

The Ambassador of Chile

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27/13

7 August 2013

Mr. Peter Harris AO
Chairman
Productivity Commission
Level 2, 15 Moore St
CANBERRA CITY ACT 2600

Dear Mr. Harris,

Please accept my warm greetings.

I am writing in regard to your own request related to the Australia-Safeguard Investigation on Imported Processed Fruits, on the occasion of the Public Hearing held in July 30, 2013.

In this context, I am sending you the links by which you can have access to those Press Releases and the Add from the local Media, as follows:

- <http://spcardmona.com.au/en/media-room/whats-new?article=/SPC-Ardmona-seeks-support-for-growers> (Media release, SPC Ardmona seeks support for fruit growers April 16)
- <http://spcardmona.com.au/media-room/whats-new?article=/SPC-ARDMONA-2013-SEASON-UPDATE> (Media release, SPC Ardmona 2013 Season Updated December 12)
- <http://spcardmona.com.au/media-room/whats-new?article=/SPC-Ardmona-Takes-Affirmative-Action> (Media release, SPC Ardmona takes affirmative action)
- <http://www.abc.net.au/news/2013-07-11/nm-anti-dumping-spc/4813594>
(Press Note, SPC blames South Africa for dumping peaches)

Nevertheless, please find enclosed herewith, copies of texts of the above-mentioned antecedents.

Yours sincerely,

Pedro Pablo Diaz H
Ambassador of Chile



SPC ARDMONA 2013 SEASON UPDATE

December 12, 2012



SPC Ardmona met with more than 100 growers on Tuesday 11 December to discuss expectations for the coming season.

At the meeting SPC Ardmona communicated the planned fruit intake and pricing varieties. The company continues to face challenging trading conditions as a consequence of the high Australian dollar, significant deflation in fresh fruit prices and competition from cheap imported products.

"While we have grown our market share the reality is that demand for packaged fruit has been declining and our fruit intake for the 2013 season reflects this," said Managing Director, Vince Pinneri.

"We will take all available apricots, a similar quota of pears as last year and a reduction in both peaches and plums from last year. Pricing remains the same as last year's season."

SPC Ardmona is transforming its business to develop a sustainable operating platform for the future. This means that the company needs to be sustainable in their approach and adapt their business model to meet consumer expectations.

"Our fruit intake must be driven by the market demand. The reality is that Australian's are not consuming our canned fruit products in the same quantities that they have in the past. Demand for packaged fruit has been declining and for that reason our fruit intake requirements have reduced."

The company is working with their key customers to reverse declining trends and deliver products that consumers want.

"The simple truth is that consumer tastes have changed and if we are to survive we must adapt and transform the way we do business," Mr Pinneri said.

SPC Ardmona encourages Australians to buy Australian products and support Australian jobs and Australian businesses.

The company is making considerable investments in their snacking business as they believe this delivers a sustainable business with long-term growth. The launches of SPC Fruit Crush up pouches and SPC Big Bean Bars are examples of current innovation for the company.

"We are committed to the Goulburn Valley and working with our growers as they are important and respected SPC Ardmona partners," Mr Pinneri said.

ABOUT SPC ARDMONA

- SPCA is the only Australian owned fruit processor left in Australia. We employ up to around 600 permanent employees and approximately 1,000 during the fruit season.

- Spending \$1 with SPC Ardmona generates an additional \$1.73 in the Australian economy. The sales of our products support more than 3,400 Australian jobs, 255 Aussie farmers and 20 Victorian businesses. (source: REMPLAN, Impact Survey 2012)
- SPC Ardmona's goal is to create a sustainable and profitable business that will remain in Victoria's Goulburn Valley for generations to come.

SPC Ardmona seeks support for fruit growers

April 16, 2013

SPC ARDMONA



SPC Ardmona presented an update to approximately 100 growers on Wednesday 10 April and revealed the implications that the continued decline in sales of Australian packaged fruit has had on the business.

"We are not competing on a level playing field against the overseas sourced private label products," said Peter Kelly, Managing Director SPC Ardmona. "We are competing against products from countries that have considerably lower labour and production costs and arguably lower quality standards than we have in Australia."

"A more than 50% appreciation in the Australian dollar in the past four years has made cheap imported food even cheaper and has also severely impacted our export markets."

Market share of imported private label canned fruit has grown to 58% today, while SPC Ardmona canned fruit share has declined to 33%. SPC Ardmona export market volumes have declined by 90% in the past five years.

The company's forecasts for the coming seasons indicate that there will be even less demand for canning fruit. This has led to a forecast reduction of up to 50% in intake tonnages for some fruit categories for the 2014 season.

SPC Ardmona is currently half way through a three year business transformation strategy, addressing issues of efficiency and waste reduction throughout the entire business operations.

In its fight for support of the local processed fruit industry and its growers SPC Ardmona is determined to:

- Work with key retailers who we believe do want to support Australian fruit growers.
- Seek temporary protection relief from the Federal Government to assist the fruit processing industry during the period of the strong Australian dollar. This is in the form of a WTO safeguards submission that will seek temporary tariff protection.
- More effectively market our brands to consumers with stronger Australian grown and Australian made messages.
- Investigate whether SPCA has recourse to anti-dumping actions under the Federal Government's new anti-dumping reforms.

Mr Kelly said: "For this turnaround program to be effective we need support from retailers and we need Australian consumers to return to buying branded Australian grown and produced products like SPC, Ardmona and Goulburn Valley."

The company expects meet face to face with all individual impacted growers over the coming weeks.



SPC blames South Africa for dumping peaches

By Warwick Long



Posted Thu Jul 11, 2013 10:22 am AEST

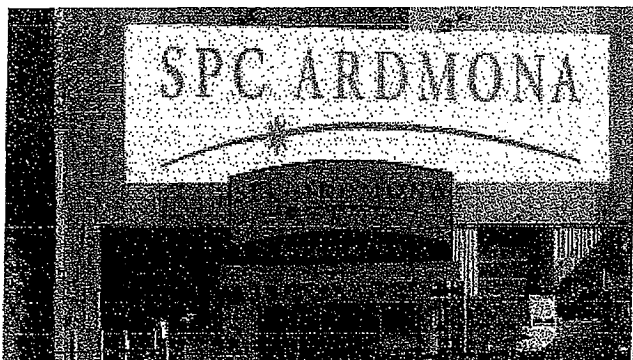


Photo: SPC Ardmona say South

African peaches and Italian tomatoes are being illegally dumped in Australia. (Warwick Long, ABC Rural)

Food processor SPC Ardmona believe South African peaches are to blame for two-thirds of the problems in the fruit industry.

The company is the first in Australia to have its case investigated by the new Anti-Dumping Commission.

It accuses South Africa of dumping peaches and Italy of dumping tomatoes illegally in Australia at significantly reduced prices.

Managing director Peter Kelly says getting a case to succeed will be difficult.

"You've got to prepare an economic case to prove the financials of a company in another country," he said.

<http://www.abc.net.au/news/2013-07-11/nrn-anti-dumping-spc/4813594>

"That's very hard to do because obviously they don't help in giving you information that you want to show you that they have been dumping products.

"It's quite hard you have to replicate their economics and then put the case to the commission in a way that they think is valid and we have passed that first test."

The new Anti-Dumping Commission was launched in Melbourne yesterday with a \$24 million budget and an easier process for companies to apply for assistance.

As soon as the rules to apply for anti-dumping protection were simplified, SPC Ardmona lodged an application.

"If these laws were in place a year ago, I think we would have applied a year ago," he said.

The outcome of the case could have a profound impact on the fruit growing and processing industries.

"They (South African peaches) are 65 per cent of the problem at the moment."

If the anti-dumping cases are successful, tariffs can be placed on the two products.

The tariffs are calculated to raise the price of the product to a level where it is not considered to be dumping.

The Anti-Dumping Commission will report within two to six months.

MEDIA RELEASE



9 May 2013

SPC ARDMONA TAKES AFFIRMATIVE ACTION

SPC Ardmona is very grateful for the rousing support for the fruit processing industry shown at a community-organised rally held in Shepparton today.

The event which aimed to build community support for Australian growers and products was organised by an orchardist Teena Parris-Knight and SPC Ardmona employee Lee Luvara, both passionate about the future of the business and the industry.

"SPC Ardmona began in the Goulburn Valley community almost 100 years ago. We would not have grown and prospered through the decades if not for the passion and commitment from the Goulburn Valley community – our growers, our employees and the local businesses," Managing Director, Peter Kelly said.

"We were very grateful to see that here again today."

The company is taking affirmative action to secure the future of the business and its place in the Goulburn Valley community. In recent weeks SPC Ardmona has begun discussions with major customers and is also lobbying for measures from the Government to help protect the Australian packaged fruit and vegetable industry.

The Prime Minister's office has confirmed that it has received SPC Ardmona's submission to urgently apply provisional and then full World Trade Organisation (WTO) safeguard measures against imports of all retail canned tomatoes and multi-serve canned fruit products in accordance with the WTO provisions.

The Prime Minister's office has also assured the company that the application has not been dismissed, but has been referred to Minister Emerson and Ludwig for serious consideration.

The Australian canned fruit industry does not compete on a level playing field in domestic or export markets. Just one example of this are the tariffs applied by China and the EU on imports of canned peaches are on average 20% while tariffs on imports applied by Australia are 5% or zero depending on the source of the imports.

SPC Ardmona will also seek longer-term relief under WTO anti-dumping measures. This follows the successful application of anti-dumping protection for imported packaged fruit products into New Zealand where the New Zealand government had been satisfied that products being exported (from the same countries that export to Australia) are being dumped.

"Today's community event is important not only to our business, but to the entire community, and I would argue, nationally," Mr Kelly said.

"Food security is a very important strategic issue for this country and we would hope that the Government understands that the fruit industry needs to be temporarily supported during this period."

SPC Ardmona is one of the largest food processors in Australia and its continued operation is critical for Victoria's Goulburn Valley region.

"It's times like this that the combined voice, strength and actions of the community become more important than ever. The message to consumers is clear; buy Australian sourced, made and produced products wherever you can. You can make the difference," Mr Kelly said.

– Ends –

More information:

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