



**Kraft** *Heinz*

H.J. Heinz Company Australia Limited

(ACN 004 200 319)

2 Southbank Boulevard

Southbank VIC 3006 Australia

Telephone +61 3 9861 5757

Website [www.heinz.com.au](http://www.heinz.com.au)

8 June 2021

The Director  
Investigations 4  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

Email: [Investigations4@adcommission.gov.au](mailto:Investigations4@adcommission.gov.au)

**For Public File**

Dear Sir/Madam

**Continuation of measures Investigations 571 and 572, and 573 and 574 – Consumer and Food Service Industry pineapple exported to Australia from the Philippines and Thailand**

I. Summary and Recommendation

The applicant company Golden Circle Limited (“GCL”) is a wholly-owned subsidiary company of H J Heinz Company Australia Limited (“HJ Heinz”) and the sole Australian manufacturer of consumer pineapple and Food Service Industry (“FSI”) pineapple.

GCL is seeking the continuation of anti-dumping measures on consumer and FSI pineapple exported from the Philippines and Thailand that are due to expire on 10 October 2021 (consumer ex the Philippines) and 17 October (consumer and FSI ex Thailand), and 13 November 2021 (FSI ex the Philippines).

The expiration of the measures on consumer and FSI pineapple exported from the Philippines and Thailand poses a very real and immediate threat of future material injury to the prospects of the pineapple processing industry that is only recently recovering from enduring drought conditions. GCL has a detailed strategy to secure increased raw pineapple fruit from growers over the immediate future, including for the duration of the next five-years from the current scheduled expiry dates of the anti-dumping measures.

GCL contends that the anti-dumping measures on consumer and FSI pineapple exported from the world’s two largest supply sources of canned pineapple (i.e. the Philippines and Thailand) have been effective in ensuring exporters do not export at dumped and injurious prices on the Australian market.

As the Australian pineapple and processing industries recover from the lengthy drought impacts from 2017 to 2020, effective measures are required so that Australian grown and processed consumer and FSI pineapple can compete fairly on supermarket shelves.

GCL is therefore seeking the Commissioner to recommend that the anti-dumping measures on consumer and FSI pineapple exported from the Philippines and Thailand not be allowed to expire as the Australian growing and processing industries for like goods recovers during this critical re-building phase through until 2027.

## II. The long-term outlook

GCL is committed to growing its processed pineapple operations to return to production and sales volumes that applied when the measures were first applied. In the most recent calendar year (2020), GCL has outlaid approx. \$xxM in capital expenditure on its food and beverage operations that impact pineapple processing directly. The recent expenditure brings total capex spend to \$xxxxM over the last seven years.

Due to the severe environmental conditions from 2017 to 2020, GCL was constrained in its ability to process locally grown pineapples for sale in Australia. GCL experienced a xxx per cent decline in volumes in 2021 when contrasted with 2017. It is anticipated, however, that with the GCL initiatives recently introduced that increases in the sourcing of fresh pineapples from growers will occur. The Commission was provided with a [form] schematic during the industry verification that detailed the basis upon which GCL anticipates achieving an approximate xxx per cent increase in pineapple fruit raw material from 2020 to 2027.

The GCL program cannot deliver increased volumes immediately due to the two year (first harvest, then three and a half year (second harvest) growing period that pineapples require to produce fruit. GCL has adopted the following actions in its long-term plan for increasing supply stocks:

[ *Commercially sensitive initiatives that have been implemented by GCL to aid increased sourcing of locally-grown pineapple fruit*].

It is anticipated that the above initiatives will enable GCL to grow its supply of pineapples to approximately xxxxxx tonnes by 2027.

The Commission was provided with a presentation detailing the GCL Long-Term strategy during the industry verification process.

The information provided to the Commission also confirmed the following:

[*Commercially sensitive details concerning input cost increases since 2016*].

## III. Future material injury

GCL acknowledges that the anti-dumping measures that have applied to consumer and FSI pineapple exported from the Philippines and Thailand have been effective in ensuring that GCL competes with fair import prices.

It must also be acknowledged that the Australian pineapple processing industry is experiencing a period of re-investment due primarily to the severe drought conditions that existed during the period 2017 to early 2020. Over this period, GCL was hampered in its ability to source raw material pineapple fruit for processing and supply to consumer and FSI customers. In its application for the continuation of measures (both consumer and FSI), GCL has requested that the anti-dumping measures not be allowed to expire. The pineapple processing industry is

presently at a crucial cross-roads with regards to its future when considering the impact of dumped exports from the Philippines and Thailand on the Australian industry, it is evident that the Australian industry is vulnerable to dumping as it seeks to rebuild raw material supply for processing into canned pineapples.

Thailand is the world's largest exporter of canned pineapples accounting for 412,000 tonnes in 2018 (or 49 per cent of total global exports)<sup>1</sup>. The Philippines was the next largest exporter with 221,000 tonnes (or 26 per cent of total exports). With a value of US\$404 Million per annum, Thailand is the largest canned pineapples supplier in Asia. *Global Trade* quotes the average export prices for canned pineapple in 2018 as US\$979 per tonne for Thailand and US\$868 per tonne for the Philippines.

Dole Philippines opened a new US\$20 million pineapple production processing facility in 2017 with an annual production capacity of 250,000 tonnes per annum. It was reported that the facility in South Cotabato province "could double its capacity" and place the nearby town of Surallah "on the map as a major producer of pineapples". Dole Philippines also has a production facility in Polomolok, South Cotabato that was established in 1968 and operates 24 preparation lines with a capacity of 110 tonnes per hour with a production capacity of more than 1 million cans per day.

Del Monte Philippines operates its Bugo 700,000 tonne per annum pineapple processing facility in the southern Philippines that it is claimed as the "world's largest integrated pineapple operation".

Canned pineapple exporters in the Philippines and Thailand have access to substantial volumes of capacity at low prices to secure increased export sales to Australia in the absence of anti-dumping measures.

GCL highlights with the Commission the *2012 Ministerial Direction on Material Injury*<sup>2</sup> that references the particular circumstances of an industry and its vulnerability to dumping:

*"In considering the circumstances of each case I direct that you consider that an industry which at one point in time is healthy and could shrug off the effects of the presence of dumped or subsidized products in the market, could at another time, **weakened by other events**, suffer material injury from the same amount and degree of dumping or subsidization."* (emphasis added).

The circumstances envisaged in the 2012 Ministerial Direction reference the weakening of the industry by other external events that further expose that industry to the injurious effects of dumping. In this instance, the particular circumstances that can be attributed to the weakening of the industry relate to the effects of the widespread drought that impacted the 2017 to 2020 growing seasons. GCL has demonstrated that it has an action plan that is currently in operation to strategically rebuild the supply of raw material pineapple fruit for processing. This rebuild cannot be achieved if the industry is weakened by the injurious effects of dumping.

The extension of the anti-dumping measures on dumped exports of consumer and FSI pineapple is critical to the long-term re-growth of the Australian pineapple processing industry.

---

<sup>1</sup> Global Trade, Imports/Exports, "Asia's Canned Pineapples Market – Thailand Holds the Lion's Share of Exports", 18 July 2019.

<sup>2</sup> Australian Customs Dumping Notice No. 2012/24, New Ministerial Direction on Material Injury, P.2.

#### IV. Recommendation

GCL reiterates its request in its application for the continuation of anti-dumping measures on consumer and FSI pineapple exported to Australia from the Philippines and Thailand that the Commissioner recommend to the Minister for Industry, Science and Technology (“the Minister”) to not allow the measures to expire from 10 October 2021.

The Australian industry involved in the processing of pineapples for sales as canned pineapples into the consumer and FSI segments is at a critical phase in its recovery from the devastating drought-inflicted reduced production levels evident from 2017 to early 2020. The industry is vulnerable and susceptible to future material injury from exports of consumer and FSI pineapple from the Philippines and Thailand at dumped and injurious levels, as the local industry implements its recovery strategy to increase local supply.

Thailand and the Philippines are the two largest exporting countries of canned pineapple globally (accounting for 75 per cent of global trade). Processors in both countries have significant capacity to supply the total annual requirements of the Australian market and displace GCL as the sole local processor in Australia. GCL’s action plan for recovery to increase supply of locally-grown pineapples for processing is clear and defined, however, the recovery is vulnerable to imported dumped consumer and FSI pineapple from the Philippines and Thailand.

GCL seeks the Commission to fully consider the *likely* impact of a recurrence of future material injury to the Australian industry manufacturing like goods should the measures on exports from the Philippines and Thailand be allowed to expire. GCL submits that the anti-dumping measures are required and should not be allowed to expire from 10 October 2021 to ensure that the measures continue to operate to prevent a recurrence of future material injury from dumping.

If you have any questions concerning this submission, please do not hesitate to contact me on (03) 9681 5181, or KraftHeinz’ representative Mr John O’Connor on (07) 3342 1921.

Yours sincerely

Carolyn Fox  
Director  
H J Heinz Company Australia Limited