



18 July 2013

Productivity Commission

Safeguards Inquiry into the Import of Processed Fruit Products

By email only – fruit.safeguards@pc.gov.au

Confidential

Dear Sir

Submission – Processed Fruit Safeguards Inquiry

I refer to the Issues Paper dated July 2013.

Background

Amcor Limited is the world's largest listed packaging company. Amcor Limited is listed on the ASX and headquartered in Australia. Amcor has annual sales of approximately A\$12.2 billion, generated from more than 300 sites across 43 countries. Amcor operates six major business groups throughout the world:

- Amcor Australasia (based in Melbourne, manufacturing and distributing a diverse range of packaging products);
- Amcor Flexibles Asia Pacific (based in Singapore, manufacturing and distributing flexible packaging products);
- Amcor Flexibles Europe & America (based in Zurich, manufacturing and distributing flexible packaging products);
- Amcor Rigid Packaging (based in Michigan, manufacturing and distributing a range of rigid plastic products);
- Amcor Packaging Distributing (based in Los Angeles, manufacturing and distributing a diverse range of packaging products); and
- Amcor Tobacco Packaging (based in Zurich, manufacturing and distributing a range of packaging for the tobacco industry).

Within Australia, Amcor supplies the food and beverage industry with packaging products through two business groups listed above, being Amcor Australasia and Amcor Flexibles Asia Pacific. This submission, whilst under the name of Amcor Australasia is also made on behalf of Amcor Flexibles Asia Pacific.

The products supplied, or available to be supplied, to SPC Ardmona are listed in Appendix A.

Summary position

As a major Australian manufacturer, Amcor Australasia, supports Australian processors and manufacturers, including SPC Ardmona, in their efforts to ensure a strong and

sustainable domestic food industry. In the absence of a positive policy framework supporting Australian manufacturers for the food sector generally, the failure to support can have negative downstream impacts.. The reduced intake of fruit announced by SPC Ardmona will have a significant downstream effect and will ultimately cost government economically through the provision of packages to assist affected farmers. Manufacturing packaging is a highly capital intensive process and investment can only continue if there is a strong and sustainable local industry. If a major producer, such as SPC Ardmona, is under sufficient pressure to request safeguards being put in place, it is Amcor Australasia's view that this request should be seriously considered.

Amcor Australasia is a long term supplier to SPC Ardmona of more than 10 years. To the extent that Amcor Australasia can provide valuable input, please find responses to these questions below.

Specific questions

Q1 – Amcor Australasia has no comments on the definition of the industry.

Q2 – Amcor Australasia directs the Commission to available data in relation to importation readily available through Australian Customs and other data points.

The trends in relation to the importation of food products can be linked to a number of factors, including:

- the extended high level of the AUD;
- the increased adoption of 'home brand' products in the major supermarket chains with those products being sourced from overseas countries;
- the closure of a number of domestic manufacturers (due to the combination of the above factors as well as the impact of continued rising costs);
- the availability of subsidiaries/assistance for the supply chain in other countries through areas such as their own domestic agriculture subsidiaries and export incentives;and
- the ease of importation.

Q3 –The sustained high AUD has been an unforeseen development that has resulted in increased importation. Continued acceleration of costs in areas such as energy have exacerbated these issues.

Q4 –Amcor Australasia will suffer a loss of business if SPC Ardmona were to continue to suffer serious injury in the marketplace. Loss of market share by SPC Ardmona will result in less packaging required and reduced sales for Amcor Australasia.

Q5 – Due to the rapid consolidation of the domestic fruit processing industry, SPC Ardmona is now one of, if not the only, local fruit processors in Australia. As such, if SPC Ardmona is caused serious injury, this will have further ramifications on a range of stakeholders linked to the industry, including growers and local workers (as reported in The Age 10/06/13 *'Future not so peachy but growers keen to stay'*), packaging, transport and other suppliers. The future of Australian manufacturing is an integrated proposition – the packaging sector, for instance, relies on the long-term viability of customers in a range of other sectors, including the domestic food industry and, therefore, SPC Ardmona.

If the infrastructure of raw material supply, and particularly fruit plantings in the Goulburn Valley and related areas, is withdrawn as a result of these ongoing conditions (and there is strong evidence that this is occurring to a significant extent), then there will be no capacity for the industry to recover. Production jobs will be lost, decimating a regional area and/or industry.

Q6 – Amcor Australasia strongly encourages the Commission to give serious consideration to arrange of measures that would safeguard the local food industry.

I would be available to provide further information to the Commission should that be required. I urge the Commission to take positive and swift action to support a valuable long term Australian industry.

Yours faithfully

Nigel Garrard
Managing Director

Appendix A

AMCOR AUSTRALASIA & AMCOR FLEXIBLES ASIA PACIFIC PRODUCTS

Product	Amcor Australasia Division	Origin
Corrugated boxes	Amcor Fibre Packaging Australasia	Amcor Scoresby (Vic); Amcor Brooklyn (Vic)
Cartons	Amcor Cartons Australasia	Amcor Heidelberg
Flexible packaging – lid and labels	Amcor Flexibles Asia Pacific	Amcor Preston