



*L'Ambasciatore d'Italia*

Canberra 09 AUG 2017

001584

To the Anti-Dumping Review Panel,

please find enclosed hereby the Note sent by Amedeo Teti - Director General for Trade Policy - Italian Ministry of Economic Development in which the Italian Government states its full support to the European Commission concerning the following cases “Prepared or Preserved Tomatoes Exported from the Republic of Italy by all exporters except Feger di Gerardo Ferraioli, La Doria and AR Industrie Alimentari (ADN 2017/47)” and “Prepared or Preserved Tomatoes Exported from the Republic of Italy by AR Industrie Alimentari (ADN 2017/46) to the dumping investigation on the imported canned tomatoes from Italy”.

Pier Francesco Zazo

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Anti-Dumping Review Panel  
c/o Legal, Audit and Assurance Branch  
Department of Industry, Innovation and Science  
GPO Box 2013  
Canberra City ACT 2601

c.c. European Delegation to Australia  
18 Arkana Street  
Yarralumla ACT 2600



Ms Leora Blumberg  
Anti-Dumping Review Panel  
c/o Legal, Audit and Assurance Branch  
Department of Industry, Innovation and Science  
GPO Box 2013  
Canberra City, ACT 2601  
Australia  
[ADRP@industry.gov.au](mailto:ADRP@industry.gov.au)

10 August 2017

By e-mail

Dear Ms Blumberg,

**Subject: Prepared or Preserved Tomatoes Exported from the Republic of Italy by all exporters except Feger di Gerardo Ferraioli, La Doria and AR Industrie Alimentari (ADN 2017/47) and Prepared or Preserved Tomatoes Exported from the Republic of Italy by AR Industrie Alimentari (ADN 2017/46)**

The Government of Italy was informed of the decision by the Australian Anti-Dumping Review Panel ('ADRP') to initiate, on 11 July 2017, yet another review of the anti-dumping measures on imports of Prepared or Preserved Tomatoes ('PPTs') exported from Italy.

The above-mentioned review was initiated in response to an application filed, *inter alia*, by the Australian company SPC Ardmona ('SPCA'), which requested the re-introduction of a so-called 'cost adjustment' in order to reflect an alleged distortion in the Italian market for tomatoes caused by the direct support granted to farmers under the EU Common Agricultural Policy ('CAP').

However, the Government of Italy firmly believes that the conclusions reached in the ADRP's report No. 35 adopted in January 2017 - in which it was found that the 'cost adjustment' requested by SPCA was not justified - should not be put into question.

In this respect, the Government of Italy fully supports the views expressed in the submission filed by the European Commission as well as in the submission lodged

by ANICAV (the association of Italian PPTs producers). In particular, the Government of Italy would like to draw the ADRP's attention to the following points:

- although the relevant legislative framework was slightly modified between 2014 and 2015, the CAP has not changed in the substance. In particular, the direct support granted to farmers under the Basic Payment Scheme ('BPS') - which has replaced the Single Payment Scheme ('SPS') - continues to be non-specific and fully decoupled. As such, it cannot produce trade distorting effects and must be considered 'green-box' measures fully compliant with the requirements of the WTO Agreement on Agriculture;
- the '*ad hoc*' national fund dedicated to tomatoes (allegedly amounting to € 183,970,000 plus a 3% increase as from 2015, for a total of € 187,476,301) does no longer exist, as it has been integrated into a single national fund aimed at financing the SPS (now BPS). The SPS/BPS entitlements give farmers the right to receive a direct support, irrespective of the crop(s) produced, and the volume of production. Therefore, SPCA's allegation that Italian farmers would hold different payment entitlements for different crops is ill-founded;
- the value of the SPS/BPS entitlements is not fixed but varies considerably (each entitlement having a different value and covering a different number of eligible hectares). As a consequence, the weighted average payment per hectare received by each single grower is different. However, the information about the exact value of the entitlements held by each particular grower is of little relevance. Indeed, in REP 360 it was concluded that the alleged subsidy received by tomato growers, irrespective of the amount of the subsidy, was not transferred downstream (i.e. there was no pass-through). Such conclusion is equally applicable in REP 349/354;
- SPCA's allegation that the price for raw tomatoes in Italy would be artificially low due to Government influence and that "*the tomato price at €0.092/kg is not a competitive price*" is clearly contradicted by publicly available information showing that in the year 2015 (like in the year 2014) the price for raw tomatoes in Italy was amongst the highest in the world;
- as regards SPCA's claim that a "*market situation*" would exist in the Italian market for PPTs, it is worth recalling that this matter was analysed in detail in the framework of investigation No. 276, and the conclusion was negative. In particular, the absence of "*market situation*" was confirmed by an independent expert appointed by the Anti-Dumping Commission. The conclusions reached by the expert and confirmed by REP 276 cannot be questioned on the basis of the unsubstantiated allegations made by SPCA.

In light of the foregoing, the Government of Italy respectfully requests the ADRP to dismiss SPCA's grounds for review aiming at the re-introduction of the so-called 'cost

adjustment'. The Government of Italy trusts that the ADRP will demonstrate a coherent approach by upholding the conclusions already reached in the report No. 35 adopted in January 2017.

Yours sincerely,

Amedeo Teti - Director General of Italian Trade - Ministry of economic development -  
Rome- ITALY