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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

Golden Circle Limited comments on Statement of Essential Facts 334 – Food Service Industry Pineapple Exported from the Philippines and Thailand

1. Executive summary

Golden Circle Limited (**GCL**) concurs with the Anti-Dumping Commission’s proposed recommendation to the Parliamentary Secretary to take steps to not allow anti-dumping measures applicable to Food Service Industry (**FSI**) pineapple exported from the Philippines and Thailand to expire on 17 October 2016. The Commission’s proposed recommendation is based upon its preliminary finding that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the anti-dumping measures were intended to prevent.

The Commission’s investigation into FSI pineapple exported from the Philippines and Thailand has confirmed the following dumping margins during 2015:

Country	Exporter	Dumping Margin
The Philippines	All Exporters	36.0%
Thailand	Kuiburi Fruit Canning Co., Ltd	9.2%
	Siam Agro-Food Industry Public Company Limited	35.0%
	Dole Thailand Limited	13.8%
	Prime Products Industry Co. Ltd	3.1%
	Vita Food Factory (1989) Company Limited	46.8%
	Uncooperative and all other exporters	36.2%

The Commission’s investigation confirmed that the Australian industry manufacturing FSI pineapple is susceptible to injury from dumped imports. Additionally, the Commission confirmed that:

- Australian importers had retained distribution links with exporters of FSI pineapple from the Philippines and Thailand;

- Exports of FSI pineapple from the Philippines and Thailand were at dumped prices during 2015;
- The import prices of FSI pineapple from the Philippines and Thailand undercut the Australian industry's selling prices; and
- If the measures were allowed to expire the Australian industry producing FSI pineapple would likely experience a recurrence of material injury.

GCL agrees with the Commissioner that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the anti-dumping measures were intended to prevent. GCL requests the Commission to recommend to the Parliamentary Secretary that the measures applicable to FSI pineapple exported from the Philippines and Thailand not be allowed to expire. It is further recommended that the measures be revised to reflect the changed variable factors established by the Commission in its investigations.

2. Changes in variable factors

The Commission did not receive a completed exporter questionnaire from any exporters of FSI pineapple in the Philippines. The Commission received cooperation from the following Thai exporters of FSI pineapple:

- (i) Kuiburi Fruit Canning Co., Ltd (**Kuiburi**);
- (ii) Siam Agro-Food Industry Public Co., Ltd (**SAICO**);
- (iii) Dole Thailand Limited (**Dole**);
- (iv) Prime Products Industry Co., Ltd (**Prime**); and
- (v) Vita Food Factory (1989) Company Limited (**Vita**).

The Commission conducted a verification visit with Kuiburi. Based upon the individual import volumes of the remaining cooperative exporters in Thailand, the Commission elected not to conduct on-site verification visits with the companies.

(i) The Philippines

In the absence of cooperation from exporters in the Philippines of FSI pineapple to Australia, the Commission determined export prices based upon weighted average export prices from the Australian Border Force (**ABF**) database. Normal values were determined on the basis of 'best available information' under s 269TAC(6) which was considered to be weighted average normal values for Thailand exporters in the review period.

Weighted average dumping margins of 36.0 per cent were determined for FSI pineapple exports to Australia.

(ii) Thailand

A verification visit was conducted with Kuiburi. The Commission calculated export prices for Kuiburi based upon arms length transactions by the Australian importer from Kuiburi. Normal values for Kuiburi could not be established under s 269TAC(1) due to an absence of domestic sales in Thailand and recourse was made to s 269TAC(2)(c) based upon Kuiburi's costs of production, plus amounts for selling, general administration expenses, and profit.

Dumping margins for Kuiburi were assessed at 9.2 per cent.

Export prices for all cooperative Thai exporters of FSI pineapple were based upon export prices paid by Australian importers for the respective exporter. Normal values for Dole Thailand were determined under s 269TAC(1) based upon domestic selling prices in Thailand. Normal values for SAICO, Prime and Vita could not be determined under s 269TAC(1), hence constructed normal values under s 269TAC(2)(c) were assessed.

For uncooperative exporters in Thailand, the Commission used the lowest weighted average for cooperative exporters, with normal values based upon the highest normal values of the cooperative exporters (excluding Vita's normal value). Calculated dumping margins for the remaining cooperative exporters not visited by the Commission were in the range 3.1 to 46.8 per cent.

(iii) Conclusions on dumping

The Commission's assessment of normal values for exporters in the Philippines – in the absence of cooperation – is based upon information supplied by cooperative Thai exporters. As the Philippines and Thailand are large manufacturing and exporting countries of FSI pineapple, GCL agrees that FSI pineapple prices (actual and constructed) in Thailand represent the most suitable alternative for FSI pineapple normal values in the Philippines under s 269TAC(6).

The calculated dumping margins for FSI pineapple exported from the Philippines and Thailand are less than negligible for all exporters.

3. Economic condition of Australian industry

The Commission's analysis of the economic condition of the Australian industry confirmed that GCL had experienced reduced sales volumes and market share in 2015, continued price suppression, and loss of profit and profitability (albeit with some improvement in 2015).

Importantly, however, the Commission established that the import prices of FSI pineapple from the Philippines and Thailand undercut the Australian industry's selling prices consistently throughout 2015. The Commission's analysis also confirmed that an importer's selling prices into Quick Service Restaurants (**QSR**) also (consistently) undercut GCL's selling prices.

The economic performance of the Australian industry is heavily influenced by the availability of the dumped exports from the Philippines and Thailand (as evidenced by tender information supplied to the Commission by GCL). In the absence of dumping, it is likely that GCL would be able to operate on a significantly improved position – including a likely return to profit.

4. Threat of future material injury

Past reviews of measures inquiries and continuation investigations in respect of FSI exports from the Philippines and Thailand have confirmed the existence of above negligible dumping margins. The most recent review of measures applicable to FSI pineapple exported from Thailand in 2012 found dumping margins between 3.1 and 46.8 per cent. The most recent review of measures on FSI pineapple from the Philippines determined dumping margins between 17.7 and 57.3 per cent.

The continued existence of dumping margins determined by the Commission in this continuation of measures investigation suggests that in the absence of measures that impose a level of restraint on exporters, it is likely that the margins of dumping would increase. GCL therefore agrees with the

Commission's assessment that *"the Australian industry's selling prices for FSI pineapple were lower than they otherwise would have been during 2015 had the goods not been exported at significant dumping margins"*.

In its examination of the impact of the shortage of supply of raw material pineapple in the Philippines and Thailand in 2014 and 2015, GCL also concurs with the Commission's assessment that the *"exporter's [sic] willingness to sell at dumped prices within a tight supply market would be further magnified as markets regain normal production and processing capacities"*. This is particularly the case in a market where price is the key factor in the purchasing decisions of FSI distributors and FSI pineapple users.

The information available to the Commission confirms that as FSI pineapple production returns to normal levels in the Philippines and Thailand, it is likely that in the absence of anti-dumping measures the export volumes from both countries would increase at reduced export prices. This will result in a further deterioration of GCL's FSI pineapple sales volumes and market share, as well as causing price depression and price suppression, that will result in reduced profit and profitability. The injury to GCL will be 'material', threatening the ongoing viability of FSI pineapple production by GCL.

The ongoing availability of export volumes from the Philippines and Thailand confirms that exporters have maintained distribution links into the Australian FSI pineapple market. In the absence of measures, it is likely that increased export volumes would materialize, imposing considerable pricing pressures on GCL. GCL also agrees with the Commission's assessment that given the idle production capacities of exporters in the Philippines and Thailand (due to the reduced availability of pineapple fruit for processing), combined with the importance placed on export markets, it is likely that under normal market conditions, dumping by exporters in the Philippines and Thailand will escalate. This view is reinforced by historic findings that despite measures being in place, exporters in the Philippines and Thailand have continued to export FSI pineapple at dumped prices.

GCL highlights with the Commission that it's production of FSI pineapple has been influenced in 2014/15 and 2015/16 by raw material pineapple shortages, and that for the following two seasons GCL has forecast increased production utilization of FSI pineapple. In the event the measures were allowed to expire, it is unlikely that GCL would be able to continue to improve upon its competitiveness without the increased production volumes against dumped imports of FSI pineapple.

GCL is therefore in agreement with the Commission's finding that should the anti-dumping measures be allowed to expire, it is considered likely that any growth in utilization rates would be severely curtailed by the imminent and foreseeable dumping of FSI pineapple from exporters in the Philippines and Thailand.

GCL also submits that anti-dumping measures based upon the combination method are deemed necessary in light of past behavior by exporters to "dump" into the Australian market even though measures have applied. Measures based upon a fixed and variable component are warranted to ensure exporters do not reduce export prices to increase volumes as raw material pineapple supply returns to historic levels in the Philippines and Thailand.

5. Conclusion and recommendations

GCL is seeking the Commission to recommend to the Parliamentary Secretary that the anti-dumping measures relating to exports of FSI pineapple from the Philippines and Thailand not be allowed to expire on 17 October 2016. It is further recommended that in continuing the anti-dumping measures, the


dumping duty notice be altered as if different variable factors had been fixed for all exporters generally, and that the combination fixed and variable duty method continue to apply in relation any interim dumping duty that may become payable. It is also proposed that the full dumping margins determined be applied to any fixed component of interim dumping duty that may become payable.

The greater than negligible dumping margins determined for exports of FSI pineapple from the Philippines and Thailand during 2015 in a year of short supply for raw material pineapples suggest that as production levels return to normal levels it is considered likely that increased margins of dumping will eventuate. It is therefore likely that the expiry of measures will lead or, be likely to lead to, to a recurrence of material injury (in the form of reduced sales volumes and market share, price suppression and price depression, and reduced profit and profitability) that the anti-dumping measures were intended to prevent.

For these reasons, GCL urges the Commission to recommend to the Parliamentary Secretary that action be taken to ensure the anti-dumping measures applicable to FSI pineapple exported from the Philippines and Thailand not be allowed to expire.

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

Yours sincerely



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Golden Circle Ltd