

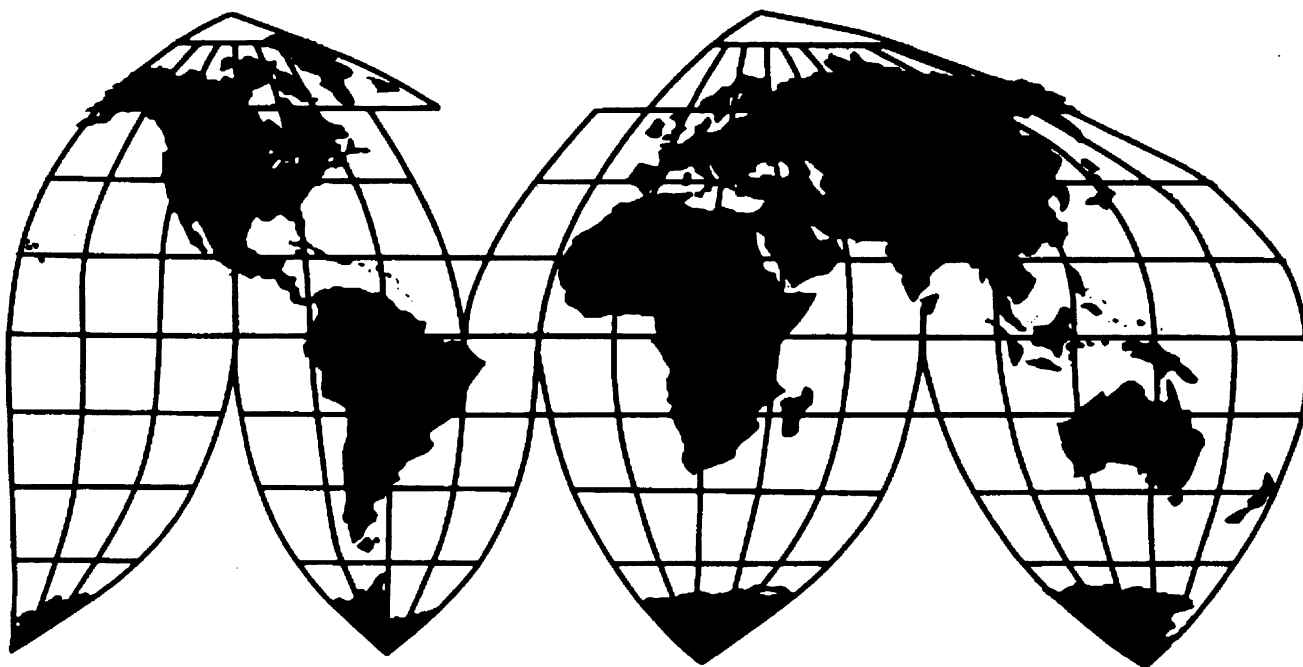
# **Greenhouse Tomatoes From Canada**

Investigation No. 731-TA-925 (Final)

**Publication 3499**

**April 2002**

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-925 (Final)

## GREENHOUSE TOMATOES FROM CANADA

### DETERMINATION

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

### BACKGROUND

The Commission instituted this investigation effective March 28, 2001, following receipt of a petition filed with the Commission and Commerce 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. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of greenhouse tomatoes from Canada were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of November 14, 2001 (66 FR 57112). The hearing was held in Washington, DC, on February 21, 2002, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

<sup>2</sup> Commissioner Lynn M. Bragg dissenting.





## VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of greenhouse tomatoes from Canada found to be sold in the United States at less than fair value (“LTFV”).<sup>1 2</sup>

### I. DOMESTIC LIKE PRODUCT AND INDUSTRY

#### A. In General

In determining whether 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.”<sup>3</sup> 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.”<sup>4</sup> 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 . . . .”<sup>5</sup>

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.<sup>6</sup> No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.<sup>7</sup> The Commission looks for clear dividing lines among possible like products and disregards minor variations.<sup>8</sup>

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<sup>1</sup> Commissioner Bragg dissenting. See Dissenting Views of Commissioner Lynn M. Bragg.

<sup>2</sup> Whether the establishment of an industry is being materially retarded is not at issue in this investigation.

<sup>3</sup> 19 U.S.C. § 1677(4)(A).

<sup>4</sup> 19 U.S.C. § 1677(4)(A).

<sup>5</sup> 19 U.S.C. § 1677(10).

<sup>6</sup> 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) 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).

<sup>7</sup> See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

<sup>8</sup> 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.”). The Commission has the authority to define the like product more broadly than the scope. Hosiden Corp. v. Advanced Display Mfrs., 85

(continued...)

Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise that has been found to be subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.<sup>9</sup>

## **B. Product Description**

Commerce’s final determination defines the imported merchandise within the scope of these investigations 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.<sup>10</sup>

Tomatoes are edible fruits of the *Solanaceae* (or Nightshade) family, genus *Lycopersicon*, and species (*L.*) *esculentum*.<sup>11</sup> The imported product subject to this investigation, greenhouse tomatoes, includes a wide variety of fresh tomatoes, such as common round tomatoes, cherry tomatoes, plum or pear tomatoes, and cluster or “on-the-vine” tomatoes. The imported tomatoes are available in a wide range of sizes, shapes, and colors, but are limited to tomatoes grown in greenhouses and exclude field-grown tomatoes grown for the fresh tomato market (“field-grown tomatoes” or “field tomatoes”).<sup>12</sup>

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<sup>8</sup> (...continued)

F.3d 1561, 1564 (Fed. Cir. 1996) (quoting Certain High-Information Content Flat Panel Displays and Display Glass Therefor from Japan, Inv. No. 731-TA-469 (Final), USITC Pub. 2413 at 5 (August 1991)).

<sup>9</sup> Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

<sup>10</sup> Notice of Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes from Canada, 67 Fed. Reg. 8781, 8782 (February 26, 2002). The notice also provides that:

“The merchandise subject to this investigation may enter the United States under statistical reporting numbers 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.”

<sup>11</sup> Confidential Version of the March 18, 2002, Final Staff Report (“CR”) at I-2 (as revised by INV-Z-037), Public Version of the March 18, 2002, Final Staff Report (“PR”) at I-2. The CR was revised by memoranda numbered INV-Z-035, INV-Z-036, and INV-Z-037. Tables V-4 and V-5 were further revised by the Office of Economics to correct minor tabulation errors.

<sup>12</sup> Processing tomatoes also are excluded from the scope of this investigation. CR at I-2, n.6 (as revised by INV-Z-037), PR at I-2, n.6.

## C. Domestic Like Product

### *General*

In its preliminary determination in this investigation, the Commission found that the domestic like product consisted only of greenhouse tomatoes. The Commission determined not to include field tomatoes grown for the fresh market, but stated its intention to re-examine this question during the final phase of this investigation.<sup>13</sup> In the final phase of this investigation, Petitioners<sup>14</sup> continue to argue that the domestic like product should consist of tomatoes grown in greenhouses only. Respondents<sup>15</sup> continue to argue that the domestic like product should consist of all tomatoes grown for the fresh market, whether grown in greenhouses or in the field.<sup>16</sup>

The Commission has conducted several prior import injury investigations of tomatoes. In April 1995, the Commission majority distinguished between fresh market and processing tomatoes, but found no factual or legal basis to conclude that cherry tomatoes or tomatoes grown in greenhouses were distinguishable from field-grown tomatoes, thus concluding that producers of such tomatoes were part of a single fresh tomato industry.<sup>17</sup> In May 1996, the Commission found a single domestic like product consisting of all fresh market tomatoes, including both mature green field tomatoes and vine ripened field tomatoes, without distinguishing between greenhouse production and field production.<sup>18</sup> In August 1996, the Commission majority found all forms and varieties of fresh tomatoes to be “like or directly competitive” with imported tomatoes.<sup>19</sup> While two of the prior investigations were decided under a different statute (with different legislative histories and statutory purposes)<sup>20</sup> and all three were based on

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<sup>13</sup> Greenhouse Tomatoes from Canada, Inv. No. 731-TA-925 (Preliminary), USITC Pub. 3424 (May 2001) at 10 and note 59; see also CR at I-3, PR at I-2.

<sup>14</sup> The Petitioners in this investigation are 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. CR and PR at I-1 (as revised by INV-Z-037).

<sup>15</sup> Respondents BC Hot House Foods Inc. (“BC Hot House”) and the Ontario Greenhouse Vegetable Growers (referred to collectively herein as “Respondents”) filed briefs in this investigation.

<sup>16</sup> CR at I-3, PR at I-2. 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 (May 1996) at 11-13.

<sup>17</sup> Fresh Winter Tomatoes, Inv. No. TA-201-64 (Provisional Relief Phase), USITC Pub. 2881 (April 1995) at I-14 (Views of Chairman Watson and Commissioners Crawford and Bragg). Commissioners Rohr and Newquist focused exclusively on growers of fresh tomatoes who grow between January and April, exclusive of cherry, greenhouse, and processing tomatoes. Fresh Winter Tomatoes, Inv. No. TA-201-64 (Provisional Relief Phase), USITC Pub. 2881 (April 1995) at I-25 (Views of Commissioners Rohr and Newquist).

<sup>18</sup> Fresh Tomatoes from Mexico, Inv. No. 731-TA-747 (Preliminary), USITC Pub. 2967 (May 1996) at 11.

<sup>19</sup> Fresh Tomatoes and Bell Peppers, Inv. No. TA-201-66, Pub. 2985 (Aug. 1996) at I-8. The Commission majority concluded that, despite differences in growing techniques and superior freshness, taste, and appearance (reflected in price), greenhouse tomatoes are “no more than a higher priced version of field tomatoes.” *Id.* at I-9. But see Views of Commissioner Bragg (citing differences in producing firms, cultivation, prices, quality, and markets). *Id.* at I-21 to I-22.

<sup>20</sup> Both Fresh Winter Tomatoes and Fresh Tomatoes and Bell Peppers were safeguard investigations, decided

(continued...)

distinct factual records,<sup>21</sup> our analysis of the record in this investigation does not lead us to a conclusion contrary to those of the prior investigations.

In our examination of the six traditional like product factors, we find that differences between greenhouse and field tomatoes generally represent variations in the quality of the tomato rather than distinctions that represent clear dividing lines. While greenhouse tomatoes typically occupy the higher end of a quality continuum, some field tomatoes are as high or higher in quality than greenhouse tomatoes, blurring any potential dividing lines. Based on our examination of the like product factors, we find the domestic like product to be all fresh tomatoes, whether grown in greenhouses or in fields.

### *Physical Characteristics and Uses*

Both domestic greenhouse and field tomato growers supply the U.S. fresh tomato market with a variety of tomatoes, the vast majority of which belongs to the species *L. esculentum*.<sup>22</sup> Although many genetic varieties exist within the species *L. esculentum*, the large common round tomato (“beefsteak tomato”) accounts for 50-60 percent of greenhouse tomatoes and about 70 percent of field tomatoes produced for the fresh market in the United States.<sup>23</sup> Most of the remainder of greenhouse tomatoes are the similar but smaller round tomatoes-on-the-vine (“TOV”), which are sold in small bunches attached to a common vine or “truss.”<sup>24</sup> Less than two percent of greenhouse tomatoes are specialty products such as cherry tomatoes.<sup>25</sup> Cherry tomatoes are also grown in the field, as well as Roma tomatoes and grape tomatoes.<sup>26</sup>

The quality continuum mentioned above is observed among the beefsteak tomatoes that make up a majority of the fresh tomato market. The lower end of the continuum is represented by the large volume of beefsteak tomatoes grown in the field that are harvested while still entirely green (“mature greens”).<sup>27</sup> These tomatoes redden with the addition of ethylene gas, but do not ripen in terms of converting various starches into sugars, and thus are generally regarded as being inferior in flavor and appearance.<sup>28</sup> A mid-point is represented by the significant and growing portion of beefsteak field

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<sup>20</sup> (...continued)

under section 202 of the Trade Act of 1974 (19 U.S.C. § 2252).

<sup>21</sup> The third investigation was Fresh Tomatoes from Mexico, Inv. No. 731-TA-747 (Preliminary), USITC Pub. 2967 (May 1996).

<sup>22</sup> CR at I-3 to I-4, PR at I-2 to I-3.

<sup>23</sup> Transcript of February 21, 2002 hearing (“Hearing Tr.”) at 68-70 (David Fahrenbruch, General Manager of Operations for domestic greenhouse producer Sun Blest Management, and David Cimiano, Former Director of Produce for Safeway, Inc.); CR at I-4 and PR at I-3.

<sup>24</sup> Hearing Tr. at 68 (Fahrenbruch), transcript (revised and corrected copy) of April 18, 2001 conference (“Conf. Tr.”) at 89-90 (Fried De Schouwer, Director of Sales and Marketing Research for domestic greenhouse grower Eurofresh, Inc.).

<sup>25</sup> CR at I-4 and PR at I-3.

<sup>26</sup> CR at I-4 and PR at I-3.

<sup>27</sup> Conf. Tr. at 103 (Andy Smith, CEO of Canadian greenhouse tomato grower BC Hot House); Hearing Tr. at 106 (Dr. John Van Sickle, Dept. of Food and Resource Economics, Institute of Food and Agricultural Sciences at the University of Florida)(“strong majority of field tomatoes are mature green”).

<sup>28</sup> Conf. Tr. at 103-04 (A. Smith); CR at I-8 to I-9, II-1, PR at I-5 to I-6, II-1.

tomatoes known as “vine-ripened,” which are harvested after a small amount of red color appears.<sup>29</sup> These tomatoes redden without the additional ethylene gas and generally taste better than mature green field tomatoes.<sup>30</sup> Greenhouse tomatoes generally represent a higher point on the quality continuum, and typically display more red color at harvest than do vine-ripened field tomatoes.<sup>31</sup> Consistent with the position of greenhouse tomatoes in the quality continuum, more purchasers reported quality differences between greenhouse and mature green field tomatoes than between greenhouse tomatoes and vine-ripened field tomatoes. A majority of purchasers reported that greenhouse tomatoes have a better taste and quality than mature green field tomatoes, while less than one third specifically reported that greenhouse tomatoes have a better taste than vine-ripened field tomatoes, and only a slightly smaller number reported that greenhouse and vine-ripened field tomatoes are the same or similar.<sup>32</sup>

The highest point on the quality continuum is represented by “locally-grown tomatoes.” Locally-grown tomatoes are distinct from other “vine-ripened” field tomatoes because the former are grown near the point of sale, and generally are available only during the peak local growing season, such as in late summer in many areas of the United States.<sup>33</sup> Growers generally indicated that locally-grown tomatoes ripen to the same or to a greater extent than vine-ripened field tomatoes prior to harvest.<sup>34</sup> The record indicates that customers prefer the taste of locally-grown tomatoes over that of all other tomatoes, including both vine-ripened field tomatoes and greenhouse tomatoes.<sup>35</sup>

Mature green field tomatoes are firmer and thus are more easily harvested, shipped, and sliced than other field tomatoes or than greenhouse tomatoes.<sup>36</sup> There was mixed evidence regarding whether greenhouse or field tomatoes have a longer shelf life.<sup>37</sup>

Consistent with the absence of a clear dividing line between greenhouse and field tomatoes in physical characteristics, these fresh tomatoes typically have the same end uses: consumption in salads, sandwiches, and as a fresh ingredient in various dishes. Neither greenhouse nor field tomatoes are processed into canned tomatoes, sauces, or other prepared foods. About 70 percent of all fresh tomatoes are sold at retail and used by individual consumers (such as shoppers at supermarkets), with the

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<sup>29</sup> Conf. Tr. at 93 (Fahrenbruch).

<sup>30</sup> CR at I-8 to I-9, PR at I-5 to I-6.

<sup>31</sup> Conf. Tr. at 93 (Fahrenbruch); CR at II-1, PR at II-1. Nevertheless, the term “vine-ripened” generally refers to field tomatoes only. Conf. Tr. at 142 (A. Smith).

<sup>32</sup> CR at I-9 and PR at I-6. Growers of greenhouse tomatoes generally reported that greenhouse tomatoes have better taste and appearance than field-grown tomatoes, but the responses of growers of field producers were mixed. CR at I-5 and PR at I-3 to I-4.

<sup>33</sup> See, e.g., Hearing Tr. at 65 (Ricky Carr, Produce Buyer, Ingles Market), 158 (Gianatti), Conf. Tr. at 103 (A. Smith), 119, 163 (Gianatti), 162 (Comito).

<sup>34</sup> In a telephone survey of 26 field tomato growers, two growers reported that locally-grown field tomatoes are allowed to ripen more if they are delivered locally, and two more said that locally-grown are picked later than vine-ripened field tomatoes. However, three growers reported that locally-grown and vine-ripened are the same, while another reported selling vine-ripened as locally-grown. See Telephone Survey of Field Growers Conducted by Commission Staff on March 25, 2002 (“Field Grower Survey”).

<sup>35</sup> Conf. Tr. at 119, 161-62 (Larry Gianatti, President & CEO of wholesaler/distributor Quality Sales, Inc., and Joe Comito, President of distributor/repacker Capital City Fruit); Hearing Tr. at 158, 204 (Gianatti).

<sup>36</sup> Conf. Tr. at 104, 108 (A. Smith).

<sup>37</sup> CR at I-5 and PR at I-3 to I-4.

remainder used by food service providers, including restaurants, schools, and other institutions.<sup>38</sup> Fast food restaurants account for about 15.7 percent of all fresh tomato consumption.<sup>39</sup> Both greenhouse and field tomatoes are sold to retail users, but field tomatoes predominate in food service, reportedly because they are less expensive and easier to slice by hand or by mechanical slicers.<sup>40</sup>

### *Interchangeability*

U.S. growers, packers, and importers provided differing perspectives on the interchangeability and substitutability of greenhouse and field tomatoes. Approximately three quarters of U.S. importers reported that greenhouse and field tomatoes are substitutable for each other.<sup>41</sup> Half of the responding packers and three of five responding field growers also considered field tomatoes to be substitutes for greenhouse tomatoes.<sup>42</sup> Only three greenhouse growers reported interchangeability, however, and seven out of eleven reported no substitutability between greenhouse and field tomatoes.<sup>43</sup>

An overwhelming majority of purchasers who responded to the Commission's questionnaires reported that they purchase both greenhouse and field tomatoes.<sup>44</sup> Moreover, nearly every responding purchaser also reported that greenhouse and field fresh tomatoes compete with each other for retail shelf space and that the shelf space allocated to these fresh tomatoes is adjusted on a weekly basis.<sup>45</sup> Although three quarters reported that they do not consider greenhouse tomatoes and field tomatoes to be substitutable,<sup>46</sup> 15 of 27 responding purchasers conceded that "local" tomatoes have an effect on their greenhouse tomato sales.<sup>47</sup>

Finally, the Commission received testimony that supermarkets in more affluent areas carry more greenhouse tomatoes, while supermarkets in less affluent areas carry less expensive tomatoes

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<sup>38</sup> CR at II-4, PR at II-2.

<sup>39</sup> *Id.*

<sup>40</sup> CR at II-4 to II-5, PR at II-4. Respondent BC Hot House reported that it sold \*\*\* of its greenhouse tomatoes directly to food service customers between 1998 and 2001, and that its biggest customer in Japan is Subway, a food-service customer. \*\*\* submitted affidavits stating that \*\*\*. CR at I-3, I-5, I-7 (as revised by INV-Z-037), II-4 to II-5, PR at I-3 to I-5, II-3. The volume of the foreign producers' sales to the food service industry is small and their activities within their own or other non-U.S. markets are not directly relevant to the Commission's domestic like product analysis.

<sup>41</sup> CR and PR at Table II-1; CR at I-7 (as revised by INV-Z-037) and II-11, PR at I-5 and II-7.

<sup>42</sup> CR and PR at Table II-1; CR at II-11, PR at II-7.

<sup>43</sup> CR and PR at Table II-1; CR at I-7 (as revised by INV-Z-037), II-11 to II-12, PR at I-5, II-7.

<sup>44</sup> CR at I-8, II-13, PR at I-5, II-8.

<sup>45</sup> *Id.* There also was testimony that mature green field tomatoes formerly dominated tomato sales, except when local production was available, but now both vine-ripened field tomatoes and greenhouse tomatoes are taking sales away from mature green field tomatoes. Conf. Tr. at 103-06 (A. Smith). However, mature green field tomatoes are still widely available in the U.S. market, indicating that many consumers are not willing to pay a higher price for the better taste and appearance of vine-ripened field and greenhouse tomatoes. Conf. Tr. at 106 (A. Smith).

<sup>46</sup> *Id.*

<sup>47</sup> CR at II-17, PR at II-10. Similarly, about half of responding purchasers reported that the availability and size of the tomato crops from Florida, California, and/or Mexico affected their pricing of greenhouse tomatoes. CR at II-17, PR at II-11.

(presumably including mature-green field tomatoes).<sup>48</sup> This suggests that retailers present a continuum of tomato types and sizes, based on availability, price, promotions, quality, and consumer preference.<sup>49</sup> This testimony also evidences that greenhouse and field tomatoes are interchangeable and that consumers tend to make their purchasing decisions on the basis of their tastes and disposable income. Consumer preferences, in turn, influence the purchasing decisions of supermarket retailers.

### *Channels of Distribution*

The record in this investigation indicates some differences in channels of distribution for greenhouse and field tomatoes, but some overlap as well. Most U.S. greenhouse growers pack their own tomatoes and then sell them directly to retailers or to wholesalers or distributors who resell them to retailers.<sup>50</sup> While some field growers also pack their own tomatoes,<sup>51</sup> others typically send their tomatoes to packers or repackers, who ship to retailers.<sup>52</sup>

Slightly more than one half (54.9 percent) of domestically-produced greenhouse tomatoes were sold directly to retailers, while the remainder is sold to wholesalers or distributors.<sup>53 54</sup> The record is less well-developed with respect to channels of distribution for field tomatoes, but there is evidence that the majority is sold through wholesalers after packing.<sup>55</sup> Accordingly, a substantial portion of both greenhouse and field tomatoes is sold to wholesalers. At least some distributors handle both greenhouse and field tomatoes.<sup>56</sup>

### *Common Production Facilities, Processes, and Employees*

“Greenhouse” tomatoes are defined in terms of their manner of production. Unsurprisingly, there is little overlap between the production facilities utilized by greenhouse growers and those utilized by field growers. Greenhouse tomatoes are grown in greenhouses that apply high-tech environmental controls, while field tomatoes are grown outdoors in fields.<sup>57</sup> Greenhouse tomatoes tend to be grown in soil-like media, such as rock wool suspended in nutrient solutions, whereas field tomatoes are grown in soil.<sup>58</sup> There is little or no overlap in employees utilized by U.S. greenhouse and field growers, as greenhouse employees are primarily full-time workers while field growers rely more heavily on seasonal

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<sup>48</sup> Conf. Tr. at 154 (Gianatti); Hearing Tr. at 154 (Gianatti).

<sup>49</sup> CR at I-8, II-13 to II-14, PR at I-5, II-8.

<sup>50</sup> CR at I-10, II-3 (as revised by INV-Z-037), PR at I-6, II-2. Some of the larger greenhouse growers also have acted as distributors for smaller greenhouse growers. CR at II-3 (as revised by INV-Z-037), PR at II-2.

<sup>51</sup> See, e.g., questionnaire responses of \*\*\*.

<sup>52</sup> CR at I-10, II-3 (as revised by INV-Z-037) and PR at I-6 and II-2.

<sup>53</sup> CR at II-3 (as revised by INV-Z-037), PR at II-2.

<sup>54</sup> We use the term “retailers” here in contrast to distributors and wholesalers. Elsewhere, however, the term “retailers” refers to supermarkets and is used to contrast them with food service providers.

<sup>55</sup> CR at II-3 (as revised by INV-Z-037), PR at II-2. One responding field grower reported that he sold all of his tomatoes “at auction” and two others reported that they sold all of their tomatoes to wholesalers. Id.

<sup>56</sup> Conf. Tr. at 116-17 (Gianatti), 120-22 (Comito).

<sup>57</sup> CR at I-6, PR at I-4.

<sup>58</sup> Id.

migrant workers.<sup>59</sup> No tomato grower who responded to the Commission’s questionnaires or who was contacted by Commission staff by telephone reported growing both greenhouse and field tomatoes.<sup>60</sup>

With regard to production processes, greenhouse tomatoes and field tomatoes also differ with respect to the length of their growing seasons and the fruitfulness of individual plants, and growers consider these differences when deciding which type of tomato they want to produce. Greenhouse tomatoes tend to be “indeterminate” plants that have longer life spans, single stems over 20 feet in length, and more fruit production per plant.<sup>61</sup> Field tomatoes tend to be “determinate” plants that grow and produce fruit for a relatively fixed period of time or “semideterminate” plants that grow taller than determinates and require staking.<sup>62</sup>

### *Producer and Customer Perceptions*

Consistent with continuum in the quality of fresh tomatoes, a large majority of purchasers reported that greenhouse tomatoes have a better taste and quality than mature green field tomatoes.<sup>63</sup> However, less than one third of these purchasers specifically reported that greenhouse tomatoes taste better than vine-ripened field tomatoes, and approximately one quarter of these purchasers reported that greenhouse tomatoes and vine-ripened field tomatoes are the same or similar.<sup>64</sup> Locally-grown field tomatoes are regarded as the highest in quality, and they displace demand for greenhouse tomatoes when the former are in season.<sup>65</sup> Also as noted above, a majority of tomato purchasers reported that these types of tomatoes compete with each other for shelf space in grocery stores and that the shelf space that they allot for greenhouse tomatoes and field tomatoes varies on a weekly basis, based on relative differences in availability, prices, promotions, quality, and consumer demand.<sup>66</sup>

Domestic greenhouse tomato growers believe their tomatoes are qualitatively superior to field tomatoes.<sup>67</sup> Field growers were more varied in their responses, indicating that consumers perceive greenhouse tomatoes to be superior products but that such perceptions may vary based on a consumer’s region, education and preferences.<sup>68</sup> The field growers’ responses also indicate that greenhouse tomatoes are higher-priced, premium tomatoes that compete in the same market as field tomatoes.<sup>69</sup> In recent

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<sup>59</sup> *Id.*

<sup>60</sup> CR at I-5, PR at I-4. None of the 26 field tomato growers contacted in the Commission’s telephone survey reported growing any greenhouse tomatoes. *See* Field Grower Survey. Respondents indicate that they have identified a small number of growers in the United States who produce both greenhouse and field tomatoes. Respondents’ Prehearing Brief at 51-52.

<sup>61</sup> CR at I-4, PR at I-3.

<sup>62</sup> *Id.*

<sup>63</sup> CR at I-9, PR at I-6.

<sup>64</sup> *Id.*

<sup>65</sup> Conf. Tr. at 161-62 (Gianatti, Comito); Hearing Tr. at 158 (Gianatti).

<sup>66</sup> CR at I-8, II-13 to II-14, PR at I-6, II-8.

<sup>67</sup> CR at I-8, PR at I-6.

<sup>68</sup> *Id.*

<sup>69</sup> *Id.* Of the 26 field growers contacted in the Commission’s telephone survey, 19 reported that greenhouse tomatoes compete with field tomatoes, and another reported competition with greenhouse tomatoes only near the

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years, the California and Florida field growers have attempted to address consumers' perceptions of greenhouse tomatoes as premium products and enhance their own competitiveness by launching marketing programs that encourage consumers to choose field tomatoes over greenhouse tomatoes.<sup>70</sup>

### *Price*

The record with respect to pricing is mixed. U.S. tomato growers report that prices for greenhouse tomatoes usually are substantially higher than prices for field tomatoes.<sup>71</sup> Moreover, thirteen of 24 tomato purchasers reported that greenhouse-grown beefsteak tomatoes typically are priced higher than field-grown beefsteak tomatoes.<sup>72</sup> On the other hand, five commercial purchasers reported that greenhouse beefsteak tomatoes occupy the middle ground in a range of tomato prices, with field-grown beefsteak and Roma tomatoes selling for less and field-grown cherry and grape tomatoes selling for more.<sup>73</sup>

These characterizations are consistent with data collected on an average unit value ("AUV") basis. Field tomato AUVs are less than half the level of greenhouse tomato AUVs.<sup>74</sup> Jumbo/extra large round greenhouse tomatoes, however, are sometimes priced lower than vine ripe jumbo/extra large round field tomatoes (11 of 47 retail comparisons in 2001; 10 of 47 distributor comparisons in 2001), and frequently are priced closer to vine-ripe field tomatoes than are mature green field tomatoes, suggesting a continuum of prices.<sup>75</sup> In addition, \*\*\*.<sup>76</sup> The record also indicates that some organically-grown tomatoes sell for more than greenhouse tomatoes.<sup>77</sup>

### *Conclusion*

Except with regard to manufacturing facilities, processes, and employees, there is substantial overlap between greenhouse and field tomatoes with respect to the like product factors. Greenhouse tomatoes make up part of a continuum of domestically produced fresh tomatoes. Greenhouse tomatoes are markedly better in taste and appearance than mature green field tomatoes, but only somewhat superior to vine-ripened field tomatoes, and they are generally inferior to locally-grown field tomatoes. We do not regard the gradations in quality found in this investigation to constitute clear dividing lines.

Uses of both greenhouse and field tomatoes are similar. Greenhouse and field tomatoes generally are interchangeable and are similar in customer perceptions at least to the extent that they

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<sup>69</sup> (...continued)

Canadian border. See Field Grower Survey.

<sup>70</sup> Conf. Tr. at 106-07 (A. Smith); Respondents' Collective Conf. Exhibit 1; Hearing Tr. at 151-53 (A. Smith).

<sup>71</sup> CR at I-10, PR at I-7.

<sup>72</sup> CR at II-2, PR at II-1.

<sup>73</sup> CR at II-2, PR at II-1.

<sup>74</sup> Compare table C-1 with table C-2, CR and PR at C-3 to C-5.

<sup>75</sup> Compare CR and PR at Tables V-1 and V-2 with CR and PR at Tables D-3 and D-4 (as revised by INV-Z-035 and INV-Z-037). The price differential between vine ripe and mature green field tomatoes narrows markedly as vine ripe field tomatoes come into season.

<sup>76</sup> Petitioners' Posthearing Brief at Hillman-1 \*\*\*.

<sup>77</sup> Hearing Tr. at 166, 199 (John Reilly, Economist, Nathan Associates, and A. Smith); Hearing Exhibits of John G. Reilly, Nathan Associates Inc., on behalf of Respondents at 3.

compete with each other for shelf space, allocations of which are adjusted frequently. Locally-grown field tomatoes often displace greenhouse tomatoes when the former are in season, at least in certain markets. Greenhouse growers and field growers have different perceptions of these types of tomatoes, with most agreeing that greenhouse tomatoes are a superior-tasting product, but that some field-grown varieties are of comparable quality. With respect to channels of distribution, the two types can differ in regard to packing, but a substantial portion of each is sold to wholesalers and distributors and ultimately, most are sold to retailers rather than food service providers. They often differ significantly in price, but some field tomatoes such as grape tomatoes can sell for higher prices than greenhouse tomatoes, and mixed evidence suggests that fluctuations in the price and supply of field tomatoes affect the price of greenhouse tomatoes.

While we recognize the distinction between field and greenhouse tomatoes with respect to production facilities, processes, and employees, the other five factors traditionally considered by the Commission suggest a continuum of fresh tomato products. Thus, we find, on balance, that the evidence on the record supports a finding that the domestic like product consists of all fresh tomatoes, whether grown in a greenhouse or a field.

#### **D. Domestic Industry**

Section 771(4) of the Act defines the relevant 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 the major proportion of that product.”<sup>78</sup> 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.<sup>79</sup> Based on our like product finding above, the domestic industry in this investigation includes growers of greenhouse and field tomatoes for the fresh market.

Greenhouse growers typically pack their own fresh tomatoes.<sup>80</sup> The Commission must consider, however, whether to include packers of field-grown tomatoes in the domestic industry. In doing so, the Commission must assess whether packers engage in sufficient production-related activities to merit inclusion in the domestic industry.<sup>81</sup> The parties presented little or no argument relevant to this issue. Most growers of greenhouse tomatoes and some growers of field tomatoes pack their own production, and thus did not report separately their packing operations.<sup>82</sup> Indeed, most responding growers viewed

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<sup>78</sup> 19 U.S.C. § 1677(4)(A).

<sup>79</sup> 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).

<sup>80</sup> CR at I-10, PR at I-6.

<sup>81</sup> In evaluating whether a producer engages in sufficient production-related activity, the Commission has considered six factors: (1) the source and extent of the firm’s capital investment, (2) the technical expertise involved in U.S. production activities, (3) the value added to the product in the United States, (4) employment levels, (5) the quantity and type of parts sourced in the United States, and (6) any other costs and activities in the United States directly leading to production of the like product. E.g., Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 (April 1998) at 9, n.59.

<sup>82</sup> CR at, e.g., I-6, n.17, PR at I-4.

growing and packing operations as a single continuous line of production.<sup>83</sup> The record lacks evidence that packing operations involve any considerable technical expertise. However, packing operations do require large capital expenditures and most field tomato producers use packers.<sup>84</sup> Those packers that responded to the Commission's questionnaire employed approximately 9,000 production and related workers in 2001.<sup>85</sup> Tomatoes are shipped long distances to packers, at least in Florida, and a large volume of tomatoes is required to keep a packing shed operational.<sup>86</sup> These facts, combined with the labor and capital requirements for packing, suggest that the value added by packaging is not insubstantial. Based on the somewhat limited record in this investigation, we determine to include packers of field tomatoes in the domestic industry.<sup>87</sup>

Thus, we determine that there is a single domestic industry encompassing U.S. producers of all fresh tomatoes, whether grown in greenhouses or in fields, including packers of field tomatoes.

#### **E. Related Parties**

We must 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.<sup>88</sup> Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.<sup>89</sup>

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<sup>83</sup> CR at I-6 n.17, PR at I-4 n.17. One Florida field grower reported that the market for field-grown tomatoes is characterized by producers who are growers, packers, and shippers. Id.

<sup>84</sup> Conf. Tr. at 95 (Terence P. Stewart, Stewart & Stewart, Petitioners' Counsel).

<sup>85</sup> This figure on production and related workers ("PRWs") is derived from the questionnaire responses provided by both packers and grower/packers, and thus likely include some PRWs related to growing rather than packing operations. Many of the same companies provided usable financial information (described in Appendix E, table E-1), but some packers and grower/packers that provided financial information did not provide PRW figures, and vice versa. We estimate that the packers and grower/packers that provided employment information accounted for approximately one fourth of the 2001 production of field-grown tomatoes for the fresh market, based on comparisons with USDA data.

<sup>86</sup> Id. at 95-96.

<sup>87</sup> This is consistent with our treatment of packers in prior investigations. Fresh Tomatoes from Mexico, Inv. No. 731-TA-747 (Preliminary) (May 1996) at 13-15.

<sup>88</sup> 19 U.S.C. § 1677(4)(B).

<sup>89</sup> Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 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 LTFV 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 without opinion, 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

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\*\*\* was \*\*\* producer in 2001, accounting for \*\*\* percent of production, although it was very small in relation to total production of tomatoes for the fresh market in 2001.<sup>90</sup> In 2001, it imported \*\*\* pounds of subject greenhouse tomatoes from Canada, while it produced \*\*\* pounds.<sup>91</sup> It indicated that it imported subject (and nonsubject) merchandise \*\*\*.<sup>92</sup> \*\*\*.<sup>93</sup> Because \*\*\* imports are insignificant compared to the size of its domestic production, and because its interests appear to lie primarily in domestic production, not importation, we find that appropriate circumstances do not exist to exclude \*\*\* from the domestic industry.

\*\*\*, which was \*\*\*.<sup>94</sup> \*\*\* also is \*\*\*.<sup>95</sup> In addition to these \*\*\*.<sup>96</sup> Respondent \*\*\* during the winter months when Canadian greenhouses are out of production.<sup>97</sup> \*\*\*.<sup>98</sup>

\*\*\* operating results were \*\*\* than the greenhouse industry average only \*\*\*.<sup>99</sup> Its results were \*\*\* in 2001.<sup>100</sup> \*\*\* was the \*\*\* domestic producer of greenhouse tomatoes in 2001, accounting for \*\*\* percent of domestic greenhouse tomato production.<sup>101</sup> \*\*\* production is \*\*\*.<sup>102</sup> The company \*\*\*. It indicated, however, that \*\*\*.<sup>103</sup>

These data do not indicate that \*\*\* was shielded from the effects of subject greenhouse tomatoes. Furthermore, \*\*\* from the domestic industry. Accordingly, we find that appropriate circumstances do not exist to exclude \*\*\* from the domestic industry.

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<sup>89</sup> (...continued)

importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Invs. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14 n.81.

<sup>90</sup> Compare CR and PR at Table III-1 (as revised by INV-Z-037), (percentage of greenhouse production) with CR and PR at Table C-2 (as revised by INV-Z-037), (showing much larger combined greenhouse and field production).

<sup>91</sup> CR and PR at Table III-2 (as revised by INV-Z-037), and CR and PR at Table III-4.

<sup>92</sup> CR and PR at Table III-4 n.1 (as revised by INV-Z-037).

<sup>93</sup> CR and PR at Table VI-3 (as revised by INV-Z-036). The Commission received almost no financial data from growers of field tomatoes, and thus a comparison of \*\*\* operating results to those of field producers is not possible. The Commission received limited data from packers of field tomatoes, showing that they had higher operating income as a percentage of net sales than greenhouse tomato growers. Compare CR and PR at Table VI-3 (as revised by INV-Z-036), (operating income of greenhouse tomato growers) with CR and PR at Table E-1, (operating income of field tomato packers).

<sup>94</sup> CR at III-1, n.3 (as revised by INV-Z-037), PR at III-1, n.3.

<sup>95</sup> CR at III-1 (as revised by INV-Z-037), PR at III-1.

<sup>96</sup> CR at III-1, V-5, n.3 (as revised by INV-Z-037) and PR at III-1, V-3, n.3.

<sup>97</sup> CR at III-3 (as revised by INV-Z-037), PR at III-1.

<sup>98</sup> CR at V-5 n.3 (as revised by INV-Z-037), PR at V-3, n.3. \*\*\*. Petitioners' Posthearing brief at In Camera-5; Respondents' Posthearing brief at A-34.

<sup>99</sup> CR and PR at Table VI-3 (as revised by INV-Z-036). As noted in connection with \*\*\* above, the staff report does not contain combined financial data for field tomato growers.

<sup>100</sup> Id. \*\*\*.

<sup>101</sup> CR and PR at Table III-1 (as revised by INV-Z-037).

<sup>102</sup> Compare CR and PR at Table III-1 (as revised by INV-Z-037), (percentage of greenhouse production) with CR and PR at Table C-2 (as revised by INV-Z-037), (showing much larger combined greenhouse and field production).

<sup>103</sup> CR and PR at F-3 (as revised by INV-Z-036).

Accordingly, we define the domestic industry to include all producers of all fresh tomatoes, whether grown in greenhouses or in fields, in the United States.

## II. NO MATERIAL INJURY BY REASON OF SALES AT LESS THAN FAIR VALUE

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.<sup>104</sup> In making this determination, the Commission must consider the volume of 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.<sup>105</sup> The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”<sup>106</sup> In assessing whether 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.<sup>107</sup> 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.”<sup>108</sup>

In this investigation, the Commission gathered record data from a variety of sources, including data from the USDA and other public sources, as well as from responses to its questionnaires. The Commission received questionnaire responses from firms accounting for the great majority of domestic greenhouse tomato production, and from firms representing a much smaller portion of domestic field-grown fresh tomato growing and packing operations.<sup>109</sup> Specifically, the Commission mailed questionnaires to 303 firms believed to be domestic growers of field tomatoes and received only 8 responses.<sup>110</sup> Additionally, those few responses were incomplete and essentially unuseable, despite requests by Commission staff for the provision of complete data.<sup>111</sup> Commission staff attempted to bolster the data for field growers by conducting a telephone survey of 26 field growers but were able to gather only a limited amount of additional data.<sup>112</sup> As a result, the record contains limited information regarding the employment and financial performance of domestic producers of field-grown tomatoes, who account for the vast majority of domestic fresh tomato production.<sup>113</sup> However, the record contains some relevant public data collected by USDA, which cover factors such as capacity, production, and shipments of fresh tomatoes.

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<sup>104</sup> 19 U.S.C. §§ 1671d(b) and 1673d(b).

<sup>105</sup> 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).

<sup>106</sup> 19 U.S.C. § 1677(7)(A).

<sup>107</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>108</sup> Id.

<sup>109</sup> CR and PR at III-1 (as revised by INV-Z-037) and E-3.

<sup>110</sup> CR at I-2, n.5, PR at I-2, n.5.

<sup>111</sup> CR and PR at E-3 and n.1.

<sup>112</sup> See Field Grower Survey.

<sup>113</sup> Compare CR and PR at Table VI-3 (as revised by INV-Z-036) (showing production by domestic growers of greenhouse tomatoes) with CR and PR Table C-2 (as revised by INV-Z-037) (showing production by domestic growers of greenhouse and field tomatoes for the fresh market).

In our analysis in this investigation we rely on record data pertaining to all domestic producers of fresh tomatoes when such data are available, including public source data pertaining to the impact of subject imports on the domestic industry. While our analysis focuses on the market for all tomatoes, we also discuss competition between subject imports and domestic greenhouse tomatoes because the subject imports are more interchangeable with domestic greenhouse tomatoes than with domestic field tomatoes.

For the reasons discussed below, we determine that the domestic fresh tomato industry is not materially injured by reason of subject imports from Canada found to be sold at LTFV.<sup>114</sup>

#### A. Conditions of Competition

The following conditions of competition in the fresh tomato industry inform our determination.

##### 1. Competition Between Greenhouse and Field Tomatoes

As discussed above, greenhouse and field tomatoes are at least moderately interchangeable. Both greenhouse and field tomatoes are sold to retail users who supply a range of tomato types to their customers. The majority of retailers reported that these tomatoes compete with each other for retail shelf space and that the shelf space allocated to both is adjusted on a weekly basis. Moreover, the majority of tomato growers, importers, and packers indicated that both prices and supplies of field tomatoes affect the prices of greenhouse tomatoes and that supplies of greenhouse tomatoes affect the prices of field tomatoes.<sup>115</sup>

##### 2. Demand

U.S. demand for all fresh tomatoes rose slightly between 1998 and 2001. The volume of apparent U.S. consumption of fresh tomatoes was 5.0 billion pounds in 1998, 5.2 billion pounds in 1999 and 2000, and 5.3 billion pounds in 2001.<sup>116</sup>

Field tomatoes accounted for about 90 percent of U.S. fresh tomato consumption during the period examined.<sup>117</sup> Estimated per capita consumption of field tomatoes was 17.9 pounds in 1998, 18.2 pounds in 1999, 17.8 pounds in 2000, and 17.6 pounds (forecast) for 2001.<sup>118</sup> In contrast, U.S. demand

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<sup>114</sup> Petitioners took no position on the issue of whether the fresh tomato industry was materially injured by subject imports. Petitioners' Posthearing Brief at Hillman-14.

<sup>115</sup> CR at II-11 to II-13, PR at II-7 to II-8; see also United States Securities and Exchange Commission Form S-1 of Colorado Greenhouse Holdings, Inc. (June 19, 1998) (greenhouse tomato grower identifying direct competition between greenhouse and field tomatoes); Field Grower Survey (19 of 26 field growers reported that greenhouse tomatoes compete with field tomatoes, and another reported competition only near the Canadian border). Other evidence cited in this opinion also reflects competition between greenhouse and field tomatoes.

<sup>116</sup> CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>117</sup> Field tomatoes accounted for 91 percent of U.S. consumption in 1998, 90 percent in 1999, 89 percent in 2000, and 88.5 percent in 2001. Percentages derived from CR and PR at Table C-1 (as revised by INV-Z-037), and CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>118</sup> CR at II-10, PR at II-6. The USDA does not collect per capita consumption data for greenhouse tomatoes. Id. These data show that per capita consumption of field tomatoes increased from 1998 to 1999, but declined in 2000 and 2001. Since U.S. demand for greenhouse tomatoes rose steadily throughout the period examined, these data  
(continued...)

for greenhouse tomatoes was much smaller but experienced strong and steady growth throughout the period examined.<sup>119</sup> Apparent U.S. consumption rose from 456 million pounds in 1998, to 507 million pounds in 1999, to 565 million pounds in 2000, and to 614 million pounds in 2001.<sup>120</sup> Petitioners and Respondents agreed that U.S. demand for greenhouse tomatoes will continue to experience slow but steady growth over the next few years.<sup>121</sup> These facts suggest that growth in demand for greenhouse tomatoes is partly at the expense of field tomatoes, and partly as a result of new demand.<sup>122</sup>

### 3. Supply

Tomato production from a given location is seasonal, but on an annual basis, the domestic market is supplied from various locations. The growing seasons of Florida and California, which account for the bulk of domestic field tomato production, are complementary.<sup>123</sup> <sup>124</sup> Florida's tomato production typically begins around mid-November and steadily builds through the winter and spring until it reaches its peak in late April and May. It then experiences a steep decline in June and disappears

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<sup>118</sup> (...continued)

indicate that greenhouse tomatoes displaced field tomatoes to some degree during the period examined.

<sup>119</sup> CR at II-8 (as revised by INV-Z-037), PR at II-5. Questionnaire responses 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. *Id.* Responding importers identified factors including "food safety," increased availability, and price as helping to fuel demand. Responding retailers likewise noted an increase in demand for greenhouse tomatoes since 1998, which they attributed to these tomatoes' quality, flavor, and availability, as well as increasing consumer awareness of such tomatoes. CR at II-9, PR at II-5.

<sup>120</sup> CR and PR at Table IV-3 (as revised by INV-Z-037).

<sup>121</sup> CR at II-8 to II-9 (as revised by INV-Z-037), PR at II-5.

<sup>122</sup> CR at II-8 to II-10 (as revised by INV-Z-037), PR at II-5.

<sup>123</sup> 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. fresh tomato production, with other states supplementing production, with a much smaller combined share, mostly during the summer and early fall. CR and PR at Table D-1, CR and PR at Figures D-1 to D-4.

<sup>124</sup> While data on imports are complete, USDA data on domestic shipments are understated. Table D-1 does not show any shipments from states other than Florida and California prior to June during any year of the period examined. Florida and California ship primarily field tomatoes, but states other than Florida and California account for the bulk of domestic greenhouse production, and it is clear that the USDA data either do not count greenhouse tomatoes at all or do not count them during their peak production. *See* notes from telephone conversation on March 14, 2002, between Staff member Timothy McCarty and \*\*\*, National Agricultural Statistics Service, USDA; CR and PR at Table D-1, and CR and PR at Table D-2. The data also undercount locally-grown tomatoes in particular, many of which do not pass through distribution points monitored in the collection of the data. Hearing Tr. at 168 (Reilly); Monitoring of U.S. Imports of Tomatoes ("Monitoring Report"), USITC Pub. 3473 (Nov. 2001) at Table 42 (describing USDA volume data as covering only "major shipping points"); USDA Market News Branch, Agricultural Marketing Service, Weekly Shipments 1998, 1999, 2000, 2001 (not reporting shipments from many states). Production of locally-grown tomatoes is highest in the third quarter of the year. Hearing Tr. 27-28 (Carr) (July and August), 158 (Gianatti) (July through September); Conf. Tr. at 162 (Comito) (mid-June to early July).

completely in the summer and early fall until the following November. As Florida's tomato production begins its June decline, California's production begins and rapidly builds in July and August to levels approximating the peak levels of Florida's winter and springtime production. Its production then remains at these levels through October before declining sharply in November.<sup>125</sup> In addition, many other states produce significant volumes of field tomatoes.<sup>126</sup> As with Florida and California, tomato production in these other states tends to shift from the southern states during the winter and early spring to the northern states during the summer.<sup>127</sup>

Most domestic greenhouse tomato production is located in states in the southern half of the United States, although there is some production in the northern states as well.<sup>128</sup> The domestic greenhouses located in the northern states, particularly those that border Canada, have growing seasons similar to those of Canadian greenhouses, and the quality of their tomatoes is comparable to that of Canadian greenhouse tomatoes.<sup>129</sup> Northern U.S. producers seed in late fall to begin harvesting by late winter to early spring.<sup>130</sup> Production then continues through November.<sup>131</sup> Producers in southern climates seed in July to begin harvesting in September and continue harvesting through the following spring.<sup>132</sup> Domestic winter production volumes are lower than summer production volumes.<sup>133</sup>

While the supply of subject imports is limited to greenhouse tomatoes from Canada, our assessment of U.S. consumption of the product grown by the U.S. industry, all fresh tomatoes, requires that imports of nonsubject field tomatoes be included in our assessment of supply. By far the largest source of U.S. tomato imports is Mexico.<sup>134</sup> Mexico supplies the U.S. market with fresh tomatoes year-round, with shipment volumes generally peaking from January to April, declining through the summer months, and remaining at a fairly stable level during the rest of the year.<sup>135</sup> It is estimated that Mexico ships approximately 1.4 billion pounds of fresh tomatoes to the United States each year,<sup>136</sup> including a relatively small but growing volume of greenhouse tomatoes.<sup>137</sup>

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<sup>125</sup> CR and PR at Figures D-1 to D-4.

<sup>126</sup> CR and PR at Table D-1, and CR and PR at Figures D-1 to D-4.

<sup>127</sup> See, e.g., Conf. Tr. at 152-53 (Comito).

<sup>128</sup> Hearing Tr. at 231 (D. Smith, A. Smith).

<sup>129</sup> *Id.*

<sup>130</sup> CR at II-6 (as revised by INV-Z-037), PR at II-4.

<sup>131</sup> CR at II-6 (as revised by INV-Z-037), PR at II-4.

<sup>132</sup> *Id.*

<sup>133</sup> CR at II-6 (as revised by INV-Z-037), PR at II-4.

<sup>134</sup> CR at II-19 (as revised by INV-Z-037) to II-20 (as revised by INV-Z-037), IV-3 (as revised by INV-Z-037) to IV-5 (as revised by INV-Z-037), PR at II-12 to II-14, IV-1 to IV-3, CR and PR at Table D-1, and CR and PR at Table D-2.

<sup>135</sup> CR and PR at Table D-1.

<sup>136</sup> Monitoring Report at Table 5, at 12 (reporting figures in kilograms).

<sup>137</sup> Based on Harmonized Tariff Schedule breakouts for greenhouse tomatoes and estimates provided by respondents, imports of greenhouse tomatoes from Mexico were estimated as follows: 59.6 million pounds in 1998, 48.3 million pounds in 1999, 60.6 million pounds in 2000, and 73.6 million pounds in 2001. CR at IV-5 n.5 (as revised by INV-Z-037), PR at IV-3, n.5.



The next largest source of U.S. tomato imports is Canada.<sup>138</sup> Like Mexico, Canadian fresh tomato producers ship tomatoes to the United States year-round, but their shipment volumes are minor during the winter months, increase markedly in March or early April, peak between June and August, and then decline steadily through November and December.<sup>139</sup> Canadian greenhouse tomato growers generally ship their tomatoes to the United States from March to December, with production peaking in May.<sup>140</sup>

Much smaller volumes of tomatoes are imported from the Netherlands, Belgium, Spain, and Israel.<sup>141</sup> These third countries likewise supply the U.S. market with fresh tomatoes year-round, with aggregate shipment volumes generally peaking from June to August.<sup>142</sup> Petitioners and Respondents generally agreed that most imports from these other third countries are greenhouse tomatoes.<sup>143</sup> The quantity of nonsubject greenhouse tomato imports (including those from Canada) declined from \*\*\* million pounds in 1998 to \*\*\* million pounds in 1999, but then increased to \*\*\* million pounds in 2000 and \*\*\* million pounds in 2001.<sup>144</sup>

As noted above, tomato production is sensitive to the availability of sunlight, extreme temperatures, weather, and climate. As a result, growers in the northern States plant and harvest their tomatoes later in the year than do growers in the southern States.<sup>145</sup> <sup>146</sup> 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.<sup>147</sup> Consequently, supply uncertainty resulting from freezes and other weather-related phenomena can cause temporary disruptions in seasonal price patterns.<sup>148</sup>

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<sup>138</sup> CR and PR at Table D-1, and CR and PR at Figures D-1 to D-4.

<sup>139</sup> CR and PR at Table D-1. Within this overall pattern, Canadian field producers generally produce their tomatoes between July and October, with production peaking in August and September. Indeed, Agriculture and Agri-Food Canada estimates that field tomatoes comprise the majority of Canadian tomatoes shipped to the United States in August and September. CR at IV-3 n.4 (as revised by INV-Z-037), VI-4 (as revised by INV-Z-036) to VI-6 (as revised by INV-Z-036), PR at IV-1, n.4., VI-3. Otherwise, Petitioners and Respondents agreed that the majority of imports from Canada were greenhouse tomatoes. CR at IV-3 (as revised by INV-Z-037), PR at IV-1. However, not all greenhouse tomatoes imported from Canada are subject imports. CR and PR at Table IV-2 (as revised by INV-Z-037).

<sup>140</sup> CR at VII-4 (as revised by INV-Z-037), PR at VII-2.

<sup>141</sup> CR at II-19 (as revised by INV-Z-037), PR at II-12.

<sup>142</sup> CR and PR at Table D-1, and CR and PR at Figures D-1 to D-4.

<sup>143</sup> CR at IV-3 (as revised by INV-Z-037), PR at IV-1. However, two witnesses testified that these imports may not be exclusively greenhouse tomatoes. Conf. Tr. at 144 (Gianatti); Hearing Tr. at 140-42 (Mike DeGiglio, CEO of domestic greenhouse grower Village Farms). Thus, the record is unclear as to whether tomatoes imported from Spain and Israel include field tomatoes. CR and PR at Table II-3, n.4 (as revised by INV-Z-037).

<sup>144</sup> CR and PR at Table IV-2 (as revised by INV-Z-037).

<sup>145</sup> CR at II-6 (as revised by INV-Z-037), PR at II-4.

<sup>146</sup> Id.

<sup>147</sup> Conf. Tr. at 19, 52 (Fahrenbruch).

<sup>148</sup> Hearing Tr. at 169 (Reilly).

#### 4. Tomato Producers as “Price Takers”

Factors that may constrain the ability of individual market participants to affect market-wide prices include the large number of greenhouse and field tomato suppliers relative to the smaller number of large U.S. retail customers,<sup>149</sup> the perishability of tomatoes, and the inability of producers to keep inventory on hand.<sup>150</sup> Most of a producer’s “inventory” is on the vine, to be picked just prior to the time of shipment.<sup>151</sup> These facts are consistent with Petitioners’ contention that producers are “at the mercy” of the market when their product is available, and with Respondents’ characterization that tomato growers are “price takers.”<sup>152</sup>

#### 5. Business Costs

For the reasons given above, the record contains little evidence regarding business costs incurred by domestic growers of field tomatoes. The costs of growers of greenhouse tomatoes are not a proxy for the costs of all growers, due to differences in production facilities and processes. Nevertheless, we note that the costs associated with starting and maintaining a greenhouse growing operation are considerable, and that the greenhouse portion of the domestic industry is capital intensive.<sup>153</sup> Petitioners estimated the cost of constructing a new greenhouse to be \$500,000 per acre and noted that most new producers finance this cost, thereby accruing substantial interest expenses and depreciation expenses when they expand. They also reported that domestic greenhouse growers need a high level of cash flow in order to service debt and maintain production.<sup>154</sup> The record indicates that the greenhouse portion of the domestic tomato industry incurred a relatively large percentage of its debt to finance capacity expansions in response to growing U.S. demand,<sup>155</sup> and that many domestic greenhouse producers experienced higher average unit operating costs during the period examined due to this expansion.<sup>156</sup>

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<sup>149</sup> The Commission identified over 300 field growers operating in the United States alone. Meanwhile, massive consolidations among U.S. retailers have created huge retail chains that have increased leverage with respect to setting lower U.S. market prices for tomatoes. Hearing Tr. at 214-16 (Kevin Doran, Vice President of foreign greenhouse tomato grower BC Hot House, and Gianatti).

<sup>150</sup> Hearing Tr. at 120 (Robert F. Weidaw, CFO of domestic greenhouse tomato grower Eurofresh); CR at II-7 (as revised by INV-Z-037), PR at II-4. Because the product is perishable, it cannot be inventoried for very long. CR at II-7 (as revised by INV-Z-037), PR at II-4.

<sup>151</sup> CR at II-7 (as revised by INV-Z-037), PR at II-4.

<sup>152</sup> Petitioners’ Prehearing Brief at 16; Respondents’ Prehearing Brief at 76.

<sup>153</sup> We acknowledge that the field portion of the domestic fresh tomato industry probably is less capital intensive than the domestic greenhouse portion.

<sup>154</sup> Petitioners’ Prehearing Brief at 16-17. For detailed information on the operating costs of specific U.S. greenhouse growers, see CR and PR at Table VI-3 (as revised by INV-Z-036).

<sup>155</sup> CR at VI-17, n.24, PR at VI-5, n.24.

<sup>156</sup> CR at VI-15, PR at VI-3. U.S. greenhouse growers’ cost of goods sold (“COGS”) increased from \$98.7 million in 1998 to \$122 million in 1999, \$141.9 million in 2000, and \$151.8 million in 2001. CR and PR at Table VI-1. Specifically, Petitioner \*\*\* increased costs were attributable to the fact that the timing of the completion and start-up of its expanded facilities did not coincide with the optimal cropping cycle during these facilities’ first year of operations. CR at VI-15, n.15, PR at VI-4, n.15. \*\*\*. CR at VI-16, n.18, PR at VI-5, n.18. Petitioner \*\*\*. CR at VI-16, n.19, PR at VI-5, n.19. Domestic greenhouse growers’ interest expenses also increased from \$8.3 million  
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The record indicates that one reason that greenhouse expansion is so expensive is that it is technically challenging. The Commission received testimony that the horticultural strategies and techniques used to grow greenhouse tomatoes originally were developed in northern latitude countries such as the Netherlands and Canada.<sup>157</sup> Domestic greenhouse growers initially built their greenhouse facilities in northern latitude states, but when they tried to shift production to the southwestern states, they encountered significant technical difficulties, including problems with climate control, plant diseases, and insect pests.<sup>158</sup>

## **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.”<sup>159</sup>

The volume of subject imports from Canada rose from \*\*\* million pounds in 1998 to \*\*\* million pounds in 1999, \*\*\* million pounds in 2000, and \*\*\* million pounds in 2001.<sup>160</sup> Subject import volume increased by \*\*\* percent between 1998 and 1999, by \*\*\* percent between 1999 and 2000, and by \*\*\* percent between 2000 and 2001, with a total increase of \*\*\* percent for the period 1998-2001.<sup>161</sup> However, relative to domestic production and consumption of fresh tomatoes, both the volume and the increase in volume of subject imports were small. Subject imports accounted for \*\*\* percent of the U.S. fresh tomato market in 1998, \*\*\* percent in 1999, and \*\*\* percent in both 2000 and 2001.<sup>162</sup> In contrast, the domestic industry’s share of the U.S. fresh tomato market increased from 62.6 percent in 1998 to 68.8 percent in 2000, before declining to 66.0 percent in 2001.<sup>163</sup> Nonsubject imports’ market share declined from \*\*\* percent in 1998 to \*\*\* percent in 1999 and \*\*\* percent in 2000, but recovered to \*\*\* percent in 2001.<sup>164</sup> We further note that, in the context of greenhouse tomatoes alone, while subject import market share rose over the period examined (from \*\*\* percent in 1998 to \*\*\* percent in 2001),

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<sup>156</sup> (...continued)

in 1998 to \$13.3 million in 1999 and \$19.7 million in 2000 before declining to \$9.5 million in 2001. Their depreciation/amortization costs likewise increased from \$8.5 million in 1998 to \$15.4 million in 1999 and \$18.6 million in 2000, then declined to \$14.4 million in 2001. CR and PR at Table VI-1 (as revised by INV-Z-036).

<sup>157</sup> Hearing Tr. at 161-64, esp. 163-64 (Burkhard Metzger, President & CEO of foreign greenhouse grower Suntastic Hot House, Inc.); see, generally, Respondents’ Posthearing Brief at A-1 to A-9.

<sup>158</sup> Hearing Tr. at 163-64 (Metzger); Respondents’ Posthearing Brief at A-5 to A-6.

<sup>159</sup> 19 U.S.C. § 1677(7)(C)(i).

<sup>160</sup> CR and PR at Table IV-2 (as revised by INV-Z-037). Agriculture and Agri-Food Canada reports that the majority of tomatoes imported from Canada into the United States during August and September is nonsubject field tomatoes. CR at IV-3, n.3 (as revised by INV-Z-037), PR at IV-1, n.3. Thus, our data overstate the volume of subject imports to some degree.

<sup>161</sup> CR and PR at Table IV-2 (as revised by INV-Z-037). Subject imports were equivalent to only \*\*\* percent of U.S. production in 1998, \*\*\* percent of U.S. production in 1999, \*\*\* percent of U.S. production in 2000, and \*\*\* percent of U.S. production in 2001. Figures derived from CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>162</sup> Id.

<sup>163</sup> CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>164</sup> CR and PR at Table C-2 (as revised by INV-Z-037).

the market share of domestic greenhouse growers also increased (from 32.2 percent in 1998 to 36.2 percent in 2001).<sup>165</sup>

Based on the above, we find that the volume and the increase in volume of subject imports are not significant in absolute terms or relative to total fresh tomato production or consumption in the United States.<sup>166</sup>

### 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.<sup>167</sup>

Purchasers listed price as one of the three most important factors they consider when choosing a supplier of greenhouse tomatoes.<sup>168</sup> During the period examined, greenhouse tomatoes generally were more expensive than field tomatoes.<sup>169</sup> The record indicates that prices for both greenhouse and field tomatoes declined from 1998 to 1999 but recovered in 2000 and 2001.<sup>170</sup> As discussed above, the record

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<sup>165</sup> CR and PR at Table C-1 (as revised by INV-Z-037).

<sup>166</sup> We have considered whether any change in the volume, price effects, or impact of subject imports since the filing of the petition is related to the pendency of the investigation. 19 U.S.C. § 1677(7)(I). The petition was filed on March 28, 2001 (CR and PR at I-1 (as revised by INV-Z-037)), by which time Canadian greenhouse tomato crops were already in production.

Despite the filing of the petition, the volume of subject imports was higher in 2001 than in 2000. CR and PR at Table C-1 (as revised by INV-Z-037). The rate of increase from 2000 to 2001 was lower than the rate of increase experienced from 1998 to 1999, and from 1999 to 2000. CR and PR at Table C-1 (as revised by INV-Z-037). Census Bureau statistics indicate that the volume of imports was lower in the fourth quarter of 2001 than during the fourth quarter of 2000, which could have been the result, at least in part, of Commerce's preliminary affirmative determination on October 5, 2001. Petitioners' Final Comments at 5. However, less than 20 percent of Canadian exports to the United States occur in the fourth quarter. Petitioners' Posthearing Brief at Miller-7; CR at VII-4 (as revised by INV-Z-037), PR at VII-2. We therefore decline to exercise our discretion to reduce the weight given to record evidence for the period after the filing of the petition. Nonetheless, even if the rate of increase from 2000 to 2001 had not declined relative to prior years, the change would not have altered our findings with respect to the significance of subject import volume, price, and impact, nor our determinations with respect to material injury or threat of material by reason of subject imports.

<sup>167</sup> 19 U.S.C. § 1677(7)(C)(ii).

<sup>168</sup> Table II-2, CR at II-15, PR at II-9, CR at II-14 to II-15, PR at II-9.

<sup>169</sup> CR at I-10, II-2 and PR at I-7, II-1; Conf. Tr. at 119 (Gianatti), 161-62 (Gianatti, Comito); Hearing Tr. at 158 (Gianatti).

<sup>170</sup> The Commission collected weekly pricing data on sales to both the retail and distributor markets on two

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also indicates that the fresh tomato supply is highly seasonal and that the prices of both greenhouse tomatoes and field tomatoes decline in the late spring and early summer as the supplies of both rise, and that prices rise late in the year when the volume of fresh tomatoes falls.<sup>171</sup>

Given our limited data on the field portion of the domestic tomato industry and the greater comparability of U.S. and Canadian greenhouse tomatoes, it is appropriate for us to examine instances of underselling by the subject imports with respect to domestically-produced greenhouse tomatoes as well as to domestically-produced field tomatoes. The record indicates that subject imports oversold domestic greenhouse tomatoes in the majority (73 percent) of comparisons in 1999, 2000, and 2001. In fact, there was a greater frequency of overselling in 1999 (81 percent) – the year in which prices were lowest – than in 2000 or 2001 (72 percent and 67 percent, respectively).<sup>172</sup> Although direct price comparisons are not possible, the subject imports were generally priced higher than domestic field tomatoes as well.<sup>173 174</sup> Accordingly, the record does not indicate significant underselling by the subject imports.<sup>175</sup>

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<sup>170</sup> (...continued)

greenhouse tomato products and two field tomato products for 1999, 2000, and 2001. Prices were generally lower in 1999 than during 2000 or 2001. CR and PR at Figures V-2, V-4, V-6, V-8, D-5, and D-7 (charting data from CR and PR at tables V-1 to V-4, D-3, and D-4) (as revised by INV-Z-035 and INV-Z-037) and generally showing deeper and longer-lasting price declines in 1999 than in 2000 or 2001). Monitoring Report at table 44, at 70 (table 44 showing that prices were lower in the last half of 1999 than during the last half of 2000). Pricing data from \*\*\* were excluded since it reported that \*\*\*. CR at V-5, n.3 (as revised by INV-Z-037), PR at V-3, n.3. Although pricing data for 1998 are not available, AUVs for domestically produced tomatoes fell sharply from 1998 to 1999, and were higher in both 2000 and 2001 than in 1999. CR and PR at Table C-2 (as revised in INV-Z-037). AUVs are not necessarily accurate proxies for prices because of potential shifts in product composition. However, the change in AUVs from 1998 to 1999 was sharp and there is no record evidence of significant shifts in product composition that would account for the decline in AUVs in 1999 and their subsequent rise in 2000 and 2001.

<sup>171</sup> CR and PR at Table V-1 (as revised by INV-Z-037), CR and PR at Table V-2 (as revised by INV-Z-035), CR and PR at Table V-3 (as revised by INV-Z-037), CR and PR at Table V-4 (as revised by INV-Z-035), CR and PR at Figure V-2 (as revised by INV-Z-037), CR and PR at Figure V-4 (as revised by INV-Z-035), CR and PR at Figure V-6 (as revised by INV-Z-037), and CR and PR at Figure V-8 (as revised by INV-Z-035). For the seasonal variation in field tomato prices, see Monitoring Report at Table 44, at 70. As indicated in a footnote to our discussion of the conditions of competition and supply, USDA data understate total volumes, particularly in the third quarter of each year due to undercounting of locally-grown tomatoes.

<sup>172</sup> CR and PR at Table V-1 (as revised by INV-Z-037), CR and PR at Table V-2 (as revised by INV-Z-035), CR and PR at Table V-3 (as revised by INV-Z-037), and CR and PR at Table V-4 (as revised by INV-Z-035 and later by the Office of Economics).

<sup>173</sup> Direct comparisons are not available because subject imports and domestic field tomatoes were not sold in the same weight boxes. CR at V-5 (as revised by INV-Z-037) and PR at V-3. As noted, AUVs are not necessarily an accurate reflection of prices. However, the substantial per-pound difference in the value of subject imports (\*\*\*) and the U.S. shipments of domestic producers (\$0.27 to \$0.37) (reflecting mostly prices for field tomatoes) indicates that the subject imports were generally priced higher than domestic field tomatoes during the period examined. CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>174</sup> With regard to greenhouse tomatoes, purchasers gave no clear indication of which sellers were price leaders, with more listing domestic producers than Canadian producers (some of them possibly producers of nonsubject imports) as price leaders, but a substantial number indicating tomatoes from Mexico as a price leader. CR at V-5 (as revised by INV-Z-037) and PR at V-3.

<sup>175</sup> We address Petitioners' contentions that the Commission's pricing data are unrepresentative of the reality in  
(continued...)

As noted, U.S. fresh tomato prices – both greenhouse and field – fell from 1998 to 1999, then rose in 2000 and 2001. Prices were higher in 2000 and 2001 than in 1999 despite the fact that the volume of subject imports increased during every year of the period examined. Accordingly, neither the data on subject import volume (increasing while domestic prices increased) nor the data on subject import prices (generally higher than domestic) indicate that the subject imports had a significant effect on domestic greenhouse or field tomato prices. Rather, it appears that prices were driven largely by changes in the volume of fresh tomatoes, which were many times larger than the volume of subject imports.<sup>176 177</sup> The relatively small volume of subject imports, in the context of the fresh tomato market as a whole, indicates further that subject imports did not cause price depression to a significant degree.<sup>178</sup>

The record also does not indicate price suppression due to any significant degree to subject imports. Since we lack data on the operating costs of the field portion of the domestic tomato industry, we must determine whether there is price suppression based on our cost data for greenhouse portion of this industry. The domestic greenhouse growers' unit COGS for greenhouse tomatoes was higher in 2000 than in the other years of the period examined, at \$0.64 in 1998, \$0.65 in 1999, \$0.72 in 2000, and

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<sup>175</sup> (...continued)

the market. First, Petitioners questioned the Commission's classification of certain sales made by \*\*\* that involved wholesaler/agents as sales to wholesalers (and not sales to retailers). The Commission closely examined the nature of the transactions at issue and concluded that they represented a mix of sales to wholesalers and retailers. We considered \*\*\* transactions with \*\*\* to be wholesale transactions, because title passed to \*\*\* when \*\*\* shipped the tomatoes, leaving \*\*\* free to resell to other firms. See Limited Scope Review of March 20, 2002. Second, Petitioners also argued that Respondents failed to provide pricing and volume data for sales of lower-valued grade 2 tomatoes. The Commission confirmed, however, that very few "grade 2" tomatoes come into the United States from Canada. CR at V-6, n.9 (as revised by INV-Z-035), PR at V-4, n.9. Third, Petitioners suggested that Respondents were reporting some of their prices in Canadian dollars rather than U.S. dollars. The Commission confirmed, however, that Respondents reported prices in U.S. dollars. See "Confirmation of Importer Questionnaire Data" compiled by Craig Thomsen based on telephone interviews conducted between February 19, 2002, and February 26, 2002. Fourth, Petitioners requested that the Commission perform verifications of the Respondents' data. On March 20, 2002, the Commission conducted a limited review of the pricing data of the largest Respondent, BC Hot House, and concluded that it reported the data properly. See Limited Scope Review of March 20, 2002. Finally, Petitioners claimed that \*\*\*. We note that \*\*\*. See 67 Fed. Reg. 15528, 15529 (April 2, 2002).

<sup>176</sup> For example, in 1999, when greenhouse tomato prices were low, production of field tomatoes increased substantially and field tomato prices fell by a large margin. See Respondents Posthearing Brief at Exhibit 7.

<sup>177</sup> In their Prehearing Brief, Petitioners submitted an econometric analysis that purported to show no correlation between U.S. prices for greenhouse tomatoes and volumes of field tomatoes in the U.S. market. Petitioners' Prehearing Brief at 32, Exhibit 6. Commission staff reviewed this analysis and identified several technical and data deficiencies. Memorandum EC-Z-014 from Catherine B. DeFilippo through Robert B. Koopman to the Commission (March 15, 2002). Petitioners filed a response to Commission staff's analysis. See Stewart and Stewart's March 25, 2002, Submission of Economic Analysis Addressing Issues Raised by Staff. We find that Petitioners' analysis still fails to take into account adequately the quantity of the different types of tomatoes, and therefore is not persuasive.

<sup>178</sup> Petitioners argued that domestic prices were depressed during the period examined compared to the years prior to it. Because many factors may impact prices, the Commission does not base its analysis of price effects on periods prior to the period examined on which the Commission has no comprehensive data. We further note that, when commenting on the Commission's draft questionnaires, Petitioners did not request that the Commission seek data prior to 1998. See November 21, 2001, and November 30, 2001, comments of Petitioners on the Commission draft questionnaires.

\$0.65 in 2001.<sup>179</sup> However, prices of both greenhouse and field tomatoes were higher in 2000 than in 1999, indicating that domestic producers were able to raise prices in 2000, despite a volume of subject imports in 2000 that was higher than in 1999. Greenhouse growers' sales AUVs rose more than unit COGS in 2000. Moreover, the unit COGS of the domestic growers of greenhouse tomatoes does not necessarily reflect the experience of the industry overall, given the distinct methods of production used by growers of field tomatoes. Accordingly, the record does not demonstrate a cost-price squeeze indicating price suppression with regard to either greenhouse or field tomatoes. The small volume of subject imports, in the context of the overall fresh tomato market, further indicates that subject imports did not have a significant price-suppressing effect.

With regard to seasonal price fluctuations, the increase in volume of subject imports that begins in spring generally corresponds to declines in prices for the domestic like product.<sup>180</sup> However, this pattern of seasonal fluctuations in tomato prices pre-dated the entry of increasing volumes of subject imports.<sup>181</sup> Moreover, subject imports oversold the domestic product in a considerable majority of price comparisons in March, April, and May, those months in which prices for domestic greenhouse tomatoes generally fall.<sup>182</sup> This overselling refutes petitioners' assertion that respondents offer low prices in the spring to reestablish a presence in the U.S. market. Accordingly, while the volume of subject imports from Canada may have some seasonal impact, particularly on domestic greenhouse prices, we do not find any effect to be significant.

Finally, the lack of extensive underselling is not inconsistent with purchasers' experiences. With respect to greenhouse tomatoes, most (21 of 25) purchasers consider U.S. and Canadian product to be comparably priced.<sup>183</sup> There were few fully-documented lost sales or lost revenue allegations submitted and only a single confirmation.<sup>184</sup>

Accordingly, we conclude that the subject imports did not have significant adverse price effects.

#### **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.<sup>185</sup> These factors include

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<sup>179</sup> CR and PR at Table VI-1 (as revised by INV-Z-036), and CR and PR at Table C-1 (as revised by INV-Z-037).

<sup>180</sup> Prices for domestic greenhouse tomatoes generally declined at the same time, as did prices for domestic field tomatoes to a lesser extent. CR and PR at Table V-1 (as revised by INV-Z-037), CR and PR at Table V-2 (as revised by INV-Z-035), CR and PR at Table V-3 (as revised by INV-Z-037), CR and PR at Table V-4 (as revised by INV-Z-035), CR and PR at Figures V-2 and V-3 (as revised by INV-Z-037), CR and PR at Figures V-4 and V-5 (as revised by INV-Z-035), CR and PR at Figures V-6 and V-7 (as revised by INV-Z-037), CR and PR at Figures V-8 and V-9, (as revised by INV-Z-035), Monitoring Report, at table 44, at 70.

<sup>181</sup> Petitioners' Posthearing Brief at Okun-26, Miller 8-11; Respondents' Final Comments at Tables 4 and 5. The data in these charts and tables indicate that this seasonal pattern extends back to at least 1994.

<sup>182</sup> CR and PR at Table V-1 (as revised by INV-Z-037), CR and PR at Table V-2 (as revised by INV-Z-035), CR and PR at Table V-3 (as revised by INV-Z-037), CR and PR at Table V-4 (as revised by INV-Z-035).

<sup>183</sup> CR and PR at Table II-3.

<sup>184</sup> CR at V-25 to V-26, PR at V-19.

<sup>185</sup> 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 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

(continued...)

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.”<sup>186 187</sup>

The average capacity, production, U.S. shipments, and market share of the domestic fresh tomato industry fluctuated during the period examined, but ended higher in 2001 compared to 1998. The domestic industry’s average capacity grew from 3.5 billion pounds in 1998, to 4.0 billion pounds in 1999, and to 4.1 billion pounds in 2000, and then fell to 4.0 billion pounds in 2001.<sup>188</sup> Production increased from 3.4 billion pounds in 1998 to 3.9 billion pounds in 1999, and was 4.0 billion pounds in 2000, and 3.9 billion pounds in 2001.<sup>189</sup> Shipments in the United States by the domestic industry totaled 3.1 billion pounds in 1998, rose to 3.5 billion pounds in 1999, and then fluctuated, to 3.6 billion pounds in 2000 and 3.5 billion pounds in 2001.<sup>190</sup> The market share in terms of quantity held by the domestic industry increased from 62.6 percent in 1998 to 68.4 percent in 1999, and to 68.8 percent in 2000, and then declined to 66.0 percent in 2001.<sup>191</sup> Average unit values of U.S. shipments initially declined from \$0.37 per pound in 1998 to \$0.27 per pound in 1999, then partially recovered in 2000 and 2001 to \$0.32 and \$0.33 per pound, respectively.<sup>192</sup>

This limited data with regard to the overall industry does not indicate a significant adverse impact by subject imports. By most measures, the industry was producing and shipping at higher volumes in 2001 than in 1998. It also held a marginally higher market share in 2001 than in 1998, despite consistent increases in the volume of subject imports.

It also is appropriate for us to examine the impact of subject imports on just the greenhouse portion of the domestic tomato industry. With regard to greenhouse tomatoes, domestic production increased from 153.7 million pounds in 1998, to 192.8 million pounds in 1999, 202.0 million pounds in 2000, and 229.4 million pounds in 2001.<sup>193</sup> Capacity, measured in acres under cover, increased from 416

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<sup>185</sup> (...continued)

facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”

<sup>186</sup> 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885; Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

<sup>187</sup> 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 amended final antidumping duty determinations, Commerce assigned the following antidumping duty margins in percent *ad valorem* to subject imports: BC Hothouse Foods, Inc., 18.04; Veg Gro Sales, Inc. (a.k.a K & M Produce Distributors, Inc.), 3.85; Red Zoo Marketing (a.k.a. Produce Distributors, Inc.), 1.85 (*de minimis*); J-D Marketing, Inc., 0.83 (*de minimis*); Mastronardi Produce Ltd., 0.52 (*de minimis*); and all others, 16.53. 67 Fed. Reg. 15528, 15529 (April 2, 2002).

<sup>188</sup> CR and PR at Table C-2 (as revised by INV-Z-037). As indicated in footnotes above, publicly available data undercounts the domestic industry’s shipments to a considerable degree.

<sup>189</sup> CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>190</sup> CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>191</sup> CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>192</sup> CR and PR at Table C-2 (as revised by INV-Z-037).

<sup>193</sup> CR and PR at Table III-3 (as revised by INV-Z-037).



acres in 1998 to 544 acres in 1999, 545 acres in 2000, and 548 acres in 2001.<sup>194</sup> By volume, capacity increased from 168.4 million pounds in 1998, to 228.3 million pounds in 1999, 231.8 million pounds in 2000, and 245.8 million pounds in 2001.<sup>195</sup> Capacity utilization initially declined from 91.3 percent in 1998 to 84.4 percent in 1999, but then increased to 87.1 percent in 2000 and to 93.3 percent in 2001.<sup>196</sup>

Similarly, U.S. shipments by domestic greenhouse tomato producers increased from 146.7 million pounds in 1998 to 181.9 million pounds in 1999, 195.8 million pounds in 2000, and 222.1 million pounds in 2001.<sup>197</sup> Net sales likewise increased from \$124.3 million in 1998 to \$129.4 million in 1999, \$153.9 million in 2000, and \$185.3 million in 2001.<sup>198</sup> Unit values per pound fluctuated, falling from 81 cents per pound in 1998 to 69 cents per pound in 1999, before recovering to 78 cents per pound in 2000 and 80 cents per pound in 2001.<sup>199</sup>

We do not assume that the employment and financial results of the domestic greenhouse tomato growers are an accurate proxy for financial results of the domestic fresh tomato industry as a whole, given the much smaller production of greenhouse tomatoes, the differing methods of production for greenhouse and field tomatoes, and differences in the average prices for greenhouse and field tomatoes.<sup>200</sup> However, we would expect that any adverse impact by subject imports would be most apparent in the results for the greenhouse growers, given that subject imports are most interchangeable with domestic greenhouse tomatoes, and that the volume of subject imports is considerably larger in relation to domestic greenhouse production than to domestic field production.<sup>201</sup> We therefore consider in our analysis that, if subject imports were having an adverse impact on the domestic industry as a whole, that effect should be visible in the results of the greenhouse growers.

The number of production and related greenhouse tomato workers increased substantially from 1998 through 2000, then fell in 2001 to a level still above the 1998 and 1999 levels.<sup>202</sup> Hours worked by and wages paid to production and related workers also increased from 1998 to 2000 but decreased slightly in 2001.<sup>203</sup> Productivity fluctuated but ended the period examined well above the level at the beginning of the period examined.

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<sup>194</sup> Id.

<sup>195</sup> Id.

<sup>196</sup> Id.

<sup>197</sup> Id.

<sup>198</sup> CR and PR at Table VI-1 (as revised in INV-Z-036).

<sup>199</sup> CR and PR at Table VI-2 (as revised in INV-Z-036).

<sup>200</sup> Our data on the packers of field tomatoes indicate that they generally are profitable. Although we have included packers in the domestic industry, we do not believe that they alone are representative of the overall domestic field grower sector. CR and PR at Table E-1; Consolidated Financial Table for U.S. Greenhouse Growers, Field-Grown Packers, and Field-Grown Grower/Packers in INV-Z-036.

<sup>201</sup> Subject imports also are substitutable with field tomatoes, albeit to a lesser extent. CR at II-10 to II-11, II-18 and PR at II-6 to II-7 and II-11.

<sup>202</sup> The number of production and related greenhouse tomato workers increased from 1,660 in 1998 to 1,790 in 1999 and 2,297 in 2000, but decreased to 1,935 in 2001. CR and PR at Table III-3 (as revised in INV-Z-037).

<sup>203</sup> Hours worked increased from 2,558 in 1998 and 2,806 in 1999 to 3,767 in 2000 and 3,585 in 2001. The combined effects of increased hours worked and a marked increase in wage rates beginning in 2000 resulted in an increase in wages paid from \$18.7 million in 1998 and \$21.3 million in 1999 to \$31.6 million in 2000 and \$31.5 million in 2001. CR and PR at Table III-3 (as revised in INV-Z-037).

Domestic greenhouse growers generated operating income of 1.2 percent as a ratio to net sales in 1998 and experienced negative operating margins of 12.9 percent in 1999 and 7.6 percent in 2000. They returned to a positive margin in 2001,<sup>204</sup> which at 5.3 percent was its best performance during the period examined, even though subject imports were at their highest level in that year. The number of firms reporting operating losses increased from 2 out of 10 in 1998, to 8 out of 11 in 1999, but declined to 8 out of 14 in 2000, and to 6 out of 13 in 2001.<sup>205</sup>

The domestic greenhouse growers' capital expenditures declined throughout the period examined, from \$44 million in 1998 to \$42 million in 1999, \$18 million in 2000, and \$2 million in 2001.<sup>206</sup> \*\*\* domestic greenhouse growers accounted for the majority of the capital expenditures reported during the period examined, and these expenditures generally represented \*\*\*.<sup>207</sup> Several domestic greenhouse growers reported that subject imports from Canada had a negative effect on their ability to obtain bank loans, thereby forcing them to reduce the size of their capital investments and cancel expansion projects.<sup>208</sup> \*\*\* that reported research and development expenses during the period examined. \*\*\* research and development expenses \*\*\*.<sup>209</sup>

Thus, although greenhouse growers experienced solid performance with respect to many indicators over the period examined (such as capacity, production, shipments, and employment), their operating results suffered in 1999 and 2000. Reductions in capital expenditures and difficulty raising capital stem from the financial difficulties in 1999 and 2000. However, we do not find that subject imports were responsible for the negative financial results of greenhouse growers.

Operating losses in 1999 appear to be caused by declines in per-unit operating income; as noted in the section on Price Effects, subject imports were not responsible for falling prices in 1999. In 2000, the domestic greenhouse growers' per-unit revenues returned nearly to their 1998 level, but as a result of increased costs in 2000, they again experienced operating losses, although less than during 1999.<sup>210 211</sup> We have found above that domestic greenhouse growers' prices were not suppressed by subject imports in 2000. In 2001, the domestic greenhouse growers experienced a small improvement in per-unit revenues, but a significant decrease in average operating expenses, which resulted in a return to overall positive operating income in 2001 that was higher than the growers' operating income in 1998.<sup>212</sup>

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<sup>204</sup> CR and PR at Table VI-1 (as revised in INV-Z-036); CR at VI-15, PR at VI-3.

<sup>205</sup> CR and PR at Table VI-1 (as revised in INV-Z-036). In addition, Colorado Greenhouse declared bankruptcy in 2000, and its assets were ultimately liquidated. CR at VI-2, VI-12 (as revised in INV-Z-036), PR at VI-1 and VI-3. Suntastic reportedly declared bankruptcy in 2000, and is no longer in operation. CR at VI-2, n.8, PR at VI-1, n.8. Ecoscience, the parent company of a third producer, Village Farms, declared bankruptcy in 2001. CR at VI-2, PR at VI-1.

<sup>206</sup> CR and PR at Table VI-5 (as revised in INV-Z-036).

<sup>207</sup> CR at VI-18, n.27 (as revised in INV-Z-036), PR at VI-5, n.27 .

<sup>208</sup> CR and PR at F-3 to F-4 (as revised in INV-Z-036). In contrast, about half of responding field tomato growers reported that they had experienced no negative effects from subject imports, while the other half reported that subject imports had forced them to reduce the size of their capital investments. CR and PR at F-4.

<sup>209</sup> CR at VI-18 (as revised in INV-Z-036), n. 26, PR at VI-5, n.26.

<sup>210</sup> CR and PR at Table VI-1 (as revised by INV-Z-036), CR and PR at Table VI-2 (as revised by INV-Z-036).

<sup>211</sup> Changes in average unit operating costs were attributable to such factors as capacity expansions and start-up problems, changes in product mix, and higher energy costs. CR at VI-15 to VI-16, PR at VI-3 to VI-5.

<sup>212</sup> *Id.* Petitioners contended that the greenhouse growers' improved financial results in 2001 were a result of  
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Absent significant volume or price effects by subject imports, we do not regard the bankruptcies of various domestic greenhouse tomato producers to be evidence of a significant adverse impact of subject imports. The record reflects that Village Farms encountered financial difficulties at least in part due to merger costs, increased expenses experienced during the addition of four new facilities, \*\*\* to finance expansion, crop losses due to pests, and \*\*\*.<sup>213</sup> Similarly, the record suggests that Colorado Greenhouse encountered financial difficulties at least in part due to mismanagement, high employee turnover, partial crop losses due to viruses and insects, and damage from hail and wind.<sup>214</sup> Colorado Greenhouse also suffered from perceptions of poor quality after marketing under its name poorer quality tomatoes produced in Mexico, which adversely affected its sales.<sup>215</sup> Similarly, the former president of Suntastic USA testified that technical difficulties caused that company's bankruptcy, including horticultural challenges of growing greenhouse tomatoes in the southern United States, such as pests, fungus, and extreme swings in outside temperature.<sup>216</sup>

Based on the above, we find that subject imports of greenhouse tomatoes from Canada are not having significant adverse impact on the domestic fresh tomato industry.

## **VI. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS**

Section 771(7)(F) of the Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."<sup>217</sup> The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat

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<sup>212</sup> (...continued)

"survivor bias." They note that certain greenhouse growers purchased the low-priced assets of bankrupt greenhouse growers, and thus experienced \*\*\*. Improved financial performance of the industry in 2001, as suggested by Petitioners, does reflect a healthier subset of operations. Colorado Greenhouse ceased operations entirely and only the most efficient parts of it were reconstituted in the form of Sun Blest Management. With the exception of \*\*\*, however, operating income increased in 2001 primarily because of improvements in average operating expenses and somewhat higher average unit sales revenue. See Staff notes, David Boyland, March 29, 2002.

<sup>213</sup> CR at VI-2 n.7, \*\*\*, VI-15 n.15 and VI-16 n.21 and PR at VI-1, n.7, VI-3 n.13, VI-4 n.15 and IV-5, n.21; see, generally, Respondents' Prehearing Brief at 98-104, Exhibit 31, Exhibit 32, Exhibit 33; Conf. Tr. at 113-14 (Cervini).

<sup>214</sup> CR at VI-15 n.15 and PR at VI-4, n.15; see, generally, Respondents' Prehearing Brief at 105-111, Exhibit 34, Exhibit 35; Conf. Tr. at 17-20, 51-53 (Fahrenbruch), 75-76 (Fahrenbruch and Bailey), 113-14 (Cervini).

<sup>215</sup> Conf. Tr. at 113 (Cervini), 119-20 (Gianatti). We find that the closure of Colorado Greenhouse's New Mexico facility in 1999 was caused by operational problems at the facility rather than by subject imports. Colorado Greenhouse's average unit costs \*\*\*, most likely due to the numerous problems recited above. See Respondents' Posthearing Brief at A-43 to A-45.

<sup>216</sup> Hearing Tr. at 163-64 (Metzger); Respondents' Posthearing Brief at A-6. See, generally, Hearing Tr. at 161-164 (Metzger); Respondents' Prehearing Brief at 97-98, Exhibit 30; Respondents' Posthearing Brief at A-1 to A-9.

<sup>217</sup> 19 U.S.C. §§ 1673d(b)(1), 1677(7)(F)(ii).

factors “as a whole.”<sup>218</sup> In making our determination, we have considered all factors that are relevant to this investigation.<sup>219</sup>

We conduct our analysis of the threat of material injury with respect to the domestic fresh tomato industry as a whole. As noted above, however, we have limited data about the field portion of the domestic industry. While we do not assume that domestic greenhouse tomato growers are an accurate proxy for the domestic fresh tomato industry as a whole, we would expect that any threat of material injury by reason of subject imports would be most apparent with respect to the greenhouse growers, given that subject imports are most interchangeable with domestic greenhouse tomatoes, and that the volume of subject imports is considerably larger in relation to domestic greenhouse production than to domestic field production. We therefore consider in our analysis that, if subject imports threaten to cause material injury to the domestic industry as a whole, this threat should be even more pronounced with respect to domestic greenhouse growers alone.

Based on an evaluation of the relevant statutory factors, we find that an industry in the United States is not threatened with material injury by reason of imports of greenhouse tomatoes from Canada that Commerce found to be sold in the U.S. market at less than fair value.

The United States accounted for a majority of shipments by the subject Canadian producers during the period examined. The share of the foreign producers’ shipments that was exported to the United States was \*\*\* percent in 1998, then fluctuated downward to \*\*\* percent in 2001.<sup>220</sup> The home market accounted for nearly all the rest of shipments by the subject foreign producers.<sup>221</sup>

Despite the general export orientation of the producers of the subject merchandise, the record does not indicate that substantially increased imports in the imminent future are likely. There is no evidence of significant unused production capacity. The capacity utilization of the Canadian producers was very high, exceeding \*\*\* percent in every year of the period examined, and it was projected to be in excess of that figure in 2002.<sup>222</sup> Nor is there evidence of an imminent, substantial increase in production capacity among the foreign producers. The capacity of the foreign producers did increase sharply from 1998 to 1999, and from 1999 to 2000.<sup>223 224</sup> Capacity was essentially flat, however, in 2000 and 2001,

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<sup>218</sup> 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon “positive evidence tending to show an intention to increase the levels of importation.” Metallwerken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int’l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int’l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

<sup>219</sup> 19 U.S.C. § 1677(7)(F)(i). Factor VII regarding raw and processed agriculture products is inapplicable in this investigation because the subject merchandise includes a raw agriculture product only. See 19 U.S.C. § 1677(7)(F)(i)(VII).

<sup>220</sup> CR and PR at Table VII-1 (as revised by INV-Z-037).

<sup>221</sup> CR and PR at Table VII-1 (as revised by INV-Z-037).

<sup>222</sup> CR and PR at Table VII-1 (as revised by INV-Z-037).

<sup>223</sup> CR and PR at Table VII-1 (as revised by INV-Z-037).

<sup>224</sup> Petitioners assert that table VII-1 undercounts the capacity of the foreign producers, because it does not account for \*\*\*. Petitioners’ Posthearing Brief at Okun-38. Subsequent to Petitioners’ assertion, however, the Commission received questionnaire responses accounting for nearly all of the disputed capacity, and those figures are reflected in the final Staff report. See Foreign Producer Questionnaire from \*\*\* (which reported \*\*\*). The following foreign producers also submitted questionnaires \*\*\*: \*\*\* (\*\*\*), \*\*\* (\*\*\*), and \*\*\* (\*\*\*). Accordingly, the decline in capacity is not due to undercounting.

and is projected to decline in 2002.<sup>225</sup> Moreover, as noted in the foregoing discussion of the conditions of competition, expansions in capacity require significant capital expenditures. Even after expansion, there may be delays in production as tomato plants mature and begin to bear fruit, and due to the seasonal nature of greenhouse tomato production in Canada.<sup>226</sup>

There is some potential for product-shifting because fruits and vegetables other than tomatoes are currently grown in greenhouses in Canada.<sup>227</sup> Tomatoes, however, already constitute the majority of greenhouse vegetables grown in Canada, suggesting that the greenhouse acreage available for shifting from other products to tomatoes is limited to some degree.<sup>228</sup> More importantly, there is no evidence that a significant shift is expected in the imminent future. Furthermore, capacity for greenhouse production is projected to decline and any shift in production may be delayed by the time required for a tomato plant to bear fruit as well as by the seasonal growing cycle.<sup>229</sup>

There is not a significant rate of increase of the volume or market penetration of subject imports indicating the likelihood of substantially increased imports in the imminent future. As discussed above, volume increased in absolute terms from 1998 to 2001. Despite the absolute increases, market penetration of the subject imports was low, and thus the absolute increases were not significant. In 2002, both the foreign producers' production and shipments to the United States were projected to decline.<sup>230</sup> Inventories are not an important consideration in our analysis, because the product is perishable and cannot be inventoried for any significant amount of time.<sup>231</sup> Taking these factors into account, we conclude that the record does not indicate a likelihood of substantially increased imports is imminent.

We also find no evidence in the record that subject greenhouse tomatoes are likely to enter the United States at prices likely to have a significant depressing or suppressing effect on domestic prices. The subject imports were priced higher than the vast majority of field tomatoes, and in price comparisons mostly oversold the domestic greenhouse tomatoes in 1999, 2000, and 2001.<sup>232</sup> Nor does the record indicate a likely and imminent decline in the price of the subject imports.

The record does not indicate actual or potential negative effects on the existing development and production efforts of the domestic industry. While the domestic greenhouse tomato growers experienced unfavorable financial results during certain years of the period examined, they improved by the end of the period examined.<sup>233</sup> These unfavorable results reflect costs incurred by the expanding greenhouse tomato production, and in 1999 by price declines for domestic fresh tomatoes not related in significant

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<sup>225</sup> CR and PR at Table VII-1 (as revised in INV-Z-037).

<sup>226</sup> See CR at VI-15 n.15 and PR at VI-4 n.15 (showing that production startup may not coincide with the optional cropping cycle). Petitioners submitted evidence that two firms have submitted building applications to build additional greenhouse acreage. Petitioners' Posthearing Brief at Okun-38 and Exhibit 13. The additional acreage is relatively small, however, and the evidence submitted by Petitioners does not establish when the additional greenhouses would be built or become operational, or what plants would be grown in those greenhouses. Several foreign producers reported reductions in acreage devoted to greenhouse tomato production. CR at VII-3 (as revised in INV-Z-037) and PR at VII-1.

<sup>227</sup> CR at VII-4 (as revised in INV-Z-037) and PR at VII-2.

<sup>228</sup> CR at VII-4 (as revised in INV-Z-037) and PR at VII-2.

<sup>229</sup> CR and PR at Table VII-1 (as revised in INV-Z-037).

<sup>230</sup> CR and PR at Table VII-1 (as revised at INV-Z-037).

<sup>231</sup> CR at II-7 (as revised at INV-Z-037) and PR at II-4.

<sup>232</sup> See the discussion of the price effects of subject imports above.

<sup>233</sup> See the discussion of the impact of subject imports above.

part to subject imports.<sup>234</sup> Moreover, greenhouse growers' capacity, production, shipments, and productivity all increased over the course of the period examined, and the financial condition of the domestic industry improved over the course of the period examined as well, all despite increased volumes of subject imports.<sup>235</sup>

We have considered whether there are any other demonstrable adverse trends that indicate the probability of likely material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time). In this regard, there are no known dumping findings or antidumping remedies in third-country markets against the subject imports.<sup>236</sup> Moreover, third country markets account for less than \*\*\* percent of shipments by the foreign producers.

Given the lack of likely volume and price effects of subject imports and the present condition of the domestic industry, we find that material injury by reason of subject imports of greenhouse tomatoes from Canada is not imminent.

Based on an evaluation of all the relevant statutory factors, we do not find that further dumped subject imports from Canada are imminent or that material injury by reason of such imports would occur absent an antidumping duty order. Accordingly, we do not find that an industry in the United States is threatened with material injury by reason of subject imports from Canada that Commerce found to be sold in the United States at less than fair value.

### CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of greenhouse tomatoes from Canada that Commerce found to be sold in the United States at less than fair value.

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<sup>234</sup> Id.

<sup>235</sup> Id.

<sup>236</sup> CR at VII-4 (as revised at INV-Z-037) and PR at VII-2.

## DISSENTING VIEWS OF COMMISSIONER LYNN M. BRAGG

### *Greenhouse Tomatoes from Canada, Inv. No. 731-TA-925 (Final)*

Based on the record in this investigation, I determine that an industry in the United States is materially injured by reason of imports of greenhouse tomatoes from Canada that are sold in the United States at less than fair value. Accordingly, I respectfully dissent from the majority's negative determination.

#### I. DOMESTIC LIKE PRODUCT & DOMESTIC INDUSTRY

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of the subject merchandise, the Commission must first define the "domestic like product" and the "industry."<sup>1</sup> Section 777(10) of the Tariff Act of 1930, as amended ("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."<sup>2</sup> The Commission's decision regarding the appropriate domestic like product in an investigation is a factual determination made on a case-by-case basis.<sup>3</sup> No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation. The Commission looks for clear dividing lines among possible like products and disregards minor variations.<sup>4</sup> In addition, Congress has indicated that the definition of the like product should not be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.<sup>5</sup> Although the Commission is not bound by prior determinations pertaining even to the same imported products,<sup>6</sup> 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 and determine what domestic product is like the imported articles Commerce identified.<sup>7</sup>

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<sup>1</sup> 19 U.S.C. § 1677(4)(A).

<sup>2</sup> 19 U.S.C. § 1677(10).

<sup>3</sup> See NEC Corp. v. United States, 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) ("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) common manufacturing facilities, production processes, and production employees; (5) customer or producer perceptions; and, when appropriate, (6) price. See Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

<sup>4</sup> Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49.

<sup>5</sup> See, S. Rep. No. 96-249 at 90-91 (1979). In my view, the inclusion of field-grown tomatoes in the definition of the domestic like product in this investigation frustrates the purpose of the statute by impeding the consideration of the domestic industry that is adversely affected by the subject imports under consideration.

<sup>6</sup> 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); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988); see also, subsequent discussion regarding previous investigations *infra* at n. 23.

<sup>7</sup> Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996); Torrington, 747 F. Supp. at 748-52.

Commerce's final determination defines the imported merchandise within the scope of this investigation as:

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.<sup>8</sup>

In the preliminary phase of this investigation, I joined a unanimous Commission in defining a single domestic like product consisting of only greenhouse tomatoes.<sup>9</sup> The Commission found that the preliminary record evidenced differences between greenhouse and field-grown tomatoes in physical characteristics and uses, channels of distribution, production processes, producer and customer perceptions, and prices; however, the Commission stated that in any final phase of this investigation it would re-examine the domestic like product definition.

In the final phase of this investigation, the record presents evidence which again raises the question of whether to expand the domestic like product beyond the scope to include field-grown tomatoes. Petitioners<sup>10</sup> contend a narrow domestic like product is appropriate in light of unique characteristics and uses;<sup>11</sup> distinct production facilities, processes, and employees;<sup>12</sup> different channels of distribution;<sup>13</sup> producer and consumer perspectives<sup>14</sup> indicating no interchangeability;<sup>15</sup> and the price

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<sup>8</sup> Notice of Final Determination of Sales at Less than Fair Value: Greenhouse Tomatoes from Canada, 67 Fed. Reg. 8781, 8782 (Feb. 26, 2002).

<sup>9</sup> Greenhouse Tomatoes from Canada, Inv. No. 731-TA-925 (Prelim.), USITC Pub. No. 3224 (May 2001) ("Preliminary Determination") at 5-10.

<sup>10</sup> Petitioners are Carolina Hydroponic Growers Inc., Eurofresh, Inc., HydroAge, Sunblest Management LLC, Sunblest Farms LLC, and Village Farms, LP.

<sup>11</sup> CR at I-3, PR at I-2; Petitioners' Prehearing Brief at 4-7; Hearing Tr. at 17-18, 124; Petitioners' Posthearing Brief at 8, Okun-6-8, Written Questions-5-6, Ex. 4 (referencing greenhouse tomatoes and their superior flavor, redder color, thinner skin, higher water content, and overall better quality).

<sup>12</sup> CR at I-5-6, PR at I-4-5; Petitioners' Prehearing Brief at 8-9; Petitioners' Posthearing Brief at 8, Okun-8-10, Written Questions-8-9, Exs. 6-9 & 17 (emphasizing that no domestic firms produce both greenhouse and field-grown tomatoes, and that production processes and employees are distinct between the products).

<sup>13</sup> CR at I-9-10, PR at I-6; Petitioners' Prehearing Brief at 14; Hearing Transcript ("Hearing Tr.") at 19-21, 62 & 70 (noting that the record indicates that greenhouse growers pack their tomatoes, while most field growers do not, and that between 30 and 40 percent of field-grown tomatoes are sold to food service establishments while only very few greenhouse tomatoes are sold to the food service industry).

<sup>14</sup> CR at I-8-9, PR at I-5-6; Petitioners' Prehearing Brief at 15-16, Ex. 4; Petitioners' Posthearing Brief at 9, Written Questions-10 (recognizing that greenhouse tomatoes and field-grown tomatoes may not be perceived by home tomato buyers as qualitatively different). I find this to be less probative, if probative at all. The initial purchasing decisions by retail grocers, wholesalers and distributors, and food service buyers is the more compelling point at which these greenhouse and field-grown tomatoes compete. Decisions at this level determine which product will be available, in what quantity, pricing, and point-of-sale placement.

<sup>15</sup> CR at I-6-8, PR at I-5-6; Petitioners' Prehearing Brief at 10-14, Ex. 4-5; Petitioners' Posthearing Brief at 8, Okun-1, Hillman-3, Ex. 5 (noting that \*\*\* reported that greenhouse tomatoes and field-grown tomatoes are not interchangeable or commercially substitutable).



premium due to greenhouse tomatoes' higher quality.<sup>16</sup> In contrast, respondents<sup>17</sup> request a broader domestic like product given past Commission investigations in which the majority of the Commission consistently defined the like product as all fresh tomatoes.<sup>18</sup> Respondents also highlight that purchasers reported they bought both greenhouse and field tomatoes,<sup>19</sup> that these tomatoes compete with each other for shelf space in grocery stores weekly, and that high-quality, locally-grown field tomatoes oversell greenhouse tomatoes in some markets.<sup>20</sup> While the respondents emphasize the evidence indicating that field tomatoes may compete with the greenhouse tomatoes during narrow segments of their respective marketing cycle,<sup>21</sup> I find more persuasive the record evidence indicating that three quarters of purchasers confirmed that greenhouse and field tomatoes are not interchangeable.<sup>22</sup> I also find that, on balance, there is a clear dividing line between greenhouse tomatoes and field tomatoes given the distinct production facilities, processes, and employees, unique channels of distribution, different characteristics and uses, producer and customer perceptions indicating no interchangeability, and premium prices for greenhouse tomatoes. Finally, I note that I am not bound by past decisions of the Commission involving domestic tomato production.<sup>23</sup>

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<sup>16</sup> CR at I-10, PR at I-7; Petitioners' Prehearing Brief at 10-11; Hearing Tr. at 84, 295 & 297; Petitioners' Posthearing Brief at 9.

<sup>17</sup> Respondents are BC Hot House Foods, Inc., Ontario Greenhouse Vegetable Growers, and BC Vegetable Greenhouse I.L.P.

<sup>18</sup> Respondents' Prehearing Brief at 4, 11, 16-18; Hearing Tr. at 145-46; Respondents' Posthearing Brief at 17. Those decisions, in my view, reflect now dated perceptions. The most recent evidence regarding greenhouse tomatoes' distinct characteristics and uses, as well as separate production facilities and the other relevant criteria, I believe, substantiate the development of greenhouse tomatoes as a separate product and a domestic industry apart from field-grown tomato production.

<sup>19</sup> Respondents' Prehearing Brief at 20-59, 60-62; Hearing Tr. at 146-53, 183, 227-28 & 298; Respondents' Posthearing Brief at 4, A-17-18, A-51-55, A-61-63, Exs. 14, 20, 23-26 & 31-32.

<sup>20</sup> CR at I-10, II-13-14, PR at I-7, II-8, Conference Transcript ("Conf. Tr.") at 161-62 (Gianatti, Comito); Respondents' Prehearing Brief at 63; Hearing Tr. at 147, 149, 151-52, 158 (Gianatti), 161, 165-66; Respondents' Posthearing Brief at 3, A-20-22, Ex.6.

<sup>21</sup> Conf. Tr. at 161-62 (Gianatti, Comito); Hearing Tr. at 158 (Gianatti).

<sup>22</sup> CR at I-6-8, II-10-14, PR at I-5-6, II-6-8.

<sup>23</sup> See Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353, 1379 (Ct. Int'l Trade 1999); Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386 (Prelim.) and 731-TA-812-813 (Prelim.), USITC Pub. 3155 (Feb. 1999) at 5-6 n.20. In the context of a Title VII investigation, the Commission examined the domestic tomatoes industry in Fresh Tomatoes from Mexico, Inv. No. 731-TA-747 (Final), USITC Pub. No. 2967 (May 1996) and defined the domestic like product as all fresh tomatoes, coextensive with the scope, but did not specifically address the issue of greenhouse tomatoes in its determination. Given that the Commission voted to conduct a full sunset review of that order in January 2002, the domestic like product issue is still outstanding in the review investigation. The Commission again examined the domestic fresh tomato industry in a global safeguard investigation, Fresh Tomatoes and Bell Peppers, Inv. No. TA-201-66, USITC Pub. No. 2985 (Aug. 1996), in which I defined two separate domestic like products, distinguishing between greenhouse tomatoes and field-grown tomatoes given the very different production processes, higher prices and quality differences, and different channels of distribution. The record in this investigation indicates that the foregoing distinctive factors still exist and have continued to develop, and that greenhouse tomatoes continue to constitute a separate U.S. market, apart from field tomatoes, since the previous investigations six years ago. Hearing Tr. at 48-52.

In my view, the information developed in this final phase investigation reinforces the definition of a single domestic like product comprised of greenhouse tomatoes only; therefore, I again define the domestic like product coextensively with the scope of the subject merchandise. Based on my definition of the domestic like product, I define the corresponding domestic industry as all growers of greenhouse tomatoes in the United States.

Pursuant to provision 19 U.S.C. § 1677(4)(B) of the Act, I further consider whether any producer of the domestic like product should be excluded from the domestic industry for purposes of an injury determination; if “appropriate circumstances” exist, then the Commission has the discretion based on the facts presented in each case to exclude a related party that may be shielded from any injury that might be caused by the subject imports.<sup>24</sup>

In the preliminary phase of this investigation, the Commission determined not to exclude any domestic producer as a related party. The current record indicates that domestic greenhouse tomato producer \*\*\* purchased subject imports during the period of investigation, and \*\*\*;<sup>25</sup> therefore each is a related party. However, \*\*\* imported a small volume of subject imports relative to their domestic production.<sup>26</sup> In addition, all producers account for a significant share of domestic production, and the financial performance of each does not suggest that any producer has been shielded from the effects of unfairly traded imports.<sup>27</sup> Consequently, I find that appropriate circumstances do not exist to exclude \*\*\* or \*\*\* as a related party.

## II. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

### A. Conditions of Competition

I consider several conditions of competition to be pertinent to my analysis in the final phase of this investigation.

Demand for greenhouse tomatoes in the United States dramatically expanded from a small niche base during the early 1990s and steadily rose throughout the period of investigation.<sup>28</sup> Apparent U.S. consumption increased 34.7 percent between 1998 and 2001, from 456 million pounds in 1998 to 614 million pounds in 2001.<sup>29</sup>

Although the supply of domestic greenhouse tomatoes also increased during this period of growing demand,<sup>30</sup> several domestic producers struggled financially, ceased production, were partially liquidated, or reorganized in bankruptcy.<sup>31</sup> In particular, domestic producers’ capacity rose from 168 million pounds (416 acres) in 1998 to 246 million pounds (548 acres) in 2001, and U.S. production

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<sup>24</sup> See Torrington Co., 790 F. Supp. at 1168; Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int’l Trade 1989), *aff’d without opinion*, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1353-54 (Ct. Int’l Trade 1987).

<sup>25</sup> CR/PR at Tables III-4-5; CR/PR at IV-1.

<sup>26</sup> CR/PR at Tables III-4-5.

<sup>27</sup> CR/PR at Revised Table C-1.

<sup>28</sup> CR at II-8-10, PR at II-5-6.

<sup>29</sup> CR/PR Memorandum INV-Z-037 at Table C-1 (“Revised Table C-1”).

<sup>30</sup> *Id.*

<sup>31</sup> Petitioners’ Prehearing Briefing at 33-34; Hearing Tr. at 54-55, 122-23.

increased from 154 million pounds in 1998 to 229 million pounds in 2001.<sup>32</sup> However, firm closures and bankruptcies reduced domestic producers' production capacity and capacity utilization, resulting in more than 10 percent (or over 100 out of 648 acres) of total domestic capacity idled and unused for greenhouse tomato production by 2001.<sup>33</sup>

As noted in the preliminary determination,<sup>34</sup> I again find that the record evidence is mixed regarding the relationship between demand for greenhouse tomatoes and demand for field-grown tomatoes. I recognize that the record provides some indication that greenhouse tomatoes compete with field tomatoes to a limited degree during narrow segments of their respective marketing cycle,<sup>35</sup> and therefore field tomatoes appear to have some limited influence on the domestic greenhouse tomato market. Nevertheless, I note that the record also indicates that the U.S. demand for field tomatoes remained stable during the period of investigation, in contrast to the dramatic increase in U.S. consumption of greenhouse tomatoes, which underscores the fundamental existence of unique characteristics and uses, as well as the distinctive markets, for these two separate products.<sup>36</sup>

Greenhouse tomato production, competition, and thus price, follow a seasonal pattern.<sup>37</sup> Northern U.S. growers plant in late fall, begin harvesting in winter or early spring, and produce until November; southern U.S. growers plant in summer, begin harvesting in early fall, and produce until late spring.<sup>38</sup> Given that domestic production occurs in both northern and southern climates, the industry as a whole essentially harvests greenhouse tomatoes year-round.<sup>39</sup> However, Canadian production begins in March, peaks in May, and declines progressively until December.<sup>40</sup> Accordingly, a substantial volume of Canadian greenhouse tomatoes enter the U.S. market in early spring and exit the market in late fall;<sup>41</sup> thus, the timing of subject imports, as well as their volume, are important considerations in understanding production and marketing cycles for domestic and subject merchandise.

In addition, I note that the domestic industry for this agricultural product is characterized by high fixed costs due to the substantial expenses associated with building, financing, and operating greenhouses.<sup>42</sup> Domestic producers rely on their ability to access both operating and investment capital and therefore require a high level of cash flow in order to justify further investment and pace capacity utilization and expansion with the market demand and growth.<sup>43</sup>

The record indicates that domestically-produced and imported subject merchandise are broadly interchangeable given their similar quality.<sup>44</sup> Most domestically-produced and imported greenhouse

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<sup>32</sup> CR/PR at Revised Table C-1.

<sup>33</sup> Hearing Tr. at 9-10, 47 & 292.

<sup>34</sup> Preliminary Determination at 16.

<sup>35</sup> CR at I-8, II-13-14, PR at I-5, II-8; Conf. Tr. at 161-62 (Gianatti, Comito); Hearing Tr. at 158 (Gianatti).

<sup>36</sup> CR at II-9, PR at II-5-6.

<sup>37</sup> CR at V-23, PR at V-4.

<sup>38</sup> CR at II-6, PR at II-4.

<sup>39</sup> CR at II-6, PR at II-4.

<sup>40</sup> CR at II-16-17, PR at II-10.

<sup>41</sup> Petitioners' Prehearing Briefing 16-18, 21-31, Ex. 7; Hearing Tr. at 10-11, 34, 36, 51 & 293-94.

<sup>42</sup> Petitioners' Prehearing Brief at 16-17.

<sup>43</sup> Hearing Tr. at 39 (Mr. Fahrenbruch).

<sup>44</sup> CR at II-18-19, PR at II-11-12.

tomatoes are sold in the spot market;<sup>45</sup> producers are price takers, given the perishability of greenhouse tomatoes.<sup>46</sup>

Nonsubject imports account for a significant portion of the U.S. market. However, the volume of nonsubject imports followed a declining trend over the period of investigation and were priced comparably to domestically-produced greenhouse tomatoes, depending on quality. In addition, nonsubject imports from the Netherlands enter the U.S. market year-round, and nonsubject imports from Mexico, Israel, and Spain enter primarily in the winter months.<sup>47</sup>

## B. Volume

The volume of subject imports significantly increased both absolutely and relative to consumption and production throughout the period of investigation.<sup>48</sup> In particular, the volume of subject imports increased \*\*\* percent between 1998 and 2001, from \*\*\* million pounds in 1998 to \*\*\* million pounds in 2001.<sup>49</sup> As the volume of subject imports steadily increased, they also captured a growing share of the U.S. market. The market share of subject imports grew from \*\*\* percent in 1998 to \*\*\* percent in 1999, and then to \*\*\* percent in 2000, but marginally declined to settle at \*\*\* percent in 2001.<sup>50</sup> Although domestic producers also increased their share of the growing U.S. market, subject imports captured a much larger share of the expanding U.S. market.<sup>51</sup> The volume effect of subject imports was exacerbated by their seasonality because most subject imports entered spring to fall, which magnified the seasonal adverse price effect as discussed below.<sup>52</sup> Accordingly, I find that the volume and increase in volume of subject imports are significant.

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<sup>45</sup> CR at V-2-4, PR at V-1-3.

<sup>46</sup> Hearing Tr. at 113 (Mr. Fahrenbruch).

<sup>47</sup> CR/PR at Revised Table C-1.

<sup>48</sup> CR/PR at Revised Table C-1.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> CR/PR at Revised Table C-1. The volume of nonsubject (other than Canadian source) imports declined from 173 million pounds in 1998 to 150 million pounds in 1999, and to 146 million pounds in 2000. Although nonsubject imports increased to 159 million pounds in 2001, overall nonsubject imports declined 8.3 percent between 1998 and 2001. Similarly, nonsubject imports' share of the U.S. market declined from 38.0 percent in 1998 to 25.8 percent in 2000, but increased to 25.9 percent in 2001. Nonetheless, overall nonsubject imports lost 12.1 percent of the U.S. market over the period of investigation. *Id.* After Commerce amended the final *de minimis* margin of a foreign producer/U.S. importer, the volume of nonsubject Canadian imports changed. The revised volume of Canadian nonsubject imports increased \*\*\* percent between 1998 and 2001, from \*\*\* million pounds in 1998 to \*\*\* million pounds in 2001. Canadian nonsubject imports accounted for \*\*\* percent of the U.S. market share in 1998 and \*\*\* percent in 2001. *Id.*

<sup>52</sup> CR/PR Memorandum INV-Z-037 at Figures V-2-9 ("Revised Figures V-2-9") (citing the figures that compare the delivered weekly prices of domestic and Canadian products to the volume of domestic and Canadian products sold to retailers and distributors from 1999 through 2001, which provide a more visual line-graph comparison of significant volumes and significant price effects of subject imports over the period of investigation).

### C. Price Effects of Subject Imports

Due to the importance of the seasonal patterns of greenhouse tomato production, competition, and thus price in this investigation, I begin my price effects analysis with a discussion of price trends.

The price trends for greenhouse tomatoes exhibited seasonal fluctuations during the years examined.<sup>53</sup> Prices were generally higher in the winter and typically declined beginning in the spring, with the lowest prices in May, only to slowly return to high winter prices by November. I note that the seasonal pricing patterns coincide with the seasonal production and volume of subject imports entering the U.S. market; that is, prices dropped to their lowest level in May, at the same time Canadian subject imports reached their highest volume level.<sup>54</sup>

In addition to this seasonal pattern, I note the decline in average unit values. In particular, since domestic producers consider prices on a yearly average basis,<sup>55</sup> I find it noteworthy that average unit values (“AUVs”) for the domestic like product declined from 1998 to 1999, slightly recovered in 2000 and 2001, but were lower overall (1.1 percent) at the end of the investigation period.<sup>56</sup> Subject imports’ AUVs followed the same trend but with larger overall declines (\*\*\*) percent) during the period of investigation.<sup>57</sup> Importantly, I consider the declining price trends in the context of dramatically expanding domestic consumption, during which time domestic producers would have anticipated increased prices sufficient to cover their increasing costs, but were unable to do so.<sup>58</sup>

As noted previously, domestically produced and subject imported greenhouse tomatoes are broadly interchangeable, given the same quality, and therefore, competition is largely on the basis of price for this commodity-type product.<sup>59</sup> Greenhouse tomato producers are price takers, not price makers, that have very little leverage to influence prices given the product’s perishability. Notice of price changes is quickly and efficiently disseminated via the spot market, and contracts are negotiated weekly or monthly.<sup>60</sup> Commission staff collected weekly pricing data for four products, two greenhouse tomato products and two field-grown tomato products. As in the preliminary phase of this investigation, the pricing comparisons between domestic and subject greenhouse tomatoes evidence a mixed pattern of overselling and underselling.<sup>61</sup> The absence of a strong pattern of underselling is not surprising given the commodity-type nature of the product and the efficient dissemination of price changes in the market. Nonetheless, price comparisons for sales to both retailers and distributors indicate that subject imports undersold the domestic product in 27 percent of pricing comparisons.<sup>62</sup> Also, I note that the frequency of

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<sup>53</sup> CR at V-23, PR at V-4; CR/PR Memorandum INV-Z-037 at Table V-1 (“Revised Table V-1”).

<sup>54</sup> CR/PR at Revised Figures V-2-9.

<sup>55</sup> Hearing Tr. at 56-57.

<sup>56</sup> CR/PR at Revised Table C-1.

<sup>57</sup> *Id.*

<sup>58</sup> CR/PR at Revised Table C-1.

<sup>59</sup> CR at II-18-19, PR at II-11-12; *see Cattle from Canada and Mexico*, Invs. Nos. 701-TA-386, 731-TA-812-13 (Prelim.), USITC Pub. No. 3155 (Feb. 1999) at 55-56.

<sup>60</sup> CR at V-3, PR at V-1-2.

<sup>61</sup> I note the Petitioners’ argument \*\*\*. *See* Hearing Tr. at 240-49 (Closed Session); Memorandum INV-Z-035. Notwithstanding such discrepancies, I find the pricing data indicate that when the volume of subject imports increased, the U.S. market prices trended down. CR/PR at Figure V-2-9.

<sup>62</sup> CR/PR at Revised Table V-5.

underselling increased over the period of investigation.<sup>63</sup> Additionally, given the importance of retailers discussed previously in the domestic like product section, I have also considered the sales at the retail level to have more probative value regarding the impact on price. Importantly, two-thirds of subject Canadian greenhouse tomatoes were sold to retailers, and the majority of instances of underselling occurred in sales to retailers during the peak production and import season of the Canadian subject imports.<sup>64</sup>

Finally, in addition to the effect of subject imports, I also considered the effects of field tomatoes and nonsubject imports<sup>65</sup> on prices of greenhouse tomatoes. Respondents argue that the volumes and quality of field-grown tomatoes directly affect the price of greenhouse tomatoes, especially when considering prices of all fresh tomatoes.<sup>66</sup> I find that the long-acknowledged seasonality of field-grown tomatoes does not explain the recent period of declining greenhouse tomato prices, particularly in light of the relatively stable production and pricing of field-grown tomatoes. Indeed, I note that greenhouse tomato prices typically increase in the fall, even as domestic field tomato volumes evidence their seasonal increase, which does not support the contention that field-grown tomatoes directly affect the prices of greenhouse tomatoes.<sup>67</sup>

Accordingly, for all the foregoing reasons, I find that apart from any other contributing factors, the significant volume of subject imports throughout the period of investigation caused significant price suppression and depression in the U.S. market even as apparent U.S. consumption of greenhouse tomatoes increased dramatically.

#### **D. Impact of the Subject Imports on the Domestic Industry**

Notwithstanding the increases in apparent U.S. consumption, as well as U.S. shipments and production by domestic producers over the period of investigation, the data demonstrate a drastic deterioration in the financial health of the domestic industry, resulting from significant declines in U.S. price levels and the inability to cover costs, which I found were by reason of subject imports.<sup>68</sup>

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<sup>63</sup> CR/PR at Revised Table V-5.

<sup>64</sup> CR/PR at Revised Figures V-2-3.

<sup>65</sup> As discussed previously in conditions of competition, the record indicates that although the market share of nonsubject imports is significant, the volume of nonsubject imports, however, followed a declining trend over the period of investigation and were priced comparably to domestically-produced greenhouse tomatoes, depending on quality. See *Conditions of Competition infra* at 7. In addition, the majority of nonsubject imports enter the U.S. market during different seasons of the year than subject imports. Accordingly, in my view, the record evidence does not support the contention that nonsubject imports negatively affect the price of domestic greenhouse tomatoes.

<sup>66</sup> Respondents' Prehearing Brief at 84-86, Ex. 25; Hearing Tr. at 151.

<sup>67</sup> CR at V-24-25, PR at V-4, V-18 CR/PR at Table D-1, Figures D-1-4.

<sup>68</sup> In an amended final antidumping determination, Commerce found the following weighted average margins: BC Hot House Foods 18.04; All Others 16.53; Mastronardi Produce Ltd. 0.52 or *de minimis*; J-D Marketing Inc. *de minimis*; and Red Zoo Marketing *de minimis*. Fed. Reg. at (67 FR 15528, April 2, 2002). I note that I do not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on the domestic producers. 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 (Prelim.), USITC Pub. 3345 (Sept. 2000) at 11, n.63.

The injury to the domestic industry is most evident in the widespread poor financial performances of the industry as a whole throughout the period of investigation.<sup>69</sup> For example, 2 of 10 domestic producers reported losses in 1998, but by 1999, 8 of 11 producers reported losses, and 8 of 14 reported losses in 2000.<sup>70</sup> In 2001, 6 of 13 reported losses.<sup>71</sup> Overall, the domestic industry suffered cumulative net losses during the period of investigation.<sup>72</sup> The significant volumes of increasing imports from Canada from spring to fall adversely affected the domestic industry's profitability. Despite increases in the volume of domestic production, U.S. shipments, and sales over the period of investigation during a time of growing demand, domestic producers were unable to increase prices to cover operating expenses, due to significant volumes of Canadian subject imports. As a result, the domestic industry's operating income collapsed from a nominal profit in 1998 to substantial losses in 1999 and 2000.<sup>73</sup> In 2001, the domestic industry's operating margins improved to a 5.3 percent profit due to restructuring efforts by some domestic producers.<sup>74</sup> Notwithstanding these restructuring efforts by some producers, the 2001 improvement in operating margins was not related to favorable market performance, and therefore, does not negate the drastic deterioration of the overall domestic industry's financial health over the period of investigation and the significant adverse impact of subject imports.

In particular, a number of domestic producers were either plagued with financial difficulties (\*\*\*) ; ceased production (Suntastic (bankruptcy) and Carolina Hydroponic Growers); were liquidated and sold in part (Colorado Greenhouses); or went through bankruptcy reorganization (Village Farms).<sup>75</sup> Thus, although U.S. demand was experiencing high growth, a substantial amount of greenhouse acreage capacity nonetheless sat idle by 2001 as numerous domestic producers struggled financially.<sup>76</sup>

An additional indicator of financial deterioration is the decline in the domestic industry's cash flow.<sup>77</sup> I consider the seasonal impact of subject imports as particularly significant for this agricultural industry, given the compressed seasonal harvest cycle for the producers of greenhouse tomatoes. A weak performance in seasonal returns has an immediate impact on cash flow for the next season's operations and the ability to compete in the next cycle. The weakened performance affects producers' access to credit as well.<sup>78</sup> With return on investment depressed in this agricultural industry, domestic producers cannot secure conventional agribusiness credit necessary for current operations, as well as for any expansion.<sup>79</sup> Not surprisingly, capital expenditures declined 95 percent over the investigation period; this further evidences that the domestic industry has been adversely impacted by the increasing supply of subject imports that depressed and suppressed U.S. prices and prevented the domestic industry from

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<sup>69</sup> CR/PR Memorandum INV-Z-036 at Table VI-3 ("Revised Table VI-3").

<sup>70</sup> CR/PR Memorandum INV-Z-036 at Table VI-1 ("Revised Table VI-1").

<sup>71</sup> CR/PR at Revised Table VI-1.

<sup>72</sup> Hearing Tr. at 9, 39 & 292.

<sup>73</sup> CR/PR at Revised Table C-1.

<sup>74</sup> *Id.* Specifically, \*\*\*.

<sup>75</sup> CR at VI-1-2, PR at VI-1; Petitioners' Prehearing Brief at 34 & 36; Hearing Tr. at 37 & 43.

<sup>76</sup> Petitioners' Prehearing Brief at 40-41; Hearing Tr. at 9-10, 47.

<sup>77</sup> CR/PR at Revised Table VI-1.

<sup>78</sup> Hearing Tr. at 39, 41-42.

<sup>79</sup> See Petition at 37 & Ex. 14; Petitioners' Prehearing Brief at 36-37, Ex. 14; Hearing Tr. at 10, 133; Petitioners' Posthearing Brief at 13.

expanding production to keep pace with the expanding U.S. demand.<sup>80</sup> In sum, low market prices caused by the subject imports made creditors unwilling to extend the necessary credit to domestic producers; in turn, domestic producers with idle capacity were unable to generate sufficient income to service existing and proposed debt levels.<sup>81 82</sup>

I also considered, in addition to subject imports, other factors that may be contributing to overall injury,<sup>83</sup> including over-expansion and mismanagement of company finances. While the record indicates that some domestic producers have experienced financial difficulties due to high overhead investments, new expansion costs, and unexpected plant diseases,<sup>84</sup> I found that, on balance, the record does not indicate that these factors account for the extensive injury to the domestic industry. Rather, the domestic industry as a whole experienced staggering losses and the inability to raise necessary capital attributable to significant price suppression and depression as a result of significant volumes of subject imports, a large portion of which undersold the domestic product.<sup>85</sup> Therefore, the record indicates that over the period of investigation, the only significant change in the U.S. market that accounts for the significant adverse impact experienced by the domestic industry is the significant volume, and increase in volume, of subject imports that caused significant negative price effects in the U.S. market and corresponding performance losses.

Based upon all of the foregoing, I determine that subject imports have had a significant adverse impact on the domestic industry producing greenhouse tomatoes.

### III. CONCLUSION

For the foregoing reasons, I determine that the domestic industry producing greenhouse tomatoes is materially injured by reason of subject imports from Canada.

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<sup>80</sup> CR/PR at Revised Table C-1.

<sup>81</sup> Petitioners' Prehearing Brief at 36-37, Ex. 14; Hearing Tr. at 10, 133; Petitioners' Posthearing Brief at 13.

<sup>82</sup> It is apparent that just as the developing domestic industry entered a period of dramatically increasing U.S. demand, a significant influx of unfairly traded subject imports disrupted the industry's market condition and prospects to the point where the continued viability of many U.S. producers is now in question; specifically, unfair imports from Canada entered the U.S. market at a critical point in the U.S. marketing cycle disrupting the domestic industry's ability to sustain needed operating cash flow for operations and access to credit for further development.

<sup>83</sup> 19 U.S.C. § 1677(7)(C)(iii); *see also*, SAA at 851, 885.

<sup>84</sup> CR at VI-16-18, PR at VI-5.

<sup>85</sup> CR/PR at Revised Table VI-1 & Revised Table C-1.



## 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 is threatened with further material injury by reason of less-than-fair-value (LTFV) imports of greenhouse tomatoes<sup>1</sup> from Canada. Information relating to the background of the investigation is provided below.<sup>2</sup>

<i>Effective date</i>	<i>Action</i>
March 28, 2001 . . . .	Petition filed with Commerce and the Commission; institution of the Commission's investigation
April 24, 2001 . . . . .	Commerce's notice of initiation
May 14, 2001 . . . . .	Commission's preliminary determination
October 5, 2001 . . . .	Commerce's preliminary determination; scheduling of the final phase of the Commission's investigation (66 FR 57112, November 14, 2001)
February 19, 2002 . .	Commerce's final determination <sup>3</sup> (67 FR 8781, February 26, 2002)
February 21, 2002 . .	Commission's hearing <sup>4</sup>
February 27, 2002 . .	Revised schedule of the Commission's final phase of the investigation (67 FR 10434, March 7, 2002)
April 2, 2002 . . . . .	Commerce's amended final determination (67 FR 15528, April 2, 2002)
April 2, 2002 . . . . .	Commission's vote
April 11, 2002 . . . . .	Commission's determination to Commerce

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<sup>1</sup> 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 of the United States, 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 originating in Canada (and generally from Mexico) are eligible to enter the United States free of duty, upon proper importer claim.

<sup>2</sup> *Federal Register* notices cited in the tabulation are presented in app. A.

<sup>3</sup> Commerce's amended final margins of sales at LTFV (in percent *ad valorem*), are as follows: BC Hot House Foods, Inc., 18.04; Red Zoo Marketing, a.k.a. Produce Distributors, Inc., 1.85 (*de minimis*); J-D Marketing, Inc., 0.83 (*de minimis*); Mastronardi Produce Ltd., 0.52 (*de minimis*); and all others, 16.53.

<sup>4</sup> A list of witnesses appearing at the hearing is presented in app. B.

## SUMMARY DATA

A summary of data collected in the investigation is presented in the tables in appendix C.<sup>5</sup> Except as noted, data on U.S. producers of greenhouse tomatoes are from questionnaire responses of 16 growers that accounted for all known large growers of greenhouse tomatoes in the United States during 2001. U.S. imports of greenhouse tomatoes are based on official statistics of the Department of Commerce and on responses to Commission questionnaires. Data on all fresh-market tomatoes are from official Commerce statistics, Commission questionnaires, and the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service.

## 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 imported product is limited to tomatoes grown in greenhouses, and excludes field-grown tomatoes for the fresh tomato market (field-grown tomatoes).<sup>6</sup> The domestically-produced greenhouse tomatoes are essentially the same as the imported product. Tomatoes are edible fruits of the *Solanaceae* (or Nightshade) family, genus *Lycopersicon*, and species *L. esculentum*.<sup>7</sup>

## DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. The petitioners contend that the domestic like product should be the same as the subject product--greenhouse tomatoes.<sup>8</sup> The Canadian respondents contend that the domestic like product should be all fresh tomatoes, whether grown in greenhouses or fields.<sup>9</sup> In the preliminary phase of this investigation, the Commission determined that "{W}e . . . 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."<sup>10</sup>

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<sup>5</sup> Table C-1 presents data on greenhouse tomatoes and table C-2 presents data on greenhouse and field-grown fresh tomatoes. The Commission sent questionnaires to 303 growers of field tomatoes, and has received 8 questionnaire responses and 32 "not a grower" responses. The Commission sent questionnaires to 74 packers of tomatoes, and has received 4 questionnaire responses and 2 "not a packer" responses. Two other field growers filled out the packer questionnaire rather than the grower questionnaire because they pack their own tomatoes.

<sup>6</sup> 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. Processing tomatoes are also excluded from the scope of the investigation.

<sup>7</sup> Agriculture and Agri-Food Canada reports that a second species of tomatoes, *L. pimpinellifolium*, often known as the red currant tomato, has exceedingly small fruit (less than 10 mm), "Greenhouse & Processing Crops Research Centre," [http://res2.agr.ca/harrow/bk/tomch1\\_2.htm](http://res2.agr.ca/harrow/bk/tomch1_2.htm).

<sup>8</sup> Petitioners' arguments in detail on domestic like product issues can be found in their prehearing brief, pp. 2-16.

<sup>9</sup> Respondents' arguments in detail on domestic like product issues can be found in their prehearing brief, pp. 4-63.

<sup>10</sup> *Greenhouse Tomatoes from Canada, Investigation No. 731-TA-925 (Preliminary)*, USITC Pub. 3424, May (continued...)

## Physical Characteristics and Uses

Petitioners contend that greenhouse tomatoes are physically different from field-grown fresh-market tomatoes, in that the former have a thinner skin and higher water content; have superior color, texture, uniformity of appearance, and taste; and have distinct uses (used 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 field-grown tomatoes (including vine-ripened field-grown tomatoes) 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.

The vast majority of cultivated tomatoes have the same genus and species, *Lycopersicon esculentum*.<sup>11</sup> Responding growers of greenhouse tomatoes indicated that they produced the *L. esculentum* species; however, one grower of field-grown tomatoes reported growing both *L. esculentum* and *L. pyriforme* (which is a variety, not a species), one reported growing *L. esculentum*, and one reported growing “Mountain Spring.” Only two importers listed *L. esculentum* as the species of greenhouse tomato they imported from Canada; several varieties were listed for imported greenhouse tomatoes, notably the Rhapsody and Quest varieties. The \*\*\* listed \*\*\* varieties (\*\*\*) and stated that all of these varieties are specifically for greenhouse tomato growing and are not grown in the field. Importer \*\*\* stated that “Durinta is grown both inside and outside but other varieties are bred for only one or the other.”

Petitioners testified that the majority of greenhouses produce about 60 percent beefsteak tomatoes, 40 percent tomatoes on the vine, and less than 2 percent specialty products like cherry tomatoes,<sup>12</sup> whereas field-grown tomatoes are 70 percent beefsteak tomatoes, followed by Roma and cherry tomatoes.<sup>13</sup>

Field-grown tomatoes tend to be either “determinate” flowering plants (which means that they grow for a certain time, produce a flood of flowers and then fruit for a relatively determined time period, and then become unproductive) or “semideterminate” plants (which grow taller than determinates and require staking). Greenhouse tomatoes are traditionally “indeterminate” variety plants which have a much longer life span, may grow well over 20 feet in length when trained to a single stem, and produce much more fruit per plant. However, \*\*\* reported that in the past five years, “Mexican field production has changed to primarily indeterminate type varieties similar to what is used in greenhouses,”<sup>14</sup> and respondents state that the use of determinate or indeterminate plants depends on whether staking will occur, not whether the plant is grown in a greenhouse or in the field.<sup>15</sup>

In response to Commission questionnaires, U.S. growers of greenhouse tomatoes indicated that greenhouse tomatoes have a better taste and texture and have a longer shelf life than field-grown tomatoes, and are more uniform in shape, size, and color; one grower stated that greenhouse tomatoes are thinner-walled and have larger “jell cells” than field-grown tomatoes. Five of the 10 responding

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<sup>10</sup> (...continued)  
2001, p. 10.

<sup>11</sup> Respondents’ prehearing brief, pp. 24-25; Petitioners’ posthearing brief, p. Written Questions-7.

<sup>12</sup> Dave Fahrenbruch, General Manager of Operations, Sun Blest Management. Transcript of the Commission’s February 21, 2002, hearing (“hearing transcript”), p. 68.

<sup>13</sup> Ibid., pp. 69-70.

<sup>14</sup> Questionnaire response of \*\*\*.

<sup>15</sup> Canadian respondents’ posthearing brief, p. A-58.

growers of field-grown tomatoes individually stated that, (1) the uses are the same and there has been a perception that greenhouse tomatoes are larger and firmer, but in the past few years field-grown tomatoes have bridged that gap with new hybrid varieties; (2) field-grown tomatoes are firmer and have a longer shelf life; (3) field-grown and greenhouse tomatoes are comparable in size and shape and are used the same way by retail chains and some upscale food services; (4) greenhouse tomatoes have a higher quality appearance, typically greenhouse tomatoes are a retail product and field-grown tomatoes are primarily a food service product; and (5) field-grown tomatoes have more flavor, nutrition, and body, and their firmness allows them to be used in places where a greenhouse tomato cannot be used. Two of the four responding U.S. packers of field-grown tomatoes indicated that greenhouse tomatoes and field-grown tomatoes are the same in characteristics and uses. Seventeen of 25 reporting U.S. importers indicated that greenhouse tomatoes and field-grown tomatoes are substitutable for each other.

### **Manufacturing Facilities and Production Employees**

Petitioners assert that the production facilities for greenhouse tomatoes are distinct from field-grown tomato production facilities, 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, and glass structures.

No growers of tomatoes that responded to the Commission's questionnaire grew both greenhouse tomatoes and field-grown tomatoes. With a few exceptions,<sup>16</sup> there is no known overlap among growers of the two types of tomatoes. (Also with a very few exceptions, the same lack of overlap is true for the imports by U.S. importers.) Based on responses to growers' and packers' questionnaires,<sup>17</sup> the manufacturing facilities for the production of greenhouse tomatoes are far different from those for field-grown tomatoes. Greenhouse tomatoes are grown in expensive, high-tech, environment-controlled greenhouse facilities, which of course are not used in the production of field-grown tomatoes. Greenhouse tomatoes are also generally grown in mediums such as rock wool suspended in nutrient solutions, whereas field-grown tomatoes are grown in soil.

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<sup>16</sup> Respondents' prehearing brief mentions several growers who grow both greenhouse and field-grown tomatoes, pp. 51-52.

<sup>17</sup> When asked to comment on whether there is a substantial coincidence of economic interest between the growers and packers of tomatoes, nine greenhouse tomato growers and three field-grown tomato growers responded that they pack their own tomatoes. In addition, one greenhouse tomato grower responded "yes;" one field-grown tomato grower responded that the economic interest varies per deal; another field-grown tomato grower responded that neither can operate at a loss; and a final field-grown tomato grower responded that one doesn't exist without the other. When asked to comment on whether there is a single continuous line of production from the greenhouse (or field) to the first sale by the packer, seven greenhouse tomato growers said that they pack their own product, two greenhouse tomato growers said "No," another greenhouse grower said that its tomatoes are sold to only one marketing source, and a final greenhouse grower said that it packs its own tomatoes but that they are marketed by someone else. In response to this same question, six field-grown tomato growers said "Yes" there is a continuous line of production. One of those six field-grown producers (located in Florida) further stated that most of the field-grown tomato market is characterized by producers who are growers, packers, and shippers, but to some extent smaller growers only grow their product and market it through the larger growers/packers/shippers or through brokerage organizations. One packer responded that producers of field-grown tomatoes deliver their tomatoes to it for processing, sales, and collections for a flat fee per box.

Employees in U.S. greenhouse tomato operations are reportedly primarily full-time. Field-grown tomato producers rely on a larger proportion of seasonal migrant workers.<sup>18</sup>

### **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 field-grown tomatoes.

Questionnaire responses from U.S. growers of greenhouse tomatoes generally indicate that there is little or no interchangeability with field-grown tomatoes because of the appearance and characteristics of greenhouse tomatoes, but three growers (\*\*\*, \*\*, and \*\*) indicated that the products are interchangeable. Five of the 10 responding growers of field-grown tomatoes individually said (1) that there was full interchangeability; (2) that the products are not interchangeable, stating that greenhouse tomatoes are softer, have more water, are difficult to slice, and come in limited sizes compared with field-grown tomatoes; (3) that many of their customers buy both products and that greenhouse and field-grown tomatoes usually end up with some of the same end uses; (4) due to the different uses (especially foodservice), greenhouse field-grown tomatoes are not readily interchangeable; and (5) they are interchangeable at the retail level only because greenhouse tomatoes are not acceptable in food service applications. Of the responding packers of field-grown tomatoes, two stated that they are interchangeable.

Seventeen of 22 reporting U.S. importers indicated that greenhouse tomatoes and field-grown tomatoes are substitutable for each other. \*\*\* mentioned that “{R}etailers marketing to customer segments with higher disposable incomes will generally have a premium quality tomato program. These retailers typically emphasize field-grown vine ripened and greenhouse tomatoes. Field-grown vine ripened and greenhouse tomatoes share many common product attributes and are generally subject to a high level of substitution.” \*\*\* stated that “{T}here is full substitution of product between the two. Product can be packed in similar-sized carton (sic), i.e., 25-lb. boxes. In the spring window, greenhouse packaging is the same as vine-ripe packaging, including the same 4-digit PLU.”<sup>19</sup>

Twenty-six of 30 responding purchasers indicated that they purchase both greenhouse tomatoes and field-grown tomatoes. When asked if they consider field-grown tomatoes to be substitutes for greenhouse tomatoes, seven replied in the affirmative and 21 replied in the negative. Additional information on purchasers’ perceptions of the interchangeability between greenhouse tomatoes and field-grown tomatoes is presented in the section entitled “Substitutability Issues” in Part II of this report.

### **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, and lack of

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<sup>18</sup> Petitioners’ posthearing brief, response to written questions, p. Written Questions-8.

<sup>19</sup> PLU markings are “price look up” stickers placed on each tomato to assist cashiers in determining the correct price to charge.

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 U.S. growers of greenhouse tomatoes indicate that greenhouse tomatoes are perceived to be superior in quality and other characteristics to field-grown tomatoes. Five of the 10 responding growers of field-grown tomatoes indicated individually that (1) perceptions vary based on region, education and preferences; (2) consumers view greenhouse tomatoes as higher-priced, premium tomatoes and that from a grower/packer perspective there are no similarities; (3) they compete in the same marketplace; (4) the best product at the lowest price will survive (given equal treatment in pricing); and (5) greenhouse are perceived as a higher quality product. One packer of field-grown tomatoes stated that greenhouse tomatoes are perceived to be free from insecticides and fertilizer, "even though they aren't."

In response to the question "To what extent are 'mature green' and 'vine ripe' field-grown tomatoes for the fresh market similar to or different from each other," a majority of the 24 purchasers that responded to the question indicated that vine-ripe field-grown tomatoes have a better flavor and/or have better eating qualities. Some purchasers stated that the tomatoes were the same or similar, e.g., \*\*\* which stated "Same tomatoes just harvested at a different stage of the tomatoes life."

In response to the question "To what extent are 'mature green' field-grown tomatoes and greenhouse tomatoes for the fresh market similar to or different from each other," a larger majority of the 24 purchasers that responded to the question indicated that greenhouse tomatoes have a better taste and quality.

In response to the question "To what extent are 'vine ripe' field-grown tomatoes and greenhouse tomatoes for the fresh market similar to or different from each other," 7 of the 23 purchasers that responded to the question specifically indicated that greenhouse tomatoes have a better flavor than vine-ripe tomatoes. However, other differences between the two were mentioned by other purchasers, such as that greenhouse tomatoes have a better appearance (5 purchasers), are of a better quality (3 purchasers), or have a better shelf life (1 purchaser). Six purchasers indicated that greenhouse tomatoes and vine-ripe tomatoes for the fresh market are the same or similar.

Twenty-six of 30 responding purchasers purchased both greenhouse tomatoes and field-grown tomatoes, and 17 indicated that shelf space for the two products varies from week to week.

### **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, as the majority of field-grown tomatoes and virtually all greenhouse tomatoes are ultimately sold in the fresh-tomato market.

Questionnaire responses from U.S. growers of greenhouse tomatoes indicate that greenhouse tomatoes are packed by the growers and are sold directly to retail outlets or to wholesalers or distributors who in turn sell them to retailers. In contrast, field-grown tomatoes are sent to packers and even repackers before they reach retail outlets. Ultimately, the majority of both greenhouse tomatoes and field-grown tomatoes are destined for the retail market. However, whereas reportedly 30 percent of field-grown tomatoes are used in food service establishments,<sup>20</sup> greenhouse tomatoes are used by such establishments only to a limited degree. \*\*\* stated that channels of distribution are the same.

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<sup>20</sup> Respondents' prehearing brief, exh. 11.

## **Price**

Petitioners contend that greenhouse tomatoes command a significant price premium over field-grown tomatoes. 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.

Based on narrative, subjective responses of U.S. growers, whether of greenhouse tomatoes or field-grown tomatoes, the price of greenhouse tomatoes is substantially higher than the price of field-grown tomatoes on average. One grower of field-grown tomatoes indicated that the retail price of greenhouse tomatoes was generally “quite” higher, but that in the past two years the retail price spread has been reduced. However, there was also testimony that locally-grown tomatoes that are in season sell for more than greenhouse tomatoes.

In the final phase of this investigation, the Commission obtained pricing information on two specific greenhouse tomato products and on two specific field-grown tomato products. Pricing information obtained is presented in Part V of this report.





## 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 (“cluster tomatoes” or “TOVs”).<sup>1</sup> Typically they are round, relatively juicy, generally thin-skinned, and medium-to large-sized at maturity. All greenhouse tomatoes are allowed a greater period of time to ripen on the vine than most field-grown tomatoes.

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.<sup>2</sup> Many field-grown tomatoes are picked while green and “de-greened” with ethylene gas, and may be called “mature greens.” Also, vine-ripened field tomatoes, which stay on the vine longer in the fields, are considered a premium field-grown product,<sup>3</sup> because allowing them to ripen increases the sugar content and makes them taste better. Petitioners stated that field-grown tomatoes are different from greenhouse tomatoes, and that they serve a different market.<sup>4</sup>

Respondents alleged that greenhouse tomatoes compete with field-grown tomatoes at the retail level.<sup>5</sup> Some end users, in general, are willing to pay a premium for greenhouse tomatoes as compared to field-grown beefsteak tomatoes, so they likely consider them to be of higher quality than field-grown tomatoes.<sup>6</sup> Petitioners testified that the premium is typically at least two, and sometimes as high as four, times the price of field-grown tomatoes at the retail level.<sup>7</sup> Since field-grown products such as organic, vine-ripened, cherry, and grape 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 other field-grown tomatoes and with greenhouse tomatoes.<sup>8</sup> All 14 responding purchasers that sell tomatoes with individual stickers on each fruit use a different Product Lookup Code (PLU) for field-grown and greenhouse tomatoes. Thirteen purchasers noted that beefsteak greenhouse tomatoes typically sell for a higher price than field-grown tomatoes, three noted that it varies by time of year and variety, two declined to compare them, noting that they each have their own market, and one said that they are very close. Five purchasers, however, described a continuum of prices with greenhouse beefsteak tomatoes selling for less than field-grown cherry and grape tomatoes, but for more than field-grown beefsteak and Roma tomatoes.<sup>9</sup>

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<sup>1</sup> In addition, domestic growers produce a small amount of cherry tomatoes. Petitioners’ postconference brief, p. 23.

<sup>2</sup> *Ibid.*, pp. 23-24.

<sup>3</sup> Mark S. McConnell, counsel for Canadian respondents, transcript of the Commission’s April 18, 2001 conference (“conference transcript”), pp. 191-192.

<sup>4</sup> Petitioners’ postconference brief, pp. 23-25.

<sup>5</sup> Letter to Commerce, respondents BC Hot House Foods, Inc (“BC Hot House”) and Ontario Greenhouse Vegetable Growers (“OGVG”), April 11, 2001, p. 21.

<sup>6</sup> *Ibid.*

<sup>7</sup> Fried de Schouwer, Director of Sales and Marketing, Eurofresh, conference transcript, p. 30.

<sup>8</sup> Respondents’ prehearing brief, exh. 3.

<sup>9</sup> One of these five noted that greenhouse beefsteak tomatoes typically only sell for a higher price than Roma tomatoes.

TOVs are playing an increased role in the greenhouse tomato market. In the preliminary phase of this investigation, it was reported that domestic greenhouse tomato growers \*\*\*.<sup>10</sup> Various importers, including \*\*\*, also noted this trend in the preliminary phase, specifically in their questionnaire responses regarding significant changes in product mix or marketing. Other importers also noted the existence of newer varieties and other types such as Roma, cherry, grape, orange, and yellow tomatoes.

## CHANNELS OF DISTRIBUTION

Most, if not all, greenhouse growers in the United States and Canada pack their own tomatoes at their greenhouse facilities.<sup>11</sup> At the preliminary conference, petitioners noted that all their testifying witnesses pack their own tomatoes.<sup>12</sup> Indeed, \*\*\* have also acted as distributors of greenhouse tomatoes grown by other U.S. or foreign growers, but are the only growers that are known to have done 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.<sup>13</sup> Respondents also asserted that growers of field-grown vine-ripened tomatoes hand-pick, sort, and grade them, as greenhouse growers do.<sup>14</sup>

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.<sup>15</sup> Questionnaire data revealed that in the last three years, 54.9 percent of domestically produced greenhouse tomatoes were sold to retailers, and 45.1 percent were sold to wholesalers or distributors. One responding field-grown tomato grower answered that he sold all his tomatoes at auction, whereas the other two responding field-grown tomato growers replied that all of their tomatoes go to wholesalers. Data from importers revealed that 47.6 percent of Canadian greenhouse tomatoes were sold to retailers and 52.4 percent were sold to wholesalers.

Petitioners testified that very few greenhouse tomatoes are shipped to the food service market, which accounts for around 40 percent of the market for all fresh tomatoes.<sup>16 17</sup> The reason for this is that greenhouse tomatoes reportedly cannot be placed in automatic cutting machines because of their softness. They may even be too soft or messy for effective food service preparation.<sup>18</sup> The Economic Research Service of USDA recently estimated the share of tomatoes going to food service at 29.8 percent.<sup>19</sup> Respondents pointed to the fact that the problems encountered with automatic slicing machines would only account for the portion of sales at fast food restaurants, which account for 15.7

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<sup>10</sup> Petitioners' postconference brief, p. 13.

<sup>11</sup> Ibid., p. 20.

<sup>12</sup> Terence P. Stewart, counsel for petitioners, conference transcript, pp. 94-95.

<sup>13</sup> \*\*\*.

<sup>14</sup> Respondents' postconference brief, p. 22.

<sup>15</sup> Petition, exhs. 18 and 27.

<sup>16</sup> John Reilly, Nathan Associates, conference transcript, p. 129.

<sup>17</sup> A very small amount of greenhouse tomatoes is sold to "white tablecloth" restaurants. Petitioners' posthearing brief, p. Okun-10.

<sup>18</sup> Fried de Schouwer, conference transcript, pp. 27-28.

<sup>19</sup> "Factors Affecting Tomato Consumption in the United States," *Vegetables and Specialties*, VGS-282, November 2000, p. 30.

percent of fresh tomato consumption, according to the same source.<sup>20</sup> At the preliminary conference, 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.<sup>21</sup> In addition, in their prehearing brief, respondents alleged that they make many sales to national restaurant chains, especially for salads.<sup>22</sup> Petitioners noted that the sales to Japanese Subway stores were just a small portion of the total.<sup>23</sup> Respondents indicated, however, that the more limited 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.<sup>24</sup> Respondents noted that between 1998 and 2001 between \*\*\* percent of BC Hot House's sales consisted of direct sales to food service customers.<sup>25</sup> Further, they noted that \*\*\*.<sup>26</sup> Also, respondents submitted affidavits from \*\*\* stating that \*\*\*.<sup>27</sup> Petitioners, however, replied that for \*\*\*.<sup>28</sup>

### Lead Times/Delivery

The average lead time for domestic growers in their delivery of greenhouse tomatoes is just over two-and-a-half days. Seven growers have lead times of between one and three days, two have delivery for the same day, and three reported lead times of up to one week. The three responding field-grown tomato producers noted one-, four-, and six-day lead times. Fifteen importers also have lead times between one and three days, and four have lead times averaging over three days. Two importers noted widely varying lead times from two days to two weeks and from one day to six weeks.

Since prices are mostly quoted on a delivered basis for greenhouse tomatoes, delivery of greenhouse tomatoes is most often arranged by the grower or importer. Nine of 13 greenhouse tomato growers noted arranging delivery, and 22 of 24 importers noted the same.<sup>29</sup> Only one of four responding field-grown tomato growers arranges transportation. Purchasers that were aware of U.S. inland transportation costs noted that these costs could vary across a wide range, with one purchaser noting its transportation costs ranging from 1 percent from \*\*\* to 65.5 percent for shipments from \*\*\*. Though a few spanned a wide range, most were in the 5- to 15-percent range.

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<sup>20</sup> Respondents' prehearing brief, p. 39.

<sup>21</sup> Andy Smith, President, BC Hot House Foods, conference transcript, p. 108.

<sup>22</sup> Respondents' prehearing brief, p. 40.

<sup>23</sup> Petitioners' postconference brief, pp. 25-26.

<sup>24</sup> Respondents' postconference brief, p. 15.

<sup>25</sup> Respondents' posthearing brief, p. A-31.

<sup>26</sup> Ibid., exh. 13.

<sup>27</sup> Ibid., exhs. 1 and 2.

<sup>28</sup> Petitioners' posthearing brief, exh. 5.

<sup>29</sup> The only large growers or importers that do not arrange transport are \*\*\*.

## SUPPLY AND DEMAND CONSIDERATIONS

### U.S. Supply

Domestically, four firms account for the majority of the total acreage devoted to greenhouse tomato production.<sup>30</sup> These four growers own greenhouses located in geographically diverse areas of the country - specifically, Arizona, California, Colorado, New York, Pennsylvania, Texas, and Virginia. The growers 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 supply, the perishability of the product, and a lack of production alternatives. Among the constraints that growers 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. growers plant in late fall to begin harvesting by late winter to early spring. Production then continues on through November. Growers in southern climates, for example, Texas, plant in July to begin harvesting in September and continue harvesting through the following spring.<sup>31</sup> Winter production volumes are significantly lower than summer production volumes.

U.S. growers' reported capacity to produce greenhouse tomatoes increased throughout the period of study. In 1998, capacity was 168 million pounds, which rose to 228 million pounds in 1999, 232 million pounds in 2000, and 246 million pounds in 2001. The industry's capacity utilization rate generally dipped from 91.3 percent in 1998 to 84.4 percent in 1999, but then recovered to 87.1 and 93.3 percent in 2000 and 2001.

U.S. growers' 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 may be somewhat limited. That said, greenhouse tomatoes from Holland and other countries are shipped to the United States. However, some may suffer from product being bumped from flights and causing "out of stocks."<sup>32</sup> The percentage of the U.S. growers' export shipments relative to their total shipments on a quantity basis declined from \*\*\* percent in 1998 to \*\*\* percent in 1999 and \*\*\* percent in 2000, but then increased to \*\*\* percent in 2001, in quantity terms.

Because of the perishable nature of tomatoes, growers generally do not keep inventories on hand.<sup>33</sup> Most of their "inventory" is still on the vine, to be picked a day or two before the time of shipment.

Most greenhouse tomato growers do not use the same workers or equipment to produce other products. \*\*\* was the only grower which stated that it currently does so. It reported 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 green peppers in 1998, and \*\*\* grew bell peppers in the past.<sup>34</sup>

In response to a question about significant changes in marketing or product range in the past five years, 10 of 12 greenhouse tomato growers, both responding field-grown tomato growers, and 20 of 23 importers replied that there have been changes. Seven growers (including one field grower) and 11

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<sup>30</sup> Petition, p. 10.

<sup>31</sup> Mike DeGiglio, Chief Executive Officer, Village Farms LP, conference transcript, pp. 48-49.

<sup>32</sup> Purchaser \*\*\* questionnaire response.

<sup>33</sup> Petition, p. 66.

<sup>34</sup> \*\*\*.

importers detailed that new varieties have come to market, in particular TOVs, grape tomatoes, and cherry tomatoes. Two growers and 10 importers described new or alternative value-added packaging of tomatoes as a new development.<sup>35</sup>

### U.S. Demand

The market for greenhouse tomatoes expanded enormously over the 1990s.<sup>36</sup> Throughout the period examined, the demand for greenhouse tomatoes has been strong and steadily rising.<sup>37</sup> The reported reason for this is that retailers desire year-round supplies of premium tomatoes to supply the rising demand on the part of their shoppers for fresh, quality produce.<sup>38</sup> Also, petitioners stated that the American diet has become healthier since the 1980s, that food safety scares have occurred which may have bolstered demand for tomatoes grown with fewer pesticides, and that the U.S. economy was robust.<sup>39</sup>

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 that there remains strong interest in the flavor, appearance, and nutrition provided by greenhouse tomatoes.<sup>40</sup> Mr. DeSchouwer of Eurofresh added that he has seen growth of around 2.5 percent over the last 4 or 5 years.<sup>41</sup>

Responses from growers and importers noted significant increases in demand for greenhouse tomatoes since 1998. Grower characterizations presented during the preliminary investigation described demand as “rising steadily,” “increased significantly,” and “40% increase”<sup>42</sup> due to the demand for high-quality, year-round tomatoes that taste good and have a long shelf life. All responding growers of greenhouse tomatoes in the final phase have described an increase in demand. Four of the five responding growers of field-grown tomatoes stated that demand has not increased and that imports have hurt the sales of vine-ripened field-grown tomatoes.<sup>43</sup> All responding importers noted that demand for greenhouse tomatoes in general has risen and cited factors of food safety, increased availability, and price, in addition to those factors cited by growers. Two importers also responded that there has been an increase in demand for vine-ripened field-grown tomatoes.

All 17 purchasers that sell at retail noted an increase in demand for greenhouse tomatoes since 1998. Reasons cited for this increase include quality, flavor, availability, and consumer awareness.

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 reportedly come wholly at the expense of field-grown tomatoes. Rather, demand for greenhouse tomatoes has been able to grow despite the recent

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<sup>35</sup> Tomatoes may be packaged in cellophane-wrapped tubes or trays, adding to their visual appeal.

<sup>36</sup> Mike DeGiglio, conference transcript, pp. 10, and Andy Smith, conference transcript, p. 107.

<sup>37</sup> Apparent consumption of greenhouse tomatoes increased during the period under review from 456 million pounds in 1998 to 507 million pounds in 1999, 565 million pounds in 2000, and 614 million pounds in 2001.

<sup>38</sup> Petition, p. 65.

<sup>39</sup> Mike DeGiglio, conference transcript, p. 11.

<sup>40</sup> Andy Smith, conference transcript, p. 161.

<sup>41</sup> *Ibid.*, p. 67.

<sup>42</sup> \*\*\* questionnaire responses in the preliminary phase of the investigation.

<sup>43</sup> The fifth grower of field-grown tomatoes stated that “demand is increasing steadily but supply increasing faster.”

leveling off in demand for field-grown fresh-market tomatoes. Fifteen purchasers noted a change in the demand for field-grown tomatoes: eight noted an increase in demand, five noted a decrease, two noted that demand was the same, one noted a decrease in 1998-99 and then stable demand afterwards, and one noted an increase in demand for Roma tomatoes but a decrease for round tomatoes. The reasons cited for increased demand were quality, availability, and the introduction of the grape tomato. The reasons cited for decreased demand of field-grown tomatoes were that consumers have been demanding higher quality tomatoes and switching to greenhouse tomatoes, and that greenhouse tomatoes are a better quality, have lower shrink (spoilage), and have had improved sales. Of the 23 responding purchasers, 16 believed that the growth in demand for greenhouse tomatoes is a new demand, 3 believed that it displaced demand for field-grown tomatoes, and 4 believed it to be both a new demand and a displacement of field-grown tomatoes.

The Economic Research Service of the USDA estimates that per capita fresh-market field-grown tomato use (i.e., consumption) in the United States was 17.1 pounds in 1995. Since 1995, fresh-market field-grown tomato consumption increased to 17.7 pounds per capita in 1996, fell to 17.1 pounds in 1997, and then has seemingly leveled off at 17.9 pounds in 1998, 18.2 pounds in 1999, 17.8 pounds in 2000, and 17.6 pounds forecasted for 2001.<sup>44</sup> Although the USDA does not currently include greenhouse production and per capita use data, it is possible that per capita use for all fresh-market tomatoes might be at least one pound higher than reported for the most recent years.<sup>45</sup>

### **Cost Share**

Greenhouse tomatoes are typically sold directly to consumers at the retail level. They are not used for processing, and are not widely used in the food service sector, since their high water content makes slicing more difficult. The widespread use of greenhouse tomatoes as an end product means that the cost share of greenhouse tomatoes would be either 100 percent if viewed as a product in itself, or only a relatively small portion if viewed as an ingredient in a meal.

### **Substitute Products**

The most likely substitute for a greenhouse tomato would be another tomato, and petitioners and respondents have put forth their views on whether field-grown tomatoes are substitutes for greenhouse tomatoes. Petitioners submitted in their petition that there is no substitutability at the consumer level between greenhouse and field-grown tomatoes, nor at retail accounts.<sup>46</sup> 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.” On the other hand, 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.”<sup>47</sup> 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

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<sup>44</sup> *Vegetable and Specialties: Situation and Outlook Yearbook*, USDA, VGS-284, July 2001, table 1, p. 13.

<sup>45</sup> *Vegetables and Specialties*, “Factors Affecting Tomato Consumption in the United States,” USDA, VGS-282, November 2000, p. 27.

<sup>46</sup> Petition, p. 61.

<sup>47</sup> Respondents BC Hot House and OGVG’s letter to Commerce, April 11, 2001, p. 18.

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.<sup>48</sup> Further arguments are contained in the parties' submissions during the preliminary phase of the investigation.<sup>49</sup>

When asked about whether field-grown tomatoes can be substitutes for greenhouse tomatoes, 7 of 11 greenhouse tomato growers responded that there is no substitutability. Importers share a different view, however, with 17 of 22 noting substitution.<sup>50</sup> Three of five growers of field-grown tomatoes and two of four packers also noted substitution. One packer replied that it occurs during some months in California and it only goes one way: greenhouse tomatoes substituting for field-grown, but not vice versa. The other packer described substitution occurring at retail, not wholesale, since greenhouse tomatoes are not sold at wholesale in its opinion. A summary can be found in table II-1.

**Table II-1  
Greenhouse tomatoes: Grower, packer, and importer perceptions on field-grown and greenhouse tomatoes**

Question asked	Greenhouse growers		Field growers		Packers		Importers	
	Yes	No	Yes	No	Yes	No	Yes	No
Consider field-grown tomatoes to be substitutes for greenhouse tomatoes	4	7	3	2	2	2	17	5
Price of field-grown tomatoes affected the price of greenhouse tomatoes	6	6	0	2	2	1	19	4
Supply of field-grown tomatoes affected the price of greenhouse tomatoes	8	4	2	2	2	2	18	6
Supply of greenhouse tomatoes affected the price of field-grown tomatoes	3	6	3	0	5	0	6	17

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

Also asked of growers, importers, and packers was whether the price of field-grown tomatoes affects the prices charged for greenhouse tomatoes. Six of 12 growers, 19 of 23 importers, and two of three packers replied that the price of field-grown tomatoes has an effect on the price of greenhouse tomatoes.<sup>51</sup> Colorado Greenhouse's 1998 Form S-1 noted that, "In addition to other domestic and foreign greenhouse growers, the Company must compete with United States growers of field-grown tomatoes, which generally have prices substantially below those of greenhouse tomatoes." About half of the importers specifically stated that field-grown tomato prices decrease greenhouse tomato prices. One importer each noted the following time frames for the effect to occur: March to December, July to October, spring and fall, and all year. Two greenhouse growers described the effect as mainly occurring

<sup>48</sup> Ibid., pp. 17-18.

<sup>49</sup> Petitioners' postconference brief, pp. 23-37 and respondents' postconference brief, pp. 10-28.

<sup>50</sup> \*\*\* was excluded from these importer tabulations due to its main business being growing greenhouse tomatoes rather than importing.

<sup>51</sup> In addition, one grower stated that there is a price effect only in very rare circumstances. The two responding field-grown tomato growers answered \*\*\*.

during summer, one said that the season is March to September, and another replied that the effect is year-round, but heaviest during the spring harvest.

In addition, these groups were asked whether changes in the supply of field-grown tomatoes affect the price of greenhouse tomatoes, and vice versa. A summary of responses can be found in table II-1. Of the eight affirmatively-responding growers, three responded that there is an effect only during bumper crops or drastic changes in field production. Colorado Greenhouse's 1998 Form S-1 filed with the SEC, however, states "The Company has virtually no control over the price at which it is able to sell tomatoes because tomato prices move in response to market supply. The greater supply of tomatoes in the summer months as a result of the harvesting of field-grown tomatoes pushes prices downward. Conversely, the reduced supply of tomatoes in the winter months pushes tomato prices upward." Though many importers noted that field-grown tomato supply affects greenhouse tomato prices (18 of 24), few noted a relationship the other way (6 of 23). Packers and growers of field-grown tomatoes, however, perceived the market differently. One of three packers and two of four field-grown tomato growers has noticed a field-grown supply-to-greenhouse price effect, while all five packers and all three growers of field-grown tomatoes have perceived a greenhouse supply-to-field-grown price effect. In response to how the supply of field-grown tomatoes affects the purchase price of greenhouse tomatoes, 19 of 26 purchasers stated that there was an effect.

Purchasers were asked to assess the issue of substitutability between greenhouse and field-grown tomatoes in a number of ways. Twenty-six of 30 purchasers reported having bought both field-grown and greenhouse tomatoes. When asked if they consider field-grown tomatoes to be substitutes for greenhouse tomatoes, seven replied in the affirmative and 21 replied in the negative, including 16 of 19 supermarket chains. Four of the seven that noted substitutability conveyed that prices were important in substitution and three reported that it depends on seasonal availability. \*\*\* answered "no" to the question of whether the two types of tomatoes were substitutable, but added that while pricing and availability of field-grown tomatoes may affect the pricing of greenhouse tomatoes, they are not substitutable for sale to those supermarkets that aim to keep uniformly high-quality product in their stores year-round. Nineteen of 20 purchasers also noted that greenhouse and field-grown tomatoes compete for shelf space in stores. Factors affecting the decision to favor displaying one tomato over the other include the return the retailer gets, availability, prices, promotions, quality, and consumer demand. Since these factors often change, 17 of 20 purchasers noted that shelf space for the two products varies from week to week. Moreover, 16 of 20 purchasers have changed their overall allocation of shelf space for tomatoes in the last three years. Ten noted allocating more space to greenhouse tomatoes (with one noting that it had taken space away from field-grown tomatoes), and four replied that space for tomatoes as a whole has increased. \*\*\* described the linkage as "if the prices of either product get out of line, there will be strong pressure from my customers to adjust prices to maintain a reasonable spread."<sup>52</sup>

## **SUBSTITUTABILITY ISSUES**

The degree of substitution between domestic and imported greenhouse tomatoes depends on a number of factors. The quality of the product is an extremely important determining factor. Also, relative prices are an important factor in this market, and they can change daily. 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.

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<sup>52</sup> Respondents' posthearing brief, p. A-24.



## Purchase Factors

All purchasers reported that they buy tomatoes on a regular basis, at somewhere between daily and weekly intervals. Twenty reported daily purchases, 7 purchased several times a week, and 3 bought on a weekly basis. For only 7 of 30 purchasers has this purchasing pattern changed in the last 3 years, with most of the seven reporting increasing their purchase regularity due to increased demand. Purchasers may contact as few as one or as many as six to eight sellers before making a purchase of greenhouse tomatoes, or as many as 4 to 20 sellers of field-grown tomatoes. Four noted changing suppliers daily and one changed “as required,” while 12 noted that they change suppliers “rarely,” “seldom,” “infrequently,” or “not at all.”

When asked to list the 3 most important factors considered when choosing a supplier of greenhouse tomatoes, purchasers overwhelmingly ranked quality first (table II-2). Also often noted as important were price and availability. When asked how often they purchase greenhouse tomatoes that are offered at the lowest price, 22 replied “sometimes,” six “usually,” two “never,” and none answered “always.” Most went on to describe that they seek the highest-quality tomatoes and not often are they offered at the lowest price.

**Table II-2**  
**Greenhouse tomatoes: Number of purchaser responses concerning most important factors considered when selecting a supplier<sup>1</sup>**

Factor	First	Second	Third
Quality	26	1	0
Honesty/integrity/ accountability/reputation	2	2	1
Price	1	9	13
Availability	1	11	5
Contracts	1	1	1
Consistency	0	3	0
Variety	0	1	0
Relationship with grower/traditional supplier	0	2	3
Service	0	0	2
Delivery	0	0	1
<sup>1</sup> Some firms reported more than three factors; other factors that did not make it into the three most important included: ads, pricing reflective of current market conditions, prompt deliveries, reliability, and service. Source: Compiled from data submitted in response to Commission questionnaires.			

In addition, purchasers were asked to identify characteristics that they consider when determining the quality of a supplier’s greenhouse tomatoes. Responses included color, size, appearance, ripeness, freshness, variety, cleanliness, consistency, food safety program, solidity, the way the product is packed, flavor, shelf life, and shape. Ten of 18 responding purchasers require qualification of suppliers, with 7 of 10 require it for 100 percent of their purchases. Two require USDA #1 grade, and

one requires qualification on all its bought items and the shippers as well. Only four reported that a supplier had failed to qualify their greenhouse tomatoes. Although only some require certification or qualification, most (26 or 30) have product specifications for their purchases of tomatoes. Of the 30 purchasers, 17 always know whether the tomatoes they are purchasing are domestic or imported, nine usually know, and four sometimes knows. Also, nine always know the grower, 10 usually know the grower, nine sometimes know the grower, and two never know the grower. These purchasers also noted that their customers often are aware of and/or are interested in the country of origin of these tomatoes, with seven responding “always,” seven “usually,” 12 “sometimes,” and two “never.”

Seasonality also plays a large role in purchasers’ decisions. Since not all greenhouse tomatoes are available year-round, 21 of 24 responding purchasers noted seasonally altering their sourcing, noting that they have to follow the supply and availability.

In addition, 13 of 22 responding purchasers noted that they or their customers have a preference for greenhouse tomatoes from one country over another. Six noted ordering from Holland due to quality and flavor (with two specifying for TOVs), two submitted a preference for Western Canada because its climate produces quality tomatoes (and one adding customer recognition of BC Hot House), four preferred Canada in general (with one reasoning that it has cheaper transport to the upper Midwest United States), and one prefers Mexico for low transport costs as well.

Purchasers were asked what the tomato season is in various regions of the United States. Provided in the following tabulation are the purchaser responses for various regions of the country:

Region	Seasons described by purchasers
California	April-October; year-round; June-October; April-June; April-October; year-round except winter; May-November; May-October; June-October (Central) and October-November (Southern)
Florida	February-November; October-mid-March; February-May and October-November; (Southern) January-April and November; (Central) May-June and September-November; (Northern) May-June, September-October; September-June; year-round; October-May ; December-March and April-June ; November-June; October-June
Southeast	Late April-September; mid-March-July; October-April; June-October
Northeast	June-August; July-October; August-September; July-October; (Pennsylvania) July-September
Mid-Atlantic	Mid-March-July; July-September
Midwest	June-August; July-October; (Michigan & Ohio) August-September
Northwest	July-October

During the preliminary conference, reference was made to “local” tomatoes being a factor in the market during certain times of the year. Purchaser responses revealed most of the impact of roadside stands, farmers markets, and other outlets for “local” tomatoes to occur sometime between late July and early October. Fifteen of 27 purchasers stated that “local” tomatoes have an effect on their greenhouse tomatoes. Six firms noted an impact on both price and quantity sold, seven firms noted decreased sales, and one firm noted depressed prices. One firm quantified the effect to be decreased sales by about one-third. Purchasers replied similarly when asked to assess the effect of “local” tomatoes on the regular field-grown tomatoes that they purchase and sell.

Purchasers were also asked how the time of availability and size of the Florida, California, and Mexican tomato crops affect their pricing of greenhouse tomatoes. Twelve responding purchasers said that there was little or no effect and two others replied that only the Mexican crop has no effect because it occurs at a different time. On the other hand, nine purchasers said that the field-grown tomato crops can depress the price of greenhouse tomatoes and two noted that the suppression would only occur if field-grown tomatoes became really cheap.

Furthermore, purchasers were asked if other countries' tomato crops had any effect on their prices for greenhouse tomatoes. Nine noted no effect, one noted the depressing of prices, and several reported an effect from wherever greenhouse tomatoes come from. Geographically, four responded that Mexico has an effect, three singled out Holland (especially in the spring), two pointed to Spain, two cited Canada, and one each cited Europe in general and Israel. \*\*\* expanded on the timing notion, replying that there is overlap in Mexico and Spain's outgoing crop and Canada's incoming crop in April to May.

### **Comparisons of Domestic Products and Subject Imports**

Growers and importers of greenhouse tomatoes were asked if U.S.-produced and Canadian greenhouse tomatoes are used interchangeably. Twelve of 13 growers and all 21 importers agreed that the two are interchangeable. The dissenting grower, \*\*\*, noted a quality difference.

In the preliminary phase, importer \*\*\* qualified its agreement on product interchangeability, 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 to the idea of interchangeability, importer \*\*\* responded that Canada offers some varieties not available from U.S. growers, like orange, yellow, and cherry tomatoes, and \*\*\*, the dissenting grower, noted a quality difference.

Growers, importers, and packers were also requested to assess the interchangeability between domestic field-grown tomatoes and Canadian greenhouse tomatoes. Six of 11 greenhouse tomato growers, 2 of 3 field-grown tomato growers, and 18 of 22 responding importers reported that the two were interchangeable.<sup>53</sup> Two of the greenhouse tomato growers responding affirmatively, however, noted that there are quality and distribution channel differences. \*\*\* noted different taste, texture, and composition between field-grown and greenhouse tomatoes. \*\*\* stated that they were physically interchangeable but that field-grown tomatoes were used in food service and greenhouse tomatoes were for retail.

Three of six packers also noted limited interchangeability between the two, with the hardness of the tomatoes, the inability to ship field-grown tomatoes directly to retail, and the inability to use greenhouse tomatoes in food service as the distinctions. One of these three packers stated that the two types of tomatoes were interchangeable in retail but not in food service.

Growers and importers were also asked if there were differences in product characteristics or sales conditions between domestic and Canadian greenhouse tomatoes. Seven of 13 growers and 7 of 22 importers replied that there were no differences. Differences cited by growers included seasonality (the United States can produce year-round and Canada only seasonally), quality, service, and freshness. Of the 15 importers noting differences, four replied that the United States likes large tomatoes and four mentioned seasonality. Other differences noted were quality, packaging, transportation, service, and marketing.

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<sup>53</sup> One of the importers noting no interchangeability is \*\*\*.

Growers, importers, and packers were further asked if differences existed in product characteristics or sales conditions between domestic field-grown tomatoes and Canadian greenhouse tomatoes. Seven of 12 greenhouse tomato growers,<sup>54</sup> 5 of 22 importers, and one of four packers stated that there were no differences. Ten of the 17 importers reporting differences referred to quality differences, three pointed to fewer weather issues with greenhouse tomatoes, and one cited different users.

Purchasers were asked to compare greenhouse tomatoes grown in the United States to those grown in Canada on the basis of 18 purchase factors. In addition, they were asked to rate how important each of these factors is making their purchasing decisions. A summary of purchaser responses is shown in table II-3.

### Comparisons of Domestic Products and Nonsubject Imports

The vast majority of nonsubject imports of tomatoes originated from Canada, Mexico, Holland, Belgium, Spain, and Israel.<sup>55</sup> Imports from these countries (including field-grown tomatoes) were \$\*\*\* million in 1998, \$\*\*\* million in 1999, \$\*\*\* million in 2000, and \$\*\*\* million in 2001, and accounted for 99.9 percent of total nonsubject imports of all tomatoes during 2000.<sup>56 57</sup> All 11 growers, all 20 importers, and one of three packers noted interchangeability between domestic and nonsubject greenhouse tomatoes.<sup>58</sup> In the preliminary phase, however, \*\*\* 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.

Growers and importers were also asked if there were differences in product characteristics or sales conditions between domestic and nonsubject greenhouse tomatoes. Ten of 11 growers and 12 of 22 responding importers replied that there were no differences.<sup>59</sup> The only grower noting a difference noted that the U.S. product should be fresher than the foreign product. Importers that noted differences cited size, quality, availability, time of year, and freshness as differences. No differences between nonsubject Canadian and domestic greenhouse tomatoes have been submitted during this investigation.

In the preliminary phase of the investigation, more growers noted differences between the domestic and nonsubject product (4 of 8). Of the growers noting differences, \*\*\* noted that Mexico produces lower-quality tomatoes. Importers \*\*\*<sup>60</sup> also reported the same. This lower quality is reflected in a lower price for Mexican greenhouse tomatoes,<sup>61</sup> 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. Importer \*\*\* replied that Israeli tomatoes are sold in

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<sup>54</sup> One responding field-grown tomato grower answered “yes,” one replied “no,” and third replied “neither yes nor no,” stating “very similar, most interchangeable, but some differences.”

<sup>55</sup> USITC Dataweb.

<sup>56</sup> Ibid.

<sup>57</sup> Of these amounts, Canadian nonsubject greenhouse tomatoes accounted for \*\*\*.

<sup>58</sup> Grower \*\*\* and importers \*\*\*, all of which are \*\*\*, noted a quality difference or different seasons.

<sup>59</sup> One importer reported that domestic and foreign greenhouse tomatoes are similar, but noted that differences exist.

<sup>60</sup> \*\*\*.

<sup>61</sup> Greenhouse tomatoes account for a small proportion of the total imports of tomatoes from Mexico.

**Table II-3**

**Greenhouse tomatoes: Average purchase factor ratings and reported comparisons between U.S. and other countries' products<sup>1</sup>**

Factor	Average importance score <sup>2</sup>	U.S. vs. Canada <sup>3</sup>			U.S. vs. Mexico <sup>3</sup>			U.S. vs. Holland <sup>3</sup>			U.S. vs. Spain <sup>3,4</sup>			U.S. vs. Israel <sup>3,4</sup>		
		S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	0.98	3	16	7	6	8	0	4	6	1	1	3	0	1	2	0
Delivery terms	0.75	1	21	2	0	13	0	3	7	1	1	2	0	0	2	0
Discounts offered	0.40	1	19	1	1	10	1	3	7	0	2	1	0	1	1	0
Lowest price	0.42	1	21	3	1	6	6	7	4	0	3	0	0	2	0	0
Minimum quantity requirements	0.34	3	16	5	1	13	0	4	5	2	1	3	0	0	3	0
Packaging	0.64	2	23	1	3	11	0	0	10	1	0	4	0	0	3	0
Color	0.90	2	23	1	3	11	0	0	8	3	0	4	0	0	3	0
Shape	0.88	2	21	2	2	11	1	0	8	3	0	4	0	0	3	0
Firmness	0.90	2	19	5	4	9	1	0	8	3	0	4	0	0	3	0
Freshness	0.96	4	21	1	3	11	0	1	6	4	0	4	0	0	3	0
Flavor	0.88	3	22	1	2	11	1	0	6	5	0	4	0	0	3	0
Texture	0.88	2	22	1	3	11	0	0	8	3	0	4	0	0	3	0
Lack of bruising/punctures	0.94	5	20	1	5	9	0	1	8	2	0	4	0	0	3	0
Shelf life	0.94	5	17	4	5	8	1	1	7	3	0	4	0	0	3	0
Ripeness	0.90	2	21	3	3	11	0	0	8	3	0	4	0	0	3	0
Availability of varieties	0.70	2	14	9	4	10	0	1	6	4	0	4	0	0	3	0
Reliability of supply	0.94	2	16	7	7	5	2	3	5	3	1	2	1	0	2	1
U.S. transportation costs	0.48	2	19	2	3	10	0	3	6	1	1	3	0	0	3	0

<sup>1</sup> Only one purchaser responded with respect to Belgium. It reported that U.S. and Belgian greenhouse tomatoes were comparable on all factors except that U.S. was superior in terms of delivery terms, discounts, lowest price, minimum quantity, reliability of supply, and U.S. transportation costs.

<sup>2</sup> 1 = very important, 0.5 = somewhat important, 0 = not important.

<sup>3</sup> S = U.S. superior, C = products comparable, I = U.S. inferior.

<sup>4</sup> The record is mixed on whether tomatoes from Spain and Israel are greenhouse-grown. Purchasers listed Spain and Israel as suppliers of greenhouse tomatoes. See also petitioners' prehearing brief, p. 18 and respondents' posthearing brief, p. A-63. However, the conditions under which they are grown may vary. See Larry Gianatti, conference transcript, pp. 143-44 and Mike DeGiglio, hearing transcript, p. 142.

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

the winter, whereas most American tomatoes are sold in the spring through fall.<sup>62</sup> \*\*\* 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. Grower \*\*\* 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 that it can produce year-round supplies of fresh tomatoes whereas Canada cannot, and \*\*\* noted that the domestically-produced tomatoes are fresher (higher quality).<sup>63</sup> 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 prices. Availability and product range were also differences noted by four separate importers. Two importers also answered that there are fewer pesticides on Canadian tomatoes.

Purchasers were asked to compare domestic greenhouse tomatoes to nonsubject greenhouse tomatoes on 18 purchasing factors. A summary of their responses can be found in table II-3.

### **Comparisons of Subject Imports and Nonsubject Imports**

All 13 responding growers, all 20 responding importers, and two of three responding packers noted that the Canadian and nonsubject greenhouse tomatoes are generally used interchangeably.<sup>64</sup> In the preliminary phase, the three dissenting importers were all \*\*\* and noted seasonality and stickering as the differences.

Growers and importers were also asked if there were differences in product characteristics or sales conditions between Canadian and nonsubject greenhouse tomatoes. Nine of 12 growers and 12 of 23 responding importers replied that there were no differences.<sup>65</sup> The only growers noting differences all referenced different seasons and two referred to transportation time and cost. Importers that noted differences cited size, quality, and availability as differences. No differences between nonsubject Canadian and subject Canadian greenhouse tomatoes have been submitted during this investigation.

In the preliminary phase of the investigation, more growers noted differences. Of those growers 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. In the preliminary phase, 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),<sup>66</sup> 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

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<sup>62</sup> \*\*\* only imported greenhouse tomatoes from \*\*\* during 1998-2000.

<sup>63</sup> \*\*\* also stated that Canada has layers of middlemen before the tomatoes get to market, whereas it ships direct.

<sup>64</sup> \*\*\* noted that quality and variety difference can be cost-prohibitive.

<sup>65</sup> One importer reported that domestic and foreign greenhouse tomatoes are similar, but marked that differences exist.

<sup>66</sup> \*\*\* accounted for \*\*\* percent of greenhouse tomato imports from Canada in 2000.

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.”

Purchasers were asked to compare Canadian greenhouse tomatoes to nonsubject greenhouse tomatoes on 18 purchasing factors. A summary of their responses can be found in table II-4. Purchasers were also asked to compare Canadian greenhouse tomatoes with U.S. field-grown tomatoes, and note how important each of the factors are in their purchasing decisions with respect to field-grown tomatoes, as they had done with greenhouse tomatoes. A summary of their responses is presented in table II-5.

## **ELASTICITY ESTIMATES**

### **U.S. Supply Elasticity**

Based upon the particular qualities of greenhouse tomatoes, the elasticity of domestic supply is likely to be very inelastic. Greenhouse tomatoes may have a longer shelf life than some other types of tomatoes grown for the fresh market, but will still spoil in a relatively short amount of time. Production levels depend on such factors as acreage and varieties of tomatoes planted, which are chosen long before harvesting, and exogenous factors such as weather conditions. The only choice left to the growers is when to harvest, but that choice is largely governed by ripeness as well as market demand. Once harvested, the tomatoes must be sold rather quickly to prevent spoilage, and therefore inventories at any point in time are rather low. Petitioners submitted a recent article from *Agricultural Economics* that lists the supply elasticity for fresh tomatoes from the United States at between 0.03 and 0.37.<sup>67</sup> Staff estimates the elasticity of supply for greenhouse tomatoes to be in the range of 0.05 to 0.4.<sup>68</sup>

### **Foreign Supply Elasticity**

Like domestic supply, foreign supply is governed largely by exogenous factors at the time of harvesting. However, Canadian and Mexican greenhouse tomatoes do not suffer from the problems of transportation from far away like those from Europe or Israel. At the same time, though, transportation issues work the other way: other markets for greenhouse tomatoes exist that are closer to or within Europe itself that may be harder for the Western Hemisphere to satisfy. The effect of the existence of alternate markets for the European growers most likely outweighs the transportation issue. The elasticity of supply for greenhouse tomatoes coming from Canada and Mexico is likely to be close to that of the United States, 0.2 to 0.4, and the elasticity of supply for European countries and Israel is likely to be higher but still inelastic, between 0.4 and 0.6. The same *Agricultural Economics* paper lists the supply elasticity for tomatoes from Mexico at 0.21.<sup>69</sup>

### **U.S. Demand Elasticity**

Based on consumer behavior and prior study, demand is relatively elastic. A study referenced at the Mackinac Center for Public Policy’s web site has noted that the elasticity of demand for fresh

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<sup>67</sup> Petitioners’ prehearing brief, exh. 17.

<sup>68</sup> To the extent that the Commission considers field-grown tomatoes as part of the domestic industry, the domestic supply elasticity for field-grown tomatoes is likely to be somewhat higher than this estimate. Field-grown tomatoes are used much more heavily in the food service sector, and thus have more alternate markets.

<sup>69</sup> Ibid.

**Table II-4  
Greenhouse tomatoes: Average purchase factor ratings and reported comparisons between Canadian and other countries' products**

Factor	Average importance score <sup>1</sup>	Canada vs. Mexico <sup>2</sup>			Canada vs. Holland <sup>2</sup>			Canada vs. Israel <sup>2</sup>			Canada vs. Spain <sup>2</sup>			Canada vs. Belgium <sup>2</sup>		
		S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	0.98	6	6	0	6	5	0	3	0	0	4	1	0	1	0	0
Delivery terms	0.75	0	11	0	5	6	0	0	2	0	2	2	0	1	0	0
Discounts offered	0.40	0	10	0	2	9	0	0	2	0	1	3	0	1	0	0
Lowest price	0.42	2	5	4	7	4	0	1	1	0	3	1	0	1	0	0
Minimum quantity requirements	0.34	2	9	1	5	6	0	0	3	0	2	3	0	1	0	0
Packaging	0.64	4	8	0	0	11	0	0	3	0	1	4	0	0	1	0
Color	0.90	3	9	0	0	10	1	1	2	0	1	4	0	0	1	0
Shape	0.88	2	9	0	0	10	1	1	1	0	1	3	0	0	1	0
Firmness	0.90	5	7	0	0	9	2	2	1	0	2	3	0	0	1	0
Freshness	0.96	4	6	2	1	9	1	1	2	0	1	4	0	0	1	0
Flavor	0.88	3	8	0	0	8	3	1	1	0	1	3	0	0	1	0
Texture	0.88	3	9	0	0	10	1	1	2	0	1	4	0	0	1	0
Lack of bruising/punctures	0.94	4	8	0	1	9	1	1	2	0	1	4	0	0	1	0
Shelf life	0.94	5	6	1	0	10	1	2	1	0	2	3	0	0	1	0
Ripeness	0.90	4	8	0	0	10	1	1	2	0	1	4	0	0	1	0
Availability of varieties	0.70	5	7	0	1	8	2	3	0	0	3	2	0	0	1	0
Reliability of supply	0.94	6	5	1	5	5	1	2	1	0	3	2	0	1	0	0
U.S. transportation costs	0.48	0	10	1	4	6	1	0	3	0	2	3	0	1	0	0

<sup>1</sup> 1 = very important, 0.5 = somewhat important, 0 = not important.  
<sup>2</sup> S = Canada superior, C = products comparable, I = Canada inferior.

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



**Table II-5**

**Tomatoes: Average purchase factor ratings and reported comparisons between U.S. field-grown tomatoes and Canadian greenhouse tomatoes**

Factor	Canadian Greenhouse Tomatoes average importance score <sup>1</sup>	U.S. Field-grown Tomatoes average importance score <sup>1</sup>	U.S. Field-grown Tomatoes vs. Canadian Greenhouse Tomatoes <sup>2</sup>		
			S	C	I
Availability	0.98	0.98	6	12	1
Delivery terms	0.75	0.68	1	16	0
Discounts offered	0.40	0.48	4	10	1
Lowest price	0.42	0.48	9	8	0
Minimum quantity requirements	0.34	0.34	1	15	2
Packaging	0.64	0.72	1	13	5
Color	0.90	0.91	0	10	9
Shape	0.88	0.89	0	10	9
Firmness	0.90	0.93	2	9	8
Freshness	0.96	0.96	0	15	4
Flavor	0.88	0.85	0	6	13
Texture	0.88	0.87	0	13	6
Lack of bruising/punctures	0.94	1.00	2	9	8
Shelf life	0.94	0.96	2	9	8
Ripeness	0.90	0.93	0	14	5
Availability of varieties	0.70	0.68	1	15	3
Reliability of supply	0.94	0.96	2	13	3
U.S. transportation costs	0.48	0.57	1	15	1

<sup>1</sup> 1 = very important, 0.5 = somewhat important, 0 = not important.  
<sup>2</sup> S = U.S. superior, C = products comparable, I = U.S. inferior.

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

tomatoes is -4.6. Petitioners disagree with this estimate and instead believe it to be somewhere in the range of -0.2 to -1.1, with the likely elasticities -0.5 to -0.75.<sup>70</sup> Petitioners cited a recent paper in *Agricultural Economics* that looks at the fresh vegetables market and references other studies finding that the demand for fresh tomatoes from the United States and Mexico is between -0.1 and -0.62.<sup>71</sup> However, it is unclear whether these fresh tomatoes are used for processing in addition to being sold on the fresh market. Thus, the elasticity of demand for greenhouse tomatoes may be somewhat higher than these estimates, and in the range of -1 to -4.<sup>72</sup>

### **Substitution Elasticity**

Growers, importers, and purchasers of greenhouse tomatoes all noted that there is a very high amount of substitution between domestic greenhouse and imported greenhouse tomatoes from Canada, as well as other countries. However, at certain points during the year, different suppliers may be preferred over others. Still, the elasticity of substitution is likely to be quite elastic and likely in the range of 5 to 10.<sup>73</sup>

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<sup>70</sup> Petitioners' prehearing brief, p. 43.

<sup>71</sup> Petitioners' posthearing brief, exh. 17.

<sup>72</sup> To the extent that the Commission considers field-grown tomatoes as part of the domestic industry, the demand elasticity for field-grown tomatoes is likely to be similar to this estimate as they are both part of the fresh market.

<sup>73</sup> To the extent that the Commission considers field-grown tomatoes as part of the domestic industry, the elasticity of substitution will be lower than this estimate.

### **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 Commerce's final margins 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 specified factors is presented in this section and/or Part VI and (except as noted) and is based on the questionnaire responses of 16 firms that accounted for the great majority of U.S. production of greenhouse tomatoes during 2001.

#### **U.S. PRODUCERS**

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.<sup>1</sup> Questionnaires were sent to 16 producers identified in the petition. Sixteen responses with usable data were received,<sup>2</sup> accounting for the great majority of greenhouse production of tomatoes in 2001. U.S. producers' positions on the petition, production locations, U.S. production shares in 2001, and parent companies are shown in table III-1. \*\*\*.

Four firms (Eurofresh, Houweling Oxnard, Sun Blest Management (previously Colorado Greenhouse), and Village Farms) accounted for the overwhelming majority of reported U.S. production of greenhouse tomatoes in 2001, as can be seen in table III-2. \*\*\*.<sup>3</sup> \*\*\*.

During the period examined, 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.<sup>4</sup> Together, these firms accounted for about \*\*\* acres of idled capacity. Carolina suspended its production of greenhouse tomatoes on December 15, 2001. \*\*\*. \*\*\* and switched to growing peppers. \*\*\*.<sup>6</sup>

#### **U.S. CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, AND EXPORT SHIPMENTS**

Data regarding reported U.S. capacity, production, capacity utilization, shipments, and employment indicators for greenhouse tomatoes are summarized in table III-3.<sup>7</sup> \*\*\* added \*\*\* acres of greenhouse acres \*\*\* in 1999. \*\*\* built its \*\*\*-acre greenhouse in 1999 and \*\*\*. However, \*\*\*. \*\*\* added \*\*\* acres of greenhouse production capacity in 1998, \*\*\* acres in 1999, and \*\*\* acres in 2000, increasing its capacity from \*\*\* acres to \*\*\* acres. \*\*\*. \*\*\*. U.S. producers listed the following

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<sup>1</sup> Petition, p. 6, based on the 1998 Census of Horticultural Specialties. The bulk of U.S. production is accounted for by less than 12 firms.

<sup>2</sup> A seventeenth firm \*\*\*.

<sup>3</sup> Houweling Nurseries in Canada \*\*\*.

<sup>4</sup> Colorado Greenhouse went into bankruptcy early in 2000 and Suntastic in the late summer of 2000. Suntastic reportedly had 20 acres for the production of greenhouse tomatoes, petition, p. 10.

<sup>5</sup> The president of Suntastic, Burkhard Metzger, testified that Suntastics' bankruptcy was caused by a combination of technical, financial, investment, and labor complications. Hearing transcript, pp. 161-164.

<sup>6</sup> Petitioners' prehearing brief, footnote 68, p. 34.

<sup>7</sup> \*\*\*.

**Table III-1**

**Greenhouse tomatoes: U.S. producers, positions on the petition, shares of reported 2001 production, U.S. production locations, and parent companies**

<b>Firm <sup>1</sup></b>	<b>Position</b>	<b>Share of 2001 reported production (percent)</b>	<b>Production location</b>	<b>Parent company and country</b>
Bushel Boy	Support	***	Minnesota	None
Carolina Hydroponics	Petitioner	***	North Carolina	None
Eurofresh	Petitioner	***	Arizona	***
Greenhost	***	***	Virginia	***
Hollandia	***	***	California	None
Houweling Oxnard	***	***	California	***
Hydro Age	Petitioner	***	Florida	None
Intergrow	***	***	New York	None
Marion Heights Farms	***	***	Pennsylvania	***
Nipomo	***	***	California	None
Oxbow	***	***	New York	None
Sun Blest Farms	Petitioner	***	Colorado	None
Sun Blest Management	Petitioner	***	Colorado, New Mexico	None
Sunco	Support	***	Nevada	***
Village Farms	Petitioner	***	HQ in New Jersey; greenhouses in Pennsylvania, New York, Texas, Virginia	***
Wilcox	Support	***	Arizona	None
<b>Total</b>		<b>100.0</b>		
<sup>1</sup> Another U.S. firm, Nutri-Source, submitted *** in support of the petition.				
Source: Compiled from data submitted in response to Commission questionnaires.				

**Table III-2**

**Greenhouse tomatoes: U.S. producers' production, 1998-2001**

\* \* \* \* \*

**Table III-3**

**Greenhouse tomatoes: Reported U.S. production capacity, production, capacity utilization, shipments, and employment-related indicators, 1998-2001**

Item	Calendar year			
	1998	1999	2000	2001
Capacity ( <i>acres under cover</i> )	416	544	545	548
Capacity ( <i>1,000 pounds</i> )	168,371	228,282	231,780	245,795
Production ( <i>1,000 pounds</i> )	153,721	192,774	201,957	229,437
Capacity utilization ( <i>percent</i> )	91.3	84.4	87.1	93.3
U.S. shipments:				
Quantity ( <i>1,000 pounds</i> )	146,658	181,882	195,772	222,062
Value ( <i>1,000 dollars</i> )	120,530	125,150	153,646	180,558
Unit value ( <i>per pound</i> )	\$0.82	\$0.69	\$0.78	\$0.81
Export shipments:				
Quantity ( <i>1,000 pounds</i> )	***	***	***	***
Value ( <i>1,000 dollars</i> )	***	***	***	***
Unit value ( <i>per pound</i> )	\$***	\$***	\$***	\$***
Production and related workers (PRWs)	1,660	1,790	2,297	1,935
Hours worked by PRWs ( <i>1,000 hours</i> )	2,558	2,806	3,767	3,585
Wages paid to PRWs ( <i>1,000 dollars</i> )	18,740	21,311	31,648	31,457
Hourly wages ( <i>per hour</i> )	\$7.33	\$7.59	\$8.40	\$8.77
Productivity ( <i>pounds produced per hour</i> )	41.4	48.8	44.3	52.1
Unit labor costs ( <i>per pound</i> )	\$0.18	\$0.16	\$0.19	\$0.17
Note.—Because of rounding, figures may not add to the totals shown. Data are from producers accounting for the great majority of 2001 production.				
Source: Compiled from data submitted in response to Commission questionnaires.				

constraints on their production capabilities: acreage, sunlight, extreme temperatures, cost of carbon dioxide, availability of skilled work force, availability of specialized materials and supplies, weather, energy costs, viruses, and market volume. Only two firms produced products in their greenhouses other than tomatoes.<sup>8</sup>

### U.S. PRODUCERS' IMPORTS

Data on U.S. producers' imports are presented in table III-4.

<sup>8</sup> \*\*\*.

**Table III-4**

**Greenhouse tomatoes: U.S. producers' imports, by sources, 1998-2001**

\* \* \* \* \*

**U.S. PRODUCERS' PURCHASES**

Data on U.S. producers' purchases (other than direct imports) are presented in table III-5.

**Table III-5**

**Greenhouse tomatoes: U.S. producers' purchases (other than direct imports), by sources, 1998-2001**

\* \* \* \* \*

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

### U.S. IMPORTERS

Twenty-one importers provided usable data in response to Commission questionnaires, accounting for \*\*\* percent of the volume of subject imports of greenhouse tomatoes from Canada in 2001. Data from responding U.S. importers are presented in table IV-1. Five firms in Canada accounted for \*\*\* percent of reported subject imports in 2001. \*\*\* was by far the largest importer, accounting for \*\*\* percent of reported subject imports. Four other firms, \*\*\*, accounted for \*\*\* percent.

Twelve of the U.S. importers also provided the Commission with a foreign producer/exporter questionnaire.<sup>1</sup> \*\*\*, \*\*\*,<sup>2</sup> \*\*\*.

**Table IV-1**

**Greenhouse tomatoes: Data from responding importers of Canadian product, 1998-2001**

\* \* \* \* \*

### U.S. IMPORTS

U.S. imports of greenhouse tomatoes are presented in table IV-2.<sup>3</sup> Petitioners and respondents were requested to provide input on how to use official statistics in this investigation, given the following concerns about 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 earlier part of the period examined; and (3) there have been questions raised about the accuracy in reporting of greenhouse tomato imports separately from field-grown tomatoes because there are no tariff rate differences with imports of field-grown tomatoes which would mandate the more accurate compilation of statistics. Petitioners and respondents agreed that a majority of imports of fresh tomatoes from Canada were greenhouse tomatoes.<sup>4</sup> In this report, all imports from Canada of tomatoes are considered to be greenhouse tomatoes, even though there are undetermined amounts of imports of field-grown tomatoes in August and September as well as in some other months.

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<sup>1</sup> \*\*\*.

<sup>2</sup> \*\*\*.

<sup>3</sup> Imports of greenhouse tomatoes from Canada and all other countries (except Mexico) are based on official statistics under HTS heading 0702. Imports of greenhouse tomatoes from Mexico for 2000 and 2001 are based on official statistics under HTS U.S. statistical reporting numbers 0702.00.2010 and 0702.00.6010. Imports from Mexico for 1998 and 1999 are based on estimates provided by respondents and on official statistics. Imports from Canada have been adjusted to subtract questionnaire data reported by U.S. importers JD Marketing, Mastronardi, and Red Zoo, which received amended final *de minimis* margins from Commerce. JD Marketing's, Mastronardi's, and Red Zoo's data are presented as Canada (nonsubject).

<sup>4</sup> Agriculture and Agri-Food Canada reports that during the months of August and September, a majority of tomatoes imported from Canada into the United States are field-grown tomatoes. "Profile for the Canadian Greenhouse Tomato Industry," [www.agr.gc.ca/misb/hort/greenhse.html](http://www.agr.gc.ca/misb/hort/greenhse.html). The volume of U.S. imports of tomatoes from Canada in August and September accounted for approximately 23 percent of total U.S. imports from Canada in each of the years 2000 and 2001.

**Table IV-2  
Greenhouse tomatoes: U.S. imports, 1998-2001**

Source	Calendar year			
	1998	1999	2000	2001
<b>Quantity (1,000 pounds)</b>				
Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	136,088	175,385	223,527	232,985
Other countries	173,193	149,811	145,916	158,890
Total	309,281	325,196	369,443	391,875
<b>Value (1,000 dollars)<sup>1</sup></b>				
Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	102,897	121,801	163,878	169,923
Other countries	203,968	169,784	155,842	157,838
Total	306,864	291,586	319,720	327,761
<b>Unit value (per pound)<sup>1</sup></b>				
Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Average	\$0.76	\$0.69	\$0.73	\$0.73
Other countries	1.18	1.13	1.07	0.99
Average	0.99	0.90	0.87	0.84
<b>Share of quantity (percent)</b>				
Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	44.0	53.9	60.5	59.5
Other countries	56.0	46.1	39.5	40.5
Total	100.0	100.0	100.0	100.0
<b>Share of value (percent)</b>				
Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	33.5	41.8	51.3	51.8
Other countries	66.5	58.2	48.7	48.2
Total	100.0	100.0	100.0	100.0

<sup>1</sup> Landed, duty-paid.

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

Source: Compiled from official Commerce statistics and data submitted in response to Commission questionnaires; a portion of the data for “other countries” in 1998 and 1999 was estimated.



Accordingly, to the extent that there are any imports of field-grown tomatoes, the import data presented herein on greenhouse tomatoes from Canada may be overstated.

Parties also agreed that most imports from other countries except for Mexico were greenhouse tomatoes. For 2000 and 2001, imports from Mexico are based on the HTS breakouts for greenhouse tomatoes, and for 1998 and 1999 the quantities of imports from Mexico are based on estimates provided by respondents, which track official statistics more closely than the estimates provided by the petitioners. The average unit values for greenhouse tomato imports from Mexico from official statistics were used to derive the value of such imports provided by the respondents. Since there is no greenhouse tomato breakout available for 1998, the average unit values for 1999 were used as the best estimate.<sup>5</sup>

Both the quantity and value of subject Canadian greenhouse tomatoes increased from 1998 to 2001, by \*\*\* percent and \*\*\* percent, respectively. Nonsubject imports from Canada increased by \*\*\* percent, and the value of such imports increased by \*\*\* percent. The quantity and value of imports from other sources decreased by 8.3 percent and 22.6 percent, respectively.

### **APPARENT U.S. CONSUMPTION**

Data on U.S. consumption of greenhouse tomatoes are presented in table IV-3. From 1998 to 2001, the quantity of U.S. consumption increased by 34.7 percent. During the same period, the value of U.S. consumption increased by 18.9 percent.

### **U.S. MARKET SHARES**

Market shares for greenhouse tomatoes are presented in table IV-4. U.S. producers' market shares are somewhat understated and the market shares of imports are somewhat overstated because not all U.S. producers responded to the Commission's questionnaire and because an undetermined (but minority) share of imports of tomatoes from Canada consists of field-grown tomatoes. In terms of quantity, the U.S. producers' market shares fluctuated during the period examined, but increased by 4.0 percentage points overall, while the value of the U.S. producers' market share increased steadily by 7.3 percentage points. The share of the volume of subject imports from Canada rose from 1998 to 2000, then dipped slightly in 2001, for an overall increase of \*\*\* percentage points. The value of subject imports from Canada rose by \*\*\* percentage points.

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<sup>5</sup> Resulting estimated imports of greenhouse tomatoes from Mexico are as follows: 1998, 59,572,000 pounds valued at \$33,262,804; 1999, 48,313,000 pounds valued at \$26,976,195; 2000, 60,556,149 pounds valued at \$38,885,393; and 2001, 73,628,746 pounds valued at \$43,053,182.

**Table IV-3**

**Greenhouse tomatoes: U.S. producers' reported U.S. shipments, U.S. imports, by sources, and total U.S. consumption, 1998-2001**

Item	Calendar year			
	1998	1999	2000	2001
<b>Quantity (1,000 pounds)</b>				
U.S. producers' U.S. shipments	146,658	181,882	195,772	222,062
U.S. imports from-- Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	136,088	175,385	223,527	232,985
Nonsubject countries	173,193	149,811	145,916	158,890
All countries	309,281	325,196	369,443	391,875
U.S. consumption	455,939	507,078	565,214	613,937
<b>Value (1,000 dollars)</b>				
U.S. producers' U.S. shipments	120,530	125,150	153,646	180,558
U.S. imports <sup>1</sup> from-- Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	102,897	121,801	163,878	169,923
Nonsubject countries	203,968	169,784	155,842	157,838
All countries	306,864	291,586	319,720	327,761
U.S. consumption	427,394	416,735	473,366	508,318
<sup>1</sup> F.o.b. U.S. port of entry.  Note.—Because of rounding, figures may not add to the totals shown.  Source: Compiled from official Commerce statistics and from data submitted in response to Commission questionnaires.				

**Table IV-4**

**Greenhouse tomatoes: U.S. consumption and market shares, 1998-2001**

Item	Calendar year			
	1998	1999	2000	2001
<b>Quantity (pounds)</b>				
U.S. consumption	455,939	507,078	565,214	613,937
<b>Value (dollars)</b>				
U.S. consumption	427,394	416,735	473,366	508,318
<b>Share of quantity (percent)</b>				
U.S. producers' U.S. shipments	32.2	35.9	34.6	36.2
U.S. imports from-- Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	29.8	34.6	39.5	37.9
Nonsubject countries	38.0	29.5	25.8	25.9
All countries	67.8	64.1	65.4	63.8
<b>Share of value (percent)</b>				
U.S. producers' U.S. shipments	28.2	30.0	32.5	35.5
U.S. imports from-- Canada (subject)	***	***	***	***
Canada (nonsubject)	***	***	***	***
Subtotal	24.1	29.2	34.6	33.4
Nonsubject countries	47.7	40.7	32.9	31.1
All countries	71.8	70.0	67.5	64.5
Note.—Because of rounding, figures may not add to the totals shown.				
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.				



## **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. Seven U.S. growers (one of field-grown tomatoes) responded that shipping costs average between 5 and 7 percent of total delivered cost, while 2 reported costs between 10 and 12 percent, with a simple average of 6.9 percent. Importers reported average shipping costs of 7.0 percent, with answers ranging from 1 percent to 20 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<sup>st</sup> and July 14<sup>th</sup>, inclusive, have their own HTS subheadings. Those that enter from March 1<sup>st</sup> through July 14<sup>th</sup> and September 1<sup>st</sup> through November 14<sup>th</sup> 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<sup>th</sup> through August 31<sup>st</sup> and November 15<sup>th</sup> 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.

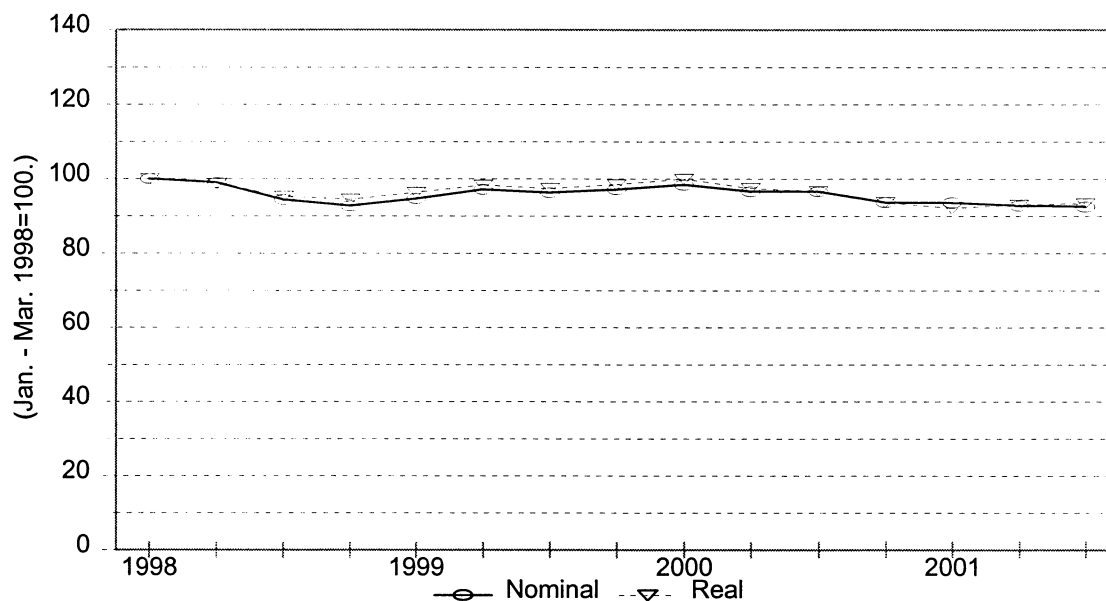
#### **Exchange Rates**

The Canadian dollar has fluctuated as compared to the U.S. dollar throughout 1998-2001. 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 third quarter of 2001, it stood at 93.4 percent of its value relative to the base period (figure V-1).

### **PRICING PRACTICES**

Greenhouse tomatoes are sold both on a contract basis and in the spot market. Fourteen growers (three of field-grown tomatoes) reported that they sell primarily on a spot basis while two reported selling on a contract basis. Sales on a contract basis are a small portion of each grower's sales, except for \*\*\*, which sells 100 percent on contract and \*\*\*, which sells 72 percent on contract. Of those that sell on a contract basis, only 20, 10, 6, 3, and 1 percent for \*\*\*, respectively, are sold on a contract basis. In the preliminary phase of this investigation, \*\*\* noted that it considers itself to have three classes of customers: retail customers which have verbal or written contracts setting price and quantity (\*\*\*)

**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-September 2001**



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

percent of its TOV production and \*\*\* 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 spot sales (\*\*\* percent of its sales). The contract customers \*\*\* referenced 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.

Growers varied on how prices are derived, but discounts are not often given (only 6 of 13 growers - all of which are greenhouse tomato growers - reported giving discounts). \*\*\* 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 gives some customers volume discounts, and \*\*\* determine the prevailing market price daily. Colorado Greenhouse (whose assets are now Sun Blest Management's) stated in its 1998 SEC Form S-1 filing that its prices are determined by the supply of tomatoes, both greenhouse and field-grown, on the market. 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. Three of five field-grown tomato growers noted that prices are determined by someone outside their firms, whereas the others determine pricing on a transaction-by-transaction basis. Hence, the responding field-grown tomato growers do not offer discounts.

Spot market pricing is used by the majority of importers. Twelve of 18 responding importers sell 100 percent of their greenhouse tomatoes on the spot market; the remaining four importers sell 75, 80,

82, 96, and 99 percent of their tomatoes on the spot market. The one exception is \*\*\*, which sells \*\*\* percent on a contract basis. Two importers use contracts of one to two weeks in length, one uses contracts of 30 days, one uses contracts of 6 months, and one (\*\*\*) uses year-long contracts. These year-long contracts are \*\*\*. The contracts of 30 days and six months fix only price, whereas the others fix both quantity and price. Most importers have 21- or 30-day payment terms. In addition, petitioners claim that a large portion of Canadian greenhouse tomatoes sells on an “open-price” basis, a type of consignment basis in which wholesalers receive certain fees, and, as a consequence have an incentive to maximize volume sold.<sup>1</sup>

Fifteen of 20 responding importers reported using transactional negotiations or the market price to determine what they will charge, one of which (\*\*\*) has pricing that lasts for a week. \*\*\* uses the USDA market news services faxed to it to determine pricing. \*\*\* 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. Twelve of 21 responding importers do not offer discounts, four (including \*\*\*) offer volume discounts for at least some of their tomatoes, and five offer discounts to one or two large supermarket chains.

Purchaser responses did not identify any clear price leaders. However, 8 of 17 listed specifically or generally growers in Ontario; seven named Village Farms (with two noting it as a downward leader and one as an upward leader); six listed Mexico (two downward); four noted Eurofresh (one downward); three noted BC Hot House (one upward); two named Oppenheimer (one upward) or no leaders; and one each named Europe, Colorado Greenhouse, Caito (a distributor), Samson, and field-grown products. Some included seasonality as playing a factor in the price leadership at different points during the year.

## PRICE DATA

The Commission requested the U.S. growers, importers, and packers to provide weekly delivered quantity and value data in U.S. dollars between January 1999 and December 2001 to unrelated parties for the following products:<sup>2</sup>

**Product 1: Beefsteak (round), jumbo or extra large greenhouse tomatoes, 15-pound box**

**Product 2: On-the-vine (cluster) greenhouse tomatoes, either bagged, loose, or stickered in an 11-pound box**

**Product 3: Beefsteak (round), jumbo or extra large field grown vine-ripe tomatoes for the fresh market, 20-pound box or equivalent**

**Product 4: Beefsteak (round), jumbo or extra large field grown mature green tomatoes for the fresh market, 25-pound box or equivalent**

Fifteen growers, 20 importers, and 6 packers provided usable pricing data for sales of the requested products, although not necessarily for all products or all weeks.<sup>3</sup> In fact, no grower that

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<sup>1</sup> Petitioners’ prehearing brief, exh. 8, affidavit of \*\*\*, p. 6, and \*\*\*.

<sup>2</sup> Additional quarterly pricing data dating back to 1995 were submitted by petitioners in response to questions asked by the Commission. See, e.g., petitioners’ posthearing brief, p. Okun-26.

<sup>3</sup> Data from \*\*\* were excluded, as \*\*\*. Petitioners noted that there is \*\*\*. Petitioners’ posthearing brief, p. InCamera-5. Respondents agreed that exclusion is appropriate. Respondents’ posthearing brief, p. A-34. Also

reported sales of either product 1 or 2 reported data for products 3 or 4.<sup>4</sup> U.S. grower and importer weighted-average pricing and volume data and margins of underselling/overselling during 1999-2001 for sales to retailers and wholesalers/distributors are presented in tables V-1 to V-4 and figures V-2, V-4, V-6, and V-8.<sup>5 6</sup> Figures V-3, V-5, V-7, and V-9 show the volume of domestic and Canadian greenhouse tomatoes over the same time period.<sup>7</sup> Beefsteak tomato prices are reported in tables V-1 and V-2, and TOV prices are reported in tables V-3 and V-4.<sup>8 9 10</sup> Table V-5 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 greenhouse beefsteak 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.<sup>11</sup> Petitioners also stated that in order to regain market share lost over the winter, the Canadian greenhouse tomato industry must undercut domestic pricing. Respondents disagreed with this notion, replying that although Canada does not sell significant quantities in the U.S. market during the winter, Canadian suppliers do not exit the market, but rather sell to their customers by using greenhouse tomatoes grown in more southern climates.<sup>12</sup> Instead, respondents stated that this seasonal pattern is 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.<sup>13</sup> USDA data regarding shipments of tomatoes from Florida, along with California, other states, Canada, Mexico, and other 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.<sup>14</sup> Offer prices for New York and San Francisco collected by USDA for representative products of field tomatoes are also presented in appendix D. In response, petitioners stated that Canadians will start to contact retail outlets

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excluded are J-D Marketing, Red Zoo Marketing, and Mastronardi Produce, which were determined by Commerce to have *de minimis* margins of dumping.

<sup>4</sup> Data for pricing products 3 and 4 are presented in appendix D.

<sup>5</sup> No data were reported for sales to packers for growers of greenhouse tomatoes.

<sup>6</sup> Some sales classified as "to retailers" for \*\*\* were made to retailers via wholesaler/agents. For \*\*\*.

<sup>7</sup> It should be noted that issuing credits to customers during periods of low demand for some growers and importers caused unusually low prices and high margins for some weeks. \*\*\*. The effect of this will be seen mostly when there are large changes in the volume of greenhouse tomatoes sold.

<sup>8</sup> Prices do not deduct advertising costs/credits, which \*\*\*.

<sup>9</sup> The vast majority of these sales are for USDA Grade #1 tomatoes. \*\*\*. Very few USDA Grade #2 tomatoes come into the United States from Canada.

<sup>10</sup> \*\*\*.

<sup>11</sup> Petition, pp. 68-72, petitioners' postconference brief, p. 2, and petitioners' prehearing brief, p. 21.

<sup>12</sup> Respondents' posthearing brief, pp. A-29-30.

<sup>13</sup> Respondents' postconference brief, p. 32, and respondents' posthearing brief, pp. A-11 and A-35.

<sup>14</sup> *Ibid.*, p. 32.



**Table V-1  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 1 sold to retailers, 1999-2001**

1999	United States			Canada			1999	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan 3-9	\$1.32	457,028	(7.3)	\$1.42	16,487	(7.3)	Jun 27- Jul 3	***	***	\$0.57	1,411,110	***	
Jan 10-16	1.28	509,210	***	***	***	***	Jul 4-10	***	***	0.66	1,459,695	***	
Jan 17-23	1.34	359,834	***	***	***	***	Jul 11-17	***	***	0.65	1,479,630	***	
Jan 24-30	1.06	479,353	***	***	***	***	Jul 18-24	***	***	0.66	1,419,045	***	
Jan 31 - Feb 6	1.00	349,276	***	***	***	***	Jul 25-31	***	***	0.65	1,341,390	***	
Feb 7-13	0.97	378,305	***	***	***	***	Aug 1-7	***	***	0.63	1,210,905	***	
Feb 14-20	1.09	393,433	***	***	***	***	Aug 8-14	***	***	0.63	922,275	***	
Feb 21-27	0.86	329,860	***	***	***	***	Aug 15-21	***	***	***	***	***	
Feb 28 - Mar 6	0.93	319,884	***	***	***	***	Aug 22-28	***	***	0.70	765,645	***	
Mar 7-13	0.94	277,692	(14.4)	1.07	100,560	(14.4)	Aug 29 - Sep 4	***	***	0.68	880,885	***	
Mar 14-20	0.82	280,870	***	***	***	***	Sep 5-11	***	***	***	***	***	
Mar 21-27	0.74	381,131	(33.1)	0.98	275,114	(33.1)	Sep 12-18	***	***	0.66	602,205	***	
Mar 28 - Apr 3	0.65	365,026	(30.3)	0.85	370,154	(30.3)	Sep 19-25	***	***	0.72	643,965	***	
Apr 4-10	0.59	306,242	(36.5)	0.81	622,535	(36.5)	Sep 26 - Oct 2	***	***	0.69	680,325	***	
Apr 11-17	0.67	387,819	(12.5)	0.75	950,895	(12.5)	Oct 3-9	0.73	88,548	0.73	517,395	0.6	
Apr 18-24	0.58	399,514	(24.1)	0.72	890,715	(24.1)	Oct 10-16	0.61	98,860	0.84	481,265	(38.1)	
Apr 25 - May 1	0.49	463,585	(19.4)	0.59	1,569,810	(19.4)	Oct 17-23	0.40	233,763	0.70	458,895	(78.0)	
May 2-8	0.51	792,540	(18.8)	0.61	1,648,755	(18.8)	Oct 24-30	0.45	310,235	0.65	462,060	(43.6)	
May 9-15	0.45	956,300	(37.3)	0.61	1,518,120	(37.3)	Oct 31 - Nov 6	0.49	552,622	***	***	***	
May 16-22	0.54	906,368	(15.6)	0.62	961,470	(15.6)	Nov 7-13	0.68	493,472	0.62	765,945	8.7	
May 23-29	***	***	***	0.52	1,189,035	***	Nov 14-20	0.71	661,969	0.65	577,650	8.7	
May 30 - Jun 5	0.53	618,406	(5.3)	0.56	1,481,595	(5.3)	Nov 21-27	0.71	502,262	0.81	331,149	(14.5)	
Jun 6-12	0.59	427,328	(3.8)	0.61	1,833,630	(3.8)	Nov 28 - Dec 4	0.84	501,228	0.96	98,674	(14.4)	
Jun 13-19	0.63	459,212	16.0	0.53	1,554,195	16.0	Dec 5-11	0.93	483,911	1.04	140,738	(12.1)	
Jun 20-26	0.64	327,426	5.0	0.60	1,859,940	5.0	Dec 12-18	1.00	474,961	-	-	-	

Table continued on next page.

**Table V-1-Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 1 sold to retailers, 1999-2001**

2000	United States		2000			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)
Jan 2-8	\$1.13	454,622	\$***	***	***	\$***	***	\$0.58	1,732,875	***
Jan 9-15	0.64	504,295	***	***	***	***	***	0.60	1,249,455	***
Jan 16-22	1.02	370,986	***	***	***	***	***	0.62	1,267,790	***
Jan 23-29	1.00	342,538	***	***	***	***	***	0.63	1,344,210	***
Jan 30 - Feb 5	1.00	316,340	***	***	***	***	***	0.61	969,825	***
Feb 6-12	0.99	321,070	***	***	***	***	***	0.60	1,269,960	***
Feb 13-19	1.01	341,630	***	***	***	***	***	0.66	915,180	***
Feb 20-26	1.02	323,880	***	***	***	***	***	0.54	850,950	***
Feb 27 - Mar 4	0.96	337,911	***	***	***	***	***	0.64	1,006,575	***
Mar 5-11	0.98	328,420	***	***	***	***	***	0.56	726,795	***
Mar 12-18	1.00	370,351	***	***	***	***	***	0.65	924,120	***
Mar 19-25	0.94	343,497	1.07	308,036	(14.6)	1.07	308,036	0.57	584,145	***
Mar 26 - Apr 1	0.90	355,415	0.99	485,043	(9.8)	0.99	485,043	0.66	727,350	***
Apr 2-8	0.85	431,387	0.91	537,360	(6.3)	0.91	537,360	0.65	657,990	***
Apr 9-15	0.83	443,477	0.83	832,530	0.2	0.83	832,530	0.75	483,785	***
Apr 16-22	0.78	482,795	0.81	910,365	(2.9)	0.81	910,365	0.71	617,685	2.2
Apr 23-29	0.68	474,855	0.94	926,610	(38.4)	0.94	926,610	0.80	582,930	11.6
Apr 30 - May 6	0.56	514,008	0.61	1,245,450	(10.2)	0.61	1,245,450	0.84	531,765	(6.7)
May 7-13	0.56	750,638	0.59	1,230,510	(4.7)	0.59	1,230,510	0.86	554,082	18.4
May 14-20	0.59	781,100	0.60	1,156,800	(3.2)	0.60	1,156,800	1.05	417,370	(8.7)
May 21-27	0.55	669,430	0.60	1,550,970	(9.4)	0.60	1,550,970	1.05	450,750	(5.9)
May 28 - Jun 3	0.55	501,478	0.59	1,579,335	(6.1)	0.59	1,579,335	1.17	286,268	(16.8)
Jun 4-10	0.55	488,982	0.56	1,377,600	(1.2)	0.56	1,377,600	1.24	179,850	(16.8)
Jun 11-17	***	***	0.58	1,100,385	***	0.58	1,100,385	1.31	65,790	(15.8)
Jun 18-24	***	***	0.58	1,379,790	***	0.58	1,379,790	1.52	77,498	(28.0)

Table continued on next page.

**Table V-1—Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 1 sold to retailers, 1999-2001**

2001	United States			Canada			2001	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan 7-13	\$1.28	541,925	***	\$***	***	***	Jul 1-7	\$0.61	688,883		\$0.62	959,715	(1.2)
Jan 14-20	1.26	560,425	-	-	-	-	Jul 8-14	0.63	523,704		0.57	1,404,345	9.4
Jan 21-27	1.27	463,380	(5.3)	1.33	39,150	(5.3)	Jul 15-21	0.65	415,337		0.54	1,878,130	16.3
Jan 28 - Feb 3	1.27	510,883	***	***	***	***	Jul 22-28	***	***		0.57	1,278,255	***
Feb 4-10	1.16	420,025	***	***	***	***	Jul 29 - Aug 4	***	***		0.60	969,375	***
Feb 11-17	1.15	402,375	(10.3)	1.26	52,290	(10.3)	Aug 5-11	***	***		0.59	1,096,755	***
Feb 18-24	1.09	326,915	***	***	***	***	Aug 12-18	0.72	269,250		0.62	1,114,830	13.9
Feb 25 - Mar 3	1.06	332,268	(5.5)	1.12	102,030	(5.5)	Aug 19-25	0.77	345,534		0.59	1,035,510	22.7
Mar 4-10	1.05	426,628	***	***	***	***	Aug 26 - Sep 1	0.73	363,277		0.61	887,325	16.9
Mar 11-17	1.01	344,329	(9.1)	1.11	172,732	(9.1)	Sep 2-8	0.74	276,234		0.62	810,165	15.6
Mar 18-24	1.04	475,527	(3.3)	1.08	297,863	(3.3)	Sep 9-15	0.80	263,145		0.63	977,910	21.3
Mar 25 -31	1.07	700,495	(4.8)	1.13	102,971	(4.8)	Sep 16-22	0.81	243,315		0.64	661,835	21.0
Apr 1-7	1.03	693,974	(5.7)	1.09	539,658	(5.7)	Sep 23-29	0.81	261,241		0.65	461,730	19.5
Apr 8-14	0.98	823,664	3.5	0.95	756,851	3.5	Sep 30 - Oct 6	0.79	245,910		0.71	574,905	9.9
Apr 15-21	0.91	772,276	3.6	0.88	953,625	3.6	Oct 7-13	0.83	515,060		0.73	546,990	11.8
Apr 22-28	0.78	722,720	(13.3)	0.88	1,079,595	(13.3)	Oct 14-20	0.85	282,170		0.90	611,775	(6.9)
Apr 29 - May 5	0.63	896,787	(8.6)	0.68	705,585	(8.6)	Oct 21-27	0.80	410,324		0.91	483,015	(13.4)
May 6-12	0.59	656,136	(9.0)	0.65	1,298,460	(9.0)	Oct 28 - Nov 3	0.76	527,265		0.84	518,355	(10.3)
May 13-19	0.59	1,082,092	(9.6)	0.65	1,355,475	(9.6)	Nov 4-10	0.78	689,885		0.80	394,065	(2.1)
May 20-26	0.61	1,054,859	(2.0)	0.62	1,598,190	(2.0)	Nov 11-17	0.85	854,910		0.85	323,400	0.2
May 27 - Jun 2	0.63	1,096,820	(7.4)	0.67	1,313,820	(7.4)	Nov 18-24	0.91	536,463		0.83	410,005	9.5
Jun 3-9	0.61	659,424	(12.3)	0.68	998,445	(12.3)	Nov 25 - Dec 1	0.93	503,359		0.95	348,210	(3.0)
Jun 10-16	0.63	780,740	***	***	***	***	Dec 2-8	0.95	587,614		0.95	297,900	0.2
Jun 17-23	0.68	610,659	9.8	0.62	1,240,915	9.8	Dec 9-15	1.05	455,558		1.07	220,995	(1.6)
Jun 24-30	0.62	737,226	2.6	0.60	854,490	2.6							

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

**Table V-2  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 1 sold to distributors, 1999-2001**

1999	United States		Canada		1999	United States		Canada			
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)		Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)	Margin (percent)
Jan 3-9	\$1.03	531,675	\$***	***	Jun 27- Jul 3	\$0.52	389,424	\$0.63	1,560,810	(22.4)	(22.4)
Jan 10-16	0.99	481,316	-	-	Jul 4-10	0.49	345,875	0.67	1,622,865	(36.4)	(36.4)
Jan 17-23	1.04	360,879	***	***	Jul 11-17	0.50	290,140	0.62	1,479,150	(23.8)	(23.8)
Jan 24-30	0.92	290,460	***	***	Jul 18-24	0.43	175,745	0.67	1,222,905	(56.9)	(56.9)
Jan 31 - Feb 6	0.87	286,733	***	***	Jul 25-31	0.40	119,265	0.65	1,105,710	(63.8)	(63.8)
Feb 7-13	0.74	443,053	1.01	2,019	Aug 1-7	0.22	104,020	0.64	689,160	(189.0)	(189.0)
Feb 14-20	0.89	257,945	***	***	Aug 8-14	0.31	95,080	0.55	590,520	(81.4)	(81.4)
Feb 21-27	0.72	324,015	***	***	Aug 15-21	0.30	52,895	0.60	344,775	(100.8)	(100.8)
Feb 28 - Mar 6	0.93	217,585	***	***	Aug 22-28	0.33	69,890	0.60	456,180	(82.5)	(82.5)
Mar 7-13	***	***	***	***	Aug 29 - Sep 4	0.38	165,065	0.61	446,340	(60.9)	(60.9)
Mar 14-20	0.82	210,407	0.97	121,808	Sep 5-11	0.44	158,405	0.57	397,545	(29.4)	(29.4)
Mar 21-27	0.89	195,291	0.80	212,807	Sep 12-18	0.39	126,435	0.55	398,205	(40.9)	(40.9)
Mar 28 - Apr 3	0.77	278,955	0.77	325,170	Sep 19-25	0.49	132,475	0.56	558,675	(12.6)	(12.6)
Apr 4-10	0.59	321,611	0.69	625,665	Sep 26 - Oct 2	0.49	218,235	0.62	584,925	(26.7)	(26.7)
Apr 11-17	0.61	491,790	0.64	888,180	Oct 3-9	0.53	131,615	0.68	417,975	(27.9)	(27.9)
Apr 18-24	0.55	570,525	0.58	965,580	Oct 10-16	0.60	136,755	0.65	400,905	(8.3)	(8.3)
Apr 25 - May 1	0.49	665,618	0.52	1,398,240	Oct 17-23	0.49	181,540	0.66	323,010	(34.1)	(34.1)
May 2-8	0.46	892,949	0.51	1,498,635	Oct 24-30	0.47	193,335	0.50	368,730	(6.6)	(6.6)
May 9-15	0.42	683,904	0.49	1,820,220	Oct 31 - Nov 6	0.48	314,275	0.45	534,330	7.4	7.4
May 16-22	0.49	756,710	0.51	1,782,135	Nov 7-13	0.45	324,050	0.46	446,490	(1.2)	(1.2)
May 23-29	0.52	652,553	0.53	1,842,855	Nov 14-20	0.58	434,860	0.56	476,730	4.4	4.4
May 30 - Jun 5	0.48	555,920	0.53	1,851,915	Nov 21-27	0.73	405,155	0.67	119,089	8.6	8.6
Jun 6-12	0.48	351,265	0.48	2,292,300	Nov 28 - Dec 4	0.72	316,350	0.77	136,710	(6.5)	(6.5)
Jun 13-19	0.42	387,080	0.44	2,710,860	Dec 5-11	0.77	325,170	0.84	119,445	(9.0)	(9.0)
Jun 20-26	0.43	382,116	0.51	1,430,025	Dec 12-18	0.92	293,340	1.01	141,188	(10.6)	(10.6)

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**Table V-2-Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 1 sold to distributors, 1999-2001**

2000	United States		Canada			2000	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)
Jan 2-8	\$0.93	294,770	\$***	***	***	Jun 25 - Jul 1	\$0.39	738,269	\$0.54	1,523,385	(37.7)
Jan 9-15	0.98	274,845	***	***	***	Jul 2-8	0.50	363,385	0.57	1,424,520	(14.6)
Jan 16-22	0.91	132,270	***	***	***	Jul 9-15	0.51	309,785	0.62	1,687,125	(21.2)
Jan 23-29	0.89	119,100	***	***	***	Jul 16-22	0.47	437,940	0.62	1,310,130	(32.6)
Jan 30 - Feb 5	0.82	161,130	***	***	***	Jul 23-29	0.48	237,395	0.58	933,300	(21.3)
Feb 6-12	0.86	146,610	***	***	***	Jul 30 - Aug 5	0.51	276,280	0.59	996,735	(15.1)
Feb 13-19	0.92	145,815	***	***	***	Aug 6-12	0.47	236,270	0.58	1,105,350	(23.6)
Feb 20-26	1.01	239,160	***	***	***	Aug 13-19	0.45	272,800	0.58	848,805	(30.7)
Feb 27 - Mar 4	0.96	193,635	***	***	***	Aug 20-26	0.44	159,269	0.56	713,520	(29.1)
Mar 5-11	0.90	235,980	1.10	157,830	(22.3)	Aug 27 - Sep 2	0.43	224,460	0.60	618,240	(41.2)
Mar 12-18	0.94	98,880	0.99	253,669	(5.1)	Sep 3-9	0.45	145,415	0.58	836,625	(29.3)
Mar 19-25	0.86	123,840	0.99	273,578	(15.0)	Sep 10-16	0.51	317,690	0.59	472,680	(16.5)
Mar 26 - Apr 1	0.86	160,605	0.86	631,459	0.4	Sep 17-23	0.61	250,540	0.66	547,710	(9.5)
Apr 2-8	0.85	268,530	0.81	835,965	5.2	Sep 24-30	0.59	198,985	0.62	678,750	(6.0)
Apr 9-15	0.78	361,390	0.78	885,390	(0.1)	Oct 1-7	0.66	271,440	0.67	769,035	(2.3)
Apr 16-22	0.73	349,315	0.68	1,513,305	7.0	Oct 8-14	0.70	404,480	0.78	730,680	(11.6)
Apr 23-29	0.55	587,325	0.57	1,766,175	(4.6)	Oct 15-21	0.86	310,130	0.86	828,120	(0.2)
Apr 30 - May 6	0.48	403,810	0.51	1,725,980	(6.9)	Oct 22-28	0.88	275,840	0.90	551,145	(2.4)
May 7-13	0.52	933,985	0.53	1,631,475	(3.0)	Oct 29 - Nov 4	0.92	252,125	0.95	804,669	(2.6)
May 14-20	0.49	655,895	0.55	2,005,485	(11.7)	Nov 5-11	0.99	487,570	1.00	491,522	(0.7)
May 21-27	0.49	614,535	0.55	1,083,540	(11.2)	Nov 12-18	1.05	319,650	1.04	495,810	0.2
May 28 - Jun 3	0.42	743,170	0.54	1,373,550	(27.7)	Nov 19-25	1.11	320,605	1.12	295,340	(1.1)
Jun 4-10	0.47	678,445	0.53	1,458,525	(13.7)	Nov 26 - Dec 2	1.11	1,841,677	1.21	176,925	(8.7)
Jun 11-17	0.48	716,155	0.52	1,817,880	(8.0)	Dec 3-9	1.14	512,270	1.25	163,470	(10.5)
Jun 18-24	0.40	774,715	0.51	1,530,120	(27.3)	Dec 10-16	1.25	1,510,757	1.19	97,095	4.4

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**Table V-2-Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 1 sold to distributors, 1999-2001**

2001	United States			Canada			2001	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan 7-13	\$1.23	391,365	***	\$***	***	***	Jul 1-7	\$0.51	567,377	\$0.53	1,268,250	(2.1)	
Jan 14-20	1.20	331,440	***	***	***	***	Jul 8-14	0.50	598,084	0.53	1,393,300	(6.2)	
Jan 21-27	1.12	204,610	***	***	***	***	Jul 15-21	0.50	581,572	0.55	1,077,900	(8.9)	
Jan 28 - Feb 3	1.09	217,290	***	***	***	***	Jul 22-28	0.50	283,481	0.50	1,305,495	0.7	
Feb 4-10	1.08	210,870	***	***	***	***	Jul 29 - Aug 4	0.50	604,847	0.52	792,945	(3.6)	
Feb 11-17	0.98	173,880	***	***	***	***	Aug 5-11	0.56	342,688	0.59	836,295	(5.4)	
Feb 18-24	1.11	224,310	1.09	35,331	1.5	1.5	Aug 12-18	0.53	186,581	0.59	656,220	(10.2)	
Feb 25 - Mar 3	1.12	277,545	1.08	51,813	4.0	4.0	Aug 19-25	0.60	288,379	0.56	590,970	6.9	
Mar 4-10	1.13	225,679	1.12	179,775	0.8	0.8	Aug 26 - Sep 1	0.51	191,191	0.59	469,350	(16.4)	
Mar 11-17	1.10	268,045	1.10	269,895	0.6	0.6	Sep 2-8	0.58	153,294	0.56	577,080	4.0	
Mar 18-24	1.15	248,405	1.10	334,301	3.9	3.9	Sep 9-15	0.57	179,881	0.59	675,825	(3.9)	
Mar 25 -31	1.10	325,995	0.94	585,761	14.5	14.5	Sep 16-22	0.38	103,321	0.63	427,545	(65.7)	
Apr 1-7	1.01	363,828	0.73	760,564	27.7	27.7	Sep 23-29	0.70	314,204	0.68	428,175	2.7	
Apr 8-14	0.83	397,521	0.74	749,535	11.1	11.1	Sep 30 - Oct 6	0.68	377,578	0.68	551,295	(0.4)	
Apr 15-21	0.69	564,580	0.63	1,123,365	8.0	8.0	Oct 7-13	0.71	378,765	0.75	751,290	(4.8)	
Apr 22-28	0.61	667,320	0.58	1,237,515	5.3	5.3	Oct 14-20	0.63	334,964	0.80	615,375	(26.4)	
Apr 29 - May 5	0.55	896,105	0.52	1,479,255	6.6	6.6	Oct 21-27	0.75	518,331	0.74	557,910	1.1	
May 6-12	0.51	795,380	0.55	1,718,100	(8.3)	(8.3)	Oct 28 - Nov 3	0.67	682,424	0.69	576,255	(2.7)	
May 13-19	0.52	939,265	0.58	1,581,660	(12.5)	(12.5)	Nov 4-10	0.67	662,654	0.77	470,925	(14.0)	
May 20-26	0.54	858,819	0.60	1,805,775	(10.4)	(10.4)	Nov 11-17	0.77	600,839	0.80	523,995	(4.4)	
May 27 - Jun 2	0.61	1,161,012	0.74	1,505,775	(20.2)	(20.2)	Nov 18-24	0.85	591,165	0.96	234,735	(12.9)	
Jun 3-9	0.53	805,926	0.65	1,373,250	(21.9)	(21.9)	Nov 25 - Dec 1	0.85	652,639	0.89	170,350	(4.7)	
Jun 10-16	0.53	1,013,132	0.59	2,067,984	(12.0)	(12.0)	Dec 2-8	0.82	487,437	0.90	165,000	(10.4)	
Jun 17-23	0.53	722,308	0.49	1,923,560	6.5	6.5	Dec 9-15	0.88	477,901	0.88	114,450	0.3	
Jun 24-30	0.51	718,997	0.49	1,534,750	4.7	4.7							

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

**Table V-3  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 2 sold to retailers, 1999-2001**

1999	United States		Canada			1999	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)
Jan 3-9	\$***	***	\$***	***	***	Jun 27- Jul 3	\$***	***	***	***	***
Jan 10-16	***	***	***	***	***	Jul 4-10	***	***	***	***	***
Jan 17-23	***	***	***	***	***	Jul 11-17	***	***	***	***	***
Jan 24-30	***	***	***	***	***	Jul 18-24	***	***	***	***	***
Jan 31 - Feb 6	***	***	-	-	-	Jul 25-31	***	***	***	***	***
Feb 7-13	***	***	-	-	-	Aug 1-7	***	***	***	***	***
Feb 14-20	***	***	***	***	***	Aug 8-14	***	***	***	***	***
Feb 21-27	***	***	***	***	***	Aug 15-21	***	***	***	***	***
Feb 28 - Mar 6	***	***	***	***	***	Aug 22-28	***	***	***	***	***
Mar 7-13	***	***	***	***	***	Aug 29 - Sep 4	***	***	***	***	***
Mar 14-20	***	***	***	***	***	Sep 5-11	***	***	***	***	***
Mar 21-27	***	***	***	***	***	Sep 12-18	***	***	***	***	***
Mar 28 - Apr 3	***	***	***	***	***	Sep 19-25	***	***	***	***	***
Apr 4-10	***	***	***	***	***	Sep 26 - Oct 2	***	***	***	***	***
Apr 11-17	***	***	***	***	***	Oct 3-9	***	***	***	***	***
Apr 18-24	0.96	76,548	***	***	***	Oct 10-16	***	***	***	***	***
Apr 25 - May 1	***	***	***	***	***	Oct 17-23	***	***	***	***	***
May 2-8	***	***	***	***	***	Oct 24-30	***	***	***	***	***
May 9-15	***	***	***	***	***	Oct 31 - Nov 6	***	***	***	***	***
May 16-22	***	***	***	***	***	Nov 7-13	***	***	***	***	***
May 23-29	***	***	***	***	***	Nov 14-20	***	***	***	***	***
May 30 - Jun 5	***	***	***	***	***	Nov 21-27	***	***	***	***	***
Jun 6-12	***	***	***	***	***	Nov 28 - Dec 4	***	***	***	***	***
Jun 13-19	***	***	***	***	***	Dec 5-11	***	***	***	***	***
Jun 20-26	***	***	1.05	936,631	***	Dec 12-18	***	***	***	***	***

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**Table V-3--Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 2 sold to retailers, 1999-2001**

2000	United States			Canada			2000	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan 2-8	\$***	***	***	\$***	***	***	Jun 25 - Jul 1	\$0.68	414,400	***	***	***	
Jan 9-15	***	***	***	***	***	***	Jul 2-8	0.64	307,242	***	***	***	
Jan 16-22	***	***	***	***	***	***	Jul 9-15	0.71	287,834	***	***	***	
Jan 23-29	***	***	-	-	-	-	Jul 16-22	0.77	353,354	***	***	***	
Jan 30 - Feb 5	***	***	-	-	-	-	Jul 23-29	***	***	***	***	***	
Feb 6-12	***	***	-	-	-	-	Jul 30 - Aug 5	***	***	0.87	1,005,154	***	
Feb 13-19	***	***	-	-	-	-	Aug 6-12	0.76	312,566	***	***	***	
Feb 20-26	1.26	224,008	-	-	-	-	Aug 13-19	***	***	***	***	***	
Feb 27 - Mar 4	***	***	1.48	12,540	***	***	Aug 20-26	***	***	***	***	***	
Mar 5-11	1.25	275,335	***	***	***	***	Aug 27 - Sep 2	***	***	***	***	***	
Mar 12-18	1.25	288,241	***	***	***	***	Sep 3-9	***	***	***	***	***	
Mar 19-25	1.27	288,999	***	***	***	***	Sep 10-16	***	***	***	***	***	
Mar 26 - Apr 1	1.20	356,376	***	***	***	***	Sep 17-23	***	***	***	***	***	
Apr 2-8	1.16	356,817	***	***	***	***	Sep 24-30	***	***	***	***	***	
Apr 9-15	1.05	394,011	***	***	***	***	Oct 1-7	***	***	***	***	***	
Apr 16-22	1.05	228,382	***	***	***	***	Oct 8-14	0.90	185,842	***	***	***	
Apr 23-29	0.99	373,153	***	***	***	***	Oct 15-21	0.93	293,002	***	***	***	
Apr 30 - May 6	0.83	348,810	***	***	***	***	Oct 22-28	0.96	400,379	1.20	546,232	(25.1)	
May 7-13	0.79	495,253	***	***	***	***	Oct 29 - Nov 4	***	***	***	***	***	
May 14-20	0.86	284,394	***	***	***	***	Nov 5-11	***	***	***	***	***	
May 21-27	0.73	403,546	***	***	***	***	Nov 12-18	***	***	1.35	597,773	***	
May 28 - Jun 3	0.76	273,712	***	***	***	***	Nov 19-25	***	***	1.30	359,948	***	
Jun 4-10	0.65	606,292	***	***	***	***	Nov 26 - Dec 2	***	***	1.31	183,456	***	
Jun 11-17	0.65	312,151	***	***	***	***	Dec 3-9	***	***	1.24	244,985	***	
Jun 18-24	0.68	546,870	***	***	***	***	Dec 10-16	***	***	1.24	203,920	***	

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**Table V-3--Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 2 sold to retailers, 1999-2001**

2001	United States			Canada			2001	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan 7-13	\$1.46	420,348	(4.7)	\$1.53	39,743	(4.7)	Jul 1-7	\$0.74	842,304	***	***	***	
Jan 14-20	1.50	386,208	(5.7)	1.58	31,603	(5.7)	Jul 8-14	0.68	751,117	***	***	***	
Jan 21-27	1.72	435,076	14.6	1.47	11,968	14.6	Jul 15-21	0.70	655,601	***	***	***	
Jan 28 - Feb 3	1.49	435,313	***	***	***	***	Jul 22-28	0.75	491,465	0.81	884,899	(9.2)	
Feb 4-10	1.38	443,118	***	***	***	***	Jul 29 - Aug 4	0.81	654,533	0.81	925,295	0.3	
Feb 11-17	1.42	485,566	***	***	***	***	Aug 5-11	0.84	540,183	***	***	***	
Feb 18-24	1.33	609,812	***	***	***	***	Aug 12-18	0.78	316,909	***	***	***	
Feb 25 - Mar 3	1.23	659,736	***	***	***	***	Aug 19-25	0.81	487,164	0.76	738,740	6.0	
Mar 4-10	1.33	450,934	***	***	***	***	Aug 26 - Sep 1	0.79	547,726	***	***	***	
Mar 11-17	1.31	545,138	***	***	***	***	Sep 2-8	0.83	354,727	***	***	***	
Mar 18-24	1.28	615,791	***	***	***	***	Sep 9-15	0.92	338,210	***	***	***	
Mar 25 -31	1.29	785,103	(3.1)	1.33	198,119	(3.1)	Sep 16-22	0.91	374,774	***	***	***	
Apr 1-7	1.28	521,005	(4.3)	1.34	391,315	(4.3)	Sep 23-29	0.92	407,838	***	***	***	
Apr 8-14	1.16	679,548	(12.6)	1.31	567,544	(12.6)	Sep 30 - Oct 6	0.96	517,399	***	***	***	
Apr 15-21	1.19	513,359	***	***	***	***	Oct 7-13	1.03	671,689	***	***	***	
Apr 22-28	1.00	622,875	***	***	***	***	Oct 14-20	1.04	714,976	***	***	***	
Apr 29 - May 5	0.81	739,882	(33.0)	1.08	518,690	(33.0)	Oct 21-27	1.06	787,430	***	***	***	
May 6-12	0.73	664,437	(45.1)	1.03	668,638	(45.1)	Oct 28 - Nov 3	1.09	594,040	1.22	459,382	(11.1)	
May 13-19	0.71	649,088	***	1.03	668,638	(45.1)	Nov 4-10	1.13	500,747	1.18	430,832	(4.4)	
May 20-26	0.72	779,090	***	***	***	***	Nov 11-17	1.14	736,205	1.06	459,777	7.0	
May 27 - Jun 2	0.77	986,766	(26.1)	0.98	764,249	(26.1)	Nov 18-24	1.11	817,642	1.05	348,026	5.8	
Jun 3-9	0.71	1,002,007	(27.2)	0.90	528,833	(27.2)	Nov 25 - Dec 1	1.18	601,197	1.12	261,723	4.5	
Jun 10-16	0.68	1,163,679	***	***	***	***	Dec 2-8	1.22	715,511	1.49	147,592	(21.7)	
Jun 17-23	0.69	1,017,694	(21.4)	0.83	928,220	(21.4)	Dec 9-15	1.22	686,296	-	-	-	
Jun 24-30	0.66	1,110,872	(33.3)	0.89	970,209	(33.3)							

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

**Table V-4  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 2 sold to distributors, 1999-2001**

1999	United States			Canada			1999	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan. 3-9	\$***	***	***	\$***	***	***	June 27- July 3	\$0.48	1,057,380	\$0.64	150,755	(35.0)	
Jan. 10-16	***	***	***	***	***	***	July 4-10	0.55	970,426	0.68	223,597	(23.5)	
Jan. 17-23	***	***	***	***	***	***	July 11-17	0.56	914,078	0.75	223,003	(33.7)	
Jan. 24-30	***	***	***	***	***	***	July 18-24	0.51	766,641	0.53	231,854	(4.2)	
Jan. 31 - Feb. 6	***	***	***	***	***	***	July 25-31	0.43	486,738	0.53	198,623	(22.8)	
Feb. 7-13	***	***	-	-	-	-	Aug. 1-7	0.48	665,306	0.44	169,191	8.0	
Feb. 14-20	***	***	-	-	-	-	Aug. 8-14	***	***	***	***	***	
Feb. 21-27	***	***	-	-	-	-	Aug. 15-21	***	***	***	***	***	
Feb. 28 - Mar. 6	***	***	-	-	-	-	Aug. 22-28	0.33	570,675	***	***	***	
Mar. 7-13	***	***	-	-	-	-	Aug. 29 - Sep. 4	***	***	***	***	***	
Mar. 14-20	***	***	-	-	-	-	Sep. 5-11	0.56	415,364	0.63	141,358	(11.0)	
Mar. 21-27	***	***	-	-	-	-	Sep. 12-18	***	***	0.54	155,496	***	
Mar. 28 - Apr. 3	***	***	***	***	***	***	Sep. 19-25	***	***	0.73	135,256	***	
Apr. 4-10	***	***	***	***	***	***	Sep. 26 - Oct. 2	***	***	0.66	181,445	***	
Apr. 11-17	***	***	***	0.96	50,317	***	Oct. 3-9	0.39	212,019	0.50	381,975	(25.8)	
Apr. 18-24	***	***	***	1.01	44,131	***	Oct. 10-16	0.89	306,586	0.99	153,893	(10.3)	
Apr. 25 - May 1	0.71	359,327	(29.5)	0.91	122,870	(29.5)	Oct. 17-23	0.79	199,458	1.03	125,888	(29.6)	
May 2-8	0.63	621,942	(36.3)	0.86	188,617	(36.3)	Oct. 24-30	0.70	327,151	0.77	118,580	(9.8)	
May 9-15	0.66	588,603	(40.9)	0.93	213,001	(40.9)	Oct. 31 - Nov. 6	0.84	326,091	0.82	116,904	2.4	
May 16-22	0.61	610,781	(36.2)	0.83	192,228	(36.2)	Nov. 7-13	0.91	383,105	0.95	83,160	(4.2)	
May 23-29	0.61	799,895	(15.3)	0.70	166,254	(15.3)	Nov. 14-20	1.02	379,504	1.08	135,657	(5.4)	
May 30 - June 5	0.51	811,388	(45.0)	0.74	241,392	(45.0)	Nov. 21-27	0.97	412,680	0.90	88,693	6.6	
June 6-12	0.49	963,022	(21.5)	0.60	210,498	(21.5)	Nov. 28 - Dec. 4	0.90	540,302	0.89	119,140	0.5	
June 13-19	0.43	1,371,682	(26.5)	0.55	283,013	(26.5)	Dec. 5-11	***	***	0.75	125,517	***	
June 20-26	0.47	1,056,468	(8.9)	0.51	237,019	(8.9)	Dec. 12-18	***	***	***	***	***	

Table continued on next page.

**Table V-4--Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 2 sold to distributors, 1999-2001**

2000	United States			Canada			2000	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan 2-8	\$***	***	***	\$***	***	***	Jun 25 - Jul 1	\$0.45	959,051	\$0.42	1,472,549	6.6	
Jan 9-15	***	***	***	***	***	***	Jul 2-8	0.58	492,284	0.67	998,279	(15.6)	
Jan 16-22	***	***	***	***	***	***	Jul 9-15	0.47	641,226	0.71	562,175	(49.1)	
Jan 23-29	***	***	-	-	-	-	Jul 16-22	0.61	589,962	0.73	885,732	(19.4)	
Jan 30 - Feb 5	***	***	-	-	-	-	Jul 23-29	0.56	599,202	0.81	690,640	(44.6)	
Feb 6-12	***	***	-	-	-	-	Jul 30 - Aug 5	0.58	401,278	0.75	767,519	(29.1)	
Feb 13-19	***	***	-	-	-	-	Aug 6-12	0.60	410,736	0.64	708,533	(7.3)	
Feb 20-26	***	***	-	-	-	-	Aug 13-19	0.60	352,864	0.66	835,853	(9.7)	
Feb 27 - Mar 4	***	***	***	***	***	***	Aug 20-26	0.60	581,368	0.59	621,658	1.5	
Mar 5-11	1.22	392,911	***	***	***	***	Aug 27 - Sep 2	0.61	481,370	0.68	665,242	(11.0)	
Mar 12-18	1.16	440,484	***	***	***	***	Sep 3-9	0.51	331,137	0.57	842,197	(10.9)	
Mar 19-25	1.26	291,958	***	***	***	***	Sep 10-16	0.61	392,385	0.65	685,512	(6.7)	
Mar 26 - Apr 1	1.15	345,641	***	***	***	***	Sep 17-23	0.56	276,284	0.72	559,447	(28.7)	
Apr 2-8	1.07	532,787	***	***	***	***	Sep 24-30	0.50	406,401	0.69	548,911	(36.9)	
Apr 9-15	1.06	597,972	1.08	371,893	(2.0)	1.08	Oct 1-7	0.65	266,780	0.63	770,967	2.3	
Apr 16-22	***	***	0.99	587,482	***	0.99	Oct 8-14	0.75	363,522	0.77	594,748	(3.5)	
Apr 23-29	0.80	582,748	0.89	617,553	(11.2)	0.89	Oct 15-21	0.97	311,937	0.82	551,054	14.9	
Apr 30 - May 6	0.68	353,075	0.78	699,233	(14.3)	0.78	Oct 22-28	0.79	250,901	0.89	371,440	(12.5)	
May 7-13	0.70	549,974	0.76	656,968	(8.4)	0.76	Oct 29 - Nov 4	0.86	255,121	1.04	448,803	(21.5)	
May 14-20	0.59	635,206	0.69	681,678	(16.3)	0.69	Nov 5-11	1.06	409,491	1.11	402,099	(4.5)	
May 21-27	0.58	621,192	0.67	725,705	(15.5)	0.67	Nov 12-18	1.29	313,561	1.11	300,003	13.7	
May 28 - Jun 3	0.52	469,024	0.54	917,878	(4.8)	0.54	Nov 19-25	-	-	1.19	200,959	-	
Jun 4-10	0.50	817,535	0.62	778,860	(25.8)	0.62	Nov 26 - Dec 2	-	-	0.85	167,310	-	
Jun 11-17	0.55	654,707	0.55	806,659	0.2	0.55	Dec 3-9	-	-	1.17	224,002	-	
Jun 18-24	0.43	948,867	0.67	940,698	(55.5)	0.67	Dec 10-16	1.28	1,054,728	1.03	115,052	19.3	

Table continued on next page.

**Table V-4--Continued  
Greenhouse tomatoes: Weighted-average weekly delivered prices, quantities, and margins for product 2 sold to distributors, 1999-2001**

2001	United States			Canada			2001	United States			Canada		
	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)		Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)	Margin (percent)
Jan 7-13	\$***	***	***	\$***	***	***	Jul 1-7	\$0.47	558,110	\$0.60	1,000,076	(28.7)	
Jan 14-20	***	***	***	***	***	***	Jul 8-14	0.50	606,006	0.68	1,050,748	(37.0)	
Jan 21-27	***	***	***	***	***	***	Jul 15-21	0.59	392,448	0.64	1,045,924	(7.7)	
Jan 28 - Feb 3	***	***	***	***	***	***	Jul 22-28	0.58	353,825	0.62	1,266,717	(6.7)	
Feb 4-10	***	***	-	-	-	-	Jul 29 - Aug 4	0.51	382,220	***	***	***	
Feb 11-17	***	***	***	***	***	***	Aug 5-11	0.61	567,018	***	***	***	
Feb 18-24	***	***	***	***	***	***	Aug 12-18	0.51	285,242	***	***	***	
Feb 25 - Mar 3	***	***	***	***	***	***	Aug 19-25	0.63	258,512	0.79	864,568	(24.1)	
Mar 4-10	1.16	491,702	(22.8)	1.42	15,207	(22.8)	Aug 26 - Sep 1	***	***	***	***	***	
Mar 11-17	1.24	392,067	(7.5)	1.33	190,494	(7.5)	Sep 2-8	***	***	***	***	***	
Mar 18-24	1.25	341,647	(5.6)	1.32	320,227	(5.6)	Sep 9-15	***	***	***	***	***	
Mar 25 -31	1.24	305,872	(5.9)	1.31	430,591	(5.9)	Sep 16-22	***	***	***	***	***	
Apr 1-7	1.20	220,798	5.3	1.14	464,336	5.3	Sep 23-29	0.77	218,484	***	***	***	
Apr 8-14	1.07	250,104	(6.9)	1.14	535,901	(6.9)	Sep 30 - Oct 6	0.82	312,038	0.94	512,808	(14.6)	
Apr 15-21	0.94	348,109	(2.5)	0.96	595,070	(2.5)	Oct 7-13	0.91	445,185	1.04	297,324	(13.6)	
Apr 22-28	***	***	***	0.85	644,931	***	Oct 14-20	0.95	514,250	1.31	258,148	(37.5)	
Apr 29 - May 5	0.46	902,202	(48.9)	0.69	784,810	(48.9)	Oct 21-27	0.90	517,781	0.90	271,658	(0.1)	
May 6-12	0.49	906,622	(41.1)	0.69	977,746	(41.1)	Oct 28 - Nov 3	0.85	529,311	1.05	241,769	(23.4)	
May 13-19	0.49	1,073,232	(84.9)	0.90	805,456	(84.9)	Nov 4-10	0.79	610,522	1.00	278,377	(26.0)	
May 20-26	0.54	1,059,011	(58.7)	0.86	856,072	(58.7)	Nov 11-17	0.85	705,809	0.86	466,202	(1.9)	
May 27 - Jun 2	0.52	1,035,409	(35.9)	0.71	737,290	(35.9)	Nov 18-24	0.98	405,903	0.90	241,092	8.7	
Jun 3-9	0.50	520,071	(42.0)	0.71	742,729	(42.0)	Nov 25 - Dec 1	0.93	402,268	1.17	139,296	(26.3)	
Jun 10-16	0.64	660,213	(1.3)	0.65	1,152,352	(1.3)	Dec 2-8	0.92	314,987	1.11	88,286	(20.5)	
Jun 17-23	0.51	750,595	(24.8)	0.64	885,500	(24.8)	Dec 9-15	0.98	685,616	1.14	99,506	(16.5)	
Jun 24-30	0.50	588,901	(34.1)	0.68	901,159	(34.1)							

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

**Figure V-2**  
**Greenhouse tomatoes: Delivered prices of domestic and Canadian product 1 sold to the retail market, weekly, 1999-2001**

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**Figure V-3**  
**Greenhouse tomatoes: Volume of domestic and Canadian product 1 sold to the retail market, weekly, 1999-2001**

\* \* \* \* \*

**Figure V-4**  
**Greenhouse tomatoes: Delivered prices of domestic and Canadian product 1 sold to the distributor market, weekly, 1999-2001**

\* \* \* \* \*

**Figure V-5**  
**Greenhouse tomatoes: Volume of domestic and Canadian product 1 sold to the distributor market, weekly, 1999-2001**

\* \* \* \* \*

**Figure V-6**  
**Greenhouse tomatoes: Delivered prices of domestic and Canadian product 2 sold to the retail market, weekly, 1999-2001**

\* \* \* \* \*

**Figure V-7**  
**Greenhouse tomatoes: Volume of domestic and Canadian product 2 sold to the retail market, weekly, 1999-2001**

\* \* \* \* \*

**Figure V-8**  
**Greenhouse tomatoes: Delivered prices of domestic and Canadian product 2 sold to the distributor market, weekly, 1999-2001**

\* \* \* \* \*

**Figure V-9**  
**Greenhouse tomatoes: Volume of domestic and Canadian product 2 sold to the distributor market, weekly, 1999-2001**

\* \* \* \* \*

**Table V-5**

**Greenhouse tomatoes: Number of weeks of underselling and overselling by the Canadian product, by product and year, and by channel of distribution, 1999-2001**

Year	Product 1		Product 2		Channel of distribution	All products	
	Under	Over	Under	Over		Under	Over
1999	26	72	10	82	Retail	24	73
					Distributor	12	81
2000	31	69	22	65	Retail	32	63
					Distributor	21	71
2001	43	54	20	76	Retail	35	61
					Distributor	28	69
<b>Total</b>	100	195	52	223	<b>Total</b>	152	418

Source: Compiled from responses to Commission questionnaires.

weeks in advance of when product will be ready to ship, and this would provide a possible explanation for why prices drop before Canadian volume starts to show up in the United States.<sup>15</sup> Respondents disagreed with this notion, stating that it is their experience that U.S. customers begin contacting Canadian suppliers in early February, inquiring when the Canadian product will be available for sale.<sup>16</sup>

Domestic greenhouse beefsteak (product 1) prices were highest to retailers in January 1999 at \$1.34 per pound and lowest in October 1999 at \$0.40 per pound. Prices for the Canadian product to retailers were highest in January-February 2001 at \$\*\*\* per pound and lowest in May 1999 at \$0.52 per pound. To distributors, domestic greenhouse beefsteak prices were highest in December 2000 at \$1.25 per pound and lowest in August 1999 at \$0.22 per pound.<sup>17</sup> The highest price, \$\*\*\*, for Canadian greenhouse beefsteak tomatoes sold to distributors occurred in January 1999, whereas the lowest price, \$\*\*\*, occurred in January 2001.

For TOVs (product 2) sold to retailers, domestic producers received their highest prices during January 1999, when prices were \$\*\*\* per pound. Pricing was lowest in August-September 1999, at \$\*\*\* per pound. Prices were highest for Canadian greenhouse TOVs during January 1999 at \$\*\*\* per pound. The lowest price was charged in July 2001, at \$\*\*\* per pound. On the distributor side of the market, domestic and Canadian producers received their highest prices in January 1999 at \$\*\*\* and \$\*\*\*, respectively. The lowest domestic price was \$\*\*\* in August-September 1999 and the lowest Canadian price was \$\*\*\* in January 2000.<sup>18</sup> Retailers mainly saw overselling of Canadian TOVs, with the highest margins of overselling occurring during the summer,<sup>19</sup> and the magnitude of the margins decreasing from

<sup>15</sup> Petitioners' posthearing brief, p. Miller-5.

<sup>16</sup> Respondents' posthearing brief, pp. A-35-36.

<sup>17</sup> Because of "back-billing," i.e., issuing credits relating to past sales, for some parties many of the instances of lowest prices have occurred during the August to September periods for the United States and January for the Canadian growers.

<sup>18</sup> The domestic price of \$\*\*\* in August 1999 and the Canadian price of \$\*\*\* in January 2000 were the result of the issuance of credits and were therefore disregarded.

<sup>19</sup> These margins, however, would be expected due to the issuance of credits during the lower-volume months.

1999 to 2000 and from 2000 to 2001. Distributors experienced fewer instances of overselling by the Canadian product, but they occurred most heavily during the spring and summer months.

### **LOST SALES AND LOST REVENUES**

In its questionnaire in the preliminary and final phases of the investigation, the Commission requested domestic growers 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 in the preliminary phase had been returned. The purchasers in three of the 14 allegations have 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<sup>th</sup> and May 7<sup>th</sup>, 2001 for losses occurring in late April 2001. One allegation of a lost revenue was confirmed and none were denied. \*\*\* agreed with the allegation, adding that “\*\*\* on a regular basis dumps product in this region.”<sup>20</sup> Other allegations of lost revenues and lost sales were submitted during the course of the investigation, but not enough information was presented to verify those allegations. No further lost sale or lost revenue allegations were submitted by growers of greenhouse tomatoes in the responses to the questionnaire during the final phase of the investigation.

In the final phase, \*\*\* did not submit more specific allegations, but it did submit a chart of its prices to two purchasers and the accompanying sales orders to try to demonstrate a sharp drop in pricing in April. Petitioners submitted \*\*\* claiming that when Canadian greenhouse tomatoes enter the U.S. market, their prices are below established U.S. suppliers.<sup>21</sup>

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<sup>20</sup> Fax from \*\*\*, May 8, 2001.

<sup>21</sup> Petitioners’ posthearing brief, p. Hillman-11.





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

### BACKGROUND

Fifteen U.S. greenhouse tomato producers provided financial data regarding their operations during the period examined.<sup>1 2</sup> The majority of the financial information reported by U.S. producers of greenhouse tomatoes was on the basis of accrual generally accepted accounting principles (GAAP)<sup>3</sup> and primarily reflects calendar-year periods.<sup>4</sup>

The financial data on greenhouse tomato operations do not distinguish the sale of internally-produced tomatoes and those purchased or otherwise acquired from third parties.<sup>5</sup> While overall profitability and profitability margins are not affected by the relatively small amounts of purchased product, overall volume, revenue, and related costs and expenses, as shown below, are somewhat higher than they otherwise would be.

On February 7 and 8, 2002, the U.S. producers' questionnaire response of Village Farms was verified by Commission staff.<sup>6</sup> As appropriate, revisions which resulted from verification are reflected in this section, as well as other sections, of the final staff report.

### 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 tables VI-2 and table VI-3, respectively.<sup>7 8 9</sup>

Colorado Greenhouse and the parent company of Village Farms, Ecoscience,<sup>10</sup> declared bankruptcy in 2000 and 2001, respectively. Ecoscience, which declared bankruptcy in March 2001, exited Chapter 11 at the end of September 2001. Colorado Greenhouse entered Chapter 11 and was

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<sup>1</sup> \*\*\*.

<sup>2</sup> Reported financial data on field-grown tomatoes are presented in app. E.

<sup>3</sup> \*\*\*.

<sup>4</sup> \*\*\*. Village Farms' fiscal year ends on the closest Sunday to December 31<sup>st</sup> and therefore varies from 52 to 53 weeks. \*\*\*.

<sup>5</sup> The information submitted by U.S. greenhouse tomato producers indicates that the purchase and resale of greenhouse tomatoes (from domestic and/or foreign sources) generally represented a relatively small part of company-specific revenue.

<sup>6</sup> February 19, 2002 verification report.

<sup>7</sup> \*\*\*.

<sup>8</sup> Suntastic, for which no financial information was provided to the Commission, reportedly declared bankruptcy in November 2000 and is no longer in operation. Suntastic operated a 20-acre facility in Arizona. Robert Weidaw, Chief Financial Officer, Eurofresh, conference transcript, p. 23. \*\*\*.

<sup>9</sup> \*\*\*. The majority of the former Colorado Greenhouse facilities were operated pursuant to co-generation. David Fahrenbruch, General Manager of Operations, Sun Blest Management, conference transcript, p. 53. The extent to which other U.S. producers operate pursuant to co-generation is not known.

<sup>10</sup> Ecoscience merged with Agro Power Development in September 1998. Narrative information accompanying the merged company's audited financial statements indicates that the majority of its greenhouse operations came on line in 1998 and were accounted for by Agro Power Development.

**Table VI-1**  
**Results of operations of U.S. producers of greenhouse tomatoes, calendar years 1998-2001**

Item	Calendar year			
	1998	1999	2000	2001
	<b>Quantity (1,000 pounds)</b>			
Total sales	154,172	187,601	197,302	232,337
	<b>Value (\$1,000)</b>			
Total sales	124,333	129,415	153,896	185,291
COGS	98,673	121,974	141,856	151,799
Gross profit or (loss)	25,660	7,441	12,041	33,493
SG&A expenses	24,213	24,157	23,730	23,582
Operating income or (loss)	1,447	(16,715)	(11,690)	9,910
Interest expense	8,305	13,287	19,743	9,487
Other expenses	189	6,303	55	50
Other income items	8,064	4,803	2,086	5,597
Net income or (loss)	1,016	(31,502)	(29,401)	5,970
Depreciation/amortization	8,545	15,437	18,577	14,391
Cash flow	9,561	(16,066)	(10,824)	20,362
	<b>Ratio to net sales (percent)</b>			
COGS	79.4	94.3	92.2	81.9
Gross profit or (loss)	20.6	5.8	7.8	18.1
SG&A expenses	19.5	18.7	15.4	12.7
Operating income or (loss)	1.2	(12.9)	(7.6)	5.3
Net income or (loss)	0.8	(24.3)	(19.1)	3.2
	<b>Number of firms reporting</b>			
Operating losses	2	8	8	6
Data	10	11	14	13
Note.—***.				
Source: Compiled from data submitted in response to Commission questionnaires.				

**Table VI-2**  
**Results of operations (per pound) of U.S. producers of greenhouse tomatoes, calendar years 1998-2001**

Item	Calendar year			
	1998	1999	2000	2001
	<b>Unit value (per pound)</b>			
Revenue	\$0.81	\$0.69	\$0.78	\$0.80
COGS	0.64	0.65	0.72	0.65
Gross profit or (loss)	0.17	0.04	0.06	0.14
SG&A expenses	0.16	0.13	0.12	0.10
Operating income or (loss)	0.01	(0.09)	(0.06)	0.04

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 1998-2001**

\* \* \* \* \*

later liquidated pursuant to Chapter 7, with many of its assets purchased by Sun Blest Management, which also manages a related company, Sun Blest Farms.<sup>11 12</sup>

A variance analysis is presented in table VI-4 and is derived from information reported in table VI-1. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume.<sup>13</sup> The analysis is most effective when the product involved is homogeneous and product mix does not vary.<sup>14</sup>

The variance analysis indicates that during the period examined, changes in average unit revenue and costs, as well as overall volume, affected operating profitability. From 1998 to 1999 the negative change in operating profitability was primarily due to declining average revenue which was partially offset by lower average operating expenses. While average operating expenses increased from 1999 to 2000, average revenue improved (relative to the previous period), which resulted in a somewhat smaller overall operating loss in 2000 compared to 1999. A reduction in average 2001 operating expenses, in conjunction with a small improvement in average revenue, resulted in a return to overall positive operating income in that year. As indicated in table VI-4 (i.e., which shows a positive operating income variance between 1998 and 2001), the absolute value of operating income in 2001 was higher than in 1998. The overall operating income margin in 2001 was also higher.

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<sup>11</sup> \*\*\*.

<sup>12</sup> \*\*\*.

<sup>13</sup> The variance analysis illustrates the primary reasons behind overall changes in profitability when these data are aggregated. The underlying company-specific financial information presented in this section of the report reveals that each company exhibited somewhat different trends during the period examined. In contrast with the majority of U.S. producers, \*\*\*.

<sup>14</sup> \*\*\*.

**Table VI-4**

**Variance analysis of U.S. producers' operations on greenhouse tomatoes, calendar years 1998-2001**

Item	Calendar years			
	1998-2001	1998-1999	1999-2000	2000-01
	<b>Value (\$1,000)</b>			
Revenue:				
Price/value variance	(2,078)	(21,877)	17,789	4,068
Volume variance	63,036	26,959	6,692	27,327
Total revenue variance	60,959	5,082	24,481	31,395
COGS:				
Cost variance	(3,099)	(1,906)	(13,574)	15,246
Volume variance	(50,027)	(21,395)	(6,308)	(25,189)
Total cost variance	(53,126)	(23,301)	(19,882)	(9,943)
Gross profit variance	7,833	(18,219)	4,599	21,452
SG&A expenses:				
Expense variance	12,907	5,307	1,675	4,362
Volume variance	(12,276)	(5,250)	(1,249)	(4,214)
Total SG&A variance	631	57	426	148
Operating income variance	8,464	(18,162)	5,026	21,600
Summarized as:				
Price variance	(2,078)	(21,877)	17,789	4,068
Net cost/expense variance	9,808	3,401	(11,899)	19,608
Net volume variance	733	314	(864)	(2,076)
Note: Unfavorable variances are shown in parentheses; all others are favorable.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Changes in average unit operating costs appear to be the result of factors such as capacity expansions and start-up problems, changes in product mix, disease, and natural disasters.<sup>15 16 17 18 19</sup>

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<sup>15</sup> At the beginning of the period, Village Farms' “. . . facilities in Buffalo, New York and Virginia recorded . . . gross losses because the timing of the construction completion and startup did not coincide with the optimal cropping cycle (seed, plant, grow, harvest) of these facilities during the first year of operations. The costs incurred at these facilities were naturally spread across lower production and sales due to the abbreviated growing cycle and, therefore, significantly lowered gross profits of these facilities.” 1999 10-K, p. 19. With respect to the company's large 1998 SG&A expenses, this was “. . . primarily due to non-recurring merger costs {with Agro Power Development in September 1998} of \$1.5 million, increased expenses attributable to the Company's four new

(continued...)

The majority of U.S. producers were also affected (to some degree) by higher energy costs during the period examined.<sup>20</sup>

Village Farms and Eurofresh, \*\*\*, reported \*\*\*. Until 2001, Village Farms consistently reported \*\*\*,<sup>21</sup> \*\*\*, while Eurofresh reported a \*\*\*.<sup>22</sup>

Items below operating income had a significant impact on overall net income during the period examined. The most consistent feature was the large and increasing (until 2001) total interest expense, \*\*\* accounted for by \*\*\*. \*\*\* reported most of the remainder.<sup>23 24 25</sup>

## INVESTMENT IN PRODUCTION FACILITIES AND CAPITAL EXPENDITURES

The responding firms' data on capital expenditures and the value of their property, plant, and equipment are shown in table VI-5 for greenhouse tomatoes.<sup>26</sup>

\*\*\* represented the majority of reported capital expenditures during the period examined.<sup>27</sup> \*\*\*.

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<sup>15</sup> (...continued)

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.

In 1999, Village Farms operated six discrete greenhouse facilities located in four states, encompassing operations ranging from 10 to 42 acres. Ecoscience 1999 10-K at p. 5. Pursuant to a restructuring in early 2000, these facilities (previously referred to as subsidiaries and subsequently divisions) were collapsed into a new entity: Village Farms, L.P. According to the company, this restructuring represented "... continuing efforts to consolidate and streamline operations . . .". Ecoscience 1999 10-K, p. 4. \*\*\*.

<sup>16</sup> \*\*\*.

<sup>17</sup> Sun Blest Farms' high costs were reportedly associated with production, weather, and disease-related problems. David Bailey, Owner/Operator, Sun Blest Farms, conference transcript, pp. 75-76. \*\*\*.

<sup>18</sup> \*\*\*.

<sup>19</sup> \*\*\*.

<sup>20</sup> David Fahrenbruch, conference transcript, p. 53. Robert Weidaw, conference transcript, p. 54. Mike DeGiglio, conference transcript, pp. 54-55.

<sup>21</sup> Village Farms reported \*\*\*.

<sup>22</sup> \*\*\*. According to Eurofresh, "{t}he company's production facilities consist of 120 acres of state-of-the-art glass greenhouses located near Willcox, Arizona." Note 1 to Eurofresh's 2000 financial statements.

<sup>23</sup> \*\*\*.

<sup>24</sup> At the staff conference, U.S. producers generally agreed that a relatively large percentage of debt to equity was used to finance capacity expansions during the period examined. Mike DeGiglio, conference transcript, p. 59. David Fahrenbruch, conference transcript, p. 59. Robert Weidaw, conference transcript, p. 60.

<sup>25</sup> \*\*\*.

<sup>26</sup> \*\*\*.

<sup>27</sup> \*\*\*.

**Table VI-5**  
**Capital expenditures and overall value of property, plant, and equipment for operations on**  
**greenhouse tomatoes, calendar years 1998-2001**

Item	Calendar year			
	1998	1999	2000	2001
<b>Capital expenditures:</b>	<b>Value (\$1,000)</b>			
Total capital expenditures	43,957	41,710	17,935	2,145
<b>Property, plant, and equipment:</b>	<b>Value (\$1,000)</b>			
Total original cost	170,730	208,359	204,495	205,891
Total book value	154,697	181,535	168,034	141,256
Note.—***.				
Source: Compiled from data submitted in response to Commission questionnaires.				

### 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, along with those of responding field-grown growers and packers, are shown in appendix F.

## 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

Twenty-three Canadian producers/exporters supplied usable data on Canadian production, capacity, and shipments, accounting for about \*\*\* percent of U.S. imports of subject greenhouse tomatoes from Canada in 2001. These data, excluding data of JD Marketing, Mastronardi, and Red Zoo, are presented in table VII-1.<sup>1 2</sup> \*\*\*. Four other firms, \*\*\*, accounted for another \*\*\* percent, giving the top 5 Canadian exporters \*\*\* percent of reported 2001 subject 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 obtain information for production and acreage from their grower clients. Therefore total shipments may be somewhat overstated. Total capacity in acres is underreported compared with production in pounds because some firms were unable to provide acreage information. Seven U.S. importers reported that they have plans to import subject product after December 31, 2001 (\*\*\*) .

\*\*\* of the Canadian producer/exporters provided the Commission with a U.S. importer questionnaire.<sup>3</sup> In addition, \*\*\*, \*\*\*,<sup>4</sup> \*\*\*,<sup>5</sup>

\*\*\*. \*\*\* reported it will add \*\*\* acres of new greenhouses in 2002-2003.<sup>6</sup> \*\*\* reported that it will reduce its greenhouse tomato acreage by \*\*\* acres in 2002.<sup>7</sup> \*\*\* reported that it will convert \*\*\* greenhouse tomato acres to the production of \*\*\* in 2002.<sup>8</sup> \*\*\* reported that greenhouse tomato production is expected to \*\*\* in 2002.<sup>9</sup> The Canadian producers reported that peppers and cucumbers

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<sup>1</sup> Data presented in table VII-1 are for the following Canadian firms: \*\*\*.

<sup>2</sup> The Canadian exporters JD Marketing, Mastronardi, and Red Zoo Marketing received amended final *de minimis* margins of dumping from Commerce. In 2001, JD Marketing reported home market shipments of \*\*\* pounds and exports to the United States of \*\*\* pounds. Mastronardi reported home market shipments of \*\*\* pounds and exports to the United States of \*\*\* pounds. Red Zoo reported home market shipments of \*\*\* pounds and exports to the United States of \*\*\* pounds.

<sup>3</sup> \*\*\*.

<sup>4</sup> \*\*\*.

<sup>5</sup> \*\*\*.

<sup>6</sup> \*\*\*.

<sup>7</sup> In 2001, \*\*\*.

<sup>8</sup> In 2001, \*\*\*.

<sup>9</sup> Until recently, BC Hot House acted as the exclusive marketing representative of all growers of tomatoes, peppers, and lettuce in the Vancouver Island and Lower Mainland regions of the province of British Columbia. For BC growers of agricultural products, there exist regulations concerning (a) the establishment of production quotas

(continued...)

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

\* \* \* \* \*

are grown in the same greenhouses as the subject product. Greenhouse tomatoes accounted for between \*\*\* percent and \*\*\* of the Canadian producers/exporters' total sales in their most recent fiscal year.

Canadian greenhouse tomatoes are not subject to antidumping findings or remedies in any WTO-member country.

Respondents were requested to provide publicly available data on the Canadian greenhouse tomato industry; their estimates are presented in table VII-2. Comparing data in tables VII-1 and VII-2, responding firms supplying data to the Commission (excluding JD Marketing, Mastronardi, and Red Zoo) accounted for about \*\*\* percent of 2001 production of greenhouse tomatoes in Canada.

Due to climatic and energy advantages and proximity to large Canadian and U.S. markets, the majority of greenhouse tomato production in Canada is in Ontario, followed in importance by British Columbia and Quebec.<sup>10</sup> The greenhouse tomato industry represents 58 percent of greenhouse vegetables grown in Canada.<sup>11</sup> In 2000, Canada grew 182,736 metric tons of greenhouse tomatoes valued at \$288 million (farm gate value) for the fresh market, and produced approximately 519,166 metric tons of field-grown tomatoes with an estimated farm gate value of \$52 million.<sup>12</sup> Approximately 95 percent all field-grown tomato production went to processing in 2000. Canadian greenhouse tomatoes are available from March to December with production peaking in May. Canadian field-grown tomatoes are generally produced between July and October, with production peaking in August and September. In August and September, it is estimated by Agriculture and Agri-Food Canada that the majority of Canadian exports of tomatoes to the United States are field-grown tomatoes.<sup>13</sup>

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<sup>9</sup> (...continued)

and (b) restrictions on the selling of products. On December 17, 2001, the British Columbia Vegetable Marketing Commission approved an application for a second marketing agency, Global Greenhouse Produce, Inc., which is comprised of four growers.

<sup>10</sup> The number of greenhouses has decreased, while the greenhouse acreage has increased.

<sup>11</sup> Internet - [www.agr.ca/misb/hort/greenhse](http://www.agr.ca/misb/hort/greenhse). Agriculture and Agri-Food Canada, "Profile of the Canadian Greenhouse Tomato Industry," retrieved on January 30, 2002.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.



**Table VII-2**

**Greenhouse tomatoes: Canadian production capacity, production, and shipments, 1998-2001 and projected 2002**

Item	Actual experience				Projections
	1998	1999	2000	2001	2002
<b>Quantity (1,000 pounds)</b>					
Capacity ( <i>acres under cover</i> )	667	865	990	960	895
Capacity	255,667	348,419	402,860	414,785	392,936
Production	255,667	348,419	402,860	414,785	392,936
Shipments:					
Internal consumption	0	0	0	0	0
Home market	119,500	173,006	179,156	181,646	169,699
Exports to--					
The United States	136,008	175,385	223,525	232,992	223,096
All other markets	159	28	179	147	140
Total exports	136,167	175,413	223,704	233,139	223,236
Total shipments	255,667	348,419	402,860	414,785	392,936
<b>Ratios and shares (percent)</b>					
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	46.7	49.7	44.5	43.8	43.2
Exports to--					
The United States	53.2	50.3	55.5	56.2	56.8
All other markets	0.1	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
All export markets	53.3	50.3	55.5	56.2	56.8
<sup>1</sup> Less than 0.05 percent. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from the following sources: Statistics Canada; Agriculture Canada; and data submitted in response to Commission questionnaires.					



**APPENDIX A**  
***FEDERAL REGISTER NOTICES***



reason of less-than-fair-value 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.<sup>1</sup>

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

**EFFECTIVE DATE:** October 5, 2001.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Haines (202-205-3200), 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 (EDISON-LINE) at <http://dockets.usitc.gov/eol/public>.

**SUPPLEMENTARY INFORMATION:**

**Background**

The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of greenhouse tomatoes from Canada are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. § 1673b). The investigation was requested in a petition filed on March 28, 2001, by Carolina Hydroponic Growers, Inc., Leland, NC; Eurofresh, Willcox, AZ; Hydro Age, Cocoa, FL; Sun Blest Management, Fort Lupton, CO; Sun Blest Farms, Peyton, CO; and Village Farms, LP, Eatontown, NJ.

**Participation in the Investigation and Public Service List**

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level,

<sup>1</sup> For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "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.

representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

**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 the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

**Staff Report**

The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on February 6, 2002, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

**Hearing**

The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on February 21, 2002, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before February 13, 2002. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on February 15,

**INTERNATIONAL TRADE COMMISSION**

[Investigation No. 731-TA-925 (Final)]

**Greenhouse Tomatoes From Canada**

**AGENCY:** United States International Trade Commission.

**ACTION:** Scheduling of the final phase of an antidumping investigation.

**SUMMARY:** The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731-TA-925 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by

2002, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

#### Written Submissions

Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is February 13, 2002. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is February 28, 2002; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before February 28, 2002. On March 19, 2002, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before March 21, 2002, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. 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 Commission's 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 207.21 of the Commission's rules.

Issued: November 7, 2001.

By order of the Commission.

**Donna R. Koehnke,**

*Secretary.*

[FR Doc. 01-28448 Filed 11-13-01; 8:45 am]

**BILLING CODE 7020-02-P**

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**ACTION:** Notice of final determination of sales at less than fair value.

**SUMMARY:** On October 5, 2001, the Department of Commerce published its preliminary determination of sales at less than fair value of greenhouse tomatoes from Canada. The period of investigation is January 1, 2000, through December 31, 2000. On October 19, 2001, the Department published a notice of amended preliminary determination of sales at less than fair value and postponement of final determination of greenhouse tomatoes from Canada.

Based on our analysis of the comments received and certain findings from the verifications, we have made changes in the margin calculations. Therefore, the final determination differs from the preliminary determination and the amended preliminary determination.

We determine that greenhouse tomatoes from Canada are being, or are likely to be, sold in the United States at less-than-fair-value prices as provided in section 735 of the Tariff Act of 1930, as amended. The estimated margins of sales at less than fair value are shown in the "Final Determination" section of this notice.

**EFFECTIVE DATE:** February 26, 2002.

**FOR FURTHER INFORMATION CONTACT:** Mark Ross or Minoo Hatten, AD/CVD Enforcement 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone; (202) 482-4794 or (202) 482-1690, 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. In addition, unless otherwise indicated, all citations to the Department of

Commerce's (the Department's) regulations refer to 19 CFR part 351 (April 2000).

**Case History**

This investigation was initiated on April 17, 2001. See Initiation of Antidumping Duty Investigation: Greenhouse Tomatoes From Canada, 66 FR 20630 (April 24, 2001) (Initiation Notice). The preliminary determination in this investigation was published on October 5, 2001. See Notice of Preliminary Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada, 66 FR 51010 (October 5, 2001) (Preliminary Determination). The Department also issued a Notice of Amended Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Greenhouse Tomatoes From Canada, 66 FR 53203 (October 19, 2001) (Amended Preliminary Determination and Postponement of Final Determination).

In October, November, and December 2001, we conducted verification of the questionnaire responses of the five mandatory respondents in this case: BC Hot House Foods, Inc., Red Zoo Marketing (a.k.a. Produce Distributors, Inc.), Veg Gro Sales, Inc. (a.k.a. K & M Produce Distributors, Inc.), J-D Marketing, Inc., and Mastronardi Produce Ltd. We also conducted verification of five cost respondents.

In January 2002, we received case briefs from the petitioners (i.e., Carolina Hydroponic Growers Inc., Eurofresh, HydroAge, Sunblest Management LLC, Sunblest Farms LLC, and Village Farms) and the mandatory respondents. The Department held a public hearing on January 22, 2002, at the request of the parties.

**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

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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[A-122-837]

**Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada**

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

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 the United States under item numbers 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.

In accordance with our regulations, we set aside a period of time for parties to raise issues regarding product coverage and encouraged all parties to submit comments within 20 calendar days of publication of the Initiation Notice (66 FR 20630). On May 14, 2001, BC Vegetable Greenhouse I, L.P. (BCVG), filed comments requesting that the scope be limited to include only hydroponic tomatoes and expressly exclude "heirloom" and "organic" tomatoes grown in greenhouses. On May 21, 2001, the petitioners filed comments opposing BCGV's request to limit the scope. After considering the respondent's request and the petitioners' objections, we determined that the scope of this investigation should remain as published in the Initiation Notice. Our analysis of this scope issue is detailed in the memorandum from Laurie Parkhill, Director, Office 3, to Richard W. Moreland, Deputy Assistant Secretary, Group I, dated July 30, 2001, entitled "Request to Limit Scope of Investigation."

#### Period of Investigation

The period of investigation (POI) is January 1, 2000, through December 31, 2000.

#### Fair Value Comparisons

To determine whether sales of greenhouse tomatoes from Canada to the United States were made at less than fair value, we compared export price or constructed export price (CEP) to normal value. Our calculations followed the methodologies described in the Preliminary Determination, except as

noted below, and in the February 19, 2002, Decision Memorandum and each individual respondent's calculation memorandum, which are on file in the Import Administration's Central Records Unit (CRU), Room B-099 of the main Department of Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly from the web at <http://ia.ita.doc.gov>. The paper copy and the electronic version of the Decision Memorandum are identical in content.

#### Export Price and Constructed Export Price

For certain sales to the United States, we used export price as defined in section 772(a) of the Act. For the remaining sales to the United States, we used CEP as defined in section 772(b) of the Act. We calculated export price and CEP based on the same methodologies described in the Preliminary Determination with the following exceptions:

##### *BC Hot House Foods, Inc.*

We accepted the revised U.S. sales list that BC Hot House Foods, Inc., submitted on November 13, 2001, to incorporate corrections presented at the sales verification. Exhibit 1 of the December 20, 2001, sales verification report for this respondent contains a detailed list of the corrections. Further, as discussed in the Final Determination Analysis Memorandum from Mark Ross to the file, dated February 19, 2002, we recalculated the credit expenses, direct advertising expenses, and indirect selling expenses for BC Hot House Foods, Inc.'s U.S. sales. Finally, based on the comments we received on the level-of-trade methodology for BC Hot House Foods, Inc. and our reexamination of the information on the record relating to this issue, we revised the level-of-trade designations for this respondent. See comment 8 of the February 19, 2002, Decision Memorandum.

##### *Red Zoo Marketing*

We accepted Red Zoo Marketing's revised U.S. sales list pursuant to the corrections it presented at the start of verification, as described in Red Zoo Marketing's December 18, 2001, submission. We disregarded a billing adjustment that Red Zoo Marketing reported for one invoice where we found at verification that it did not make a billing adjustment. We adjusted the prices made for one U.S. customer where we found the customer only made a partial payment.

##### *Veg Gro Sales, Inc.*

We accepted Veg Gro Sales, Inc.'s revised U.S. sales list submitted on November 19, 2001, pursuant to changes incorporated as a result of verification. We included two sales which were shipped during the POI but invoiced outside the POI and used the shipment date as the sale date for these two observations. We adjusted the indirect selling expense ratio to reflect corrections submitted by the company and verified by us.

##### *Mastronardi Produce Ltd.*

We accepted Mastronardi Produce Ltd.'s revised U.S. sales list pursuant to changes incorporated as a result of verification. These changes affect the warehousing expenses, brokerage and handling expenses, packing expenses, and billing adjustments that Mastronardi Produce Ltd. reported as applicable to its U.S. sales.

##### *J-D Marketing, Inc.*

We accepted J-D Marketing, Inc.'s revised U.S. sales list pursuant to changes incorporated as a result of verification. These changes affect the credit expenses, inland-freight expenses, product codes, quantities, packing costs, indirect selling expenses, discounts, and brokerage and handling expenses that J-D Marketing, Inc., reported in relation to certain U.S. sales.

#### Normal Value

We used the same methodology as that described in the Preliminary Determination to determine the cost of production and normal value, with certain exceptions described below.

##### 1. Cost-of-Production Analysis

###### *BC Hot House Foods, Inc.*

As discussed in the memorandum from Sheikh Hannan to Neal Halper entitled "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination" dated February 19, 2002, concerning Canagro and Pacific Lagoon, we calculated the per-unit cost of manufacturing based on the production quantities maintained by two producers which supply BC Hot House Foods, Inc. (Canagro and Pacific Lagoon). We revised the general and administrative (G&A) amount applicable to Canagro and Pacific Lagoon's parent company that had been included in the G&A rate calculation. We calculated each company's financial-expense rate based on the highest level of consolidation normally prepared by the companies.



As discussed in the memorandum from Sheikh Hannan to Neal Halper entitled "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination" dated February 19, 2002, concerning the other cost respondent we selected for BC Hot House Foods, Inc., we adjusted the reported G&A rate to include the damaged-goods variance.

Additionally, as discussed in the memorandum from Sheikh Hannan to Neal Halper, "Weighted-Average Cost of Production and Constructed Value Calculation for the Final Determination" dated February 19, 2002, concerning BC Hot House Foods, Inc., we calculated BC Hot House Foods, Inc.'s cost for each type of tomato by weight-averaging the cost of all the cost respondents from which BC Hot House Foods, Inc., obtained tomatoes.

#### *Red Zoo Marketing*

As discussed in the memorandum from Laurens van Houten to Neal Halper entitled "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination" dated February 19, 2002, concerning Great Northern Hydroponics, we adjusted its reported costs to include the full amount the company incurred for heating costs during the POI. We removed the trough-system adjustment because at verification the company chose not to pursue those amounts. We included the full heating cost and the trough-system costs in the denominator of the revised G&A rate calculation. We calculated Great Northern Hydroponics's financial-expense rate based on the highest level of consolidation normally prepared by the company.

Additionally, as discussed in the memorandum from Laurens van Houten to Neal Halper, "Weighted-Average Cost of Production and Constructed Value Calculation for the Final Determination" dated February 19, 2002, concerning Red Zoo Marketing, we calculated its cost for each type of tomato by weight-averaging the cost of all the cost respondents from which Red Zoo Marketing obtained tomatoes.

#### *Veg Gro Sales, Inc.*

As discussed in the memorandum from Heidi Norris to Neal Halper, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination" dated February 19, 2002, concerning Veg Gro Inc., we adjusted its reported costs to include the corrections presented on the first day of the cost verification. We adjusted Veg Gro Inc.'s reported costs to include the

full amount the company incurred for heating costs during the POI. We also included the full amount of depreciation expense normally recorded in the company's financial statements that are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). Additionally, we included marketing-board fees and shareholder life-insurance expenses, and we revised the G&A rate calculation. In the revised G&A rate calculation, we included the full heating cost and depreciation amounts in the denominator. Further, we revised Veg Gro Inc.'s financial-expense rate to exclude imputed short-term interest income and to include all interest expense incurred by the company. We also revised the reported packing costs to reflect the transfer price paid to an affiliate.

As discussed in the memorandum from Minoo Hatten to File, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination" dated February 19, 2002, concerning Amco Farms, Inc., we adjusted its reported costs to include the full amount the company incurred for heating costs during the POI. We included the full amount of depreciation expense normally recorded in the company's financial statements that are prepared in accordance with Canadian GAAP. We revised Amco Farms Inc.'s fixed-overhead calculation to include the excluded costs for the cooler. We have revised the calculation of Amco Farms Inc.'s G&A rate to include management fees. In the revised G&A rate calculation, we included the full heating cost and depreciation amounts in the denominator. We revised its financial-expense rate to include short-term interest income received from affiliates and all long-term interest expense incurred by the company.

Additionally, as discussed in the memorandum from Laurens van Houten to Neal Halper, "Weighted-Average Cost of Production and Constructed Value Calculation for the Final Determination" dated February 19, 2002, concerning Veg Gro Sales, Inc., we calculated Veg Gro Sales, Inc.'s cost for each type of tomato by weight-averaging the cost of all the cost respondents from which Veg Gro Sales, Inc., obtained tomatoes.

#### *Mastronardi Produce Ltd.*

As discussed in the memorandum from Sheikh Hannan to Neal Halper, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination" dated February 19, 2002, concerning Mastron

Enterprises, we adjusted its reported costs to include the full amount the company incurred for heating costs and repairs and maintenance during the POI. We revised the cost calculations to be based on acreage rather than management estimates. We revised the G&A rate calculation to include the full heating cost and repairs and maintenance amounts in the denominator. We revised the amount for indirect selling expenses to exclude the foreign-exchange gains on accounts payable that were not related to the sale of greenhouse tomatoes. We also included office-administration income and management bonuses in the revised calculation of indirect selling expenses.

Additionally, as discussed in the memorandum from Sheikh Hannan to Neal Halper, "Weighted-Average Cost of Production and Constructed Value Calculation for the Final Determination" dated February 19, 2002, concerning Mastronardi Produce Ltd., we calculated its cost for each type of tomato by weight-averaging the cost of all the cost respondents from which Mastronardi Produce Ltd. obtained tomatoes.

#### *J-D Marketing, Inc.*

As discussed in the memorandum from Laurens van Houten to Neal Halper, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination" dated February 19, 2002, concerning I.P.R. Farms Ltd., we adjusted the acreage factors used to allocate costs to reflect the actual acreage for each product produced. We revised the seed cost to reflect the actual cost of seeds. We adjusted its reported costs to include the full amount the company incurred for heating costs and depreciation during the POI as recorded in its financial statements prepared in accordance with Canadian GAAP. We revised the reported G&A expenses to include the full amount incurred for executive salaries, marketing-board fees, and travel expenses, and we excluded a double-counted expense reimbursement from the G&A amount. We included the full amount of interest expense incurred by I.P.R. Farms Ltd. in the revised financial-expense calculation. In the revised G&A rate calculation, we included the full heating cost and depreciation amounts in the denominator. We increased the packing costs to include interest and G&A of the packer.

Additionally, as discussed in the memorandum from Laurens van Houten to Neal Halper, "Weighted-Average Cost of Production and Constructed Value Calculation for the Final Determination" dated February 19,

2002, concerning J-D Marketing, Inc., we calculated J-D Marketing, Inc.'s cost for each type of tomato by weight—averaging the cost of all the cost respondents from which J-D Marketing, Inc. obtained tomatoes.

2. Calculation of Normal Value

*BC Hot House Foods, Inc.*

We accepted the revised home—market sales list that BC Hot House Foods, Inc., submitted on November 13, 2001, to incorporate corrections presented at the sales verification. Exhibit 1 of the December 20, 2001, verification report for BC Hot House Foods, Inc., contains a detailed list of these corrections. We corrected a billing adjustment that BC Hot House Foods, Inc., reported inaccurately for one home—market sale, and we corrected the quantity that it reported inaccurately for another home—market sale. Further, as discussed in the final determination analysis memorandum from Mark Ross to the file, dated February 19, 2002, we recalculated the credit expenses, direct advertising expenses, and indirect selling expenses for BC Hot House Foods, Inc.'s home—market sales. Finally, based on the comments we received on the level—of—trade methodology for BC Hot House Foods, Inc. and our reexamination of the information on the record relating to this issue, we revised the level—of—trade designations for this respondent. See comment 8 of the February 19, 2002, Decision Memorandum.

*Red Zoo Marketing*

We accepted Red Zoo Marketing's revised home—market sales list pursuant to the corrections the respondent presented at the start of verification as described in its December 18, 2001, submission.

*Veg Gro Sales, Inc.*

We accepted Veg Gro Sales, Inc.'s revised home—market sales list pursuant to changes incorporated as a result of verification as described in its November 19, 2001, submission. We deleted certain sales that Veg Gro Sales, Inc., made to an employee, corrected the payment date for one sale, and made an adjustment to indirect selling expenses to reflect corrections submitted by the company and which we verified.

*Mastronardi Produce Ltd.*

We accepted Mastronardi Produce Ltd.'s revised home—market sales list pursuant to changes incorporated as a result of verification. These changes affected the warehousing expenses, credit expenses, packing expenses, and billing adjustments Mastronardi Produce Ltd. reported for certain home—market sales.

*J-D Marketing, Inc.*

We accepted J-D Marketing, Inc.'s revised home—market sales list pursuant to changes incorporated as a result of verification. These changes affected the quantities, commissions, credit expenses, and inland—freight expenses that J-D Marketing, Inc., reported for certain home—market sales. The changes also resulted in the addition to the sales

list of a sale and certain credits that the respondent had omitted from the home—market sales list.

3. Calculation of Constructed Value

For each of the respondents, we calculated the cost of materials and fabrication based on the methodology described in the "Cost—of—Production Analysis" section of this notice when calculating constructed value.

Currency Conversions

We made currency conversions in accordance with section 773A of the Act in the same manner as in the Preliminary Determination.

Analysis of Comments Received

All issues raised in the case briefs by parties to this proceeding and to which we have responded are listed in the Appendix to this notice and addressed in the Decision Memorandum, which is adopted by this notice.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondents for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, as well as original source documents provided by the respondents.

Final Determination

We determine that the following percentage weighted—average margins exist for the period January 1, 2000, through December 31, 2000:

Exporter/Grower	Weighted-average margin (percentage)
BC Hot House Foods, Inc. ....	18.21
Red Zoo Marketing (a.k.a. Produce Distributors, Inc.) .....	1.86
Veg Gro Sales, Inc. (a.k.a. K & M Produce Distributors, Inc.) .....	3.85
J-D Marketing, Inc. ....	1.53
Mastronardi Produce Ltd. ....	14.89
All Others .....	16.22

Pursuant to section 735(c)(5)(A), we have excluded from the calculation of the all—others rate margins which are zero, de minimis, or determined entirely on facts available. Because we calculated de minimis margins for Red Zoo Marketing and J-D Marketing, Inc., we calculated the all—others rate on the basis of the margins applicable to BC Hot House Foods, Inc., Mastronardi Produce Ltd., and Veg Gro Sales, Inc.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all imports of subject merchandise except for exports by J-D Marketing, Inc. (and J-D Marketing, Inc.'s affiliate, Special Edition Marketing), and Red Zoo Marketing (which have zero or de minimis weighted—average margins), that are entered, or withdrawn from warehouse, for consumption on or after October 5, 2001, the date of publication

of the Preliminary Determination in the Federal Register. We will instruct the Customs Service to continue to require a cash deposit or the posting of a bond equal to the weighted—average amount by which the normal value exceeds the export price or CEP, as indicated in the chart above, effective the date of publication of this final determination.

Because Red Zoo Marketing and J-D Marketing, Inc. (and its affiliate, Special Edition Marketing), are non—producing exporters, in accordance with 19 CFR 351.204(e)(3), we are limiting the exclusion from these suspension—of—

liquidation instructions to entries only of subject merchandise exported by Red Zoo Marketing or J-D Marketing, Inc. (and its affiliate, Special Edition Marketing), that is produced or supplied by the companies that supplied these respondents during the POI. Any entries of subject merchandise exported by Red Zoo Marketing or J-D Marketing, Inc. (and its affiliate, Special Edition Marketing), which is not produced or supplied by the companies that supplied these respondents during the POI will be subject to the all-others rate.

For Red Zoo Marketing, because its estimated weighted-average final dumping margin is de minimis, we are directing Customs to terminate suspension of liquidation of entries of merchandise from Red Zoo Marketing that were produced by the companies that supplied Red Zoo Marketing during the POI and refund all bonds and cash deposits posted on such subject merchandise exported by Red Zoo Marketing. Because we never required suspension of liquidation or the posting of cash deposits or bonds for entries of merchandise from J-D Marketing, Inc., no such step is necessary.

These suspension-of-liquidation instructions will remain in effect until further notice.

#### International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our final determination. As our final antidumping determination is affirmative, the ITC will determine, within 45 days, whether these imports are causing material injury or threat of material injury to the U.S. industry. If the ITC determines that material injury or threat of injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply

with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

February 19, 2002.

**Faryar Shirzad,**  
*Assistant Secretary for Import Administration.*

#### Appendix—Issues in the Decision Memorandum

##### Common Issues

1. Province-Specific All-Others Rate
2. Extraordinary Costs
3. Payments to Owners
4. Amortization of Assets
5. Averaging Prices Across Grades, Sizes, and Color for the Cost Test
6. Calculating a Difference-in-Merchandise Adjustment Based on Market Value
7. Weighted-Average Cost Versus Simple-Average Cost

##### Company-Specific Issues

###### *BC Hot House Foods, Inc.*

8. Level of Trade
9. Allocation of U.S. Advertising Expenses
10. Canagro's Start-Up Adjustment
11. Weight-Averaging the Cost for BCCH's Cost Respondents
12. Combined Interest and General and Administrative (G&A) Expenses
13. Accuracy of Canagro's Production Quantities
14. Use of Corrected BCHH Sales Lists
15. Reclassification of Certain BCHH Customers
16. Representativeness of Cost for BCHH

###### *Red Zoo Marketing*

17. Combined Financial Expense
18. Cost-Allocation Errors

###### *Mastronardi Produce Limited*

19. Capitalization of Costs
20. Cost Allocations Based on Supplier and Management Representations
21. Calculation of Mastronardi's Indirect Selling Expense Rate
22. Treatment of Mastronardi's Management Bonuses Veg Gro Sales, Inc.
23. Management Estimates
24. Arithmetical Error
25. Clerical Errors With Regard to Amco Farms, Inc.
26. Exporter G&A and Financial-Expense Ratios
27. Clerical Error Affecting COP and CV Calculations
28. Expenses Paid on Behalf of Owners

###### *J-D Marketing, Inc.*

29. Accuracy of Cost Data for IPR Farms
30. Representativeness and Accuracy of COP Analysis

31. Exclusion of Cluster-Roma and Cherry Tomatoes from Margin Calculations

32. Expenses Paid on Behalf of Owners [FR Doc. 02-4532 Filed 2-25-02; 8:45 am]

**BILLING CODE 3510-DS-S**

For further information concerning this investigation see the Commission's notice cited above and the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

**Authority:** This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: March 1, 2002.

**Marilyn R. Abbott,**

*Acting Secretary.*

[FR Doc. 02-5356 Filed 3-6-02; 8:45 am]

**BILLING CODE 7020-02-P**

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-925 (Final)]

**Greenhouse Tomatoes From Canada**

**AGENCY:** United States International Trade Commission.

**ACTION:** Revised schedule for the subject investigation.

**EFFECTIVE DATE:** February 27, 2002.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Haines (202-205-3200), 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:** On October 5, 2001, the Commission established a schedule for the conduct of the final phase of the subject investigation (66 FR 57112, November 14, 2001). The applicable statute directs that the Commission make its final injury determination within 45 days after the final determination by the U.S. Department of Commerce, which was on February 26, 2002 (67 FR 8781). The Commission, therefore, is revising its schedule.

The Commission's new schedule for the investigation is as follows: party posthearing briefs are due on March 4, 2002; the Commission will make its final release of information on March 25, 2002; and final party comments are due on March 27, 2002.

regulations refer to 19 CFR part 351 (April 2001).

### Background

On February 26, 2002, we published in the **Federal Register** our final determination that greenhouse tomatoes from Canada are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 735(a) of the Act. See *Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada*, 67 FR 8781 (February 26, 2002) (*Final Determination*). On March 4, 2002, the Department received timely filed allegations of ministerial errors in the final determination with respect to J-D Marketing, Inc., and Mastronardi Produce Ltd. On March 5, 2002, another respondent, BC Hot House Foods, Inc., timely filed an allegation that the Department had made certain ministerial errors in the final determination. On March 5, 2002, the petitioners, Carolina Hydroponic Growers Inc., Eurofresh, HydroAge, Sunblest Management LLC, Sunblest Farms LLC, and Village Farms (referred to hereafter as "the petitioners") also timely filed allegations that the Department made certain ministerial errors in its final determination. On March 6, 2002, however, the petitioners withdrew their allegations.

### Scope of the 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 item numbers 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.

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-122-837]

#### Amended Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada

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

**ACTION:** Notice of amended final determination of sales at less than fair value.

**EFFECTIVE DATE:** April 2, 2002.

**SUMMARY:** On February 26, 2002, we published in the **Federal Register** our notice of final determination of sales at less than fair value. See *Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada*, 67 FR 8781 (February 26, 2002). We are amending our final determination to correct ministerial errors discovered in relation to the antidumping duty margin calculations for BC Hot House Foods, Inc., J-D Marketing, Inc., Mastronardi Produce Ltd., and Red Zoo Marketing.

**FOR FURTHER INFORMATION CONTACT:** Mark Ross or Minoo Hatten, 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) 482-1690, respectively.

#### 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. In addition, unless otherwise indicated, all citations to the Department of Commerce's (the Department's)

**Ministerial-Error Allegations**

BC Hot House Foods, Inc., alleges that the Department did not convert the freight expenses for shipments from the growers to the respondent from a per-kilogram basis to a per-pound basis and that the Department did not assign the appropriate cost of production to miniplum greenhouse tomatoes.

J-D Marketing, Inc., alleges that the Department used an outdated data file in its margin calculations and, in addition, did not recalculate U.S. credit expense properly.

Mastronardi Produce Ltd. alleges that the Department made the following errors: it did not include Amco Farms' cost-of-production data for beefsteak tomatoes in the calculation of a weighted-average cost for its beefsteak tomatoes; it omitted an offset adjustment for foreign-exchange gains in recalculating indirect selling expenses; it subtracted billing adjustments from the gross unit prices used to recalculate indirect selling expenses; it did not remove certain U.S. sales from the sales list that are of non-subject merchandise; and it treated certain indirect selling expenses and inventory carrying costs improperly for the calculation of the net constructed export price (CEP) and CEP profit.

On March 11, 2002, the petitioners commented on respondents' ministerial-error allegations. The petitioners assert that, because the Department can not know from information on the record that beefsteak tomatoes which Amco Farms supplied to Amco Produce were the ones that were in turn supplied to Mastronardi Produce Ltd., the Department's decision not to use the cost of production of Amco Farms' beefsteak tomatoes in calculating Mastronardi Produce Ltd.'s weighted-average costs was correct. The petitioners also made this comment with respect to Red Zoo Marketing, although the respondents did not raise the issue in their ministerial-error allegations.

No other party alleged that there were ministerial errors in the *Final Determination* or commented on ministerial-error allegations.

**Ministerial Errors**

The Department's regulations define a ministerial error as one involving "addition, subtraction, or other arithmetic function, clerical error resulting from inaccurate copying, duplication or the like, and any other similar type of unintentional error which the Secretary considers ministerial." See 19 CFR 351.224(f). After reviewing the allegations we have determined, in accordance with 19 CFR 351.224, that the *Final Determination* includes ministerial errors.

We agree with BC Hot House Foods, Inc., that we did not convert the freight expenses for shipments from the growers to the respondent from a per-kilogram basis to a per-pound basis and that we did not assign the appropriate cost of production to miniplum greenhouse tomatoes. As discussed in the *Amended Final Determination Analysis Memorandum* from Mark Ross to the file, dated March 15, 2002, we have corrected these ministerial errors.

We agree with J-D Marketing, Inc., that we used an outdated data file in our margin calculations and, in addition, did not recalculate U.S. credit expense properly. As discussed in the *Amended Final Determination Analysis Memorandum* from Dmitry Vladimirov to the file, dated March 26, 2002, we have corrected these ministerial errors.

After re-evaluating the information on the record, we agree with Mastronardi Produce Ltd. that we should include Amco Farms' cost-of-production data for beefsteak tomatoes in the calculation of a weighted-average cost for its beefsteak tomatoes. Additionally, as a result of the petitioners' comments on the respondent's ministerial-error allegations, we also discovered that a similar ministerial error occurred in our calculations concerning Red Zoo Marketing. We should also have included Amco Farms' cost of production data for beefsteak tomatoes in the calculation of Red Zoo Marketing's weighted-average cost for beefsteak tomatoes.

We also agree with Mastronardi Produce Ltd. that the following corrections to our calculations are appropriate: (1) We should include the offset adjustment for foreign-exchange

gains in recalculating indirect selling expenses; (2) we should not subtract billing adjustments from the gross unit prices used to recalculate indirect selling expenses; (3) we should remove certain U.S. sales from the sales list that are of non-subject merchandise.

We agree in part with Mastronardi Produce Ltd.'s allegation that we treated certain indirect selling expenses and inventory carrying costs improperly for the calculation of the net CEP and CEP profit. Specifically, in calculating the CEP profit we did not treat the inventory carrying costs properly because we did not include certain inventory carrying costs associated with U.S. economic activity in the calculation. We have corrected this error.

We disagree, however, with Mastronardi Produce Ltd. that we did not treat certain indirect selling expenses properly in the calculation of the net CEP and CEP profit. See the *Amended Final Determination Analysis Memorandum* from Dmitry Vladimirov to the file, dated March 26, 2002, which includes an explanation of how we have corrected the error in the calculation of CEP profit.

We disagree with the petitioners that, because we do not know with certainty that the beefsteak tomatoes produced by Amco Farms were the actual tomatoes sold to Mastronardi Produce Ltd. and Red Zoo Marketing, we cannot use Amco Farms' beefsteak tomato cost data. To the contrary, we selected the cost respondents which we found to be representative of all tomatoes sold by the exporters of greenhouse tomatoes from Canada. Therefore, it is not necessary to link the actual tomatoes produced by Amco Farms to Mastronardi Produce Ltd. or Red Zoo Marketing.

In accordance with 19 CFR 351.224(e), we are amending the final determination of the antidumping duty investigation of greenhouse tomatoes from Canada. As a result of the correction of ministerial errors for certain respondents, we determine that the following percentage weighted-average amended final margins exist for the period January 1, 2000, through December 31, 2000:

Exporter/Grower	Final determination	Amended final determination
BC Hot House Foods, Inc. ....	18.21	18.04
J-D Marketing, Inc. ....	1.53	0.83
Mastronardi Produce Ltd. ....	14.89	0.52
Red Zoo Marketing (a.k.a. Produce Distributors, Inc.) .....	1.86	1.85
All Others .....	16.22	16.53

Pursuant to section 735(c)(5)(A) of the Act, we have excluded from the calculation of the all-others rate margins which are zero, *de minimis*, or determined entirely on facts available. Because we calculated *de minimis* margins for J-D Marketing, Inc., Mastronardi Produce Ltd., and Red Zoo Marketing (a.k.a. Produce Distributors, Inc.), we have calculated the all-others rate on the basis of the margins applicable to BC Hot House Foods, Inc., and Veg Gro Sales, Inc.

#### **Continuation of Suspension of Liquidation**

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all imports of subject merchandise except for exports by J-D Marketing, Inc. (and J-D Marketing, Inc.'s affiliate, Special Edition Marketing), Mastronardi Produce Ltd., and Red Zoo Marketing (a.k.a. Produce Distributors, Inc.), that are entered, or withdrawn from warehouse, for consumption on or after October 5, 2001, the date of publication of the *Preliminary Determination* in the **Federal Register**. For BC Hot House Foods, Inc., and the companies subject to the all-others rate, we will instruct the Customs Service to continue to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the normal value exceeds the export price or CEP, as indicated in the chart above, effective the date of publication of this amended final determination. For Veg Gro Sales, Inc., for which we are not amending the *Final Determination*, we will instruct the Customs Service to continue to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the normal value exceeds the export price or CEP, as indicated in the *Final Determination* dated February 26, 2002.

Because J-D Marketing, Inc. (and its affiliate, Special Edition Marketing), Mastronardi Produce Ltd., and Red Zoo Marketing are non-producing exporters, in accordance with 19 CFR 351.204(e)(3), we are limiting the exclusion from these suspension-of-liquidation instructions to entries only of subject merchandise exported by these companies that is produced or supplied by the companies that supplied these respondents (and the affiliate identified above) during the period of investigation (POI). Any entries of subject merchandise exported by these companies which is not produced or supplied by a company that supplied these companies during the POI will be subject to the all-others rate.

For Mastronardi Produce Ltd., because its estimated weighted-average amended final dumping margin is *de minimis*, we are directing Customs to terminate suspension of liquidation of entries of merchandise exported by Mastronardi Produce Ltd. that were produced or supplied by the companies that supplied this company during the POI and refund all bonds and cash deposits posted on such subject merchandise. Because we never required suspension of liquidation or the posting of cash deposits or bonds for entries of merchandise from J-D Marketing, Inc., no such step is necessary. For Red Zoo Marketing, as indicated in the *Final Determination*, 67 FR at 8785, because its estimated weighted-average final dumping margin was *de minimis*, we directed Customs to terminate suspension of liquidation of entries of merchandise from Red Zoo Marketing that were produced by the companies that supplied Red Zoo Marketing during the POI and refund all bonds and cash deposits posted on such subject merchandise exported by Red Zoo Marketing.

These suspension-of-liquidation instructions will remain in effect until further notice.

#### **International Trade Commission Notification**

In accordance with section 735(d) of the Act, we have notified the International Trade Commission of our amended final determination.

This determination is issued and published in accordance with section 735(d) and 777(i)(1) of the Act.

Dated: March 27, 2002.

**Faryar Shirzad,**  
*Assistant Secretary for Import Administration.*

[FR Doc. 02-7956 Filed 4-1-02; 8:45 am]

**BILLING CODE 3510-DS-P**





**APPENDIX B**  
**HEARING WITNESSES**



## CALENDAR OF PUBLIC HEARING

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

**Subject:** Greenhouse Tomatoes from Canada  
**Inv. No:** 731-TA-925 (Final)  
**Date and Time:** February 21, 2002 - 9:30 a.m.

Sessions were held in the Main Hearing Room, 500 E Street, S.W., Washington, DC.

### **In Support of the Imposition of Antidumping Duties:**

Stewart and Stewart  
Washington, DC  
on behalf of

Village Farms LP  
Eurofresh, Inc.  
Sun Blest Management, LLC  
Willcox Greenhouse  
Institute of Food and Agricultural Sciences  
Ingles Market

**Mike DeGiglio**, President and Chief Executive Officer, Village Farms LP  
**John Van Sickle**, Professor of Food and Resource Economics and Director, International Agricultural Trade and Policy Center, University of Florida  
**Richard Carr**, Produce Buyer, Ingles Market  
**Fried de Schouwer**, Director of Sales and Marketing, Eurofresh, Inc.  
**Michael Minerva**, Vice President, Business Development, Village Farms LP  
**Jacques van der Lelij**, President and Owner, Wilcox Greenhouse  
**Dave Fahrenbruch**, General Manager, Operations, Sun Blest Management LLC  
**Robert F. Weidaw**, Chief Financial Officer, Eurofresh, Inc.  
**David Cimiano**, Former Director of Produce, Safeway, Inc.  
**Dave Bailey**, Owner/Operator of SunBlest Farms LLC  
**David Holewinski**, Vice President, Business Development Village Farms, LP  
**Rebecca Woodings**, Trade Consultant, Stewart and Stewart  
**Carl Moyer**, Trade Consultant, Stewart and Stewart

**Terence P. Stewart)**  
**Eric P. Salonen )**— OF COUNSEL  
**Dennis R. Nuxoll )**

**In Opposition to the Imposition of Antidumping Duties:**

Hogan and Hartson LLP  
Washington, DC  
on behalf of

BC Hot House Foods, Inc.  
Ontario Greenhouse Vegetable Growers

- Andy Smith**, Chief Executive Officer, BC Hot House Foods, Inc.
- Fausto Amicone**, Vice President, Amco Produce, Inc.
- Larry Gianatti**, Managing Partner, Quality Sales, Inc.
- David Smith**, Director, Oppenheimer Group
- Burkhard Metzger**, President and General Manager, Suntastic Hot House, Inc.
- Kevin Doran**, Vice President, BC Hot House Foods, Inc.
- John Cervini**, General Manager, Lakeside Produce
- David Ryall**, President, Gipaanda Greenhouses, Ltd.
- Stephen Fane**, President, Century Pacific Greenhouses, Ltd.
- Howard Kosaka**, President, CanAgro Produce, Ltd.
- John Reilly**, Economist, Nathan Associates, Inc.
- Paul Lowengrub**, Economist, Nathan Associates, Inc.

**Mark S. McConnell )**  
**T. Clark Weymouth )** OF COUNSEL  
**Craig A. Lewis )**  
**Beth Baltzan )**

**APPENDIX C**  
**SUMMARY DATA**



Table C-1

## Greenhouse tomatoes: Summary data concerning the U.S. market, 1998-2001

(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)

Item	Reported data				Period changes			
	1998	1999	2000	2001	1998-2001	1998-1999	1999-2000	2000-2001
U.S. consumption quantity:								
Amount	455,939	507,078	565,214	613,937	34.7	11.2	11.5	8.6
Growers' share (1)	32.2	35.9	34.6	36.2	4.0	3.7	-1.2	1.5
Importers' share (1):								
Canada (subject)	***	***	***	***	***	***	***	***
Canada (nonsubject)	***	***	***	***	***	***	***	***
Subtotal	29.8	34.6	39.5	37.9	8.1	4.7	5.0	-1.6
All other	38.0	29.5	25.8	25.9	-12.1	-8.4	-3.7	0.1
Total imports	67.8	64.1	65.4	63.8	-4.0	-3.7	1.2	-1.5
U.S. consumption value:								
Amount	427,394	416,735	473,366	508,318	18.9	-2.5	13.6	7.4
Growers' share (1)	28.2	30.0	32.5	35.5	7.3	1.8	2.4	3.1
Importers' share (1):								
Canada (subject)	***	***	***	***	***	***	***	***
Canada (nonsubject)	***	***	***	***	***	***	***	***
Subtotal	24.1	29.2	34.6	33.4	9.4	5.2	5.4	-1.2
All other	47.7	40.7	32.9	31.1	-16.7	-7.0	-7.8	-1.9
Total imports	71.8	70.0	67.5	64.5	-7.3	-1.8	-2.4	-3.1
U.S. imports from:								
Canada (subject):								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Canada (nonsubject)								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Canada (subtotal)								
Quantity	136,088	175,385	223,527	232,985	71.2	28.9	27.4	4.2
Value	102,897	121,801	163,878	169,923	65.1	18.4	34.5	3.7
Unit value	\$0.76	\$0.69	\$0.73	\$0.73	-3.5	-8.1	5.6	-0.5
All other:								
Quantity	173,193	149,811	145,916	158,890	-8.3	-13.5	-2.6	8.9
Value	203,968	169,784	155,842	157,838	-22.6	-16.8	-8.2	1.3
Unit value	\$1.18	\$1.13	\$1.07	\$0.99	-15.7	-3.8	-5.8	-7.0
All sources:								
Quantity	309,281	325,196	369,443	391,875	26.7	5.1	13.6	6.1
Value	306,864	291,586	319,720	327,761	6.8	-5.0	9.6	2.5
Unit value	\$0.99	\$0.90	\$0.87	\$0.84	-15.7	-9.6	-3.5	-3.4

Table continued on next page.

**Table C-1--Continued**  
**Greenhouse tomatoes: Summary data concerning the U.S. market, 1998-2001**

(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)

Item	Reported data				Period changes			
	1998	1999	2000	2001	1998-2001	1998-1999	1999-2000	2000-2001
U.S. growers:								
Average capacity (acres) . . . . .	416	544	545	548	31.7	30.8	0.3	0.5
Production (acres) . . . . .	416	499	545	548	31.7	19.9	9.3	0.5
Capacity utilization (acres) (1) . .	100.0	91.7	100.0	100.0	0.0	-8.3	8.3	0.0
Average capacity . . . . .	168,371	228,282	231,780	245,795	46.0	35.6	1.5	6.0
Production . . . . .	153,721	192,774	201,957	229,437	49.3	25.4	4.8	13.6
Capacity utilization (pounds) (1) .	91.3	84.4	87.1	93.3	2.0	-6.9	2.7	6.2
U.S. shipments:								
Quantity . . . . .	146,658	181,882	195,772	222,062	51.4	24.0	7.6	13.4
Value . . . . .	120,530	125,150	153,646	180,558	49.8	3.8	22.8	17.5
Unit value . . . . .	\$0.82	\$0.69	\$0.78	\$0.81	-1.1	-16.3	14.1	3.6
Export shipments:								
Quantity . . . . .	***	***	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***	***	***
Production workers . . . . .	1,660	1,790	2,297	1,935	16.6	7.9	28.3	-15.8
Hours worked (1,000s) . . . . .	2,558	2,806	3,767	3,585	40.1	9.7	34.2	-4.8
Wages paid (\$1,000s) . . . . .	18,740	21,311	31,648	31,457	67.9	13.7	48.5	-0.6
Hourly wages . . . . .	\$7.33	\$7.59	\$8.40	\$8.77	19.8	3.7	10.6	4.5
Productivity (pounds per hour) . .	41.4	48.8	44.3	52.1	25.6	17.7	-9.1	17.5
Unit labor costs . . . . .	\$0.18	\$0.16	\$0.19	\$0.17	-4.7	-11.9	21.7	-11.1
Net sales:								
Quantity . . . . .	154,172	187,601	197,302	232,337	50.7	21.7	5.2	17.8
Value . . . . .	124,333	129,415	153,896	185,291	49.0	4.1	18.9	20.4
Unit value . . . . .	\$0.81	\$0.69	\$0.78	\$0.80	-1.1	-14.5	13.1	2.2
Cost of goods sold (COGS) . . . .	98,673	121,973	141,856	151,798	53.8	23.6	16.3	7.0
Gross profit or (loss) . . . . .	25,660	7,442	12,041	33,493	30.5	-71.0	61.8	178.2
SG&A expenses . . . . .	24,213	24,156	23,731	23,583	-2.6	-0.2	-1.8	-0.6
Operating income or (loss) . . . .	1,447	(16,714)	(11,690)	9,910	584.7	(2)	30.1	(2)
Capital expenditures . . . . .	43,957	41,710	17,935	2,146	-95.1	-5.1	-57.0	-88.0
Unit COGS . . . . .	\$0.64	\$0.65	\$0.72	\$0.65	2.1	1.6	10.6	-9.1
Unit SG&A expenses . . . . .	\$0.16	\$0.13	\$0.12	\$0.10	-35.4	-18.0	-6.6	-15.6
Unit operating income or (loss) .	\$0.01	(\$0.09)	(\$0.06)	\$0.04	354.4	(2)	33.5	(2)
COGS/sales (1) . . . . .	79.4	94.2	92.2	81.9	2.6	14.9	-2.1	-10.3
Operating income or (loss)/ sales (1) . . . . .	1.2	(12.9)	(7.6)	5.3	4.2	-14.1	5.3	12.9

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

(2) Undefined.

Note.--Not all of the financial data are reported on a calendar-year basis or are for just internally-produced tomatoes. Therefore, the financial and trade data may not be comparable for all periods.

Because of rounding, figures may not add to the totals shown. Unit values and share are calculated from the unrounded figures.

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



**Table C-2**

**Greenhouse tomatoes plus field-grown tomatoes for the fresh market: Summary data concerning the U.S. market, 1998-2001**

(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)

Item	Reported data				Period changes			
	1998	1999	2000	2001	1998-2001	1998-1999	1999-2000	2000-2001
<b>U.S. consumption quantity:</b>								
Amount .....	4,997,668	5,160,688	5,166,699	5,342,763	6.9	3.3	0.1	3.4
Growers' share (1) .....	62.6	68.4	68.8	66.0	3.4	5.7	0.5	-2.8
Importers' share (1):								
Canada (subject) .....	***	***	***	***	***	***	***	***
Canada (nonsubject) .....	***	***	***	***	***	***	***	***
Subtotal .....	2.7	3.4	4.3	4.4	1.6	0.7	0.9	0.0
All other .....	34.7	28.2	26.8	29.6	-5.0	-6.4	-1.4	2.8
Total imports .....	37.4	31.6	31.2	34.0	-3.4	-5.7	-0.5	2.8
<b>U.S. consumption value:</b>								
Amount .....	2,044,315	1,748,773	1,879,763	1,966,145	-3.8	-14.5	7.5	4.6
Growers' share (1) .....	56.5	54.8	61.4	58.8	2.3	-1.7	6.6	-2.6
Importers' share (1):								
Canada (subject) .....	***	***	***	***	***	***	***	***
Canada (nonsubject) .....	***	***	***	***	***	***	***	***
Subtotal .....	5.0	7.0	8.7	8.6	3.6	1.9	1.8	-0.1
All other .....	38.5	38.3	29.9	32.6	-5.9	-0.2	-8.4	2.7
Total imports .....	43.5	45.2	38.6	41.2	-2.3	1.7	-6.6	2.6
<b>U.S. imports from:</b>								
Canada (subject):								
Quantity .....	***	***	***	***	***	***	***	***
Value .....	***	***	***	***	***	***	***	***
Unit value .....	***	***	***	***	***	***	***	***
Canada (nonsubject)								
Quantity .....	***	***	***	***	***	***	***	***
Value .....	***	***	***	***	***	***	***	***
Unit value .....	***	***	***	***	***	***	***	***
Canada (subtotal)								
Quantity .....	136,088	175,385	223,527	232,985	71.2	28.9	27.4	4.2
Value .....	102,897	121,801	163,878	169,923	65.1	18.4	34.5	3.7
Unit value .....	\$0.76	\$0.69	\$0.73	\$0.73	-3.5	-8.1	5.6	-0.5
All other:								
Quantity .....	1,731,929	1,457,480	1,385,985	1,582,611	-8.6	-15.8	-4.9	14.2
Value .....	787,123	669,114	561,614	640,680	-18.6	-15.0	-16.1	14.1
Unit value .....	\$0.45	\$0.46	\$0.41	\$0.40	-10.9	1.0	-11.7	-0.1
All sources:								
Quantity .....	1,868,018	1,632,865	1,609,512	1,815,596	-2.8	-12.6	-1.4	12.8
Value .....	890,019	790,916	725,491	810,603	-8.9	-11.1	-8.3	11.7
Unit value .....	\$0.48	\$0.48	\$0.45	\$0.45	-6.3	1.7	-6.9	-1.0
<b>U.S. growers':</b>								
Average capacity (acres) .....	124,816	136,624	126,645	131,068	5.0	9.5	-7.3	3.5
Production (acres) .....	122,126	133,379	123,715	128,418	5.2	9.2	-7.2	3.8
Capacity utilization (acres) (1) ..	97.8	97.6	97.7	98.0	0.1	-0.2	0.1	0.3
Average capacity .....	3,504,567	3,992,114	4,086,949	4,017,428	14.6	13.9	2.4	-1.7
Production .....	3,416,521	3,866,274	3,968,457	3,925,637	14.9	13.2	2.6	-1.1
Capacity utilization (pounds) (1) ..	97.5	96.8	97.1	97.7	0.2	-0.6	0.3	0.6
<b>U.S. shipments:</b>								
Quantity .....	3,129,650	3,527,823	3,557,187	3,527,167	12.7	12.7	0.8	-0.8
Value .....	1,154,296	957,857	1,154,272	1,155,542	0.1	-17.0	20.5	0.1
Unit value .....	\$0.37	\$0.27	\$0.32	\$0.33	-11.2	-26.4	19.5	1.0
<b>Export shipments:</b>								
Quantity .....	286,322	334,344	410,170	398,184	39.1	16.8	22.7	-2.9
Value .....	120,521	122,675	162,281	146,424	21.5	1.8	32.3	-9.8
Unit value .....	\$0.42	\$0.37	\$0.40	\$0.37	-12.6	-12.8	7.8	-7.1

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

Note.—Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. U.S. shipments for non-greenhouse tomatoes defined as production minus exports.

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



**APPENDIX D**

**FIELD-GROWN SHIPMENT AND PRICING INFORMATION**



## 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 weekly 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 weeks. These data are believed to account for a majority of total actual shipments of tomatoes and 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. Graphical representations are shown in figures D-1 through D-4.

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 products, 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.

Table D-1

Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, in 10,000 pounds, weekly, 1998-2001

Week	Domestic			Other			Total
	California	Florida	All other states	Mexico	Canada <sup>1</sup>	All other countries <sup>1</sup>	
03-Jan-98	-	3729	-	3060	19	359	7167
10-Jan-98	-	3899	-	4812	19	359	9089
17-Jan-98	-	3690	-	5170	20	358	9238
24-Jan-98	-	3667	-	5024	20	358	9069
31-Jan-98	-	2727	-	5277	20	358	8382
07-Feb-98	-	2456	-	4584	6	197	7243
14-Feb-98	-	1666	-	5500	6	197	7369
21-Feb-98	-	2145	-	6198	6	197	8546
28-Feb-98	-	3105	-	5668	6	197	8976
07-Mar-98	-	2627	-	6567	62	194	9450
14-Mar-98	-	2171	-	6525	62	193	8951
21-Mar-98	-	2274	-	6084	62	193	8613
28-Mar-98	-	3344	-	5582	62	194	9182
04-Apr-98	-	4583	-	7498	310	185	12576
11-Apr-98	-	4072	-	5222	311	184	9789
18-Apr-98	-	4065	-	4570	311	184	9130
25-Apr-98	-	3949	-	4215	311	185	8660
02-May-98	-	2797	-	4757	452	188	8194
09-May-98	-	2942	-	3804	452	189	7387
16-May-98	100	4974	-	3244	452	188	8958
23-May-98	452	6603	-	2776	452	188	10471
30-May-98	731	6115	-	2404	453	189	9892
06-Jun-98	873	6567	45	2418	638	270	10811
13-Jun-98	842	4649	275	2149	638	270	8823
20-Jun-98	811	3361	703	1673	639	270	7457
27-Jun-98	307	1745	717	1827	638	271	5505
04-Jul-98	246	311	527	2364	515	407	4370
11-Jul-98	2294	24	97	1751	515	407	5088
18-Jul-98	4466	-	29	2473	515	406	7889
25-Jul-98	4683	-	66	2427	514	406	8096
01-Aug-98	4132	-	162	1647	314	170	6425
08-Aug-98	4589	-	188	1225	314	170	6486
15-Aug-98	5151	-	848	1639	314	170	8122
22-Aug-98	4099	-	988	1491	314	170	7062
29-Aug-98	3368	-	1361	1369	313	170	6581
05-Sep-98	4044	-	1123	1228	307	184	6886
12-Sep-98	3510	-	1128	1205	306	184	6333
19-Sep-98	3609	-	989	1182	306	183	6269
26-Sep-98	3648	-	657	1030	306	183	5824
03-Oct-98	3441	180	381	1038	246	195	5481
10-Oct-98	4289	200	236	968	246	195	6134
17-Oct-98	4613	254	239	1453	246	195	7000
24-Oct-98	4069	593	112	1071	245	196	6286
31-Oct-98	2963	1396	-	1761	245	196	6561
07-Nov-98	2791	2806	20	1664	171	215	7667
14-Nov-98	2242	3403	-	1553	171	215	7584
21-Nov-98	1071	3195	-	1587	171	215	6239
28-Nov-98	758	3279	-	1855	170	215	6277
05-Dec-98	703	5142	-	1959	71	221	8096
12-Dec-98	242	5513	-	1609	71	220	7655
19-Dec-98	84	5261	-	1365	70	220	7000
26-Dec-98	5	3641	-	1462	70	220	5398
02-Jan-99	-	3129	-	1296	14	194	4633

Footnote appears at end of table.

Table continued on following page.

Table D-1--Continued

Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, in 10,000 pounds, weekly, 1998-2001

Week	Domestic			Other			Total
	California	Florida	All other states	Mexico	Canada <sup>1</sup>	All other countries <sup>1</sup>	
02-Jan-99	-	3219	-	1296	14	194	4723
09-Jan-99	-	3110	-	2915	14	194	6233
16-Jan-99	-	3662	-	3940	14	194	7810
23-Jan-99	-	4442	-	5030	14	194	9680
30-Jan-99	-	4938	-	5094	15	194	10241
06-Feb-99	-	3628	-	4876	8	148	8660
13-Feb-99	-	2924	-	4368	8	148	7448
20-Feb-99	-	2829	-	4550	9	148	7536
27-Feb-99	-	3212	-	6357	9	148	9726
06-Mar-99	-	3832	-	4645	92	192	8761
13-Mar-99	-	3134	-	5173	92	191	8590
20-Mar-99	-	3882	-	4339	92	191	8504
27-Mar-99	-	5331	-	2942	92	191	8556
03-Apr-99	-	6296	-	3974	368	181	10819
10-Apr-99	-	5468	-	3526	368	181	9543
17-Apr-99	-	5472	-	2849	368	181	8870
24-Apr-99	-	5339	-	2638	368	181	8526
01-May-99	-	5857	-	3693	546	166	10262
08-May-99	-	5254	-	2667	546	166	8633
15-May-99	-	5747	-	1973	546	167	8433
22-May-99	167	5555	-	2303	546	167	8738
29-May-99	621	5997	-	2199	547	167	9531
05-Jun-99	726	4091	12	2101	869	270	8069
12-Jun-99	1169	4366	1008	2083	869	270	9765
19-Jun-99	1176	3369	2554	1825	869	270	10063
26-Jun-99	1493	1429	2381	1603	870	270	8046
03-Jul-99	3475	400	1547	1365	605	182	7574
10-Jul-99	4741	-	1148	1437	605	182	8113
17-Jul-99	5889	-	193	1184	605	182	8053
24-Jul-99	5553	-	140	1279	605	182	7759
31-Jul-99	4545	-	361	954	604	183	6647
07-Aug-99	3979	-	706	921	494	194	6294
14-Aug-99	4577	-	902	1062	493	194	7228
21-Aug-99	4143	-	1038	1185	493	194	7053
28-Aug-99	4112	-	1000	1163	493	194	6962
04-Sep-99	3741	-	906	1838	138	88	6711
11-Sep-99	4031	-	810	1387	138	88	6454
18-Sep-99	5043	-	831	1805	138	88	7905
25-Sep-99	5298	-	455	1348	138	88	7327
02-Oct-99	5834	-	212	1220	107	57	7430
09-Oct-99	5772	-	184	1723	107	57	7843
16-Oct-99	5327	513	6	1419	107	58	7430
23-Oct-99	4974	1229	-	1229	106	58	7596
30-Oct-99	4270	1628	-	1557	106	58	7619
06-Nov-99	3106	2624	-	1422	84	76	7312
13-Nov-99	2300	3301	-	1502	84	76	7263
20-Nov-99	2052	3922	-	1871	84	77	8006
27-Nov-99	1011	3868	-	1851	84	77	6891
04-Dec-99	515	5268	-	1244	42	79	7148
11-Dec-99	328	5765	-	1602	42	79	7816
18-Dec-99	68	5490	-	2515	42	79	8194
25-Dec-99	-	4135	-	2455	41	80	6711
01-Jan-00	-	4254	-	2625	9	69	6957

Footnote appears at end of table.

Table continued on following page.

Table D-1--Continued

Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, in 10,000 pounds, weekly, 1998-2001

Week	Domestic			Other			Total
	California	Florida	All other states	Mexico	Canada <sup>1</sup>	All other countries <sup>1</sup>	
08-Jan-00	-	4483	-	2651	8	69	7211
15-Jan-00	-	3868	-	1928	8	69	5873
22-Jan-00	-	3141	-	3388	9	69	6607
29-Jan-00	-	3119	-	3545	9	68	6741
05-Feb-00	-	3263	-	2729	4	46	6042
12-Feb-00	-	3460	-	2945	4	46	6455
19-Feb-00	-	3275	-	4639	4	46	7964
26-Feb-00	-	4131	-	3412	2	45	7590
04-Mar-00	-	3412	-	2614	57	50	6133
11-Mar-00	-	3111	-	3513	57	50	6731
18-Mar-00	-	4600	-	2820	57	49	7526
25-Mar-00	-	4882	-	2366	57	49	7354
01-Apr-00	-	4713	-	2496	174	43	7426
08-Apr-00	-	4176	-	2685	175	43	7079
15-Apr-00	-	5486	-	2144	175	43	7848
22-Apr-00	-	4323	-	2132	175	44	6674
29-Apr-00	-	6863	-	1589	175	44	8671
06-May-00	-	7133	-	1195	328	64	8720
13-May-00	253	7290	-	1067	329	64	9003
20-May-00	824	6196	-	801	329	64	8214
27-May-00	742	5528	-	761	329	64	7424
03-Jun-00	773	3869	26	907	336	87	5998
10-Jun-00	936	3852	489	826	336	88	6527
17-Jun-00	1967	2077	1982	984	337	88	7435
24-Jun-00	3782	1441	2111	598	337	88	8357
01-Jul-00	4584	641	2146	596	595	124	8686
08-Jul-00	3701	83	1384	459	595	124	6346
15-Jul-00	4144	-	405	294	595	125	5563
22-Jul-00	3727	-	110	402	595	125	4959
29-Jul-00	3696	-	-	437	560	125	4818
05-Aug-00	4088	-	11	255	578	170	5102
12-Aug-00	3620	-	332	292	577	170	4991
19-Aug-00	3560	-	979	388	577	170	5674
26-Aug-00	3965	-	1180	324	577	170	6216
02-Sep-00	3917	-	1177	239	184	45	5562
09-Sep-00	3772	-	1021	167	183	44	5187
16-Sep-00	4366	-	718	196	183	44	5507
23-Sep-00	4271	-	356	262	183	45	5117
30-Sep-00	3796	-	178	383	183	45	4585
07-Oct-00	3804	284	13	337	196	64	4698
14-Oct-00	4085	342	-	502	196	64	5189
21-Oct-00	2597	795	-	909	196	63	4560
28-Oct-00	3887	1648	-	939	195	63	6732
04-Nov-00	1990	2954	-	1229	149	86	6408
11-Nov-00	1322	2876	-	923	149	87	5357
18-Nov-00	1087	3045	-	1051	148	87	5418
25-Nov-00	309	3201	-	1349	148	87	5094
02-Dec-00	184	4392	-	1015	32	81	5704
09-Dec-00	169	5155	-	1179	32	81	6616
16-Dec-00	79	6034	-	1129	31	81	7354
23-Dec-00	28	5440	-	1128	31	81	6708
30-Dec-00	-	4475	-	1333	31	80	5919

Footnote appears at end of table.

Table continued on following page.



Table D-1--Continued

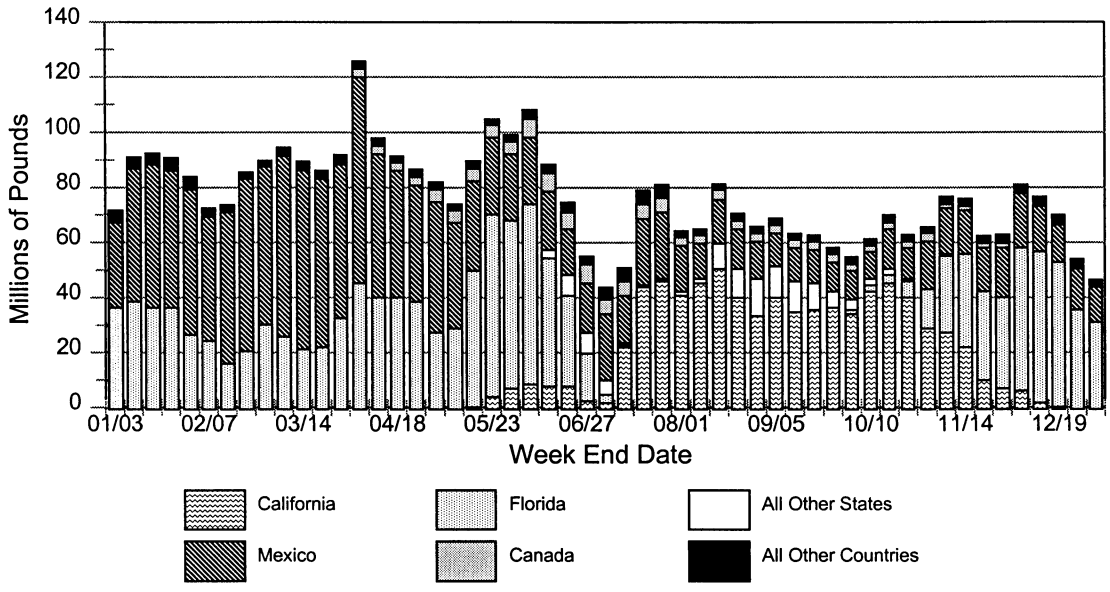
Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, in 10,000 pounds, weekly, 1998-2001

Week	Domestic			Other			Total
	California	Florida	All other states	Mexico	Canada <sup>1</sup>	All other countries <sup>1</sup>	
06-Jan-01	-	3735	-	2246	22	101	6104
13-Jan-01	-	2991	-	4107	22	101	7221
20-Jan-01	-	3336	-	3483	22	102	6943
27-Jan-01	-	4096	-	2596	21	102	6815
03-Feb-01	-	4364	-	3998	3	61	8426
10-Feb-01	-	4220	-	2790	3	61	7074
17-Feb-01	-	3613	-	4537	3	61	8214
24-Feb-01	-	3280	-	4140	3	61	7484
03-Mar-01	-	2583	-	4080	41	40	6744
10-Mar-01	-	1492	-	3884	41	39	5456
17-Mar-01	-	1103	-	4698	41	39	5881
24-Mar-01	-	2378	-	4218	41	39	6676
31-Mar-01	-	3124	-	4959	42	39	8164
07-Apr-01	-	4654	-	3275	147	45	8121
14-Apr-01	-	6283	-	2377	147	44	8851
21-Apr-01	-	6509	-	2141	147	44	8841
28-Apr-01	-	5959	-	1655	147	44	7805
05-May-01	-	4474	-	1379	286	54	6193
12-May-01	-	5757	-	1240	285	53	7335
19-May-01	-	5849	-	1061	285	54	7249
26-May-01	-	3921	-	1174	286	53	5434
02-Jun-01	51	3650	-	1191	261	43	5196
09-Jun-01	70	3108	94	950	261	43	4526
16-Jun-01	679	2822	607	1085	261	44	5496
23-Jun-01	2374	2517	1738	745	261	44	7679
30-Jun-01	2980	1621	1781	704	262	44	7392
07-Jul-01	2884	272	1529	515	835	141	6176
14-Jul-01	3239	-	766	588	836	142	5571
21-Jul-01	3025	-	5	385	836	142	4393
28-Jul-01	2923	-	-	454	836	142	4355
04-Aug-01	3520	-	336	431	601	200	5088
11-Aug-01	3258	-	454	187	601	201	4701
18-Aug-01	2906	-	310	322	600	201	4339
25-Aug-01	3045	-	704	385	600	201	4935
01-Sep-01	3002	-	1101	394	99	37	4633
08-Sep-01	2736	-	1144	602	100	37	4619
15-Sep-01	2977	-	1071	306	100	38	4492
22-Sep-01	3301	-	684	272	100	38	4395
29-Sep-01	3310	-	471	273	100	38	4192
06-Oct-01	4117	206	178	315	106	56	4978
13-Oct-01	4093	634	8	338	106	55	5234
20-Oct-01	4212	989	-	458	105	55	5819
27-Oct-01	3976	1419	-	520	105	55	6075
03-Nov-01	3199	2060	-	542	52	61	5914
10-Nov-01	1790	2802	-	695	52	61	5400
17-Nov-01	1396	3703	-	712	52	61	5924
24-Nov-01	613	4478	-	491	51	61	5694
01-Dec-01	552	5488	-	538	-	-	6578
08-Dec-01	138	5881	-	712	-	-	6731
15-Dec-01	166	5459	-	1087	-	-	6712
22-Dec-01	1	6632	-	1191	-	-	7824
29-Dec-01	5043	-	-	988	-	-	6031

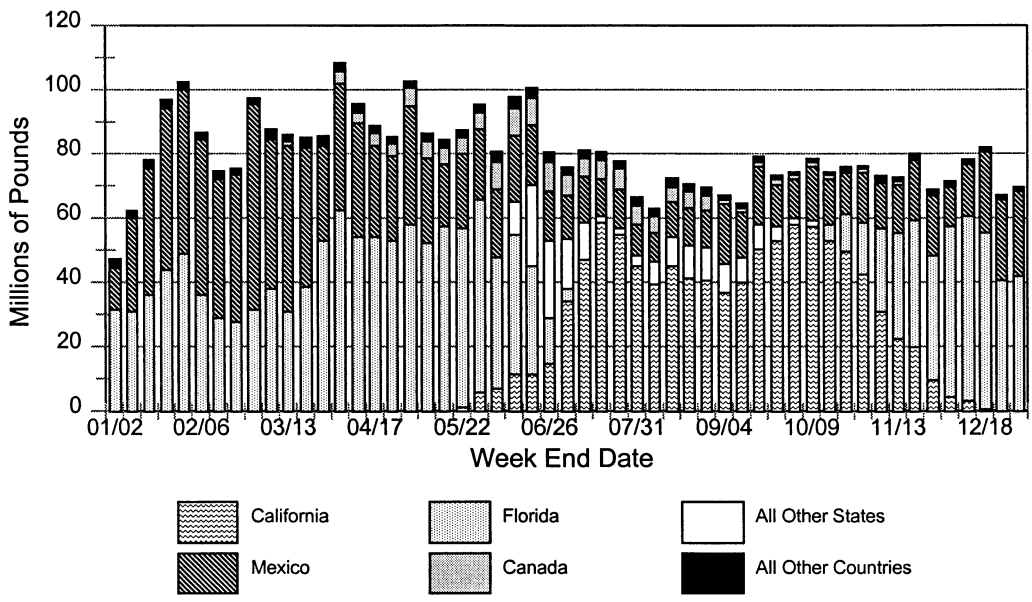
<sup>1</sup> Shipments for Canada and all other countries were provided on a monthly basis and have been divided equally among the relevant weeks.

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

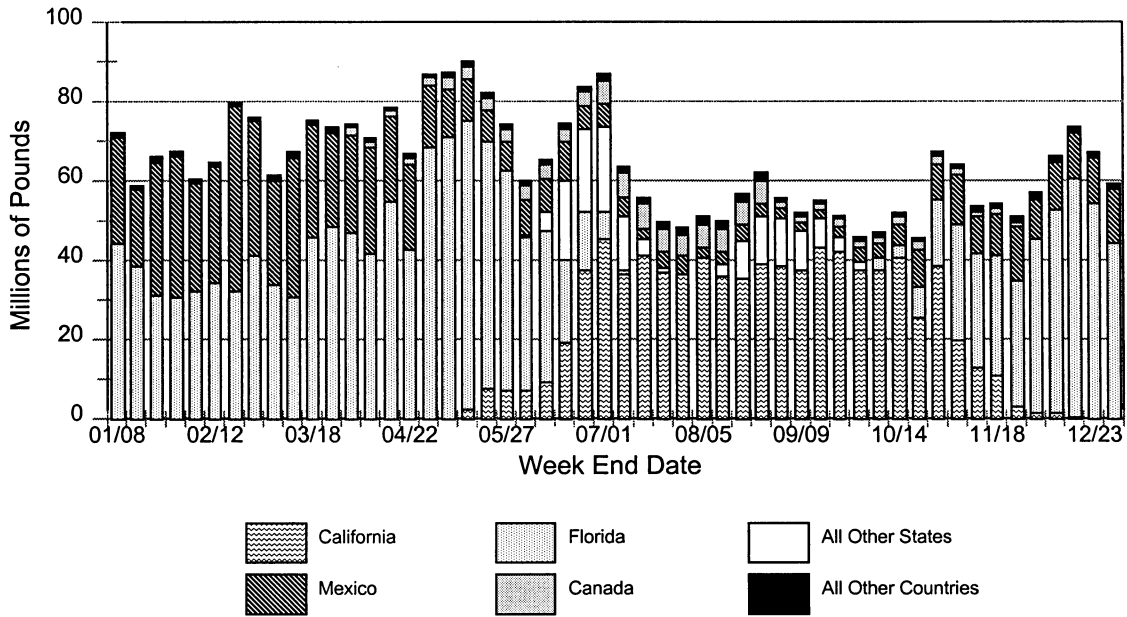
**Figure D-1**  
**Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, weekly, 1998**



**Figure D-2**  
**Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, weekly, 1999**



**Figure D-3**  
**Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, weekly, 2000**



**Figure D-4**  
**Fresh-market tomatoes: Volume of shipments from Florida, California, all other states, Canada, Mexico, and all other countries, weekly, 2001**

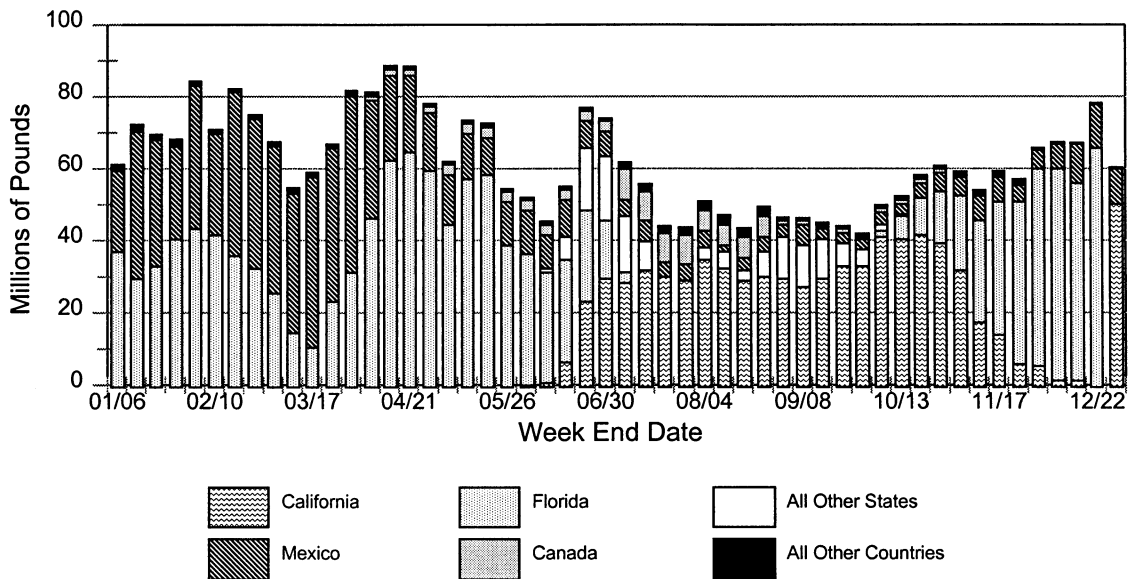


Table D-2

Field-grown tomatoes: Representative offer prices in New York and San Francisco for seven various fresh tomato products, weekly, 1998-2001

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.

**Table D-2--Continued**

**Field-grown tomatoes: Representative offer prices in New York and San Francisco for seven various fresh tomato products, weekly, 1998-2001**

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.

**Table D-2--Continued**

**Field-grown tomatoes: Representative offer prices in New York and San Francisco for seven various fresh tomato products, weekly, 1998-2001**

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	-	-	-	-

Table continued on following page.

**Table D-2--Continued**

**Field-grown tomatoes: Representative offer prices in New York and San Francisco for seven various fresh tomato products, weekly, 1998-2001**

Week	New York				San Francisco		
	Product 1	Product 2	Product 3	Product 4	Product 5	Product 6	Product 7
06-Jan-01	\$7.00-12.00	\$8.50-9.50	\$9.00-11.00	\$12.00-16.00	-	-	-
13-Jan-01	12.00-18.00	13.00-15.00	11.00-16.00	16.00-22.00	-	-	-
20-Jan-01	12.00-14.00	13.00	11.00-13.00	16.00	-	-	-
27-Jan-01	11.00-13.00	12.00-13.00	11.00-13.00	-	-	-	-
03-Feb-01	11.00-12.00	12.00-13.00	12.00-14.00	10.00-14.00	-	-	-
10-Feb-01	8.00-10.00	8.00-10.50	12.00	12.00	-	\$6.00-7.00	-
17-Feb-01	8.00-9.00	9.00-10.00	11.00-12.00	11.00-14.00	-	-	-
24-Feb-01	9.00-12.00	10.00-11.00	11.00-13.00	10.00-12.00	-	-	-
03-Mar-01	11.00-12.00	10.00-11.00	11.00-12.00	10.00-11.00	-	-	-
10-Mar-01	12.00-20.00	10.00-15.00	11.00-14.00	12.00-15.00	-	14.00-19.00	-
17-Mar-01	24.00-28.00	15.00-19.00	14.00-18.00	20.00-28.00	-	25.00	-
24-Mar-01	28.00-30.00	20.00-24.00	17.00-20.00	24.00-28.00	-	27.00-30.00	-
31-Mar-01	-	15.00-24.00	15.00-18.00	18.00-23.00	-	21.00-28.00	-
07-Apr-01	10.00-14.00	10.00-14.00	12.00-16.00	10.00-16.00	-	12.00-14.00	-
14-Apr-01	8.00-9.00	8.50-9.00	9.00-11.00	9.00-12.00	-	-	-
21-Apr-01	7.00-9.00	7.00-9.00	8.00-10.00	10.00-12.00	-	-	-
28-Apr-01	6.00-7.00	6.50-8.00	8.00-9.00	-	-	-	-
05-May-01	8.00-11.00	8.00-10.00	8.00-10.00	10.00	-	-	-
12-May-01	12.00-14.00	10.00-11.00	10.00	-	-	-	-
19-May-01	13.00-14.00	10.00-13.00	10.00-12.00	-	-	-	-
26-May-01	15.00-16.00	12.00-14.00	12.00	-	-	-	-
02-Jun-01	10.00-16.00	12.00-14.00	10.00-12.00	-	-	-	-
09-Jun-01	7.00-10.00	9.00-10.00	10.00	-	-	-	-
16-Jun-01	8.00	9.00-10.00	9.00-11.00	-	-	-	-
23-Jun-01	9.00-10.00	9.00-10.00	9.00-10.00	-	-	-	-
30-Jun-01	8.00-9.00	9.00-10.00	10.00	-	-	-	-
07-Jul-01	8.00-9.00	9.00	10.00	-	-	-	-
14-Jul-01	-	9.00-10.00	10.00-11.00	-	\$10.00-11.00	-	-
21-Jul-01	-	9.00-11.00	10.00	-	-	-	-
28-Jul-01	-	9.00-10.00	9.00-10.00	-	6.00-8.00	-	-
04-Aug-01	-	9.00	9.00-10.00	-	6.00-7.00	-	-
11-Aug-01	-	8.00-9.00	9.00-10.00	8.00-9.00	-	-	-
18-Aug-01	-	9.00-11.00	9.00-10.00	9.00-10.00	8.00-12.00	-	-
25-Aug-01	-	10.00-13.00	10.00-12.00	-	10.00-11.00	-	-
01-Sep-01	-	12.00-13.00	9.00-11.00	14.00	10.00-13.00	-	-
08-Sep-01	-	10.00-11.00	8.00-10.00	12.00	10.00	-	-
15-Sep-01	-	9.00-10.00	9.00-10.00	12.00	7.00-9.00	-	-
22-Sep-01	-	8.50-10.00	8.00-9.00	11.00-12.00	6.00-8.00	-	-
29-Sep-01	9.00	8.50-9.00	9.00	12.00	9.00	-	-
06-Oct-01	11.00-12.00	10.00-11.00	8.00-10.00	12.00-14.00	11.00-12.00	-	-
13-Oct-01	11.00-14.00	12.00	9.00-11.00	12.00-16.00	12.00-14.00	-	-
20-Oct-01	12.00-13.00	11.00-12.00	9.00-11.00	12.00-13.00	12.00-13.00	-	-
27-Oct-01	13.00-14.00	11.00-13.00	10.00-11.00	10.00-14.00	13.00-14.00	-	-
03-Nov-01	12.00-14.00	11.00-12.00	10.00-11.00	10.00-14.00	12.00-13.00	-	-
10-Nov-01	11.00-13.00	11.00-12.00	10.00-11.00	10.00-12.00	12.00-13.00	-	-
17-Nov-01	12.00-14.00	12.00	10.00-11.00	11.00-12.00	11.00-13.00	-	-
24-Nov-01	13.00-14.00	12.00	10.00	14.00-16.00	-	-	-
01-Dec-01	8.00-12.00	9.00-12.00	8.00-10.00	12.00-14.00	-	-	-
08-Dec-01	6.00-8.00	8.50	8.00-10.00	-	-	-	-
15-Dec-01	7.00-12.00	8.50-10.00	9.00-10.00	-	-	-	-
22-Dec-01	12.00	11.00-12.00	9.00-11.00	-	-	-	-
29-Dec-01	12.00-14.00	10.00-11.00	9.00-10.00	13.00-14.00	-	-	-

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

## Questionnaire Price Data

Questionnaires sent to growers and packers of tomatoes requested weekly quantity and value data between January 1999 and December 2001 for two field-grown products:

**Product 3: Beefsteak (round), jumbo, or extra large field grown vine-ripe tomatoes for the fresh market, 20-pound box or equivalent**

**Product 4: Beefsteak (round), jumbo, or extra large field grown mature green tomatoes for the fresh market, 25-pound box or equivalent**

Two growers and six packers provided usable pricing data. Since the field-grown tomatoes typically get shipped through packers before selling to market, packer-level pricing data are a more apt comparison for relative timing and pricing levels when comparing to greenhouse tomatoes. Therefore, growers' data are not included in the tables and figures. Tables D-3 and D-4 and figures D-5 through D-8 present delivered prices for products 3 and 4 to the retail and distributor markets.

**Table D-3**  
**Field-grown tomatoes: Weighted-average weekly prices for product 3 and 4 sold by packers to retailers, 1999-2001**

\*   \*   \*   \*   \*   \*   \*

**Table D-4**  
**Field-grown tomatoes: Weighted-average weekly prices for product 3 and 4 sold by packers to wholesalers, 1999-2001**

\*   \*   \*   \*   \*   \*   \*

**Figure D-5**  
**Field-grown tomatoes: Delivered prices of domestic products 3 and 4 sold to the retail market, weekly, 1999-2001**

\*   \*   \*   \*   \*   \*   \*

**Figure D-6**  
**Field-grown tomatoes: Volume of domestic products 3 and 4 sold to the retail market, weekly, 1999-2001**

\*   \*   \*   \*   \*   \*   \*

**Figure D-7**  
**Field-grown tomatoes: Delivered prices of domestic products 3 and 4 sold to the distributor market, weekly, 1999-2001**

\*   \*   \*   \*   \*   \*   \*

**Figure D-8**  
**Field-grown tomatoes: Volume of domestic products 3 and 4 sold to the distributor market, weekly, 1999-2001**

\*   \*   \*   \*   \*   \*   \*



**APPENDIX E**

**FINANCIAL RESULTS OF RESPONDING U.S. PACKERS AND  
GROWER/PACKERS OF FIELD-GROWN TOMATOES**



The Commission received two sets of financial data related to operations on field-grown tomatoes: one set from 7 respondents completing the growers' questionnaire and the other from 6 respondents completing the packers' questionnaire. Financial data from the packers' questionnaire, as well as data from 2 growers indicating that they were "grower/packers," were generally complete and are therefore presented here. The financial data reported by stand-alone growers were generally incomplete and are therefore not presented.<sup>1</sup>

Field-grown tomato packers reported their financial information using accrual generally accepted accounting principles (GAAP), tax accounting, and cash basis accounting. The majority reported their operations for calendar-year periods.<sup>2</sup>

Table E-1 presents reported operating results for grower/packers and packers of field-grown tomatoes. Table E-2 presents these operating results on a unit basis. The financial data generally represent the gross sales value of the field-grown tomatoes, as opposed to net packing and processing fees obtained from the growers and wholesalers by packers.

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<sup>1</sup> After reviewing both the growers' questionnaire responses and the packers' questionnaire responses, the ITC accountant attempted to contact respondents in order to request clarification or that missing data be submitted to the Commission. With some exceptions, there was generally only a limited response to requests for supplemental or missing information.

<sup>2</sup> \*\*\*.

Table E-1

## Results of responding U.S. packers and grower/packers of field-grown tomatoes, calendar years 1998-2001

Item	Calendar year			
	1998	1999	2000	2001
	<b>Quantity (1,000 pounds)</b>			
Total revenue	644,183	800,507	891,822	831,001
	<b>Value (\$1,000)</b>			
Total revenue	214,396	241,597	282,974	266,271
Operating expenses	185,419	206,929	240,941	229,636
Operating income or (loss)	28,977	34,668	42,033	36,635
Net other income and expenses	990	77	(1,072)	(731)
Net income or (loss)	27,987	34,591	43,104	37,366
Depreciation/amortization	9,809	6,788	5,550	5,649
Cash flow	37,797	41,379	48,654	43,014
	<b>Ratio to net sales (percent)</b>			
Operating expenses	86.5	85.7	85.1	86.2
Operating income or (loss)	13.5	14.4	14.9	13.8
Net other income and expenses	0.5	0.0	(0.4)	(0.3)
Net income or (loss)	13.1	14.3	15.2	14.0
	<b>Number of firms reporting</b>			
Operating losses	0	0	0	0
Data	8	8	8	7
Note: ***.				
Source: Compiled from data submitted in response to Commission questionnaires.				

**Table E-2****Results of operations (*per pound*) of responding U.S. packers and grower/packers of field-grown tomatoes, calendar years 1998-2001**

Item	Calendar year			
	1998	1999	2000	2001
	<b>Unit value (<i>per pound</i>)</b>			
Revenue	\$0.33	\$0.30	\$0.31	\$0.32
Operating expenses	0.28	0.25	0.27	0.28
Operating income or (loss)	0.04	0.04	0.05	0.04
Net income or (loss)	0.04	0.04	0.05	0.05
Source: Compiled from data submitted in response to Commission questionnaires.				



**APPENDIX F**

**EFFECTS OF IMPORTS OF GREENHOUSE TOMATOES FROM CANADA  
ON U.S. FIRMS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS,  
GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL**





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

**Actual Negative Effects**

Greenhouse tomato growers

\* \* \* \* \*

Field-grown tomato growers<sup>1</sup>

\* \* \* \* \*

Field-grown tomato packers<sup>1</sup>

\* \* \* \* \*

**Anticipated Negative Effects**

Greenhouse tomato growers

\* \* \* \* \*

Field-grown tomato growers<sup>1</sup>

\* \* \* \* \*

Field-grown tomato packers<sup>1</sup>

\* \* \* \* \*

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<sup>1</sup> This designation refers to the questionnaire completed by the respondent and submitted to the Commission.