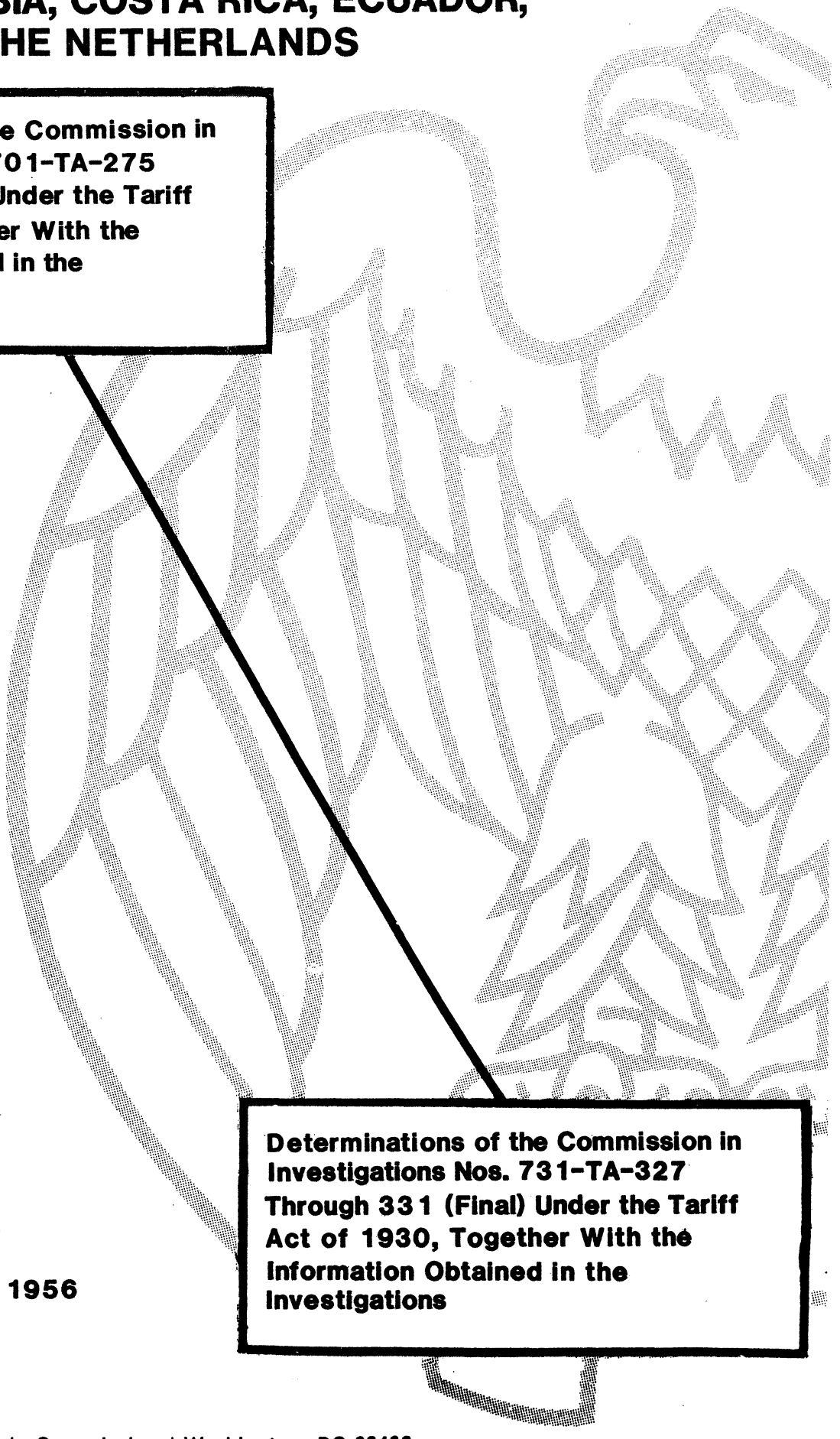
CERTAIN FRESH CUT FLOWERS FROM CANADA, CHILE, COLOMBIA, COSTA RICA, ECUADOR, ISRAEL, AND THE NETHERLANDS

Determinations of the Commission in Investigations Nos. 701-TA-275 Through 278 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations



Determinations of the Commission in Investigations Nos. 731-TA-327 Through 331 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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Note.--Information that would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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
Washington, DC

Investigations Nos. 701-TA-275 though 278 (Final), and
Investigations Nos. 731-TA-327 through 331 (Final)

CERTAIN FRESH CUT FLOWERS FROM CANADA, CHILE, COLOMBIA, COSTA RICA, ECUADOR, ISRAEL, AND THE NETHERLANDS

Determinations

On the basis of the record 1/ developed in its countervailing duty investigations, the Commission has made its determinations pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), as amended (the "Act"). In the tabulation of the Commission's determinations which follows, a determination of "affirmative" indicates that the Commission determines that an industry in the United States is materially injured by reason of imports of certain fresh cut flowers, 2/ provided for in items 192.17 and 192.21 of the Tariff Schedules of the United States (TSUS), 3/ which have been found by the U.S. Department of Commerce to be subsidized by the governments of the cited countries:

Country	Investigation No.	Product	Determination
Canada.....	701-TA-275 (Final)	Standard carnations	Affirmative 4/
		Miniature carnations	Negative
Chile.....	701-TA-276 (Final)	Standard carnations	Affirmative 4/

1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(i)).

2/ A determination of "negative" indicates that the Commission determines that an industry in the United States is not materially injured, nor threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports of certain fresh cut flowers.

3/ Miniature carnations are provided for in item 192.17 of the Tariff Schedules of the United States (TSUS). All other fresh cut flowers subject to these investigations are provided for in item 192.21 of the TSUS.

4/ Chairman Liebeler and Vice Chairman Brunsdale dissenting.

Israel.....	701-TA-277 (Final)	Miniature carnations	Negative 1/
		Gerberas	Negative
The Netherlands..	701-TA-278 (Final)	Miniature carnations	Negative
		Standard chrysanthemums	Affirmative 2/
		Alstroemeria	Negative
		Gerberas	Negative

On the basis of the record developed in its antidumping investigations, the Commission has made its determinations pursuant to section 735(b) of the Act (19 U.S.C. 1673d(b)). In the tabulation of the Commission's determinations which follows, a determination of "affirmative" indicates that the Commission determines that an industry in the United States is materially injured by reason of imports of certain fresh cut flowers, provided for in items 192.17 and 192.21 of the TSUS, which have been found by the U.S. Department of Commerce to be sold in the United States at less than fair value, except for the affirmative determination regarding miniature carnations from Colombia, where the Commission's affirmative determination is based on a threat of material injury to the domestic industry by reason of imports of miniature carnations, provided for in item 192.17 of the TSUS, which have been found by the U.S. Department of Commerce to be sold in the United States at less than fair value:

Country	Investigation No.	Product	Determination
Canada.....	731-TA-327 (Final)	Standard carnations	Affirmative 2/
		Miniature carnations	Negative
Chile.....	731-TA-328 (Final)	Standard carnations	Affirmative 2/

1/ Commissioners Eckes and Rohr find threat of material injury. They would not have found material injury by reason of the imports but for suspension of liquidation of entries of that merchandise.

2/ Chairman Liebeler and Vice Chairman Brunsdale dissenting.

Colombia.....	731-TA-329 (Final)	Standard carnations	Affirmative 1/
		Miniature carnations	Affirmative 1/
		Standard chrysanthemums	Affirmative 1/
		Pompom chrysanthemums	Affirmative 1/
		Alstroemeria	Negative
		Gerberas	Negative
		Gypsophila	Negative
Costa Rica.....	731-TA-330 (Final)	Standard carnations	Affirmative 1/
		Miniature carnations	Negative 2/
		Pompom chrysanthemums	Affirmative 1/
Ecuador.....	731-TA-331 (Final)	Standard carnations	Affirmative 1/
		Miniature carnations	Negative 2/
		Standard chrysanthemums	Affirmative 1/
		Pompom chrysanthemums	Affirmative 1/

Background

On October 27, 1986, the U.S. Department of Commerce published its preliminary determinations that benefits which constitute subsidies, bounties, or grants are being provided to producers or exporters of certain fresh cut flowers in Canada, Costa Rica, Ecuador, Colombia, Israel, the Netherlands, and Peru. On November 3, 1986, Commerce published its preliminary determinations that certain fresh cut flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Kenya, Mexico, and Peru are being, or are likely to be, sold in the United States at less than fair value. Accordingly, effective October 27, 1986, the U.S. International Trade Commission instituted final investigations under the applicable provisions of the Tariff Act of 1930 to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of the subject products into the

1/ Chairman Liebeler and Vice Chairman Brunsdale dissenting.
2/ Commissioners Eckes and Rohr find threat of material injury. They would not have found material injury by reason of the imports but for suspension of liquidation of that merchandise.

United States. On February 3, 1987, Commerce published its final determination that benefits which constitute subsidies are being provided to producers or exporters of certain fresh cut flowers in Chile. Accordingly, effective February 3, 1987, the Commission instituted a corresponding final investigation.

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing notices in the Federal Register of November 19, 1986 (51 F.R. 41840), January 7, 1987 (52 F.R. 610), and February 11, 1987 (52 F.R. 4391). The Commission's hearing was held in Washington, DC, on February 2, 1987, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF COMMISSIONER ECKES, COMMISSIONER LODWICK, AND COMMISSIONER ROHR

On the basis of the information of record in these investigations, we determine that:

(1) an industry in the United States is materially injured by reason of imports of standard carnations from Canada and Chile, which the Department of Commerce (Commerce) has determined are subsidized, and imports of standard carnations from Canada, Chile, Colombia, Costa Rica, and Ecuador, which Commerce has determined are sold at less than fair value (LTFV);

(2) an industry in the United States is materially injured by reason of imports of standard chrysanthemums from the Netherlands, which Commerce has determined are subsidized, and imports of standard chrysanthemums from Colombia and Ecuador, which Commerce has determined are sold at LTFV;

(3) an industry in the United States is materially injured by reason of imports of pompom chrysanthemums from Colombia, Costa Rica, and Ecuador, which Commerce has determined are sold at LTFV;

(4) an industry in the United States is not materially injured or threatened with material injury, [1/] by reason of imports of alstroemeria from the Netherlands, which Commerce has determined are subsidized and/or imports of alstroemeria from Colombia which Commerce has determined are sold at LTFV;

(5) an industry in the United States is not materially injured or threatened with material injury by reason of imports of gerberas from Israel and/or the Netherlands, which Commerce has determined are subsidized and/or

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1/ Material retardation is not an issue in these investigations, and is not discussed.

imports of gerberas from Colombia, which Commerce has determined are sold at LTFV;

(6) an industry in the United States is not materially injured or threatened with material injury by reason of imports of gypsophila from Colombia, which Commerce has determined are sold at LTFV;

(7) an industry in the United States is threatened with material injury by reason of imports of miniature carnations from Colombia, which Commerce has determined are sold at LTFV; 2/

(8) an industry in the United States is not materially injured, or threatened with material injury, by reason of imports of miniature carnations from Canada and/or the Netherlands, which Commerce has determined are subsidized, or by imports from Canada, which Commerce has determined are sold at LTFV.

(9) Commissioner Lodwick determines that an industry in the United States is not materially injured or threatened with material injury, by reason of imports of miniature carnations from Israel, which Commerce has determined are subsidized, and/or by imports from Costa Rica and/or Ecuador, which Commerce has determined are sold at LTFV.

(10) Commissioners Eckes and Rohr determine that an industry in the United States is threatened with material injury by reason of imports of

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2/ In addition, pursuant to 19 U.S.C. § 1673d(b)(4)(B), we determine that we would not have found material injury by reason of imports of miniature carnations from Colombia, which Commerce has determined are sold at LTFV but for the suspension of liquidation of entries of that merchandise. Commissioners Eckes and Rohr make the same finding with respect to their affirmative threat determinations regarding subsidized miniature carnations from Israel and LTFV imports from Costa Rica and Ecuador.

miniature carnations from Israel, which Commerce has determined are subsidized and also by imports from Costa Rica and from Ecuador, which Commerce has determined are sold at LTFV.

LIKE PRODUCT

As a prerequisite to the Commission's material injury analysis, it must first define the relevant domestic industry. The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product; . . ." [3/] In turn, "like product" is defined 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. . . ." [4/] Consequently, the definition of the like product legally defines the scope of the relevant domestic industry under consideration by the Commission.

The "article subject to an investigation" is defined by the scope of the investigations initiated by Commerce. In these investigations, the articles subject to investigation are:

(1) standard carnations imported from Canada, Chile, Colombia, Costa Rica, Ecuador, and Kenya;

(2) miniature carnations imported from Canada, Colombia, Costa Rica, Ecuador, Israel, Kenya, the Netherlands, and Peru;

(3) standard chrysanthemums imported from Colombia, Ecuador, and the Netherlands;

3/ 19 U.S.C. § 1677(4)(A).
4/ 19 U.S.C. § 1677(10).

(4) pompom chrysanthemums imported from Colombia, Costa Rica, Ecuador, and Peru;

(5) alstroemeria imported from Colombia and the Netherlands;

(6) gerberas imported from Colombia, Israel, and the Netherlands; and

(7) gypsophila imported from Colombia and Peru.

The fundamental like product question in these investigations is what domestic flower (or flowers) is (are) like the seven types of imported flowers subject to investigation, within the meaning of the statute.

In the preliminary investigations, the Commission determined that the domestic product like the seven imported flowers subject to investigation is all fresh cut flowers. 5/ The Commission specifically noted that this determination was for purposes of the preliminary investigations. 6/ Among the issues the Commission suggested it wished to consider further in any final investigations were whether there is a separate domestic product like each of the imported flowers, and whether other fresh cut flowers can or should be excluded from the like product as defined on the basis of differences in their particular characteristics and uses.

Petitioner continued to argue, as in the preliminary investigations, that the seven flowers subject to investigations (the subject flowers) are a single like product, and that no other fresh cut flowers are "like" the subject flowers. Petitioner argued that the scope of the investigations instituted by Commerce, which defines the seven subject flowers as the "class or kind" of

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5/ Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru, Invs. Nos. 303-TA-17-18, 701-TA-275-278, and 731-TA-327-334 (Preliminary), USITC Pub. No. 1877 at 8 (1986).

6/ Id. at 8 n.15.

merchandise subject to investigation, limits the Commission's like product determination to the group of the subject flowers, since the identical flowers are produced in the United States. In addition, petitioner argued that there is a high degree of substitutability and competition between and among the subject flowers, that the subject flowers directly compete with and impact on each other, but do not compete with other fresh cut flowers, or if they do, only to an insignificant degree, and that the price of one of the subject flowers has a direct impact on sales of one or more of the other subject flowers. In addition, petitioner suggested that the Commission can consider the production of the seven flowers in the aggregate as the domestic industry pursuant to section 771(4)(d). Alternatively, petitioner argued that the Commission may consider the "five flower groups" (carnations, chrysanthemums, alstroemeria, gerberas and gypsophila) as five like products, or consider each of the seven flowers as a separate like product.

Respondents made several different arguments with respect to the like product issue. Counsel for FTD, Asocolflores, and the Government of Israel argued that the domestic product like the seven imported flowers is all fresh cut flowers. Counsel for the Netherlands' interests argued that the Commission must find a separate like product corresponding to each of the seven flowers subject to investigation. Counsel for Peru argued that whatever may be true with respect to the other flowers subject to investigation, gypsophila is not "like" the other six flowers, and must be considered a separate like product from the other six flowers.

The Commission has noted in past investigations that minor variations in products are an insufficient basis for separate like product analysis. In making its determinations, the Commission has examined physical appearance,

customer perceptions of the articles, common manufacturing facilities and production employees, channels of distribution, and interchangeability between products. 7/ In addition, petitioner's argument that the Commission's like product determination is limited to products within the "class or kind" of merchandise investigated by Commerce is, in our view, without foundation. Commerce's "class or kind" determination, and the scope of its investigation, define the universe of imported articles which the Commission is to consider in making its like product determination. The Commission is to analyze the characteristics and uses of the imported articles, and determine what domestic products share those characteristics and uses. The latter determination then defines the domestic product "like" the imported articles within the meaning of the statute. While in many cases, the domestic like product may be coextensive with the imported articles, identity is not a requirement. 8/ Therefore, in our opinion, the Commission is not restricted to defining a domestic like product which comports with the scope of Commerce's investigation.

Information concerning the specific characteristics, uses, and production processes of the subject flowers, as well as market factors and channels of distribution, is set forth in the Report of the Commission at A-10-A-11,

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7/ 64K Dynamic Random Access Memory Components from Japan, Inv. No. 731-TA-270 (Final), USITC Pub. No. 1862 at 6 nn.7 & 8, and cases cited therein (1986).

8/ We note that the Court of International Trade has held that the Commission's like product determination need not be coterminous with Commerce's class or kind determination, and has specifically held that the Commission may make a like product and consequent domestic industry determination that is narrower than Commerce's "class or kind" determination. Badger-Powhatan, Div. of Figgie v. United States, 608 F. Supp. 653 (Ct. Int'l Trade 1985).

A-18-A-20, and A-29-A-32, and is not repeated here. There was testimony at the hearing concerning the substitutability of various cut flowers. One wholesaler suggested that while there is interchangeability among different flowers at the consumer level (i.e. once a consumer decides to buy flowers, flowers will be bought, even if the specific ones first chosen are not available or too expensive), wholesalers are restricted in their ability to substitute different flowers from those ordered in their sales to retailers. Another witness divided all fresh cut flowers into three groups: line flowers, round flowers, and filler flowers, based on their shape and esthetic effects in flower arranging, and suggested that while different flowers are generally interchangeable within each group, there is little or no substitutability between the three groups. Importers generally reported to the Commission that they do not substitute flowers in their sales to retailers, or if they do, it is within the same variety of flowers, i.e. a different grade or perhaps color. One industry official stated that the seven subject flowers are the most important and most commonly used, particularly in wire service sales of floral arrangements. 9/ The subject flowers accounted for approximately 47 percent of the quantity of estimated U.S. producers' domestic shipments of fresh cut flowers in 1985. 10/

To the extent that there is truth to each of petitioner's arguments supporting the conclusion that the seven flowers subject to investigation comprise a single like product, the same argument would support the conclusion that other cut flowers are like the imports under investigation. Thus, if in fact standard carnations and gypsophila (commonly called baby's breath) are

9/ Report of the Commission (Report) at A-8.
10/ Id. at Table 8.

highly substitutable for each other and compete with each other, and have an effect on each other's prices and sales, then it appears likely that other flowers not subject to investigation, such as tulips, or lilies, or statice, or even roses, are in the same position. The Commission may not arbitrarily determine that some cut flowers, but not others, are like the imported flowers subject to investigation. In our view, there is no legally sufficient basis for a determination that there is one like product comprising only the seven flowers named in the petitions.

The petitioner's arguments in support of the conclusion that the seven subject cut flowers are one like product would lead to the conclusion that all fresh cut flowers are like the seven flowers subject to investigation. In terms of general characteristics and uses of the articles under investigation, all fresh cut flowers share certain characteristics, such as a certain beauty, the need to be placed in water, protected from heat and light, and a high degree of perishability. In addition, fresh cut flowers all share the same general uses, as decorative elements in homes and public places.

Nonetheless, there are clearly differences between each of the seven cut flowers subject to investigation. We do not consider these differences to be minor. Not only do the flowers differ in physical appearance, including shape, length of stem, overall size, color, etc., but there are also differences as to how long they will survive under normal conditions, the particular uses to which they are put by purchasers, both retail and ultimate consumers, and even in some cases the manner in which they are produced. Thus, for instance, baby's breath will survive in its fresh state for 10-12 days, and will last up to a year or more dried, while carnations may survive only 5-7 days. A consumer who wishes to purchase a boutonniere is not likely

to substitute a large, daisy-like gerbera, or small, lily-like alstroemeria, for the more conventional carnation. Similarly, a retailer ordering for Valentine's Day is not likely to accept yellow chrysanthemums in place of red carnations. In addition, someone who wishes to design a floral arrangement is not likely to substitute a "filler" flower like gypsophila for large, brightly colored gerberas, which can serve as a focal point for an arrangement. While most of the flowers under investigation can be and are grown in greenhouses or under some sort of shelter, gypsophila are largely a field crop, and certain of the other flowers may be grown in the field in appropriate circumstances. These factors all suggest that only the domestically grown flower of the same variety is like each of the seven flowers subject to investigation.

Focusing on the specific characteristics and uses of the seven flowers subject to investigation supports the conclusion that each domestically produced fresh cut flower is like only the imported flower of the same type. 11/ In our view, the essential characteristics of the imported flowers subject to investigation include the specific characteristics and uses of each of the different flower types subject to investigation. Therefore, we conclude that there are seven like products in this investigation, one corresponding to each of the seven types of imported flowers subject to investigation.

11/ This conclusion is consistent with the Commission's determination in Fresh Cut Roses from Colombia, Inv. No. 731-TA-148, USITC Pub. No. 1575 (1984). In Roses, the Commission concluded that the domestic product like the imported roses was roses, and that the domestic industry consisted of the facilities of U.S. growers devoted to the production of fresh cut roses.

DOMESTIC INDUSTRY

Having concluded that there are seven like products, we further determine that there are seven domestic industries, each devoted to the production of one of the like products. In these investigations, there is limited data available concerning some of the factors generally considered in our analysis of material injury and causation related specifically to the domestic industry producing each of the seven types of flowers at issue.

As a general proposition, given the generally small size of the producers in the domestic industry, we have doubts as to the validity of data disaggregated and allocated to the level of production of the individual flowers. 12/ Therefore, we determine that it is appropriate to apply the provisions of section 771(4)(d) in analyzing the information in the record where the disaggregated information is either not available, or not reliable.

Section 771(4)(d) provides:

> Product lines.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided. 13/

12/ The level of doubt regarding disaggregated data cannot be precisely quantified, but it is not the same for all such data. As noted in the Report, allocations in the P & L data are more suspect at the disaggregated level. Production, shipments, and pricing data are significantly less suspect, probably no more so than in any Commission investigation where product-by-product analysis is undertaken.

13/ 19 U.S.C. § 1677(4)(D).

Therefore, in addition to, and in some instances instead of, data relating to each of the separate industries, we have considered data for the narrowest range of products for which reliable data are available in making our determinations.

CUMULATION

Pursuant to the Trade and Tariff Act of 1984, the Commission is to cumulatively assess the volume and effect of imports in certain circumstances. 14/ To warrant a cumulative analysis under the Act, imports must satisfy three requirements. They must compete with both other imports and the domestic like product, be marketed within a reasonably coincidental period, and be subject to investigation. In determining whether the imported products compete with each other and with like products of the domestic industry in the United States market, the Commission has considered several factors, including:

- the degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions;

- the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;

- the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and

- whether the imports are simultaneously present in the market.

No single factor is determinative, and this list of factors is not exclusive.

14/ 19 U.S.C. § 1677(7)(C)(iv).

Counsel for petitioner argued that the Commission is required to cumulate all the imports of all seven flowers from all countries under investigation in making its determinations. Counsel for petitioner also argued that the Commission is required to cross-cumulate. Counsel for various of the respondents made arguments against cumulation. For instance, counsel for the American Flower Corporation argued that the cut flowers subject to investigation are not fungible, even if the Commission were to determine that there is a single like product, and that price differentials between flowers of the same type imported from different countries indicate that the imports do not compete, and therefore should not be cumulated. Similarly, counsel for Peru argued that Peruvian gypsophila is higher in quality and price than either domestic gypsophila or other imports, and therefore should not be cumulated.

In addition counsel for several respondents suggested that the Commission should apply a de minimis test and refrain from cumulating very small volume imports which, they argue, individually are not causing any material injury the domestic industry may be experiencing. This argument is based on their reading of the legislative history of the Trade and Tariff Act of 1984. They suggest that the cumulation provision of the 1984 Act is only intended to apply where all the countries under investigation each account for a small volume of imports, and not a situation such as the instant investigation, where imports from Colombia account for the bulk of the imports under investigation, and the remaining countries each account for only a small volume of the imports under investigation.

Congress specifically rejected the notion of a standard of "contributing cause" or "contributing effect" in establishing the criteria for mandatory

cumulation in the Trade and Tariff Act of 1984. In our opinion, the de minimis test suggested by some respondents is simply a variant of the rejected contributing cause test used by the Commission in its cumulation analysis prior to the 1984 Act, and would fly in the face of Congress' clear intent as expressed in the 1984 Act and its legislative history. 15/ 16/

15/ In addition, we note that Judge Restani, in the recent USX Corp. v. United States decision, stated:

> The contributing effect test is also improperly applied when it creates a process of circular reasoning that renders cumulation a vestigial part of the causation analysis. The approach taken by the commissioners [in the investigation under review] may be said to be illustrative of the problem. The commissioners based their decision not to cumulate, in part, on the lack of confirmed lost sales and revenue in the U.S. market. These are the same factors that were cited as the basis for ITC's negative determination. Following this approach, in order for cumulation to be appropriate, evidence would first have to provide grounds for an affirmative determination regarding Argentine imports alone. In other words, this application of the "contributing effect" test requires independent causation of material injury to be demonstrated before cumulation may be used to analyze causation.

Slip Op. at 13-14 (Ct. Int'l Trade Feb. 9, 1987)(citations omitted). We do not necessarily agree with Judge Restani's characterization of the contributing effect test as applied, but we are of the opinion that application of respondents' de minimis test is likely to involve such a circular reasoning process. While Judge Restani's opinion dealt with cumulation under the law in effect prior to the 1984 Act, we believe her criticisms apply to the argument made by respondents in the current investigations.

16/ Commissioner Rohr notes that he believes Judge Restani's characterization of the contributing effect test as "circular" is unwarranted. He does agree that under the 1984 Act a de minimis test would be improper. He notes that one of the House reports on legislation which was to become the cumulation provision of the 1984 Act states:

> The Committee amended the criteria to permit cumulation of imports from various countries that each account individually for a very small percentage of total market penetration, but when combined may cause material injury. The requirement of the bill as introduced that imports from each country have a "contributing effect" in causing material injury would have precluded cumulation in cases where the impact of imports from each source treated individually is minimal but the combined impact is injurious. H.R. Rep. No. 725, 98th Cong., 2nd Sess. 37 (1984).

In our cumulative analysis of imports, we have considered only imports of the same type flowers from the different countries under investigation. There appear to be no significant quality or other differences between imported and domestic flowers of the same type. Also, the record in these investigations indicates a significant overlap of marketing areas between the imports from the different countries under investigation. Therefore, we conclude that imports of each flower under investigation compete with other imports of the same type flower and the domestic like product.

In these investigations, we cross-cumulated imports subject to antidumping duty investigations and determinations with imports subject to countervailing duty investigations and determinations, in accordance with the Court of International Trade's holding in Bingham & Taylor Division, Virginia Industries, Inc. v. United States. 17/ 18/

The countervailing duty investigation before Commerce regarding imports of standard carnations, miniature carnations, standard chrysanthemums, and pompom chrysanthemums from Ecuador had no corresponding injury investigation before the Commission. Commerce made an affirmative final subsidy determination with respect to these imports. These imports compete with other imports and with the domestic like product. The statutory criterion of "subject to investigation" does not require that there be a Commission investigation of the imports to make them available for cumulation. Therefore, in making our determinations with respect to the industries producing standard carnations, miniature carnations, standard chrysanthemums,

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17/ 626 F. Supp. 793 (Ct. Int'l Trade 1986), appeal docketed, No. 86-1440 (Fed. Cir. July 8, 1986).

18/ Commissioner Rohr discusses the subject of cross-cumulation further in his Additional Views, infra.

and pompom chrysanthemums, we included these imports in our cumulative analysis.

Commerce suspended its subsidy investigations concerning imports from Colombia and Costa Rica on the basis of suspension agreements following affirmative preliminary determinations. Consequently, there is no final determination of subsidies with respect to these imports, and there are no ongoing investigations at Commerce. We therefore did not include allegedly subsidized imports from Colombia and Costa Rica in our cumulative analysis. 19/ However, these same imports from Colombia and Costa Rica are subject to LTFV investigations at Commerce, and Commerce has made affirmative preliminary determinations with respect to imports from both countries. Therefore, these imports were considered in making our determinations, on the basis of cross-cumulation.

Commerce made final antidumping determinations of zero margins with respect to one producer in Chile, three producers in Colombia, and one producer in Mexico, as well as de minimis margins with respect to one producer in Ecuador. Consequently, these producers' imports will be excluded from any antidumping duty order issued. We did not consider imports from these producers in analyzing cumulated import volumes. Finally, Commerce made a negative preliminary determination with respect to allegedly subsidized

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19/ Cf. Carbon Steel Structural Shapes from Norway, Inv. No. 731-TA-234 (Final), USITC Pub. No. 1785 at 8 & n.19 and cases cited therein (1985). (Imports from countries which entered into voluntary restraint agreements, where investigations terminated on basis of withdrawal of petitions, not subject to cumulative analysis because such imports have not and will not be finally determined to be unfairly traded and are not subject to pending investigations).

imports from Kenya. 20/ We did consider these imports in our cumulative analysis, as they are subject to an ongoing investigation at Commerce and may be finally determined to be unfairly traded. Moreover, we note that these same imports are subject to a preliminary affirmative determination of sales at LTFV, and thus are subject to cross-cumulation.

DATA USED IN THESE DETERMINATIONS

The Commission makes its findings on the condition of the domestic industry by considering, among other factors, U.S. consumption along with the production, capacity, capacity utilization, shipments, employment and financial data of the domestic industry. 21/

In examining the causal nexus between the condition of the U.S. industry and the unfairly traded imports, the Commission is directed to consider, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of imports on the relevant domestic industry. 22/

In these investigations, the Commission had data from several public sources concerning some of the flowers under investigation, as well as data from the Commission's own questionnaires. Chief among those sources were two

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20/ Commissioner Rohr notes there may be a question of congressional intent concerning the cumulation of imports subject to a preliminary negative determination. He discusses this issue further in his Additional Views, infra.
21/ 19 U.S.C. § 1677(7)(C)(iii).
22/ 19 U.S.C. § 1677(7).

publications of the United States Department of Agriculture (USDA). [23/] The sources of the Commission's data, as well as the limitations on the usefulness of that data, and the methods used in estimating based on that data, are detailed in the Report. [24/] In general, data were collected for the period 1983 through 1985, and the interim periods January-September 1985 and 1986.

On the basis of available information, the Commission estimated apparent U.S. consumption, consisting of U.S. producers' shipments plus imports. [25/] These estimates of U.S. producers' shipments differ from the more limited data on shipments obtained solely from Commission questionnaires, which are also cited in this opinion. The only available production data was obtained from questionnaires. [26/]

At any given farm, employees generally work on all flowers grown. Therefore, the Commission did not request information concerning employment and wages on a flower-by-flower basis. Instead, the Commission sought information on employees producing all fresh cut flowers, and those producing the seven flowers subject to investigation. Hours worked by production and related workers for the seven flowers subject to investigation increased from

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23/ UDSA, National Agricultural Statistics Service, Floriculture Crops, which presents data on area in production, quantity sold, value of sales at wholesale, and other indicators, for standard and miniature carnations, standard and pompom chrysanthemums, and other flowers not subject to investigation, and USDA, Agricultural Marketing Service, Fruit and Vegetable Division, Market News Branch, Fresh Fruit and Vegetables Ornamental Crops, Weekly Summary--Shipments and Arrivals), which describes interstate shipments by U.S. shippers of cut flowers located in California and Florida. The report covers standard and miniature carnations, standard and pompom chrysanthemums, and other flowers not under investigation. The data in these reports is subject to certain important limitations. Report at A-5; A-6, n.1.

24/ Id. at A-5-A-8 and notes to tables.

25/ Id. at A-21-A-24.

26/ Id. at A-35.

1983 to 1985, and then declined for interim 1986 as compared with interim 1985. 27/

With respect to the analysis of the financial condition of the domestic industries, the Commission questionnaires sought data concerning the overall operations of growers growing at least one of the seven flowers subject to investigation. In addition, the Commission requested data allocated to the production of each of the seven flowers separately. For each industry, the Commission aggregated information concerning the overall financial performance of growers responding to the questionnaires, whose sales of the specific flower under investigation accounted for more than fifty percent of their total 1985 sales. In the case of some of the industries, we concluded that the information at the more specific industry level is not sufficiently reliable to form a basis of determination, and we therefore concentrated our analysis of the financial condition of the industries on the data for growers' overall operations.

CONDITION OF THE INDUSTRIES AND CAUSATION

Overall data

Income and loss experience for 111 U.S. growers on their total operations, including all fresh cut flowers and greenhouse products, show that total net sales increased from $88.2 million in 1983 to $94.6 million in 1984, and increased again in 1985 to $98.4 million. Total net sales for interim

27/ Id. at A-54. Published data on employment in the U.S. industry growing certain fresh cut flowers are not available. In addition, the number of hours worked is a better indicator of U.S. employment than the actual number of employees employed since employment in flower businesses fluctuates depending upon the season of the year.

1986 increased to $59.2 million from $55.8 million in interim 1985. Net income before officers' or partners' salaries and income taxes declined from 1983 to 1985, from $8.8 million to $6.4 million. 28/ Data for the interim periods show an increase, from $5.4 million in interim 1985 to $7.5 million in interim 1986.

A portion of the decline in net income from 1983 to 1985 is attributable to increases in total growing and operating expenses, which increased rapidly and significantly during this period, from $79.4 million in 1983 to $91.9 million in 1985. This increase slowed during the interim periods, when expenses only increased from $50.3 million in interim 1985 to $51.7 million in interim 1986. 29/

As a percentage of net sales, net income before officers' or partners' salaries and income taxes declined from 10.2 percent in 1983 to 8.6 percent in 1984 and further declined to 6.7 percent in 1985. Data for interim 1986, however, show an increase to 12.8 percent as compared to 9.9 percent in interim 1985. The number of firms reporting losses rose from 24 in 1983 to 30 in 1984 and 38 in 1985. However, the number of firms reporting losses declined in interim 1986 to 18 as compared to 27 in interim 1985. 30/ These data indicate that, overall, the condition of domestic producers of fresh cut flowers declined from 1983 to 1985, but improved in interim 1986 as compared with interim 1985.

28/ Corporations treat officers' or partners' salaries as an expense, but proprietorships do not. Therefore, analyzing net income before subtracting such salaries ensures that data for all firms are comparable.
29/ Expenses for fuel and utilities, for example, actually decreased 20 percent in the interim comparison. Report at A-59.

In analyzing pricing in these investigations, the Commission considered price information obtained from responses to Commission questionnaires. Information on the record suggests that the bulk of the imports under investigation are sold in and compete with domestically grown flowers in the spot market. Therefore, in considering price trends and price comparisons, we concentrated our attention on spot sales, although also considering standing order and consignment sales. Over the three year period January 1984 through November 1986, prices for all flowers fluctuated with no apparent trends. 31/ However, some trends were discernible when prices for equivalent weeks were compared.

Standard carnations

Condition of the industry

Estimated apparent U.S. consumption of standard carnations increased from 857.2 million stems in 1983 to 910.5 million stems in 1984, and continued to rise to 100 million stems in 1985. Consumption has continued to increase as is evident when comparing interim 1986 figures with interim 1985 figures. Estimated U.S. producers' shipments rose slightly from 287.0 million stems in 1983 to 294.8 million stems in 1984, but then declined to 290.3 million stems in 1985. This decline continued in interim 1986, when U.S. producers' shipments were 197.6 million stems as compared with 204.3 million stems in interim 1985. 32/ These declines in shipments are reflected in U.S. producers' share of apparent U.S. consumption, which decreased throughout the

30/ Id. at A-56-57.
31/ Id. at A-139.
32/ Id. at A-21.

period under investigation from 33.5 percent in 1983 to 32.4 percent in 1984 and 28.8 percent in 1985. Data for the interim periods show a continued decline, to 24.2 percent of apparent U.S. consumption during interim 1986 as compared with 27.6 percent in interim 1985. 33/

The area in production of standard carnations in the United States decreased slightly from 1983 to 1984, rose slightly in 1985, and decreased in interim 1986 as compared with interim 1985. 34/ Data obtained from Commission questionnaires indicate that U.S. production of standard carnations increased from 158.0 million stems in 1983 to 162.6 million stems in 1984, then fell slightly to 161.5 million stems in 1985. Production continued to decline from 109.9 million stems in interim 1985 to 107.3 million stems in interim 1986. 35/

Data obtained from Commission questionnaires show that U.S. producers' shipments increased from 146.0 million stems in 1983 to 150.1 million stems in 1984, then fell slightly to 148.8 million stems in 1985. Shipments continued to decline in interim 1986, to 101.3 million stems as compared with 104.7 million stems in interim 1985. 36/

Income and loss experience on total operations for 57 U.S. growers whose sales of standard carnations accounted for more than 50 percent of total 1985

33/ Id. at A-110.

34/ Id. at A-34. Area in production reflects the area used for growing crops. A grower will normally increase or decrease the area devoted to a certain crop as production of that crop increases or decreases. Therefore data on area in production reflect general production trends. Id.

35/ Id. at A-35, Table 6.

36/ Id. at A-42. Published data corroborate the trends indicated. Data collected from Floriculture Crops indicate that U.S. producers' shipments declined throughout the period for which data are available. Id. at A-48, Table 7. Figures obtained from Ornamental Crops also indicate a decline in U.S. producers' shipments from 1983 to 1985, and a further decline in interim 1986 as compared with interim 1985. Id.

sales indicates that net sales of standard carnations increased from $15.4 million in 1983 to $16.3 million in 1984, and increased slightly again in 1985 to $16.6 million. Net sales for interim 1986 increased to $11.4 million from $10.4 million in interim 1985. Total income of these producers increased from $18.4 million in 1983 to $19.8 million in 1984, and again to $20.2 million in 1985. Data for the interim period similarly showed an increase, from $13.0 million in interim 1985 to $14.1 million in interim 1986. However, net income before officers' or partners' salaries and income taxes declined steadily over the period of investigation, from $1.7 million in 1983 to $1.2 million in 1984 and to $234,000 in 1985. An increase was evident in interim 1986, to $1.2 million as compared with $456,000 in interim 1985. As a percentage of net sales, net income before officers' or partners' salaries and income taxes declined from 9.4 percent in 1983 to 6.1 percent in 1984 and further declined to 1.2 percent in 1985. Interim 1986 increased to 8.7 percent as compared with 3.5 percent in interim 1985. 37/

The domestic market for standard carnations appears to be growing. However, domestic producers' production, shipments, and market share are all declining. Despite increases in net sales and total income, net income before officers' or partners' salaries declined, except in the most recent period. We therefore determine that the domestic industry is currently experiencing material injury.

Causation

Imports of standard carnations from Canada, Chile, Colombia, Costa Rica, Ecuador, Kenya, and Mexico increased from 554 million stems in 1983 to 597

37/ Id. at A-75.

million stems in 1984, and further increased to 701 million stems in 1985. 38/ The most recent data show a continued increase, with the subject imports increasing from 525 million stems to 609 million stems, or by 16 percent, in interim 1986 as compared with interim 1985. 39/

Estimated apparent U.S consumption of standard carnations has increased substantially during the period under investigation. 40/ However, the share of apparent U.S. consumption of standard carnations accounted for by the subject imports has also increased from 64.6 percent in 1983 to 65.5 percent in 1984, and again to 69.5 percent in 1985. 41/ Again, data for the most recent period show a continued increase, from 70.8 percent during the 1985 interim period to 74.6 percent during the 1986 interim period. 42/ This represents an increasing share of the U.S. market for standard carnations.

The Commission considered price trends compiled from both the official statistics of the USDA and questionnaire responses for standard carnations. The figures demonstrate the extremely wide monthly price fluctuations in the market for standard carnations. 43/ However, when examining equivalent weeks during this period, carnation prices were down in all periods with the exception of Valentine's Day standing order prices. 44/ Data derived from

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38/ Id. at A-102.
39/ Id. We note that these data include imports from Canada which were overstated in 1985. If data on imports from Canada are corrected, the increase from 1984 to 1985 is slightly less, and the increase from interim 1985 to interim 1986 is slightly greater. Id. at A-109.
40/ Id. at A-21.
41/ Id. at A-110.
42/ Id.
43/ Id. at A-130.
44/ Id. at A-139.

Commission questionnaires shows both under- and over-selling by imports from Chile, Colombia, and Mexico. 45/ Prices for imports from Colombia, which represent the largest portion of the imports subject to investigation, were lower than domestic growers' prices for standing order, spot, and consignment sales in most holiday weeks. 46/ Imports from Mexico sold in the spot market were priced below the domestic growers' product in most weeks for which comparisons could be made. 47/ There were insufficient price observations to make comparisons of imports from the other countries under investigation. The data indicate that the imports under investigation have depressed U.S. prices for standard carnations.

The overwhelming and increasing share of the growing U.S. market accounted for by the imports under investigation, evidence of underselling by imports, and the decline in domestic standard carnation prices, lead us to conclude that the domestic industry is materially injured by reason of imports of standard carnations from Canada, Chile, Colombia, Costa Rica, and Ecuador.

Standard chrysanthemums

Condition of the industry

Estimated apparent U.S. consumption of standard chrysanthemums increased from 91.6 million stems in 1983 to 98.8 million stems in 1984 and continued to rise in 1985 to 100 million stems. Consumption declined in interim 1986 to 53.3 million stems as compared with 65.9 million stems in interim 1985. Estimated U.S. producers' shipments rose from 64.4 million stems in 1983 to 68.0 million stems in 1984 but then declined to 59.5 million stems in 1985.

45/ Id. at A-147-A-149.
46/ Id. at A-140.
47/ Id.

This decline also continued in interim 1986 when U.S. producers' shipments were 33.5 million stems as compared with 37.4 million stems in interim 1985. 48/ These declines in shipments are reflected in U.S. producers' share of apparent U.S. consumption, which decreased throughout the period under investigation, from 70.3 percent in 1983 to 68.8 percent in 1984 and 59.5 percent in 1985. Data for the interim periods show an increase to 62.8 percent of apparent U.S. consumption during interim 1986, as compared with 56.7 percent in interim 1985. 49/

The area in production of standard chrysanthemums in the United States rose slightly from 1983 to 1984 and then declined slightly in 1985. The area in production rose slightly in interim 1986 as compared with interim 1985. 50/ Data collected from Commission questionnaires indicate that U.S. production of standard chrysanthemums increased from 15.4 million stems in 1983 to 16.4 million stems in 1984, and fell to 14.8 million stems in 1985. Production continued to decline from 9.9 million stems in interim 1985 to 9.0 million stems in interim 1986. 51/

Data obtained from Commission questionnaires show that U.S. producers' shipments increased from 14.3 million stems in 1983 to 15.1 million stems in 1984, then fell to 13.3 million stems in 1985. Shipments continued to decline

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48/ Id. at A-21.
49/ Id. at A-110.
50/ Id. at A-34.
51/ Id. at A-35, Table 6. Data collected from Floriculture Crops indicate that U.S. producers' shipments fell during the period for which information is available. Id. at A-37, Table 7. Figures obtained from Ornamental Crops also indicate a decline in U.S. producers' shipments from 1983 to 1985. Interim 1986 figures show an increase over shipments in interim 1985. Id.

in interim 1986 to 7.5 million stems as compared with 8.3 million stems in interim 1985. 52/

Income and loss experience on total operations for 12 U.S. growers whose sales of standard chrysanthemums accounted for more than 50 percent of total 1985 sales shows that net sales of standard chrysanthemums increased from $4.0 million in 1983 to $4.4 million in 1984, then declined slightly in 1985 to $3.9 million. 53/ Net sales for interim 1986 decreased to $2.1 million from $2.6 million in interim 1985. Total income for these producers rose from $5.7 million in 1983 to $6.1 million in 1984 and then declined to $5.5 million in 1985. Total income further declined in interim 1986 to $3.2 million as compared with $3.3 million in interim 1985. In addition, net income before officers' or partners' salaries and income taxes declined steadily over the period of investigation, from $781,000 in 1983 to $693,000 in 1984 and further dropped to $180,000 in 1985. An increase was evident in interim 1986, to $199,000, as compared to $98,000 for interim 1985. As a share of net sales, net income before officers' or partners' salaries and income taxes declined from 14.6 percent in 1983 to 12.1 percent in 1984, and further declined to 3.5 percent in 1985. An increase was evident in interim 1986 when the ratio was 6.4 as compared with 3.0 percent in interim 1985. 54/ However, the 1986 ratio was less than half that achieved in 1983.

Although domestic consumption increased from 1983 to 1985, data for the interim period 1986 show a decline compared with interim 1985. Moreover, domestic production and shipments declined throughout the period under

52/ Id. at A-42.
53/ Id. at A-79.
54/ Id.

investigation. Although U.S. producers' share of apparent U.S. consumption increased in interim 1986, this appears to be at least in part attributable to the decline in overall apparent consumption. Moreover, although net income before officers' or partners' salaries and income taxes increased during interim 1986, net sales and operating income declined in interim 1986, despite the increase in domestic producers' share of apparent U.S. consumption. The condition of the domestic industry deteriorated during the period under investigation, and the increases in market share and net income in interim 1986 are not sufficient to overcome that deterioration. We therefore conclude that the domestic industry producing standard chrysanthemums is currently experiencing material injury.

Causation

Imports of standard chrysanthemums from Colombia, Ecuador, Mexico, and the Netherlands increased from 26.3 million stems in 1983 to 29.6 million stems in 1984, and further increased to 38.6 million stems in 1985. 55/ The most recent data show a decline, with the subject imports decreasing from 26.9 million stems to 18.7 million stems, or by 36 percent, in interim 1986 as compared with interim 1985. 56/

Estimated apparent U.S. consumption of standard chrysanthemums increased during the first three years of the period under investigation. 57/ Data for the interim periods of 1985 and 1986, however, indicate that the slowing of the rate of increase in apparent U.S. consumption has turned into a decrease. 58/ The share of apparent U.S. consumption of standard chrysanthemums accounted for by the subject imports increased

55/ Id. at A-102.
56/ Id.
57/ Id. at A-21.
58/ Id.

steadily and significantly from 1983 to 1985, from 28.7 percent in 1983 to 30.0 percent in 1984, and increased again to 38.6 percent in 1985. 59/ Data for the most recent period show a decline, to 35.1 percent during the 1986 interim period from 40.8 percent during the 1985 interim period. 60/ Despite this recent decline in market share, the subject imports represent an increased share of apparent U.S. consumption in interim 1986 as compared with 1983 and 1984. 61/ Moreover, this level of market share represents a significant percentage of a declining market.

The Commission considered price trends compiled from both the official statistics of the USDA and questionnaire responses for standard chrysanthemums. The figures demonstrate the extremely wide monthly price fluctuations in the market for standard chrysanthemums. 62/ However, when examining equivalent weeks during this period, domestic standard chrysanthemum prices were down in all periods with the exception of January and holiday standing order sales and January and Christmas spot sales. 63/ Imported standard chrysanthemums subject to investigation were priced below U.S. growers' product during half of the holiday weeks for which spot price comparisons were possible, and fewer than half of the non-holiday weeks. Underselling during holiday weeks decreased from 1984 to 1985, and then increased above 1984 levels in 1986. During non-holiday weeks, underselling occurred less frequently in 1985 and 1986 than in 1984. 64/ Data derived from Commission questionnaires show largely underselling by imports from

59/ Id. at A-110.
60/ Id.
61/ Id. at A-110.
62/ Id. at A-130.
63/ Id.
64/ Id. at A-142.

Colombia and Mexico. Imports from the Netherlands tended to be priced higher than U.S. grower prices, while there were insufficient data to make comparisons with respect to the price of imports from Ecuador. 65/ The data indicate that the imports under investigation have depressed U.S. prices for standard chrysanthemums.

The significant share of the declining U.S. market accounted for by the imports under investigation, evidence of underselling by imports, and the decline in domestic standard chrysanthemum prices, lead us to conclude that the domestic industry is materially injured by reason of imports of standard chrysanthemums from Colombia, Ecuador, Mexico, and the Netherlands.

Pompom chrysanthemums

Condition of the industry

Estimated apparent U.S. consumption of pompom chrysanthemums declined from 737.2 million stems in 1983 to 711.4 million stems in 1984 and then rose in 1985 to 804.7 million stems. Consumption increased in interim 1986 to 581.8 million stems as compared with 562.1 million stems in interim 1985. Estimated U.S. producers' shipments declined from 368.8 million stems in 1983 to 361.0 million stems in 1984 but then increased to 392.9 million stems in 1985. In interim 1986, U.S. producers' shipments declined to 244.4 million stems as compared with 255.1 million stems in interim 1985. 66/ These declines in shipments are reflected in U.S. producers' share of apparent U.S. consumption, which decreased through most of the period under investigation. U.S. producers' share of apparent U.S. consumption increased from 50.0 percent

65/ Id. at A-147-A-149.
66/ Id. at A-21.

in 1983 to 50.7 percent in 1984, before starting to decline, to 48.8 percent in 1985. Data for the interim periods show a continued decline, to 42.0 percent of apparent U.S. consumption during interim 1986, as compared with 45.4 percent in interim 1985. 67/

The area in production of pompom chrysanthemums in the United States fell slightly from 1983 to 1984, rose slightly in 1985, and decreased again in interim 1986 as compared with interim 1985. 68/ Data from Commission questionnaires indicate that U.S. production of pompom chrysanthemums fell slightly from 15.1 million bunches in 1983 to 14.9 million bunches in 1984, but rose to 15.5 million bunches in 1985. Production declined from 11.0 million bunches in interim 1985 to 10.1 million bunches in interim 1986. 69/

Data obtained from Commission questionnaires show that U.S. producers' shipments decreased slightly from 11.5 million bunches in 1983 to 11.2 million bunches in 1984, then increased marginally to 11.3 million bunches in 1985. Shipments declined in interim 1986, to 7.0 million bunches as compared with 7.3 million bunches in interim 1985. 70/

Income and loss experience on total operations of 14 U.S. growers whose sales of pompom chrysanthemums accounted for more than 50 percent of total 1985 sales indicates that net sales of pompom chrysanthemums increased slightly from $9.0 million in 1983 to $9.4 million in 1984, and declined

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67/ Id. at A-110.
68/ Id. at A-34.
69/ Id. at A-35, Table 6.
70/ Id. at A-42. Published data corroborate these trends. Data collected from Floriculture Crops, indicate that U.S. producers' shipments fell from 1981 to 1984 and then rose in 1985. Id. at A-47, Table 7. Figures obtained from Ornamental Crops indicate a decline in U.S. producers' shipments from 1983 to 1985. Interim 1986 producers' shipments fell once more, as compared with interim 1985. Id.

slightly in 1985 to $9.3 million. 71/ Net sales for interim 1986 decreased to $5.8 million from $6.2 million in interim 1985. Total income of these producers increased from $11.9 million in 1983 to $12.4 million in 1984, then declined to $12.2 million in 1985. Total income further declined in interim 1986 to $7.3 million as compared with $7.8 million in interim 1985. In addition, net income before officers' or partners' salaries and income taxes declined steadily over the period of investigation, from $1.2 million in 1983 to $928,000 in 1984 and further dropped to $767,000 in 1985. An increase was evident in interim 1986, to $1.1 million, as compared with $633,000 for interim 1985. As a share of net sales, net income before officers' or partners' salaries and income taxes declined from 10.7 percent in 1983 to 7.7 percent in 1984, and further declined to 6.5 percent in 1985. An increase was evident in interim 1986 when the percent was 15.1 as compared with 8.5 percent in interim 1985. 72/

Although domestic consumption declined in 1984, it has increased since that time. However, domestic production and producers' shipments declined in interim 1986, as compared with interim 1985. In addition, U.S. producers' share of apparent U.S. consumption has declined steadily since 1984. Moreover, net sales and operating income have both declined since 1984. Although net income before officers' or partners' salaries increased in interim 1986 as compared with interim 1985, this increase did not overcome the significant annual declines in net income from 1983 to 1985. We therefore conclude that the domestic industry producing pompom chrysanthemums is currently experiencing material injury.

71/ Id. at A-81.
72/ Id.

Causation

Imports of pompom chrysanthemums from Colombia, Costa Rica, Ecuador, Mexico, and Peru decreased from 363 million stems in 1983 to 345 million stems in 1984, and then increased significantly to 407 million stems in 1985. 73/ The most recent data show a continued increase, with the subject imports increasing from 303 million stems to 334 million stems, or by 10 percent, in interim 1986 as compared with interim 1985. 74/

Apparent U.S consumption of pompom chrysanthemums has increased during the period under investigation. 75/ Data for the interim periods of 1985 and 1986 indicate a continued increase. 76/ The share of apparent U.S. consumption of pompom chrysanthemums accounted for by the subject imports increased, from 49.3 percent in 1983 to 50.6 percent in 1985. 77/ Data for the most recent period show a continued increase, from 53.9 percent during the 1985 interim period to 57.3 percent during the 1986 interim period. 78/ This represents an increasingly significant share of the U.S. market for pompom chrysanthemums.

The Commission considered price trends compiled from both the official statistics of the USDA and questionnaire responses for pompom chrysanthemums. The figures demonstrate the extremely wide monthly price fluctuations in the market for pompom chrysanthemums. 79/ When examining equivalent weeks during this period, domestic pompom chrysanthemum price trends were mixed,

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73/ Id. at A-102.
74/ Id.
75/ Id. at A-21.
76/ Id.
77/ Id. at A-111.
78/ Id.
79/ Id. at A-130.

increasing for any particular week on standing order sales but decreasing on spot sales, or vice versa. 80/ Despite increased demand, domestic prices did not generally increase over the period of investigation. Data derived from Commission questionnaires show both under- and over-selling by imports from Colombia, Costa Rica, Ecuador, Mexico and Peru. 81/ Despite the evidence of some overselling by the subject imports, we conclude that the large and increasing volume of imports has had a suppressive effect on U.S. prices for standard chrysanthemums.

The significant and increasing share of the growing U.S. market accounted for by the imports under investigation, and evidence of some underselling and price suppression by imports, lead us to conclude that the domestic industry is materially injured by reason of imports of pompom chrysanthemums from Colombia, Costa Rica, Ecuador, Mexico, and Peru.

Alstroemeria

Condition of the industry

Estimated apparent U.S. consumption of alstroemeria was 64.7 million stems in 1985. 82/ Consumption rose in interim 1986 to 76.5 million stems as compared with 53.2 million stems in interim 1985. Estimated U.S. producers' shipments rose steadily over the period of investigation, from 11.8 million stems in 1983 to 22.8 million stems in 1984 and to 31.5 million stems in 1985. This trend continued when interim 1985 figures are compared with interim 1986 figures. 83/ This trend of increasing shipments is not reflected in U.S. producers' share of apparent U.S. consumption, which was

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80/ Id. at A-147.
81/ Id. at A-147-A-149.
82/ Figures for 1983-84 were not available.
83/ Report at A-21.

48.8 percent in 1985, but declined somewhat in interim 1986, to 43.1 percent, as compared with 54.1 percent in interim 1985. 84/

Area in production for alstroemeria increased throughout the period of investigation. 85/ Data obtained from Commission questionnaires indicate that U.S. production of alstroemeria rose significantly from 453,000 bunches in 1983 to 883,000 bunches in 1984 and continued to increase to 1.2 million bunches in 1985. A slight increase is evident in interim 1986, to 1.3 million bunches as compared with 1.1 million bunches in interim 1985. 86/

Data obtained from Commission questionnaires again reflect an overall increase in shipments from 453,000 bunches in 1983 to 877,000 bunches in 1985, and rising to 1.2 million bunches in 1985. A slight increase is also evident when interim 1985 figures are compared with interim 1986 figures. 87/

Net sales of alstroemeria by 111 U.S. growers increased from $1.2 million in 1983 to $1.7 million in 1984, and to $2.2 million in 1985. Interim 1986 net sales reflect an increase as compared with interim 1985 figures. Data for these growers' total operations show that total net sales and other income increased steadily during the period under investigation. Again when interim figures for 1986 are compared with interim 1985, an increase is evident. Net income on total operations, before officers' or partners' salaries and income taxes, declined from 1983 to 1985, although data for interim 1986 show an increase over interim 1985. 88/ 89/ The limited data available allocated

84/ Id. at A-111.
85/ Id. at A-34.
86/ Id. at A-35, Table 6.
87/ Id. at A-42.
88/ Id. at A-56.
89/ Commissioner Lodwick notes that the impact of alstroemeria sales on the net income of total operations before officers' and partners' salaries and income taxes is minimized by the small volume of alstroemeria sales relative to total sales.

to alstroemeria operations indicate that while sales have increased in all periods under investigation, net income increased significantly from 1983 to 1985, then declined slightly in interim 1986 as compared with interim 1985. 90/ Information provided by two producers whose sales of alstroemeria accounted for more than 50 percent of total 1985 sales show increasing sales throughout the period under investigation, increased income overall, and an increase in the ratio of net income before officers' or partners' salaries and income taxes to net sales in interim 1986 as compared with interim 1985, following declines from 1983 to 1985. 91/ Although these data tend to track the overall operations data, because of the small number of producers reflected in the data, we consider these data to be less than reliable.

The alstroemeria industry in the United States is a relatively new one, and is growing steadily. Available information indicates that sales are increasing, and overall net income has increased steadily over the period under investigation, until the most recent interim period. Despite this apparent decline in net income, the alstroemeria industry is operating at a significant level of profit. We therefore determine that the domestic industry producing alstroemeria is not materially injured.

No threat of material injury

We further conclude that there is no threat of material injury to the industry producing alstroemeria by reason of subsidized imports from the Netherlands, or by reason of LTFV imports from Colombia. While the statute does not preclude the Commission from making a cumulative analysis of volume and price effects of imports in examining the question of a threat of material

90/ Report at A-82.
91/ Id.

injury, in these investigations we have concluded that such an analysis would lead us into the prohibited realm of speculation. 92/ 93/

Colombia

Imports of alstroemeria from Colombia have increased during the period under investigation, accounting for 34.9 percent of apparent U.S. consumption during 1985, and increasing to 42.9 percent of apparent U.S. consumption during interim 1986, as compared with 31.0 percent in interim 1985. 94/ Price comparisons from data collected in Commission questionnaires indicate that imports of alstroemeria from Colombia both under- and oversold domestic alstroemeria. 95/ However, despite the evidence of some underselling, alstroemeria prices in the U.S. market increased in all equivalent weeks during the period under investigation, with the exception of Mothers' Day and November. 96/ In view of the lack of current material injury to the industry, the growth of the alstroemeria market in the United States, and the generally increasing prices, we are unwilling to conclude that Colombian imports are likely to increase in the near future to an injurious level or have an adverse impact on domestic prices. We therefore conclude that there is no threat of material injury to the domestic industry by reason of imports of alstroemeria from Colombia.

92/ 19 U.S.C. § 1677(7)(F)(ii) provides that "[a]ny determination by the Commission . . . that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."
93/ However, Commissioners Eckes and Rohr note that their analysis of the vulnerability of the domestic industry to future injury took into consideration the impact of all unfair imports on the industry.
94/ Report at A-111.
95/ Id. at A-147-A-148.
96/ Id. at A-147.

The Netherlands

Imports from the Netherlands have held a relatively stable market share during the periods for which the Commission has data, accounting for 13.9 percent of apparent U.S. consumption in 1985. 97/ Data for the interim periods show a decline, from 12.8 percent of apparent U.S. consumption during interim 1985 to 12.2 percent in interim 1986. 98/ The prices of imports from the Netherlands have consistently been significantly higher than the U.S. grower prices. 99/ Moreover, Dutch exports to third country markets and shipments in the home market have been significantly higher than exports to the United States. 100/ In view of the relatively stable market share of imports of alstroemeria from the Netherlands, and the high prices at which these imports have been sold, we are unwilling to conclude that imports will increase to an injurious level in the near future, or have any adverse impact on domestic prices. We therefore conclude that there is no threat of material injury to the domestic industry by reason of imports of alstroemeria from the Netherlands.

Gerberas

Condition of the industry

Estimated apparent U.S. consumption of gerberas in 1985 was 30.3 million stems. 101/ Consumption declined slightly in interim 1986 to 21.2 million stems as compared with 22.6 million stems in interim 1985. Estimated U.S. producers' shipments rose steadily over the period of investigation, from 8.6

97/ Id. at A-111.
98/ Id.
99/ Id. at A-149.
100/ Id. at A-99.
101/ Figures for 1983-84 were not available.

million stems in 1983 to 10.0 million stems in 1984 and to 11.3 million stems in 1985. Shipments increased slightly when interim 1986 figures are compared with interim 1985. 102/ These increases are reflected in U.S. producers' share of apparent consumption, which was 37.3 percent in 1985, 37.9 percent in interim 1985, and increased to 40.8 percent in interim 1986. 103/

Area in production for gerberas remained constant for 1983-84, fell in 1985 and rose between interim 1985 and interim 1986. 104/ Data obtained from Commission questionnaires indicate that U.S. production of gerberas increased slightly from 3.4 million stems in 1983 to 3.9 million stems in 1984 and continued to rise to 4.2 million stems in 1985. Production remained constant in the interim periods. 105/

Estimates of U.S. producers' shipments gleaned from published statistics also reflect a prospering industry, with shipments increasing from 8.6 million stems in 1983 to 10.0 million stems in 1984 and to 11.3 million stems in 1985. 106/ Data obtained from Commission questionnaires again reflect an overall increase in shipments from 3.3 million stems in 1983 to 3.8 million stems in 1984, and rising to 4.2 million stems in 1985. A marginal increase is also evident when interim 1985 figures are compared with interim 1986 figures. 107/

Net sales of gerberas by 111 U.S. growers increased from $771,000 in 1983 to $904,000 in 1984, and to $1.0 million in 1985. Interim 1986 net sales reflect a decrease as compared with interim 1985 figures. Data for these

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102/ Report at A-21.
103/ Id. at A-110.
104/ Id. at A-34.
105/ Id. at A-35, Table 6.
106/ Id. at A-39.
107/ Id. at A-42.

growers' total operations show that total net sales increased steadily during the period under investigation. Again when interim figures for 1986 are compared with interim 1985, an increase is evident. Net income on total operations, before officers' or partners' salaries and income taxes, declined from 1983 to 1985, although data for interim 1986 show an increase over interim 1985. 108/ 109/ The limited data available specific to gerbera operations are confidential and therefore can be discussed only in general terms. These data show mixed results, and contrary to the overall experience outlined above, some producers' data show declining sales, income, and increasing losses. 110/ In light of the limited nature of these data, we cannot accept that they present an accurate picture of the condition of this industry.

The gerbera industry in the United States appears to be growing steadily. Available information indicates that domestic production, sales and market share are increasing. We therefore determine that the domestic industry producing gerberas is not materially injured.

No threat of material injury

We further conclude that there is no threat of material injury to the domestic industry producing gerberas by reason of subsidized imports from the Netherlands or Israel, or by reason of LTFV imports from Colombia. As noted above, we have concluded that it is inappropriate to undertake a cumulative analysis regarding threat of material injury in these investigations. 111/

108/ Id. at A-56.
109/ Commissioner Lodwick notes that the impact of gerbera sales on the net income of total operations before officers' and partners' salaries and income taxes is minimized by the small volume of gerbera sales relative to total sales.
110/ Report at A-82-A-83.
111/ See note 93, supra.

Colombia

Imports of gerberas from Colombia increased during the period under investigation, accounting for 12.2 percent of apparent U.S. consumption in 1985, and showing an increase to 16.5 percent of apparent U.S. consumption in interim 1986, as compared with 11.5 percent in interim 1985. 112/ However, this increase in market share has been at the expense of other imports, as U.S. producers' shipments as a share of apparent U.S. consumption also increased during this period, rising to 40.8 percent in interim 1986, as compared with 37.9 in interim 1985. 113/ Very little information is available about the Colombian gerbera industry. However, by comparison with production of other flowers, it appears to be of relatively less importance. 114/ We are unwilling to conclude that the increase in imports evident in the brief period for which we have information will continue in the near future, or that imports will increase to an injurious level. Moreover, although Colombian gerberas undersold the domestic product during most comparable weeks, U.S. prices for gerberas showed mixed trends, increasing in some comparable weeks, and decreasing in others. 115/ Overall, gerbera prices were relatively stable during the period for which comparisons could be made. 116/ We are unwilling to conclude that imports from Colombia will have an adverse impact on U.S. gerbera prices in the near future. We therefore determine that there is no threat of material injury by reason of imports of gerberas from Colombia.

112/ Report at A-111.
113/ Id.
114/ Id. at A-92-A-93.
115/ Id. at A-147.
116/ Id. at A-145.

Israel

The volume of imports of gerberas from Israel was the lowest of the countries under investigation. Israeli imports accounted for 6.6 percent of apparent U.S. consumption in 1985. 117/ Data for the interim periods show a slight increase, to 7.4 percent of apparent U.S. consumption in interim 1986, as compared with 6.6 percent in interim 1985. 118/ The area in production of gerberas in Israel has declined over the period under investigation, and while exports to the United States have increased somewhat, exports to third country markets show a dramatic increase in the interim 1986 period. 119/ It does not appear likely that imports of gerberas from Israel will increase to injurious levels in the near future. Spot prices of Israeli gerberas exhibited both under- and overselling during the periods for which comparisons were possible. 120/ U.S. prices for gerberas showed mixed trends, increasing in some comparable weeks, and decreasing in others. 121/ Overall, domestic gerbera prices were relatively stable. 122/ We are unwilling to conclude that imports from Israel will have an adverse impact on U.S. gerbera prices in the near future. We therefore determine that there is no threat of material injury by reason of imports of gerberas from Israel.

The Netherlands

Imports of gerberas from the Netherlands declined significantly during the period for which data are available. Imports accounted for 41.6 percent

117/ Id. at A-111.
118/ Id.
119/ Id. at A-96.
120/ Id. at A-148.
121/ Id. at A-147.
122/ Id. at A-145.

of apparent U.S. consumption during 1985. [123/] Data for the interim periods show a significant decline, from 42.1 percent of apparent U.S. consumption in interim 1985 to 32.4 percent in interim 1986. [124/] The number of producers of gerberas in the Netherlands, and the area in production, have declined during the period under investigation. Exports to third country markets have increased. [125/] The prices of gerbera imports from the Netherlands were consistently and significantly higher than the U.S. grower's prices. [126/] In light of these factors, we conclude that it is not likely that imports of gerberas from the Netherlands will increase in the near future to injurious levels, or have an adverse impact on domestic prices. We therefore conclude that there is no threat of material injury by reason of imports of gerberas from the Netherlands.

Gypsophila

Condition of the industry

Estimated apparent U.S. consumption of gypsophila increased significantly over the period of investigation, from 64.7 million stems in 1983 to 84.3 million stems in 1984 and continued to rise to 122.2 million stems in 1985. Interim 1986 figures also reflect an increasing trend when compared with interim 1985 figures. [127/] Estimated U.S. producers' shipments rose steadily over the period of investigation, from 44.1 million stems in 1983 to 56.6 million stems in 1984 and to 61.7 million stems in 1985. Shipments

123/ Id. at A-111.
124/ Id.
125/ Id. at A-99.
126/ Id. at A-149.
127/ Id. at A-22.

continued to increase when interim 1986 figures are compared with interim 1985 figures. 128/

Area in production of gypsophila in the United States rose from 1983 to 1985. However, there was a slight decrease in the area in production when interim 1986 figures are compared with interim 1985 figures. 129/ Data obtained from Commission questionnaires indicate that U.S. production of gypsophila increased from 1.7 million bunches in 1983 to 2.1 million bunches in 1984 and remained constant in 1985. Production increased from 1.7 million bunches in interim 1985 to 2.0 million bunches in interim 1986. 130/

Estimates of U.S. producers' shipments gleaned from published statistics also reflect increases over the period of investigation, with shipments increasing from 44.1 million stems in 1983 to 56.5 million stems in 1984 and to 61.7 million stems in 1985. This increase continued as is evident when interim 1985 figures are compared with interim 1986 figures. 131/ Data obtained from Commission questionnaires again reflect an increase in U.S. producers' shipments, from 1.1 million bunches in 1983 to 1.4 million bunches in 1984, and a slight increase to 1.5 million bunches in 1985. An increase is also evident in interim 1986, to 1.4 million bunches as compared with 1.1 million bunches in interim 1985. 132/

Limited financial data allocated to the production of gypsophila by six U.S. producers was available from Commission questionnaires. Net sales of gypsophila by these producers increased slightly from $2.1 million in 1983 to

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128/ Id. at A-22.
129/ Id. at A-34.
130/ Id. at A-35, Table 6.
131/ Id. at A-39.
132/ Id. at A-42.

$2.2 million in 1984, and to $2.4 million in 1985. Interim data also reflect an increase. Net income before officers' or partners' salaries and income taxes declined from $523,000 in 1983 to $334,000 in 1984, then increased to $529,000 in 1985. Interim 1986 shows a significant increase to $603,000 as compared with $369,000 for interim 1985. The ratio of net income before officers' or partners' salaries and income taxes to net sales declined from 25.4 percent in 1983 to 15.3 percent in 1984, then increased to 22.1 percent in 1985. Data for the interim period show a substantial increase, to 54.2 percent in interim 1986, as compared with 44.7 percent in interim 1985. 133/

These limited data follow the general trend for the 111 U.S. producers responding to Commission questionnaires with respect to their overall financial performance. Those producers net sales of gypsophila increased throughout the period under investigation, from $2.1 million in 1983 to $2.4 million in 1985. 134/ Data for the interim period show a further increase, to $822,000 in interim 1986, as compared with $636,000 in interim 1985. 135/ Data for these growers total operations show that total net sales increased steadily throughout the period under investigation. Again, when interim figures for 1986 are compared with interim 1985, an increase is evident. Although net income before officers' or partners' salaries and income taxes declined from 1983 to 1985, data for interim 1986 show an increase over interim 1985. 136/ 137/

133/ Id. at A-83.
134/ Id. at A-56.
135/ Id.
136/ Id.
137/ Commissioner Lodwick notes that the impact of gypsophila sales on the net income of total operations before officers' and partners' salaries and income taxes is minimized by the small volume of gypsophila sales relative to total sales.

Apparent consumption of gypsophila is increasing in the United States. Domestic production and shipments have increased steadily throughout the period under investigation, and financial data indicate that producers are increasingly profitable. We therefore conclude that the domestic industry producing gypsophila is not materially injured.

No threat of material injury

We further conclude that there is no threat of material injury to the industry producing gypsophila by reason of LTFV imports from Colombia. As noted above, we have concluded that it is inappropriate to undertake a cumulative analysis regarding threat of material injury in these investigations. 138/

Colombia

Imports of gypsophila from Colombia have been relatively stable as a share of apparent U.S. consumption, decreasing from 24.0 percent in 1983 to 22.0 percent in 1984, before returning to 24.7 percent in 1985. 139/ Data for the interim period show an increase, from 23.4 percent of apparent U.S consumption in interim 1985 to 29.9 percent in interim 1986. 140/ U.S. prices for gypsophila showed mixed trends, increasing for Mothers' Day sales, while decreasing during November and December, with respect to both standing order and spot sales. 141/ During the remaining weeks, prices increased for standing orders, and decreased for spot sales. 142/ Gypsophila imported from Colombia was consistently priced above the U.S. grower product for both

138/ See note 93, supra.
139/ Report at A-111.
140/ Id.
141/ Id. at A-147.
142/ Id.

standing order and spot sales. 143/ In light of the foregoing, we cannot conclude that imports of gypsophila are likely to increase to an injurious level in the near future, or have an adverse impact on domestic prices. We therefore conclude that there is no threat of material injury by reason of imports of gypsophila from Colombia.

Miniature carnations

Condition of the domestic industry

Estimated apparent U.S. consumption of miniature carnations rose from 157.7 million stems in 1983 to 165.6 million stems in 1984 and continued to rise in 1985 to 211.1 million stems. Consumption has continued to increase as is evident when comparing interim 1986 figures with interim 1985 figures. Estimated U.S. producers' shipments rose steadily over the period of investigation, from 103.0 million stems in 1983 to 111.3 million stems in 1984 and to 125.7 million stems in 1985. This increase continued in interim 1986 when U.S. producers' shipments were 103.1 million stems as compared with 92.2 million stems in interim 1985. 144/ The trend of such shipments, however, differed from that of U.S. producers' share of apparent U.S. consumption, which increased from 65.3 percent in 1983 to 67.2 percent in 1984, then declined to 59.5 percent in 1985. Data for the interim periods show a sharp decline, to 49.5 percent of apparent U.S. consumption during interim 1986, as compared with 61.3 percent in interim 1985. 145/

The area in production of miniature carnations in the United States remained generally stable in 1983 and 1984, before rising slightly in 1985.

143/ Id. at A-148.
144/ Id. at A-21.
145/ Id. at A-110.

The area in production continued to increase as is evident when interim 1886 figures are compared with interim 1985 figures. 146/ Data obtained from Commission questionnaires indicates that U.S. production of miniature carnations increased from 3.7 million bunches in 1983 to 4.0 million bunches in 1984, and continued to rise to 4.1 million bunches in 1985. Production continued to increase from 3.1 million bunches in interim 1985 to 3.4 million bunches in interim 1986. 147/

Data obtained from Commission questionnaires show that U.S. producers' shipments increased over the period of investigation, from 3.1 million bunches in 1983 to 3.4 million bunches in 1984, and to 3.5 million bunches in 1985. Shipments continued to increase in interim 1986 to 2.9 million bunches as compared with 2.6 million bunches in interim 1985. 148/

Income and loss experience on total operations for 5 U.S. growers whose sales of miniature carnations accounted for more than 50 percent of total 1985 sales, show that net sales of miniature carnations remained relatively stable at $1.5 million in 1983 and 1984, and increased to $1.7 million in 1985. This increase continued in interim 1986 when net sales were $1.2 million as compared with $1.1 million in interim 1985. 149/ Total income of these producers on their operations rose from $2.0 million in 1983 to $2.1 million in 1984 and 1985. Such income increased when interim 1985 figures are

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146/ Id. at A-34.
147/ Id. at A-35, Table 6.
148/ Id. at A-42. Published data corroborate this increasing trend. Data collected from Floriculture Crops indicate that U.S. producers' shipments increased significantly during the period for which information is available. Id. at A-37, Table 7. Figures obtained from Ornamental Crops also indicate U.S. producers' shipments rose from 1983 to 1985. Interim 1986 figures declined slightly as compared with interim 1985. Id.
149/ Id. at A-77.

compared with interim 1986 figures. [150/] As a share of net sales, net income before officers' or partners' salaries and income taxes declined from 21.0 percent in 1983 to 14.8 percent in 1984, but then rose to 16.1 percent in 1985. This increase continued in the interim periods; the ratio for interim 1986 was 20.7 as compared with 14.0 percent in interim 1985. [151/]

As is the case with standard carnations, the domestic market for miniature carnations appears to be growing. Apparent U.S. consumption, domestic production and shipments, and area in production are all up during the period under investigation. Moreover, net sales and operating income also increased. Although net income before officers' or partners' salaries and income taxes was down in 1984, it increased significantly and to a relatively high level in 1985 and again in interim 1986 as compared with interim 1985. Therefore, despite the decline in domestic producers' share of apparent U.S. consumption, which suggests that the domestic industry is becoming more vulnerable to import competition, particularly at low prices, we conclude that the domestic industry producing miniature carnations is not materially injured.

Threat of material injury

Colombia

Imports of miniature carnations from Colombia are a cause of threat of material injury to the domestic industry. Imports of miniature carnations from Colombia increased from 21.5 million stems in 1983 to 30.4 million stems in 1984, and further increased to 41.6 million stems in 1985. [152/] The most recent data show a continued increase, with the subject imports increasing

150/ Id. at A-77.
151/ Id.
152/ Id. at A-102.

from 27.9 million stems to 61.9 million stems, or by 122 percent, in interim 1986 as compared with interim 1985. 153/

These increasing imports represent an increasingly significant share of apparent U.S. consumption of miniature carnations. The share of apparent U.S. consumption of miniature carnations accounted for by imports from Colombia increased from 13.6 percent in 1983 to 18.4 percent in 1984, and increased again to 19.7 percent in 1985. 154/ Again, data for the most recent period show a continued increase, from 18.6 percent during the 1985 interim period to 29.7 percent during the 1986 interim period. 155/ This represents an increasingly significant share of the U.S. market for miniature carnations. It does not appear likely that the increase in imports of miniature carnations from Colombia will slow significantly or stop in the near future, and thus it is likely that import penetration will increase to an injurious level in the near future.

The Commission considered price trends compiled from both the official statistics of the USDA and questionnaire responses for miniature carnations. The figures demonstrate the extremely wide monthly price fluctuations in the market for miniature carnations. 156/ However, when examining equivalent weeks during this period, domestic miniature carnation prices were down in all comparable weeks, for both standing order and spot sales. 157/ Data derived from Commission questionnaires shows that prices for Colombian miniature

153/ Id. at A-102.
154/ Id. at A-110.
155/ Id.
156/ Id. at A-130.
157/ Id. at A-147.

carnations fluctuated both above and below the U.S. grower price throughout the period under investigation, with margins ranging from 37 percent below to 69 percent above the domestic price. 158/ When examining equivalent weeks, the prices of miniature carnations imported from Colombia decreased for all spot sales during the period 1984-86, and decreased for standing order sales with the exception of Valentine's Day sales. In this market characterized by generally declining prices, the increasing volume and share of apparent U.S. consumption of imports of miniature carnations from Colombia is likely to have a price suppressive or depressive effect.

Colombia is the single most significant exporter of miniature carnations to the United States. Colombia's exports of miniature carnations to the United States increased each year during 1983-1985, from 104.5 million stems in 1983, to 220.2 million stems in 1985. 159/ Although Colombia's exports of miniature carnations to third countries also increased during this period, the volume of these shipments was significantly lower and increased less rapidly than the volume of shipments to the United States. Colombia has a large flower growing industry, and information in the record indicates that Colombian growers believe that the U.S. market will grow as production increases. 160/ Moreover, flower exports are a significant source of foreign exchange for Colombia, and in light of Colombia's foreign debt situation, the need to generate foreign exchange is likely to militate in favor of increased exports to the U.S. Although certain factors indicate that

158/ Id. at A-147-A-149.
159/ Id. at A-92. A portion of the exports recorded as shipped to the United States were reported shipped through the U.S. to Canada. No estimate of such transshipments was made. Id. at A-91.
160/ Id.

1986 was a difficult year for Colombian growers, with lower growth than perhaps had been anticipated, it appears that Colombia has sufficient production and capacity to continue to increase exports of miniature carnations to the U.S. market.

In light of the factors discussed above, we conclude that there is a threat of material injury to the domestic industry by reason of imports of miniature carnations from Colombia.

No threat of material injury

We further conclude that there is, however, no threat of material injury by reason of imports of miniature carnations from either Canada or the Netherlands. As noted above, we have concluded that it is inappropriate to undertake a cumulative analysis regarding threat of material injury in these investigations. 161/

Canada

Imports of miniature carnations from Canada, while increasing during the period under investigation, are minuscule by comparison to other imports, and represented only 0.1 percent of apparent U.S. consumption at their highest level, during the interim period of 1986. 162/ Although production of miniature carnations in Canada increased from 1983 to 1985, the information in the record indicates that the apparently large increase from 1983 to 1984 is misleading, as the survey of producers on which the data are based was less complete in 1983 than in 1985 and 1986. 163/ Moreover, the sale of carnations from Canada is reportedly spot trade to supply wholesalers and

161/ See note 93, supra.
162/ Report at A-110.
163/ Id. at A-88-A-89.

retailers in border areas such as Buffalo and Rochester. The information in the record indicates that Canadian imports are used only to remedy occasional shortages in supply. 164/ The fact that the Commission was unable to collect any information concerning prices of imports from Canada, despite an extensive telephone survey of wholesalers and retailers in the market areas along the Canadian border, supports this conclusion. We conclude that it is unlikely that Canadian imports will increase to injurious levels in the near future, or have any significant impact on domestic prices or the domestic industry. We therefore find that there is no threat of material injury to the domestic industry by reason of imports of miniature carnations from Canada.

The Netherlands

Imports of miniature carnations from the Netherlands decreased from 1.8 percent of apparent U.S. consumption in 1983 to 0.9 percent in 1984, then increased to 1.2 percent in 1985. 165/ Data for the interim periods show an increase from 1.1 percent of apparent U.S. consumption in interim 1985 to 2.0 percent in 1986. 166/ This relatively stable market share does not indicate that imports from the Netherlands are likely to increase significantly in the near future. Moreover, the Dutch flower industry is one of the most highly developed, and exports are directed primarily to European markets. 167/ In addition, both the number of producers of miniature carnations and the area in production in the Netherlands have decreased over the period of investigation, although production did show some increase in 1985 and interim 1986 as

164/ Id. at A-88-A-89.
165/ Id. at A-110.
166/ Id.
167/ Id. at A-98.

compared with interim 1985. [168/] Prices for miniature carnations imported from the Netherlands were above U.S. grower prices in all but two of 34 possible comparisons. [169/] In view of the stable market share represented by imports of miniature carnations, and the generally higher prices for those imports, we conclude that there is no threat of material injury to the domestic industry by reason of imports of miniature carnations from the Netherlands.

FURTHER VIEWS OF COMMISSIONER LODWICK WITH RESPECT TO THREAT OF MATERIAL INJURY TO THE DOMESTIC INDUSTRY BY REASON OF IMPORTS OF MINIATURE CARNATIONS FROM COSTA RICA, ECUADOR, AND ISRAEL

Costa Rica

The volume of imports of miniature carnations from Costa Rica is also not a significant factor in the domestic market, although imports did increase to 2.2 percent of apparent U.S. consumption during the interim period of 1986, a marked rise from previous levels. [170/] Although information concerning the Costa Rican industry was not available, I am unwilling to determine that imports will increase significantly in the near future to a level which would be injurious. In addition, price comparisons made on the basis of data collected from Commission questionnaires indicate that prices for both standing order and spot sales of miniature carnations from Costa Rica were more frequently above domestic grower prices than below, [171/] suggesting that the Costa Rican imports are not likely to have any significant price effects. In addition, data on prices for miniature carnations from Costa Rica

168/ Id. at A-99.
169/ Id. at A-149.
170/ Id. at A-110.
171/ Id.

showed that January and Valentine's Day prices decreased for both standing order and spot sales, increased for the August weeks, and were mixed between standing order and spot sales for the remaining weeks, while comparable domestic price trends moved downward. I therefore find that there is no threat of material injury to the domestic industry by reason of imports of miniature carnations from Costa Rica.

Ecuador

Imports of miniature carnations from Ecuador increased from 1983 to 1985, but then declined during the most recent interim period, representing only 2.2 percent of apparent U.S. consumption in interim 1986. 172/ The flower growing industry in Ecuador is largely composed of firms which only recently began commercial production, so data regarding production show relatively large increases, although these data are not segregated by flower type, and thus I cannot determine how much of this production is of miniature carnations. 173/ In addition, it appears that the Ecuadorean flower industry is increasing sales in both the home market and third country markets, suggesting that exports to the United States will not increase significantly in the near future. 174/ This conclusion is further supported by the information supplied by several of the Ecuadorean firms that they do not project any changes in their shipments during 1987 and 1988. 175/ On the basis of the data available, I am unwilling to determine that imports from Ecuador will increase to an injurious level in the near future. In addition,

172/ Id.
173/ Id. at A-94.
174/ Id.
175/ Id.

although pricing comparisons indicate that Ecuadorean imports of miniature carnations tended to be sold at prices below U.S. grower prices, 176/ I do not believe that they are likely to suppress or depress U.S. prices, in view of the small volume of imports. I therefore conclude that there is no threat of material injury by reason of imports of miniature carnations from Ecuador.

Israel

Imports of miniature carnations from Israel, although the second highest by volume of the countries under investigation, nonetheless averaged less than one-third of the volume of imports from Colombia during the period under investigation. 177/ Colombian imports during the period under investigation accounted for between 13.6 and 29.7 percent of apparent U.S. consumption. Although imports of miniature carnations from Israel were higher in interim 1986 than in any previous period under examination, overall, imports from Israel have held a relatively stable share of the U.S. market, decreasing from 6.8 percent in 1983 to 5.1 percent in 1984, increasing to 6.5 percent in 1985, and increasing to 8.3 percent in interim 1986 as compared with 7.2 percent in interim 1985. 178/ In my view, this suggests that imports from Israel are at a relatively stable level, and does not indicate that such imports are likely to increase significantly in the near future to an injurious level. Moreover, data concerning the industry in Israel indicate that the area in production for miniature carnations has decreased steadily during the period under investigation. 179/ In addition, the United States is a relatively

176/ Id. at A-148.
177/ Id. at A-102.
178/ Id. at A-110.
179/ Id. at A-96.

small market for Israeli exports: Europe is Israel's primary export market. 180/ Prices for miniature carnations imported from Israel sold in the spot market were below U.S. grower prices, although miniature carnations sold as standing orders were priced above U.S. grower sales as often as below. 181/ Moreover, imported miniature carnations from Israel increased in price for all standing order and spot sales for which comparisons were possible, with the exception of spot prices during the Christmas holiday. U.S. prices for miniature carnations were lower in 1986 than in 1984 for both standing order and spot sales. I am unwilling to conclude, however, that these prices will have any significant effects on domestic prices in the near future, in view of the relatively small share of apparent U.S. consumption represented by Israeli imports. I therefore conclude that there is no threat of material injury to the domestic industry by reason of imports of miniature carnations from Israel.

180/ Id. at A-95.
181/ Id. at A-148.

SEPARATE VIEWS OF COMMISSIONER ECKES AND COMMISSIONER ROHR WITH RESPECT TO THREAT OF MATERIAL INJURY TO THE DOMESTIC INDUSTRY BY REASON OF IMPORTS OF MINIATURE CARNATIONS FROM COSTA RICA, ECUADOR, AND ISRAEL.

We disagree with the Commission majority and find that less than fair value (LTFV) imports of miniature carnations from Costa Rica, LTFV imports from Ecuador, and also subsidized imports from Israel threaten material injury to the domestic industry. Our affirmative determinations in these investigations are based upon the apparent vulnerability of the domestic miniature carnation industry, the increasing volume and market penetration of imports from each of the three countries during the period of investigation, and both the capability and incentive of these countries to increase the production and export of miniature carnations to the United States.

With an expanding U.S. market for miniature carnations, the domestic industry has increased sales during the period of investigation. Industry profitability, which dropped sharply in 1984, rose in interim 1986 to almost the level attained in 1983. However, the industry faces increasingly heavy import competition. The quantity of imports from all countries during just the first nine months in 1986 was almost double the annual totals in 1983 and in 1984. As the result of this deluge, the domestic industry already has lost a very substantial share of

the market, dropping from a 67.2 percent share in 1984 to 59.5 percent in 1985, and from 61.3 percent in interim 1985 to 49.5 percent in interim 1986.

The increasing demand for miniature carnations has not had the expected positive effect on domestic prices. Prices, particularly in the spot sales market, have trended downward in equivalent-week comparisons. There is a limit to cost savings that the industry can effect to maintain profits in the face of declining prices. In our view, the domestic industry is vulnerable to material injury if imports continue their upward trend.

In considering whether the unfairly traded imports from Costa Rica, Ecuador, and Israel threaten material injury to the domestic industry, we did not cumulate imports from these countries with each other or with those from other countries subject to investigation. However, our analysis of the vulnerability of the domestic industry to future injury necessarily took into consideration the current impact of all unfair imports on the industry.

Costa Rica

The Commission was able to obtain very little information on the miniature carnation industry in Costa Rica. We do not know its capacity, production, capacity utilization or the percent of production exported to the United States. However, on the basis of the import data collected , we can see that

whether or not total capacity or production in Costa Rica increased during the period of investigation, shipments to the United States expanded suddenly and rapidly starting in 1985.

In 1984, Costa Rica exported only 200,000 stems of miniature carnations to the United States, which captured about 0.1 percent of the domestic market. Exports increased to 1.7 million stems in 1985 (an 0.8 percent market share) and then jumped to 4.65 million stems in the 1986 interim for a market share of 2.2 percent. There was some underselling by these Costa Rican imports, particularly in standing order sales for key holiday periods.

These import figures point to an industry that has targeted the growing U.S. market for miniature carnations. Apparently, Colombia is not the only Latin American country to find that flower exports can generate needed currency to service foreign debt. The climate and labor costs are favorable to industry development in Costa Rica. Therefore the country is now exporting increasing quantities of staple flowers to the United States, such as carnations, miniature carnations, and pompom crysanthemums. With antidumping duties soon to be placed on standard carnations and pom pom mums as the result of these investigations, emphasis could well shift to increased production of miniature carnations. It is difficult to assess exactly how much time such a shift might require, but it probably would not need as much time or capital as shifting to an entirely different flower type such as alstroemeria.

Even absent such a shift, however, there is no reason to believe that the recent sharp rise in export growth will not continue. To a domestic miniature carnation industry that is confronting increasing import competition from many sources, rapidly rising LTFV imports from this new source threatens material injury.

Ecuador

Of the eleven firms in Ecuador producing flowers subject to these investigations, three began commercial production in 1985 and six started producing in 1986. This is a new and rapidly growing industry in Ecuador. The bulk of Ecuador's production is exported to the United States.

Imports of miniature carnations from Ecuador rose from 1.7 million stems in 1983 to 9.85 million stems in 1985. Ecuador's share of apparent consumption grew from 1.1 percent in 1983 to 4.7 percent in 1985. Both the import volume and market share decreased in interim 1986 compared to the same period of 1985. However, absent antidumping duties, we would expect this new entrant to the miniature carnation industry to resume the rising import trend when these investigations are completed. Ecuador, like Costa Rica, has a climate and labor rates favorable to flower production, and its need to raise capital to service foreign debt is well documented.Again there is the possibility of product shifting from carnations or pom pom mums

to minicarnation production when duties are placed on the former flowers.

We have few price comparisons for imports from Ecuador, but the spot sale comparisons that we do have show underselling in all but one time period. We believe the domestic industry is threatened with material injury from increasing low-priced LTFV imports from Ecuador.

Israel

Israel is the second largest supplier of miniature carnations to the U.S. market, capturing an 8.3 percent share of U.S. apparent consumption in interim 1986. This was a substantial increase from the 5.1 percent market share in 1984, the 6.5 percent share in 1985, and even the 7.2 percent share in interim 1985.

The export trend for Israel has not been straight up during the period of investigation. The profitability of Israel's cut flower industries declined in the early 1980's, and many growers ceased production. However, the industries appear to be reviving under Agrexco Ltd., a cooperative jointly owned by flower growers and the Government of Israel. This is reflected in recent import statistics. Imports of miniature carnations from Israel increased from 8.4 million stems in 1984 to 13.7 million in 1985, and 17.3 million in interim 1986.

Although Israel traditionally has shipped much of its flower production to Europe, Agrexco sees the United States as

a growth market. It is shipping its higher quality miniature carnations to this market at prices below domestic prices in all the Commission's spot sales comparisons.

The Commission report notes that Israel's shipments during the 1986 interim reflect poor performance in the 1986-1987 growing season. If the interim period rise in volume and market share for imports from Israel reflects poor performance, improved performance will mean an even higher rate of import volume increase. We believe that these increasing LTFV imports of miniature carnations from Israel threaten material injury to the domestic industry.

Additional Views of Commissioner Rohr

I have cumulated in these investigations as outlined in the opinion of the Commission majority. However, I must raise some questions concerning whether our interpretation of the cumulation requirement goes beyond the intent of Congress in drafting the cumulation provision of the Trade and Tariff Act of 1984.

Cumulation. In these investigations, I cumulated allegedly subsidized imports of standard carnations from Kenya subject to a preliminary negative determination from the Commerce Department with other imports of standard carnations in these cases as described in the cumulation section of the majority opinion. I have strong doubts whether Congress intended that imports subject to a preliminary negative determination should be considered in a cumulative analysis.

These imports are still literally "subject to investigation". However, whether or not they will finally be judged to be unfairly traded is highly doubtful. In my experience, it is rare for a negative preliminary determination by Commerce to be reversed to a final affirmative or for a preliminary affirmative to result in a final negative. I am inclined to believe that the issue of cumulating imports receiving a preliminary negative Commerce determination is an issue that Congress did not really consider in drafting the current law.

Because these same imports are subject to a preliminary affirmative determination of sales at LTFV, they were cross-cumulated in any case. Consequently, the issue of whether or not to cumulate the imports subject to a preliminary negative determination did not really affect the final outcome of the investigations. However, I raise this as an issue which definitely is in need of clarification.

Cross-cumulation. In these investigations, I have cross-cumulated imports subject to antidumping duty investigations and determinations with imports subject to countervailing duty investigations and determinations. Previously, I have not cumulated imports across statutes. I have not done so due to my view that cross-cumulation is not required by either statute or legislative history. I must also note that, due to the particular factual circumstances presented in each of those cases, my determinations in the cases would not have been affected had I cross-cumulated.

The language and history of the antidumping and countervailing duty statutes highlights the inappropriateness of cross-cumulation. The Trade Agreements Act of 1979 requires distinct and separate determinations with respect to Commission subsidy and dumping investigations. This structure preserved the historical separation between countervailing duty proceedings, dating back to the late 19th century, and antidumping proceedings dating back to the early 20th century. I believe that the amendment to the 1979 law relating to cumulation embodied in the Trade and Tariff Act of 1984 must be interpreted in harmony with the earlier statutes and history.

In the language of the 1979 Act, the Commission is to determine specifically if a domestic industry is materially injured or threatened with material injury by reason of imports which the Commerce Department rules are being subsidized. A similar provision in Title VII of the Act requires the Commission to make a specific finding with respect to imports the Commerce Department determines to be sold at less than fair value.

The statutory language obviously requires that the injury be by reason of subsidized imports, not by reason of both subsidized and dumped imports. Similarly the statute requires that injury be by reason of dumped imports, not by reason of both subsidized and dumped imports. Clearly the two types of investigations were meant to be treated separately. The separate nature of

the two provisions is emphasized by the fact that nowhere does the statute simply refer to "unfairly traded imports", rather it refers to subsidized imports or imports at less than fair value.

Cross-cumulation also obscures the very nature of the causal nexus required in those separate investigations. Congress clearly intended the Commission to act in accordance with the plain language of the statute. In discussing how the Commission would make its countervailing duty determination, the Senate Finance Committee stated that the Commission is to consider "how the effects of the net bounty or grant relate to injury, if any to the domestic industry." 1/ The report continues:

> [T]he Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the subsidization and the requisite injury. (Emphasis added.) 2/

Applying the same principle with respect to antidumping investigations, the Committee stated that:

> [T]he Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury. (Emphasis added.) 3/

Thus, Congress specifically stated that the Commission must find a causal nexus between injury and the specific dumped or subsidized goods, respectively, identified by Commerce.

Had this language and statutory provisions been intended to be overridden by the 1984 cumulation amendment, surely some specific directive to that

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1/ S. Rep No. 249, 96th Cong., 1st Sess. 57 (1979).
2/ Id. at 58.
3/ S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979).

effect could have been expected. The 1984 Act is totally silent on the issue of cross-cumulation. In fact, the legislative history of the 1984 Act suggests that its purpose was principally to provide a legislative basis for a general Commission practice which Congress noted had been neither ratified nor prohibited. 4/ There is no suggestion that Congress considered or intended that the provision change the fundamentally separate nature of antidumping and countervailing duty proceedings.

Therefore, I can only conclude that Congress intended that the cumulation amendment should be interpreted so as not to contradict the pre-existing provisions. Cross-cumulation could lead to results that clearly contradict the statute. Suppose that two countries each had one producer of a certain product both subject to AD and CVD proceedings. One producer was found to be dumping but was not subsidized; the other found to be subsidized but was not dumping. If a cross-cumulative analysis is used, all imports from those countries would be the subject of examination in each investigation. 5/ In my view, this definitely goes against our mandate to determine if there is a causal link between injury to the domestic industry and subsidized imports, or imports at less than fair value.

I cross-cumulated in the instant cases in the light of the holding of the Court of International Trade (CIT) in Bingham and Taylor Division, Virginia Industries, Inc. vs United States, 626 F. Supp. 793 (1986), appeal pending (No. 86-1440 Fed Cir.). As noted above, since this decision of the CIT,

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4/ See Conf. Rep. 1156, 98th Cong, 2d. Sess. 173 (1984); H. Rep. 725, 98th Cong. 2d. Sess. 37 (1984).

5/ In fact, the logic behind the arguments for cross-cumulation would equally require cross-cumulation if there were two producers in a single country, one of whom was found to be subsidized, and the other of having dumped his goods in the U.S. market, although the statute expressly would prohibit such cross-cumulation by requiring that cumulation only be used in situations involving two or more countries. To the extent the arguments lead to a result expressly prohibited by statute, they must be rejected.

I have not cross-cumulated because my view of the impact of unfairly traded imports led me to identical findings whether or not a cross-cumulative analysis was employed.

However, in these cases the results would have been quite different in the absence of cross-cumulation. Analyzing the factors mandated by the 1984 Act with regard to cumulation, there is little doubt that imports of the same type flowers from the various countries should be cumulated as described earlier in the opinion of the Commission majority.

However, examining the cumulated imports subject to the subsidy investigations distinct from the antidumping investigations yields very different results in terms of import volumes, rate of increase in subsidized or LTFV imports, rate of increase in U.S. market penetration by imports, and discernible import price trends. I must conclude that I would have made a negative determination in two of the countervailing duty investigations (701-TA-275, Certain Cut Flowers from Canada and 701-TA-276, Certain Cut Flowers from Chile) if not for cross-cumulation.

The Court of International Trade has mandated that the Commission must cross-cumulate and I have complied. I do, however, question the wisdom of cross-cumulating when it leads, as in a number of the current cases, to results that are anomalous with both an objective analysis of the market dynamics and a clear reading of the statute.

Views of Chairman Liebeler

Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, and The Netherlands

Inv. Nos. 701-TA-275-278 & 731-TA-327-331
(final)

Based on the record in these investigations, I determine that an industry in the United States is not materially injured or threatened with material injury by reason of dumped imports of certain fresh cut flowers from Canada, Chile, Colombia, Costa Rica, and Ecuador. I also determine that an industry in the United States is not materially injured or threatened with material injury by reason of subsidized imports of certain fresh cut flowers from Canada, Chile, Israel, and The Netherlands.[1]

Like product/domestic industry

The Commission must determine what domestic product is "like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[2] The imports subject to investigation are seven different types of flowers: standard carnations, miniature carnations, standard chrysanthemums, pompom chrysanthemums, alstroemeria, gerberas, and gypsophila.[3].

From their vote, it is apparent that my colleagues in the

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[1] Because the fresh cut flowers industry is well-established, the issue of material retardation will not be addressed.

[2] 19 U.S.C. 1677(10).

[3] Report at B-4-5.

majority have found that these flowers constitute separate like products. This is a change from the preliminary determination in which the Commission unanimously found that "all domestically fresh cut flowers are like the seven flowers subject to investigation."[4]

I determine that the like product comprises all fresh cut flowers. Accordingly, I determine that the domestic industry is comprised of the domestic producers of all fresh cut flowers.[5]

The Commission has often defined the like product more broadly than the domestic product identical to the import. For example, in the 64K Dynamic Random Access Memory Components (DRAMs) investigation,[6] the imports consisted of 64K DRAMs, but

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[4] Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, The Netherlands, and Peru, Inv. Nos. 303-TA-17-18, 701-TA-275-278 & 731-TA-327-334 (preliminary), at 8 (July 1986). The Commission stated:

> [P]etitioner's arguments in support of a determination that the seven flowers subject to investigation are like lead to the conclusion that all fresh cut flowers are like. Thus, if the seven flowers subject to investigation are close substitutes for and compete with each other, and have an effect on each other's prices, it appears likely, on the basis of the information before us at this time, that the same is true with respect to all other fresh cut flowers.

Id. at 9.

[5] I note the determination in the preliminary by the Commission may be inconsistent with the precedent set in Fresh Cut Roses from Colombia, Inv. No. 731-TA-148, USITC Pub. 1575 (1984), which held that the product like an imported rose was a domestic rose. However, after careful consideration of decisions subsequent to Roses involving analogous issues, I have concluded that it would be improper to follow the like product analysis in Roses.

[6] Inv. No. 731-TA-270 (final), USITC Pub. 1862 (1986).

the Commission determined that the like product consisted of all DRAMs, regardless of density. Similarly, in Certain Natural Bristle Paint Brushes from the People's Republic of China,[7] although only natural bristle paint brushes were subject to investigation, the Commission concluded that synthetic paint brushes were part of the like product. In Top-of-the-Stove Stainless Steel Cooking Ware from Korea and Taiwan[8] and Porcelain-on-Steel-Cooking Ware from Mexico, the People's Republic of China, and Taiwan,[9] products ranging from tea kettles to pots and pans, and double boilers to casseroles were all being imported and subject to investigation. The Commission found that the like product consisted of all of these products, despite the many differences in the specific characteristics and uses among the products.

Thus, the Commission has found that even if there is an identical product produced in the United States, it may be proper, and indeed necessary, to include non-identical products in the definition of the like product. In fact, Congress chose not to use the word "identical" in its guidance to the Commission on like product determinations. The 1967 International Antidumping Code provided for a narrow definition of industry

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[7] Inv. No. 731-TA-244 (final), USITC Pub. 1805 (1986). Thus, petitioner's position that the Commission cannot legally include within the like product definition articles that are not named in the petition is obviously at odds with Commission precedent. Transcript, at 104.

[8] Inv. Nos. 701-TA-267-268 & 731-TA-304-305 (final), USITC Pub. 1936 (Jan. 1987).

[9] Inv. Nos. 701-TA-265 & 731-TA-297-299 (Final), USITC Pub. 1911 (Nov. 1986).

based on products that were identical to the imported product. Congress rejected such a definition. Thus, the statute does not provide that the like product inquiry should end whenever an identical product is produced in the United States. To the contrary, Congress indicated that minor differences in characteristics or uses should not lead to unduly narrow like product definitions.[10]

Thus, the Commission often focusses on the general characteristics and uses of the imports and has included products not subject to investigation. In this investigation, all fresh cut flowers share the same general characteristics and uses.[11]

To define the like product based on specific differences between the seven flowers could lead to absurd results. For example, consumers often buy flowers based on particular colors.[12] Because many flowers are available in different colors, too much focus on <u>specific</u> characteristics and uses could lead to like product determinations based on color. Although drawing such distinctions might appeal to some, I do not think drawing such narrow distinctions comports with economic reality or the intent of Congress.

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[10] S. Rep. 249, 96 Cong. 1st Sess., 90-91 (1979).

[11] Report at A-10.

[12] Respondents' economic witness testified about the importance of color: "A pompom is not a pompom is not a pompom. Color and variety are important. These products are especially important to the mass merchandisers, including the supermarkets, which rely on color and variety to catch shoppers' eyes and generate impulse purchases." Testimony by John Reilly of ICF Inc., Transcript at 117-18 (Feb. 2, 1987). The choice of color is usually more important than the choice of the flower. <u>See also</u> FTD's Posthearing Brief, Attachment 1.

Condition of the industry

The Commission is directed to look at several different categories of data to determine whether the domestic industry is suffering or threatened with material injury. Among these factors are the levels and trends in shipments, production, wages, employment, profits, revenues, growth and investment.[13] Although some of the sectors (i.e., particular flowers) of the domestic industry may be doing better than others,[14] overall the statutory factors together lead to the conclusion that the domestic industry is not materially injured.

Much of the data in this investigation on the entire fresh cut flowers industry is incomplete.[15] The information that is available shows that the value of domestic shipments of fresh cut

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[13] 19 U.S.C. 1677(7)(C)(iii).

[14] It is not clear that it is possible to analyze the financial condition of the domestic industry for separate flowers. Many growers produce more than one flower. Transcript, at 18-21, 46-47. Thus, the problem of cost allocation due to common production facilities is present. Since there appears to be no consistent pattern of flowers grown exclusively together, the narrowest group of products that would provide valid profit data would be all fresh cut flowers. 19 U.S.C. 1677(D).

[15] The Commission was asked by respondents to supplement the questionnaire sent to domestic producers. Respondents requested that questionnaires be mailed to producers of roses so that a more complete picture of the cut flowers industry could be developed. The domestic industry opposed the motion. Vice Chairman Brunsdale and I were favorably disposed toward the motion. A majority of the Commission voted to turn down the motion. Thus, although I am mindful of the need to develop as complete a record as possible within the statutory time limits, see USX Corp. v. United States, slip op. 87-14 (Ct. Int'l Trade Feb. 9, 1987), I must use the best information available.

flowers increased over 10 percent during 1984-85.[16] The area under production has increased slowly, but consistently, from 1983 through September 1986.[17]

Employment and wages have also seen upward trends. For those companies surveyed by the Commission, total hours worked increased 6 percent during 1983-85. Total compensation increased by over 15 percent. Thus, average compensation rose approximately 9 percent over the period for these firms.[18]

The only downward trend evident from questionnaire responses is the decrease in net income before officers' or partners' salaries and before income taxes. This figure, distributable income, decreased from 10.2 percent of net sales in 1983 to 6.7 percent in 1985. Although distributable income has dropped, I cannot conclude that this fact alone justifies an affirmative finding of injury. For one thing, included in these financial figures are the data on capital expenditures and research and development. Capital expenditures rose nearly 27 percent between 1983 and 1985. R&D expenses doubled over the same period for the small sample of firms that provided data. These increases are signs of a healthy industry.

These increased investments translate into higher depreciation and interest expenses, as is indicated in the

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[16] Report at Table 2; see also table 7 & table 9. Value is a better measure for sales than quantity because of the differences in value attributable to stem sizes, as well as the differences in value among the varieties of flowers.

[17] Report at table 5.

[18] Report at Table 15.

financial figures and account for a small part of the decline in distributable income over the period. In addition, FTD argued that the increased investments began to pay off in 1986.[19] Distributable income for January through September 30, 1986 rose to 12.8 percent of net sales. Since part of this period occurred after the filing of these investigations, some of the increase probably reflects the increase in domestic production attributable to the uncertainty caused by the investigations.[20] On the other hand, the rise in distributable income is consistent with the increase in all the other indicators of industry performance during the period of investigation.[21] Thus, I am unable to conclude that the decline in distributable income through 1985 demonstrates that the domestic industry is suffering material injury.[22]

Threat of Material Injury

To determine that an industry is threatened with material injury, the Commission must find that the threat of material injury is real and that actual injury is imminent.[23] My

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[19] FTD Prehearing brief, at 18 (Jan. 29, 1987).

[20] Petitions were filed on behalf of the Floral Trade Council on May 21, 1986, after most of the period during which high sales occur (Valentine's Day, Easter, Mother's Day).

[21] A common characteristic of small firms is that some of the "profit" is generally removed from the firm by the principals in the form of non-taxable perquisites. Thus, the disposable income figures are likely to be a lower bound on profitability. The fact that the smaller firms in this industry appear more profitable than the large ones (Report at Table 21) is not to the contrary. The optimal size in this industry may be relatively small.

[22] 19 U.S.C. 1677(7)(E)(ii).

[23] 19 U.S.C. 1677 (Supp. 1986).

discussion above clearly indicates that I find no signs that actual injury to the domestic fresh cut flowers industry is imminent.

Conclusion

Because I have found that the domestic fresh cut flowers industry is not materially injured or threatened with material injury, I do not reach the issue of causation. In conclusion, I determine that an industry in the United States is not materially injured or threatened with material injury by reason of dumped imports of certain fresh cut flowers from Canada, Chile, Colombia, Costa Rica, and Ecuador. I also determine that an industry in the United States is not materially injured or threatened with material injury by reason of subsidized imports of certain fresh cut flowers from Canada, Chile, Israel, and The Netherlands.

VIEWS OF VICE CHAIRMAN ANNE E. BRUNSDALE

Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, and The Netherlands

Investigations 701-TA-275, 276, 277, and 278 (Final) and 731-TA-327, 328, 329, 330, and 331 (Final)

March 5, 1987

I determine that the domestic fresh cut flower industry is not materially injured or threatened with material injury by reason of subsidized imports from Canada, Chile, Israel, and The Netherlands or by reason of less-than-fair-value (dumped) imports from Canada, Chile, Colombia, Costa Rica, and Ecuador. Material retardation of the establishment of an industry in the United States is not an issue in these investigations and will not be discussed.

Like Product and Domestic Industry

The scope of the Commission's injury analysis in Title VII cases is governed by its decision on the appropriate like product and domestic industry.[1] The starting point for defining like

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[1] 19 U.S.C. sec. 1677(4)(D), (10).

product is to consider the articles subject to investigation by the Department of Commerce (Commerce). The domestic like product is the product (or cluster of products) that is most closely related in the U.S. market to the imported articles under investigation. Usually this means that the like product is the domestic product that is the closest market substitute for the imported articles. The domestic industry is the aggregation of all domestic firms that produce the like product.

In this case the imported articles under investigation are seven fresh cut flowers: standard carnations, miniature carnations, standard chrysanthemums, pompom chrysanthemums, alstroemeria, gerberas, and gypsophila.[2] These seven are among some 200 different types of fresh cut flowers consumed in the United States.[3] Since all cut flowers are used for aromal and decorative purposes it would appear that they should all be analyzed as a group. Indeed, in its preliminary decision in this matter, the Commission determined that the like product was all domestically produced fresh cut flowers.[4] We explained in that opinion that:

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[2] 51 Fed. Reg. 41840, 41840-41 (1986). Report at B-4-5.

[3] Report at A-10.

[4] Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, The Netherlands, and Peru, Invs. 303-TA-17 and 18, 701-TA-275-278 (Preliminary), and 731-TA-327-334 (Preliminary), USITC Pub. 1877, at 8-9 (July 1986), hereafter Cut Flowers, Preliminary.

> if the seven flowers subject to investigation are close substitutes for and compete with each other, and have an effect on each other's prices, it appears likely, on the basis of the information before us at this time, that the same is true with respect to all other fresh cut flowers. For instance, if gerbera are a close substitute for or compete with standard carnations, it appears likely that daisies are in the same position vis a vis standard carnations.[5]

Unfortunately, the record assembled in the final phase of these investigations does not include the kind of evidence that would be the most helpful in assessing the degree to which different flowers are close substitutes for each other, i.e., estimates of the sensitivity of demand for one type of flower in response to price changes of another type of flower (the "cross elasticity of demand").[6] The Commission did, however, obtain

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[5] Id. at 9.

[6] The cross elasticity of demand for product A with respect to the price of product B is the ratio of the percent change in the quantity of A demanded to the percent change in the price of B. See G. Stigler, The Theory of Price at 25-6 (3d ed. 1966). Chairman Liebeler and I requested parties to provide information on cross elasticities in their Posthearing submissions. However, most of the responses did not include estimates and were therefore not useful. See Posthearing Brief, Floral Trade Council and Florida Flower Association, Inc.; the Colorado Greenhouse Association; and the California Floral Council (petitioners) at 13-16 (February 6, 1987); and Posthearing Submission, ICF Inc. (on behalf of the Cut Flower Information Group, respondents), at A-2 (February 6, 1987). Finally, note that cut flowers are

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some other evidence that is very useful, particularly that submitted by Florists' Transworld Delivery Association, James E. Durio and Bill Hines (FTD).[7]

FTD presented results of a survey of 100 top FTD members that show a high degree of substitutability among all fresh cut flowers, i.e., that consumers easily switch from one type of cut flower to another.[8] These results reinforce the Commission's

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a final product, i.e., a product purchased by consumers, so that to assess substitutability one must examine how ultimate consumers will substitute one type of cut flower for another. Evidence of the degree of substitutability at the wholesale stage is not necessarily probative of the degree of substitutability at the retail stage.

7 I find FTD's evidence to be especially reliable on the issue of like product because of that organization's extensive, first-hand knowledge about consumer preferences and buying habits.

8 There is significant additional evidence in support of this proposition. See, e.g. Transcript (Tr.) at 195 (testimony of Mr. Dahlson) and Tr. at 77-79 (testimony of Mr. Nissen). Both testified that there is high substitutability on the part of consumers. There is also ample evidence that flowers as a whole are produced with common production facilities and employees (see 64K Dynamic Random Access Memory Components from Japan, Inv. 731-TA-270 (Final), USITC Pub. 1862 (1986)). Indeed, the petitioners themselves appear to produce a variety of different flowers. See, e.g. Tr. at 18-19 (producer switched from standard carnations to miniature carnations); Tr. at 21 (producer grows standard carnations, alstroemeria, and miniature carnations); Tr. at 46-47 (producer started in standard carnations and then developed gerbera production).

initial like product determination. Indeed, at the hearing in this matter, counsel for Petitioners referred to the seven flowers in which petitioners are most interested and stated:

> We think that the Commission's preliminary determination and the Staff Report are accurate in pointing out that all of these flowers are fresh cut flowers that sell through the same channels of distribution, for the same uses and at price points that have a close relationship to each other.
>
> In that sense, we think that the decision in the preliminary to treat them as one like product was the best decision....[9]

The same reasoning supports my conclusion that the like product is all flowers. Moreover, most of the respondents agreed that the definition of the like product should be all fresh cut flowers. Based on the above, I affirm that conclusion here: the like product in this case is all fresh cut flowers.

Having determined the like product, the domestic industry is accordingly defined as all domestic producers of fresh cut flowers.[10]

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[9] Tr. at 96. See also Tr. at 104-5.

[10] My determination that there is only one like product and one industry is bolstered by Commerce's experience determining the size of the dumping margin for the subject

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Condition of the Industry

In order to assess the condition of the domestic industry, it is first necessary to identify who the producers are. The commercial flower industry encompasses a large number of diverse enterprises whose exact number is not known. The latest Census of Agriculture was taken in 1982, before the period of investigation for the present case. That year there were 4,325 commercial growers of cut flowers and cut florist greens.[11] Presumably some of these firms specialized in growing florist greens so this count may overstate the size of the industry. On the other hand, many small growers may have been missed, particularly the small family-run firms. In spite of the possible omission of many small firms, most of the firms in the Census were small: 70 percent had annual sales of less than $40,000.[12]

Since the last census was taken in 1982, it is necessary to use other USDA data to assess the condition of the domestic flower industry. Unfortunately, these data suffer not only from incomplete coverage but also from changes in coverage over

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importers. In each case Commerce computed one margin for all subject flowers produced by the country in question.

11 Report at A-27.

12 Id.

time.[13] Thus trends may be subject to error, with the direction of bias not known. Nevertheless, I believe that recent USDA data is the best information available about the domestic industry.

One useful indicator of the industry's condition is area in production. While pre-1985 data for total area are not available, we do know that the total for 1985 was 6,534 million square feet and that the intended total for 1986 was higher, 6,547 million square feet.[14] The increase is modest, less than 0.2 percent, but it is an increase nonetheless and therefore not a symptom of an industry in distress.

Information about U.S. producers' shipments is also limited to two years, 1984 and 1985. These data are Commission estimates based on published statistics. Here the increase is stronger: shipments rose by 12.7 percent, from $385 million to $434 million.[15] Once again, one is not led to believe this industry is experiencing difficulties.[16]

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[13] Id. at A-5-6.

[14] Id. at A-33 (Table 4).

[15] Id. at A-39 (Table 8).

[16] I use value of shipments rather than the number of stems to measure the aggregate performance of the industry. In part, this is because prices for different flowers differ considerably so that it makes no sense to add number of stems of carnations with number of stems of roses, etc. See Cut Flowers, Preliminary, at 10, n. 19. In addition, I note that there may also be a similar problem in simply adding the number of stems of a particular type of flower, e.g., large stemmed vs. small stemmed flowers. See Economic Analysis of Issues Related to Material Injury and Causation, by ICF Inc. (on behalf of the Cut Flower Information Group respondents) at II-1 (January 29, 1987).

The final piece of available evidence derived from published statistics is on prices. We have two types of price series in this case, one for annual unit values, the other for weekly transaction prices. Unit value data are Commission estimates based on published statistics. Unit values are useful as a summary measure of how market prices perform throughout the year. This measure shows that, in general, average prices for several types of flowers moved up between 1983 and interim 1986 (January to September). The most notable increases were for standard chrysanthemums (from 35 cents per stem in 1983 to 45 cents per stem in interim 1986) and for roses (from 28 cents per stem in 1983 to 32 cents per stem in interim 1986).[17] In contrast, weekly transaction prices for four major types of flowers oscillated tremendously from week to week but without apparent trend from 1984 through September 1986.[18] However, we do not know the importance of prices at different times of the year, i.e., how much was sold at each price. Thus it is entirely

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17 Report at A-39-40 (Table 8). However, another source of data on unit value for standard chrysanthemums, based on responses to ITC questionnaires, shows that unit value were the same in 1983 and interim 1986. Id. at A-42 (Table 9).

18 The four flowers are standard carnations, miniature carnations, standard chrysanthemums, and pompom chrysanthemums. Id. at A-131-134 (Figures 1-4).

possible that overall unit values, which do incorporate transaction volumes at different times, were tending upward. Perhaps the most notable feature of weekly transaction prices is that they are invariably low between June and October of each year. One explanation, given in the staff report, is that demand is strong in the first, second, and fourth quarters of the year.[19] Another explanation is that weekend gardeners and hillside pluckers are most active between June and October and boost supply.[20] Whichever price series is examined, the data do not suggest that the domestic industry is experiencing injury.

In addition to the above evidence on the domestic cut flower industry, the Commission also obtained information from questionnaires sent to firms that grow at least one of the seven flowers subject to investigation by Commerce. I have serious concerns (explained in my Memorandum CO65-K-02 of February 5, 1987) about the sampling procedure used to collect this information. Among the most important of these concerns is that the Commission's sample appears to cover producers that account

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19 Id. at A-127-128.

20 Hillside pluckers refers to hikers, sightseers, vacationers, etc., who pick flowers in the wild.

for only one-fifth of the industry.[21]

That point notwithstanding, the data we have do not suggest that the industry is suffering problems. Between 1983 and 1985, increases were recorded for each of the following indicators: area in production (plus 4.2 percent), sales (plus 9.9 percent), number of production workers (plus 3.8 percent), total compensation to production workers (plus 16 percent), capital expenditures (plus 26.9 percent), and R&D expenses (plus 132.5 percent).[22] It is true, however, that the industry's profitability dimmed somewhat between 1983 and 1985, with the ratio of net income to sales falling from 10.2 percent to 6.7 percent.[23] But this result is for all firms in the sample and masks the differing performances of small, medium, and large firms. For small firms (less than $100,000 in annual sales) and

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21 In 1985, the total sales of firms in the Commission's sample represented 20.9 percent of total industry sales (equals $93 million/$444 million). Report at A-39 and A-42 (Tables 8 and 9). The low representation of firms covered by the Commission's data may result in part from the dismally low response rate on the part of those who received Commission questionnaires. The Commission sent out 879 questionnaires and received only 238 responses. Id. at A-7-8.

22 Id. at A-34 (Table 5), A-42 (Table 9), A-54 (Table 15), and A-84.

23 Net income is before officers' or partners' salaries and income taxes. Id. at A-56 (Table 16).

large firms ($1,000,000 or more in annual sales) profitability was virtually unchanged.[24] For medium-size firms profitability declined, but the ratio of net income to sales was still over 7 percent in 1985.[25]

Finally, interim period data show that shipments (both in quantity and value), sales, and net income all were significantly higher in January-September 1986 than in the same nine months of 1985.[26] It should be noted that there is no evidence to suggest that the interim period data were distorted by the filing of this case. Production and shipments in 1986 were the result of plantings in 1985, before this case was filed. Moreover, the case was initiated in May 1986, after the traditionally high sales periods of Valentine's Day, Easter, and Mother's Day. Finally, if the initiation of this case had caused importers to decrease their imports or increase their prices, the data should show a sharp drop in imports combined with an increase in import prices compared with prior periods. Total imports did not decrease and there is no evidence suggesting that importers raised their prices.

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[24] Id. at A-67 and A-70 (Table 21).

[25] Id. at A-68-69 (Table 21).

[26] Id. at A-42 (table 9) and A-72 (Table 22).

Based on the above, I conclude that the domestic industry is not materially injured.

Causation Analysis: Material Injury by Reason of Dumped Imports

Just as there is no persuasive evidence of material injury, there is no persuasive case to suggest that dumped imports are a cause of material injury to domestic producers. I begin my causation analysis by looking for evidence that dumped imports led to an increase in either the volume or the market penetration of total imports. A certain volume of imports or a certain market share for imports will occur in the total absence of LTFV sales. Other things being the same, if dumped imports are to be a source of harm to the domestic industry through their price effects,[27] total imports must have increased.[28]

In this case, although the import penetration of total U.S. imports of all cut flowers eased slightly from 41.8 percent in 1984 to 40.4 percent in 1985, the actual value of total imports rose from $206 million to $294 million from 1983 through

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27 S. Rep. No. 249, 96th Cong., 1st Sess. at 88 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. at 46 (1979).

28 See, e.g., W. Wares, The Theory of Dumping and American Commercial Policy, ch. 2 (1977); and An Economic Analysis of Dumping, Memorandum from the Office of Economics, EC-J-457 (December 2, 1986).

1985.[29] In light of this increase, we need to analyze further whether dumped imports reasonably could have caused any material injury to the domestic industry.

The next step is to assess whether any alleged harm from dumped imports is significant enough to constitute material injury. To make this assessment, I begin by considering two factors, the dumping margin and the market share of cumulated imports.[30] [31] The market share of the cumulated imports on

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[29] Comparing the interim period January to September 1986 to the same period in 1985 shows an increase from $221 million to $236 million. INV-K-024 and Report at A-108 (Table 43).

[30] The recent opinion of the Court of International Trade in Hyundai Pipe Co., Ltd., et al. v. U.S. International Trade Commission, et al., Slip Opinion 87-18 (February 23, 1987), makes clear that it is appropriate for the Commission to consider the magnitude of the subsidy or dumping margin in assessing causation. Indeed, there is substantial support in the legislative history for the proposition that the Commission should consider the subsidy or dumping margin in every case. The House Report to the Trade Act of 1979 states: "for one type of product, price may be the key factor in determining the amount of sales elasticity, and a small price differential resulting from the amount of the subsidy or the margin of dumping can be decisive; in others the margin may be of lesser significance." H. Rep. 317, 96th Cong., 1st Sess. 47 (1979) (emphasis added). The Senate Report contains almost identical language. S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979). See also H.R. Rep. No. 317 at 55; S. Rep. No. 249 at 57-58.

[31] For a discussion of the role of the import penetration

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a value basis[32] was approximately 19 percent in 1984 and 16.3 percent in 1985.[33] The weighted-average dumping margin for the cumulated imports is very small, only 3.8 percent.[34] If this entire margin were applied to every sale of the imported flowers

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and the dumping margin in assessing harm to a domestic industry, see Memorandum from the Office of Economics, EC-J-010 (January 7, 1986), at 29-31.

32 I believe that it is generally more appropriate to analyze the effects of imports on the domestic market using market penetration on a value rather than a quantity basis. See EPROMs from Japan, Inv. 731-TA-288 (Final), USITC Pub. 1927, at 32-39 (1986) (Additional Views of Vice Chairman Brunsdale).

33 INV-K-024. These ratios understate slightly the import penetration of the subject imports because import values were not available for three minor flowers (alstroemeria, gerberas, and gypsophila).

I have cumulated the subject imports of all countries now under investigation. I note, however, that there is a serious question (which I need not address here) whether cumulation of all imports is appropriate where the overwhelming majority of subject imports comes from a single country, Colombia. I have not cross-cumulated dumped and subsidized imports. See Certain Brass Sheet and Strip from Brazil, etc., Invs. 701-TA-269 and 270 (Preliminary), USITC Pub. 1837, at 11, n. 28 (1986).

34 To find the weighted-average dumping margin on the LTFV imports, it is necessary to combine the final dumping margins found by Commerce for Canada, Chile, Colombia, Costa Rica, Ecuador, and Mexico, with the preliminary margins reported by Commerce for the other cumulated countries, Kenya and Peru. Report at A-13-17, INV-K-017, and INV-K-022. I use the preliminary margins for Kenya and Peru because they are the best evidence now available.

under investigation in this case, it would mean that imports would have a price advantage of only 3.8 percent over their domestic counterparts. This slight price advantage on its face suggests that dumped imports are unlikely to be a cause of material injury to domestic producers.

If I were to analyze either of the two factors separately, even a large import penetration ratio or a high dumping margin would not necessarily mean that the dumped imports were a cause of material injury.[35] When import penetration is moderate but

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[35] For example, large margins are not by themselves sufficient to reach an affirmative decision when the elasticity of demand for the product is very high. See Certain Ethyl Alcohol from Brazil, Inv. 701-TA-239 (Final), USITC Pub. 1818, at 15-16 (1986), where the subsidy margin was 98 percent. Similarly, a large market penetration for imports is not sufficient to reach an affirmative determination when the overwhelming factor affecting the market is a contraction in domestic supply. See Certain Fresh Atlantic Groundfish from Canada, Inv. 701-TA-257 (Final), USITC Pub. 1844, at 14, 20-22 (1986) (Views of Chairwoman Stern, Vice Chairman Liebeler, and Commissioner Brunsdale), where the import penetration ratio was 22 percent. On the other hand, an affirmative determination is generally reached when import penetration is large and when the dumping margin is high. See In-Shell Pistachio Nuts from Iran, Inv. 731-TA-287 (Final), USITC Pub. 1875, at 9, 12 (1986), where the import penetration ratio was 42.3 percent and the dumping margin was 241 percent; But-Weld Pipe Fittings from Brazil and Taiwan, Invs. 731-TA-308 and 310 (Final), USITC Pub. 1918, at 17, 20 n. 82 (1986), where the import penetration ratio was 50 percent and the dumping margin was also about 50 percent; EPROMs from Japan, Inv.

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the dumping margin is very small, dumped imports will not have a significant effect on U.S. prices unless there is a consistently high degree of price-motivated substitutability between the imported and domestic products.[36] If the domestic industry is to be materially injured by the dumped imports, a high degree of price-motivated substitutability (high cross-elasticity of demand) is necessary or the potential price advantage enjoyed by dumped imports will not persuade customers to buy imports in lieu of the domestic alternative. Indeed, anything less than perfect substitutability will result in an erosion of whatever price advantage imports may have.[37]

It does not appear in this case that the substitutability between domestic and imported flowers is consistently high. The customer witnesses who appeared at the hearing uniformly testified that price is at best just one of many factors

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731-TA-288 (Final), USITC Pub. 1927 at 28 (1986), (Additional Views of Vice Chairman Brunsdale), where the import penetration ratio was 19.4 percent and the dumping margin was 94 percent.

36 See note 7, supra.

37 We focus here on the degree of substitutability between domestic and imported cut flowers. The degree of substitutability between sources of supply is a different question from the substitutability among all types of flowers, an issue discussed earlier.

influencing their choice between domestic and imported alternatives. See, e.g., Tr. at 144-5 (Mr. Weatherford testified that price is not the most important consideration and that he maintained a mix of domestic and import suppliers); Tr. at 156 (Ms. Perry testified "I can unequivocably state that price is not the primary factor in our procurement decision"); Tr. at 157-158 (Mr. Sozio testified "product availability, quality, and service are the most important considerations in our buying decisions"); Tr. at 188-189 (Mr. Perry testified that price has very little to do with his selection of supplier "in many cases we know that we are paying more in South America, [or] more in the domestic market").

This testimony makes absolutely clear that the 3.8 percent price advantage enjoyed by the foreign producers will be seriously eroded by the lack of perfect substitutability between domestic and imported flowers. Therefore, the effect of a 3.8 percent dumping margin is to depress domestic prices by much less than this percentage, so that the effect on domestic producers is at most trivial.[38] Accordingly, I determine that dumped

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[38] I find petitioners anecdotal evidence regarding sales lost to lower-priced imports to be extremely unpersuasive on the issue of causation. As I have noted on many prior

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imports from Canada, Chile, Colombia, Costa Rica, and Ecuador are not a cause of material injury to the domestic flower industry.[39] [40]

Causation Analysis: Material Injury by Reason of Subsidized Imports

I base my determination here on the foregoing analysis together with the import penetration ratio and subsidy margin for subsidized imports from Canada, Chile, Ecuador, Israel, Kenya,

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occasions, I find anecdotal evidence of lost sales to be generally not useful. Moreover, the testimony of witnesses such as Messrs. Mellano, Rody, and Rutherford that there were enormous price drops as a result of dumped and subsidized imports was contradicted by the Commission's data.

39 Because the requisite high cross-elasticity of demand does not exist in this case, I need not consider other factors such as the overall price sensitivity of demand for flowers and the price sensitivity of domestic supply that might be germane in other cases.

40 While it is not part of my analysis, I observe that it is extremely unlikely that the imposition of antidumping duties would have any material impact on the fortunes of domestic flower producers. The overwhelming majority of imports under investigation are from Colombia. Commerce found that the dumping margin for Colombian imports was only 3.52 percent. Moreover, only 5 percent of total Colombian production remains in Colombia. As a consequence, it would be a simple matter for Colombia to erase its dumping margin by simply decreasing the price of its small domestic sales. It would strain credibility to suggest that this step would produce any real benefit to domestic producers. See also Memorandum from Office of Economics, supra at note 28.

The Netherlands, and Peru. The market penetration ratio on a value basis for cumulated imports is very small[41] -- specifically about 1.5 percent in 1984 and 1985.[42] The weighted-average subsidy margin for the seven countries is moderate, 8.4 percent.[43] Based on the analysis of the previous section, import penetration ratios and subsidy margins of this magnitude are not a cause of material injury. Therefore, I determine that subsidized imports from Canada, Chile, Israel, and The Netherlands are not a cause of material injury to the domestic industry.

Threat of Material Injury by Reason of Dumped or Subsidized Imports

With regard to threat of material injury, imports from Colombia need to be analyzed separately from those of the other countries

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41 See note 33, supra, regarding cumulation. I have not cumulated subsidized imports from Colombia or Costa Rica because countervailing duty cases for those countries were settled.

42 INV-K-024.

43 This is a weighted average of the final subsidy rates reported by Commerce for Canada (1.47 percent), Chile (12.25 percent), Ecuador (1.01 percent), Israel (11.59 percent), and The Netherlands (3.48 percent) together with the

(Footnote continued on next page)

under investigation because Colombia's unfair imports are so much larger. Dumped imports from Colombia accounted for about 15 percent of U.S. consumption in 1985.[44] The next largest import penetration for the other countries under investigation was only about 0.5 percent. This was recorded by Israel on its subsidized shipments in 1985.[45]

Colombia's exports of dumped flowers to the United States increased over the period of investigation. For Colombia's two principal flowers, standard carnations and pompom chrysanthemums, import quantities were up by 28 percent and 63 percent respectively from 1983 to 1985.[46] However, 70 percent of Colombia's total exports of standard carnations and 91 percent of its total exports of pompom chrysanthemums went to the United States.[47] Because Colombia already exports the bulk of its flowers to the United States, significant increases in the near

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(Footnote continued from previous page)
preliminary subsidy rates found by Commerce for Kenya (0.0 percent) and Peru (15.62 percent). Report at A-13-17. I use the preliminary subsidy margins for Kenya and Peru because they are the best evidence now available.

44 INV-K-024.

45 Id.

46 Report at A-92 (Table 38).

47 Id.

future are unlikely. Moreover, the only direct evidence on this subject suggests that substantial expansion of Colombia's production in the near future is also unlikely.[48]

Among the small suppliers, the country with the greatest potential to rapidly export more flowers to the United States is The Netherlands.[49] It has a large industry with over 10,000 acres of greenhouses and with only a small portion of total output (much less than 5 percent) represented by subsidized exports to the United States.[50] In 1985 and interim 1986 the value of imports from The Netherlands was lower than in corresponding prior periods.[51] It is not likely, particularly in view of the recent decrease in the value of the dollar, that Dutch firms will make a major change in their export pattern and substantially increase unfair shipments to the United States. Their chief markets are West Germany, France, and the United Kingdom, all apparently well-established customers. And even if

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48 Mr. Clarkson, Director General of Proexpo, the Colombian agency that establishes trade policies, testified that he knew of no planned expansion of Colombia's cut flower industry (Tr. at 206).

49 Report at A-88-101.

50 Id. at A-98.

51 Id. at A-129 (Table 43).

The Netherlands should increase exports to the United States, the subsidy rate for those exports is only 3.48 percent. Thus the prospect of a material impact on the U.S. industry is remote.

Accordingly, I do not find that "the threat of material injury is real and that actual injury is imminent."[52]

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52 19 U.S.C. sec. 1677(7)(F)(ii) (Supp. III 1985).

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On October 27, 1986, the U.S. Department of Commerce published its preliminary determinations that benefits which constitute subsidies, bounties, or grants are being provided to producers or exporters of certain fresh cut flowers 1/ in Canada, Costa Rica, Ecuador, Colombia, Israel, the Netherlands, and Peru. 2/ On November 3, 1986, Commerce published its preliminary determinations that certain fresh cut flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Kenya, Mexico, and Peru are being, or are likely to be, sold in the United States at less than fair value (LTFV). 3/ Accordingly, effective October 27, 1986, the U.S. International Trade Commission instituted final investigations under the applicable provisions of the Tariff Act of 1930 to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of the subject products into the United States. On February 3, 1987, Commerce published its final determination that benefits which constitute subsidies are being provided to producers or exporters of certain fresh cut flowers in Chile. 4/ Accordingly, effective February 3, 1987, the Commission instituted a corresponding final investigation. A summary of the Commission's final investigations is presented in the following tabulation:

Country	Countervailing duty investigation No.	Antidumping investigation No.
Canada.....	701-TA-275 (Final)	731-TA-327 (Final)
Chile.....	701-TA-276 (Final)	731-TA-328 (Final)
Colombia.....	1/	731-TA-329 (Final)

See footnotes at end of tabulation.

1/ The products covered by Commerce's determinations are "certain fresh cut flowers," including one or more of the following flowers: standard carnations, miniature carnations, standard chrysanthemums, pompom chrysanthemums, alstroemeria, gerberas, and gypsophila. A table describing each of the flowers covered by Commerce's determinations, by country, is presented in app. A.

2/ 51 F.R. 37925-37942 and 37944-37950 (Oct. 27, 1986). Commerce made preliminary negative countervailing duty determinations regarding the subject products from Chile and Kenya (51 F.R. 37951 and 37942, Oct. 27, 1986).

3/ 51 F.R. 39884-39901 (Nov. 3, 1986).

4/ 52 F.R. 3313.

Costa Rica.....	1/	731-TA-330 (Final)
Ecuador.....	1/	731-TA-331 (Final)
Israel.....	701-TA-277 (Final)	1/
Kenya.....	1/	731-TA-332 (Final)
Mexico.....	1/	731-TA-333 (Final)
The Netherlands..	701-TA-278 (Final)	1/
Peru.....	303-TA-18 (Final)	731-TA-334 (Final)

1/ Not applicable.

A summary of information related to Commerce's preliminary and final determinations regarding certain fresh cut flowers is as follows:

Country	Result of Commerce preliminary	Result of Commerce final	Date of Commerce notice to Commission, or date due	Federal Register citation to Commerce final
Countervailing duty:				
Canada.....	Affirmative	Affirmative	Jan. 20, 1987	52 F.R. 2134
Chile.....	Negative	Affirmative	Feb. 3, 1987	52 F.R. 3313
Colombia.....	Affirmative	Suspended	Jan. 13, 1987	52 F.R. 1353
Costa Rica...	Affirmative	Suspended	Jan. 13, 1987	52 F.R. 1356
Ecuador.....	Affirmative	Affirmative	Jan. 13, 1987	52 F.R. 1361
Israel.....	Affirmative	Affirmative	Feb. 3, 1987	52 F.R. 3316
Kenya.....	Negative	-	Due Mar. 18, 1987	-
Netherlands..	Affirmative	Affirmative	Feb. 3, 1987	52 F.R. 3301
Peru.....	Affirmative	-	Due Feb. 27, 1987	-
Antidumping:				
Canada.....	Affirmative	Affirmative	Jan. 20, 1987	52 F.R. 2126
Chile.....	Affirmative	Affirmative	Feb. 2, 1987	52 F.R. 3152
Colombia.....	Affirmative	Affirmative	Feb. 26, 1987	1/
Costa Rica...	Affirmative	Affirmative	Feb. 26, 1987	1/
Ecuador.....	Affirmative	Affirmative	Jan. 20, 1987	52 F.R. 2128
Kenya.....	Affirmative	-	Due Mar. 18, 1987	-
Mexico.....	Affirmative	Affirmative	Feb. 26, 1987	1/
Peru.....	Affirmative	-	Due Feb. 27, 1987	-

1/ Not available at the time of publication of this report.

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing notices in the Federal Register of November 19, 1986 (51 F.R. 41840), January 7, 1987 (52 F.R. 610), and

February 11, 1987 (52 F.R. 4391). 1/ The Commission's hearing was held in Washington, DC, on February 2, 1987. 2/ The Commission voted on investigations regarding imports from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, and the Netherlands on February 27, 1987, and transmitted its final determinations to the U.S. Department of Commerce on March 5, 1987. The Commission is scheduled to vote on investigations regarding imports from Kenya, Mexico, and Peru during the week of March 29, 1987, and transmit its final determinations to Commerce on April 9, 1987.

Background

On May 21, 1986, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of the Floral Trade Council, Davis, CA. The petitions allege that imports of certain fresh cut flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, the Netherlands, and Peru are being subsidized by the governments of those countries, that imports of certain fresh cut flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Kenya, Mexico, and Peru are being sold in the United States at less than fair value (LTFV), and that an industry in the United States is materially injured and threatened with material injury by reason of such imports.

Effective May 21, 1986, the Commission instituted preliminary countervailing duty investigations Nos. 303-TA-17 and 18 (Preliminary) and 701-TA-275 through 278 (Preliminary) 3/ and preliminary antidumping investigations Nos. 731-TA-327 through 334 (Preliminary) under the applicable provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of such merchandise into the United States. 4/ On July 7, 1986, the Commission notified Commerce of its affirmative determinations with respect to its preliminary investigations (51 F.R. 25751, July 16, 1986). 5/

1/ Copies of the Commission's notices are presented in app. B.

2/ A list of the participants in the public hearing is presented in app. C.

3/ The Commission did not institute countervailing duty investigations of the imported products from Colombia, Costa Rica, and Ecuador because these countries are not "under the Agreement" pursuant to section 701(b) of the Act and are not otherwise accorded an injury investigation under section 303 of the Act.

4/ 51 F.R. 20716 (June 6, 1986), corrected by 51 F.R. 22575 (June 20, 1986). A table describing the preliminary investigation numbers associated with each country is presented in app. A.

5/ Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru, Determinations of the Commission in Investigations Nos. 303-TA-17 and 18, 701-TA-275 through 278, and 731-TA-327 through 334 (Preliminary), Together with the Information Obtained in the Investigations, USITC Publication 1877, July 1986.

Previous and Related Investigations

The Commission conducted one previous investigation that addressed imports of fresh cut flowers, including the seven flowers specified in the petition for the current investigations. Investigation No. TA-201-22 was instituted effective February 12, 1977, under section 201 of the Trade Act of 1974, on the basis of a petition filed by the Grower Division of the Society of American Florists and Ornamental Horticulturists. The investigation covered imports of all fresh cut flowers. The Commission determined that such flowers were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to a domestic industry. 1/

The U.S. Department of Commerce has conducted countervailing duty investigations of fresh cut flowers including certain of the seven flowers specified in the petition for the current investigations. The Commission did not conduct concurrent investigations because the countries involved were not accorded an injury test under sections 701 or 303 of the Act.

An investigation concerning roses and all other fresh cut flowers except miniature carnations from Colombia was initiated in 1982. On January 18, 1983, Commerce entered into a suspension agreement following an affirmative preliminary determination. Under the agreement, Colombian producers and exporters renounced all countervailable benefits, and Commerce, as a result, suspended the investigation. 2/

An investigation concerning standard and miniature carnations, standard and pompom chrysanthemums, and roses from Mexico was initiated on September 30, 1983. On April 16, 1984, Commerce made a final negative determination in the investigation. 3/

In addition to the cases noted above, a number of investigations have been undertaken with respect to fresh cut roses. In February 1980, the Commission unanimously determined, under section 701 of the Act, that there was no reasonable indication of material injury to a domestic industry by reason of allegedly subsidized imports of fresh cut roses from the Netherlands. 4/ In April 1980, the Commission unanimously determined, under section 201 of the Trade Act of 1974, that fresh cut roses were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic

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1/ Certain Fresh Cut Flowers, Determination of the Commission in Investigation No. TA-201-22, Together with the Information Obtained in the Investigation, USITC Publication 827, August 1977.

2/ 48 F.R. 2158.

3/ 49 F.R. 15007.

4/ Fresh Cut Roses from the Netherlands, Determination of the Commission in Investigation No. 701-TA-21 (Preliminary), Together with the Information Obtained in the Investigation, USITC Publication 1041, February 1980.

industry. 1/ In June 1981, the Commission instituted an antidumping investigation with respect to fresh cut roses from Colombia. The Commission's investigation was terminated when Commerce dismissed the petition. 2/ In September 1984, the Commission determined 3/ that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of imports from Colombia of fresh cut roses that Commerce had found were being, or were likely to be, sold in the United States at less than fair value. 4/ In 1985, the United States Trade Representative determined not to initiate an investigation, under section 301 of the Trade Act of 1974, into imports of roses from Colombia, Costa Rica, the Dominican Republic, the European Communities, Guatemala, Israel, and Mexico. 5/

Statistical Information Used in this Report

This report contains statistical information derived from published sources and data submitted in response to Commission questionnaires. The following sections present background information on these sources of data.

Published data

The principal sources of data on the U.S. industry producing certain fresh cut flowers are publications of the U.S. Department of Agriculture (USDA). The Floriculture Crops report 6/ presents data on area in production, quantity sold, value of sales at wholesale, and other indicators, for standard and miniature carnations, standard and pompom chrysanthemums, gladioli, roses, and snapdragons. The following are important limitations of the data in the Floriculture Crops report: (1) data are available only for 1978-80 and 1984-85; (2) submission of reports by growers is voluntary; (3) the reports cover 28 states that are believed to be the largest producing states of floriculture crops (prior to 1985, a different sample of the 28 states was surveyed for each of the individual crops; for the 1985 report, all 28 states were surveyed for all crops; thus, coverage of growers in 1985 was greater than in prior years); and (4) the reports do not provide information on flowers other than those specified above, except in 1985, when the value of "other cut flowers" was included.

1/ Fresh Cut Roses, Determination of the Commission in Investigation No. TA-201-42, Together with the Information Obtained in the Investigation, USITC Publication 1059, April 1980.

2/ Investigation No. 731-TA-43 (Preliminary).

3/ Commissioner Eckes dissenting and Vice Chairman Liebeler not participating.

4/ Fresh Cut Roses from Colombia, Determination of the Commission in Investigation No. 731-TA-148 (Final), Together with the Information Obtained in the Investigation, USITC Publication 1575, September 1984.

5/ 50 F.R. 40250.

6/ USDA, National Agricultural Statistics Service, Floriculture Crops.

Another limited source of data on the U.S. industry is USDA's Ornamental Crops report. 1/ This publication describes interstate shipments by U.S. shippers of cut flowers that are located in California and Florida only. It covers standard and miniature carnations, standard and pompom chrysanthemums, gladioli, gypsophila, roses, and statice. 2/

Data describing the quantity and value of U.S. imports are available from official statistics of the U.S. Department of Commerce. These statistics include standard and miniature carnations, standard and pompom chrysanthemums, roses, and "all other" fresh cut flowers (and bouquets and similar products made from such flowers). The petitioner alleges that the data on quantities of miniature carnations and pompom chrysanthemums provided by these statistics are erroneous: the number of stems of such flowers have been incorrectly reported in bunches, and so undercounted. 3/ A change in customs procedures caused a problem with values of imports reported by Commerce statistics. In January 1986, the U.S. Customs Service began requiring all entries valued over $1,000 to be declared; prior to that time, such a requirement was levied upon all entries valued over $250. Thus, data for 1986 are not comparable with prior periods. 4/ Two other factors may affect the accuracy of these statistics: (1) imports from seven of the countries under investigation are duty-free (collection of data on duty-free imports may be less rigorous than when duties are due); 5/ and (2) imports are often sold by importers on a consignment basis (thus, importers do not know the value of their merchandise at the time of importation and must estimate any reported value). 6/

Data on the quantity of U.S. imports are available from the Ornamental Crops report. These data are recorded by USDA's Animal Plant Health Inspection Service (APHIS) and gathered by the Market News Service in most U.S port cities. The data do not include information on value and do not include imports from Canada. Data for the majority of imports, coming through Miami, are estimated by multiplying the number of boxes of flowers (recorded by APHIS) by an average number of stems per box (based on research by the Market New Service).

1/ USDA, Agricultural Marketing Service, Fruit and Vegetable Division, Market News Branch, Fresh Fruit and Vegetables Ornamental Crops, Weekly Summary--Shipments and Arrivals.

2/ The nature of the telephone surveys upon which this report is based probably causes it to underreport interstate shipments. (See Economic Analysis of Issues Related to Material Injury and Causation, ICF, Inc., pp. I-1--I-3.

3/ App. A to the petitions.

4/ Conversation with * * *, U.S. Customs Service, Miami, FL, June 5, 1986.

5/ Conversation with staff member, U.S. Customs Service, Miami, FL.

6/ For imports from Colombia entering Miami, Customs provides estimated values to consignee-importers based on values provided by purchaser-importers. Conversation with * * *, U.S. Customs Service, Miami, FL.

Commission questionnaires

The Commission's grower's, importer's, and purchaser's questionnaires were prepared with input from the petitioner and from respondent Florists' Transworld Delivery Association (FTD). The Commission mailed questionnaires to 152 growers, 170 importers, and 100 purchasers (including shippers, wholesalers, and mass merchandisers). In addition, the USDA mailed the Commission's grower's questionnaires to a selection of firms on its mailing list.

The USDA maintains a confidential mailing list for its Floriculture Crops statistical report that includes growers of cut flowers, potted plants, and greens. USDA staff indicated that their list is a complete list of all growers whose annual sales exceed $100,000. USDA could not divulge the names on its list to the Commission, but agreed to mail Commission grower's questionnaires to those on its list. The Commission staff requested that USDA prepare a subset of its list to be used for the mailing of Commission questionnaires. The requested subset consisted of growers with over $50,000 in annual sales that grew any one of the seven flowers subject to investigation by Commerce. The nature of USDA data, however, caused the subset to consist of all growers with over $50,000 in annual sales except growers producing only roses or gladioli (if a firm grew roses or gladioli and any other cut flower, it was included on the list). The list prepared by USDA contained 457 names; questionnaires were mailed to all firms (some duplication between the Commission's list and the USDA list may have occurred). The following tabulation presents the number of firms on the USDA list, by state:

California...	203	Iowa.....	3	North Carolina..	6
Colorado.....	45	Maryland.....	5	Ohio.....	11
Connecticut..	1	Massachusetts..	7	Oregon.....	5
Florida.....	17	Michigan.....	6	Pennsylvania....	20
Georgia.....	1	Minnesota.....	5	Tennessee.....	6
Hawaii.....	78	Missouri.....	1	Virginia.....	1
Illinois.....	2	New Jersey.....	9	Washington.....	12
Indiana.....	4	New York.....	9		

The petitioner contacted growers requesting that questionnaires be submitted, on time, to counsel for the petitioner, who would review them and send them on to the Commission. Counsel for the petitioner submitted approximately 90 questionnaires to the Commission and, subsequently, submitted corrections to the questionnaires. Counsel for the petitioner stated that (1) he and his staff did not work with or assist growers in completing the questionnaires, and did not change the questionnaires before submitting them to the Commission, and (2) corrections to the questionnaires were authorized by the growers and documentation of any changes made are provided with each correction. 1/ The Commission staff reviewed each questionnaire submitted by

1/ Conversation with counsel for the petitioner, Jan. 7, 1987. See also letter from FTD, Dec. 31, 1986, app. 5; written submission of FTD at the hearing; and transcript of the hearing, pp. 251-54.

counsel for the petitioner and found no evidence that data had been changed or manipulated. The staff also reviewed each correction submitted by counsel for the petitioner. Corrections to all data other than income-and-loss data were incorporated in the Commission's data, except where the error had already been corrected by the staff and except for one correction received too late to be included. Corrections to income-and-loss data were incorporated in the Commission's data, except where the error had already been corrected by the staff or there was a conflict between the requested correction and other data available to the staff. One correction to income-and-loss data was not received in time to be incorporated in the report.

The Commission received 159 questionnaire responses from growers, 52 from importers, and 27 from purchasers. The share of the industry accounted for by these responses varies depending on the data being aggregated, and is discussed in the appropriate sections of this report.

The Commission's questionnaires requested detailed data that, in some cases, were not available in a firm's records. Some firms estimated their responses. The staff reviewed these estimates and, if they were found to be acceptable, they were included in aggregate data. The Commission's questionnaires were one-time surveys and so may not have reached firms that have gone out of business or changed their business during the period of investigation. Thus, aggregate questionnaire data may understate contraction in an industry or shifts in firms' operations. Other issues affecting the interpretation of questionnaire data are addressed in the sections of this report in which the data are discussed.

The Product

Like product

The petitions underlying these investigations state that "the imported merchandise subject to this petition consists of certain fresh cut flowers, as follows: . . .Standard and miniature carnations. . ., Standard and pompon chrysanthemums. . ., Alstroemeria. . ., Gerbera. . ., (and) Gypsophila. . . ." In its prehearing brief, the petitioner stated, "Inasmuch as the articles under investigation are limited to the seven flowers and the U.S. industry produces identical flowers the like product should be defined under the statute in terms of those seven flowers alone." Thus, "the 'like product' may be defined as the seven flowers in the aggregate, as five flower groups (carnations, chrysanthemums, alstroemeria, gerberas and gypsophila), or as seven separate flowers." (Prehearing brief, pp. 4-5 (emphasis in original)). One industry official stated that there is a rational basis for distinguishing the seven flowers specified in the petition from all other cut flowers; the seven flowers are the most important and most commonly used flowers, particularly in floral arrangements sold through wire services. 1/

1/ Conversation with * * *.

The respondents presented the following views on the like product question:

> . . .(T)he domestic products "like" the imported products subject to investigation are "flowers" (that is, "all fresh cut flowers"). Therefore, the industry in the United States, the "domestic industry," consists of the domestic growers as a whole of flowers, or those growers whose collective output of flowers constitutes a major proportion of the total domestic production of flowers. (Prehearing brief of FTD, p. 4).
>
> . . .(A)ll fresh cut flowers are substitutable and interchangeable and the domestic industry in this investigation includes growers of all fresh cut flowers. (Prehearing brief of Asocolflores and the Association of Floral Importers of Florida, p. 13, and the American Flower Corporation, p. 6).
>
> . . .(A)ll fresh cut flowers have similar characteristics and uses and constitute one like product. (Prehearing brief of the Government of Israel, AGREXCO, and R. Shemi Ltd., p. 4).
>
> (G)ypsophila, or baby's breath, and the other flowers at issue do not constitute a single like product. Unlike these other flowers, gypsophila is used in bouquets as a filler or background plant, serves as a dried flower and is field grown. Also, . . . Peruvian gypsophila is different in several key respects from the domestic product. . . . Hence, it cannot be found that Peruvian gypsophila is causing or threatening material injury to a domestic like product. (Prehearing brief of Flores Esmeralda, S.R.L., pp. 1-2).

In its preliminary determinations, the Commission concluded that "(b)ased on the characteristics and uses of the imported flowers subject to investigation, . . . all domestically produced fresh cut flowers are like the seven flowers subject to investigation." 1/

Regarding substitutability of flowers, a witness at the public hearing indicated that wholesalers are restricted in their ability to substitute to retailers, but that there is interchangeability at the consumer level. 2/ Another witness indicated that substitution by retailers follows the shape of the flowers: line flowers, such as gladioli, liatris, or delphinium may be interchanged; likewise for round flowers (such as carnations or gerberas) and filler flowers (such as gypsophila or statice). 3/ In their questionnaire responses, importers generally indicated that they do not substitute to their

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1/ Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru (Investigations Nos. 303-TA-17-18 (Preliminary), 701-TA-275-278 (Preliminary), and 731-TA-327-334 (Preliminary), USITC Publication 1877, July 1986, p. 8. The Commission noted that this determination was for "purposes of this preliminary investigation."

2/ Transcript of the hearing, p. 195.

3/ Ibid., p. 196.

customers: customers order specific flowers and have such a large source of supply that they rarely have to accept substitutes. Some importers stated that, if substitution is done, it is only within the same variety of flower (such as substituting one grade of carnation for another).

Description and uses

Fresh cut flowers are parts of plants, characteristically including the inflorescenses and some attached plant material but not including roots and soil. They are highly perishable because they maintain only limited life-supporting processes by taking water up through their stems. Fresh cut flowers are used for decorative purposes such as vase arrangements and bouquets at formal events; designs for weddings and funerals; gifts on occasions such as Mother's Day, Valentine's Day, times of illness, and holidays like Christmas and Easter; corsages and boutonnieres; and informal displays to beautify homes and public places. There are probably over 200 different types of fresh cut flowers sold in the United States. The flowers specified in the petitions to these investigations (standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas and gypsophila) accounted for an estimated 55 percent of the quantity of apparent U.S. consumption of all fresh cut flowers in 1985, with roses, gladioli, snapdragons, statice, orchids, and scores of other varieties accounting for the remainder. 1/

Carnations are members of the Caryophyllaceae or so-called pink family. These relatively inexpensive flowers are divided into two major groups, the standards and the miniatures. Standard carnations produce double, fragrant flowers 2 to 3 inches across, borne singly on wiry stems that are 18 to 24 inches long. Miniature carnations are bushier and more branching than standard varieties with flowers produced in sprays. The flowers are up to 1-1/2 inches across, with 1 to 4 flowers borne on a wiry stem 12 to 18 inches long. Carnations may be white, yellow, pink, red, or multicolored. White carnations are often artificially colored with hues absent in natural cultivars. Carnations last from 7 to 10 days as cut flowers.

Chrysanthemums are a genus of the Compositae family. They are relatively low-priced flowers. The major groups grown commercially are the standards and the pompoms. Chrysanthemums may be white, yellow, red, bicolored, or tricolored and are also colored artificially. Standard chrysanthemums have one flower per stem (stems range from 18 to 36 inches), with the diameter of each bloom ranging from 3 to 8 inches. Pompom chrysanthemums have four to six flowers per stem (stems range from 18 to 30 inches) with a diameter of 3 to 5 inches. As fresh cut flowers, pompoms last from 10 to 14 days, and standards last from 7 to 12 days, depending on variety and temperature. They are considered good for both formal and informal use, and are suitable for almost all design types of work.

1/ The share of total apparent U.S. consumption accounted for by carnations and chrysanthemums in 1985 was 50 percent by quantity and 37 percent by value.

Alstroemeria, also called "Peruvian Lilies" are a member of the Amaryllidaceae family. They originated in Chile and Brazil and are frequently grown under license from growers in the Netherlands, where they were recently developed. Alstroemeria come in shades of yellow, rose-pink, lilac, white, orange, and red, with showy, lily-like tubular flowers about 2 inches across and spotted on the petals, often with green tips. They have recently become extremely popular for both formal and informal use.

Gypsophila (baby's breath) are an annual and perennial herb and a member of the Caryophyllaceae or so-called pink family. The flowers are numerous and usually occur in profusely branched clusters (panicles). Most commonly they are white, but they also may be pink or red. Gypsophila have small, opposing leaves, and flowers approximately 1/4-inch wide. The sprays are often used in arrangements as background. The base life of gypsophila is 5 to 7 days and the dried flowers will last at least 1 year.

Gerberas are native to South Africa and are commonly called the "transvaal daisy" or "African daisy." They are members of the Compositae family. The plant produces large, daisy-like flowers on long, wiry stems (12 to 18 inches). The colors are intense and include reds, pinks, salmon, orange, yellow, and white. The flower form varies from fluffy and double to single, and the flower diameter ranges from 2 to 5 inches. The base life is from 3 to 8 days. Gerberas are used both for formal and informal arrangements.

Production process

Fresh cut flowers are produced throughout the year in the United States, either field grown or protected by a structure of some sort. The structure may form a completely controlled environment like a greenhouse, or just provide shade or protection from the wind, like an overhead lattice work or a "saran house" (a framework covered with plastic and cloth). Production in a structure is primarily dependent on the environmental conditions of the area and quality considerations. Gypsophila is the only fresh cut flower under investigation that is not generally grown under some form of structure.

Planting schedules are the basic means of production planning for market demand, and propagation takes place through the use of seed, plant cuttings and/or division. The grower prepares the soil (generally sterilizing it at least once a year), decides on the number of plants required, the ratio of flowers for his projected market, plant spacing, and the kinds of fertilizers and pesticides needed and when to apply them. Wire or plastic mesh is often used to support certain flowers (e.g. chrysanthemums) as they grow, thereby encouraging a long straight stem. Supplemental lighting is often used (especially with carnations and chrysanthemums) to control flowering and quality. Flowers are harvested when the proper stem length and inflorescence, required for sale in the wholesale market, are reached. The flower stem is cut at the appropriate length by hand with a sharp knife or pruning shears. Depending on the flower type and the area and method of production, stems and blooms may be harvested from the plant over a period of years or only once. For example, in California and Colorado, 2-year culture is common for standard

carnations, with flower harvest beginning about 6 months after planting and continuing for the remaining period. However, in Florida only one stem is generally harvested in February from pompom chrysanthemums that were planted 6 months earlier. Many growers harvest by accumulating an armful of flowers as they move along the aisle, whereas others employ picking carts and/or conveyor systems. Flowers are then graded into lots by quality. Although stem length is generally graded by machine, all other grading is by human judgment. Some quality factors taken into consideration are freedom from diseases and insects, stem crooks, split calyxes, and faded colors. Each grade is then bunched into units of stems and boxed.

Labor is the principal input in the production of fresh cut flowers, and is estimated to account for 30 to 40 percent of production costs. Operations such as planting, harvesting, grading, and packaging require hand labor. Capital expenditures are also high in fresh cut flower production.

U.S. tariff treatment

Imports of the fresh cut flowers covered by these investigations are classified and statistically reported in schedule 1, part 15 of the Tariff Schedules of the United States Annotated (TSUSA), as follows: 1/

Item	Article	Rates of duty Col. 1	Special 1/	Col. 2
		(percent ad valorem)		
192.17-----	Miniature (spray) carnations	4	Free	40
192.21-----	Other	8	Free	40
192.2110---	Pompom chrysanthemums			
192.2120---	Standard chrysanthemums			
192.2130---	Standard carnations			
192.2192---	Other (including alstroemeria, gerberas, and gypsophila)			

1/ Includes rates of duty applicable under the Generalized System of Preferences (GSP), the Caribbean Basin Economic Recovery Act (CBERA), and the United States-Israel Free Trade Area Implementation Act of 1985. Imported flowers from Colombia are ineligible for duty-free entry under the GSP due to the competitive need limitations. Imports from Chile, Costa Rica, Ecuador, Israel, Kenya, Mexico, and Peru are eligible for GSP benefits, while imports from Costa Rica are eligible for CBERA treatment. Products of Israel are eligible for duty-free entry under the free trade area.

1/ A table setting forth the rates of duty applicable to each of the countries whose imports are under investigation is presented in app. A.

The Nature and Extent of Sales at Less Than Fair Value and Subsidies

The following sections summarize the determinations of the U.S. Department of Commerce regarding sales at less than fair value and subsidies. The determinations are final unless otherwise noted.

Canada

Flowers subject to investigation.--Miniature and standard carnations.

Sales at LTFV.--Using the best information available (that presented in the petition), the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
For all manufacturers, sellers, and exporters.....	6.80

Subsidies.--The following program confers a subsidy:

	Amount (Percent ad valorem)
Ontario Greenhouse Energy Efficiency Program.....	1.47
Total (not applicable to Unsworth Greenhouses, Ltd)..	1.47

Chile

Flowers subject to investigation.--Standard carnations.

Sales at LTFV.--Comparing weighted-average monthly prices of U.S. sales with foreign market value based on home market prices, the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
Jorge Puiggros Mazuela.....	0
Agricola Longotoma, Ltda.....	28.78
All other firms.....	28.78

Subsidies.--The following programs confer subsidies:

	Amount (Percent ad valorem)
Stamp and Seal Tax Exemption for Exporters.....	2.25
Export Rebate (simplified drawback) (began in 1986)...	10.00
Total.....	12.25

Colombia

Sales at LTFV.--Flowers subject to the antidumping investigation are standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila. Comparing monthly weighted-average prices of U.S. sales with foreign market value based on third country prices or constructed value, the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
Flores Esmeralda, Ltda	0
Flores Timana, Ltda	0
Flores de Cota, Ltda	0
Cultivos del Caribe	0.52
Floramerica, S.A	.52
Jardines de Colombia	.52
Flores Del Rio, S.A	3.26
Inversiones Almer, Ltda	9.09
Flores Generales, Ltda	9.12
Flores La Pampa, Ltda	33.89
Universal de Flores, Ltda	83.97
Royal Carnations, Ltda	83.97
Inversiones Patxi	83.97
Productura el Rosal	83.97
Prismaflor	83.97
All other firms	3.53

Subsidies.--Flowers subject to the countervailing duty investigation are miniature carnations. The Commission is not conducting a countervailing duty investigation on imports from Colombia. After a preliminary determination that the estimated net bounty or grant was 2.22 percent, and that the bonding rate was 1.09 percent, Commerce suspended the investigation on the basis of an agreement by producers and exporters to eliminate or offset completely all benefits provided by the Government of Colombia.

Costa Rica

Flowers subject to investigation.--Miniature and standard carnations, and pompom chrysanthemums.

Sales at LTFV.--Comparing monthly weighted-average prices of U.S. sales with foreign market value based on home market prices or third country prices, the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
American Flower Corp	0.74
All other firms	.74

Subsidies.--The Commission is not conducting a countervailing duty investigation on imports from Costa Rica. After a preliminary determination that the estimated net bounty or grant was 19.54 percent, Commerce suspended the investigation on the basis of an agreement to eliminate or offset completely all benefits provided by the Government of Costa Rica.

Ecuador

Flowers subject to investigation.--Miniature and standard carnations, and pompom and standard chrysanthemums.

Sales at LTFV.--Comparing monthly weighted-average prices of U.S. sales with foreign market value based on home market prices, the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
Florisol	9.37
Flores Equinocciales	.46 (de minimis)
Inverflora	2.56
Terraflor	2.56
Eden Flowers	19.00
All other firms	5.89

Subsidies.--The Commission is not conducting a countervailing duty investigation on imports from Ecuador. The following programs confer bounties or grants:

	Amount (Percent ad valorem)
Tax Credit Certificates for Exports	0.91
Short Term Fund for the Promotion of Exports (FOPEX) Export Credit	0
Long Term Loans Under the Fund for the Development of Exportable Production	.10
Total	1.01

Israel

Flowers subject to investigation.--Miniature carnations and gerberas.

Sales at LTFV.--No allegation of LTFV sales was made.

Subsidies.--The following programs confer subsidies:

	Amount (Percent ad valorem)
Exchange Rate Risk Insurance Scheme	8.87
Export Promotion Financing Fund (eliminated in 1986)	.80
Long-Term Development Loans to Agrexco	.04
Government Support of the Flower Board	.07
Fuel Grants and Low-Cost Credit	1.81
Total	11.59
Total for purposes of cash deposit or bond	10.79

Kenya

Flowers subject to investigation.--Miniature and standard carnations.

Sales at LTFV (preliminary determination).--Comparing monthly weighted-average prices of U.S. sales with foreign market value based on third country prices, the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
Sulmac Co. Ltd	4.69
All other firms	4.69

Subsidies (preliminary determination).--No benefits which constitute subsidies are being provided to producers or exporters.

Mexico

Flowers subject to investigation.--Standard carnations, and pompom and standard chrysanthemums.

Sales at LTFV.--Comparing weighted-average monthly prices of U.S. sales with foreign market value based on weighted-average monthly home market prices and constructed values, the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
Florex	4.60
Visaflor	29.40
Floremor	0
Tzitzic Tareta	4.01
Rancho Daisy	29.40

Rancho Alisitos	17.38
Rancho Mision el Descanso	24.33
Rancho Las Dos Palmas	29.40
Las Flors de Mexico	29.40
All other firms	18.20

Subsidies.--No allegation of subsidies was made.

The Netherlands

Flowers subject to investigation.--Miniature carnations, standard chrysanthemums, alstroemeria, and gerberas.

Sales at LTFV.--No allegation of LTFV sales was made.

Subsidies.--The following programs confer subsidies:

	Amount (Percent ad valorem)
Natural Gas Provided at Preferential Rates	2.45
Aids for the Creation of Cooperative Organizations	.17
Glasshouse Enterprises Program	.80
Aids for the Reduction of Glass Surface	.01
Steam Drainage Systems	.01
Guarantee Fund for Agriculture	.04
Total	3.48

Peru

Flowers subject to investigation.--Miniature carnations, pompom chrysanthemums, and gypsophila.

Sales at LTFV (preliminary determination).--Comparing weighted-average monthly prices of U.S. sales with foreign market value based on third country prices or constructed value, the estimated weighted-average amount by which the foreign market value of the merchandise subject to investigation exceeds the United States price is as follows:

	Amount (Percent ad valorem)
Flores Esmeralda, S.R.L.	1.78
All other firms	1.78

Subsidies (preliminary determination).--The following program confers bounties or grants:

	Amount (Percent ad valorem)
The Certificate of Tax Rebate	15.62
Total	15.62

Suspension of liquidation

Commerce directed the U.S. Customs Service to suspend liquidation of all entries of certain fresh cut flowers from the affected countries that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of its notices of preliminary determinations. Cash deposits or bonds are required to be posted on such entries. Section 772(d)(1)(D) of the Act prohibits assessing dumping duties on the portion of the margin attributable to export subsidies. Where appropriate, Commerce has directed that the level of export subsidies be subtracted from dumping margins for deposit or bonding purposes.

The U.S. Market

Market factors

Fresh cut flowers--including carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila--tend to be most actively traded around traditional holidays, particularly Christmas, Valentine's Day, and Mother's Day. Trading is least active during the summer months. 1/

Although holidays are florists' busiest periods, there has been a trend in recent years toward stronger demand for flowers during off-holiday periods. In November 1984, one commentator noted that consumers were making flowers "a part of their everyday lives." This trend was reportedly prompted by, in part, customers' increased interest in and awareness of flowers. "One thing imports have done, especially those coming from Holland," a retail florist reported, "has been to broaden everyone's perspective." 2/ The strength of off-holiday purchases varies, according to one * * * grower that * * *. This grower had been building up a good off-holiday trade until the recession began, when customers retrenched and again bought only for the holidays. The firm is seeing a slow resumption of off-holiday purchases. 3/ A grower-shipper, * * *, claims to have a large year-round demand. 4/

The flower trade is subject to the whim of fashion and, to a certain extent, the level of off-holiday purchases and the types of flowers purchased can be attributed to consumers' changing tastes. The petitioner noted that "sophisticated" east coast consumers are especially likely to be found making everyday purchases of flowers. 5/ A Pennsylvania retailer wrote that consumers are increasingly likely to buy flowers for themselves because of their growing desire to "enhance the quality of their environment and improve

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1/ U.S. Department of Agriculture, Marketing California Ornamental Crops, 1984, p. 6.

2/ "New Trends in the Floral Industry," SAF Business News for the Floral Industry, November 1984, p. 23.

3/ Conversation with * * *, June 11, 1986.

4/ Conversation with * * *, June 10, 1986. * * *.

5/ Antidumping petition, p. 118.

their own lifestyles." 1/ The flower trade is also strongly influenced by the marketing abilities of retailers. A 1985 survey by the Society of American Florists showed, among other things, that traditional flower buying occasions are nowhere near their sales potential, that consumers are ready to buy flowers for themselves, and that consumers don't buy more because floral products don't come to mind. From this and similar findings, the Society concluded that techniques for increasing consumers' awareness and understanding of floral products would increase demand. 2/

The major retail outlets for fresh cut flowers are florists, garden centers and nurseries, and mass merchandisers such as supermarkets. A 1985 study showed florists with 63 percent of the value of floral sales, mass merchandisers with 18 percent, garden centers and nurseries with 12 percent, and other outlets with 7 percent. 3/ Mass merchandisers have increased their share of the market, which was 6 percent in 1980, primarily at the expense of independent florists. Encouraged by increasing consumer demand, these outlets buy in bulk directly from growers, bypassing the wholesalers that service smaller florists. Imports have bolstered this trend by providing a year-round, low-cost source of supply. 4/ Supermarkets accounted for the largest portion of 1985 sales by mass merchandisers, with 8.6 percent of the market, 5/ followed by discount stores with 6.2 percent and department stores with 3.5 percent. 6/ In their questionnaire responses, importers verified that mass merchandisers have become increasingly important as purveyors of imported flowers.

Price and quality are, of course, key factors affecting demand for fresh cut flowers. A comparison of the prices of U.S.-produced and imported flowers can be found in the section of this report entitled "Prices." With respect to quality, both U.S. producers and importers face similar difficulties protecting their highly perishable product from the ravages of time and heat. One * * * grower reported that there are quality problems with some imports. As a result of competition with lower priced imports, this grower * * *. The grower's old customers * * * were dissatisfied with the quality of imported products. 7/ Two growers, however, stated that imports are of good quality. 8/ One of these offered an explanation as to why imports from * * * are of better quality than flowers grown in * * *: * * *. 9/ At the public

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1/ "New Trends in the Floral Industry," SAF Business News for the Floral Industry, November 1984, p. 20.

2/ "The U.S. Floral Consumer: A Research Survey," SAF Business News for the Floral Industry, September 1985, p. 40.

3/ A Market Segmentation of Supermarket Floral Product Consumers Based Upon Factors Impacting the Floral Purchase Decision, Bridget K. Behe, unpublished thesis, Ohio State University, 1985 (hereafter "Market study"), pp. 11-12.

4/ The New York Times, June 15, 1986, p. 10F, col. 1.

5/ Certain respondents estimated that supermarkets accounted for 22 percent of all U.S. cut flowers sales in 1986. Economic Analysis of Issues Related to Material Injury and Causation, ICF, Inc., p. VI-2.

6/ Market study, pp. 11-12.

7/ Conversation with * * *, June 9, 1986.

8/ Conversations with * * *, June 10, 1986, and * * *, June 12, 1986.

9/ Conversation with * * *, June 12, 1986.

hearing, U.S. growers stated that imports and domestically grown flowers are of generally comparable quality. 1/ Flores Esmeralda alleged that its Peruvian gypsophila is of higher quality--and is higher priced--than U.S.-grown gypsophila. 2/

Apparent U.S. consumption

The quantity of apparent U.S. consumption of both types of carnations increased during 1983-85, and also increased in the interim period 3/ (table 1). 4/ Consumption of standard chrysanthemums increased from 1983 to 1985, and then declined during the interim period. Consumption of pompom chrysanthemums fell during 1983-84, and then increased from 1984 to 1985 and during the interim period. Consumption of gypsophila, like that of carnations, increased during 1983-85 and during the interim period.

Data on the quantity of apparent U.S. consumption of alstroemeria and gerberas are available only since 1985. Such data suggest that consumption of alstroemeria continually increased during the period of investigation--U.S. producers' shipments increased from 1983 to 1985, and total consumption increased during the interim period. Available data also suggest that consumption of gerberas increased during 1983-85--U.S. producers' shipments increased during that period. During the interim period, apparent consumption of gerberas continued to increase, but the growth was small.

Data describing the quantity of apparent U.S. consumption of fresh cut flowers other than the seven specified flowers are available for the period 1984-85. During this period, consumption increased. Aggregating the information presented above into a total for all fresh cut flowers, available data show an increase in consumption during 1984-85.

Apparent U.S. consumption measured in terms of value shows trends approximately similar to those described above, with the following exceptions: (1) the value of standard carnations declined in interim 1986,

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1/ Transcript of the hearing, pp. 86-88.

2/ Ibid., p. 231.

3/ In this report, when a trend is described for the "interim period," it should be understood to refer to a comparison between the period January-September 1986 and January-September 1985.

4/ Apparent U.S. consumption is derived by adding the amount of imports to the amount of U.S. producers' shipments. Data on the quantity of imports are compiled from statistics published by the USDA (except for imports from Canada, which are compiled from official statistics of the U.S. Department of Commerce); data on the value of imports are compiled from official statistics of the U.S. Department of Commerce. Data on the quantity and value of U.S. producers' shipments are compiled from USDA statistics and from estimates based on data submitted in response to Commission questionnaires. For a complete explanation of the method used for estimating U.S. producers' shipments, see the section entitled "U.S. producers' shipments." For further information on available data describing the U.S. industry, see the section entitled "Statistical information used in this report."

Table 1.--Certain fresh cut flowers: Quantity of apparent U.S. consumption, 1983-85, January-September 1985, and January-September 1986

(In thousands of stems)

Item	1983	1984	1985	January-September-- 1985	1986
Standard carnations:					
Imports:					
Subject imports 1/.....	554,117	596,782	701,336	524,980	608,624
Other imports....	16,156	19,009	17,164	12,176	9,795
Total.....	570,273	615,791	718,500	537,156	618,419
U.S. producers' shipments 2/.....	286,904	294,753	290,297	204,297	197,648
Apparent U.S. consumption.....	857,177	910,544	1,008,797	741,453	816,067
Miniature carnations:					
Imports:					
Subject imports 1/.....	51,450	51,594	81,305	56,119	102,251
Other imports....	3,230	2,700	4,140	2,100	3,170
Total.....	54,680	54,294	85,445	58,219	105,421
U.S. producers' shipments 2/.....	103,020	111,259	125,686	92,155	103,129
Apparent U.S. consumption.....	157,700	165,553	211,131	150,374	208,550
Standard chrysanthemums:					
Imports:					
Subject imports 1/.....	26,276	29,645	38,584	26,904	18,727
Other imports....	919	1,148	1,900	1,645	1,113
Total.....	27,195	30,793	40,484	28,549	19,840
U.S. producers' shipments 2/.....	64,362	68,003	59,511	37,369	33,483
Apparent U.S. consumption.....	91,557	98,796	99,995	65,918	53,323
Pompom chrysanthemums:					
Imports:					
Subject imports 1/.....	363,102	344,928	407,256	302,940	333,534
Other imports....	5,338	5,499	4,537	4,100	3,894
Total.....	368,440	350,427	411,793	307,040	337,428
U.S. producers' shipments 2/.....	368,796	360,967	392,868	255,089	244,383
Apparent U.S. consumption.....	737,236	711,394	804,661	562,129	581,811

See footnotes at end of table.

Table 1.--Certain fresh cut flowers: Quantity of apparent U.S. consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of stems)

Item	1983	1984	1985	January-September-- 1985	1986
Gypsophila:					
Imports:					
Subject imports 1/	19,157	25,406	56,666	37,787	52,722
Other imports	1,511	2,371	3,854	2,365	5,552
Total	20,668	27,777	60,520	40,152	58,274
U.S. producers' shipments 2/	44,065	56,551	61,676	46,964	60,027
Apparent U.S. consumption	64,733	84,328	122,196	87,116	118,301
Total, above five fresh cut flowers:					
Imports:					
Subject imports 1/	1,014,102	1,048,355	1,285,147	948,730	1,115,858
Other imports	27,154	30,727	31,595	22,386	23,524
Total	1,041,256	1,079,082	1,316,742	971,116	1,139,382
U.S. producers' shipments 2/	867,147	891,533	930,038	635,874	638,670
Apparent U.S. consumption	1,908,403	1,970,615	2,246,780	1,606,990	1,778,052
Alstroemeria:					
Imports:					
Subject imports 1/	3/	3/	31,542	23,283	42,120
Other imports	3/	3/	1,589	1,131	1,351
Total	3/	3/	33,131	24,414	43,471
U.S. producers' shipments 2/	11,784	22,799	31,520	28,793	32,986
Apparent U.S. consumption	3/	3/	64,651	53,207	76,457
Gerberas:					
Imports:					
Subject imports 1/	3/	3/	18,332	13,605	11,934
Other imports	3/	3/	708	433	617
Total	3/	3/	19,040	14,038	12,551
U.S. producers' shipments 2/	8,603	9,988	11,301	8,582	8,663
Apparent U.S. consumption	3/	3/	30,341	22,620	21,214

See footnotes at end of table.

Table 1.--Certain fresh cut flowers: Quantity of apparent U.S. consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of stems)

Item	1983	1984	1985	January-September-- 1985	1986
Total, above seven fresh cut flowers:					
Imports:					
Subject imports 1/.....	3/	3/	1,335,021	985,618	1,169,912
Other imports....	3/	3/	33,892	23,950	25,492
Total.....	3/	3/	1,368,913	1,009,568	1,195,404
U.S. producers' shipments 2/.....	887,533	924,319	972,858	673,249	680,320
Apparent U.S. consumption.....	3/	3/	2,341,771	1,682,817	1,875,724
All other fresh cut flowers:					
Imports 4/.....	593,306	709,940	867,638	657,087	724,970
U.S. producers' shipments 5/.....	3/	1,072,248	1,080,454	3/	3/
Apparent U.S. consumption.....	3/	1,782,188	1,948,092	3/	3/
Total, all fresh cut flowers: 6/					
Imports:					
Subject imports 1/.....	7/	7/	1,335,021	985,618	1,169,912
Other imports....	7/	7/	867,638	657,087	724,970
Total.....	1,607,408	1,758,295	2,202,659	1,642,705	1,894,882
U.S. producers' shipments 2/.....	3/	1,996,568	2,053,313	3/	3/
Apparent U.S. consumption.....	3/	3,754,862	4,255,972	3/	3/

1/ "Subject" imports are those imports subject to investigation by the U.S. Department of Commerce, i.e., carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru. Table A-1, in app. A, summarizes which flowers from each country are subject to investigation. If one of the 7 specified flowers were imported from a country whose exports of that flower are not subject to investigation, then such imports are included under "Other imports." For example, imports of gerberas from Canada would be included under "Other imports."

Footnotes continued on following page.

Footnotes for table 1--Continued.

2/ For a complete explanation of the method used for estimating U.S. producers' shipments, see the section entitled "U.S. producers' shipments."
3/ Not available.
4/ Includes imports of flowers that are not subject to investigation, i.e., (1) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru that are not subject to investigation, (2) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from any other country, and (3) any imports of any other flower from any country. (Because certain data cannot be broken out separately, this category also includes a small number of imports that are subject to investigation. These are alstroemeria and gerberas in 1983 and 1984.)
5/ U.S. producers' shipments of all other fresh cut flowers are estimated by subtracting the amounts for each specified flower from those for all fresh cut flowers.
6/ Data for all fresh cut flowers are estimated as described in the sections entitled "U.S. producers' shipments" and "U.S. imports."
7/ Imports of alstroemeria and gerberas cannot be broken out separately in 1983 and 1984. These data items are omitted in order to avoid a comparison to 1985 and 1986 data that include a breakout of imports of alstroemeria and gerberas. The closest available data for the omitted "Subject imports" are those under the category "Total, above 5 fresh cut flowers." The closest available data for the omitted "Other imports" are imports under the category "All other fresh cut flowers."

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. Department of Agriculture, and data submitted in response to questionnaires of the U.S. International Trade Commission.

but the quantity increased; (2) the value of pompom chrysanthemums increased during 1983-84 and declined in the interim period, but the quantity fell during 1983-84 and rose in the interim period (table 2). Note that data describing the value of imports in 1986 is compiled on a different basis than that for prior years, and so is not directly comparable with data from earlier periods (see the section entitled "Statistical information used in this report").

Table 2.--Certain fresh cut flowers: Value 1/ of apparent U.S. consumption, 1983-85, January-September 1985, and January-September 1986

(In thousands of dollars)

Item	1983	1984	1985	January-September-- 1985	1986
Standard carnations:					
Imports:					
Subject imports 2/.....	47,058	62,621	55,849	43,395	39,429
Other imports....	289	851	519	347	561
Total.....	47,347	63,472	56,368	43,742	39,990
U.S. producers' shipments 3/.....	37,658	38,362	46,018	32,821	34,162
Apparent U.S. consumption.....	85,005	101,834	102,386	76,563	74,152
Miniature carnations:					
Imports:					
Subject imports 2/.....	9,695	14,819	15,396	11,909	10,870
Other imports....	251	253	279	150	191
Total.....	9,946	15,072	15,675	12,059	11,061
U.S. producers' shipments 3/.....	14,043	14,874	18,879	13,988	16,034
Apparent U.S. consumption.....	23,989	29,946	34,554	26,047	27,095
Standard chrysanthemums:					
Imports:					
Subject imports 2/.....	9,536	11,075	10,085	7,431	7,816
Other imports....	314	978	300	256	201
Total.....	9,850	12,053	10,385	7,687	8,017
U.S. producers' shipments 3/.....	22,327	22,793	28,105	17,204	15,044
Apparent U.S. consumption.....	32,177	34,846	38,490	24,891	23,061
Pompom chrysanthemums:					
Imports:					
Subject imports 2/.....	41,558	50,154	50,357	37,551	37,080
Other imports....	998	1,087	382	330	403
Total.....	42,556	51,241	50,739	37,881	37,483
U.S. producers' shipments 3/.....	41,350	40,474	45,162	30,796	29,538
Apparent U.S. consumption.....	83,906	91,715	95,901	68,677	67,021

See footnotes at end of table.

Table 2.--Certain fresh cut flowers: Value 1/ of apparent U.S. consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of dollars)

Item	1983	1984	1985	January-September-- 1985	1986
Total, above four fresh cut flowers:					
Imports:					
Subject imports 2/.....	107,847	138,669	131,687	100,286	95,195
Other imports....	1,852	3,169	1,480	1,083	1,356
Total.....	109,699	141,838	133,167	101,369	96,551
U.S. producers' shipments 3/.....	115,378	116,503	138,164	94,809	94,778
Apparent U.S. consumption.....	225,077	258,341	271,331	196,178	191,329
All other fresh cut flowers:					
Imports 4/.....	98,193	137,840	162,857	120,582	141,091
U.S. producers' shipments 5/.....	6/	268,690	295,802	6/	6/
Apparent U.S. consumption.....	6/	406,530	458,659	6/	6/
Total, all fresh cut flowers: 7/					
Imports:					
Subject imports 8/.....	107,847	138,669	131,687	100,286	95,195
Other imports....	98,193	137,840	162,857	120,582	141,091
Total.....	206,040	276,509	294,544	220,868	236,286
U.S. producers' shipments.....	6/	385,193	433,966	6/	6/
Apparent U.S. consumption.....	6/	661,702	728,510	6/	6/

1/ The value of imports is the c.i.f. value plus calculated duties.
2/ "Subject" imports are those imports subject to investigation, i.e., carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru. Table A-1, in app. A, summarizes which flowers from each country are subject to investigation. If one of the 7 specified flowers were imported from a country whose exports of that flower are not subject to investigation, then such imports are included under "Other imports." For example, imports of pompom chrysanthemums from Canada would be included under "Other imports."
3/ For a complete explanation of the method used for estimating U.S. producers' shipments, see the section entitled "U.S. producers' shipments."

Footnotes continued on following page.

Footnotes for table 2--Continued.

4/ Includes imports of flowers that are not subject to investigation, i.e., (1) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru that are not subject to investigation, (2) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from any other country, and (3) any imports of any other flower from any country. (Because certain data cannot be broken out separately, this category also includes imports that are subject to investigation. These are alstroemeria, gerberas, and gypsophila for all periods.)
5/ U.S. producers' shipments of all other fresh cut flowers are estimated by subtracting the amounts for each specified flower from those for all fresh cut flowers.
6/ Not available.
7/ Data for all fresh cut flowers are estimated as described in the sections entitled "U.S. producers' shipments" and "U.S. imports."
8/ Does not include subject imports of alstroemeria, gerberas, and gypsophila; data for these flowers cannot be broken out separately and they are therefore included under "Other imports." For a definition of "subject" imports, see footnote 2 above.

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. Department of Agriculture, and data submitted in response to questionnaires of the U.S. International Trade Commission.

The U.S. Industry

U.S. producers

An official of the Floral Trade Council estimated that there are approximately 500 to 600 commercial growers of the seven fresh cut flowers under investigation. The Council consists of 260 members. 1/ The most recent available data including the total number of growers of fresh cut flowers are from the 1982 Census of Agriculture. 2/ These data report that the number of growers of cut flowers and cut florist greens declined from 4,698 in 1978 to 4,325 in 1982. Most of these growers were relatively small: 70 percent had net sales of less than $40,000 in 1982.

1/ Meeting of the Floral Trade Council and Commission staff, May 23, 1986. At the public hearing, counsel for the petitioner stated that "every grower in the major producing states (was) offered an opportunity to associate with" the filing of the petition, and that "only two growers" declined to associate themselves. Transcript of the hearing, p. 56. Mr. Thirup explained that growers located in the "three major growing-producing areas" (California, Colorado, and Florida) were contacted. He noted, "How many growers there are in the other states, I do not know. However, most of those are small growers." Transcript of the hearing, p. 60.
2/ 1982 Census of Agriculture, Part 51, p. 24, table 43.

USDA's Floriculture Crops report provides information on the number of growers producing certain specified flowers. 1/ In general, the number of growers declined from 1984 to 1985. Pertinent data are shown in the following tabulation:

Type of flower	Number of growers in -- 1981	1984	1985
Standard carnations	331	239	229
Miniature carnations	177	171	171
Standard chrysanthemums	724	552	1/ 447
Pompom chrysanthemums	894	673	580
Other fresh cut flowers:			
Anthuriums	74	105	73
Gladioli	58	54	44
Roses, Hybrid Tea	222	222	199
Roses, sweetheart	177	158	143
Snapdragons	503	419	415

1/ This figure was derived by using 1985 data for each state that reported in both 1984 and 1985.

Flowers are grown in all parts of the United States; most firms are family-owned, and many are quite small. 2/ The largest growers are concentrated in California and a few other states, as the following tabulation of 1985 data from Floriculture Crops demonstrates:

Type of flower	State with the most growers	Percent of total growers	State with the highest sales	Percent of total sales
Standard carnations	California	49	California	77
Miniature carnations	California	52	California	75
Standard chrysanthemums	Ohio	17	California	79
Pompom chrysanthemums	Ohio	14	California	78
Other fresh cut flowers:				
Anthuriums	Hawaii	100	Hawaii	100
Gladioli	Michigan	19	Florida	63
Roses, Hybrid Tea	California	33	California	52
Roses, sweetheart	California	36	California	36
Snapdragons	Penn.	13	California	35

1/ These data count each firm once for each type of flower grown; therefore the statistics cannot be aggregated. Data are not available for alstroemeria, gerberas, or gypsophila. Floriculture Crops, March 1986, pp. 28, 82-83; March 1985, pp. 13-15.

2/ Transcript of the conference in the preliminary investigations, pp. 75-76.

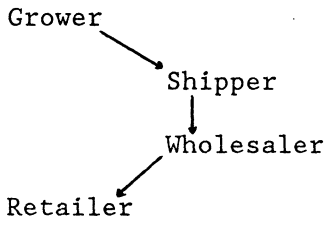
The role of U.S. growers has been shaped, over the years, by available transportation systems. Originally, growers served local markets. As transportation systems improved, growers had the opportunity to reach out to diverse geographic areas, but also faced competition from distant domestic growers as well as foreign growers. 1/

In response to such competition--especially that from inexpensive imports--some growers retrenched while others diversified. Vista Greenhouses, Inc., for example, ceased growing standard carnations as a result of price competition from imports. 2/ * * * and * * * are two examples of firms that shut nurseries down entirely, citing competition from imports as the cause. 3/ Other firms began growing flowers that have not been imported, such as snapdragons. 4/ Still others became involved in different levels of trade, selling directly to wholesalers, retailers, and mass merchandisers. * * *, for example, marketed aggressively to a variety of customers that buy on the open market. As a result, they increased their * * * sales, but state that they could double their production "overnight" if there were controls on import prices. 5/

Of 159 growers responding to Commission questionnaires, 130 expressed their support of the petition in these investigations. The remainder took no position on the petition or did not respond to the question. No growers expressed opposition to the petition.

Channels of distribution

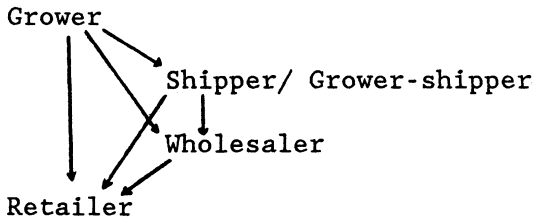
U.S. production.--One U.S. grower described the "normal" channels for distributing fresh cut flowers as follows:



The same grower said, however, that this pattern is rarely followed exactly. In fact, many growers sell to various levels of the trade, and many growers

1/ Letter from Minneapolis Floral, undated.
2/ Transcript of the hearing, pp. 18-19.
3/ Letters from * * *, Dec. 8, 1986, and * * *, Dec. 12, 1986.
4/ Letter from * * *, Jan. 26, 1987.
5/ Conversation with * * *, Feb. 5, 1987.

are themselves shippers, 1/ buying cut flowers from other U.S. or foreign sources and reselling them. Thus, a more complete diagram of flower distribution is closer to the following:



There are other variations on the shipper/wholesaler theme described in the diagram above. For example, rather than being a separate firm, the "shipper" function may be performed by a consortium of growers. Methods of sale to shippers vary: some shippers sell a grower's products on consignment, and others buy the grower's products outright (at which point they seem to be the same as a wholesaler). Shippers tend to be located in the western United States; eastern growers tend to sell directly to wholesalers. Many growers in the Denver area have another step in the distribution chain: flowers are shipped to a central grading pool. This pool, which is an independent company, receives the flowers, grades them, and labels them. They are then picked up by, or transported to, the shipper or wholesaler that purchased them. 2/ There are also brokers that arrange transportation of flowers from growers to customers. Unlike shippers and wholesalers, brokers do not take possession of the flowers. U.S. producers reportedly use shippers more often than brokers.

To convey the variety of distribution techniques that characterizes the marketplace for cut flowers, the practices of a selection of growers are described as follows: 3/

* * * * * * *

1/ One grower described a "shipper" as being a "middleman" that is closer to the grower than is a wholesaler. (Conversation with * * *, June 10, 1986). Another grower stated that the term "shipper" is synonymous with the term "wholesaler." (Conversation with * * *, June 11, 1986). The term "shipper" reportedly does not imply any propensity by such a firm to perform the shipping of flowers. Rather, flowers are purchased f.o.b. the grower's door and shipped by common carrier, paid for by the purchaser. (Conversation with * * *, cited above).

2/ Conversation with * * *, Dec. 3, 1986.

3/ Information is based on conversations with officials of the listed firms during June 9-12, 1986.

According to certain respondents in these investigations, "the trend toward direct grower/buyer relationships has been accelerating during the 1983-86 period. Volume buyers, particularly supermarkets, have shifted their pattern of purchasing during the 1983-86 period from buying through wholesalers and shippers to buying direct from growers." 1/ Evidence of increased participation by mass merchandisers in the marketplace, 2/ and statements by growers as to the need to sell to different market segments corroborates the respondents' assertion. Nevertheless, according to growers responding to Commission questionnaires, the traditional roles of shippers and wholesalers remain important.

Approximately *** percent of the value of 1985 domestic shipments by U.S. growers went to wholesalers, and *** percent of that went to wholesalers unrelated to the grower (table 3). Shippers took *** percent of U.S. growers'

Table 3.--Certain fresh cut flowers: 1/ Value of U.S. producers' domestic shipments to various types of purchasers, by geographic area, 2/ 1985

(In thousands of dollars)

Item	Eastern United States	Western United States
Shippers:		
Related	***	9,905
Unrelated	270	2,789
Wholesalers:		
Related	***	2,900
Unrelated	27,888	30,453
Retailers:		
Related 3/	0	***
Unrelated	2,391	2,941
Mass merchandisers:		
Related	0	0
Unrelated	***	165

1/ Includes all fresh cut flowers reported by U.S. growers.
2/ The Eastern United States and the Western United States include those areas east and west, respectively, of the Mississippi River.
3/ Many firms that grew only for their own retail outlets described their operations as having no "shipments."

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

1/ Economic Analysis of Issues Related to Material Injury and Causation, ICF, Inc., Jan. 29, 1987, p. I-3.
2/ See the discussion in the section entitled "Market factors."

shipments; almost all of these shippers were located in the western United States. Shippers related to growers took *** percent of the total shipments to shippers. Retailers and mass merchandisers together took *** percent of the value of 1985 shipments. 1/

Imports.--Most importers receive flowers from foreign exporters on consignment, though some purchase directly from exporters. Flowers are usually shipped by air in corrugated paper boxes. The largest port of entry is Miami, which received 61 percent of all imports of all fresh cut flowers, by value, during January-September 1986. At the airport, the entry of the flowers is often handled by a bonded carrier that files the appropriate papers and transports the flowers for the importer. Some importers use brokers to facilitate the entry process, and perform transportation themselves. Importers occupy a position in the distribution chain similar to shippers. They normally import from foreign growers and resell to wholesalers or mass merchandisers.

Consideration of Material Injury to an Industry in the United States

This section presents statistics gleaned from published sources and submitted in response to Commission questionnaires. 2/ It also provides estimates of data that are not otherwise available. Data from Commission questionnaires describing U.S. area in production, U.S. production, U.S. producers' shipments, and employment are reported for 146 growers whose 1985 shipments accounted for the following shares of total comparable shipments (as estimated based on published statistics) (in percent of total quantity):

Fresh cut flowers	Share
Standard carnations	52
Miniature carnations	31
Standard chrysanthemums	22
Pompom chrysanthemums	31
Alstroemeria	37
Gerberas	37
Gypsophila	38
All other	12

Data describing U.S. growers' income-and-loss experience are reported for 111 growers whose 1985 net sales accounted for the following shares of the

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1/ For information on Commission questionnaires, see the sections entitled "Statistical information used in this report" and "Consideration of material injury to an industry in the United States."

2/ For information on available data describing the U.S. industry, see the section entitled "Statistical information used in this report."

total value of shipments in 1985 (as estimated based on published statistics) (in percent):

Fresh cut flowers	Share
Standard carnations	44
Miniature carnations	29
Standard chrysanthemums	16
Pompom chrysanthemums	28
Alstroemeria	33
Gerberas	33
Gypsophila	30
All other	12

U.S. area in production

Published statistics.--A description of the area used for production of carnations and chrysanthemums, and a projection as to future use, are available from Floriculture Crops (table 4). These data reflect the area used

Table 4.--Certain fresh cut flowers: Area in production, 1981, 1984-85, and intended 1986 1/

(In thousands of square feet, except as noted)

Item	1981	1984	1985	Intended 1986
Standard carnations	20,249	15,471	16,938	15,722
Miniature carnations	4,323	6,855	5,925	6,018
Standard chrysanthemums	14,561	11,101	9,104	10,210
Pompom chrysanthemums	30,480	22,850	29,212	29,067
Subtotal	69,613	56,277	61,179	61,017
Other cut flowers:				
Gladioli	226,730	226,207	240,233	237,184
Roses	27,992	28,086	29,398	28,799
Snapdragons	1,962	2,483	2,733	2,812
Anthuriums	15,661	17,650	17,367	17,888
All other	2/	2/	6,183,355	6,199,126
Subtotal, other cut flowers	2/	2/	6,473,086	6,485,809
All cut flowers	2/	2/	6,534,265	6,546,826
Carnations and chrysanthemums as a share of all cut flowers...percent	2/	2/	0.9	0.9

1/ The data used in this table are comparable from year to year. The 1985 data reported in Floriculture Crops that are not comparable to prior years are approximately 9 percent greater than 1985 data shown in this table.
2/ Not available.

Source: Compiled from U.S. Department of Agriculture, Floriculture Crops, March 1985 and March 1986.

for growing crops both in enclosed spaces, such as greenhouses, and outdoors. 1/ A grower will usually increase or decrease the area devoted to a certain crop as production of that crop increases or decreases. Therefore, information on area in production reflects general production trends. 2/

Overall, the area in production of carnations and chrysanthemums declined by 19 percent from 1981 to 1984, and then increased by 9 percent from 1984 to 1985. In 1986, the area devoted to production of these flowers was projected to remain about the same as that in 1985.

Data are available for four other flowers: anthuriums, gladioli, roses, and snapdragons. In the aggregate, the area in production of these flowers increased by 6 percent from 1984 to 1985, but a 1-percent decline was projected for 1986. The area in production of all other fresh cut flowers and the aggregate of all fresh cut flowers was projected to remain approximately the same during 1985-86.

Commission questionnaires.--Data on area in production as reported to the Commission by U.S. growers are provided in table 5. Area in production of

Table 5.--Certain fresh cut flowers: U.S. area in production, 1983-85, January-September 1985, and January-September 1986

(In thousands of square feet)

Item	1983	1984	1985	January-September-- 1985	1986
Standard carnations	9,153	9,019	9,065	8,773	8,348
Miniature carnations	2,240	2,191	2,358	2,255	2,315
Standard chrysanthemums	3,211	3,212	3,180	2,872	2,884
Pompom chrysanthemums	12,088	11,549	11,921	10,260	9,505
Alstroemeria	518	781	994	987	1,158
Gerberas	384	384	330	329	353
Gypsophila	11,941	13,081	14,633	12,871	12,528
Subtotal	39,535	40,217	42,481	38,347	37,091
All other fresh cut flowers	126,578	129,522	130,666	108,600	110,664
Total, all fresh cut flowers	166,113	169,739	173,147	146,947	147,755
Other greenhouse products	1,184	1,095	1,095	1,095	1,099
Total, cut flowers and other greenhouse products	167,297	170,834	174,242	148,042	148,854

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

1/ The data show the "gross" area, including walkways and aisles, and are counted for each filling if refilled several times with the same crop or a different crop.

2/ Conversation with Mr. Ray Hasek, Floral Trade Council, June 17, 1986.

standard carnations and pompom chrysanthemums fell during 1983-84, increased in 1985, and fell again in the interim period. Area in production of standard chrysanthemums and gerberas remained unchanged during 1983-84, fell in 1985, and rose in the interim period. Area in production of miniature carnations dropped in 1983-84, rose in 1985, and rose again in the interim period. Area in production of gypsophila rose during 1983-85 and fell during the interim period. Area in production of alstroemeria and all other fresh cut flowers increased throughout the period of investigation.

U.S. production

Information on U.S. production of fresh cut flowers is not available from published statistics. Production reported by growers responding to Commission questionnaires is presented in table 6. Two points should be kept in mind when reviewing data on production. First, a number of growers reportedly do not keep records of production. For these growers, production data are estimated, either based on the quantity of shipments or based on the known yield from a given amount of growing area. Second, some growers indicated that they produce at relatively constant levels, but that shipments vary from year to year. The flowers that aren't shipped are "dumped"--literally left for garbage. Some growers reported that flowers that could not otherwise be marketed were sold below cost; other growers indicated that they would throw away such flowers before disrupting market prices.

Table 6.--Certain fresh cut flowers: U.S. production, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
Standard carnations 1,000 stems..	157,965	162,557	161,489	109,924	107,268
Miniature carnations 1,000 bunches..	3,711	3,964	4,139	3,110	3,365
Standard chrysanthemums 1,000 stems..	15,395	16,406	14,807	9,877	9,024
Pompom chrysanthemums 1,000 bunches..	15,106	14,948	15,499	10,989	10,128
Alstroemeria.....do....	453	883	1,166	1,074	1,256
Gerberas.....1,000 stems..	3,359	3,862	4,198	3,214	3,224
Gypsophila.1,000 bunches..	1,715	2,053	2,095	1,654	1,964
All other fresh cut flowers....1,000 stems..	118,929	128,287	138,877	101,948	124,765

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Production of pompom chrysanthemums declined during 1983-84, increased in 1985, and then fell during the interim period. Production of standard carnations and standard chrysanthemums increased during 1983-84, dropped in 1985, and dropped again during the interim period. Production of alstroemeria, miniature carnations, gerberas, gypsophila, and all other fresh cut flowers increased throughout the period of investigation.

U.S. producers' shipments

Published statistics.--Data from the Census of Agriculture are available describing U.S. producers' shipments of fresh cut flowers for years prior to the period of investigation, as shown in the following tabulation (in thousands of stems and thousands of dollars): 1/

Item	Quantity		Value	
	1978	1982	1978	1982
Cut flowers:				
Standard carnations.....	395,914	1/	52,078	1/
Miniature carnations.....	94,335	1/	8,907	1/
Standard chrysanthemums..	94,553	1/	35,626	1/
Pompom chrysanthemums....	203,078	1/	47,529	1/
Gypsophila.....	54,272	1/	7,635	1/
Subtotal.....	842,152	1/	151,775	1/
All other.....	930,411	1/	198,644	1/
Total.....	1,772,563	1/	350,419	1/
Cut flowers and cut florist greens.....	1/	1/	351,965	417,695
Value of cut flowers and cut florist greens in 1985 dollars 2/.....	3/	3/	519,137	431,205

1/ Not available.
2/ Calculated using a general wholesalers' producer price index.
3/ Not applicable.

A description of U.S. producers' shipments of carnations and chrysanthemums is available from Floriculture Crops (table 7). These data reflect all sales, at retail or wholesale, including domestic shipments and exports. 2/ Data on interstate shipments from California and Florida of selected flowers are available from Ornamental Crops; these are also presented in table 7.

1/ The most recent available data are for 1978 and 1982.
2/ Flowers purchased from others for immediate resale are excluded. Data on the value of shipments are on a "gross wholesale" basis, before deductions for sales commissions or transportation costs (however, growers report that transportation costs are paid by purchasers, so such costs would not normally appear in these data).

Table 7.--Certain fresh cut flowers: U.S. producers' shipments (USDA statistics), 1981, 1983-85, January-September 1985, and January-September 1986

Item	1981	1983	1984	1985 1/	Jan.-Sept.-- 1985	1986
	Quantity					
Data from Floriculture Crops:						
Standard carnations 1,000 stems..	345,747	2/	292,593	290,297	2/	2/
Miniature carnations 1,000 bunches..	5,989	2/	10,103	11,457	2/	2/
Standard chrysanthemums.1,000 stems..	86,562	2/	67,113	59,511	2/	2/
Pompom chrysanthemums 1,000 bunches..	36,735	2/	33,323	37,125	2/	2/
Other cut flowers:						
Anthuriums 1,000 stems..	22,140	2/	28,048	32,506	2/	2/
Gladioli....do....	136,004	2/	124,812	158,569	2/	2/
Roses.....do....	421,639	2/	462,439	476,550	2/	2/
Snapdragons.do....	10,426	2/	15,960	16,361	2/	2/
Data from Ornamental Crops, interstate shipments from California and Florida of--						
Standard carnations 1,000 stems..	2/	207,906	201,692	199,270	159,012	143,416
Miniature carnations 1,000 bunches..	2/	5,937	7,205	7,362	6,009	4,886
Standard chrysanthemums 1,000 stems..	2/	29,272	25,408	22,612	17,202	12,758
Pompom chrysanthemums 1,000 bunches..	2/	27,276	25,131	23,109	17,496	15,379
Gypsophila 3/ 1,000 stems..	2/	11,289	10,551	15,420	14,175	19,365
Other cut flowers:						
Gladioli 1,000 stems..	2/	68,786	62,034	56,140	42,843	46,011
Roses 1,000 stems..	2/	190,091	207,169	218,765	168,534	166,570
Statice 4/ 1,000 stems..	2/	9,007	4,928	5,100	4,980	4,296

See footnotes at end of table.

Table 7.--Certain fresh cut flowers: U.S. producers' shipments (USDA statistics), 1981, 1983-85, January-September 1985, and January-September 1986--Continued

Item	1981	1983	1984	1985 1/	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
			Value (1,000 dollars) 5/			
Standard carnations...	40,936	2/	37,934	46,018	2/	2/
Miniature carnations..	9,605	2/	14,796	18,879	2/	2/
Standard chrysanthemums.....	22,698	2/	22,335	28,105	2/	2/
Pompom chrysanthemums	40,021	2/	38,846	45,162	2/	2/
Subtotal.....	113,260	2/	113,911	138,164	2/	2/
Other cut flowers:						
Anthuriums.....	5,114	2/	8,742	5,691	2/	2/
Gladioli.....	19,904	2/	21,775	25,422	2/	2/
Roses.....	111,639	2/	130,922	151,321	2/	2/
Snapdragons.....	2,842	2/	4,742	5,691	2/	2/
All other.....	2/	2/	2/	41,574	2/	2/
Subtotal 6/.....	139,499	2/	166,181	229,699	2/	2/
Total 6/.....	252,759	2/	280,092	367,863	2/	2/

1/ Data from Floriculture Crops for 1985 were gathered from a different sample of states than that for prior years, and so are not completely comparable with prior year data.
2/ Not available.
3/ Data for 1985 and 1986 are converted from bunches to stems at 15 stems per bunch.
4/ Data for 1985 and 1986 are converted from bunches to stems at 12 stems per bunch.
5/ Data in terms of value are available only from Floriculture Crops.
6/ Includes all other cut flowers in 1985 only.

Source: Compiled from U.S. Department of Agriculture, Floriculture Crops, March 1985 and March 1986, and Ornamental Crops, 1986.

Estimates from published statistics.--Estimates of U.S. producers' shipments derived from published statistics are presented in table 8. Such estimates are less reliable than the source data from which they are derived, and should be used with caution. Total shipments of the aggregate of the seven flowers specified in the petition, in terms of both quantity and value, increased from 1983 to 1985 and increased again during the interim period. In the years for which data are available, shipments of all fresh cut flowers followed a trend similar to that of the aggregate of the seven specified flowers: increasing in terms of both quantity and value during 1984-85.

Table 8.--Certain fresh cut flowers: U.S. producers' shipments (estimates based on published statistics), 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
	Quantity (1,000 stems) 1/				
Standard carnations 2/	286,904	294,753	290,297	204,297	197,648
Miniature carnations 2/	103,020	111,259	125,686	92,155	103,129
Standard chrysanthemums 2/	64,362	68,003	59,511	37,369	33,483
Pompom chrysanthemums 2/	368,796	360,967	392,868	255,089	244,383
Alstroemeria 3/	11,784	22,799	31,520	28,793	32,986
Gerberas 3/	8,603	9,988	11,301	8,582	8,663
Gypsophila 3/	44,065	56,551	61,676	46,964	60,027
Subtotal	887,533	924,319	972,858	673,249	680,320
Other fresh cut flowers:					
Gladioli 4/	142,267	128,303	158,569	121,011	129,959
Roses 4/	445,274	485,278	476,550	367,129	362,850
All other cut flowers 5/	6/	458,668	445,335	6/	6/
Subtotal	6/	1,072,248	1,080,454	6/	6/
Total 5/	6/	1,996,568	2,053,313	6/	6/
	Value (1,000 dollars)				
Standard carnations 7/	37,658	38,362	46,018	32,821	34,162
Miniature carnations 7/	14,043	14,874	18,879	13,988	16,034
Standard chrysanthemums 7/	22,327	22,793	28,105	17,204	15,044
Pompom chrysanthemums 7/	41,350	40,474	45,162	30,796	29,538
Alstroemeria 3/	2,864	4,290	6,828	5,994	7,703
Gerberas 3/	1,924	2,271	3,104	2,262	2,246
Gypsophila 3/	5,458	6,390	7,976	5,635	8,458
Subtotal	125,622	129,454	156,071	108,702	113,183
Other fresh cut flowers:					
Gladioli 8/	24,960	22,510	25,422	19,401	20,835
Roses 8/	126,155	137,489	151,321	116,576	115,217
All other cut flowers 5/	6/	95,740	101,152	6/	6/
Subtotal	6/	255,739	277,895	6/	6/
Total 5/	6/	385,193	433,966	6/	6/
	Unit value (per stem)				
Standard carnations	$0.13	$0.13	$0.16	$0.16	$0.17
Miniature carnations	.14	.13	.15	.15	.16
Standard chrysanthemums	.35	.34	.47	.46	.45
Pompom chrysanthemums	.11	.11	.11	.12	.12
Alstroemeria	.24	.19	.22	.21	.23
Gerberas	.22	.23	.27	.26	.26
Gypsophila	.12	.11	.13	.12	.14
Average	.14	.14	.16	.16	.17

See footnotes at end of table.

Table 8.--Certain fresh cut flowers: U.S. producers' shipments (estimates based on published statistics), 1983-85, January-September 1985, and January-September 1986--Continued

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Other fresh cut flowers:					
Gladioli	.18	.18	.16	.16	.16
Other fresh cut flowers--Cont.					
Roses	.28	.28	.32	.32	.32
All other cut flowers	6/	.21	.23	6/	6/
Average, other fresh cut flowers	6/	.24	.26	6/	6/
Average, total fresh cut flowers	6/	.19	.21	6/	6/

1/ Quantities in bunches of miniature carnations, pompom chrysanthemums, and gypsophila are converted to stems using the average number of stems per bunch reported in Commission questionnaires (9.999 for alstroemeria, 10.970 for miniature carnations, 10.582 for pompom chrysanthemums, and 15.666 for gypsophila).

2/ Data for 1985 shipments are from Floriculture Crops; 1984 shipments are estimated by multiplying the 1984 data reported in Floriculture Crops by the ratio of total 1985 data (pp. 24-31) to comparable 1985 data (pp. 82-83) (1.0039 for miniature carnations, 1.0074 for standard carnations, 1.0236 for pompom chrysanthemums, 1.0133 for standard chrysanthemums, 1.0280 for gladioli, and 1.0490 for roses). Data for 1983 are estimated by multiplying 1984 data (described above) by the ratio of 1984 data from Commission questionnaires to 1983 data from such questionnaires. Data for the partial periods are estimated by multiplying data reported in Commission questionnaires by the ratio of 1985 Floriculture Crops data to 1985 Commission questionnaire data. These estimates differ from those in the prehearing report by relying on Commission questionnaires as a supplement to published statistics. The Ornamental Crops report, which was used for estimates in the prehearing report, may be a less reliable indicator of trends in shipments than Commission questionnaires (see Economic Analysis of Issues Related to Material Injury and Causation, ICF, Inc., pp. I-2-I-3).

3/ Data for alstroemeria, gerberas, and gypsophila are estimated by multiplying data reported in Commission questionnaires by the ratio of estimated total carnations and chrysanthemums to comparable data reported in Commission questionnaires (a different ratio is used for each year).

4/ Data are estimated as described in footnote 2, above, except that data from Commission questionnaires are not available. The best available data, those from Ornamental Crops, are used. Calculations based on such data are the same as those based on data from Commission questionnaires described in footnote 2.

5/ Data on the value of all fresh cut flowers are estimated by (1) multiplying the 1985 value of "other fresh cut flowers" reported in Floriculture Crops by 0.95 to estimate the value in 1984 (0.95 is the ratio of 1984 imports of "other" cut flowers to those in 1985); (2) adding to "other fresh cut flowers" the totals for flowers reported individually in Floriculture Crops (estimated

Footnotes continued on following page.

Footnotes for table 8--Continued.

as described in footnotes 2 and 4, above); and (3) multiplying the resulting total by the ratio of data reported in the 1978 Census of Horticulture Crops to comparable data reported in Floriculture Crops (to bring the Floriculture Crops data, which covers a limited group of states, up to a total for all states) (the ratio is 1.1608). Data on the quantity of all fresh cut flowers are estimated by multiplying the value by the average unit value of all flowers reported individually in Floriculture Crops. Data for the category of "all other" fresh cut flowers are derived by subtracting data for flowers that are reported individually from the estimated total for all fresh cut flowers.
6/ Not available.
7/ Data are derived as in footnote 2, above, though the values of the ratios used differs from those described in footnote 2.
8/ Data are derived as in footnote 4, above, except that values for the interim periods are estimated by multiplying the estimated quantity by the 1985 unit value reported in Floriculture Crops.

Source: Compiled from official statistics of the U.S. Department of Agriculture and the U.S. Department of Commerce, and data submitted in response to questionnaires of the U.S. International Trade Commission.

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

Commission questionnaires.--U.S. growers reported their domestic shipments of flowers grown in their establishments. Quantities reported were in stems or bunches; values were net values f.o.b. the producing establishment. These data are presented in table 9.

From 1983 to 1984, the value of shipments of pompom chrysanthemums decreased, while that of standard and miniature carnations, standard chrysanthemums, alstroemeria, gerberas, gypsophila, roses, and all other fresh cut flowers increased. The period 1984-85 saw a decline in the value of shipments of all four of the principal flowers subject to investigation--standard and miniature carnations and standard and pompom chrysanthemums. The value of shipments of all other flowers (including alstroemeria, gerberas, and gypsophila) continued to increase. During the interim period, the value of shipments of standard and pompom chrysanthemums continued to decline, while that of standard and miniature carnations reversed and began to increase. At the same time, the value of shipments of all other fresh cut flowers (including alstroemeria, gerberas, and gypsophila) continued their steady increase. Trends for quantity generally followed those for value, with two exceptions: (1) standard carnations: during the interim period there was an increase in value but a small decline in quantity, and (2) pompom chrysanthemums: during 1984-85 there was a decline in value but a small increase in quantity.

Table 9.--Certain fresh cut flowers: U.S. producers' domestic shipments, 1/ 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
	Quantity				
Standard carnations 1,000 stems..	145,969	149,962	148,835	104,743	101,334
Miniature carnations 1,000 bunches..	3,126	3,376	3,516	2,578	2,885
Standard chrysanthemums 1,000 stems..	14,318	15,128	13,261	8,327	7,461
Pompom chrysanthemums 1,000 bunches..	11,494	11,250	11,266	7,315	7,008
Alstroemeria.....do....	453	877	1,161	1,070	1,224
Gerberas.....1,000 stems..	3,305	3,842	4,163	3,188	3,213
Gypsophila.1,000 bunches..	1,081	1,389	1,450	1,114	1,421
All other fresh cut flowers....1,000 stems..	107,955	118,299	130,883	102,819	123,666
	Value (1,000 dollars) 2/				
Seven specified flowers:					
Standard carnations.....	20,870	21,260	21,246	15,153	15,772
Miniature carnations....	4,848	5,135	5,030	3,727	4,272
Standard chrysanthemums.	5,932	6,056	5,685	3,480	3,043
Pompom chrysanthemums...	14,645	14,335	13,669	9,321	8,940
Alstroemeria.....	1,149	1,723	2,255	2,003	2,603
Gerberas.....	772	912	1,025	756	759
Gypsophila.....	2,190	2,566	2,634	1,883	2,858
Total.....	50,406	51,987	51,544	36,323	38,247
Other fresh cut flowers:					
Roses.....	18,865	21,281	24,158	16,545	17,643
All other.....	15,378	16,030	17,305	13,414	17,004
Total.....	34,243	37,311	41,463	29,959	34,647
Total, all fresh cut flowers.....	84,649	89,298	93,007	66,282	72,894
	Unit value				
Seven specified flowers:					
Standard carnations.....	$0.14	$0.14	$0.14	$0.14	$0.16
Miniature carnations....	1.55	1.52	1.43	1.45	1.48
Standard chrysanthemums.	.41	.40	.43	.42	.41
Pompom chrysanthemums...	1.27	1.27	1.21	1.27	1.28
Alstroemeria.....	2.54	1.96	1.94	1.87	2.13
Gerberas.....	.23	.24	.25	.24	.24
Gypsophila.....	2.03	1.85	1.82	1.69	2.01
Other fresh cut flowers...	.32	.32	.32	.29	.28

1/ Only includes shipments of flowers grown by reporting firms; does not include shipments of flowers purchased for resale.
2/ Net value f.o.b. the producing establishment.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The Commission received questionnaires from growers with some connection to the petitioner and from other growers apparently without such a connection. For purposes of comparing "petitioner" firms to "nonpetitioner" firms, data describing domestic shipments are broken out by these categories and presented in table 10. Included as "petitioner" firms are those firms that were either listed in the petition or whose questionnaire responses were submitted to the Commission by counsel for the petitioner, or both. All other firms are included as "nonpetitioner" firms. The comparison of "petitioner" and "nonpetitioner" firms is only for purposes of comparing data and does not represent a description of the proportion of the industry in support of the petition. No grower that submitted a questionnaire to the Commission indicated opposition to the petition.

In terms of aggregate value of domestic shipments of the seven flowers subject to investigation and of all fresh cut flowers, both the "petitioner" firms and the "nonpetitioner" firms showed approximately the same trends. "Petitioner" firms showed slightly stronger improvement in the interim period than did "nonpetitioner" firms.

Table 11 describes the value of shipments by producers grouped into four size categories: those with total 1985 net sales of fresh cut flowers less than $100,000, those with sales between $100,000 and $499,999, those with sales between $500,000 and $999,999, and those with sales of $1 million or more.

As noted in the section entitled "U.S. producers," growers located in the western United States, particularly California, dominate the industry. Table 12 describes shipments by eastern and western growers (i.e., those located east and west, respectively, of the Mississippi River).

U.S. producers' exports

Published statistics.--Data are available describing exports of all fresh cut flowers and bouquets. These data cannot be directly compared to any other data presented in this report, as they are prepared on a different basis. The value of exports of all fresh cut flowers declined steadily from 1983 to 1985, but then increased during the interim period. The principal countries to which such exports went were Canada, Japan, and Italy. Most of the apparent increase during the interim period was accounted for by exports to West Germany; these grew from $99,000 during January-September 1985 to $1.2 million during January-September 1986. The relevant data, compiled from

Table 10.--Certain fresh cut flowers: U.S. producers' domestic shipments, 1/ by petitioner and nonpetitioner firms, 2/ 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
	Quantity (in 1,000 stems or bunches as appropriate) 3/				
Standard carnations:					
Petitioner	113,558	116,325	115,854	81,388	79,875
Nonpetitioner	32,411	33,637	32,981	23,355	21,459
Miniature carnations:					
Petitioner	2,930	3,186	3,341	***	***
Nonpetitioner	196	190	175	***	***
Standard chrysanthemums:					
Petitioner	11,554	12,063	10,304	7,190	6,213
Nonpetitioner	2,764	3,065	2,956	1,137	1,248
Pompom chrysanthemums:					
Petitioner	10,833	10,533	10,575	6,887	6,546
Nonpetitioner	661	717	691	428	462
Alstroemeria:					
Petitioner	***	***	***	***	***
Nonpetitioner	***	***	***	***	***
Gerberas:					
Petitioner	***	***	***	***	***
Nonpetitioner	***	***	***	***	***
Gypsophila:					
Petitioner	***	***	***	***	***
Nonpetitioner	***	***	***	***	***
All other fresh cut flowers:					
Petitioner	57,184	66,270	70,421	53,929	65,598
Nonpetitioner	50,772	52,029	60,462	48,890	58,067
	Value (1,000 dollars) 4/				
Seven specified flowers:					
Standard carnations:					
Petitioner	16,641	16,935	17,094	12,349	13,048
Nonpetitioner	4,228	4,325	4,151	2,804	2,724
Miniature carnations:					
Petitioner	4,536	4,766	4,740	***	***
Nonpetitioner	312	369	289	***	***
Standard chrysanthemums:					
Petitioner	4,782	4,858	4,404	3,019	2,546
Nonpetitioner	1,150	1,199	1,281	461	497
Pompom chrysanthemums:					
Petitioner	13,725	13,368	12,747	8,796	8,352
Nonpetitioner	920	967	922	525	588
Alstroemeria:					
Petitioner	***	***	***	***	***
Nonpetitioner	***	***	***	***	***

See footnotes at end of table.

Table 10.--Certain fresh cut flowers: U.S. producers' domestic shipments, 1/ by petitioner and nonpetitioner firms, 2/ 1983-85, January-September 1985, and January-September 1986--Continued

Item	1983	1984	1985	January-September-- 1985	1986
Gerberas:					
Petitioner	***	***	***	***	***
Nonpetitioner	***	***	***	***	***
Gypsophila:					
Petitioner	2,100	2,512	2,612	1,867	2,856
Nonpetitioner	90	54	22	17	2
Total:					
Petitioner	43,701	45,056	44,823	32,378	34,205
Nonpetitioner	6,703	6,932	6,720	3,945	4,042
Other fresh cut flowers:					
Roses:					
Petitioner	13,463	15,608	17,489	12,765	13,694
Nonpetitioner	5,401	5,672	6,669	3,780	3,949
All other:					
Petitioner	10,054	10,252	11,243	7,871	10,814
Nonpetitioner	5,324	5,778	6,062	5,544	6,190
Total:					
Petitioner	23,517	25,860	28,732	20,636	24,508
Nonpetitioner	10,725	11,450	12,731	9,324	10,139
Total, all fresh cut flowers:					
Petitioner	67,218	70,916	73,555	53,014	58,713
Nonpetitioner	17,428	18,382	19,451	13,269	14,181

1/ Only includes shipments of flowers grown by reporting firms; does not include shipments of flowers purchased for resale.
2/ "Petitioner" firms are those firms that were either listed in the petition or whose questionnaire responses were submitted to the Commission by counsel for the petitioner, or both. All other firms are included as "nonpetitioner" firms.
3/ Miniature carnations, pompom chrysanthemums, alstroemeria, and gypsophila are described in bunches. All other flowers are in stems.
4/ Net value f.o.b. the producing establishment.
5/ Less than $500.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 11.--Certain fresh cut flowers: Value of U.S. producers' domestic shipments, 1/ by size of producing firm, 2/ 1983-85, January-September 1985, and January-September 1986

(In thousands of dollars)

Item	1983	1984	1985	January-September-- 1985	1986
Seven specified flowers:					
Standard carnations:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	9,910	10,012	10,276	6,747	7,045
$500,000 to $999,999..	5,073	5,417	5,709	4,411	4,716
$1 million and over...	***	***	***	***	***
Miniature carnations:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	915	1,263	1,214	762	890
$500,000 to $999,999..	***	***	***	***	***
$1 million and over...	2,357	2,313	2,157	1,705	2,033
Standard chrysanthemums:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	1,369	1,438	1,491	690	727
$500,000 to $999,999..	3,270	3,508	3,595	2,356	2,089
$1 million and over...	***	***	***	***	***
Pompom chrysanthemums:					
Less than $100,000....	137	135	139	***	***
$100,000 to $499,999..	1,368	1,436	1,342	***	***
$500,000 to $999,999..	3,864	3,868	3,902	1,957	1,901
$1 million and over...	9,276	8,896	8,286	6,459	6,062
Alstroemeria:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	***	***	***	***	***
$500,000 to $999,999..	***	***	***	***	***
$1 million and over...	***	***	***	***	***
Gerberas:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	***	***	***	***	***
$500,000 to $999,999..	***	***	***	***	***
$1 million and over...	***	***	***	***	***
Gypsophila:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	791	901	590	***	***
$500,000 to $999,999..	***	***	***	***	***
$1 million and over...	1,331	1,530	1,841	1,282	1,855
Total:					
Less than $100,000....	542	525	539	219	236
$100,000 to $499,999..	14,491	15,186	15,049	9,573	10,435
$500,000 to $999,999..	13,835	14,645	15,444	10,476	10,804
$1 million and over...	21,538	21,633	20,515	16,057	16,773

See footnotes at end of table.

Table 11.--Certain fresh cut flowers: Value of U.S. producers' domestic shipments, 1/ by size of producing firm, 2/ 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of dollars)

Item	1983	1984	1985	January-September-- 1985	1986
Other fresh cut flowers:					
Roses:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	***	***	***	***	***
$500,000 to $999,999..	2,837	3,269	3,975	2,626	2,881
$1 million and over...	13,723	15,884	17,810	12,097	12,951
All other:					
Less than $100,000....	***	***	***	***	***
$100,000 to $499,999..	***	***	***	***	***
$500,000 to $999,999..	921	879	792	593	648
$1 million and over...	13,087	13,667	14,726	11,398	14,722
Total:					
Less than $100,000....	318	340	409	360	384
$100,000 to $499,999..	3,356	3,271	3,750	2,886	3,061
$500,000 to $999,999..	3,758	4,148	4,767	3,219	3,529
$1 million and over...	26,810	29,551	32,536	23,495	27,673
Total, all fresh cut flowers:					
Less than $100,000.....	860	865	948	579	620
$100,000 to $499,999....	17,847	18,457	18,799	12,459	13,496
$500,000 to $999,999....	17,593	18,793	20,211	13,695	14,333
$1 million and over.....	48,348	51,184	53,051	39,552	44,446

1/ Only includes shipments of flowers grown by reporting firms; does not include shipments of flowers purchased for resale. The value is net value f.o.b. the producing establishment.
2/ Based on 1985 net sales of fresh cut flowers.
3/ Less than $500.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 12.--Certain fresh cut flowers: U.S. producers' domestic shipments, 1/ by eastern and western firms, 2/ 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
	Quantity (in 1,000 stems or bunches as appropriate) 3/				
Standard carnations:					
Eastern	***	***	***	***	***
Western	***	***	***	***	***
Miniature carnations:					
Eastern	***	***	***	***	***
Western	***	***	***	***	***
Standard chrysanthemums:					
Eastern	1,547	1,321	982	453	514
Western	12,771	13,807	12,278	7,873	6,947
Pompom chrysanthemums:					
Eastern	2,778	2,331	1,863	1,069	911
Western	8,716	8,920	9,403	6,246	6,098
Alstroemeria:					
Eastern	***	***	***	***	***
Western	***	***	***	***	***
Gerberas:					
Eastern	1,590	1,223	1,240	***	***
Western	1,715	2,619	2,923	***	***
Gypsophila:					
Eastern	801	936	885	740	1,065
Western	280	452	565	374	356
All other fresh cut flowers:					
Eastern	28,090	30,189	26,352	19,248	27,408
Western	79,865	88,109	104,531	83,571	96,258
	Value (1,000 dollars) 5/				
Seven specified flowers:					
Standard carnations:					
Eastern	***	***	***	***	***
Western	***	***	***	***	***
Miniature carnations:					
Eastern	***	***	***	***	***
Western	***	***	***	***	***
Standard chrysanthemums:					
Eastern	777	636	537	202	228
Western	5,155	5,421	5,148	3,278	2,815
Pompom chrysanthemums:					
Eastern	3,999	3,495	2,819	1,846	1,579
Western	10,646	10,840	10,851	7,475	7,361

See footnotes at end of table.

Table 12.--Certain fresh cut flowers: U.S. producers' domestic shipments, 1/ by eastern and western firms, 2/ 1983-85, January-September 1985, and January-September 1986--Continued

Item	1983	1984	1985	January-September-- 1985	1986
Alstroemeria:					
Eastern	***	***	***	***	***
Western	***	***	***	***	***
Gerberas:					
Eastern	331	281	251	***	***
Western	441	631	773	***	***
Gypsophila:					
Eastern	1,802	1,900	1,902	1,402	2,270
Western	388	666	732	482	588
Total:					
Eastern	7,552	7,005	6,133	4,165	4,802
Western	42,854	44,983	45,412	32,160	33,445
Other fresh cut flowers:					
Roses:					
Eastern	2,072	2,230	2,434	1,863	1,820
Western	16,792	19,051	21,724	14,682	15,823
All other:					
Eastern	11,588	11,720	12,535	8,828	11,500
Western	3,790	4,310	4,769	4,586	5,504
Total:					
Eastern	13,660	13,950	14,969	10,691	13,320
Western	20,582	23,361	26,493	19,268	21,327
Total, all fresh cut flowers:					
Eastern	21,212	20,955	21,102	14,856	18,122
Western	63,436	68,344	71,905	51,428	54,772

1/ Only includes shipments of flowers grown by reporting firms; does not include shipments of flowers purchased for resale.
2/ Eastern and western firms are those firms located east or west, respectively, of the Mississippi River.
3/ Miniature carnations, pompom chrysanthemums, alstroemeria, and gypsophila are described in bunches. All other flowers are in stems.
4/ Less than 500 bunches.
5/ Net value f.o.b. the producing establishment.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

official statistics of the U.S. Department of Commerce, are presented in the following tabulation (in thousands of dollars, f.a.s. value):

Item	1983	1984	1985	January-September-- 1985	1986
U.S. producers' exports to--					
Canada	5,308	5,108	2,126	1,481	1,170
Japan	1,078	1,054	836	581	832
Italy	1,151	876	582	427	158
Bermuda	395	473	226	226	31
Switzerland	312	289	158	132	97
Other	1,559	765	455	313	1,443
Total	9,803	8,565	4,383	3,160	3,731

Commission questionnaires.--Growers responding to Commission questionnaires reported that the aggregate value of their exports of all fresh cut flowers declined during 1983-84, increased during 1984-85, and increased again in the interim period (table 13). Overall, exports by U.S. producers were relatively insignificant during the period of investigation, accounting for about 4 percent of the value of total shipments in 1983 and 2 percent in 1984, 1985, and during January-September 1986.

U.S. producers' purchases

Information on U.S. producers' purchases of fresh cut flowers is available only from Commission questionnaires. Growers reported few imports or purchases from other U.S. growers. Some growers did not report these items, however, because their shipping, wholesaling, or retailing operations are separate from their growing operations, and purchases made in their capacity as shippers, wholesalers, or retailers were not included in their questionnaire responses.

Only one grower, * * *, reported imports. 1/ This firm grows only * * *; it buys from * * * growers to * * *. The firm is * * *; most U.S. growers do not have such extensive * * * importing operations. * * *'s imports, then, cannot be considered typical or representative of any other firm in the U.S. industry. The value of the firm's imports are described in the following tabulation (in thousands of dollars):

* * * * * * *

1/ Another grower, * * *, reported imports * * *.

Table 13.--Certain fresh cut flowers: U.S. producers' exports, 1/ 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
	Quantity				
Standard carnations 1,000 stems..	1,644	1,941	2,155	513	389
Miniature carnations 1,000 bunches..	28	13	15	***	***
Standard chrysanthemums 1,000 stems..	0	0	0	0	0
Pompom chrysanthemums 1,000 bunches..	128	197	230	134	183
Alstroemeria.....do....	***	***	***	***	***
Gerberas.....1,000 stems..	***	***	***	***	***
Gypsophila.1,000 bunches..	38	54	43	33	57
All other fresh cut flowers....1,000 stems..	3,194	1,378	1,215	837	1,257
	Value (1,000 dollars) 2/				
Seven specified flowers:					
Standard carnations.....	287	334	331	84	66
Miniature carnations....	53	19	26	***	***
Standard chrysanthemums.	-	-	-	-	-
Pompom chrysanthemums...	185	280	328	190	249
Alstroemeria.....	***	***	***	***	***
Gerberas.....	***	***	***	***	***
Gypsophila.....	80	112	77	59	109
Total.....	605	759	798	373	447
Other fresh cut flowers...	2,905	825	901	562	862
Total, all fresh cut flowers.....	3,510	1,584	1,699	935	1,309

1/ Only includes exports of flowers grown by reporting firms; does not include exports of flowers purchased for resale.
2/ Net value f.o.b. the producing establishment.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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

Purchases from other domestic producers appeared to be more popular than imports among U.S. growers, though the number of growers reporting such purchases was still quite small. In the aggregate, the value of such purchases of all fresh cut flowers increased consistently over the period of investigation (table 14).

Table 14.--Certain fresh cut flowers: U.S. producers' domestic purchases, 1/ 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
	Quantity				
Standard carnations 1,000 stems..	2,394	3,045	2,838	2,573	3,111
Miniature carnations 1,000 bunches..	***	***	***	***	***
Standard chrysanthemums 1,000 stems..	***	***	***	***	***
Pompom chrysanthemums 1,000 bunches..	***	***	***	***	***
Alstroemeria.....do....	***	***	***	***	***
Gypsophila.1,000 bunches..	***	***	***	***	***
All other fresh cut flowers....1,000 stems..	***	***	***	***	***
	Value (1,000 dollars) 3/				
Seven specified flowers:					
Standard carnations.....	297	372	316	324	375
Miniature carnations....	***	***	***	***	***
Standard chrysanthemums.	***	***	***	***	***
Pompom chrysanthemums...	***	***	***	***	***
Alstroemeria.....	***	***	***	***	***
Gypsophila.....	***	***	***	***	***
Total.....	424	517	464	436	461
Other fresh cut flowers...	1,851	2,377	2,682	***	***
Total, all fresh cut flowers.....	2,275	2,895	3,147	***	***

1/ No purchases of gerberas were reported.
2/ Less than 500 bunches.
3/ Net value f.o.b. the seller's shipping point.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. employment and wages

The employment of many firms growing fresh cut flowers fluctuates depending upon the season of the year and the success of the harvest. For many firms, family members are the only year-round employees; temporary workers assist during the busiest periods. This situation of fluctuating employment levels may make the number of hours worked a better indicator of U.S. employment than the actual numbers of persons employed.

Published data on employment in the U.S. industry growing certain fresh cut flowers are not available. Statistics from Commission questionnaires describing U.S. employment and wages are presented in table 15. Growers were asked to provide information on employees producing all fresh cut flowers and those producing the seven flowers specified in the petition. Data were not requested on a flower-by-flower basis because, at any given farm, all employees generally work on all flowers.

The total number of persons employed in the industry, as well as the average number of production workers producing all cut flowers and the average number of production workers producing the seven flowers subject to investigation, increased steadily from 1983 to 1985. During the interim period, the total number of employees increased by 2 percent and the average number of production workers producing all cut flowers grew by 1 percent, while the average number of production workers producing the seven specified flowers fell by 2 percent.

Hours worked producing all cut flowers increased during 1983-85 and then declined during the interim period. Hours worked producing the seven specified flowers increased during 1983-85, and also declined during the interim period.

Table 15.--Certain fresh cut flowers: Number of persons employed in the U.S. industry, number of production and related workers, and wages and total compensation paid to such workers, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
Average number employed in the reporting establishments:					
All persons.....	3,201	3,226	3,301	2,507	2,557
Production and related workers producing:					
All fresh cut flowers..	2,673	2,735	2,774	2,074	2,099
Seven specified flowers 1/.....	1,629	1,658	1,688	1,336	1,309
Hours worked by production and related workers producing:					
All fresh cut flowers 1,000 hours..	5,477	5,697	5,809	3,299	3,255
Seven specified flowers 1/.....do....	3,611	3,720	3,769	2,335	2,246
Wages paid to production and related workers producing:					
All fresh cut flowers 1,000 dollars..	23,649	25,834	27,415	15,700	16,151
Seven specified flowers 1/.....do....	15,003	16,365	17,287	10,656	10,666
Total compensation paid to production and related workers producing:					
All fresh cut flowers 1,000 dollars..	25,178	27,285	29,199	16,561	17,163
Seven specified flowers 1/.....do....	15,526	16,990	17,909	11,159	11,151

1/ Standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Financial experience of U.S. growers

Information on the financial experience of U.S. growers is available from Commission questionnaires; no published sources provide such data. The Commission received usable income-and-loss data from 111 U.S. growers whose 1985 net sales accounted for the following shares of the total estimated value of 1985 shipments (in percent):

Standard carnations	44	Alstroemeria	33
Miniature carnations	29	Gerberas	33
Standard chrysanthemums	17	Gypsophila	30
Pompom chrysanthemums	28	All other fresh cut flowers	12

Overall operations.--U.S. growers' overall operations include the growing of the seven fresh cut flowers subject to investigation, all other fresh cut flowers, and other greenhouse products. Of the 111 growers for which the Commission has compiled income-and-loss information, 66 are corporations, 7 are partnerships and 38 are proprietorships. Most of these growers are owner-operated family businesses. Under the proprietorship form of organization, compensation for the personal services of the owner is not treated as an expense of business. Under the partnership form of organization, partners' salaries are regarded as an income-sharing device and not as an expense of business. It is only in the corporate form of organization that officers' salaries are treated as an expense because the corporation is a separate legal entity. Hence, officers' or partners' salaries are shown separately in the data presented in this section.

Information on U.S. growers' total operations is presented in table 16. Total net sales of all fresh cut flowers and other greenhouse products rose from $85.9 million in 1983 to $95.8 million in 1985, an increase of 11.6 percent. During the interim periods ended September 30, such sales increased by 6.6 percent from $54.8 million in 1985 to $58.4 million in 1986. Total net sales of all fresh cut flowers rose by 10.2 percent from $75.7 million in 1983 to $83.4 million in 1985, and increased by 7.5 percent from $47.9 million in interim 1985 to $51.5 million in interim 1986. Total net sales of the seven flowers subject to investigation rose by 5.0 percent from $47.3 million in 1983 to $49.7 million in 1984 and then declined by 1.8 percent to $48.8 million in 1985. During the interim periods ended September 30, such sales increased from $30.0 million in 1985 to $30.6 million in 1986, or by 2.1 percent.

Table 16.--Certain fresh cut flowers: Income-and-loss experience of 111 U.S. growers 1/ on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30-- 1985	1986
Net sales:					
Standard carnations	19,753	20,593	20,218	12,931	13,825
Miniature carnations	4,811	5,411	5,503	2,843	3,327
Standard chrysanthemums	5,492	5,667	4,709	3,076	2,337
Pompom chrysanthemums	13,217	13,317	12,714	7,608	7,300
Alstroemeria	1,179	1,694	2,231	1,959	2,275
Gerberas	771	904	1,026	902	691
Gypsophila	2,057	2,094	2,388	636	822
Sub-total	47,280	49,680	48,789	29,955	30,577
All other fresh cut flowers	28,396	31,849	34,584	17,974	20,929
Total, all fresh cut flowers	75,676	81,529	83,373	47,929	51,506
Other greenhouse products	10,207	11,220	12,444	6,848	6,906
Total net sales	85,883	92,749	95,817	54,777	58,412
Other income	2/ 2,328	1,833	2,534	973	804
Total, net sales and other income	88,211	94,582	98,351	55,750	59,216
Growing and operating expenses:					
Purchases of:					
Fresh cut flowers for resale	3,489	4,522	5,049	***	***
Other products for resale	497	195	102	***	***
Plants, bulbs, seed, fertilizers, lime, chemicals, and supplies	14,692	15,935	15,899	8,089	8,581
Hired labor	23,828	25,608	27,642	15,259	16,021
Repairs and maintenance	2,076	2,102	2,196	1,004	1,153
Taxes and insurance	4,289	4,784	5,353	2,667	2,709
Gasoline, oil, and fuel	5,463	5,202	4,848	3,198	2,628
Utilities	4,953	5,396	5,588	3,402	2,663
Depreciation	4,903	5,413	5,771	3,144	3,085
Interest	1,947	2,340	2,647	1,679	1,548
Other expenses 3/	13,286	15,126	16,829	7,977	8,588
Total growing and operating expenses	79,423	86,623	91,924	50,323	51,738
Net income before officers' or partners' salaries and income taxes	8,788	7,959	6,427	5,427	7,478

See footnotes at end of table.

Table 16.--Certain fresh cut flowers: Income-and-loss experience of 111 U.S. growers 1/ on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986--Continued

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30-- 1985	1986
Officers' or partners' salaries	4,136	4,936	5,070	3,416	3,437
Net income before income taxes	4,652	3,023	1,357	2,011	4,041
As a share of net sales:					
Growing and operating expenses.....percent..	92.5	93.4	95.9	91.9	88.6
Officers' or partners' salaries.....percent..	4.8	5.3	5.3	6.2	5.9
Net income before officers' or partners' salaries and income taxes percent..	10.2	8.6	6.7	9.9	12.8
Net income before income taxes.....percent..	5.4	3.3	1.4	3.7	6.9
Number of growers reporting losses	24	30	38	27	18

1/ Interim period data are for 77 U.S. growers.
2/ * * *.
3/ Other expenses include shipping, selling, office, and other general overhead expenses.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The percentage distribution of sales of each product specified in table 16 as a share of total net sales, and the percentage change in sales of each product, is shown in the following tabulation:

Item	1983	1984	1985	Percentage change 1983 to 1985	Interim period ended Sept. 30-- 1985	1986	Interim percentage change 1985 to 1986
Net sales:							
Standard carnations	23.0	22.2	21.1	+2.4	23.6	23.7	+6.9
Miniature carnations	5.6	5.8	5.7	+14.4	5.2	5.7	+17.0
Standard chrysanthemums	6.4	6.1	4.9	-14.3	5.6	4.0	-24.0
Pompom chrysanthemums	15.4	14.4	13.3	-3.8	13.9	12.5	-4.0
Alstroemeria	1.4	1.8	2.3	+89.2	3.6	3.9	+16.1
Gerberas	0.9	1.0	1.1	+33.1	1.6	1.2	-23.4
Gypsophila	2.4	2.3	2.5	+16.1	1.2	1.4	+29.2
Subtotal 1/	55.1	53.6	50.9	+3.2	54.7	52.3	+2.1
All other fresh cut flowers	33.0	34.3	36.1	+21.8	32.8	35.8	+16.4
Total, all fresh cut flowers 1/	88.1	87.9	87.0	+10.2	87.5	88.2	+7.5
Other greenhouse products	11.9	12.1	13.0	+21.9	12.5	11.8	+0.8
Total, net sales 1/	100.0	100.0	100.0	+11.6	100.0	100.0	+6.6

1/ Because of rounding, figures may not add to the totals shown.

Total growing and operating expenses, not including officers' or partners' salaries, increased by 15.7 percent from 1983 to 1985 and by 2.8 percent from interim 1985 to interim 1986. Each growing and operating expense item presented in table 16 is shown as a percentage of total net sales in the following tabulation:

Item	1983	1984	1985	Percentage change 1983 to 1985	Interim period ended Sept. 30-- 1985	1986	Interim percentage change 1985 to 1986
Purchases of:							
Fresh cut flowers for resale	4.1	4.9	5.3	+44.7	***	***	+22.0
Other products for resale	0.6	0.2	0.1	-79.5	***	***	+11.1
Plants, bulbs, seed, fertilizers, lime, chemicals, and supplies	17.1	17.2	16.6	+8.2	14.8	14.7	+6.1
Hired labor	27.7	27.6	28.8	+16.0	27.9	27.4	+5.0
Repairs and maintenance	2.4	2.3	2.3	+5.8	1.8	2.0	+14.8
Taxes and insurance	5.0	5.2	5.6	+24.8	4.9	4.6	+1.6
Gasoline, oil, and fuel	6.4	5.6	5.1	-11.3	5.8	4.5	-17.8
Utilities	5.8	5.8	5.8	+12.8	6.2	4.5	-21.7
Depreciation	5.7	5.8	6.0	+17.7	5.7	5.3	-1.9
Interest	2.3	2.5	2.8	+36.0	3.1	2.7	-7.8
Other expenses	15.5	16.3	17.6	+26.7	14.6	14.7	+7.7
Total growing and operating expenses 1/	92.5	93.4	95.9	+15.7	91.9	88.6	+2.8

1/ Because of rounding, figures may not add to the totals shown.

The growing and operating expenses itemized in table 16 are presented as percentages of total growing and operating expenses in the following tabulation:

Item	1983	1984	1985	Interim period ended September 30-- 1985	1986
Purchases of:					
Fresh cut flowers for resale	4.4	5.2	5.5	***	***
Other products for resale	0.6	0.2	0.1	***	***
Plants, bulbs, seed, fertilizers, lime, chemicals, and supplies	18.5	18.4	17.3	16.1	16.6
Hired labor	30.0	29.6	30.1	30.3	31.0
Repairs and maintenance	2.6	2.4	2.4	2.0	2.2
Taxes and insurance	5.4	5.5	5.8	5.3	5.2
Gasoline, oil, and fuel	6.9	6.0	5.3	6.4	5.1
Utilities	6.2	6.2	6.1	6.8	5.1
Depreciation	6.2	6.2	6.3	6.2	6.0
Interest	2.5	2.7	2.9	3.3	3.0
Other expenses	16.7	17.5	18.3	15.9	16.6
Total growing and operating expenses 1/	100.0	100.0	100.0	100.0	100.0

1/ Because of rounding, figures may not add to the totals shown.

Aggregate net income from U.S. growers' overall operations (before deducting officers' salaries and income taxes) declined from $8.8 million in 1983 to $6.4 million in 1985. During the interim periods ended September 30, such income rose from $5.4 million in 1985 to $7.5 million in 1986. The ratio of such income to net sales fell from 10.2 percent in 1983 to 6.7 percent in 1985, and rose from 9.9 percent in interim 1985 to 12.8 percent in interim 1986.

The trends for net income before income taxes, as described above, remain approximately the same if officers' salaries are treated as an expense. The ratio of net income before income taxes, with deductions for officers' salaries, to net sales declined from 5.4 percent in 1983 to 1.4 percent in 1985, and then rose from 3.7 percent in interim 1985 to 6.9 percent in interim 1986. Forty-one firms out of 111 that provided 1985 data, and 23 of 77 firms that provided interim 1986 data, did not report any officers' salaries. If those firms had paid officers' salaries, the average net income margins described above would have been lower.

Other income included rent, interest, dividends, packing charges, retail store income, income from subsidiaries, royalties, and gains on sales of assets. Each of four growers accounted for 10 percent or more of total other income during 1983-85. One of these, * * *, reported * * *. This unusual other income accounted for *** percent of total net sales in * * *. If this unusual item is subtracted from other income, then other income had an increasingly beneficial effect on aggregate net income during 1983-85, but this trend reversed slightly in the interim period. Other income (excluding

this unusual item) added the following percentage points to the ratio of net income before income taxes and officers' salaries to net sales: * * *.

Petitioner and nonpetitioner growers.--The Commission received questionnaires from growers with some connection to the petitioner and from other growers apparently without such a connection. For purposes of comparing "petitioner" firms to "nonpetitioner" firms, data describing income-and-loss experience are broken out by these categories. Included as "petitioner" firms are those firms that were either listed in the petition or whose questionnaire responses were submitted to the Commission by counsel for the petitioner, or both. All other firms are included as "nonpetitioner" firms. The comparison of "petitioner" and "nonpetitioner" firms is only for purposes of comparing data and does not represent a description of the proportion of the industry in support of the petition. No grower that submitted a questionnaire to the Commission indicated opposition to the petition.

Income-and-loss data of 83 U.S. "petitioner" growers and of 28 U.S. "nonpetitioner" growers are presented in tables 17 and 18, respectively. The seven flowers specified in the petition accounted for a higher share of petitioner firms' total net sales and other income during the period of investigation than they did of nonpetitioner firms' total net sales and other income--an average of 56 percent for petitioner firms and 27 percent for nonpetitioner firms. The profitability trends for both groups (measured in terms of the ratio of net income before income taxes (either before or after subtracting officers' salaries) to net sales) were approximately the same. Such ratios were higher for nonpetitioner firms during 1983-85, but petitioner firms performed more strongly during interim 1986.

Eastern and western growers.--Selected income-and-loss data of 18 eastern growers and of 93 western growers are shown in tables 19 and 20, respectively. 1/ Both eastern and western growers' financial experience showed a trend similar to that of the national industry, declining from 1983 to 1985 and rising from interim 1985 to interim 1986. Pretax income margins with or without officers' salaries for eastern growers were higher than those for western growers in 1983-84 but lower in 1985 and in both interim periods.

Size of growers.--Selected income-and-loss data are available for four categories of growers: those with total 1985 net sales of fresh cut flowers less than $100,000, those with sales between $100,000 and $499,999, those with sales between $500,000 and $999,999, and those with sales of $1 million or more. These data are presented in table 21.

Trends in profitability measured in terms of return on sales with or without officers' salaries treated as an expense, for growers whose 1985 sales were at least $100,000, are the same as those of the total industry. Such margins declined from 1983 to 1985 and increased from interim 1985 to interim 1986. The pre-tax net income margins for the largest growers, whose sales were $1 million or more, were much lower than those of medium-sized growers

1/ Eastern and western firms are those firms located east or west, respectively, of the Mississippi River.

Table 17.--Certain fresh cut flowers: Income-and-loss experience of 83 1/ U.S. "petitioner" growers 2/ on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30-- 1985	1986
Net sales:					
Standard carnations	18,093	18,809	18,502	12,024	12,903
Miniature carnations	***	***	***	***	***
Standard chrysanthemums	4,670	4,832	3,928	2,653	***
Pompom chrysanthemums	12,554	12,611	12,077	***	***
Alstroemeria	1,179	1,694	2,231	1,959	2,275
Gerberas	771	904	1,026	902	691
Gypsophila	***	***	***	***	***
Sub-total	43,872	46,159	45,493	28,320	28,910
All other fresh cut flowers	21,787	24,159	25,921	***	***
Total, all fresh cut flowers	65,659	70,318	71,414	***	***
Other greenhouse products	9,863	10,924	12,090	***	***
Total net sales	75,522	81,242	83,504	47,238	49,764
Other income	3/ 1,889	1,383	2,008	875	753
Total, net sales and other income	77,411	82,625	85,512	48,113	50,517
Growing and operating expenses:					
Purchases of:					
Fresh cut flowers for resale	***	***	***	***	***
Other products for resale	***	***	***	***	***
Plants, bulbs, seed, fertilizers, lime, chemicals, and supplies	13,792	14,904	14,999	7,798	8,244
Hired labor	22,299	23,932	25,776	14,329	15,006
Repairs and maintenance	1,940	1,962	2,047	952	1,084
Taxes and insurance	3,911	4,379	4,912	2,435	2,460
Gasoline, oil, and fuel	4,775	4,471	4,381	2,811	2,481
Utilities	4,455	4,827	5,075	3,131	2,390
Depreciation	4,278	4,798	5,171	2,776	2,819
Interest	1,803	2,160	2,475	1,584	1,446
Other expenses 4/	11,690	13,136	13,983	6,200	6,463
Total growing and operating expenses	70,453	76,128	80,369	43,402	43,869

See footnotes at end of table.

Table 17.--Certain fresh cut flowers: Income-and-loss experience of 83 1/ U.S. "petitioner" growers 2/ on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986--Continued

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30-- 1985	1986
Net income before officers' or partners' salaries and income taxes	6,958	6,497	5,143	4,711	6,648
Officers' or partners' salaries	3,748	4,527	4,440	3,027	3,118
Net income before income taxes	3,210	1,970	703	1,684	3,530
As a share of total net sales:					
Growing and operating expenses.....percent..	93.3	93.7	96.2	91.9	88.2
Officers' or partners' salaries.....percent..	5.0	5.6	5.3	6.4	6.3
Net income before officers' or partners' salaries and income taxes percent..	9.2	8.0	6.2	10.0	13.4
Net income before income taxes	4.3	2.4	0.8	3.6	7.1
Number of growers reporting losses	18	22	29	21	16

1/ Interim period data are for 64 U.S. growers.
2/ "Petitioner" firms are those firms that were either listed in the petition or whose questionnaire responses were submitted to the Commission by counsel for the petitioner, or both. All other firms are included as "nonpetitioner" firms.
3/ One grower, * * *.
4/ Other expenses include shipping, selling, office, and other general overhead expenses.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

during 1983-85. When returns on sales are measured without officers' salaries, the smaller growers, with less than $100,000 in sales, showed somewhat different trends, declining from 1983 to 1984, slightly rising in 1985, and then falling from interim 1985 to interim 1986. The smaller growers earned the highest pre-tax income margins with or without officers' salaries.

Table 18.--Certain fresh cut flowers: Income-and-loss experience of 28 1/ U.S. "nonpetitioner" growers 2/ on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30-- 1985	1986
Net sales:					
Standard carnations	1,660	1,784	1,716	907	922
Miniature carnations	***	***	***	***	***
Standard chrysanthemums	822	835	781	423	***
Pompom chrysanthemums	663	706	637	***	***
Alstroemeria	-	-	-	-	-
Gerberas	-	-	-	-	-
Gypsophila	***	***	***	***	***
Sub-total	3,408	3,521	3,296	1,635	1,667
All other fresh cut flowers	6,609	7,690	8,663	***	***
Total, all fresh cut flowers	10,017	11,211	11,959	***	***
Other greenhouse products	344	296	354	***	***
Total net sales	10,361	11,507	12,313	7,539	8,648
Other income	439	450	526	98	51
Total, net sales and other income	10,800	11,957	12,839	7,637	8,699
Growing and operating expenses:					
Purchases of:					
Fresh cut flowers for resale	***	***	***	***	***
Other products for resale	***	***	***	***	***
Plants, bulbs, seed, fertilizers, lime, chemicals, and supplies	900	1,031	900	291	337
Hired labor	1,529	1,676	1,866	930	1,015
Repairs and maintenance	136	140	149	52	70
Taxes and insurance	378	405	441	232	249
Gasoline, oil, and fuel	688	731	467	387	147
Utilities	498	569	513	271	273
Depreciation	625	615	600	368	266
Interest	144	180	172	95	102
Other expenses 3/	1,596	1,990	2,846	1,777	2,124
Total growing and operating expenses	8,970	10,495	11,555	6,921	7,869

See footnotes at end of table.

Table 18.--Certain fresh cut flowers: Income-and-loss experience of 28 1/ U.S. "nonpetitioner" growers 2/ on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986--Continued

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30-- 1985	1986
Net income before officers' or partners' salaries and income taxes	1,830	1,462	1,284	716	830
Officers' or partners' salaries	388	409	630	389	319
Net income before income taxes	1,442	1,053	654	327	511
As a share of total net sales:					
Growing and operating expenses.....percent..	86.6	91.2	93.8	91.8	91.0
Officers' or partners' salaries.....percent..	3.7	3.6	5.1	5.2	3.7
Net income before officers' or partners' salaries and income taxes percent..	17.7	12.7	10.4	9.5	9.6
Net income before income taxes	13.9	9.2	5.3	4.3	5.9
Number of growers reporting losses	6	8	9	6	2

1/ Interim period data are for 13 U.S. growers.
2/ "Petitioner" firms are those firms that were either listed in the petition or whose questionnaire responses were submitted to the Commission by counsel for the petitioner, or both. All other firms are included as "nonpetitioner" firms.
3/ Other expenses include shipping, selling, office, and other general overhead expenses.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 19.--Certain fresh cut flowers: Selected income-and-loss data for U.S. growers located in the Eastern United States on their total operations, 1/ accounting years 1983-85 and interim periods ended September 30, 1985, and September 30, 1986

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30--1985	1986
Number of firms	18	18	18	9	9
Net sales:					
Standard carnations	-	-	-	-	-
Miniature carnations	***	***	***	***	***
Standard chrysanthemums	1,318	1,383	854	***	***
Pompom chrysanthemums	3,279	3,063	2,445	822	1,195
Alstroemeria	-	-	-	-	-
Gerberas	***	***	***	***	***
Gypsophila	***	***	***	***	***
Sub-total	7,017	6,867	5,850	1,844	2,063
All other fresh cut flowers	17,058	18,042	20,051	***	***
Total, all fresh cut flowers	24,075	24,909	25,901	***	***
Other greenhouse products	1,483	2,017	2,374	***	***
Total net sales	25,558	26,926	28,275	8,827	10,260
Other income	701	684	1,223	***	***
Total net sales and other income	26,259	27,610	29,498	***	***
Growing and operating expenses	23,045	25,131	28,259	***	***
Net income before officers' or partners' salaries and income taxes	3,214	2,479	1,239	719	1,046
Officers' or partners' salaries	822	1,010	1,011	575	663
Net income before income taxes	2,392	1,469	228	144	383
Ratio of net income before officers' or partners' salaries and income taxes to total net sales percent	12.6	9.2	4.4	8.1	10.2
Ratio of net income before income taxes to total net sales percent	9.4	5.5	0.8	1.6	3.7

1/ Eastern firms are those firms located east of the Mississippi River.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 20.--Certain fresh cut flowers: Selected income-and-loss data for U.S. growers located in the Western United States on their total operations, 1/ accounting years 1983-85 and interim periods ended September 30, 1985, and September 30, 1986

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended Sept. 30-- 1985	1986
Number of firms	93	93	93	68	68
Net sales:					
Standard carnations	19,753	20,593	20,218	12,931	13,825
Miniature carnations	***	***	***	***	***
Standard chrysanthemums	4,174	4,284	3,855	***	***
Pompom chrysanthemums	9,938	10,254	10,269	6,786	6,105
Alstroemeria	1,179	1,694	2,231	1,959	2,275
Gerberas	***	***	***	***	***
Gypsophila	***	***	***	***	***
Sub-total	40,263	42,813	42,939	28,111	28,514
All other fresh cut flowers	11,338	13,807	14,533	***	***
Total, all fresh cut flowers	51,601	56,620	57,472	***	***
Other greenhouse products	8,724	9,203	10,070	***	***
Total net sales	60,325	65,823	67,542	45,950	48,152
Other income	2/ 1,627	1,149	1,311	***	***
Total net sales and other income	61,952	66,972	68,853	***	***
Growing and operating expenses	56,378	61,492	63,665	***	***
Net income before officers' or partners' salaries and income taxes	5,574	5,480	5,188	4,708	6,432
Officers' or partners' salaries	3,314	3,926	4,059	2,841	2,774
Net income before income taxes	2,260	1,554	1,129	1,867	3,658
Ratio of net income before officers' or partners' salaries and income taxes to total net sales percent	9.2	8.3	7.7	10.2	13.4
Ratio of net income before income taxes to total net sales percent	3.7	2.4	1.7	4.1	7.6

1/ Western firms are those firms located west of the Mississippi River.
2/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 21.--Certain fresh cut flowers: Selected income-and-loss data for 111 U.S. growers of fresh cut flowers on their total operations, by size of producing firm, 1/ accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30--1985	Interim period ended September 30--1986
Less than $100,000 in sales					
Number of firms	10	10	10	4	4
Net sales:					
Standard carnations	***	175	***	***	***
Miniature carnations	198	187	170	***	***
Standard chrysanthemums	***	***	***	***	***
Pompom chrysanthemums	***	***	***	***	***
Alstroemeria	-	-	-	-	-
Gerberas	-	-	-	-	-
Gypsophila	***	***	***	***	***
Sub-total	501	498	503	***	***
All other fresh cut flowers	***	***	***	***	***
Total, all fresh cut flowers	***	***	***	***	***
Other greenhouse products	***	***	***	***	***
Total net sales	788	792	845	165	200
Other income	***	***	***	***	***
Total net sales and other income	***	***	***	***	***
Growing and operating expenses	***	***	***	***	***
Net income before officers' or partners' salaries and income taxes	166	147	160	36	42
Officers' or partners' salaries	***	***	***	-	-
Net income before income taxes	***	***	***	36	42
Ratio of net income before officers' or partners' salaries and income taxes to total net sales percent	21.1	18.6	18.9	21.8	21.0
Ratio of net income before income taxes to total net sales.....percent	***	***	***	21.8	21.0

See footnotes at end of table.

Table 21.--Certain fresh cut flowers: Selected income-and-loss data for 111 U.S. growers of fresh cut flowers on their total operations, by size of producing firm, 1/ accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986--Continued

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30--1985	Interim period ended September 30--1986
$100,000 to $499,999 in sales					
Number of firms	59	59	59	39	39
Net sales:					
Standard carnations	***	10,827	***	***	***
Miniature carnations	960	1,180	1,373	***	***
Standard chrysanthemums	***	***	***	***	***
Pompom chrysanthemums	***	***	***	***	***
Alstroemeria	***	***	***	***	***
Gerberas	***	***	***	***	***
Gypsophila	***	***	***	***	***
Sub-total	14,172	14,858	14,645	***	***
All other fresh cut flowers	***	***	***	***	***
Total, all fresh cut flowers	***	***	***	***	***
Other greenhouse products	***	***	***	***	***
Total net sales	14,708	15,400	15,318	8,481	9,133
Other income	***	***	***	***	***
Total net sales and other income	***	***	***	***	***
Growing and operating expenses	***	***	***	***	***
Net income before officers' or partners' salaries and income taxes	2,338	1,911	1,331	788	1,382
Officers' or partners' salaries	***	***	***	693	664
Net income before income taxes	***	***	***	95	718
Ratio of net income before officers' or partners' salaries and income taxes to total net sales percent	15.9	12.4	8.7	9.3	15.1
Ratio of net income before income taxes to total net sales.....percent	***	***	***	1.1	7.9

See footnotes at end of table.

Table 21.--Certain fresh cut flowers: Selected income-and-loss data for 111 U.S. growers of fresh cut flowers on their total operations, by size of producing firm, 1/ accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986--Continued

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30--1985	Interim period ended September 30--1986
$500,000 to $999,999 in sales					
Number of firms	22	22	22	18	18
Net sales:					
Standard carnations	3,743	4,079	4,363	3,349	3,729
Miniature carnations	1,446	1,439	1,542	1,194	1,273
Standard chrysanthemums	3,267	3,554	3,234	2,093	1,604
Pompom chrysanthemums	3,078	3,207	3,213	1,778	2,147
Alstroemeria	***	***	***	***	***
Gerberas	-	-	-	-	-
Gypsophila	***	***	***	***	***
Sub-total	11,700	12,681	13,159	9,003	9,501
All other fresh cut flowers	7,022	8,031	8,906	6,299	7,465
Total, all fresh cut flowers	18,722	20,712	22,065	15,302	16,966
Other greenhouse products	36	80	99	93	86
Total net sales	18,758	20,792	22,164	15,395	17,052
Other income	220	303	375	151	161
Total net sales and other income	18,978	21,095	22,539	15,546	17,213
Growing and operating expenses	15,882	18,571	20,948	14,048	15,148
Net income before officers' or partners' salaries and income taxes	3,096	2,524	1,591	1,498	2,065
Officers' or partners' salaries	1,241	1,330	1,572	1,076	1,280
Net income before income taxes	1,855	1,194	19	422	785
Ratio of net income before officers' or partners' salaries and income taxes to total net sales percent	16.5	12.1	7.2	9.7	12.1
Ratio of net income before income taxes to total net sales percent	9.9	5.7	0.1	2.7	4.6

See footnotes at end of table.

Table 21.--Certain fresh cut flowers: Selected income-and-loss data for 111 U.S. growers of fresh cut flowers on their total operations, by size of producing firm, 1/ accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986--Continued

(In thousands of dollars, except as noted)

Item	1983	1984	1985	Interim period ended September 30--1985	Interim period ended September 30--1986
$1,000,000 or more in sales					
Number of firms	20	20	20	16	16
Net sales:					
Standard carnations	5,462	5,512	4,907	3,526	3,539
Miniature carnations	2,207	2,605	2,418	1,133	1,462
Standard chrysanthemums	***	***	***	***	***
Pompom chrysanthemums	8,933	8,877	8,405	5,184	4,453
Alstroemeria	946	1,299	1,499	1,329	1,550
Gerberas	***	***	***	***	***
Gypsophila	1,677	1,693	2,028	421	496
Sub-total	20,907	21,643	20,482	12,697	12,184
All other fresh cut flowers	20,920	23,282	25,017	11,408	13,118
Total, all fresh cut flowers	41,827	44,925	45,499	24,105	25,302
Other greenhouse products	9,802	10,840	11,991	6,631	6,725
Total net sales	51,629	55,765	57,490	30,736	32,027
Other income	2/ 1,424	861	1,620	667	548
Total net sales and other income	53,053	56,626	59,110	31,403	32,575
Growing and operating expenses	49,865	53,249	55,765	28,298	28,586
Net income before officers' or partners' salaries and income taxes	3,188	3,377	3,345	3,105	3,989
Officers' or partners' salaries	1,882	2,591	2,288	1,647	1,493
Net income before income taxes	1,306	786	1,057	1,458	2,496
Ratio of net income before officers' or partners' salaries and income taxes to total net sales percent	6.2	6.1	5.8	10.1	12.5
Ratio of net income before income taxes to total net sales.....percent	2.5	1.4	1.8	4.7	7.8

1/ Based on 1985 net sales of fresh cut flowers.
2/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Operations producing all fresh cut flowers. 1/--The Commission requested summarized financial data on growers' operations producing all fresh cut flowers. These data were provided by 98 growers; they exclude income from "other greenhouse products" and "other" (i.e., nonoperating) income. Net sales of all fresh cut flowers rose by 9.6 percent from $69.1 million in 1983 to $75.8 million in 1985, and increased by 6.7 percent from $43.1 million in interim 1985 to $45.9 million in interim 1986 (table 22). Ratios of net income before income taxes and officers' salaries to net sales show trends similar to those of corresponding ratios describing growers' overall operations. Such ratios fell from 11.0 percent in 1983 to 5.1 percent in 1985, and then rose from 8.6 percent in interim 1985 to 11.8 percent in interim 1986.

Operations producing the seven flowers subject to investigation. 2/--The Commission requested summarized financial data on growers' operations producing each of the seven flowers individually. Many growers did not provide such data. Those growers submitting such data implied that sales data were actual but that data related to expenses were estimated or allocated based on area used for production. Some growers that allocated expenses did not describe their method of allocation. The aggregate data on individual flowers may or may not represent the actual financial performance experienced by responding growers because the majority of growers do not keep sophisticated accounting data to derive reasonable estimated data on related expenses.

In addition to data on operations producing each flower, data has been compiled that groups the overall operations of growers by flower. Thus, if more than 50 percent of a grower's 1985 net sales was sales of standard carnations, then data on that grower's overall operations are grouped under "standard carnations"--and likewise for each of the seven flowers subject to investigation, and also for roses and "all other" fresh cut flowers. 3/ These data are useful for comparison with corresponding data on operations growing each of the seven flowers subject to investigation. The data on operations growing these seven flowers are compromised by allocation problems, as noted above. Therefore, data on overall operations grouped by flower may be better indicators of income-and-loss experience on a flower-by-flower basis.

1/ Includes standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, gypsophila, gladioli, iris, lilies, roses, statice, and all other fresh cut flowers.

2/ Standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila.

3/ "All other" fresh cut flowers includes all flowers other than standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, gypsophila, and roses.

Table 22.--Certain fresh cut flowers: Income-and-loss experience of 98 U.S. growers 1/ on their operations growing all fresh cut flowers, 2/ accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/- 1985	1986
Net sales.....1,000 dollars..	69,127	73,644	75,761	43,075	45,944
Growing and operating expenses 1,000 dollars..	61,526	67,284	71,924	39,392	40,533
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	7,601	6,360	3,837	3,683	5,411
Officers' or partners' salaries 1,000 dollars..	3,833	4,592	4,718	3,214	3,226
Net income before income taxes 1,000 dollars..	3,768	1,768	(881)	469	2,185
As a share of net sales:					
Growing and operating expenses.....percent..	89.0	91.4	94.9	91.4	88.2
Officers' or partners' salaries.....percent..	5.5	6.2	6.2	7.5	7.0
Net income before officers' or partners' salaries and income taxes.....percent..	11.0	8.6	5.1	8.6	11.8
Net income before income taxes.....percent..	5.5	2.4	(1.2)	1.1	4.8

1/ Interim period data are for 71 U.S. growers.
2/ Includes standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, gypsophila, gladioli, iris, lilies, roses, statice, and all other fresh cut flowers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Summary.--Ratios of net income before income taxes and officers' salaries to net sales (derived from data on overall operations grouped by flower):

--Declined during 1983-85 and increased during the interim period for standard carnations, standard and pompom chrysanthemums, alstroemeria, gypsophila, and "all other" fresh cut flowers.

--Declined during 1983-84 and increased during 1984-85 and the interim period for miniature carnations and roses.

--Increased during 1983-85 and declined during the interim period for gerberas.

--Show that the least profitable flowers were roses during 1983-84, and standard chrysanthemums during 1985-86.

If corresponding ratios derived from data on operations producing specific flowers are used, some variations from the trends described above occur. Such ratios:

--Declined during 1983-85 and increased during the interim period for standard carnations and standard chrysanthemums.

--Declined during 1983-85 and remained level during the interim period for miniature carnations.

--Declined during 1983-85 and during the interim period for alstroemeria.

--Declined during 1983-85 for gerberas (data for the interim period were not available).

--Declined during 1983-84 and increased during 1984-85 and the interim period for gypsophila.

--Increased during 1983-84, declined during 1984-85, and increased during the interim period for pompom chrysanthemums.

--Show that the least profitable flowers were pompom chrysanthemums in 1983, 1984, and 1986; and gerberas in 1985.

Standard carnations.--Income-and-loss data were received from 49 U.S. growers on their operations growing standard carnations (table 23). Aggregate net sales increased by 4 percent from 1983 to 1984 and then remained at the level of 1984 sales in 1985. Such sales rose by 9.2 percent during the interim period. Pretax net income margins without officers' salaries dropped from 11.9 percent in 1983 to 2.8 percent in 1985 and rose from 5.3 percent in interim 1985 to 11.8 percent in interim 1986. Pretax income margins followed similar trends.

Income-and-loss data on overall operations were available for 57 growers which reported that more than 50 percent of their total net sales were accounted for by sales of standard carnations (table 24). These data show profitability trends similar to those described above.

Miniature carnations.--Income-and-loss data were received from 25 U.S. growers on their operations growing miniature carnations (table 25). Aggregate net sales increased by 12.9 percent from 1983 to 1984 and then declined by 3.2 percent in 1985. Such sales rose by 5.0 percent from interim 1985 to interim 1986. Pretax net income margins before officers' salaries declined from 23.0 percent in 1983 to 13.3 percent in 1985 and remained at 16.8 percent during both interim periods. Pre-tax net income margins followed a trend similar to that of total industry data.

Income-and-loss data on overall operations were available for 5 growers which reported that more than 50 percent of their total net sales were accounted for by the sales of miniature carnations (table 26). These data show generally similar trends to those described above.

Table 23.--Standard carnations: Income-and-loss experience of 49 U.S. growers 1/ on their operations growing standard carnations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/- 1985	1986
Net sales.....1,000 dollars..	15,298	15,894	15,866	9,917	10,832
Growing and operating expenses 1,000 dollars..	13,482	14,624	15,416	9,395	9,557
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	1,816	1,270	450	522	1,275
Officers' or partners' salaries 1,000 dollars..	824	808	888	540	710
Net income before income taxes 1,000 dollars..	992	462	(438)	(18)	565
As a share of net sales:					
Growing and operating expenses.....percent..	88.1	92.0	97.2	94.7	88.2
Officers' or partners' salaries.....percent..	5.4	5.1	5.6	5.4	6.6
Net income before officers' or partners' salaries and income taxes.....percent..	11.9	8.0	2.8	5.3	11.8
Net income before income taxes.....percent..	6.5	2.9	(2.8)	(0.2)	5.2

1/ Interim period data are for 35 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 24.--Standard carnations: Income-and-loss experience of 57 U.S. growers 1/ whose sales of standard carnations accounted for more than 50 percent of total 1985 sales, on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30--1/ 1985	1986
Net sales:					
Standard carnations..1,000 dollars..	15,400	16,260	16,628	10,428	11,392
Other six flowers specified in the petition.....1,000 dollars..	1,120	1,373	1,428	643	676
All other fresh cut flowers...do....	1,484	1,689	1,754	***	***
Other greenhouse products.....do....	84	92	103	***	***
Total net sales.....do....	18,088	19,414	19,913	12,867	13,922
Other income.....do....	360	392	311	180	141
Total, net sales and other income.....1,000 dollars..	18,448	19,806	20,224	13,047	14,063
Growing and operating expenses..do....	15,606	17,334	18,571	11,564	11,771
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	2,842	2,472	1,653	1,483	2,292
Officers' or partners' salaries.do....	1,139	1,281	1,419	1,027	1,083
Net income before income taxes..do....	1,703	1,191	234	456	1,209
As a share of net sales:					
Growing and operating expenses percent..	86.3	89.3	93.3	89.9	84.5
Officers' or partners' salaries.....percent..	6.3	6.6	7.1	8.0	7.8
Net income before officers' or partners' salaries and income taxes.....percent..	15.7	12.7	8.3	11.5	16.5
Net income before income taxes.....do....	9.4	6.1	1.2	3.5	8.7

1/ Interim period data are for 37 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 25.--Miniature carnations: Income-and-loss experience of 25 U.S. growers 1/ on their operations growing miniature carnations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/- 1985	1986
Net sales.....1,000 dollars..	3,586	4,047	3,919	2,406	2,527
Growing and operating expenses 1,000 dollars..	2,763	3,212	3,396	2,002	2,103
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	823	835	523	404	424
Officers' or partners' salaries 1,000 dollars..	453	472	443	334	267
Net income before income taxes 1,000 dollars..	370	363	80	70	157
As a share of net sales:					
Growing and operating expenses.....percent..	77.0	79.4	86.7	83.2	83.2
Officers' or partners' salaries.....percent..	12.6	11.7	11.3	13.9	10.6
Net income before officers' or partners' salaries and income taxes.....percent..	23.0	20.6	13.3	16.8	16.8
Net income before income taxes.....percent..	10.3	9.0	2.0	2.9	6.2

1/ Interim period data are for 17 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 26.--Miniature carnations: Income-and-loss experience of 5 U.S. growers whose sales of miniature carnations accounted for more than 50 percent of total 1985 sales, on their total operations, accounting years 1983-1985 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30-- 1985	1986
Net sales:					
Miniature carnations 1,000 dollars..	1,494	1,519	1,688	1,125	1,232
Other six flowers specified in the petition 1/.....1,000 dollars..	***	***	***	***	***
All other fresh cut flowers...do....	***	***	***	***	***
Other greenhouse products.....do....	***	***	***	***	***
Total net sales.....do....	1,955	2,018	2,066	1,416	1,626
Other income.....	***	***	***	***	***
Total, net sales and other income.....1,000 dollars..	***	***	***	***	***
Growing and operating expenses..do....	***	***	***	***	***
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	410	299	332	198	337
Officers' or partners' salaries.do....	***	***	***	***	***
Net income before income taxes..do....	***	***	***	***	***
As a share of net sales:					
Growing and operating expenses percent..	***	***	***	***	***
Officers' or partners' salaries.....percent..	***	***	***	***	***
Net income before officers' or partners' salaries and income taxes.....percent..	21.0	14.8	16.1	14.0	20.7
Net income before income taxes.....do....	***	***	***	***	***

1/ Consists of sales of standard carnations only.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Standard chrysanthemums.--Income-and-loss data were received from 11 U.S. growers on their operations growing standard chrysanthemums (table 27). Aggregate net sales increased by 11.5 percent from 1983 to 1984 and declined by 7 percent in 1985. Such sales dropped by 13.3 percent from interim 1985 to interim 1986. Pre-tax net income without officers' salaries declined from 14.2 percent in 1983 to 0.8 percent in 1985 and rose from a negative 2.7 percent in interim 1985 to a positive 11.1 percent in interim 1986. During the same period, pretax income margins followed a similar trend.

Income-and-loss data on overall operations were available for 12 growers which reported that more than 50 percent of their total net sales were accounted for by sales of standard chrysanthemums (table 28). These data show trends similar to those described above.

Table 27.--Standard chrysanthemums: Income-and-loss experience of 11 U.S. growers 1/ on their operations growing standard chrysanthemums, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/- 1985	1986
Net sales.....1,000 dollars..	3,862	4,308	4,007	2,423	2,100
Growing and operating expenses 1,000 dollars..	3,315	3,835	3,976	2,489	1,866
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	547	473	31	(66)	234
Officers' or partners' salaries 1,000 dollars..	320	372	384	281	286
Net income before income taxes 1,000 dollars..	227	101	(353)	(347)	(52)
As a share of net sales:					
Growing and operating expenses.....percent..	85.8	89.0	99.2	102.7	88.9
Officers' or partners' salaries.....percent..	8.3	8.6	9.6	11.6	13.6
Net income before officers' or partners' salaries and income taxes.....percent..	14.2	11.0	0.8	(2.7)	11.1
Net income before income taxes.....percent..	5.9	2.3	(8.8)	(14.3)	(2.5)

1/ Interim period data are for 8 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 28.--Standard chrysanthemums: Income-and-loss experience of 12 U.S. growers 1/ whose sales of standard chrysanthemums accounted for more than 50 percent of total 1985 sales, on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/- 1985	1986
Net sales:					
Standard chrysanthemums 1,000 dollars..	3,996	4,367	3,921	2,598	2,064
Other six flowers specified in the petition.....1,000 dollars..	1,150	1,157	1,059	475	908
All other fresh cut flowers...do....	***	***	***	***	***
Other greenhouse products.....do....	***	***	***	***	***
Total net sales.....do....	5,345	5,721	5,200	3,264	3,097
Other income.....do....	366	334	323	59	77
Total, net sales and other income.....1,000 dollars..	5,711	6,055	5,523	3,323	3,174
Growing and operating expenses..do....	4,930	5,362	5,343	3,225	2,975
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	781	693	180	98	199
Officers' or partners' salaries.do....	445	483	612	345	371
Net income before income taxes..do....	336	210	(432)	(247)	(172)
As a share of net sales:					
Growing and operating expenses percent..	92.2	93.7	102.8	98.8	96.1
Officers' or partners' salaries.....percent..	8.3	8.4	11.8	10.6	12.0
Net income before officers' or partners' salaries and income taxes.....percent..	14.6	12.1	3.5	3.0	6.4
Net income before income taxes.....do....	6.3	3.7	(8.3)	(7.6)	(5.6)

1/ Interim period data are for 9 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Pompom chrysanthemums.--Income-and-loss data were received from 12 U.S. growers on their operations growing pompom chrysanthemums (table 29). Aggregate net sales declined by 5.6 percent from 1983 to 1985 and fell by 4.4 percent from interim 1985 to interim 1986. Pretax net income before officers' salaries rose from 0.2 percent in 1983 to 2.0 percent in 1984 and then fell to a negative 3.5 percent in 1985. Such margins increased from 2.7 percent in interim 1985 to 5.9 percent in interim 1986. During the same period, pretax income margins, though negative, followed a similar trend.

Table 29.--Pompom chrysanthemums: Income-and-loss experience of 12 U.S. growers 1/ on their operations growing pompom chrysanthemums, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/- 1985	1986
Net sales.....1,000 dollars..	9,069	9,031	8,558	5,610	5,361
Growing and operating expenses 1,000 dollars..	9,052	8,847	8,855	5,460	5,043
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	17	184	(297)	150	318
Officers' or partners' salaries 1,000 dollars..	579	678	576	444	503
Net income before income taxes 1,000 dollars..	(562)	(494)	(873)	(294)	(185)
As a share of net sales:					
Growing and operating expenses.....percent..	99.8	98.0	103.5	97.3	94.1
Officers' or partners' salaries.....percent..	6.4	7.5	6.7	7.9	9.4
Net income before officers' or partners' salaries and income taxes.....percent..	.2	2.0	(3.5)	2.7	5.9
Net income before income taxes.....percent..	(6.2)	(5.5)	(10.2)	(5.2)	(3.5)

1/ Interim period data are for 11 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Income-and-loss data on overall operations were available for 14 growers which reported that more than 50 percent of their total net sales were accounted for by sales of pompom chrysanthemums (table 30). These data show somewhat different trends than those described above.

Alstroemeria.--Income-and-loss data were received from 7 U.S. growers on their operations growing alstroemeria (table 31). Aggregate net sales increased twofold from 1983 to 1985 and further rose by 14.1 percent from interim 1985 to interim 1986. Pretax net income margins without officers' salaries declined from 29.3 percent in 1983 to 24.4 percent in 1985 and fell during the interim periods from 25.0 percent in 1985 to 20.0 percent in 1986. Pretax net-income margins showed an opposite trend, rising from 8.5 percent in 1983 to 15.5 percent in 1985.

Table 30.--Pompom chrysanthemums: Income-and-loss experience of 14 U.S. growers 1/ whose sales of pompom chrysanthemums accounted for more than 50 percent of total 1985 sales, on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30--1/ 1985	1986
Net sales:					
Pompom chrysanthemums 1,000 dollars..	9,047	9,382	9,265	6,224	5,800
Other six flowers specified in the petition.....1,000 dollars..	1,071	1,220	1,374	639	664
All other fresh cut flowers...do....	502	799	622	579	499
Other greenhouse products.....do....	887	668	562	-	-
Total net sales.....do....	11,507	12,069	11,823	7,442	6,963
Other income.....	357	379	409	336	355
Total, net sales and other income.....1,000 dollars..	11,864	12,448	12,232	7,778	7,318
Growing and operating expenses..do....	10,629	11,520	11,465	7,145	6,264
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	1,235	928	767	633	1,054
Officers' or partners' salaries.do....	748	906	744	517	531
Net income before income taxes..do....	487	22	23	116	523
As a share of net sales:					
Growing and operating expenses percent..	92.4	95.5	97.0	96.0	90.0
Officers' or partners' salaries.....percent..	6.5	7.5	6.3	6.9	7.6
Net income before officers' or partners' salaries and income taxes.....percent..	10.7	7.7	6.5	8.5	15.1
Net income before income taxes.....do....	4.2	.2	.2	1.6	7.5

1/ Interim period data are for 10 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Income-and-loss data on overall operations were available for 2 growers which reported that more than 50 percent of their total net sales were accounted for by the sales of alstroemeria (table 32). These data show trends similar to those described above.

Table 31.--Alstroemeria: Income-and-loss experience of 7 U.S. growers on their operations growing alstroemeria, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30-- 1985	1986
Net sales.....1,000 dollars..	283	487	847	735	839
Growing and operating expenses 1,000 dollars..	200	366	640	551	671
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	83	121	207	184	168
Officers' or partners' salaries 1,000 dollars..	59	65	76	61	64
Net income before income taxes 1,000 dollars..	24	56	131	123	104
As a share of net sales:					
Growing and operating expenses.....percent..	70.7	75.2	75.6	75.0	80.0
Officers' or partners' salaries.....percent..	20.8	13.3	9.0	8.3	7.6
Net income before officers' or partners' salaries and income taxes.....percent..	29.3	24.8	24.4	25.0	20.0
Net income before income taxes.....percent..	8.5	11.5	15.5	16.7	12.4

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 32.--Alstroemeria: Income-and-loss experience of 2 U.S. growers whose sales of alstroemeria accounted for more than 50 percent of total 1985 sales, on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

* * * * * * *

Gerberas.--Income-and-loss data were received from 3 U.S. growers on their operations growing gerberas (table 33). Aggregate net sales dropped by *** percent from 1983 to 1985. Pretax net income margins before officers' salaries declined from *** percent in 1983 to *** percent in 1984 and turned into a *** percent in 1985. Pretax net income margins followed a similar trend.

Table 33.--Gerberas: Income-and-loss experience of 3 U.S. growers 1/ on their operations growing gerberas, accounting years 1983-85

* * * * * * *

Income-and-loss data on overall operations were available for only one grower which reported that more than 50 percent of total net sales were accounted for by the sale of gerberas. * * *.

Gypsophila.--Income-and-loss data were received from 6 U.S. growers on their operations growing gypsophila (table 34). Aggregate net sales increased by 16.2 percent from 1983 to 1985 and further increased by 34.9 percent from interim 1985 to interim 1986. Pre-tax net income without officers' salaries declined from 25.4 percent in 1983 to 15.3 percent in 1984 and then increased

Table 34.--Gypsophila: Income-and-loss experience of 6 U.S. growers 1/ on their operations growing gypsophila, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/- 1985	1986
Net sales.....1,000 dollars..	2,063	2,190	2,398	825	1,113
Growing and operating expenses 1,000 dollars..	1,540	1,856	1,869	456	510
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	523	334	529	369	603
Officers' or partners' salaries 1,000 dollars..	73	96	146	82	77
Net income before income taxes 1,000 dollars..	450	238	383	287	526
As a share of net sales:					
Growing and operating expenses.....percent..	74.6	84.7	77.9	55.3	45.8
Officers' or partners' salaries.....percent..	3.5	4.4	6.1	9.9	6.9
Net income before officers' or partners' salaries and income taxes.....percent..	25.4	15.3	22.1	44.7	54.2
Net income before income taxes.....percent..	21.8	10.9	16.0	34.8	47.3

1/ Interim period data are for 4 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

to 22.1 percent in 1985; such margins rose from 44.7 percent in interim 1985 to 54.2 percent in interim 1986. During the same period, pre-tax income margins followed a similar trend.

Income-and-loss data on overall operations were available for 2 growers which reported that more than 50 percent of their total net sales were accounted for by sales of gypsophila (table 35). These data show trends similar to those described above.

Roses.--The Commission did not request separate financial data on growers' operations producing roses. Data are available describing the overall operations of 8 U.S. growers whose 1985 sales of roses accounted for more than 50 percent of their total net sales. These are presented in table 36. Average pre-tax income margins before officers' salaries declined from 5.1 percent in 1983 to 4.7 percent in 1984 and then rose to 6.2 percent in 1985; such margins increased during the interim periods from 8.7 percent in 1985 to 9.2 percent in 1986. Pretax net income margins followed a trend similar to those of such margins before officers' salaries.

All other fresh cut flowers.--The Commission did not request separate financial data on growers' operations producing fresh cut flowers other than those specifically discussed above. Data are available describing the overall operations of 10 U.S. growers whose 1985 sales of other fresh cut flowers accounted for more than 50 percent of their total net sales. These are presented in table 37. These data show trends similar to those of the total industry data, with the ratio of net income before income taxes and officers' salaries to net sales declining from 10.3 percent in 1983 to 4.3 percent in 1985 and then rising from 8.7 percent in interim 1985 to 20.6 percent in interim 1986. During the same period, pretax income margins followed a similar trend.

Capital expenditures and research and development expenses

Fifty-six U.S. growers reported capital expenditures related to their production of fresh cut flowers, and eleven growers reported research and development expenses related to such production. These data are presented in the following tabulation (in thousands of dollars):

Period	Capital expenditures	Research and development expenses
1983	4,112	80
1984	3,462	132
1985	5,220	186
Interim period ended September 30 1/--		
1985	2,428	80
1986	2,568	39

1/ Interim data for capital expenditures are for 37 growers; those for research and development expenses are for 6 growers.

Table 35.--Gypsophila: Income-and-loss experience of 2 U.S. growers whose sales of gypsophila accounted for more than 50 percent of total 1985 sales, on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

* * * * * * *

Table 36.--Roses: Income-and-loss experience of 8 U.S. growers whose sales of roses accounted for more than 50 percent of total 1985 sales on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30--1985	Interim period ended Sept. 30--1986
Net sales:					
The seven flowers specified in the petition.....1,000 dollars..	5,848	5,737	4,607	3,561	3,426
All other fresh cut flowers...do....	12,995	16,189	18,000	13,971	16,086
Other greenhouse products.....do....	7,194	7,374	7,935	5,651	5,843
Total net sales.....do....	26,037	29,300	30,542	23,183	25,355
Other income.....	653	116	390	284	156
Total, net sales and other income.....1,000 dollars..	26,690	29,416	30,932	23,467	25,511
Growing and operating expenses..do....	25,354	28,036	29,024	21,460	23,176
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	1,336	1,380	1,908	2,007	2,335
Officers' or partners' salaries.do....	874	929	1,047	829	778
Net income before income taxes..do....	462	451	861	1,178	1,557
As a share of net sales:					
Growing and operating expenses percent..	97.4	95.7	95.0	92.6	91.4
Officers' or partners' salaries.....percent..	3.4	3.2	3.4	3.6	3.1
Net income before officers' or partners' salaries and income taxes.....percent..	5.1	4.7	6.2	8.7	9.2
Net income before income taxes.....do....	1.8	1.5	2.8	5.1	6.1

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 37.--Other fresh cut flowers: Income-and-loss experience of 10 U.S. growers, 1/ whose sales of other fresh cut flowers 2/ accounted for more than 50 percent of total 1985 sales, on their total operations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30--1/ 1985	1986
Net sales:					
The seven flowers specified in the petition.....1,000 dollars..	4,947	4,965	4,860	***	***
All other fresh cut flowers...do....	13,303	13,105	14,102	***	***
Other greenhouse products.....do....	1,848	2,667	3,091	***	***
Total net sales.....do....	20,098	20,737	22,053	2,637	3,170
Other income.....do....	474	445	961	***	***
Total, net sales and other income.....1,000 dollars..	20,572	21,182	23,014	***	***
Growing and operating expenses..do....	18,496	19,487	22,076	***	***
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	2,076	1,695	938	229	654
Officers' or partners' salaries.do....	630	931	753	***	***
Net income before income taxes..do....	1,446	764	185	***	***
As a share of net sales:					
Growing and operating expenses percent..	92.0	94.0	100.1	***	***
Officers' or partners' salaries.....percent..	3.1	4.5	3.4	***	***
Net income before officers' or partners' salaries and income taxes.....percent..	10.3	8.2	4.3	8.7	20.6
Net income before income taxes.....do....	7.2	3.7	0.8	***	***

1/ Interim period data are for 3 U.S. growers.
2/ Includes all flowers other than standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, gypsophila, and roses.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Capital and investment

U.S. growers were asked to describe any actual or potential negative effects of imports of certain fresh cut flowers subject to investigation on their firm's growth, investment, and ability to raise capital. The following statements summarize those reported by many firms:

--Firms were considering whether to leave the cut flower business if they had not already done so. Firms were considering, or had undertaken,

shifts in production to other flower varieties such as roses, bedding plants, or potted plants. Shifts in production caused increases in capital outlays for research and start-up production, but the business situation prevented growers from obtaining bank loans. Capital available for expansion, improvements, or investments declined as a result.

--Weather damage to structures and crops could not be compensated for because of price depression caused by imports.

Factors affecting profitability

U.S. growers ranked ten factors that affected their profitability. The following tabulation lists these factors, in order of declining importance, and the average ranking given to each factor:

Factor	Average ranking 1/
Competition from imports	2.1
Energy costs	4.3
Plant disease 2/	4.9
Weather	5.4
Competition from other U.S. growers	5.8
Marketing costs	5.8
Taxes	6.0
Declining consumer demand	6.3
Transportation costs	6.4
Local land use regulations	7.4

1/ Growers ranked factors from 1 to 10, with "1" indicating "most important" and "10" indicating least important.

2/ "As indicated by the witnesses at the hearing, there have been no significant weather or disease factors affecting the domestic flower industry within the last two years." Petitioner's posthearing brief, p. 16. "(I)t should be noted that fusarium wilt (a disease affecting carnations). . . is in fact very common and is particularly a problem in California. . . . Domestic growers prevent the fusarium wilt by fumigating their soil between planting. It is reasonable to assume, however, that each year one or more growers succumbs to fusarium. . . ." Petitioners' posthearing brief before the U.S. Department of Commerce, p. 14.

Growers were asked to explain how the factors listed above, or other factors, affected the profitability of their total operations, their operations growing all fresh cut flowers, and their operations growing the seven flowers specified in the petitions. Responses were general: they focused mainly on the effects of imports without differentiating between categories of operations. Growers commonly referred to declining returns on investments, curtailment of expansions, and the need to change business practices to minimize competition (by changing the types of products grown, or by moving into wholesale or retail operations, or both).

Consideration of the Threat of Material Injury to an Industry in the United States

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in allegedly subsidized and/or LTFV imports, the rate of increase in U.S. market penetration by such imports, the amount of imports held in inventory in the United States, 1/ the capacity of producers in the countries subject to the investigation to generate exports (including the availability of export markets other than the United States), the nature of the subsidy, and the price-depressing or -suppressing effect of the subject imports on domestic prices. Information on subsidies is presented in the section of this report entitled "The nature and extent of sales at less than fair value and subsidies." A discussion of prices and the rates of increase in imports of the fresh cut flowers subject to these investigations and of their U.S. market penetration is presented in the section entitled "Consideration of the Causal Relationship Between Material Injury or the Threat Thereof and the Subsidized and LTFV Imports." Information regarding the capacity of foreign producers to generate exports is discussed in the following sections of the report describing the foreign industries. 2/

Canada 3/

The provinces of British Columbia and Ontario are the major producing areas for fresh cut flowers in Canada. Of the flowers under investigation, only miniature carnations are now produced in British Columbia. The one producer of standard carnations has discontinued production because of imports from the United States and Colombia. One or two U.S. retailers reportedly

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1/ Fresh cut flowers are a perishable commodity, therefore inventories for future sales are not maintained.

2/ The staff requested information regarding foreign industries via a telegram of Nov. 22, 1986, to U.S. embassies in the affected countries and a letter of Nov. 24, 1986, to counsel for importers or exporters from, or Governments of, the affected countries. The information requested included the numbers of firms, growing area, production, and shipments over the period of investigation; projected changes in shipments; unique characteristics of the exports; and growers' impressions of the market. Information describing foreign industries was compiled using responses to these requests as well as secondary sources; specific sources are cited in each discussion. No data were submitted or otherwise obtained describing the industry in Costa Rica. Certain information on one Costa Rican firm, the American Flower Corp., was submitted in the attachment to that firm's posthearing brief.

3/ Imports from Canada subject to investigation are standard and miniature carnations. Data describing the Canadian industry include Unsworth Greenhouses, a firm that was excluded from Commerce's final subsidy determination. Data on this firm's production are not separately available. Data on imports from Canada, not including Unsworth, are presented in the section entitled "U.S. imports and market penetration." Sources: submissions by Flowers Canada, Inc., June 16, 1986, July 8, 1986, and Dec. 17, 1986.

import insignificant quantities from British Columbia's United Flower Growers Cooperative. In Ontario, production of standard carnations is declining because of competition from imports from Colombia. As an indication of the relatively small size of the industry in this province, the estimated total growing area for carnations in 1985 was 480,000 square feet.

Canadian production of standard and miniature carnations is presented in the following tabulation (in thousands of stems): 1/

Item	1983	1984	1985
Standard carnations...	4,320	3,737	2,459
Miniature carnations..	3,444	12,426	13,752

Flowers Canada, Inc., a Canadian trade association, reports that, though production of miniature carnations is increasing, the jump between 1983 and 1984 statistics is misleading--the survey in 1983 was less complete than that in 1984 or 1985.

The sale of carnations from Canada is reportedly spot trade to supply wholesalers and retailers in border areas such as Buffalo and Rochester. Canadian products are used only to remedy occasional shortages in supply from the market's main supplier, Colombia. Trade in standard carnations is expected to continue to decline; export of miniature carnations is expected to continue to isolated markets on an occasional basis. 2/

Chile 3/

The following tabulation of data provided by the Asociacion de Exportadores de Chile describes the quantity of standard carnations exported to the United States and other countries (in tons):

1/ Data are compiled from Statistics Canada, Greenhouse Industry.

2/ In its countervailing duty investigation, Commerce found that "the U.S. Census IM-146 statistics do not accurately reflect imports of standard carnations from Canada." 52 F.R. 2137 (Jan. 20, 1987). Estimated corrected import data are presented in the section entitled "U.S. imports and market penetration."

3/ Imports from Chile subject to investigation are standard carnations. Data describing the Chilean industry include Soc. Flores Del Sur Ltda., a firm that was excluded from Commerce's final determination on LTFV sales. Data on imports from Chile, not including Soc. Flores Del Sur, are presented in the section entitled "U.S. imports and market penetration." Source: telegram from U.S. embassy, Santiago, Dec. 12, 1986.

Country	1984	1985	Jan.-Aug. 1986	Annualized 1986 1/
United States...	***	***	***	***
Canada.....	***	***	***	***
United Kingdom..	***	***	***	***
All other.....	***	***	***	***
Total.....	***	***	***	***

1/ Annualized based on January-August data.

The same source describes the value of standard carnations exported to the U.S. and other countries as follows (with U.S. import statistics provided for comparison) (in thousands of dollars):

Country	1983	1984	1985	Jan.-June 1986
United States...	***	***	1/	1/
Canada.....	***	***	1/	1/
United Kingdom..	***	***	1/	1/
All other.....	***	***	1/	1/
Total.....	***	***	***	***
Value of imports, as reported by U.S. data 2/..	36.0	209.1	203.5	1/

1/ Not available.
2/ C.i.f. value at U.S. port of entry.

The Central Bank of Chile provided data describing exports of all fresh cut flowers, and estimated that about 85 percent of these were of standard carnations. In contrast to the information discussed above, these data indicate a decline in exports during 1983-84 and a sharp increase in 1986, as the following tabulation shows (with U.S. import statistics provided for comparison) (in thousands of dollars):

Country	1983	1984	Jan.-Sept. 1985	Jan.-Sept 1986
United States.....	***	***	***	***
Canada.....	***	***	***	***
United Kingdom.....	***	***	***	***
All other.....	***	***	***	***
Total.....	***	***	***	***
Value of imports, as reported by U.S. data: 1/				
All cut flowers..	60	256	98	173
Standard carnations.....	36	209	56	112

1/ C.i.f. value at U.S. port of entry.

The Government of Chile Farm Planning Office reported that, during the 1985-86 production season (running from about November to February), *** open acres and *** greenhouse acres of standard carnations were grown. The open-acre production is solely for domestic consumption; 20 percent of the greenhouse production is for export.

Two firms in Chile export standard carnations to the United States. These firms stated that both the Chilean and the U.S. markets are growing slowly. According to one grower, the U.S. west coast market offers the greatest attraction. The other grower stated that * * *

Colombia 1/

The fresh cut flower industry in Colombia is 20 years old; it consists of about 112 producers growing about 17 different varieties of fresh cut flowers for export to 23 countries.

In the aggregate, Colombia's shipments of the flowers under investigation to the United States increased each year during 1983-85 (table 38). 2/ Exports of such flowers to third countries declined from 1983 to 1984, and then increased in 1985. Data describing total production and shipments to the home market are not available. It is estimated, however, that 5 percent of total production is shipped to the home market; this market contributes only 1 percent of total income to growers, as only flowers of less than export quality are sold within Colombia.

In general, Colombian growers believe that the U.S. market will grow as production increases, with miniature carnations, pompom chrysanthemums, and alstroemeria as particularly popular varieties. The most important geographic area for the Colombians is the eastern United States, and virtually all shipments enter through Miami. It is more difficult for Colombians to compete with west coast producers because of high transportation costs.

1986 was reportedly a difficult year for Colombian growers; growth for the year was predicted to be 4 percent, but may be lower. There were three particularly troublesome events during the year: (1) a frost in December 1985 that lowered January 1986 exports, (2) these investigations, and (3) a December 1986 discovery of cocaine in a shipment of flowers by Avianca, the Colombian national airline and a major flower carrier. As a result of the latter event, Avianca suspended shipments of flowers until 1987, threatening Colombian growers with losses if alternate transportation cannot be found. U.S. embassy staff in Bogota predict a slow rate of growth for the Colombian industry.

1/ Imports from Colombia subject to a countervailing duty investigation are miniature carnations; imports subject to an antidumping investigation are standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila. Sources: letter from counsel for Asocolflores, June 19, 1986; telegram from U.S. embassy, Bogota, Dec. 19, 1986.

2/ A portion of the exports recorded as shipped to the United States were reportedly shipped through the U.S. to Canada. No estimate of such transshipments was made.

Table 38.--Certain fresh cut flowers: Colombian producers, area in production, and exports, 1983-85, and January-August 1986 1/

Item	1983	1984	1985	Jan.-Aug. 1986
Standard carnations:				
Number of producers.....	2/	2/	155	2/
Area in production				
1,000 square feet..	2/	2/	90,378	2/
Exports, to--				
United States				
1,000 stems..	541,926	615,847	691,657	498,788
1,000 dollars..	40,490	44,820	43,457	28,290
Third countries				
1,000 stems..	283,005	267,787	301,919	193,469
1,000 dollars..	21,654	19,341	19,754	11,828
Miniature carnations:				
Number of producers.....	2/	2/	36	2/
Area in production				
1,000 square feet..	2/	2/	10,759	2/
Exports, to--				
United States				
1,000 stems..	104,480	179,970	220,181	100,109
1,000 dollars..	3,205	4,856	5,580	3,838
Third countries				
1,000 stems..	20,694	21,443	29,622	15,570
1,000 dollars..	1,110	868	762	555
Standard chrysanthemums:				
Number of producers.....	2/	2/	20	2/
Area in production				
1,000 square feet..	2/	2/	2/	2/
Exports, to--				
United States				
1,000 stems..	29,176	37,714	49,660	47,036
1,000 dollars..	6,070	6,824	7,335	4,858
Third countries				
1,000 stems..	1,407	585	682	1,154
1,000 dollars..	187	110	79	106
Pompom chrysanthemums:				
Number of producers.....	2/	2/	106	2/
Area in production				
1,000 square feet..	2/	2/	47,431	2/
Exports, to--				
United States				
1,000 blooms..	319,521	379,859	519,273	364,567
1,000 dollars..	22,031	25,593	25,787	16,903
Third countries				
1,000 blooms..	42,590	41,255	48,554	28,807
1,000 dollars..	2,126	2,082	1,998	1,303
Alstroemeria:				
Number of producers.....	2/	2/	31	2/
Area in production				
1,000 square feet..	2/	2/	2,689	2/

See footnotes at end of table.

Table 38.--Certain fresh cut flowers: Colombian producers, area in production, and exports, 1983-85, and January-August 1986 1/--Continued

Item	1983	1984	1985	Jan.-Aug. 1986
Alstroemeria--Continued				
Exports, to--				
United States				
1,000 blooms..	6,810	14,769	29,294	29,568
1,000 dollars..	1,103	2,157	3,480	2,956
Third countries				
1,000 blooms..	125	138	798	2,562
1,000 dollars..	20	28	120	223
Gerberas:				
Number of producers.....	2/	2/	3	2/
Area in production				
1,000 square feet..	2/	2/	2/	2/
Exports, to--				
United States				
1,000 stems..	792	3,309	4,131	3,638
1,000 dollars..	157	659	534	377
Third countries				
1,000 stems..	2	0	0	1
1,000 dollars..	3/	0	0	1
Gypsophila:				
Number of producers.....	2/	2/	42	2/
Area in production				
1,000 square feet..	2/	2/	2/	2/
Exports, to--				
United States				
1,000 stems..	12,508	10,618	13,280	12,974
1,000 dollars..	903	1,218	1,382	1,317
Third countries				
1,000 stems..	237	397	4,514	1,368
1,000 dollars..	33	63	195	145
Total:				
Exports, to--				
United States				
1,000 stems..	1,015,213	1,242,086	1,527,476	1,056,680
1,000 dollars..	73,959	86,127	87,555	58,539
Third countries				
1,000 stems..	348,060	331,605	386,089	242,931
1,000 dollars..	25,130	22,492	22,908	14,161

1/ Imports from Colombia subject to a countervailing duty investigation are miniature carnations; imports subject to an antidumping investigation are standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila. Data on exports are based on export licenses issued by INCOMEX; some licenses issued may not have been used and so export figures may be overstated. Also, some exports included in data for exports to the United States were allegedly transshipped to Canada.
2/ Not available.
3/ Less than $500.

Source: Telegram from U.S. embassy, Bogota, Dec. 19, 1986; and letter from counsel for Asocolflores, June 19, 1986.

Ecuador 1/

Eleven firms in Ecuador produce flowers that are subject to these investigations. Three of these began commercial production in 1985, and six began in 1986. Data from eight of these firms (estimated to account for about 100 percent of production during January-September 1986) 2/ show a marked increase in production in 1986, as the following tabulation demonstrates (in thousands of stems):

Period	Production
1983.....	***
1984.....	***
1985.....	***
Jan.-Sept.--	
1985.....	***
1986.....	13,083

The same eight firms provided time-series data on their shipments, as shown in the following tabulation (in thousands of stems): 3/

	Shipments to--		
Period	Home market	United States	Third countries
1983.....	***	***	***
1984.....	***	***	***
1985.....	***	***	***
Jan.-Sept.--			
1985.....	***	***	***
1986.....	4,741	7,929	916

Four of the five firms included in the data tabulated above indicated that they do not project any changes in their shipments during 1987 and 1988. One firm, not included in the tabulation above, will reduce its 1987 production by *** percent in order to * * *. The remaining firms, one of which is included in the tabulation above, cannot project future shipments. Ecuadorean firms see the market for fresh cut flowers increasing, both at home and in the United States, and especially on the U.S. east coast. Firms generally indicated that Ecuadorean flowers are of the same or better quality than similar varieties grown in the United States. Two firms noted that their cuttings originated in the United States.

1/ Imports from Ecuador subject to investigation are standard and miniature carnations, and standard and pompom chrysanthemums. Data describing the Ecuadorian industry do not include Flores Equinocciales, a firm that was excluded from Commerce's final determination on LTFV sales. Source: letter from counsel for Ecuadorian flower growers, Dec. 19, 1986.

2/ The eight firms are * * *. Other firms did not provide usable data.

3/ One firm provided data only for 1986; * * *.

Israel 1/

Israel's production and exports of fresh cut flowers reportedly increased through the 1970's. The development of its industry was fostered by a favorable climate, giving it an advantage over energy-intensive European greenhouses. After 1980, returns from flower exports declined sharply, and many growers left the industry after suffering heavy losses.

Agrexco, Ltd., in Tel Aviv, currently accounts for about 90 percent of Israel's cut flower exports. Agrexco is a cooperative jointly-owned by the Government of Israel and flower growers. About half of Agrexco's flower exports are marketed directly under the Carmel label, and the other half are marketed through the Dutch flower auction. * * *. Though the United States is seen as a growth market for cut flowers, Agrexco reportedly will not invest immediately in U.S. market promotion, preferring instead to increase returns to growers that have seen three years of losses. Overall, Israel's flower exports are expected to show moderate growth through the 1980's.

Over 1,000 small producers grow miniature carnations in Israel, and several grow gerberas. Information on area in production and exports are presented in table 39. The quantity of exports of miniature carnations to all markets increased from 1984 to 1985, and then declined in January-September 1986 compared to January-September 1985. The quantity of such exports of gerberas declined from 1984 to 1985, and then increased from January-September 1985 to January-September 1986. Europe is Israel's primary export market. Data are not available for home market sales, but they are estimated to be 10 percent of total shipments. Shipments during January-September 1986 reflect poor performance in the 1986-87 growing season; in the early part of the 1986-87 season, shipments were down 25 percent from those in the comparable period of the 1985-86 season. This performance may improve in 1987.

Israel reportedly attempts to market premium quality flowers in all of its export markets, with the highest quality shipped to the United States. Such quality differentiation is necessary in order to justify the higher shipping costs to the United States.

Kenya 2/

Three large firms dominate the flower growing industry in Kenya--* * *. These three, along with many smaller growers, produce a varied assortment of floral products. Some of the flowers Kenya grows for export are the following: standard carnations, miniature carnations, alstroemeria, orithogalum, statice sinuata, larkspur, euphorbia, roses, and liatris. Only

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1/ Imports from Israel subject to investigation are miniature carnations and gerberas. Sources: USDA Foreign Agricultural Service, Horticultural Products, April 1986, pp. 18-19; and letter from the Embassy of Israel, Jan. 13, 1987.

2/ Imports from Kenya subject to investigation are standard and miniature carnations. Sources: letters from Florimex Verwaltungs GMBH, Dec. 19, 1986, and Florimex-New York, Inc., June 7, 1986.

Table 39.--Certain fresh cut flowers: 1/ Israeli area in production and exports, 1984-85, January-September 1985, and January-September 1986

Item	1984	1985	January-September-- 1985	1986
Miniature carnations:				
Area in production 2/				
1,000 square feet..	38,182	36,461	2/	31,406
Exports, to--				
United States				
1,000 stems..	14,600	21,600	17,800	17,200
1,000 dollars..	1,540	1,800	1,550	1,700
Third countries				
1,000 stems..	360,000	434,900	379,000	287,200
1,000 dollars..	25,260	23,600	18,550	24,800
Gerberas:				
Area in production 2/				
1,000 square feet..	2,689	2,474	2/	2,366
Exports, to--				
United States				
1,000 stems..	1,800	2,400	1,700	1,800
1,000 dollars..	340	364	238	288
Third countries				
1,000 stems..	9,800	7,500	4,900	7,200
1,000 dollars..	1,160	1,136	562	1,112

1/ Imports from Israel subject to investigation are miniature carnations and gerberas.
2/ Data for area in production are seasonal: the figure for 1984 represents the 1983-84 growing season; 1985, the 1984-85 season; and January-September 1986, the 1985-86 season.

Source: Letter from the Embassy of Israel, Jan. 13, 1987.

* * * are exported to the United States. All other varieties are exported to * * *. Exports of standard and miniature carnations to the United States represented a small percentage of Kenya's production of each during 1983-85.

Information on production in Kenya of standard and miniature carnations is provided in table 40. These data are for * * *. The data show * * *, reportedly due in part to * * *. Standard carnations, however, are * * *. Also, transportation space on airlines is limited, * * *.

* * *, located in * * *, has *** acres, of which *** acres are under production per year; crops are * * *. * * * occupy *** of the *** acres. * * * has about *** employees, and * * *.

Table 40.--Certain fresh cut flowers: Kenya's production, capacity, capacity utilization, and exports to the United States, 1983-85

* * * * * * *

* * * U.S. firms import carnations from Kenya: * * *. These firms are * * *. Another * * * buys the flowers from * * * in Kenya and markets the products. The * * * buy * * *, and imports are reportedly * * *. 1/ All imports from Kenya are sold * * *. Most of these imports are sold * * *. With respect to these sales, approximately *** percent are sold to wholesalers and *** percent to mass merchandisers.

* * *. Flower orders must be available at the airport in Nairobi 3 days prior to shipment. Once loaded and shipped, delivery takes an average of 22 hours to New York.

Mexico 2/

According to information provided by an association of producers and exporters in Mexico (ANAPROMEX), growers of fresh cut flowers in Mexico are producing at close to full capacity. The association was not able to provide complete data on the Mexican industry but information provided by one large firm (accounting for 40 percent of carnation exports and 50 percent of pompom chrysanthemum exports) reported operating at over 90 percent of capacity. Another firm reported operating at 99 percent of its carnation and pompom capacity.

In addition ANAPROMEX explained that since good farm land is scarce in Mexico (the Mexican Government estimates that 8 percent of the land is suitable for farming) land is very expensive. The need to grow more food in a nation where shortages of essential foodstuffs such as corn and wheat exist, further restricts any prospects for expansion in the Mexican flower growing industry. Exports account for a small part of fresh cut flower shipments, reportedly because Mexico consumes most of its flower production in a large home market and, further, growers lack the quality control and organization to be successful in foreign markets.

The bulk of U.S. imports of fresh cut flowers from Mexico enter through the San Diego, CA (67 percent in 1985), Houston, TX (16 percent), and San Francisco, CA (7 percent) customs districts.

1/ Letter from * * *, June 7, 1986, p. 4.

2/ Imports from Mexico subject to investigation are standard carnations and standard and pompom chrysanthemums. Sources: post-conference brief in the preliminary investigations of Association Nacional de Productores y Exportadores de Ornamentales de Mexico A.C. (ANAPROMEX), pp. 14-16, and public appendix 13 of the antidumping petition.

Netherlands 1/

The Netherlands has long been a supplier of a wide variety of fresh cut flowers to the world market. Today the Dutch flower industry is mostly concentrated in greenhouses, thereby achieving year round production. According to data provided by the Dutch Central Bureau of Statistics, 5,560 flower nurseries operate in the Netherlands producing within a total area of 10,008 acres of greenhouses. Fresh cut flowers in the Netherlands are sold through ten regional auctions with the three largest in Aalsmeer, Naaldwijk, and Rijnsburg. A supply of 4,000 different cut flowers is provided by 8,000 members of the Association of Dutch Flower Auctions.

The Netherlands' major export markets are West Germany, France, the United Kingdom, and the United States. West Germany is the largest, receiving over 50 percent of the Netherlands' total flower exports.

Most flowers from the Netherlands (79 percent in 1985) entered the United States through the New York customs district. The Netherlands sold to over 600 importers in the United States in 1985. These importers are located throughout the country, but are concentrated around major metropolitan areas. Dutch flowers are sold by spot sales to these importers. Delivery takes about 12 hours via air carrier.

Selected trade data on the fresh cut flowers subject to investigation from the Netherlands appear in table 41.

Peru 2/

One company, Flores Esmeralda, S.R.L., accounts for over 95 percent of the flowers under investigation exported to the United States from Peru. This firm reported that its exports to the United States were as follows (in thousands of bunches and thousands of dollars):

1/ Imports from the Netherlands subject to investigation are miniature carnations, standard chrysanthemums, alstroemeria, and gerberas. Sources: information provided by the Royal Netherlands Embassy and counsel for the Netherlands Association of Wholesalers in Floricultural Products, and telegram from U.S. embassy, The Hague, Dec. 22, 1986.

2/ Imports from Peru subject to investigation are miniature carnations, pompom chrysanthemums, and gypsophila. Source: letter from counsel for Flores Esmeralda, S.R.L., Dec. 19, 1986.

Table 41.--Certain fresh cut flowers: Netherlands' producers, area in production, and exports, 1983-85, and January-June 1986 1/

Item	1983	1984	1985	January-June-- 1985	January-June-- 1986
Alstroemeria:					
Number of producers.....	128	2/	2/	2/	166
Area in production					
1,000 square feet..	4,520	2/	2/	2/	6,674
Production 3/					
1,000 bunches..	7,325	8,878	9,960	5,002	6,035
Exports, 4/ to--					
United States					
1,000 bunches..	719	822	841	344	288
1,000 dollars..	1,884	1,939	1,952	802	718
Third countries 5/					
1,000 bunches..	3,054	3,336	4,340	2,166	2,506
1,000 dollars..	6,221	5,664	7,357	3,124	5,383
Home market shipments 6/					
1,000 bunches..	3,552	4,720	4,779	2,493	3,240
Carnations: 7/					
Number of producers:					
Miniature carnations.....	737	646	604	2/	577
All carnations.....	1,032	900	853	2/	2/
Area in production:					
Miniature carnations					
1,000 square feet..	31,755	27,341	26,803	2/	25,511
All carnations.....do....	45,210	40,366	38,536	2/	36,706
Production 3/					
Miniature carnations					
1,000 stems..	461,940	398,440	406,840	138,500	151,720
All carnations.....do....	632,332	574,849	570,406	194,880	209,118
Exports 4/ of all carnations, to--					
United States					
1,000 stems..	11,531	17,835	15,305	6,475	6,375
1,000 dollars..	1,844	1,848	2,242	948	1,234
Third countries 5/					
1,000 stems..	512,330	497,047	528,257	222,157	285,766
1,000 dollars..	69,845	60,178	64,758	27,171	43,429
Home market shipments of all carnations 6/					
1,000 stems..	108,471	59,967	26,844	0	0
Standard chrysanthemums: 8/					
Number of producers.....	801	793	797	2/	800
Area in production					
1,000 square feet..	50,915	52,853	55,759	2/	60,280
Production 3/					
1,000 stems..	650,320	690,373	854,038	298,182	343,827

See footnotes at end of table.

Table 41.--Certain fresh cut flowers: Netherlands' producers, area in production, and exports, 1983-85, and January-June 1986 1/--Continued

Item	1983	1984	1985	January-June-- 1985	1986
Standard chrysanthemums--Continued					
Exports, 4/ to--					
United States					
1,000 stems..	4,110	5,408	9,387	2,780	1,492
1,000 dollars..	1,293	1,773	2,379	757	479
Third countries 5/					
1,000 stems..	315,404	342,141	397,345	152,589	184,348
1,000 dollars..	60,312	81,329	92,652	39,966	57,920
Home market shipments 6/					
1,000 stems..	330,806	342,824	447,306	142,813	157,987
Gerberas:					
Number of producers.....	286	279	283	2/	249
Area in production					
1,000 square feet..	27,772	29,709	28,741	2/	26,695
Production 3/					
1,000 stems..	268,613	309,975	320,730	184,414	181,501
Exports, 4/ to--					
United States					
1,000 stems..	11,409	12,691	12,317	5,899	5,321
1,000 dollars..	2,906	3,073	2,916	1,257	1,296
Third countries 5/					
1,000 stems..	230,443	247,166	265,432	140,405	146,639
1,000 dollars..	52,599	48,197	46,600	21,981	29,179
Home market shipments 6/					
1,000 stems..	26,761	50,118	42,981	38,110	29,541

1/ Imports from the Netherlands subject to investigation are miniature carnations, standard chrysanthemums, alstroemeria, and gerberas.
2/ Not available.
3/ Estimated by using data for auction sales of domestic production.
4/ May include exports of imported products.
5/ Does not include exports to Belgium and Luxembourg, therefore data are understated.
6/ Estimated by subtracting exports from production. Exports may include exports of imported products. When this occurs and exports appear at or above the quantity of production, home market shipments are described as zero.
7/ Certain data are available only for all carnations; data for miniature carnations are provided when available.
8/ Includes only flowers grown under glass, therefore data are understated.

Source: Telegram from U.S. embassy, The Hague, Dec. 22, 1986.

Item	1983	1984	1985	January-September 1985	January-September 1986
Quantity:					
Miniature carnations...	***	***	***	***	***
Pompom chrysanthemums..	***	***	***	***	***
Gypsophila.....	***	***	***	***	***
Total.....	***	***	***	***	***
Value:					
Miniature carnations...	***	***	***	***	***
Pompom chrysanthemums..	***	***	***	***	***
Gypsophila.....	***	***	***	***	***
Total.....	***	***	***	***	***

The firm reports that it * * *.

Gypsophila produced by Flores Esmeralda are allegedly much hardier than the variety grown by U.S. producers. The Peruvian flowers reportedly have a longer shelf life, stronger stems, and sell at a higher price than U.S.-produced gypsophila.

Consideration of the Causal Relationship Between Material Injury or the Threat Thereof and Subsidized and LTFV Imports

U.S. imports and market penetration

Data describing both the quantity and value of U.S. imports of standard and miniature carnations and standard and pompom chrysanthemums, and data describing the quantity of U.S. imports of gypsophila, are available for 1983-85, January-September 1985, and January-September 1986. 1/ Data describing the quantity of U.S. imports of alstroemeria and gerberas are available for 1985, January-September 1985, and January-September 1986. Data describing the value of U.S. imports of alstroemeria, gerberas, and gypsophila are not available.

The aggregate quantity of U.S. imports of carnations, chrysanthemums, and gypsophila increased throughout the period of investigation (table 42). The aggregate quantity of imports of all seven of the flowers subject to investigation was 1.3 billion stems in 1985. Imports of the seven subject flowers increased by 19 percent, from 1.0 billion stems during January-September 1985 to 1.2 billion during January-September 1986.

The aggregate value of U.S. imports of carnations and chrysanthemums increased from 1983 to 1984, but then declined from 1984 to 1985 (table 43).

1/ In January 1986, Customs began to require that all entries valued over $1,000 be declared; prior to that time, such a requirement was levied upon all entries valued over $250. Thus, data on value of imports for 1986 are not comparable to those for prior periods.

Table 42.--Certain fresh cut flowers: Quantity 1/ of U.S. imports for consumption, 1983-85, January-September 1985, and January-September 1986

(In thousands of stems)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Standard carnations: 2/					
Canada	186	67	3/ 3,449	3,364	350
Chile	631	2,159	7,242	2,304	4,698
Colombia	532,281	571,239	659,181	493,761	575,238
Costa Rica	1,610	2,720	4,988	3,520	6,573
Ecuador	1,267	2,542	4,843	4,021	5,134
Kenya	144	46	1,707	1,122	320
Mexico	17,998	18,009	19,926	16,888	16,311
Subtotal	554,117	596,782	701,336	524,980	608,624
All other countries	16,156	19,009	17,164	12,176	9,795
Total	570,273	615,791	718,500	537,156	618,419
Miniature carnations: 2/					
Canada	40	14	45	9	161
Colombia	21,510	30,420	41,640	27,900	61,900
Costa Rica	230	200	1,730	980	4,650
Ecuador	1,730	2,600	9,850	7,270	4,600
Israel	10,780	8,390	13,750	10,860	17,310
Kenya	2,400	430	3,110	1,240	370
Netherlands	2,790	1,540	2,600	1,720	4,130
Peru	11,970	8,000	8,580	6,140	9,130
Subtotal	51,450	51,594	81,305	56,119	102,251
All other countries	3,230	2,700	4,140	2,100	3,170
Total	54,680	54,294	85,445	58,219	105,421
Standard chrysanthemums: 2/					
Colombia	22,100	23,726	26,233	19,275	14,813
Ecuador	76	236	224	197	67
Mexico	217	282	466	434	393
Netherlands	3,883	5,401	11,661	6,998	3,454
Subtotal	26,276	29,645	38,584	26,904	18,727
All other countries	919	1,148	1,900	1,645	1,113
Total	27,195	30,793	40,484	28,549	19,840
Pompom chrysanthemums: 2/					
Colombia	347,046	326,622	377,040	279,072	305,136
Costa Rica	6,426	9,594	19,710	16,224	21,330
Ecuador	1,356	1,608	1,764	1,122	1,860
Mexico	2,736	3,942	5,826	3,966	4,626
Peru	5,538	3,162	2,916	2,556	582
Subtotal	363,102	344,928	407,256	302,940	333,534
All other countries	5,338	5,499	4,537	4,100	3,894
Total	368,440	350,427	411,793	307,040	337,428
Gypsophila: 2/					
Colombia	15,547	18,518	30,218	20,358	35,380
Peru	3,610	6,888	26,448	17,429	17,342
Subtotal	19,157	25,406	56,666	37,787	52,722
All other countries	1,511	2,371	3,854	2,365	5,552
Total	20,668	27,777	60,520	40,152	58,274

See footnotes at end of table.

Table 42.--Certain fresh cut flowers: Quantity 1/ of U.S. imports for consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of stems)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Subtotal for the above five flowers:					
Subject imports 4/	1,014,102	1,048,355	1,285,147	948,730	1,115,858
All other imports	27,154	30,727	31,595	22,386	23,524
Total	1,041,256	1,079,082	1,316,742	971,116	1,139,382
Alstroemeria: 2/					
Colombia	5/	5/	22,585	16,475	32,802
Netherlands	5/	5/	8,957	6,808	9,318
Subtotal	5/	5/	31,542	23,283	42,120
All other countries	5/	5/	1,589	1,131	1,351
Total	5/	5/	33,131	24,414	43,471
Gerberas: 2/					
Colombia	5/	5/	3,706	2,594	3,497
Israel	5/	5/	1,993	1,481	1,559
Netherlands	5/	5/	12,633	9,530	6,878
Subtotal	5/	5/	18,332	13,605	11,934
All other countries	5/	5/	708	433	617
Total	5/	5/	19,040	14,038	12,551
Subtotals for the above seven flowers: 6/					
Imports subject to CVD investigations, from--					
Canada	226	81	3,494	3,373	511
Chile	631	2,159	7,242	2,304	4,698
Colombia	21,510	30,420	41,640	27,900	61,900
Costa Rica	8,266	12,514	26,428	20,724	32,553
Ecuador	4,429	6,986	16,681	12,610	11,661
Israel	10,780	8,390	15,743	12,341	18,869
Kenya	2,544	476	4,817	2,362	690
Netherlands	6,673	6,941	35,851	25,056	23,780
Peru	21,118	18,050	37,944	26,125	27,054
Total	76,177	86,017	189,840	132,795	181,716
Imports subject to AD investigations, from--					
Canada	226	81	3,494	3,373	511
Chile	631	2,159	7,242	2,304	4,698
Colombia	938,484	970,525	1,160,603	859,435	1,028,766
Costa Rica	8,266	12,514	26,428	20,724	32,553
Ecuador	4,429	6,986	16,681	12,610	11,661
Kenya	2,544	476	4,817	2,362	690
Mexico	20,951	22,233	26,218	21,288	21,330
Peru	21,118	18,050	37,944	26,125	27,054
Total	996,649	1,033,024	1,283,427	948,221	1,127,263

See footnotes at end of table.

Table 42.--Certain fresh cut flowers: Quantity 1/ of U.S. imports for consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of stems)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Imports subject to AD and/or CVD investigations, from--					
Canada	226	81	3,494	3,373	511
Chile	631	2,159	7,242	2,304	4,698
Colombia	938,484	970,525	1,160,603	859,435	1,028,766
Costa Rica	8,266	12,514	26,428	20,724	32,553
Ecuador	4,429	6,986	16,681	12,610	11,661
Israel	10,780	8,390	15,743	12,341	18,869
Kenya	2,544	476	4,817	2,362	690
Mexico	20,951	22,233	26,218	21,288	21,330
Netherlands	6,673	6,941	35,851	25,056	23,780
Peru	21,118	18,050	37,944	26,125	27,054
Total	1,014,102	1,048,355	1,335,021	985,618	1,169,912
Imports not subject to investigation	27,154	30,727	33,892	23,950	25,492
Total	1,041,256	1,079,082	1,368,913	1,009,568	1,195,404
All flowers other than the subject imports, 7/ from--					
Canada	3,573	4,604	12,416	5,981	4,756
Chile	875	936	1,196	836	1,272
Colombia	157,558	184,796	165,845	123,215	147,174
Costa Rica	517	3,465	8,439	4,596	14,598
Ecuador	60	1,056	2,270	1,646	6,250
Israel	6,948	11,008	13,888	11,275	10,327
Kenya	480	611	796	511	540
Mexico	237,821	258,244	314,638	240,270	302,743
Netherlands	113,772	158,978	227,487	180,311	159,220
Peru	10,309	14,710	7,188	5,408	1,317
Total	531,913	638,408	754,163	574,049	648,197
All other countries	61,393	71,532	113,475	83,038	76,773
Total	593,306	709,940	867,638	657,087	724,970
Total, all fresh cut flowers, from--					
Canada	3,799	4,685	15,910	9,354	5,267
Chile	1,506	3,095	8,438	3,140	5,970
Colombia	1,096,042	1,155,321	1,326,448	982,650	1,175,940
Costa Rica	8,783	15,979	34,867	25,320	47,151
Ecuador	4,489	8,042	18,951	14,256	17,911
Israel	17,728	19,398	29,631	23,616	29,196
Kenya	3,024	1,087	5,613	2,873	1,230
Mexico	258,772	280,477	340,856	261,558	324,073
Netherlands	120,445	165,919	263,338	205,367	183,000
Peru	31,427	32,760	45,132	31,533	28,371

See footnotes at end of table.

Table 42.--Certain fresh cut flowers: Quantity 1/ of U.S. imports for consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of stems)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Total	1,546,015	1,686,763	2,089,184	1,559,667	1,818,109
All other countries	61,393	71,532	113,475	83,038	76,773
Total	1,607,408	1,758,295	2,202,659	1,642,705	1,894,882

1/ Quantities are in thousands of stems. Data reported in bunches are converted to stems using the average number of stems per bunch as reported by USDA. These averages are: miniature carnations, 10; pompom chrysanthemums, 6; gypsophila from Australia, Israel, Kenya, the Netherlands, New Zealand, and Spain, 10; gypsophila from Mexico, 22; and gypsophila from all other countries, 29.
2/ Data are provided separately for those countries for which allegations of dumping or subsidies have been made. Any imports of the specified flower that are not subject to investigation are aggregated in the "All other countries" designation.
3/ Imports from Canada are probably overstated in 1985; see the section entitled "Canada."
4/ "Subject" imports are those imports subject to investigation, i.e., the 7 flowers from the 10 countries specified in the petition. Table A-1, in app. A, summarizes which flowers from each country are subject to investigation. If one of the 7 specified flowers were imported from a country whose exports of that flower are not subject to investigation, then such imports are included in the "All other" designation. For example, imports of gerberas from Canada would be included under "All other."
5/ Not available.
6/ Totals for 1983 and 1984 do not include alstroemeria or gerberas. Totals by country include only subject imports. "Subject" imports are defined in footnote 3 above.
7/ Includes all flowers other than the seven specified flowers, plus any imports of carnations, chrysanthemums, alstroemeria, gerberas, or gypsophila not subject to investigation. (Includes alstroemeria and gerberas subject to investigation in 1983 and 1984, and all flowers from Canada other than carnations and chrysanthemums, because such data cannot be broken out separately). "Subject" imports are defined in footnote 3 above.

Source: Compiled from official statistics of the U.S. Department of Commerce (for Canada) and of the U.S. Department of Agriculture (for all other countries). Estimates were provided by USDA to convert any data compiled in bunches to stems.

Table 43.--Certain fresh cut flowers: Value 1/ of U.S. imports for consumption, 1983-85, January-September 1985, and January-September 1986

(In thousands of dollars)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Standard carnations: 2/					
Canada	26	24	3/ 297	286	46
Chile	36	210	205	56	112
Colombia	45,527	60,701	54,193	42,045	38,012
Costa Rica	47	62	54	38	123
Ecuador	6	57	274	270	263
Kenya	1	-	10	8	11
Mexico	1,415	1,567	816	692	862
Subtotal	47,058	62,621	55,849	43,395	39,429
All other countries	289	851	519	347	561
Total	47,347	63,472	56,368	43,742	39,990
Miniature carnations: 2/					
Canada	63	18	22	10	34
Colombia	3,802	6,759	7,177	5,708	4,506
Costa Rica	30	39	72	25	304
Ecuador	202	495	471	334	173
Israel	2,032	2,308	3,647	3,190	3,376
Kenya	239	312	347	137	122
Netherlands	1,535	2,590	1,291	920	959
Peru	1,792	2,298	2,369	1,585	1,396
Subtotal	9,695	14,819	15,396	11,909	10,870
All other countries	251	253	279	150	191
Total	9,946	15,072	15,675	12,059	11,061
Standard chrysanthemums: 2/					
Colombia	8,449	9,659	9,090	6,914	7,412
Ecuador	5	42	24	22	7
Mexico	5	11	12	2	16
Netherlands	1,077	1,363	959	493	381
Subtotal	9,536	11,075	10,085	7,431	7,816
All other countries	314	978	300	256	201
Total	9,850	12,053	10,385	7,687	8,017
Pompom chrysanthemums: 2/					
Colombia	40,005	48,017	47,432	35,169	34,681
Costa Rica	620	929	1,474	1,105	1,879
Ecuador	130	167	67	51	44
Mexico	114	406	669	547	311
Peru	689	635	715	679	165
Subtotal	41,558	50,154	50,357	37,551	37,080
All other countries	998	1,087	382	330	403
Total	42,556	51,241	50,739	37,881	37,483

See footnotes at end of table.

Table 43.--Certain fresh cut flowers: Value 1/ of U.S. imports for consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of dollars)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Subtotals for the above four flowers: 4/					
Imports subject to CVD investigations, from--					
Canada	89	42	319	296	80
Chile	36	210	205	56	112
Colombia	3,802	6,759	7,177	5,708	4,506
Costa Rica	697	1,030	1,600	1,168	2,306
Ecuador	343	761	836	677	487
Israel	2,032	2,308	3,647	3,190	3,376
Kenya	240	312	357	145	133
Netherlands	2,612	3,953	2,250	1,413	1,340
Peru	2,481	2,933	3,084	2,264	1,561
Total	12,332	18,308	19,475	14,917	13,901
Imports subject to AD investigations, from--					
Canada	89	42	319	296	80
Chile	36	210	205	56	112
Colombia	97,783	125,136	117,892	89,836	84,611
Costa Rica	697	1,030	1,600	1,168	2,306
Ecuador	343	761	836	677	487
Kenya	240	312	357	145	133
Mexico	1,534	1,984	1,497	1,241	1,189
Peru	2,481	2,933	3,084	2,264	1,561
Total	103,203	132,408	125,790	95,683	90,479
Imports subject to AD and/or CVD investigations, from--					
Canada	89	42	319	296	80
Chile	36	210	205	56	112
Colombia	97,783	125,136	117,892	89,836	84,611
Costa Rica	697	1,030	1,600	1,168	2,306
Ecuador	343	761	836	677	487
Israel	2,032	2,308	3,647	3,190	3,376
Kenya	240	312	357	145	133
Mexico	1,534	1,984	1,497	1,241	1,189
Netherlands	2,612	3,953	2,250	1,413	1,340
Peru	2,481	2,933	3,084	2,264	1,561
Total	107,847	138,669	131,687	100,286	95,195
Imports not subject to investigation	1,852	3,169	1,480	1,083	1,356
Total	109,699	141,838	133,167	101,369	96,551

See footnotes at end of table.

Table 43.--Certain fresh cut flowers: Value 1/ of U.S. imports for consumption, 1983-85, January-September 1985, and January-September 1986--Continued

(In thousands of dollars)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
All flowers other than the subject imports, 5/ from--					
Canada	2,793	4,030	3,180	1,446	2,019
Chile	24	48	69	44	60
Colombia	39,952	47,017	52,757	40,507	50,667
Costa Rica	153	865	913	643	1,529
Ecuador	24	258	180	151	721
Israel	1,965	4,497	7,803	6,540	5,957
Kenya	50	34	56	32	118
Mexico	1,869	2,504	2,851	2,319	4,710
Netherlands	42,143	64,162	75,705	55,227	62,025
Peru	768	1,789	3,366	2,439	1,820
Total	89,741	125,205	146,879	109,350	129,626
All other countries	8,452	12,635	15,978	11,233	11,465
Total	98,193	137,840	162,857	120,582	141,091
Total, all fresh cut flowers, from--					
Canada	2,882	4,072	3,499	1,742	2,099
Chile	60	258	274	100	172
Colombia	137,735	172,153	170,649	130,343	135,278
Costa Rica	850	1,895	2,513	1,811	3,835
Ecuador	367	1,019	1,016	828	1,208
Israel	3,997	6,805	11,450	9,730	9,333
Kenya	290	346	413	177	251
Mexico	3,403	4,488	4,348	3,560	5,899
Netherlands	44,755	68,115	77,955	56,640	63,365
Peru	3,249	4,722	6,450	4,703	3,381
Total	197,588	263,874	278,566	209,636	224,821
All other countries	8,452	12,635	15,978	11,233	11,465
Total	206,040	276,509	294,544	220,868	236,286

1/ The value of imports is the c.i.f. value plus calculated duties. These data are from a different source than data on the quantity of imports, described elsewhere in this report. The two sets of data cannot be directly compared.
2/ Data are provided separately for those countries for which allegations of dumping or subsidies have been made. Any imports of the specified flower that are not subject to investigation are aggregated under "All other countries."
3/ Imports from Canada are overstated in 1985; see the section entitled "Canada."
4/ Separate data for alstroemeria, gerberas, and gypsophila are not available. Totals by country include only subject imports. "Subject" imports are those imports subject to investigation, i.e., the 7 flowers from the 10 countries specified in the petition. Table A-1, in app. A, summarizes which flowers from each country are subject to investigation.
5/ Includes all flowers other than the four flowers separately presented, plus any imports of carnations or chrysanthemums not subject to investigation.

Footnotes continued on following page.

Footnotes for table 43--Continued.

Includes alstroemeria, gerberas, and gypsophila that are subject to investigation because data for these flowers cannot be broken out separately. "Subject" imports are defined in footnote 4, above.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

The value of imports of flowers other than carnations and chrysanthemums (including alstroemeria, gerberas, and gypsophila) increased throughout the period of investigation.

As a share of the quantity of consumption of carnations, chrysanthemums, and gypsophila, imports subject to investigation declined slightly during 1983-84 (table 44). As a share of the quantity of consumption of carnations, chrysanthemums, alstroemeria, gerbera, and gypsophila, imports subject to investigation increased from 57 percent in 1985 to 62 percent in January-September 1986.

As a share of the value of consumption of carnations and chrysanthemums, imports subject to investigation increased during 1983-84 and declined during 1984-85, reaching 49 percent in 1985 (table 45). As a share of the value of imports of flowers other than carnations and chrysanthemums (including alstroemeria, gerberas, and gypsophila), imports increased during 1984-85.

Canada.--Imports from Canada subject to investigation are standard and miniature carnations. The quantity of such imports fell from 226,000 stems in 1983 to 81,000 in 1984, and then sharply increased to 3.5 million stems in 1985. Data for 1985, however, are overstated; see the section entitled "Canada" under the heading "Consideration of the threat of material injury to an industry in the United States." As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports from Canada subject to investigation accounted for less than 0.05 percent in all periods except 1985.

If official statistics describing total imports subject to investigation from Canada are corrected to include in 1985 only imports from the three firms known to export from Canada, the following change would occur (in thousands of stems): 1/

				Jan.-Sept.--	
	1983	1984	1985	1985	1986
Official statistics..	226	81	3,494	3,373	511
Corrected data.....	226	81	***	***	511

1/ The three firms are Renkema Florists, Tage Hansen Greenhouses, and Unsworth Greenhouses (posthearing brief of Flowers Canada, Inc., p. 2). Total imports from these firms in 1985 were approximately *** stems (conversation with Mr. B. Wilson, Flowers Canada, Feb. 10, 1987).

Table 44.--Certain fresh cut flowers: Shares of the quantity of apparent U.S. consumption held by imports and by U.S. producers' shipments, 1/ 1983-85, January-September 1985, and January-September 1986

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Standard carnations:					
Canada	2/	2/	0.3	0.4	2/
Chile	0.1	0.2	.7	.3	0.6
Colombia	62.1	62.7	65.3	66.6	70.5
Costa Rica	.2	.3	.5	.5	.8
Ecuador	.2	.3	.5	.5	.6
Kenya	2/	2/	.2	.2	2/
Mexico	2.1	2.0	2.0	2.3	2.0
Subtotal	64.6	65.5	69.5	70.8	74.6
All other countries	1.9	2.1	1.7	1.6	1.2
Total	66.5	67.6	71.2	72.5	75.8
U.S. producers' shipments	33.5	32.4	28.8	27.6	24.2
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
Miniature carnations:					
Canada	2/	2/	2/	2/	.1
Colombia	13.6	18.4	19.7	18.6	29.7
Costa Rica	.2	.1	.8	.7	2.2
Ecuador	1.1	1.6	4.7	4.8	2.2
Israel	6.8	5.1	6.5	7.2	8.3
Kenya	1.5	.3	1.5	.8	.2
Netherlands	1.8	.9	1.2	1.1	2.0
Peru	7.6	4.8	4.1	4.1	4.4
Subtotal	32.6	31.2	38.5	37.3	49.0
All other countries	2.1	1.6	2.0	1.4	1.5
Total	34.7	32.8	40.5	38.7	50.6
U.S. producers' shipments	65.3	67.2	59.5	61.3	49.5
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
Standard chrysanthemums:					
Colombia	24.1	24.0	26.2	29.2	27.8
Ecuador	.1	.2	.2	.3	.1
Mexico	.2	.3	.5	.7	.7
Netherlands	4.2	5.5	11.7	10.6	6.5
Subtotal	28.7	30.0	38.6	40.8	35.1
All other countries	1.0	1.2	1.9	2.5	2.1
Total	29.7	31.2	40.5	43.3	37.2
U.S. producers' shipments	70.3	68.8	59.5	56.7	62.8
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

Table 44.--Certain fresh cut flowers: Shares of the quantity of apparent U.S. consumption held by imports and by U.S. producers' shipments, 1/ 1983-85, January-September 1985, and January-September 1986--Continued

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Pompom chrysanthemums:					
Colombia	47.1	45.9	46.9	49.7	52.5
Costa Rica	.9	1.4	2.5	2.9	3.7
Ecuador	.2	.2	.2	.2	.3
Mexico	.4	.6	.7	.7	.8
Peru	.8	.4	.4	.5	.1
Subtotal	49.3	48.5	50.6	53.9	57.3
All other countries	.7	.8	.6	.7	.7
Total	50.0	49.3	51.2	54.6	58.0
U.S. producers' shipments	50.0	50.7	48.8	45.4	42.0
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
Gypsophila:					
Colombia	24.0	22.0	24.7	23.4	29.9
Peru	5.6	8.2	21.6	20.0	14.7
Subtotal	29.6	30.1	46.4	43.4	44.6
All other countries	2.3	2.8	3.2	2.7	4.7
Total	31.9	32.9	49.5	46.1	49.3
U.S. producers' shipments	68.1	67.1	50.5	53.9	50.7
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
Alstroemeria:					
Colombia	3/	3/	34.9	31.0	42.9
Netherlands	3/	3/	13.9	12.8	12.2
Subtotal	3/	3/	48.8	43.8	55.1
All other countries	3/	3/	2.5	2.1	1.8
Total	3/	3/	51.3	45.9	56.9
U.S. producers' shipments	3/	3/	48.8	54.1	43.1
Apparent U.S. consumption	3/	3/	100.0	100.0	100.0
Gerberas:					
Colombia	3/	3/	12.2	11.5	16.5
Israel	3/	3/	6.6	6.6	7.4
Netherlands	3/	3/	41.6	42.1	32.4
Subtotal	3/	3/	60.4	60.2	56.3
All other countries	3/	3/	2.3	1.9	2.9
Total	3/	3/	62.8	62.1	59.2
U.S. producers' shipments	3/	3/	37.3	37.9	40.8
Apparent U.S. consumption	3/	3/	100.0	100.0	100.0

See footnotes at end of table.

Table 44.--Certain fresh cut flowers: Shares of the quantity of apparent U.S. consumption held by imports and by U.S. producers' shipments, 1/ 1983-85, January-September 1985, and January-September 1986--Continued

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
All of the above seven flowers combined: 4/					
Subject imports 5/ from--					
Canada	2/	2/	.2	.2	2/
Chile	2/	.1	.3	.1	.3
Colombia	48.7	48.4	49.6	51.1	54.9
Costa Rica	.4	.6	1.1	1.2	1.7
Ecuador	.2	.4	.7	.8	.6
Israel	.6	.4	.7	.7	1.0
Kenya	.1	2/	.2	.1	2/
Mexico	1.1	1.1	1.1	1.3	1.1
Netherlands	.4	.4	1.5	1.5	1.3
Peru	1.1	.9	1.6	1.6	1.4
Subtotal	52.6	52.3	57.0	58.6	62.4
All other imports	1.4	1.5	1.5	1.4	1.4
Total imports	54.0	53.9	58.5	60.0	63.7
U.S. producers' shipments	46.0	46.1	41.5	40.0	36.3
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
All flowers other than the above seven flowers: 6/					
Imports from--					
Canada	3/	.3	.6	3/	3/
Chile	3/	.1	.1	3/	3/
Colombia	3/	10.4	8.5	3/	3/
Costa Rica	3/	.2	.4	3/	3/
Ecuador	3/	.1	.1	3/	3/
Israel	3/	.6	.7	3/	3/
Kenya	3/	2/	2/	3/	3/
Mexico	3/	14.5	16.2	3/	3/
Netherlands	3/	8.9	11.7	3/	3/
Peru	3/	.8	.4	3/	3/
Subtotal	3/	35.8	38.7	3/	3/
All other countries	3/	4.0	5.8	3/	3/
Total imports	3/	39.8	44.5	3/	3/
U.S. producers' shipments	3/	60.2	55.5	3/	3/
Apparent U.S. consumption	3/	100.0	100.0	3/	3/
Total, all fresh cut flowers, 7/ from--					
Canada	3/	.1	.4	3/	3/
Chile	3/	.1	.2	3/	3/
Colombia	3/	30.8	31.2	3/	3/
Costa Rica	3/	.4	.8	3/	3/

See footnotes at end of table.

Table 44.--Certain fresh cut flowers: Shares of the quantity of apparent U.S. consumption held by imports and by U.S. producers' shipments, 1/ 1983-85, January-September 1985, and January-September 1986--Continued

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Ecuador	3/	.2	.5	3/	3/
Israel	3/	.5	.7	3/	3/
Kenya	3/	2/	.1	3/	3/
Mexico	3/	7.5	8.0	3/	3/
Netherlands	3/	4.4	6.2	3/	3/
Peru	3/	.9	1.1	3/	3/
Subtotal	3/	44.9	49.1	3/	3/
All other countries	3/	1.9	2.7	3/	3/
Total imports	3/	46.8	51.8	3/	3/
U.S. producers' shipments	3/	53.2	48.3	3/	3/
Apparent U.S. consumption	3/	100.0	100.0	3/	3/

1/ Apparent U.S. consumption is derived by adding the quantity of imports to the quantity of U.S. producers' shipments. Data on imports are compiled from published statistics. Data on U.S. producers' shipments are estimated based on published statistics. For a complete explanation of the method used for estimating U.S. producers' shipments, see the section entitled "U.S. producers' shipments." For further information on available data describing the U.S. industry, see the section entitled "Statistical information used in this report."
2/ Less than 0.05 percent.
3/ Not available.
4/ 1983 and 1984 totals do not include imports of alstroemeria or gerberas.
5/ "Subject" imports are those imports subject to investigation, i.e., carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru. Table A-1, in app. A, summarizes which flowers from each country are subject to investigation. If one of the 7 specified flowers were imported from a country whose exports of that flower are not subject to investigation, then such imports are included in the "All other" category.
6/ Includes imports of flowers that are not subject to investigation, i.e., (1) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru that are not subject to investigation, (2) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from any other country, and (3) any imports of any other flower from any country. (Because certain data cannot be broken out separately, this category also includes imports that are subject to investigation. These are alstroemeria and gerberas for 1983 and 1984). U.S. producers' shipments of all other fresh cut flowers are estimated by subtracting data for specified flowers from those for all flowers.
7/ Data for all fresh cut flowers are estimated as described in the sections entitled "U.S. producers' shipments" and "U.S. imports."

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. Department of Agriculture, and data submitted in response to questionnaires of the U.S. International Trade Commission.

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

Table 45.--Certain fresh cut flowers: Shares of the value of apparent U.S. consumption held by imports and by U.S. producers' shipments, 1/ 1983-85, January-September 1985, and January-September 1986

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Standard carnations:					
Canada	2/	2/	0.3	0.4	0.1
Chile	2/	0.2	.2	.1	.2
Colombia	53.6	59.6	52.9	54.9	51.3
Costa Rica	.1	.1	.1	.1	.2
Ecuador	2/	.1	.3	.4	.4
Kenya	2/	2/	2/	2/	2/
Mexico	1.7	1.5	.8	.9	1.2
Subtotal	55.4	61.5	54.6	56.7	53.2
All other countries	.3	.8	.5	.5	.8
Total	55.7	62.3	55.1	57.1	53.9
U.S. producers' shipments	44.3	37.7	45.0	42.9	46.1
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
Miniature carnations:					
Canada	.3	.1	.1	2/	.1
Colombia	15.9	22.6	20.8	21.9	16.6
Costa Rica	.1	.1	.2	.1	1.1
Ecuador	.8	1.7	1.4	1.3	.6
Israel	8.5	7.7	10.6	12.3	12.5
Kenya	1.0	1.0	1.0	.5	.5
Netherlands	6.4	8.7	3.7	3.5	3.5
Peru	7.5	7.7	6.9	6.1	5.2
Subtotal	40.4	49.5	44.6	45.7	40.1
All other countries	1.1	.8	.8	.6	.7
Total	41.5	50.3	45.4	46.3	40.8
U.S. producers' shipments	58.5	49.7	54.6	53.7	59.2
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
Standard chrysanthemums:					
Colombia	26.3	27.7	23.6	27.8	32.1
Ecuador	2/	.1	.1	.1	2/
Mexico	2/	2/	2/	2/	.1
Netherlands	3.4	3.9	2.5	2.0	1.7
Subtotal	29.6	31.8	26.2	29.9	33.9
All other countries	1.0	2.8	.8	1.0	.9
Total	30.6	34.6	27.0	30.9	34.8
U.S. producers' shipments	69.4	65.4	73.0	69.1	65.2
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

Table 45.--Certain fresh cut flowers: Shares of the value of apparent U.S. consumption held by imports and by U.S. producers' shipments, 1/ 1983-85, January-September 1985, and January-September 1986--Continued

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Pompom chrysanthemums:					
Colombia	47.7	52.4	49.5	51.2	51.8
Costa Rica	.7	1.0	1.5	1.6	2.8
Ecuador	.2	.2	.1	.1	.1
Mexico	.1	.4	.7	.8	.5
Peru	.8	.7	.8	1.0	.3
Subtotal	49.5	54.7	52.5	54.7	55.3
All other countries	1.2	1.2	.4	.5	.6
Total	50.7	55.9	52.9	55.2	55.9
U.S. producers' shipments	49.3	44.1	47.1	44.8	44.1
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
Subtotal, above four flowers:					
Subject imports 3/ from--					
Canada	2/	2/	.1	.2	2/
Chile	2/	.1	.1	2/	.1
Colombia	43.4	48.4	43.5	45.8	44.2
Costa Rica	.3	.4	.6	.6	1.2
Ecuador	.2	.3	.3	.4	.3
Israel	.9	.9	1.3	1.6	1.8
Kenya	.1	.1	.1	.1	.1
Mexico	.7	.8	.6	.6	.6
Netherlands	1.2	1.5	.8	.7	.7
Peru	1.1	1.1	1.1	1.2	.8
Subtotal	47.9	53.7	48.5	51.1	49.8
All other imports	.8	1.2	.6	.6	.7
Total imports	48.7	54.9	49.1	51.7	50.5
U.S. producers' shipments	51.3	45.1	50.9	48.3	49.5
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
All flowers other than the above four flowers: 4/					
Imports from--					
Canada	5/	1.0	.7	5/	5/
Chile	5/	2/	2/	5/	5/
Colombia	5/	11.6	11.5	5/	5/
Costa Rica	5/	.2	.2	5/	5/
Ecuador	5/	.1	2/	5/	5/
Israel	5/	1.1	1.7	5/	5/
Kenya	5/	2/	2/	5/	5/
Mexico	5/	.6	.6	5/	5/
Netherlands	5/	15.8	16.5	5/	5/
Peru	5/	.4	.7	5/	5/
Subtotal	5/	30.8	32.0	5/	5/
All other countries	5/	3.1	3.5	5/	5/
Total imports	5/	33.9	35.5	5/	5/
U.S. producers' shipments	5/	66.1	64.5	5/	5/
Apparent U.S. consumption	5/	100.0	100.0	5/	5/

See footnotes at end of table.

Table 45.--Certain fresh cut flowers: Shares of the value of apparent U.S. consumption held by imports and by U.S. producers' shipments, 1/ 1983-85, January-September 1985, and January-September 1986--Continued

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Total, all fresh cut flowers, 6/ from--					
Canada	5/	.6	.5	5/	5/
Chile	5/	2/	2/	5/	5/
Colombia	5/	26.0	23.4	5/	5/
Costa Rica	5/	.3	.3	5/	5/
Ecuador	5/	.2	.1	5/	5/
Israel	5/	1.0	1.6	5/	5/
Kenya	5/	.1	.1	5/	5/
Mexico	5/	.7	.6	5/	5/
Netherlands	5/	10.3	10.7	5/	5/
Peru	5/	.7	.9	5/	5/
Subtotal	5/	39.9	38.2	5/	5/
All other imports	5/	1.9	2.2	5/	5/
Total imports	5/	41.8	40.4	5/	5/
U.S. producers' shipments	5/	58.2	59.6	5/	5/
Apparent U.S. consumption	5/	100.0	100.0	5/	5/

1/ Apparent U.S. consumption is derived by adding the value of imports (c.i.f. value plus calculated duties) to the value of U.S. producers' shipments. Data on imports are compiled from official statistics of the U.S. Department of Commerce. Data on U.S. producers' shipments are compiled from USDA statistics and from estimates based on data submitted in response to Commission questionnaires. For a complete explanation of the method used for estimating U.S. producers' shipments, see the section entitled "U.S. producers' shipments." For further information on available data describing the U.S. industry, see the section entitled "Statistical information used in this report."
2/ Less than 0.05 percent.
3/ "Subject" imports are those imports subject to investigation, i.e., carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru. Table A-1, in app. A, summarizes which flowers from each country are subject to investigation. If one of the 7 specified flowers were imported from a country whose exports of that flower are not subject to investigation, then such imports are included under "Other imports." For example, imports of pompom chrysanthemums from Canada would be included under "Other imports."
4/ Includes imports of flowers that are not subject to investigation, i.e., (1) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru that are not subject to investigation, (2) any imports of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila from any other country, and (3) any imports of any other flower from any

Footnote contined on following page.

Footnotes for table 45--Continued.

country. (Because certain data cannot be broken out separately, this category also includes imports that are subject to investigation. These are alstroemeria, gerberas, and gypsophila for all periods). U.S. producers' shipments of all other fresh cut flowers are estimated by subtracting data for carnations and chrysanthemums from those for all fresh cut flowers.
5/ Not available.
6/ Data for all fresh cut flowers are estimated as described in the sections entitled "U.S. producers' shipments" and "U.S. imports."

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. Department of Agriculture, and data submitted in response to questionnaires of the U.S. International Trade Commission.

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

As a result of such a correction, imports from Canada accounted for less than 0.05 percent of the quantity of apparent U.S. consumption of the seven flowers specified in the petition in all periods.

One Canadian firm, Unsworth Greenhouses, was excluded from Commerce's final countervailing duty determination. The following tabulation subtracts estimated data for Unsworth from the corrected Canadian import data presented above (in thousands of stems): 1/

				Jan.-Sept.--	
	1983	1984	1985	1985	1986
Corrected data less Unsworth.....	***	***	***	***	***

Chile.--Imports from Chile subject to investigation are standard carnations. The quantity of such imports followed a sharply increasing trend, growing from 631,000 stems in 1983 to 7.2 million stems in 1985, and from 2.3 million stems in January-September 1985 to 4.7 million in January-September 1986. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports from Chile subject to investigation accounted for less than 0.05 percent in 1983. This share rose to 0.3 percent in 1985 and January-September 1986.

One Chilean firm, Soc. Flores Del Sur Ltda., was excluded from Commerce's final antidumping determination. The following tabulation subtracts estimated

1/ Unsworth's 1985 exports were *** stems; no other data are available. Therefore, Unsworth is estimated to have had similar exports during 1983, 1984, and 1986.

data for Soc. Flores Del Sur 1/ from data on imports from Chile ("quantity" is in thousands of stems; "share" is the share of total consumption of the seven flowers specified in the petition, in percent):

	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Total imports					
Quantity.....	631	2,159	7,242	2,304	4,698
Share.....	1/	0.1	0.3	0.1	0.3
Imports less Soc. Flores Del Sur:					
Quantity.....	***	***	***	***	***
Share.....	***	***	***	***	***

1/ Less than 0.05 percent.

Colombia.--Imports from Colombia subject to a countervailing duty investigation are miniature carnations; imports subject to an antidumping investigation are standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila. 2/ The quantity of imports of miniature carnations and of all seven flowers followed a steadily increasing trend. Imports of miniature carnations grew from 21.5 million stems in 1983 to 41.6 million in 1985, and from 27.9 million stems in January-September 1985 to 61.9 million in January-September 1986. Imports of all seven flowers grew from 938.5 million stems in 1983 to 1.2 billion stems in 1985, and from 859.4 million stems in January-September 1985 to 1.0 billion in January-September 1986. As a share of the quantity of apparent U.S. consumption of miniature carnations, imports of miniature carnations from Colombia accounted for 13.6 percent in 1983. This share rose to 19.7 percent in 1985 and 29.7 percent in January-September 1986. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports of these seven flowers from Colombia accounted for 48.7 percent in 1983. This share rose to 49.6 percent in 1985 and 54.9 percent in January-September 1986. Throughout the period of investigation, Colombia was the largest supplier to the United States of each of the seven flowers specified in the petition, with the exception of gerberas, which were supplied principally by the Netherlands.

Costa Rica.--Imports from Costa Rica subject to investigation are standard and miniature carnations and pompom chrysanthemums. The quantity of such imports followed a steadily increasing trend, growing from 8.3 million stems in 1983 to 26.4 million stems in 1985, and from 20.7 million stems in

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1/ Soc. Flores Del Sur began operations in * * *. Data are estimated based on January 1985-May 1986 exports by the firm of *** stems (conversation with * * *, U.S. Department of Commerce, Feb. 10, 1987).

2/ Data on the quantity and value of imports from Colombia that exclude imports from three firms that had zero or de minimis margins in Commerce's final antidumping determination, and corresponding data on such imports' shares of apparent U.S. consumption, are presented in memoranda INV-K-023 and INV-K-024, both of Feb. 27, 1987.

January-September 1985 to 32.6 million in January-September 1986. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports from Costa Rica subject to investigation accounted for 0.4 percent in 1983. This share rose to 1.1 percent in 1985 and 1.7 percent in January-September 1986.

Ecuador.--Imports from Ecuador subject to investigation are standard and miniature carnations and standard and pompom chrysanthemums. The quantity of such imports followed an increasing trend through 1985, growing from 4.4 million stems in 1983 to 16.7 million stems in 1985. In January-September 1986, however, imports declined to 11.7 million stems, down from 12.6 million in the corresponding period of 1985. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports from Ecuador subject to investigation accounted for 0.2 percent in 1983. This share rose to 0.7 percent in 1985 and then declined to 0.6 percent in January-September 1986.

One Ecuadorean firm, Flores Equinocciales, was excluded from Commerce's final antidumping determination. The following tabulation subtracts estimated data for Flores Equinocciales from data on imports from Ecuador ("quantity" is in thousands of stems; "share" is the share of total consumption of the seven flowers specified in the petition, in percent): 1/

				Jan.-Sept.--	
	1983	1984	1985	1985	1986
Total imports					
Quantity.....	4,429	6,986	16,681	12,610	11,661
Share.....	0.2	0.4	0.7	0.8	0.6
Imports less Flores Equinocciales:					
Quantity.....	***	***	***	***	***
Share.....	***	***	***	***	***

Israel.--Imports from Israel subject to investigation are miniature carnations and gerberas; data on imports of gerberas are not available for 1983 and 1984. Imports of miniature carnations fell from 10.8 million stems in 1983 to 8.4 million in 1984. Total imports of both miniature carnations and gerberas were 15.7 million stems in 1985 (13.8 million of which were miniature carnations). Total imports increased from 12.3 million stems in January-September 1985 to 18.9 million in January-September 1986. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports of miniature carnations from Israel accounted for 0.6 percent in 1983 and 0.4 percent in 1984. The corresponding share of imports of both miniature carnations and gerberas rose from 0.7 percent in 1985 to 1.0 percent in January-September 1986.

1/ Flores Equinocciales' first operating period was * * *. Data are estimated based on exports by the firm of *** stems over the operating period (letter from counsel for Expoflores, Feb. 11, 1987).

Kenya.--Imports from Kenya subject to investigation are standard and miniature carnations. After falling from 2.5 million stems in 1983 to 476,000 in 1984, imports increased to 4.8 million stems in 1985. In January-September 1986, however, imports declined to 690,000 stems, down from 2.4 million in the corresponding period of 1985. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports from Kenya subject to investigation accounted for 0.1 percent in 1983. This share rose to 0.2 percent in 1985 and then fell to less than 0.05 percent in January-September 1986.

Mexico.--Imports from Mexico subject to investigation are standard carnations and standard and pompom chrysanthemums. The quantity of such imports followed a steadily increasing trend through 1985, growing from 21.0 million stems in 1983 to 26.2 million stems in 1985. In January-September 1986, imports were about the same as those in January-September 1985, at 21.3 million stems. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports from Mexico subject to investigation accounted for 1.1 percent in 1983. This share held approximately steady through January-September 1986.

The Netherlands.--Imports from the Netherlands subject to investigation are miniature carnations, standard chrysanthemums, alstroemeria, and gerberas; data on imports of alstroemeria and gerberas are not available for 1983 and 1984. Imports of miniature carnations and standard chrysanthemums rose from 6.7 million stems in 1983 to 6.9 million in 1984. Total imports of all four flowers subject to investigation were 35.9 million stems in 1985 (14.3 million of which were miniature carnations and standard chrysanthemums). Total imports declined from 25.1 million stems in January-September 1985 to 23.8 million in January-September 1986. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports of miniature carnations and standard chrysanthemums accounted for 0.4 percent in 1983 and 1984. The corresponding share of imports of all four flowers subject to investigation fell from 1.5 percent in 1985 to 1.3 percent in January-September 1986.

Peru.--Imports from Peru subject to investigation are miniature carnations, pompom chrysanthemums, and gypsophila. After falling from 21.1 million stems in 1983 to 18.1 million in 1984, imports increased to 37.9 million stems in 1985, and increased again, from 26.1 million stems in January-September 1985 to 27.1 million in January-September 1986. As a share of the quantity of apparent U.S. consumption of the seven flowers specified in the petition, imports from Peru subject to investigation accounted for 1.1 percent in 1983. This share rose to 1.6 percent in 1985, but fell to 1.4 percent in January-September 1986.

Cumulation

In addition to the discussion below, information presented in other sections of this report may be useful to any cumulative assessment of the impact of imports on the U.S. industry. The sections entitled "Market factors," "Channels of distribution," "U.S. imports and market penetration," and "Pricing" contain information on the volume and price effects of imports,

and whether imports compete with each other and with like products of the domestic industry in the U.S. market.

Ports of entry of imports.--The principal U.S. port of entry for all imports of the seven flowers subject to investigation, throughout the period of investigation, was Miami, followed by New York, Chicago, and Los Angeles. Table 46 describes the major ports of entry for each of the countries whose imports are subject to investigation. In general, imports from Canada enter through the northern border, principally Buffalo. Imports from Chile, Colombia, Costa Rica, Ecuador, and Peru enter through Miami. Imports from Israel, Kenya, and the Netherlands enter through New York. Imports from Mexico enter through the southwestern border, principally Houston and San Diego.

Despite some diversity in principal ports of entry, imports from all countries appear to be traded in generally similar market areas. A witness at the public hearing gave an example of an instance where imports destined for Ohio would be entered through Miami rather than New York because of the better transportation system available at Miami. 1/

Market penetration of subsidized and LTFV imports.--The aggregate quantities and values of both subsidized and LTFV imports steadily increased as a share of apparent U.S. consumption during the period of investigation table 47). The aggregate share of subsidized imports was less than that of LTFV imports principally because of imports from Colombia: those subject to an antidumping investigation include standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila, whereas those subject to a countervailing duty investigation include only miniature carnations.

Competition with like products.--Flores Esmeralda, S.R.L., a Peruvian grower, alleges that its gypsophila differs from U.S. grown gypsophila and concludes that "the domestic consumer does not consider Peruvian and U.S. gypsophila to be a like product, and the Commission should so find." 2/ This argument may also be relevant to determining whether Peruvian gypsophila should be cumulated with imports from other countries. Gypsophila from Peru is generally highly priced compared to other gypsophila (see the section entitled "Prices") and considered to be of high quality. 3/

1/ Transcript of the hearing, p. 187.
2/ Prehearing brief of Flores Esmeralda, S.R.L., p. 10.
3/ Conversation with * * *, Jan. 22, 1987; appendices to prehearing brief of Flores Esmeralda, S.R.L.

Table 46.--Certain fresh cut flowers: Major ports of entry of imported flowers, 1/ by country, 1983-85, January-September 1985, and January-September 1986 2/

(In percent)

Item	1983	1984	1985	January-September-- 1985	1986
Canada:					
Standard carnations:					
Buffalo	52	100	5	3	43
Miami 3/	48	0	94	96	57
Wilmington, NC	0	0	1	1	0
Miniature carnations:					
Buffalo	88	72	81	100	33
Miami 3/	12	0	10	0	27
Ogdensburg, NY	0	0	10	0	39
Total:					
Buffalo	78	88	11	7	39
Miami 3/	22	0	88	92	44
Ogdensburg, NY	0	0	1	0	17
Chile:					
Standard carnations:					
Los Angeles	0	0	5	18	0
Miami	100	86	85	82	90
San Francisco	0	13	0	0	10
Colombia:					
Standard carnations:					
Miami	100	100	100	100	100
Miniature carnations:					
Miami	100	100	100	100	100
Standard chrysanthemums:					
Miami	99	98	100	100	100
San Juan	1	2	0	0	0
Pompom chrysanthemums:					
Miami	96	97	97	97	97
San Juan	4	3	3	3	3
Other fresh cut flowers: 4/					
Miami	95	95	97	96	97
San Juan	5	5	3	4	3
Total:					
Miami	98	98	98	98	98
San Juan	2	2	2	2	2
Costa Rica:					
Standard carnations:					
Houston	0	6	19	26	0
Los Angeles	0	3	6	8	2
Miami	100	90	70	58	98

See footnotes at end of table.

Table 46.--Certain fresh cut flowers: Major ports of entry of imported flowers, 1/ by country, 1983-85, January-September 1985, and January-September 1986 2/--Continued

(In percent)

Item	1983	1984	1985	January-September-- 1985	1986
Miniature carnations:					
Houston	0	46	0	0	0
Los Angeles	3	0	3	0	37
Miami	93	54	96	96	63
Pompom chrysanthemums:					
Los Angeles	0	4	0	0	1
Miami	100	96	100	100	99
Total:					
Houston	0	2	1	1	0
Los Angeles	0	4	0	0	6
Miami	100	94	99	98	94
Ecuador:					
Standard carnations:					
Miami	100	98	97	97	75
New York	0	2	3	3	25
Miniature carnations:					
Miami	69	96	91	95	72
New York	31	4	9	5	28
Standard chrysanthemums:					
Miami	100	7	21	14	29
New York	0	93	79	86	71
Pompom chrysanthemums:					
Miami	100	95	42	25	91
New York	0	5	58	75	9
Total:					
Miami	82	91	87	88	75
New York	18	9	13	12	25
Israel:					
Miniature carnations:					
Chicago	10	3	1	1	0
Los Angeles	0	0	7	8	5
New York	88	93	92	91	89
Other fresh cut flowers: 4/					
Chicago	7	6	10	9	9
Los Angeles	0	2	12	15	5
New York	90	90	78	75	86
Total:					
Chicago	9	5	6	6	5
Los Angeles	0	1	10	12	5
New York	89	81	83	82	87
Kenya:					
Standard carnations:					
Chicago	0	0	80	100	100
Miami	0	0	20	0	0
New York	100	0	0	0	0

See footnotes at end of table.

Table 46.--Certain fresh cut flowers: Major ports of entry of imported flowers, 1/ by country, 1983-85, January-September 1985, and January-September 1986 2/--Continued

(In percent)

Item	1983	1984	1985	January-September-- 1985	1986
Miniature carnations:					
Chicago	11	35	13	24	3
Miami	0	1	1	4	0
New York	89	63	85	72	97
Total:					
Chicago	11	35	15	28	11
Miami	0	1	2	3	0
New York	89	63	83	68	89
Mexico:					
Standard carnations:					
Houston	19	16	17	19	32
San Diego	68	63	63	63	36
San Francisco	3	6	9	10	5
Standard chrysanthemums:					
Houston	40	27	25	0	81
Miami	0	0	17	100	0
New York	0	73	58	0	13
Pompom chrysanthemums:					
Houston	29	29	35	36	59
Miami	1	12	29	33	11
San Diego	44	51	26	23	23
Total:					
Houston	20	19	25	26	40
Miami	4	6	15	16	9
San Diego	66	60	46	45	32
The Netherlands:					
Miniature carnations:					
Chicago	4	8	9	9	12
New York	78	79	80	82	64
San Francisco	0	4	3	2	4
Standard chrysanthemums:					
Chicago	3	3	5	4	18
New York	74	85	81	82	61
Washington, DC	4	5	7	8	14
Other fresh cut flowers: 4/					
Chicago	11	12	11	12	11
Los Angeles	8	9	8	8	8
New York	65	64	67	67	66
Total:					
Chicago	11	12	11	12	11
Los Angeles	8	8	7	7	8
New York	65	65	68	67	66

See footnotes at end of table.

Table 46.--Certain fresh cut flowers: Major ports of entry of imported flowers, 1/ by country, 1983-85, January-September 1985, and January-September 1986 2/--Continued

(In percent)

Item	1983	1984	1985	January-September-- 1985	1986
Peru:					
Miniature carnations:					
Miami	100	100	100	100	99
Pompom chrysanthemums:					
Miami	100	99	100	100	100
Other fresh cut flowers: 4/					
Los Angeles	0	0	18	24	2
Miami	100	100	82	75	98
Total:					
Los Angeles	0	0	9	12	1
Miami	100	100	91	87	99

1/ Includes only flowers subject to investigation.
2/ The major ports of entry for imports of each flower subject to investigation are listed, by country of export, together with the share of the total value of imports of the flower accounted for by each port. Value data are c.i.f. value. Data for 1986 were gathered on a different basis than those for the prior years (see the section entitled "Apparent U.S. consumption") and so may not be comparable to prior-year data. The use of shares of total data, however, should substantially correct problems of comparability between 1986 and prior-year data.
3/ Imports from Canada are overstated in 1985; those from Miami are likely to be reshipments or incorrect classifications of Colombian imports.
4/ Includes alstroemeria, gerberas, and/or gypsophila, as appropriate, data for which are not available separately. The category "Other fresh cut flowers" includes all flowers other than carnations, chrysanthemums, roses, and (in 1986 only) orchids.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 47.--Certain fresh cut flowers: Shares of the quantity of apparent U.S. consumption held by subsidized and LTFV imports, 1/ 1983-85, January-September 1985, and January-September 1986

(In percent)

Item	1983	1984	1985	Jan.-Sept.-- 1985	1986
Imports subject to CVD investigations, from--					
Canada	2/	2/	0.1	0.2	2/
Chile	2/	0.1	.3	.1	.3
Colombia	1.1	1.5	1.8	1.7	3.3
Costa Rica	.4	.6	1.1	1.2	1.7
Ecuador	.2	.3	.7	.7	.6
Israel	.6	.4	.7	.7	1.0
Kenya	.1	2/	.2	.1	2/
Netherlands	.3	.3	1.5	1.5	1.3
Peru	1.1	.9	1.6	1.6	1.4
Total	3.9	4.3	8.1	7.9	9.7
Imports subject to AD investigations, from--					
Canada	2/	2/	.1	.2	2/
Chile	2/	.1	.3	.1	.3
Colombia	48.7	48.4	49.6	51.1	54.8
Costa Rica	.4	.6	1.1	1.2	1.7
Ecuador	.2	.3	.7	.7	.6
Kenya	.1	2/	.2	.1	2/
Mexico	1.1	1.1	1.1	1.3	1.1
Peru	1.1	.9	1.6	1.6	1.4
Total	51.7	51.6	54.8	56.3	60.1

1/ Data in this table describe the share of apparent U.S. consumption of carnations, chrysanthemums, alstroemeria, gerberas, and gypsophila accounted for by imports subject to countervailing duty and antidumping investigations, by country. Apparent U.S. consumption is derived by adding the quantity of imports to the quantity of U.S. producers' shipments. Data on imports are compiled from published statistics. Data on U.S. producers' shipments are estimated based on published statistics and Commission questionnaires. For a complete explanation of the method used for estimating U.S. producers' shipments, see the section entitled "U.S. producers' shipments." For further information on available data describing the U.S. industry, see the section entitled "Statistical information used in this report."
2/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. Department of Agriculture, and data submitted in response to questionnaires of the U.S. International Trade Commission.

Prices

Fresh cut flowers are sold in one of three ways: standing order sales, spot market sales, and consignment sales. Standing orders are generally sales made at fixed prices, with quantities varying depending on purchaser demand. 1/ One domestic grower reported that standing order prices are determined annually based on the cost of production for the previous year, as well as what the market is willing to pay for the flowers. 2/ An importer reported basing standing order prices on prices quoted to it by the exporting farm, adding in profit, customs entry fees, box and handling charges, and freight. 3/ Several growers and importers reported that standing order prices can be renegotiated during the year if available quantities are low due to factors such as adverse weather conditions.

Prices for fresh cut flowers sold on the spot market fluctuate almost constantly due to variations in the daily market supply. Importers involved in the spot market report that the first price quotes of a morning are based on the price received the previous day as well as on the volume of stems or bunches available on that particular day. Sales occur daily, usually over the telephone. Spot prices tend to move around fixed standing order prices, with spot sales commanding higher prices than standing orders during peak periods, and lower prices during off-peak periods.

In consignment sales, shippers (and grower/shippers) take delivery of and sell a grower's flowers for a commission that generally ranges from 20 to 25 percent. 4/

U.S. growers have traditionally sold under standing order arrangements, and importers reported increased standing order sales. Both U.S. growers and importers make spot and consignment sales. Domestic growers and importers agree that standing order sales are preferred to spot and consignment sales because standing orders insure fixed prices and a stable cash flow.

Purchaser questionnaires and conversations with wholesalers indicated that wholesalers are moving away from standing order purchases. * * * explained that during the seventies standing orders were important in order to have a reliable, year-round source of flowers. However, as more domestic and imported flowers entered the market, the need for standing orders diminished. Many wholesalers agreed that while they do maintain some standing orders, they are willing to risk playing the spot market because they know that high quality flowers will be available.

Demand for fresh cut flowers is highly seasonal, with peak periods occurring during the first, second and fourth quarters. Prices tend to rise dramatically during these peaks, especially around Valentine's Day and Mother's Day. In addition to seasonal demand, unfavorable weather conditions

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1/ * * *.
2/ Meeting with * * *, Nov. 21, 1986.
3/ Conversation with * * *, Dec. 18, 1986.
4/ * * *.

and plant disease directly affect the daily price of fresh cut flowers. Also important in explaining price fluctuations is that in an industry where the product in question is a perishable good, inventories cannot be maintained, thus at times of high demand, all parties involved will be able to sell at escalated prices. The color of a flower also influences its price, especially during holiday periods. For example, a green tinted carnation costs more than a carnation of a different color during the week prior to St. Patrick's Day. Red is in greatest demand for Valentine's Day, while pastels prevail for Mother's Day.

Carnations and chrysanthemums, as well as many other types of flowers, are graded for quality on factors such as stem length and size of the bloom. Higher grades bring higher prices. The grading standards are not governmentally imposed, but were adopted by the Society of American Florists and are used voluntarily by growers and packers. Grading techniques vary, for imports, between ports in California and Florida. 1/ Flowers from the Netherlands are graded by the auctioneer as they are put up for bidding.

Differences in grade are reflected in the price received for fresh cut flowers. For example, carnations are graded as standard, fancy, and select. Growers and importers agree that domestically-grown "fancy" carnations are generally comparable in quality to imported "select" carnations. Imported fancy carnations, and standard carnations from all sources are generally priced lower than domestic fancy and imported select grades.

Importers and wholesalers were asked whether there exist any distinguishing physical characteristics between the domestic and imported fresh cut flowers. Importers agreed that imported flowers provide greater varieties of fresh cut flowers to the market, as well as a steady, year-round supply. Many importers also believed that imported flowers are of a better quality than domestic flowers, and for this reason are often higher priced.

* * *, a leading wholesaler of fresh cut flowers, stated that the criteria for purchasing flowers are quality, availability, and then price. All wholesalers who handle both domestic and imported flowers agreed that it is most important for them to provide customers with the best quality available, regardless of whether these flowers are U.S.-grown or imported. Most wholesalers agreed with importers that imports provide wider varieties and a more constant supply than domestic flowers. * * *, a wholesaler of fresh cut flowers * * *, listed 32 varieties of gerberas, 19 varieties of pompoms, and 30 varieties of carnations not available from U.S. growers. Finally, many wholesalers also stated that imported flowers often have a longer shelf-life than domestic flowers, as well as larger blooms, more blooms per stem, better packing, and a greater number of colors. Thus importers provide fresh cut flowers that are of a higher quality than those grown in the United States.

1/ Conversation with Mr. Fred Teensma, USDA Federal-State Market News Service.

Lead times for delivery of imported fresh cut flowers average from one to three days, with most flowers from South America and the Netherlands arriving within 24 hours from the time the order is placed. Importers reported slightly longer lead times, of 3 to 4 days, for flowers from Israel and Kenya. Flowers arriving from foreign countries must be cleared by the Animal and Plant Health Inspection Service (APHIS) and the U.S. Customs Service in the port of entry before being transported to the importers' warehouse. This clearing process normally takes from 2 to 4 hours.

Price data used in this report.--Price information presented in the following sections is derived from both published data of the USDA and responses to Commission questionnaires. Data in Ornamental Crops National Market Trends, a USDA weekly publication on the flower and foliage industry, report weekly high and low prices for standard and miniature carnations, standard and pompom chrysanthemums, gypsophila, and alstroemeria. 1/ Domestic prices quoted in the report are compiled from information gathered by regional offices of the USDA. These regional offices, located in California and Florida, collect weekly data through telephone surveys of high volume shippers. Import prices are reported f.o.b. Miami, for sales of imported fresh cut flowers from Colombia, Costa Rica, Guatemala, 2/ and Peru, based on a weekly sample of prices received on sales of cut flowers by high volume shippers in the Miami area.

Commission questionnaires with usable price data were received from 80 U.S. growers. Questionnaires were received from 37 importers (some of which included information for more than one country). The following tabulation presents the names of the countries whose imports were the subject of the Commission's pricing questions, and the number of firms reporting imports from each country:

Country	Number of importers responding
Canada	0
Chile	1
Colombia	28
Costa Rica	5
Ecuador	6
Israel	2
Kenya	1
Mexico	5
Netherlands	4
Peru	3

1/ USDA data presented in this report are for the following grades of flowers:

Type	Domestic grade	Imported grade
Standard carnations	Fancy	Select
Standard chrysanthemums	Extra-large	Large
Pompom chrysanthemums	Assorted	Cushions

2/ Imports from Guatemala are not subject to investigation.

Commission questionnaires requested pricing information on each of the seven flowers specified in the petitions underlying these investigations, for standing order sales, spot sales, and consignment sales. Domestic growers and importers were asked to submit an average price, net of packing and box charges, freight, and insurance, for all sales that occurred during the following weeks in 1984-1986:

1984	1985	1986
January 8-14 1/	January 6-12 1/	January 5-11 1/
January 29-February 4 2/	February 3-9 2/	February 2-8 2/
April 29-May 5 3/	April 28-May 4 3/	April 27-May 3 3/
August 5-11 1/	August 4-10 1/	August 3-9 1/
November 4-10 1/	November 3-9 1/	November 2-8 1/
December 9-15 4/	December 8-14 4/	

1/ non-holiday period.
2/ Holiday period (Valentine's Day).
3/ Holiday period (Mother's Day).
4/ Holiday period (Christmas).

Growers and importers agreed that sales during the February, April/May and December weeks would command a premium price due to increased demand at holiday periods (Valentine's Day, Mother's Day, and Christmas), while the remaining weeks would represent sales during periods of limited demand and low price, thus demonstrating sales at high and low annual prices during any given year.

Trends derived from USDA data.--Figures 1 through 6, developed by plotting the low price reported for each week of each month, January 1984-September 1986, 1/ demonstrate the wide monthly price fluctuations in the fresh cut flower industry. These fluctuations were extreme during all years, for all flower types. Table 48 shows, for each type of flower in 1984 and 1985, the low and high USDA-reported prices, as well as the percentage difference between the two prices.

Quarterly average prices were also constructed from USDA data (tables 49 through 51), by computing the midpoints of the ranges of weekly market prices as quoted by the USDA, and then calculating quarterly averages.

Demand and prices for fresh cut flowers are highly seasonal, following cycles with prices tending to peak during the first, second and fourth quarters, with the sharpest rises occurring, in most instances, during February and May. Import prices tended to move similarly to those of domestic growers during the peak periods, and remained below domestic grower prices during off-peak periods. This pattern is most evident for standard and

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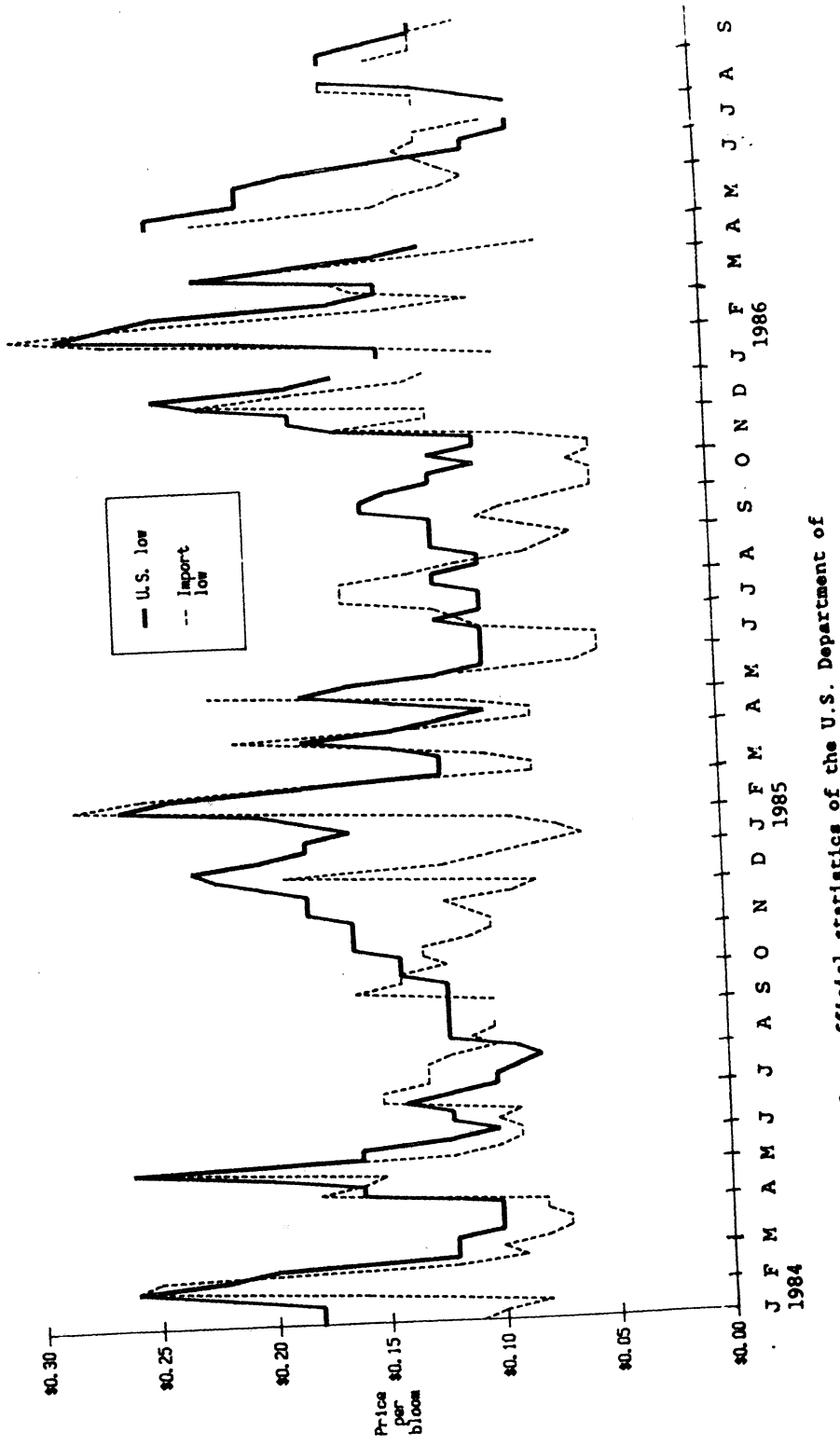
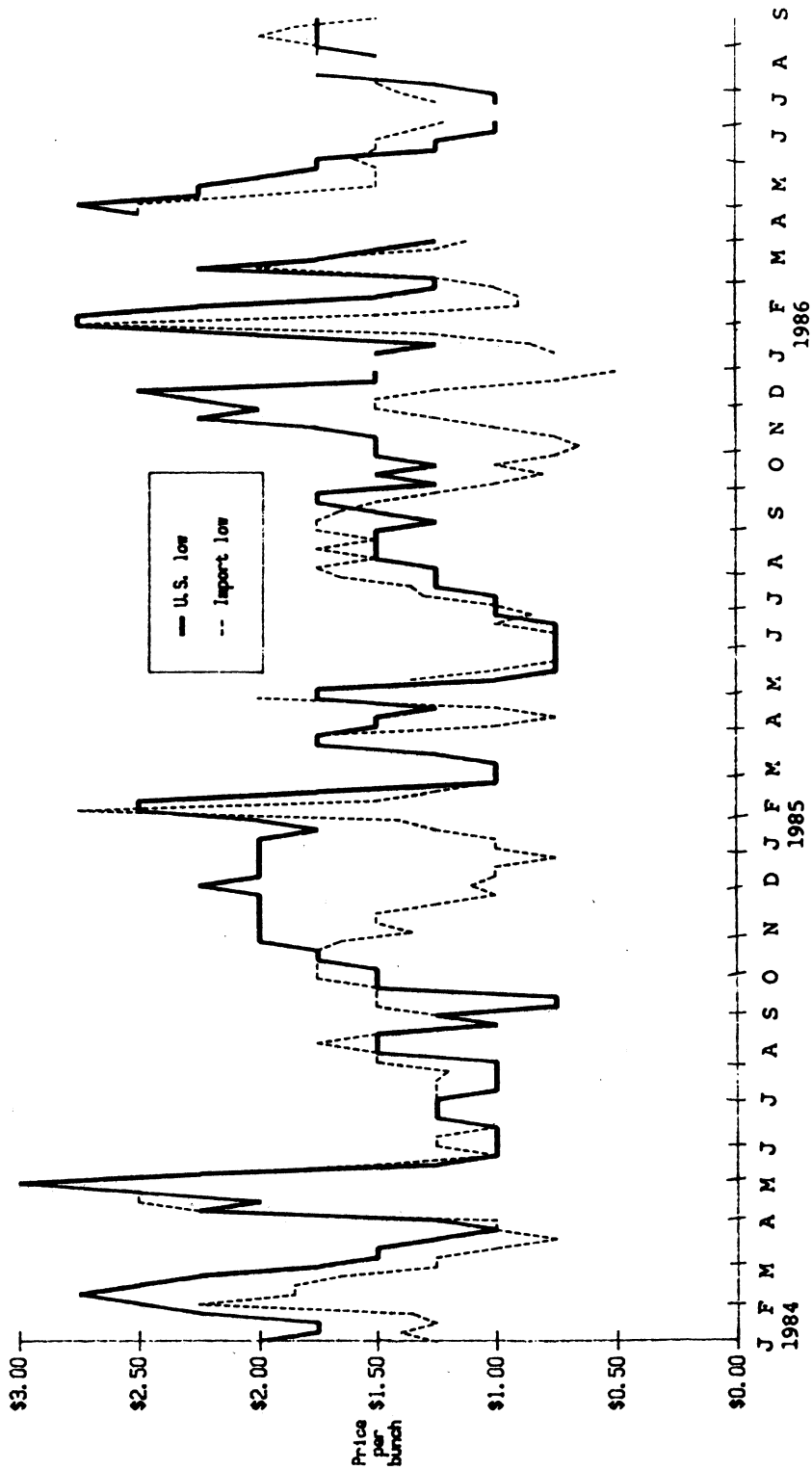
1/ Plotting high prices as reported in Ornamental Crops showed similar overall movements to those revealed by plotting low prices.

Figure 1.--Standard Carnations: Low U.S. grower and import prices, by week, January 1984-September 1986



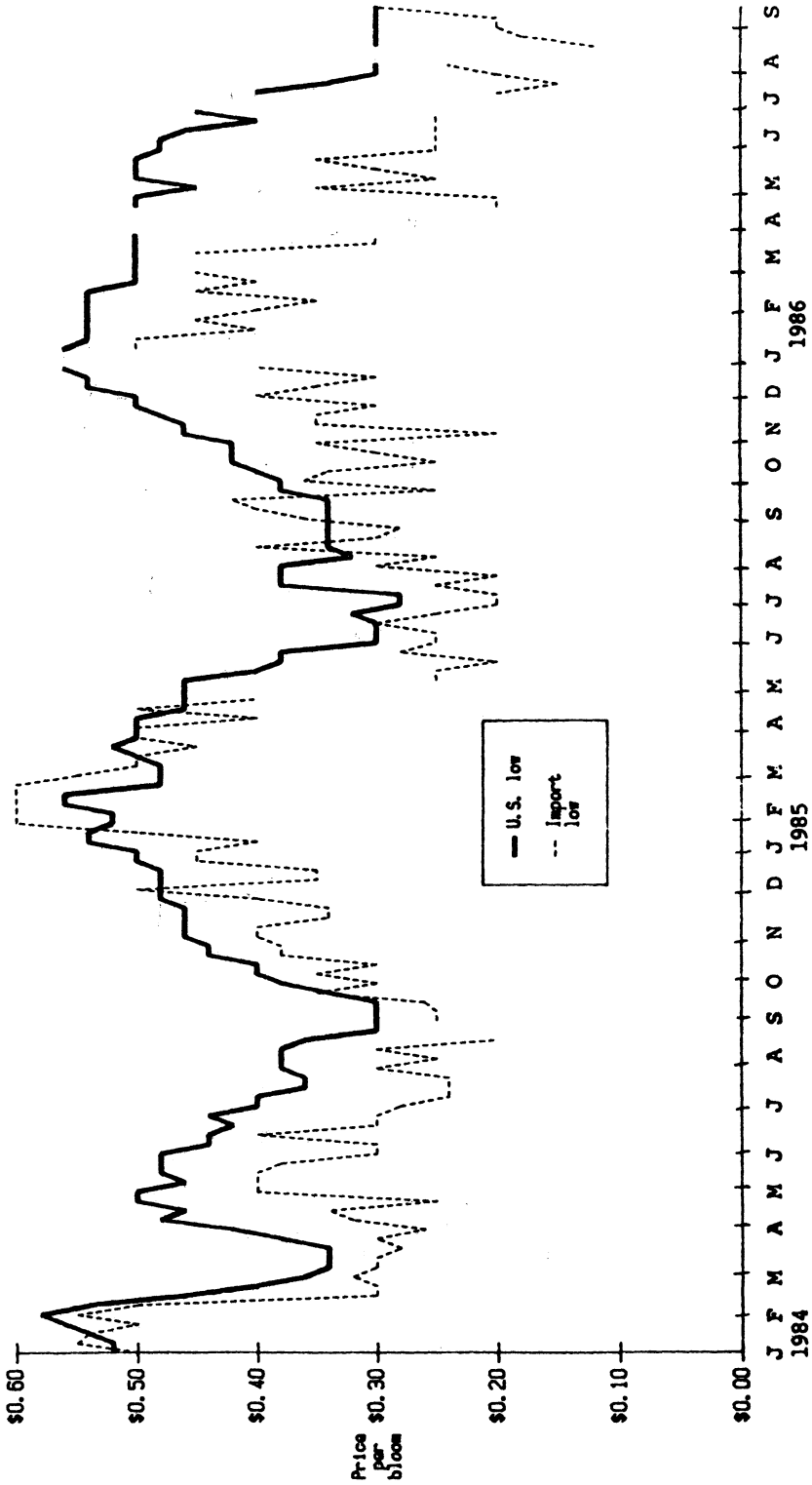
Source: Compiled from official statistics of the U.S. Department of Agriculture

Figure 2.--Miniature Carnations: Low U.S. grower and import prices, by weeks, January 1984-September 1986



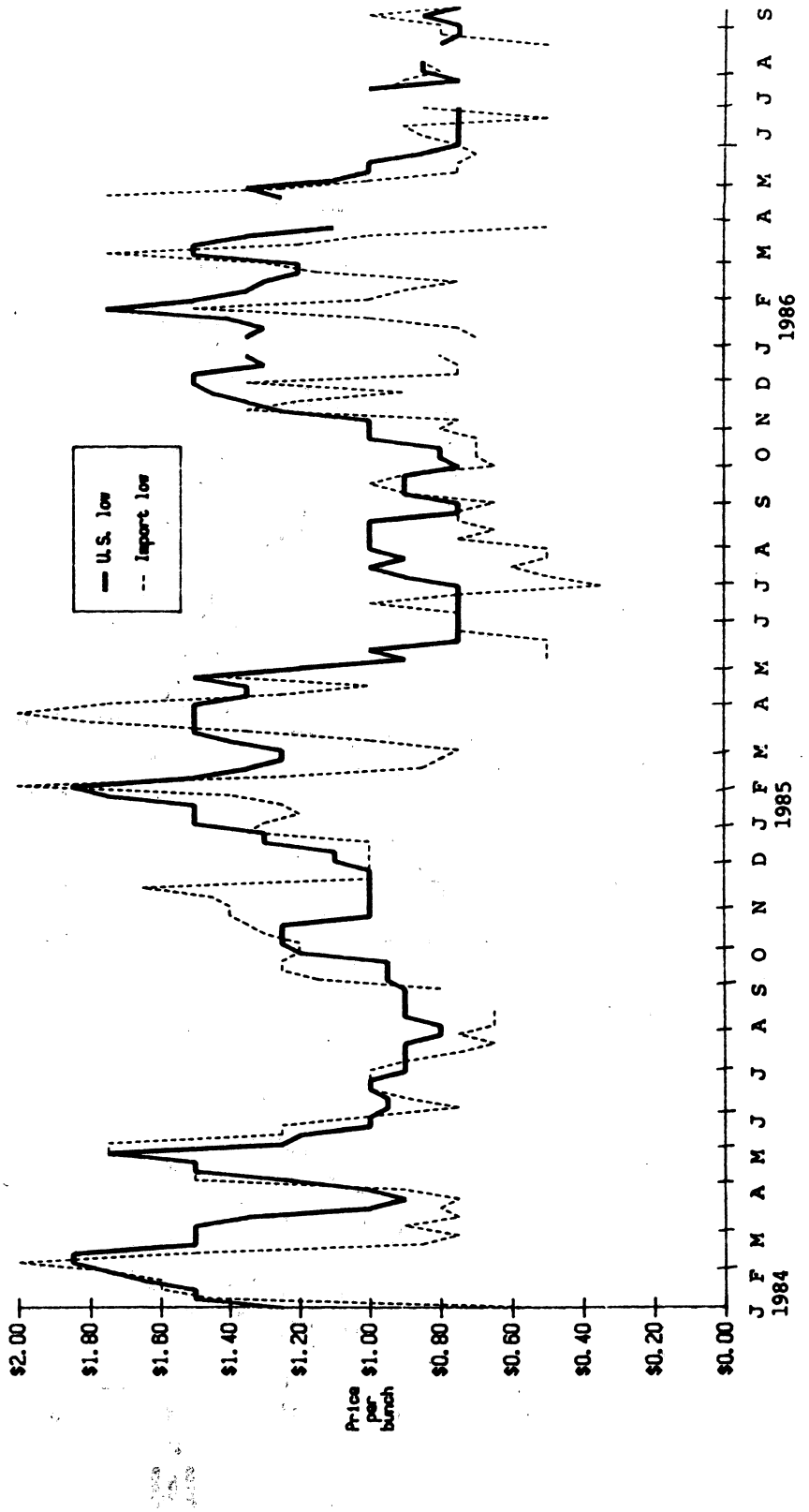
Source: Compiled from official statistics of the U.S. Department of Agriculture

Figure 3.--Standard Chrysanthemums: Low U.S. grower and import prices, by weeks, January 1984-September 1986



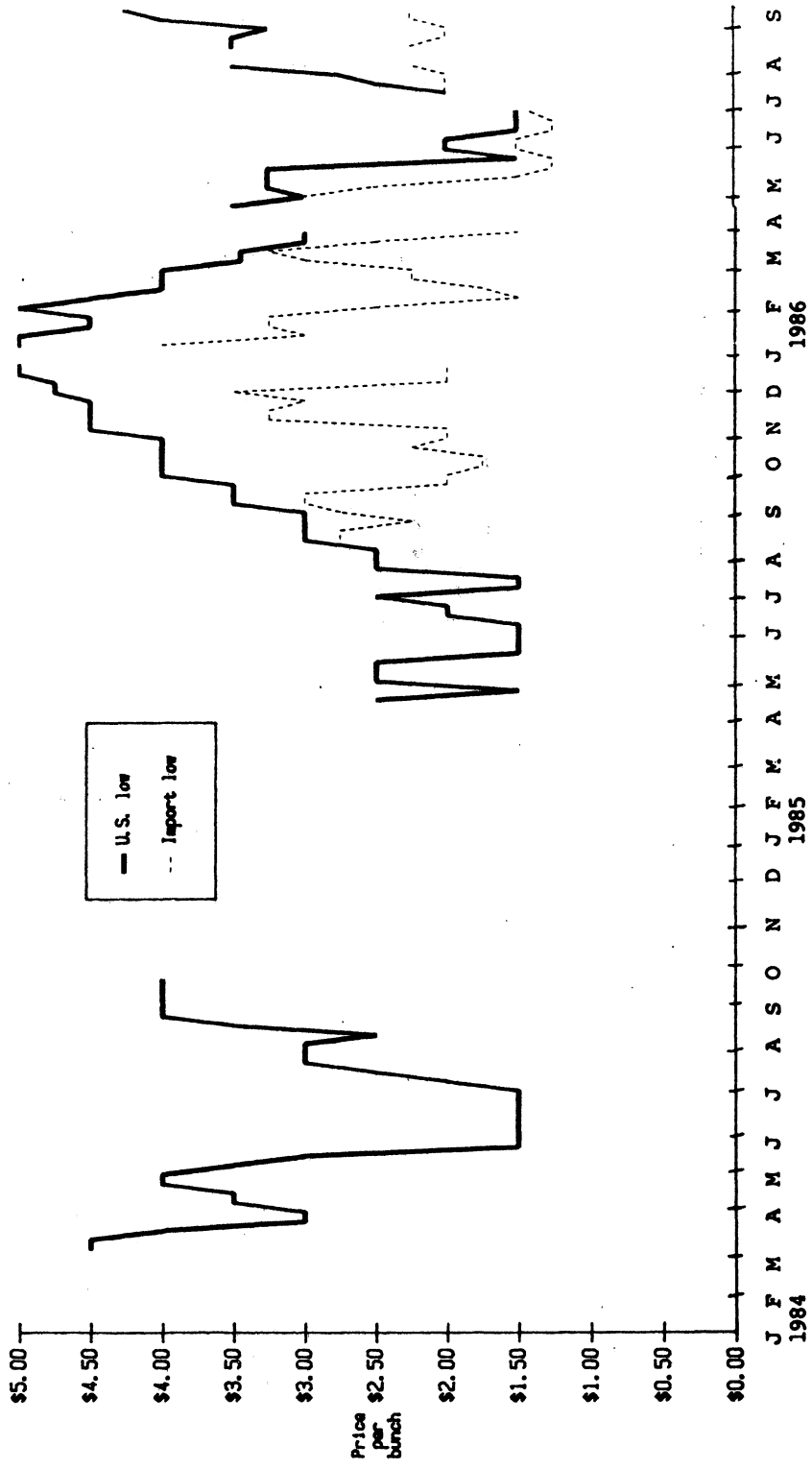
Source: Compiled from official statistics of the U.S. Department of Agriculture

Figure 4.--Pompom Chrysanthemums: Low U.S. grower and import prices, by weeks, January 1984-September 1986



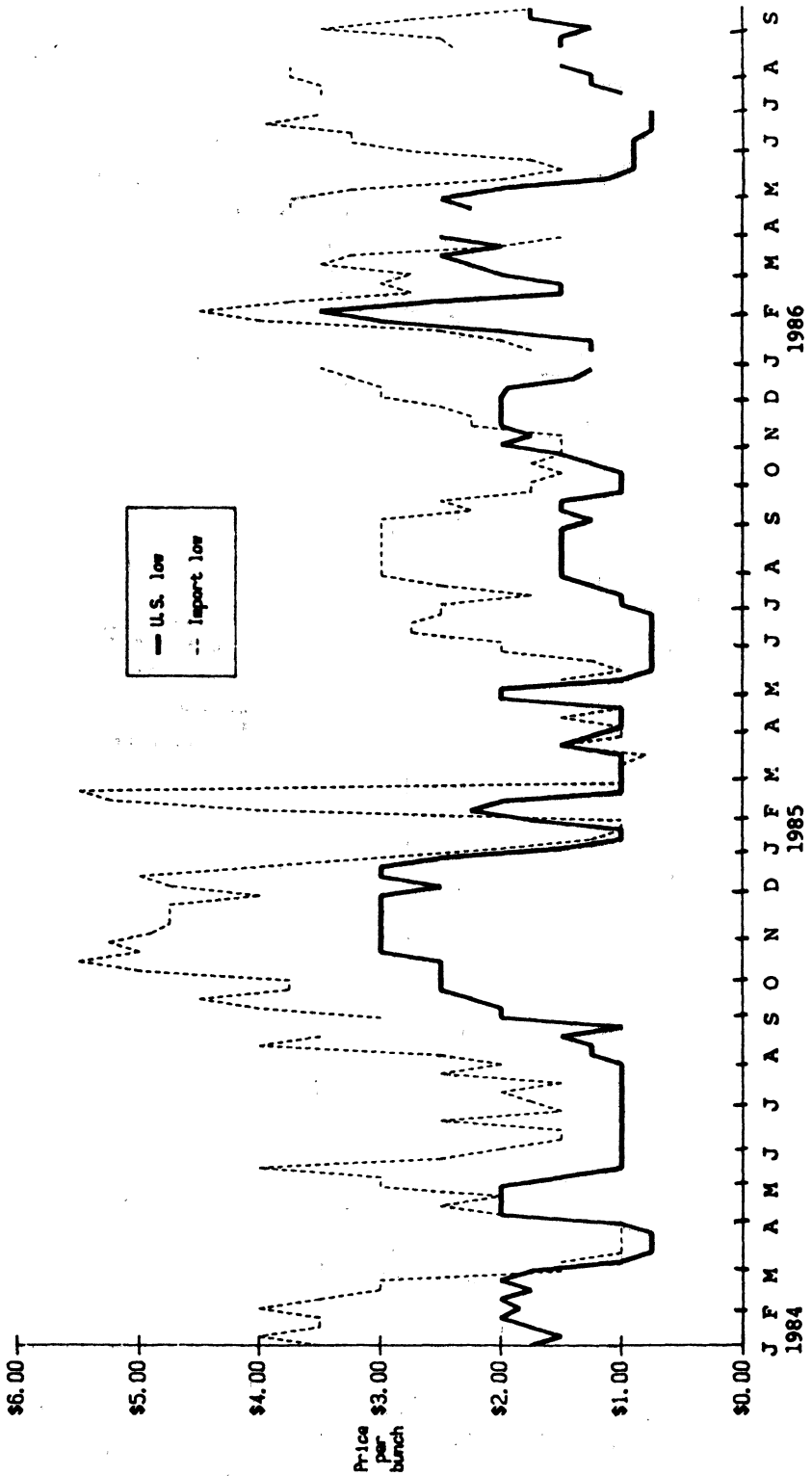
Source: Compiled from official statistics of the U.S. Department of Agriculture

Figure 5.--Alstroemeria: Low U.S. grower and import prices, by weeks, January 1984-September 1986



Source: Compiled from official statistics of the U.S. Department of Agriculture

Figure 6.--Gypsophila: Low U.S. grower and import prices, by weeks, January 1984-September 1986



Source: Compiled from official statistics of the U.S. Department of Agriculture

Table 48.--Certain fresh cut flowers: High and low annual prices for selected flowers, compiled from prices for the first full week of each month, 1984-85

Item	U.S. production		Imports	
	1984	1985	1984	1985
Standard carnations: 1/				
High	$0.30	$0.28	$0.28	$0.27
Low	.10	.10	.07	.04
Change from low to high.....percent..	200	180	300	575
Miniature carnations: 2/				
High	3.50	3.00	3.00	2.75
Low	1.00	.75	1.00	.75
Change from low to high.....percent..	250	300	200	267
Standard chrysanthemums: 1/				
High	.58	.56	.60	.60
Low	.30	.32	.25	.25
Change from low to high.....percent..	93	75	140	140
Pompom chrysanthemums: 2/				
High	2.35	2.25	2.50	2.25
Low	.80	.75	.50	.50
Change from low to high.....percent..	194	200	400	350
Gypsophila: 2/				
High	3.25	3.50	5.35	4.50
Low	1.00	.75	1.50	1.00
Change from low to high.....percent..	225	367	257	350

1/ Price per bloom/stem.
2/ Price per bunch.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

miniature carnations and standard and pompom chrysanthemums (figures 1 through 4). Gypsophila prices are the exception, with prices of imports remaining above those of domestic growers in all but a few months.

Due to the volatility in prices caused by these factors price trends are not easily determined. Examining trends on a quarter to quarter basis (e.g. January-March 1984 to January-March 1986), however, suggests general, yet still inconclusive, movements in prices for both the domestic and imported flowers. Quarter to quarter comparisons showed both increasing and decreasing prices within each type of flower, depending on which quarter is chosen for analysis.

Table 49.--Average quarterly prices for sales of standard and miniature carnations, by U.S. growers and importers, January-March 1984 through July-September 1986

Period	Standard carnations		Miniature carnations	
	Grower	Importer	Grower	Importer
	-----Per bloom-----		------Per bunch-----	
1984:				
January-March	$0.18	.14	$2.14	$1.58
April-June	.16	.14	1.92	1.83
July-September	.12	.13	1.33	1.46
October-December	.19	.12	2.10	1.50
1985:				
January-March	.19	.15	1.92	1.36
April-June	.14	.11	1.40	1.15
July-September	.14	.11	1.53	1.54
October-December	.17	.11	1.89	1.08
1986:				
January-March	.21	.18	2.07	1.30
April-June	.19	.13	2.07	1.76
July-September	.13	.13	1.61	1.59

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 50.--Average quarterly prices for sales of standard and pompom chrysanthemums, by U.S. growers and importers, January-March 1984 through July-September 1986

Period	Standard chrysanthemums		Pompom chrysanthemums	
	Grower	Importer	Grower	Importer
	-----Per bloom-----		------Per bunch-----	
1984:				
January-March	$0.48	.44	$1.65	$1.29
April-June	.49	.40	1.34	1.32
July-September	.38	.32	1.10	.91
October-December	.47	.40	1.29	1.28
1985:				
January-March	.54	.53	1.75	1.33
April-June	.45	.36	1.37	1.06
July-September	.37	.33	1.07	.70
October-December	.47	.33	1.33	.94
1986:				
January-March	.55	.45	1.70	1.12
April-June	.51	.32	1.31	1.00
July-September	.37	.22	1.03	.86

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 51.--Average quarterly prices for sales of gypsophila, by U.S. growers and importers, January-March 1984 through July-September 1986

Period	Grower	Importer
	Per bunch	
1984:		
January-March	$1.94	$2.97
April-June	1.79	2.93
July-September	1.61	3.08
October-December	2.98	4.94
1985:		
January-March	2.04	2.44
April-June	1.63	1.75
July-September	1.57	2.87
October-December	2.05	2.20
1986:		
January-March	2.35	3.39
April-June	2.10	2.90
July-September	1.58	3.34

Source: Compiled from official statistics of the U.S. Department of Agriculture.

In general, domestic grower prices were up in the first quarter for all flowers except miniature carnations, and up in the second quarter for all varieties except pompom chrysanthemums. Third quarter trends were up for standard and miniature carnations, and down for the other three varieties, while fourth quarter prices were down for standard and miniature carnations, and gypsophila, up for pompom chrysanthemums, and unchanged for standard chrysanthemums.

Import prices were down in the second quarter for all varieties of flowers from April-June 1984 to the corresponding quarter of 1986, and in the fourth quarter, from October-December 1984 to October-December 1985. First quarter prices were mixed during this same time period, 1984-86, whereas third quarter prices were up for carnations, miniature carnations, and gypsophila, and down for chrysanthemums and pompom chrysanthemums.

Price trends and price comparisons derived from Commission questionnaires.--Prices for the seven fresh cut flowers subject to investigation are presented in tables 52 through 58.

U.S. growers' prices.--Domestic growers of fresh cut flowers reported standing order, spot sale, and consignment sale prices for all seven flowers under investigation, with the exception of gerberas, for which no consignment prices were reported. Consignment sales and most gerbera prices were based on three or less responses per data point. Within each variety of flower, prices fluctuated with no apparent trends when examining a straight three-year period (January 1984-November 1986). However, when examining equivalent weeks during the 1984-86 period (for example, Valentine's Day sales

Table 52.--Standard carnations: Weighted-average prices for standing order sales, spot sales and consignment sales, as reported by U.S. growers and importers, for representative holiday and non-holiday weeks, January 1984 - November 1986 1/

(In cents per stem)

Country	1984 1/						1985 1/						1986 1/				
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5
Standing order sales																	
United States...	$0.15	$0.21	$0.20	$0.10	$0.14	$0.19	$0.15	$0.21	$0.15	$0.09	$0.10	$0.18	$0.14	$0.21	$0.19	$0.09	$0.10
Colombia.....	.15	.18	.17	.13	.15	.16	.15	.18	.16	.13	.14	.16	.16	.17	.16	.13	.15
Costa Rica.....	***	***	-	-	***	***	***	***	***	***	***	***	***	***	***	***	***
Spot sales																	
United States...	$0.15	$0.24	$0.22	$0.10	$0.13	$0.20	$0.14	$0.22	$0.17	$0.10	$0.10	$0.15	$0.14	$0.22	$0.19	$0.09	$0.10
Chile.....	-	-	-	-	-	-	-	-	-	-	-	-	***	***	-	***	***
Colombia.....	.12	.24	.21	.11	.12	.16	.11	.20	.18	.12	.09	.18	.11	.24	.19	.15	.12
Costa Rica.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ecuador.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	***	-	***
Kenya.....	-	-	-	-	-	-	-	-	-	-	-	***	-	***	-	-	-
Mexico.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Consignment sales																	
United States...	$0.19	$0.23	$0.24	$0.14	$0.19	$0.22	$0.20	$0.29	$0.23	$0.14	$0.13	$0.21	$0.16	$0.28	$0.25	$0.12	$0.14
Colombia.....	.12	.22	.20	.11	.11	.15	.08	.23	.21	.10	.06	.18	.10	.25	.16	.14	.12
Mexico.....	***	***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1/ Weeks for which data were collected

	1984:	1985:	1986:	
(1) represents:	January 8-14 (N)	January 6-12 (N)	January 5-11 (N)	
(2) represents:	January 29-February 4 (H)	February 3-9 (H)	February 2-8 (H)	=Valentine's Day
(3) represents:	April 29-May 5 (H)	April 28-May 4 (H)	April 27-May 3 (H)	=Mothers' Day
(4) represents:	August 5-11 (N)	August 4-10 (N)	August 3-9 (N)	
(5) represents:	November 4-10 (N)	November 3-9 (N)	November 2-8 (N)	
(6) represents:	December 9-15 (H)	December 8-14 (H)		=Christmas

(H) indicates holiday price levels (N) indicates non-holiday price levels.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 53.--Miniature carnations: Weighted-average prices for standing order sales, spot sales and consignment sales, as reported by U.S. growers and importers, for representative holiday and non-holiday weeks, January 1984 - November 1986 1/

(In dollars per bunch)

Country	1984 1/						1985 1/						1986 1/				
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5
Standing order sales																	
United States...	$2.16	$2.66	$2.48	$1.30	$1.75	$2.36	$2.06	$2.39	$1.60	$1.32	$1.47	$2.08	$1.50	$2.34	$2.23	$1.24	$1.49
Colombia.....	1.95	1.91	1.98	1.96	1.94	1.94	1.92	1.97	1.92	1.91	1.87	1.91	1.91	1.94	1.88	1.73	1.64
Costa Rica.....	-	-	-	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Israel.....	-	-	***	-	***	***	-	***	-	-	***	***	***	***	-	-	-
Netherlands.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Peru.....	-	-	***	***	***	-	***	***	***	***	***	***	-	-	-	-	-
Spot sales																	
United States...	$1.86	$2.23	$2.32	$1.20	$1.66	$2.03	$1.76	$2.34	$1.77	$1.35	$1.23	$1.81	$1.43	$2.03	$2.05	$1.04	$1.49
Colombia.....	1.56	2.41	2.76	1.68	1.54	1.79	1.11	2.34	2.22	1.66	0.77	1.47	0.92	2.26	2.55	1.75	1.23
Costa Rica.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ecuador.....	-	-	-	-	-	***	-	-	***	***	***	***	***	***	-	***	***
Israel.....	***	***	-	-	-	***	***	***	***	-	-	***	***	***	***	-	-
Kenya.....	-	-	-	-	***	***	***	***	***	-	***	***	***	***	-	-	***
Netherlands.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Peru.....	***	***	***	-	-	***	-	***	***	***	***	***	***	***	***	***	-
Consignment sales																	
United States...	$1.77	$2.43	$2.52	$1.20	$1.56	$1.79	$1.62	$2.33	$1.72	$1.23	$1.51	$1.52	$1.35	$2.26	$2.26	$1.16	$1.47
Colombia.....	***	***	***	***	***	***	***	***	1.84	1.51	0.63	1.70	0.93	2.14	2.56	1.63	***

1/ Weeks for which data were collected

	1984:	1985:	1986:	
(1) represents:	January 8-14 (N)	January 6-12 (N)	January 5-11 (N)	
(2) represents:	January 29-February 4 (H)	February 3-9 (H)	February 2-8 (H)	=Valentine's Day
(3) represents:	April 29-May 5 (H)	April 28-May 4 (H)	April 27-May 3 (H)	=Mothers' Day
(4) represents:	August 5-11 (N)	August 4-10 (N)	August 3-9 (N)	
(5) represents:	November 4-10 (N)	November 3-9 (N)	November 2-8 (N)	
(6) represents:	December 9-15 (H)	December 8-14 (H)		=Christmas

(H) indicates holiday price levels (N) indicates non-holiday price levels.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 54.--Standard chrysanthemums: Weighted-average prices for standing order sales, spot sales and consignment sales, as reported by U.S. growers and importers, for representative holiday and non-holiday weeks, January 1984 - November 1986 1/

(In cents per stem)

Country	1984 1/						1985 1/						1986 1/				
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5
Standing order sales																	
United States...	$0.49	$0.53	$0.46	$0.42	$0.46	$0.49	$0.51	$0.52	$0.50	$0.42	$0.47	$0.51	$0.55	$0.55	$0.51	$0.41	$0.44
Colombia.....	0.42	0.43	0.41	0.41	0.41	0.42	0.41	0.39	0.36	0.40	0.42	0.41	0.42	0.41	0.39	0.43	0.46
Netherlands.....	***	***	-	-	-	***	***	***	-	-	***	***	***	-	***	-	***
Spot sales																	
United States...	$0.48	$0.53	$0.44	$0.39	$0.43	$0.46	$0.49	$0.53	$0.46	$0.34	$0.39	$0.48	$0.51	$0.51	$0.41	$0.31	$0.40
Colombia.....	0.42	0.53	0.44	0.29	0.33	0.41	0.38	0.58	0.52	0.36	0.27	0.43	0.54	0.50	0.30	0.28	0.37
Ecuador.....	-	-	-	-	-	-	-	-	-	-	-	-	-	***	-	-	-
Mexico.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Netherlands.....	***	-	***	-	***	***	***	***	***	***	***	***	***	***	***	-	***
Consignment sales																	
United States...	-	$***	-	$***	$***	$***	$***	$***	-	-	$***	$***	$***	$***	$***	$***	$***
Colombia.....	$***	***	$***	***	***	***	***	***	$***	$***	***	***	***	***	***	***	***

1/ Weeks for which data were collected

	1984:	1985:	1986:	
(1) represents:	January 8-14 (N)	January 6-12 (N)	January 5-11 (N)	
(2) represents:	January 29-February 4 (H)	February 3-9 (H)	February 2-8 (H)	=Valentine's Day
(3) represents:	April 29-May 5 (H)	April 28-May 4 (H)	April 27-May 3 (H)	=Mothers' Day
(4) represents:	August 5-11 (N)	August 4-10 (N)	August 3-9 (N)	
(5) represents:	November 4-10 (N)	November 3-9 (N)	November 2-8 (N)	
(6) represents:	December 9-15 (H)	December 8-14 (H)		=Christmas

(H) indicates holiday price levels (N) indicates non-holiday price levels.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 55.--Pompom chrysanthemums: Weighted-average prices for standing order sales, spot sales and consignment sales, as reported by U.S. growers and importers, for representative holiday and non-holiday weeks, January 1984 - November 1986 1/

(In dollars per bunch)

Country	1984 1/						1985 1/						1986 1/				
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5
Standing order sales																	
United States...	$1.31	$1.28	$1.27	$1.11	$1.20	$1.28	$1.33	$1.40	$1.39	$1.13	$1.17	$1.29	$1.31	$1.40	$1.39	$1.12	$1.19
Colombia.....	1.43	1.49	1.49	1.31	1.41	1.38	1.40	1.49	1.42	1.22	1.38	1.39	1.42	1.50	1.52	1.32	1.40
Costa Rica.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Spot sales																	
United States...	$1.45	$1.59	$1.50	$0.79	$0.91	$1.18	$1.48	$1.66	$1.38	$0.83	$1.05	$1.09	$1.31	$1.46	$1.47	$0.80	$1.19
Colombia.....	1.25	1.75	1.71	0.89	1.33	1.29	1.27	1.72	1.69	0.78	0.98	1.20	0.96	1.54	1.67	1.08	0.96
Costa Rica.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ecuador.....	-	-	-	-	-	-	-	-	-	***	***	***	***	***	-	-	-
Mexico.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Peru.....	***	***	***	***	***	***	***	***	***	-	-	***	-	-	-	-	-
Consignment sales																	
United States...	$1.83	$2.16	$2.11	$***	$***	$1.55	$1.55	$1.90	$1.83	$***	$***	$1.63	$1.46	$1.57	$1.75	$***	$***
Colombia.....	***	***	***	***	***	***	***	***	***	***	***	***	***	1.28	1.51	1.13	0.99

1/ Weeks for which data were collected

	1984:	1985:	1986:	
(1) represents:	January 8-14 (N)	January 6-12 (N)	January 5-11 (N)	
(2) represents:	January 29-February 4 (H)	February 3-9 (H)	February 2-8 (H)	=Valentine's Day
(3) represents:	April 29-May 5 (H)	April 28-May 4 (H)	April 27-May 3 (H)	=Mothers' Day
(4) represents:	August 5-11 (N)	August 4-10 (N)	August 3-9 (N)	
(5) represents:	November 4-10 (N)	November 3-9 (N)	November 2-8 (N)	
(6) represents:	December 9-15 (H)	December 8-14 (H)		=Christmas

(H) indicates holiday price levels (N) indicates non-holiday price levels.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 56.--Alstroemeria: Weighted-average prices for standing order sales, spot sales and consignment sales, as reported by U.S. growers and importers, for representative holiday and non-holiday weeks, January 1984 - November 1986 1/

(In dollars per bunch of ten)

Country	1984 1/						1985 1/						1986 1/				
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5
Standing order sales																	
United States...	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$3.64	$3.42	$4.17
Colombia.....	3.63	3.54	3.37	3.20	2.78	2.75	2.75	2.73	2.59	2.47	2.53	2.65	2.78	2.01	2.72	2.46	2.53
Netherlands.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Spot sales																	
United States...	$4.20	$4.31	$3.35	$1.95	$3.86	$3.87	$3.83	$4.20	$2.51	$2.18	$3.37	$4.10	$4.38	$4.46	$2.64	$1.98	$3.59
Colombia.....	3.23	4.02	2.65	2.39	2.64	2.55	2.51	3.90	2.68	2.22	2.14	2.66	3.04	3.26	2.92	2.25	1.57
Netherlands.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Consignment sales																	
United States...	$***	$***	$***	$***	$***	$***	$5.12	$6.87	$***	$***	$***	$***	$***	$6.41	$4.58	$3.20	$***
Colombia.....	***	***	***	***	***	***	***	***	***	-	-	-	***	***	***	***	***

1/ Weeks for which data were collected

	1984:	1985:	1986:	
(1) represents:	January 8-14 (N)	January 6-12 (N)	January 5-11 (N)	
(2) represents:	January 29-February 4 (H)	February 3-9 (H)	February 2-8 (H)	=Valentine's Day
(3) represents:	April 29-May 5 (H)	April 28-May 4 (H)	April 27-May 3 (H)	=Mothers' Day
(4) represents:	August 5-11 (N)	August 4-10 (N)	August 3-9 (N)	
(5) represents:	November 4-10 (N)	November 3-9 (N)	November 2-8 (N)	
(6) represents:	December 9-15 (H)	December 8-14 (H)		=Christmas

(H) indicates holiday price levels (N) indicates non-holiday price levels.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 57.--Gerbera: Weighted-average prices for standing order sales, spot sales and consignment sales, as reported by U.S. growers and importers, for representative holiday and non-holiday weeks, January 1984 - November 1986 1/

(In dollars per stem)

Country	1984 1/						1985 1/						1986 1/				
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5
	Standing order sales																
United States...	-	-	-	-	-	-	-	-	-	-	-	-	$***	$***	$***	-	$***
Colombia.....	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	***	***	***	$***	$***
Israel.....	-	-	***	-	***	***	***	***	-	***	***	***	-	-	***	***	***
Netherlands.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
	Spot sales																
United States...	$0.35	$0.36	$0.31	$***	$***	$0.27	$0.25	$0.31	$0.29	$***	$0.30	$***	$0.27	$0.32	$***	$***	$0.28
Colombia.....	.29	.30	.23	.19	.30	.20	.21	.38	.20	.24	.21	.19	.24	.36	.31	.27	.33
Israel.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Netherlands.....	***	***	***	.38	***	.63	.60	.73	.43	.41	.57	.73	.78	.61	.47	***	***

1/ Weeks for which data were collected

	1984:	1985:	1986:	
(1) represents:	January 8-14 (N)	January 6-12 (N)	January 5-11 (N)	
(2) represents:	January 29-February 4 (H)	February 3-9 (H)	February 2-8 (H)	=Valentine's Day
(3) represents:	April 29-May 5 (H)	April 28-May 4 (H)	April 27-May 3 (H)	=Mothers' Day
(4) represents:	August 5-11 (N)	August 4-10 (N)	August 3-9 (N)	
(5) represents:	November 4-10 (N)	November 3-9 (N)	November 2-8 (N)	
(6) represents:	December 9-15 (H)	December 8-14 (H)		=Christmas

(H) indicates holiday price levels (N) indicates non-holiday price levels.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 58.--Gypsophila: Weighted-average prices for standing order sales, spot sales and consignment sales, as reported by U.S. growers and importers, for representative holiday and non-holiday weeks, January 1984 - November 1986 1/

(In dollars per bunch)

Country	1984 1/ 1	2	3	4	5	6	1985 1/ 1	2	3	4	5	6	1986 1/ 1	2	3	4	5
	Standing order sales																
United States...	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***
Colombia.....	3.58	3.71	3.40	3.51	3.40	3.36	3.31	3.35	3.16	3.44	3.20	3.27	3.26	2.92	3.11	3.23	3.17
Peru.....	-	-	***	***	***	-	***	***	***	***	***	***	-	-	-	-	-
	Spot sales																
United States...	$1.73	$2.50	$2.34	$1.36	$1.71	$2.25	$2.12	$2.54	$1.70	$0.98	$0.91	$1.71	$1.54	$2.20	$2.43	$1.07	$1.03
Colombia.....	3.26	3.22	3.00	3.25	4.34	4.38	2.89	3.37	2.18	3.23	1.83	2.64	3.09	3.85	3.66	3.54	1.73
Peru.....	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
	Consignment sales																
United States...	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***
Colombia.....	***	***	***	***	***	***	***	***	-	-	-	***	***	***	***	***	***

1/ Weeks for which data were collected

	1984:	1985:	1986:	
(1) represents:	January 8-14 (N)	January 6-12 (N)	January 5-11 (N)	
(2) represents:	January 29-February 4 (H)	February 3-9 (H)	February 2-8 (H)	=Valentine's Day
(3) represents:	April 29-May 5 (H)	April 28-May 4 (H)	April 27-May 3 (H)	=Mothers' Day
(4) represents:	August 5-11 (N)	August 4-10 (N)	August 3-9 (N)	
(5) represents:	November 4-10 (N)	November 3-9 (N)	November 2-8 (N)	
(6) represents:	December 9-15 (H)	December 8-14 (H)		=Christmas

(H) indicates holiday price levels (N) indicates non-holiday price levels.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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for 1984, 1985, and 1986) prices for some varieties of flowers show upward movement while others show downward movement.

With the exception of Valentine's Day standing order prices, carnation prices were down in all equivalent periods during 1984-86. Miniature carnation prices also were lower in 1986 than in 1984, for all comparable weeks, for both standing order and spot sales.

With respect to chrysanthemum prices, prices during the respective weeks in January as well as for the three holiday periods increased for standing order sales and also during the January and Christmas weeks for spot sales. Prices during all other weeks decreased. Pompom chrysanthemum price trends were mixed, increasing for any particular week on standing order sales but decreasing on spot sales, or vice versa. Only during August did prices increase for both types of sales.

With the exception of Mothers' Day and November prices, alstroemeria prices increased in all equivalent periods during the period of investigation. Spot sale prices for gerberas showed mixed trends, decreasing during four of the six periods for which prices were gathered. Price data for standing order sales of gerberas were not sufficient to indicate a trend. Lastly, gypsophila prices decreased for both standing order and spot sales during the November and December periods, and increased for both during Mothers' Day sales. During the remaining weeks, prices increased for standing orders and decreased for spot market sales.

Importers' prices.--The following section summarizes pricing information on imports of fresh cut flowers, by country:

--Standard and miniature carnations from Canada: No data have been received from Commission questionnaires regarding prices of imports from Canada. Efforts to contact firms that import from Canada have been unsuccessful.

--Standard carnations from Chile: One importer reported spot sale prices for Chilean carnations, during four of the selected weeks in 1986. Prices for both holiday and non-holiday weeks were less than U.S. growers' prices for two weeks, * * * in one week, and more than the domestic price in the last week. Chilean carnation prices ranged from *** percent below to *** percent above U.S.-grown carnation prices.

--Standard and miniature carnations, standard and pompom chrysanthemums, alstroemeria, gerberas, and gypsophila from Colombia: 28 importers reported prices for Colombian fresh cut flowers. On week to week comparisons, prices for select carnations imported from Colombia were below the price for U.S. fancy carnations during 15 weeks, above during 15 weeks, and equal during the remaining four weeks for which data were gathered. Colombian margins ranged from 23 percent below to 61 percent above the U.S. price. As with standard carnations, prices for Colombian miniature carnations fluctuated both above and below the U.S. grower price throughout the period under investigation, with margins from 37 percent below to 69 percent above the domestic price.

Prices for standard chrysanthemums, graded as 'large,' from Colombia were priced below domestic chrysanthemums for most standing order and spot sales during 1984-86, by margins of up to 37 percent. Pompom chrysanthemum data showed that the Colombian imports were priced above the domestic flower for all standing order sales and most spot sales during this same period. Margins for this variety ranged from 27 percent below the price of a U.S. bunch to 47 percent above it.

Gypsophila imported from Colombia were consistently priced above the U.S. grown product for both standing order and spot sales. Prices for imported alstroemeria fell below the U.S.-grower price during most weeks for which prices were collected, with margins up to 62 percent. Likewise, Colombian gerberas were also priced below domestic gerberas during most comparable weeks, by margins of up to *** percent.

--Standard and miniature carnations and pompom chrysanthemums from Costa Rica: Data obtained from importers of standard carnations grown in Costa Rica show that prices received by these importers were higher than or equal to prices received by the U.S. growers during the same weeks, for both standing order and spot sales during 25 of the 32 weeks for which comparable data were received. Percentage differences between the Costa Rican price and the U.S. price ranged from *** percent below to *** percent above.

Prices for both standing order and spot sales of miniature carnations were more frequently higher than the domestic price, and margins for the imports from Costa Rica ranged from *** percent below to *** percent above the domestic product.

Pompom chrysanthemums imported from Costa Rica and sold as standing orders and spot sales were priced above the domestic flower in all of the weeks for which data were collected.

--Standard and miniature carnations and standard and pompom chrysanthemums from Ecuador: Data received for spot sales of standard carnations and standard chrysanthemums from Ecuador were not sufficient to make price comparisons with the U.S. grown flowers. Miniature carnations from Ecuador were priced below the domestic flower in all but one week in which comparisons were possible, with prices up to *** percent below the domestic price. Likewise, pompom chrysanthemums were priced up to *** percent below the domestic equivalent during the five comparable weeks.

--Miniature carnations and gerberas from Israel: Importers reported prices for standing order sales and spot sales of miniature carnations and gerberas from Israel. Israeli miniature carnations sold as standing orders were priced above the U.S. product in four of eight weeks for which data were collected, and priced below in the remaining four weeks. Spot sales of this same product were priced below the U.S. flowers in all weeks for which data were available. Israeli prices differed from U.S. grower prices by margins ranging from *** percent below to *** percent above the U.S. price. Spot sales of Israeli gerbera were priced lower than U.S. sales, by margins of up to *** percent during 10 weeks, whereas the Israeli imports were priced above the U.S. flower during the remaining 7 weeks for which data were collected.

--Standard and miniature carnations from Kenya: One importer reported prices for fresh cut flowers from Kenya. Data for miniature carnations show that the imported flowers were priced higher than the U.S. flowers during seven of the ten weeks for which data were collected, and lower during the remaining three weeks. The imported flowers were priced below the domestic product by *** to *** percent and above the domestic product by up to *** percent during the specified seven weeks. Prices received for standard carnations from Kenya were not sufficient to enable comparisons with the domestic product.

--Standard carnations and standard and pompom chrysanthemums from Mexico: Mexican standard carnations were priced below domestic carnations in ten of the seventeen weeks for which spot sale data were obtained, by margins of *** to *** percent. Prices for standard and pompom chrysanthemums fluctuated more than for carnations, however, with the Mexican standard chrysanthemums being priced below the domestic product during ten of the seventeen weeks. Pompoms were priced above the domestic product during eleven of the seventeen weeks. Price differences for Mexican chrysanthemums ranged from *** percent below to *** percent above the domestic price, while differences for pompom chrysanthemums ranged from *** percent lower to *** percent higher than the U.S. growers' product.

--Miniature carnations, standard chrysanthemums, alstroemeria, and gerberas from the Netherlands: With few exceptions, imported flowers from the Netherlands were priced higher than domestic flowers for both standing order sales and spot sales, for the four types of flowers under investigation. Margins by which the Dutch flowers were priced above the domestic flowers, for all four varieties, were considerably higher than during the few instances where the Dutch flower was lower priced.

Miniature carnations were priced below domestic miniature carnations in two of 34 weeks, and margins ranged from *** percent below to *** percent above the U.S. price. Dutch chrysanthemums were consistently priced higher than U.S.-grown chrysanthemums, with these margins as high as *** percent. Alstroemeria prices fell below U.S. prices in only one week, by *** percent, whereas margins by which the Dutch flowers were priced above the domestic flowers rose to *** percent. Gerbera prices were also consistently above U.S. prices, by up to *** percent, with the exception of one week when the flowers were priced equally.

--Miniature carnations, pompom chrysanthemums, and gypsophila from Peru: Miniature carnations from Peru were priced lower than those grown in the United States in 18 of the 22 weeks for which data were available, by margins ranging from *** to *** percent. Prices for Peruvian pompom chrysanthemums were above domestic pompom chrysanthemums in 7 of 10 weeks in 1984 and 1985, with margins ranging from *** percent below the domestic price to *** percent above the domestic price. And, with the exception of one quarter, Peruvian gypsophila were priced above the domestic flower by margins of up to *** percent.

Transportation costs.--Transportation costs on shipments of fresh cut flowers within the United States are a large part of the final retail cost of delivered flowers. Fresh cut flowers are shipped on a per box basis, with

shipping charges varying according to the size of the box as well as the final destination. Armellini Express Lines, a Florida trucking company for the flower industry, 1/ reported that they currently have more than 100 different box sizes for shipping flowers out of Miami. Different cities use different box sizes. However, a company spokesman said that 70 percent of their customers now ship in a box which is 41" by 21" by 7", and that they hope to make this the standard size. Standardization would allow Armellini to be more efficient in terms of stacking boxes and filling trucks.

Since cut flowers are a perishable good, it is important that flowers be transported under controlled temperatures and in an environment free of pollutants. Exhaust fumes at airport and truck terminals, as well as variations in temperatures, will damage flowers being held in the immediate area.

Listed in the tabulation below are freight charges, for specific types of cut flowers, from the Miami area to selected cities served by several large Florida trucking companies which specialize in flowers: 2/

Destination	Miniature carnations 1/	Standard chrysan-themums 2/	Pompom chrysan-themums 3/	Gypsophila 4/
New York City..	$5.57	$5.51	$7.05	$4.02
Boston.....	5.85	5.95	8.22	4.63
Indianapolis...	-	5.90	7.77	4.41
Detroit.....	5.57	6.28	8.22	4.74
Saginaw.....	-	6.67	8.55	4.91
Minneapolis....	6.73	7.33	9.42	5.35
Kansas City....	-	6.12	8.07	4.84

1/ Box size- 25"x13"x13", 10 bunches per box.
2/ Box size- 48"x20"x6", 100 stems per box.
3/ Box size- 48"x20"x8", 35 bunches per box.
4/ Box size- 25"x13"x13", 15 bunches per box.

When examined on a per bloom or per bunch basis, these box charges indicate the magnitude of the transportation costs in the overall delivered price of fresh cut flowers. For miniature carnations, shipping costs will range from $0.56 to $0.67 per bunch. The weighted-average price for domestically-produced miniature carnations in February 1986 was $2.34 per bunch; therefore shipping costs added approximately 26 percent to the cost of the flower. Box charges for chrysanthemums ranged from $0.06 to $0.07 per stem. Pompom chrysanthemum box charges ranged from $0.20 to $0.27 per bunch, and gypsophila charges ranged from $0.27 to $0.36 per bunch.

1/ Transcript of the conference in the preliminary investigations, p. 38.
2/ Florida has recently added a 3 percent freight insurance surcharge. Prices for chrysanthemums, pompom chrysanthemums and gypsophila do not reflect this increase.

Purchaser's questionnaires revealed, however, that transportation costs from California to these and other cities could be as much as 200 percent higher than those shown in the above tabulation. Wholesalers listed several reasons for this transportation cost differential, including differences in the number of stems or bunches packed per box, greater efficiency in storage and delivery of fresh cut flowers among the Miami transport companies, and the more direct transport route followed by Miami companies. For example, California point-of-origin deliveries may make many separate deliveries during a cross-country route, with all those receiving flowers sharing equal portions of the total cost, whether they are in the midwest or on the east coast. 1/ Wholesalers also commented that air shipments of flowers from California are more frequent than from Miami, and this form of delivery is very expensive. 2/ According to wholesalers, however, ground, rather than air, transportation is the more common.

Lost sales and lost revenues.--Several domestic growers of fresh cut flowers submitted instances of sales and/or revenues lost as a result of alleged competition from imports under investigation. These allegations involved 35 purchasers, several of which have more than one wholesale operation. With few exceptions, allegations involved flowers imported from Colombia. Staff was not able to compile a total value for alleged lost sales and lost revenues because of the different methods by which growers submitted such allegations.

Wholesalers contacted by the staff were often cited in several separate allegations. None of those contacted were able to identify the exact sales named in the allegations, although all were willing to discuss purchasing habits involving domestic and imported fresh cut flowers. These conversations are summarized below.

* * *.--* * * commented that his company has been purchasing imported fresh cut flowers for a number of years, adding that his purchasing habits have not changed during the past three years. * * * purchases * * * from Colombia and Costa Rica because for the same price, the imported pompoms are often two times as large as domestics and are available in a wider variety. In addition, * * * cited transportation costs as a factor, since freight charges from Miami average $*** per box, while from California these same charges can be as high as $***.

* * *.--* * *, a purchaser with * * *, commented that * * * purchases * * * different grades, * * * from Colombia, Costa Rica, and California. * * * stated that the California variety is available at both a better quality and a better price than these imports. * * * added that growers in Colorado and Utah also sell top quality pompoms, while imports from Holland offer the widest variety. * * * stressed that * * * was much more quality conscious than price conscious in * * * purchasing decisions.

1/ Conversation with * * *, January 1987.
2/ Transcript of the hearing, p. 198.

* * *.--A spokesman for * * * commented that there are two reasons why * * * purchases imported fresh cut flowers. The primary reason given was the limited varieties of flowers available from domestic sources. * * * could not meet their customers' demand without imported flowers. In addition, the spokesman commented that there are not enough flowers (particularly pompom chrysanthemums) in a box to offset the freight costs associated with shipments from California to * * *.

* * *.--* * * stated that the primary goal of a wholesaler is to provide the market with the best quality of fresh cut flower available at all times. Like domestic flowers grown outdoors, quality of imports from South America will vary according to weather conditions, and other factors noted earlier. * * * commented that since May 1984, carnation and pompom chrysanthemum pricing has been a continual battle because U.S. demand has not increased at the same rate as available quantities.

* * *.--A spokesperson for * * * stated that while they do purchase imported * * *, imported standard and miniature carnations are usually only purchased to fill customers' orders.

Exchange rates

Exchange rate indices of the Canadian dollar, the Chilean peso, the Colombian peso, the Ecuadorean sucre, the Israeli sheqalim, the Mexican peso, and the Netherlands guilder indicate that during the interval January 1983-September 1986 the quarterly nominal value of the Netherlands guilder advanced sharply by 13.2 percent against the U.S. dollar whereas the respective value of the currencies of Canada, Chile, Colombia, Ecuador, 1/ Israel, and Mexico depreciated 11.4 percent, 69.4 percent, 63.8 percent, 69.0 percent, 97.5 percent, and 77.4 percent, respectively, relative to the U.S. dollar. Quarterly exchange rate and producer price data pertaining to the aforementioned countries supplying the products covered in these investigations are presented in table 59.

Because the level of inflation in Canada and the Netherlands was similar to that in the United States over the 15-quarter period, changes in the real value of the respective currency of each country were not significantly different from changes in the nominal value. 2/ In contrast, significantly higher levels of inflation in Chile, Colombia, 3/ and Ecuador 4/ resulted in the devaluation of the currencies of each of the aforementioned countries in real terms by 23.0 percent, 28.1 percent, and 18.1 percent relative to the

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1/ Nominal Ecuadorean exchange rate data for July-September 1986 covers July only.

2/ Real Canadian and Netherlands exchange rate data for July-September 1986 is derived from the Canadian and Netherlands Producer Price Index covering July only.

3/ Real Colombian exchange rate data for July-September 1986 is derived from the Colombian Producer Price Index covering July-August only.

4/ Most recent real-exchange-rate data for the currency of Ecuador is for January-March 1983 through October-December 1985.

Table 59.--Exchange rates: 1/ Nominal-exchange-rate equivalents of representative currencies in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in specified countries, 2/ indexed by quarters, January 1983-September 1986

Period	U.S.	Canada			Chile			Colombia			Ecuador		
	Producer Price Index	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			--US dollars/can$--			--US dollars/peso--			---US dollars/peso--			--US dollars/sucre--	
1983:													
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.3	101.5	99.7	100.9	108.2	94.3	101.8	107.6	94.5	101.3	111.7	78.0	86.9
July-Sept..	101.3	102.4	99.6	100.6	120.0	89.1	105.5	110.3	89.2	97.2	120.3	71.8	85.3
Oct.-Dec...	101.8	102.8	99.1	100.1	125.2	83.6	102.8	113.5	83.8	93.4	123.1	65.4	79.2
1984:													
Jan.-Mar...	102.9	104.5	97.8	99.3	125.1	82.8	100.7	118.6	78.7	90.8	129.6	60.1	75.7
Apr.-June..	103.6	105.7	95.0	96.9	132.6	79.0	101.1	125.6	74.0	89.8	134.4	55.6	72.2
July-Sept..	103.3	106.4	93.4	96.2	141.2	76.8	105.0	130.4	69.5	87.7	144.2	51.7	72.2
Oct.-Dec...	103.0	106.6	93.1	96.3	164.6	68.4	109.2	135.7	65.3	86.0	151.8	50.5	74.4
1985:													
Jan.-Mar...	102.9	107.9	90.7	95.1	181.3	64.3	113.2	146.0	60.7	86.1	163.8	50.5	80.4
Apr.-June..	103.0	108.5	89.6	94.5	197.4	59.9	114.9	158.1	53.3	81.8	175.2	50.5	85.9
July-Sept..	102.2	108.6	90.2	95.8	211.3	34.7	71.7	164.4	48.0	77.2	187.2	50.5	92.5
Oct.-Dec...	102.9	109.4	89.0	94.7	218.3	33.1	70.3	168.9	43.8	71.9	190.6	44.2	81.9
1986:													
Jan-Mar....	101.3	110.5	87.4	95.3	226.8	32.0	71.7	180.3	40.8	72.6	4/	32.2	4/
Apr.-June..	99.4	109.1	88.7	97.3	232.7	31.7	74.1	190.6	38.3	73.4	4/	31.0	4/
July-Sept..	99.0	5/108.9	88.6	5/ 97.4	249.0	30.6	77.0	6/196.8	36.2	6/71.9	4/ 7/	31.0	4/

See footnotes at end of table.

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Table 59.--Exchange rates: 1/ Nominal-exchange-rate equivalents of representative currencies in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in specified countries, 2/ indexed by quarters, January 1983-September 1986--Continued

Period	U.S.	Israel			Mexico			Netherlands		
	Producer Price Index	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			--US dollars/sheqalim--			--US dollars/peso--			--US dollars/guilder--	
1983:										
Jan.-Mar...	100.0	100.0	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.3	121.5	84.56	102.5	121.3	100.1	121.1	100.3	95.4	95.4
July-Sept..	101.3	151.8	66.12	99.1	137.0	100.2	135.5	101.8	90.1	90.5
Oct.-Dec...	101.8	234.4	41.09	94.6	152.0	95.7	142.9	102.0	88.7	88.8
1984:										
Jan.-Mar...	102.9	346.2	28.10	94.6	181.1	88.9	156.5	104.4	87.5	88.8
Apr.-June..	103.6	507.5	19.08	93.5	209.4	83.0	167.8	105.1	87.3	88.6
July-Sept..	103.3	804.9	11.79	91.9	227.1	77.8	171.1	105.7	80.9	82.7
Oct.-Dec...	103.0	1358.8	6.81	89.8	251.5	73.2	178.7	105.9	77.3	79.5
1985:										
Jan.-Mar...	102.9	1724.1	5.01	83.9	283.8	68.3	188.3	106.8	72.3	75.1
Apr.-June..	103.0	2343.4	3.62	82.3	317.0	63.0	194.0	107.6	76.4	79.8
July-Sept..	102.2	3363.0	2.47	81.2	343.5	44.2	148.6	107.0	83.1	86.9
Oct.-Dec...	102.9	3614.7	2.48	87.1	390.5	33.0	125.3	106.0	91.5	94.2
1986:										
Jan-Mar....	101.3	3776.0	2.47	92.0	474.7	32.1	150.5	104.4	100.5	103.6
Apr.-June..	99.4	3957.2	2.47	98.4	550.2	26.9	148.8	104.0	105.2	110.1
July-Sept..	99.0	4070.5	2.46	101.2	5/ 617.0	22.6	5/ 140.8	5/103.2	113.2	5/ 118.0

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.
2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of the International Financial Statistics.
3/ The indexed real exchange rate represents the nominal exchange rate adjusted for the relative economic movement of each currency as measured here by the Producer Price Index in the United States and the respective foreign country. Producer prices in the United States decreased 1.0 percent during January 1983 through September 1986 compared with increases of 8.9 percent in Canada, 149.0 percent in Chile, 96.8 percent in Colombia, 3,970.5 percent in Israel, 517.0 percent in Mexico, 3.2 percent in the Netherlands, and a 90.6-percent increase in Ecuador as of October-December 1985, the last period for which the producer price index is reported.
4/ Not available.
5/ Data for the final quarter presented above is derived from the Canadian, Mexican, and Netherlands producer price index covering July only.
6/ Data for the final quarter presented above is derived from the Colombian producer price index covering July-August only.
7/ Nominal exchange rate data for the currency of Ecuador is reported for July only.

Source: International Monetary Fund, International Financial Statistics, December 1986.

Note.--January-March 1983=100.0.

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U.S. dollar--significantly less than the respective apparent depreciations of 69.4 percent, 63.8 percent, and 69.0 percent represented by the nominal devaluation.

Vastly higher levels of inflation in Israel and Mexico relative to those in the United States over the same period moderated much of the export price advantage gained by currency depreciation. The respective value of the sheqalim and peso adjusted for the relative economic movement of each currency fluctuated widely during most of the period and followed opposite trends--the value of the sheqalim decreased irregularly during January 1983 through September 1985 by 18.8 percent and then increased 24.6 percent through September 1986, whereas the peso appreciated sharply during January 1983-June 1985 by 94.0 percent and then depreciated erratically by 27.4 percent through the end of the period. By July-September 1986, 1/ the respective real value of each of the aforementioned currencies had achieved levels that were 1.2 percent and 40.8 percent above January-March 1983 levels. This compares with respective apparent depreciations of 97.5 percent and 77.4 percent suggested by the nominal exchange rate.

Reliable data for Kenya, Peru, and Costa Rica are not available. Therefore, accurate measures of the real value of those currencies as discussed in this section cannot be calculated.

1/ Real Mexican exchange rate data for July-September 1986 is derived from the Mexican Producer Price Index covering July only.

APPENDIX A

MATRIX OF IMPORTS UNDER INVESTIGATION, COUNTRIES, AND INVESTIGATION NUMBERS

Table A-1.--Certain fresh cut flowers: Information on countries and products subject to investigation

Country	Tests for injury investigation under-- Section 701: Country under the agreement	Section 303: Rate of duty 1/	Section 303: International obligations	Investigation nos. in the preliminary investigations: CVD	AD	Final investigations instituted	Flowers included: Standard carnation	Miniature carnation	Standard chrysanthemum	Pompom chrysanthemum	Alstroemeria	Gerberas	Gypsophila
Canada.....	Yes	Col. 1	GATT	701-TA-275	731-TA-327	Yes	X	X					
Chile.....	Yes	Free (GSP)	GATT	701-TA-276	731-TA-328	CVD: Yes AD: Yes	X						
Colombia.....	No	Col. 1 (GSP) 3/	GATT	2/	731-TA-329	Yes							
					CVD investigation:			X					
					AD investigation:		X	X	X	X	X	X	X
Costa Rica...	No	Free (GSP, CBERA)	None	2/	731-TA-330	Yes	X	X		X			
Ecuador.....	No	Free (GSP)	None	2/	731-TA-331	Yes	X	X	X	X			
Israel.....	Yes	Free (I) 5/	GATT	701-TA-277	4/	Yes		X				X	
Kenya.....	No	Free (GSP)	GATT	303-TA-17	731-TA-332	CVD: No AD: Yes	X	X					
Mexico.....	Yes	Free (GSP)	GATT	4/	731-TA-333	Yes	X		X	X			
Netherlands..	Yes	Col. 1	GATT	701-TA-278	4/	Yes		X	X		X	X	
Peru.....	No	Free	GATT	303-TA-18	731-TA-334	Yes		X		X			X

1/ The column 1 rate of duty is 4 percent ad valorem for miniature carnations and 8 percent for all other listed flowers.
2/ Not applicable; these countries are not "under the agreement" pursuant to section 701(b) of the Act and are not accorded an injury test under section 303 of the Act.
3/ See TSUS Headnotes 3(e)(v)(C) and (D).
4/ Not applicable; a petition was not filed with respect to this country.
5/ See TSUS Headnote 3(e)(viii).

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APPENDIX B

FEDERAL REGISTER NOTICES

[Investigations Nos. 303-TA-18, 701-TA-275, 277, and 278, and 731-TA-327 Through 334 (Final)]

Certain Fresh Cut Flowers From Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru

AGENCY: United States International Trade Commission.

ACTION: Institution of final countervailing duty and antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigations No. 303-TA-18 (Final) under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) and Nos. 701-TA-275, 277, and 278 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of certain fresh cut flowers which have been found by the Department of Commerce, in preliminary determinations, to be subsidized by the Governments of the following countries:

Canada [1] [Investigation No. 701-TA-275 (Final)], Israel [2] [Investigation No. 701-TA-277 (Final)], The Netherlands [3] [Investigation No. 701-TA-278 (Final)], and Peru [4] [Investigation No. 303-TA-18 (Final)].

Unless the investigations are extended, Commerce will make its final subsidy determinations in these investigations on or before January 5, 1987, and the Commission will make its final injury determinations by February 23, 1987 (see sections 705(a) and 705(b) of the act (19 U.S.C. 1671d(a) and 1671d(b))).

The Commission also gives notice of the institution of final antidumping investigations Nos. 731-TA-327 through 334 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the following countries of certain fresh cut flowers which have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV):

Canada [1] [Investigation No. 731-TA-327 (Final)]

Chile [5] [Investigation No. 731-TA-328 (Final)]

Colombia [6] [Investigation No. 731-TA-329 (Final)]

Coasta Rica [7] [Investigation No. 731-TA-330 (Final)]

Ecuador [8] [Investigation No. 731-TA-331 (Final)]

Kenya [9] [Investigation No. 731-TA-332 (Final)]

[1] Fresh cut flowers from Canada subject to investigation include miniature (spray) carnations and standard carnations, provided for in items 192.17 and 192.21, respectively, of the Tariff Schedules of the United States (TSUS).

[2] Fresh cut flowers from Israel subject to investigation include miniature (spray) carnations and gerbera, provided for in items 192.17 and 192.21, respectively, of the TSUS.

[3] Fresh cut flowers from the Netherlands subject to investigation include miniature (spray) carnations (TSUS item 192.17), and standard chrysanthemums, alstroemeria, and gerbera, provided for in item 192.21 of the TSUS.

[4] Fresh cut flowers from Peru subject to investigation include miniature (spray) carnations (TSUS item 192.17), and pompom chrysanthemums and gypsophila, provided for in item 192.21 of the TSUS.

[5] Fresh cut flowers from Chile subject to investigation include standard carnations, provided for in item 192.21 of the TSUS.

[6] Fresh cut flowers from Colombia subject to investigation include miniature (spray) carnations (TSUS item 192.17), and standard carnations, standard cyrysanthemums, pompom chrysanthemums, alstroemeria, gerbera, and gypsophila, provided for in item 192.21 of the TSUS.

[7] Fresh cut flowers from Costa Rica subject to investigation include miniature (spray) carnations (TSUS item 192.17), and standard carnations and pompom chrysanthemums, provided for in item 192.21 of the TSUS.

[8] Fresh cut flowers from Ecuador subject to investigation include miniature (spray) carnations (TSUS item 192.17), and standard carnations, standard chrysanthemums and pompom chrysanthemums, provided for in item 192.21 of the TSUS.

[9] Fresh cut flowers from Kenya subject to investigation include miniature (spray) carnations and standard carnations, provided for in items 192.17 and 192.21, respectively, 192.21 of the TSUS.

Mexico [10] [Investigation No. 731-TA-333 (Final)], and

Peru [4] [Investigation No. 731-TA-334 (Final)].

Unless the investigations are extended, Commerce will make its final LTFV determinations on or before January 12, 1987, and the Commission will make its final injury determinations by February 23, 1987 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673(b))).

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: October 27, 1986.

FOR FURTHER INFORMATION CONTACT: Daniel Dwyer (202-523-4618), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 701 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters of certain fresh cut flowers in Canada, Israel, the Netherlands, and Peru, and as a result of affirmative preliminary determinations by Commerce that imports of certain fresh cut flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Kenya, Mexico, and Peru are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). These investigations were requested in petitions filed on May 21, 1986, by the Floral Trade Council, Davis, California. In response to those petitions the Commission conducted preliminary countervailing duty and antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (51 FR 25751, July 16, 1986).

Participation in the Investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provieed in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on January 5, 1987, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on January 20, 1987, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on January 12, 1987. All persons desiring to appear at the hearing and makes oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on January 14, 1987, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 15, 1987.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on January 27, 1987. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before January 27, 1987.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

Authority

These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: November 14, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-26121 Filed 11-18-86; 8:45 am]

BILLING CODE 7020-02-M

[10] Fresh cut flowers from Mexico subject to investigation include standard carnations, standard chrysanthemums and pompom chrysanthemums, provided for in Item 192.21 of the TSUS.

held in room 331 of the U.S. International Trade Commission Building on February 2, 1987; and the deadline for filing all other written submissions, including posthearing briefs, is February 6, 1987. In addition, a separate deadline will be established at the hearing for parties to comment in writing on the results of the final determination by the Commerce Department for any of the above investigations that are not the subject of such a final determination by the date of the Commission's hearing.

For further information concerning these investigations see the Commission's notice of investigation cited above and the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: December 29, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 87-255 Filed 1-6-87; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 303-TA-18, 701-TA-275, 277, and 278, and 731-TA-327 through 334 (Final)]

Certain Fresh Cut Flowers From Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, the Netherlands, and Peru

AGENCY: International Trade Commission.

ACTION: Revised schedule for the subject investigations.

EFFECTIVE DATE: December 19, 1986.

FOR FURTHER INFORMATION CONTACT: Dan Dwyer (202-523-4618), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION: On October 27, 1986, the Commission instituted the subject investigations and established a schedule for their conduct (51 FR 41840, November 19, 1986). On December 18, 1986, the Commission received a request on behalf of 12 parties to postpone the hearing in the investigations from January 20, 1987 to February 2, 1987. The Commission granted this request, and is revising its schedule in the investigations.

The Commission's new schedule for the investigations is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than January 20, 1987; the prehearing conference will be held in room 117 of the U.S. International Trade Commission Building on January 26, 1987; the public version of the prehearing staff report will be placed on the public record on January 20, 1987; the deadline for filing prehearing briefs is January 28, 1987; [1] the hearing will be

[1] Pursuant to the request by parties to postpone the hearing, the period between the placing of the prehearing staff report on the record and the

INTERNATIONAL TRADE COMMISSION

[Investigation No. 701-TA-276 (Final)]

Certain Fresh Cut Flowers From Chile

AGENCY: United States International Trade Commission.

ACTION: Institution of final countervailing duty investigation.

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigation No. 701-TA-276 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Chile of certain fresh cut flowers which have been found by the Department of Commerce, in its final determination, to be subsidized. Certain fresh cut flowers from Chile are standard carnations provided for in item 192.21 of the Tariff Schedules of the United States. On October 27, 1986, Commerce published in the Federal Register its negative preliminary determination that imports of this product from Chile were not being subsidized. The Commission will make its final injury determination 75 days after receipt of Commerce's notification of its final determinations (see sections 705(a) and 705(b) of the act (19 U.S.C. 1671d(a) and 1671d(b))). B-7

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's

rules of practice and procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: February 3, 1987.

FOR FURTHER INFORMATION CONTACT: Dan Dwyer (202–523–4618), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202–724–0002.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted as a result of a final affirmative determination by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 701 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in Chile of standard carnations. This investigation was requested in petitions filed on May 21, 1986, by the Floral Trade Council, Davis, California. In response to those petitions the Commission conducted a preliminary countervailing duty investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (51 FR 25751, July 16, 1986).

Participation in the investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service list.

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Staff report

A public version of the prehearing staff report was placed in the public record on January 20, 1987, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission held a hearing on a related antidumping investigation, Certain Fresh Cut Flowers from Chile, inv. No. 731–TA–328 (Final), on February 2, 1987. Requests for a separate hearing in this investigation for the limited purpose of supplementing the February 2, 1987, hearing record with testimony and evidence solely related to the countervailing duty investigation, should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on February 17, 1987. If such a hearing is requested, it will be held on Friday, February 20, 1987, at 9:30 a.m. If such a hearing is requested, parties will be contacted regarding dates for the filing and content of briefs and time allocations at the hearing.

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, Title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20)

Issued: February 6, 1987.
By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 87–2894 Filed 2–10–87; 8:45 am]
BILLING CODE 7020–02–M

APPENDIX C

LIST OF WITNESSES APPEARING AT THE PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, Kenya, Mexico, The Netherlands, and Peru

Inv. Nos. : 303-TA-18, 701-TA-275, 277, and 278, and 731-TA-327 through 334 (Final)

Date and time: February 2, 1987 - 9:30 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of countervailing and antidumping duties

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

The Floral Trade Council, Davis, California

Arne Thirup, Chairman, Floral Trade Council; President, Vista Greenhouses, Inc., Watsonville, California

Jane Restum, Florida Flower Growers Association, Ft. Myers, Florida

Michael Mellano, Mellano & Co., San Luis Rey, California

Ole Nissen, President, Sunshine State Carnations, Inc., Hobe Sound, Florida

Charles T. Haley, Sr., Pikes Peak Greenhouses, Inc., Colorado Springs, Colorado

- more -

Stewart and Stewart--Counsel

John W. Rutherford, General Partner, Cell-Tek Nursery, Encinitas, California

Ted Yamaguchi, General Manager, Dairokuno Greenhouse, Salinas, California

Kenneth K. Tagawa, President, Tagawa Greenhouses, Inc., Brighton, Colorado

Donald P. Rody, Owner, Rody Spano Greenhouses, Inc., Denver, Colorado

John O. Zipperer, III, President, Zipperer Farms of Florida, Inc., Ft. Myers, Florida

Walter Preston, President, Manatee Fruit Company, Palmetto, Florida

Eugene L. Stewart--OF COUNSEL

In opposition to the imposition of countervailing and antidumping duties

Heron, Burchette, Ruckert & Rothwell--Counsel
Washington, D.C.
on behalf of

Asociacion Colombiana De Exportadores De Flores, Bogota, Colombia
Association of Floral Importers of Florida, and
American Flower Corporation, Alajuela, Costa Rica

Frederico Clarkson, Director General of PROEXPO (Fondo de Promocion de Exportaciones)

Dwight Haight, President, CFX, Inc., Miami, Florida

Patrick Dahlson, Jack Mayesh Wholesale, Los Angeles, California

John Sozio, Director of Produce, Public Supermarkets, Miami, Florida

Thomas A. Rothwell, Jr.)
James M. Lyons)--OF COUNSEL
Joseph A. Vicario)
Alfred G. Scholle)

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

AGREXCO Agricultural Export Co. Ltd., R. Shemi Ltd. of Israel, Inversiones Costa Flor, S.A., Costa Rica and other countries

Isaac Nir, AGREXO, USA

Yahalomah Shehory, Minister, Agricultural Affairs, Embassy of Israel

Kathleen F. Patterson--OF COUNSEL

Gustave Springer--Counsel
New York, New York
on behalf of

The Association of Flower Auctions and The Netherlands Association of Wholesalers in Floricultural Products

Dirk Schuitemaker, Flower Marketing Council of Holland

Leonard Levy, Hillcrest Gardens

Kay McGovern, McGovern & Weir Florists

Eleanor Clevenger, Halifax Floral Company, Providence, Rhode Island

Gustave Springer--OF COUNSEL

McDermott, Will & Emery--Counsel
Washington, D.C.
on behalf of

The Asociacion De Productores y Exportadores De Flores, and its individual member companies: Serena Flowers, Eden Flowers, Florexport, Florisol, Flores del Ecuador, Flores Pacifico, Flores Equinocciales, Inverflora, Terraflor, Flores La Antonia and Plantacion Sheila

Luis Panagi, Flores del Ecuador

John A. Hodges)--OF COUNSEL
Lizbeth R. Levinson)

Prather, Seeger, Doolittle & Farmer--Counsel
Washington, D.C.
on behalf of

Condor Farms and Flores Esmeralda, Ltda.

Peter Ullrich, President, Flores Esmeralda

Edwin H. Seeger)
Gary M. Welsh)--OF COUNSEL
Kurt E. Blase)

Busby, Rehm and Leonard, P.C.--Counsel
Washington, D.C.
on behalf of

Florists' Transworld Delivery Association (FTD)

James E. Durio, Wholesaler and President, Louisiana Wholesale Florists Inc., Lafayette, Louisiana

Bill Hines, Wholesaler and President of Shreveport Flower Market, Shreveport, Lousiana

William Maas, Executive Vice President, FTD

John Reilly, President, International Programs, ICF Incorporated

P. Lance Graef, Vice President, International Programs, ICF Incorporated

Roy Houff, President, Roy Houff & Co., Inc.

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

Marnette Perry, Floral Buyer, Kroger Company, Cincinnati, Ohio

George Samson, Marion Chapell Florists, New York, N.Y.

Don Flowers, Don Flowers Florist, Randallstown, Maryland

Will E. Leonard)
Philippe M. Bruno)--OF COUNSEL

- more -

Duncan, Allen and Mitchell--Counsel
Washington, D.C.
on behalf of

The Asociacion Nacional de Productores y Exportadores de Ornamentales de Mexico (ANAPROMEX), the Mexican Association of Flower Growers and Exporters, and the Government of Kenya

Leslie Alan Glick--OF COUNSEL