701	616,212	350,217	372,310	(1)	(1)
	Value (*1,000 dollars*)						
Shipments:							
Home market	0	0	0	0	0	(1)	(1)
Exports to--							
The United States	58,559	74,395	92,210	54,532	59,611	(1)	(1)
All other markets	6,498	8,945	11,840	7,933	9,475	(1)	(1)
Total exports	65,057	83,340	104,050	62,465	69,086	(1)	(1)
Total shipments	65,057	83,340	104,050	62,465	69,086	(1)	(1)
	Unit value (*per stem*)						
Home market shipments	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Exports to--							
The United States	$0.15	$0.16	$0.17	$0.18	$0.18	(1)	(1)
All other markets	.18	.18	.19	.20	.21	(1)	(1)
Average, exports	.15	.17	.17	.18	.19	(1)	(1)
Average, shipments	.15	.17	.17	.18	.19	(1)	(1)
	Ratios and shares (*percent*)						
Share of total quantity of shipments:							
Home market	.0	.0	.0	.0	.0	(1)	(1)
Exports to--							
The United States	91.3	89.9	90.0	88.6	87.8	(1)	(1)
All other markets	8.7	10.1	10.0	11.4	12.2	(1)	(1)
Share of total value of shipments:							
Home market	.0	.0	.0	.0	.0	(1)	(1)
Exports to--							
The United States	90.0	89.3	88.6	87.3	86.3	(1)	(1)
All other markets	10.0	10.7	11.4	12.7	13.7	(1)	(1)

[1] Not available.

Note.--Unit values are calculated from data of firms providing both quantity and value information.

Source: Compiled from data submitted by Asocolflores in response to Commission questionnaires.

Table 10
Fresh cut roses: Colombian (individual firms) production and shipments, 1991-93, Jan.-Sept. 1993, Jan.-Sept. 1994, and projected 1994-95

* * * * * * *

(10,000 acres) in 1991 and 4,200 hectares (10,500 acres) and an estimated 450 growers[96] in 1992-93 producing fresh cut flowers.[97] Reported production of fresh cut roses increased throughout the period for which data were provided.[98] The number of rose plants in production increased from 423.5 million in 1991 to 618.5 million in 1993. Colombian growers traditionally produced primarily red hybrid tea roses of the Visa and MDB varieties, although in recent years they have been increasing their production of non-red varieties to accommodate changing consumer demand.[99]

As a developing country, Colombian consumers do not have as much disposable income as consumers in more developed countries. Over 90 percent of Colombia's cut flower production is intended for the export market, primarily the United States.[100] 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 (an importer), Devor Nurseries (a California rose grower), and Flores Mocari (a growing operation located in the Bogota area), test the varieties developed by the breeders.[101]

The Industry in Ecuador

Although Colombia is the largest producer and exporter of fresh cut roses in South America, there are other significant producers as well, including Mexico, Ecuador, Costa Rica, Guatemala, and the Dominican Republic. The cut flower industry in Ecuador is relatively new and has had heavy foreign investment from Colombia and the United States.[102] Ecuador's climate, along with

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[96] The average farm size is estimated to be approximately 25 acres; hearing transcript, p. 231.

[97] Neither Asocolflores nor the Colombian Government maintain rose-specific data. In 1993, the flower crop area decreased by 2 percent. The revaluation of the Colombian peso in the last 3 years has reduced the profits of the growers. Despite this, the outlook for 1994 is for a 10 percent expansion in flower exports. In 1993, carnations accounted for 38 percent of total cut flower production, followed by pompons and roses accounting for 18 percent each. Estimates of Colombia's current shares of various U.S. flower markets are as follows: 95 percent of the standard carnation supply, 75 percent of the pompon supply, 68 percent of the miniature carnation supply, and 51 percent of the rose supply.

[98] From 1991 through June 1993, inflation in Colombia was 63 percent and devaluation of the peso was 37 percent. The revaluation of the peso occurred simultaneously with a drought that hit some farms very hard. The effect was 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.

[99] 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. Colombia has been increasing its shipments of prepackaged bouquets. It is estimated that 10 percent or less of all flowers exported go as bouquets. Counsel for Asocolflores estimates that *** percent of the rose exports go as bouquets; ***. Roses and pompons are being used in increasing numbers in bouquets.

[100] As reported in the Foreign Agricultural Service telegram, 95 percent of Colombia's total rose production was exported during 1991-94.

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

[102] U.S. policy, including AID funding, has actively supported the development of Ecuador's rose industry in order to provide alternatives to the cultivation of illicit crops and to provide economic development and stability to the Andean region; hearing transcript, p. 155.

irrigation facilities, make it particularly suitable to growing roses. Most of the farms are located in the subtropical valleys in the highland regions near Quito, Ambato, and Cuenca. All of Ecuador's roses are grown in greenhouses. Ecuador's cut flower production and exports have grown rapidly over the last five years.[103] As the industry has matured it has diversified from roses, chrysanthemums, and carnations, into gypsophila, pompons, statices, and other flowers. There were approximately 350 hectares (865 acres) devoted to rose production in 1994, a substantial increase from the 131 hectares (328 acres) reported in 1990.[104] The number of rose plants in production *** in 1991 to *** in interim 1994.

The information on Ecuador was obtained from responses to the Commission's foreign producer questionnaire provided by Expoflores,[105] DENMAR,[106] and Inversiones Floricola;[107] from USDA's Foreign Agricultural Service telegrams; and from the U.S. Embassy in Quito. Some of the exporting farms are related to U.S. importers: Guaisa/Indipacisa is related to Sunrite, Miami, FL; Hilsea Investments is related to Condor Farms, Miami, FL; Arbusta/Agritab is related to Kiamos & Tooker, New York, NY; and Florinsa is related to Florinsa Farms, Miami, FL, and Los Angeles, CA, and Fresh Flower Services, New York, NY. Table 11 presents data on Ecuador's production and shipments of fresh cut roses during January 1991-September 1994 and projected data for 1994-95. Ecuador's principal export markets other than the United States are the Netherlands, Germany, Italy, Canada, Argentina, Switzerland, Russia, and Spain.

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

U.S. Imports[108]

U.S. imports of fresh cut roses are presented in table 12 and figure 4.[109] Monthly imports from Colombia and Ecuador for 1993 and January-September 1994 are presented in table 13 and figure 5.[110] The Commission sent importers' questionnaires to approximately 85 firms believed to be importing fresh cut roses from Colombia and Ecuador.[111] Responses with usable data were received

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[103] Ecuador's natural climatic advantages allow for a great diversity of rose varieties and colors, as well as a reliable supply. Ecuador has also been diversifying its export market in Europe and elsewhere and is becoming less dependent on one overseas consuming country; hearing transcript, p. 159 and pp. 233-234.

[104] Mr. E. Teran, Ambassador to the United States from Ecuador, testified at the hearing that there are significant limitations on the available land and on the infrastructure needed for rose production and transportation from the farms to Quito, as well as capital limitations; hearing transcript, pp. 157-159.

[105] Expoflores is an association of growers and exporters that represents almost all of Ecuador's production and shipment of roses. Fourteen rose growers project changes in production acreage or output. Nine plan to increase the area under cultivation by a total of 17.2 hectares (42.5 acres). ***. The remaining growers projected increased production of approximately *** stems per year. *** growers plan on adding *** rose plants to existing facilities with *** of the growers predicting increased output of *** stems; Expoflores' foreign producer questionnaire. The firms with the most land under rose cultivation are Florinsa, Floragricola Santa Lucia/Rosas del Ecuador/Jardins del Cayambe, Arbusta/Agritab, Guaisa, and DENMAR.

[106] DENMAR only grows and exports *** although it anticipates growing and exporting *** in 1995.

[107] Inversiones Floricola grows and exports all types of roses, ***.

[108] The MDB and the Visa comprise 90 percent of all red hybrid tea roses imported from Colombia and Ecuador; conference transcript, pp. 117-118. The MDB has the largest market in the United States today; hearing transcript, p. 235, and posthearing brief of Asocolflores, "Answers to questions from the Commission and Commission staff," p. 13.

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

[110] 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 as subject to the same demand-driven surges.

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

Table 11
Fresh cut roses: Ecuadorean production and shipments, 1991-93, Jan.-Sept. 1993, Jan.-Sept. 1994, and projected 1994-95

Item	1991	1992	1993	Jan.-Sept.-- 1993	Jan.-Sept.-- 1994	Projected-- 1994	Projected-- 1995
	Quantity (*1,000 stems*)						
Production	90,253	136,795	184,784	133,260	174,881	262,342	270,059
Shipments:							
Home market	4,012	6,440	12,278	8,793	12,857	16,181	20,300
Exports to--							
The United States	71,511	104,134	138,732	100,821	130,626	175,319	196,632
All other markets	14,642	21,430	31,481	19,260	34,719	47,653	55,892
Total exports	86,153	125,564	170,213	120,081	165,345	222,972	252,524
Total shipments	90,165	132,004	182,491	128,874	178,202	239,153	272,824
	Value (*1,000 dollars*)						
Shipments:							
Home market	409	896	1,654	1,773	1,269	2,161	2,502
Exports to--							
The United States	13,544	20,295	29,323	21,500	29,170	40,430	45,938
All other markets	3,591	4,890	7,719	4,572	8,672	11,950	14,217
Total exports	17,135	25,185	37,042	26,072	37,842	52,380	60,155
Total shipments	17,544	26,081	38,696	27,845	39,111	54,541	62,657
	Unit value (*per stem*)						
Home market shipments	$0.10	$0.14	$0.13	$0.20	$0.10	$0.13	$0.12
Exports to--							
The United States	.19	.19	.21	.21	.22	.23	.23
All other markets	.25	.23	.25	.24	.25	.25	.25
Average, exports	.20	.20	.22	.22	.23	.23	.24
Average, shipments	.19	.20	.21	.22	.22	.23	.23
	Ratios and shares (*percent*)						
Share of total quantity of shipments:							
Home market	4.4	4.9	6.7	6.8	7.2	6.8	7.4
Exports to--							
The United States	79.3	78.9	76.0	78.2	73.3	73.3	72.1
All other markets	16.2	16.2	17.3	14.9	19.5	19.9	20.5
Share of total value of shipments:							
Home market	2.3	3.4	4.3	6.4	3.2	4.0	4.0
Exports to--							
The United States	77.2	77.8	75.8	77.2	74.6	74.1	73.3
All other markets	20.5	18.7	19.9	16.4	22.2	21.9	22.7

Note.--Unit values are calculated from data of firms providing both quantity and value information.

Source: Compiled from data submitted in response to Commission questionnaires.

Table 12
Fresh cut roses: U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

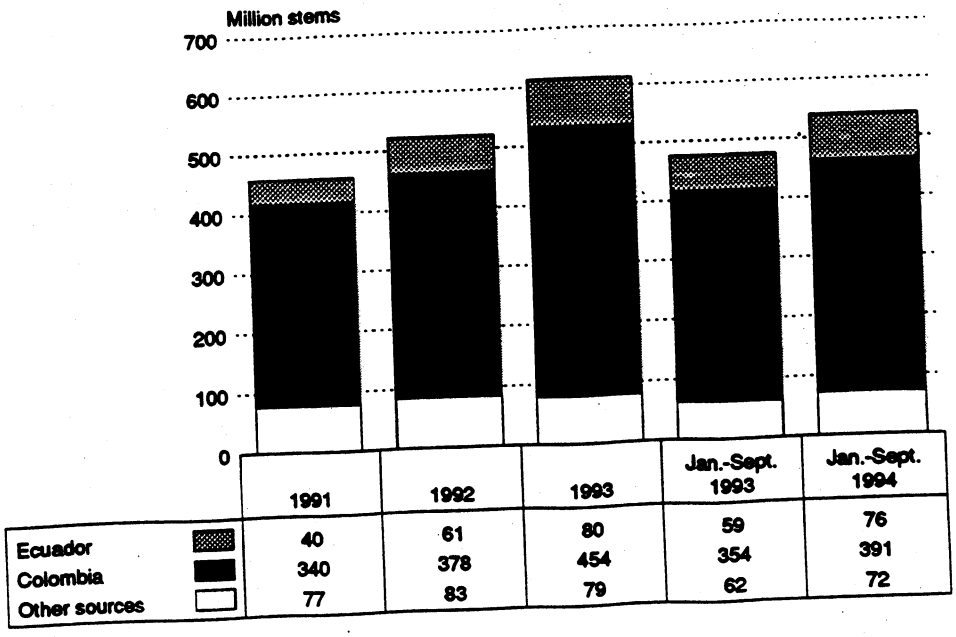
Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*1,000 stems*)				
Colombia[1]	340,474	377,548	454,337	353,844	391,317
Ecuador	39,944	60,635	80,436	59,362	75,842
Subtotal	380,419	438,184	534,772	413,207	467,159
Other sources	77,162	82,669	78,868	61,878	72,047
Total	457,581	520,852	613,641	475,084	539,206
	Value (*1,000 dollars*)				
Colombia[1]	84,609	82,166	93,796	74,698	87,097
Ecuador	8,038	12,215	15,394	11,631	14,540
Subtotal	92,648	94,381	109,190	86,329	101,637
Other sources	21,819	18,518	19,283	15,403	19,123
Total	114,466	112,899	128,473	101,732	120,760
	Unit value (*per stem*)				
Colombia	$0.25	$0.22	$0.21	$0.21	$0.22
Ecuador	.20	.20	.19	.20	.19
Average	.24	.22	.20	.21	.22
Other sources	.28	.22	.24	.25	.27
Average	.25	.22	.21	.21	.22
	Share of total quantity (*percent*)				
Colombia	74.4	72.5	74.0	74.5	72.6
Ecuador	8.7	11.6	13.1	12.5	14.1
Subtotal	83.1	84.1	87.1	87.0	86.6
Other sources	16.9	15.9	12.9	13.0	13.4
Total	100.0	100.0	100.0	100.0	100.0
	Share of total value (*percent*)				
Colombia	73.9	72.8	73.0	73.4	72.1
Ecuador	7.0	10.8	12.0	11.4	12.0
Subtotal	80.9	83.6	85.0	84.9	84.2
Other sources	19.1	16.4	15.0	15.1	15.8
Total	100.0	100.0	100.0	100.0	100.0

[1] Counsel for Asocolflores provided company-specific export data for the four grower/exporters initially found not to be selling at LTFV only for 1993, although the Commission requested company-specific data for the entire period of investigation. On Mar. 2, 1995, Commerce revised some of its final LTFV calculations and found that another company, Grupo Prisma, was also not selling at LTFV. Excluding exports from these five firms results in LTFV imports from Colombia in 1993 of 349,178 thousand stems valued at $64,367 thousand.

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 Commerce.

Figure 4
Fresh cut roses: U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Ecuador	40	61	80	59	76
Colombia	340	378	454	354	391
Other sources	77	83	79	62	72

Source: Table 12.

from approximately 60 U.S. importers of roses from the subject countries. Such responses accounted for slightly over 100 percent[112] of the quantity of imports from Colombia and Ecuador in 1993, as reported in official statistics.

Market Shares

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 14 and figure 6. Apparent consumption is calculated from U.S. shipment data provided in response to Commission questionnaires and from imports provided in official statistics.

[112] Coverage includes imports of spray roses and transshipments of roses to Canada and Europe which Customs could be classifying in HTS 0603.90.00, an "other" category that includes cut flowers and flower buds of a kind suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared, that are not specifically provided for in the HTS subheadings.

Table 13
Fresh cut roses: Monthly imports from Colombia and Ecuador, Jan. 1993-Sept. 1994

(1,000 stems)

Period	Colombia	Ecuador
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
1994:		
January	50,951	8,040
February	70,813	14,162
March	35,170	5,654
April	56,655	10,464
May	51,803	9,909
June	31,854	7,911
July	33,663	7,615
August	27,227	5,458
September	33,180	6,630

Source: Compiled from official statistics of Commerce.

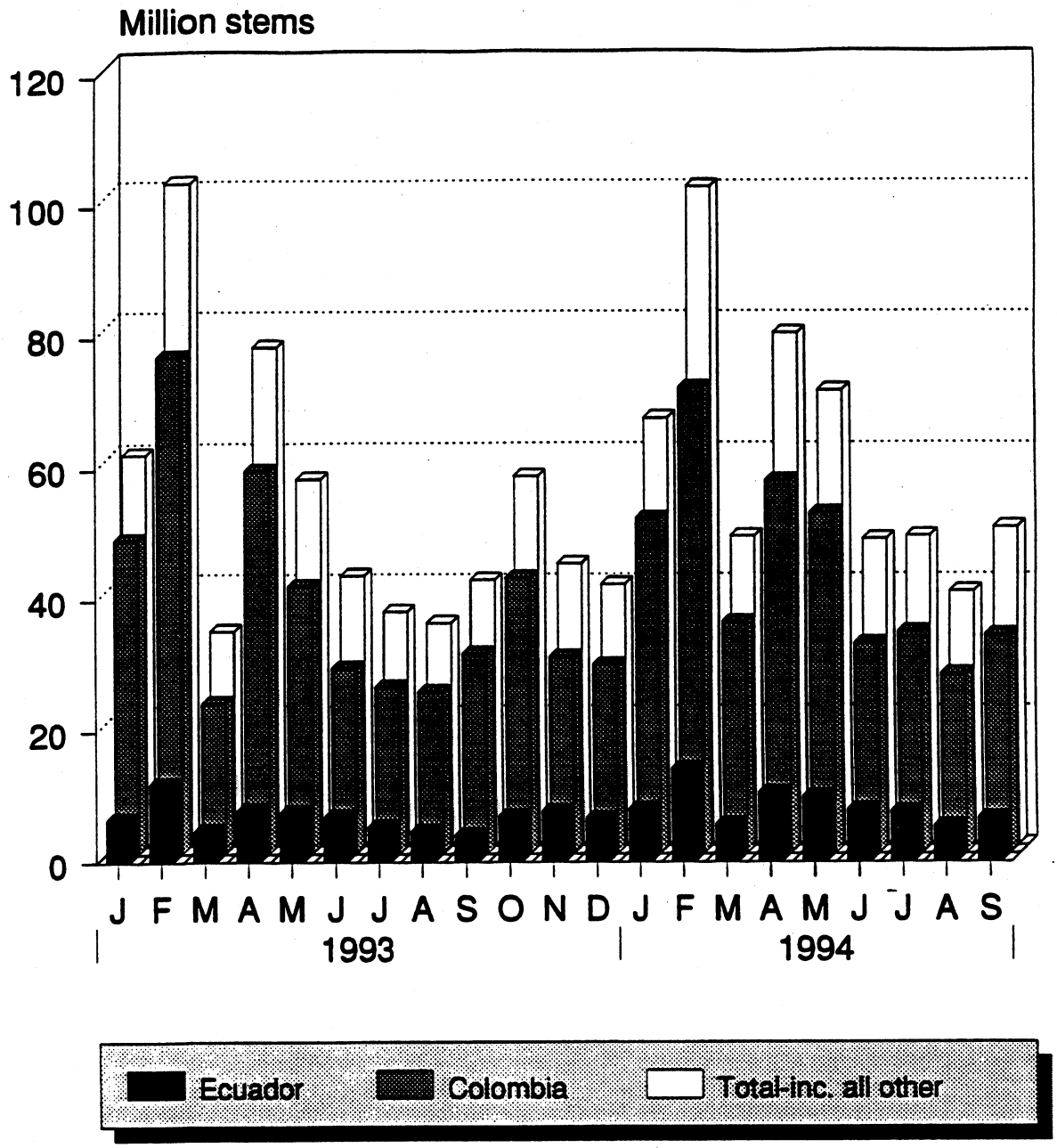
The Customs district of Miami, FL, accounted for 99.1 percent of Colombian imports and 79.2 percent of Ecuadorean imports of fresh cut roses in 1993. New York City received most of the remainder of the rose imports from Ecuador in 1993.[113]

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.[114] Some consideration has been given recently to making direct sales to wholesalers 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.

[113] Imported fresh cut roses are sold throughout the United States and are entering increasingly in other ports (e.g., Los Angeles, CA).

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

Figure 5
Fresh cut roses: U.S. imports, by principal sources and by months, Jan. 1993-Sept. 1994



Source: Official statistics of Commerce.

Table 14
Fresh cut roses: Shares of apparent U.S. consumption based on U.S. shipments of domestic product and U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

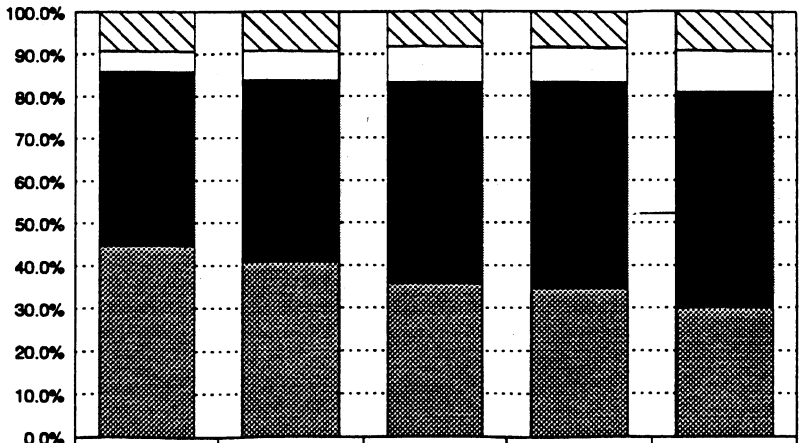
Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*1,000 stems*)				
Apparent consumption	825,820	880,715	954,848	725,347	771,405
	Value (*1,000 dollars*)				
Apparent consumption	232,906	226,103	234,166	181,313	195,190
	Share of the quantity of U.S. consumption (*percent*)				
Producers' domestic shipments	44.6	40.9	35.7	34.5	30.1
U.S. imports from--					
Colombia[1]	41.2	42.9	47.6	48.8	50.7
Ecuador	4.8	6.9	8.4	8.2	9.8
Subtotal	46.1	49.8	56.0	57.0	60.6
Other sources	9.3	9.4	8.3	8.5	9.3
Total	55.4	59.1	64.3	65.5	69.9
	Share of the value of U.S. consumption (*percent*)				
Producers' domestic shipments	50.9	50.1	45.1	43.9	38.1
U.S. imports from--					
Colombia[1]	36.3	36.3	40.1	41.2	44.6
Ecuador	3.5	5.4	6.6	6.4	7.4
Subtotal	39.8	41.7	46.6	47.6	52.1
Other sources	9.4	8.2	8.2	8.6	9.9
Total	49.1	49.9	54.9	56.1	61.9

[1] When imports from non-LTFV suppliers are deleted, Colombia's market shares in 1993, by quantity and value, are 36.6 percent and 27.5 percent, respectively.

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

Figure 6
Fresh cut roses: Share of the quantity of U.S. consumption, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Other sources	9.3%	9.4%	8.3%	8.5%	9.3%
Ecuador	4.8%	6.9%	8.4%	8.2%	9.8%
Colombia	41.2%	42.9%	47.6%	48.8%	50.7%
U.S. producers	44.6%	40.9%	35.7%	34.5%	30.1%

Source: Table 14.

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 larger orders.

The market prices for fresh cut roses are distinctly seasonal. In general, 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 bloom size, petal count, stem length and thickness, color, durability (vase-life), and freshness. In general, customers pay a higher price for roses with bigger blooms, a higher petal count, longer and thicker stems, and greater durability and freshness. Price differences based on color depend on the season. During the peak demand period of Valentine'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 or lower than non-red roses.

The majority of fresh cut roses are sold on a spot basis, with the remainder sold either by standing order or on consignment.[115] Prices for spot sales are typically quoted weekly or daily over the phone or fax machine, and depend on current market conditions.[116] Most purchasers reported contacting 1-5 suppliers before making a purchasing decision. A few purchasers reportedly contact upwards of 20 suppliers. 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 (in most cases approximately 25 percent) 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, both U.S. growers and importers sold the largest share of their roses to unrelated wholesalers. U.S. growers also sold large shares to related wholesalers and to unrelated retail florists, whereas importers sold an increasing share to mass merchandisers. 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

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[115] Responding U.S. growers reported that, during 1993, 59.9 percent of their sales were made on a spot basis, 22.6 percent on a consignment basis, and 17.5 percent on a standing order basis. Importers of Colombian fresh cut roses reported 77.9 percent of their 1993 sales made on a spot basis, 21.7 percent on a standing order basis, and 0.4 percent on a consignment basis. Importers of Ecuadorean subject product reported *** percent of their 1993 sales made on a spot basis, *** percent on a standing order basis, and no consignment sales.

[116] Several large importers of the subject roses stated that importers (primarily in Miami) compete daily on the basis of price in the spot market. One importer described the spot market as an auction-type market. Wholesalers will call several importers and purchase from the importer that has the best roses at the lowest price. Importers may adjust their prices several times during the day depending on how fast the product is selling. ***.

States, whereas U.S. growers had a more even distribution of eastern and western region shipments.[117]

Purchasers were asked to rank, in order of their importance, the five major factors considered by them in their rose purchasing decisions. In 38 of 51 instances purchasers ranked quality, or some aspect of quality such as freshness or bloom size, as the most important factor they consider. Price was listed as an important factor in 39 instances, but in 26 of these instances it was ranked third or lower.

Purchasers that bought fresh cut roses from Colombia or Ecuador since January 1, 1991, were also asked to rate 10 factors (bloom size, stem length, color, freshness, durability, price, delivery speed, availability, rose variety, and multiple sources of supply) in terms of their importance in their decision to purchase the imported product.[118] On average, bloom size and availability were rated as the most important factors, whereas price was rated as the least important. However, all 10 factors were considered to be important.

Forty of 51 responding purchasers reported that non-price differences between U.S.-grown and imported Colombian and Ecuadorean fresh cut roses are an important factor in their purchasing decisions. In general, purchasers reported that Colombian and Ecuadorean fresh cut roses have bigger blooms, a higher petal count, longer and thicker stems, better color, and greater durability.[119] In addition, purchasers maintain that suppliers of the imported Colombian and Ecuadorean roses offer a greater selection of rose varieties and better availability during periods of peak demand. Advantages of the U.S.-grown roses include better freshness, shorter delivery lead times, and a willingness to fill special orders of particular colors.

Spray roses

The vast majority of responding purchasers reported that spray roses are not interchangeable with other fresh cut roses. Six of the 33 responding purchasers maintained that spray roses can be substituted for sweetheart roses. Most purchasers reported that spray roses are typically used in arrangements (e.g., for weddings), corsages and boutonnieres, and mixed flower bouquets, whereas other fresh cut roses are most often sold either separately or as part of a rose bouquet. Prices for spray roses are generally more stable and show less seasonal fluctuation than prices for other fresh cut roses (red roses in particular).[120] The lowest period of demand for spray roses occurs in November and December, whereas the highest period of demand occurs near Mother's Day.[121]

Bouquets

Most purchasers reported that they do not consider bouquets to be interchangeable with fresh cut roses sold individually. Purchasers generally characterized sales of bouquets as being more of an impulse buy of a less expensive product for everyday personal use, as opposed to purchases of the more expensive individual roses on special occasions for someone else.

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 their firm's most popular rose varieties (for each product category

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[117] Additional information concerning the channels of distribution roses are sold through, and the regions of the country roses are sold to, can be found in the "Channels of Distribution" section of this report.

[118] Purchasers were asked to rate each of the 10 factors as being either very important, important, or not important.

[119] Thirty of 44 responding purchasers reported that the quality of domestically produced fresh cut roses was inferior to that of the imported fresh cut roses from Colombia or Ecuador, 12 reported comparable quality, and only 2 reported that the domestic quality was superior.

[120] ***.

[121] Id.

defined below) sold to wholesalers, mass merchandisers, and retail florists on a standing order and spot basis for each quarter during January 1991-September 1994.

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

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

Product 3: Royalty, Samantha, Kardinal, or MDB fresh cut roses, red, 22"-26" in stem length.

Product 4: Porcelina spray roses, 22"-26" in stem length.

Fifty-eight U.S. growers, 35 importers of Colombian roses, and 21 importers of Ecuadorean roses provided pricing data, although not necessarily on both a standing order and spot basis or for all quarters during January 1991-September 1994. On a value basis, the responding U.S. growers accounted for 70.0 percent of total reported U.S. shipments of U.S.-grown fresh cut roses in 1993. The responding importers accounted for 95.0 and 72.9 percent of total reported U.S. shipments of imported Colombian and Ecuadorean fresh cut roses, respectively, in 1993.[122]

F.o.b. average prices for standing order and spot sales of four U.S.-grown red rose varieties (Cara Mia, Royalty, Samantha, and Kardinal) and two imported Colombian and Ecuadorean red rose varieties (Visa and MDB) to wholesalers are presented in tables 15-18 and figures 7-12. Prices for spot sales of three U.S.-grown and imported Colombian and Ecuadorean non-red categories of roses (Sonia, Pink Dolores, and mixed colors) to wholesalers are presented in tables 19-21 and figures 13-15. Prices for spot sales of U.S.-grown and imported Colombian and Ecuadorean red and non-red varieties sold to mass merchandisers and retail florists are presented in tables 22-30 and figures 16-27. Available price data for standing order sales of U.S.-grown and imported Colombian and Ecuadorean non-red rose varieties sold to wholesalers, red and non-red rose varieties sold to mass merchandisers and retail florists, consignment sales of U.S.-grown red and non-red rose varieties sold to wholesalers, and sales of Porcelina spray roses are presented in appendix E.

Price trends

Average quarterly f.o.b. prices for U.S.-produced and imported Colombian and Ecuadorean red roses showed distinct seasonal fluctuation. Prices typically peaked in the first quarter (Valentine's Day), then fell to lower levels during the remaining quarters, generally hitting their low point during the third quarter. Prices for non-red roses also exhibited some seasonal fluctuation, although not nearly to the same extent. In general, prices for U.S.-grown red roses either fluctuated within the same range of prices or fluctuated downward slightly during January 1991-September 1994. Imported Colombian and Ecuadorean red roses generally fluctuated downward (Ecuadorean prices tended to fluctuate the most). Price movements for non-red roses were more mixed; prices for Sonias either decreased or showed no trends, whereas prices for Pink Dolores either increased somewhat or showed no trends. In most of the available price series, prices for both the U.S.-grown and the imported Colombian and Ecuadorean fresh cut rose products moved in the same direction, although not always to the same extent.

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[122] The Commission also received price data from 23 U.S. purchasers of fresh cut roses. However, since these purchasers accounted for approximately 100 million stems, or 6 percent of U.S. fresh cut rose consumption during 1991-93, these data were deemed to be not representative and are not presented in the report.

Table 15
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to wholesalers, by quarters, Jan. 1991-Sept. 1994

Period	United States Cara Mia		Colombia Visa		Ecuador Visa	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.59	287,300	$0.48	1,479,411	$***	***
Apr.-June..	.41	294,959	.28	1,178,052	***	***
July-Sept..	.36	358,440	.28	715,313	***	***
Oct.-Dec...	.43	263,585	.29	733,523	***	***
1992:						
Jan.-Mar...	.58	270,395	.40	1,308,865	***	***
Apr.-June..	.40	276,455	.30	927,566	***	***
July-Sept..	.33	349,800	.27	620,941	***	***
Oct.-Dec....	.41	256,625	.27	750,655	***	***
1993:						
Jan.-Mar...	.52	284,975	.39	1,052,078	***	***
Apr.-June..	.34	401,612	.28	568,113	***	***
July-Sept..	.37	384,850	.27	441,364	***	***
Oct.-Dec...	.38	320,495	.28	379,580	***	***
1994:						
Jan.-Mar...	.52	259,090	.46	485,854	***	***
Apr.-June..	.32	373,168	.25	392,110	***	***
July-Sept..	.35	283,905	.25	313,220	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 16
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to wholesalers, by quarters, Jan. 1991-Sept. 1994

Period	United States Cara Mia		Colombia Visa		Ecuador Visa	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.73	474,306	$0.48	14,309,526	$0.46	419,607
Apr.-June..	.33	582,764	.17	12,088,511	.21	249,175
July-Sept..	.29	637,998	.16	8,092,150	.20	185,658
Oct.-Dec...	.33	592,334	.20	8,419,013	.23	166,610
1992:						
Jan.-Mar...	.70	588,209	.45	13,934,065	.44	520,768
Apr.-June..	.30	755,324	.15	12,642,683	.19	517,560
July-Sept..	.28	636,800	.17	6,469,052	.15	340,143
Oct.-Dec....	.35	511,709	.20	7,996,517	.36	453,987
1993:						
Jan.-Mar...	.65	697,376	.44	12,567,961	.46	640,970
Apr.-June..	.31	814,496	.14	11,421,761	.15	398,483
July-Sept..	.26	530,493	.13	7,478,200	.09	170,008
Oct.-Dec...	.29	522,654	.15	8,468,375	.11	166,408
1994:						
Jan.-Mar...	.64	469,422	.44	11,532,919	.55	418,725
Apr.-June..	.27	458,608	.14	8,800,621	.11	48,250
July-Sept..	.26	341,513	.15	5,662,160	-	-

Source: Compiled from data submitted in response to Commission questionnaires.

Table 17
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown Royalties, Samanthas, and Kardinals, and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994

Period	United States					
	Royalty		Samantha		Kardinal	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.67	171,950	$***	***	$***	***
Apr.-June..	.46	161,500	***	***	***	***
July-Sept..	.40	158,325	***	***	***	***
Oct.-Dec...	.46	148,000	***	***	***	***
1992:						
Jan.-Mar...	.67	164,050	***	***	***	***
Apr.-June..	.45	161,675	***	***	***	***
July-Sept..	.39	150,845	***	***	***	***
Oct.-Dec....	.45	144,825	***	***	***	***
1993:						
Jan.-Mar...	.62	134,900	***	***	***	***
Apr.-June..	.48	148,750	***	***	***	***
July-Sept..	.38	149,230	***	***	***	***
Oct.-Dec...	.42	141,150	***	***	***	***
1994:						
Jan.-Mar...	.61	131,210	***	***	***	***
Apr.-June..	.49	145,355	***	***	***	***
July-Sept..	.39	143,860	***	***	***	***

Period	Colombia		Ecuador	
	MDB		MDB	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.55	1,136,227	$1.10	93,975
Apr.-June..	.50	1,118,693	.58	25,600
July-Sept..	.48	998,268	.48	3,975
Oct.-Dec...	.51	1,188,413	.51	21,725
1992:				
Jan.-Mar...	.54	1,890,459	1.09	32,975
Apr.-June..	.49	1,732,283	.08	3,400
July-Sept..	.46	1,552,106	.21	1,750
Oct.-Dec...	.49	2,150,775	.47	7,500
1993:				
Jan.-Mar...	.51	2,675,822	.92	84,657
Apr.-June..	.46	2,621,196	.36	18,875
July-Sept..	.45	2,814,356	.30	12,475
Oct.-Dec...	.45	2,845,438	.43	21,450
1994:				
Jan.-Mar...	.48	3,338,668	.95	146,455
Apr.-June..	.43	2,750,529	.32	79,125
July-Sept..	.42	2,374,055	.41	66,339

Source: Compiled from data submitted in response to Commission questionnaires.

Table 18
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown Royalties, Samanthas, and Kardinals, and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994

Period	United States					
	Royalty		Samantha		Kardinal	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.68	2,415,369	$***	***	$***	***
Apr.-June..	.35	2,506,049	***	***	***	***
July-Sept..	.29	2,259,308	***	***	***	***
Oct.-Dec...	.35	2,047,067	***	***	***	***
1992:						
Jan.-Mar...	.66	2,365,623	***	***	***	***
Apr.-June..	.33	2,309,972	***	***	***	***
July-Sept..	.29	2,160,362	***	***	***	***
Oct.-Dec....	.38	1,819,195	***	***	***	***
1993:						
Jan.-Mar...	.66	2,063,506	***	***	***	***
Apr.-June..	.36	1,485,288	***	***	***	***
July-Sept..	.30	1,367,383	***	***	***	***
Oct.-Dec...	.34	1,374,661	***	***	***	***
1994:						
Jan.-Mar...	.67	1,330,754	***	***	***	***
Apr.-June..	.35	1,286,196	***	***	***	***
July-Sept..	.31	1,149,471	***	***	***	***

Period	Colombia		Ecuador	
	MDB		MDB	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.67	6,376,702	$0.62	316,225
Apr.-June..	.34	6,178,277	.32	509,859
July-Sept..	.36	5,211,261	.34	247,146
Oct.-Dec...	.44	4,938,848	.41	290,511
1992:				
Jan.-Mar...	.65	10,894,228	.55	571,120
Apr.-June..	.29	9,810,936	.26	470,478
July-Sept..	.33	7,942,172	.27	266,864
Oct.-Dec...	.38	11,609,689	.43	419,616
1993:				
Jan.-Mar...	.61	17,044,659	.45	487,365
Apr.-June..	.25	15,038,122	.22	649,175
July-Sept..	.25	12,935,556	.22	485,100
Oct.-Dec...	.33	13,148,880	.30	571,425
1994:				
Jan.-Mar...	.60	17,228,071	.64	808,137
Apr.-June..	.22	18,545,255	.21	1,043,491
July-Sept..	.27	14,767,787	.25	758,506

Source: Compiled from data submitted in response to Commission questionnaires.

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 Sonias to wholesalers, by quarters, Jan. 1991-Sept. 1994

Period	United States		Colombia		Ecuador	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.53	279,599	$***	***	$***	***
Apr.-June..	.36	175,294	***	***	***	***
July-Sept..	.28	164,816	***	***	***	***
Oct.-Dec...	.35	162,163	***	***	***	***
1992:						
Jan.-Mar...	.52	200,13	***	***	***	***
Apr.-June..	.35	210,377	***	***	***	***
July-Sept..	.28	171,318	***	***	***	***
Oct.-Dec....	.32	133,080	***	***	***	***
1993:						
Jan.-Mar...	.51	231,551	***	***	***	***
Apr.-June..	.34	185,572	***	***	***	***
July-Sept..	.30	141,307	***	***	***	***
Oct.-Dec...	.29	155,673	***	***	***	***
1994:						
Jan.-Mar...	.48	217,860	***	***	***	***
Apr.-June..	.32	183,774	***	***	***	***
July-Sept..	.27	139,628	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 20
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean Pink Dolores to wholesalers, by quarters, Jan. 1991-Sept. 1994

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Table 21
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian mixed colors to wholesalers, by quarters, Jan. 1991-Sept. 1994

Period	United States		Colombia	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.73	413,312	$0.32	551,500
Apr.-June..	.43	560,960	.21	659,300
July-Sept..	.24	500,384	.21	554,100
Oct.-Dec...	.27	484,367	.20	546,600
1992:				
Jan.-Mar...	.71	383,308	.32	404,200
Apr.-June..	.40	509,683	.18	545,700
July-Sept..	.25	341,960	.24	274,500
Oct.-Dec...	.25	376,387	.21	314,500
1993:				
Jan.-Mar...	.69	385,795	.24	535,900
Apr.-June..	.38	515,560	.20	436,100
July-Sept..	.23	401,360	.13	352,596
Oct.-Dec...	.22	558,353	.18	178,860
1994:				
Jan.-Mar...	.56	360,720	.26	263,712
Apr.-June..	.30	453,450	.20	333,900
July-Sept..	.27	423,240	.22	226,236

Source: Compiled from data submitted in response to Commission questionnaires.

Table 22
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

Period	United States Cara Mia		Colombia Visa		Ecuador Visa	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$***	***	$0.51	485,382	$***	***
Apr.-June..	***	***	.18	430,424	***	***
July-Sept..	***	***	.19	222,582	***	***
Oct.-Dec...	***	***	.24	148,664	***	***
1992:						
Jan.-Mar...	***	***	.62	1,477,061	***	***
Apr.-June..	***	***	.23	262,304	***	***
July-Sept..	***	***	.24	181,710	***	***
Oct.-Dec....	***	***	.28	193,642	***	***
1993:						
Jan.-Mar...	***	***	.62	1,518,473	***	***
Apr.-June..	***	***	.27	299,204	***	***
July-Sept..	***	***	.26	172,032	***	***
Oct.-Dec...	***	***	.25	194,596	***	***
1994:						
Jan.-Mar...	***	***	.63	1,729,050	***	***
Apr.-June..	***	***	.23	276,407	***	***
July-Sept..	***	***	.20	78,385	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 23
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown Royalties, Samanthas, and Kardinals, and imported Colombian and Ecuadorean MDBs to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

Period	United States					
	Royalty		Samantha		Kardinal	
	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.63	330,202	$***	***	$***	***
Apr.-June..	.33	208,318	***	***	***	***
July-Sept..	.25	186,769	***	***	***	***
Oct.-Dec...	.28	156,945	***	***	***	***
1992:						
Jan.-Mar...	.62	285,548	***	***	***	***
Apr.-June..	.28	358,351	***	***	***	***
July-Sept..	.22	256,116	***	***	***	***
Oct.-Dec....	.28	178,139	***	***	***	***
1993:						
Jan.-Mar...	.59	484,089	***	***	***	***
Apr.-June..	.26	262,413	***	***	***	***
July-Sept..	.21	214,428	***	***	***	***
Oct.-Dec...	.28	184,423	***	***	***	***
1994:						
Jan.-Mar...	.57	465,278	***	***	***	***
Apr.-June..	.25	214,142	***	***	***	***
July-Sept..	.24	165,599	***	***	***	***

Period	Colombia MDB		Ecuador MDB	
	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*
1991:				
Jan.-Mar...	$0.67	33,975	$***	***
Apr.-June..	.31	89,474	***	***
July-Sept..	.37	82,501	***	***
Oct.-Dec...	.54	79,938	***	***
1992:				
Jan.-Mar...	.74	258,179	***	***
Apr.-June..	.38	244,394	***	***
July-Sept..	.42	190,865	***	***
Oct.-Dec...	.51	231,066	***	***
1993:				
Jan.-Mar...	.62	322,652	***	***
Apr.-June..	.32	396,659	***	***
July-Sept..	.38	302,209	***	***
Oct.-Dec...	.43	354,456	***	***
1994:				
Jan.-Mar...	.76	562,460	***	***
Apr.-June..	.26	516,782	***	***
July-Sept..	.29	350,463	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 24
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian Sonias to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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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 Pink Dolores to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Table 26
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian mixed colors to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Table 27
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to retail florists, by quarters, Jan. 1991-Sept. 1994

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Table 28
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown Royalties, Samanthas, and Kardinals, and imported Colombian and Ecuadorean MDBs to retail florists, by quarters, Jan. 1991-Sept. 1994

	United States					
	Royalty		Samantha		Kardinal	
Period	Price	Quantity	Price	Quantity	Price	Quantity
	$/stem	*Stems*	*$/stem*	*Stems*	*$/stem*	*Stems*
1991:						
Jan.-Mar...	$0.83	607,671	$***	***	$***	***
Apr.-June..	.52	549,921	***	***	***	***
July-Sept..	.48	386,945	***	***	***	***
Oct.-Dec...	.54	351,447	***	***	***	***
1992:						
Jan.-Mar...	.86	469,091	***	***	***	***
Apr.-June..	.56	363,652	***	***	***	***
July-Sept..	.50	275,336	***	***	***	***
Oct.-Dec....	.60	251,578	***	***	***	***
1993:						
Jan.-Mar...	.87	335,129	***	***	***	***
Apr.-June..	.56	277,204	***	***	***	***
July-Sept..	.46	244,640	***	***	***	***
Oct.-Dec...	.54	201,208	***	***	***	***
1994:						
Jan.-Mar...	.80	321,752	***	***	***	***
Apr.-June..	.53	252,665	***	***	***	***
July-Sept..	.46	198,720	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 29
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian Sonias to retail florists, by quarters, Jan. 1991-Sept. 1994

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Table 30
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown Pink Dolores and U.S.-grown and imported Colombian mixed colors to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure 7
Fresh cut roses: Average net f.o.b. prices of standing order sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to wholesalers, by quarters, Jan. 1991-Sept. 1994

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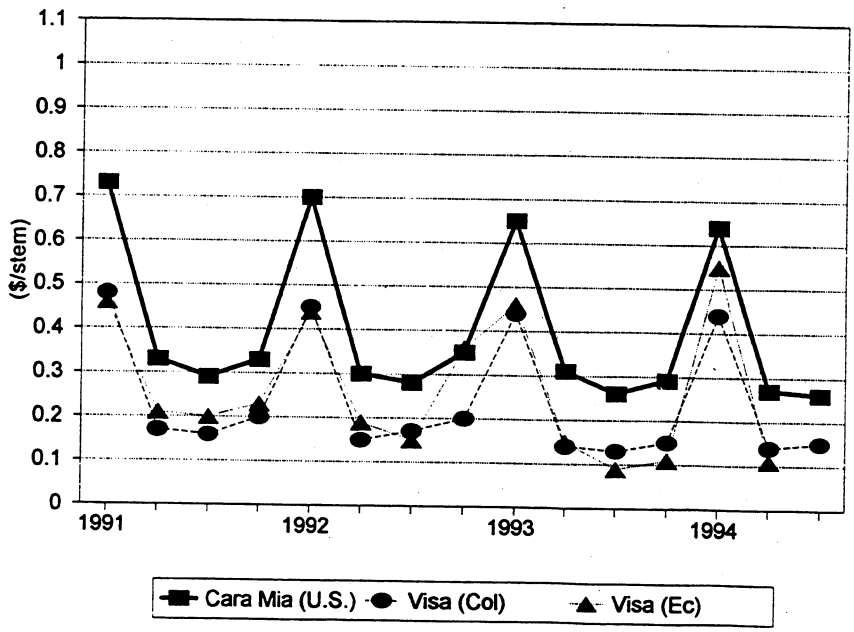
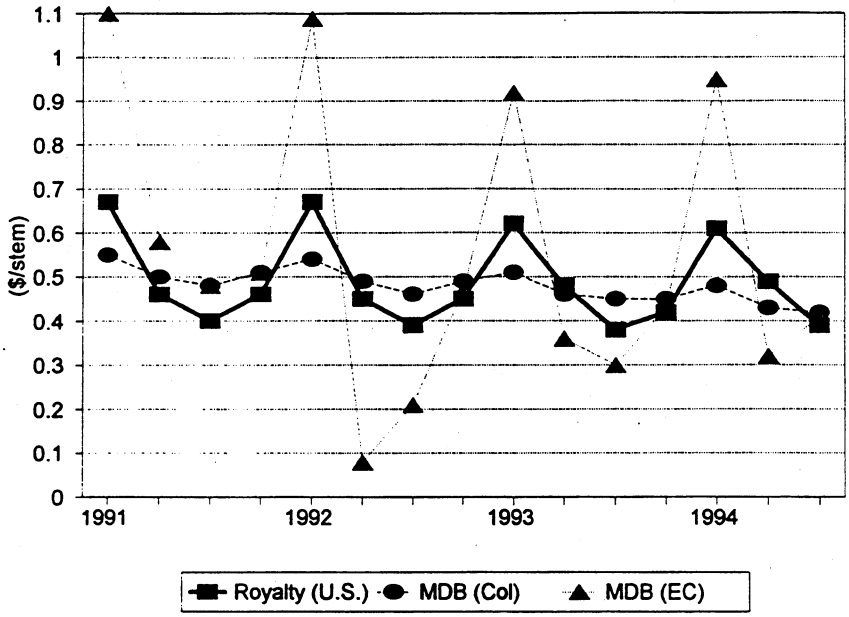
Figure 8
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to wholesalers, by quarters, Jan. 1991-Sept. 1994



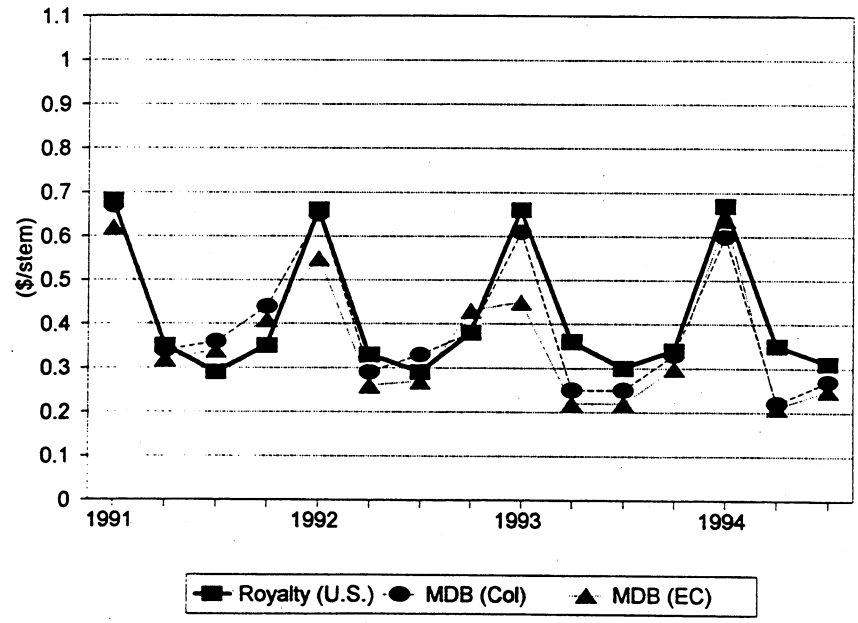
Source: Compiled from data submitted in response to Commission questionnaires.

Figure 9
Fresh cut roses: Average net f.o.b. prices of standing order sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994



Source: Compiled from data submitted in response to Commission questionnaires.

Figure 10
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994



Source: Compiled from data submitted in response to Commission questionnaires.

Figure 11
Fresh cut roses: Average net f.o.b. prices of standing order sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994

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Figure 12
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994

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Figure 13
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Sonias to wholesalers, by quarters, Jan. 1991-Sept. 1994

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Figure 14
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Pink Dolores to wholesalers, by quarters, Jan. 1991-Sept. 1994

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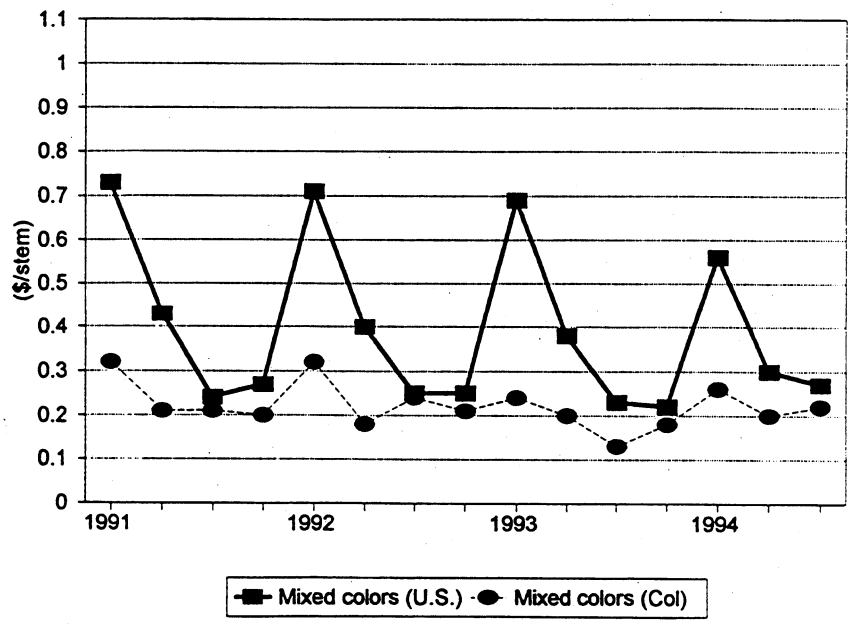
Figure 15
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian mixed colors to wholesalers, by quarters, Jan. 1991-Sept. 1994



Source: Compiled from data submitted in response to Commission questionnaires.

Figure 16
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure 17
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure 18
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure 19
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Sonias to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure 20
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Pink Dolores to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure 21
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian mixed colors to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure 22
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure 23
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure 24
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure 25
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Sonias to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure 26
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Pink Dolores to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure 27
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian mixed colors to retail florists, by quarters, Jan. 1991-Sept. 1994

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Price comparisons[123]

Price comparisons are problematic because U.S. growers and importers of Colombian and Ecuadorean fresh cut roses sell different varieties of roses that have different physical characteristics.[124] [125] Purchasers were asked to rank five different red rose varieties (Cara Mia, Kardinal, MDB, Royalty, and Visa) in terms of overall quality. The responding purchasers rated the MDB as the highest quality, followed by the Kardinal, the Royalty, the Cara Mia, and the Visa. In this section price comparisons were made between the lowest-rated domestic red rose variety (Cara Mia) and the lowest-rated imported red rose variety (Visa), between the highest-rated domestic red rose varieties (Royalty, Samantha, and Kardinal) and the highest-rated imported red rose variety (MDB), and between domestic and imported non-red rose varieties (Sonia, Pink Dolores, and mixed colors). Price comparisons with the imported Colombian subject product show underselling in 56 of 60 instances for the low-end red rose comparisons, in 107 of 166 instances for the high-end red rose

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

[124] Eighteen of 46 responding purchasers reported that certain types/sizes/colors of fresh cut roses were available from U.S. growers and not from growers in Colombia or Ecuador. Cited U.S. varieties include Cara Mia, Royalty, Samantha, Kardinal, Bridal White, Bridal Pink, Lavende, and sweetheart roses. Thirty-six of 42 responding purchasers reported that certain types/sizes/colors of fresh cut roses were available from growers in Colombia or Ecuador, and not from U.S. growers. Cited import varieties include MDB, Visa, Corolla, Obsession, Madame Pompador, Aalsmeer Gold, Oseanna, Tieneke, Vega, First Red, Dallas, Gabriella, Confetti, and others.

[125] For a detailed discussion of differences between U.S.-grown and imported Colombian and Ecuadorean fresh cut roses see the sections of this report entitled the "Product" and "Product Comparisons."

comparisons, and in 62 of 101 instances for the non-red rose comparisons (tables 31-37 and following tabulation). Price comparisons with the imported Ecuadorean subject product show underselling in 34 of 39 instances for the low-end red rose comparisons, in 111 of 152 instances for the high-end red rose comparisons, and in 16 of 26 instances for the non-red rose comparisons (tables 38-43).

A summary of the number of instances and average margins of underselling and overselling, by country, by channel of distribution, by type of sale, and by product, is shown in the following tabulation:

	U.S. priced higher	Import priced higher

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Table 31
Red roses: Colombian margins of underselling/(overselling) for standing order sales to wholesalers, by products and by quarters, Jan. 1991-Sept. 1994

(In percent)

Period	Cara Mia vs. Visa	Royalty vs. MDB	Samantha vs. MDB	Kardinal vs. MDB
1991:				
Jan.-Mar...	17.5	17.1	***	***
Apr.-June..	32.3	(10.1)	***	***
July-Sept..	22.4	(20.5)	***	***
Oct.-Dec...	31.8	(10.7)	***	***
1992:				
Jan.-Mar...	30.1	19.0	***	***
Apr.-June..	25.2	(9.5)	***	***
July-Sept..	18.0	(18.1)	***	***
Oct.-Dec....	35.2	(8.3)	***	***
1993:				
Jan.-Mar...	25.5	17.2	***	***
Apr.-June..	17.3	4.4	***	***
July-Sept..	28.5	(16.1)	***	***
Oct.-Dec...	26.1	(7.1)	***	***
1994:				
Jan.-Mar...	11.9	22.2	***	***
Apr.-June..	21.3	12.1	***	***
July-Sept..	29.4	(8.3)	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 32
Red roses: Colombian margins of underselling/(overselling) for spot sales to wholesalers, by products and by quarters, Jan. 1991-Sept. 1994

(In percent)

Period	Cara Mia vs. Visa	Royalty vs. MDB	Samantha vs. MDB	Kardinal vs. MDB
1991:				
Jan.-Mar...	34.5	1.8	***	***
Apr.-June..	48.3	1.4	***	***
July-Sept..	43.6	(22.9)	***	***
Oct.-Dec...	38.0	(23.7)	***	***
1992:				
Jan.-Mar...	35.1	2.5	***	***
Apr.-June..	50.0	10.8	***	***
July-Sept..	40.6	(13.8)	***	***
Oct.-Dec....	43.4	(0.2)	***	***
1993:				
Jan.-Mar...	32.2	7.7	***	***
Apr.-June..	53.2	30.8	***	***
July-Sept..	51.4	16.5	***	***
Oct.-Dec...	49.0	5.0	***	***
1994:				
Jan.-Mar...	31.6	11.5	***	***
Apr.-June..	49.1	37.5	***	***
July-Sept..	44.1	14.4	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 33
Non-red roses: Colombian margins of underselling/(overselling) for spot sales to wholesalers, by products and by quarters, Jan. 1991-Sept. 1994

(In percent)

Period	Sonia	Pink Dolores	Mixed colors
1991:			
Jan.-Mar...	***	***	55.9
Apr.-June..	***	***	50.8
July-Sept..	***	***	13.3
Oct.-Dec...	***	***	25.0
1992:			
Jan.-Mar...	***	***	55.3
Apr.-June..	***	***	55.1
July-Sept..	***	***	4.2
Oct.-Dec....	***	***	16.0
1993:			
Jan.-Mar...	***	***	65.1
Apr.-June..	***	***	47.6
July-Sept..	***	***	43.9
Oct.-Dec...	***	***	18.9
1994:			
Jan.-Mar...	***	***	53.6
Apr.-June..	***	***	34.3
July-Sept..	***	***	18.3

Source: Compiled from data submitted in response to Commission questionnaires.

Table 34
Red roses: Colombian margins of underselling/(overselling) for spot sales to mass merchandisers, by products and by quarters, Jan. 1991-Sept. 1994

(In percent)

Period	Cara Mia vs. Visa	Royalty vs. MDB	Samantha vs. MDB	Kardinal vs. MDB
1991:				
Jan.-Mar...	***	(5.5)	***	***
Apr.-June..	***	6.1	***	***
July-Sept..	***	(49.2)	***	***
Oct.-Dec...	***	(94.1)	***	***
1992:				
Jan.-Mar...	***	(18.8)	***	***
Apr.-June..	***	(33.5)	***	***
July-Sept..	***	(93.7)	***	***
Oct.-Dec....	***	(83.2)	***	***
1993:				
Jan.-Mar...	***	(4.5)	***	***
Apr.-June..	***	(22.2)	***	***
July-Sept..	***	(78.5)	***	***
Oct.-Dec...	***	(56.3)	***	***
1994:				
Jan.-Mar...	***	(32.1)	***	***
Apr.-June..	***	(5.8)	***	***
July-Sept..	***	(19.7)	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 35
Non-red roses: Colombian margins of underselling/(overselling) for spot sales to mass merchandisers, by products and by quarters, Jan. 1991-Sept. 1994

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Table 36
Red roses: Colombian margins of underselling/(overselling) for spot sales to retail florists, by products and by quarters, Jan. 1991-Sept. 1994

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Table 37
Non-red roses: Colombian margins of underselling/(overselling) for spot sales to retail florists, by products and by quarters, Jan. 1991-Sept. 1994

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Table 38
Red roses: Ecuadorean margins of underselling/(overselling) for standing order sales to wholesalers, by products and by quarters, Jan. 1991-Sept. 1994

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Table 39
Red roses: Ecuadorean margins of underselling/(overselling) for spot sales to wholesalers, by products and by quarters, Jan. 1991-Sept. 1994

(In percent)

Period	Cara Mia vs. Visa	Royalty vs. MDB	Samantha vs. MDB	Kardinal vs. MDB
1991:				
Jan.-Mar...	37.2	8.3	***	***
Apr.-June..	37.9	6.3	***	***
July-Sept..	29.4	(18.4)	***	***
Oct.-Dec...	31.1	(15.6)	***	***
1992:				
Jan.-Mar...	37.5	16.7	***	***
Apr.-June..	38.1	21.9	***	***
July-Sept..	48.0	8.8	***	***
Oct.-Dec....	(0.4)	(12.5)	***	***
1993:				
Jan.-Mar...	28.2	31.3	***	***
Apr.-June..	50.6	40.3	***	***
July-Sept..	64.0	27.8	***	***
Oct.-Dec...	60.6	11.6	***	***
1994:				
Jan.-Mar...	13.8	4.9	***	***
Apr.-June..	60.5	39.8	***	***
July-Sept..	-	18.8	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table 40
Non-red roses: Ecuadorean margins of underselling/(overselling) for spot sales to wholesalers, by products and by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table 41
Red roses: Ecuadorean margins of underselling/(overselling) for spot sales to mass merchandisers, by products and by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table 42
Non-red roses: Ecuadorean margins of underselling/(overselling) for spot sales to mass merchandisers, by products and by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table 43
Red roses: Ecuadorean margins of underselling/(overselling) for spot sales to retail florists, by products and by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Comparison of quarterly and monthly price data

Weighted-average monthly price data[126] for sales of central California red hybrid tea roses,[127] imported South American Visas, and imported South American MDBs are plotted against weighted-average quarterly price data for spot sales to wholesalers of California red hybrid tea roses (a composite of Cara Mias, Royalties, Samanthas, and Kardinals sold by California growers), imported Colombian Visas, and imported Colombian MDBs in figures 28-30.[128]

Exchange Rates

The nominal value of the Colombian peso depreciated by 28.9 percent during January 1991-September 1994 (figure 31). When adjusted for movements in producer price indexes in the United States and Colombia, the Colombian currency was relatively stable, falling by 1.4 percent during January 1991-September 1993. The nominal value of the Ecuadorean sucre fell by 57.9 percent during January 1991-September 1994 (figure 32). Producer price index information for Ecuador is unavailable; thus real exchange rates for Ecuador cannot be calculated.

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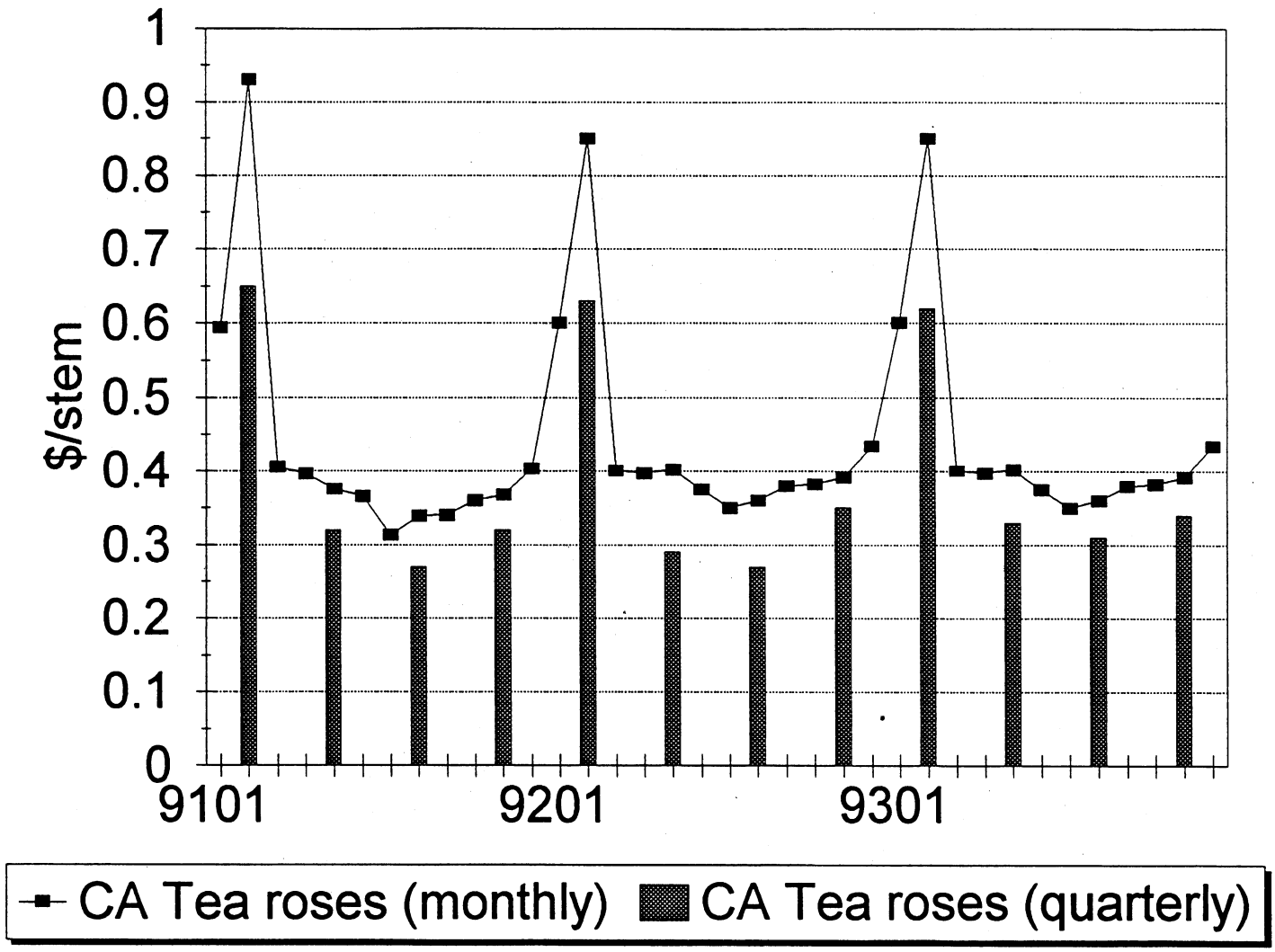
[126] The monthly price data are weighted-averages of the midpoints of weekly f.o.b. price quote ranges.

[127] Sales of central California red hybrid tea roses accounted for approximately 98 percent of all sales of California red hybrid tea roses.

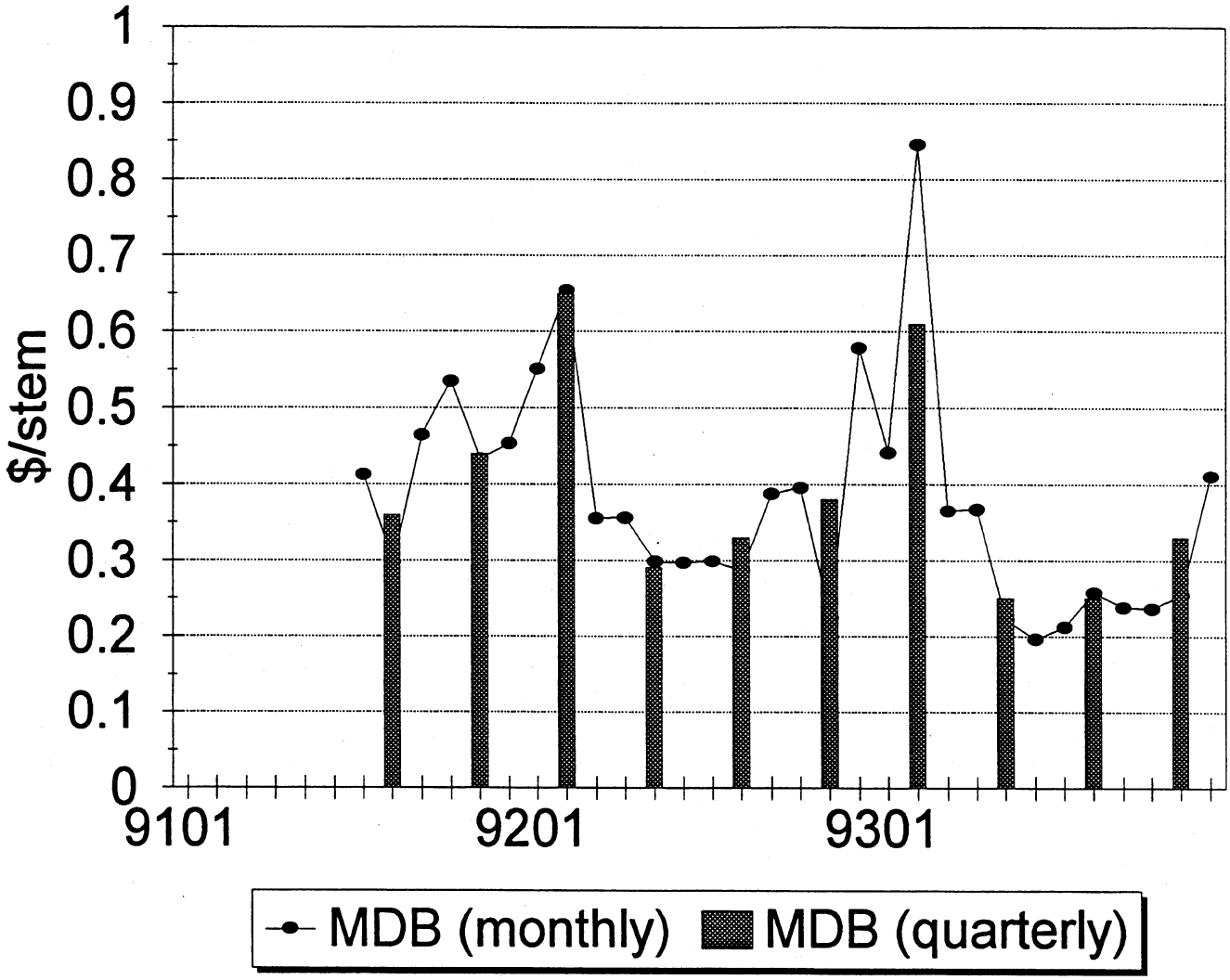
[128] The monthly price data are for sales of fresh cut roses with stem lengths of 26 inches and greater, whereas the quarterly price data are for sales of fresh cut roses with stem lengths of 22-26 inches. Since suppliers generally receive higher prices for longer stem lengths, this may be one reason that the monthly prices for the central California red hybrid tea roses tend to be higher than the quarterly prices for the California red hybrid tea roses. Another reason may be the greater product mix included in the monthly price series category. The fact that several importers were unable to report pricing data for the 22-26 inch (55-65 cm) stem length category and were forced to report pricing data for products in the 50-70 cm and other stem length categories is a possible explanation for why the quarterly price series for the imported rose products appear to more closely track their corresponding monthly price series. These data suggest that the quarterly price data reported for sales of the imported Colombian product may include more data for sales of longer stemmed product, and thus may be biased slightly upward.

Figure 28
Fresh cut roses: Monthly weighted-average f.o.b. prices for sales of central California red hybrid tea roses and quarterly average f.o.b. prices for spot sales to wholesalers of California red hybrid tea roses, Jan. 1991-Dec. 1993



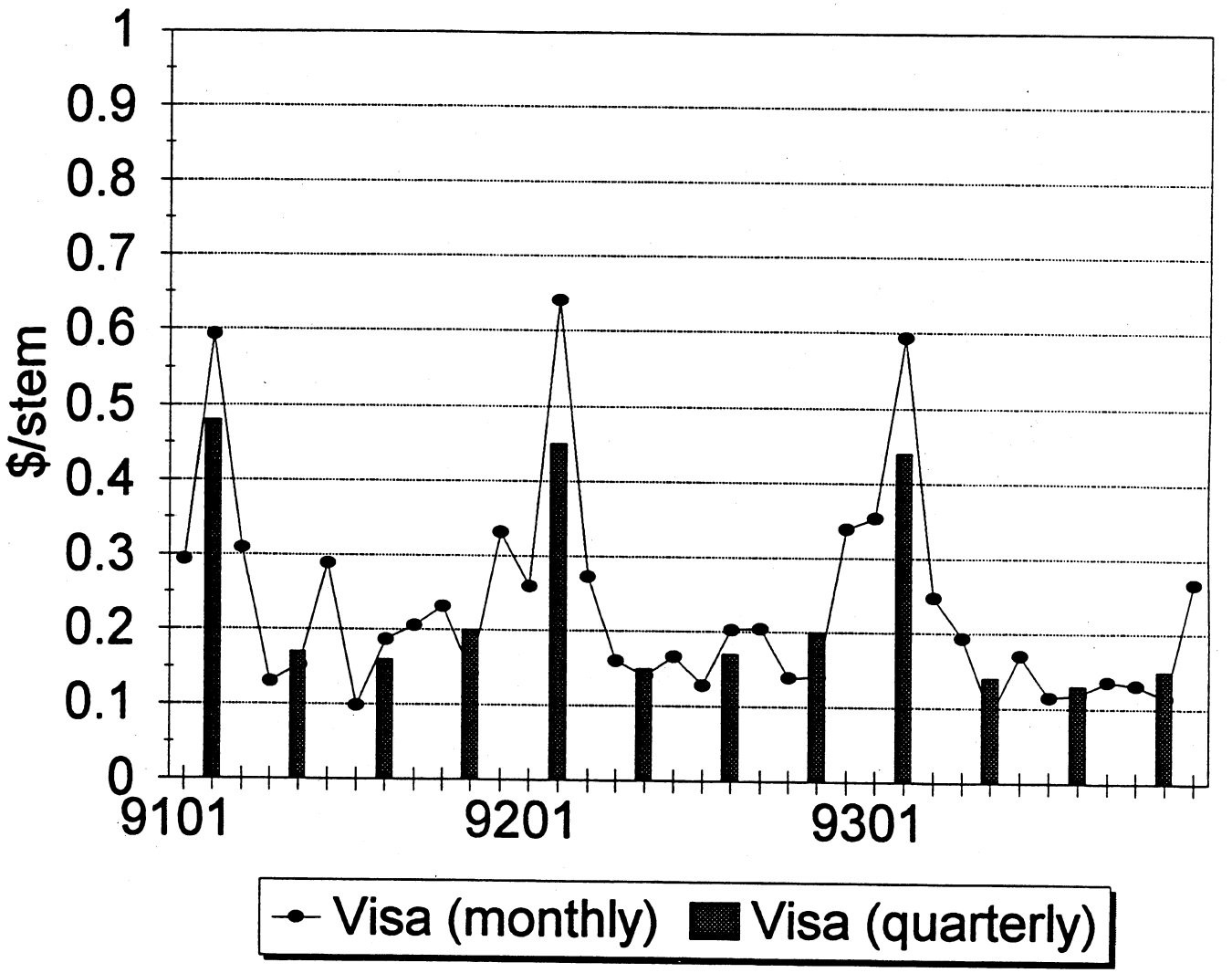
Source: USDA, *Ornamental Crops National Market Trends*, Jan. 1991-Dec. 1993 and data submitted in response to Commission questionnaires.

Figure 29
Fresh cut roses: Monthly weighted-average f.o.b. prices for sales of imported South American Visas and quarterly average f.o.b. prices for spot sales to wholesalers of imported Colombian Visas, Jan. 1991-Dec. 1993



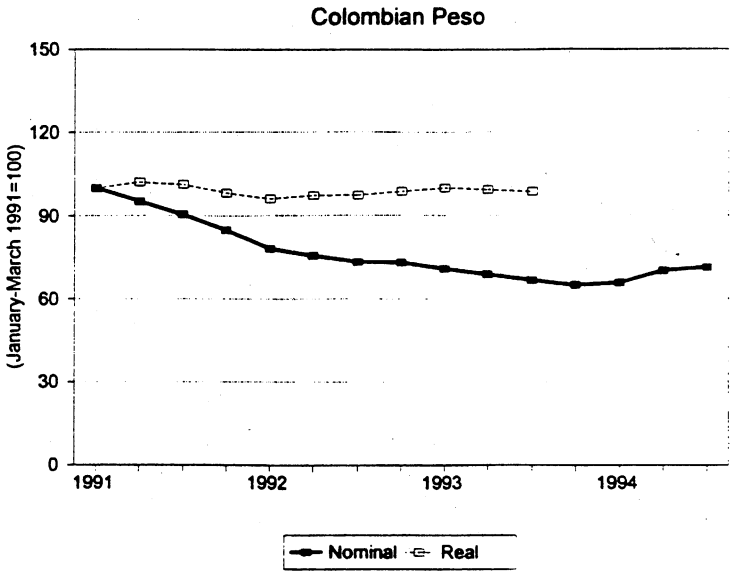
Source: USDA, *Ornamental Crops National Market Trends*, Jan. 1991-Dec. 1993 and data submitted in response to Commission questionnaires.

Figure 30
Fresh cut roses: Monthly weighted-average f.o.b. prices for sales of imported South American MDBs and quarterly average f.o.b. prices for spot sales to wholesalers of imported Colombian MDBs, Jan. 1991-Dec. 1993



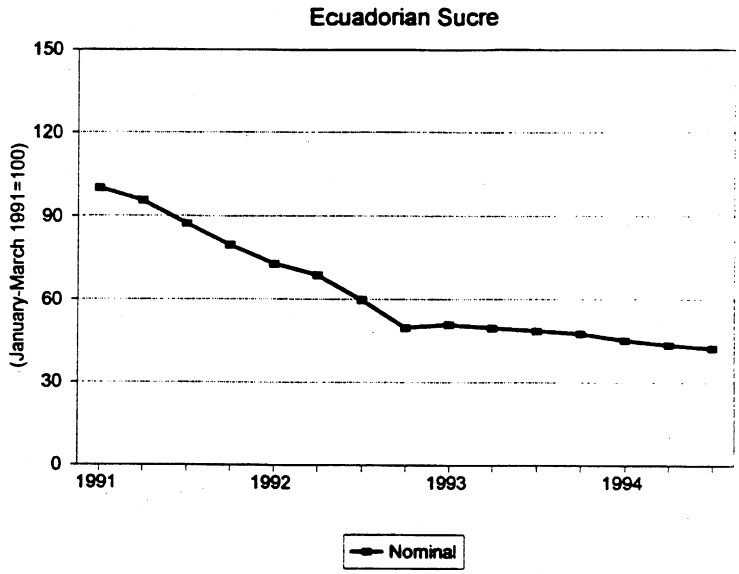
Source: USDA, *Ornamental Crops National Market Trends*, Jan. 1991-Dec. 1993 and data submitted in response to Commission questionnaires.

Figure 31
Indexes of the nominal and real exchange rates between the U.S. dollar and Colombian peso, by quarters, Jan. 1991-Sept. 1994



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

Figure 32
Indexes of the nominal exchange rates between the U.S. dollar and Ecuadorean sucre, by quarters, Jan. 1991-Sept. 1994



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

Lost Sales and Lost Revenues

Nine U.S. rose growers reported lost sales allegations and six reported lost revenue allegations as shown in the tabulation below.

	Customers	Sales	Quantity (*Stems*)	Value (*dollars*)
Lost revenues.....	11	22	465,180	261,019
Lost sales.....	30	39	5,862,850	4,461,867

The Commission interviewed 5 purchasers named in 8 of the lost revenue allegations worth $19,180 and 7 purchasers named in 10 of the lost sales allegations concerning 2,233,775 roses worth $793,767. The information obtained from these purchasers is discussed below.

*** was named by *** in a lost sale allegation concerning *** worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation, but maintained that domestic rose growers have been losing sales to Colombian imports. *** reported that *** purchased *** roses in ***, *** for Valentine's Day alone. *** buys approximately *** percent of its roses from domestic rose growers. *** feels price pressure at times because it must compete with local cooperatives that sell directly to retail florists. *** purchases domestic roses daily, but buys weekly bulk shipments of imported Colombian roses. The imported Colombian roses are much more competitively priced than domestic roses (*** cents 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 blooms because of the greater sunshine they are exposed to.

*** was named by *** in a *** lost sale allegation concerning *** stems worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** 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 blooms and stems, whereas the domestic roses have better and brighter colors. *** also reported that the Colombian roses are much cheaper (often *** the price of domestic roses), and that *** buys *** percent of their roses from South America because of their lower prices and ***'s 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 sale allegation concerning *** stems worth $***, a *** lost sale allegation concerning *** stems worth $***, and a *** lost sale 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 half domestic and half 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 bloom 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.

*** was named by *** in a *** lost sale allegation concerning *** roses worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** reported that *** bought approximately *** roses a year, *** percent of which were imported from Colombia. *** maintained that his purchasing decisions are generally based on aesthetics, and not on price. The imported Colombian roses have bigger blooms, and thicker and stronger stems than the domestic roses because of their longer growing cycle (85-90 days vs. 60-70 days). Some customers prefer the larger Colombian roses, whereas others prefer the fresher, longer lasting domestic roses--very few buy roses based on price. *** reports that importers have been absorbing the current duties on imported Colombian roses, and that the market has not shifted to domestic roses.

*** was named by *** in a *** lost sale allegation concerning *** roses worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** reported that *** bought mostly South American roses. *** buys roses based on quality and price--mainly based on quality. South American growers produce rose varieties that are not available from domestic growers. Suppliers of South American product also offer more convenient shipping facilities and better availability than competing domestic growers. If the duties on imported Colombian and Ecuadorean roses were to remain in place, *** would still buy the same amount of South American product because his customers prefer specific rose varieties.

*** was named by *** in a *** lost sale allegation concerning *** roses worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** maintained that his rose purchase decisions are primarily based on factors besides price. *** reported that his customers constantly want new varieties of roses, and the suppliers of imported South American roses offer a greater selection and are continually promoting new varieties. *** also claims that the foreign suppliers promote their sales more aggressively and offer better rose specials. *** characterized ***. *** claimed that *** would still continue to buy South American roses even if duties are imposed, and would simply pass the duties on to its customers.

*** was named by *** in a *** lost sale allegation concerning *** roses worth $*** and a *** lost revenue allegation worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegations. *** reported that *** bought approximately *** roses a year, *** of which are imported from South America. *** reported that there is a growing demand for imported South American roses. *** sells primarily to supermarkets and price is always important. However, at this time of the year availability is the most important factor--domestic growers do not have enough roses to supply the market because they are pinching their rose plants for Valentine's Day. Imported roses also have much bigger blooms and hold up better than domestic roses.

*** was named by *** in a *** lost sale allegation concerning *** roses worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** reported that *** bought approximately *** roses a year, and half were imported from South America. *** stated that the South Americans offer many varieties and colors of roses not carried by the domestic growers. *** maintains that the imported and domestic roses are different products (i.e., imported South American roses have larger blooms and better opening quality). *** allows that price is an important factor in the market for cheap, lower quality roses such as Visas and Vegas, but for sales of the higher quality roses such as MDBs and Samanthas price is not an important factor. *** claims that, if the import duty is imposed, *** will simply pass on the duty to its retail customers, who can better absorb the price increases because of their higher profit margins.

*** was named by *** in a *** lost revenue allegation worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** reported that *** buys approximately *** stems of fresh cut roses a year. *** stated that he prefers to buy domestically-grown roses because of their better quality (i.e., durability and freshness). *** characterized the imported Colombian Visas as "garbage" and maintained that, although the MDBs look great (large blooms and thick stems) they had very poor lasting quality and oftentimes did not open. *** claimed that he is forced to buy imported Colombian roses during the holidays when domestic growers' rose prices "go out of whack". *** reported that the decision to buy imported Colombian roses is primarily based on price, and maintains that increased holiday competition from mass merchandisers has forced him to be more price conscious.

*** was named by *** in a *** lost revenue allegation worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** reported that *** buys approximately *** fresh cut roses a year, *** percent of them imported from South America. *** maintained that the reason they buy so much imported South American product was that the quality was "highly superior" (larger blooms, stronger stems, and greater durability) to that of the domestic product, and not because of price. *** claimed that roses are "highly differentiated" products, and that *** buys specific varieties of roses. *** maintained that, if a 10 percent duty were imposed on imported South American roses, *** would probably be forced to absorb any resultant increase in price.

*** was named by *** in a *** lost revenue allegation worth $***. ***, a representative of ***, could neither confirm nor deny the specific allegation. *** reported that *** buys

approximately *** fresh cut roses a year, 20 percent of which are imported from Colombia. *** buys specific varieties of roses dictated by its customers' preferences. ***'s local *** clients that *** deals with on a daily basis traditionally want a domestic rose because of its greater freshness. However, during major holidays there is a greater demand for MDBs because of their larger blooms and thicker stems. When *** negotiates prices, it is always based on an "apples to apples" comparison (i.e., domestic product with domestic product, imported product with imported product). *** considers MDBs to be a different products than Royalties.

As a result of the temporary duties assessed on imported Colombian roses, *** increased its prices to its retail florist customers. During periods of low demand, these customers reduced their purchases of the Colombian subject product, largely as a retaliatory measure. However, during periods of high demand (i.e., Valentine's Day) their consumption levels of the imported Colombian roses returned to their customary levels.

*** was named by *** in a *** lost revenue allegation worth $***, a *** lost revenue allegation worth $***, a *** lost revenue allegation worth $***, and a *** lost revenue allegation worth $***. *** could neither confirm nor deny the specific allegation. *** reported that he buys approximately *** fresh cut roses a year, 60 percent of which are imported from Colombia. *** claimed that in the offpeak periods he has no alternative to buying the imported subject product because domestic growers cannot supply him. *** maintained that, since domestic growers pinch their rose plants to produce for major rose holidays, there is little domestic production available during offpeak periods. *** reported that the quality of domestic Royalties and imported MDBs is about the same--both have large blooms and similar lasting quality. *** stated that his purchasing decision between domestic and imported product is largely determined by the different growing seasons.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-684-685 (Final)]

Fresh Cut Roses From Colombia and Ecuador

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of final antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-684-685 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether 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.

For further information concerning the conduct of these investigations, hearing procedures, 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 C (19 CFR part 207).

EFFECTIVE DATE: September 16, 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. Information can also be obtained by calling the Office of Investigations' remote bulletin board system for personal computers at 202-205-1895 (N,8,1).

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of fresh cut roses from Colombia and Ecuador are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on February 14, 1994, by the Floral Trade Council, Haslett, MI.

Participation in the Investigations and Public Service List

Persons wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, not later than twenty-one (21) 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 section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these final investigations available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than twenty-one (21) 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.

Staff Report

The prehearing staff report in these investigations will be placed in the nonpublic record on January 13, 1995,

and a public version will be issued thereafter, pursuant to section 207.21 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on January 26, 1995, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 17, 1995. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 24, 1995, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rules. Parties are strongly encouraged to submit as early in the investigations as possible any requests to present a portion of their hearing testimony *in camera*.

Written Submissions

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.22 of the Commission's rules; the deadline for filing is January 20, 1995. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.24 of the Commission's rules. The deadline for filing posthearing briefs is February 3, 1995; witness testimony must be filed no later than three (3) days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before February 3, 1995. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation 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 207.20 of the Commission's rules.

By order of the Commission.

Issued: October 14, 1994.

Donna R. Koehnke,

Secretary.

[FR Doc. 94-26024 Filed 10-19-94; 8:45 am]

BILLING CODE 7020-02-P

APPENDIX B

LIST OF PARTICIPANTS AT THE HEARING

CALENDAR OF HEARINGS

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	FRESH CUT ROSES FROM COLOMBIA AND ECUADOR
Inv. Nos.:	731-TA-684/685 (Final)
Date and Time:	January 26, 1995 - 9:30 a.m.

Sessions were held in connection with the investigations in the Main hearing room 101, 500 E Street, S.W., Washington, D.C.

OPENING REMARKS

Petitioner

Respondents

In Support of Imposition of Antidumping Duties:

Stewart and Stewart
Washington, D.C.
on behalf of

The Floral Trade Council

Industry leaders

Timothy J. Haley, President, Floral Trade Council; President, Pikes Peak Greenhouses, Inc., Colorado Springs, Colorado

Arthur L. Heyl, Jr., President-designate, Roses Incorporated; President, Heyl Roses Incorporated, Green Village, New Jersey

Lee Murphy, CEO and President, California Cut Flower Commission, Gold River, California

-MORE-

In Support of Imposition of Antidumping Duties cont'd:

Nationwide selection of rose growers

Karen Thirup Sambrailo, Executive Vice President, Pajaro Valley Greenhouses, Inc., Watsonville, California

Alban J. Schmidt, Board Chairman and Owner, Berthoud Rose Farm Incorporated, Berthoud, Colorado

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

Barry Williams, President, Elliot and Williams Roses, Incorporated, Dover, New Hampshire

K. Fred Fries, President, Dillon Floral Corporation, Bloomsburg, Pennsylvania

Herman R. Schenkel, President, H.R. Schenkel, Incorporated, Lynchburg, Virginia

Expert witnesses

James C. Krone, Executive Vice President, Roses Incorporated, Haslett, Michigan

William R. Carlson, Executive Director, Floral Trade Council, Haslett, Michigan

Professor Douglas A. Hopper, Ph.D., Assistant Professor of Floriculture, Department of Horticulture, Colorado State University, Fort Collins, Colorado

James R. Cannon, Jr.)
)--OF COUNSEL
Amy S. Dwyer)

-MORE-

In Opposition to the Imposition of Antidumping Duties:

PANEL 1:

Kaye, Scholer, Fierman, Hays and Handler
Washington, D.C.
on behalf of

The Government of Ecuador

Edgar Teran, Ambassador of Ecuador to the United States

Michael P. House)
)--OF COUNSEL
R. Will Planert)

PANEL 2:

Asocolflores and its rose-producing members and
the Association of Floral Importers of Florida
("AFIF") and its members
Asociacion de Productores y Exportadores de Flores
("Expoflores")
HOSA, Ltda, and Denmar, S.A. ("Hosa")
Wholesale Florists and Suppliers of America
Colors From The World

Group 1

Paula Stern, President, The Stern Group

White and Case
Washington, D.C.
on behalf of

HOSA

Daniel Cannistra, Economic Consulting Services

Robert Ilsink, Director, Interplant, Ltd., Leersum,
The Netherlands

Dan Daddio, H/U.S. Trading Company

Alan M. Dunn--OF COUNSEL

-MORE-

In Opposition to the Imposition
of Antidumping Duties cont'd:

Cameron and Hornbostel
Washington, D.C.
on behalf of

Colors From The World

Richard Maldaner, Chief Executive, Colors From The World

Alexander W. Sierck--OF COUNSEL

Arnold and Porter
Washington, D.C.
on behalf of

Asocolflores

Win Winogrond, President, Bouquet Connection de Los Andes
(on behalf of Colombian growers and importers)
(also will discuss bouquet issues)

Michael T. Shor--OF COUNSEL

Wiley, Rein, and Fielding
Washington, D.C.
on behalf of

Expoflores

Mauricio Davalos, Former President, Expoflores

Alan H. Price)
)--OF COUNSEL
Willis Martyn)

(Available for Question and Answer period)

Archie Clapp, Executive Vice President, Wholesale Florists
and Florist Suppliers of America

Robert Carbone, President, RJ Carbone Company

Donald Hook, Pittsburgh Cut Flower Company

-MORE-

In Opposition to the Imposition
of Antidumping Duties cont'd:

PANEL 2 CONT'D

Group 1

McDermott, Will and Emery
Washington, D.C.
on behalf of

Wholesale Florists and Florist Suppliers of America

Robert Wilkins, Chairman, Delaware Valley Wholesale Florist, Inc., Sewell, New Jersey

Walter Rojahn, President, Rojahn and Malaney Company Milwaukee, Wisconsin

David Levine--OF COUNSEL

Law and Economics Consulting Group
Washington, D.C.

Andrew Wechsler, Principal Managing Director

Pieter van Leewen, Senior Economist

Porter, Wright, Morris and Arthur
Washington, D.C.
on behalf of

Van's Incorporated
Southern Floral Company

Robert H. Weatherford, Senior, Chairman, Southern Floral Company, Houston, Texas

Leslie Alan Glick--OF COUNSEL

-MORE-

In Opposition to the Imposition of Antidumping Duties cont'd:

PANEL 3:

Stroock and Stroock and Lavan
Washington, D.C.
on behalf of

Florists' Transworld Delivery ("FTD")

Tony Fiannaca, Owner, Sparks Florist, Incorporated
Sparks, Nevada

Will E. Leonard--OF COUNSEL

-END-

APPENDIX C

SUMMARY TABLES AND TABLES WITH SELECTED USDA DATA

Table C-1
Fresh cut roses: Summary data concerning the U.S. market using official statistics for imports, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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

Item	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	1993-94
U.S. consumption quantity:									
Amount	825,820	880,715	954,848	725,347	771,405	+15.6	+6.6	+8.4	+6.3
Producers' share[1]	44.6	40.9	35.7	34.5	30.1	-8.9	-3.7	-5.1	-4.4
Importers' share:[1]									
Colombia	41.2	42.9	47.6	48.8	50.7	+6.4	+1.6	+4.7	+1.9
Ecuador	4.8	6.9	8.4	8.2	9.8	+3.6	+2.0	+1.5	+1.6
Subtotal	46.1	49.8	56.0	57.0	60.6	+9.9	+3.7	+6.3	+3.6
Other sources	9.3	9.4	8.3	8.5	9.3	-1.1	(2)	-1.1	+0.8
Total	55.4	59.1	64.3	65.5	69.9	+8.9	+3.7	+5.1	+4.4
U.S. consumption value:									
Amount	232,906	226,103	234,166	181,313	195,190	+0.5	-2.9	+3.6	+7.7
Producers' share[1]	50.9	50.1	45.1	43.9	38.1	-5.7	-0.8	-4.9	-5.8
Importers' share:[1]									
Colombia	36.3	36.3	40.1	41.2	44.6	+3.7	(2)	+3.7	+3.4
Ecuador	3.5	5.4	6.6	6.4	7.4	+3.1	+2.0	+1.2	+1.0
Subtotal	39.8	41.7	46.6	47.6	52.1	+6.9	+2.0	+4.9	+4.5
Other sources	9.4	8.2	8.2	8.5	9.8	-1.1	-1.2	(2)	+1.3
Total	49.1	49.9	54.9	56.1	61.9	+5.7	+0.8	+4.9	+5.8
U.S. importers' imports from--									
Colombia:									
Imports quantity	340,474	377,548	454,337	353,844	391,317	+33.4	+10.9	+20.3	+10.6
Imports value	84,609	82,166	93,796	74,698	87,097	+10.9	-2.9	+14.2	+16.6
Unit value	$0.25	$0.22	$0.21	$0.21	$0.22	-16.9	-12.4	-5.1	+5.4
Ecuador:									
Imports quantity	39,944	60,635	80,436	59,362	75,842	+101.4	+51.8	+32.7	+27.8
Imports value	8,038	12,215	15,394	11,631	14,540	+91.5	+52.0	+26.0	+25.0
Unit value	$0.20	$0.20	$0.19	$0.20	$0.19	-4.9	+0.1	-5.0	-2.2
Subject sources:									
Imports quantity	380,419	438,184	534,772	413,207	467,159	+40.6	+15.2	+22.0	+13.1
Imports value	92,648	94,381	109,190	86,329	101,637	+17.9	+1.9	+15.7	+17.7
Unit value	$0.24	$0.22	$0.20	$0.21	$0.22	-16.2	-11.6	-5.2	+4.1
Other sources:									
Imports quantity	77,162	82,669	78,868	61,878	72,047	+2.2	+7.1	-4.6	+16.4
Imports value	21,819	18,518	19,283	15,403	19,123	-11.6	-15.1	+4.1	+24.2
Unit value	$0.28	$0.22	$0.24	$0.25	$0.27	-13.5	-20.8	+9.1	+6.6
All sources:									
Imports quantity	457,581	520,852	613,641	475,084	539,206	+34.1	+13.8	+17.8	+13.5
Imports value	114,466	112,899	128,473	101,732	120,760	+12.2	-1.4	+13.8	+18.7
Unit value	$0.25	$0.22	$0.21	$0.21	$0.22	-16.3	-13.4	-3.4	+4.6
U.S. producers'--									
Number of greenhouses	1,148	1,142	1,148	1,118	1,146	0	-0.5	+0.5	+2.5
Greenhouses (*1000 sq. feet*)	27,510	27,637	27,460	26,557	25,447	-0.2	+0.5	-0.6	-4.2
Rose plants (*1,000s*)	16,674	16,692	16,489	15,913	15,029	-1.1	+0.1	-1.2	-5.6
Production quantity	388,481	380,240	361,475	264,357	245,477	-7.0	-2.1	-4.9	-7.1
Yield (*stems/square foot*)[1]	14.1	13.7	13.1	9.9	9.7	-1.0	-0.4	-0.6	-0.3
Yield (*stems/rose plant*)[1]	23.2	22.6	21.8	16.6	16.4	-1.4	-0.5	-0.9	-0.3
Domestic shipments:									
Quantity	368,239	359,863	341,207	250,263	232,199	-7.3	-2.3	-5.2	-7.2
Value	118,440	113,204	105,693	79,581	74,430	-10.8	-4.4	-6.6	-6.5
Unit value	$0.32	$0.31	$0.31	$0.32	$0.32	-3.7	-2.2	-1.5	+0.8
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Exports/shipments[1]	***	***	***	***	***	***	(3)	***	(3)
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	***	***	***	***
Production workers	2,411	2,383	2,272	2,171	2,008	-5.8	-1.2	-4.7	-7.5
Hours worked (*1,000s*)	5,353	5,132	5,024	3,668	3,421	-6.1	-4.1	-2.1	-6.7
Total compensation (*$1,000*)	41,625	41,192	40,211	28,511	26,874	-3.4	-1.0	-2.4	-5.7
Hourly total compensation	$7.78	$8.03	$8.00	$7.77	$7.86	+2.9	+3.2	-0.3	+1.1
Productivity (*stems/hour*)	71.5	73.0	70.9	71.0	70.8	-0.8	+2.1	-2.8	-0.3
Unit labor costs	$0.11	$0.11	$0.11	$0.11	$0.11	+3.6	+1.1	+2.5	+1.4

Table C-1--Continued
Fresh cut roses: Summary data concerning the U.S. market using official statistics for imports, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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

Item	Reported data			Jan.-Sept.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
Net sales--									
Quantity	321,510	315,412	291,787	186,935	180,432	-9.2	-1.9	-7.5	-3.5
Value	111,218	108,456	101,155	63,833	59,849	-9.0	-2.5	-6.7	-6.2
Unit sales value	$0.32	$0.32	$0.32	$0.32	$0.31	+0.2	-0.3	+0.5	-3.2
Growing/operating expenses	113,159	109,850	106,906	66,586	62,195	-5.5	-2.9	-2.7	-6.6
Net income (loss)	(1,941)	(1,394)	(5,751)	(2,753)	(2,346)	-196.3	+28.2	-312.6	+14.8
Capital expenditures	3,971	3,029	4,170	2,299	2,032	+5.0	-23.7	+37.7	-11.6
Unit expenses	$0.33	$0.32	$0.34	$0.33	$0.32	+4.1	-1.2	+5.4	-3.5
Unit net income (loss)	($0.01)	(4)	($0.02)	($0.01)	($0.01)	-208.0	+52.4	-546.9	+12.0
Expenses/sales[1]	101.7	101.3	105.7	104.3	103.9	+3.9	-0.5	+4.4	-0.4
Net income (loss)/sales[1]	(1.7)	(1.3)	(5.7)	(4.3)	(3.9)	-3.9	+0.5	-4.4	+0.4

[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] Negative value but less than significant digits displayed.
[5] On Mar. 2, 1995, Commerce revised some of its final LTFV calculations and found Grupo Prisma and four other Colombian grower/exporters not to be selling at LTFV. These five grower/exporters accounted for 23 percent of total imports from Colombia in 1993. Excluding exports from these firms results in LTFV imports from Colombia in 1993 of *** stems valued at $***. When imports from non-LTFV suppliers are deleted, Colombia's market shares in 1993, by quantity and value, are *** percent and *** percent, respectively.

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 Commission questionnaires and from official statistics of Commerce.

Table C-2
Fresh cut roses: Summary data concerning the U.S. market using questionnaire data for imports, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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

Item	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	1993-94
U.S. consumption quantity:									
Amount	708,531	801,731	901,006	673,868	697,205	+27.2	+13.2	+12.4	+3.5
Producers' share[1]	52.0	44.9	37.9	37.1	33.3	-14.1	-7.1	-7.0	-3.8
Importers' share:[1]									
Colombia	41.3	44.6	50.0	51.1	52.8	+8.7	+3.3	+5.4	+1.7
Ecuador	4.9	8.2	10.3	9.8	11.8	+5.4	+3.3	+2.1	+2.0
Subtotal	46.1	52.8	60.2	60.9	64.6	+14.1	+6.7	+7.4	+3.7
Other sources	1.9	2.3	1.9	2.0	2.1	(2)	+0.4	-0.4	+0.1
Total	48.0	55.1	62.1	62.9	66.7	+14.1	+7.1	+7.0	+3.8
U.S. consumption value:									
Amount	231,281	251,652	270,714	208,816	221,588	+17.0	+8.8	+7.6	+6.1
Producers' share[1]	51.2	45.0	39.0	38.1	33.6	-12.2	-6.2	-5.9	-4.5
Importers' share:[1]									
Colombia	41.7	44.2	47.7	49.2	49.5	+5.9	+2.5	+3.4	+0.3
Ecuador	5.4	8.6	11.4	10.7	14.9	+6.0	+3.2	+2.8	+4.2
Subtotal	47.1	52.8	59.1	59.9	64.4	+11.9	+5.7	+6.3	+4.5
Other sources	1.6	2.2	1.9	2.0	2.0	+0.2	+0.6	-0.3	(3)
Total	48.8	55.0	61.0	61.9	66.4	+12.2	+6.2	+5.9	+4.5
U.S. importers' imports from--									
Colombia:									
Domestic shipments quantity	292,418	357,714	450,265	344,129	368,102	+54.0	+22.3	+25.9	+7.0
Domestic shipments value	96,484	111,321	129,037	102,789	109,711	+33.7	+15.4	+15.9	+6.7
Unit value	$0.33	$0.31	$0.29	$0.30	$0.30	-13.1	-5.7	-7.9	-0.2
Ecuador:									
Domestic shipments quantity	34,384	65,510	92,429	66,000	82,217	+168.8	+90.5	+41.1	+24.6
Domestic shipments value	12,553	21,600	30,923	22,315	33,011	+146.3	+72.1	+43.2	+47.9
Unit value	$0.37	$0.33	$0.33	$0.34	$0.40	-8.4	-9.7	+1.5	+18.7
Subject sources:									
Domestic shipments quantity	326,802	423,224	542,694	410,129	450,319	+66.1	+29.5	+28.2	+9.8
Domestic shipments value	109,037	132,921	159,960	125,104	142,722	+46.7	+21.9	+20.3	+14.1
Unit value	$0.33	$0.31	$0.29	$0.31	$0.32	-11.7	-5.9	-6.1	+3.9
Other sources:									
Domestic shipments quantity	13,490	18,644	17,105	13,476	14,687	+26.8	+38.2	-8.3	+9.0
Domestic shipments value	3,804	5,527	5,061	4,131	4,436	+33.0	+45.3	-8.4	+7.4
Unit value	$0.28	$0.30	$0.30	$0.31	$0.30	+4.9	+5.1	-0.2	-1.5
All sources:									
Domestic shipments quantity	340,292	441,868	559,799	423,605	465,006	+64.5	+29.8	+26.7	+9.8
Domestic shipments value	112,841	138,448	165,021	129,235	147,158	+46.2	+22.7	+19.2	+13.9
Unit value	$0.33	$0.31	$0.29	$0.31	$0.32	-11.1	-5.5	-5.9	+3.7
U.S. producers'--									
Number of greenhouses	1,148	1,142	1,148	1,118	1,146	0	-0.5	+0.5	+2.5
Production area (*1000 sq. feet*)	27,510	27,637	27,460	26,557	25,447	-0.2	+0.5	-0.6	-4.2
Rose plants (*1,000s*)	16,674	16,692	16,489	15,913	15,029	-1.1	+0.1	-1.2	-5.6
Production quantity	388,481	380,240	361,475	264,357	245,477	-7.0	-2.1	-4.9	-7.1
Yield (*stems/square foot*)[1]	14.1	13.7	13.1	9.9	9.7	-1.0	-0.4	-0.6	-0.3
Yield (*stems/rose plant*)[1]	23.2	22.6	21.8	16.6	16.4	-1.4	-0.5	-0.9	-0.3
Domestic shipments:									
Quantity	368,239	359,863	341,207	250,263	232,199	-7.3	-2.3	-5.2	-7.2
Value	118,440	113,204	105,693	79,581	74,430	-10.8	-4.4	-6.6	-6.5
Unit value	$0.32	$0.31	$0.31	$0.32	$0.32	-3.7	-2.2	-1.5	+0.8
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Exports/shipments[1]	***	***	***	***	***	***	(2)	***	(2)
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	***	***	***	***

Table C-2--Continued
Fresh cut roses: Summary data concerning the U.S. market using questionnaire data for imports, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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

Item	Reported data			Jan.-Sept.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
Production workers	2,411	2,383	2,272	2,171	2,008	-5.8	-1.2	-4.7	-7.5
Hours worked (*1,000s*)	5,353	5,132	5,024	3,668	3,421	-6.1	-4.1	-2.1	-6.7
Total compensation (*$1,000*)	41,625	41,192	40,211	28,511	26,874	-3.4	-1.0	-2.4	-5.7
Hourly total compensation	$7.78	$8.03	$8.00	$7.77	$7.86	+2.9	+3.2	-0.3	+1.1
Productivity (*stems/hour*)	71.5	73.0	70.9	71.0	70.8	-0.8	+2.1	-2.8	-0.3
Unit labor costs	$0.11	$0.11	$0.11	$0.11	$0.11	+3.6	+1.1	+2.5	+1.4
Net sales--									
Quantity	321,510	315,412	291,787	186,935	180,432	-9.2	-1.9	-7.5	-3.5
Value	111,218	108,456	101,155	63,833	59,849	-9.0	-2.5	-6.7	-6.2
Unit sales value	$0.32	$0.32	$0.32	$0.32	$0.31	+0.2	-0.3	+0.5	-3.2
Growing/operating expenses	113,159	109,850	106,906	66,586	62,195	-5.5	-2.9	-2.7	-6.6
Net income (loss)	(1,941)	(1,394)	(5,751)	(2,753)	(2,346)	-196.3	+28.2	-312.6	+14.8
Capital expenditures	3,971	3,029	4,170	2,299	2,032	+5.0	-23.7	+37.7	-11.6
Unit expenses	$0.33	$0.32	$0.34	$0.33	$0.32	+4.1	-1.2	+5.4	-3.5
Unit net income (loss)	($0.01)	(4)	($0.02)	($0.01)	($0.01)	-208.0	+52.4	-546.9	+12.0
Expenses/sales[1]	101.7	101.3	105.7	104.3	103.9	+3.9	-0.5	+4.4	-0.4
Net income (loss)/sales[1]	(1.7)	(1.3)	(5.7)	(4.3)	(3.9)	-3.9	+0.5	-4.4	+0.4

[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.
[4] Negative figure, but less than significant digits displayed.

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 using data of firms supplying both numerator and denominator information.

Source: Compiled from data submitted in response to Commission questionnaires.

Table C-3
Spray roses: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Table C-4
Fresh cut roses: U.S. production,[1] by types and by major producing states, 1991-93

Item	1991	1992	1993
	Quantity (*1,000 stems*)		
Sweetheart roses:			
California	43,000	40,500	41,750
Colorado	6,200	5,580	7,340
Pennsylvania	5,311	2,471	2,092
New York	6,423	4,040	4,731
Other	27,814	21,997	24,517
Subtotal	88,748	74,588	80,430
Hybrid tea roses:			
California	315,000	305,000	287,000
Colorado	32,320	33,885	38,100
Pennsylvania	15,665	11,384	9,092
New York	17,647	15,091	13,655
Other	83,258	93,614	82,972
Subtotal	463,890	458,974	430,819
Total	552,638	533,562	511,249
	Value (*$1,000*)		
Sweetheart roses:			
California	7,740	6,885	7,014
Colorado	992	893	881
Pennsylvania	2,209	880	782
New York	2,588	1,814	2,645
Other	9,670	8,303	8,556
Subtotal	23,199	18,775	19,878
Hybrid tea roses:			
California	84,105	81,130	71,750
Colorado	9,373	9,488	10,287
Pennsylvania	9,916	6,990	5,182
New York	10,553	9,070	8,138
Other	43,604	49,060	45,882
Subtotal	157,551	155,738	141,239
Total	180,750	174,513	161,117

[1] Data for 1991 are for 28 major rose producing states. Data for 1992-93 are for 36 major rose producing states.

Source: Compiled from official statistics of USDA.

Table C-5
Selected fresh cut flowers: U.S. production returns per square foot, by major flower types, 1991-93[1]

Item	1991	1992	1993
Roses:			
Sweetheart	$4.98	$4.64	$4.79
Hybrid tea	4.15	4.05	3.81
Carnations:			
Miniature	2.23	2.38	2.01
Standard	2.26	1.78	1.75
Chrysanthemums:			
Pompon	1.34	1.27	1.18
Standard	1.34	1.44	1.74

[1] Data for 1991 are for 28 major rose producing states. Data for 1992-93 are for 36 major rose producing states.

Source: Compiled from *Floriculture Crops*, USDA.

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 and packers 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 79 firms that supplied useable financial data, 61 reported they had experienced an actual negative effect, 11 reported they had not, and 7 did not respond. At the same time, 66 firms anticipated negative effects, 5 did not, and 8 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	34	43.0
Denial or rejection of investment proposal	11	13.9
Reduction in the size of capital investments	33	41.8
Rejection of bank loans	11	13.9
Lowering of credit rating	16	20.3
Selling of assets to pay debt obligations	10	12.7
Increase in debt obligations	22	27.8
Obtaining other or additional employment	5	6.3
Difficulty in repaying agricultural program loans	10	12.7
Other (most centered around low profits and the resulting problems--no investment, older plants, downsizing, reducing benefits)	22	27.8

The specific comments are shown below:

* * * * * * *

APPENDIX E

ADDITIONAL PRICING INFORMATION

Table E-1
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 Sonias, U.S.-grown and imported Colombian Pink Dolores, and U.S.-grown mixed colors to wholesalers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-2
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of imported Colombian Visas and imported Colombian and Ecuadorean MDBs to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-3
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of imported Colombian Sonias and imported Colombian and Ecuadorean Pink Dolores to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-4
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown Cara Mias, Royalties, and Samanthas, and imported Colombian Visas and MDBs to retail florists, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-5
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown and imported Colombian Sonias and U.S.-grown Pink Dolores to retail florists, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-6
Fresh cut roses: Average net f.o.b. prices and total quantities of consignment sales of U.S.-grown Cara Mias, Royalties, Samanthas, Kardinals, and mixed reds to wholesalers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-7
Fresh cut roses: Average net f.o.b. prices and total quantities of consignment sales of U.S.-grown Sonias, Pink Dolores, and mixed colors to wholesalers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-8
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of imported Colombian Porcelina spray roses, consignment sales of U.S.-grown Porcelina spray roses, and spot sales of U.S.-grown and imported Colombian Porcelina spray roses to wholesalers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table E-9
Fresh cut roses: Average net f.o.b. prices and total quantities of spot sales of U.S.-grown and imported Colombian and Ecuadorean Porcelina spray roses to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

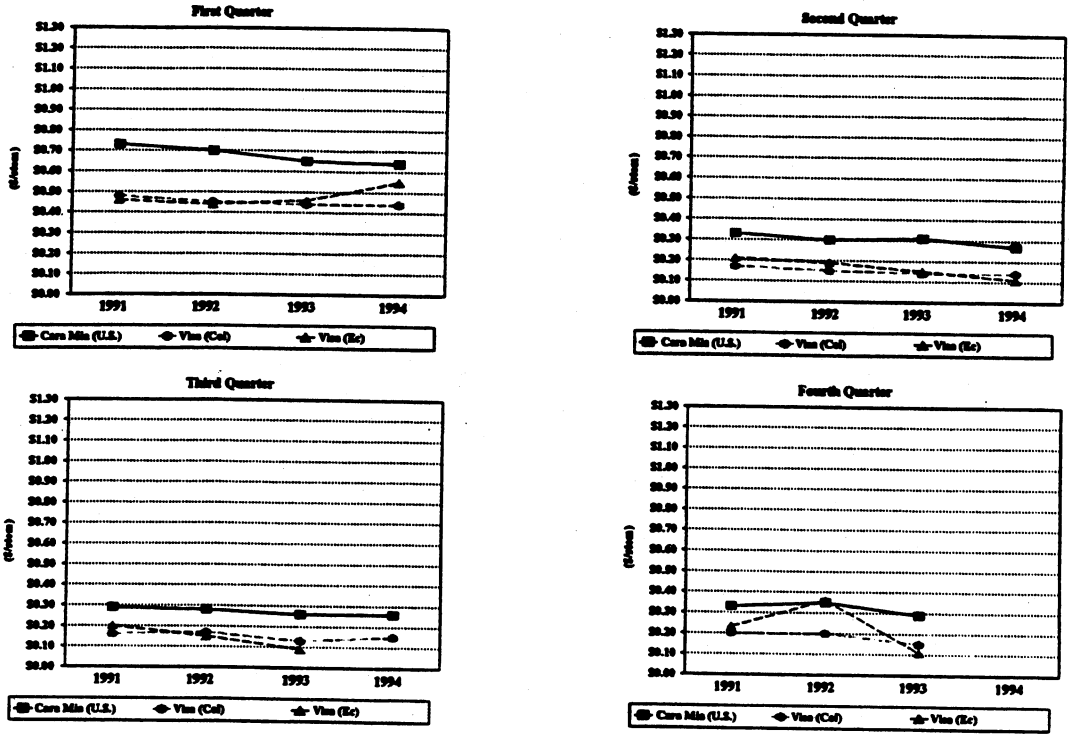
Table E-10
Fresh cut roses: Average net f.o.b. prices and total quantities of standing order sales of U.S.-grown Porcelina spray roses and spot sales of U.S.-grown and imported Ecuadorean Porcelina spray roses to retail florists, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Figure E-1
Fresh cut roses: Average net f.o.b. prices of standing order sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to wholesalers, by quarters, Jan. 1991-Sept. 1994

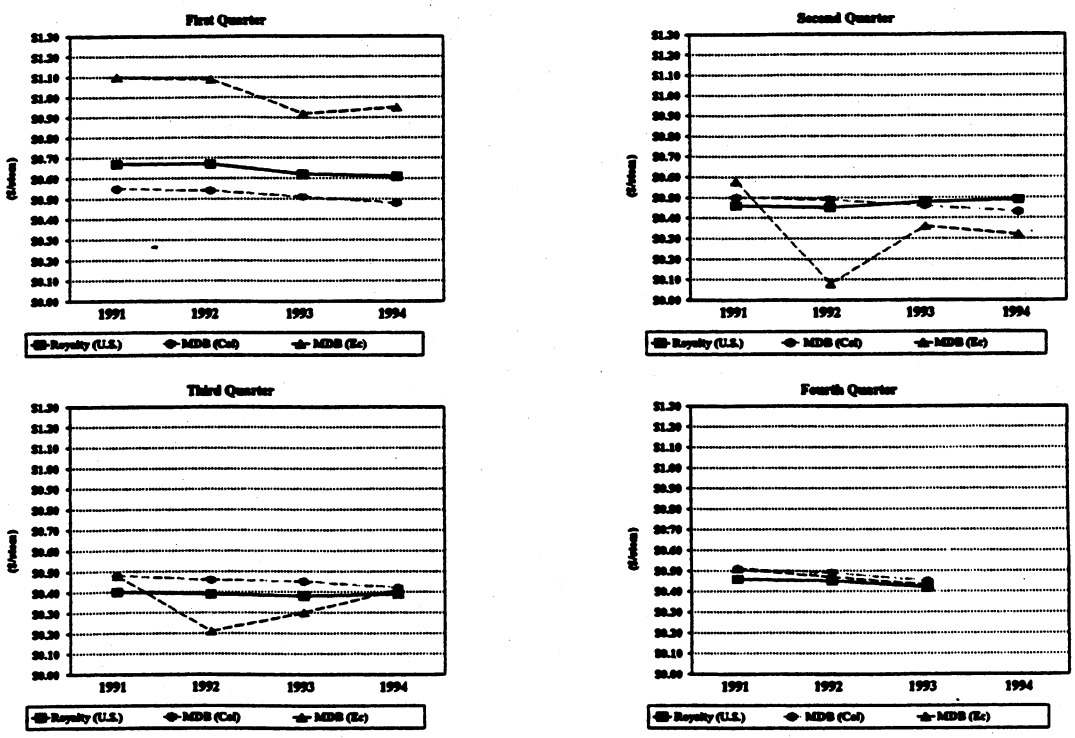
* * * * * * *

Figure E-2
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to wholesalers, by quarters, Jan. 1991-Sept. 1994



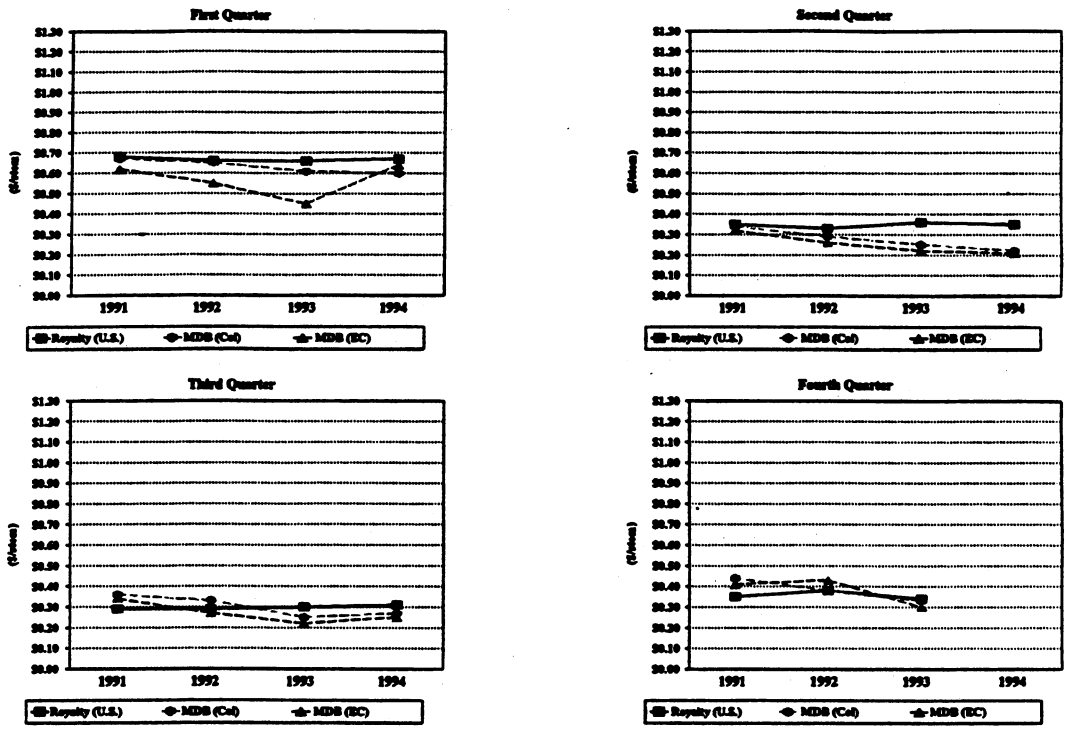
Source: Compiled from data submitted in response to Commission questionnaires.

Figure E-3
Fresh cut roses: Average net f.o.b. prices of standing order sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994



Source: Compiled from data submitted in response to Commission questionnaires.

Figure E-4
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994



Source: Compiled from data submitted in response to Commission questionnaires.

Figure E-5
Fresh cut roses: Average net f.o.b. prices of standing order sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994

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Figure E-6
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to wholesalers, by quarters, Jan. 1991-Sept. 1994

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Figure E-7
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Sonias to wholesalers, by quarters, Jan. 1991-Sept. 1994

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Figure E-8
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Pink Dolores to wholesalers, by quarters, Jan. 1991-Sept. 1994

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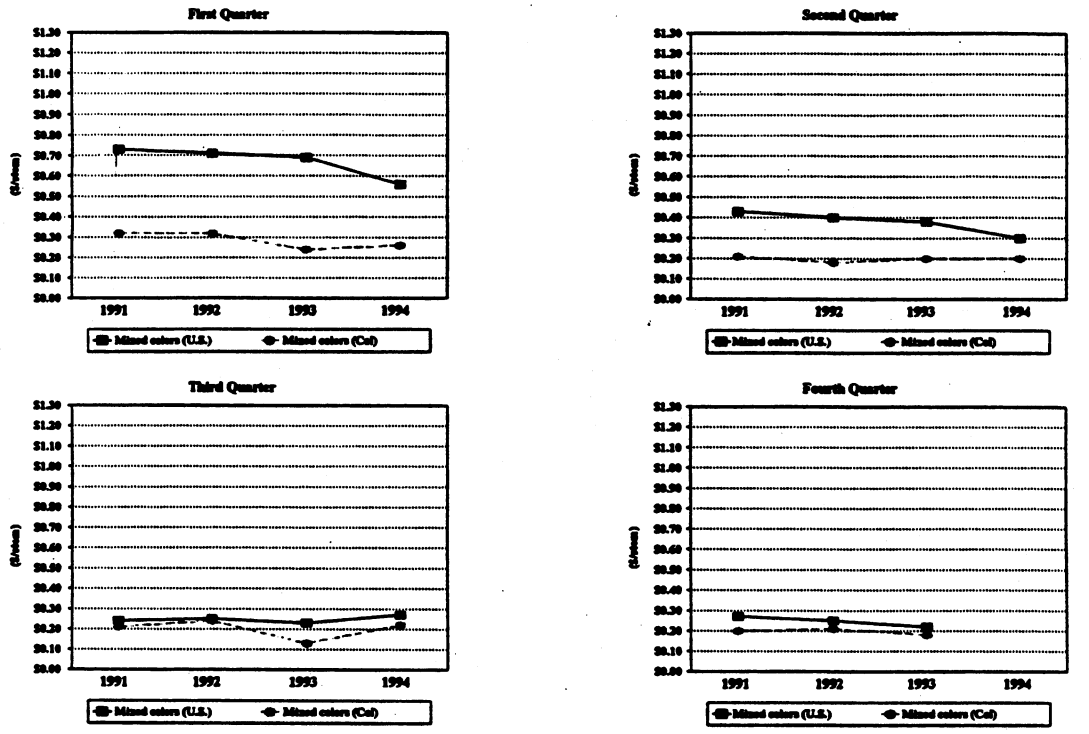
Figure E-9
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian mixed colors to wholesalers, by quarters, Jan. 1991-Sept. 1994



Source: Compiled from data submitted in response to Commission questionnaires.

Figure E-10
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure E-11
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure E-12
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure E-13
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Sonias to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure E-14
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Pink Dolores to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure E-15
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian mixed colors to mass merchandisers, by quarters, Jan. 1991-Sept. 1994

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Figure E-16
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Cara Mias and imported Colombian and Ecuadorean Visas to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure E-17
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Royalties and imported Colombian and Ecuadorean MDBs to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure E-18
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Samanthas and Kardinals and imported Colombian and Ecuadorean MDBs to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure E-19
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian and Ecuadorean Sonias to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure E-20
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown Pink Dolores to retail florists, by quarters, Jan. 1991-Sept. 1994

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Figure E-21
Fresh cut roses: Average net f.o.b. prices of spot sales of U.S.-grown and imported Colombian mixed colors to retail florists, by quarters, Jan. 1991-Sept. 1994

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