

29th August 2013

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Director, Operations 3
International Trade Remedies Branch
Australian Customs & Border Protection Service
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5 Constitution Avenue
CANBERRA ACT 2601

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Dear Joanne,

SPC Ardmona (SPCA) is the sole Australian manufacturer of Prepared or Preserved Peaches in Australia. For the purposes of the investigation SPCA has been requested by Customs and Border Protection to provide its view as to an appropriate unsuppressed selling price ("USP") for Prepared or Preserved Peaches.

Customs and Border Protection refers to the USP as "*a price the industry may achieve in the market in the absence of dumped or subsidized imports*". Customs and Border Protection follows a preferred hierarchy for the establishment of a USP that includes:

1. Industry selling prices at a time unaffected by dumping;
2. Constructed industry prices – industry cost to make and sell plus profit;
3. Selling prices of non-dumped imports.

Customs and Border Protection derives the NIP from the USP by deducting the costs of moving the goods from the FOB point in the exporting country to (generally) the FIS point in Australia. These costs usually include costs for overseas freight, import duties, customs and clearance expenses, local freight from wharf to store, and an importer's margin.

Section 269TACA of the *Customs Act 1901* defines the Non-Injurious price ("NIP") as the minimum price necessary " ... *to prevent the injury, or a recurrence of the injury...*" caused by the dumping.

SPCA does not consider that it is appropriate to base a USP for Prepared or Preserved Peaches on selling prices in the Australian market immediately prior to the commencement of dumping as insufficient information is available on when dumping began.

SPCA does not consider that using selling prices of exports from countries not included in the application are in sufficient volume to demonstrate an ongoing impact on prices (i.e. Australian industry prices are primarily established against the dumped import prices).

A suitable basis for a USP is the Australian Industry's cost-to-make-and-sell ("CTM&S") plus an appropriate margin for profit. SPCA considers that the CTM&S for Prepared or Preserved Peaches during 2012 plus a level of profit is an appropriate basis upon which to determine a USP. The 2012 CTM&S is comparable with recent costs during the first/second quarter of 2013.

An appropriate level of profit for Prepared or Preserved Peaches would be X% Profit to sales. This is based on risk adjusted expected rate of return within the business for the category.

SPCA's preferred USP methodology is based on 2012 CTM&S plus a level of profit and is shown the table below.

Table: Constructed USP for Prepared or Preserved Peaches based on 2012

Actuals based on 2012 CTMS	Revenue (NSR'M)	
	Sales Tonnes	
	NSR (\$/Kg)	
	EBT \$/Kg	
	EBT as % of Sell Price	
Unsuppressed Sell Price calculation	Expected EBT% for Prepared or Preserved Peaches	
	EBT \$/Kg	
	USP (\$/Kg)	

If you have any questions concerning this letter, please contact Shalini Valecha on 0409 748 334

Yours sincerely,



Peter Kelly
Managing Director