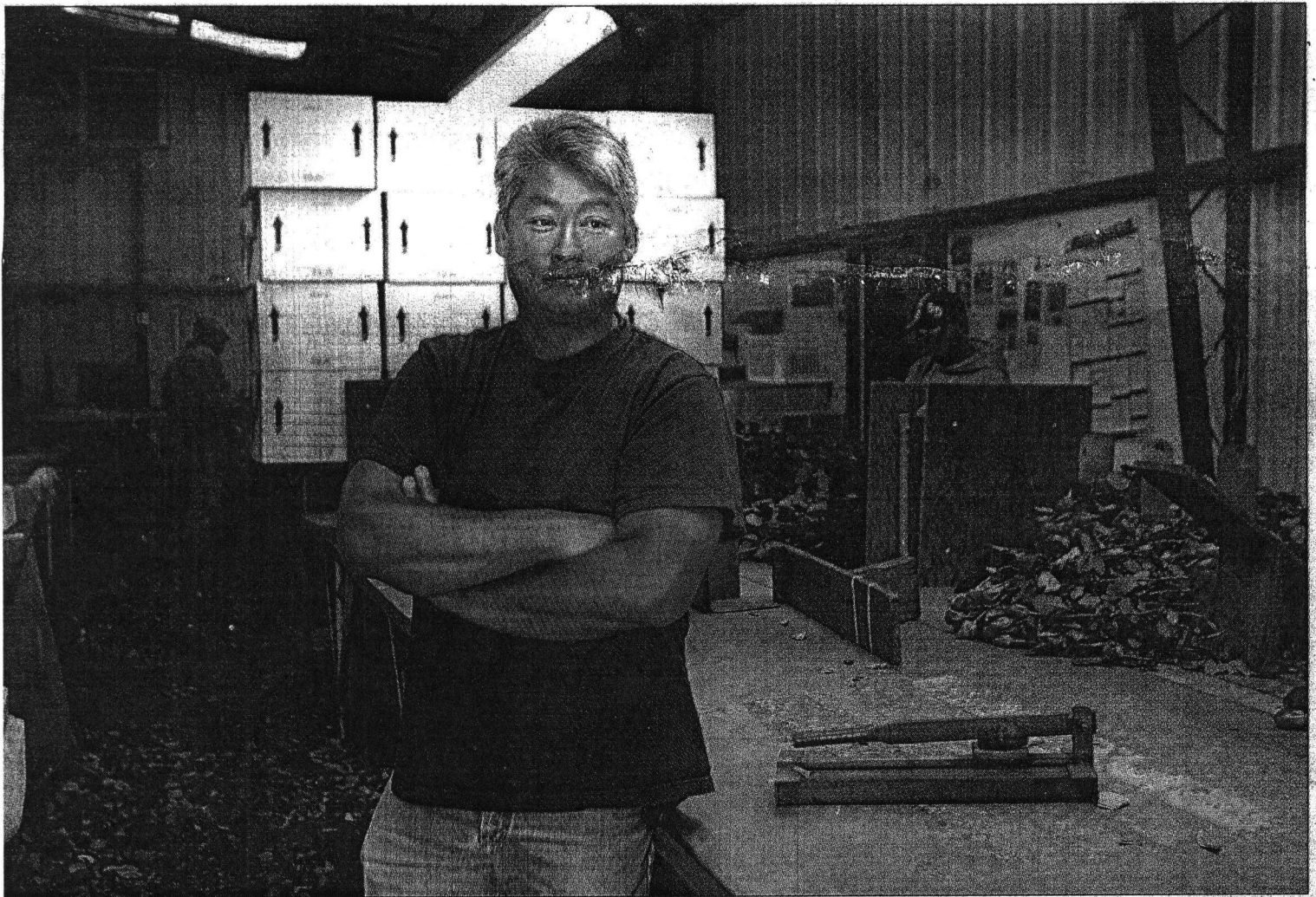


# Flower growers seek help in global market



DAN COYRO/SENTINEL

Speaking from his rose shipping room where only a handful of workers cut flowers Thursday, Pajaro rose grower Eugene Tsugi says despite recent efforts by U.S. officials to negotiate a new trade deal for domestic growers, 'It's too late.'

*Agriculture*

## Expired trade deal squashed California's cut flower industry

By **DONNA JONES**

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PAJARO — Mention free trade, and you'll get a skeptical snort from Eugene Tsugi.

For more than three decades, Tsugi and his family have grown roses in greenhouses along San Juan Road.

But in 1991, aiming to give Colombia an alternative to the export of illegal drugs, U.S. officials slashed tariffs on a range of imports, including cut flowers.

The result: Trade in cheap Colombian bouquets blossomed, and California's cut flower industry withered. The Pajaro Valley, once a mainstay in the rose business, saw a wholesale shuttering of greenhouses.

Now, as a new trade deal moves through Congress to replace the 1991 law that expired in February, California growers are grabbing the chance to get some help with the competition.

For Tsugi, one of the last Pajaro Valley rose growers still standing, the idea

of securing federal dollars to build a flower distribution hub to reduce freight costs might be too little, too late.

"In the end, concessions probably won't slow down the demise of the domestic industry," Tsugi said. "It's not that you're growing or thriving, you're surviving."

### CALIFORNIA QUEST

Kasey Cronquist, executive director

SEE FLOWER ON A2

**'It's not  
that you're  
growing or  
thriving,  
you're  
surviving.'**

**EUGENE  
TSUGI**, rose  
grower

# FLOWER

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of the California Cut Flower Commission, is a bit more optimistic about the state's \$330 million industry despite the battle with South American competitors, who own 75 percent of the domestic market.

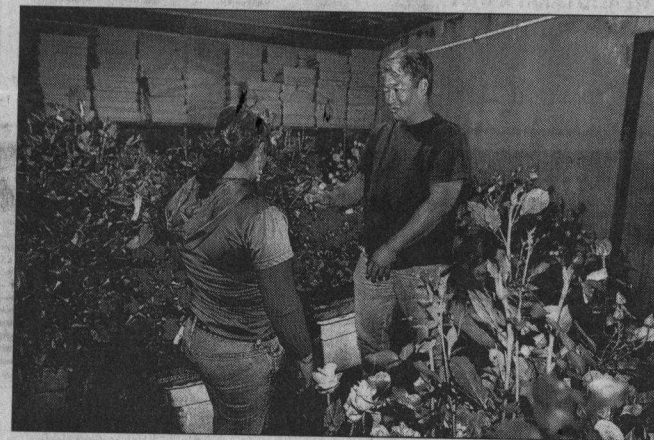
Cronquist estimates California flower producers have lost nearly \$90 million since the Andean Trade Preferences Act was approved in 1991, and the number of growers has dropped by nearly half to about 250.

"We've essentially lost all our carnation and chrysanthemum growers and most of our rose growers have either closed their business or turned to alternative crops," Cronquist said.

After analyzing what could help turn the situation around, flower growers settled on a flower distribution hub to rival centers in Miami and Los Angeles established by South American importers. A similar hub in Southern California, Cronquist said, would allow California growers to consolidate shipments, cut transportation costs and more effectively compete.

South American growers can fly seven to 10 plane loads of diverse flowers into Miami each day, Cronquist said, calling the advantage "the Costco effect."

"California's a large state and with our micro-climates,



DAN COYRO/SENTINEL

**Eugene Tsugi's family has been growing roses in the Pajaro Valley for generations. He says domestic growing is witing as U.S. officials negotiate a new trade deal.**

it's difficult for us to simulate that same experience of South American flowers having one hub, one port for consolidating freight rates and getting volume contracts," Cronquist said. "The transportation initiative is our answer to addressing such a competitive environment."

Rep. Sam Farr, D-Carmel, was one of several California legislators to sign a July 14 letter to U.S. Trade Representative Ron Kirk, urging him to support funding for the \$15 million hub project as part of the trade deal.

"As the California cut flower industry continues to suffer from U.S. trade policies, it is our responsibility to stand up and support this vital industry," Farr said in a statement this week. "With more than 10,000 jobs directly tied to flower production, it has never been more important

to ensure this vital industry continues to thrive and compete."

## STAYING ALIVE

Robert Kitayama of Kitayama Brothers, which produces cut flowers in 1 million square feet of greenhouses off San Andreas Road, described himself as "fairly optimistic" about the future. As imports cut into its turf, Kitayama diversified its product line, and leased out land to strawberry growers, as well as greenhouse space to other flower producers.

But earlier this year, Santa Barbara-based B and H Flower Growers Inc. filed for bankruptcy protection and shut down the 600,000-square-foot operation it ran on Kitayama's property. Kitayama said his company is weighing whether to reclaim the formerly leased space for its own purposes.

His concern is that as the number of growers plummeted in Northern California and the Watsonville area in particular, the infrastructure needed to support the industry, including the transportation system, has weakened. He supports the commission's initiative.

"Any changes to the trade agreement that could benefit local growers, I'm for," Kitayama said.

Across the Pajaro Valley on San Juan Road, Tsugi, who operates 2G Roses, isn't holding his breath. He's found new niches, such as selling direct to consumers via the Internet. But the imports followed, and without the environmental and labor regulations he's required to follow, they can undercut him on price. Tsugi said he doesn't necessarily even disagree with the regulations.

"But you can't hold us to a certain standard and at the same time expect us to compete against people with no restrictions," he said. "It's not just flowers, you're seeing it everywhere."

Tsugi said government funding could "help someone for some amount of time, but it's not going to solve the core problem" of an uneven playing field.

"Because of that, you just figure out a way not to die, and that's not a good business strategy," Tsugi said. "It doesn't make you want to invest in machinery parts or hire people. It's hunker-down status."