



8 July 2016

NON-CONFIDENTIAL

Mr Con Soumbassis
Acting Case Manager
Anti-Dumping Commission
Level 35
55 Collins Street
Melbourne VIC 3000

Dear Mr Soumbassis,

FSI PINEAPPLE FROM THAILAND - FORM OF MEASURES

In section 10 of SEF No. 334 (“the SEF”) the Commission states that it proposes to leave the combination of fixed and variable duty method (“combination method”) currently applicable to FSI pineapple from the Philippines and Thailand unchanged should the measures be continued. We submit that to continue this method beyond 17 October 2016 (the date of expiry of existing measures) will be punitive, out-of-date and have an adverse effect downstream and for these reasons should not continue beyond this date. It should be replaced with the *ad valorem* duty method.

The Commission’s Guidelines on the Application of Forms of Dumping Duty (“Guidelines”) provide the following as “Key considerations” in relation to the combination method:

- *The “effective” rate increases in a declining market make it punitive.*
- *The punitive effect in a falling market of the fixed form of this duty can have adverse effects on downstream industries.*
- *The ascertained export price used in this measure can become out-of-date.*

It is acknowledged in the SEF that prices of exports from Thailand increased significantly in 2014 and 2015 and that such increases are due to shortfalls in fresh pineapple supply because of adverse weather conditions.¹ The fact of the matter is that fresh pineapple prices in Thailand increased from a somewhat “normal” price of THB 5.68/kg in December 2013 to an all-time record high price of THB 12.18/kg in November 2015, ie. they more than doubled during this period – please refer to the attached official record of pineapple price movements from January 2008 to May 2016 and predicted prices from June 2016 to December 2017.

¹ SEF No. 334, section 5.3.2.

While having slightly declined from January to April 2016, again due to fresh pineapple shortages, prices have increased since April 2016 and are expected to peak in July – September 2016 at a new record high of THB 14.00/kg. It is predicted that fresh pineapple supply will increase and market prices will consequently significantly decline from September 2016 to December 2017 – THB 14.00/kg to THB 8.50/kg. While it is not officially predicted, SAICO expects this price decline to continue into 2018 and return to 2014 prices.

As export prices of FSI pineapple will follow the trend of fresh pineapple prices, which constitutes a major portion of the cost of production of FSI pineapple, the export prices of FSI pineapple are expected to significantly decline from September 2016. And this decline should continue well into the foreseeable future.

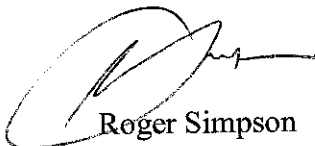
Consequent upon the foregoing, export prices of FSI pineapple after the anti-dumping measures expiry date (17 October 2016) will be significantly lower than those in 2015, which will be the basis for the fixed duty element if the combination duty method is continued. In addition, an ascertained export price (“AEP”) based on high 2015 export prices, which are the outcome of record high fresh pineapple prices, will become out-of-date from 2017 onward.

To continue the current combination duty method, with AEPs based on high 2015 export prices, will result in extremely high landed costs of imports of FSI from Thailand. This will have adverse effects on downstream industries, ie. food manufacturers, pizza makers, restaurants and catering companies. And these adverse effects on downstream industries will flow through to an adverse effect on consumers.

Having regard to the circumstances outlined above and the Commission’s Guidelines, the *ad valorem* duty method should be applied to FSI pineapple exported from Thailand in lieu of the proposed combination method.

Furthermore, there is no likelihood of price manipulation if the *ad valorem* is applied, as there is no evidence of complex related party company structures or price manipulation by the Thai FSI pineapple exporters – Guidelines page 7 refers.

Yours sincerely,



Roger Simpson