

Import of Processed Tomato Products
Productivity Commission
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Dear Commissioner

The National Farmers' Federation (NFF) welcomes the opportunity to provide input to the Productivity Commission inquiry into Processed Tomato Imports and Processed Fruit imports.

The NFF supports the examination of whether safeguard measures are justified under the WTO Agreement and further to that what measures would be necessary to prevent or remedy serious injury to both the fruit and tomato production and processing sector and to facilitate adjustment.

In recent years various factors including increased input prices and climatic events, have compounded the high-operating costs faced by the Australian food production and processing sector and reduced the capacity for many Australian businesses to compete on the global market and more specifically compete with imports into the domestic market. The recent strength of the Australian dollar has further exacerbated the challenges facing the local food production and processing industry. While there is no doubt that a floating exchange rate has served Australia well in terms of delivering macroeconomic stability, there is a perception that Australia's exchange rate is probably higher in the short-term than what it should be, resulting in an increased negative impact on Australian producers, processors and exporters. In simple terms the high Australian dollar in recent times has made exports more expensive and imports cheaper and along with a range of other factors, been a catalyst for the pressures facing the Australian food and processing industry.

Australian farmers depend on a transparent, effective and defensible trading environment that provides a relevant and accessible anti-dumping system that is WTO-consistent. The NFF welcomes recent improvements to Australia's anti-dumping arrangements including the establishment of a Anti Dumping Commission and appointment of a Commissioner and staff to oversee specific initiatives including investigations into peaches imported from South Africa and tomatoes imported from Italy. Australian agriculture exports around two thirds production, accordingly NFF is of the view that it is critical to maintain a consistent and legitimate system that guards against dumped imports, provides for the opportunity to seek remedy for serious and

unfair injury to domestic industries but does not compromise the capacity for maintaining a strong export focus for Australian products.

The NFF would strongly advocate for and support appropriate actions that help ensure the tomato and fruit processing industries and specifically the small number of companies existing in that market, can continue to produce products for Australian and international markets in light of the increased imports of foreign produced products. There is no doubt that the imports of processed food products have increased in recent years and that the level of imports has impacted on the domestic industry. While this is this is a result of a range of factors including, the fluctuating exchange rate, improved supply chains, strategies of domestic retailers and lower costs of production in competing countries, there can be no doubt that Australian food producers and processors are facing severe challenges to remain viable as a result. The NFF is of the view that it is in Australia's national interests to maintain a strong and viable food production and processing sector. Without this, Australian consumers face a range of challenges including the impact on rural and regional economies but also including the prospect of reduced choice and in the longer term issues linked with food security should the decline in capacity continue.

The long-run economic viability of Australia's agricultural and food sector is critical to the health of Australia's regions. NFF is of the view that there is a clear and tangible link between a strong and sustainable agriculture and food processing industry, available employment opportunities and social well being in rural and regional areas. The economic and social implications of the removal of fruit and tomato processing plants are likely to be considerable and should be a key consideration of the Commission's inquiry.

Given current and severe pressures on the food production and processing sector, the NFF continues to seek cooperation with the Australian Government on consideration of measures that can be implemented to help improve the competitiveness of this vital sector of the Australian economy. Appropriate measures may include taking steps to reduce cost pressures on businesses and drive increased investment in innovation and infrastructure which would help facilitate improved global competitiveness.

For further information on this submission please contact Tony Mahar, Manager Economics and Trade

Yours sincerely

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