

**Before the  
United States International Trade Commission**

**Investigation No. 332-352:  
Report on the Andean Trade Preference Act**

**Testimony of**

**Christine Boldt and Gabriel Becerra**

**July 7, 2010**

Good morning Madam Chairperson and members of the Commission, my name is Christine Boldt and I am the Executive Vice President of the Association of Floral Importers of Florida, AFIF for short. I have been with AFIF since 2004, but my family has been involved with the flower importing business since 1974. I worked for years for flower importers and now instead of representing one company, I represent all importers.

The Association was formed in 1982 in order to give the flower importers, mainly located in Miami, a united voice with issues affecting the flower importing industry. AFIF is funded solely by member dues, and our main focus is ensuring the free flow of flowers into the United States. AFIF member companies represent about 80 percent of the flowers that are imported into Florida.

Miami International Airport is the number one destination for the flowers that come mainly from the Andean region. 87.3% of all flowers that are imported into the US come through Miami International Airport and are distributed throughout the US. Approximately 220,000 jobs in the floral industry depend on the free flow of Andean floral imports. These include sectors such as: airlines, CBP and USDA personnel, custom brokers, flower importers, truck transporters, wholesale operations, retail flower shops, internet providers, supermarkets and mass markets.

There are approximately 4.2 billion stems of flowers yearly that are imported mainly from Colombia and Ecuador. 60% of the flowers are from Colombia, 30% are from Ecuador and the other 10% from the rest of the world. The imported flower industry does not have seasons it is a year round product. These flowers play a major role in supporting the estimated \$20 billion US floriculture industry. Imported flowers make up approximately 75% of the total fresh flower supply in the US.

The US flower industry is intensely competitive, margins are very thin, with operating profits for most flower importers at about 2 to 4 percent. With the current short term extensions of the ATPA over the last 4 years, it has had a big impact on the flower industry. As with most businesses, long term planning is necessary for business development and sustainability. Having only 6 to 12 month extensions put a lot of strain

on our “penny” industry. Currently, the ATPA is slated to expire on December 31, 2010, which is prior to the flower industries two largest holidays. Not knowing if there will be duties, does not give the flower importing industry the ability to “pre-sell” or prepare pricing. The uncertainty of possible duties if the ATPA is not renewed makes proper cost analysis and correct pricing almost impossible. The industry requires set pricing or “pre-books” months in advance and sometimes a year ahead.

In December 2001, the tariff preferences under the ATPA lapsed for eight months until it was renewed. Duties for flowers range from 3 to 7 percent and the industry paid an estimated \$2.5 million per month in duties. The industry had to pay duties on flowers for their two largest holidays, Valentine’s Day and Mother’s Day shipments. Even though this loss of preferences was temporary, there were jobs lost in the US, companies that could not sustain the additional cost, exited the market. In a perishable commodity it is difficult to pass on extra costs to the general consumer.

US companies have invested more than \$250 million directly into the Colombian flower industry and own approximately 17 percent of the total Colombian flower production. This accounts for nearly 20 percent of the total exports to the US.

These US investments were actually started by growers going to Colombia and Ecuador, realizing that the climate is almost perfect for the growing conditions needed for year round steady flower production. With the climate advantages, Colombia and Ecuador have been able to grow and thrive at supplying products that are only seasonable in other areas of the world. The labor availability was another great asset not only to the flower industry but to the economy of the Andean region. The flower industry in Colombia and Ecuador alone employ over 300,000 people as the flower industry is reliant on people for every aspect of the propagation, planting, growing, harvesting, processing, packing, etc. The average farm in Colombia employs 16 people per hectare of flowers produced. Most of these people would not have employment if not for the flower industry.

The US floral importing community depends on the renewal of the ATPA for continued business and future growth.

Madame Chairperson and distinguished members of this Commission:

Good morning. I am Gabriel Becerra, President of Atlas Flowers Inc DBA Golden Flowers, incorporated in Miami, Fl in 1990. My main duty is “Helping People Express Feelings with Flowers”. The Company imports and distributes fresh cut flowers throughout United States. I had been employed by Golden since 1992, and currently serve as an officer in the Boards of Directors of: - AFIF (Association of Floral Importers of Florida (where I was its President few years ago), - FPO (Flower Promotion Organization) a joint effort between US domestic growers, mainly Californian, and Colombian Growers, - WFFSA (Wholesale Florist and Florist Supplier Association) and a trustee in AFE (American Floral Endowment).

Golden Flowers has 50 employees and operates in a building in the west area of Miami International Airport (MIA) where we receive flowers from more than 30 farms in Colombia that provide employment to several thousands of workers, a high percentage being women (single, heads of families) that had been able to improve their socio-economical conditions with their jobs in the flower farms. The floral industry in Colombia is located mainly in the regions of Bogota and Rionegro (near Medellin) and has become a "security belt" against the "narco-guerrillas" and a generator of more than 120,000 direct jobs and more than 90,000 indirect jobs that have protected employees and their families from getting involved in illegal activities for many years.

The investment in a flower farm is intensive in capital and requires well trained labor in order to be competitive. It is a long term investment and they cannot be established overnight. The breeding process plus the definition of new varieties to be planted takes several years and is based on trial and error. The production cycle takes several months depending on the type of flower.

The floral industry is one of the most important job generators in South Florida with more than 15,000 direct employees and many thousands of indirect jobs in Customs, USDA, Airlines, Freight Forwarders, Importers, Trucking Companies, MIA, among others. ATPA has been extremely important to preserve these jobs in the last couple years as the economic crisis of the US has impacted our business all over the country. We had already a very low margin, highly competitive and very price sensitive industry and totally dependent on the preferences provided by ATPA.

The flower industry in Colombia has been instrumental in the success of programs in Sustainability (Environmental Protection and Social Responsibility), and in the improvement of the wellbeing of many, many families in Colombia. I, personally, can testify that the farms that we represent in the US market, participate in many programs that benefit the workers and their families like: Florverde (about sustainability), "Cultivating Peace in the Family" (on conflict resolution, supported by USAID), "School of Floriculture" (for families displaced by violence), "Flowers are Home" (on housing solutions), etc. The preferences under the ATPA have helped many farms to be involved in these programs.

Today more than ever before, for the future of the Floral Industry in Florida and in the entire United States, we respectfully, request the long term renewal of the ATPA. These jobs and the future of our industry are tightly related to the duty-free entry of flowers from the Andean Countries in the ATPA that also, benefits the US consumers, tremendously, making flowers affordable. The ITC has data of savings that benefit the US consumer through lower prices while under the ATPA.

As member of the boards of several associations/organizations in the Floral Industry for many years, I have had the opportunity to discuss and agree with my fellow colleagues how important is the ATPA, and its long term extension...thousands of US workers depend on this!