

**Testimony of Rick Harrah**

**President, Latin America  
Dole Food Company Incorporated**

**Before the  
United States Senate Finance Committee  
Subcommittee on International Trade  
August 3, 2001**

Mr. Chairman, Members of the Committee:

On behalf of the Dole Food Company, the largest producer and marketer of high-quality fruit, vegetables, and fresh cut flowers in the world, and the largest importer of fresh cut flowers in the United States, I sincerely appreciate the opportunity to be with you today at this important and timely hearing.

My name is Rick Harrah, the President for Latin America at Dole, and let me say at the outset that the Dole Food Company strongly supports renewal of the Andean Trade Preferences Act prior to expiration of the program on December 4, 2001.

We urge Congress to reauthorize the program expeditiously. Additionally, we urge that the program be reauthorized for a sufficient period of time so as to lend confidence to US entities that have made significant direct foreign investments in the Andean region, despite questions of regional stability, based on long-standing US policy which we hope will continue.

Dole Food Company is an Active Participant in the ATPA Program

Mr. Chairman, ATPA works. It is doing what it was designed to do—providing incentives to US business to invest directly in the troubled Andean region, and, in so doing, to support alternative development efforts as the best long-term weapon against the scourge of the illegal narcotics

trade. Additionally, direct US investment in the region has had a ripple effect, as our efforts and those of others are impacting in a positive way the wider communities in which we operate. Just as the Andean region is now faced with one of its deepest crises in years, it would be a significant setback to the region and its people, and to US business, were the ATPA to be allowed to lapse.

As you may know, fresh cut flowers are one of the largest product categories eligible for ATPA benefits, and we are pleased to say that Dole owns and operates 23 flower farms in Colombia and Ecuador through its subsidiary Americaflor Ltda, the world's largest grower of fresh flowers. In Colombia, Dole employs 11,133 workers, the largest industry employer. In Ecuador, the company employs 1,028 workers. Dole directly employs over 400 workers in the US. flower sector, mainly in Florida, but also in Texas and California.

Dole entered the fresh cut flower business in 1998 based on prevailing market conditions and prospects for future industry growth. Although conditions in the Andean nations continue to pose significant political and economic challenges, the company is confident in the ability of regional leaders to strengthen appropriate business conditions. In fact, this December the company plans to open a multi-million dollar state-of-the-art facility in Miami specifically to process imports from the Andean region. I must note that underpinning this calculation, however, is the support that the United States government has provided through ATPA and other means, *and the prospects that such support will continue over time.*

#### ATPA Benefits are Critical for Commercial Success and the Expansion of Social Benefits

On average, cut flowers from the Andean nations face a tariff of over six percent to enter the US market. ATPA drives those tariff levels to zero. Were tariffs to rise once again, profit margins, which are already barely two percent due to intense international competition and stagnant demand, could be squeezed to the point that direct investment in the flower sector would no longer be economically prudent.

This would directly affect Dole operations and negatively impact the broader societies in which we work. Dole and its subsidiaries are champions of environmental quality and worker welfare. In fact we are ranked among the top 10 companies in the Fortune 500 in terms of environmental and social responsibility by the Council on Economic Priorities. These core corporate principles have been firmly implemented in our operations in both Colombia and Ecuador. On January 15, for example, Americaflor announced its certification to the highest possible environmental standard, ISO 14001, and at the same time announced the certification of its bouquet operation to ISO 9002. We are very pleased that our subsidiary is the first flower producer *in the world* to reach this environmental milestone.

Without ATPA benefits, however, the commercial rationale for investing in Colombia and Ecuador would be significantly reduced, and, at a minimum, Dole would be forced to reevaluate its exposure in the Andean cut flower industry. *This would potentially reduce jobs and remove certain incentives for environmental and labor protections in areas where we currently operate.*

Additionally, it would seriously undercut our Colombian partners, represented by the Association of Colombian Flower Exporters, who have enjoyed a strong relationship with the United States since long before we entered the market. Over the past 10 years, the Colombian flower exporters have built a seamless working relationship with US law enforcement, including DEA, Customs, and the Department of State, who have each recognized the industry for its efforts to incorporate effective methods and techniques in combating the illegal narcotics trade.

The industry is also at the forefront of alternative development. Overall, the flower industry has created over 150,000 jobs in Colombia, primarily in the agriculture sector. The industry employs more agriculture workers per hectare than any other. With transferable skills, agricultural workers are prime targets for narco-traffickers to lure into the drug trade. It's certainly tempting, particularly given an unemployment rate in Colombia that hovers stubbornly around 20 percent, and with *underemployment* even higher. With ATPA, full employment is the norm in the

regions where flower farms exist. Without ATPA, it's a fair bet that many of the flower workers would end up in the coca and poppy fields elsewhere in the country.

Equally important, without ATPA, the industry would have to reduce or eliminate the many progressive and innovative programs designed to improve the lives of workers well beyond that which is required or contemplated by law. Healthcare, childcare, nursing care, subsidized nutrition and educational programs would all be reduced or eliminated, to say nothing of the environmental programs designed to protect and maintain fragile natural resources through better pesticide management and improved environmental protections.

More broadly, US workers have also benefited directly from a robust Andean cut flower industry. Over 220,000 US workers depend on Colombian and Ecuadorian flowers for their livelihood. Additionally, major retailers such as Wal-Mart and K Mart, and their workers and customers across the nation, depend on the region to supply their flower and flora-culture needs. In fact, nearly two-thirds of all flowers purchased in the United States are grown in Colombia, valued at approximately \$600 million per year. This \$600 million in imports of fresh cut flowers translates into a retail value for the U.S. floral industry of some \$11 *billion* per year.

#### ATPA is a Success and Should be Continued

Mr. Chairman, my point is that ATPA has been a lifeline that has made the cut flower industry viable, with highly positive ripple effects throughout Andean society. It is perhaps a perfect example of the way that US trade policy can impact broader policy goals, from the environment, to labor, to emboldening the private sector to combat the scourge of the illegal narcotics trade.

For 10 years, the ATPA partnership has fostered tangible, mutually beneficial results. It has been good for US companies, and good for the people of the ATPA beneficiary nations. It should be reauthorized in a seamless manner before it expires later this year. And it should be

done so as a bridge to the hemispheric FTAA that will provide certainty to the business environment and encourage new US investment in the Andean region for many years to come.

Thank you, again, for the opportunity to be with you today to share the views of Dole Foods.

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