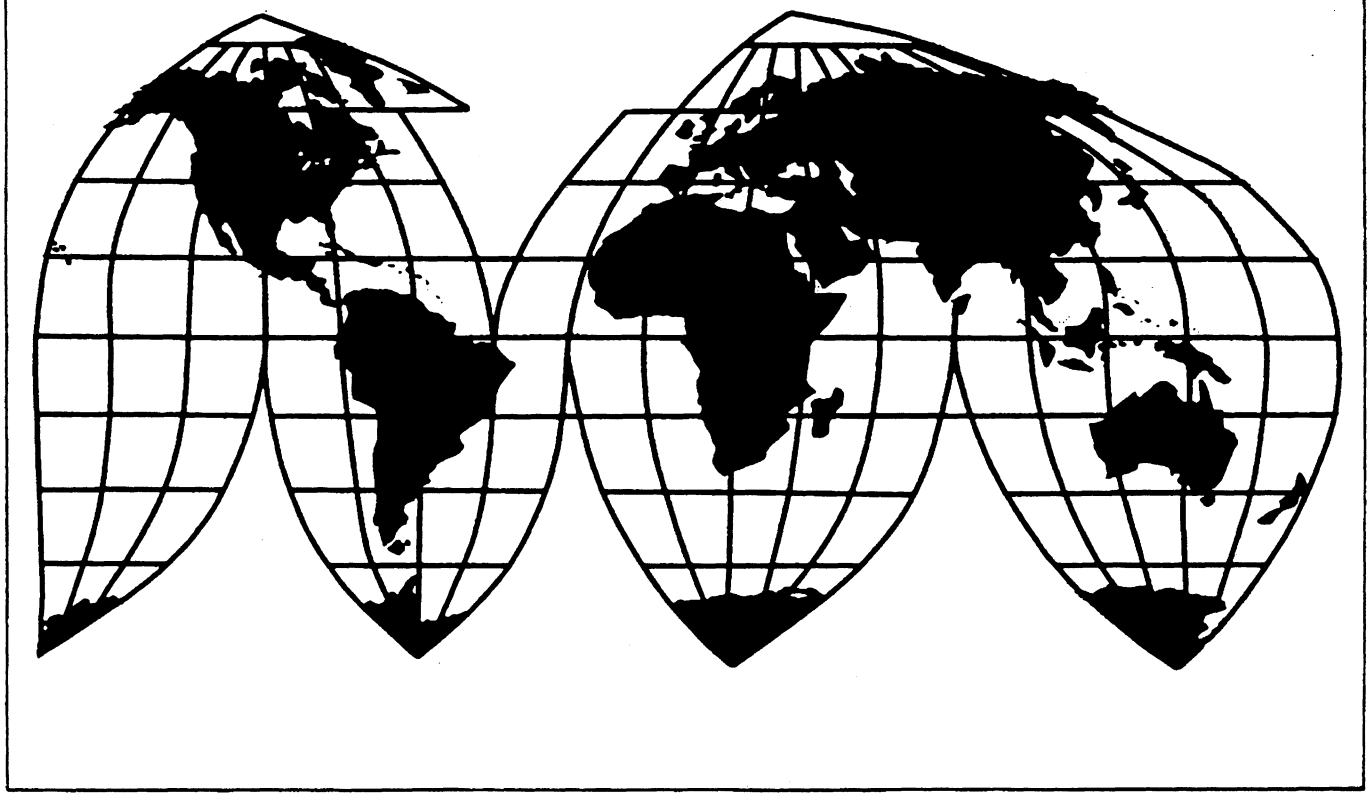
Greenhouse Tomatoes From Canada

Investigation No. 731-TA-925 (Preliminary)

Publication 3424 **May 2001**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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.

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-925 (Preliminary)

GREENHOUSE TOMATOES FROM CANADA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Canada of greenhouse tomatoes, provided for in subheadings 0702.00.20, 0702.00.40, and 0702.00.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATION

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

BACKGROUND

On March 28, 2001, a petition was filed with the Commission and Commerce by Carolina Hydroponic Growers Inc., Leland, NC; Eurofresh, Willcox, AZ; HydroAge, Cocoa, FL; Sunblest Management, Fort Lupton, CO; Sunblest Farms, Peyton, CO; and Village Farms, LP, Eatontown, NJ, alleging that an industry in the United States is materially injured, or threatened with material injury, by reason of LTFV imports of greenhouse tomatoes from Canada. Accordingly, effective March 28, 2001, the Commission instituted antidumping duty investigation No. 731-TA-925 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 4, 2001 (66 FR 17926). The conference was held in Washington, DC, on April 18, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of greenhouse tomatoes from Canada that are allegedly sold in the United States at less than fair value.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard in a preliminary antidumping investigation requires the Commission to find, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product and Product Description

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[3] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[4] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[5]

The decision regarding the appropriate domestic like product(s) in an investigation is 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

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[1] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353, 1368-69 (Ct. Int'l Trade 1999).

[2] American Lamb, 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

[6] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); 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) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case' "). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4)

may consider other factors it deems relevant based on the facts of a particular investigation.[7] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[8] The Commission must base its domestic like product determination on the record in this investigation, and it is not bound by prior determinations pertaining even to the same imported products.[9] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[10]

Commerce's notice of initiation defines the imported merchandise within the scope of this investigation as follows:

> all fresh or chilled tomatoes grown in greenhouses in Canada, e.g., common round tomatoes, cherry tomatoes, plum or pear tomatoes, and cluster or "on-the-vine" tomatoes. Specifically excluded from the scope of this investigation are all field-grown tomatoes.
>
> The merchandise subject to this investigation may enter under 0702.00.2000, 0702.00.2010, 0702.00.2030, 0702.00.2035, 0702.00.2060, 0702.00.2065, 0702.00.2090, 0702.00.2095, 0702.00.4000, 0702.00.4030, 0702.00.4060, 0702.00.4090, 0702.00.6000, 0702.00.6010, 0702.00.6030, 0702.00.6035, 0702.00.6060, 0702.00.6065, 0702.00.6090, and 0702.00.6095 of the Harmonized Tariff Schedule of the United States (HTSUS). These subheadings may also cover products that are outside the scope of this investigation, i.e., field-grown tomatoes. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.[11]

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customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[7] See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

[8] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[9] Nippon, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

[10] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[11] 66 Fed. Reg. 20630, 20631 (Apr. 24, 2001).

B. Domestic Like Product Issue in This Investigation

Petitioners argue that the domestic like product should consist of tomatoes grown in greenhouses only. Respondents argue that the like product should consist of all tomatoes grown for the fresh market, whether grown in greenhouses or in the field.[12]

The Commission's past investigations involving tomatoes offer only limited guidance as we consider this issue. Two of the prior investigations were decided under a different statute, with different legislative histories and statutory purposes.[13] All of the investigations were based on factual records that were distinct from the record in the preliminary phase of this investigation.[14]

Based on our examination of the six traditional domestic like product factors, we find the domestic like product to include only tomatoes grown in greenhouses, for purposes of our preliminary determination.

Physical characteristics and uses

There are differences in physical characteristics between, as well as among, greenhouse tomatoes and field tomatoes. Tomato plants of the species *Lycopersicon esculentum* generally are grown in greenhouses, while those of the species *Lycopersicon pyriforme* generally are grown in the field, although both species may be found in greenhouses and in the field.[15] *Lycopersicon cerasforme* (including cherry tomatoes) are grown in both settings.[16] Within each of the three species, however,

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[12] All parties agree that tomatoes grown for processing into other products should not be included in the domestic like product. We do not include tomatoes grown for processing in the domestic like product. Compare Fresh Winter Tomatoes from Mexico, Inv. No. 731-TA-747 (Preliminary), USITC Pub. 2967 at 11-13 (May 1996).

[13] Both Fresh Winter Tomatoes, Inv. No. TA-201-64 (Provisional Relief Phase), USITC Pub. 2881 (April 1995) and Fresh Tomatoes and Bell Peppers, Inv. No. TA-201-66, Pub. 2985 (Aug. 1996) were safeguard investigations, decided under section 202 of the Trade Act of 1974 (19 U.S.C. § 2252). See Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353, 1379 (Ct. Int'l Trade 1999) ("As the ITC explained that the previous publication was not for an antidumping investigation and the information and data gathered were not for the same time period as this investigation, the Court finds the ITC did not abuse its discretion in apparently not relying on its previous finding in this determination."); Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 5-6, n.20 ("determinations in Commission investigations of live cattle conducted under section 201 of the Trade Act of 1974 in 1977 . . . offer limited guidance in decisions under the antidumping/countervailing duty laws").

[14] The third investigation was Fresh Tomatoes from Mexico, Inv. No. 731-TA-747 (Preliminary), USITC Pub. 2967 (May 1996). See USEC, Inc. v. United States, Slip op. 01-08 at 24-25 (CIT) ("ITC need not follow prior decisions if new arguments or facts support a different conclusion") and Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353, 1379 (Ct. Int'l Trade 1999).

[15] CR at I-3 & n.8, PR at I-2 & n.3; transcript of April 18, 2001 conference ("Conf. Tr.") at 115, 140-42 (testimony of Jay Colasanti, Principal, Red Zoo Marketing).

[16] Petitioners' Postconference Brief at 23 n.56 (cherry tomatoes grown in greenhouses in small volumes); Respondents' Postconference Brief at 12 n.15; Conf. Tr. at 14 (Mike DeGiglio, Chief Executive Officer, Village Farms, LLC).

there are various types of tomatoes, and within each type, many varieties.[17] Moreover, tomatoes may be similar in general appearance, even if they are of different species and varieties.[18]

Greenhouse tomatoes typically have thinner skin, higher water content, superior color and texture, and a more uniform appearance than field tomatoes.[19] A large portion of field tomatoes are picked while still entirely green, before the fruit has converted various starches into sugars.[20] These tomatoes redden by the addition of ethylene gas (the gas naturally produced by tomatoes during the ripening process).[21] These "gas green" tomatoes, while red, never ripen in terms of their starch and sugar content.[22] By contrast, most greenhouse tomatoes are picked later during the ripening process, when they begin to show some red color.[23] They are more advanced in terms of starch conversion than their gas green counterparts, and will turn red without the addition of ethylene gas.[24] Some field tomatoes are allowed to ripen beyond the gas green stage, however, and these tomatoes, while still green, are more similar to greenhouse beefsteak tomatoes than are gas green tomatoes in terms of ripeness.[25]

"Tomatoes-on-the-vine" or "cluster" tomatoes comprise a growing portion of greenhouse tomatoes. Cluster tomatoes arrive at the store with several tomatoes still attached to the vine or truss, all in the same stage of ripeness.[26] They currently account for about 42 percent of greenhouse tomato production.[27] Because they are harvested at an advanced stage of ripeness, and because they absorb nutrients on the vine until harvested, cluster tomatoes reportedly have superior appearance and taste compared to other tomatoes, including field "vine-ripened" tomatoes, which are harvested when they begin to show some red color.[28] Field tomatoes are not typically harvested or marketed in clusters.[29]

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[17] Conf. Tr. at 163 (Larry Gianatti, Managing Partner, Quality Sales, LLC; Colasanti).

[18] For example, tomatoes commonly known as "beefsteak" apparently can be of either the *Lycopersicon esculentum* or the *Lycopersicon pyriforme* species, and are grown both in greenhouses and in fields Id. at 14 (DeGiglio), 23 (Robert R. Weidaw, Chief Financial Officer, Eurofresh, Inc.), 26-27 (Fried de Schouwer, Director of Sales and Marketing, Eurofresh, Inc.), 46-48 (Terence Stewart, counsel for petitioners), 99 (Mark McConnell, counsel for respondents), 161-62 (Gianatti); Petitioners' Postconference Brief at 23-24; Petition at Exh. 27 at ¶ 8 (affidavit of ***).

[19] CR at I-2 to I-3 & n.10, PR at I-2 & n.10, Conf. Tr. at 27 (de Schouwer).

[20] Petition at Exh. 29 ("U.S. Fresh Fruit and Vegetable Marketing: Emerging Trade Practices, Trends, and Issues") at 12; CR and PR at I-3 n.11, II-1; Petitioners' Postconference Brief at 23; Conf. Tr. at 103-04 (Andy Smith, President, BC Hothouse Foods, Inc.).

[21] CR and PR at I-3 n.11; Conf. Tr. at 104 (Smith); Petition at 60.

[22] Conf. Tr. at 104 (Smith).

[23] Id. at 93 (Dave Fahrenbruch, General Manager of Operations, Sun Blest Management LLC).

[24] Id.

[25] Even these "vine-ripe" tomatoes tend to have a thicker skin and lower water content than greenhouse tomatoes. CR at I-2 to I-3 & n.10, PR at I-2 & n.10; Conf. Tr. at 27 (de Schouwer); Petitioners' Postconference Brief at 23.

[26] Conf. Tr. at 27, 90 (de Schouwer).

[27] Id. at 27 (de Schouwer). See CR at II-2, PR at II-1.

[28] Id. at 47 (Stewart), 92 (de Schouwer), 93 (Fahrenbruch), 142 (Smith).

[29] Conf. Tr. at 91-92 (Stewart), 142 (Christopher Stokes, counsel for respondents), 148-49 (Colasanti).

Nearly all greenhouse tomatoes are used in home food preparation.[30] Field tomatoes are used primarily (60 percent) in home food preparation and secondarily (40 percent) in institutional food service preparation.[31] According to petitioners, greenhouse tomatoes generally are too soft and thin-skinned for use in the mechanical slicers used by the food service industry, and are more difficult to slice in general, even by hand.[32] Some greenhouse tomatoes, however, are used in higher-end restaurants and country clubs.[33]

Interchangeability

The current record is mixed on the issue of interchangeability between greenhouse and field tomatoes. As noted above, food service providers reportedly favor firmer, less juicy field tomatoes because greenhouse tomatoes are more difficult to slice.[34] The potential interchangeability, however, is greater between greenhouse tomatoes and field tomatoes sold to the retail sector for home use, and in particular between so-called "vine-ripe" field tomatoes and greenhouse tomatoes.[35] In general, field tomatoes cannot be substituted for greenhouse tomatoes to fill orders for certain stock keeping unit numbers ("SKUs") and price look up codes ("PLUs") used by retailers.[36] On the other hand, greenhouse and field tomatoes compete with each other for grocery store shelf space, and several distributors indicated that they substitute field tomatoes for greenhouse tomatoes when the quality of the former is high enough, particularly when locally-grown field tomatoes are in season.[37]

Common production facilities, processes, and employees

By definition, greenhouse tomatoes are grown in greenhouses, which generally consist of steel framed structures with a peaked roof covered with glass.[38] Use of a greenhouse allows the grower to control the light, temperature, and carbon dioxide levels.[39] All or almost all greenhouse tomatoes are hydroponic, meaning they are grown in a non-soil substrate that allows for precise control of nutrients

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[30] CR at II-3, PR at II-2; Conf. Tr. at 27-28 (de Schouwer),

[31] CR at II-3, PR at II-2; Conf. Tr. at 129 (John Reilly, Nathan Associates).

[32] CR at II-3, PR at II-2; Conf. Tr. at 27-28 (de Schouwer), 65-66 (Fahrenbruch).

[33] Conf. Tr. at 159 (Joe Comito, President, Capital City Fruit).

[34] CR at I-4 to I-5, II-3; PR at I-3, II-2; Conf. Tr. at 27-28 (de Schouwer). Interchangeability may be limited even for the small portion of greenhouse tomatoes sold to institutional food providers (mostly expensive restaurants and country clubs), since these customers tend to require premium quality. See CR at I-5 and PR at I-3 (statement of ***), CR at II-10 and PR at II-7.

[35] CR at II-8 to II-10, PR at II-5 to II-6.

[36] Conf. Tr. at 29-30 (de Schouwer). See CR at II-8, PR at II-5. We observe, however, that several tomato varieties have distinctive SKUs and PLUs. See Conf. Tr. at 126 (Reilly), 185-86 (Stewart).

[37] Conf. Tr. at 122, 155 (Comito), 161-62 (Gianatti, Comito); CR at I-5, V-14; PR at I-4, V-11.

[38] CR at C-8, PR at C-7.

[39] CR at C-6 to C-7, PR at C-6; Petition at Exh. 27 at ¶ 8 (affidavit of ***).

and water.[40] Greenhouses are costly to establish and operate, but yield higher harvests per acre than do fields.[41]

Field tomato plants are planted outdoors in soil, and are susceptible to extreme weather, unfavorable soil conditions, and pests.[42] Some of these problems also exist in greenhouses, but to a lesser degree.[43]

No domestic producer reported growing tomatoes both in greenhouses and in fields.[44] Accordingly, there is no overlap in production employees.

Producer and customer perceptions

Domestic producers generally regard greenhouse tomatoes as superior to field tomatoes in terms of quality and low pesticide use.[45] On the other hand, the record also indicates that some end users (and therefore also retailers) may prefer high quality field tomatoes, such as organic tomatoes and locally-grown tomatoes when in season.[46] Food service customers prefer gas green tomatoes, but apparently based on slicing characteristics rather than quality or on possible pesticide residues. As noted above, retailers also distinguish between various forms of tomatoes, including greenhouse and field tomatoes, by maintaining separate SKUs and PLUs. Reportedly, retailers will not accept field tomatoes for sale under the SKUs or PLUs designated for greenhouse tomatoes.[47] The record also shows, however, that greenhouse and field tomatoes compete against each other for shelf space in grocery stores.[48]

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[40] Conf. Tr. at 43, 88-89 (DeGiglio); CR and PR at C-6; Petition at Exh. 18 at ¶ 15 (affidavit of ***).

[41] CR at I-4; PR at I-3; Conf. Tr. at 20 (Fahrenbruch), 21-22 (Weidaw); Petitioners' Postconference Brief at 30; Petition at Exh. 27 at ¶ 8.

[42] Respondents argue that some field tomatoes are grown in covered fields that represent a midpoint in a continuum of growing environments from open fields to greenhouses. While such techniques are employed outside the United States, the record before us does not indicate that they are practiced in the United States to a significant degree. We do not reach the issue of whether covered fields blur the production process distinction between field and greenhouse production.

[43] Conf. Tr. at 31 (de Schouwer); CR and PR at C-6.

[44] CR at I-4, PR at I-3; Conf. Tr. at 11-12 (DeGiglio).

[45] CR at I-5 to I-6, PR at I-4; Conf. Tr. at 9-11 (DeGiglio), 28-30 (de Schouwer), 118 (Gianatti).

[46] Conf. Tr. at 101 (McConnell), 123 (Comito), 161-62 (Gianatti, Comito).

[47] CR at I-5, PR at I-4; Conf. Tr. at 29-30 (de Schouwer), 35 (Stewart).

[48] Conf. Tr. at 105-08 (Smith), 115 (Colasanti), 122-24 (Comito), 161-62 (Gianatti), 162 (Comito).

Channels of distribution

In general, greenhouse tomatoes are packed on site.[49] Nearly all are sold to grocery retailers, whether directly from growers to larger retailers, or via a distributor to smaller retailers.[50] Only a small portion of greenhouse tomatoes is sold to food service providers.[51]

The largest portion of field tomatoes, about sixty percent, is ultimately sold to grocery retailers, while the remainder is sold to food service providers.[52] Field growers typically do not pack their own tomatoes, but rely on packers and, in many cases, re-packers.[53] Field tomatoes destined for food service providers travel there directly from the packers, whereas field tomatoes destined for retail are sent to re-packers, who re-sort the tomatoes by color.[54]

Price

Both domestic producers and importers of the subject merchandise agree that greenhouse tomatoes generally sell at a premium over field tomatoes.[55] High-quality field tomatoes, such as locally-grown field tomatoes in season, may sell for higher prices than greenhouse tomatoes.[56] Higher prices for field tomatoes appear the exception rather than the rule, however, because average unit values ("AUVs")[57] of U.S. shipments of domestic greenhouse tomatoes were more than double the AUVs of field tomatoes in each of the years 1998, 1999, and 2000.[58]

Conclusion

The evidence on the record is mixed, and contains little relevant information from field producers, food service customers, or large retail customers regarding a number of important questions. The record does reflect at least some differences between greenhouse and field tomatoes in physical characteristics, uses, channels of distribution, production processes, producer and customer perceptions,

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[49] CR and PR at II-2.

[50] CR at II-3, PR at II-2; Conf. Tr. at 28 (de Schouwer). Direct sales to large retailers account for about 45 percent of greenhouse tomato sales, with sales to wholesalers/distributors making up about 55 percent. CR at II-3, PR at II-2.

[51] CR at II-3, PR at II-2; Conf. Tr. at 159 (Comito).

[52] CR at II-3; PR at II-2; Conf. Tr. at 28 (de Schouwer), 129 (Reilly).

[53] Conf. Tr. at 28 (de Schouwer), 95 (Stewart); Petition at Exh. 29 at 12.

[54] Conf. Tr. at 94-95 (Stewart), CR at I-6 and PR at I-4.

[55] CR at I-7, II-1 to II-2, PR at I-4 to I-5, II-1; Conf. Tr. at 30 (de Schouwer), 37 (Weidaw).

[56] See Conf. Tr. at 161-62 (Gianatti, Comito).

[57] The Commission views AUVs with caution when comparing prices of the domestic like product and subject imports. Because the product mix in the two groups may differ, AUVs may not reflect an accurate price comparison for a particular product. That problem is of less concern here, however, because we are examining the degree to which different AUVs reflect differences between types of domestic merchandise. Regardless of whether greenhouse tomatoes command higher prices because they are more heavily weighted toward types of tomatoes that are higher in value, or whether the product mix is the same but they are higher in quality (or some combination of both), AUVs reflect differences in average price.

[58] Compare table III-2, CR and PR at III-3 with table C-2, CR and PR at C-4.

and prices. We therefore find the domestic like product to consist of greenhouse tomatoes for purposes of this preliminary determination, but intend to re-examine the question in any final phase of this investigation.[59]

C. Domestic Industry and Related Parties

In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[60] Based on our definition of the domestic like product, we define the corresponding domestic industry as all growers of greenhouse tomatoes in the United States.

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[61] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[62]

***, a domestic producer of greenhouse tomatoes, imported subject merchandise from Canada during the investigation period, and therefore is a related party under the statute.[63] During the year 2000, *** accounted for *** percent of reported domestic greenhouse tomato production, and imported from Canada a volume of greenhouse tomatoes equivalent to less than *** percent of its production.[64] It reported that it imported subject greenhouse tomatoes to ***.[65] ***. Because *** accounts for a significant share of the domestic production of greenhouse tomatoes, and its imports of subject

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[59] Vice Chairman Okun and Commissioner Devaney consider the domestic like product issue to be a close one. In any final phase of this investigation, they intend to examine closely the nature and extent of variations between fresh tomatoes grown in greenhouses and fresh tomatoes grown in fields.

[60] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir.1996).

[61] 19 U.S.C. § 1677(4)(B).

[62] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd mem., 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the less than fair value sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd mem., 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 at 14 n.81 (Feb. 1997).

[63] CR at III-2 n.1, PR at III-1 n.1.

[64] Table III-1, CR and PR at III-2; CR at III-2 n.1, PR at III-1 n.1.

[65] CR at III-2 to III-3 n.1, PR at III-1 n.1.

merchandise are *** compared to its domestic production, it appears that the company's interests lie primarily in domestic production and not importation. Accordingly, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

A second domestic producer, ***, also imported subject merchandise from Canada during the investigation period, and therefore is a related party under the statute.[66] During 2000, *** accounted for *** percent of reported domestic greenhouse production, and imported from Canada a volume of greenhouse tomatoes equivalent to less than *** percent of its production.[67] It stated that it imported subject greenhouse tomatoes to ***.[68] ***. Because *** accounts for a significant share of the domestic production of greenhouse tomatoes, and its imports of subject merchandise are *** compared to the size of its domestic production, it appears that the company's interests lie primarily in domestic production and not importation. Accordingly, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

A third domestic producer, Houweling Oxnard ("Houweling"), is wholly owned by Houweling Nurseries, a producer of subject greenhouse tomatoes in Canada, and therefore is a related party under the statute as well.[69] ***.[70] Houweling accounted for *** percent of domestic greenhouse tomato production in 2000.[71] The company did not ***. It indicated, however, that ***, and ***.[72] On these bases, we find that appropriate circumstances do not exist to exclude Houweling from the domestic industry.

III. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LESS THAN FAIR VALUE IMPORTS[73]

In the preliminary phase of an antidumping duty investigation, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[74] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[75] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or

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[66] CR at III-2 n.1, PR at III-1 n.1.

[67] Table III-1, CR and PR at III-2; CR at III-2 n.1, PR at III-1 n.1.

[68] CR at III-2 to III-3 n.1, PR at III-1 n.1.

[69] CR and PR at III-1. ***. Id.

[70] CR at III-2 & n.1, PR at III-1 & n.1.

[71] Table III-1, CR and PR at III-2.

[72] CR at E-3 to E-4, and PR at E-3. Accord, Petitioners' Postconference Brief at 46. ***. These results were ***. Table VI-3, CR at VI-11, PR at VI-3. Howeling's operating results were significantly ***.

[73] We find that imports of greenhouse tomatoes from Canada are not negligible under 19 U.S.C. § 1677(24) as they constitute 67.2 percent of total imports of greenhouse tomatoes in the most recent twelve-month period for which data are available. Table IV-1, CR and PR at IV-2.

[74] 19 U.S.C. §1673b(a).

[75] 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 ... [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B); see also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

unimportant."[76] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[77] 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."[78]

For the reasons discussed below, we determine that there is reasonable indication that the domestic greenhouse tomato industry is materially injured by reason of subject imports from Canada.

A. Conditions of Competition

The following conditions of competition are pertinent to our analysis.

Demand for greenhouse tomatoes has expanded from a small base during the 1990s and has risen steadily during the period examined in this investigation.[79] Apparent U.S. consumption rose from 401 million pounds in 1998, to 459 million pounds in 1999, and to 512 million pounds in 2000.[80] Demand for fresh field tomatoes during the same period remained stable, but at much higher levels.[81]

The domestic supply of greenhouse tomatoes has also increased: U.S. producers' capacity rose from 161 million pounds in 1998, to 186 million pounds in 1999, and to 204 million pounds in 2000.[82] U.S. production rose from 145 million pounds in 1998, to 173 million pounds in 1999, and to 183 million pounds in 2000.[83]

We have considered the seasonality of the domestic industry, which affects production and quality. Greenhouse tomato production is sensitive to the amount of light available and is impeded by temperatures that are too high or too low.[84] Northern U.S. producers seed in late fall to begin harvesting

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[76] 19 U.S.C. § 1677(7)(A).

[77] 19 U.S.C. § 1677(7)(C)(iii).

[78] 19 U.S.C. § 1677(7)(C)(iii).

[79] CR at II-5, PR at II-4. Responses to Commission questionnaires from producers and importers noted substantial increases in demand for greenhouse tomatoes since 1998, with producers characterizing the demand variously as "rising steadily," "increased significantly," and "40% increase," purportedly due to an increased demand for high-quality, year-round tomatoes that "taste good" and have a long shelf life. CR at II-6, PR at II-4. Responding importers identified factors including "food safety" and increased availability as helping to fuel demand. CR at II-6, PR at II-4.

[80] CR at II-7, PR at II-5 and Table IV-1 (CR and PR at IV-2).

[81] The volume of domestic consumption of field tomatoes was 4.4 billion pounds in 1998, 4.5 billion pounds in 1999, and 4.4 billion pounds in 2000. (Figures derived from tables C-1 and C-3, CR and PR at C-3 and C-5.) USDA estimated per capita consumption of fresh field tomatoes of 17.9 pounds in 1998, 17.8 pounds in 1999, and 17.8 pounds (forecasted) for 2000. CR at II-6, PR at II-4. In any final phase investigation we will further examine the relationship between demand for greenhouse tomatoes and demand for field tomatoes. We will also examine the extent to which apparent consumption for both products may be affected by supply factors, e.g., seasonality.

[82] Table III-2, CR and PR at III-3.

[83] Table III-2, CR and PR at III-3.

[84] CR at II-4, PR at II-3.

by late winter to early spring.[85] Production then continues through November.[86] Producers in southern climates seed in July to begin harvesting in September.[87] Domestic winter production volumes are lower than summer production volumes.[88] [89]

We also have considered the competition between greenhouse and field tomatoes, a point upon which the parties' arguments diverge sharply. On balance, the record in the preliminary phase of this investigation indicates at least some competition between greenhouse and field tomatoes.[90] We intend to re-examine the nature and extent of the competitive relationship between greenhouse and field tomatoes in any final phase of the investigation.

We have considered the parties' characterization of tomato producers as "price takers," although we note that the domestic industry producing greenhouse tomatoes is highly concentrated.[91] Factors that may constrain the ability of individual market participants to affect market-wide prices include the perishability of the product and the inability of producers to keep inventory on hand.[92] Most of a producer's "inventory" is on the vine, to be picked just prior to the time of shipment.[93] Greenhouse tomatoes are sold largely on a spot-market basis or through short-term contracts (e.g., one-week commitments).[94] Moreover, although weather and pests pose fewer problems for greenhouse tomato producers than field tomato producers, the former remain at least somewhat susceptible to these problems.[95]

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[85] Id.

[86] Id.

[87] Id.

[88] Id.

[89] Data for shipment volumes of U.S. field tomatoes reflect seasonal influences as well. The data, compiled by the USDA, appear at CR at table D-1 (CR and PR at D-4 to D-6). For example, shipment volumes for California are zero (or near zero) during the first four months of the year, increasing thereafter to peak levels during summer months and then declining significantly in November and December. Florida, by contrast, shows little if any production during July, August, and September, generating its most significant production beginning in late fall, with apparent peaks in December and then again in April and May. Florida and California represent the largest shares of U.S. field tomato production, with other states supplementing production, with a much smaller combined share, mostly during summer months.

[90] CR at V-14 to V-15, PR at V-11 (questionnaire responses indicating that field tomato prices have effect on greenhouse tomato prices); United States Securities and Exchange Commission Form S-1 of Colorado Greenhouse Holdings, Inc. (June 19, 1998) (greenhouse producer identifying direct competition between greenhouse and field tomatoes). Additional factors that we considered at this preliminary phase include evidence that the style or variety of field tomato might affect levels of competition with greenhouse tomatoes (e.g., field grape tomatoes and so-called organic tomatoes) and that, depending upon the season and location of production, other field tomatoes might enjoy sales to the virtual exclusion of greenhouse tomatoes. Conf. Tr. at 118-19 (Gianatti), 161-62 (Gianatti, Comito). Other evidence cited in this opinion also reflects at least some competition between greenhouse and field tomatoes.

[91] Petition at 66; Respondents' Postconference Brief at 35.

[92] CR at II-5, PR at II-3.

[93] Id.

[94] CR at V-3, PR at V-1 to V-2.

[95] Conf. Tr. at 19, 52 (Fahrenbruch).

Finally, nonsubject greenhouse tomato imports are present in sizeable, though declining, quantities.[96] The vast majority of nonsubject greenhouse tomato imports are from Mexico, Holland, Belgium, Spain, and Israel.[97] The quantity of nonsubject greenhouse tomato imports declined from 127 million pounds in 1998, to 120 million pounds in 1999, and to 109 million pounds in 2000.[98] During this same period, as a share of U.S. consumption quantity, nonsubject imports decreased from 31.5 percent in 1998, to 26.2 percent in 1999, and to 21.3 percent in 2000.[99] [100]

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[101]

The volume of greenhouse tomato imports from Canada was 136 million pounds in 1998, 175 million pounds in 1999, and 224 million pounds in 2000. Subject import volume increased by 28.9 percent between 1998 and 1999 and by 27.4 percent between 1999 and 2000, a 64.3-percent increase for the period 1998-2000.[102] Because the volume of greenhouse tomatoes from Canada increased more rapidly than apparent U.S. consumption, subject imports accounted for an increasingly large share of the U.S. market between 1998 and 2000, rising from 33.9 percent in 1998 to 43.7 percent in 2000.[103] The domestic industry's U.S. shipments increased in absolute terms, although the domestic industry's market share changed very little because of rising domestic consumption.[104] Accordingly, the increase in market share of subject imports was accompanied by a fall in the market share of nonsubject imports, but not in the market share of domestically-produced greenhouse tomatoes.

For the purposes of our preliminary investigation, we find that this volume and increase in volume of subject imports are significant in absolute terms, and relative to production or consumption in the United States.

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[96] A comparison of the domestic products to nonsubject imports and subject imports to nonsubject imports appears at CR at II-12 to II-15, PR at II-7 to II-9.

[97] CR at II-12, PR at II-8.

[98] Table IV-1, CR and PR at IV-2.

[99] Id.

[100] There are also sizeable imports of field tomatoes from Mexico. CR at II-12, D-3 to D-9, PR at II-8, D-3 to D-9 (including tables D-1 and D-2), Conf. Tr. at 145-46 (Reilly).

[101] 19 U.S.C. § 1677(7)(C)(i).

[102] Table IV-1, CR and PR at IV-2.

[103] Table IV-1, CR and PR at IV-2.

[104] The volume of U.S. shipments by the domestic industry was 139 million pounds in 1998, 163 million pounds in 1999, and 179 million pounds in 2000. Table III-2, CR and PR at III-3. The domestic industry's share of the greenhouse tomato market was 34.6 percent in 1998, 35.5 percent in 1999, and 35.0 percent in 2000. Table IV-1, CR and PR at IV-2.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[105]

Market participants view U.S.-grown and Canadian-grown greenhouse tomatoes as interchangeable and generally comparable in quality.[106] As noted above, greenhouse tomato producers are characterized as price takers because they produce a perishable product, cannot keep their goods in inventory for extended periods, and cannot easily increase or decrease production rapidly.

The Commission collected price data for three greenhouse tomato products, including sales both to retailers and distributors.[107] Price comparisons between domestic and subject greenhouse tomatoes show a mixed pattern of overselling and underselling, but subject imported greenhouse tomatoes increasingly undersold the domestic product late in the period examined. Underselling existed in slightly more than half of the comparisons in 1998 (37 out of 69) and in 1999 (36 out of 70), but predominated in comparisons in 2000 (58 out of 72).[108] We have considered price comparisons for both sales to retailers and sales to distributors. Because about 85 percent of subject imports were sold to retailers and 15 percent were sold to distributors,[109] however, we place somewhat more weight on comparisons of sales to retailers.[110] The mixed pattern of underselling in sales to retailers is similar to the overall trend, although the increase in underselling in 2000 is less pronounced.[111] On these bases, we find that there was significant price underselling of the domestic like product by the subject imports.

In considering whether subject imports have had significant price-depressing or price-suppressing effects, we have examined the extent to which subject imports contributed to observed annual and inter-year price trends. Prices for domestic greenhouse tomatoes exhibited seasonal

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[105] 19 U.S.C. § 1677(7)(C)(ii).

[106] CR at II-11, PR at II-7. As discussed earlier, field tomatoes may have a greater range of applications and more variable quality.

[107] The Commission defined "Product 1" as "Beefsteak (round) jumbo tomatoes, with an approximate count of 18, 20, or 22 per 15-pound box," Product 2 as "Beefsteak (round), extra large with an approximate count of 25, 28, 30, or 32 per 15-pound box," and Product 3 as "On-the-vine (cluster), either bagged, loose, or stickered in an 11-pound box." CR at V-5, PR at V-3.

[108] Table V-7, CR at V-13 and PR at V-10.

[109] By contrast, about 55 percent of domestically-produced greenhouse tomatoes are sold to distributors, while about 45 percent are sold the retailers. CR at II-3, PR at II-2.

[110] CR at II-3, PR at II-2. In the event of a final phase investigation, we will examine further how prices are set in the market, including the relationship, if any, between prices set at the distributor level and the retail level.

[111] In sales to retailers, the subject imports undersold the domestic product in 19 out of 35 comparisons in 1998, 20 out of 36 comparisons in 1999, and 22 out of 36 comparisons in 2000. Table V-7, CR at V-13 and PR at V-10.

fluctuations during the years examined. In general, prices were highest in January and then declined through May, with the sharpest drops usually in April.[112] They then fluctuated at lower levels through September, when they climbed until January of the following year.[113] Nevertheless, there were marked differences observed both among the three pricing products, and from year-to-year for each product. In particular, the recovery in prices occurred later in 1999 than in 1998 and 2000.[114] To a lesser extent, prices were also lower during other months in 1999 than in 1998 or 2000.[115] Average unit values ("AUVs") of U.S. shipments of greenhouse tomatoes by domestic producers reflect the same pattern observed in the pricing data. AUVs for these shipments fell from 83 cents per pound in 1998 to 73 cents per pound in 1999, and rose to 78 cents per pound in 2000.[116]

Fluctuations in subject import volumes generally correspond with observed seasonal price trends, with prices lowest during times of highest volume. Prices generally fell to their lowest during May through September. Subject Canadian volumes are very low during the winter, increase sharply in April and May, and fall off steeply beginning in September and October.[117]

The record indicates other possible influences on seasonal price fluctuations, however. Despite general differences between greenhouse tomatoes and field tomatoes in quality and price, the supply and price of field tomatoes appear to influence prices for greenhouse tomatoes. The volume of field tomatoes from Florida increases sharply in April and May, corresponding with the drop in the prices of greenhouse tomatoes.[118] During the summer, production increases in California and other states, with production moving north as the year progresses deeper into the summer.[119] The Commission received testimony that seasonal price fluctuations pre-date significant production of greenhouse tomatoes, and thus were a function of field tomato supply and demand, independent of the effect of greenhouse tomatoes.[120] The Commission also received testimony that the quality of some nonsubject imports declines in April and that those imports have negative effects on prices as well.[121]

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[112] Figures V-2 to V-4, CR at V-12 to V-13, PR at V-10.

[113] Id.

[114] Tables V-1 to V-6, CR at V-6 to V-11 and PR at V-4 to V-9 (showing that domestic prices were lower in 1999 than in 1998 or 2000 in four of the six channel/product combinations in September, five of the six channel/product combinations in October, all six channel/product combinations in November, and four of the six channel/product combinations in December).

[115] Tables V-1 to V-6, CR at V-6 to V-11 and PR at V-4 to V-9 (showing that domestic prices were lowest in 1999 in three or four of the six channel/product combinations from January through August).

[116] Table III-2, CR and PR at III-3. The increase in AUVs in 2000 may reflect in part a change in product mix. The record reflects that cluster tomatoes account for an increasing portion of domestic greenhouse tomato production. Conf. Tr. at 27 (de Schouwer).

[117] Table D-1, CR and PR at D-4 to D-6.

[118] Id.

[119] Id.; Conf. Tr. at 152-53 (Comito). Indeed, the volume of shipments indicated in the record (table D-1) does not purport to include what may be significant volumes of tomatoes sold during the late summer from roadside produce stands or harvested from backyard gardens.

[120] Conf. Tr. at 152-53 (Comito).

[121] Id. at 153-54 (Gianatti).

The record is mixed regarding the causes of inter-year price changes. As noted above, domestic shipments of subject imports from Canada grew throughout the period examined.[122] The increase in subject volumes from 1998 to 1999 corresponds with the decline in prices over the same years (discussed above) for the domestic like product. However, from 1999 to 2000, the volume of subject imports and frequency of underselling increased, yet prices for the domestic like product increased.[123] On the other hand, prices for domestic greenhouse tomatoes generally were lower in 2000 than in 1998 in those products and channels of distribution in which the volume of subject imports from Canada was higher.[124] Conversely, prices for domestic greenhouse tomatoes generally were higher in 2000 than in 1998 for particular products sold in channels of distribution in which the volume of subject imports from Canada was lower.[125] [126]

We also note, however, that per unit costs of domestic producers increased in 2000, and, although prices increased somewhat over 1999, producers were unable to recoup their losses through higher prices, despite growing demand for greenhouse tomatoes.[127]

We find, for purposes of our preliminary determination, that the record contains sufficient information to conclude that the subject imports had significant price depressing and price suppressing effects on prices of the domestic like product. In the event of a final phase investigation, we will explore further the effects of the subject imports as well as field tomatoes and nonsubject imports on prices of greenhouse tomatoes.

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[122] Table IV-1, CR and PR at IV-2.

[123] Higher subject volumes do not correspond with the low prices in late 1999, when prices recovered more slowly than in 1998 or 2000. Subject volumes from Canada were lower in September, October, and November of 1999 than during the corresponding months of either 1998 or 2000. The Canadian subject imports did not undersell the domestic like product disproportionately during the months of September through November of 1999, compared to the same periods of 1998 or 2000. Table D-1, CR and PR at D-5 to D-6.

[124] Tables V-1 to V-6, CR at V-6 to V-11 and PR at V-4 to V-9 (in particular product 2 sold to retailers, product 2 sold to distributors, and product 3 sold to retailers).

[125] Tables V-1 to V-6, CR at V-6 to V-11 and PR at V-4 to V-9 (in particular product 1 sold retailers, product 1 sold to distributors, and product 3 sold to distributors).

[126] Changes in the supply of field tomatoes appear to account for at least some of the year-to-year fluctuations in prices for domestic greenhouse tomatoes. The record reflects a larger than average field tomato harvest in 1999, both in Florida and California, the two primary field tomato-producing states. Table D-1, CR and PR at D-4 to D-6; Conf. Tr. at 123 (Comito). This larger crop corresponds to lower prices for domestic greenhouse tomatoes in 1999. Indeed, AUVs for field tomatoes follow the same pattern as AUVs for greenhouse tomatoes. Yearly AUVs for field tomatoes were 39 cents per pound, 28 cents per pound, and 35 cents per pound for the years 1998, 1999, and 2000, respectively. Table C-2, CR and PR at C-4. AUVs for domestic greenhouse tomatoes for the corresponding years were 83 cents per pound, 73 cents per pound, and 78 cents per pound. Table III-2, CR and PR at III-3.

[127] CR at VI-14 and PR at VI-4. See table VI-2, CR at VI-4 and PR at VI-3. (The increase in costs in the table is less than the one in the text due to rounding. The figure in the text of the staff report is based on figures that are not rounded.) In this investigation it is preferable to consider cost of goods sold together with selling, general, and administrative expenses. See CR at VI-12 to VI-13 and PR at VI-4.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[128] 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."[129] [130] [131]

Consistent with the rapid expansion in demand, domestic production of greenhouse tomatoes increased from 145.0 million pounds in 1998, to 172.6 million pounds in 1999, and to 183.5 million pounds in 2000.[132] Capacity, measured in acres under cover, increased from 382 to 448 and to 482 for the same years.[133] In pounds, capacity increased from 160.5 million in 1998, to 185.9 million in 1999, and further to 204.5 million in 2000.[134] Capacity utilization fluctuated in a narrow range, from 90.3 percent in 1998 to 92.8 percent in 1999, and to 89.7 percent in 2000.[135]

Similarly, U.S. shipments by domestic producers increased from 138.8 million pounds in 1998, to 163.1 million pounds in 1999, and to 179.1 million pounds in 2000.[136] Net sales increased at a slower rate, however, reflecting a decline in unit values. Net sales increased from $118 million in 1998, to $122 million in 1999, and to $141 million in 2000.[137] Unit values per pound fluctuated, falling from 83 cents per pound in 1998 to 73 cents per pound in 1999, before increasing to 78 cents per pound in 2000.[138]

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[128] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

[129] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

[130] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its notice of initiation, Commerce revised the calculations in the petition and estimated that dumping margins for imports of greenhouse tomatoes from Canada ranged from 0.00 to 126.73 percent. 66 Fed. Reg. 20630, 20633 (Apr. 24, 2001).

[131] Commissioner Bragg notes that she does not ordinarily consider the magnitude of dumping to be of particular significance in evaluating the effects of subject imports on the domestic products. See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996); Anhydrous Sodium Sulfate from Canada, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11 n.63.

[132] Table III-2, CR and PR at III-3.

[133] Id.

[134] Id.

[135] Id.

[136] Id.

[137] Table VI-1, CR at VI-3, PR at VI-2.

[138] Table III-2, CR and PR at III-3.

The number of production and related workers increased from 1,608 in 1998, to 1,822 in 1999, and 1,945 in 2000.[139] Hours worked by and wages paid to production and related workers also increased over the period.[140]

Financial indicators, however, were flat or declining. The domestic industry generated operating income of 2.5 percent as a ratio to net sales in 1998, but experienced negative operating margins of 11.4 percent in 1999 and 7.8 percent in 2000.[141] The number of firms reporting operating losses increased from 3 out of 8 in 1998, to 6 out of 8 in 1999, and to 8 out of 9 in 2000.[142] In addition, Colorado Greenhouse declared bankruptcy in 2000, and its assets were ultimately liquidated.[143] Suntastic reportedly declared bankruptcy in 2000, and is no longer in operation.[144] Ecoscience, the parent company of a third producer, Village Farms, declared bankruptcy in 2001.[145]

The domestic industry experienced higher costs in 2000 than in 1998 or 1999, which it was unable to offset by price increases, contributing to its losses in 2000. Although the domestic industry experienced various difficulties throughout the period,[146] the record indicates that lower prices adversely affected its financial performance. The domestic industry was profitable in 1998.[147] Although its per-unit costs were the same in 1999, lower prices caused the domestic industry to experience operating losses in 1999.[148] Although the domestic industry's costs increased in 2000, its operating losses were less severe that year, as a result of an increase in unit prices.[149] We intend to examine more closely the reasons for the industry's poor financial performance in any final phase of the investigation.

On balance, in light of significant and increasing volumes of subject greenhouse tomatoes from Canada that are highly substitutable with the domestic like product, the fact that subject imports undersold the domestic like product in a majority of comparisons, and had significant price depressing

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[139] Id.

[140] Hours worked increased from 2,793 in 1998, to 3,253 in 1999, and to 3,476 in 2000. Wages paid increased from $18.7 million in 1998, to $22.2 million in 1999, to $28.5 million in 2000. Table III-2, CR and PR at III-3.

[141] Table VI-3, CR at VI-11, PR at VI-3.

[142] Table VI-1, CR at VI-3, PR at VI-2.

[143] CR and PR at VI-1.

[144] Id.

[145] Id.

[146] For example, several domestic producers experienced production difficulties throughout the period of investigation due to diseases that affected their tomato plants, damage from hail, and problems with labor and management. Conf. Tr. at 17-20, 51-53 (Fahrenbruch), 75-76 (Fahrenbruch and Bailey), 113-14 (John Cervini, General Manager, Lakeside Produce). Although production increased over the period, these difficulties prevented steeper volume increases, and resulted in higher per-pound costs than they would otherwise have experienced. One large producer also suffered from perceptions of poor quality after marketing under its name poorer quality tomatoes produced in Mexico, which adversely affected its sales. Conf. Tr. at 113 (Cervini). Respondents argued that the domestic industry experienced problems in part because many growers are located in the southern latitudes of the United States, where there was little experience with greenhouse tomato production. Conf. Tr. at 111-13. However, ***. Tables III-1 and VI-3, CR at III-2 and VI-11, PR at III-2 and VI-3.

[147] Table VI-3, CR at VI-11, PR at VI-3.

[148] Tables VI-2 and VI-3, CR at VI-4 and VI-11, PR at VI-3.

[149] Table VI-2 and VI-3, CR at VI-4 and VI-11, PR at VI-3.

and suppressing effects, and because of the domestic industry's poor financial condition, we determine, for purposes of this preliminary investigation, that subject imports are having a significant adverse impact on the domestic industry.

CONCLUSION

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of greenhouse tomatoes from Canada that are allegedly sold in the United States at less than fair value.

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PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed by Carolina Hydroponic Growers Inc., Leland, NC; Eurofresh, Inc., Willcox, AZ; Hydro Age, Cocoa Beach, FL; Sun Blest Management, Fort Lupton, CO; Sun Blest Farms, Peyton, CO; and Village Farms, LP, Eatontown, NJ, on March 28, 2001, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of less-than-fair-value (LTFV) imports of greenhouse tomatoes[1] from Canada. Information relating to the background of the investigation is provided below.[2]

Date	*Action*
March 28, 2001	Petition filed with Commerce and the Commission;[3] institution of Commission investigation (66 FR 17926, April 4, 2001)
April 18, 2001	Commission's conference[4]
April 24, 2001	Commerce's notice of initiation (66 FR 20630)
May 10, 2001	Date of the Commission's vote
May 14, 2001	Commission's determination sent to Commerce

SUMMARY DATA

A summary of data collected in the investigation is presented in the tables in appendix C. Except as noted, data on U.S. producers of greenhouse tomatoes are from questionnaire responses of nine firms that accounted for 67.2 percent of U.S. production of greenhouse tomatoes during 2000. U.S. imports of greenhouse tomatoes are based on official statistics of the Department of Commerce and the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service. Data on all fresh-market tomatoes are from official Commerce and USDA statistics and from responses to Commission questionnaires.

THE SUBJECT PRODUCT

The imported product subject to this investigation is greenhouse tomatoes, including common round tomatoes, cherry tomatoes, plum or pear tomatoes, and cluster or "on-the-vine" tomatoes. The

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[1] For purposes of this investigation, subject greenhouse tomatoes are all fresh or chilled tomatoes grown in greenhouses in Canada, e.g., common round tomatoes, cherry tomatoes, plum or pear tomatoes, and cluster or "on-the-vine" tomatoes. Specifically excluded from the scope of this investigation are all field-grown tomatoes. Greenhouse tomatoes are provided for in subheadings 0702.00.20, 0702.00.40, and 0702.00.60 of the Harmonized Tariff Schedule, with a normal trade relations tariff rate of 3.9 cents per kilogram (kg) or 2.8 cents per kg, depending on the time of year entered; these tariff rate lines include all types of fresh or chilled tomatoes. However, because of the North American Free Trade Agreement (NAFTA), greenhouse tomatoes from Canada (and Mexico) enter the United States free of duty.

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

[3] The petition alleged LTFV margins to be as follows: for sale-to-sale comparisons, 10.2 percent to 144.7 percent; for constructed value comparisons, 24.3 percent to 36.0 percent. In its initiation notice, Commerce recalculated petitioners' LTFV margins to range from 0.00 to 126.73 percent, based on comparisons of constructed export prices to normal value.

[4] A list of witnesses appearing at the conference is presented in app. B.

product is limited to tomatoes grown in greenhouses, and excludes field-grown fresh tomatoes (field tomatoes). The domestically-produced greenhouse tomatoes are essentially the same as the imported product. All tomatoes are edible fruits of the *Solanaceae* (or Nightshade) family, genus *Lycopersicon.*

DOMESTIC LIKE PRODUCT ISSUES

The petitioners in this investigation believe the domestic like product to be the same as the subject product--greenhouse tomatoes.[5] The Canadian respondents assert that the domestic like product should be all fresh tomatoes, whether grown in greenhouses or fields.[6] Available data on the U.S. industry producing all fresh-market tomatoes are presented in appendix C.

Physical Characteristics and Uses

Petitioners contend that greenhouse tomatoes are physically different from field-grown fresh-market[7] tomatoes, with thinner skin; more water content; superior color, texture, uniformity of appearance, and taste; classification as a different species (*Lycopersicon esculentum* compared with *L. pyriforme*); and distinct uses (greenhouse tomatoes are for retail fresh consumption compared with field-grown tomatoes for food service applications as well as retail consumption). Respondents contend that there is a continuum between greenhouse tomatoes and vine-ripened tomatoes grown in fields regarding these factors, that similar varieties of plants, such as the "Durinta" variety, exist in each growing method, and that the uses for retail consumption are the same. Staff research has revealed that greenhouse tomatoes indeed appear to be generally of a different species than tomatoes grown in the field.[8] Also, field-grown tomatoes are "determinate" flowering plants, which means that they grow for a certain time, produce a flood of flowers and then fruit for a somewhat determinate time period, and then become unproductive. Greenhouse tomatoes are "indeterminate" plants which have a much longer life span, may grow well over 20 feet in length, and produce much more fruit per plant.[9] Questionnaire responses from U.S. producers concurred with the petitioners' arguments on the issues regarding physical characteristics and uses.[10] Questionnaire responses from U.S. importers indicated that while greenhouse tomatoes are the same varieties as field-grown tomatoes, they are differentiated in the retail and consumer value equation by superior flavor, texture, and appearance. Importers assert that consumers use fresh chilled

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[5] Petitioners' arguments in detail on domestic like product issues can be found in their postconference brief, pp. 16-45.

[6] Respondents' arguments in detail on domestic like product issues can be found in their postconference brief, pp. 3-26.

[7] In the remainder of this report, the term "field-grown" tomatoes refers to tomatoes grown in fields for the fresh-produce market, not for processing.

[8] Staff telephone conversation (March 27, 2001) with *** revealed that the horticultural trade uses the species *L. esculentum* to refer principally to greenhouse-grown tomatoes and *L. pyriforme* to refer to field-grown tomatoes.

[9] "Growing Greenhouse Tomatoes in Soil and in Soilless Media," A.P. Papadopoulos, Research Centre, Harrow, Ontario, Canada, p. 2, as taken from the internet at *http://res.agr.ca/harrow/bk/tomch1_2.htm,* retrieved April 12, 1999.

[10] All 4 producers with significant volumes (3 petitioners, Colorado Greenhouse (now Sun Blest Mangement), Eurofresh, and Village Farms, and non-petitioner Houweling Nurseries accounting for *** percent of reported 2000 production) ***. Of the small producers, only *** mentions that field-grown tomatoes have included experimental varieties of cluster tomatoes with the same characteristics as greenhouse tomatoes. ***.

tomatoes regardless of production source in the same foods, but that food services prefer gas-green tomatoes from the field.[11]

Manufacturing Facilities and Production Employees

Petitioners assert that the production facilities for greenhouse tomatoes are distinct from field production, that there are no firms producing both greenhouse and field-grown tomatoes, and that production employees are therefore distinct between the products. Respondents assert that there is a continuum of production facilities, from unstaked open fields through shade cloth-covered fields, fully covered plastic structures, plastic structures with heating and environmental controls, to glass structures. Staff research indicates that there are a number of production process differences between greenhouse and field-grown tomatoes, which are summarized in appendix C. Questionnaire responses from *** U.S. producers concurred with petitioners that the facilities are different between greenhouse and field-grown tomatoes, emphasizing higher capital costs, greater yields, and more specialized labor involved in greenhouse tomatoes. Questionnaire responses from U.S. importers varied. *** concurred with petitioners that greenhouse and field production are completely different.[12] *** stated that packing facilities are similar for field-grown and greenhouse tomatoes.[13] *** cited greater capital costs for greenhouse tomatoes.[14] *** pointed out that fertilizer feeding programs and pests are similar.[15] Various small importers mentioned some similarities and some differences.

Interchangeability

Petitioners contend that there is no interchangeability between greenhouse and field-grown tomatoes because: (1) greenhouse tomatoes are sold primarily to retail establishments for a premium product niche and therefore do not compete with field-grown tomatoes at that level of trade and (2) there is no interchangeability at the food service level of trade because greenhouse tomatoes are too difficult to handle. Respondents contend that there is no "bright line" distinction between greenhouse and field-grown tomatoes in their ultimate end uses, even if there may be a preference in the food service sector for gas-green tomatoes. Questionnaire responses from the 3 large petitioning firms (***) contend that interchangeability is limited because of the physical differences, taste preferences, and cost differences between greenhouse and field-grown tomatoes.[16] ***. Questionnaire responses from U.S. importers varied. *** stated that greenhouse and field-grown tomatoes are completely interchangeable in consumer food applications, but that greenhouse tomatoes have a reputation for superior flavor and overall quality so that some consumers would have a preference for greenhouse tomatoes, which would have to be balanced against price premiums. *** stated that due to packaging logistics and program pattern of sales

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[11] Gas-green tomatoes are field-grown tomatoes that are picked while still green and then treated with ethylene gas to bring out the red color. All 5 importers with significant volumes (*** accounted for *** percent of 2000 reported imports) raised these assertions. ***, which accounted for *** percent of reported 2000 imports, indicated that a trained eye would be necessary to separate good field-grown tomatoes from greenhouse tomatoes. ***, with *** percent of 2000 imports, indicated that the quality gap between field-grown and greenhouse tomatoes was closing. ***, which provided no volume data on imports from Canada, contends that greenhouse and field-grown tomatoes are the same. ***, which accounted for *** percent of reported 2000 imports, concurred with ***.

[12] *** accounted for *** percent of 2000 reported imports of greenhouse tomatoes from Canada.

[13] *** accounted for *** percent of 2000 reported imports of greenhouse tomatoes from Canada.

[14] *** accounted for *** percent of 2000 reported imports of greenhouse tomatoes from Canada.

[15] *** accounted for *** percent of 2000 reported imports of greenhouse tomatoes from Canada.

[16] These firms accounted for *** percent of reported 2000 U.S. production.

it would be difficult to interchange the two tomato products "on the fly", but that many retailers will switch between the products through the season. *** pointed out that both greenhouse and field-grown tomatoes are in supermarkets next to each other. Various small importers were divided on whether the products were interchangeable.

Customer and Producer Perceptions

Petitioners contend that U.S. producers and their retail customers perceive greenhouse tomatoes to be distinct from field-grown tomatoes based on quality, different PLU markings,[17] and lack of competition between the products. Respondents contend that there are no strong, widely-held perceptions of greenhouse and field-grown tomatoes as different products in the market. Questionnaire responses from *** large U.S. producers indicate that the perception is that greenhouse tomatoes are superior in quality.[18] Questionnaire responses from U.S. importers varied. *** mentioned that retailers have come to recognize greenhouse tomatoes for their superior attributes, but that consumers will generally use price and appearance in their purchasing decisions rather than distinguishing between specific categories in the tomato section of the supermarket. *** stated that most customers and producers perceive the greenhouse product to be superior in quality and pesticide-free. *** cited higher costs and better taste and appearance for greenhouse tomatoes. *** pointed out that most housewives know the differences between the products, and that greenhouse tomatoes are more expensive. Various small importers were divided on whether customers perceived more differences or similarities.

Channels of Distribution

Petitioners assert that field-grown tomatoes are sold primarily through packers to distributors, to food service customers, or to repackers for retailers. Respondents assert that channels of distribution do not distinguish field-grown tomatoes from greenhouse tomatoes. Questionnaire responses from the 3 large petitioning U.S. producers indicate that the are differences mainly in the lack of repackers in the greenhouse industry and the lack of a food service channel of distribution. ***. Questionnaire responses from the large U.S. importers concur with respondents' assertion that the channels of distribution are similar between field and greenhouse tomatoes. Various small importers were divided on whether the channels of distribution are the same.

Price

Petitioners contend that greenhouse tomatoes command a significant price premium over field-grown tomatoes ($0.70 per pound compared with $0.20-0.35 per pound). Respondents contend that the price premium for greenhouse tomatoes fluctuates, and that greenhouse tomatoes sometimes sell at prices below vine-ripe field-grown tomatoes, especially during the summer months. Questionnaire responses from all U.S. producers indicate that the price for greenhouse tomatoes is 1 to 4 times higher than for field-grown tomatoes. Questionnaire responses from U.S. importers varied. *** mentioned that greenhouse tomatoes command a price premium because of superior quality. However, due to interchangeability between greenhouse and field-grown tomatoes the prices for greenhouse tomatoes float with the general market price established by field supplies of tomatoes. *** stated that some

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[17] PLU markings are "price look up" stickers placed on each tomato to assist cashiers in determining the correct price to charge.

[18] ***, which accounted for *** percent of reported 2000 U.S. production, stated that "on-the-vine tomatoes are on-the-vine tomatoes, wherever they are grown."

consumers are prepared to pay a slight price premium for greenhouse tomatoes, while others are not. *** cited higher prices for greenhouse tomatoes. *** pointed out that greenhouse tomatoes are generally more expensive. Various small importers were divided on whether customers perceived more differences or similarities.

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PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS

The two principal types of greenhouse tomatoes are beefsteak and tomatoes-on-the-vine ("clusters" or "TOVs").[1] Both are *Lycopersicon esculentum.* Typically they are round, relatively juicy, generally thin-skinned, and medium- to large-sized at maturity. All greenhouse tomatoes ripen on the vine.

While field-grown tomatoes can also be of the beefsteak variety, they typically have a thicker skin, may be smaller sized, and are typically hardier plants.[2] Many field-grown tomatoes are picked while green and "de-greened" with ethylene gas. Also, vine-ripened field tomatoes, which stay on the vine longer in the fields, are considered a premium product,[3] because allowing them to ripen will increase the sugar content and make them taste better. Petitioners stated that field-grown tomatoes are of a different species from that of greenhouse tomatoes, and that they serve a different market.[4]

Respondents alleged that greenhouse tomatoes often compete with field-grown tomatoes at the retail level.[5] Some retail customers, in general, are willing to pay a premium for greenhouse tomatoes, so they likely consider them to be of higher quality than field-grown tomatoes.[6] Petitioners testified that the premium is typically at least two, and sometimes has high as four, times the price of field-grown tomatoes at the retail level.[7] Since products such as organic or vine-ripened tomatoes are premium products in the marketplace and command a higher price, respondents asserted that they are still part of a continuum of tomatoes that share the same market with field-grown and greenhouse tomatoes.

TOVs are playing an increased role in the greenhouse tomato market. U.S. greenhouse producers ***.[8] Eight of 22 importers also noted this trend specifically in their questionnaire responses regarding significant changes in product mix or marketing, including ***. Other importers also noted the existence of newer varieties and other types such as Roma, cherry, grape, orange, and yellow tomatoes.

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[1] In addition, domestic producers produce a small amount of cherry tomatoes. Petitioners' postconference brief, p. 23.

[2] Ibid., pp. 23-24.

[3] Transcript of the Commission's April 18, 2001 conference ("conference transcript"), pp. 191-192.

[4] Petitioners' postconference brief, pp. 23-25.

[5] Letter to Commerce, respondents BC Hot House Foods, Inc. ("BC Hot House") and Ontario Greenhouse Vegetable Growers ("OGVG"), April 11, 2001, p. 21.

[6] Ibid.

[7] Conference transcript, p. 30.

[8] Petitioners' postconference brief, p. 13.

CHANNELS OF DISTRIBUTION

In general, most greenhouse growers in the United States and Canada pack their own tomatoes at their greenhouse facilities.[9] At the conference, petitioners noted that all their testifying witnesses pack their own tomatoes.[10] Indeed, *** also act as distributors of greenhouse tomatoes grown by other U.S. or foreign producers, but are the only producers to do so. Although this is the case, respondents stated that greenhouse growers and field growers alike may do this or ship the tomatoes in bulk to a packer prior to distribution. Respondents asserted also that growers of field-grown vine-ripened tomatoes hand-pick, sort, and grade them, as greenhouse growers do.[11]

Petitioners estimated that about *** percent of U.S. production of greenhouse tomatoes goes directly to retailers. The remainder is sold to wholesalers for resale to smaller retailers.[12] Questionnaire data, however, revealed that in the last 3 years between 44.3 and 47.5 percent of domestically produced greenhouse tomatoes are sold to retailers and between 52.5 and 55.7 percent are sold to wholesalers or distributors. Data from importers revealed that between 83.1 and 85.0 percent of Canadian greenhouse tomatoes are sold to retailers and between 15.0 and 16.9 percent are sold to wholesalers. Very few greenhouse tomatoes are shipped to the food service market, which accounts for around 40 percent of the market for field-grown tomatoes.[13] [14] The reason for this is that greenhouse tomatoes cannot be placed in automatic cutting machines because of their softness. They may even be too soft or messy for manual cutting.[15] At the conference, however, Mr. Smith of BC Hot House noted that his company sells beefsteak greenhouse tomatoes into Japan, and that BC Hot House's largest customer there is Subway, a food-service customer.[16] Petitioners noted that these sales were just a small portion of the total.[17] Respondents indicated, however, that the rare use of greenhouse tomatoes in the food service market is merely a preference on the part of some consumers, not a general rule about how a greenhouse tomato can be used.[18]

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestically, four firms account for approximately 65 percent of the total estimated 735 to 740 acres devoted to greenhouse tomato production.[19] These four producers own greenhouses located in geographically diverse areas of the country - specifically, Arizona, California, Colorado, New York,

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[9] Ibid., p. 20.

[10] Conference transcript, pp. 94-95.

[11] Respondents' postconference brief, p. 22.

[12] Petition, exh. 18 and 27.

[13] Conference transcript, p. 129.

[14] A very small amount of greenhouse tomatoes is sold to "white tablecloth" restaurants. Petition, exh. 27.

[15] Conference transcript, pp. 27-28.

[16] Ibid, p. 108.

[17] Petitioners' postconference brief, pp. 25-26.

[18] Respondents' postconference brief, p. 15.

[19] Petition, p. 10, and conference transcript, p. 128.

Pennsylvania, Texas, and Virginia. The producers are likely to respond to changes in price with small changes in the quantity shipped to the U.S. market. Supply responsiveness is constrained by the seasonal nature of the product and a lack of production alternatives. Among the constraints that producers stated set limits on their growing capacity were greenhouse space, weather, climate, and energy costs.

Tomato production is sensitive to the amount of light available and impeded by temperatures that are too high or too low. Northern U.S. producers seed in late fall to begin harvesting by late winter to early spring. Production then continues on through November. Producers in southern climates, for example, Texas, seed in July to begin harvesting in September and continue harvesting through the following spring.[20] Winter production volumes are significantly lower than summer production volumes.

U.S. producers' capacity increased throughout the period of study. In 1998, reported capacity was 161 million pounds, which rose to 186 million pounds in 1999 and 204 million pounds in 2000. The industry's capacity utilization rate increased from 90.3 percent in 1998 to 92.8 percent in 1999, but fell to 89.7 percent in 2000.

U.S. producers' export shipments have been relatively small compared to shipments to the U.S. market, and have been decreasing. Since tomatoes are perishable and somewhat tender, the distance that they can be carefully and quickly shipped is somewhat limited. The percentage of the U.S. producers' export shipments relative to their total shipments on a quantity basis decreased from *** percent in 1998 to *** percent in 1999 and then to *** percent in 2000 in quantity terms. On a value basis, a similar trend is apparent.

Because of the perishable nature of tomatoes, producers do not keep inventories on hand.[21] Most of their "inventory" is still on the vine, to be picked just before the time of shipment.

Most greenhouse tomato producers do not use the same workers or equipment to produce other products. *** was the only producer which currently does so. It noted that it started growing cucumbers and basil in August 2000 because of Canadian competition in tomatoes. However, these accounted for only *** and *** percent, respectively, of its net sales in 2000. Also, *** planted *** of peppers in 1998.

U.S. Demand

Demand Characteristics

The market for greenhouse tomatoes expanded enormously over the 1990s.[22] Throughout the period of investigation the demand for greenhouse tomatoes has been strong and steadily rising. The alleged reason for this is that grocers desire year-round supplies of premium tomatoes to supply the rising demand on the part of household shoppers for fresh, quality produce.[23] Also, petitioners stated that the American diet has become healthier since the 1980s, food safety scares have occurred which may

[20] Conference transcript, pp. 48-49.

[21] Petition, p. 66.

[22] Conference transcript, pp. 10, 107.

[23] Petition, p. 65.

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have bolstered demand for tomatoes grown with fewer pesticides, and the U.S. economy has been robust.[24] The result is higher relative prices during the winter, when greenhouse tomato supplies are more limited. John DeGiglio of Village Farms has stated that "We were no more than 1 percent of total tomato consumption in 1990. By 2000, the greenhouse industry has reached 17 percent of consumption, and we're not slowing down."[25]

Both petitioners and respondents foresee slow, steady growth in demand for greenhouse tomatoes over the next few years. Mr. Smith of BC Hot House testified that he believes there remains strong interest in the flavor, appearance, and nutrition provided by greenhouse tomatoes.[26] Mr. DeSchouwer of Eurofresh added that he has seen growth of around 2.5 percent over the last 4 or 5 years.[27]

Responses from producers and importers noted significant increases in demand for greenhouse tomatoes since 1998. Producer characterizations describe demand as "rising steadily," "increased significantly," and "40% increase"[28] due to the demand for high-quality, year-round tomatoes that taste good and have a long shelf life. All responding importers also noted that demand has risen and cited factors of food safety, increased availability, and price, in addition to those factors cited by producers.

Recent growth in demand for greenhouse tomatoes has not been just because of a generic increase in demand for tomatoes in general, nor has it come at the expense of field-grown tomatoes. Rather, demand for greenhouse tomatoes has grown despite recent leveling off in demand for field-grown fresh-market tomatoes. The Economic Research Service of the USDA estimates that per capita fresh-market field-grown tomato consumption in the United States was 12.8 pounds in 1980, 14.9 pounds in 1985, 15.5 pounds in 1990, and 17.1 pounds in 1995. Since 1995, fresh-market field-grown tomato demand increased to 17.7 pounds per capita in 1996, fell to 17.1 pounds in 1997, and then has seemingly leveled at 17.9 pounds in 1998, 17.8 pounds in 1999, and 17.8 pounds forecasted for 2000. However, since USDA does not currently include greenhouse production, it is likely that per capita use for all fresh-market tomatoes is currently at least one pound higher than reported for the most recent years.[29]

Based on the Fresh Trends 2000 consumer survey conducted by *The Packer*, an independent U.S. trade publication, consumers perceive greenhouse tomatoes as having a very pleasing appearance.[30] Sixty-four percent of consumers whose store(s) sell greenhouse tomatoes rated their appearance as a five

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[24] Conference transcript, p. 11.

[25] "Dust Settles after Village Farms' Reorganization," *The Packer*, March 26, 2001.

[26] Conference transcript, p. 161.

[27] Ibid., p. 67.

[28] *** questionnaire responses.

[29] *Vegetable and Specialties*, "Factors Affecting Tomato Consumption in the United States," USDA, VGS-282, November 2000, p. 27.

[30] The study conducted by *The Packer* asked for consumers' perceptions on greenhouse, hothouse, or hydroponic fresh produce. Among consumers whose store(s) sell this type of produce, 61 percent have purchased greenhouse, hothouse, or hydroponic tomatoes in the last six months, compared with six percent for squash, four percent for greenhouse green, leafy vegetables, two percent for cucumbers, two percent for fruit, and one percent for bell peppers. Thus, the majority of consumers' opinions contained in this survey reflect opinions about greenhouse tomatoes.

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or six on a six-point scale, with six being excellent and one being poor. Consumers also rated greenhouse tomatoes relatively high on safety (47 percent gave a five or six), nutritional value (44 percent), and taste/flavor (41 percent). Those aspects not receiving as high marks were storage life (33 percent rated them a five or six), overall value (26 percent), and price (20 percent).[31] Among all consumers, 33 percent rate greenhouse tomatoes as having a better taste than field-grown tomatoes, 46 percent said that their flavors were about the same, 12 percent did not know, and nine percent said that they had worse flavor (although this number is 30 percent for consumers who have not purchased greenhouse tomatoes in the last six months). Forty-nine percent of consumers said that one or more of the stores from which they purchase fresh produce sell greenhouse tomatoes, and 71 percent said that they have purchased greenhouse tomatoes in the last six months. Consumers in the Northeast led the country in purchasing, while those in the South lagged. Also reported was that greenhouse tomatoes were more prevalent in high-end stores, but purchases of greenhouse tomatoes do not necessarily increase with income.[32]

Given these perceptions, apparent consumption of greenhouse tomatoes increased during the period under review, from 401 million pounds in 1998 to 459 million pounds in 1999, and 512 million pounds in 2000.

Substitute Products

The most likely substitute for a greenhouse tomato would be another tomato, and both sides have put forth views on whether field-grown tomatoes are substitutes for greenhouse tomatoes. Petitioners argued that there is no substitutability at the consumer level between greenhouse and field-grown tomatoes, nor at retail accounts.[33] Petitioner *** averred that, "There really are no products which serve as direct substitutes for greenhouse tomatoes in our opinion because of the unique combination of taste, appearance, and healthy attributes which our product brings to the market." Respondents stated that greenhouse and field tomatoes are fully interchangeable. Specifically, they said, "There is no application that excludes either kind of tomato," and, "Consumers employ greenhouse and field tomatoes in exactly the same manner."[34] They allowed, however, that there are differences in preferred uses for various types of tomatoes. For example, cherry or grape tomatoes are more commonly used in salads than sandwiches, and fresh plum tomatoes are often diced for uses such as salsa, rather than sliced for consumption as part of a sandwich. Also, mature green tomatoes are used in food service more often than greenhouse or vine-ripe tomatoes.[35] Further arguments are contained in the parties' submissions.[36]

When asked which products may be substitutes for greenhouse tomatoes, five of seven responding producers[37] declared that there are none. *** reported that field-grown tomatoes can be

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[31] *The Packer,* "Fresh Trends 2000," p. 46.

[32] Ibid., p. 48. In fact, the range of consumers with the lowest percentage of purchasers of greenhouse tomatoes was the second highest income group, $50,000 to $75,000 per year.

[33] Petition, p. 61, and petitioners' postconference brief, p. 27.

[34] Respondents BC Hot House and OGVG's letter to Commerce, April 11, 2001, p. 18.

[35] Ibid., pp. 17-18.

[36] Petitioners' postconference brief, pp. 23-37 and respondents' postconference brief, pp. 10-28.

[37] For tabulation purposes, ***.

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substitutes, and *** noted that the field-grown cluster varieties of tomatoes are a substitute.[38] Firms receiving the questionnaire were also asked to assess the degree of substitution between field-grown and greenhouse tomatoes. Of those producers which did not answer that there is no substitutability between the two, *** noted that quality is an issue in substitution, and *** replied that for the majority of consumers it is a question of TOVs rather than field-grown versus greenhouse.

In contrast, only seven of 20 importers reported no substitutability (two of which were producers ***).[39] Twelve of the remaining 13 importers (including ***[40]) listed field-grown (gas green and/or vine ripe) tomatoes as substitutes. Specifically, *** replied that all types of field varieties may be substitutes, including beefsteak, Roma, cherry, cocktail, and other specialty items such as heirloom or organic tomatoes. Of the 12 importers responding this way, though, *** noted that field-grown tomatoes' quality may differ from time to time and *** noted that field-grown tomatoes are substitutes but it doesn't purchase them.[41] *** replied that it competes for shelf space with field-grown tomatoes. Also, of these 12 importers which answered that field-grown tomatoes can be substitutes, five (***) noted a high degree of substitutability. Two of these five importers, ***, along with one other ***, noted that substitutability is seasonal in nature.[42] *** noted that it did not make any substitutions and *** stated "We only grow greenhouse." *** responded that the consumers are the ones that ultimately choose between greenhouse and field-grown tomatoes.[43]

Cost Share

Greenhouse tomatoes are typically sold directly at the retail level. They are not used for processing, and are not usually used in the food service sector, since their high water content makes slicing difficult. Greenhouse tomatoes used in the food service sector are usually served at "white tablecloth" restaurants, where chefs value the appealing appearance of the tomatoes as part of an elegant meal; however this accounts for a very small share of the market.[44] Therefore, the widespread use of greenhouse tomatoes as an end product means that the cost share of greenhouse tomatoes would be 100 percent if viewed as a product in itself, or only a relatively small portion if viewed as an ingredient in a meal.

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[38] ***.

[39] It appears that *** meant that greenhouse beefsteak tomatoes can be substituted for other types of greenhouse tomatoes such as clusters, TOVs, or those in clamshell packaging, according to the answer to the next question in the Commission questionnaire. When asked to assess the substitutability between field-grown and greenhouse tomatoes, it responded "no substitutions."

[40] ***.

[41] ***.

[42] For example, importer *** stated "We carry local *** field-grown tomatoes during August to September. We carry Mexican field-grown in January to March. We continue to carry greenhouse at the same time. The field-grown is offered as a value or homegrown...".

[43] ***.

[44] Conference transcript, p. 159.

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SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported greenhouse tomatoes depends on a number of factors. Relative prices are an especially important factor in this market, as they can change daily. Also, quality of the product is an important determining factor. In addition, preferences by both retailers and ultimate consumers for a reliable year-round supplier of greenhouse tomatoes may play a role in the degree of substitution.

Comparison of Domestic Products and Subject Imports

Producers and importers of greenhouse tomatoes were asked if U.S.-produced and Canadian greenhouse tomatoes are used interchangeably. Seven of eight producers and 18 of 20 importers agreed that the two are interchangeable. Importer *** qualified its agreement, noting that they are interchangeable when quality is the same. *** believes that its retail customers may find its tomatoes to be of a higher quality because it ***. Of the dissenters, importer *** responded that Canada offers some varieties not available from U.S. producers, like orange, yellow, and cherry tomatoes, and ***, the dissenting producer, noted a quality difference.[45] Producers and importers were also asked if there were differences in product characteristics or sales conditions between domestic and Canadian greenhouse tomatoes. Only two of eight producers but 10 of 18 importers replied that there were no differences.[46] Of the producers noting differences, *** noted that they can produce year-round supplies of fresh tomatoes while Canada cannot, and *** noted that the domestically-produced tomatoes are fresher (higher quality).[47] The difference most often cited by importers was quality. *** stated that their quality was higher, while four other importers said that the domestic quality was higher. Availability and product range were also differences noted by four separate importers. Two importers also answered that there are fewer pesticides on Canadian tomatoes.

Lead Times/Delivery

The average lead time for domestic producers of greenhouse tomatoes is just over two days. The largest lead times were those of ***, which will take pre-orders up to a week in advance for major customers. *** noted lead times of two to five days, depending on the transportation distance to the customer. However, *** reported that delivery can even be for the same day. The average lead time for the 21 responding importers was around three days. *** noted the longest lead times, ranging from one day up to two weeks, while *** noted same day delivery.

Since prices are mostly quoted delivered, delivery is most often arranged by the producer or importer. Six of eight producers noted arranging delivery, and 16 of 18 importers noted the same.[48]

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[45] ***.

[46] *** answers are considered only as those of producers.

[47] *** also stated that Canada has layers of middlemen before the tomatoes get to market, whereas it ships direct.

[48] The only large producer or importer that does not arrange transport is ***.

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Comparison of Domestic Products to Nonsubject Imports

The vast majority of nonsubject imports of tomatoes originated from Mexico, Holland, Belgium, Spain, and Israel.[49] Imports from these countries (including field-grown tomatoes) were $757 million in 1998, $688 million in 1999, and $640 million in 2000, and accounted for 99.9 percent of total nonsubject imports of all tomatoes during 2000. Seven of eight U.S. producers and 17 of 20 importers noted interchangeability between domestic and nonsubject greenhouse tomatoes.[50] *** noted superior quality and/or variety in greenhouse tomatoes from Holland. *** also stated that U.S. retailers may consider U.S.-grown tomatoes to be superior to those of Mexico and the European product other than that of Holland. *** again said that the two are interchangeable as long as the quality is the same.

Producers and importers were also asked if there were differences in product characteristics or sales conditions between domestic and nonsubject greenhouse tomatoes. Four of eight producers and 11 of 17 responding importers replied that there were no differences.[51] Of the producers noting differences, *** noted that Mexico produces lower quality tomatoes. Importers ***[52] also reported the same. This lower quality is reflected in a lower price for Mexican greenhouse tomatoes, as noted by ***. Importer *** cited a difference in availability between Mexican and domestic tomatoes. *** stated that there is no difference between domestic quality and European or Israeli quality, and *** described Dutch and Israeli products as being higher-priced. Importer *** replied that Israeli tomatoes are sold in the winter, whereas most American tomatoes are sold in the spring through fall.[53] *** all pointed to the superior quality of Holland's tomatoes as a difference in product characteristics. *** also responded that domestic tomatoes have an advantage over those of Holland or Spain, since orders must be booked in advance because of distance and availability, and freshness suffers due to long truck hauls. Producer *** pointed out that nonsubject imports are often sold freight included at less than current market prices in an effort to capture market share. *** further stated it can produce year-round supplies of fresh tomatoes, whereas Canada cannot, and *** noted that the domestically-produced tomatoes are fresher (higher quality).[54] The difference most often cited by importers was quality. Importers *** noted that their quality was higher, while four other importers said that the domestic quality was higher. *** further stated that Dutch tomatoes arrive in the United States during strong price climates in the United States or when European conditions are not favorable, and frequently have a dampening effect on market price. Availability and product range were also differences noted by four separate importers. Two importers also answered that there are fewer pesticides on Canadian tomatoes.

Comparison of Subject Imports to Nonsubject Imports

Six of seven responding producers noted that the Canadian and nonsubject greenhouse tomatoes are generally used interchangeably.[55] Sixteen of 19 responding importers also found the two to be

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[49] USITC Dataweb.

[50] Producer *** and importers ***, all of which are ***, noted a quality difference or different seasons.

[51] *** answers are considered producers.

[52] ***.

[53] *** only imported greenhouse tomatoes from *** during 1998-2000.

[54] *** also stated that Canada has layers of middlemen before the tomatoes get to market, whereas it ships direct.

[55] *** noted that quality and variety difference can be cost-prohibitive.

interchangeable. The three dissenting importers were all ***: *** disagreed with the majority because Canada does not supply tomatoes in the winter like Israel does; *** also noted different seasons; and *** noted a difference because of stickering. *** again noted that, although interchangeable, Holland sells superior tomatoes, and *** stated that Canadian tomatoes are superior to Mexican tomatoes and on par with those of Holland.

Producers and importers were also asked if there were differences in product characteristics or sales conditions between domestic and nonsubject greenhouse tomatoes. Four of eight producers and 11 of 17 responding importers replied that there were no differences. Of those producers which noted differences, *** noted that Canadian quality is on par with European or Israeli quality, but superior to that of Mexico, *** stated that Canadian tomatoes have a transportation advantage over Holland and Israel, but a growing season disadvantage vis-a-vis Mexico, and *** replied that certain merchandisers will pay a slight premium for Dutch tomatoes. Most importers mirrored their responses to those that they gave when comparing domestic greenhouse tomatoes to nonsubject tomatoes. The exceptions are ***, which noted that Holland is generally its primary source, due to superior quality (even though pricing is higher than domestic or Canadian product),[56] and ***, which opined that its own products are better in appearance, taste, consistency, and shelf life than those of Holland, and are in general superior to those of Mexico. *** further pointed out that Mexico's scale of both field and greenhouse production far outstrips that of the United States or Canada, and, while Mexican pricing is subject to floors, it generally establishes a "downward continental price direction."

[56] *** accounted for *** percent of greenhouse tomato imports from Canada in 2000.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 9 firms that accounted for approximately 67 percent of U.S. production of greenhouse tomatoes during 2000.

According to the petition, there are as many as 715 greenhouses producing tomatoes in the United States, most of which are very small producers with a fraction of an acre under cover. Questionnaires were sent to 15 producers identified in the petition that accounted for about 82 percent of U.S. production. Nine responses with usable data were received, accounting for approximately 67 percent of estimated greenhouse production of tomatoes in 2000. Information about these firms is presented in table III-1.

Four firms (Colorado Greenhouse (recently acquired by Sun Blest Management), Eurofresh, Houweling Oxnard, and Village Farms) accounted for the overwhelming majority of reported U.S. production of greenhouse tomatoes in 2000, as can be seen in table III-1. Only one of these firms, Houweling Oxnard, is not a petitioner ***. ***. Only two U.S. producers imported greenhouse tomatoes from Canada, one firm imported from Mexico, and one firm purchased greenhouse tomatoes from U.S. importers of Mexican greenhouse tomatoes.[1]

Information on capacity, production, capacity utilization, shipments, and employment indicators is presented in table III-2. Only *** had any significant amount of export shipments.

During the period of investigation, two firms went into bankruptcy: Colorado Greenhouse, whose assets were purchased by Sun Blest Management, but whose facilities in New Mexico are mothballed, and Suntastic USA, in Snowflake, AZ.[2] Together, these firms accounted for about 60 acres of idled capacity. Village Farms declared bankruptcy in April 2001. In 1999, Sun Blest Farms built a greenhouse facility of 12.5 acres. Only two firms produced products in their greenhouses other than tomatoes.[3]

Petitioners and respondents were requested to provide publicly available data on the U.S greenhouse tomato industry. Their responses were based on the *Census of Horticultural Specialties (1998)* and extrapolations based on questionnaire responses. Respondents were able to provide a consistent series of data on capacity and production, and their estimates were accordingly used in table III-3. Petitioners were able to provide the only employment estimate of 4 workers for each acre under cover. Accordingly, its employment estimate was applied to the capacity reported by respondents to derive a consistent data series. Commission staff applied the average unit values of questionnaire respondents' U.S. shipments to the estimates of production to derive values for U.S. shipments during the

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[1] ***. Colorado Greenhouse invested $4 million in Greenver, a Mexican grower, in 1999 (conference transcript, p. 136.)

[2] Colorado Greenhouse went into bankruptcy early in 2000, and Suntastic in the late summer of 2000.

[3] ***.

III-1

period. It was assumed that U.S. shipments were equal to production. The data on total U.S. industry capacity, production, and employment are probably somewhat overstated, due to the nature of estimations used.

Table III-1
Greenhouse tomatoes: U.S. producers, positions on the petition, shares of reported 2000 production, U.S. production locations, and parent companies

Firm	Position	Share of 2000 reported production *(percent)*	Production location	Parent company and country
Carolina Hydroponics	Petitioner	***	Leland, NC	None
Colorado Greenhouse	Petitioner	***	Colorado, New Mexico	Sun Blest Management LLC (USA)
Eurofresh	Petitioner	***	Arizona	None
Foster Farms	***	***	Pennsylvania	Foster Wheeler and Mt. Carmel, Inc., USA
Hollandia	***	***	California	None
Houweling Oxnard	***	***	California	Houweling Nurseries, Canada
Hydro Age	Petitioner	***	Florida	None
Sun Blest Farms	Petitioner	***	Colorado	None
Village Farms	Petitioner	***	HQ in New Jersey; plants in Pennsylvania, New York, Texas, Virginia	Agro Power Development and Village Farms of Delaware, USA
Total		100.00		

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

III-2

Table III-2
Greenhouse tomatoes: Reported U.S. production capacity, production, capacity utilization, shipments, and employment-related indicators, 1998-2000

Item	Calendar year		
	1998	1999	2000
Capacity (*acres under cover*)	382	448	482
Capacity (*1,000 pounds*)	160,506	185,916	204,464
Production (*1,000 pounds*)	144,982	172,620	183,474
Capacity utilization (*percent*)	90.3	92.8	89.7
U.S. shipments:			
Quantity (*1,000 pounds*)	138,813	163,059	179,068
Value (*1,000 dollars*)	114,782	119,040	139,152
Unit value (*dollars per pound*)	0.83	0.73	0.78
Export shipments:			
Quantity (*1,000 pounds*)	***	***	***
Value (*1,000 dollars*)	***	***	***
Unit value (*dollars per pound*)	***	***	***
Production and related workers (PRWs)	1,608	1,822	1,945
Hours worked by PRWs (*1,000 hours*)	2,793	3,253	3,476
Wages paid to PRWs (*1,000 dollars*)	18,665	22,235	28,450
Hourly wages (*dollars per hour*)	6.68	6.84	8.18
Productivity (*pounds produced per hour*)	34.8	37.1	42.7
Unit labor costs (*dollars per pound*)	0.19	0.18	0.19

Note.–Because of rounding, figures may not add to the totals shown. Data are from producers accounting for about 67 percent of 2000 production.

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

III-3

Table III-3
Greenhouse tomatoes: Estimated total U.S. production capacity, production, capacity utilization, and employment, 1998-2000

Item	Calendar year		
	1998	1999	2000
Capacity (*acres under cover*)	636	760	740
Capacity (*1,000 pounds*)	235,000	286,000	273,000
Production (*1,000 pounds*)	235,000	286,000	273,000
Capacity utilization (*percent*)	100.0	100.0	100.0
U.S. shipments:			
Quantity (*1,000 pounds*)	235,000	286,000	273,000
Value (*1,000 dollars*)	195,050	208,780	212,940
Unit value (*dollars per pound*)	0.83	0.73	0.78
Production and related workers (PRWs)	2,544	3,040	2,960

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

Source: Compiled from data submitted by petitioner and respondents based on publicly available sources and data submitted in response to Commission questionnaires, April 18 and April 19, 2001.

III-4

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

Seventeen importers provided usable data in response to Commission questionnaires, accounting for approximately 71.5 percent of estimated imports of greenhouse tomatoes from Canada in 2000.

Five firms in Canada accounted for 82 percent of reported imports in 2000. *** was by far the largest importer, accounting for *** percent of reported imports. *** was the second largest with *** percent of imports. *** all had *** percent of imports.

Data on U.S. imports, apparent consumption, and market shares are presented in table IV-1 below. Petitioners and respondents were requested to provide input on how to use official statistics in this investigation, given some problems with the HTS classifications: (1) a breakout for greenhouse tomatoes is unavailable for imports entering in July and August of every year; (2) the greenhouse breakout began in mid-1999 and is therefore unavailable for the rest of the period of investigation; and (3) there has been questionable compliance with reporting greenhouse tomato imports separately because there are no tariff rate differences with field-grown tomato imports which would make compliance more likely. Petitioners and respondents agreed that virtually all imports of fresh tomatoes from Canada were greenhouse tomatoes. Parties also agreed that most imports from other countries except for Mexico were greenhouse tomatoes. Petitioners were the only party able to provide estimates for imports of greenhouse tomatoes from Mexico. Accordingly, petitioners' estimates were used. Petitioners' estimates included quantities from the USDA's Agricultural Marketing Service. The average unit values for Mexican greenhouse tomato imports from official statistics were used to derive the value of such imports provided by the petitioner. Since there is no greenhouse tomato breakout available for 1998, the average unit values for 1999 were used as the best estimate. It appears that U.S. producers' market shares held steady in quantity and increased in value during the period of investigation, while the share of Canadian imports rose substantially and the share of imports from other countries declined.

IV-1

Table IV-1
Greenhouse tomatoes: Estimated U.S. imports and apparent U.S. consumption,[1] 1998-2000

(Quantity=*1,000 pounds*; value=*1,000 dollars*)

Item	1998	1999	2000
U.S. consumption quantity: Amount	401,452	458,844	511,871
Producers' share[2]	34.6	35.5	35.0
Importers' share: Canada[2]	33.9	38.2	43.7
All other countries[2]	31.5	26.2	21.3
Total imports[2]	65.4	64.5	65.0
U.S. consumption value: Amount	395,572	394,197	435,082
Producers' share[2]	29.0	30.2	32.0
Importers' share: Canada[2]	26.0	30.9	37.7
All other countries[2]	45.0	38.9	30.4
Total imports[2]	71.0	69.8	68.0
U.S. imports from-- Canada:			
Quantity	136,087	175,384	223,525
Share of total import quantity	51.8	59.3	67.2
Value	102,897	121,801	163,878
Share of total import value	36.6	44.3	55.4
Unit value *(dollars per pound)*	0.76	0.69	0.73
All other countries:			
Quantity	126,552	120,401	109,278
Value	48.2	40.7	32.8
Unit value *(dollars per pound)*	1.41	1.27	1.21
All countries:			
Quantity	262,639	295,785	332,803
Value	280,790	275,157	295,931
Unit value *(dollars per pound)*	1.07	0.93	0.89

[1] U.S. commercial shipments plus imports.
[2] In *percent*.

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

Source: Compiled from data submitted in response to Commission questionnaires, USDA AMS Tomato Fax Report (1998-2000), and from official Commerce statistics.

IV-2

PART V: PRICING AND RELATED DATA

FACTORS AFFECTING PRICING

The most important factors in determining the price of greenhouse tomatoes are their production costs, transportation costs, and, as always, the competitive environment.

U.S. Transportation Costs

Greenhouse tomatoes are typically packaged in 11 to 15 pound flats (11 pound for clusters and 15 pound for beefsteak), and inland shipping takes place via truck. Five of six U.S. producers responded that shipping costs average between 5 and 6.7 percent with a simple average of 6.6 percent and 14 importers reported average shipping costs of 8.7 percent, with answers ranging from 5.3 percent to 14 percent. The shipping firm usually arranges for transportation, and prices are almost always quoted on a delivered basis.

U.S. Tariff Rates

Greenhouse tomatoes are imported into the United States under HTS classification heading 0702. Greenhouse tomatoes that enter the United States between September 1 and July 14, inclusive, have their own HTS subheadings. Those that enter from March 1 through July 14 and September 1 through November 14 are classified under HTS subheading 0702.00.20 and are subject to a fixed tariff of 3.9 cents per kilogram for countries with Normal Trade Relations. Those that enter from July 15 through August 31 and November 15 through the last day in February of the following year are classified under HTS subheadings 0702.00.40 and 0702.00.60 respectively, and are subject to a tariff of 2.8 cents per kilogram for countries with Normal Trade Relations. Because of the NAFTA, however, greenhouse tomatoes from Canada enter the United States duty-free.

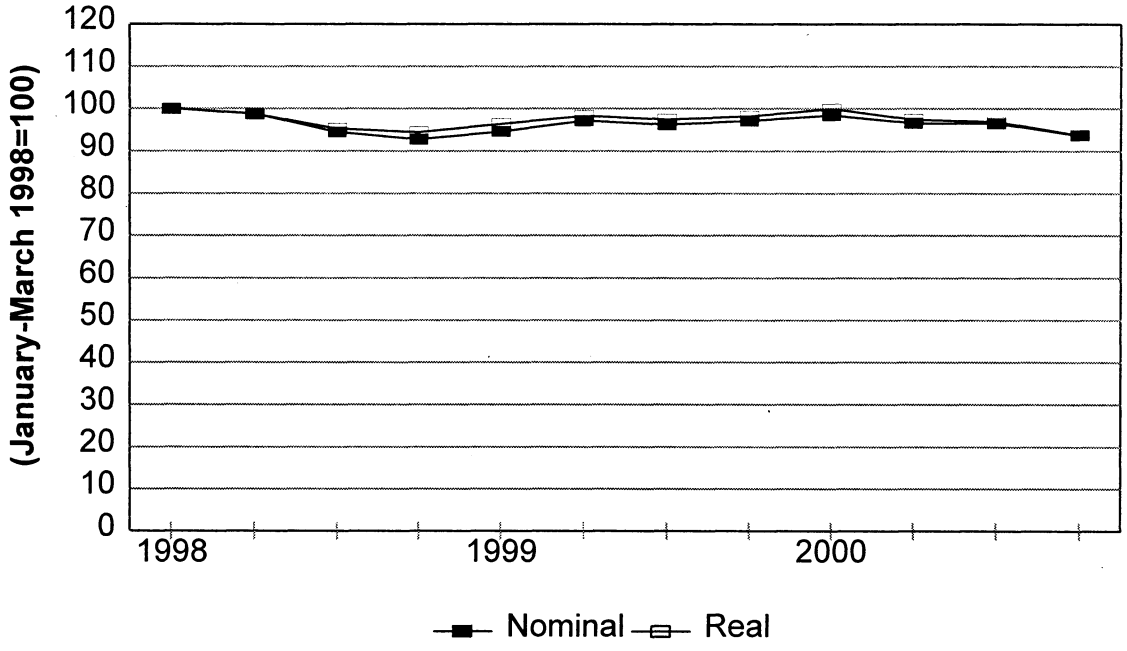
Exchange Rates

The Canadian dollar has fluctuated as compared to the U.S. dollar throughout 1998-2000 (figure V-1). The Canadian dollar depreciated relative to the dollar by 5.8 percent in real terms in 1998. In 1999, the Canadian dollar appreciated irregularly in real terms until the first quarter of 2000, when it reached exactly 100 percent of its value relative to the U.S. dollar as compared to the first quarter of 1998. Since the first quarter of 2000, though, it has depreciated relative to the U.S. dollar, and in the fourth quarter stood at 93.8 percent of its value relative to the base period.

PRICING PRACTICES

Greenhouse tomatoes are sold both on a contract basis and in the spot market. *** reported that 100 percent of their sales were in the spot market; *** sells 99 percent of its tomatoes on the spot market. *** sell 30 percent in the spot market and 70 percent via short-term (weekly) commitments. Their contracts generally last a week, and only fix price. *** considers itself to have three classes of customers: retail customers which have verbal or written contracts setting price and quantity (*** percent of its TOV production and 35 percent of its beefsteaks), steady customers with whom it negotiates price and volume on a revolving weekly or monthly basis (*** percent of its sales), and pure

Figure V-1
Indices of the nominal and real exchange rates of the Canadian dollar relative to the U.S. dollar, by quarters, January 1998-December 2000



Source: International Financial Statistics, International Monetary Fund, March 2001.

spot sales (*** percent of its sales). The contract customers *** references in its first category are those that have three-month to one-year contracts that fix both price and estimated quantity. However, these contracts are ***. Typical U.S. producer sales terms are either 21 or 30 days, though *** require payment in 10 days from their spot market purchasers.

Producers varied on how prices are derived, but discounts are not often given. *** negotiates price and volume separately with each customer, and does have one customer who benefits from reduced prices on any volume above that customer's contract minimum. *** quotes prices weekly, and *** determine the prevailing market price daily. Others target a fixed percentage over cost, negotiate on a transaction-by-transaction basis, offer a single price year-round for certain customers and a prevailing market price for others, or go through a broker who determines pricing. *** also sometimes offer "ad pricing," i.e., they offer discounted pricing to retailers if they promote *** products in their weekly advertisements.

Spot market pricing is also used by the majority of importers. Eleven of 18 responding importers sell 100 percent of their greenhouse tomatoes on the spot market, although most of these are the smaller importers. *** noted that it sells 100 percent of its imports on contract, but the only reason it has imported is to fulfill contract obligations it couldn't meet on its own. The firm which strays away from the spot market the most is ***, which only sells 25 percent of its tomatoes on the spot market. ***, which sells 90 percent on the spot market, only has contract sales for holiday ads approximately 10 times per year for one week each time. The remaining four importers sell 50 (***), 70, 80, and 90 percent of

their tomatoes on the spot market. Contracts are usually for one to two weeks, except for ***, whose contracts are a year in duration, and typically fix both quantity and price. Seven of 16 importers have 21-day payment terms, five have 10- to 15-day terms, and three require payment within 30 days.

Eleven of 19 responding importers, including ***, reported using transactional negotiations to determine their pricing, of which two have pricing that lasts for a week. Three simply take their cost and add a margin to it. *** uses the USDA market news services faxed to it. *** employs a variety of methods including weekly price lists usually reflective of spot market conditions, lid pricing for future promotional purchases, negotiated prices, and contract pricing. Ten of 16 responding importers do not offer discounts, three (including ***) offer volume discounts for at least some of their tomatoes, and two offer small discounts or discounts during an "ad week."

PRICE DATA

The Commission requested the U.S. producers and importers to provide monthly quantity and value data between January 1998 and December 2000 for the following three greenhouse tomato products:

Product 1: Beefsteak (round), jumbo, with an approximate count of 18, 20, or 22 per 15-pound box

Product 2: Beefsteak (round), extra large with an approximate count of 25, 28, 30, or 32 per 15-pound box

Product 3: On-the-vine (cluster), either bagged, loose, or stickered in an 11-pound box.

Six producers and 14 importers provided usable pricing data for sales of the requested products, although not necessarily for all products or all quarters.[1] U.S. producer and importer weighted-average pricing data and margins of underselling/overselling during 1998-2000 for sales to both retailers and distributors are presented in tables V-1 to V-6 and figures V-2 to V-4.[2] Jumbo beefsteak tomato prices are reported in tables V-1 and V-2, and extra large beefsteak tomato prices are reported in tables V-3 and V-4. Since many producers and importers do not keep specific records referring to the size of the tomatoes, some data have been derived from firms' estimates of their sales of each category of beefsteak tomato. Tables V-5 and V-6 present pricing data for on-the-vine greenhouse tomatoes. Table V-7 contains summaries of the number of months of underselling and overselling, broken down by both product and channel of distribution.

Price Trends and Price Comparisons

Typically, tomato prices are higher in the winter and lower in the summer; they start to decline in early spring and begin to rise in early fall. The pricing data show this pattern. The reason for this pattern lies in increased supplies of tomatoes during the warmer months. Typical prices for jumbo beefsteak

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[1] ***.

[2] Some importer data may have been reported in Canadian dollars. Where known, they have been converted into U.S. dollars. However, if any remain, the margins of underselling would be greater than those presented.

Table V-1
Greenhouse tomatoes: Weighted-average f.o.b. prices and quantities of sales of product 1[1] to the retail market and margins of underselling/(overselling), by months, January 1998-December 2000

Month	United States		Canada			United States		Canada		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
	1998					2000				
January	$***	***	-	0	-	$1.17	216,284	$1.44	9,082	(23.5)
February	***	***	$***	***	***	1.05	143,876	***	***	***
March	***	***	***	***	***	1.10	159,875	***	***	***
April	0.74	535,349	***	***	***	0.91	228,324	***	***	***
May	0.56	398,292	***	***	***	0.66	412,137	***	***	***
June	***	***	***	***	***	0.73	191,274	***	***	***
July	0.88	673,191	***	***	***	0.64	127,431	***	***	***
August	***	***	***	***	***	0.80	113,187	***	***	***
September	***	***	***	***	***	0.71	178,554	0.70	656,856	1.4
October	***	***	***	***	***	0.81	477,056	0.80	453,076	0.9
November	***	***	***	***	***	0.99	572,004	1.07	211,819	(8.5)
December	***	***	0.84	25,264	***	1.14	553,227	***		***
	1999									
January	$***	***	$***	***	***					
February	***	***	***	***	***					
March	0.88	159,487	***	***	***					
April	0.82	215,239	***	***	***					
May	***	***	***	***	***					
June	0.60	119,048	***	***	***					
July	0.66	156,908	***	***	***					
August	***	***	***	***	***					
September	***	***	***	***	***					
October	0.52	139,068	***	***	***					
November	0.69	430,359	***	***	***					
December	1.05	319,239	0.76	46,007	27.2					

[1] Product 1 consists of beefsteak (round) jumbo tomatoes, with an approximate count of 18, 20, or 22 per 15-pound box.

Note.–Because of rounding, under/(over)selling margins may not be derived from price data shown.

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

V-4

Table V-2
Greenhouse tomatoes: Weighted-average f.o.b. prices and quantities of sales of product 1[1] to the distributor market and margins of underselling/(overselling), by months, January 1998-December 2000

Month	United States		Canada			United States		Canada		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
	1998					2000				
January	$1.05	42,812	-	0	-	$1.77	246,289	$***	***	***
February	***	***	-	0	-	1.59	145,628	***	***	***
March	0.74	98,985	$***	***	***	1.37	149,106	1.07	195,456	22.0
April	***	***	0.65	199,649	***	0.85	375,320	0.74	700,889	12.7
May	0.71	383,864	0.75	274,050	(5.0)	0.77	1,387,577	0.57	733,885	26.0
June	0.64	257,611	0.65	192,949	(2.6)	***	***	0.62	502,412	***
July	***	***	0.69	91,394	***	***	***	0.72	355,044	***
August	0.58	41,985	0.42	32,295	27.6	***	***	0.73	165,169	***
September	0.59	59,388	0.62	11,565	(4.8)	0.74	121,622	0.64	163,280	13.1
October	0.67	74,835	1.02	53,685	(52.1)	1.05	592,533	0.92	210,659	12.1
November	0.87	133,683	1.10	77,336	(25.6)	1.83	600,217	1.22	176,864	33.4
December	***	***	***	***	***	1.88	1,040,629	1.59	64,044	15.7
	1999									
January	$0.82	118,170	-	0	-					
February	***	***	$***	***	***					
March	0.79	59,209	0.90	141,293	(14.1)					
April	0.67	144,266	0.71	770,214	(5.7)					
May	0.59	288,508	0.56	826,493	4.1					
June	0.46	101,040	0.55	487,974	(18.2)					
July	0.57	58,212	0.68	250,124	(19.0)					
August	***	***	0.66	82,994	***					
September	0.43	42,273	0.67	101,548	(55.4)					
October	***	***	0.61	162,703	***					
November	0.68	278,261	0.60	212,112	12.4					
December	***	***	***	***	***					

[1] Product 1 consists of beefsteak (round) jumbo tomatoes, with an approximate count of 18, 20, or 22 per 15-pound box.

Note.–Because of rounding, under/(over)selling margins may not be derived from price data shown.

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

V-5

Table V-3
Greenhouse tomatoes: Weighted-average f.o.b. prices and quantities of sales of product 2[1] to the retail market and margins of underselling/(overselling), by months, January 1998-December 2000

Month	United States		Canada			United States		Canada		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
	1998					2000				
January	$***	***	$***	***	***	$1.14	1,391,089	$1.02	70,822	10.7
February	***	***	1.17	240,814	***	1.16	1,307,050	0.87	238,010	25.5
March	***	***	1.12	838,527	***	1.08	1,339,796	0.99	2,063,013	8.2
April	0.86	2,789,419	0.77	3,016,831	11.1	0.88	1,893,056	0.81	4,141,777	8.2
May	0.76	2,944,968	0.70	5,090,961	8.4	0.56	4,604,517	0.60	6,594,551	(6.7)
June	0.80	2,177,387	0.68	5,659,055	15.0	0.54	3,473,839	0.58	8,001,034	(8.0)
July	0.82	2,598,618	***	***	***	0.61	2,228,028	0.62	7,949,203	(1.9)
August	0.81	570,513	***	***	***	0.68	1,279,969	0.63	5,958,703	7.0
September	0.84	450,066	***	***	***	0.71	1,021,471	0.66	4,321,982	7.8
October	0.92	777,222	0.90	2,271,330	2.8	0.81	1,973,508	0.78	3,378,290	3.6
November	0.98	987,363	1.03	1,305,151	(4.3)	1.08	2,168,344	1.02	1,771,144	5.4
December	1.24	1,102,954	1.16	236,010	6.8	1.25	1,901,870	1.10	717,522	12.0
	1999									
January	$1.21	1,003,221	$1.73	36,538	(43.0)					
February	1.13	986,078	***	***	***					
March	1.00	1,306,950	0.91	1,110,009	8.3					
April	0.76	2,325,956	0.67	3,648,418	11.2					
May	0.58	4,421,097	0.58	6,681,992	(0.5)					
June	0.60	2,795,432	***	***	***					
July	0.66	1,355,541	***	***	***					
August	0.74	740,570	***	***	***					
September	***	***	***	***	***					
October	***	***	***	***	***					
November	0.73	1,911,401	0.61	2,669,364	16.4					
December	1.06	2,045,099	0.72	665,230	31.8					

[1] Product 2 consists of beefsteak (round) extra large tomatoes, with an approximate count of 25, 28, 30, or 32 per 15-pound box.

Note.–Because of rounding, under/(over)selling margins may not be derived from price data shown.

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

V-6

Table V-4
Greenhouse tomatoes: Weighted-average f.o.b. prices and quantities of sales of product 2[1] to the distributor market and margins of underselling/(overselling), by months, January 1998-December 2000

Month	United States		Canada			United States		Canada		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
	1998					2000				
January	$1.15	444,220	$***	***	***	$1.58	883,820	$***	***	***
February	0.95	596,755	***	***	***	1.48	806,362	***	***	***
March	0.95	989,157	1.07	127,470	(13.4)	1.37	818,435	0.96	742,399	30.3
April	1.04	2,005,353	0.65	815,837	37.1	0.92	1,084,944	0.68	2,395,116	26.0
May	0.81	1,023,841	0.70	1,867,095	13.2	0.66	2,611,938	0.53	3,401,433	19.4
June	0.83	711,394	0.64	2,609,906	23.1	0.60	3,255,468	0.55	4,225,968	8.3
July	***	***	0.76	1,980,181	***	0.74	2,006,868	0.61	3,761,006	16.9
August	1.01	313,311	0.57	1,489,770	43.2	0.85	1,398,211	0.60	3,047,847	29.2
September	0.86	266,015	0.59	1,077,240	31.1	0.78	709,886	0.61	1,877,941	22.0
October	0.90	306,813	0.84	951,495	7.1	1.01	1,415,075	0.86	1,734,748	14.3
November	0.89	501,796	0.87	464,059	3.0	1.40	1,454,816	1.07	1,058,397	24.1
December	1.21	401,052	***	***	***	1.61	1,762,532	1.35	147,101	15.9
	1999									
January	$1.14	922,738	$***	***	***					
February	1.04	614,184	***	***	***					
March	0.97	557,935	0.79	535,885	18.4					
April	0.75	1,364,029	0.64	1,983,389	14.1					
May	0.63	2,723,651	0.53	3,864,105	15.8					
June	0.56	1,470,459	0.53	4,410,592	5.7					
July	0.65	603,851	0.66	4,069,652	(1.6)					
August	0.80	234,853	0.61	2,201,027	24.7					
September	***	***	0.63	1,549,554	***					
October	***	***	0.57	1,742,364	***					
November	0.68	1,208,887	0.55	1,014,441	18.1					
December	1.05	1,102,009	0.98	232,288	6.8					

[1] Product 2 consists of beefsteak (round) extra large tomatoes, with an approximate count of 25, 28, 30, or 32 per 15-pound box.

Note.–Because of rounding, under/(over)selling margins may not be derived from price data shown.

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

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Table V-5

Greenhouse tomatoes: Weighted-average f.o.b. prices and quantities of sales of product 3[1] to the retail market and margins of underselling/(overselling), by months, January 1998-December 2000

Month	United States		Canada			United States		Canada		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
	1998					2000				
January	$***	***	$***	***	***	$1.32	1,005,863	$***	***	***
February	1.61	331,665	***	***	***	1.26	1,343,546	***	***	***
March	1.60	462,095	1.37	492,456	14.8	1.23	1,443,822	***	***	***
April	1.17	371,287	***	***	***	1.05	1,551,871	***	***	***
May	1.10	895,576	***	***	***	0.77	1,482,275	***	***	***
June	0.97	1,119,776	***	***	***	0.61	2,043,687	***	***	***
July	0.92	1,140,674	***	***	***	0.72	1,630,847	***	***	***
August	0.97	797,128	***	***	***	0.75	1,201,625	***	***	***
September	0.96	439,678	***	***	***	0.82	798,320	***	***	***
October	1.11	390,991	***	***	***	0.90	1,412,907	***	***	***
November	1.25	483,246	***	***	***	1.19	2,294,703	***	***	***
December	1.36	739,065	1.19	383,660	12.5	1.39	2,392,970	1.22	1,028,331	12.5
	1999									
January	$1.57	652,960	$***	***	***					
February	1.20	1,301,648	1.40	49,151	(16.8)					
March	1.12	768,076	***	***	***					
April	1.07	695,973	***	***	***					
May	0.81	1,383,840	***	***	***					
June	0.66	1,294,212	***	***	***					
July	0.74	1,049,153	***	***	***					
August	0.87	509,914	***	***	***					
September	0.92	467,572	***	***	***					
October	***	***	***	***	***					
November	1.10	594,985	1.13	2,191,016	(2.3)					
December	1.09	1,332,877	1.04	1,194,454	4.7					

[1] Product 3 consists of on-the-vine (cluster) tomatoes, either bagged, loose, or stickered in an 11-pound box.

Note.–Because of rounding, under/(over)selling margins may not be derived from price data shown.

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

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Table V-6
Greenhouse tomatoes: Weighted-average f.o.b. prices and quantities of sales of product 3[1] to the distributor market and margins of underselling/(overselling), by months, January 1998-December 2000

Month	United States		Canada			United States		Canada		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
	1998					2000				
January	$***	***	$***	***	***	$1.78	2,725,793	$***	***	***
February	***	***	***	***	***	1.65	2,782,537	***	***	***
March	***	***	***	***	***	1.68	2,634,987	***	***	***
April	***	***	***	***	***	1.37	2,754,347	1.09	430,980	20.0
May	0.76	585,750	0.89	37,103	(16.5)	1.09	3,882,060	0.79	972,842	27.4
June	***	***	0.92	101,002	***	0.89	4,085,480	0.71	1,031,548	20.3
July	0.78	522,075	0.96	63,514	(23.4)	1.02	3,089,289	0.75	1,299,357	25.9
August	0.85	244,773	0.57	17,127	32.2	1.08	3,064,150	0.74	881,656	31.5
September	0.85	163,762	0.69	33,781	19.1	1.09	2,453,531	0.76	601,215	30.7
October	1.15	152,528	0.79	9,977	31.6	1.11	2,427,826	0.87	630,002	22.0
November	***	***	0.60	10,835	***	1.60	2,328,826	1.11	362,631	30.7
December	***	***	***	***	***	1.76	3,039,613	1.26	117,897	28.7
	1999									
January	$1.52	676,044	$***	***	***					
February	1.13	962,588	-	0	-					
March	***	***	***	***	***					
April	0.92	601,130	0.96	144,859	(5.0)					
May	0.64	1,012,635	0.92	364,760	(43.4)					
June	0.50	1,577,304	0.75	373,748	(51.7)					
July	0.63	916,148	0.59	605,581	7.2					
August	0.46	619,683	0.56	305,438	(22.5)					
September	0.73	379,869	0.87	260,910	(19.1)					
October	0.98	416,353	0.92	334,137	6.9					
November	1.04	1,039,293	0.90	320,563	13.6					
December	1.04	1,871,790	1.15	211,508	(10.9)					

[1] Product 3 consists of on-the-vine (cluster) tomatoes, either bagged, loose, or stickered in an 11-pound box.
[2] The low price in January 1998 is because the only responding importer in this month had quality problems (a large number of rejections) and was forced to sell at whatever price it could get.

Note.–Because of rounding, under/(over)selling margins may not be derived from price data shown.

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

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Figure V-2
Greenhouse tomatoes: Retail and distributor prices for product 1, by month, January 1998-December 2000

* * * * * * *

Figure V-3
Greenhouse tomatoes: Retail and distributor prices for product 2, by month, January 1998-December 2000

* * * * * * *

Figure V-4
Greenhouse tomatoes: Retail and distributor prices for product 3, by month, January 1998-December 2000

* * * * * * *

Table V-7
Greenhouse tomatoes: Number of months of underselling and overselling by the Canadian product, by product and year, and by channel of distribution, 1998-2000

Year	Product 1		Product 2		Product 3		Channel of distribution	All Products	
	Under	Over	Under	Over	Under	Over		Under	Over
1998	5	16	18	6	14	10	Retail	19	16
							Distributor	18	16
1999	10	13	19	5	7	16	Retail	20	16
							Distributor	16	18
2000	21	3	21	3	16	8	Retail	22	14
							Distributor	36	0
Total	36	32	58	14	37	34	**Total**	131	80

Source: Compiled from responses to Commission questionnaires.

tomatoes are over $1.00 per pound during the winter and around $0.60 per pound during the summer. Petitioners stated that the sharp decline in prices is due to the appearance on the market of Canadian greenhouse tomatoes.[3] Petitioners also stated that in order to regain market share lost over the winter, the Canadian greenhouse tomato industry must undercut domestic pricing. Respondents, however, stated that this seasonal pattern is instead due to the emergence of a large quantity of Florida field-grown tomatoes coming into the market in early spring, and the resulting price decline.[4] USDA data regarding shipments of tomatoes from Florida, along with California, other states, Canada, Mexico, and other

[3] Petition, pp. 68-72, and petitioners' postconference brief, p. 2.

[4] Respondents' postconference brief, p. 32.

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countries, are presented in appendix D. Respondents further stated that field-grown tomato prices did not rise significantly in the winter of 1999-2000 due to that year's bumper crop in Florida and California.[5] Offer prices for New York and San Francisco collected by the USDA for representative products of field tomatoes are also presented in appendix D.

Producers and importers were asked if field-grown tomato prices have had any effect on the price of greenhouse tomatoes. Two producers noted that there is no price effect, and three said that there is (although *** stated that it depends on the starting price of greenhouse vs. field-grown tomatoes). *** replied that there is an effect, but not in the course of normal seasonal changes. *** stated that a true glut or scarcity of field tomatoes could affect pricing to a small degree. *** noted that if the price for field-grown tomatoes rises or falls sharply, there would be a very small effect, but this rarely happens. *** explored the matter more deeply. Basically, it stated that if field prices are extremely high or low due to a freeze in Florida or the existence of a bumper crop, supermarkets may allocate more or less space to greenhouse tomatoes as compared to the regular amount of shelf space. If there is a freeze and the volume of Florida tomatoes drops by 30 or 40 percent, *** will seize the opportunity to raise its prices.

Sixteen of 18 responding importers (***) replied that field-grown tomato prices do have an effect on greenhouse tomato pricing. *** stated that "Round field grown tomatoes share consumers with all greenhouse tomatoes based on price, quality, taste, and perception at time of purchase." *** stated that when the price spread between field-grown and greenhouse tomatoes gets too wide, greenhouse shippers have to lower their prices so that retailers may stimulate further consumer demand for premium tomatoes and keep the price gap between greenhouse and field-grown tolerable. *** stated that when field-grown tomato prices go up or down, greenhouse prices usually follow, and *** noted that when vine-ripe tomatoes are in short supply, greenhouse prices rise, and vice versa.

Domestic jumbo beefsteak prices were highest to retailers in January 1999 at $*** per pound and lowest in September 1999 at $*** per pound. Prices for the corresponding Canadian product were highest in January 2000 at $1.44 per pound and lowest in June 1999 at $*** per pound. To distributors, domestic jumbo beefsteak tomato prices were highest in December 2000 at $1.88 per pound and lowest in October 1999 at $*** per pound. The Canadian highest and lowest prices were $1.59 in December 2000 and $0.42 in August 1998.

With respect to extra large beefsteak tomatoes, the highest price received by domestic firms from retailers occurred in January 1998 at $*** per pound, and the lowest price occurred in June 2000 at $0.54 per pound. For Canadian greenhouse tomatoes, the maximum price received was $1.73 per pound in January 1999, while the minimum was $0.58 in both May 1999 and June 2000. In their sales to the distributor market, domestic producers received their highest monthly price during the period of study in December 2000, when the price was $1.61 per pound, whereas their lowest price occurred in June 1999 at $0.56 per pound. Canadian importers saw their highest price in December 1998, receiving $*** per pound, and suffered the lowest pricing in May and June 1999 and May 2000, at $0.53.

For TOVs sold to retailers, domestic producers received their highest prices during February 1998, when the average price was $1.61 per pound. Pricing was lowest in June 2000 at $0.61 per pound. Prices were highest for Canadian greenhouse tomatoes on the vine during February 2000 at $***, and lowest also during June 2000 at $*** per pound. On the distributor side of the market, domestic

[5] Ibid.

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producers received their highest prices in January 2000, when prices were $1.78 per pound. Pricing was lowest during August 1999 at $0.46 per pound. For importers of Canadian product, the highest prices for TOVs occurred in February 2000, with a price of $***. The lowest price received by Canadian importers occurred in August 1999, with a price of $0.56 per pound.[6]

Canadian greenhouse tomatoes undersold the domestic product more than they oversold it in both channels of distribution for each year, except for sales to distributors in 1999. The data reveal no consistent underselling or overselling by product type or by channel of distribution, except for TOVs sold to distributors, for which there were 36 months of underselling and no months of overselling. However, the distributor market is small for importers, accounting for only 15 percent of imports from Canada in 2000. There does appear, however, to be somewhat more underselling in 2000 for each of the three pricing products than in the prior two years, especially for jumbo beefsteak tomatoes.

LOST SALES AND LOST REVENUES

In its questionnaire, the Commission requested domestic producers of greenhouse tomatoes to report any instances of lost sales or revenues they experienced due to competition from imports of the subject product from Canada since January 1998. None were reported in the questionnaire responses received. However, petitioners submitted 14 lost revenue and lost sale allegations for three companies in April 2001 after the questionnaires had been returned. Purchasers in three of the 14 allegations replied to Commission requests for confirmation. None of these three allegations were able to be confirmed. Petitioners also submitted 13 more lost revenue and lost sale allegations between May 4 and May 7, 2001 for losses occurring in late April 2001. One allegation of a lost revenue was confirmed and none were denied. *** agreed with the allegation, stating "*** on a regular basis dumps product in this region."[7]

[6] These calculations exclude months where volume was less than 5,000 pounds.

[7] Fax from ***, May 8, 2001.

PART VI: FINANCIAL EXPERIENCE AND CONDITION OF U.S. PRODUCERS

BACKGROUND

Nine U.S. producers provided financial data regarding their operations on greenhouse tomatoes during the period examined: Carolina Hydroponics, Colorado Greenhouse/Sun Blest Management, Eurofresh, Foster Farms, Hollandia, Houweling, Hydro Age, Sun Blest Farms, and Village Farms.

Village Farms, the ***, is a division of Ecoscience and is the marketer and distributor for Agropower Development, a sister division which operates greenhouses. Agropower Development, which marketed its vegetable production under the Village Farms brand name, merged with Ecoscience in 1998.[1] [2]

Colorado Greenhouse and the parent company of Village Farms, Ecoscience, declared bankruptcy in 2000 and 2001, respectively. Colorado Greenhouse entered Chapter 11 and was later liquidated pursuant to Chapter 7 with many of its assets purchased by Sun Blest Management.[3] Ecoscience entered Chapter 11 in March 2001 and is still in operation. A third company, Suntastic, for which no information was provided to the Commission, reportedly declared bankruptcy in November 2000 and is no longer in operation.[4]

The reported financial data do not distinguish between the sale of internally-produced greenhouse tomatoes and those purchased or otherwise acquired from third parties, e.g., pursuant to a commission-based marketing arrangement.[5] Colorado Greenhouse and Village Farms were the only companies to report that they ***. Other U.S. producers reported that they purchased greenhouse tomatoes in order to round out their own production.

The majority of the financial information was reported on the basis of accrual generally accepted accounting principles (GAAP). ***. Except for ***, U.S. producers reported their financial data on a calendar-year basis.

OPERATIONS ON GREENHOUSE TOMATOES

Table VI-1 presents the overall results of operations of greenhouse tomatoes. Results on an average-per-pound basis and by firm are presented in table VI-2 and table VI-3, respectively.

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[1] Retrieved on April 24, 2001 at *http://nfrec-sv.ifas.ufl.edu/pro_4.htm.*

[2] Ecoscience non-transition period 1998 10-K, p. 2.

[3] Sun Blest Farms and Sun Blest Management are separate legal entities with common ownership. Sun Blest Management *** and operates assets acquired when Colorado Greenhouse was liquidated. Sun Blest Farms itself is a new operation with sales reported in 2000 only. Because Sun Blest Management reported the operations of Colorado Greenhouse, while Sun Blest Farms reported operations only in 2000, two separate sets of financial data are presented. In order to avoid confusion, Colorado Greenhouse is referenced instead of Sun Blest Management; i.e., the company which actually reported Colorado Greenhouse financial data.

[4] Conference transcript, p. 23. Suntastic was reportedly located in Snowflake, AZ and operated 20 acres of production.

[5] ***.

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Table VI-1
Results of operations of U.S. producers of greenhouse tomatoes, calendar years 1998-2000

Item	Calendar year		
	1998	1999	2000
	Quantity (*1,000 pounds*)		
Total sales	144,995	168,861	182,639
	Value (*$1,000*)		
Total sales	118,209	121,647	141,330
COGS	92,115	115,378	125,982
Gross profit	26,094	6,269	15,348
SG&A expenses	23,176	20,171	26,359
Operating income or (loss)	2,918	(13,902)	(11,011)
Interest expense	7,973	13,087	18,606
Other expenses	204	4,556	0
Other income items	2,181	4,114	2,078
Net income or (loss)	(3,078)	(27,432)	(27,539)
Depreciation/amortization	7,687	15,104	17,780
Cash flow	4,609	(12,328)	(9,759)
	Ratio to net sales (*percent*)		
COGS	77.9	94.8	89.1
Gross profit	22.1	5.2	10.9
SG&A expenses	19.6	16.6	18.7
Operating income or (loss)	2.5	(11.4)	(7.8)
Net income or (loss)	(2.6)	(22.6)	(19.5)
	Number of firms reporting		
Operating losses	3	6	8
Data	8	8	9

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

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Table VI-2
Results of operations (*per pound*) of U.S. producers of greenhouse tomatoes, calendar years 1998-2000

Item	Calendar year		
	1998	1999	2000
	Unit value (*per pound*)		
Total sales	$0.82	$0.72	$0.77
COGS	0.64	0.68	0.69
Gross profit	0.18	0.04	0.08
SG&A expenses	0.16	0.12	0.14
Operating income or (loss)	0.02	(0.08)	(0.06)
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VI-3
Results of operations of U.S. producers of greenhouse tomatoes, by firms, calendar years 1998-2000

* * * * * * *

Four firms, ***, represented the majority of reported sales of greenhouse tomatoes during the period examined. In 2000, the smaller producers represented from ***.

Sales Volume

From 1998 through 2000, overall sales volume increased by approximately *** percent. The ***, Village Farms, reported a *** percent increase, while ***, Colorado Greenhouse, reported a *** percent decline. In contrast, Eurofresh, Houweling, and Hydro Age reported increases in sales volume of ***.

Per-Pound Revenue

During the period examined, the larger firms generally reported similar per-pound revenue. In 2000, the range of reported per-pound revenue was $***.[6]

Most producers (large and small) reported a decline in per-pound revenue in 1999 compared to 1998. In 2000, the majority reported an increase in per-pound revenue which was somewhat less than the previous decline. ***.

The highest average per-pound revenue was reported by ***.[7] ***. ***.[8]

[6] ***.

[7] ***.

[8] ***.

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Costs and Expenses

As indicated above, the large producers reported their financial information on a standard or modified accrual basis, while a cash basis was reported by ***. In addition to different bases of accounting, the classification of costs (i.e., between cost of goods sold (COGS) and selling, general, and administrative expenses (SG&A)) also varied. For example, ***. As a result of this and other similar variations in cost classification, it is useful to consider COGS and SG&A together when analyzing changes in per-pound costs.

The data show that in addition to lower per-pound revenue, the majority of U.S. producers, most notably ***, were adversely affected by increased per-pound costs.[9] For ***. In 1999 and 2000, this ***. These higher per-pound costs were, at least in part, due to production-related problems.[10] ***.[11] [12] ***.[13]

In addition to company-specific issues such as capacity expansion and yield problems due to pests and natural disasters, the U.S. producers all appear to have been affected to some extent by higher energy costs at the end of the period examined.[14] While energy costs are not identified separately in the tables above, internal profitability documents ***.[15]

Cogeneration

The majority of the Colorado Greenhouse and Village Farms facilities were operated pursuant to some form of cogeneration.[16] [17] ***.[18]

Profitability

With an average per-pound operating profit of $0.02 at the beginning of the period, the U.S. producers collectively could not absorb the two negative trends which characterized the period from 1998 through 2000: a 5.1 percent decline in average per-pound revenue and a 4.9-percent increase in total

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[9] ***.

[10] Damage to Colorado Greenhouse facilities from hail in one year and depressed yields in another were specifically noted. Conference transcript, p. 19. Exhibit 10 of petitioners' postconference brief.

[11] Sun Blest Farm's high costs were reportedly associated with production-related problems. Conference transcript, pp. 75-76.

[12] ***.

[13] Ecoscience 1999 10-K, p. 17. The narrative observes that ". . . less than anticipated production yields in the tomato segment result{ed} in fixed production costs being allocated over fewer units." With respect to the company's large SG&A expenses reported for 1998, the transition period 1998 10-K states that the increase was ". . . primarily due to non-recurring merger costs of $1.5 million, increased expenses attributable to the Company's four new greenhouse facilities, the expansion of the Company's sales, marketing, finance and greenhouse management operations, and post-merger transaction costs, including severance compensation to former officers and professional fees." Ecoscience transition period 1998 10-K, p. 29.

[14] Conference transcript, pp. 54-55.

[15] ***.

[16] Conference transcript, p. 53.

[17] Retrieved on April 24, 2001 at *http://nfrec-sv.ifas.ufl.edu/pro_4.htm.*

[18] ***.

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per-pound costs (COGS and SG&A).

***. ***.[19] As noted above, the merger of Ecoscience and Agropower Development took place in 1998. Non-recurring costs associated with that event are reflected in SG&A, as well expenses related to its new greenhouse facilities and the expansion of its marketing and administrative operations.

In contrast with ***, most companies were profitable at the beginning of the period. In 1999 and 2000, these companies incurred operating losses due to reduced average per-pound revenue and, to a greater or lesser extent depending on the company, increased average per-pound costs. The exception to this pattern was ***, for which operating income increased due to favorable changes in per-pound revenue, per-pound costs, and sales volume.[20]

Interest and Other Expenses

The most significant feature below operating income was the large and increasing total interest expense. Cumulatively, over half of this amount was accounted for by ***. The majority of this interest appears to be related to debt used to finance capacity expansions which occurred during and prior to the period examined.[21]

***. ***.

As noted previously, the large "other expenses" item in 1999 was reported by ***.

Investment in Productive Facilities, Capital Expenditures, and R&D Expenses

The responding firms' data on capital expenditures and the value of their property, plant, and equipment are shown in table VI-4 for greenhouse tomatoes.[22] As indicated in the table, *** represented the majority of reported capital expenditures during the period examined. From 1998 through 2000 both ***. As noted above, ***. ***.

Table VI-4
Capital expenditures, by firms, and overall value of property, plant, and equipment for U.S. producers of greenhouse tomatoes, calendar years 1998-2000

* * * * * * *

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[19] ***.

[20] ***.

[21] At the staff conference, U.S. producers indicated that a large percentage of debt relative to equity was used to finance capacity expansions. Conference transcript, pp. 59-60. The Ecoscience non-transition period 1998 10-K at p. 25 states that the company's debt to equity ratio went from 0.4 to 1 before the merger to 89.4 to 1 including minority interest in debt and 5.8 to 1 including minority interest in equity.

[22] ***.

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CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of greenhouse tomatoes from Canada on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix E.

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PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V, and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories is not relevant for this perishable product. Information on foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CANADA

Nineteen Canadian exporters supplied usable data on Canadian production, capacity, and shipments, accounting for about 72 percent of U.S. imports of greenhouse tomatoes from Canada in 2000. These data are presented in table VII-1 below. Two firms (***) accounted for *** percent of reported 2000 exports to the United States. The remaining three firms, ***, accounted for another *** percent, giving the top five Canadian exporters *** percent of reported 2000 exports to the United States. Total shipments were higher than production in all periods due to (1) purchases among firms and (2) the fact that exporters answered Commission questionnaires and therefore had to get information for production and acreage from their grower clients. Therefore total shipments may be somewhat overstated. Total acreage is underreported compared with production in pounds because some firms were unable to provide acreage information.

Table VII-1
Greenhouse tomatoes: Reported Canadian production capacity, production, shipments, and inventories, 1998-2000 and projected 2001-2002

Item	Actual experience			Projections	
	1998	1999	2000	2001	2002
	Quantity (*pounds*)				
Capacity (*acres under cover*)	446	570	699	696	696
Capacity (*pounds*)	209,270	273,106	327,649	339,725	346,122
Production	201,808	263,927	314,412	334,360	340,922
Shipments: Internal consumption	***	***	***	***	***
Home market	83,622	103,070	127,347	137,747	141,118
Exports to-- The United States	123,873	167,446	192,969	203,614	207,190
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
	Ratios and shares (*percent*)				
Capacity utilization	96.4	96.6	96.0	98.4	98.5
Share of total quantity of shipments: Internal consumption	***	***	***	***	***
Home market	***	***	***	***	***
Exports to-- The United States	***	***	***	***	***
All other markets	***	***	***	***	***
All export markets	***	***	***	***	***

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

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

Petitioners and respondents were requested to provide publicly available data on the Canadian greenhouse tomato industry. Petitioners were able to provide a consistent series of data on capacity, production, shipments, and exports, and their estimates were accordingly used in table VII-2 below. Comparing data in tables VII-1 and VII-2, responding exporters supplying data to the Commission accounted for about 76 percent of 2000 production of greenhouse tomatoes in Canada.

VII-2

Table VII-2
Greenhouse tomatoes: Canadian production capacity, production, shipments, and inventories, 1998-2000 and projected 2000-2001

Item	Actual experience			Projections	
	1998	1999	2000	2001	2002
	Quantity (*pounds*)				
Capacity (*acres under cover*)	661	887	1,054	1,054	1,259
Capacity (*pounds*)	181,189	347,694	413,155	413,155	493,513
Production	181,189	347,694	413,155	413,155	493,513
Shipments:					
Internal consumption	0	0	0	0	0
Home market	45,022	172,281	189,450	189,450	209,406
Exports to--					
The United States	136,088	175,385	219,448	219,448	278,423
All other markets	79	29	4,158	4,158	5,681
Total exports	136,167	175,413	223,606	223,606	284,105
Total shipments	181,189	347,694	413,156	413,156	493,513
	Ratios and shares (*percent*)				
Capacity utilization	100.0	100.0	100.0	100.0	100.0
Share of total quantity of shipments:					
Internal consumption	0.0	0.0	0.0	0.0	0.0
Home market	24.9	50.0	46.0	46.0	42.0
Exports to--					
The United States	75.1	50.0	52.0	52.0	56.0
All other markets	0.0	0.0	2.0	2.0	2.0
All export markets	75.1	50.0	54.0	54.0	58.0

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

Source: Compiled from the following sources: Statistics Canada, catalogue number 22-003-XIB, February 2000 and 2001; Agriculture and Agri-Food Canada *Greenhouse and Processing Crops Research Centre*; and USDA FAS Gain Report #CA1043 (March 13, 2001).

VII-3

APPENDIX A

FEDERAL REGISTER NOTICES

A-1

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–925 (Preliminary)]

Greenhouse Tomatoes From Canada

AGENCY: International Trade Commission.

ACTION: Institution of antidumping investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731–TA–925 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of greenhouse tomatoes,[1] provided for in subheadings 0702.00.20, 0702.00.40, and 0702.00.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C.

[1] All fresh or chilled tomatoes for the fresh market, including, e.g., common round tomatoes, cherry tomatoes, plum or pear tomatoes, and cluster or "on-the-vine" tomatoes. The product is limited to tomatoes grown in greenhouses and excludes field-grown tomatoes.

1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by May 14, 2001. The Commission's views are due at the Department of Commerce within five business days thereafter, or by May 21, 2001.

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

EFFECTIVE DATE: March 28, 2001.

FOR FURTHER INFORMATION CONTACT: Olympia DeRosa Hand (202–205–3182), 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. General information concerning the Commission may also be obtained by accessing its internet server *(http://www.usitc.gov)*. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public*.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on March 28, 2001, by Carolina Hydroponic Growers Inc., Leland, NC; Eurofresh, Willcox, AZ; HydroAge, Cocoa, FL; Sunblest Management, Fort Lupton, CO; Sunblest Farms, Peyton, CO; and Village Farms, LP, Eatontown, NJ.

Participation in the Investigation and Public Service List

Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation 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 this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on April 18, 2001, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Olympia Hand (202–205–3182) not later than April 11, 2001, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before April 23, 2001, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

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 investigation (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: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: March 30, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–8275 Filed 4–3–01; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–122–837]

Initiation of Antidumping Duty Investigation: Greenhouse Tomatoes From Canada

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

EFFECTIVE DATE: April 24, 2001.

FOR FURTHER INFORMATION CONTACT: Mark Ross or Thomas Schauer, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4794 or (202) 482–0410, respectively.

SUPPLEMENTARY INFORMATION:

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to Department of Commerce's (the Department's) regulations are to the provisions at 19 CFR part 351 (2000).

The Petition

On March 28, 2001, the Department received a petition on imports of greenhouse tomatoes filed in proper form by Carolina Hydroponic Growers Inc., Eurofresh, HydroAge, Sunblest Management LLC, Sunblest Farms LLC, and Village Farms (referred to hereafter as "the petitioners"). On April 2, 2001, the Department requested additional information and clarification of certain areas of the petition. The petitioners filed supplements to the petition on April 9 and 11, 2001.

In accordance with section 732(b) of the Act, the petitioners allege that imports of greenhouse tomatoes from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that such imports are materially injuring and threaten to injure an industry in the United States.

The Department finds that the petitioners filed this petition on behalf

of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act. Furthermore, the petitioners have demonstrated sufficient industry support with respect to the antidumping duty investigation they are requesting the Department to initiate (see "Determination of Industry Support for the Petition" below).

Scope of Investigation

The merchandise subject to this investigation consists of all fresh or chilled tomatoes grown in greenhouses in Canada, *e.g.*, common round tomatoes, cherry tomatoes, plum or pear tomatoes, and cluster or "on-the-vine" tomatoes. Specifically excluded from the scope of this investigation are all field-grown tomatoes.

The merchandise subject to this investigation may enter under 0702.00.2000, 0702.00.2010, 0702.00.2030, 0702.00.2035, 0702.00.2060, 0702.00.2065, 0702.00.2090, 0702.00.2095, 0702.00.4000, 0702.00.4030, 0702.00.4060, 0702.00.4090, 0702.00.6000, 0702.00.6010, 0702.00.6030, 0702.00.6035, 0702.00.6060, 0702.00.6065, 0702.00.6090, and 0702.00.6095 of the Harmonized Tariff Schedule of the United States (HTSUS). These subheadings may also cover products that are outside the scope of this investigation, *i.e.*, field-grown tomatoes. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

During our review of the petition, we discussed the scope with the petitioners to ensure that it accurately reflects the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (62 FR 27296, 27323), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments within 20 calendar days of publication of this notice. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition must be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the administering agency shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

On April 11 and 12, 2001, potential respondents made submissions challenging industry support for the petition pursuant to sections 732(b)(3) and 732(c)(4)(D) of the Act. They argue that the domestic like product is all fresh or chilled tomatoes for the fresh market, regardless of whether the tomatoes are grown in a field or in a greenhouse. Certain potential respondents argue further that the Department should poll the domestic producers of the like product (as defined by potential respondents), *i.e.*, all producers of tomatoes for the fresh market, in order to determine whether there is sufficient industry support for the petition. In addition to their disagreement over the petitioners' definition of the domestic like product, these potential respondents assert that, in the petitioners' calculation of an industry-support percentage, the petitioners underestimated the size of the total U.S. industry producing tomatoes for the fresh market. Certain potential respondents did not propose that the Department poll the U.S. producers of the domestic like product but requested that the Department dismiss the petition and terminate the proceeding for lack of industry support.

On April 13 and 16, 2001, the petitioners submitted comments on the potential respondents' industry-support challenge. Foremost, the petitioners view the comments of the potential respondents as more directly related to the like-product analysis and an effort to broaden the scope of the domestic like product rather than comment upon industry support. The petitioners request that the Department disregard the comments of the potential respondents as unrelated to standing with respect to the greenhouse tomato industry. The petitioners also assert that the arguments submitted by the potential respondents in reference to Departmental precedent, the International Trade Commission's (ITC's) like-product analysis, standing, and changes in the domestic industry are incorrect. On April 16, 2001, the potential respondents replied to the petitioners' April 13, 2001, submission and again requested that the Department not consider an initiation of an investigation until it has polled all producers of tomatoes for the fresh market.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The ITC, which is responsible for determining whether "the domestic industry" has been materially injured, must also determine what constitutes a domestic like product in order to define the industry. While the Department and the ITC must apply the same statutory definition regarding the domestic like product (see section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the domestic like product, such differences do not render the decision of either agency contrary to law.[1]

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic-like-product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

With regard to the definition of domestic like product, in the context of this case, we find that considering

[1] See *Algoma Steel Corp. Ltd.*, v. *United States*, 688 F. Supp. 639, 642–44 (CIT 1988), and *High Information Content Flat Panel Displays and Display Glass from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380–81 (July 16, 1991).

greenhouse tomatoes a distinct domestic like product is reasonable. We reached this decision after evaluating the arguments and information presented and examining information that we obtained independently. Through our analysis we identified several factors that distinguish greenhouse tomatoes as a distinct domestic like product. The distinctions between tomatoes produced in greenhouses and tomatoes produced in a field are found in the production process, cost, pricing, and marketing. The petitioners also argued that physical differences distinguish greenhouse-grown and field-grown tomatoes.

With regard to production process, unlike producers of field-grown tomatoes, the petitioners produce greenhouse tomatoes in a laboratory-type situation in which they control the growing environment (*e.g.*, temperature, humidity, and, in some cases, light). This enables the greenhouse producer to have greater control over quality and results in higher yields per acre than field production. Also, the per-acre and per-pound cost of production for greenhouse tomatoes is much higher than for field-grown tomatoes. This higher cost of production generally results in higher pricing than for field-grown tomatoes. To obtain the higher prices for their greenhouse tomatoes than the prices for field-grown tomatoes, it is necessary for the producers of greenhouse tomatoes to distinguish their products from the field-grown tomatoes in their marketing efforts. These factors support our conclusion that, in the context of this case, it is reasonable to conclude that the domestic like product, like the scope of the investigation, is limited to tomatoes grown in greenhouses.[2] For more information on our analysis and the data upon which we relied see Initiation Checklist, Re: Industry Support.

We also disagree with the potential respondents' assertion that in the petitioners' calculation of an industry-support percentage they underestimated the size of the industry producing greenhouse tomatoes. To support their assertion that the U.S. industry is larger than that identified by the petitioners, the potential respondents cite to an estimate by an industry expert of the size of the greenhouse tomato industry. In a subsequent submission the petitioners reiterated their earlier clarification that this industry expert's figure is overstated. Moreover, the petitioners' response is supported by other information on the record (see Initiation Checklist, Re: Industry Support).

The petitioners were not able to locate recent statistics on the total production volume or value of the domestic like product, but they have sufficiently established that such information is not reasonably available to them. Therefore, in accordance with section 351.203(e)(1) of the regulations, we have accepted other publicly available information as a sufficient measure of current production levels, *i.e.*, 1998 acreage and sales figures for greenhouse tomato production and the petitioners' estimate of 2000 greenhouse tomato acreage. We find the acreage and sales information to be reasonably available to the petitioners and indicative of production levels.

Our review of the data provided in the petition and other information readily available to the Department indicates that the petitioners have established industry support representing over 50 percent of total production of the domestic like product, requiring no further action by the Department pursuant to section 732(c)(4)(D) of the Act. In addition, the Department received no opposition to the petition from parties other than the potential respondents. Therefore, the domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) are met. Furthermore, the domestic producers or workers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Thus, the requirements of section 732(c)(4)(A)(ii) of the Act also are met. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Constructed Export Price and Normal Value

The following is a description of the allegation of sales at less than fair value upon which the Department based its decision to initiate this investigation. The sources of data for the deductions and adjustments relating to U.S. price and normal value are discussed in greater detail in the Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act, we may reexamine the information and revise the margin calculations, if appropriate. The anticipated period of investigation is January 1, 2000, through December 31, 2000.

The following Canadian companies were identified in the petition as producers of greenhouse tomatoes: Amco Produce Inc., Clifford Produce, Double Diamond Acres Ltd., Co-Op Sales Agency, DiCiocco Farms, Erie-James Ltd., Erie Shores Growers Ltd., Fruits et Legumes Vegebec Inc., Great Northern Hydroponics, Golden Jem Produce Inc., Huron Produce Ltd., Huy Farms Ltd., Hydro-Serre Mirabel, Mastronardi Produce Ltd., MCM Acres Ltd., Mucci International Marketing, Rx Farms Ltd., St. Laurent Greenhouse, and Veg Gro Sales Inc. Other producers are likely to be identified as we proceed with this investigation.

The petitioners based constructed export prices on terminal market prices they obtained from the U.S. Department of Agriculture's Agricultural Market News Service. In order to obtain ex-factory prices, the petitioners deducted international transportation and customs duty, U.S. inland freight, and commissions from the sales value. The petitioners calculated international transportation and customs duty from data compiled by the U.S. Bureau of Census. The petitioners calculated U.S. inland freight on the basis of a weighted-average of freight invoices for shipments of tomatoes within the United States. We reviewed the information provided regarding constructed export price and have determined that it is adequate and accurate and represents information reasonably available to the petitioners (see Initiation Checklist, Re: Less-Than-Fair-Value Allegation).

With respect to normal value, the petitioners provided home-market prices derived from weekly wholesale prices published by Canada's Ministry of Agriculture and Agri-Food. In order to obtain ex-factory prices, the petitioners deducted inland freight and commissions. As a result of our review of the petitioners' calculation of the inland freight adjustment, we determined that it was necessary to revise the amount used (see Initiation Checklist, Re: Less-Than-Fair-Value Allegation). Otherwise, we determined that the information the petitioners used for the calculation of home-market price is adequate and accurate and represents information reasonably available to them.

The petitioners have provided information demonstrating reasonable

[2] We note that the Department has broad authority to define the scope of antidumping duty investigations. See *Diversified Products Corp.* v. *United States*, 6 CIT 155, 159 (1983). Further we acknowledge that the ITC has authority to find a domestic like product to be broader or narrower in scope than the class or kind of merchandise described by the Department. See *Hosiden Corp. et al.* v. *United States*, 85 F. 3d 1561, 1563 (Fed. Cir. 1996).

grounds to believe or suspect that sales of greenhouse tomatoes in Canada were made at prices below the fully absorbed cost of production, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, cost of production includes cost of materials and fabrication, selling, general, and administrative expenses, and packing expenses. The petitioners obtained the cost of materials and fabrication and packing expenses from publicly available Canadian industry data and affidavits from officials of the petitioning companies. To calculate selling, general and administrative, and interest expenses, the petitioners relied upon the 2000 financial statements of a Canadian company in the same general industry. As a result of our review of the costs used by the petitioners, we determined it was necessary to revise certain items (see Initiation Checklist, Re: Less-Than-Fair-Value Allegation).

Pursuant to sections 773(a)(4), 773(b), and 773(e) of the Act, the petitioners also based normal value for sales in Canada on constructed value. The petitioners calculated constructed value using the same cost of materials, fabrication, and selling, general and administrative figures used to compute Canadian home-market costs. Consistent with section 773(e)(2) of the Act, the petitioners included in constructed value an amount for profit.

As noted above, pursuant to section 773(b) of the Act, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home market were made at prices below the fully absorbed cost of production. The petitioners requested that the Department conduct a country-wide sales-below-cost investigation in connection with the requested antidumping investigation. The Statement of Administrative Action (SAA) accompanying the URAA states that "an allegation of sales below cost need not be specific to a particular exporter or producer." SAA, H. Doc. 103–316, Vol. 1, 103d Cong., 2d Session, at 833 (1994). The SAA, at 833, also states that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation." Further, the SAA provides that "(n)ew section 773(b)(2)(A) retains the current requirement that Commerce have 'reasonable grounds to believe or suspect' that below-cost sales have occurred before initiating such an investigation. 'Reasonable grounds' * * * exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices." *Id.*

Based upon the comparison of the adjusted prices from the petition for the representative foreign like products to their cost of production, we find the "reasonable grounds to believe or suspect" that sales of the foreign like product in Canada were made at prices below their respective cost of production within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigation.

Fair Value Comparison

Based on the data provided by the petitioners, there is reason to believe that imports of greenhouse tomatoes from Canada are being, or are likely to be, sold in the United States at less than fair value. As a result of the comparison of constructed export prices to normal value, we recalculated estimated dumping margins for imports of greenhouse tomatoes from Canada that range from 0.00 percent to 126.73 percent.

Allegations and Evidence of Material Injury and Causation

The petition alleges that the U.S. industry producing the domestic like product is being materially injured and is threatened with material injury by reason of the imports of the subject merchandise sold at less than normal value. The petitioners contend that their injured condition is evidenced by declining trends in market share, pricing, production levels, profits, sales, and utilization of capacity. Furthermore, the petitioners contend that injury and threat of injury is evidenced by negative effects on their cash flow, ability to raise capital, and growth.

These allegations are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. The Department assessed the allegations and supporting evidence regarding material injury and causation and determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation (see Initiation Checklist, Re: Material Injury).

Initiation of Antidumping Investigation

Based upon our examination of the petition on greenhouse tomatoes from Canada and other information reasonably available to the Department, we find that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of greenhouse tomatoes from Canada are being, or are likely to be, sold in the United States at less than fair value. Unless postponed, we will make our preliminary determination no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the government of Canada. We will attempt to provide a copy of the public version of the petition to each producer named in the petition, as appropriate.

International Trade Commission Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, no later than May 14, 2001, whether there is a reasonable indication that imports of greenhouse tomatoes are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in this investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 777(i) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: April 17, 2001.

Bernard T. Carreau,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 01–10154 Filed 4–23–01; 8:45 am]

BILLING CODE 3510–DS–P

APPENDIX B

LIST OF WITNESSES WHO APPEARED AT THE COMMISSION'S CONFERENCE

B-1

CALENDAR OF PUBLIC CONFERENCE

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

Subject:	Greenhouse Tomatoes from Canada
Inv. No.:	731-TA-925 (Preliminary)
Date and Time:	April 18, 2001 - 9:30 a.m.

The conference in connection with this investigation was held in the Main Hearing Room, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Stewart and Stewart
Washington, DC
on behalf of

Eurofresh, Inc.; Village Farms LLC; Sun Blest Management LLC; Sun Blest Farms LLC; Hydro Age Farms; and Carolina Hydroponic Growers Inc.

Mike DeGiglio, Chief Executive Officer, Village Farms LLC
Robert F. Weidaw, Chief Financial Officer, Eurofresh, Inc.
Fried de Schouwer, Director of Sales and Marketing, Eurofresh, Inc.
Dave Fahrenbruch, General Manager of Operations, Sun Blest Management LLC
Dave Bailey, Owner/Operator, Sun Blest Farms LLC

Carl P. Moyer, Trade Consultant, Stewart and Stewart
Rebecca Woodings, Trade Consultant, Stewart and Stewart

Terence P. Stewart)
Dennis R. Nuxoll) –OF COUNSEL

B-3

In Opposition to the Imposition of Antidumping Duties:

Hogan & Hartson, L.L.P.
Washington, DC
on behalf of

BC Hot House Foods Inc. and Ontario Greenhouse Vegetable Growers

Andy Smith, President, BC Hot House Foods Inc.
Jay Colasanti, Principal, Red Zoo Marketing
John Cervini, General Manager, Lakeside Produce
Larry Gianatti, Managing Partner, Quality Sales, LLC
Joe Comito, President, Capital City Fruit
Leo Calligaro, Vice President, Hydro Age Farms (appeared via video presentation)

John Reilly, Nathan Associates

Mark S. McConnell)
Christopher S. Stokes) –OF COUNSEL

B-4

APPENDIX C
SUMMARY DATA

C-1

Table C-1
Greenhouse tomatoes: Summary data concerning the U.S. market, 1998-2000

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data			Period changes		
Item	1998	1999	2000	1998-2000	1998-1999	1999-2000
U.S. consumption quantity:						
Amount	401,452	458,844	511,871	27.5	14.3	11.6
Producers' share (1)	34.6	35.5	35.0	0.4	1.0	-0.6
Importers' share (1):						
Canada	33.9	38.2	43.7	9.8	4.3	5.4
All other sources	31.5	26.2	21.3	-10.2	-5.3	-4.9
Total imports	65.4	64.5	65.0	-0.4	-1.0	0.6
U.S. consumption value:						
Amount	395,572	394,197	435,082	10.0	-0.3	10.4
Producers' share (1)	29.0	30.2	32.0	3.0	1.2	1.8
Importers' share (1):						
Canada	26.0	30.9	37.7	11.7	4.9	6.8
All other sources	45.0	38.9	30.4	-14.6	-6.1	-8.6
Total imports	71.0	69.8	68.0	-3.0	-1.2	-1.8
U.S. imports from:						
Canada:						
Quantity	136,087	175,384	223,525	64.3	28.9	27.4
Value	102,897	121,801	163,878	59.3	18.4	34.5
Unit value	$0.76	$0.69	$0.73	-3.0	-8.1	5.6
All other sources:						
Quantity	126,552	120,401	109,278	-13.6	-4.9	-9.2
Value	177,893	153,355	132,053	-25.8	-13.8	-13.9
Unit value	$1.41	$1.27	$1.21	-14.0	-9.4	-5.1
All sources:						
Quantity	262,639	295,785	332,803	26.7	12.6	12.5
Value	280,790	275,157	295,931	5.4	-2.0	7.5
Unit value	$1.07	$0.93	$0.89	-16.8	-13.0	-4.4
U.S. producers':						
Average capacity quantity	160,506	185,916	204,464	27.4	15.8	10.0
Production quantity	144,982	172,620	183,474	26.5	19.1	6.3
Capacity utilization (1)	90.3	92.8	89.7	-0.6	2.5	-3.1
U.S. shipments:						
Quantity	138,813	163,059	179,068	29.0	17.5	9.8
Value	114,782	119,040	139,152	21.2	3.7	16.9
Unit value	$0.83	$0.73	$0.78	-6.0	-11.7	6.4
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Production workers	1,608	1,822	1,945	21.0	13.3	6.8
Hours worked	2,793	3,253	3,476	24.5	16.5	6.9
Wages paid ($)	18,665	22,235	28,450	52.4	19.1	28.0
Hourly wages	$6.68	$6.84	$8.18	22.5	2.3	19.7
Productivity (pounds per hour)	34.8	37.1	42.7	22.7	6.5	15.2
Unit labor costs	$0.19	$0.18	$0.19	-0.2	-4.0	3.9
Net sales:						
Quantity	144,995	168,861	182,639	26.0	16.5	8.2
Value	118,209	121,647	141,330	19.6	2.9	16.2
Unit value	$0.82	$0.72	$0.77	-5.1	-11.6	7.4
Cost of goods sold (COGS)	92,115	115,378	125,982	36.8	25.3	9.2
Gross profit or (loss)	26,094	6,269	15,348	-41.2	-76.0	144.8
SG&A expenses	23,176	20,171	26,359	13.7	-13.0	30.7
Operating income or (loss)	2,918	(13,902)	(11,011)	(2)	(2)	20.8
Capital expenditures	15,767	41,669	17,849	13.2	164.3	-57.2
Unit COGS	$0.64	$0.68	$0.69	8.6	7.6	1.0
Unit SG&A expenses	$0.16	$0.12	$0.14	-9.7	-25.3	20.8
Unit operating income or (loss)	$0.02	($0.08)	($0.06)	(2)	(2)	26.8
COGS/sales (1)	77.9	94.8	89.1	11.2	16.9	-5.7
Operating income or (loss)/ sales (1)	2.5	(11.4)	(7.8)	-10.3	-13.9	3.6

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

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Table C-2
Fresh-market tomatoes: U.S. production capacity, production, capacity utilization, shipments, and employment-related indicators, 1998-2000

Item	Calendar year		
	1998	1999	2000
Capacity (*acres under cultivation*)	124,400	136,080	131,500
Capacity (*1,000 pounds*)	3,333,920	3,755,808	3,774,050
Production (*1,000 pounds*)	3,262,800	3,673,500	3,696,400
Capacity utilization (*percent*)	97.9	97.8	97.9
U.S. shipments: Quantity (*1,000 pounds*)	2,976,478	3,339,157	3,286,230
Value (*1,000 dollars*)	1,149,713	951,046	1,160,130
Unit value (dollars *per pound*)	0.39	0.28	0.35
Export shipments: Quantity (*1,000 pounds*)	286,322	334,343	410,170
Value (*1,000 dollars*)	120,521	122,675	162,281
Unit value (*dollars per pound*)	0.42	0.37	0.40
Total shipments: Quantity (*1,000 pounds*)	3,262,800	3,673,500	3,696,400
Value (*1,000 dollars*)	1,270,234	1,073,721	1,322,411
Unit value (*dollars per pound*)	0.39	0.29	0.36

Source: Compiled from USDA NASS Vegetables 2000 Summary Vg-1-2 (01) (January 2001).

C-4

Table C-3
Fresh-market tomatoes: U.S. imports and apparent U.S. consumption,[1] 1998-2000

(Quantity=*1,000 pounds*; value=*1,000 dollars*)

Item	1998	1999	2000
U.S. consumption quantity: Amount	4,844,479	4,972,007	4,895,727
Producers' share[2]	61.4	67.2	67.1
Importers' share: Canada (subject)[2]	2.8	3.5	4.6
All other countries[2]	35.8	29.3	28.3
Total imports[2]	38.6	32.8	32.9
U.S. consumption value: Amount	2,039,732	1,741,962	1,885,621
Producers' share[2]	56.4	54.6	61.5
Importers' share: Canada (subject)[2]	5.0	7.0	8.7
All other countries[2]	38.6	38.4	29.8
Total imports[2]	43.6	45.4	38.5
U.S. imports from-- Canada (subject):			
Quantity	136,087	175,384	223,525
Share of total import quantity[2]	7.3	10.7	13.9
Value	102,897	121,801	163,878
Share of total import value[2]	11.6	15.4	22.6
Unit value *(dollars per pound)*	0.76	0.69	0.73
All other countries:			
Quantity	1,731,913	1,457,467	1,385,972
Value	787,123	669,114	561,614
Unit value *(dollars per pound)*	0.45	0.46	0.41
All countries:			
Quantity	1,868,001	1,632,850	1,609,497
Value	890,019	790,916	725,491
Unit value *(dollars per pound)*	0.48	0.48	0.45

[1] U.S. commercial shipments plus imports.
[2] In *percent*.

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

Source: Compiled from data submitted in response to Commission questionnaires, from official Commerce statistics, and from USDA NASS Vegetables 2000 Summary Vg-1-2 (01) (January 2001).

C-5

Domestic Like Product Issues Regarding Greenhouse and Field Tomatoes

Field-grown tomatoes are planted outdoors in soil and left there to grow, mature, and produce marketable fruit. The soil may be susceptible to such conditions as bad drainage and incidences of flooding and leaching.[1] Further, organic matter is often added to field production, cultivation is often performed, and sometimes mulches are added to the soil bed surrounding the plant. None of these practices are performed in a greenhouse tomato operation.

Tomato production outdoors is alike in some general ways and drastically different in other ways from greenhouse production. For instance, the cultural practices of planting and transplanting, watering and nutrition, testing for nutrition and soil water condition, controlling insect and disease pests, harvesting, and packaging are all performed on both field-grown and greenhouse-grown tomato plants alike. The difference is in the extent to which each is performed. For instance, the soil pH level is field-tested at the beginning of a season for field production, adjustments are made to correct unfavorable levels, and then the soil pH level may be tested again at some later date throughout the season. In a greenhouse, the water solution in which the plants are being grown can easily and readily be tested daily. Further, efforts to correct an unfavorable pH level can result in having to either add some solution to the irrigation sources in the field or mechanically add something to the field itself. In the greenhouse, soil pH adjustments are usually made by adding amendments to the water or fertilizer source, without ever having to apply anything directly to each plant.

There are also a number of practices performed in a greenhouse that cannot easily be done outside. For instance, an overhead artificial light source can be added to greenhouses at any time during the production season and used at the discretion of the grower to regulate plant growth. This cannot be done in a field operation. Temperature control is another practice whereby greenhouse growers can significantly moderate temperatures around plants efficiently and economically, unlike the situation with plants growing outside. Carbon dioxide enrichment is another practice characteristic of greenhouse production only. It has been reported that plant vigor and early fruit set may be increased by the application of carbon dioxide during the propagation stage of greenhouse growing.[2] Plant spacing can be more optimal in a greenhouse since the only significant process performed on the plants once they are in fruit production is the fruit harvest. Field-grown tomatoes have to be planted according to spacing requirements which will allow for the movement of mechanical equipment within the field after planting has taken place. Pollination can be done more efficiently inside a greenhouse through the introduction of bees that are kept circulating within the greenhouse, whereas the pollination of field-grown tomatoes is more affected by the vagaries of bee predators and the weather. Finally, the harvesting of greenhouse-grown tomatoes is considerably easier and can be regulated more easily, with the packing of the tomatoes performed in a building in very close proximity to the production area. Shipping is also usually performed from that area as well.

The original idea of growing vegetables inside an enclosed structure was simply to enable a grower to moderate the otherwise unfavorable outdoor growing environment. Many of the original enclosed production operations in the United States were unsuccessful, due in part to rising oil prices and

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[1] "Growing Greenhouse Tomatoes in Soil and in Soilless Media," Ch. 5, pp. 1-6, as taken from the internet at *http://res.agr.ca/harrow/bk/tomch1_2.htm,* retrieved April 12, 2001.

[2] "Growing Greenhouse Tomatoes in Soil and in Soilless Media," p. 19, as taken from the internet at *http://res.agr.ca/harrow/bk/tomch1_2.htm,* retrieved April 12, 2001.

a lack of registered pesticides allowable for use in greenhouses.[3] Over the years, however, growers have become more proactive in their approach to raising vegetables indoors and, as a result, most of the research on growing vegetables indoors has been conducted in the areas of greenhouse structure design and of how best to "improve" on the inside environment so as to decrease cultural problems and increase yields. In recent years, with the discovery that light is the single most important factor affecting greenhouse production, most of the greenhouse operations in the United States have located in the higher-elevation southwestern desert regions.[4]

In general, the term "greenhouse structure" refers to the physical structure, as defined by certain characteristics of the structure such as shape, construction materials, covering materials, and the intended permanence of the structure. For instance, greenhouse structures are often referred to as ridge-and-furrow or contiguous houses because of how the buildings are attached at the point where their exterior walls meet, often with the wall itself not present. The shape of the house determines what type of covering materials can be used as roofing materials. Glass-covered houses, similar to those used throughout the Netherlands and the United States, are typically rigid structures with steel beams for support and pointed roofs. These structures are the types more commonly built in Europe and the United States for large-scale vegetable-growing operations and are generally much higher at their peak.[5]

Roof coverings may include glass or some form of rigid plastic-type material (e.g., polyvinyl chloride, Mylar, Tedlar, polycarbonates, and acrylics).[6] Rolled-sheet covered houses are often some form of curved-roof shape, with usually two layers of polyethylene rolled film covering. These latter coverings are reported to reduce heat loss in greenhouses by 20 percent as compared with glass-covered structures, but have to be replaced more often than other coverings.

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[3] "Hydroponics," Merle H. Jensen, Univ. of Arizona, Tucson, AZ, p. 2, as taken from the internet at *http://ag.arizona.edu/pls/faculty/merle.html*, retrieved on March 21, 2001.

[4] Ibid., p. 3.

[5] Ibid., p. 5.

[6] Ibid.

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APPENDIX D

USDA SHIPMENT AND PRICING INFORMATION

D-1

Public Volume and Price Data

The following tables contain publicly available data from the USDA Market News Branch regarding volume and pricing of fresh-market tomatoes. Table D-1 presents monthly shipment data for all fresh-market tomatoes. These data are quantities of reported domestic shipments of domestically-produced and imported products, reported by mode of transportation, by origin, and by months. These data are believed to account for less than half of total actual shipments of tomatoes but are believed to be representative of actual total movement of produce throughout the United States. Separate series are presented for Florida, California, Canada, and nonsubject country Mexico.

Data presented in table D-2 show weekly price offer data for field-grown tomatoes in two selected terminal markets, New York and San Francisco, and for seven representative goods, encompassing both mature green tomatoes and vine-ripened field-grown tomatoes. The seven products are as follows:

Product 1: Florida mature green tomatoes, packed 5x6 per layer in 25-pound cartons, between pink and red in color, U.S. One quality, offered in New York.

Product 2: Locally repacked mature green tomatoes, packed 5x6 per layer in 15-pound cartons, U.S. One quality, offered in New York.

Product 3: Locally repacked mature green tomatoes, packed in 25-pound tubes, U.S. One quality, offered in New York.

Product 4: Mexican vine-ripened tomatoes, packed 4x4 or 4x5 per layer in two-layer 20-pound cartons, between pink and red in color, offered in New York.

Product 5: California mature green tomatoes, large, in 25-pound cartons, offered in San Francisco.

Product 6: Mexican mature green tomatoes, large, in 25-pound cartons, offered in San Francisco

Product 7: California vine-ripened tomatoes, packed 5x5 per layer in two-layer 20-pound cartons, offered in San Francisco, South or Southern Coast district.

These prices are wholesale-level prices, reported as a range of the most frequently quoted prices for a certain day each week, offered for the sale of produce in a representative wholesale terminal market. They usually are different from market to market, they sometimes change on a daily basis, and they are believed to be representative of actual transaction prices for produce sales in that particular market.

D-3

Table D-1
Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, monthly, 1996-2000

Month	*(In millions of pounds)*						
	State or country of origin						Total
	Florida	California	Other states	Canada	Mexico	Other countries	
1996:							
January	124.3	0.0	0.2	0.2	200.1	3.4	328.2
February	72.0	0.0	2.5	0.3	245.7	2.4	322.9
March	37.8	0.0	6.9	1.3	252.4	3.5	301.9
April	87.6	0.0	0.6	3.9	219.6	5.3	317.0
May	192.9	19.4	0.0	8.0	87.8	7.6	315.7
June	141.8	102.4	52.1	8.7	62.7	8.4	376.1
July	16.2	200.0	41.8	9.4	65.0	8.5	340.9
August	0.0	165.6	23.0	6.5	69.8	5.2	270.1
September	0.2	138.5	19.7	3.7	51.2	3.4	216.7
October	67.1	188.0	2.1	3.2	54.6	5.5	320.5
November	176.9	85.1	0.0	1.5	71.1	6.0	340.6
December	185.0	7.0	0.0	0.6	121.5	5.0	319.1
1997:							
January	145.1	0.2	0.0	0.5	219.9	5.9	371.6
February	69.9	0.0	0.0	0.3	276.6	4.2	351.0
March	102.3	0.0	0.0	2.3	297.5	6.1	408.2
April	281.7	0.0	0.0	7.9	137.0	6.5	433.1
May	183.3	53.3	0.0	12.2	107.3	9.8	365.9
June	91.5	153.0	6.6	14.5	85.8	12.3	363.7
July	12.0	204.8	46.5	14.7	49.4	13.3	340.7
August	0.0	193.0	64.6	10.5	40.8	9.2	318.1
September	0.0	187.4	49.1	8.7	40.8	5.6	291.6
October	85.0	174.2	14.1	6.5	43.7	6.0	329.5
November	158.6	52.2	0.0	3.7	64.7	7.8	287.0
December	217.2	4.5	0.0	0.7	119.7	8.7	350.8

Table continued on following page.

D-4

Table D-1--Continued
Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, monthly, 1996-2000

Month	*(In millions of pounds)*						
	State or country of origin						Total
	Florida	California	Other states	Canada	Mexico	Other countries	
1998:							
January	155.5	0.0	0.0	0.3	212.8	9.3	377.9
February	93.7	0.0	0.0	0.2	219.5	7.9	321.3
March	121.8	0.0	0.0	2.5	274.3	7.7	406.3
April	173.0	0.0	0.0	12.4	220.7	7.4	413.5
May	216.1	12.8	0.0	22.6	138.5	9.4	399.4
June	159.9	28.8	20.1	25.5	91.3	10.8	336.4
July	0.9	150.9	5.9	20.6	93.2	16.2	287.7
August	0.0	188.2	36.8	15.7	61.4	8.5	310.6
September	0.0	156.4	38.2	12.3	50.2	7.4	264.5
October	26.2	176.1	7.6	12.3	57.0	9.8	289.0
November	137.4	70.5	0.2	6.8	71.0	8.6	294.5
December	209.8	8.6	0.0	2.8	69.8	8.9	299.9
1999:							
January	170.2	0.0	0.0	0.7	172.9	9.8	353.6
February	126.1	0.0	0.0	0.3	201.6	6.0	334.0
March	194.6	0.0	0.0	3.7	195.2	7.7	401.2
April	243.9	0.0	0.0	14.7	137.6	7.2	403.4
May	239.0	9.3	0.0	27.3	100.6	8.4	384.6
June	127.4	63.1	69.2	34.8	78.3	10.8	383.6
July	0.9	224.8	25.9	30.2	55.5	9.1	346.4
August	0.0	183.6	40.0	19.7	50.8	7.8	301.9
September	0.0	206.6	28.2	5.5	65.3	3.5	309.1
October	35.2	221.7	2.4	5.3	63.9	2.9	331.4
November	159.1	86.1	0.0	3.4	70.1	3.1	321.8
December	224.4	6.8	0.0	1.7	99.2	3.1	335.2

Table continued on following page.

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Table D-1--Continued
Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, monthly, 1996-2000

Month	*(In millions of pounds)*						
	State or country of origin						Total
	Florida	California	Other states	Canada	Mexico	Other countries	
2000:							
January	154.2	0.0	0.0	0.4	121.7	3.4	279.7
February	152.2	0.0	0.0	0.2	139.5	1.9	293.8
March	184.8	0.0	0.0	2.3	124.6	2.0	313.7
April	217.0	0.0	0.0	8.7	90.2	2.2	318.1
May	281.8	22.7	0.0	13.2	42.2	2.6	362.5
June	94.1	110.1	65.2	13.5	32.7	3.5	319.1
July	1.3	168.7	21.3	29.8	18.8	6.3	303.2
August	0.0	169.7	32.9	23.1	13.7	6.8	246.2
September	0.0	173.7	26.7	9.2	10.8	2.2	222.6
October	42.9	155.3	0.1	7.8	32.5	2.6	241.2
November	141.0	37.0	0.0	5.9	47.9	3.5	235.3
December	225.0	3.2	0.0	1.6	50.4	4.2	284.4
Source: Market News Branch, Agricultural Marketing Service, USDA.							

D-6

Table D-2
Field-grown tomatoes: Representative offer prices in New York and San Francisco for seven various fresh tomato products, weekly, 1998-2000

Week	New York				San Francisco		
	Product 1	Product 2	Product 3	Product 4	Product 5	Product 6	Product 7
03-Jan-98	-	-	-	-	$11.50-14.00	-	-
10-Jan-98	-	-	-	-	11.00-11.50	-	-
17-Jan-98	-	-	-	-	9.00-10.00	-	-
24-Jan-98	-	-	-	$7.00-10.00	7.00-8.50	-	-
31-Jan-98	-	-	-	6.00-10.00	8.00-8.75	-	-
07-Feb-98	$8.00-9.00	-	-	6.00-10.00	8.50-10.50	-	-
14-Feb-98	10.00-14.00	-	-	10.00-14.00	10.75-14.50	-	-
21-Feb-98	20.00-22.00	-	-	18.00-20.00	16.50-20.00	-	-
28-Feb-98	17.00-22.00	-	-	14.00-20.00	14.00-20.00	-	-
07-Mar-98	15.00-17.00	-	-	15.00-18.00	14.00-14.50	-	-
14-Mar-98	15.00-16.00	-	-	-	10.00-12.00	-	-
21-Mar-98	14.00-16.00	-	-	-	9.00-10.00	-	-
28-Mar-98	14.00-15.00	-	-	-	8.00-10.50	-	-
04-Apr-98	14.00-16.00	-	-	-	9.00-12.00	-	-
11-Apr-98	13.00-16.00	-	-	-	8.50-9.00	-	-
18-Apr-98	12.00-14.00	-	-	-	8.50-9.50	-	-
25-Apr-98	12.00-16.00	-	-	-	8.50-10.00	-	-
02-May-98	15.00-18.00	-	-	-	10.00-14.00	-	-
09-May-98	18.00-19.00	-	-	-	12.50-14.50	-	-
16-May-98	15.00-19.00	-	-	-	12.50-13.50	-	-
23-May-98	14.00-17.00	-	-	-	16.50-18.50	$16.50-18.50	$16.00
30-May-98	11.00-14.00	-	-	-	15.00-16.00	-	10.00-12.00
06-Jun-98	9.00-12.00	-	-	-	9.00-10.00	-	8.50-9.00
13-Jun-98	8.00-9.00	-	-	-	9.00	-	8.00-9.50
20-Jun-98	8.00-9.00	$8.50	-	-	-	11.00	8.00-9.50
27-Jun-98	8.00-15.00	8.50-16.00	-	-	-	11.00-14.50	9.00-12.50
04-Jul-98	16.00-20.00	16.00-17.00	-	-	-	19.00-22.50	14.50
11-Jul-98	16.00-22.00	15.00-18.00	-	12.00-16.00	-	16.50-22.00	-
18-Jul-98	26.00-30.00	16.00	-	20.00-25.00	-	17.50-21.50	14.50-17.50
25-Jul-98	-	13.00-13.50	-	15.00-20.00	-	17.50-22.00	11.50-18.00
01-Aug-98	-	8.50-11.00	-	-	-	9.50-10.50	5.00-7.50
08-Aug-98	-	9.00	-	-	-	9.50	5.00-6.50
15-Aug-98	-	9.00-9.50	-	-	-	7.50-10.50	5.50-7.50
22-Aug-98	-	9.00-9.50	-	-	-	7.50-8.50	6.50-7.50
29-Aug-98	-	9.00	-	-	-	7.50-9.50	6.50-7.50
05-Sep-98	-	9.00	-	-	-	4.00-8.50	6.50-7.50
12-Sep-98	-	9.00-9.50	-	-	-	6.00-7.00	-
19-Sep-98	-	9.50-11.00	-	-	-	9.00-11.50	-
26-Sep-98	-	11.00-12.00	-	-	-	11.50-13.50	-
03-Oct-98	-	11.00-11.50	-	-	-	12.50-17.50	-
10-Oct-98	-	12.50-15.00	-	-	-	16.50-20.50	-
17-Oct-98	24.00-25.00	17.00	-	-	-	16.00-20.50	-
24-Oct-98	23.00-25.00	17.00	-	-	-	17.50-19.00	-
31-Oct-98	18.00-23.00	14.00-16.00	-	-	-	18.50	-
07-Nov-98	12.00-18.00	11.00-14.00	-	-	-	14.00-19.50	-
14-Nov-98	14.00-16.00	12.00	-	-	-	12.00-14.50	-
21-Nov-98	16.00-18.00	14.00-14.50	$15.00	18.00-20.00	-	6.50-18.50	-
28-Nov-98	16.00-22.00	16.00	15.00	-	-	18.50-19.50	-
05-Dec-98	20.00-22.00	15.00	14.00	18.00-20.00	-	17.50-18.50	-
12-Dec-98	20.00-22.00	14.00-16.00	10.00-14.00	-	-	15.50-17.50	-
19-Dec-98	20.00-22.00	15.00	10.00-11.00	-	-	-	-
26-Dec-98	18.00-22.00	15.00	11.00	-	-	-	-
02-Jan-99	16.00-22.00	14.00-15.00	11.00	-	-	-	-

Table continued on following page.

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Table D-2--Continued
Field-grown tomatoes: Representative offer prices in New York and San Francisco for seven various fresh tomato products, weekly, 1998-2000

Week	New York				San Francisco		
	Product 1	Product 2	Product 3	Product 4	Product 5	Product 6	Product 7
02-Jan-99	$16.00-22.00	-	$11.00	-	-	-	-
09-Jan-99	14.00-16.00	-	11.00	-	-	$20.50	-
16-Jan-99	15.00-18.00	-	12.00-15.00	-	-	18.00	-
23-Jan-99	14.00-17.00	-	12.00-14.00	-	-	15.00-18.50	-
30-Jan-99	8.00-16.00	-	10.00-12.00	$14.00-16.00	-	8.50-12.00	-
06-Feb-99	7.00-8.00	-	9.00-10.00	-	-	7.50-8.50	-
13-Feb-99	7.00-8.00	-	8.50-9.00	8.00-9.00	-	8.00-8.50	-
20-Feb-99	7.00-10.00	-	8.00-9.00	-	-	8.50	-
27-Feb-99	10.00-14.00	-	9.00-11.00	10.00-12.00	-	8.50-12.50	-
06-Mar-99	9.00-12.00	-	9.00-10.00	9.00-10.00	-	7.50-10.50	-
13-Mar-99	9.00-10.00	-	9.00-10.00	8.00-10.00	-	7.50-11.00	-
20-Mar-99	9.00-10.00	-	9.00-10.00	10.00-12.00	-	8.50-10.00	-
27-Mar-99	7.00-10.00	-	9.00	-	-	8.50-9.50	-
03-Apr-99	8.00	-	9.00	-	-	8.75-9.50	-
10-Apr-99	8.00	-	8.00-9.00	12.00-14.00	-	9.50-11.00	-
17-Apr-99	8.00-9.00	-	8.00-9.00	-	-	9.00-9.50	-
24-Apr-99	9.00-11.00	-	8.00-9.00	-	-	8.00-9.50	-
01-May-99	11.00-12.00	-	8.00-9.00	-	-	9.50-10.50	-
08-May-99	9.00-12.00	-	9.00	-	-	8.50-9.50	-
15-May-99	8.00-9.00	-	9.00	-	-	8.50	-
22-May-99	8.00-9.00	-	8.50-9.00	-	-	8.50-11.50	-
29-May-99	7.00-9.00	-	8.50-9.00	-	$8.00-9.00	9.50-11.00	-
05-Jun-99	8.00-9.00	-	9.00	-	8.00-9.00	-	-
12-Jun-99	8.00-14.00	-	9.50-11.00	-	7.50-8.50	-	-
19-Jun-99	12.00-14.00	-	9.50-10.00	-	8.00-11.50	-	-
26-Jun-99	11.00-13.00	-	10.00	-	9.00-14.00	-	-
03-Jul-99	10.00-12.00	-	10.00	-	7.50-10.00	-	-
10-Jul-99	11.00-12.00	$9.50	10.00	-	6.50-7.50	-	-
17-Jul-99	-	9.50	10.00	-	5.50-6.50	-	-
24-Jul-99	-	9.00-9.50	9.00-10.00	-	5.00-6.50	-	-
31-Jul-99	-	9.00	9.00	-	5.00-6.00	-	$10.50-12.50
07-Aug-99	-	8.50	9.00	-	4.50-5.50	-	-8.50
14-Aug-99	-	8.50	9.00	-	6.00-6.50	-	-9.50
21-Aug-99	-	9.00	9.00-10.00	-	6.00-6.50	-	9.50-10.00
28-Aug-99	-	9.00	9.00-10.00	-	6.50-7.50	-	7.50-9.50
04-Sep-99	-	10.00-11.00	9.00-10.00	-	8.50-10.00	-	7.50-12.50
11-Sep-99	-	10.00-11.00	10.00	7.00-8.00	8.75-10.00	-	-11.50
18-Sep-99	-	10.00-11.00	10.00	-	9.00-10.50	-	10.50-11.50
25-Sep-99	-	10.00-11.00	10.00	-	8.00-10.50	-	10.50-11.50
02-Oct-99	-	9.00-9.50	8.50-10.00	-	6.00-7.50	-	9.50-10.50
09-Oct-99	-	9.00	8.00-9.00	-	5.50-6.50	-	5.50-8.50
16-Oct-99	-	8.00-9.00	9.00	-	5.50-6.00	-	6.50-7.50
23-Oct-99	-	8.00-9.00	9.00-10.00	-	5.50-6.00	-	5.50-7.50
30-Oct-99	10.00-12.00	9.00	9.00-10.00	-	5.50-6.00	-	5.50-9.50
06-Nov-99	11.00	9.50	9.00-10.00	-	6.00-7.00	-	9.00-9.50
13-Nov-99	10.00-11.00	9.50	9.00-10.00	-	7.00-7.50	-	8.50-10.50
20-Nov-99	9.00-11.00	9.00-9.50	9.00-10.00	14.00	7.50-8.00	-	8.50-9.50
27-Nov-99	12.00-14.00	10.00	10.00-11.00	-	9.50-10.50	-	9.50
04-Dec-99	12.00-14.00	9.00-10.00	10.00-11.00	-	-	-	-
11-Dec-99	9.00-11.00	8.00-9.50	9.00	-	-	-	-
18-Dec-99	12.00-15.00	10.00-11.50	10.00-11.00	-	-	13.50-15.50	-
25-Dec-99	14.00	10.50-11.50	10.00	-	-	-	-
01-Jan-00	10.00-14.00	9.50-10.00	9.00-10.00	-	-	-	-

Table continued on following page.

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Table D-2--Continued
Field-grown tomatoes: Representative offer prices in New York and San Francisco for seven various fresh tomato products, weekly, 1998-2000

Week	New York				San Francisco		
	Product 1	Product 2	Product 3	Product 4	Product 5	Product 6	Product 7
08-Jan-00	$9.00-10.00	$9.50	$9.00	-	-	$8.50	-
15-Jan-00	8.00-9.00	8.00-9.50	9.00	-	-	8.50	-
22-Jan-00	9.00-10.00	9.00-10.00	9.00	$12.00	-	8.50-9.00	-
29-Jan-00	8.00-10.00	8.00-10.00	9.00	-	-	8.00	-
05-Feb-00	8.00-9.00	8.00-9.00	8.00-9.00	12.00-13.00	-	8.00-8.50	-
12-Feb-00	7.00-9.00	8.00-9.00	8.00-9.00	-	-	8.00-8.50	-
19-Feb-00	8.00-9.00	8.00-9.50	8.50-11.00	11.00-12.00	-	8.50-9.50	-
26-Feb-00	8.00-9.00	8.00-9.50	11.00-12.00	10.00-12.00	-	7.50-9.50	-
04-Mar-00	8.00-9.00	9.00	10.00-11.00	8.00-12.00	-	8.50	-
11-Mar-00	9.00-15.00	9.50-11.00	10.00-12.00	11.00-12.00	-	10.00-12.50	-
18-Mar-00	15.00-20.00	13.00-16.00	12.00	14.00-17.00	-	12.00-14.00	-
25-Mar-00	10.00-14.00	10.00-11.50	10.00-11.00	12.00-14.00	-	11.50-12.50	-
01-Apr-00	12.00-14.00	10.00-11.00	10.00-11.00	16.00-17.00	-	10.00-12.50	-
08-Apr-00	14.00-18.00	11.00-14.00	9.00-11.00	15.00	-	11.00-12.00	-
15-Apr-00	-	12.50-14.00	9.00-10.00	14.00-18.00	-	10.50-12.00	-
22-Apr-00	-	11.00-12.00	9.00-10.00	-	-	10.50-11.50	-
29-Apr-00	-	8.00-11.00	9.00-10.00	-	-	10.00-12.50	-
06-May-00	-	8.50-11.00	9.00	-	-	10.00-12.50	-
13-May-00	-	8.00-11.00	9.00-10.00	-	-	10.00-11.00	-
20-May-00	-	8.00-9.00	10.00-12.00	-	-	10.00-11.00	-
27-May-00	-	8.50-9.00	11.00-12.00	-	-	-	-
03-Jun-00	-	8.00-10.00	10.00-12.00	-	-	-	-
10-Jun-00	-	10.00	10.00-11.00	-	-	-	$12.50-14.00
17-Jun-00	-	9.50-10.00	10.00	-	$8.00-10.00	-	11.00-12.50
24-Jun-00	-	10.00	11.00-13.00	-	8.00-9.00	-	10.50-11.00
01-Jul-00	-	10.00-11.00	10.50-13.00	-	6.50-9.00	-	10.50-12.00
08-Jul-00	-	9.00-10.00	10.00-11.00	-	6.00-6.50	-	11.50-12.50
15-Jul-00	-	9.00-10.00	10.00-12.00	-	6.50-8.00	-	9.50
22-Jul-00	-	10.00	10.00-12.00	-	6.50-7.50	-	11.50-12.50
29-Jul-00	-	9.50	10.00-11.00	-	7.50-9.00	-	12.50-13.50
05-Aug-00	-	10.00-11.00	9.00-10.00	-	7.50-8.75	-	9.00-12.50
12-Aug-00	-	9.50-10.00	9.00-11.00	-	8.50-9.50	-	9.50-12.50
19-Aug-00	-	9.50-11.00	9.00-11.00	-	9.00-11.50	-	12.50-14.50
26-Aug-00	-	11.00-12.00	9.00-12.00	-	12.00-13.50	-	13.50-16.00
02-Sep-00	-	11.00-12.00	9.00-11.00	-	9.50-11.50	-	9.50-13.50
09-Sep-00	-	11.00-12.00	9.00-11.00	-	8.00-10.00	-	9.00-10.50
16-Sep-00	-	10.00-11.00	9.00-10.00	-	8.00-9.00	-	8.50-10.50
23-Sep-00	-	10.00	9.00-11.00	-	6.50-9.00	-	8.00-9.00
30-Sep-00	-	10.00-11.00	10.00	-	6.50-8.50	-	9.00-10.50
07-Oct-00	-	10.00-13.00	9.00-11.00	-	8.50-12.50	-	11.50-15.50
14-Oct-00	18.00	14.00-15.00	10.00-13.00	-	12.50-15.50	-	17.50-18.50
21-Oct-00	22.00-25.00	18.00-20.00	13.00-16.00	-	-	-	17.50-22.50
28-Oct-00	20.00-24.00	18.00-19.00	13.00-14.00	-	13.50-14.50	-	14.00-18.50
04-Nov-00	18.00-20.00	15.00-16.00	12.00	-	12.50-14.50	-	13.50-16.50
11-Nov-00	16.00-18.00	15.00-16.00	12.00	-	14.00	-	12.00-14.50
18-Nov-00	18.00-20.00	15.00-17.00	12.00	-	16.50-18.00	-	16.50-18.50
25-Nov-00	20.00-30.00	18.00-19.00	14.00-15.00	-	17.00-18.00	-	18.50-20.00
02-Dec-00	22.00-27.00	18.00-21.00	14.00	-	-	-	18.00-18.50
09-Dec-00	20.00-22.00	16.00-17.00	12.00-13.00	-	-	-	-
16-Dec-00	14.00-18.00	13.50-16.00	11.00-13.00	-	-	-	-
23-Dec-00	10.00-12.00	10.00-12.00	10.00	-	-	-	-
30-Dec-00	7.00-9.00	8.50-10.00	9.00-10.00	-	-	-	-

Source: Market News Branch, Agricultural Marketing Service, USDA.

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APPENDIX E

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

E-1

The Commission requested U.S. producers of greenhouse tomatoes to describe any actual or potential negative effects of imports of greenhouse tomatoes from Canada on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

Actual Negative Effects

Below are the producers' responses regarding actual negative effects due to imports of greenhouse tomatoes from Canada.

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Anticipated Negative Effects

Below are the producers' responses regarding anticipated negative effects due to imports of greenhouse tomatoes from Canada.

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