

2020 Annual GSP Review – Public Hearing Questions: Roses

A Message from the GSP Subcommittee: Thank you for participating in the 2020 Annual GSP Review Public Hearing. Below you will find questions from the GSP Subcommittee to those who submitted written comments on May 27th. We look forward to reading your responses. If you have any questions, please contact Laura Buffo or Claudia Chlebek at gsp@ustr.eop.gov.

Instructions: *Responses are due by June 30, 2020, at 11:59 p.m. EDT, on docket USTR-2020-0019, on Regulations.gov. Please: 1) answer each question individually; 2) state which question you are answering and 3) number your response according to the question you are answering.*

Hearing Questions:

1. Government of Ecuador

- a. A factor that the GSP statute directs us to consider in product addition petitions is the effect on development. Could you expand on the potential economic development benefits to Ecuador if fresh cut roses were added to GSP? In the long term, do you expect that exports from Ecuador will grow significantly if roses are added to GSP? How many jobs do you estimate this would either add or help to retain?
- b. In your submission, you describe how Ecuador's climate and growing conditions, including its altitude and daylight hours, are ideal for growing roses. Yet other countries that also export roses to the United States (*e.g.*, Colombia and Kenya) have similar growing conditions. Do Ecuadorian roses differ from those produced in competing countries? If so, how?
- c. On page 17 of your submission, you assert that "Ecuador has made great efforts to keep its external sector active and avoid taking measures to restrict imports". Yet, significant obstacles remain for U.S. agricultural products entering Ecuador. What steps are you taking to ensure fair and equitable market access for U.S. agricultural exports?

2. Association of Floral Importers of Florida (AFIF)

- a. Can you describe how the addition of roses may affect employment in your industry?
- b. The Ecuadorian government's submission highlights that prices for Ecuadorian roses are higher than those from other source countries. Yet, the U.S. still imports a significant percentage of its fresh cut roses from Ecuador (33.2% in 2019). Why do importers pay the higher price for roses from Ecuador instead of importing more roses from Colombia, Kenya, or other trading partners with lower prices and duty free treatment?

3. Society of American Florists (SAF)

- a. Several GSP beneficiary developing countries export fresh cut roses to the United States. Of these countries, Thailand, Zimbabwe, and Ecuador are the only exporters that do not already have duty-free access to the U.S. market. Your submission, however, only notes Ecuador. Why does your submission only note Ecuador? What factors impede these potential GSP beneficiaries from attaining a greater share of the U.S. market for cut roses export? Are there any other GSP beneficiary developing countries that may have the

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capacity to export cut roses to the United States but have not developed their industry for export?

- b. Just prior to the COVID-19 pandemic impacting the flower industry, Kenya secured authorization for direct cargo flights to the United States. Kenya has also announced its intention to negotiate an FTA with the United States. Are U.S. importers likely to source more fresh cut roses from Kenya given these developments? How would adding roses to GSP potentially impact your calculations into sourcing from Kenya?

4. California Association of Flower Growers and Shippers (CalFlowers)

- a. Does your organization include any domestic rose growers? If so, do they support the addition of roses to GSP? Why or why not?

5. CalFlowers, AFIF, SAF, Delaware Valley Floral Group, Denver Wholesale Florist, Equiflor, USA Bouquet Company, Wholesale Florist and Florist Supplier Association, Bill Doran Company, and Gems Group

- a. How would your sourcing strategy change if rose imports were eligible for GSP benefits?
- b. Could you please describe U.S. consumer preferences for fresh cut roses? Do preferences change dramatically over time, or is preference for a certain appearance relatively stable? Do the seasons affect preferences? Do your firms buy domestically produced fresh cut roses? Why or why not? Is the domestic rose industry able to increase its capacity to satisfy U.S. demand? Why or why not?
- c. Can fresh cut roses from one country, for example from countries that are currently eligible for duty-free access through either a free trade agreement or the African Growth and Opportunity Act, be used interchangeably with another one? Why or why not?
- d. How do you anticipate demand for fresh cut roses to change over the next several years?
- e. Are you aware of any U.S. firms that oppose adding fresh cut roses to the GSP program?

6. Chevron

- a. The petition to add fresh cut roses would provide duty-free treatment for roses imported from all GSP-eligible countries; however, your petition focused on the benefits that Ecuador would receive. Could you explain why you exclude the possibility that other rose producing countries besides Ecuador could benefit from the addition of this product?
- b. How would adding fresh cut roses to GSP impact the potential resolution of your dispute with the government of Ecuador?