Good critical thinking on economics

Business, Marketing

U. S. flower growers induce congress to snip imports

Colombia has a comparative advantage over California in the production of cut flowers. It is because the total cost of production of the flowers in Colombia is lower compared to the costs incurred in California for the production of the same quantity of flowers. The labor costs in Colombia ensure that the available capital can be used to secure more workers thereby boosting the production levels. Also, Colombia has an advantage owing to the favorable climate that prevails in the country and goes a long mile in the reduction of other operational and maintenance costs that are incurred by farmers in California. It ensures that their production levels are kept high at all times thus posing a significant competition to the California farmers. In addition, the broad distribution base that the Colombian farmers setup in Los Angeles ensures that there is an easy penetration of the market. It is because they have a central point inside the US territory from where they can operate with ease and control a wider part of the market.

The imposition of the tariffs has had a negative impact on the consumption of the Colombian flowers. The surplus that was in the market as a result of the overflowing Colombian imports has significantly reduced. As a result, an enormous gap has been created in the market since the California farmers supply cannot meet the demand level that prevailed in the market. The high costs that they incur in the production of the flowers are a better explanation of the phenomenon. The consumers' consumption levels are also constrained by the prices at which the flowers are offered in the market by the California farmers. The quantity they can buy with the same amount of money they used to buy the Colombian flowers cannot be the same.