

Australian Government Productivity Commission

By E-mail: [fruit.safeguards@pc.gov.au](mailto:fruit.safeguards@pc.gov.au)  
[tomato.safeguards@pc.gov.au](mailto:tomato.safeguards@pc.gov.au)

Attention: Carole Gardner / Alex Maevsky / Stewart Turner  
Your Ref:  
Our Ref: M187/20130820  
Date: 20 August 2013



1st Floor Convention Tower,  
Heerengracht, Foreshore, Cape Town, 8001  
Tel: +27 (0)21 403 6321, Mobile: +27 (0)82 469 1925  
Fax: +27 (0)86 518 7790, E-mail: [rian@tradelawchambers.co.za](mailto:rian@tradelawchambers.co.za)  
[www.tradelawchambers.co.za](http://www.tradelawchambers.co.za)

Dear Productivity Commission,

## **SAFEGUARD INQUIRY INTO THE IMPORT OF PROCESSED TOMATO & FRUIT PRODUCTS**

We hereby supplement our initial submission dated 17 July 2013 ("Initial Submission")<sup>1</sup> following on our attendance of the Productivity Commission's public hearing on 30 July 2013.

### **1. Increase in imports**

- 1.1. As stated in our Initial Submission, the increase in imports is indeed the normal and the expected consequence of trade liberalisation. As such it is not an increase in imports that allow for safeguard action to be taken, as such safeguard action can only be taken if certain conditions are fulfilled.
- 1.2. Firstly the increase in imports must result from "unforeseen developments". As stated in our initial submission when analysing the data presented in Australia's WTO Notifications under Article 12.1 of the Agreement on Safeguards (the "Safeguard Notifications")<sup>2</sup> it is clear that the imports are not as a result of unforeseen developments as it is not "unexpected". In this instance the data is based on the period 2007/2008 to 2011/2012. The same trends can be seen if we use the data of the period 2001/2002 to 2012/2013. The data reveals that the imports increase (mostly a small and consistent increase) over a period of time as expected (there are of course notable decreases in some years, which

<sup>1</sup> Please note that we made separate submissions on processed fruit and processed tomato products, this supplementation concerns both processed fruit and tomato products.

<sup>2</sup> Reference is here made to both the notification of processed tomato as well as processed fruit products being G/SG/N/6/AUS/3 and G/SG/N/6/AUS/4.

In association with: RGI Attorneys & WTI Advisors

Directors:

Rian Geldenhuys BA (Law), LLB, LLM (International Trade), Hons B (B and A), MBA (Stellenbosch)

Niel Joubert BCom (Law), LLB, LLM (International Trade) (Stellenbosch), M.I.L.E. (Masters in International Law and Economics – Swiss)

Registration no: 2008/018066/07 Trade Law Chambers (Pty) Ltd

are also to be expected). The data at least suggests that the normal increase in imports is not due to unforeseen developments but as a result of Australia's WTO commitments. It is also telling that the Safeguard Notifications do not claim that the normal increase in imports is due to unforeseen circumstances.

- 1.2.1. In this regard the WTO Appellate Body in *US Lamb*<sup>3</sup>, held that the investigating authority must make a determination that the increase is as a result of unforeseen circumstances and an investigating Member's WTO commitments. This means that the measure itself must contain an express finding to this effect; otherwise its legal basis is flawed.
- 1.2.2. It also cannot be claimed, as SPC-Ardmona does, that the currency fluctuation is an unforeseen development. Currency fluctuation is in fact an associated feature with the world trading system and any WTO member country's commitments. This is an important aspect to consider as the WTO jurisprudence has clarified that the relevant unforeseen development must be directly linked to the specific product concerned. As currency fluctuation will affect all traded products and services, it is not specific to the current products under consideration and cannot be relied upon as satisfying the condition of "unforeseen developments".
- 1.2.3. SPC-Ardmona also relies on the allegation that certain goods are dumped. Several submissions in support of the safeguard application rely on the allegation that cheap products are imported into the Australian market. As a point of departure a safeguard investigation is not concerned with cheap, dumped or subsidized goods. A safeguards investigation involves the investigation of whether a surge<sup>4</sup> in imports is causing or is threatening to cause serious injury. If the problem is indeed dumped or subsidized goods (cheap imports per se cannot be actioned under the WTO rules), then the appropriate trade remedy application should be brought. Any allegation of dumping should not be taken into consideration in any safeguards investigation. Such alleged dumped products further are not deemed to be an unforeseen development as indeed it is foreseen that dumping can in fact occur and it is precisely why the WTO member countries concluded a separate agreement dealing precisely with this aspect. Lastly it should be remembered that even if it was possible to consider dumping as an unforeseen development in a safeguard investigation, which it is not, only two products are affected, namely peaches<sup>5</sup> and tomatoes. As such<sup>6</sup> for all other products that are the subject of this investigation there is no

---

<sup>3</sup> WT/DS177/AB/R, WT/DS178/AB/R.

<sup>4</sup> At least in such increased quantities required under the WTO Agreement on Safeguards.

<sup>5</sup> In this regard an investigation into alleged dumping of South African canned peaches has been initiated by the Australian Anti-dumping Commission. Should the Productivity Commission require any information in this regard, we will submit such information to the Productivity Commission.

<sup>6</sup> In other words if we mistakenly allow dumping to be considered in a safeguard investigation.

unforeseen development and any safeguard action against those products would be unauthorised.

- 1.2.4. SPC-Ardmona also alleges that the Australian supermarkets strategy is an unforeseen development. This submission cannot stand. Firstly it ignores the fact that SPC-Ardmona has refused to offer its products as private labels to the retailers (as elaborated upon in paragraph 2.2.3v below) and is thus not unforeseen. Secondly it ignores the submissions made on behalf of the retailers showing that they are on a drive to source products from Australia and boast some of the highest, if not highest, domestic sourcing figures in the world. As such there is no unforeseen development found in this allegation.
- 1.3. Secondly as stated in our Initial Submission not any increase in imports will provide a legal basis for imposing safeguard measures. Indeed there must be "such increased quantities" as to cause or threaten to cause serious injury. Article 2.1 of the Agreement on Safeguards thus requires that the increase in imports must have been recent enough, sudden enough, sharp enough and significant enough, both quantitatively and qualitatively, to cause or threaten to cause serious injury. Over and above what has been stated herein and in our Initial Submission as regards to what constitutes an increase we also provide the following to the Productivity Commission.
  - 1.3.1. What volume of increase is necessary? No predefined numerical threshold has been imposed at the WTO. However WTO jurisprudence as to the question of relevant quantity is provided by the WTO Appellate Body's clarification in Argentina – Footwear (EC)<sup>7</sup>. According to the Appellate Body, the increase must be "sharp", a term confirming that the magnitude of the increase as such is important to an "increased imports" determination. In addition, the term "sudden" suggests that the relevant increase must take place over a relatively short time span. No method to assess the increase in imports has been set out in the WTO Safeguard Agreement. However WTO jurisprudence has clarified that both the rate and the amount of the increase in imports (both in absolute and relative terms) must be evaluated. This requires a consideration of the trends in imports over the period of investigation, rather than only comparing the situation of imports at the beginning and at the end of a reference period. On average increase in imports that justified a finding of an increase in imports is around the 45% mark.
  - 1.3.2. Of course the duration of the increase should also be considered. In this regard we have already submitted that the Appellate Body requires that the increase must be recent and sudden. This recent and sudden requirement is

---

<sup>7</sup> Argentina – Footwear (EC) - WT/DS121/AB/R

understandable if it is borne in mind that the adoption of safeguard measures is intended to respond to an emergency situation. When a trend of increased imports is observed over a long period of time, it can hardly be termed sudden. In such a situation it is legitimate to infer that the problem is indeed a structural one and not one arising from an unexpected and emergency situation and therefore not suitable of being remedied by an emergency measure. On the other hand, if the increase in imports have stopped in recent times (as the data shows hereunder), the emergency is likely to have disappeared (if it even existed at all).

1.3.3. The Appellate Body<sup>8</sup> also considered a five-year reference period to be too long, particularly as import trends were analysed over the entire period without special focus on the end of that period (the most recent period). It held that: the use of the present tense of the verb phrase "is being imported" in both Article 2.1 of the Agreement on Safeguards and Article XIX:1(a) of the GATT 1994 indicates that it is necessary for the competent authorities to examine recent imports, and not simply trends in imports during the past five years – or for that matter, during any other period of several years. In our view, the phrase "is being imported" implies that the increase in imports must have been sudden and recent.

1.4. In this regard the data<sup>9</sup> relied on in the Safeguard Notifications do not support a finding that there is a recent enough, sudden enough, sharp enough and significant enough increase, both quantitatively and qualitatively, to cause or threaten to cause serious injury. In particular we note that in the 2011/2012 the following increase is evident:

Product	2011/2012 increase on previous financial year
Citrus	5.86 %
Pears	17.80%
Apricots	46.13%
Peaches	2.61%
Mixtures	1.9%
Other	5.86%
Tomato	11.78%

<sup>8</sup> Argentina – Footwear (EC) - WT/DS121/AB/R

<sup>9</sup> This is the data as provided in the Safeguard Notification.

As we can see there is only slight increases (save for imports of apricots which have a relatively higher increase). The increase in apricot imports are almost solely based on imports by SPC-Ardmona from South Africa<sup>10</sup>. On this basis alone the safeguard investigation should be terminated.

- 1.5. We further submit that the data relied upon in the Safeguard Notification is not recent enough as required under WTO law as it deals with the 2011/2012 financial year. If we have regard to the 2012/2013 financial year the note the following increase or decrease:

Product	2012/2013 increase/decrease on previous financial year
Citrus	-18.02 %
Pears	-36.41%
Apricots	71.34%
Peaches	-25.93%
Mixtures	-19.10%
Other	-13.51%
Tomato	-1.28%

It is thus clear that the most recent import data shows that there is in fact no increase in imports but only decreases. The only exception to this trend was in apricots which increased and as mentioned this is due almost solely from imports from SPC-Ardmona<sup>11</sup>. We also presented the Commission with SPC-Ardmona labelled apricots products which have been imported by SPC-Ardmona<sup>12</sup>. As is clear from the contract<sup>13</sup> some products are labelled with SPC-Ardmona's branding at their request. Other products are exported to SPC-Ardmona unlabelled and is only labelled by SPC-Ardmona in Australia. We do not know what type of label they affix onto the product once in Australia. As such in general there is in fact only decreases and hence there can be no finding that there is any increase which is sudden enough, sharp enough and significant

<sup>10</sup> See the annexure attached for examples of the sales contracts between SPC-Ardmona and the SA exporter.

<sup>11</sup> Please refer to that attached sample import contracts between SPC-Ardmona and a South African exporter.

<sup>12</sup> Copies of the labels of two such products are annexed hereto as "Label 1" and "Label 2".

<sup>13</sup> Two copies of the South African sales to SPA-Ardmona are attached hereto as "SPCA SA". The total sales recorded in the 2011/2012 and 2012/2013 amounts to approximately 44% of the total imports of canned apricots.

enough, both quantitatively and qualitatively, to cause or threaten to cause serious injury.

In addition we note that Woolworths made the decision to award SPC-Ardmona its "Select" brand. As a result hereof Woolworths had to take up the remaining balance of their contract with a South African exporter on all of the processed fruit products. This would have resulted in a slight increase during the 2012/2013 financial year. However it should be remembered that as Woolworths and other retailers cave in under the pressure from the local industry, that it is unlikely that we will see any increase in imports in the near future as they will source from SPC-Ardmona. As such there is no need for safeguard action, especially as these sales occur on a long term contract basis.

- 1.6. We further submit that the data only showed slight increases over the 2011/2012 financial year. However if we use the data and benchmark the most recent financial year being 2012/2013 with the base year being 2007/2008 we see the following:

Product	2012/2013 increase/decrease on 2007/2008 financial year
Citrus	-10.17%
Pears	-29.15%
Peaches	7.28%
Mixtures	20.05%
Other	26.33%
Tomato	-12.58%

This data thus shows either decreases or slight increases in the latest financial year compared to the base year. If these increase and decreases are annualised over the time we see a range from -4.86% to 4.39%. This clearly shows that there cannot be a finding of a surge<sup>14</sup> in imports. The only notable increase in this comparison is in Apricots and as mentioned above this can almost solely be attributed to SPC-Ardmona's own imports.

- 1.7. We thus submit that the data does not support a finding to impose definitive safeguard measures as there is indeed no increase in imports which would justify such action.

---

<sup>14</sup> At least in such increased quantities required under the WTO Agreement on Safeguards.

- 1.8. We further submit that in this instance not only does the import data not support a finding to impose definitive safeguard measures, but the data does also not allow the imposition of provisional safeguard measures. Article 6 of the WTO Agreement on Safeguards allows for the imposition of provisional safeguard measures only in critical circumstances where delay would cause damage which would be difficult to repair and if there is clear evidence that increased imports have caused or are threatening to cause serious injury. As submitted above the import data relied upon does not show clear evidence of an increase in imports and as submitted below, there is no clear evidence that any imports are causing or threatening to cause serious injury.

## **2. Serious Injury**

- 2.1. Article 4 of the WTO's Agreement on Safeguards requires that all relevant factors of an objective and quantifiable nature having a bearing on the situation of the Australian domestic industry must be considered in order to determine whether there is serious injury or a threat thereof.

- 2.2. In this regard the following factors need to be taken into consideration. SPC-Ardmona is quick to lay the blame on any alleged serious injury at the door of imports (even if they show no increase). The Productivity Commission however should investigate and consider the following factors:

- 2.2.1. the rate and amount of increase in imports

As mentioned above, over a period of time from 2001/2002 there has been a slow, minor, constant and to be expected increase in imports. However in the 2011/2012 financial year there has not been a sudden or significant increase. Most importantly in the most recent financial year being 2012/2013 there has been a decrease in imports (save for Apricots which increase has been explained above). Thus the imports, having decreased, cannot cause injury.

- 2.2.2. the share of the domestic market taken by the increased imports

As stated in our Initial Submission and herein, SPC-Ardmona itself sources the subject product from Spain, China, Thailand and South Africa. It seems that there are other reasons as to why it must source from these countries and it seems that it is partly at fault for the alleged situation currently faced by the domestic industry (being both SPC-Ardmona and the fruit growers as advocated for by SPC-Ardmona). Furthermore, it is legitimate to infer that the normal slight increases and decreases in imports over the period 2007/2008 to 2012/2013 is not the cause of the alleged problem experienced by SPC-Ardmona. There seems to be an

impression both by SPC-Ardmona and the submissions in favour of the petition by SPC-Ardmona that the alleged injury is caused by cheap imports. As stated in our Initial Submission, this suggests that the problem lies with either dumped or subsidised goods, if at all. In this respect the Productivity Commission should note that Australia recently terminated anti-dumping duties and countervailing measures on imports from Greece, Spain and China on canned peaches and canned pears. These duties lapsed in 1997 and 1996 respectively. If one analyses the import data for the period 2007/2008 to 2012/2013 we note that China's share of imports (which may still be dumped or subsidized) has increased:

China's share of canned pears imports	
Financial Year	Share
2007/2008	42.6%
2008/2009	43.3%
2009/2010	38.89%
2010/2011	36.36%
2011/2012	65.11%
2012/2013	40.39%

The import data in respect of canned peaches reveal something similar:

Share of imports of canned peaches		
Financial Year	China %	Greece %
2007/2008	30.83%	17.59%
2008/2009	30%	24.7%
2009/2010	34.04%	7.56%
2010/2011	21.07%	15.29%
2011/2012	30.27%	18.39%
2012/2013	29.87%	5.01%

As there has been no increase in imports (at least no recent enough, sudden enough, sharp enough and significant enough increase), the data above as well as the submissions seem to suggest that dumped or



subsidized imports from China and Greece could in fact be the reason for the alleged injury suffered. We also note with interest that Turkey represents the lion's share of imports of apricots (if one disregards SPC-Ardmona's own imports), a country often guilty of dumping practices. The proposed safeguard measures are of course not the appropriate trade remedy instrument to counter the affect of such unfair trade practices.

2.2.3. other factors which must be taken into consideration:

- i. The fact that the domestic prices paid for fruit has increased substantially in an industry which is virtually vertically integrated is not indicative of a domestic industry that is suffering damages.
- ii. A 17 year high on the Australian dollar exchange rate will also have a marked impact on both imports into Australia as well as exports from Australia. The Productivity Commission should take this into consideration, however this does not qualify as an unforeseen development or circumstance. The strengthening of the currency did also not occur suddenly, but slowly strengthened over a considerable period.
- iii. There have been recent climatic conditions (drought, floods and frost) which have resulted in a reduction in crop yields<sup>15</sup>. Apricots also have a cyclical nature in harvest, meaning that some years produce more apricots than others. In the 2012 season the Australia growers had an off-year. Hence an increase in imports is to be expected. In addition grower costs have increased substantially (due to rising water and labour costs). Labour costs on its own account for 65% of the annual costs in some varieties of deciduous fruit produced for canning. Australia's labour costs are astronomically high by world canning standards. A lower water allocation has also resulted in less production yields. As such it was necessary to slightly increase imports (during the 2011/2012 financial year). However this slight increase is not the cause of any alleged injury. As the data further shows, there has been a decrease and only slight increase in imports for the 2012/2013 financial year.
- iv. We submit that the global demand for processed fruit products has declined and that SPC-Ardmona's alleged decline in market share merely reflects such a change in consumer preference. As such the imports are not the reason for any decline SPC-Ardmona allegedly

---

<sup>15</sup> Please also refer to the attached annexure "Canned news 1".

may be suffering. In this regard SPC-Ardmona admits<sup>16</sup> that a 20% cut in fresh fruit prices have seen consumers opting to buy fresh fruit instead of canned fruit. The same phenomenon has been observed by Coles. If required by the Productivity Commission South Africa's two canners will be willing to submit their commercial and confidential information to the Productivity Commission confirming that global consumption of their canned fruit and tomatoes is declining. We do however submit an extract from the latest Canned Foods World Trade Review showing the decline in the industry since 2006<sup>17</sup>.

- v. SPC-Ardmona's (or at least its owners) strategy is also at odds with the retailers' strategies. SPC-Ardmona's strategy is to push its own brands, whereas retailers are pushing their own private labels (typically consisting of a premium and standard brand). Until recently SPC-Ardmona did not want to supply a product (branded) as required by the retailers. South African canners were initially contacted by the retailers to supply them with their own private labels as SPC-Ardmona did not want to supply them with private labels. Foreign producers should not be blamed for SPC-Ardmona's failed strategies. In addition the Standard Grade product sold by South Africa in the Australia market is the equivalent of SPC-Ardmona's Choice Grade product. We can supply such superior quality due to the fact that we do not have the very high costs that the Australia industry faces. Customers and consumers prefer a value offering which is also superior in quality. Recently SPC-Ardmona improved the quality of their offering. This however was done at great cost and initially SPC-Ardmona did not pass on this benefit to the retailers. Only recently did SPC-Ardmona consider offering their improved offering to retailers as private label<sup>18</sup>.
- vi. SPC-Ardmona has embarked on a process of supplier rationalisation which is the reason why there are fewer growers. We submit this rationalisation is due to SPC-Ardmona's foreign operations which no longer require the purchase of Australian fruit.
- vii. The domestic industry did not fully utilise its production capacity, but this is not as a result of any imports but as a result of other factors.
- viii. SPC-Ardmona is infamous in this industry as having poor stock management which leads to the necessitation of dumping products

---

<sup>16</sup> CCA annual report 2011/2012.

<sup>17</sup> Please refer to the attached annexure "CFWTR 5".

<sup>18</sup> Please refer to the annexure "Canned News".

on foreign markets prior to expiration of the products. This will have a negative influence on SPC-Ardmona's financial performance

- ix. Fruit growers have increased their earnings by selling canning fruit to SPC-Ardmona from 35% to 40%. This increase in earnings does not support a finding that any imports of canned fruit are causing any alleged injury.
- x. SPC-Ardmona has invested substantially in the industry. Such an investment is unlikely to be found where the domestic industry does in fact suffer serious injury or a threat thereof.
- xi. SPC-Ardmona has not fully explained the impact its foreign operations have had on the Australian growers. We submit that SPC-Ardmona used to supply the United Kingdom, Scandinavia and Germany with canned fruit products originating in Australia. Currently some of these markets are supplied through SPC-Ardmona's Spanish operations. SPC-Ardmona also used to supply North America with Australian sourced canned fruit, whereas that market is now supplied by SPC-Ardmona's China operation. SPC-Ardmona's China operation also supplies South East Asia, which of course detracts from the Australian operations. We unfortunately do not know if SPC-Ardmona's China operations also exports products to Australia.
- xii. The application focuses on the retail market, which is the only market that the South African canners supply<sup>19</sup>. However no data is provided on the catering market which is a large part of the market for canners and which is dominated by SPC-Ardmona.
- xiii. Globally the canned tomato industry is under severe pressure from the European Union's subsidies paid under the Common Agricultural Policy. We submit that our domestic industry would be facing serious injury from EU imports if our currency did not weaken.

The abovementioned factors do not support any finding that there is in fact serious injury or a threat thereof. These factors also detract from a finding that there is indeed any causal link between the imports and the alleged serious injury or threat thereof.

### **3. Conclusion**

---

<sup>19</sup> Although the present tense is used, it seems that one retailer has shifted its contract from a South Africa canner to SPC-Ardmona. The other retailers may follow suit and as such it may well be that the safeguard investigation is superfluous.

In light of the submissions made above, it is clear that there hasn't been any surge in imports as required by the WTO Agreement on Safeguards, nor has the domestic industry suffered any serious injury or threat thereof. It seems clear that there are numerous other factors which cause injury to the domestic industry; however this is unrelated to the imports. The imposition of a safeguard measure in this instance would not conform to the WTO Agreement on Safeguards. In this instance safeguard action would be inappropriate and unauthorised. As a result WTO Member Countries would be able to rely on Article 8 of the WTO Agreement on Safeguards which would allow them to insist that Australia maintains a substantially equivalent level of concessions and other obligations, failing which, they will be able to suspend substantially equivalent concessions or other obligations. Alternatively they may have recourse to the WTO's dispute settlement body.

We thank you for the opportunity to submit our supplementary submission and look forward to hearing from you in due course.

Yours faithfully

**Rian Geldenhuys**

**Director**

# UK watchdog expresses concern at Princes' purchase of Premier

BY ADAM SHARPE

THE UK's Office of Fair Trading (OFT) has announced it is considering undertakings offered by Princes Ltd and Premier Foods Group as it has monopoly concerns over the supply of canned pies to the UK market. It is expected that the Fray Bentos canned pie brand will be put back on the market in order to avert action by the Competition Commission.

Princes announced earlier this year that it plans to acquire certain assets and operations of the canning business of Premier, including Fray Bentos, in a GBP182 million (USD293 million) deal (*FOODNEWS 10 February*).

After an investigation, the OFT said it considers that the merger would lead to competition concerns in relation to the supply of canned pies in the UK. "The parties are the

two major canned pie manufacturers and suppliers to retailers in the UK with significant shares of both branded and own label canned pie production," it explained in a statement. Princes supplies under its own brand name and Premier supplies under the Fray Bentos brand.

In order to remedy competition concerns, the OFT said parties have offered to divest the Fray Bentos brand covering a range of meat based canned goods (including canned pies) and some accompanying manufacturing assets. "The OFT considers that the remedy offered is capable of resolving in a clear-cut manner the competition concerns identified," it said.

"Given that there may be a restricted number of purchasers able to acquire the divestment package, the divestment undertaking will be the subject of an upfront buyer

requirement and the OFT will assess the suitability of any proposed purchaser before deciding whether to accept the undertakings offered by the parties."

Amelia Fletcher, chief economist at the OFT and decision maker in this case, said: "The evidence in this case suggests that post-merger the parties would have a near monopoly in the provision of canned pies. We are concerned that consumers will be left with extremely limited choices in relation to this product, as well as unwelcome price rises.

"The parties have offered to divest the Fray Bentos brand along with manufacturing assets. The OFT generally requires remedies to be clear-cut and capable of being readily implementable. The proposed remedy appears to achieve both these aims."

In the event that a buyer is not found or accepted as a suitable purchaser by the OFT, a reference will be made to the Competition Commission.

## Princes response

A spokesperson for Princes told *FOODNEWS*: "We acknowledge the OFT announcement and will consider its implications. Our expectation is that the acquisition of the canning operations of Premier Foods will be completed by the end of July."

## Ecuador keeps duty free access

ECUADOR will continue to benefit from duty-free access for its canned tuna products into the EU market after the European Parliament extended its Generalised System of Preferences (GSP) for the South American country until 2013. The current system is valid until 31st December 2011.

The decision was published in the EU Official Journal and according to a statement from the EU minister of economic policy co-ordination Katiuska King, once the system has been extended until 31st December 2013, Ecuador will see the benefit for about 6 000 products, with tuna one of the main items.

The GSP is an incentive development-oriented scheme in developing countries, where there are tariff reductions or exemptions on hundreds of products.

Felipe Ribadeneira, chief executive of Fedexpor, described the decision as a positive move, although the export sector is expected to negotiate a trade agreement with the EU to be less dependent of such extensions.

## READER'S LETTER

Dear Sir

I am writing to you in reference to the article titled "SPC under fire for canned food imports while backing Australian".

We have always been clear in stating that SPC Ardmona will always use Australian grown fruit and vegetables to meet its manufacturing requirements, based on availability and manufacturing capabilities. We will only use imported produce if it is not available in Australia. If there is not enough Australian produce available, or if usually plentiful domestic crops like tomatoes have been decimated by frost, fire, flood or drought, we will import produce to augment the Australian supply to meet our manufacturing requirements.

In particular, SPCA has committed to only using Australian grown tomatoes under the Ardmona brand and Goulburn Valley grown peaches and pears under the Goulburn Valley brand. SPCA will actually short supply our customers of Ardmona tomatoes if we run out of Australian tomatoes, because of our Ardmona brand/Australian tomatoes promise.

This year we took all the tomatoes that our Australian growers could sell us. Due to the floods decimating crops we were only able to source 25% of what we needed to manufacture and supply to our customers. As a result we had to import some tomatoes.

When forced to import tomatoes, they

will be used under the SPC brand, with the label stating the country of origin. We import, if we must, to meet our commitments to our customers. We are often faced with the trade-off - do we cancel the contract because we can't get the supplies here? Or do we go ahead and supply the contract with fruit we have to import? We have to think about the jobs and livelihoods of our people when we make these crucial business decisions.

According to our calculations for the complete 2010 season, only 2.64% of the produce we manufactured last year was imported.

In relation to the Baked Beans 1kg plastic jar, this is a new product, and is in the market as a limited trial only. It is an example of the fact that from time to time SPC Ardmona will import some new products, on a trial basis, where we do not have the current manufacturing capabilities to produce the product in the Goulburn Valley.

If the product is successful, we will then invest in the equipment needed to begin manufacturing locally. We do not want to outlay lots of money for a product that may not give us the desired return on investment. As well, there are simply not enough navy beans available in Australia to meet our manufacturing needs (for example, Queensland growers have shifted away from navy beans into growing biofuels).

Vince Plimmer  
Managing director, SPC Ardmona

## News In Brief

### Canned is "Nanna's product"

AUSTRALIAN processed fruit company, SPC Ardmona, has explained that it hopes to take a step away from canned fruit because of its image as "Nanna's [grandma's] product". The company told ABC news that it is looking at different forms of packaged fruit in order to find new outlets beyond supermarkets, Coles and Woolworths. The company is also looking at producing private label produce in response to the trend towards these products (*FOODNEWS 9 March*). Cheap imported products remain a concern for Australians, especially given the relative proximity of large producers such as the Philippines, Thailand and Indonesia.

### Steam cooked corn

GREEN Giant has launched SteamCrisp (steam-cooked in the can) canned sweet corn in 11oz cans. The SteamCrisp vacuum-packing technology is claimed offers the same amount of corn as a standard can of corn with less water and less packaging. Nine varieties are available: Niblets; Extra Sweet Niblets; Niblets No Salt Added; White Shoepeg Corn; Super Sweet Yellow & White Corn; White Super Sweet; Mexicorn; Southwestern Style Corn; and Chipotle White Corn.

### Luxury canned salmon

BRAZIL's leading fish canner, Gomes da Costa, is expanding its premium product line with the launch of a new canned salmon fillet. Filé de Salmão is available in olive oil and natural versions, cooked and bone-free. It is free of trans fatty acids and colourants and has a shelf life of 48 months. Filé de Salmão is available in 110g easy-open cans, packed in individual board cartons.

# Spanish canned sardine exports slide, but tuna remains popular

BY JENNIFER WILLIS-JONES

THE Spanish canned fish industry was worth EUR1.4 billion (USD1.8 billion) last year, with an estimated turnover of EUR2.4 billion, up 5% on 2010, according to ANFACO-CECOPESCA's annual report on the sector. Spain remains the biggest canned fish producer in the EU and the second largest in the world after Thailand.

The canned fish industry bodies revealed that in 2011, 147 companies processed 359 449 tonnes of fish, 309 126 tonnes of which was produced in Galicia.

Tuna was by far and away the biggest product for the sector, with a market share of 63.8%. Some 229 361 tonnes of canned tuna were produced in 2011 for EUR680 million, up 1.3% and 11.9% respectively.

Canned sardines (7.8% share) followed with 28 190 tonnes (+0.3%) for EUR89 million (+1.0%), canned mackerel (4.2% share) with 15 437 tonnes (+3.8%) for EUR63 million (+5.7%) and canned mussels (3.9% share) at 14 327 tonnes (-3.1%) for EUR103 million (+5.6%).

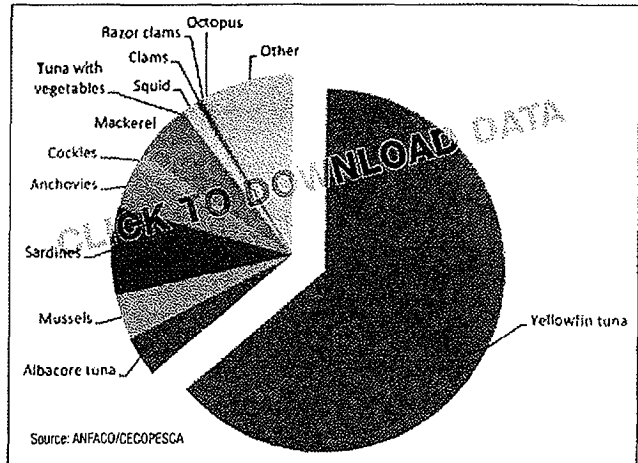
The sector's biggest falls in volume terms were preserved cockles, down 15.7% to 5 238 tonnes, octopus, -15.0% to 1 528 tonnes, clams, -13.8% to 2 127 tonnes, squid, -12.7% to 4 892 tonnes and razor clams, -11.0% to 886 tonnes.

Partly preserved anchovy production reached 13 401 tonnes in 2011, up 1.2%. Product value settled at EUR93 million, up 2.9%.

As regards Spanish fish exports as collated by ANFACO-CECOPESCA, total shipments in 2011 remained similar to previous figures at 990 975 tonnes (+0.3%). Value of such products, however, rose 13.8% to EUR2.7 billion, with fish fillets, frozen fish and canned fish providing most of this growth. In fact, the only segment that fell in value last year was smoked and salted fish.

The Spanish canned fish sector exported 145 527 tonnes in 2011 (+8.6%) for EUR609 million

SPANISH CANNED FISH PRODUCTION BY VOLUME IN 2011



(+16.8%). Once again, tuna was the star product at 94 841 tonnes (11.9%) for EUR413 million (+22.6%). Canned sardine exports, however, had a disastrous year at 2 144 tonnes (-23.3%) for EUR8.2 million (-1.2%). Spanish surimi exports were 4 721 tonnes (+35.1%) last year for EUR11.5 million (+19.3%).

Since Galicia ships the majority of these products, export data exists for just this region. Total shipments of fish products in 2011 fell 0.3% to 508 695 tonnes, although value was up by 14.2% at EUR1.5 billion. Canned shellfish and canned fish did particularly well, growing 24.3% and 9.7% in volume respectively last year.

Canned tuna (84 562 tonnes), and canned mussels (1 305 tonnes) helped propel growth in exports from the region, but there were dramatic falls in canned sardines

(1 554 tonnes) and particularly canned mackerel (222 tonnes).

Spanish imports of fish, meanwhile, totalled 228 009 tonnes last year, down 2.4%. Despite being a major producer, the country imported 182 616 tonnes of canned fish in 2011, up 3.6%, for EUR638 million (+10.5%).

Consumption of fish and seafood in Spanish households, however, fell 1.9% in 2011 to 1.2 million tonnes, although value climbed 2.8% to EUR9.1 billion. In tough economic times, sales of cheaper smoked fish increased 4.5%, alongside frozen shellfish (+0.5%), while sales of fresh fish and seafood have taken a tumble, down 1.6% and 7.2% respectively. Fresh fish still dominates Spanish sales in the sector with a 45% market share, followed by frozen fish at 12%, frozen shellfish at 10%, fresh shellfish at 16%, canned fish at 16% and salted fish at 1%.

## EU threatens sanctions against Iceland

THE EU has officially agreed to fast-track sanction plans against Iceland because of its continued overfishing of the north east Atlantic mackerel stocks. Irish minister for agriculture, marine and food, Simon Coveney, told reporters in Brussels that Iceland's fishing "amounts to plunder and is arguably illegal". Mackerel is a valuable stock to Ireland, which has also struggled financially in recent years. Iceland and the Faroe Islands were offered quotas of 7% and 8% respectively, in addition to access to EU waters, but both rejected the offer, RTE News reports.

Disagreements about fisheries are now one of the major setbacks in Iceland's EU accession hopes. Website, FishUpdate, also asks whether Norway might remove fishing rights from the small number of Icelandic trawlers which fish Norwegian waters.

- Import and export data in volume and value terms for the 35 leading countries between 2006-2010, including market share and average unit value
- Comprehensive trade information for the leading five importing and exporting countries in each product category for the years 2000-2010, including detailed graphs and tables
- Commentary on each canned food product sector

Further news and trade information is available throughout the year as part of your FOODNEWS subscription and can be found online or in the printed issues.

**GLOBAL CANNED FOOD IMPORTS BY VOLUME 2006-2010**

(tonnes)	2006	2007	2008	2009	2010	% change 2010/2009	% change 2010/2006
Pineapple	1,257,892	1,211,603	1,269,943	1,023,961	1,005,511	-1.8	-20.1
Peaches	716,602	786,962	745,383	648,648	719,607	10.9	0.4
Citrus	569,558	594,451	613,700	566,358	634,401	12.0	11.4
Fruit Cocktail	492,892	566,982	486,653	433,336	451,232	4.1	-8.5
Pears	175,304	191,349	190,919	170,054	174,687	2.7	-0.4
Apricots	177,897	185,447	166,934	141,185	149,993	6.2	-15.7
Strawberries	121,143	143,698	129,432	117,682	118,144	0.4	-2.5
Canned Fruit	3,511,288	3,680,492	3,602,964	3,101,224	3,253,575	4.9	-7.3
Sweet Corn	650,487	675,553	687,497	618,537	661,700	7.0	1.7
Beans (shelled)	400,013	457,654	426,063	415,668	444,185	6.9	11.0
Mushrooms	419,375	512,234	502,944	423,122	397,286	-6.1	-5.3
Potatoes	273,453	284,649	306,087	254,448	279,184	9.7	2.1
Peas	270,804	278,913	280,967	234,435	261,806	11.7	-3.3
Beans (unshelled)	245,125	248,313	265,632	241,653	246,901	2.2	0.7
Asparagus	154,746	182,659	173,127	149,085	139,475	-6.4	-9.9
Canned Vegetables	2,414,003	2,639,975	2,642,317	2,336,948	2,430,537	4.0	0.7
Tuna	1,174,823	1,168,611	1,227,956	1,165,517	1,270,488	9.0	8.1
Sardines	314,091	316,404	350,456	339,070	334,925	-1.2	6.6
Herring	139,526	165,693	168,436	141,141	140,225	-0.6	0.5
Mackerel	129,321	130,816	123,731	124,630	124,079	-0.4	-4.1
Salmon	92,600	93,304	91,504	80,525	81,056	0.7	-12.5
Anchovies	28,963	30,576	33,770	36,452	35,633	-2.2	23.0
Canned Fish	1,879,324	1,905,404	1,995,853	1,887,335	1,986,406	5.2	5.7
Canned Tomatoes	1,109,214	1,215,790	1,237,043	1,164,856	1,244,500	6.8	12.2
Beef	447,995	462,242	433,653	408,055	352,053	-13.7	-21.4
Pork	388,571	436,886	501,217	482,481	502,726	4.2	29.4
Canned Meat	836,566	899,128	934,870	890,536	854,779	-4.0	2.2
Canned Food	9,750,394	10,340,788	10,413,046	9,380,899	9,769,797	4.1	0.2

Source: GTIS © Informa UK Ltd