



**APPLICATION FOR
DUMPING AND/OR
COUNTERVAILING DUTIES**

**Prepared or preserved peach
products from South Africa**

NON-CONFIDENTIAL VERSION

17th June 2013

PUBLIC FILE

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

Application for Dumping and Countervailing Duties

DECLARATION

I request in accordance with Section 269TB of the Customs Act 1901 that the Minister publish in respect of goods the subject of this application:

- A dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:.....

Name: **Peter Kelly**

Position: **Managing Director**

Company: SPC Ardmona
50 Camberwell Road, Hawthorn East, Vic 3123 Australia

ABN: 60 004 077 105

Date: 14th / 06 / 2013

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

 **(02) 6275-6066** Fax **(02) 6275-6990**

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

Shalini Valecha
Strategy Manager
SPC Ardmona
50 Camberwell Road, Hawthorn East, Vic 3123 Australia

Fax: 03 9861 8911 | Mob: 0409 748 334

Email: svalecha@spcardmona.com.au

ABN: 60 004 077 105

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

S.G Heilbron,
S G Heilbron Pty Ltd
832 High Street
East Kew, Vic 3102

Phone: 03 9249 9542

Facsimile: 03 9249 9600

A-2 Company information.

- 1. State the legal name of your business and its type (E.g. Company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

SPC Ardmona Operations Limited (SPC Ardmona)

- 2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

Refer confidential attachment A 2.2

- 3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

SPC Ardmona is wholly owned subsidiary of SPC Ardmona Limited – 100%

- 4. If your company is a subsidiary of another company list the major shareholders of that company.**

SPC Ardmona Limited is wholly owned subsidiary of Coca Cola Amatil Limited.

- 5. If your parent company is a subsidiary of another company, list the major shareholders of that company.**

The major shareholders of Coca Cola Amatil Limited are listed in its annual report.
Refer attachment A 2.5

6. **Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

Refer attachment A.2. 6

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**

Yes management fees/corporate allocations charged

8. **Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

SPC Ardmona has no relationship with any exporter or importer of the goods that are subject of this application

9. **Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

Coca Cola Amatil's latest annual reports can be found at :

<http://ccamatil.com/InvestorRelations/Pages/AnnualReports.aspx>

A copy of the 2012 and 2011 annual reports are attached for your reference : Ref attachment A2.5

10. **Provide details of any relevant industry association.**

- Australian Food and Grocery council.
- Australian processing tomato research council.
- Canned Fruits Industry Council of Australia (CFICA)

A-3 The imported and locally produced goods.

1. **Fully describe the imported product(s) the subject of your application:**

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**

Imported products are prepared or preserved peach products either whole (peeled or unpeeled) or in pieces (including halves, slices, diced), with or without added sugar or other sweetening matter or spirit, prepared or preserved in individual container sizes from 300grams up to and including 1.5kg. (Imported 'prepared or preserved peaches')

- Prepared or preserved peaches (halves, slices and pieces) are packed in various preserving liquid mediums such as juice, syrups, water etc. with different concentration.
- These can be in sizes and in containers ranging from 300 grams to 1.5 kilograms
- The imported goods could be packaged in different containers such as cans, glass jars, pouches, plastics or Tetra packs.

Imported products are prepared or preserved peaches which are suitable for purchase from retailers by individual consumers ("Imported prepared or preserved peach products"). These are often referred to as 'Multi serve prepared peach' products as well.

The following peach products do not form part of this application:

- Individually packed prepared or preserved peach products of less than 300g which are sold for snacking purposes.
- Peaches mixed with other fruit types such as pears, apples or nectarines
- Sizes greater than 1.5Kg which are more common in food service channel.
- Multiple packs of individual prepared or preserved peach products that aggregate to greater than 300g.

The imported multi-serve prepared peach products can be labelled with a generic, a house brand / private label for the retailer or a proprietary label. The imported prepared or preserved peach products which are the subject of this application cover all imported prepared or preserved peach products regardless of how labelled.

Technical details of some of the typical imported products and pictures of the imported products are attached in attachment A 3.1.

2. What is the tariff classification and statistical code of the imported goods?

The goods are classified within tariff subheading 20087000 statistical code 51, fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included (peaches, including nectarines) in Schedule 3 of the Customs Tariff Act 1995.

The current rate of duty is 5% except where appropriate for US, Thai, Chilean and AANZ originating goods which are free of duty.

3. Fully describe your product(s) that are 'like' to the imported product:

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

SPC Ardmona products are prepared or preserved peach products either whole (peeled or unpeeled) or in pieces (including halves, slices, diced), with or without added sugar or other sweetening matter or spirit, prepared or preserved in container sizes from 300grams up to and including 1.5kg.('domestic prepared or preserved peach products')

SPC Ardmona produces prepared or preserved peach products in the form of slices, halves, diced peaches. 95% of the current products in the category are sliced.

- SPC Ardmona's prepared or preserved peach products are currently packed into cans and in rigid plastics. Imported goods currently competing with domestic products are also in cans and in rigid plastics .However similar products can be packaged in other containers such as glass, pouches, tetra packs. These products would be similar to SPC Ardmona's products as they would have similar functional and commercial likeness. Packaging does not alter the essential characteristics of the product.
- Technical specifications of SPC Ardmona and back of pack information of the imported products indicate that the SPC Ardmona's products and imported products are comparable (ref Attachment A 3.3)

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

The multi-serve prepared peach products produced by SPC Ardmona are identical to, or very closely resemble, the imported multi-serve prepared peach products imported into Australia. The basis for this is that:

- The products have similar composition and ingredients
- The products are directly substitutable
- The products compete directly in the same markets
- The products have the same end-uses.

Physical likeness:

As indicated in attachment A 3.1 and A 3.3

- The imported products and domestic products are available in the same size packaging range. The majority of the products are available in 400grams, 800 grams and 1Kg size packaging.
- The key ingredient in the imported prepared or preserved peaches and SPC Ardmona's prepared or preserved products are peaches and the preserving liquids are also similar (such as juice, syrup, water)
- Both imported products and SPC Ardmona's products are available in same cuts with majority of the products in the sliced format.

Commercial likeness:

- Both imported products and SPC Ardmona's prepared or preserved peaches are available on supermarket's shelves and compete with each other as is indicated in attachment A 3.4.1
- Consumers switch between SPC Ardmona's products and imported products. The key purchase criterion driving the purchase decision is price. Refer attachment A 3.4.2

Functional likeness:

- Both imported and SPC Ardmona's products are used by consumers in similar occasions and for similar meal types.

5. What are the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product?

The ANZSIC code applicable to the domestic prepared or preserved peach products industry is category 2130 for Division C: Manufacturing, Sub-division 21: Food, Beverage and Tobacco manufacturing, Heading 213: Fruit and Vegetable Processing, sub-heading 2130.

6. Provide a summary and a diagram of your production process.

The growers deliver the peaches to the processors on the same day as they are picked.

The processors aim to bring the fresh peaches to the 'bright can' stage (that is, an unlabelled can) as close as possible to 24 hours of delivery. The first process in the factory is to sort the fresh peaches by size and colour, damaged and undamaged stock. Fruit unsuitable for canning is used for juice or pulped for use in other products.

After sorting, the peaches are transported on conveyor belts to a machine which halves and destones the peaches. The peaches are washed with caustic soda to remove the skins. Further sorting and inspection ensures the correct quality of product is produced.

Perfect halves of peaches are canned immediately and the remaining peaches are sliced and diced. The fruit is put into cans, plastic jars or cups of various sizes, where a 'liquid medium' of natural juice, light juice, light syrup, heavy syrup, water or other juices and syrups are added. The containers are then sealed and cooked to provide commercial sterility and to maintain the eating texture of the peaches. The packaged fruit is warehoused until time of sale. The containers are then labelled for sales orders as required.

Refer attachment A.3.6

- 7. If your product is manufactured from both Australian and imported inputs:**
- describe the use of the imported inputs; and
 - Identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

The key raw material input for the prepared or preserved peach products is raw peaches which are domestically sourced.

- 8. If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).**

Domestic prepared or preserved peach products produced by SPC Ardmona are not close processed agricultural products because annual fresh peach crop in Australia is neither completely nor substantially destined for use in prepared peach production. Peaches are also used in products such as packaged fruit snacking, paste, pulp and other prepared or preserved peaches for food service such as the ones we have excluded in this application.

- 9. Supply a list of the names and contact details of all other Australian producers of the product.**

SPC Ardmona is not aware of any other Australian producers of prepared or preserved peach products of the kind specified in this application.

A-4 The Australian market.

- 1. Describe the end uses of both your product and the imported goods.**

SPC Ardmona's prepared or preserved peach products and the comparable imported products have the same end-uses, namely that they are used predominantly for consumption by households. Attachment A 4.1 shows the preferred occasions and meals. They compete for the shelf space on the supermarket shelves, for tenders, and in sales in smaller retailer outlets such as corner stores.

Some quantities are probably purchased for use in the food service industry but generally that industry purchases product in larger pack sizes above 1.5kg for production of larger volumes of meals.

- 2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:**
- sources of product demand;
 - marketing and distribution arrangements;
 - typical customers/users/consumers of the product;
 - the presence of market segmentation, such as geographic or product segmentation;

Table A-4.6 – Australian Market: Retail market index (volume)

Period Tonnes	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	(g) Total Market (c+f)
2009	100		100	100	100	100	100
2010	92		92	162	75	129	100
2011	90		90	139	274	190	115
2012	84		84	188	131	166	103

A-5 Applicant's sales.

1. Complete appendix A3 (sales turnover).

Confidential Appendix A3 has been completed and is attached.

- Sales volumes are depicted in tonnes sold to all domestic channels, though retail channel is the largest.
- Sales value is Net sales revenue for SPC Ardmona i.e. ex-factory sales value.
- Difference between A2 and A3 is because:
 - A2 depicts retail channel sales only, whereas A3 includes sales to other channel such as distress sales, food service, green grocery, etc. apart from retail channel.
 - A2 depicts Retail sales value of the products and A3 net sales value.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Indexed table of Applicant's sales quantities (Tonnes)

Quantity	2009	2010	2011	2012
All products	100	84	77	71
Australian market	100	86	82	76
Export market	100	64	35	32
Total		84	77	71
Like goods				
Australian market	100	88	99	85
Export market	100	64	55	57
Total	100	84	92	80

*Indexed table of Applicant's sales values**

Value	2009	2010	2011	2012
All products				
Australian market	100	87	83	76
Export market	100	60	34	36
Total	100	85	79	73
Like goods				
Australian market	100	89	94	81
Export market	100	57	45	63
Total	100	85	88	79

3. Complete appendix A5 (sales of other production) if you have made any:

- **internal transfers; or**
- **Domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.**

Confidential appendix 5 has been completed and is attached.

4. Complete appendix A4 (domestic sales).

Confidential copy of A4 is provided along with the application

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

N/A

6. Attach a copy of distributor or agency agreements/contracts.

Refer to attachment A 5.6

7. Provide copies of any price lists.

Refer to attachment A5.7

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- 1. Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**
- 2. If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.**

Less Warehouse/Ullage

- a) Warehouse/Ullage – Applied on the Gross (or List) price. Historical discount typically agreed with the customer 7+years ago, typically only shown on the invoice if the customer requests it. XXX(Describes arrangements with customer)

Terms/Rebates

- b) Trade Terms/Rebates – Applied on the Net Sales Value(after warehouse/ullage has been taken out). Negotiated on an annual (or greater) period, typically applied to all SKUs evenly, typically a % off NSV. XXX

Case Deals/Deferred Deals

- c) Case deals are on a discretionary (promotion by promotion) basis; this is controlled via our Pack Price Strategy. Case deals are paid on a \$ amount per case sold. I.e. \$5 per case X 1,000 cases = \$5,000. The Pack Price strategy is promotional 'rules' set and controlled by the Commercial Finance team by which the sales teams are allowed to negotiate promotional activity with customers. The frequency and amount of case deal funding is set on a Promotional pack group by group basis depending on the objectives of the business.

Coop payments

■ Coop payments are a set total \$ basis, again this is discretionary, these payments are typically to support some joint advertising or promotional activity we are undertaking with the retailer XX(Describes arrangements with customer)

9. **Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

Please refer to attachment A5.9 (confidential)

A-6 General accounting/administration information.

1. **Specify your accounting period.**

1st January to 31st December

2. **Provide details of the address (es) where your financial records are held.**

Andrew Fairley Avenue, Shepparton, VIC, 3630
50 Camberwell Road, Hawthorn East, VIC, 3123

3. **To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- **chart of accounts;**

Refer to Attachment A 6.3.a (Confidential)

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

Coca Cola Amatil's latest annual reports can be found at:

<http://ccamatil.com/InvestorRelations/Pages/AnnualReports.aspx>

A copy of the 2012 and 2011 annual reports are attached for your reference (Ref Attachment A2.5)

- **Internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**

2. The company overall.

Refer to Attachment A 6.3.b (Confidential)

4. **If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

Coca Cola Amati's accounts are audited

5. **If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.**

Our accounting practices are in accordance with Australian generally accepted accounting principles

6. **Describe your accounting methodology, where applicable, for:**

Please refer to Note 1 to the Financial Statements (Page 50) on Coca Cola Amati's 2012 Annual Report. This details the significant accounting policies applied by the business.

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to SPC Ardmona and the revenue can be reliably measured.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to customers.

Revenue is recognised net of discounts, allowances and applicable amounts of value added taxes such as the Australian goods and services tax.

In preparing the consolidated financial statements, the effects of all transactions, balances and unrealised gains and losses on transactions between entities in the Coca Cola Amati Group are eliminated.

- **provisions for bad or doubtful debts;**

Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

The costs of conversion of inventories include costs directly related to the units of production. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition. No interest costs are recovered into the costs of inventories.

- **costing methods (e.g. by tonnes, units, revenue, activity, direct costs etc.) and allocation of costs shared with other goods or processes;**

SPC Ardmona uses the standard cost method for measuring the cost of inventory. Shared costs are allocated based on units of production

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (e.g. FIFO, weighted average cost);**

Inventories including raw materials, work in progress and finished goods are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value. Cost is determined on the basis of first-in-first-out, average or standard, whichever is the most appropriate in each case.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Costs of inventories include the transfer from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

- **valuation methods for scrap, by-products, or joint products;**

Scrap and by-products are valued at net realisable value, whereas joint products are valued at lower of cost and net realisable value

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Finished goods are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value

- **valuation and revaluation of fixed assets;**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to SPC Ardmona. All other subsequent expenditure is expensed in the period in which it is incurred.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Property, plant and equipment, other than freehold land, is depreciated or amortised on a straight line basis at various rates dependent upon the estimated average useful life for that asset to SPC Ardmona. The estimated useful lives of each class of asset for the current and prior year are as follows –

Freehold and leasehold buildings 20 to 50 years

Plant and equipment 3 to 15 years

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange rate gains or losses are brought to account in determining the net profit or loss in the period in which they arise, as are exchange gains or losses relating to cross currency swap transactions on monetary items.

- Retail sell price of some of the key imported products have also been declining since 2009 as is indicated in the examples below:

825g size products are 60% of the total category in supermarkets. Price difference between SPC Ardmona products and competitors' products are shown below. (Confidential Chart)

It also evident from the charts above that the imported dumped products are available at significantly lower prices than the Australian SPC Ardmona's products; this in turn meant that SPC Ardmona had to compete for sales by discounting its prices and increasing promotional spend. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX (Describes commercial strategies).

Above factors have led to decline in SPC Ardmona's profit margins XXXXXXXXXXXXXXXXXXXXXXXXXXXX (Describes profit margins)

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

Index of sales variations (metric tonnes)

Period	2010	2011	2012
Index	100	109	96

Index of cost variations (A\$ per metric tonnes)-cost to make and sell

Period	2010	2011	2012	2013 YTD
Index	100	116	115	109

Index of price variations (model, type, grade of goods)

Period	2010	2011	2012	2013
Index	100	94	97	87

Index of profit variations (model, type, grade of goods)

Period	2010	2011	2012
	-100	-352	-269

Index of Profitability variations (model, type, grade of goods)

Period	2010	2011	2012	2013
	-100	-341	-289	-368

3. Complete appendix A7 (other economic factors).

Capacity utilisation

Period	2010	2011	2012	2013
	X%	X%	X%	X%

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data

provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your annual sales volume and market share.

Prepared or preserved peach products category volumes sold through major retailers have been relatively stable. XX (Describes sales volumes)

The volume of total imported prepared or preserved peach products however increased XX.

The volume of dumped imported prepared or preserved peach products increased XX.

Therefore the volume share of imports increased XXXXXXXXXXXXXXXXXXXXXXXX

During the same period, SPC Ardmona's total sales volume (branded plus private label) fell XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX (Describes imported and company sales volumes).

Internal analysis on country of origin of imported products indicates that est. X% of the current imported prepared or preserved peach products sold through the major retailers are from South Africa.

a) Examples of some of the products are shown in the table below.

Product	EAN	Scan Reference number	Country of Origin
Home brand Pch Slices 425g	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXX	Sth Africa
Home brand Pch Slc Syr 825g	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXX	Sth Africa
Home brand Pch Slcd N Jce 1kg	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXX	Sth Africa
Woolworths Select Pch Slc Jce 410g	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXX	Sth Africa
Woolworths Select Pch Slc Jce 820g	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXX	Sth Africa
Coles Smart buy Peach Slc in Syr 825g	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXX	Sth Africa

b) Attachment A3.1 has pictures indicating country of origin on back of back of the products.

c) ABS import data analysis for the tariff code 2008700051 also indicates an increase in imports from South Africa as well. As the ABS data does not segregate the information by container size, the information is an indicator of the trends in imports for both grocery and foodservice channel.

- Total imports of preserved peaches into Australia for all channels increased by 35%, from 5805T in 2009 to 7827T in 2012. (Ref table:A.9.1c)
- Imports from South Africa, China and Greece constitute the majority of these imports. In 2012, 91% of the total imports were from these countries.

Table A 9.1.C

Import Data from ABS for tariff code 2008700051				
Tonnes	2009	2010	2011	2012
South africa	2,401	3,884	3,335	4,506
China	1,807	2,006	2,518	1,969
Greece	839	866	1,866	641
Top 3	5,047	6,755	7,719	7,115
Total imports	5,805	7,647	9,234	7,827
% of total imports				
South africa	41%	51%	36%	58%
China	31%	26%	27%	25%
Greece	14%	11%	20%	8%
Top 3	87%	88%	84%	91%

Source: ABS statistics

- The share of imports from South Africa to total imports for prepared peaches was 41% in 2009 and it increased to 58% in 2012.
- Whilst the imports from China and Greece have been declining in recent years, imports from South Africa have been rising as is indicated in the index table below.

Table A 9.1. D

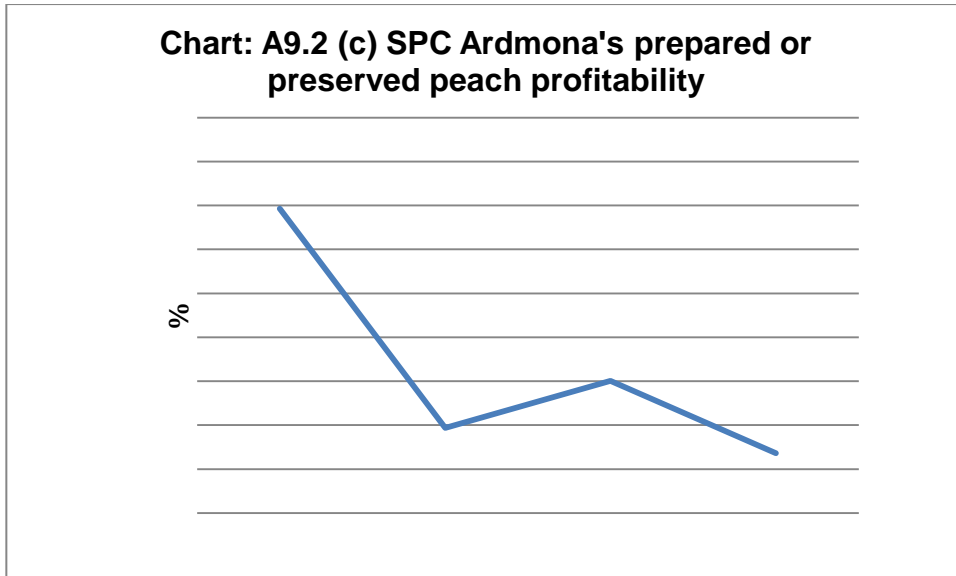
Index of imported volume by country of origin				
	2009	2010	2011	2012
South africa	100	162	139	188
China	100	111	139	109
Greece	100	103	222	76
Top 3	100	134	153	141
Total imports	100	132	159	135

Source Analysis of ABS statistics

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your annual prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

As indicated in the attachment A3.4 .2 consumers' key purchase criteria is the retail price.

Retail price is the price per unit on supermarket shelves at the time of purchase. For the purpose of analysis this price was then converted to retail price per kg.



3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your annual costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

The decline in sales volumes caused by the imported prepared or preserved peach products has resulted in SPC Ardmona's experiencing higher costs to make and sell XXXXXXXXXXXXXXXXXXXX. This was due to loss of critical economies of scale which in turn lead to poor overhead recovery. *(Describes commercial arrangements)*

The increased price competition from dumped imports has prevented SPC Ardmona from raising prices into a level required to recover its increased costs to make and sell resulting in price suppression, which in turn has eroded profits and profitability.

(Confidential chart shows relation between cost to make and sell per kg and net selling price per kg)

4. The quantity and prices of dumped imported by the goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

As a result of the increased level of imported prepared or preserved peach products to total consumption in Australia, viability of the domestic prepared or preserved peach products industry is under threat.

- Demand for raw tonnes of peaches has declined XXXXXXXXXXXXXXXXXXXXXXXXXXXX
- If the trend continues this demand is further likely to be halved with only XXXX of raw tonnes required in 2014. This massive decline has significant impact on the region and its growers.

- Number of peach growers has been declining in the industry. XX.(Describes commercial arrangements)
- The losses suffered by SPC Ardmona as a result of the dumped imports have meant there is no capacity by SPC Ardmona to raise investment capital for the operations or for innovation.

This would mean SPC Ardmona re-evaluating its position as the major Australian manufacturer of multi-serve prepared peach products.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be ‘material’.

As above

6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

- Australian seasonal conditions do not impact consumer demand.
- Over the past few years there has been sufficient supply of raw fruit and processing capacity to meet the demand. This is evident from chart below: (Confidential *chart indicates tonnes of peach available vs. requirement for processing*)
- Cost of raw material and labour has decreased XXXXXXXXXXXXXXXXXXXX(Describes costs)
- The exchange rate can cause injury to SPC Ardmona (apart from facilitating an increase in imports in general i.e. not of dumped products only), through reduced sales of exports. Exports by SPC Ardmona have only constituted a minor part of the business XXXXXXXXXXXXXXXX (Describes exports share)

By far the biggest factor causing damage has been the loss in SPC Ardmona’s volume, resultant impact on costs, price undercutting and price suppression.

7. **This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.**

Production of prepared or preserved peach products in South Africa (the dominant supplier of imports into Australia) has been rising in recent years according to the US Department of Agriculture¹.

Continued rise in imports will lead to further reduction in SPC Ardmona's earnings and thereby the return on the capital employed in processing.

This will have flow on impacts to SPC Ardmona's business as a whole, and to SPC Ardmona's suppliers, thus threatening to totally undermine the future of Australian multi-serve prepared peach products industry.

The multi-serve prepared peach products are integral to the operation of the company's processing facilities, and their loss will undermine the viability of operating the facilities as a whole.

SPC Ardmona has XXXX full-time-equivalent staff and its economic activity indirectly supports more than XXXX additional jobs in the Goulburn Valley. The company directly injects about \$XXXX million into the local economy through salaries and wages and provides apprenticeships, training programs work experience programs and graduate student programs to young people in the region.

SPC Ardmona has invested considerably in developing its business over the years. It has been a leading innovator in product and process development not only in respect of the processed fruit and vegetable industry but also the Australian processed food industry as a whole.

However Coca Cola Amatil, SPC Ardmona's parent company, has indicated that it will not be able to support further major investment unless adequate returns can be generated by the company. The investment made to date is necessary but insufficient to address the rapid and escalating impact of dumped imports.

If the flood of imports does not halt the previous investments made by the company will have been wasted, and the substantial employment generated directly and indirectly by the company in the Goulburn Valley region will be lost.

¹ USDA, FAS GAIN Report, *Canned deciduous fruit annual, 2011/12*.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:



(02) 6275-6066 Fax **(02) 6275-6990**

B-1 Source of exports.

1. Identify the country(ies) of export of the dumped goods.

- Imports of prepared or preserved peach products from South Africa are the subject of this application.
- As is evident from attachment A3.1 majority XXXXX of the current imported products sold by the major supermarkets are from South Africa.
- As import data supplied by ABS for the tariff code 2008700051 does not segregate the imports by container size it is impossible to accurately determine historical imports of prepared or preserved peaches from South Africa.
- It is however SPC Ardmona's understanding that China predominantly supplies the higher pack size whereas South Africa supplies the higher quality retail pack sizes that compete directly with SPC Ardmona branded products in retail channel
 - Imports from South Africa in 2012 were 58% of the total imports of prepared or preserved peach products. SPC Ardmona's view is that these were predominantly for retail sector. (Ref Table A 9.1C)
 - The other major source of imports in 2012 was China accounting for 25% of total imports.(Ref Table A 9.1C)

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

South Africa is also the country of origin of the imported goods.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

South Africa is considered a market economy country for the purposes of Australia's anti-dumping legislation.

4. Where possible, provide the names, addresses and contact details of:

- **Producers/exporters of the goods exported to Australia;**

SPC Ardmona is not aware of the details of producers and exporters.

- **Importers in Australia.**

SPC Ardmona believes that the major supermarkets or their agents are the key importers.

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Not applicable.

Table B-1.5.1 - Import volumes and share of imports by country

Period	<<>>	Other	Total

Please refer to Industry Confidential Attachment B-1.5 for summary data of import volumes.

Table B-1.5.2 - Country of Origin as percentage of total imports

Period	<<>>	Other	Total

Import volumes from each of the nominated countries during <<>> exceed the 3 per cent *de minimus* requirement.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

N/A

B-2 Export price

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.

The following methodology has been used to calculate the export price:

1. Import quantity (Kgs) and value of imports (\$) of preserved peaches (tariff code: 20087000 statistical code 51) was sourced from Australian Bureau of Statistics data (Ref Attachment B1.1)
2. Unit value of imports was calculated from above (\$/kg)
3. Unit value was converted to SAR values at the average exchange rate for the year
4. Average rate was sourced from <http://www.ozforex.com.au/forex-tools/historical-rate-tools/yearly-average-rates>.
5. Average conversion rate of ZAR/ AUD for 2012 ZAR8.505687

Preserved Peaches

Export price	2012	Data source:
Value of duty (Aud)	XXXX	XXXX
Volume Kg	XXXX	XXX
VFD/KG	XXXX	XXXX
Ex-factory price SAR/Kg	XXXX	

(Describes calculation using commercial information)

2. Specify the terms and conditions of the sale, where known.

Terms and conditions are not known

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

N/A

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Ref Attachment B 1.1 for copy of ABS statistics used for calculating export prices

B-3 Selling price (normal value) in the exporter's domestic market.

1. State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

The methodology used to calculate the normal value has been to:

- 1. Actual retail prices of the like products in South Africa's Supermarkets
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX(Commercial information)
- 2. Average SAR/kg price was derived from above for the mix of products
- 3. 14% VAT (applicable in South Africa for multi-serve prepared peach products) was deducted from above to get to a net sales value for the retailer
- 4. Information on average retail margin for the canned and preserved fruit categoryXXXXXXXXX (Ref: attachment B 3.1.4)
- 5. Estimated delivery and freight from the manufacturer to the retailer was deducted giving ex-factory wholesale price/kg

Normal Value (SAR)	2012	Data Source
Retail price	XXXX	XXXX
Less VAT (14%)	XXXX	XXXX
NSV	XXXX	
Less retailers margin	XXXX	XXXX
Less freight to customer	XXXX	XXXX
Wholesale price/ kg	XXXX	

(Describes calculation using commercial information)

2. Specify the terms and conditions of the sale, where known.

Terms and conditions of sale are not known.

3. Provide supporting documentary evidence.

N/A

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

Not applicable

B-4 Estimate of normal value using another method.

1. **Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).**

N/A

2. **Provide supporting documentary evidence.**

N/A

B-5 Adjustments.

1. **Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.**

N/A

2. **State the amount of adjustment required for each and applies the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.**

N/A

B-6 Dumping margin.

1. **Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).**

Dumping margin calculations for the goods the subject of this application from each of the exporting countries nominated in this application are summarised in the following Table.

Table B-6.1 – Dumping Margin Calculations: Comparison of Ex-factory price and Normal Value

Ex-factory export price (SAR/Kg)	XXX
Ex-factory normal value (SAR /Kg)	XXX
Dumping Margin (SAR)	XXX
Dumping Margin %	XXX

(Describes calculation using commercial information)

2. **Show dumping margins as a percentage of the export price.**

Please refer to Table B-6.1 above for dumping margin calculations as a percentage of export prices.

The methodology for calculating the dumping margin has been to identify the difference between the ex-factory prices and the normal value for the prepared or preserved peach products which are the subject of this application. XXXXXXXXXXXXXXXXXXXXXXXX*(Describes calculation using commercial information)*

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

You should contact the Customs Dumping Liaison Unit before answering any question in this part:

 **(02) 6275-6066** Fax **(02) 6275-6990**

C-1 Subsidy

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
 - (i) the nature and title of the subsidy;
 - (ii) the government agency responsible for administering the subsidy;
 - (iii) the recipients of the subsidy; and
 - (iv) the amount of the subsidy.

N/A

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:
 1. the rate of increase of dumped/subsidised imports;
 2. changes to the available capacity of the exporter(s);
 3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
 4. inventories of the product to be investigated; or
 5. any other relevant factor(s).

N/A

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

N/A

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods may form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Dumping Liaison Unit before completing this section ☎ (02) 6275-6066 Fax (02) 6275-6990.**

1. Fully describe the locally produced raw agricultural goods.

N/A

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

N/A

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

N/A

4. Provide information to establish either:

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

N/A

C-4. Exports from a non-market economy

- 1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

N/A

- 2. Nominate a comparable market economy to establish selling prices.**

Please refer to Section C-4.1 above.

- 3. Explain the basis for selection of the comparable market economy country.**

Please refer to Section C-4.1 above.

- 4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.**

Please refer to Section C-4.1 above.

C-5 Exports from an 'economy in transition'

- 1. Provide information establishing that the country of export is an 'economy in transition'.**

N/A

- 2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.**

N/A

- 3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.**

N/A

- 4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.**

N/A

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B.1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Total				

Each of the countries the subject of this application each account for more than 3 per cent of total import volume. Please refer to Section B-1.5 above.

APPENDICES

Appendix A1
Appendix A2

Appendix A3

Appendix A4

Appendix A5

Appendix A6.1

Appendix A6.2

Appendix A7

Appendix A8