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**Public File Version**

Mr Con Soumbassis  
Case Manager  
Anti-Dumping Commission  
Level 35, 55 Collins Street  
Melbourne Victoria 3000  
By email: con.soumbassis@adcommission.gov.au

Dear Mr Soumbassis

**Continuation Inquiry No. 333 – Consumer pineapple exported from the Philippines and Thailand**

1. Executive Summary

Golden Circle Limited (**GCL**), a H J Heinz Company Australia Limited company, is a manufacturer and supplier of consumer pineapple to the Australian market. GCL competes directly with exports of consumer pineapple from the Philippines and Thailand in a market where pricing is transparent, and small differentials influence the consumer's purchasing decision.

GCL reaffirms the assertions made in its continuation application that should the Anti-Dumping Commission (the **Commission**) recommend to the Parliamentary Secretary that the anti-dumping measures be allowed to expire on consumer pineapple exports from the Philippines and Thailand, GCL will experience a recurrence of the material injury that the measures are intended to prevent. GCL is of the view that in the absence of measures, exporters will respond to reduce prices to secure increased export volumes and market share at GCL's expense. The removal of the measures will entice *retailers* to source consumer pineapple at reduced prices (to maintain or increase retail margins) and contribute to reductions in export prices for exporters the subject of the measures.

GCL has demonstrated to the Commission that it has experienced reduced volumes in 2014 and 2015 that can be attributed to low raw pineapple fruit supply. GCL is increasing production with increased raw material availability in 2016 and beyond and requires effective measures to operate to enable GCL to compete at fair prices.

GCL contends that the continuation of the measures beyond October 2016 is necessary to ensure GCL is not subject to a recurrence of material injury and to permit the Australian industry to increase supply of local consumer pineapple production at fair market prices.

## 2. Consumer pineapple imports from the Philippines and Thailand

In 2015, consumer pineapple imports from the Philippines and Thailand were 4,388 tonnes and 1,631 tonnes respectively, of a total 6,349 tonnes. Imports from the Philippines accounted for 69 per cent of total imports of consumer pineapple, with Thailand at 29 per cent. Consumer pineapple import volumes from the Philippines represent the largest source of competition to GCL's locally produced consumer pineapple.

In terms of export pricing, consumer pineapple A\$FOB prices from the Philippines and Thailand are comparable at approximately A\$1.82 and A\$1.84 per litre respectively.

## 3. Retail price transparency

Retail pricing for consumer pineapple is transparent. Consumer pineapple pricing can be described as 'sensitive' to minor shifts in pricing. A reduction in retail pricing will influence the consumer's purchasing decision and contribute to an increase in sales volumes for that reduced-price product.

The removal of anti-dumping measures will result in a reduction in retail selling prices for imported consumer pineapple from the Philippines and Thailand, thereby contributing to a reduction in sales volumes and market share to GCL, unless GCL similarly reduces its selling prices (contributing to reduced profit and profitability).

Should anti-dumping measures be allowed to expire, GCL would encounter pressure (from retailers) to reduce prices to match the price offers from the two key source countries (accounting for a combined 98 per cent of total imports in 2015) that would be no longer influenced by the anti-dumping measures (and, particularly, the influences of measures based upon the combination form methodology).

In a price sensitive retail market should measures be allowed to expire, GCL submits that it would be required to lower its selling prices to the reduced prices of imports that are no longer the subject of measures.

## 4. Impact of non-dumped imports

Imports of consumer pineapple from countries other than the Philippines and Thailand were in 2015, in relatively minor volumes (i.e. approximately 2 per cent of the total import volumes). These relatively minor volumes were from a number of countries and were not in sufficient volumes to influence retail selling prices in Australia.

GCL further recognizes that the Thai Pineapple Canning Industry Co Ltd (**TPC**) is not the subject of measures for consumer pineapple exported from Thailand. Historically, TPC has been a large volume exporter of consumer pineapple to Australia. GCL considers that TPC's export prices to Australia are influenced by the impact of the prevailing anti-dumping measures (i.e. level of applicable ascertained export prices and dumping margins assessed) applicable to all remaining Thai exporters. Having regard to the volumes of imported consumer pineapple from the Philippines (i.e. 69 per cent of total imports) and Thailand (29 per cent of total imports), TPC's share of the Thai volumes does not diminish the position that the removal of measures on all exporters in the Philippines and Thailand (excluding TPC) would result in a recurrence of material injury to GCL.

GCL does not consider that its view of a likely recurrence of material injury should the measures be allowed to expire, is diminished in any way by the negligible volume of dumped imports from countries

other than the Philippines and Thailand not the subject of measures. Similarly, GCL does not consider that imports from TPC that are not covered by measures lessens or reduces the position that the removal of the measures applicable to the remaining Thai exporters of consumer pineapple will result in a recurrence of material injury to GCL<sup>1</sup> (in light of the share of imports held by all exporters from the Philippines and exporters the subject of measures in Thailand).

#### 5. Price undercutting

A comparison of the FOB import prices for consumer pineapple from the Philippines and Thailand in 2015 with GCL's cost-to-make-and-sell (CTM&S) consumer pineapple (after allowing for export freight, landing charges in Australia, import duties – where applicable- and local delivery) significantly undercut GCL's CTM&S consumer pineapple in 2015. In a price sensitive market, the removal of anti-dumping measures would increase the level of price undercutting, resulting in a reduction in sales volumes for GCL locally-produced consumer pineapple.

#### 6. Local raw pineapple supply

GCL discussed with the Commission the increased supply of raw material pineapple that was occurring at the present time, including the four-year cycle associated with increased production for contracted growers. GCL is anticipating that it will be able to increase supply of consumer pineapple in the full knowledge that anti-dumping measures will continue to apply to exporters in the Philippines and Thailand, thereby ensuring that material injury from dumping does not occur.

Should the measures be allowed to expire the increased supply of raw material pineapples may also be in jeopardy (as GCL is unable to sell consumer pineapple at prices competitive with fairly-priced imports).

#### 7. Continuation of anti-dumping measures

Should the anti-dumping measures be allowed to expire on exports of consumer pineapple from the Philippines and Thailand, the Australian pineapple processing industry as represented by the sole consumer pineapple processor GCL will:

- experience a continuation of material injury from exports from the Philippines and Thailand that are the subject of the measures;
- will be unable to process increased contracted raw material pineapple and compete at fair prices with imports from the Philippines and Thailand; and
- experience reduced export prices for consumer pineapple from the Philippines and Thailand resulting in increased price undercutting and a recurrence of material injury to GCL.

GCL contends that the exports of non-dumped consumer pineapple are of negligible volumes to have significantly influenced market prices in 2015. Also, exports by TPC are likely to have been influenced by the ascertained export prices determined for other Thai exporters, in light of previous investigations involving TPC since 2001.

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<sup>1</sup> By this statement, GCL is not conceding that TPC's exports of consumer are not at dumped prices. Nor is GCL stating that TPC's exports are not injurious to the Australian industry. GCL reserves the right to address exports by TPC as appropriate.

GCL urges the Commission to recommend to the Parliamentary Secretary that anti-dumping measures applicable to exports of consumer pineapple from the Philippines and Thailand be continued for a further five year period from October 2016 to ensure that GCL does not again experience a recurrence of material injury that the measures are intended to prevent.

If you have any questions concerning this submission, please do not hesitate to contact the writer on (03) 9861 5701 or GCL's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Hickey', with a long horizontal stroke extending to the right.

Len Hickey  
Legal Counsel  
Golden Circle Ltd