

17<sup>th</sup> March 2014

**SPC Ardmona Operations Limited**  
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Mr John Bracic,  
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Anti-dumping Commission  
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Dear Mr Bracic,

Further to our last submission on 7<sup>th</sup> March 2014, where we requested that the Anti-Dumping Commission (ADC) re-evaluates its position on the market situation in Italy on the basis of publically available evidence of significant payments being made to tomato farmers, please find some further information provided in the links below to support our previous submission.

- A significant amount of farm subsidies continue to be paid as is evident from the information in the attached link. (<http://farmsubsidy.openspending.org/IT/>)
- These aggregate payments continue to be high in the coupled and decoupled system. ([http://www.openeurope.org.uk/Content/Documents/Pdfs/CAP\\_2012.pdf](http://www.openeurope.org.uk/Content/Documents/Pdfs/CAP_2012.pdf))
- This payment was estimated to be Euro 34.5 per tonne in 2005. (Ref Footnote 13 in <http://www.oxfam.org/sites/www.oxfam.org/files/truth.pdf>). This amount is similar to the calculated amount from 2011 Gain Report, as highlighted in our submission of 7<sup>th</sup> March 2014.
- Intervention in the market through payments has caused distortion in normal market.
  - by impacting the volume of raw tomatoes supplied
  - by impacting the prices paid for the raw tomatoes
  - by reducing over-capacity in the tomato processing industry
- This is evident from an analyst report on La Doria (<http://www.gruppoladoria.com/public/LaDoria030314.pdf>) similar comment also mentioned in our Statement of Essential Facts response:

*"We believe a discounted cash flow valuation best captures long term potential development for La Doria, which we view as positive due to: ....  
2) the key role played by the 2011 introduction of the European horticultural reform (OCM), which resulted in a decrease in tomato production. The reform aimed at avoiding excessive production, which was the main cause of the final canned tomato price pressure. As from 2012, market conditions have significantly improved for the group and are reflected in the final tomato product sales price increase and higher volumes both in Italy and abroad. This should lead to a significant increase in the group's profitability and overall to a more balanced market context, in terms of supply and demand."*

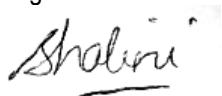
- In absence of these payments, normal market conditions could have led to different possibilities such as:
  - Increased supply of raw tomatoes grown by the co-operatives, leading to oversupply in the market and depressed prices of canned tomatoes. This in turn could have impacted economics of many processors and exporters.
  - Alternately, another scenario could be that reduced payments could have led to increased prices paid for raw tomatoes, again impacting operating economics of processors.
- Similar programs, affecting supply and demand (including tariffs) of key inputs in China appear to have led to a market situation being determined.

### **Conclusion**

We request that the ADC take these facts into consideration in their final report to elaborate on market situation in Italy.

We request that the ADC asks for an extension of time, if further facts need to be evaluated.

Regards

A handwritten signature in black ink, appearing to read 'Shalini', with a horizontal line underneath.

Shalini Valecha