

SUBJECT: Safeguard investigation – Australia – Canned Fruit

**Written submission of the European Association of Fruit and Vegetable Processors
(PROFEL)**

Dear Madam, Dear Sir,

PROFEL would like to thank you for the opportunity to submit comments as a party affected by the Australian request for safeguard measures for canned fruit.

We understand that safeguard measures are to be applied only in very exceptional circumstances and believe that in the current situation such exceptional circumstances do not exist, therefore there being no justification for the application of this instrument.

I. Have imports increased?

According to WTO rules there must be evidence that the quantity of imports of relevant processed fruit products has increased. In addition, 'the increase in imports also must be recent enough, sudden enough, sharp enough and significant enough'.

First of all PROFEL asks to use objective and recent data, presented in a clear way which allows comparisons and the drawing of conclusions. Data presented on the basis of a calendar year would facilitate comparisons instead of using data on the basis of financial years. Moreover, as stipulated by the WTO rules the data must be recent enough.

On the basis of the data provided in the application, it is clear that these conditions are not met. The figures are not recent and do not show that there has been a sudden, sharp and significant increase.

Moreover, when looking at an extract of EUROSTAT statistics for EU exports to Australia (based on calendar years and including the full year of 2012), we see that **an increase did not occur for the majority of the products subject to the investigation: citrus fruit, pears, peaches and nectarines.** For these products EU exports to Australia have decreased the last year. For some products (citrus fruit, peaches) the exports have not only decreased since 2011, but are also lower than in 2010.

EU exports to Australia	2010	2010	2011	2011	2012	2012
Total EU Member States	1.000 €	tons	1.000 €	tons	1.000 €	tons
200830 - Citrus Fruit:	161,65	74,5	342,64	196,4	55,51	54,5
200840 - Pears:	72,1	52,3	269,25	235,4	94,46	82
200850 - Apricots:	8,47	1,8	54,2	26,7	100,51	91,4
200870 - Peaches, including Nectarins	2830,95	2095,1	1763,86	2039	818,5	763,7
200897 - Mixes					840,89	355,8
200899 - Others:	1645,97	696,1	1661,31	881,9	2730,5	1621,1

Only for apricots and 'others' an increase is noticeable. However, total volumes are too small to even talk about them and **we contradict that these imports are SUDDEN and SHARP.**

In addition, the amount of EU exports to Australia is small compared to the Australian production of these products (table below)

Australia: Amount of fresh fruit canned – marketing year (MT)

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	40,955	39,259	31,843	27,854	30,685
PEARS	31,621	28,509	19,153	19,692	23,859
APRICOTS	4,001	3,884	3,635	3,871	3,484

For 2013, it needs to be noted that this year's production of peaches and apricots in Europe is impressively lower than usual. Consequently, we expect a further reduction of exports to Australia, if any taking place at all. For the next years, the EU's export position is stable: exports to Australia are small and we do not see any possibility to expand them.

We understand that Australia has launched in the meantime an anti-dumping procedure on peach products from South Africa which seems to confirm, taking also into account the quantity of EU exports, that problems are not related to imports from the EU. **We therefore put into question the need for safeguard measures on these products, which would affect EU exports.**

II. Are increased imports causing serious injury?

Increased imports must be shown to have caused, or be threatening to cause, serious impairment of the domestic industry.

Under the current case the **injury and causal link with EU imports have not been demonstrated** and no objective evidence has been provided.

Moreover according to the information collected by PROFEL difficulties in Australia are caused by other issues than imports:

- In 2012 Australian crops have been further reduced due a series of bad seasons: frost, hail, drought, heat, rain, from which growers are suffering
- Grower costs have increased substantially
- Recent changes to legislation has increased costs of orchard labour. Wages account for 65% of annual production cost in some varieties
- Factory labour costs continue to rise

In addition, PROFEL would like to draw attention to the peculiar situation of the prices for raw material. In Australia the price for peaches is high, even higher than the price for pears, which is a unique situation compared to other countries.

III. What are the impacts on other parties?

PROFEL would like to point out that the request for safeguard measures made by Australia must be related to the imports of other countries, rather than to imports from the European Union. China and South Africa are sending much bigger quantities of these products to the Australia market than the EU does (figures in Annex). The tables below provide an overview of the percentages of the Australian imports market, per country and per product:

2008 30	1° 2°	CHINA ± 65% of the Australian imports market BRASIL ± 25% EU ± 6,5%
2008 40	1° 2°	CHINA ± 57% of the Australian imports market SOUTH AFRICA ± 25% EU ± 5%
2008 50	1° 2° 3°	TURKEY ± 45% of the Australian imports market SOUTH AFRICA ± 35% CHINA ± 17% EU ± 1,5%

2008 70	1° 2°	SOUTH AFRICA ± 60% of the Australian imports market CHINA ± 25% EU ± 8%
2008 97	1° 2°	CHINA ± 39% of the Australian imports market SOUTH AFRICA ± 29% EU ± 13,50%
2008 99	1° 2° 3°	CHINA ± 20% of the Australian imports market THAILAND ± 17,5% NEW ZEALAND ± 16,5% EU ± 4%

From the tables above it is clear that the EU is not a major exporter to Australia. It would be unfair that EU industry is affected as “collateral damage”, for a situation for which it is not responsible.

Moreover, it needs to be taken into account that also the EU’s fruit processing industry is facing a difficult situation, due to the economic crisis, bad weather conditions etc. EU industry strongly depends on the small quantities of products that can be exported. The application of safeguard measures by Australia will close down the export opportunity for EU countries for at least the coming 4 years. **This would be detrimental for EU industry.**


Conclusion

PROFEL believes it is incorrect to state that imports of the products in question have increased suddenly and sharply. Moreover a causal link between imports and injury to the Australian industry has not been demonstrated. It seems that difficulties in Australia are linked to other developments, such as bad weather conditions, rather than imports. On the basis of these conclusions and taking into account the detrimental effect that these measures would have on EU industry, we see **no justification** to apply safeguard measures.

We remain at your disposal should you have any questions.

Kind regards,

Aline Rutsaert

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Annex

SOUTH AFRICAN CANNED PEACH EXPORTS (Jan-Dec, tonnes)						
	2005	2006	2007	2008	2009	2010
RUSSIA	5.631	2.017	2.553	3.153	2.649	8.478
JAPAN	12.697	10.470	11.707	8.663	8.818	8.130
HK	6.708	7.475	7.052	9.300	7.289	7.587
UK	4.719	4.293	4.764	4.131	4.330	4.458
GERMANY	3.490	2.487	3.892	5.256	6.863	3.584
AUSTRALIA	3.358	4.274	3.453	1.928	2.862	3.573
HOLLAND	5.463	2.644	4.320	4.754	4.862	2.418
US	1.128	459	995	705	1.615	2.264
NZ	71	123	161	1.310	1.147	2.228
SINGAPORE	1.514	1.483	2.621	1.848	1.745	1.701
S' LAND	2.557	2.664	3.689	1.436	1.617	1.668
CANADA	4.139	3.587	2.083	3.045	2.383	1.641
OTHERS	28.682	11.854	15.030	16.238	12.727	15.829
TOTAL	80.157	53.830	62.320	61.767	58.907	63.559

CHINESE CANNED PEACH EXPORTS (Jan-Dec, tonnes)						
	2005	2006	2007	2008	2009	2010
US	13.989	20.390	46.876	48.552	42.608	47.742
JAPAN	37.938	38.498	37.013	33.346	27.183	35.472
RUSSIA	3.918	6.572	9.885	11.931	7.508	10.803
THAILAND	3.941	1.142	11.861	5.462	9.737	9.215
CANADA	1.907	2.250	3.479	5.676	8.592	8.317
MEXICO	67	2.446	4.419	7.864	6.016	8.204
YEMEN	2.472	4.930	5.296	2.732	5.224	3.765
S. KOREA	2.739	3.710	6.089	4.158	3.883	3.185
AUSTRALIA	922	997	1.473	1.976	1.766	1.950
GERMANY	327	466	1.365	2.935	2.495	1.649
NZ	1.820	2.952	3.226	2.087	2.164	1.593
S. ARABIA	1.159	1.432	1.718	2.199	1.757	1.431
OTHERS	6.205	6.744	15.773	24.359	13.851	13.269
TOTAL	77.404	92.529	148.473	153.277	132.784	146.595

Australian IMPORTS canned Fruit		2010	2011	2012
		in 1000 €	1.000 €	1.000 €
200830-Citrus Fruit	WORLD	691	1.475	1.436
	AFRICA	8		
	AMERICA	19	420	362
	ASIA	592	858	976
	UNION EUROPEA	60	181	92
	OCEANIA		17	5
200840-Pears	WORLD	2.418	2.508	2.214
	AFRICA	1.187	872	566
	AMERICA	65	39	53
	ASIA	820	1.165	1.264
	UNION EUROPEA	271	309	119
	OCEANIA	73	123	212
200850-Apricots	WORLD	5.585	6.620	6.717
	AFRICA	1.928	1.878	2.367
	AMERICA	5	218	82
	ASIA	522	723	1.157
	UNION EUROPEA	11	29	100
	OCEANIA	44	4	25
200870-Peaches, including nectarins	WORLD	8.336	9.632	8.674
	AFRICA	4.357	3.959	5.249
	AMERICA	142	799	298
	ASIA	1.902	2.440	2.380
	UNION EUROPEA	1.864	2.323	694
	OCEANIA	7	86	52
200897-Mixes	WORLD			13.591
	AFRICA			3.284
	AMERICA			703
	ASIA			5.698
	UNION EUROPEA			1.845
	OCEANIA			1.739
200899-Others	WORLD	29.622	42.836	39.342
	AFRICA	844	1.188	994
	AMERICA	11.309	15.707	8.048
	ASIA	12.419	18.608	19.704
	UNION EUROPEA	1.527	1.841	1.638
	OCEANIA	3.189	5.166	8.541